

trustee and the inspectors. Later, of course, there are meetings with the trustee and the inspectors.

The powers of the trustee are wide. He can wind up the business or carry it on.

The second way of bringing about bankruptcy is for a creditor or a group of creditors to apply for it by petition, claiming that the debtor should be made bankrupt. This is called a petition in bankruptcy. It is necessary for the party or parties making the petition to have claims exceeding \$1,000.

The petition sets out the debt and alleges an act of bankruptcy, and asks for a receiving order against the debtor. A copy of the petition must be served on the debtor, and he is given eight clear days before the hearing to decide whether or not a receiving order should go. The hearing takes place before the registrar of the Court in Bankruptcy.

I mentioned an act of bankruptcy. What is such an act? The manner by which an act of bankruptcy may be committed is set out in section 20 of the Bankruptcy Act, which says, in part:

20. (1) A debtor commits an act of bankruptcy in each of the following cases:

(a) if in Canada or elsewhere he makes an assignment of his property to a trustee for the benefit of his creditors generally, whether it is an assignment authorized by this Act or not;

(b) if in Canada or elsewhere he makes a fraudulent conveyance, gift, delivery, or transfer of his property or of any part thereof;

(c) if in Canada or elsewhere he makes any conveyance or transfer of his property or any part thereof, or creates any charge thereon, that would under this Act be void as a fraudulent preference;

(d) if with intent to defeat or delay his creditors he does any of the following things, namely, departs out of Canada, or, being out of Canada, remains out of Canada, or departs from his dwelling house or otherwise absents himself;

If the bankruptcy is contested, the petition will be heard before a Supreme Court Judge in Bankruptcy. If the judge is satisfied that an act of bankruptcy has been committed, the receiving order goes and a trustee of the debtor's estate is appointed at the same time.

According to section 25, no petition for bankruptcy can be presented against certain persons. It reads:

Sections 21 to 24 do not apply to individuals engaged solely in fishing, farming or the tillage of the soil, or to any individual who works for wages, salary, commission or hire at a rate of compensation not exceeding twenty-five hundred dollars per year and who does not on his own account carry on business.

A petition in bankruptcy cannot be presented against any of those individuals; but there is nothing to stop them going into bankruptcy by making an assignment of their estate for the benefit of creditors.

Section 26 (6) sets out the provisions of the act relating to summary administration of estates in the case of small properties where the bankrupt is not a corporation. The procedure is set out in section 112 of the act, and I shall deal with that section later.

A proposal to his creditors for the settlement of his debts may be made by an insolvent or a bankrupt. This proposal may be for a composition, an extension of time to pay debts, or a scheme of arrangement. This proposal must be sanctioned by the creditors and approved by the court.

May I say here that an insolvent is one who is unable to pay his debts. A bankrupt is an insolvent who becomes bankrupt either by his own act, namely, by his making an assignment or by the act of a creditor in presenting a petition in bankruptcy. This applies to a person on salary, or in business, or a company.

The estate of the bankrupt is wound up by the trustee by the disposal of his estate, and the money arising from the estate is divided up in order of precedence, as set out in section 95, which provides that certain Crown debts and various other debts be paid first before the winding up of the estate.

The bankrupt may apply to court for a discharge at any time after the winding up. The court may grant the discharge, or postpone it, or allow it under certain conditions. There are certain debts from which a bankrupt is not discharged by bankruptcy proceedings, as set out in section 135, subsection (1):

An order of discharge does not release the bankrupt from

(a) any fine or penalty imposed by a court or any debt arising out of a recognizance or bail bond;

(b) any debt or liability for alimony;

(c) any debt or liability under a maintenance or affiliation order or under an agreement for maintenance and support of a spouse or child living apart from the bankrupt;