

14-15 GEORGE V, A. 1924

Q. I say in regard to those statements that the Department have no means of checking up statements which are false without any intentional desire to make them false?—A. No, if they put in their loans, their current loans at a certain value, we would not know the difference.

Q. Would it then be correct to say that so far as those returns of banks to the Finance Department, as it exists to-day, are concerned, the Finance Department stands in the position of an adding machine?—A. I would not admit that at all. All returns that are given to the Finance Department to-day—the Finance Department can grip anything unless there is roguery or knavery designedly on the part of a bank to mislead the Department by making false returns.

Q. You think then that there is a complete system of checking up these returns and of ascertaining their falsity unless there is some exceptional idea of roguery or knavery involved? Is that it?—A. Yes.

Q. Tell me what you do to check up the returns sent by a bank monthly, for example?—A. I have here a memorandum of the returns sent to us showing just what we do. It is a little lengthy—

Q. Could you leave that with us?—A. It is not in a form perhaps to be intelligible.

The ACTING CHAIRMAN: If it is not in a form to convey an intelligent idea, you had better read it or make some reference to it.

Mr. SHAW: I suggest that he put it in the form of a statement like the first statement he made, and it will go on the minutes.

WITNESS: I could interpret it, but perhaps it is not in a readable form.

By Mr. Shaw:

Q. Before you go on to that in detail, I want to ask you one or two other questions, and then I shall be through. With regard to this question of circulation, having in mind that the circulation of a bank depends on the unimpaired capital, there is no doubt from what you say that the Department have no means of checking up the question as to whether there has been an impairment of its capital or not?—A. No, we have no bank inspection.

Q. And as a result, a bank even with its capital impaired, may go on issuing worthless or illegal notes to the public?—A. They are not worthless, they are as good as any note of any other bank.

But so far as being legal is concerned—A. That does not lessen their commercial value.

Q. Put it this way—I want to make this point clear—can a bank illegally issue its notes by reason of impairment of its capital, and the Finance Department not be any the wiser?—A. A bank cannot do that without several of their high officials being in collusion. If that were done, it would be a deliberate piece of knavery on the part of the bank officials.

Q. Would you know about it?—A. No, I would not know about it.

Q. The Finance Department would not know? Now, I want to ask you about the Mint. The Mint is under your jurisdiction to some extent, is it not?—A. No, the Mint belongs to the Imperial Government.

Q. But there is an arrangement?—A. Yes, we pay the running expenses.

Q. You advance I think \$200,000 a year?—A. Yes.

Q. And all the profits made go to the Canadian Government?—A. Yes.

Q. I understand that one of the chief sources of profits arises from the collection of American coinage, silver and copper coinage, and replacing it with Canadian coinage, is that right?—A. We do not collect American coinage and replace it with Canadian.

[Mr. J. C. Saunders.]