

tell him he is not familiar with the work which is done by the better class of trustees when the work is properly looked after, and it is usually properly looked after by the better class of men. If this meeting is merely in order to see how many people there are on the list of creditors, and the time and money consumed is to be thrown away well and good. But if you have a man who understands this work there will be a lot more than that done.

Mr. MARTELL: Does the hon. member not think well of the proposition of the Minister of Justice which is to try and provide that everybody concerned shall get a fair return from a bankrupt estate?

Sir HENRY DRAYTON: If that is what the Minister of Justice has in mind he is not doing it.

Mr. MARTELL: I think he is doing it.

Sir HENRY DRAYTON: No, he is going to prevent that. Now, is there any dispute about this?—

This work calls for expert accountancy knowledge and its proper preparation does materially assist the meeting in its decision. This preparatory work could not be accomplished by a creditor-custodian, thus making necessary further needless meetings.

Is there any dispute about that?

Sir LOMER GOUIN: Yes, there is dispute. When an assignment is made by the receiver a custodian is appointed and if it is necessary to take any proceedings to preserve the property the custodian does it under the direction of the receiver. If there is an inventory to be made the custodian makes it and he calls the creditors. In the work of liquidation he is supported by the trustee.

Sir HENRY DRAYTON: Then, Mr. Chairman, we have this position: No work of liquidation goes on, nothing is done, except a mere collection of names, until the receiver is appointed.

Mr. MARTELL: Is not that right?

Sir HENRY DRAYTON: Nothing is done at all, there is no preliminary work of any kind done?

Mr. MARTELL: Nobody is prejudiced.

Sir HENRY DRAYTON: The estate is not got into shape at all, and nothing is done to clarify the issue. We have that, at any rate, that nothing of any kind is done until after the meeting of the creditors. I take it that the minister would

5 p.m. not suggest that the local registrars have any expert knowledge in ac-

[Sir Henry Drayton.]

countancy that would enable them to do the work, no matter how pressing the necessity?

Sir LOMER GOUIN: That work has to be done by the custodian, who will be a man of experience and interested by reason of the fact that he will be one of the largest creditors.

Sir HENRY DRAYTON: Ah, but how can the minister tell he will be experienced because he is a creditor?

Sir LOMER GOUIN: I said "interested."

Sir HENRY DRAYTON: But the one thing here is experience—experience in accountancy, experience in the work. The fact that the man is a creditor does not say that he is at all experienced one way or the other. The custodian is to be one of the creditors.

Mr. MARTELL: Not necessarily.

Sir HENRY DRAYTON: Should he be one of the creditors?

Sir LOMER GOUIN: If possible, yes.

Sir HENRY DRAYTON: Why should he not be the man who ought to be appointed the permanent receiver?

Sir LOMER GOUIN: If it is satisfactory to the creditors they will appoint him trustee.

Mr. JACOBS: Some little time must pass before the appointment of the permanent trustee?

Sir HENRY DRAYTON: That is what I am pointing out, and I am pointing out further that under this amendment there will be a complete waste of time. On the other hand, if you appoint a man who is experienced in accountancy a lot of preliminary work will be done and, very often, a complete scheme worked out. Now, what does my hon. friend say to this?—

The appointment of a creditor as Custodian opens wide the door for serious collusion between the creditor-custodian and the debtor and would lead to irregularities of many kinds which would be extremely difficult to trace.

In other words your custodian is a man who may have a private interest in the estate apart from the rest of the creditors. As a creditor he has his own axe to grind, but it may not be one that is common to the rest of the creditors.

Sir LOMER GOUIN: But the custodian acts under the direction of the receiver.

Sir HENRY DRAYTON: The custodian is getting control and I do not know how