

Motion agreed to.

QUESTION PERIOD

[English]

BANKING

COLLAPSE OF CANADIAN COMMERCIAL BANK—OFFER OF CHARTERED BANKS TO ASSIST IN EXAMINATION OF LOAN PORTFOLIO

Hon. John M. Godfrey: Honourable senators, I have a question for the Leader of the Government in the Senate, following upon the question I asked yesterday. You will recall that at that time I told the Senate that I had been informed that the Toronto-Dominion Bank had offered the services of 40 inspectors in connection with the affairs of the Canadian Commercial Bank, and I asked at that time, if that was true, why that offer had not been accepted.

Since then, my attention has been drawn to a transcript of the proceedings of the House of Commons committee dealing with this matter and, to clarify, I will read part of this transcript. Mr. Mulholland, who is the chairman of the Bank of Montreal, was giving evidence and he said:

Most of the banks urged a complete examination rather than a partial one, and a complete examination of the entire loan portfolio of the bank.

Later on, he said:

And offered personnel to assist in doing that, as we did, and we actually provided some personnel on the weekend, as I think all of the chartered banks did who would be under the direction of the Inspector General, not ourselves, and would of course take the necessary secrecy oaths and everything else, to provide the manpower to provide extra examination of the quality of the loan portfolio.

Later on, in answer to a question as to how long this would have taken, he said:

You probably would have a pretty good idea in about three days.

In view of that information, my question now to the Leader of the Government in the Senate is: Why did the government not accept the offer of these personnel, even though it might have resulted in a delay of three days?

Hon. Duff Roblin (Leader of the Government): I thank my honourable friend for enlarging on his original question. I must admit I have not yet had time to read the transcript. I think, however, that that would be a very suitable question to raise with the people concerned when the committee meets, as it will shortly, to go into this whole matter.

CANADIAN COMMERCIAL BANK—MEMORANDUM OF INTENT— REQUEST FOR INFORMATION

Hon. Royce Frith (Deputy Leader of the Opposition): Honourable senators, I understand from yesterday's proceedings

[Senator Doody.]

the position that the Leader of the Government has taken with respect to questions relating to the Canadian Commercial Bank. I understand that there is a committee on the other side studying the question, but, of course, as he has acknowledged, there is nothing we can do to have any standing over there. All we can do is go and sit and listen, like everyone else.

However, the Leader of the Government has indicated that he was taking under advisement the question of having a study of this matter made by a Senate committee. Therefore, as we stand today, I cannot participate in the House of Commons committee and we do not yet have a committee here, so I have a series of questions that I want to put on the record relating to the Canadian Commercial Bank, and arising out of the original bill and the memorandum of intent.

● (1410)

I do not believe that the Leader of the Government will have answers to any of these questions now, so I will put the questions on the record so that he may have an opportunity to consider them. If it turns out that a Senate committee is going to examine this subject, these questions may very well be referred to that committee.

Honourable senators will recall that Bill C-37 was very prospective. It was a very short bill and was fleshed out by the Memorandum of Intent that had been tabled in the House of Commons.

I am not referring to the bail-out bill itself, or any bill in the offing, but to the Memorandum of Intent. The introduction of that memorandum dealt with the support group.

Paragraph I of the Memorandum of Intent states:

As soon as reasonably practicable, the Support Group shall purchase and CCB shall sell certificates evidencing the participation of the Support Group in a portfolio of assets comprising loans and related security having a nominal value of approximately \$544,000,000 on the books of CCB. These assets will be identified in schedules to be prepared in connection with the Participation Agreement hereinafter referred to.

I now ask for those schedules.

Although I can determine this partly if I receive the schedules, I should like to have a relationship to the portfolio of assets that are in the schedules that, we hope, were prepared as a result of the agreement, and any of the assets that were allegedly transferred to the United States subsidiary of the bank in California.

The second paragraph of the Memorandum of Intent refers to the price that is to be paid by the support group. As honourable senators may recall, the support group consisted of Canada, Alberta, the CDIC, the Royal Bank of Canada, the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Toronto-Dominion Bank, the Bank of Nova Scotia and the National Bank of Canada. They all shared in varying degrees, with the CDIC heading the list with \$75 million, Canada and Alberta coming second with \$60 million.

The share of the support group—of the \$544 million—was to be \$255 million. I should like to know what relationship, if