

who has proposed the bill to this house for second reading should come from the province of Saskatchewan where this co-operative trust organization had its genesis.

● (6:30 p.m.)

Motion agreed to, bill read the second time and referred to the standing committee on finance, trade and economic affairs.

SEABOARD FINANCE COMPANY OF CANADA

Mr. A. J. P. Cameron (High Park) moved the second reading of Bill No. S-15, to incorporate Seaboard Finance Company of Canada.

He said: Mr. Speaker, the purpose of this bill is to incorporate a small loans company within the meaning of the Small Loans Act, revised statutes of Canada, 1952, chapter 251. Section 2 (f) of the Small Loans Act defines a small loans company as being "a company incorporated by a special act of parliament and authorized to lend money on promissory notes or other personal security and on chattel mortgages". Thus the formation of a federal small loans company can only be effected by way of a petition to parliament.

Also it is possible for a provincial company incorporated by way of letters patent to obtain a licence from the federal department of insurance and thereby become authorized to carry on the business of making small loans. Federal companies incorporated pursuant to the provisions of the Small Loans Act are obliged to conform with many of the regulatory provisions, both financial and otherwise, of another federal act known as the Loan Companies Act, revised statutes of Canada, 1952, chapter 170.

The general operations of provincially incorporated companies licensed to make small loans are of course governed by provincial legislation. All companies in the business of making small loans, both federal and provincial are bound by the same federal regulations with respect to the interest which may be charged in connection with small loans.

At the present time there are in existence only about six federally incorporated small loans companies. On the other hand, there are scores of provincially incorporated loan companies which have been licensed by the department of insurance to make small loans. It is of course considerably easier and less expensive to incorporate a provincial letters patent company.

The proposed small loans company would be known as Seaboard Finance Company of Canada. There is already in existence an

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Ontario company, Seaboard Finance Company of Canada Limited. Should a charter be granted under the provisions of the Small Loans Act, the existing Ontario company would immediately proceed to sell all of its commercial paper to the new federal company. The Ontario company would also immediately proceed to effect a change in its corporate name to one completely dissimilar to that of the federal company. Also the objects of the Ontario company would be changed from those of a loan company to those of a holding company.

The existing Ontario company, Seaboard Finance Company of Canada Limited, was incorporated by Ontario letters patent on August 17, 1955. When it commenced its operation in Ontario it did so on a small scale. That being the case, it did not wish to go to the expense of petitioning parliament for its charter under the Small Loans Act. However, at the present time Seaboard is a large organization operating on a nationwide scale in every province except Prince Edward Island and Newfoundland. Seaboard therefore feels it should more properly be operating under a federal rather than a provincial charter. As a federally incorporated small loans company, Seaboard as I have said would be bound to many of the provisions of the Loan Companies Act and would thus come under the more direct control of the federal department of insurance. That being the case, the proposed change has, I understand, the blessings of the department of insurance.

Mr. Frank Howard (Skeena): Mr. Speaker, this is not the first time that this company has sought to incorporate itself under federal law.

Mr. Barnett: It is an old friend.

Mr. Howard: Yes, an old companion. I do not know whether the bill is exactly the same in its terms as it was last session. I have not checked it through and I assume it is. If it is not the same, in so far as one extremely important particular that was outlined last session when the bill came up for debate is concerned, I am sure the hon. member for High Park (Mr. Cameron) would have disclosed that fact to the house so as to ease the passage of the bill here and in the appropriate standing committee.

First of all it might be pertinent to consider the company as being, perhaps, inappropriately named. I say that, having read the proceedings which took place before the Senate banking and commerce committee on June 28 this year. Perhaps the company