

must have been realizing on some securities, getting the moneys to go on, and they owe that money. Banks often raise money on their resources, you know.

Q. Do they borrow money, outside of what they borrow from you?—

A. I do not know the management of a bank business. As I said before, I am trained in national financing. I cannot go into the banks and determine what is the detailed nature of their business; I just know that they give an amount "bills payable." I know what bills payable means; when we get them we have to pay them.

Q. I think the committee would understand it regarding private parties.—

A. What it is composed of I would not know; it is not necessary for me to know.

Q. Some of the committee are at a loss to understand how the bank would have bills payable of \$7,000,000. You cannot explain that?—A. No.

Mr. BENOIT: I was under the impression it was over eight and a half million.

Mr. COOTE: This is the total. I saw returns issued a year ago, and one bank had close to eight millions itself, while the other banks had comparatively small amounts.

The WITNESS: Supposing a bank was doing business with agents or other banks at far-off places, they would have bills payable to another institution, and they would have bills receivable from other institutions who owe them.

By Mr. Coote:

Q. Yes, but you know there is a heading in this bank return which shows balances due to other banks, and correspondents in both foreign countries and this country, and this is altogether outside of that. Then there is the heading, "Acceptances under letters of credit outstanding." If, for instance, you saw that one year a bank had \$3,500,000 outstanding under that item, and the following year it had \$20,000,000 outstanding under it, would you look into that matter and try and get some explanation for an increase like that in a year, under that heading?—A. That would depend upon the travel. People go to a bank and get letters of credit, sometimes there is more volume in that business at different seasons of the year. People are going over to England for the Exhibition this year, and there will likely be a greater volume of business under that head than there would be in the winter months.

Q. But this \$20,000,000 I have here, I think, was at the end of February, and it seemed a very large amount when a year ago the bank had \$3,000,000.—A. What are you comparing it with? How much was in February?

Q. \$20,000,000.—A. And with what date were you comparing it?

Q. With the year previous, the same bank.—A. If you remember, in your revision of the Bank Act last year, you changed the law about that, and did not allow them to carry this business on in the same way.

Q. It is due to the change in the Bank Act?—A. To the change in the Bank Act.

Q. Just one other question, then. You have heard, of course, about certain confidential files that were in your department regarding the Home Bank?—A. Yes.

Q. Were you aware that this confidential file was there?—A. No.

Q. Are you aware whether there are any more confidential files regarding any other banks?—A. Now, Mr. Coote, a confidential file is a Minister's file, practically. The departmental filing and the Minister's filing are two different things. The Minister has a file of his own, and if he has any communication with a bank which is confidential and is held confidential, I might not know anything about it unless he consulted with me. It would be confidential