

DESIRES ALL FACTS TO BE BROUGHT OUT

Sir Thomas White Gives
Information at Home
Bank Probe.

DEMANDED REPORTS

Made Real Effort to As-
certain Actual Position
of Institution.

Special to The Mail and Empire from
Staff Reporter.

Ottawa, April 24.—Sir Thomas White, before the McKeown Commission this afternoon, made an able and generally admitted successful defence of his policy towards the Home Bank, while Minister of Finance. It was made in the form of a statement bearing for the most part on the petition of the depositors on which the Government acted in ordering the inquiry. Sir Thomas gave his statement with the utmost candor, omitting nothing, which in his opinion, would be of value either to the Commission or to the public in attempting to arrive at conclusions respecting the causes that brought about the failure of the Bank, or the possible liability of the Government. "All I want is the truth" was one of his statements. At another point he said: "I want all the facts to come out." He repeated that he was so desirous that the facts should come out that he would waive any right of objection he might have to examination.

Candor has been the outstanding characteristic of two leading witnesses to date, Sir Thomas White and Sir Henry Drayton. Their statements have not been drawn out of them by counsel; they have been made voluntarily, and it is probable that in this way the public has heard a great deal more about the facts of the situation than it would have got had it had to rely on examination.

Had Demanded Facts.

Sir Thomas made it plain that if the true state of the Bank had not been disclosed during his term of office it was not due to failure on his part to ascertain the facts. He showed that through demands made by him for reports on accounts about which complaint had been made, through the written statement of Mr. Crerar speaking on behalf of the western directors that the management had been reorganized and was apparently on the way to permanent improvement; through the statements made by the re-organized board itself and those of Mr. Lash—he had every reason to

think that the institution was solvent and that its capital remained unimpaired,—that is in 1918 and 1919.

So strong had these representations from responsible authorities been that Sir Thomas had no hesitation in saying that on the statements made to him, which he had to assume were accurate, with the bank's fine clientele as he called it, and its \$20,000,000 of deposits, he could have taken hold of the institution and have successfully pulled it through. This of course, could only have been possible on the assumption that the representations made to him were correct.

Minister's Authority.

A point stressed several times by Sir Thomas was that the Minister of Finance under the provisions of the Bank Act, had authority to demand from the officers of the Bank, from the Bank's auditor, or any other person that he might designate, information on any portion of its affairs. He contended that this authority could be exercised in an unquestioned matter, and that whether such action were taken or not was on the mere volition of the Minister. More will undoubtedly be heard on this point, for its importance is obvious.

Sir Thomas said that he had been influenced much by the report of Messrs. Haney and Crerar on the value of the B. C. Timber Limits in connection with the Frost account, they having given assurance that these could be sold to advantage, and were a fine asset and would be realized on during the next three or five years, that is from 1916. The doubling of the price of B. C. timber between 1916 and 1918, owing to the demands of the war, undoubtedly made these directors very confident. The slump that soon followed doomed these hopes.

CONFIDENCE IN BOARD.

Directors Had Assured Sir Thomas
That Bank's Capital Was Intact.

Canadian Press.

Ottawa, April 24.—Sir Thomas White, former Minister of Finance, this afternoon told Royal Commissioner H. A. McKeown his reasons for not ordering an independent investigation of the Home Bank. Summarized they were:

1—The apparent harmony of the Board of Directors of the Home Bank subsequent to the re-organization which took place in 1916;

2—The letter of Hon. T. A. Crerar expressing satisfaction of the western directors, and

3—His reluctance to interfere with, and possibly cause the failure, of a bank which, he was assured by the board, had its capital intact.

Sir Thomas stressed the fact that he had placed his confidence in the re-organized board with Mr. Haney at its head. He was aware that there were three or four loans which might result in losses, but even if such losses had occurred a bank with unimpaired capital would have been able to stand the losses and remain solvent.

Sir Thomas stated that he had laid down his policy in regard to the bank in a letter written on February 21, 1916, to James Fisher, representing the western directors. In this letter he said that his policy was to give the re-organized board every opportunity to place the institution on a sound basis, provided that this, in his judgment, was going to be possible. He explained that, under the re-organization General James Mason had been relieved of the general management and that Mr. Haney had assumed the presidency of the bank.

Growing Steadily Stronger.

The warnings of W. A. Machaffie in regard to the condition of the bank, Sir Thomas dealt with by referring to the unanimous resolution of the directors of the Home Bank passed on October 29, 1918, and certified by M. J. Haney, then president. This resolution assured the Minister that the position of the bank was growing steadily stronger, the management was efficient and satisfactory and the business of the bank increasing. It denied statements of Mr. Machaffie that important matters were concealed from the board and that transactions in which Mr. Haney and his friends were interested personally were becoming frequent. It emphasized the reliability and capacity of new men appointed to the board, one of whom was H. J. Daly, later president of the bank.

Sir Thomas dealt on the efforts that he had made to arrive at a correct understanding of the larger loans which had been the subject of uneasiness among the western directors. The loan to Pellatt and Pellatt he had regarded as somewhat unsatisfactory because the collateral was not sufficiently liquid. He had given instructions that this loan should be decreased. This firm, he claimed, was a large borrower on collateral from other banks and he had no idea that it was in any danger of insolvency. He mentioned that a number of the directors of the bank had been known to him personally, and he had during the period of his ministry no reason to regard them with suspicion.

Mr. Lash Uneasy.

A letter from Z. A. Lash, counsel for the Home Bank, to James Fisher, K.C., who represented the three western directors, was read by counsel for the depositors at the resumption of the Home Bank investigation this morning. This letter was dated February 29, 1916. In it Mr. Lash said that he had seen Sir Thomas White on February 22nd and "explained the position up to that time."

"Among other things, I told him that we were endeavoring to perfect certain securities which we were taking from Sir Henry Pellatt, and that it was very important that nothing should occur to prevent this being completed. He understood, and said he would endeavor to avoid precipitating matters, as far as he could," states the letter.

"I am writing Sir Thomas to-day and telling him that I hope that Pellatt's securities will be completed this week, and that so soon as Mr. Haney returns, I will ask to have a meeting of the board called, in order that I may explain the whole position, including the substance of your letters to Sir Thomas White, and ask for definite instructions upon the all-important matter of having a thorough examination of the bank's position made by an independent competent person not connected with the present management."

"The more I consider the bank's position, even assuming that every account will ultimately be collected in full, the more doubtful I feel as to the possibility of its continuing in business."

"The amount locked up indefinitely in four large accounts, is probably three times the paid-up capital, and more than half the total deposits, and if anything should take place which would cause a comparatively small percentage of the depositors to ask for their money, I do not see how the bank could, without assistance from outside, continue with open doors."

"I told Sir Thomas that my main object, since I learned in outline what the bank's position was, has been to bring about a position, which, if the worst happened, would result in liquidation with open doors. This can only be brought about by the assistance of other banks, and I want definite instructions from the board as to how far I may go in this direction in consultation with Sir Thomas White, for he is now an essential element in the situation which cannot be disregarded. He told me, and I could not dispute the correctness of his position, that, after you, on behalf of the Winnipeg directors, had submitted to him information, which, to say the very least, was very disturbing, the responsibility was thrown on him, which he could not avoid, and which would not be discharged because those who invited his intervention might desire him to withhold further action. The statements relating to the three accounts about which he asked for further information, were sent to him on the 22nd or 23rd."