

Private Bills

Every member of parliament is aware of his responsibility in creating new companies. As the former speaker said, we have created some companies in the past that we have not been proud of. Also, many companies are now looking to federal incorporation for the protection that previously has been afforded by the inspector general in the Department of Insurance.

• (6:30 p.m.)

Many finance companies in Ontario have apparently operated very loosely under the aegis of the Toronto stock exchange and have engaged in activities not in keeping with the principles of high finance and banking. We have heard much about those principles recently before the committee on finance, trade and economic affairs. It therefore behoves each hon. member to look with a jaundiced eye on companies which come to the federal government for incorporation. It might be well to exercise caution with regard to Seaboard Finance, because I am unable to find any statement in the surveys in which companies are usually content to present their financial picture. Thus I am unable to ascertain whether the Seaboard Finance Corporation in Ontario is connected in any way with other companies whose conduct might be questioned. In my opinion, the unpleasant situation which developed a few months ago is sufficient to make us wary of passing bills of this kind which immediately give these companies an immense amount of prestige, and in some cases set them up as going concerns. Before we grant incorporation we should make a point of knowing a great deal about the background of these companies.

The hon. member for High Park (Mr. Cameron) is sponsoring the bill before us. Frankly, I wonder why supporters of the government are so free in sponsoring the applications made by these companies. A member of parliament might well leave himself wide open for criticism by doing so, because there are bound to be some bad eggs. If I were sponsoring such an application I would need to possess a great deal more information than has been made available in some of these cases. I assume that the hon. member is in no better position than we are to ascertain the background of this company. We are being asked to set up a potential threat to the operations of the Department of Insurance, and other departments with similar responsibilities, without knowing what the company has done in the past.

I have seen the signs of the Seaboard Finance Company in a number of communities. I gather that the operations of this company are fairly recent in most of the communities outside Toronto. In some of the smaller communities I have noticed signs of recent date indicating that the Seaboard Finance Company is operating.

I have been looking up the records of the Senate to see what examination was given to this bill in the other place, and, I find that the banking and commerce committee reported that the committee had considered Bill S-21 and directed that it be reported without amendment. The discussion which took place in the Senate was confined to formalities, indicating that the bill would be placed on the order paper for third reading at the next sitting. The Senate committee hearing was not covered, so a report of what took place there is not available.

Recently I have received letters from my constituency raising grave doubts about the financial responsibility of one of the largest finance companies in this country. I have checked with the Inspector of Insurance who tells me there is nothing wrong with this particular company. But constituents of mine who take contracts with this company are being told there is no money available for those contracts, and that the finance company is not buying the contracts. I am also told that a proportion of their money—in the case of a small businessman it runs as high as \$13,000—is being held by that company as collateral against bad debts which may be incurred in the purchase of paper from the dealer.

I know an accountant who is familiar with the operations of Bay Street, a man who is closely connected with many of the transactions there, and had him make inquiries in Toronto as to the financial situation of this particular company. He tells me there is no danger of this company going bankrupt, for the simple reason that if it did, two banks would go with it.

It is good to know that this organization is guaranteed because two large financial institutions, banks of Canada, are also involved up to their ears in the relationship. But what protection is given to those who over the years have brought their business to a particular finance company against apparent willingness to pay hold-backs to cover the extra charge for the purchase of the paper they may buy? As I understand it, when a company buys paper, the finance company is really