

Mr. MACDONALD: You said that a few minutes ago.

Mr. STEVENS: If I may interject, I do not think Mr. Wood said it was misleading.

Mr. WOOD: I did not say that at all.

Mr. STEVENS: Nor is there any allegation such is the case, that the practices of banks and credit unions are misleading.

Co-Chairman Senator CROLL: Did Mr. Macdonald say that.

Mr. MACDONALD: I did. You are suggesting that even though the borrower does not know the putting funds back on deposit will affect the ultimate cost to him of the money.

Mr. WOOD: I am simply saying I doubt they have felt this was a factor in the cost. I do not think this was done with any intent to mislead. Without reflecting any deposits in the charge, it is not a true charge.

Mr. MACDONALD: Therefore, you suggest that in any legislation chartered banks and credit unions should be required to disclose this?

Mr. WOOD: I would say that any person taking a deposit would be required to, if it is conditional to the loan.

Mr. MACDONALD: Would you be interested in having the corporate powers changed so you could accept such money?

Mr. WOOD: We have not given a great deal of thought to that. I could not answer that question on short notice.

Mr. MACDONALD: Therefore, you do not know whether or not your rates would drop?

Mr. WOOD: We have not given that point any study. We have not contemplated that at all.

Mr. MACDONALD: Are any of your members related to Trader's Finance?

Mr. WOOD: Yes, Trans Canada Credit is a subsidiary of Trader's Finance.

Mr. MACDONALD: Is the relationship between Trader's and Guaranty Trust an indication of that company's interest in taking funds on deposit or being associated in that way?

Mr. WOOD: I cannot answer that.

Mr. HENDRIE: I believe that is a 20 per cent stock interest. I believe that it is for investment purposes. They have other investments. I believe they have a steel fabricating company.

Mr. MACDONALD: Isn't it a fact you have Trans Canada loan offices in the same offices as Trader's Finance?

Mr. WOOD: Yes.

Mr. MACDONALD: In paragraph 3 you have the statement:

The charges permitted are, however, lower than those prescribed by any consumer loan legislation in the United States.

When your alter egos, the sales finance companies, were here last week they agreed to maxima on interest rates, and they agreed it should be 1 per cent higher in Canada than in the United States on the basis that money is 1 per cent higher in Canada than the United States.

Mr. WOOD: Are you referring to the sales finance rate?

Mr. MACDONALD: Yes.

Mr. WOOD: Not the rate as far as the small loan companies are concerned?

Mr. MACDONALD: Why, if you make it 1 per cent higher in Canada, can you have a small loan rate lower than the American?

Mr. WOOD: It was not our choice. This was imposed on us.