

Mr. FIELDING. It could only refer to small matters.

Mr. R. L. BORDEN. Individually, but they might be large in the aggregate.

Mr. FOSTER. Trust companies are popularly not supposed to take deposits, but they may take moneys and guarantee them. They may take them for investment on trust conditions. That becomes really a form of accepting deposits. If you make the limit \$3,000, you may have a very large deposit business done under this head. That will be facilitated by the fact that the company will not have to keep the money separate, but they may go into the common fund. It practically makes it possibly to do pretty nearly an over the counter deposit business.

Section agreed to.

Sections 13, 14 and 15, agreed to.

On section 16,

The company may invest any moneys forming part of its own capital, or reserve or accumulated profit thereon, in any of the securities mentioned in section 11 of this Act, or, in the bonds or debentures of any incorporated building society or loan company, or on the security of real estate in Canada or of any interest in such real estate, or on the security of the debentures, bonds, stock and other securities of any chartered bank or company incorporated by or under the authority of the parliament of Canada, or of the legislature of any former, present or future province of Canada, as the directors deem expedient.

Mr. FOSTER. That is a pretty broad clause.

Mr. FIELDING. It is the usual one.

Mr. FOSTER. What does the hon. gentleman (Mr. Fielding) mean by 'usual'?

Mr. FIELDING. It is the same as is found in other charters.

Mr. FOSTER. Which one, for instance?

Mr. FIELDING. The Consolidated Trust, passed in 1903.

Mr. FOSTER. I am afraid that is an exception, rather than the rule. There are loan companies and loan companies, there are building societies and building societies; and, as has been well exemplified within the last few years, in some cases they are as unsatisfactory security as you can well put your money in. If you are going to allow the company's capital, which is the security offered to those doing business with the company, to be invested indiscriminately in the bonds or debentures of building societies and loan companies, without fixing any minimum of capitalization, length of time in business or payment of dividends, you open the door very wide indeed. Thomas, Richard or Henry can get up a little stock company called a building or loan company and, under this section, it could be paid for

by the capital of the trust company. This is an important section, and I would like the minister to look into it.

Mr. FIELDING. Insurance companies are allowed to invest in these securities and we regard insurance investments as those concerning which the greatest care should be taken.

Mr. FOSTER. There is the difficulty. Without justifying the investments allowed to an insurance company, you use the law on that subject to justify the application of the same to the trust companies. But nothing should be more carefully guarded than trust companies investments. These concerns have the estates of widows and orphans, and they carry trusts for minors, and are always considered concerns whose securities should be very strictly guarded. The capital of the trust company is what it offers prospective patrons as a guarantee that the business confided to it will be properly secured. But if this capital may be invested in loan and building societies' stock, with all the ups and downs to which the securities of some of these concerns are liable, it seems to me you take away the security which that capital stock would otherwise give. You may say: Let the widow and the orphan examine the affairs of the company and learn how its capital is invested. But they will not do that—they have not the means to do it. They take it practically on the faith of its capital and its business directorate.

Mr. BRODEUR. According to my recollection of the general law of some of the provinces one range of securities is allowed for the trust funds in the hands of the companies, but a wider range is allowed for the investment of its own capital.

Mr. R. L. BORDEN. Is that provided for in any statute of Canada?

Mr. BRODEUR. I think it is called the Trust Companies' Act in Ontario.

Mr. FOSTER. The minister will see what I am driving at. It is not enough to provide that the trusts funds shall be securely invested. The capital stock of the trust company is supposed to be in itself a security to those doing business with the company; and by allowing too wide a range of investment, you may make this security worthless. I do not know quite how the law is. I believe there are lawyers who hold that a trust company has the right to invest its own capital as it pleases; but I know there are lawyers who very strongly advise against that.

Mr. BRODEUR. If the law provides, as I believe the general law does in Ontario and special statutes do in Quebec, that the capital of a trust company—not the trust moneys placed in its hands—may be invested in securities such as are mentioned

Mr. R. L. BORDEN.