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## STIR AT OTTAWA OVER DRAYTON'S BANKING STORY

Assistance to "Nationale"  
Was Series of Transactions,  
Sir Henry Explains

OUTSTANDING LIABILITIES  
ARE ALL LIQUIDATED NOW

[Special to The Tribune]

OTTAWA, April 18.—Sir Henry Drayton's evidence in the Home Bank case Wednesday, wherein he stated that the former government to save La Banque Nationale had put up \$8,250,000 has created considerable stir and gives rise of a good deal of misapprehension.

"Perhaps I ought to have said that the money was not put up at one time," explained Sir Henry today, "but rather represents the aggregate of various transactions from day to day over a period of a year or two. An advance would be made and paid off and then a new one sought."

It is learned at the finance department that any outstanding liability was finally liquidated this winter about the time that the Nationale and Hochelaga Banks merged.

Sir Henry suggested to Mr. Fielding that he might have to do for the Home Bank the same thing that he (Sir Henry) had done for the Banque Nationale.

### Home Had No Guarantee

"This was not possible," said the deputy minister of finance today. "The Banque Nationale had first-class securities to put up. The Home Bank had none."

Sir Henry's evidence, in the way it was given, created the impression that the former government simply dipped into the treasury and handed

over \$8,250,000 to the embarrassed French-Canadian bank.

Instead, as he explains now, this is the aggregate of loans.

### Given Under Finance Act

All the assistance given was under the Finance act, passed in 1914, and re-enacted last year.

It is a measure first passed in wartime, to enable banks to make their assets "liquid."

By this act a bank may come to the government and, on the security of federal, provincial, municipal or other bonds of specified classes, may secure government notes.

The treasury board appraises the securities always at a rate below their face value. They are held as security for the advances upon which interest at 5 percent is paid.

When the advance is repaid the securities are handed back. The act was designed to enable the banks, in case of a run or any embarrassment, to quickly realize in cash on their approved securities.

### Many Secured Aid

Many, if not all, of the banks, at some time or another, have availed

themselves of the privileges of the act. It has been the law for the past ten years.

While the procedure in the Bank Nationale case was under the statute, Sir Henry states that Mr. Fielding was "horrified" to learn of what had been done.

"The advances," the ex-minister explains, "were fully secured. They saved the bank from being wrecked, and the treasury got back its money with interest."

"The course I took was fully vindicated."

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