

Feb. 19th.

Compel Every Broker

"The responsibility for the present disaster in the mining stock market, which has resulted in the loss of tens of millions of dollars to the people of Ontario, must be placed at the door of the Attorney-General and the Government of Ontario. Reference is made in the Speech from the Throne to amendments to the Security Frauds Prevention Act. The people of Ontario are interested in suggestions as to future regulations, but just now they are much more interested in seeing a thorough investigation of the business of members of the Standard Exchange for the past five years. It is true some action has been taken to deal with a few of those who appear to have swindled the public, but I would like to point out that this action was taken only after a good deal of pressure from the public platform and the press, following the action of the Alberta Government in arresting two millionaire mining brokers of Toronto."

Newspaper Accounts.

At some length Mr. Tweed read from newspaper clippings to show that if rumors about the conditions of brokerage houses could be heard on the street—even in Alberta—there was no reason why they could not have been heard at Queen's Park.

On the morning of June 28, 1929, the following item, according to the North Waterloo member, appeared on the financial page of the Mail and Empire:

"To those who have considered that short selling of stocks was not legitimate, and should be prevented by law, the remarks of Hon. W. H. Price at the opening of the new Standard Mining Exchange last night will come as somewhat of a surprise. If there were no short sales, said Mr. Price, there would be entirely a bull market, which would proceed on and on without any stopping place. It would be better if more of the public were on the short side occasionally. On the New York market clients can borrow stock and go short, and it would be beneficial if facilities were provided here along the same lines. As it is, the broker is often placed in the position of appearing to be selling against his clients, as he has advantages not shared by them."

"Do you agree with that?" asked Colonel Price of Mr. Tweed.

"No, I don't," came the answer. "A legitimate broker should not be on either side."

"What is your opinion of short selling?" asked the Attorney-General.

"You just wait. I'll deal with that a little later," replied Mr. Tweed.

Fraudulent Practices Alleged.

From Nov. 7 right up to the present the Financial Post had, said Mr. Tweed, published weekly articles and letters exposing "bucketing," short manipulation and other fraudulent practices.

"It is hardly likely," he added, "that the Attorney-General and other members of the Government did not have their attention called to these articles and letters. In fact the Financial Post of Feb. 6 states that certain articles appearing in the Post each week were placed before the Prime Minister and the Attorney-General of each of the nine Provinces."

Mr. Tweed referred to the Premier's reference during the debate last week "to the conflict of jurisdiction between the Provinces and the Dominion."

"I think he will find," he went on to say, "that the majority of the members of the Standard Stock and Mining Exchange are partnerships or are operating under letters patent issued under the Companies Act of Ontario. The Prime Minister also referred at length to the fact that the Government had consulted with bankers, brokers, business men, R. G. Dun & Company and Bradstreet's as to the best method of handling the present

situation. By this date the Government inspectors and auditors must know the exact number of shares that each brokerage house is short. If this information is available, the Attorney-General's Department should compel every broker to immediately cover his short sales.

"The argument against this is that the stock market would immediately 'sky-rocket.' This would, in my opinion, be perfectly all right, as it would give the public a chance to get back some of the money that they have been swindled out of by the bucket-shop methods of certain brokers. The Prime Minister says there might be a panic. If there was any danger of this, it would have taken place on Jan. 30, the day that thirteen brokers were arrested. There are fifty-one members of the Standard Stock and Mining Exchange. Members of five of these houses have been arrested. It is a well-known fact that a number of the smaller houses are either controlled or were operating in the pools or ring with the larger houses. I assume that it is the intention of the Attorney-General's Department to take proper action against these smaller houses in good time. The Prime Minister has complained of the lack of constructive criticism or suggestions from this side of the House. My business brings me in close contact with bankers, brokers, and investment bankers. I have talked with a number of them during the past few days, and they are unanimously of the opinion that the appointment of a Royal Commission is the proper way to investigate the present situation. They further state that every honest broker will offer no objection to having his books and business generally inquired into by a Royal Commission."

Check on Short-Selling.

"Two of the leading investment bankers of Toronto gave me what they considered the best method to prevent a recurrence of 'bucketing' and short-selling against clients. Here it is:

"Give the Government authority to appoint an auditor of outstanding ability and integrity, who, in turn, will draw up a list of approved auditors, from which each firm of stock brokers shall select their auditor, which auditor shall make a return at least quarterly to the Government's official auditor, the scope of the audit to be determined by the Government's appointee."

Clifford Case (Conservative, North York) moved the adjournment of the debate.

TORONTO BILL IS INTRODUCED IN LEGISLATURE

Confirming all acts of the Toronto Transportation Commission before April 8, 1929, in acquiring the capital stock of the Gray Coach Lines, and formally giving the T.T.C. full authority to establish and operate motor vehicle transportation services outside the city limits, a Toronto bill was introduced into the Legislature yesterday afternoon by Russell Nesbitt, Conservative, Bracondale.

The measure also gives the city right to exempt from taxation any clubhouse operated for Great War veterans, and confirms an agreement with the Village of Forest Hill, the Township of York and the County of York for the construction of a bridge on Bathurst Street, and gives the city the right to borrow \$40,000 for their share after the electors have given their assent.

It also validates an expenditure of \$8,621 for giving information to the electors of Toronto in respect of the town-planning by-law, a grant of \$1,500 to the Argonaut Rowing Club, another grant of \$25,000 towards the expense of holding the annual Shrine Convention in Toronto in 1930, and a grant of \$25,000 to the Federation for Community Service for 1929.

The bill confirms an agreement between the Toronto Electric Commissioners and the Town of Leaside for the construction and distributing system in the town, and also an agreement with the Governors of the University of Toronto regarding the west line of University Avenue.

The construction of the Brule Lake Regatta Course is also to be approved, and the bill gives the city power to undertake local improvements in the proposed Fleet Street east of Yonge Street.

CLOSER CHECK URGED ON POULTRY BUYING

Middlesex Council Favors Steps to Stop Fowl Thefts

(Staff Correspondence of The Globe.)

London, Ont., Feb. 18.—Chicken stealing is again rife in Middlesex and the County Council has asked Hon. J. S. Martin, Minister of Agriculture, to assist in having the law amended so that dealers and others buying poultry will have to keep a record of all fowl bought, together with the name of the party selling it and his address. At present it is necessary to have a permit for the transportation of poultry on the highways, but this does not seem to have remedied the situation.