

Private Bills

not taking any risk at all with regard to the product being supplied by the businessman. I have found in the past that when a finance company buys a piece of paper, then whether the product is of any value or not the promissory note is a liability of the person who signed it, and no liability rests on the finance company. The finance company, however, has the right to repossess and claim the collateral which is given up by the person who has sold or transferred the note.

Four or five of the people in my riding included their statements with the statement which came to my attention, which became known on the occasion of a trade fair in Toronto, where rumour went around that this very large financial institution was closing its offices that day—and it has, to the extent of not supplying any money in certain areas.

I think it would be unfair to agree to the passage of this bill without knowing a good deal more about Seaboard Finance or without being able to reach the conclusion that its operations in the provincial field had been satisfactory. I am not talking of ten months from now, when the company will have been able to raise \$500,000, or even of the time when it can raise \$250,000 to call a meeting of the board of directors and begin operations. If we pass this bill they will be able to go into business immediately, because they have the money and, I presume, they have the capital equipment, the offices, and the staff who would be transferred to the new company. If we are asked that a reserve fund be set up to cover the liabilities of these companies we surely have a responsibility to ensure that the government is not saddled with a company which may become a liability.

● (6:40 p.m.)

This must be part of our responsibility. It is not good enough for us to treat these people as though they were boy scouts, and tell them that we think it is a worth-while effort they are making. We are prepared to say that the directors of this national organization will have the interests of the organization at heart, but when we incorporate a finance company such as the Seaboard Finance Company we must remember that we are creating an institution which, in conjunction with all other financial institutions, will play a vital role in deciding the economy of our nation.

This company will decide what businessmen can sell their promissory notes to it, and so finance their businesses. It will also decide which business people can finance their

[Mr. Peters.]

stocks. Incidentally, the case I referred to previously occurred at the furniture show in Toronto. Businessmen there had to finance their purchases on a short-term basis in order to put stock into their respective showrooms. On the basis of the information that has been provided to us, it is unfair that we should be asked to make up our minds on the incorporation of this company. Just recently we had a case of a company being incorporated which changed hands while its application was before parliament, but the sponsor of the bill in question did not inform the house of that change. I do not say that is the case here, but the information that has been given us is not sufficient for us to make an intelligent decision on this application.

It may be that this is a bona fide company which does business in a legitimate manner, but I have yet to meet one of these finance companies that I think does business in a bona fide manner. I say that because of the interest rates they charge and the hosing they give to the general public who borrow money from them.

When we are asked to pass this kind of bill it should state what the company intends to do, what type of business it intends to conduct, whether it will engage in the small loans field, how much interest it will charge, what methods it has of gouging the public, and whether it intends to use the hold-back procedure when making loans. At present some companies have a procedure whereby when a person borrows \$1,500 he has to deposit \$200 or \$300 of it in a bank to be retained as a guarantee that repayments will be made, even though he has to pay interest on the full amount and cannot use the full amount.

Companies such as this should also be willing to provide parliament with financial statements showing how they have operated in the past and stating who will compose their provisional boards of directors. That information should be provided prior to the inspector of insurance deciding whether they should be incorporated federally.

We are almost giving this company the right to print money. We are giving it the right to allow its board of directors to steal money out of the treasury and take it away. We are giving it the right to do all those things which we have seen done in finance companies during the last few weeks, and are putting no new restrictions on it. We are not even asking for the normal type of protection