

COMPENSATION REQUESTED ON MORAL GROUNDS

Home Bank Depositors' Plea Will be Considered

ROBB ASKS INFORMATION

Government Waits to See What Directors Will Have to Pay

Special to The Gazette.

Ottawa, June 25.—Representatives of the Home Bank depositors upwards of 150 strong, from Montreal west to Fernie, B.C., appeared before the House Banking and Commerce Committee today asking that the Government reimburse them for their losses. They admittedly made a very effective plea, and received assurance that their representations would receive full and sympathetic consideration. The reply of Hon. J. A. Robb intimated that it would be well if the committee were given more information as to the amount that the depositors would get out of the wreck, and that the Government was disposed to see what would be collected from the directors of the institution.

Speaking in reply to the delegation, Mr. Robb said that this was not the first time that the Government had met the representatives of the Home Bank depositors. He made this statement in reply to the insinuation made by one of the speakers that consideration of the matter was being delayed. This was not correct. The first delegation had waited on the Government on January 25, and made a claim for compensation. The Government had sought out a capable commissioner to conduct an inquiry, and it was generally admitted that Judge McKeown, who was appointed on February 23, was both capable and had expedited the inquiry. On April 16 the depositors had filed their statement and on June 10 Judge McKeown had made his interim report. No one could then say that there had been undue delay.

Mr. Robb expressed the opinion that no new arguments had been brought forth. The plea had been made on sympathetic or moral grounds. The McKeown report would be fully gone into by the Government. As the creditors had appointed a liquidator, he suggested that it would be well for them to tell the committee what they expected to get from the liquidator. Would it not also be desirable to know what would probably be got from the assets? Would it not be well for the committee to have all this information before coming to a final decision? He was not so sure that it was wise to push forward a settlement until it was known what the law was going to do with the directors of the bank, and as to how far they would be called upon to contribute to the loss. The case would be considered in all its bearings, the interests of those who had been called upon to pay as a result of the failure being taken also into consideration.

J. T. Shaw, M.P., West Calgary, did not agree with the Minister that no new light had been thrown upon the situation. He thought that the members of the deputation were to be complimented on the moderation they had shown in presenting their case, and he moved that the committee record its appreciation. This was seconded by H. E. Spencer, M.P.

Chairman Vien, M.P., assured the deputation that the deliberations of the committee would be conducted with due regard to the interests of all.

The presentation of the case covered a great deal of ground and many phases of the situation, nothing being left out either in argument or in the recital of pathetic incidents that might be expected to influence the committee's action. The legal argument was well looked after by W. T. J. Lee, K.C., R. J. McLaughlin, K.C., R. A. Browning, K.C., J. F. Edgar, R. A. Sinclair, K.C., of Hamilton, and H. Weinfield, of Montreal. It rested largely on the contention that the unsound state of the Home Bank affairs had been brought to the attention of the Finance Minister in 1916 and 1918, and that had it not been for the war, these representations would have resulted in an inquiry that would have disclosed the state of the bank's affairs and prevented loss, or had there been losses they would have been much less than they were. Much was made of Sir Thomas White's statement to the effect, in 1918, with a war loan campaign on, that he would not have permitted the bank to fail. It was also represented that the interests of the depositors had been sacrificed to the larger interests of saving the public.

COMPASSIONATE PLEA

Possibly the strongest case was made out by R. J. McLaughlin, K.C., who pleaded for a compassionate allowance. He quoted Sir Thomas White to the effect that grants were made by the Government for the victims of earthquakes and other disasters, and that the Home Bank had just as much been blown up by unscrupulous men as any other disaster that had happened. The depositors, on the grounds of equity and justice, had a strong appeal for consideration. It was true that they had not a legal right, for no one could have a claim against the Crown. But in making their representations to the Government the depositors had followed the old-time practice of appealing to the Crown to remedy a grievance. The Bank Act being the law of the land, it was the duty of the officials of the Government to enforce it.

Mr. McLaughlin found a precedent for action in the course adopted by the British Government a short time ago in reimbursing army officers for losses they had sustained through dealing with McGregor's Bank, which had acted as agent for the Government in the payment of cheques, etc. In paying army officers, notification had been given that they could receive their money through McGregor's or certain other banks named as agents for the Government; but in every case this was optional with the officers. The Government, however, made no guarantee of the solvency of the institution. McGregor's Bank had failed, owing £680,000 to army officers and their dependents. The sum of £340,000 had been placed in the estimates to pay a dividend to those who had lost money. In explaining the vote to the House, the spokesman for the Government had said that it assumed a moral obligation. The Opposition had concurred in the vote.

From this it was argued that in the case of the Home Bank the argument from the moral standpoint was even stronger. It had been found that the returns made to the Government were false over a period of seven years, yet these had been given to the public by the Government, and they were all that the public had to go on. In this way, it was argued, the Government had become a party to the action of the bank in obtaining money under false pretences.

In his remarks W. T. J. Lee had spoken of the necessity of action being taken at the present session if the Government intended to do anything at all. Mr. Browning also touched on this point, saying that he had heard that the matter was being delayed. He declared that it would not do to allow the matter to go over until next session.

Mayor Hiltz, of Toronto, made a strong plea for the 33,000 depositors in that city, where, indeed, 35 per cent. of all the depositors of the Home Bank resided, with deposits aggregating \$5,500,000. He gave personal examples of hardship that had come under his own observation as a result of the failure.

J. T. FOSTER'S PLEA

J. T. Foster, of Montreal, representing the Trades and Labor Congress of Canada, and as president of the Montreal Trades Council, made a strong plea for the depositors from a labor standpoint. The labor men of Canada had used the Home Bank very largely, indeed, it was known as the poor man's bank. It was a tragedy for the workingman to lose his money.

H. Weinfield, of Montreal, argued that through the issuing of a charter to the Home Bank there was a moral responsibility on the Government for the Home Bank failure. One labor union in Montreal had lost \$60,000 through it. As a precedent for Government action, the policy of the Quebec Government in the Banque Nationale case was cited. R. J. Tallon, president of the Railway Federated Trades, representing 75,000 railwaymen, also spoke.

Dr. Poisson, mayor of Tecumseh; D. M. Eagle and A. Mix, of Walkerville, spoke for the depositors of Essex county, of whom there were between 4,000 and 5,000, and with deposits totalling \$1,870,000, when the bank failed.

T. G. Turnbull, reeve of Middlesex, said that that county had been hit by the Home Bank failure as hard as any in Ontario, five branches outside of the city of London having had deposits of between \$700,000 and \$800,000. J. E. Coombs, representing Simcoe county council, spoke for

3,000 depositors with \$600,000 of deposits, and J. E. O'Reilly, of Lindsay, made a plea for his district.

Rev. Dr. Tracy, of Toronto, made a very effective plea, saying that both from the standpoint of the loss of the deposits and the loss of confidence, the Home Bank failure was the worst that the country had seen. In times past the public had been warned not to trust their money to private banks, but to put it in chartered institutions. He made a strong case from the view of the Government's moral responsibility. He wound up in these words: "I hope that the Minister of Finance will have a heart, and that he will not Robb us of our rights." (Laughter.) R. A. Sinclair, of Hamilton, said that as the Home Bank had not opened its office there until 1920, the people he represented had a right to say that if the warning of 1916 and 1918 had been acted upon they would not have lost their money.

H. H. Higginbotham, of Calgary, spoke for western depositors. The Home Bank had taken much more money out of the West in deposits than it had let out in loans, the deposits having been \$3,500,000 and the loans out there \$2,000,000. This was especially the small man's bank, the average deposit having been only \$250.

Mayor Henderson, of Fernie, told a rather affecting story. The people of his town were mostly miners, who had \$769,000 on deposit when the Home Bank failed. The public had been taken in by the lying annual reports of the bank. Ask why it was that so many of the miners had used the Home Bank, he said that in one of the mine offices where the miners were paid the pay envelopes were handed out at one end of the room while at the other end was a teller of the Home Bank, and, thinking that this bank was as good as any other, it naturally got these men's money. He said that quite a large number of these old miners were absolutely down and out, and unless the Government came to their assistance they would have to die in the poorhouse. "For God's sake," said the mayor, "don't consign these people to the poorhouse."

C. M. Gorton spoke briefly on behalf of the shareholders, who, unaware of the bank's true condition, had, after 1916 and 1918, had its worthless stock unloaded on them.

Two alternative propositions for the reimbursement of Home Bank depositors were put before Hon. J. A. Robb, acting minister of finance, this evening by representatives of the depositors' committee.

The first was that the Government should advance 75 cents on the dollar, which with the payment of 25 per cent. already received, would completely reimburse the depositors. In this case, the assets of the bank were to be administered by the liquidators for the benefit of the Government.

The second was that the Government should advance 60 cents on the dollar. In this case the liquidator would administer the assets of the bank for the benefit of the depositors.

Mr. Robb made no comment upon the proposals.

These proposals were explained by W. T. J. Lee, chairman of the national committee of the Home Bank depositors at a special meeting of the Commons' banking committee. Afterwards I. E. Weldon, co-liquidator of the bank, explained that the total deposits were in the neighborhood of fifteen millions. A payment of 75 per cent. would require \$11,250,000 and 60 per cent., \$9,000,000. He said that G. T. Clarkson, the other liquidator, estimated that if the Government advanced 60 per cent., the depositors would realize about 85 cents on the dollar.

He suggested that the Government should put in the estimates the amount required to carry out one or the other of these proposals and should pass it at the present session.

In opening this statement, Mr. Weldon said that this proposal was made because it had been understood that Mr. Robb had this morning expressed a desire to have a definite proposition put before him.

"Don't attempt to put anything of that kind in my mouth," interrupted Mr. Robb. "No person understood me to say anything of the kind. You did not so understand it."

Mr. Weldon expressed his regret if there had been any misunderstanding.

At the close of Mr. Weldon's statement, Herbert Marler, acting chairman of the committee, asked if Mr. Robb wished to make any comments. Mr. Robb shook his head, and the meeting was over.