

PROTECT THE PUBLIC IS PROUDFOOT'S PLEA

Leader of Opposition Thinks Proposed Amendments to Loan and Trust Act Do Not Go Far Enough

While the Special Committee of the Legislature which during recess considered proposed amendments to the Loan and Trust Corporations Act completed its work at a meeting held yesterday, its finding does not meet with the approval of the Opposition Leader, Mr. Wm. Proudfoot, K.C. It is expected that the majority report will be presented to the House in a few days, and that Mr. Proudfoot will bring in a minority report embodying the suggestions he made to the committee yesterday.

It was thought by the Opposition Leader that the draft bill before the committee did not go far enough in the protection of the public. True, certain safeguards were provided, but it fell short of giving to the investing public the security that was desirable. Under the bill the Government assumed no responsibility for the financial standing or the proper management of the companies.

Wants a Superintendent.

To meet this situation Mr. Proudfoot proposed that a Superintendent or other Government official should be appointed, who would be entrusted with the duty of keeping in touch with the companies, passing upon their investments and also their methods of transacting business. The Opposition Leader thought that such an official should at last once a year investigate the affairs of the companies, and if anything gave rise to suspicion to report to the Government. He did not believe that the strong companies would object to such a plan, and it was advisable that the weaker ones should be investigated regularly for the public's protection.

The members of the committee, however, were not inclined to accept Mr. Proudfoot's suggestion. While they admitted there were points in favor of such a course, it would be practically impossible for the Government to accept responsibility for

the entire operations of the companies, including the soundness of all the loans and investments. If such a scheme were attempted and it was not carried out effectively the investors would not be properly protected.

Prevent Another Smash.

There were present at the meeting representatives of the loan and trust companies. They were chiefly concerned with a clause in the draft bill which would prevent companies from investing more than 15 per cent. of their paid-up capital and reserves in the securities, etc., of another company. The department officials had intended by inserting the clause to prevent a recurrence of the Dominion Permanent disaster about a year ago, but the companies objected on the ground that it would prevent a loan company, for instance, doing a trust company business through a subsidiary company.

It was pointed out by Mr. T. G. Meredith, K.C., of London, who represented the Huron & Erie Loan Company, that the 15 per cent. limitation would prevent the issue of new capital by one company of a combination and its purchase by the other out of surplus profits or reserve. The committee, however, decided that the clause should remain in the draft bill, and it will be sent on to the House. It was pointed out by members of the committee that a loan company could go ahead and issue new capital, but raise the money by public issue instead of making the new issue a means of disposing of accumulated profits without distributing them to the shareholders. Two additional clauses of a technical nature were adopted by the committee.

South Wellington Liberal that the Government should arrange to purchase materials for house building on an extensive scale. By the standardization of all materials much money would be saved to the Province and the individuals. It would, he believed, under present conditions, result in a saving of \$150 to \$200 on each house.

Good Bill in the Main.

"In the main the bill is a good one," declared the Opposition Leader, Mr. Wm. Proudfoot, intimating that he would suggest some changes of importance when the bill was discussed in committee stage. "We want to see that the best possible bill is put on the statute books. It is a matter of very great importance."

Mr. Proudfoot supported the suggestion of Mr. Carter, that there should be standardization of materials. In this he was backed up by Mrs. S. Clarke (West Northumberland), and Mr. J. C. Elliott (West Middlesex).

The latter expressed doubt as to the method of arbitration to fix the price of the land to be taken over by the municipalities on which to build. He suggested that it might be well to consider having an official arbitrator with similar powers to that of a Judge of the Exchequer Court.

Mr. Allan Studholme (East Hamilton) subscribed to the principles of the bill, but he felt that the terms of payment were more than the ordinary workmen could bear, and gave as an example his own difficulties in securing a home.

Others who spoke briefly were: Hon. W. D. McPherson, Mr. Z. Mageau (Sturgeon Falls), and Mr. H. Munro (Glengarry). The bill was given its second reading, and it will likely be discussed in committee on Monday.