

Pioneer Trust

be examining that and in the meantime there is no payment to those depositors.

Mr. de Jong: Mr. Chairman, concerning the management of Pioneer, having understood what the Minister has just said on the role of the liquidator and looking at the events immediately preceding the demise of the trust company, I would imagine that the Superintendent of Insurance has been concerned with the company over a period of time and has had a look at its books. Has the Superintendent of Insurance come across any situation where the trust company provided loans that were under-secured or unsecured in the two years prior to February 7, 1985? If so, in what amount, and on what specific dates were those loans negotiated and approved? In terms of identifying those involved to the extent possible, were any of those under-secured loans or unsecured loans approved to individuals whose influence could be construed as having a direct or indirect bearing on the ability of Pioneer Trust to elicit the 27 million share issue guaranteed from the Government of Saskatchewan or in any other way be perceived to influence the future stability of Pioneer Trust?

Mrs. McDougall: Mr. Chairman, that was a very lengthy question. I will try to answer it as best I can.

In the Trust Companies Act where it defines investment there is a basket clause whereby you can lend money on an unsecured basis. Seven per cent of total assets can fall into the basket clause, which means that within that there can be unsecured loans.

To our knowledge there are none that went to any insiders who would have been in a position to influence the company. Was that the Hon. Member's whole question?

Mr. de Jong: Mr. Chairman, not just insiders within the company. Rumour back home had it that there was a provincial Cabinet Minister who received an unsecured loan. I would like to lay that rumour to rest if that is the case. If the Minister has the information, I would like her to comment on it.

Mrs. McDougall: Mr. Chairman, I do not have that information. That is the first time I have heard it and I would be very surprised if it were the case. That is exactly the kind of thing the liquidator will be looking for. We do not go through the individual names of all lenders on a regular basis. The liquidator will be looking for that kind of thing.

An awful lot of rumours get started under this sort of circumstance, and I do not want to add to that in this Chamber. To my knowledge it is not true.

Mr. de Jong: Mr. Chairman, I hope the Minister understands as well my position. I am representing the people from the area where this situation happened. They look to me as the person from whom to get some answers.

Would the liquidator then be obliged, if that is the case and he comes across some wrongdoing, to make it public?

Mrs. McDougall: Mr. Chairman, the liquidator would have to report to the court if there is—I think I am putting this correctly—an unfair advantage to one creditor over another. The liquidator would be obliged to report that to the court. The liquidator would then take action to try to recover some of the funds if that were the case. I do hope the Hon. Member will tell his constituents that in our examination, or our part of this, we have not seen any evidence of that kind of irregularity. I know how these stories start. I know exactly what happens. I am sympathetic to his constituents and to the Hon. Member and I hope he will carry that message back.

Mr. de Jong: In the same vein, Mr. Chairman, in the two-year period prior to February 7, 1985, did Pioneer Trust engage in the provision of loans at unusually low rates of interest below the then current market rate?

Mrs. McDougall: Not as a matter of routine, Mr. Chairman. If you went through the list you may or may not find one or two, but there is no evidence that Pioneer Trust was lending money at other than market rates.

Mr. de Jong: If the liquidator does come across this, Mr. Chairman, would the liquidator also make this part of his report?

Between the dates of November 22, 1984, and February 7, 1985, how many demand deposits or other funds held by Pioneer Trust in whatever manner, namely guaranteed income certificates, RRSPs, annuities, etc., which exceeded the \$60,000 insured limit or were uninsurable, for example, American fund deposits were either withdrawn or in some way removed from Pioneer which thus ensured that in spite of the closure of the company those funds were fully protected? In other words, has the Minister come across, in the period from November 22 to the demise of Pioneer, any movement of funds that were uninsured into more insured types of deposits, or has the Minister come across funds that were withdrawn? Has the Minister come across any unusual activity like this?

Mrs. McDougall: Mr. Chairman, we do not have any way of knowing that. It is that three-month period the liquidator is looking at for any irregularity. He would be the one to report on that.

Mr. de Jong: Mr. Chairman, in terms of the trading of shares, has there been any extraordinary trading or selling of shares in the period from November 21 to February 7, particularly from February 4, when the provincial Government seemed to have started its internal discussions about backing off from the guarantee, to the time when the matter became public on February 7? In those three days, was there any unusual trading of shares?

Mrs. McDougall: The trust company itself is not a public company, Mr. Chairman. It is owned by a management company. As far as I know, there was no irregular trading in the stock.

Mr. de Jong: Of Pioneer management, Mr. Chairman?