

APPENDIX No. 1

speak, and protect the depositors. I would like him to define that, and tell us in how far did the amendments to the Bank Act protect the banks from themselves and protect the depositors?—A. You mean the merits of the present Act over the last Act.

Q. The amendments of last year?—A. I have the statement here but it would be a little lengthy if the Committee would like me to read it.

Q. Tell us briefly.—A. Well, there is the shareholders' audit which was amended and added to, as you all know, last year. That would be one merit of the present Bank Act over the other. Next to that I would put the returns.

*By Mr. Spencer:*

Q. Did not they always have a shareholders' audit?—A. It is altogether different in the present Act to what it was under the old Act. It was added to and enlarged, or restricted more; in fact, we have them pretty well choked to death by it.

*By Mr. Ward:*

Q. Is this new audit not subject to some amendment? What is the difference, so far as the public is concerned. How does it protect the public as against the old Act?—A. If you want to go into that question, it may be necessary to read what I have here, but it will take some time. If you want me to read the merits of the one over the other, I am willing to read them.

Q. I should have thought that the witness would be able to give us in a very few words how this new audit protects the public?—A. In the first place, under the old Act there needed to be only one auditor of a bank, and that auditor need not have been an experienced man, or even an accountant. In the Home Bank, they had a man who was neither an accountant nor, I should say, an experienced man. No experienced man would have allowed a bank to get into the condition it did. That could not happen under the present Act with two skilled accountants approved of by the Minister of Finance. It could only be done by their acting in collusion. They could not go through a bank like the Home Bank and not see what was wrong. Then according to the present Act they would have to make their report to the directors and to the general manager and make them liable to a knowledge of the condition of the bank. These two auditors are independent, one of the other. They must not be members of the same firm, and they alternate every year one goes out. That is a great addition to supervising the shareholders' audit compared with the previous Act under which they could elect any one.

*By Mr. W. F. Maclean:*

Q. But the inspector-general would be still better?—A. We hope so.

Witness retired.

The Committee adjourned.

COMMITTEE ROOM 429,

HOUSE OF COMMONS,

TUESDAY, June 17, 1924.

The Select Standing Committee on Banking and Commerce met at 11 o'clock a.m., Mr. Vien the Chairman, presiding.

The CHAIRMAN: When reading to the House yesterday the correspondence exchanged between the Clerk of the Committee and Mr. Weldon and Mr. Lee, I said

[Mr. J. C. Saunders.]