

from door to door, can and do take advantage of unsophisticated or gullible consumers. The prototype of this crew was the lightning rod salesmen of a few years ago. The wares may be different now but the basic approach is the same. Once the consumer has completed the formality of signing his name a few times to some innocent-looking documents he may find to his regret that he has assumed an unconditional obligation from which he cannot escape. It is the unconditional nature of the promissory note under the present law which makes it an unsuitable instrument for consumer credit transactions.

These issues are not theoretical ones; instances of inequity are commonplace. Hon. members are familiar with the Box 99 program which we operate in the Department of Consumer and Corporate Affairs. People are encouraged to write to Box 99, Ottawa, with their problems and complaints. We have in our bureau a great number of letters from people who have been victimized by the application of the law on bills of exchange as it now exists. I shall give hon. members a couple of examples so that they can see in a practical way the application of the present law, the law we are seeking to change in the bill before us.

Mr. C. purchased \$4,500 worth of building supplies from a company to which he gave a promissory note. The building supply company assigned the promissory note to a finance company. The supplies were never delivered and the building supply company went out of business. Mr. C. was sued on the note and a judgment of \$4,500 was given against him.

Mr. F. bought a vacuum cleaner on an instalment contract complete with a promissory note. The vacuum cleaner proved to be unsatisfactory and he stopped paying the finance company which had bought his note. He was sued successfully by the finance company, which garnisheed his wages. Mr. F. lost his job because his employer did not like garnishments.

The role of promissory notes in consumer credit transactions has been studied intensively by a number of government bodies as well as by private agencies and individuals in the last few years. The Royal Commission on the Cost of Borrowing Money, Cost of Credit, and Related Matters in the Province of Nova Scotia, was critical of the effect of promissory notes on consumers and concluded: "The purchaser is thus returned to the *caveat emptor* situation of the middle nineteenth century."

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### Bills of Exchange Act

The final report of the Select Committee of the Ontario Legislature on Consumer Credit observed:

Cases were brought to the committee's attention where the seller in an instalment sales transaction misrepresented to the purchaser, in some cases dishonestly and fraudulently, the terms of the contract. Yet the purchaser was compelled to pay the whole debt because the discounter of the promissory note (the finance company) which formed part of the contract was a holder in due course with no knowledge, or provable knowledge, of the representations made.

• (12:30 p.m.)

The Special Committee of the Senate and House of Commons on consumer credit and consumer matters which I had the honour and pleasure of co-chairing with Senator Croll recommended explicitly in 1967:

Along with the purchase of the right to collect the consumer's money should go any undischarged obligations to the consumer that formed part of the original transaction.

That is why at the beginning of my statement I mentioned that it was with a good deal of pride and happiness that I rose to introduce this bill today, and I am satisfied that some of the recommendations of at least one committee on which I served are being implemented.

We hear a great deal in this House about the Senate, and sometimes we hear negative comment about the Senate. While some of that might be applicable, and since we are discussing this subject, I would like to pay tribute to the co-chairman of that committee, Senator Croll, who I think has been a very devoted public servant for years and years and who is an adornment to the other place and an adornment to the public life of Canada. Senator Croll has for years been agitating for the amendment that is before the House and that it is my pleasure to introduce today.

In addition to the public examinations that I have mentioned, both the Consumers Association of Canada and the Canadian Consumer Council have recommended a change in the existing law. The question has also been under review in the United States and a number of alternative techniques for changing the law have been proposed in the United States. Uniform Consumer Credit Code. The suggestions have already been adopted by a number of states in the United States, and one of the alternative techniques dealt with under the United States consumer credit code is the alternative that is before this House.

I should emphasize that the proposed amendment to the Bills of Exchange Act is