

Calgary Herald April 16/24

HOME BANK'S TRANSACTIONS PROTESTED BY WESTERNERS

052524

Repeated "Kicks" from
Crerar, Kennedy and Perse
When They Were Directors

DOCUMENTARY EVIDENCE AT COMMISSION HEARING

Array of Counsel Present for
First Session in Ottawa on
Wednesday

(By Canadian Press)

OTTAWA, April 16.—Documentary evidence showing that the three western directors of the Home Bank in 1916, Hon. T. A. Crerar, John Kennedy and John Perse, protested repeatedly against certain transactions of the bank, was presented at the opening sitting of the royal commission this morning.

Correspondence which passed between the western directors and the general manager and certain of the eastern directors, was read by B. J. Roberts, secretary of the finance department from the departmental files. This showed that during the latter part of 1915 and 1916, the western directors were much exercised over some of the bank's transactions. They even went so far as to state that they might have to communicate with the minister of finance with regard to the condition of the bank.

Suspension of Loan

A large part of the correspondence developed over a loan to the Prudential Trust Company, Montreal, which the western directors evidently regarded with a great deal of suspicion. The western men asked repeatedly for information regarding this loan.

When it developed that the loan was to the New Orleans and South Railway and not to the Prudential Trust Company, Mr. Crerar, in a letter to the general manager of the bank, expressed the surprise of the western directors. He demanded that the matter be explained. The loan was originally for \$500,000, but after an inspection of the Toronto office of the bank it was given as \$695,000. The session continues this afternoon.

No Crowds Present

OTTAWA, April 16.—With due formality, Chief Justice McKeown of New Brunswick, today began his inquiry into the affairs of the defunct Home Bank. From the spectacular point of view, the scene was not impressive. There were no crowds. In the large room of the railway commission where the inquiry began, an array of counsel was seated in front of the commissioner. There was a line of newspapermen, but there was only a slight scattering of four or five interested spectators.

Of counsel, Eugene Lafleur, K.C., of Montreal, and H. J. Symington, K.C., of Winnipeg, represented the Dominion government. W. J. T. Lee, K. C., and R. J. McLaughlin, K.C., both of Toronto, and A. G. Browning, K.C., of Hamilton, represented the depositors.

Opening Formalities

It was 15 minutes or so after the appointed hour before the proceedings opened. As is customary in such inquiries, they began with the reading of the royal commission declaring in its formal language that "by and with the advice of the privy council we do hereby nominate, constitute and appoint—" following with the formal nomination of Judge McKeown as commissioner, and the granting of customary authority to that end.

Then came the reading of the various orders-in-council ordering the inquiry and defining its scope.

R. J. McLaughlin then read the original petition for an investigation presented to the government on behalf of 60,000 depositors of the Home Bank. This petition resulted in the holding of the present inquiry. It was submitted to the government in January last.

Protests by Westerners

An outline of the case was given by Mr. McLaughlin. He said that in January, 1916, the three western directors made representations to the government that the condition of the Home Bank was unsatisfactory. These should have received the prompt attention of the minister of finance, especially in view of the fact that these complaints came from directors of the institution itself. It had been suggested that the Bank Act should be amended, but amendments were of no use if they were not enforced. In this case the minister of finance took no action, such as he was authorized to do under the act. No independent investigation took place.

In 1916 a further report then was made to the finance department from the west, said Mr. McLaughlin, which was merely referred to the central office of the Home Bank. As a result, the bank continued in business until August, 1923.

The bank was insolvent at the time of the first complaint, but nevertheless, was allowed to continue in business for seven years. New branches were opened and new obligations were contracted, and consequently its condition when it was finally forced to close its doors was lamentable.

MEIGHEN PAPER

(Volume 91)

PU ARCHIVES
ARCI BLIQUES
CANADA