Hon. Mr. EULER: Mr. Reilley, is shaking his head.

Hon. Mr. HAYDEN: It is a matter of opinion, but I am inclined to agree with you.

Mr. SHEARD: For example, if you will turn to section 104 of the proposed act you will find that the secured creditors before voting at a meeting must value their securities and they are only entitled to vote for the difference between the value of their securities and the amount of their claim. How could you ever apply a section of that kind to a meeting of bondholders? It would be an impossibility. Furthermore, you will find that the act requires that notice of the proposal shall be given to every creditor affected. In the case of bearer bonds, or bearer share warrants, how would it be physically possible to give notice to every bondholder? You could not possibly find out who they were; you would not know them. That is a physical impossibility. There are provisions, for example, requiring a list of shareholders to be sent out to anyone who requests them. In a large company the list of shareholders might run to 10,000 or 12,000 names. The preparation of that list would cost ten cents per name; so that every time that is done you incur an expense of a thousand dollars. The purpose of that is very obscure to me.

There is another reason. When reorganization of a large company finally comes down to the place where action can be taken on it, after long periods of consultation, argument and negotiation between representatives of the different groups, the need for action is urgent. It may be, for example, that new capital and new management are coming into the situation, and they are not willing to sit around indefinitely waiting till somebody makes up his mind whether the terms are fair or not.

Hon. Hr. HAYDEN: Supposing the stage of bankruptcy is reached, then the difficulty of attracting new money into the enterprise would be an important factor, would it not?

Mr. SHEARD: That is quite true. If the matter is one of great urgency, the ability to delay the plan is really in effect the ability to defeat it. Under this scheme I think it would always be possible for the Superintendent of Bankruptcy and conceivably the Minister to whom he is resposible to delay any plan by simply ordering a further investigation. As a matter of fact, I think it would be very difficult for the minister to refuse to order an investigation. It is not easy for a minister to get up in the house and explain why he has not investigated something; it is much easier for him to state that he has investigated something and then to justify his conclusion after the investigation has been made. Any minority interest which was trying to delay or defeat the plan would of course immediately request the minister or the Superintendent to make a further investigation, and would put forth all sorts of allegations to support the request, in which circumstances I fear that an investigation would have to be made. If we get to the point where no reorganization of a large company can be made unless the Secretary of State consents or approves, we shall have reached a state of paternalism which goes beyond even the operations of the S. E. C. in the United States. Also, grave complications might arise because the provincial governments often take a great deal of interest in these things. As the members of the committee know, it is really not practicable to reorganize a newsprint company, for example, without getting the approval of the provincial government concerned. I think that was a lesson learned from the Abitibi proceedings. If it is also necessary to get the approval of the Dominion Government, and if the points of view of the two governments conflict, I should think the position of the investors in the company in question would be very unhappy.