

*By the Acting Chairman:*

Q. Forgive me if I ask a question, but I do not want a mistaken impression to get to the committee. Suppose a bank had loaned to a company in liquidation, a considerable sum of money, but had got security, say warehouse receipts on good commodities, the fact that the debtor was in liquidation might not prevent the bank, within a reasonable time, from realizing in full, if the security were good.

Mr. COOTE: That is not the case which I am trying to present to the witness.

The WITNESS: You are referring to a loan on the credit of the company, on the general credit?

*By Mr. Coote:*

Q. A loan which was made to the company probably long before it went into liquidation.—A. And not secured except on the general credit of the company?

Q. I am trying to get some definition as to what is a frozen loan.—A. A frozen loan is a loan that you cannot readily realize on. I believe the trouble with the Home Bank is these loans on timber lands in British Columbia, which could be well designated as frozen loans, because there is not much likelihood of their being realized on, perhaps for years.

The ACTING CHAIRMAN: Do the present returns which you are giving afford you sufficient information to enable you to determine the real standing of the banks?

WITNESS: Absolutely so, unless there is really knavery or roguery.

Mr. W. F. MACLEAN: Does it catch the roguery? That is the point.

*By Mr. Coote:*

Q. Would you be able from those returns to tell whether a bank had loaned all its capital to one concern and that that concern was in the hands of the liquidator?—A. From the returns?

Q. From the returns now being furnished to you?—A. No, I would not have that knowledge, unless in examining the returns of that bank I was not quite satisfied, and I would be justified in asking the bank to clear up anything that did not seem to me to be clear or that I did not understand.

Q. You are at present receiving returns from fourteen banks. Are you satisfied in every case that these returns are showing the true condition of the banks?—A. I certainly am. I have no reason to think that any bank is doing anything that is not right in the returns. If they are, I would be helpless.

Mr. W. F. MACLEAN: Then why the inspector-general that the Minister is providing for?

Hon Mr. ROBB: Do you object to it?

Mr. W. F. MACLEAN: No, I want it. That proves the necessity for it. The Department would not admit that it was necessary.

WITNESS: I beg your pardon. I admit that if this inspector-general is appointed, one of the things he could do would be to verify the returns under the various headings sent to us by the banks, and he would do so.

*By Mr. Malcolm:*

Q. In the course of examining those reports, have you found them satisfactory?—A. Yes.

Q. But occasions have arisen where you have enquired further to establish certain facts in your mind that you doubted in the reports?—A. Not that I doubted, but that I did not understand.

[Mr. J. C. Saunders.]