

*Oral Questions*

Insurance Corporation was not applying a stamp indicating that these investment contracts were not insured. In fact, those stamps were on those contracts. The Hon. Member should know that and not give an impression otherwise.

In response to today's question, the Principal Group is made up of 30 companies. One of them is federally insured by the Canada Deposit Insurance Corporation. There were two investment contract companies which began to bring the whole group down when they fell into trouble.

Beginning in 1983, Canada Deposit Insurance Corporation closely monitored the one institution for which it was responsible, the trust company. It did so to such an extent that the assets of that company were forced to be in a very liquid position. As a result, that particular company will find that CDIC will be able to cover almost all of the losses, and the liquidity of that particular trust company can be traced back directly to the close monitoring of the CDIC month by month.

● (1440)

## REPORTED TRANSFER OF FUNDS

**Mr. Dave Dingwall (Cape Breton—East Richmond):** Mr. Speaker, what I said yesterday and what I say again today is there are obvious and apparent linkages between the four companies which have been named in the House of Commons. With regard to Principal Savings and Trust, is the Minister aware it has transferred funds to First Investors Corp. Ltd. which, by the way, had no business address, no letterhead of its own until 1986, operating under the auspices of Principal Savings and Trust? Was he aware of that? And would the Minister not admit he was informed of that information by registered mail on July 16, 1987, to officials of CDIC?

I ask the Minister, for the confidence of those investors and all those Canadians, will he not now tell us the full extent of the investigation? And will he not now make it public so we can all see whether integrity and competence are with the management and directors of those companies involved? Or are you going to continue to mislead Canadians in this regard?

**Mr. Speaker:** I am sure the Hon. Member feels very strongly that this matter should receive the attention of the Minister and the Minister should respond fully, but I ask all Hon. Members to be careful of how they express those wishes in a preamble.

**Hon. Tom Hockin (Minister of State (Finance)):** Mr. Speaker, the communications of the Canadian Deposit Insurance Corporation with its member institutions are, of course, confidential. They are like medical records. The whole system of insurance would not work in any other way. The Hon. Member knows that.

In terms of the future, I direct the Hon. Member once again to the policy of December 18 which will put in place a new corporate governance scheme, independent directors, and new committees which will monitor these events, preventing in large measure the very problem we are talking about today. In

addition to corporate governance, we have a policy of prudential investment rules which will prevent the kinds of investments which I think largely contributed to the problems this group faced.

## PRINCIPAL GROUP—INVESTIGATION QUERY

**Mr. Simon de Jong (Regina East):** Mr. Speaker, my question is also directed to the Minister of State for Finance. In early July I attended a meeting of well over 1,000 angry Principal Group investors in Regina. Many of them believed they had invested with Principal Trust but later discovered the money had in fact been channelled into the two other uninsured subsidiaries of the Principal Group, First Investors Corporation and Associated Investors.

Is the Minister or the Department of Consumer and Corporate Affairs investigating possible fraudulent representation made by Principle Group? If so, are they prepared to lay criminal charges?

**Hon. Tom Hockin (Minister of State (Finance)):** Mr. Speaker, I thank the Hon. Member for his question. There have been allegations of misrepresentation and I am looking into them. I am also informed that the British Columbia Government has issued a writ under the B.C. Trade Practices Act against the two investors groups, the Principal Group and the Principal Trust Company, relating to possible misrepresentation.

I can tell the Hon. Member that the contracts the customers eventually did sign were clearly marked that they were not covered by CDIC insurance, in letters which were five times the size of the rest of the contracts. Whether there was misrepresentation leading up to the signing of contracts, I am inquiring into that. As I said, there are also other actions under way asking the same question.

## REVIEW OF DOCUMENTATION

**Mr. Simon de Jong (Regina East):** Mr. Speaker, my supplementary question is directed to the same Minister. At that Regina meeting there was a representative of the Department of Consumer and Corporate Affairs who invited the people attending that rally, the investors who had lost money, to send in their own personal experiences, the documentation they had received from sales persons from the group. Surely the Minister must have these by now. Surely he is in communication with his colleague, the Minister of Consumer and Corporate Affairs. They must now be in a position to have reviewed those documents and those allegations.

I, too, have received letters full of allegations. Surely the Minister must now be in a position to state whether there was in fact criminal wrong-doing and whether the Government is ready to act to ensure that what occurred will never again—

**Mr. Speaker:** Order. I think the Minister could probably find a question in that preamble.