

Consumer Credit Controls

in this regard, that if you are dealing with reputable companies and reputable goods, that note does not have to be sold; it can be used at the bank as collateral. If the company from whom you buy the product is prepared to stay in business, the promissory note is collateral in the true sense of the word.

However, the problem I have found is this. Let us take the case of the sale of water softeners, or aluminum siding and all the other shady door-to-door peddlers selling products, those people who plague us in this country. They have no intention of ever honouring the promissory note, even if they made the commitment in the original sale. They discount the promissory note to a company they have set up down the hall; they go out of business, and a man is left with a useless item and a promissory note that is a negotiable instrument which, as the hon. Member said, may go to seven or eight places. My suggestion was to attach to the promissory note the liabilities that went with the original sale. This would mean that if you made the sale with the liabilities attached to it, and someone went to a finance company with this promissory note in regard to a water softener guaranteed for ten years with a supply of salts, the finance company that was stupid enough to buy the note would also have to live up to the guarantee.

Mr. Ryan: Mr. Speaker, would the hon. Member permit a question?

Mr. Peters: Certainly.

Mr. Ryan: Would the hon. Member look at clause 3 of the bill and the form of caution. Would he not agree that where the caution says "this note has been transferred even though the goods be unsatisfactory," this would be sufficient warning to any subsequent holders of the note so that they would not be holders in due course?

Mr. Peters: I would suggest that this is a debatable point, Mr. Speaker. But as I read it, this means that the person who signs the promissory note is made aware, by this caution, that the note can be transferred and he will still be liable for payment no matter how often the note is transferred. What I want to attach to the note is the liability of the person selling the goods. Let us use another example. Supposing I am a door-to-door salesman—and this is actually how it works—and I go to a house and say, "We have selected you from a list". This will be very familiar to people all across Canada. The

[Mr. Peters.]

guy comes up and says, "We have chosen you out of a number of people on your block" or "on your concession, to provide you with aluminum siding. We hope you will explain to your friends that we have provided this. If you will help us to get your neighbours to buy this siding, and if you can get us ten customers who will buy it, you will get yours for nothing; we will put this siding on your house at no cost to you". Of course, he does not tell them they are going to put it on at the cost of hiring a carpenter to do it, namely \$50 or \$75 to install the siding. The man or woman involved does not look at the contract, or they do not understand it if they read it. In fact, most Philadelphia lawyers would not understand these contracts if they read them, because the fine print is so fine that you have to use a magnifying glass, and the wording, the legalistic jargon, or whatever you want to call it, does not really say what it means, and confuses the issue.

The person has the siding put on his house and finds that it is worth \$3,000. He is told it will be done for nothing, but they only went out and hired a carpenter to instal it for \$50. The buyer is told, "This siding is guaranteed for ten years. It never needs painting". Then he finds after two or three years that the promissory note has been transferred to an agency, and the paint is coming off the siding. He goes to the agent to whom he is making payments and finds that it is a finance company down the hall from where this other guy was operating; and because the company is out of business and does not exist any longer, he cannot do anything about it. He is stuck with a promissory note that gives a value of \$3,000 for something that is not worth \$300, because the goods are of an inferior quality. The whole thing is misrepresentation, and the buyer finds that he does not have any claim against anybody.

I honestly and sincerely believe that there is not a Member in this House who has not had a case of this nature brought to his attention and is not well aware of the problem. Because of this, Mr. Speaker, I say that the House must accept this kind of bill with amendments that will carry the liability with the promissory note. I don't give a damn if they can't sell these promissory notes. They should not be able to sell them. This is a dishonest transaction. No legitimate money lender or agency would buy one of these phony promissory notes without knowing something about the company that supplied