

Committee Reports

Canadian Organization of Small Business and many other groups which expressed serious reservations. They recommended an imposition of ownership limits on all financial institutions and a roll-back of non-financial ownership of financial institutions. The Cadillac Fairview Corporation expressed a concern about retroactive legislation and suggested that a grandfathering of existing ownership investment be made.

There also is a proposal as to what the Government can do. It can say that, yes, it has made mistakes in the past but that it will stop this concentration of power, particularly the takeovers of financial institutions. The Government can say that while it has erred in the past it will grandfather these decisions and from this point on this massing of power will not be seen.

We are concerned here—and I suspect that I say these words as others will on behalf of all Members of the House of Commons—that there is no benefit to Canada if the Minister of State for Finance allows this takeover to occur. My hon. friend, the Hon. Member for Mississauga South (Mr. Blenkarn), the Chairman of the Committee on Finance and Economic Affairs said that Imasco is buying itself a bank. Those are his words. He is a thoughtful individual who knows the system. He understands what is involved here and he says that it is buying itself a bank.

When one examines just exactly what is occurring in terms of the Imasco takeover of Genstar, the reason we are concerned is that this is the first opportunity since the finance committee has studied in detail the implications of such a takeover that this type of takeover is occurring. I do not have to remind you, Mr. Speaker, as a thoughtful individual who is knowledgeable about this concern, that Imasco is one of the major tobacco holders in Canada. It holds Imperial Tobacco. It operates over 2,000 fast food restaurants across the United States. It owns Shopper's Drug Mart with 415 stores across Canada. It owns and operates 800 People's Drug Stores in the United States. It owns and operates 460 tobacco, gift and news-stand outlets across Canada, as well as others. It will now be merging with Genstar Corporation if this takeover is allowed.

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Genstar Corporation is involved in marine services including 50 tugboats and 250 barges off the West Coast. It is involved in a whole set of industrial services including 59 plants in Canada and the United States. It is involved in the aggregate concrete business including 100 different plants in the western United States and Canada. It is involved in real estate and land development programs and, of course, has a 10 per cent stake in Gordon Capital Corporation which is the most aggressive investment dealer on Bay Street. However, the real reason for the takeover is that the Genstar group also includes Canada Trust, the sixth largest financial institution in Canada. It is larger than many of the banks in Canada. Its asset base puts it in line with the five largest banks in Canada. Not long ago, we opened up our regional and daily newspapers to find two-page advertisements for Canada Trust saying that now it is one of the biggest financial institutions in Canada.

Let us call Canada Trust a bank, for that is what it really is. It is a large financial institution that provides essentially the same services as do banks. If this merger or takeover is allowed, this bank will be controlled by Imasco Corporation. We are concerned with what this means. This means that there will exist the possibility of self-dealing. We are not unfamiliar with self-dealing in this country.

Earlier today, I spoke to members of the Department of Insurance who told me about companies whose names cannot be used for obvious reasons. They cited an example of a trust company making a loan to another company. The parent of the trust company, however, used the inside financial information that had been given to the first trust subsidiary to determine that the borrower would be a good acquisition. It then went out and bought this company. However, thank goodness, the Department of Insurance was doing its job. It recognized this act of self-dealing and ordered the parent company to divest itself of the company it had recently purchased. That is an example of a Government Department doing its job. I simply use this example as one of many involving self-dealing.

I do not have to remind Members of the House about the Leonard Rosenberg case. Mr. Rosenberg's three companies, Greymac Credit, Greymac Trust and Greymac Mortgage traded real estate among each other for Mr. Rosenberg's own personal gain. That is a whole different story, but it is probably the best example of gross self-dealing that has taken place in times past.

To quote again the oft quoted Merv Lahn, Chief Executive Officer and President of Canada Trust, he has said:

I don't want to get into all that crap about when one person owns a financial company and loots it but that's what happens.

He went on to talk about self-interest and conflict of interest and said:

They say, hell, it won't happen with a major company. But have any of the owners had their back absolutely up against the wall in a very difficult period of time? . . . Have they ever been tested? The answer is no.

Again, the implication which we heard time and time again in the finance committee was that during good times when everything is fine, self-interest is not necessarily a problem, but when times are tough and competition is fierce, people will use inside information.

I would like to tell Hon. Members what Trilon is doing these days. That was one of the mistakes that was made in the past when two financial corporations were working together in a marriage. Trilon has a program entitled "Share With the Leaders" which essentially rewards its employees with Trilon shares if they buy the products of a related company. For example, if an employee opens a Royal Trust chequing account he receives \$20-worth of shares. If he sells a \$100,000 home through Royal-Lepage Limited, it is worth \$375 in shares. There is now a new plan. The idea of it is to familiarize Trilon employees with Trilon products. This month, the share-bonus program is to be extended to employees who successfully refer clients to a sister company. In other words, if an employee