

dinarily a depreciation of \$20,000,000; and they have their own real estate which is inflated to twice its value, as nearly as I can figure, which would show a depreciation of \$13,000,000. In other words, the Sun Life Assurance Company, according to its own statement, not Mr. Harpell's, would show a depreciation of approximately \$200,000,000 of its assets, which total \$624,000,000. So that the company's assets are impaired to the extent of between 35 and 40 per cent.

We can sympathize with this company in some respects; it probably had more faith in the future of these stocks than more conservative investors had. But this is the point to which I object—and if the Prime Minister will assure the house that he will have the matter corrected, I think we shall agree to his suggestion that there be little or no further discussion of this subject. The shareholders of the company, as the royal commission pointed out, have had more interest in making profits for themselves than in operating the company for the benefit of insurance, and I agree with everything the Prime Minister has said with respect to protecting the rights of widows and orphans and of children unborn, especially when you look at the kind of advertising they put out, "Human lives at stake," and so forth. When you think of this, it behooves us all to take cognizance of what has been taking place with respect to the company since it became insolvent a year ago. If the shareholders were sincere in their desire to repair some of the damage done as a result of that wild orgy of speculation, they would not have tampered with the reserves of the company. But in 1931, after this impairment, the company transferred to the credit of the shareholders three sums of money, one supposed to be interest on capital amounting to \$183,000, another transferred from non-participating policyholders amounting to \$1,425,000, and a surplus from non-participating policyholders amounting to \$1,269,000. In other words, they added to the shareholders' reserve the sum of \$2,877,000.

Mr. ERNST: According to Harpell's circular?

Mr. HEPBURN: These are facts.

Mr. BENNETT: I suppose the hon. gentleman knows that the statute provides that the profits from non-participating policies belong to the shareholders, as well as a portion of the profits earned by participating policies and on the capital itself. Our law, unfortunately, I think, provides that up to ten per cent of the profits may be appropriated to the shareholders.

They never have appropriated ten per cent, nor half, of such profits; no company in Canada has. Some of them paid 100 per cent dividend the year before last just on that basis, because the profits on non-participating policies are very substantial, owing to length of life of the insured and other considerations of that sort, and that money has gone to the shareholders.

Mr. HEPBURN: Let me say this to the Prime Minister. He is a lawyer and I am a layman, but I realize that no law has been framed through which a team of horses and a wagon could not be driven. I am not speaking of the legal, but of the moral aspect of the matter. The shareholders have added to their own reserve, with an original capital to the extent of \$2,000,000, of which only \$300,000 cash has been paid up, further sums totaling \$17,962,000; and on top of that, with the assets of the company impaired as they were in the year 1931, the company paid a dividend of 75 per cent to the shareholders—a further raid on the policyholders' fund. Anyone would realize that with this depreciation of common stocks, no profit was earned by the company, and this 75 per cent dividend, or a million and a half dollars, was obviously taken from the profits of the policyholders or taken out of capital account, further weakening the position of the company.

Mr. CAHAN: That is absolutely untrue.

Mr. HEPBURN: I verified that from the vice-president of the company this morning. I understood that they had divided stock bonus and dividend to the extent of 75 per cent last year; and this year, according to the Canada Gazette, there is notice of a further dividend to be disbursed among the shareholders of the company. We are spending a good deal of time arguing this question back and forth. Let me ask this question: Why is this company not permitted to do business in the state of New York?

Mr. BENNETT: It has never registered there.

Mr. HEPBURN: It is because of the methods employed by the company.

Mr. BENNETT: Our law permits the holding of common shares, and no Canadian company that does so is permitted to carry on business in that state. The laws of the state do not permit it. In fact, they compelled companies in New York to sell bank stocks, because they are not allowed to hold them under the laws of New York.