

Mr. HACKETT: How long has this savings bank been established?

Mr. VAILLANCOURT: It has been established thirty years at Lévis. We do business with members only, with the shareholders. We cannot lend to those who are not shareholders.

Mr. LAURIN: Are all your shareholders farmers?

Mr. VAILLANCOURT: Ninety per cent are farmers—I am speaking of the whole Quebec district.

Mr. HACKETT: The borrower must reside in the district?

Mr. VAILLANCOURT: He must not only reside in the district, but each savings bank makes an investigation on its own account.

Mr. LAURIN: Do you lose money?

Mr. VAILLANCOURT: Not we. Never. We have not lost money in thirty years.

Mr. LAURIN: Among all these Peoples' Savings Banks, are there any that failed?

Mr. VAILLANCOURT: Yes.

Mr. LAURIN: How many of these 178 savings Banks have failed?

Mr. VAILLANCOURT: Seven or eight have failed in a period of thirty years. Among these, there are four whose affairs have not been wound up yet. The shareholders will probably not lose a cent, except in the case where a theft was committed.

Mr. LAURIN: You state that four savings banks failed?

Mr. VAILLANCOURT: Yes.

Mr. LAURIN: Why did they fail?

Mr. VAILLANCOURT: In two cases it was because the manager had stolen funds.

Mr. HACKETT: That is the reason why you are asking the Quebec government to apply a system of compulsory inspection?

Mr. VAILLANCOURT: One cannot prevent thefts even if there was an official inspection.

Mr. LAURIN: You state that 7 or 8 savings banks have failed?

Mr. VAILLANCOURT: Yes.

Mr. LAURIN: And, among these 8 savings banks, there are 4 which will not lose a cent?

Mr. VAILLANCOURT: The matter has not been settled yet.

Mr. LAURIN: The matter has not been settled yet but you claim that the shareholders will not lose anything.

Mr. VAILLANCOURT: Exactly. They closed their doors because the people wanted to withdraw their money, and as the money had been loaned out on mortgages there were not sufficient liquid assets. The savings banks closed their doors, and they said: "We will collect the money and we will return you your money after that."

Mr. VAILLANCOURT: As a rule, we have 30 per cent of liquid money or money invested in government loans or government bonds.

Mr. LAURIN: Taken from the reserve?

Mr. VAILLANCOURT: No, liquid money which we can pay out immediately, and we lend the balance to farmers. It happens in certain cases that there is a run at a certain time and it is in such cases that the savings bank is compelled to say: "Our 30 per cent is exhausted. If we reduce everybody to a state of bankruptcy we will not be any further advanced. The savings bank is closed, we will call in the money and we will pay you."