

some problems from time to time with the bank in Norristown, Pennsylvania. To be specific, we have had instances where remittances have come from Germany to our Continental Bank International in New York with instructions to "remit to your branch or affiliate in Norristown." We do not have an affiliate in Norristown. There is no relationship.

Senator Desruisseaux: You manage very well indeed in any case.

Senator Macnaughton: Has anyone ever checked out the word "continental" vis-à-vis other related uses in Canada? It must be a popular name.

The Chairman: I think we shall hear some evidence from the petitioners about the efforts they made in order to check the possibility of the name being challenged, but that will develop in due course.

Mr. Felkai: If I may assist, we did check and found that there are two previous registrations on the books in the federal department under the name "Continental Bank of Canada." One is an incorporation by Parliament in 1886 of a bank under that name, but I understand it never went into business, never opened an office, never issued any notes. There is also an entry of 1923 showing that the "Continental Bank of Michigan" was licensed by the Province of Ontario to carry on business in Ontario. I am surprised that such a registration was possible. We checked the Ontario file and it shows that the company is inactive, that the word "Michigan" does not appear in the Ontario file. It has been dead-suited. We checked the American bank directories and a bank by the name of "Continental Bank of Michigan" is not known.

Perhaps I could be permitted to answer Senator Walker's question. I think I can deal with it further. You wanted to know why this bank should be entitled to object at this time.

Senator Walker: Excuse me. In your answer would you include the president's assertion that there are 12 banks in the United States, 12 separate entities, using the word "Continental"? We are in Canada and this makes the thirteenth. Would you answer the question including his assertion in your reply and comment on it as counsel?

Mr. Felkai: Yes, sir. I think in my initial submission I did point out that there are 12 others. However, I also pointed out that in the United States there are 13,000 or 14,000 banks as opposed to our dozen. The name of any one bank is far more apparent and visible in Canada than in the United States. Also, in the United States they are far more used to what we call the one-branch banking system as opposed to our nationwide national banking systems.

The Chairman: Senator Walker, I have a question supplementary to yours. I would like to ask Mr. O'Boyle this. If there are, say, 12 banks operating in various states in the United States—under the name "Continental Bank of Texas" or that of other states—and you operate and they operate in the States, what is the risk or fear that a bank incorporated here under the name "Continental Bank of Canada" is more likely to be more competitive and to develop more confusion than those 12 banks that are operating, and I assume have been operating for some years, in the United States?

Mr. O'Boyle: I think it is largely a matter of size and influence. In the United States they are small banks. The

proposal of the new Continental Bank of Canada is to incorporate with a capitalization of \$100 million. In IAC and the amalgamation they have over \$200 million. IAC now has assets of some \$2 billion, and I have read in the papers that part of the reason IAC is interested in this is to get the leverage that you can get in banking. From the statements I have read, not initially, but certainly down the road it would be reasonable to assume that their total assets in relation to their capital would be more than twenty to one, which makes it a very sizeable operation. Because it will be sizeable and because we are sizeable, I think this is the principal area where you could get confusion. If it were going to be a small bank up here, I do not think we would be any more concerned than we are concerned with small local, regional, sometimes just city banks. Most of these do not even operate regionally; they operate just locally.

Senator Beaubien: It seems to me that the strongest argument against a Canadian bank using the name "Continental" is simply that perhaps somebody in, say, Switzerland wanting to do business in North America might get confused, and instead of doing business with the American bank in Illinois would start doing business with the Canadian bank in Toronto. That to me seems rather far-fetched. I cannot see how anybody in the banking business in Switzerland will get mixed up between the two banks. One of them is an American bank in Illinois and the other is a Canadian bank in Toronto. To me that argument is not very strong with respect to using the name in Canada.

The Chairman: Is it possible that people who have banking business they wish to carry on in Canada are likely to be confused and go to the Continental Bank of Canada to do business, believing it to be the Continental Bank of Illinois?

Senator Walker: When there is no such thing as the Continental Bank of Illinois in Canada. There is no such thing.

Senator Desruisseaux: Is it the intent in the near future to come into Canada and incorporate a bank here as a subsidiary?

Mr. O'Boyle: Under the present Bank Act it is not possible for us to do that, senator.

Mr. Felkai: Senator Walker, if I may point it out, the question of names does not frequently arise, and Parliament can give the bank any name it wishes to, but the question of names does arise in incorporating other companies, of course, and there is some jurisprudence on the matter showing that, on an application to change the name of an existing company, the courts are entitled to consider all the surrounding circumstances; and it is our submission that the circumstances in this instance involve international implications which we ask the committee to consider.

Secondly, Kingston's Canada Corporation Manual, at page 1505, points out that under the Federal Corporations Act a name is protected only if that company is a business which is being carried on in Canada, and I quote:

However, the Department—
that is, the federal department—

would not approve a name similar to that under which a business was being carried on abroad—e.g., in the United States or in Great Britain—and which was well known in Canada. Thus, letters patent undoubtedly