

Mr. KINLEY: Yes. A corporation. That is quite a change in principle, because it means elimination of the little fellow and elimination of the man who tries to do business without borrowing money from other people. I do not see why he should be eliminated. I cannot see that at all.

The WITNESS: We have, of course, made due provision for that very point.

Mr. KINLEY: The Bankruptcy Act, to my mind, is an Act that should be a last resort. It means that everything is thrown into the pot and sacrificed, and with legal expenses and other expenses it means that nobody gets anything. Everybody tries to get clear of the Bankruptcy Act, so far as I know, in any hopes that they have of getting anything out of the debtor who wants to arrange with his creditors.

Mr. BERTRAND: Mr. Chairman, insofar as Mr. Kinley's statement is concerned, this Act gives to-day a privilege to companies that partnerships have not got, and I know that the boards of trade, both of Montreal and Toronto, have proposed amendments to the bankruptcy law to permit partnerships and individuals to make arrangements, if we will only listen to them.

The WITNESS: Mr. Chairman, the situation at the moment is that arrangements are only possible by companies at the present time under the Companies' Creditors Arrangement Act before bankruptcy. Arrangements can only be made under the Bankruptcy Act after bankruptcy. Our proposal is that companies with only unsecured creditors shall not come under the Bankruptcy Act, but they may make a compromise without going into bankruptcy and without all that distribution and liquidation which the member speaks of, and may seek a compromise as they were able to do many years ago; but with the added protection of better administration under the bankruptcy law, that is, better supervision.

*By Mr. Clark:*

Q. You have made reference to courts. What courts have you reference to?—A. The competent courts in the various jurisdictions.

Shall I proceed, sir?

The CHAIRMAN: Yes.

The WITNESS: These are recommendations as to proposed amendments to the Bankruptcy Act:—

1. That proposals for a composition, extension of time, or scheme of arrangement, should be provided for before as well as after a receiving order or authorized assignment is made, and that for this purpose appropriate amendments should be made in the Bankruptcy Act to section eleven and such other sections as may be necessary.

2. That the procedure to be followed in calling a meeting of creditors to consider a proposal be by petition to the court, supported by a copy of the proposal, a statement of the debtor's affairs and a list of the debtor's creditors.

3. That if the court finds the petition to be well founded it should appoint a licensed trustee, selected as far as possible by reference to the wishes of the most interested creditors, and such trustee should as soon as possible convene a meeting of the creditors to consider such proposal and by registered mail send the creditors ten days' notice of the meeting, as well as a copy of the debtor's proposal, a list of the creditors and a statement of the debtor's affairs with the trustee's report thereon.

4. That on the issuance of an order by the court calling a meeting of the creditors for the purpose of considering a proposal there should be a stay of proceedings and the trustee should be vested with the powers of an interim receiver, or such other powers as might be considered necessary by the court to safeguard the rights of the creditors and others affected, while as far as possible permitting the normal conduct of the debtor's affairs.