

The ACTING CHAIRMAN: That committee is not necessarily composed of creditors?

Mr. REILLEY: Not necessarily. It is presumed to be an independent committee.

Hon. Mr. HAIG: Who appoints them?

Mr. REILLEY: The court.

Hon. Mr. MORAUD: Suggested by the corporation or by whom?

Mr. REILLEY: I have not said by whom. I have left it to the court to appoint a committee that it feels would be qualified to act in such a case.

The ACTING CHAIRMAN: The court, I take it, could in its discretion ask all interested parties to make suggestions?

Hon. Mr. MORAUD: The court might accept representations from the corporation?

Mr. REILLEY: I do not think the court would pay too much attention to that—I do not think a judge in Montreal would. He would be very much inclined to say: "Is this man independent in the matter?" I think that is the attitude most judges would take.

Hon. Mr. ASELTINE: Then the committee may formulate a proposal?

Mr. REILLEY: And that goes back to all the creditors again.

Hon. Mr. HAIG: And if they reject it?

Mr. REILLEY: Then the corporation can apply to the court itself to formulate a proposal. Then if the court, after hearing the report of the committee and the representations of all interested parties, is of the opinion that it is in the public interest by reason of the nature of the services rendered or the business carried on that a proposal should be formulated, it can proceed to do so and put it into effect.

Hon. Mr. MORAUD: Don't you think that procedure is rather vague?

Mr. REILLEY: There has first been a meeting of creditors to consider the proposal put forward. That is the first stage. The second stage is that they can apply to the court for a committee.

Hon. Mr. MORAUD: The corporation does.

Mr. REILLEY: The corporation. Then if that scheme fails, if nothing comes from it, they can apply to the court if it is in the public interest, because there are many corporations, as you know, which, while they are private corporations are actually operating in the public interest.

Hon. Mr. EULER: By what percentage of the creditors can the committee's report be rejected, 75 per cent?

Mr. REILLEY: The same percentage. You have a substantial majority in order to bind the rest of the creditors or shareholders, as the case may be. It is an important section. I may say, gentlemen, that I have adopted the idea largely from the corporate organization proposals of the United States Bankruptcy Act, which extended the provisions for dealing with reorganizations.

The ACTING CHAIRMAN: I think, Mr. Reilley, the most contentious part of your whole proposal is subsection 10 of section 23. You ought to go into that fully with this committee.

Mr. REILLEY: I do not know, Mr. Chairman, that there is much more that I can add to that. That is just a scheme. As I say, every person who is interested has an opportunity to come before the court and be heard. That is expressly stated.

The ACTING CHAIRMAN: Let me read the last six lines of subsection 10:—

The court may by order formulate a proposal of composition modifying or altering the rights of creditors or shareholders or any class of them