

Mr. HORNER (*Acadia*): Going back to how well we know you, what has been your line of business with regard to British International Finance? In other words, I believe it is the Inspector General's duty to recommend through the banks from time to time that they diversify their investments. If he feels a bank has gone too far in any direction, he can recommend or advise such a chartered bank to diversify. Could you give the committee some idea of the activities of British International Finance so that we may be made aware of the trends of this bank in the future?

Mr. STEVENS: We have felt in British International that there is room for the creation, organization and expansion of new Canadian financial enterprises, and having this view we first of all established—I will refer to the main companies—a company in Toronto called York Trust and Savings Corporation. We raised capital substantially from the public to start the base for that company and it, in turn, has expanded in Toronto and presently has 15 branches in that city.

Mr. HORNER (*Acadia*): May I interject here? In other words British International Finance's purpose in the years gone by has been to foster finance companies. Would that be a correct interpretation?

Mr. STEVENS: No. I am using the term "financial companies" in the broad sense. York Trust is not a finance company.

Mr. HORNER (*Acadia*): Is it an investment company?

Mr. STEVENS: No, it is a trust company that was formed under the Loan and Trust Corporation Act of Ontario and is supervised by the Department of Insurance in Ontario. It has exactly the same status as National Trust which is incorporated under the same act.

Mr. HORNER (*Acadia*): And deals mostly in second mortgages.

Mr. STEVENS: No, under our act—the Loan and Trust Corporations Act—we are specifically not able to go into second mortgages.

Mr. HORNER (*Acadia*): What line of business do they go into?

Mr. STEVENS: In the main it holds mortgages of the type that are generally referred to as conventional first mortgages. That means that you cannot go higher than 75 per cent of the appraised value of the property on which you are loaning. In Ottawa the comparable act is the Trust Companies Act which in turn has the same general type of rules regarding loans.

If I might go on now, with this view—that there is room for more institutions of this type in Canada and that they should be encouraged—we started the York Trust in Toronto. We purchased control of the Lambton Loan and Investment Company in Sarnia with a view to expanding that company. That is a company that is again under the Ontario Loan and Trust Corporation Act, and in fact is the oldest company of its kind in Canada. It started in 1844. Since getting control of that company, we have doubled the number of branches from two to four. We feel that a very worthwhile company could be built up in western Ontario. In Winnipeg we raised funds for the establishment of the Fort Garry Trust Company. That company is now active in Winnipeg and is supervised by the Dominion Department of Insurance with the arrangement that the province of Manitoba has. In Alberta we have purchased a 30 per cent interest in the Alberta Fidelity Trust which, in turn, is another company fitting into this trust and loan field to which I have referred.