

FORGET'S BANK AND FRENCH INVESTMENTS

They Form the Topic of a Hot Debate in the House at Ottawa—Papers Will Be Brought Down

Banque Internationale incidents and the investments generally of French capital in Canada were the topic of a warm debate in the House at Ottawa on Monday. Both Mr. Borden, premier, and Sir Wilfrid Laurier, took an active part in the discussion, and editorials appearing in *The Monetary Times* on the subject were read to the House.

Hon. K. Lemieux asked for the production of papers relating to the licensing of La Banque Internationale. He complained that the pooling of the stock of Canadian shareholders under an agreement guaranteeing a return of one hundred per cent., should have called for the government's action. It was also stated that Mr. Fielding, as Finance Minister, had refused to issue the certificate to the bank. This Finance Minister White denied. The rest of the day was occupied in discussing the circumstances under which the securities of a number of enterprises in the province of Quebec were disposed of in France, Mr. Lemieux charging that the credit of Canada had been seriously injured in the French money market. He moved for papers relating to the Quebec merger, the Quebec and Saguenay Railway and the Banque Internationale, French capital having been invested in all of these institutions, with, as he alleged, serious results to the French investors.

In both cases the government agreed to the production of the documents requested.

Government Cannot Guarantee.

Premier Borden stated that if any representations were made to the government by the French bondholders' committee or the French government they would receive such courteous consideration as might be possible in view of the position of the government in relation to such an undertaking. Mr. Borden pointed out that it was impossible for any government to guarantee investments made in Canada by Canadians, and would hardly be in a position to go further in regard to investments in foreign countries.

Mr. Lemieux stated that the men behind the Quebec and Saguenay Railway Company were appealing to the government night and day for a guarantee of bonds. Mr. Cochrane, Minister of Railways, said no application for a bond guarantee had been made.

Mr. White, Minister of Finance, replied at length to Mr. Lemieux, who had made, he said, recklessly untrue statement when he had alleged that the late government and Hon. W. S. Fielding had refused to grant a certificate to the Banque Internationale to commence operations. He read the minutes of the Treasury Board to the effect that that body had left the matter for consideration of the new government "without expressing any opinion upon the merits of the application."

Incorporation of the Bank.

The Banque Internationale, he continued, was incorporated in April, 1911, and had applied for a certificate in July of that year. At the latter date it had had ten million dollars of capital subscribed for and \$936,000 cash paid up, and the required deposit of \$250,000 paid into the hands of the Receiver-General. The law only called upon new banks to have \$500,000 stock subscribed and \$250,000 to deposit with the Receiver-General.

The old Treasury Board had investigated the standing of shareholders and directors. Mr. White pointed out that the directors of the bank included such men as Sir George Garneau, Hon. Mr. Taillon, postmaster of Montreal; Mr. Bickerdike and J. M. Greenshields.

What Sir Wilfrid Thought.

Sir Wilfrid Laurier said that there was as much reason for an investigation of the Banque Internationale as of the Farmers Bank. He thought that the fact that the subscribed capital of the former institution will be larger than the law required was a subject for enquiry. Some of the stock had been subscribed "in trust," and this should have been investigated with a view to its bearing upon the application of the double liability provision of the Act in case of a failure.

There had, he said, been some question of the qualifications of one of the nine directors elected and also a technical difficulty had been raised because some of the French shareholders had subscribed by proxy. Both points he admitted had been disposed of satisfactorily.

As to Pooling Arrangement.

Facts which had recently come to light, for instance the pooling arrangement among the Canadian shareholders, should be investigated. Sir Wilfrid said that two French shareholders had complained to Mr. Bickerdike, alleging that general manager Bird had made a false return to the government by omitting a loan of \$200,000 made to Mr. D'Aoust. Mr. Bird had said that the money was lent on two notes of Mr. D'Aoust's on the orders of Sir Rodolphe Forget.

On the other hand Mr. D'Aoust claimed that the money was for services rendered. The directors had not known of this transaction, and it should be scrutinized.

Right Hon. R. L. Borden said the leader of the Opposition and the member for Rouville appeared to ignore that the Banque Internationale was a going concern when they wished the government to take action to recover \$200,000 of which they alleged the bank had been defrauded.

The government would have no right to use the name of the bank for recovering that money, but the bank had a perfect right to go into the courts in its own behalf.

The Prime Minister said that the situation of the Banque Internationale was quite different from that of the Farmers Bank. The latter was a defunct institution, the former was a going concern, and could take steps to recover commissions alleged to have been wrongfully paid.

Transfer of Bank Stock.

Mr. Borden said there was nothing in the Bank Act to prevent the transfer of bank stock to a person living outside of Canada or to make the sale of stock to a person outside of Canada invalid.

There had been a difficulty urged, namely that the subscription of a million dollars had been made "in trust." Subscriptions to the capital stock in banks or other institutions were often made in that way. Moreover putting aside that subscription there had been still another \$9,000,000 of stock subscribed, \$936,000 paid up and deposited to the credit of the Receiver-General of Canada.

As to the pooling of the Canadian stock Mr. Borden said that had the bank gone into liquidation the subscribers would have had to pay their calls, just as would other contributors, and would merely have had recourse against those who guaranteed them against further payment of calls.

BIG FIRE COMPANIES BARRED FROM MICHIGAN

Becoming effective immediately, Commissioner of Insurance Palmer has barred seventeen of the world's largest fire insurance companies from doing business in Michigan. Says a dispatch from Lansing. Every one of the seventeen are declared by the commissioner to have broken the laws of Michigan, and the barring of them from the State is the penalty he inflicts. Among the companies ordered out of the State are the following: Liverpool and London and Globe Insurance Company, Liverpool; North British and Norwich Union Insurance Company, London and Edinburgh; Phoenix Fire Insurance Society, Limited, Norwich, England; National Fire Insurance Company, Paris; Scottish Union and National Insurance Company, Edinburgh; Sun Insurance Office, London. Every one of the above companies is declared to have violated the laws of the State of Michigan in that it wrote higher risks than the laws of this State permit.

TORONTO'S FIRE RETURNS.

According to the annual statement of Fire Chief Thompson there were more alarms pulled in Toronto during the past year than ever before. In 1911 there were 1,573 alarms rung in, while in 1912 the number had increased to 1,607. This is a record for Toronto.

The total loss by fire during the year amounted to \$1,103,684. This is \$655,696 above that of the previous year. This is accounted for partly by the heavy loss sustained at the Toronto Railway Company's fire on King Street and the fire at the Allen Manufacturing Company at the corner of Simcoe and Pearl Streets. The combined loss of these two fires alone amounted to over half a million dollars.

The chief says the high pressure system has proved its efficiency in stopping the spread of fire on a number of occasions. This was particularly noticeable at the Boyd, Brumell and Allen fires.

The insurance on buildings and contents in which fire occurred amounted to \$5,395,566. Losses and insurance on buildings and contents as follows:—

Losses on buildings	\$ 215,571.80
Losses on contents	888,112.69
Total loss on buildings and contents	1,103,684.49
Insurance on buildings	2,367,500.00
Insurance on contents	3,028,066.00
Total insurance on buildings and contents	5,395,566.00
Insurance paid on buildings	199,555.88
Insurance paid on contents	861,578.69
Total insurance paid on contents and buildings	1,061,134.49
Loss over insurance paid on buildings and contents	12,450.00
Loss on buildings with no insurance	10,782.00
Loss on contents with no insurance	19,318.00

Overhead wires are dangerous to life and property as well as an obstruction to the department in their work. Chief Thompson repeats his plea for their removal.