

the other associated companies has a large claim against the bankrupt company. By reason of the size of the claim the creditor parent or associated company, controls the election of the trustee and the inspector and has persons acceptable to it appointed or elected to the position. As a result, the parent or associated company exercises an extremely great influence on the subsequent administration of the bankrupt company. The fundamental reason for providing that any officer, director or employee of a bankrupt corporation cannot vote on the appointment of a trustee or inspector is that their interest is probably adverse to the position of the creditors. The same reasoning applies with equal force and effect with respect to a parent or an associated company voting in the case of the bankruptcy of one of its subsidiaries.

Section 82 of the Bill relates to the appointment of inspectors. It is suggested that a further subsection be added to Section 82 to provide that a creditor corporation may be appointed an inspector to act by its representative with power to change its representative if it deems it advisable so to do. It is very often the case that inspectors are chosen because they represent the larger creditors which in most instances are corporations. By way of illustration, very often the credit manager of a large creditor corporation is appointed inspector. Subsequently he may either leave the employ of the creditor company or be transferred to another department in either of which cases he is no longer actively interested either in the position of his company or ex-company as a creditor or in the affairs of the bankrupt generally. In circumstances such as these it is believed that the creditor corporation should have the privilege of appointing another of its employees to act in its behalf and it is submitted that the simplest way to accomplish this is to make provision for the appointment of a creditor corporation as an inspector to act through such representative as it may designate.

Section 121 (1) provides for the examination of the bankrupt and certain other persons before the Registrar of the Court or other authorized person. Quite often this examination is held before an official stenographer and even when held before the Registrar such examinations are in many cases perfunctory and of little or no assistance. It is submitted for your earnest consideration that a provision be inserted in this section whereby a bankrupt can be examined before the Judge in bankruptcy himself upon the request of the trustee and the approval by a majority of the inspectors. There are numerous instances where an examination before the Judge would be of immense benefit to the estate.

Section 142 provides that the Chief Justice may assign one or more of the Judges of his Court to exercise the powers and jurisdictions conferred by the Act. It is submitted that this provision be made mandatory by the substitution of the word "shall" for the word "may". The reasons prompting this submission are reasons of convenience to all having an interest in bankruptcy matters. The effect of such a designation would be that there would be one judge thoroughly familiar with the Bankruptcy Act and practice and procedure and who is recognized by all as an authority in these matters. His experience and advice would be available to trustees and others in connection with the administration of estates and it is believed that the guidance thus obtained would aid materially in overcoming many of the difficulties of practice, procedure and interpretation now encountered by trustees of bankrupt estates.

All of which is respectfully submitted on behalf of the above named corporations by their solicitors, Gowling, MacTavish, Watt, Osborne & Henderson, 56 Sparks Street, Ottawa, Ontario.