

*Recommendations*

We further submit that this can best be secured within the framework of the Act by obliging the trustee to obtain the direction of the Court under Section 12 before disallowing a claim for priority under Section 95(d). We would, therefore, respectfully suggest and recommend that the following paragraph be added to Section 12(1):—

A trustee must apply to the courts for directions before disallowing any claim to a priority under Section 95(d) and give notice of such application to the creditor. The direction of the court on such an application shall be final and conclusive, notwithstanding any other provision of this Act and no costs shall be awarded against any creditor who appears thereon.

We believe that the direction of the Court should be final because the employee will hardly ever be in a position to appeal and the amount of any such priority is limited by Section 95(d) to \$500 which is not appealable under the present Act.

Our second submission is that the amount of \$500 to which the priority is limited by Section 95(d) should be increased in the case of travelling salesmen to \$500 plus expenses incurred by them on behalf of the bankrupt during the three months limited by the Section.

The whole respectfully submitted,

FOSTER, HANNEN, WATT & STIKEMAN  
*Attorneys for The National Committee of  
Canadian Commercial Travellers.*

## APPENDIX "Q"

March 31, 1949.

The Senate Committee on Banking and Commerce,  
Ottawa, Ontario.

*Re Proposed Amendment to the Bankruptcy Act*

Gentlemen: Bill N, entitled an Act respecting Bankruptcy, which received a first reading in the Senate of Canada on Monday, the 14th of February, 1949, has been carefully studied and considered by a representative group of wholesale manufacturing and industrial firms in British Columbia, consisting of American Can Company Limited, Vancouver Supply Company Limited, W. H. Malkin Company Limited and Shell Oil Company of B.C. Limited. While being in agreement with the general terms of the proposed Bill, these firms would like to make the following submission with respect to certain sections of the proposed Act.

As presently constituted Section 79 (3) (b) provides that where the bankrupt is a corporation any officer, director or employee thereof may not vote on the appointment of a trustee or inspector. It is submitted that this section should be extended to provide that a company may not vote for the appointment of a trustee or inspector of one of its bankrupt subsidiary or associated companies of which it happens to be a creditor.

The purpose of this proposal is apparent from a consideration of the situation where a parent company has several subsidiary or associated companies with interlocking directorates and one of the subsidiary or associated companies goes into bankruptcy. It then transpires that the parent company or one of