

*Bills of Exchange Act*

with regard to future amendments of the Supreme Court Act which will be in keeping with the times. The administration of the law, Mr. Speaker, is very important. There is a social confrontation which is taking place. It is our duty to keep the law in tune with the times. I feel sure the minister will follow that suggestion.

**Mr. Thomas M. Bell (Saint John-Lancaster):** Mr. Speaker, before the minister replies, I wish to indicate my interest in the appointment of new judges. I ask the minister if all the vacancies in New Brunswick have been filled. If not, when does the minister expect to fill any vacancies that exist?

**Mr. Turner (Ottawa-Carleton):** Mr. Speaker, I do not intend to speak further on the bill because I spoke at length on second reading and in committee. In answer to the hon. member's question, I am searching for the best possible replacement for the Court of Appeal vacancy in New Brunswick.

**Mr. Bell:** There are a lot of people who are anxiously waiting.

**Mr. Deputy Speaker:** Is it the pleasure of the House to adopt the said motion?

Motion agreed to and bill read the third time and passed.

**BILLS OF EXCHANGE ACT**

## AMENDMENTS RESPECTING BILLS AND NOTES

**Hon. Ron Basford (Minister of Consumer and Corporate Affairs)** moved that Bill C-208, to amend the Bills of Exchange Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, being a Minister of Consumer Affairs has its advantages and disadvantages. Today, one is conscious of the advantages, because it is with a great deal of personal pride and happiness that I introduce this bill and urge hon. members to support it. The bill seeks to amend the Bills of Exchange Act, and the proposed changes as outlined are intended to remedy a defect in the existing law which has created a serious injustice for many consumers. The difficulty arises from the application of rules originally applied to dealings between merchants in connection with consumer credit transactions. Merchants who deal with promissory notes and similar negotiable instruments are supposed to be completely aware of their significance. People in the commercial world are, I believe, conscious of the obligations they assume when

[Mr. Gilbert.]

signing a promissory note, but the same cannot be said of the great bulk of ordinary consumers who are often not fully aware of the legal obligations they are assuming when they sign promissory notes which are collateral to conditional sales contracts.

It is standard practice for vendors to assign such promissory notes to third parties, usually finance companies or banks. If the assignee of the note qualifies as a holder, in due course under the conditions laid down in the Bills of Exchange Act he is legally entitled to collect on the note without regard to any disputes that might arise between the buyer and the seller. Performance of the sales contract may be unsatisfactory for many different reasons. The most flagrant case is non-delivery. In other cases the goods may have been misrepresented or may be defective. Sometimes the sales contract calls for the provision of services which the vendor does not perform. It is not uncommon for the vendor to become bankrupt and fail to fulfil his part of the contract for this reason. In such cases the purchaser does not escape his obligation to pay the finance company or other third party which is holding his note. The holder, in due course, is by law insulated from any defects in the performance of the contract and can enforce payment through the courts. Most consumers do not fully understand the process of assigning promissory notes. Some of them believe they can force a vendor to perform properly on a contract by withholding their periodic payments. The finance companies may express sympathy with the difficulties of the buyer and often do, but it is ultimately made clear to the victimized consumer that this solution is not open to him. It is a regrettable fact that unscrupulous and fly-by-night operators have taken advantage of the holder in due course doctrine.

In discussing laws relating to credit or bills of exchange it is easy to fall into the trap of assuming that all credit is wrong and that all those engaged in the credit industry are bad. This is not true. The wise use of credit allows many of us to own things which we otherwise could not possess, and to live better than would otherwise be possible. That is the wise use of credit. There are companies in the industry which are fully conscious of the responsibilities they bear in allowing credit and helping people to use that credit prudently. It is also true, unfortunately, that there are some elements in the industry which are not as responsible as those I have mentioned. Glib and persuasive salesmen, often operating