

were not too clear and it took a little while to show the government and the Inspector General of Banks that we were aware of what had happened. Also, I think that what we felt at that moment was a certain embarrassment, as a result of a particular situation and that, under the act as it existed, the Inspector General of Banks and the minister were powerless and it seemed in fact that the act was rather like a paper tiger. After all, we all know that when a bank shareholder has more shares than the maximum allowed, the only penalty he suffers is that he cannot vote to the full extent of his shares.

But on the other hand neither the minister nor the Inspector General of Banks could penalize the shareholder because the act simply stated that the bank did not register the transfer of such and such a share since the shareholder had already registered more than 10 per cent of the shares. That is why we say they are powerless. After all, that was the situation and it was well known that the Laurentian group held some 43 or 47 per cent of the shares, which was considerably more than the maximum allowed. So maybe they were a bit embarrassed to admit this but eventually, as the information was made public, I think that even government members of the committee expressed some reservations. So it was not only opposition members who openly criticized the situation. I am therefore very happy that the minister came up with this amendment. I was wondering if this was going to be put off indefinitely with an arrangement, with negotiations with the Laurentian group. After all, they did come to see us the day after we criticized the situation to explain their position and to say that they needed time. So I am happy that they did not choose two years, as was originally stipulated, but that they added in fact another five years.

● (2050)

[English]

However, having said that, I do wish that this amendment and its companion amendment in the Quebec Savings Banks Act had gone further. This amendment envisages that at the end of five years, if it is found that a shareholder holds in excess of the permitted number of shares, the minister may make an order that the shareholder divest himself. It is to be a direct order from the minister. That is going one step further. First of all he is given a period of grace. Then there is a ministerial order that he shall divest himself. And that is all. I would have preferred to see the minister, after having issued an order under the act, be able to sanction a penalty if that order had been frustrated or disobeyed. We give him the power to do that under the act. At the present time the only penalty is the shareholder cannot vote the shares. There are provisions in the act for an offence under the act but there is nothing in this amendment, with the greatest of respect, saying that if the minister's order is disobeyed such action shall be deemed to be an offence under the act. Therefore, the penalty is still the same.

I would have thought that in the normal progression of things the five-years' grace would allow the shareholder to

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hold the shares he has in excess though he could not vote. Well, that is a disability but, apparently, it is not a very serious one. Then the minister gives the offending shareholder two years to divest himself—and it is a direct order. Unfortunately, the amendment says nothing about that. It leaves the minister toothless. In effect, he is a toothless tiger. There is no way that the minister can then act further to do anything to that offending shareholder. Unless I am a poor interpreter of statutes, no offence has been created. I would have thought that just the additional phrase that the disregard of such a ministerial order after the period of two years should be an offence within the act, would bring the penalty sections into play. Perhaps that would provide the necessary whip to get an offending shareholder back in line. Unfortunately, that is something we cannot change.

Perhaps, though, there is a way to make this happen. I suggest to the minister that there is still time to bring an appropriate amendment before the other House. The other House could then accept that amendment and there could be negotiation and acceptance by this House.

I see the minister is getting awfully interested in a note which was just passed to him. Unfortunately, he cannot speak again. Perhaps one of his colleagues or the parliamentary secretary could give us the information.

If I am wrong—and I am not insisting that I am right—on first blush that is my reaction to the clause. There is no such thing as an offence *simpliciter*. There cannot be just a general offence under the act because in no other place are there ministerial orders.

It is an interesting point to raise at this time. I would prefer to see it cleared up as soon as possible, so I will keep talking until the minister can come back and can indicate whether the parliamentary secretary has the answer. I do not want a light opinion given by two non-lawyers that the act covers this situation. It seems to me this matter could be handled very easily through the process of the hearings in the other place, after which it could be brought back here. I trust that would provide sufficient time to have the bill go to the other place and then, if there must be conferences to negotiate any differences, that would be the way to proceed.

The last amendment, which is No. 59, deals with the IAC, as the minister indicated. But there again we have the same IAC and the Continental Bank. That in itself suffers from the same disability because all these amendments refer back to the contents of motion No. 17 which lays out the procedure with regard to an excess of shares. I certainly urge the House to accept this amendment, but perhaps my colleagues on this side would wait for the parliamentary secretary, if he is ready—or if he is not, I see that one of my colleagues is quite anxious to take over—and we can get the answer. In any event I think that this is a salutary group of amendments which show the wisdom of some co-operation in examining a complicated text.

● (2100)

Mr. John Evans (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I know that this intervention precludes