

the recommendation of every committee. If they do not go forward with the recommendation of the committees, they just simply do not carry.

And we find, further, that if there is any question when it comes to the court of there being any unfairness in the plan, or any unfairness in the way the vote was brought about, or any doubt as to the sufficiency of the vote, the plan is simply not approved.

I think that terminates what I have to say, except I would like to file with the committee a summary of these six important reorganization plans.

Mr. HOWARD: Mr. Chairman, I move that they be filed.

The CHAIRMAN: Carried.

Mr. VIEN: I think they should be printed, Mr. Chairman.

The CHAIRMAN: Mr. Howard, will you move that they be filed and printed?

Mr. HOWARD: Yes; filed and printed.

#### SUMMARY OF IMPORTANT REORGANIZATION EFFECTED UNDER THE COMPANIES' CREDITORS ARRANGEMENT ACT

##### *Gurney Foundry (1935).*

The bonds of this issue which matured serially had been sold in the United States. The trust deed, in conformity with the American practice, contained no provision for modification by extraordinary meeting of bondholders. The bonds had been in default as to interest and payment of serial maturities for some years. The earnings of the company did not justify the expectation that the defaults could be cured. An attempt had been made to meet the situation by obtaining the deposit of bonds under a deposit agreement. Unless all the bonds had been deposited, it would have been necessary to proceed to an ordinary mortgage sale and pay the non-depositing bondholders their pro rata proportion of the purchase price realized. A compromise was clearly indicated, which could only be effected under the Act if liquidation or receivership was to be avoided.

The due date of the bonds was extended to 1949; past due interest was funded by the issuance of non-cumulative preference shares; the rate of interest was reduced. Until 1939 interest was to be payable only if earned and unpaid interest to be funded by the issuance of preference shares. After 1939 part of the interest was made payable in any event and the balance was to be payable if earned. New bonds were issued under a trust deed giving effect to the proposals, which trust deed contained provisions for future modification of the bondholders' rights by extraordinary resolution. The plan was accepted and no further default has occurred.

That was a case where the Act had to be invoked because the trust deed contained no adequate provision for modification of the rights of the bondholders by action taken by themselves. There are a number of such trust deeds in existence under which many millions of dollars of bonds are outstanding in the hands of the public.

##### *Winnipeg Electric and subsidiaries (1935).*

The plan involve a consolidation and re-adjustment of the funded debt and share capital of Winnipeg Electric and four subsidiaries and the consolidation of the properties and operations of the parent company and two of the subsidiaries into the parent company, making the two remaining subsidiaries wholly owned and the substitution of securities and shares of the parent company for the securities of the subsidiaries outstanding in the hands of the public. The situation was a very complicated one and was further complicated by the existence of guarantees by the parent company of bonds and other obligations of the subsidiaries. This was a case where provisions

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