

Postal Service

overhead during that period when the rights of a company or individual are being determined.

I do want to come back again to this proposition, and in this I speak in no spirit of criticism of what has passed but rather to suggest something which I believe might be given due consideration as a means of dealing with what is a real danger at this time. I am not in position to say whether any one of these people against whom orders have been made has committed fraud. In fact I do not think the Minister of Justice is in position to say that. It is not part of our tradition that the Minister of Justice should assume that authority. Nevertheless I do say that at a time when such vast opportunities for development of a speculative nature are open to the people of this country we should try to protect the risk capital that is sought for that purpose by effective laws against fraud in every case where it is found. Experience has shown that the most effective deterrent to fraud is prosecution and jail where there is real fraud.

In this country we have a division of responsibility. Under the jurisdiction over property and civil rights the provinces have set up organizations to deal with the issuing of securities. Under the exclusive jurisdiction over criminal law it is for the dominion to propose from time to time such further legislation as may be required to bring within the scope of the Criminal Code conduct of a criminal nature related to any activities where the money of the people is being sought by any device.

Undoubtedly this is a case where the combined judgment of the Department of Justice and of the securities commissioners or the corresponding officials of the provincial governments should be brought together. A great deal of useful experience has been gained over the past two decades. I feel sure that there can be a strengthening of the criminal law, on the one hand, to make it possible for the dominion government to take into consideration any cases where real fraud is found by the post office or any other department of government, and also that the Criminal Code should be strengthened in a way that would give to the securities commissioners of the provinces and their officials a greater opportunity for dealing with certain cases that now are outside provincial jurisdiction.

Mr. Garson: I presume my hon. friend is aware that the provincial securities commissions have no jurisdiction over interprovincial or international trade in securities?

[Mr. Drew.]

Mr. Drew: That is exactly the reason why they cannot deal with the use of mails across provincial boundaries and over international borders. That is exactly what I am pointing out, that this is a field of regulation where the dominion government has a certain opportunity for investigation and the obtaining of information and that they can then deal with it under the Criminal Code, or if there is not authority now the government can amend the code to make it wide enough to deal with cases of that kind.

I have put that suggestion forward pointing out the very thing that the Minister of Justice has mentioned, that the securities commissions can only carry out their duty under laws which are limited to the local provincial area, and it is not possible for the provincial legislature to pass laws which will deal effectively with interprovincial or international transactions. It is in that field that the Criminal Code can be strengthened by amendments and the dominion government, through information it obtains, can take the appropriate action.

One thing that raises a question is the fact that for some time officials of the securities exchange commission in the United States have been trying to have provisions included in our law to make the procedure in the United States effective in certain cases where they follow a practice not in accordance with our own. They have a device, entirely unknown to our legal system, of filing what they describe as show cause orders. Those orders are not based upon any prima facie evidence of crime; they are orders made simply upon the presentation of statements which would not be recognized under our legal system. I do not believe that a practice so out of keeping with our system should at any time become the basis of proceedings here. Succeeding ministers of justice in this country have resisted any suggestion that this should be done by amendments to our law. That is the reason why I do not want to see any indirect device used which would have the effect of doing what it has been decided should not be done. In this particular case there is no attempt to hide the fact that Mr. Callaghan of the securities exchange commission came here from Washington and made certain representations. I do not want to see an indirect procedure in Canada that will carry out a procedure followed in the United States which I hope will never be adopted here. I want to see our own Criminal Code strengthened in every way that it can be, so that we can establish the highest possible measure of confidence not only in the minds of our own people but also in the minds of possible investors in the United