

Mr. McMASTER: The last line of clause (d) reads:

Notes and security to the Crown.

Should this not read "notes and securities."

Mr. MEIGHEN: Yes.

Section agreed to.

On section 6—penalty for misrepresentation, fraud, etc.

Mr. MAHARG: Has the minister fully considered the drastic nature of this section? I have no objection to the first two lines which read:

Any person who is guilty of misrepresentation or fraud in securing an advance under this Act, shall be liable to—

—whatever the minister may wish to insert there. But the rest of the section is entirely too drastic, as the conditions are such that it is absolutely impossible for a farmer to live up to it. He may find himself, through a number of circumstances, violating this section.

Mr. MEIGHEN: It is quite conceivable that a man who had really committed no offence might be liable to prosecution under this section. That is to say, although he had committed an offence against this measure, he might have done only what circumstances compelled him to do. That could be taken care of by a proviso that no prosecutions should be entered except with the consent of the minister. I do not know of any other way of taking care of it. Under the distribution of 1915 we encountered a large number of cases in the absolute, but a relatively small number where men, having got the grain which cost the Government several hundreds of dollars, and having given liens for it, immediately sold it to somebody else, never sowing it at all. Their own land remained unseeded and all the Government had were liens on land which the farmers claimed was not fit to sow. Some proportion of our loss will be by reason of frauds, or what should have been considered as frauds, committed by borrowers in that way. We want to hold before these people the necessity of carrying out to the utmost of their power the intent of Parliament in advancing this money, and not to enable them to defeat that intent by negligence in sowing the grain or by fraud in selling the grain or in any other way. I do not think the fine is too high because it says "not exceeding \$1,000," and twelve calendar months is not too long. I do not think in

practice a prosecution is ever entered except at the instance of the Department of the Interior which advances the money, so that no man is in any real peril. But of course, the way the section reads now, prosecution might be entered by an individual. Where, however, it was shown, even on such a prosecution, that the man had done the best within his power, we ought to presume that no magistrate would enforce a penalty upon him.

Mr. MAHARG: I think there is no alternative. If a man is guilty, the magistrate must impose a penalty.

Mr. MEIGHEN: No. He may find the man guilty and let him off on suspended sentence, or he may fine him a dollar.

Mr. MAHARG: In either case people who do not understand the circumstances may conclude that the man is guilty of fraud, and that would be doing an injustice to him. The section says:

Having secured such advance fail to apply it to the purchase of seed grain.

A man might be figuring on buying his seed grain at \$2.50 a bushel and might get it for 10, 15 or 25 cents less. What is he going to do with the rest of the money?

An hon. MEMBER: Return it.

Mr. MAHARG: There is no provision for that.

Or who disposes of the seed grain purchased with any such advance or who makes use of any portion of the same other than for seeding purposes on the land in respect of which his application is made.

He may intend sowing one and one-half bushels to the acre, and he may have fifteen, twenty or twenty-five bushels left over with which he cannot do anything except let it go to waste. I have been a farmer myself for a number of years and I have never been able to figure up just how many bushels of seed grain I might require. Some provision should be inserted, or else the section should be confined to the first two lines and the penalty. Surely "guilty of misrepresentation or fraud" should be sufficient.

Mr. MEIGHEN: That would mean misrepresentation or fraud in obtaining the advance. The great difficulty is not in fraud in obtaining the advance but in fraud after the advance has been made. In practice the farmer does not get the money; he gets the grain. Forms are supplied to the banks giving orders on whoever the farmer wants to buy the grain