SPEECH

DELIVERED IN THE
LEGISLATURE

On Thursday, February 4th, 1915

BY THE

Hon. W. J. Bowser, K.C.

ATTORNEY-GENERAL

ON THE MATTER OF

THE DOMINION TRUST COMPANY

VICTORIA, B. C.

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BRITISH COLUMBIA

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"I wish to preface my remarks, Mr. Speaker, with the statement that the Government does not propose to offer any opposition to the motion which has been placed on the order paper by the honorable Member for Nanaimo (Mr. Place) being carried. So far as the Department of the Attorney-General is concerned, this Government takes exactly the same position in this matter as it does in connection with the administration of any other portion of the public business. We have nothing to hide. The return which has been called for will show exactly what the correspondence has been, either between my department and the Department of Justice at Ottawa, or between the Department of Finance and the Dominion Trust Company, or any person else with whom we have had any correspondence. So far as the Government is concerned, in connection with the unfortunate failure of the Dominion Trust Company we have every consideration for those who have been unfortunate enough to be connected as creditors or otherwise with that company.

Government Regret

"It would appear from what the Liberal press and the Liberal speakers say that the sympathies of this Province with these unfortunate creditors are confined entirely to the Liberal party. Those of us who adhere to the truth claim that there should be no monopoly of sympathy to any particular party in this Province. It is, indeed, unfortunate that there should have been these victims. No one regrets it more than the Government; no one regrets it more than the Conservative party, and we have every sympathy with those who have lost money in this unfortunate and totally unforeseen failure. Perhaps it will be found later by those who have been unfortunate enough to lose money that they can expect more from the Government of British Columbia than they can from the Liberal party, no matter how vehement are the professions of sympathy.

"I take the stand, in speaking at this time in this connection, that it is not only on account of the Government's position, but on account of the attacks made on myself personally, that I feel that the public have a right to hear from me, as a public man taking some small interest in the public affairs of the Province, in answer to the charges made against me.

"It is quite unfortunate—quite unfortunate so far as the public credit is concerned—that this occasion should have been seized upon by political parties in opposition to the present administration to attack the Government, and especially to attack myself personally, not with any idea so much of bettering the position of the creditors as to gain credit for the Liberal party. It is unfortunate in that it brings down not only the confidence of the public for a man in public life, but it reduces the credit of the Province now held so high in Canada, and the Motherland as well.

Journalistic Tactics

"I wish to keep away from political discussions, as much as possible, but you can see that in making a defence of myself, where all these organizations

rallied under the Liberal banner have made an attack upon me, not in the interests of the depositors and the creditors of the Dominion Trust Company so much, but more, perhaps, to put me out of public life in this Province, if at all possible. In order to prove that this is so, I have only to refer to a newspaper quoted by all my Liberal opponents, the South Vancouver Chinook. Along in December, this paper issued a Christmas number. Across the top of one page he has the heading, 'Hon. W. J. Bowser's Admission of Government's Betrayal of the People in the Gigantic Dominion Trust Swindle,' and underneath this follows what the writer alleges to be an 'official statement of the Attorney-General of British Columbia to the committee of depositors.' On the right hand side of the page is a picture of the late W. R. Arnold, and on the left hand side a picture of myself, placing me in the category of being one of the wreckers. There is no other inference to be drawn from the juxtaposition of the two pictures and from the captions which the editor has placed under them.

"Christmas number! Peace and goodwill towards men'! That is what you can expect from the Liberal party! They could not discuss me honestly and fairly, but they go to work in this dastardly way, and statements are made which, as I will show you have just enough truth in them to be damnable; but I will show you what is true. I will show you, too, how they have, in a newspaper of good standing, The Victoria Times, without waiting for my answer, or for me to speak, as was suggested, in my place in this House, quoted this article in full; but I will say, to their credit, they did not publish the pictures. But, later on, not having yet gained the lesson of what its due was to men in public life, The Chinook, on January 30, again produces the picture of Mr. Arnold on its front page to the right hand, and my own to the left, and inserted in the middle is that of the Premier of this Province. If that is not the worst kind of dastardly tactics, I am content to stand for all time branded as a man who does not know anything of what is due public life in this country. According to the Member for Newcastle, I should hold my head in shame.

Is Unafraid

"I have never in this country, either in my public or in my private life, done anything as a result of which I am afraid to face any man. (Loud cheers). I hold my head just as high today as I did before the Dominion Trust swindle. (Renewed cheers.)

"Now, Mr. Speaker, I want to go into some questions with reference to the position of the Government and the Dominion Trust Co. I wish first to ask those interested in the failure of the company, and the public of this Province, as well as the Members of this House, not to judge the Government or the department of which I am the head by what has taken place in 1915, but to cast their minds back to the early part of 1913, when certain legislation was passed by this House. In the year 1915 it is easy to say that this man is to blame, or that, but the charge is laid at my door that I allowed legislation to go through in March, 1913, which allowed this company to take deposits.

"I say, Mr. Speaker, that there is some little fairness due to a man in public life and one thing he has a right to expect from the electorate is that it should hear his defence. (Hear, hear.) I wish the public to go back to the session of 1913 in order that we may discuss the matter carefully.

"The Dominion Trust Co. as a company was founded by Mr. J. B. Mathers and Mr. W. R. Arnold, its late manager, was then one of his clerks. It started in a very small way, but it grew from small proportions and from its first small office on Hastings Street to the large proportions which we find it had attained in October last, when its doors closed, with its branch offices in London, Edinburgh, Glasgow and elsewhere. The company that was first carrying on business was incorporated under the Provincial Companies Act, and was known as the Dominion Trust Co., Ltd. In 1912 they went to the Federal Parliament and had an act passed there known as the Dominion Trust Act, which gave them power to take over the assets of the Dominion Trust Company, Ltd., the company incorporated under the local British Columbia Act. Section 14 of the Do-

minion Trust Company's Federal Act of 1912 stated that the company may acquire the business, rights and property of the Dominion Trust Company, Ltd., 'conditional upon the assumption of the obligations and liabilities of that company with respect to the property so acquired.'

Incorporated at Ottawa

"That is to say, in incorporating the Dominion Trust Co., which is the company under consideration today, by the Federal Parliament in 1912, by Section 14 they allowed the company to acquire the stock and the whole or any part of the business of the original company, and at the same time, all their duties, liabilities and obligations. Among these one of the principal parts of the business of the Dominion Trust Company, Ltd., prior to 1912 was the taking of deposits. When it was incorporated at Ottawa in 1912, it not only took over the business of the old company, it assumed all responsibility in connection with the people who had then made deposits with the old company. In another section of the act, sub-section (g) of section 7, we find this authority: 'To receive moneys in trust for investment and allow interest thereon for a reasonable time, until invested.'

"It is important to remember these words, because this is the crux of the whole situation, and we will see later on how important that section of the Dominion Act is. In 1913 the management of the Dominion Trust Company thought it necessary to go to the different provinces to ask for enabling legislation. As a result application was made to that end in the different provinces and the company came here in 1913, introduced a private bill, under the auspices of the fifth member for Vancouver (Mr. H. H. Watson) and Mr. Harold B. Robertson, of the firm of Barnard, Robertson, Heisterman & Tait, was the solicitor in charge of it. It was brought in as a private bill; the Government had nothing to do with it. It passed through all the usual courses in this House and went to the Private Bills Committee, where it was discussed. It was an enabling act, confirming to a certain extent the powers given to the Company by the Dominion Government.

Money Upon Deposit

"Two things struck me about that bill. First, not of great import, because I did not think it had great weight, as to its constitutionality; that is, as to its taking money under deposit. We had in many provinces that power given to companies. We had here, in that same session, one known as the Colonial Trust Co., with power to take money on deposit. So far as that phase was concerned I did not think it made much difference, as this was a power given by various provinces. Millions of dollars of money had been deposited with such companies throughout Canada, and it was never, so far as I know, suggested by the Dominion Government that the power to give this right was one to be confined exclusively to the Dominion Parliament.

"There was another point, however, and one, to my mind, about which there was considerable doubt—that is, adding to the Dominion act's powers. As the company solicitor explained, they had power to receive moneys in trust for investment and allow interest for a reasonable time until investment, but the section they had in the act they introduced here was a section empowering them "to receive money on deposit and to allow interest on the same." There was, in my mind, some doubt as to whether we had a right to add to Federal legislation, and I was afraid if it was passed and went to Ottawa that, under the power to disallow Provincial legislation which is given to the Federal Government, the Minister of Justice might advise the Governor-General-in-Council to disallow the act. I wanted to be sure that this would not occur, because we have always been very careful with our legislation, and we had had no experience with the Federal Government along the lines of disallowing any of our acts.

Opinion on Power

"I had in connection with my department a gentleman who was acting as departmental solicitor—this was his first year—and it was part of his duties to go before the Private Bills Committee and advise as to the different sections of the bills which came before it and the position we took as to the legality

of any particular bill or any section in the bill. The departmental solicitor pointed out to the committee in this case that he held and I held that there might be some question about this point, particularly when the Dominion act was silent upon it. The result of that argument or discussion in the Private Bills Committee was that the departmental solicitor, with my consent and approval, filed an opinion as to how far he thought the Private Bills Committee could go. This opinion was at once combatted by the solicitor in charge of the bill. We had then as chairman of that committee, in the person of the hon. Member for Grand Forks (Mr. Miller), a gentleman who had given great attention to private bills work since he had entered the House and was also a man of no mean standing in the legal profession and looked up to by the members of the committee. He considered that there was not the weight in the argument there should be, and, on that view, the bill in that shape passed the committee.

"We must remember that we are now talking about the situation in 1913. We were always trying to extend and enforce the Provincial jurisdiction in regard to companies as against the Federal powers. The Companies Act was not then tested in the courts. Speaking now in 1915, the situation is entirely changed. By the decision of the Privy Council in the John Deere Plow Company's case, the judges have decided that it is wrong for any Provincial Legislature to either check or add to any Federal act. It is all very well for Liberal politicians to say now that was the law in 1913; that was not what anybody thought then, and all the Provinces were united against it. It is very easy to be wise after the event. We had the Companies Act submission dragging its weary way along through the courts and not yet reached the Privy Council, which it will not reach until July next. The John Deere Plow Company's case came up in the meanwhile, and the whole question of the British Columbia Companies Act, in connection with this particular question of jurisdiction, was fought out, and it was then decided that we had no right to add to the Federal enactments. But this was not the law in 1913; we did not know what the position was in 1913; we had no decision. It is now all very well for Liberal politicians or public men to say that this was the law in 1913. It is easy, as I have said, to be wise after the event. I am keeping my mind, and I wish to keep yours, in 1913, when this was before the House.

Company's Reputation

"The bill came back into the House from the Private Bills Committee. The Dominion Trust Company then had a reputation second to none in banking and financial circles. W. R. Arnold, its general manager, was an energetic young man of great financial ability, who had succeeded in building up a wonderful trust company. No man was brave enough at that time to say they could not look after every responsibility and contract into which they had entered. This affected the Private Bills Committee; it certainly affected me. They took the stand, their solicitor took the stand: 'Why should you take this position; why not let it go to Ottawa, and, if it is disallowed, the Dominion Trust Company takes the burden and the Provincial Legislature does not take it?' I could not suggest, in my place in this House, that the Dominion Trust Company was not able to meet all its liabilities. No man would be foolish enough to suggest that, with the reputation they then had, and, rather than bring up such a doubtful question, I did not state anything as to my own private opinion in the House as to whether or not we should take this view, owing to the unsettled state of the law.

Vancouver Paper's Attack

"This South Vancouver penny scribbler, with power to write articles in the Chinook, says I told the depositors at a meeting in Vancouver that the reason I did not oppose it was for fear the Government would be defeated. I do not know whether the public is aware or not, but members of this House know how foolish that statement is, and it shows how little the writer knew of what he was discussing. Members of this House know that the passing of a private bill has nothing to do with the fate of the Government. The Government is not

sponsor for it. Any private member has a right to introduce a bill. If I, as Attorney-General, wish to advise in connection with legislation going through the Chamber, which the Government has introduced, that is within my duty, but for me to express an opinion with reference to the legality of a private bill, it is my own opinion only, and no private bills committee need follow it. The result is if I had gone to the committee and explained this doubt as to the position of this legislation, as a matter not settled in the Privy Council, it would be my own opinion only, and the members of the private bills committee or of the House would have been at perfect liberty to vote as they thought fit. If I had stated my opinions, it would not have affected the vote as far as this bill is concerned. Everybody knew the standing of the Dominion Trust Co., and my view, not being as strong then as it is in 1915, as to what the law is, they would have voted as they saw fit, the bill would have carried, and the private bills committee would have been upheld by the majority of this House. This statement I made at the meeting of the committee of depositors in the city of Vancouver—that I had a doubt about the legislation; that we had filed an opinion from the departmental solicitor, but that the standing of the Dominion Trust Company was so good that they would take the burden of disallowance, if the act should be disallowed, and that rather than take the position on a question of law so doubtful, I refrained from saying anything when the bill came before the House and it was carried unanimously; perhaps my friends from Newcastle and Nanaimo voted in favor of it."

Mr. Parker Williams—"There was no vote taken."

All in Same Position

Hon. Mr. Bowser—"No vote was taken? Well, my honorable friends were in the same position as the rest of us. No one would say then there was anything peculiarly wrong about the legislation we put through. We were all in the same position in regard to it. My honorable friends were the same as the rest of us. Let me go further. This is one of my reasons for not having done anything, not having the courage that my opinion was well founded to the extent that we could interfere in this way. The writer in the Chinook says, and my honorable friend from Newcastle has shown that he was foolish enough to take up an argument of this sort, that this was discussed before some financial committee, showing that the man who wrote the article knew nothing of the practice in this Parliament. The member for Newcastle says that there is no finance committee in this House. We all know that. But he tries to work around it in his ingenious way to show that it was discussed in caucus, but that the influence of Mr. Arnold was so great and his power was so great, that sooner than defeat the Government I let this go through. What piffle! Rather than defeat the Government, our caucus apparently decided, according to the member for Newcastle, that the Dominion Trust legislation should go through. The matter was never discussed in our caucus.

"What is the fact? I am not the only attorney-general that has made a mistake. There are other attorneys-general in the Dominion of Canada, and I am sorry to say that some of them are in the Liberal party. We all understand the great wisdom of Liberal associations and we know that no Liberal attorney-general can make any mistake on a question of law. Our legislature assented to the bill dealing with the Dominion Trust Co. on March 1, 1913. On January 3, 1913, the Province of Saskatchewan, advised by a Liberal attorney-general, passed a similar bill with a similar section to that in the British Columbia act. Well, then, can my Liberal friends blame me if I took Mr. Turgeon's law on that subject? Our bill became law on March 1, and with the precedent of my Liberal friend, the attorney-general of Saskatchewan, given two months before, can I be blamed for saying: 'You Liberals are so wise, I take your advice, submerge my own opinions, take the advice of Liberal Attorney-General Turgeon of Saskatchewan and allow the bill to go through." (Laughter and applause.)

Other Precedents

"There are other precedents. On February 15, 1913, a similar section in a similar act passed through the legislature in the province of Manitoba on the advice of Hon. J. H. Howden, K. C., the attorney-general. Can I be blamed in British Columbia when I have the precedent of two attorneys-general for what I have done?—one, the Liberal attorney-general of Saskatchewan, and one the Conservative attorney-general, a lawyer of high standing in Manitoba, both prior to the bill being passed in this Legislature. But I go further. Later on, after our bill had been passed, on March 20, 1913, in the province of New Brunswick, the province which gave me birth, the legislature passed a similar act and with a similar power given in addition to the Federal Parliament's grant of power, and this on the advice of Attorney-General Grimmer, now occupying a seat on the Appeal Court bench in that Province.

"Now, Mr. Speaker, in face of that you can see the animus in the cowardly and dastardly political attack made by the Liberals and their Socalist allies on me in connection with the Dominion Trust. If I was wrong in my law in 1913—and the people of this country must be fair, even though there have been victims of this unfortunate smash—they cannot come back and say that the Attorney-General of British Columbia, and the Attorney-General of British Columbia alone, is to blame. We four Attorneys-General may all be to blame. I do not wish to shield myself behind anyone, and I take the full burden on my own shoulders, but if I am to blame, then Mr. Turgeon, the Liberal Attorney-General in Saskatchewan, Mr. Howden, the Conservative Attorney-General in Manitoba, and Mr. Justice Grimmer of New Brunswick, are all to blame.

"In this connection I wish to ask you what would have happened if we had refused to put through this legislation in 1913. The Dominion Trust Company had never stopped taking deposits. They were taking deposits under the old Dominion Trust Co., Ltd., charter, prior to the Federal legislation of 1912, and between the date of that, April 1, 1912, and March 1, 1913, when they came to this Legislature, they were taking deposits for a whole year in Vancouver under the Dominion section to which I have referred; taking them first, perhaps, under the section giving them power to take over all the responsibilities of the old company, and second, under subsection (g), giving them power to 'receive moneys in trust for investment and allow interest thereon, for a reasonable time until investment.' For a whole year that went on, and the public have forgotten that for a whole year from the time of this legislation passed on April 1, 1912, in the Dominion House, to March 1, 1913, they were taking money in the city of Vancouver and in all their other agencies and giving interest. Am I to blame for that? Who is to blame for that intervening period? There is only one person, and that is the man who is gone, and perhaps the unfortunate depositors who did not take care to see what was the condition of the Company when they deposited their money with it.

Company's 1913 Report

"Now, what was the condition of the Company in 1913? I have told you that they were of high financial standing. I have only to refer you to the report of the Dominion Trust Company for 1913, placed before a meeting, a general meeting, held at the head office of the Company in Vancouver on February 24, 1914, which was some months after we had given power in this Legislature to take money on deposit—though they were taking it before that, and it might be argued that they were taking it under the Dominion legislation. You will find from their balance sheet as at December 31, 1913, that the authorized capital of the Company was $5,000,000; the subscribed, $2,500,000; the capital paid up was $2,167,570, and there was a reserve of $800,000. In order to show, so far as the public knew, the absolute conservative way in which the business of the Dominion Trust Company was supposed to have been operated, I want to read from the annual report where, in speaking to the question of the correctness of the policy pursued by the corporation, Mr. Arnold says: 'The result of the work and the correctness of the policy will, I think, appeal to you, when it is noted that the trusts of various kinds under administration have

grown from $6,217,983 at December 31, 1912, to $13,480,221 on December 31, 1913, or more than double within that period.'

"It is most important we should not forget this as significant of the standing of the Company in the year we put through that legislation, and as giving weight to the argument that no man would have had the temerity in 1913 to have said that the Dominion Trust was not in a strong financial position. Mr. Arnold goes on:

"'Notwithstanding the above, however, the gross profits of the business were $621,000 in 1913, while those of 1912 were $626,000, or a decrease of only about $5,000 during the period recognized as one of great financial stringency. This fact will, I believe, demonstrate very clearly the solid nature of the business of your company. While the policy of 1913 was an aggressive one, so far as the securing of desirable business, present and future, through wills was concerned, yet it was very conservative in other ways. The debentures held as investments by your company were materially written down to bring the book value well within the market value. The value of these investments stands in the books on December 31, 1913, at $55,470 less than the same securities showed on the books at the close of 1912.'

Statement of Auditors

"Now, Mr. Speaker, what is that in plain English but the desire of the late managing director of the Company at once to show his directors, to show the public, to show this Legislature, to show this Government, to show the Attorney-General of this Province, that on his year's handling of the business in 1913, he saw there must be a depreciation, a writing down of the value of the assets held in connection with the securities, and he points out that he reduced them in that year by $55,000. The whole statement for 1913 shows clearly the position he took so far as the public was concerned, and the whole public, which included myself, must have drawn only one conclusion with respect to the Dominion Trust Company. We see that the balance sheet shows, first, that he had declared three dividends in the year, amounting to $122,000 (round figures), and that the profits unappropriated were $74,000, and then this statement is audited by the firm of Riddell, Stead, Hodges & Winter, chartered accountants, who make this endorsement on the balance sheet: 'We have audited the books and accounts of the Dominion Trust Company at the head office in Vancouver, and at the branch offices in Vancouver, New Westminster, Victoria, Nanaimo, Calgary, Regina, Winnipeg, Montreal, London and Antwerp. All the Company's investments and securities were verified by us and are in order. We have examined the securities for trust funds invested and we report that they are properly dealt with and are in good order, and filed separately under the client's name, and apart from the Company's own investments. We report to the shareholders that in our opinion the above balance sheet is a full and fair balance sheet and is properly drawn up, so as to exhibit a true and correct view of the state of the Company's affairs according to the best of the information and explanations given to us, and as shown by the books of the Company. We have obtained from the officers of the Company all the information and explanations we have required.'

"What better certificate of character of the financial standing of any company could you receive than this annual report of 1913, and the report of the auditors, who are appointed to see that the stockholders know exactly what the true position is? Take the personnel of the directors. The personnel of the directors alone was sufficient to have placed nobody on guard so far as the financial standing of the Company was concerned. I am not the only one; the directors of the Company were the same as others who were deceived. I am only human; the members of the Government are but human. The Government is composed of men just like the men who placed their deposits in the Dominion Trust Company, and with a statement like this, with the auditor's certificate, with the advertising such as the late manager gave the Company, what conclusion could any man come to but that it was absolutely sound and on a strong financial basis, and that no matter what

power was given to accept trust moneys they would always be able to meet all responsibilities in connection with paying them back.

"I have pointed out what was the position in 1913, and that is the time, after all, we must keep in our minds in this connection. I want to draw attention to the auditors' reports in 1913 and 1914. These are the paid auditors, who are supposed to have looked after the business of the Company, and who reported as late as August, 1914, and its doors closed on October 12, the same year. Under date of August 26, 1913, these auditors report:

"'We have made a detailed examination of all the deeds, documents and records in connection with the investments made by the Dominion Trust Company on behalf of its clients. We certify that the same are in good order and that where the deeds and documents of title are in possession of the Company they are filed separately under the client's name and apart from the Company's own investments. Where no deeds or documents were in evidence, receipts or other satisfactory proof that they had been handed over to the clients or disposed of under their directions were exhibited to us. Valuators' reports, certificates of title, solicitors' reports have been produced to us in the case of mortgage and other investments requiring same.'

"Under date of August 28, 1914, the auditors furnish their certificate in almost identical language. Now, Mr. Speaker, were the auditors honest in their work in connection with this company, or were they deceived by a greater mind than their own? And if that was the honest position the auditors found in that year, how was it to be expected that this Government or any of its members, or the Trust Department of this Government, should be in any better position to know the real condition of the Company when it closed its doors a few months later?

Right to Take Deposits

"I want now to refer to the right of the Company to take deposits. I have pointed out that the Company had that right before 1912, and after 1912 for a year, and under our act. Am I to blame for that? There are other companies in Canada doing a similar business. Our Trust Companies Act, passed on March 4, 1914, also allows trust companies, under certain restrictions and regulations, and after depositing a bond with the department, to take deposits as well. But we come to the further position. The argument will be made in the courts, and I make it here with all confidence, that the Dominion Trust always had the right under the peculiar wording of its act from the Federal Legislature to receive money. Subsection (g) of section 7 of the act of 1912 authorized it to 'receive moneys in trust for investment and allow interest thereon for a reasonable time until invested.' Is there anything peculiar about this, Mr. Speaker? Is there any other company in Canada doing a similar business—and you must remember that when you consider whether there is any responsibility on this Government in connection with this Company—that can show the same power?

"We have two large trust companies in Canada which have a great reputation, the National Trust Company and the Union Trust Company. Hon. W. T. White, the Finance Minister of Canada, and a man who is known as one of the greatest financiers in the Dominion, was for many years at the head of the former institution, gave years of his life and energies to build up, and did build up, a wonderful business in connecton wth the National Trust Company. Under the Ontario law none of these companies are allowed to take deposits, and yet today, in the province of Ontario, hundreds of thousands of dollars are on deposit with the National Trust Company and the Union Trust Company, under what they may call an investment certificate, with coupon certificates attached, carrying interest at four per cent. The National Trust Company, organized and formerly controlled and managed by a man like the Hon. W. T. White, without any legal authority and with not even the authority the Dominion Trust had under its Federal Act, is allowed to take deposits and pay interest at four per cent. What is there so far wrong in the Legislature of British Columbia giving the same power to the Dominion Trust Company?

There are also the Imperial Trusts Company of Canada and the Canada Trust Company (called originally the General Trust Corporation of Canada), which had at that time its head office in Calgary but which, since the change of its name to Canada Trust Company, has its head office in London, Ontario, and we find these are both incorporated by the Canadian Parliament, and are exactly in the same position as the Dominion Trust with this exception, that the Dominion Trust has this section permitting it to take money on deposit (which they had not) 'to receive moneys in trust for investment and allow interest thereon for a reasonable time until invested,' so long as it was done within a reasonable time. Suppose that anyone would go in and ask: 'Why don't you invest Jones' money?' the management would say: 'We have a reasonable time within which to do so; we have not seen any security yet, there have been no securities offered to us, which we consider safe for the investment of this money, and meanwhile we have the money in our treasury and are paying him four per cent. interest until we get a safe investment for him.'

Actions of Other Companies

"They do not have in the Imperial Trust Company or in the Canada Trust Company the same right to take money that the Dominion Trust had, but what do we find today? Take the report of the Registrar of Trust Companies in Ontario for 1913, and you will find that the Imperial Trust Company had actually received on deposit during the year the sum of $2,053,382, and paid during that year an average rate of interest 'on deposits' of four and one-eighth per cent., and with not half the authority that the Dominion Trust Company had. Have you heard of the Attorney-General of the Province of Ontario taking any action against the Imperial Trust Company or the Canada Trust Company, two companies doing business in that province? Have you heard of the Minister of Justice of Canada, from whose parliament authority was given to the Dominion Trust Company to do a trust company's business, taking any action against these two Federal companies.

"I could cite other cases of companies of equally good financial standing in Toronto. You have nothing of any suggestion of that sort in regard to them. If that is so in Toronto, am I so much to blame, or is the Government of British Columbia to blame if I followed the precedent set in these large financial centres? In Ontario they have an inspector of trust companies, an inspector of loan companies, and every year they have a statement brought down showing that these companies are taking money on deposit in the same way as the Dominion Trust in this Province. It seems to me that if it is not legal to take deposits there and the Minister of Justice did not see fit to restrain them it was hardly to be expected that the Attorney-General of British Columbia should have taken steps in connection with the Dominion Trust Company in this Province. In this connection I need not further enlarge as to the position, particularly as to the subsequent decision given, settling more or less the law on this point.

"The next question I want to ask the people of this Province is, why did the depositors invest their money in the Dominion Trust? One or two answers suggest themselves, and I think perhaps the most important one was the personal magnetism or personal ability of the late manager of the Company; secondly, perhaps the fact that depositors would receive a little more interest from a trust company than from the chartered banks; and, thirdly, the possession of the magnificent buildings that the Company had in different parts of this Province and in other provinces of Canada, and also the fact that such reputable citizens were on the board of directors and the reputation this company had built up as to its being a strong financial institution.

"Now the claim has been made, Mr. Speaker, that I am responsible personally for the depositors having placed their money in that Company. The members for Newcastle and Nanaimo have been rash enough in the statements they have made, more or less of an insinuating character, as to my responsibility in the matter. I will make this challenge to my friend from Newcastle, I will give him one week to bring into

this House an affidavit from one single depositor of the Dominion Trust who ever thought of my existence when he put his money into that concern. (Hear, hear.) I would also have him ask them if they ever made any inquiry as to the record and responsibility of the Dominion Trust, or its authority to take deposits.

"I say, Mr. Speaker, that no man, with the reputation the Dominion Trust had built up, would ever think of asking Mr. Arnold if he had the right to take deposits any more than I would ever think of doing, if I went over to the Bank of Montreal to put in my own money and ask the manager to show me the original charter proving the authority of that institution to do a banking business.

Demands Fair Play

"It is all very well for the Opposition in this House and for their Liberal friends outside to indulge in a campaign against myself in this connection. It seems to be popular for them all to join in the cavalcade, like a pack of hungry wolves, in full cry after a victim, especially if that victim can be myself. I have a certain right as a citizen of this country and I must be treated, and I know I will be treated by the independent voters of this Province, in a perfectly fair manner. (Cheers.)

"Another point raised is that my legal firm, in which I happen to be the senior partner, has been the solicitors for the Dominion Trust Company. It has been canvassed by the Opposition members of this House, and it has been repeated by Liberals on the platform and in their press. It is an organized attempt—you cannot get away from it—to drive me out of public life. Every Liberal organization throughout the Province has been brought into play for this end; every Liberal speaker and the Liberal press are actuated, not by sympathy for the sufferers through the smash of the Dominion Trust Company, but by the hope that they can relieve the public life of this Province of myself. There is another way to relieve public life of me, and that is at the ballot box, where I challenge them to meet me. (Prolonged cheers.)

"I will give another challenge to my friend from Newcastle. I will give him two weeks to come into this House with an affidavit from any one reputable citizen in which he will undertake to swear that when he made a deposit in this Company, he ever even thought who the solicitors of the Company were, or that I was a member of that firm.

"We have got to be fair in these matters. We can raise all these arguments, but it is only fair to me to see that reasonable time and opportunity is given to reply to charges of this kind.

"Now, Mr. Speaker, a great deal is said of those who have suffered in the failure of this Company, and for whom we have great sympathy, the depositors. I want to give you a few figures in that connection. In 1912, when the Dominion Trust Company was incorporated by the Federal Paraliment, the old company had 2,135 depositors in Vancouver. On October 12, 1914, when they closed their doors, there were 2,702 depositors. From April 1, 1912, to October 12, 1914, they had only increased the number of their depositors from 2,135 to 2,702. The affairs of the company are in such a tangled mess now that I was not able to get the figures for full periods, as I would like to have had them, showing the numbers in these different periods under the several acts. But I was able to find this, that from January, 1913, onward, there were only 195 new depositors, so that when you bring the whole matter down, apparently there has been only an increase of new depositors from January 1, 1913, to October 12, 1914, when the doors closed, of 195 people. So, if I am responsible—if this Government is responsible—for giving them power to take deposits on March 1, 1913, my answer is that only 195 depositors at best have been affected by that legislation. This is a startling statement; it is a statement that would not suit my honorable friends opposite, or my Liberal critics outside the House, because they think there is enough connected with the Dominion Trust, perhaps, to put this Government out of existence. If I show you that only 195 new depositors put their money in that company from January 1, 1913, to October 12, 1914, when they closed their doors, you see how doubtful are the facts that

my opponents are basing their hopes on. The great majority of the people affected, those who are depositors, are people who were in the original company prior to 1912, and with which this Government had nothing whatever to do. These people constituted a sort of endless chain, in some months putting money in and in some taking money out; but when you bring the matter down to those for whom we are responsible, if you are going to accept the argument of the Member for Newcastle, they are very few.

Better Than Other Provinces

"I wish now to speak as to the position of the depositors and the Government, of what the Government have done to protect the depositors, and in this connection we wish to take every credit for having placed on the statute books of this Province an up-to-date Trust Companies Act, with the result that we have today, what we did not have last year, $250,000 by way of two bonds which we can hand over to the creditors of this trust company. And there is this one remark I desire to make that my Liberal Attorney-General colleague, Mr. Turgeon, of Saskatchewan, has not one single dollar to protect the depositors of the Dominion Trust Company in his Province; that my Conservative Attorney-General and friend, Mr. Howden, of Manitoba, has no bond to protect the depositors in that Province; and that my Conservative Attorney-General friend in New Brunswick has no bonds there; so, I think, the people of this Province and the depositors of the Dominion Trust Company may also be proud of the fact that we have in this Province, through the far-sightedness of the Government, some protection for the depositors—not for the creditors of the Dominion Trust Company in Saskatchewan, or Manitoba, or New Brunswick, but for the creditors who reside in British Columbia.

The Trust Act was passed in March last, and the bond was offered to us in May. I want to draw attention to that, Mr. Speaker. The act was assented to on March 4, 1914, and the bond had to be given by July 1, 1914. What do we find? The Railway Accident and Guarantee Company, which guarantees the honesty and bona-fides of this and other companies which it guarantees, was so well satisfied with Mr. Arnold and with the financial standing of the Dominion Trust that they offered to us in May, two months before the due date called for by the act, a bond for the maximum amount required in the case of a trust company.

"Am I to be blamed for having been deceived by Mr. Arnold? Is this assembly to be blamed? Are the depositors to be blamed? Here are people, here is a reputable guarantee company, which, naturally, we suppose, will make every investigation as to the honesty and bona-fides of the people they are called upon to give bonds for. I want to say now to the House, I want to say to my Socialist and Liberal friends, if the Railway Accident and Guarantee Company, in May last, was satisfied to bond the Dominion Trust Company for $200,000, do you think the Attorney-General was very much remiss for not having closed the doors of the Dominion Trust on that day? (Applause).

Stringent New Act

"There is also to be remembered in connection with the Dominion Trust Act, that this is the only Province that has brought down such a stringent measure as to deal not only with trust companies which might hereafter be incorporated, but with those which were in existence at the time the act was passed. Some of the Members of this Legislature did not agree with us when we decided that the act should be retroactive as to dealing with all companies, and many of the public did not agree with us either. They said we had no right to interfere with vested interests, and that where companies were already being allowed to carry on business, subsequent legislation should not affect them. But we had a duty to the public to perform; we were afraid of a depression coming upon us; we were afraid of the mushroom nature of some of these institutions, and we proposed to bring them all under the act, the same as any new company. Did they do that in any other Province of Canada? Not in a single one. We do not find in the Province of Saskatchewan, where my Liberal critics have a friend of their own occupying the high position I have the honor to fill here, the introduction of such legislation. The Hon. W. T. White

brought in a bill to regulate Dominion trust companies, and that is one section he declined to put in his bill, showing that the Government of British Columbia was looking to the interests of the people of British Columbia, that in the case of old companies, as well as new, we were not going to allow them to operate without coming under all the regulations and conditions we considered it wise to enact.

"That bond was to be filed with the department by July 1; it was offered to us on May 1. We did not accept it on May 1 because the Railway Accident and Guarantee Company was not registered under our Trust Act until July 15, and until it was registered we would not accept its bond. Then take the case of the London Accident and Guarantee Corporation, which gave a bond on April 13, 1913, under a section of our Dominion Trust Act of that year, in connection with the handling of intestate estates and wills, for the protection of the widows and orphans. They gave this bond on April 30, just two months after the Dominion Trust Act passed this House, demonstrating most conclusively the confidence felt by such an old established and conservative institution of London, England, in the company, and showing that they were so well satisfied with the standing of the Dominion Trust that they gave this bond promptly. It is to be taken by the Government and the House—those of us who have experience of companies operating from England know that they do not make any move without taking the advice of their solicitors, so we must take it that they were sure, so far as legal opinion could make it, that our legislation of two months before, allowing them to take deposits, must have been satisfactory to London. Their solicitors must have said so. There were therefore other people besides the members of the Private Bills Committee and the Members of this Legislature who felt that the power was a proper one to give to this company.

Arnold's Correspondence

"I wish to refer briefly to communications I have sent to and received from and interviews I have had with the late manager; and I think, after hearing this correspondence—I must apologize to the House for taking up time reading it, but I must, in a debate of this kind take every opportunity to make my position and the position of the Government absolutely clear—you can draw a reasonable inference as to the effect correspondence of this sort would have upon me or anyone in my position.

"After the Legislature was prorogued on the 1st of March, 1913, I felt that we should have a Trust Companies Act in this Province and took steps for the drafting of one. Some Liberal newspapers are trying to make a point of the fact that I have stated that the control of trust companies was under the Department of Finance. It is quite true I stated that. The 'Minister' mentioned in the Trust Act is the Minister of Finance, but as Attorney-General of the Province I am responsible for the administration of all its statutes, and if I find anything going wrong in any department it is my duty to set the Minister straight or give any assistance I can. As I had taken the initiative in the preparation of the Trust Companies Act I had naturally control of it in the House and while the officers appointed to carry the act into effect are under the Minister of Finance I have been brought more into contact with the Inspector of Trust Companies than any other Minister. Shortly after the session of 1913 closed it was in our opinion expedient to have a stringent Trust Act. We then started to work on its preparation so that we would be ready for the session of 1914. I now want to read this correspondence with Mr. Arnold. Under date of April 4, 1913, Mr. Arnold wrote me from Vancouver as follows:

" 'Some two years ago when the representatives of certain trust companies met in your office in Victoria, you will probably remember that I suggested that the Government should bring in a very strict trust company bill. Following along these lines the Dominion Trust Company secured a charter from the Dominion Government and had cut out every clause that would in any way enable them to speculate or buy stocks or bonds of any speculative enterprises, and we have recently secured special acts in practically every Province in the Dominion.

Suggested Association

" 'I would like now to turn my attention to securing the co-operation of

other companies in British Columbia who are at least trying to do a legitimate trust business, and I have had a view of the formation of an association to take this matter up and present their views in a petition to you. Before making any move, however, I feel that it would be advisable to have any possible suggestions from you, and to know whether or not you would feel inclined to have a committee of the managers of the legitimate trust companies in British Columbia work together with yourself or your Inspector of Trust Companies, Mr. Runnalls, in getting up a trust bill to be brought in at the next meeting of the Legislature.

"'It was my idea in forming an association not only to place the matter before the British Columbia Government, but also to take the matter up with the Dominion Government and then with the Governments of the other Provinces, and if possible secure a uniform trust act throughout the Dominion. Very strict legislation has been brought in in most of the Eastern States whereby trust companies are compelled to carry on a strictly trust business.'

"I answered that letter on the 9th of April by acknowledging its receipt and using this language:

"'I may say that it is the intention of the Government to bring down at the next session an up-to-date Trust Companies Act with stringent regulations so that the public and the investor will be safeguarded so far as legislation can do so. I now have one of my staff working upon this matter, together with the Inspector of Trust Companies, in order to have a bill ready for next session.'

"Then later on, in February of last year, while the House was in session in Victoria, we sent out to the different trust companies and those interested, and to bankers as well, the proposed trust bill, which afterwards became law. Mr. Arnold, after receiving his copy, wrote me as follows on February 24, 1914:

"'I have had much pleasure in going over the proposed bill drafted by you regarding the regulating of trust companies. You are most certainly to be congratulated on bringing in this bill, as it will forever put trust companies on a right and fair footing and will enable them to stand up as companies doing a real trust business and not as they stood in the past.'

Double Audit

"Further on in the letter, after referring to some of the sections, and speaking of one calling for a double audit by a competent accountant, he says, 'I think that this should read "chartered accountants in practice and good standing."'

"'As far as the Dominion Trust Company is concerned we will welcome a double audit, but I really feel that this would be a hardship on some of the smaller companies, who will have to, under the act, do a regular trust business, and the extra expense of a double audit certainly would be a heavy burden.'

"There is the language of the man in February, 1914, that he was inviting a double audit as far as the Dominion Trust was concerned. I am only human, like the people who have been swindled. Was I to take this man at his face value or was I treat him as a scoundrel, with the reputation he had built up for his company? Sub-section (2) of Clause 36 states that 'every trust company shall have and exercise.' Mr. Arnold made an objection to compulsory exercise and thought it should read 'shall have and may exercise.' He went on to say:

"'We might be offered a certain trusteeship that we did not feel that we were justified in taking, and under this clause we would be compelled to take on the business.'

"Did you ever hear a more honest expression by the manipulator or manager of a trust company to the Minister in charge of a bill than that? He was afraid he would have the offer of some trusteeship that he would not feel justified in taking and he wished me to amend the bill so that he would not be compelled to take it. Again on February 24 he writes, to the Inspector of Trust Companies:

"'I am indeed pleased to note that this act has been brought down and it is an act that will give trust companies a standing such as they should have. It has been freely commented on that no trust company in British Columbia with the exception of ourselves can do business under this act, but I feel that this

is not correct. If the other so-called trust companies want to become trust companies they can soon become trust companies under the act, as the public will have greater confidence in companies in the future and their business will build up very rapidly. The trouble is, as you well know, that the average so-called trust company wants to be a real estate company, a mining company, trust company and a mixture of practically everything for which any kind of a company can be incorporated."

"An exact description of what we find his own company to be in 1914. Let me read it to you again:

"'The trouble is, as you well know, that the average so-called trust company wants to be a real estate company, a mining company, a trust company and a mixture of practically everything for which any kind of a company can be incorporated.

"'I understand that a large delegation from the trust companies is to meet yourself and the Attorney-General tomorrow to discuss this. I will not be present, as the act meets with the approval of myself and directors, other than with the few minor changes as mentioned in my letter to the Attorney-General, all of which I really think are reasonable and are founded on practice and not on theory. I hope that no radical changes in this act will be made after the delegation lays its complaints before yourself and the Attorney-General.'

"What happened at that meeting, Mr. Speaker? All the trust companies doing business in Vancouver were represented, I think, with the exception of the Dominion Trust and the Royal Trust. They came over and met me here and I think some of the members of the House were also present at that conference, in the course of which they suggested that my act of last session should stand over until this year; that it was too harsh a piece of legislation, too drastic. If I had listened to their blandishments there would have been no $250,000 for the creditors of the Dominion Trust Company today. I told them that the Government had decided on this legislation as a matter of policy and they had better confine themselves to suggesting amendments; that we had decided that the time had arrived when a proper Trust Companies Act should be placed on the statute books of British Columbia, and as a result we succeeded in bringing down and making law last session our act. Where was Mr. Arnold? He would not be there because 'the act meets with the approval of myself and my directors,' and he would not be associated with men who were attempting to defeat this legislation. Instead of objecting to the legislation he was doing everything in his power to encourage it. What do we come to next? On February 12, 1914, when the House was still in session, he wrote me as follows:

"'I beg to enclose herewith statement as to December 31, 1913. I also enclose confidential statement showing the business done in certain departments of the company during the year 1913. This statement will give you a fair idea of the trust business that can be done if a trust company confines itself strictly to the business for which it is organized.'

The Dominion Bill

"Was it a studied attempt on the part of this man to inspire in me confidence in his own company, or was he at that time honest in his effort to convince me that he was running a sound institution? Now we will see another thing he did in this connection. While the trust bill was before the House, Mr. White introduced his at Ottawa. I was rather anxious to see in what direction the Dominion bill had gone and how far they had gone in framing it—and I found afterwards they had not gone anything like as far as ours to protect the public—and to see a copy of the bill. Mr. Arnold had got a copy of it and he was so anxious that I should see it that he did not wait to send it over to me in the usual way by mail, but he went to the expense of sending it all by lettergram—$15 or $20 it must have cost his company. He put in the lettergram every word of Mr. White's bill, naturally impressing me with the fact that he wanted to do everything possible to have the very best piece of legislation in regard to trust companies placed on the statute books of the Province. On February 26, 1914, he wrote me as follows:

"'I would like to have, if possible, fifteen copies of the Trust Act as brought down by you, as I wish to send

these to the leading financial papers in the East and Great Britain, as they have many times commented on trust company legislation in this Province. I am sure that when the same is received by them that they will comment very favorably upon it and it will strengthen your hand in having this act passed.'

"Now about this time The Sun, the Vancouver Liberal organ—and I do not know what actuated them in their actions, but it is impossible for me to follow the editorial vagaries of this journal—made an attack upon me in connection with this legislation. Mr. Arnold, whose activities were great, had some influence with The Sun people, and as a result he had them print an article written by Mr. Arnold, entitled 'Trust Company Efficiency,' by William R. Arnold, referring in the most glowing terms and full of laudatory references to the act. Then we find him in The Monetary Times, one of the greatest financial papers in Canada, again dealing with 'Trust Company Efficiency.' Here is what that paper has to say about our act, and, incidentally, Mr. Arnold:

"'For some time British Columbia trust companies, generally speaking, have not enjoyed the good reputation borne by the older institutions in Eastern Canada. In an article on 'Trust Company Efficiency,' Mr. W. R. Arnold, of the Dominion Trust Company, Vancouver, states that this is undoubtedly due to the fact that fully 95 per cent of the incorporated trust companies are not living up to the provisions of their charters. The result is that Eastern financial critics have not looked favorably on any offerings made by Canada's Pacific Coast companies, to the detriment of those institutions doing a consistent trust business as represented to the public. It is not to be wondered at, then, says Mr. Arnold, that legislation is enacted from time to time to raise the standard of trust companies, thereby placing our own Provincial companies on a higher plane in the eyes of financial authorities throughout the continent.'

"He was able to get that very nice expression of opinion from The Monetary Times as a result of the article he wrote. A little later on The Chronicle, another financial paper of great weight published in Montreal, had another article headed 'Trust Companies' Business Efficiency. New Laws in British Columbia Approved. Responsibility of Directors.' And then later on, in The Financial Post of Canada we find another article—all at the suggestion of Mr. Arnold in connection with the British Columbia trust legislation. Later on he forwarded me a copy of an article in The Financial Times of Montreal, a paper occupying a high position in financial circles in Eastern Canada. I want to read what the editor of The Times thought of Mr. Arnold, to show you that I was not the only person in Canada who was deceived by Arnold. He concludes:

"'The legitimate trust companies of British Columbia, and in particular such companies as the Dominion Trust Company, which have been hampered in their splendid work in the past, by the poor repute attaching to the trust companies of that Province as a whole, are to be congratulated upon the new act, which gives the word "trust" in a British Columbia company title a meaning as definite and as reassuring as that of the word "bank."'

Dealt With Trust Moneys

"Later on, in May, 1914, we find in Trust Companies, a journal published in New York, another article headed 'Trust Company Legislation in British Columbia; Scope and Provisions of the New Act. William R. Arnold, Vice-President and Managing-Director, Dominion Trust Company, Vancouver, B. C.' Allow me to read just two clauses from it.

"'A most important clause in the act is that referring to the segregation of trust moneys. In the past the lack of proper restriction in this respect has resulted in some cases in the use of trust funds in the interest of the company carrying the trust. Within the past two weeks a local company obliged to assign admitted in the press that clients' funds had been mixed with its own funds and improperly used. The enforcement of this clause which states that trust moneys must be kept entirely separate from the company's own funds will give the client a much greater sense of security and eliminate the danger of misappropriation of trust funds.'

"Speaking as an officer of a company which unfortunately was not sound—

whether he was honest when he wrote that article or not I give no opinion—he refers to a company here which was mixing funds. We know what the result was as regards mixing trust funds in his own company. Further on he says:

" 'In order that the directors as a board shall become thoroughly cognizant of the operations of the company, it is stipulated that in March of each year a committee of at least three directors shall conduct a thorough examination of the books for the preceding year, make a report to the board and file a copy with the inspector. The report is to be most comprehensive, including as it will a statement of assets and liabilities, a statement of the collateral security given in connection with loans and investments made by the company, a statement of the investment of trust funds guaranteed and a statement of doubtful or worthless investments.'

"That is one of the sections of the Trust Companies Act, which unfortunately does not come into effect yet, because it speaks of the first year. Naturally the year is not up as the act only came into force on March 4 last and the first statement is not due until March 4, 1915. You see that particular section, so far as the Dominion Trust Company is concerned, was of little advantage. Mr. Arnold's article concludes as follows:

"It would not surely be expected that the so-called speculative trust companies would be much opposed to such a radical change in trust laws. Much pressure was accordingly brought to bear on the Government. It is now generally accepted, however, by those who have carefully studied the act, that the law as now enacted is in the best interests of the people and that in future a trust company client will have a reasonable measure of protection. The passage of the act, placing all companies on such a substantial basis will undoubtedly secure for those companies remaining in business greater confidence on the part of those having trust business to transact.'

"Now, Mr. Speaker, the cry will at once go up that I am defaming the memory of the dead. That is the only thing the Liberal press and the Liberal politicians have left. I read these articles to show the influence that man had on the press, on the public, on his customers, on the Government, and on all with whom he came in contact. It is only for that purpose that I have read these articles this afternoon.

Amendment to Act

"There is just one point I wish to refer to now and perhaps the Members of the Legislature will be anxious to hear my view of it, and that is about the amendment of the act in 1914. When the return is brought down as a result of the passage of this motion, it will be found that there are only two pieces of correspondence between the Department of Justice and myself. As you know, under the British North America Act the Governor-General-in-Council has one year within which to disallow acts of any Provincial Legislature. Towards the end of the year after the Dominion Trust Act became law in 1913, the Governor-General-in-Council, through the ordinary diplomatic channels, sent a report on the acts of British Columbia for 1913. His Excellency made two requests, on the advice of the Minister of Justice, in regard to two of our acts, of which the Colonial Trust Company Act was one and the Dominion Trust Company Act was the other. He pointed out in the case of the Colonial Trust Company that we were allowing them to take deposits and that he thought in his opinion that might be infringing on the rights of the banks, a jurisdiction absolutely vested in a Dominion Parliament. I had always taken the ground with the Minister of Justice, the same as the other Provinces had taken, that the local Legislatures had power, if they saw fit, to give such power to a provincially chartered company. I had always pointed out to the Federal authorities that it had nothing to do with banking, and that as it was done by other companies the Minister ought not to disallow the act, but should leave it to the courts to decide whether it was unconstitutional or ultra vires on our part to give such powers.

"But he went further and raised the point on which I had doubt when the Dominion Trust Bill was before the Private Bills Committee—that was, as to adding to the powers given by Dominion legislation—and here is what he said:

"'It is in the view of the undersigned (Hon. Chas. J. Doherty, Minister of Justice) open to very grave question whether the powers of the Dominion corporation can be enlarged by a local Legislature. The authority to receive money on deposit and allow interest on the same is moreover questionable, for the reasons hereinbefore indicated in the case of the Colonial Trust Company. The undersigned therefore commends this act to the further consideration of the local Government.'

"On receiving that intimation from Ottawa I at once took up the matter with Mr. Arnold and pointed out to him that he would have to bring down a bill striking out the section giving him power to receive deposits and given him by this Legislature in 1913, and notified him that if he did not do so the Government would bring down a Government measure to meet the suggestions of the Ottawa authorities. He at once did as I suggested, bringing in a bill to repeal that power, because he said he knew he always had that right under the Dominion legislation passed by the Federal Parliament in 1912, and if we are to draw any inference from the cases of the National Trust Company, the Union Trust Company, the Imperial Trust Company and the Canada Trust Company, it would appear that his opinion was well founded. I invited the Federal Government to leave this matter of deposits to the courts by a lettergram, which I sent to the Minister of Justice on February 23, 1914, in which I said:

Courts Should So Decide

"'With reference to your report to His Excellency under date October 23, in reference to our bills of last session, I wish to state that a bill is now before the House, amending Dominion Trust Company Act along the lines you suggest. As to the Colonial Trust Company, by referring to section 11 of their act they are prohibited from engaging in banking. As to whether receiving money on deposit is banking or not should, in my opinion, be left to the courts to decide. Hope this explanation as to both these bills will be satisfactory. Regret that, owing to legislative work, have been unable to give this matter attention before today.'

"I received no reply from the Minister of Justice, but took it for granted he agreed with that view and the legislation went through. As soon as it was brought to my attention that this portion of the bill was objectionable to the Federal authorities, we acted at once and acted quickly. What more could we do? Did my friend, did my Liberal friend in Saskatchewan follow my example? Mr. Turgeon today in the Province of Saskatchewan has an act on the statute books allowing people to deposit their money in the Dominion Trust Company and in this way invited the people to deposit their money until October 12 last, when they closed their doors.

"I invite my honorable friend from Newcastle to call in his Socialist friends, to call in this Liberal party with which he has made an unholy alliance, to call in Mr. Brewster, the leader of the purist party, to call in the Macdonalds, the Olivers, the Martins, the Smiths to burn up the telegraph lines with wires to their friend, Premier Scott, of Saskatchewan, and ask him to hurl from political life the Hon. Mr. Turgeon, who did not repeal his bill like I did. If he is honest, if the Liberal party is honest, they will at once call indignation meetings for the purpose of notifying Premier Scott and Attorney-General Turgeon that they will not allow this pure party to have impure people among them. I do not blame Mr. Turgeon or say he is mistaken, but I do not wish to be blamed for doing better than their Liberal Attorney-General in Saskatchewan has done. The Conservative Attorney-General of Manitoba stands equally guilty. The Conservative Attorney-General in the Province of New Brunswick is to blame also, because they have not passed any amendment to their act. If one is guilty, so are all the four guilty, but the much-abused Attorney-General of British Columbia is the only one who did his duty when the matter was pointed out to him by the Minister of Justice. (Cheers.)

Personnel of Board

"I will pass along to another point in this discussion. We come to the personnel of the men who formed the board of directors of the Dominion

Trust Company, and I make this statement as an answer to the question, 'What have the directors profited?' A great deal has been said about them and, perhaps, they are to blame. They may have been deceived by Arnold and may have had too much confidence in him, but I do not think it will be said by anyone that any of them have profited in any way. The president of the company was Mr. W. H. P. Clubb, one of the oldest citizens in Vancouver, a man who, I think, came there before I did and who has always been held in the highest esteem and has carried on a large mercantile business. He has given his public services to the School Board, to which he has been elected time and again by large majorities and in most cases at the head of the poll. Dr. W. B. Brydon-Jack is a man who is also held in high esteem and has been there for many years. Mr. F. R. Stewart has an office not only in Vancouver, but in Victoria, and his firm is well known here. Mr. David W. Bole is the president of the National Drug & Chemical Company of Montreal. Mr. Bole must be a man of some financial ability or he would not be president of the National Drug & Chemical Company. Mr. John Pitblado, of Montreal, and formerly of Winnipeg, with a long banking experience in the Bank of Nova Scotia, one of the best administered banks in Canada, who was ten years manager in Winnipeg, resigned and bought a seat on the Stock Exchange in Montreal, and is honorary secretary of that body. He was present at the annual meeting on February 24, 1914, when this magnificent balance sheet was shown, and he, shrewd man as he was, apparently was satisfied with the standing of the company on that date. He now states in a public interview he came from Montreal as soon as he learned the news of the smash—that he is a victim to the extent of $130,000. He apparently was deceived into thinking it a sound financial institution the same as every other depositor. He has never suggested that the Attorney-General of British Columbia is to blame for his losing his $130,000; he has never suggested that the Government is to blame. He is a shrewd business man. He is not allying himself with the Liberal party and the Socialist opposition, and so the inference is that he has not given his aid to this attack upon the Government.

Will Stand by Duty

"I suppose a great many people think that because very many people who are residents and fellow-citizens of my own in Vancouver have lost money in the Dominion Trust, that by bringing this attack on the Government and on myself in particular I would use my political influence to have the Government do something for these people in order to save my own political life. Those who figure that that will have any effect on me do not know my character. I will stand or fall by my actions in this matter and no flourish of a big stick is going to force me to deviate one inch from what I think is my duty. (Cheers.)

"Mr. John A. Machray, another of the directors, is the head of a firm of lawyers in Winnipeg. Mr. William Henderson, who is well known to all citizens in Vancouver, formerly senior member of Henderson Brothers, druggists, and is now local president of the National Drug & Chemical Company for British Columbia. The next gentleman is a man in whom I have a great deal of confidence and whom I always figured had great business acumen, my own partner, Mr. R. L. Reid, K.C. Dr. Riggs, the next gentleman, is a man well known in this Province. Mr. James Ramsay is the head of the firm of Ramsay Bros., biscuit manufacturers. Mr. R. Grey was an elderly retired capitalist from New Zealand, a man of considerable property. He had invested other amounts at the request of Mr. Arnold, all of which is now found to be of comparatively little value. The result of the strain was so great following the failure that when his family were taking him to California he expired on the way to Oakland. Other directors were: Mr. T. R. Pearson, of New Westminster; Mr. Edmund Bell, of Vancouver, and Dr. George E. Drew, of New Westminster. Then comes one of our oldest and most reputable citizens, Mr. James Stark, a man in whom I have the greatest confidence, and whom I have counted as my personal friend for many years. He has built up a great business and has interests in many other leading con-

cerns. Mr. E. W. Keenleyside is manager of a large insurance company, and Mr. E. P. Miller was engaged in the business of the company and was under salary. Mr. C. W. Twelves, of Belgium, was the representative of the Dominion Trust Company at Antwerp. Then we find there was an advisory committee in London, one of the members of which was Mr. J. G. Colmer, C.M.G., a member of the great banking firm of Thomas Coates & Company, long the fiscal agents for British Columbia. Mr. Colmer must be an able man or he would not be a partner in that firm. He is one of the victims and he lent his name to the company in the City of London. The next is Sir Gilbert Parker, and another is Mr. C. W. Twelves, of Belgium. I only bring in these names in order to show the reputation Mr. Arnold had built up and the fact that people of the whole Province were deceived, and it is not fair to pick me out and attempt to unload on me the whole blame for the failure of that institution. (Applause).

Some Who Suffered

"How have these men suffered? Dr. Brydon-Jack had 392 shares, or $39,-200. Mr. Stark had 200 shares, representing $20,000 paid up, and, again, Mr. W. H. P. Clubb had 296 shares, and there is standing unpaid on these, for which he is responsible, $10,360. That is what these men have suffered from the smash of the Dominion Trust Company. Mr. E. W. Keenleyside has $4,550 still to pay, and the liquidator will see that the moneys are paid. Mr. John R. Grey, or his estate, is responsible for $8,400, Mr. James Ramsay is responsible for $3,135, and Dr. Drew for $5,110. Mr. T. R. Pearson is liable for $4,200 unpaid on his shares, and Mr. D. W. Bole is responsible for $1,750. It may be of interest in passing to state that while Dr. Brydon-Jack has 392 shares standing in his name, Mr. W. R. Arnold on the day of his death had only 53. Now, I want to refer to the last name, my own partner, Mr. R. L. Reid, who is still responsible on stock allotted to him to the amount of $4,515, and there is also a question if he and other stockholders are not responsible for certain other moneys for dividends declared and which the courts may decide must be paid back.

"Still, my friends, my Liberal friends, are so unfair and so uncharitable as to say that Bowser knew for six months before it failed of the condition of the Dominion Trust. If I told the committee of depositors that I knew it was insolvent, then all I can say is that I am a "devil incarnate." The idea of allowing men, friends like Mr. James Stark and my own partner, who is also an old friend, to lose all the money they could put in and be responsible for more and to keep that knowledge to myself, if I had it, would stamp me as just what I have described. The South Vancouver Chinook, with one of its reportorial mistakes, says I told the committee of depositors that I knew the Dominion Trust was bankrupt for years. That is the sort of talk and misrepresentation I have had to put up with. This is a most unfair attack, but they will be "hoist on their own petard." Sensible, honest men will stand behind me. The statement is made that I knew that the Dominion Trust was shaky and that I said so to the committee, and the Victoria Times printed that stuff that came out in The Chinook. What I stated to the committee was this: I explained to the committee as a responsible Minister of the Crown that it would appear from the report of Mr. Drayton, the provisional liquidator, that the company was in a bad condition for a long time. For this I am blamed by my friends of the Liberal persuasion, and I blame the Member for Newcastle and the Member for Nanaimo that they have committed the House and tried to lay the blame on me for the smash of the Dominion Trust. Do you wonder, Mr. Speaker, that I use passionate language? There is surely something left in public life, some respect left for public men, that I should not be charged with crimes for which I am not responsible. I have gone at great length in the desire to bring the people of this Province to a realization of the true position of affairs, and I ask them to place the burden, to place the guilt of the smash of the Dominion Trust, on the shoulders to which it properly belongs.

Question of Prosecution

"Now, Mr. Speaker, it has been stated that as Attorney-General I do not propose to carry on prosecutions against the directors of the Dominion Trust Company. I have never yet been asked, nor has the Government, to undertake any prosecution in this matter, because it is a little premature. Until we hear from the permanent liquidator as to what is the standing of affairs and what can be got out of the wreck for the unfortunate people who placed their money there, we are in no position to act. When the time comes, when we get a report, it will be time enough to think about criminal prosecutions. In the meanwhile, instead of crying for revenge and trying to act in advance of the report, I will make this public statement. If, when the time comes, in making investigations, it is found that any of these directors have overstepped the mark and become responsible criminally, then no matter who the man is, no matter whether he is the partner of myself in my law firm, no matter whether he is a personal friend of my own, I will follow strictly the rule I long ago laid down and I will see that the proper administration of the criminal law is carried out irrespective of persons. (Cheers.)

"I will next go into what has been done by our Government in connection with this trust company. The statement is made that we did nothing that we should have done; that after March 4, 1914, we should not have allowed them to take deposits; that the people were, in a sense, allowed to go to sleep, to go in and deposit money, and we made no investigation. I make the same challenge to my friend from Newcastle; to produce one affidavit from a depositor who will swear that he deposited money with the company because he thought the trust department was looking after the administration of the law.

"The Trust Companies Act was put on the statute books on March 4, 1914. At that time 358 companies had power to do trust business in this Province. The first thing the inspector had to do in administering the department after the act became law was to send out notices to all these trust companies to find out whether they still intended to carry on a trust business or intended to delete these powers in their charters. This took time; and in connection with the work of following out these duties, he brought in 35 out of the 358, and had them put up their deposit in order to protect the public according to the section of the act, which had to be done before July 1. Mr. Arnold was anxious, as I have told you, to have the reputation of being the first trust company in British Columbia to have filed the bond called for. His business was of such magnitude that the maximum amount of $200,000 was exacted; but, as I told you, the Railway Accident & Guarantee Company not being a registered Company we were unable to accept their bond until July 15. The inspector had to go over the security of the 35 companies which we were putting through. All the companies did not put up bonds. Some of the secureties approved by the Lieutenant-Governor in Council are bonds of municipalities and others, and these took time and attention. If the Ministers were away on public business, delay would be caused, because the Minister in charge would not be here to approve of the bonds. With a large amount of bonds for the inspector to look after, it took him considerable time. It might be thought that from the reputation of the Dominion Trust Company, from the reputations of the directors, from the volume of business it was doing in Canada and Europe, which would appear to be so by the correspondence we had received from Mr. Arnold, that the Dominion Trust Company would be about the last company the inspector would think of investigating. That is a plain statement and one that cannot be denied.

Unfortunate Experience

"We can see now the unfortunate experience of the directors and those who put money into the company, when I refer to the case of Sir Gilbert Parker, who had actually $25,000 of his own money in the Dominion Trust Company. Sir Gilbert came out here in 1913, and investigated personally the affairs of the company, and was so satisfied that after he went back, early in 1914, he sent to the Dominion Trust Company $60,000 more for investment. When we consider this con-

fidence of Sir Gilbert Parker, after investigation, and see what a business was built up, and when we had the statement made by Mr. Arnold that he wanted nothing but honest trust business, are you surprised, Mr. Speaker, that the Dominion Trust Company was not the first to be investigated? But the inspector of trust companies was not negligent in his duties. In Mr. Runnalls we have a very competent man, the right man in the right place.

"What do we find? The company had filed, on July 15, the bond which should have been in by the first of that month, but which could not be accepted from the guarantee company for the reason I have stated. On July 29, Inspector Runnalls made his first trip of inspection to the Dominion Trust Company, and came back and told me he was afraid there was some irregularity. He did not tell me the next day, but it came out in conversation the day after war was declared. Mr. Arnold came to me on August 3, and made a suggestion in reference to aid to a financial institution in close touch with the Dominion Trust Company. He was afraid of a run, and he tried to argue with me that to save other companies we should come to its assistance. I asked him some questions, but he was rather guarded in his replies, and being, perhaps, of a suspicious nature, I thought there might be something wrong. I did not go to my partner about the matter, but on August 4 I went to my leader—we were naturally excited over the war—but I felt I had a duty to the people of the Province; and although then entering on a great national fight, I still felt my first duty was to the people in connection with the Dominion Trust Company, and I told my colleague that I was afraid from my conversation with Arnold there was something wrong.

Some Irregularities

"I sent for Inspector Runnalls, and he told me then he was afraid from his inspection that there were some irregularites. On the night of August 4, the inspector was sent to Vancouver to inspect further, and as a result he came to me on the last day of August to tell me that he had made the startling discovery that under section 43 of the Trust Act, the trust funds were not segregated from the company's funds, but that all were mixed up together, contrary to the act. What Arnold had said was being done by companies of poor repute, was being done by his own. The inspector also discovered that 25 per cent. of the moneys taken on deposit, which should have been in cash in a chartered bank, were not there. On September 1 he made an official report to me in writing, and I saw the condition we had to face. We had to act hurriedly. Did my actions look like those of a man who, as The Victoria Times says, knew it was a bankrupt institution since March last? I was deceived the same as you were. Everybody was deceived, including the unfortunate investors. We discussed the matter very carefully, and considered what was best to be done. We did not want to cause a panic by any hasty or precipitate action.

"I was handicapped by reason of the Premier being on his way to London, and I had to act on my own initiative. I counselled with Inspector Runnalls, and we thought that the best thing to do was to take one of the auditors who was acquainted with the company's business and who could quickly get to the bottom of affairs. An outsider would have taken a long time to grasp the business methods followed, but we felt sure that one of their own auditors could do it quickly; and, besides, we did not want to give any fright to the public. We used our best judgment. We agreed that Mr. Hodges should act with Mr. Runnalls. We did not know what the directors knew at that time, and, as a result, the inspection went on. The auditor was there but a short time when he confirmed these suspicions. All three of us were greatly excited, trying to save the wreck, using our best ability to try to resuscitate and, if possible, keep from bankruptcy this great institution. The auditor was having trouble with the manager, who was trying to block the investigation. We put the auditor in on September 3, and on September 19 he suggested that I should appoint an independent solicitor to check up the securities and find out what was there. I did not put in my partner, but I put in an independent solicitor on September 19, to work with the auditor. They reported

nearly every day that they had found things in a most tangled mess. Whether this was due to financial unsoundness or to heavy defalcations in the last three months, nobody but the man who has gone can tell.

Startling Report

"On September 20 the auditor gave me an interim report, and this was startling. I instructed him to take President Clubb into his confidence and to call in another director. Mr. Clubb called in Mr. F. R. Stewart, and they together called Mr. Arnold in. But apparently, Mr. Arnold put the directors to sleep, for the auditor reported to me the futile efforts he had made to induce the directors to see the real position. When I left for the Cariboo on October 9, I instructed him to have a final report for me on my return on October 20. While away on the Cariboo Road, I received the sad news that Arnold was gone, on October 12.

"I am the man—and I take all the credit with the inspector—who first gave to the world the startling condition of the Dominion Trust Company. Do my Liberal friends give me any credit for that? No; they turn around and state that I knew from March last—that I knew for two years that the Dominion Trust Company was in bad condition. But there is this to be said: that the people of the country now know who, perhaps, saved a little that would have been lost if it was allowed to run on under Arnold.

"The next point I have is that in regard to the alleged responsibility of my law firm. I see our friends the Liberals, and I think the Member for Newcastle said something about it. They claim that the firm of Bowser, Reid & Wallbridge, as solicitors for the Dominion Trust Company, were responsible for the company's position. It is a new and a startling thing to hear that any firm of solicitors are responsible for the honesty and integrity of their clients. You might as well say that counsel is guilty of the crime for which the man he is defending is being tried. You might say that because we occupy offices in the Dominion Trust Building, there is something heinous in that. Everybody knows that there is more or less of a mutual arrangement in that sort of thing, where companies like to have their solicitors in the same building. That is what took place in Vancouver in regard to the Dominion Trust. Nearly all the leading financial companies in Vancouver have a similar arrangement.

Question of Responsibility

"They might as well say, Mr. Speaker, that your firm is responsible for everything that is done by the great banking institution for which you are solicitors across the Bay. You might as well say that the honorable Member for Kaslo (N. F. McKay) and the honorable member for Grand Forks (Ernest Miller), who are in partnership, are responsible for the business standing of any banking institution for which they are solicitors. We might as well hold the Member for Esquimalt (R. H. Pooley) is responsible for the integrity of the Canadian Bank of Commerce because his firm happens to be solicitors for it; and it would be just as sensible for anyone, if the Bank of Commerce failed and he lost money in it, to say to the Member for Esquimalt that he should pay that money back. You might as well say that the plumber who repaired the pipes in the basement of the Dominion Trust Building was responsible for the business integrity of the owners of the building he was working in. It is too absurd for words, but apparently not too absurd for my friends who represent the opposition in this House and for the Liberals outside. They say also that my firm must have known that the company was bankrupt. If I did not hold and occupy the position of Attorney-General of the Province, and if I was not also senior member of the firm of Bowser, Reid & Wallbridge, there would never have been any suggestion that we were responsible as a firm. But I have always met that sort of criticism. No opportunity has ever been lost by my opponents in the twelve years that I have been in public life, to make the most vicious attacks on me. They have longed for the day when I would make some horrible mistake, but hitherto they have longed in vain. They jumped and seized on this to bring discredit (on me) and discredit on the Province in the hope of aiding the Liberal party. It is

a most unfortunate matter that we cannot deal with this affair on its merits; that these depositors should not be allowed, in a businesslike way, to talk to the Administration on a business matter. But politics are introduced, and they have endeavored to make the matter look bad, hoping, not that something may be done to help the depositors, but that something may be done to reduce me in the esteem of my constituents and assist the fortunes of the Liberal party.

Should Attorney-General Practice Law?

"No one knows better than my Liberal friends in the legal profession that owing to the great development of work in my department, it is of necessity impossible for me to give my personal attention to my law practice in the City of Vancouver, and therefore it necessarily follows that I have no personal connection with the clients of the firm, and as a result would have no personal knowledge of any of the solicitors' work in connection with the Dominion Trust Company. But now my political enemies not only wish to destroy the confidence which the public have in me as a public man, but they wish to take from me the fruits of my labors in my firm which I have assisted in building up for over twenty years. This is what I would term in the common vernacular, 'hitting below the belt.'

"Now let us for a moment consider what is the practice in this connection. We will first go to England. Prior to 1895 the English Attorney-General was allowed to practice privately as well as act for the Crown, but in that year a statute was brought down placing his salary at $35,000, and to receive all fees for work that he did for the Crown; and to show you the extent to which this reached I wish to refer to the total received by the Attorney-General in 1903, which amounted to over $100,000. Here, in this Province, I receive $6,000 and give my whole time to the department. Am I doing anything more, or following a different practice from the other Attorney-Generals in Canada? Let us take the Province of Nova Scotia. Sir John Thompson, afterwards Minister of Justice and Premier of Canada, while Attorney-General of Nova Scotia, remained in very active practice as head of the largest law firm in Halifax, and was easily the leader of the Nova Scotia Bar. The Hon. A. Drysdale, now Mr. Justice Drysdale, was appointed Attorney-General in 1905, and still retained membership and active practice in his Halifax firm of Drysdale & McInnes. The late Hon. W. T. Pipes was appointed Attorney-General in 1907, and still retained membership in his Amherst firm of Pipes & Rhodes.

"In Prince Edward Island the Hon. F. L. Haszard was appointed in 1910, and retained membership in his firm, at Charlottetown, of Haszard, Gaudet & Haszard. The Hon. John A. Mathieson was appointed in 1911, and is still Premier and Attorney-General of Prince Edward Island, and retains membership in his firm of Mathieson, McDonald & Stewart. In New Brunswick, the Hon. J. D. Hazen, now Minister of Marine and Fisheries, was appointed in 1908, and was also Premier, but still retained connection with his law firm at St. John, of Hazen & Raymond. The Hon. W. C. H. Grimmer, appointed in 1911, now Mr. Justice Grimmer, carried on his private practice in St. Stephen while Attorney-General, and the present Attorney-General, the Hon. J. B. M. Baxter, still carries on active practice in St. John. Sir Lomer Gouin, appointed Attorney-General of Quebec, in 1905, and now Premier, retained membership in his Montreal firm, (although the Government is situated in Quebec) of Gouin, Lemieux, Murphy and Berard. The Hon. J. J. Foy, appointed Attorney-General in 1905 in the Province of Ontario, retained his membership in his Toronto firm of Fay, Knox & Monohan. In Manitoba the late Hon. Colin H. Campbell was appointed in 1900, and remained Attorney-General for eleven years, and during that time retained membership in his firm in Winnipeg of Campbell, Pitblado, Hoskin & Grundy. The Hon. J. H. Howden, who followed Mr. Campbell in 1911, still remained a member of his firm in Neepawa of Howden & Robertson. The Hon. J. H. Lamont, now Mr. Justice Lamont, was appointed Attorney-General in Saskatchewan in 1905, and retained membership in Prince Albert in the firm of Lamont & Turgeon. The present Attorney-General, the Hon. A. Turgeon, was

appointed in 1907, and still retains his interest in the Prince Albert firm of Turgeon & Lindsay. The Hon. C. W. Cross was appointed Attorney-General of Alberta in 1905, and is an active member of the large law firm in Edmonton, known as Short, Cross, Biggar, Sherry and Field.

"I think that so far as the general public is concerned, this statement is all that they require to meet the charge that I am acting improperly in remaining as head of the firm of Bowser, Reid & Wallbridge.

Company's Pass Book

"They ask me: 'Why did you allow the Dominion Trust Company to accept deposits after March 4, 1914, after the House repealed the bill? My answer is twofold. It will be an argument that under sub-section (g) of section 7 of the Federal act of 1912, that they had the right to do the very thing that they did in connection with these deposits. You have only to take their books to show you what was done in this connection. Take the Dominion Trust Company's pass-book, in which they received deposits up to 1912, and perhaps to 1913, when our legislation came in. It is an ordinary pass-book, a savings bank pass-book, with the customary reservation of a right to require ten days' notice of withdrawal, and fixing the interest at 4 per cent., an ordinary savings bank book. But after 1913, we find that they have a new book, and there is this to be said, that the contract contained in the front of that book is the same as that used by the National Trust Company, of which Hon. W. T. White, Federal Minister of Finance, was the founder.

"In brief, the company acknowledges to have received the sums deposited from time to time, in trust, to be invested in or loaned upon such securities as the trust company shall deem safe and advantageous to be taken in the name of a trust company, but to be held by the trust company as trustee for the depositor, following the very language of the Federal act; and I think it can be successfully argued that that brings them within the Dominion act, irrespective of our act. It appears also to be a matter of fact that the liquidator is estopped from saying this money was received as a deposit and not as an investment under the Dominion act. That is one reason why we did not take action in 1914. Another reason is that Arnold had so convinced us by his actions in connection with the Trust Companies Act, by his correspondence with myself and the inspector, by the articles he wrote in important financial journals, that he would be the last to take advantage of an illegal act, after the power was taken away from him. We had also the standing of the company, and it was not to be suggested that the company would carry on an illegal business.

Duty of Directors

"Is it the duty of the Attorney-General to go around the country and see if companies are exceeding their powers? Suppose a company were incorporated to build ships, is it the duty of the Attorney-General or that he should have a huge staff of officials going around delving into people's business to see what they are doing, and whether they are carrying on works other than shipbuilding? Is it the duty of the Minister of Justice today in the case of the Canada Trust Company or the Imperial Trust Company, to go down to Toronto and find out if they are carrying on an illegal business? We must have some confidence in the men who are carrying on business. It was surely more the duty of the directors of the Dominion Trust, to see their business was not being carried on along illegal lines than it was mine. If it was anybody's duty it was that of the directors.

"I want to give you another resume of a conversation between Mr. Arnold and myself. I had an idea at one time it might be wise to restrict trust companies from taking deposits. There was a good deal to be said on one side and the other. Arnold pressed upon me strongly that such a section should be included. He told me his company took no money except to oblige a client, who put in money who wanted to cheque against it and save going to a chartered bank, but he wound up by saying that it did not matter to him whether we put in the clause or not, for so long as he was manager of the Dominion Trust he was absolutely going to cut out deposits. And we find he kept his word to the extent that when the smash

came he had nearly $1,000,000 of the money of the unfortunate people on deposit. Having made a statement like that why should I send the inspector or any official to prove that he was not telling the truth? I think I have said enough to show that we were acting in a reasonable manner. I regret that it has taken me so long in speaking as it has, but it seemed to me necessary to say this, to put myself and the Government as clearly as possible before the people.

Position in 1913-'14

"There is one fact I have overlooked, and that is this—that we want to remember the position existing, as I have already told you, in 1913 and 1914, and not the position after they closed their doors in 1915. There is this to be noticed, that the chartered banks carried on business with the company —to a very large extent in one case —and if they had known that the Dominion Trust was acting illegally in taking deposits, were exceeding their powers, do you think they would have carried on business in this way? No person whatever, from the highest to the lowest, from the millionaire to the ordinary layman or professional man, such was the reputation which had been built round that institution, that no person, or Government official, or Government department, or anyone else, knew the condition existing.

"The suggestion is made, and I suppose the Members for Newcastle and Nanaimo will echo it, that the Government should repay the depositors. It would be a very easy way for me out of my political troubles, for me to satisfy those with whom I sympathize so much, the victims of this failure, if I were to convince my colleagues that these funds should be paid back. But we have a trust to perform to the people, and that is to look after the assets and the revenues of the Province paid in here by the taxpayers of the Province. The men in Cariboo and the other portions of this Province who are paying their taxes to the Government will take umbrage if we pay back the people who have lost money in this failure. The Liberal party, with the absolute irresponsibility for which it is noted, would unite on the point; Mr. Brewster, their leader, would advocate, I suppose, with the Members for Newcastle and Nanaimo, that we should go down into the treasury of the Province and hand out millions of dollars to the people inveigled into putting their money into the Dominion Trust. No person with any sense of responsibility would ever think of that for a moment.

Not Government's Duty

"If we did it with the Dominion Trust we would have to do it with all. Every man who was unwise in his speculations, every man deceived by fraud in going into a company incorporated by this Legislature or chartered under the Companies Act would have the right to come here and say he had been defrauded and that he expected to be repaid out of the Provincial exchequer. No Government could last for a moment that carried on business in that way. I want to read to you from The Financial Times of Montreal what it says along this line. It says:

"'With all due deference to Mr. Drayton's opinion that the Governments of the Province and the Dominion are liable for the losses resulting from this ultra vires action, and with the profoundest regret that there should have been no Governmental machinery capable of detecting the illegality and stopping it, we are yet unable to accept the proposition that governments are liable for the losses incurred by private persons as a result of a corporation's non-compliance with their laws. It is not a criminal act for a corporation, not expressly authorized thereto, to accept deposits. As a matter of fact, anybody can accept deposits and act as a private banker, provided that he does not use the word "bank" in his title.

"'It is an extremely broad and rather a dangerous doctrine to declare that governments are responsible for all moneys deposited with any corporation created by them or operating under their jurisdiction, if that corporation does not happen to enjoy the legal right to accept such deposits. Even admitting that the two Governments in question were aware that the Dominion Trust was accepting deposits, is it the business of the Provincial Government to read over carefully the charter of every Federal company in their borders and make sure that it is doing nothing which is not expressly

authorized by that charter? Is it even the business of the Federal officials to hunt up the charters of their own companies, year by year, and inquire every year whether all of the business transacted is strictly in accordance with the powers accorded?

"Much as we would like to see the most innocent victims of this particularly deplorable failure reimbursed, we cannot lightly accept the doctrine of Governmental responsibility, which would thus be established. There is too grave a tendency already to unload upon governments the losses sustained by individuals. It is the business of a Government to protect its subjects and citizens as effectively as it can, in reason; it is not the business of a government to guarantee them against loss.

Sad Cases Elsewhere

"Now, can there be anything clearer, with more justice and weight, than that editorial? I want to put this before my two friends opposite, now crying tears over the Dominion Trust; why do you limit the payment of losses to the people residing in this Province? There are just as sad cases along the Coast of New Brunswick as there are in this Province. There are miners in England, as well as in Belgium, who have lost their money in this company, but I have never yet heard a word from the Members who occupy the Opposition benches, nor from the Liberal speakers or papers, that the Government should give back to the people not residing here who are victims of this failure the money they have lost. What is the reason? The Member for Newcastle knows too well. The people who live in other Provinces, who live in Belgium, in England, in Scotland, in his own native country of Wales have no votes in British Columbia. This shows the fallacy of their whole argument, in spite of all their tears for the creditors of the Dominion Trust."

Mr. Williams—"I have suggested nothing along this line, allowing one or not another."

Mr. Bowser—"I thought, of course, from the communications that the Hon. Member for Newcastle had been having with the leaders of the Liberal party that they had something to do with that, because I notice that the Members for Newcastle and Nanaimo have been taking great bundles of typewritten sheets of paper out of their desks dealing with the position of the Dominion Trust Company, which smelled to me as if they had come from some good Liberal lawyer across the Bay." (Applause).

Mr. Williams—"I want to assure you, Mr. Speaker that, so far, I have not taken the trouble to dig up any legal news from any quarters. I have troubles of my own."

Mr. Bowser—"Now, Mr. Speaker, it was only fair that the Members of the Legislature and the public, through the press of the Province, should be told the position the Government holds in this regard, and the decision they have arrived at. We had the privilege a short time ago of meeting a number of the depositors from Victoria, Vancouver and Nanaimo. At that time they urged upon us that it was the duty of the Government to take from the treasury of the Province sufficient to repay them. We have now come to the conclusion that we can make a statement. You can take it from me today, Mr. Speaker, that it would be an improper thing for the Government to agree to the request made of it.

Government Counsel

"There is one thing we can do; we can give a little more than lip sympathy, such as comes from my honorable friends opposite. We can endeavor to improve the position and standing the depositors have in connection with the company. They cannot expect to be placed in any better position than they expected when they thought they would be on the same footing as every other creditor. Every effort will be made by this Government to assist them to occupy that enviable position, and we have decided to appoint counsel to argue this in the courts along the lines of the experience of other trust companies and also of the Federal Act and the principle of estoppel, that they took this money, not for a deposit, but for an investment. We have instructed E. P. Davis, K.C., of Vancouver, one of the brilliant leaders of the bar, to act for the Crown or for the depositors at

the expense of the Crown. to fight through every court and. if need be. to the Privy Council for the right of the depositors to rank on the estate equally with every other creditor.

"Next, as regards the two bonds. The large bond under Section 39 of the Trust Act is taken to secure all creditors. The $50,000 bond is to protect the widows and orphans in connection with intestate estates and probate estates. The companies have already given us notice that they intend to contest their liability on the larger bond. That will mean lengthy litigation. No doubt the other company will also contest its liability, but, as the bond is in the name of the Minister of Finance, the action will be in his name. We have come to the conclusion that we cannot ask the depositors and other creditors to wait until the case is carried to the Privy Council, and we intend in the estimates for this year to insert a vote for $250,000 to be administered by the Minister of Finance, under the Trustee Act, to be used to give what benefit he can to the creditors of that company.

Anglo-Saxon Privilege

"The House has been very patient in listening to me. It is a tradition that we Anglo-Saxons have always exercised that a man should be allowed to speak in his own defence. I am glad to have the public know that there are two sides to the Dominion Trust. I want them to know that outside the depositors there is a great big political machine which is trying to destroy the Government. We want the people of this Province, whether they are depositors, are friends of depositors or interested in some other way, to be fair to the Government. You have heard for weeks past slanders and attacks upon the Government. You have heard, and you have read in the public press, statements trying to bring me into this matter. You have now heard the Government's case, which I have tried, in my humble and weak way, to place before the House as clearly as I could.

"I challenge hon. gentlemen opposite to bring into this Legislature documentary evidence that any man has placed his money in the Dominion Trust through me, through the connection of my firm with the company, through the legislation we passed in this House, or because of the stand which the Government took. After the matter is over we can know all about it; we can all be wise after the event, and instead of going back to 1913 we look through the colored glasses of things as they are in 1915, which is not fair to the Government or to myself. My enemies, including the members for Newcastle and Nanaimo have felt that this was a particular opportunity to make an attack on me, and the Member for Newcastle made a suggestion the other day that I should resign from my office. Such weakness! Why do you not face me in the next election? Resignation might be an easy way to put me out of public life. But I am not going to satisfy my friend from Newcastle, or my Liberal friends, who also would like to see me out of office.

"We will fight this out on the hustings. I propose in the next election, whether it come soon or late, to go back to my old constituents in Vancouver and have it fought out there. I ask the Members for Newcastle and Nanaimo with the small remnants of the Socialist party behind them to join hands with their new partners to come to Vancouver and discuss this question there. On the public reputation I have made in the quarter of a century I have been in this Province I propose to stand or fall, and I know that the reputation I have built up in that quarter of a century in public and private life will stand me in good stead and that when the time comes for the polls to close, and the ballots to be counted, they will find to their consternation that the people have given credit where credit is due, and that they have given to my traducers the most complete answer possible to their aspersions on my public career." (Loud applause).

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