

Senator LEONARD: Yes, and that would have the effect of changing the effective control of the bank.

The CHAIRMAN: Have you finished, Senator McCutcheon?

Senator McCUTCHEON: Mr. Stevens has indicated, I think, his willingness to give certain assurances, but as the matter stands now he and Mr. Mollard and Mr. Bell could convey effective control of the new bank to any group they wanted to anywhere. Then, it follows that if the new bank is incorporated and the subscriptions that Canadian Finance and Investments Ltd. and the other companies in the group have indicated they are going to make are taken up, then effective control of the new bank will be in the hands of yourself and Mr. Bell and Mr. Mollard?

Mr. STEVENS: That is correct.

Senator McCUTCHEON: I have nothing further at the moment, Mr. Chairman.

The CHAIRMAN: Are there any further questions?

Senator BOUFFARD: Mr. Stevens, even if there is a provision in the bill to stop the selling of that stock to anybody you wish, is it not true that effective control will be in the hands of companies which are either international finance companies or—

Senator McCUTCHEON: I think Mr. Stevens has said "Yes" to that, Senator.

Mr. STEVENS: May I clarify it? I hope I have made the point clear that the distinction or the definition that I am referring to in the report of the Royal Commission is simply that they arbitrarily suggest that banking and finance be defined in accordance with the liabilities of a company, and if a company determines to go into short term money obligations they say arbitrarily that we must consider it a banking institution. I say with respect to that line of thinking that likewise arbitrarily you could say about our companies, because there are no restrictions with respect to going into short term money obligations, certainly so far as Wellington is concerned, that we might be considered a banking institution in that we, corporate wise, could issue short term obligations but so could any other corporation. It is all hypothetical. At present we have no short term obligations and we are not a banking institution as that is defined in the Royal Commission Report.

Senator BOUFFARD: You would be so considered?

Mr. STEVENS: In the same sense that virtually any company in existence in Canada could be considered as a bank institution.

Senator THORVALDSON: On page 5 of this statement, Mr. Stevens says that the Wellington Financial Corporation Limited sold trustee subscription certificates for an aggregate amount of \$3,750,000. Does that mean that the Wellington Financial Corporation is not a beneficial owner or an owner?

Mr. STEVENS: At the present time technically they are not the owner. The funds are in trust and if a charter is granted, Wellington in effect subscribes for stock in the bank and then, as they have got the stock, those funds are moved from the trustee to Wellington; but it is a condition of the trust arrangement that the funds will not be given to Wellington, nor shares issued by Wellington, until Wellington can show that it has 250,000 shares in the bank.

The CHAIRMAN: There is a question arising out of that, and I should like to interject it. I understand that the offering was made of trustee subscription certificates by Wellington and there were certain provisions that if the bank charter was not granted the money would be returned, under certain conditions. If the bank charter was granted and Wellington subscribed for the shares, as Mr. Stevens said, and the shares were given to Wellington, do I also understand that it was printed in the prospectus that they would get the original shares of Wellington and not bank shares?