

the courts in Quebec and the decision was given that on the basis upon which they were charging and interest claimed by way of discount operated to establish an effective rate of 14 per cent instead of 7 per cent, and that was illegal. I am referring to the decision which was the only decision that had been given in regard to this Act when this company applied for this special Act, and that was the Kellie case; and it was also held that these disbursements could only be collected if they were bona fide disbursed. In other words, the right of these people to do business along the lines on which they have been doing it was called in question by one of our courts. It is quite true that since they have applied for this amendment which would give them the right to charge a rate of 2 per cent per month on the basis of interest covering everything else, since they have applied there has been another decision which would indicate that they have the right regardless of the wording of the statute to charge the effective rate of 14 per cent and make these other charges. But we are told by the Superintendent of Insurance the case is being appealed, and so the whole principal that is involved in this Act of Parliament is before the courts to-day. And I regard it as a most amazing state of affairs that when the only decision which has not been appealed finds that these companies are exceeding their rights that they should now come here and ask for this legislation. The only decision which stands and which has not been appealed although it may be appealable, the only decision which stands to-day and which is not being appealed and which has not been appealed finds that the working basis upon which these people have been carrying on is illegal, yet they appeal to parliament to give them the right to do this very thing which this decision says they have no right to do. That is what we are asked to do; and so far as any further steps being taken is concerned, the matter is under litigation. Now we are asked to step in and give these people the right to do what this Quebec court said they have no right to do. It was represented when they came before us that there was no change in the principle of this bill. Mr. Chairman, there is a fundamental change in principle. The principle approved by parliament is 7 per cent.

The CHAIRMAN: Didn't we discuss that matter thoroughly yesterday?

Mr. TUCKER: I am not going to be very long, Mr. Chairman, but I wanted to deal with this question, that we are changing the principle upon which they are authorized to do business, and we are asked to give them the right to issue new shares based upon that change in principle.

Mr. JACOBS: It is not a change of principal, it is rather a change of interest.

Mr. TUCKER: It is a change of principle, I submit. It is based upon the principle of 7 per cent interest. If we pass this amendment to the Act they are allowed to increase their stock, and we are ratifying the basis upon which they have been doing business. We are expressing our disapproval of the decision of the court in the Kellie case—

Mr. DONNELLY: Why not, that decision may be wrong.

Mr. TUCKER: They may be wrong too. We are simply interfering and saying in respect to the action of the court in interpreting our Act in a certain way that we are going to give them the right to do this. They say they are doing that right now, and we are asked to give them the right to do this, regardless of the decision in the Kellie case. We are stepping right in and giving them the right to do this regardless of the decision in the Kellie case. Now, then, the parent company says, "we have a perfectly enforceable right,"—as counsel for the company has stated,—"against this subsidiary company to require repayment of the loan. If we change that right for shares in the stock of the company we are taking a junior position. We are giving up a paramount right as a creditor for the right as a shareholder. We are doing it upon the basis that