The Act provides amongst other things that:—

(*a*) The Court may, upon the summary application of a debtor Company, order a meeting of its unsecured Creditors to be summoned in such manner as the Court directs to consider a proposal or arrangement between the debtor and its Creditors.

(*b*) The Court may stay all proceedings against the debtor until such compromise or arrangement has been considered by the unsecured Creditors.

(*c*) If a majority in number representing three-quarters in value of the unsecured Creditors *present and voting either in person or by proxy at the meeting* agrees to any compromise or arrangement *either as proposed or as altered or modified at such meeting,* the compromise or arrangement may be sanctioned by the Court and if so sanctioned shall be binding on all the unsecured Creditors.

As proceedings under this Act are more expeditious than proceedings under The Bankruptcy and Winding-Up Acts, it has been used extensively by financially embarrassed Companies and owing to the lack of General Rules of procedure thereunder, it has been applied by some debtor Companies in a manner which was both unfair and detrimental to Creditors. In a number of cases, companies have obtained Court Orders under this Act summoning meetings of Creditors to consider proposals for payment of liabilities in full and copies of such orders and proposals have been sent to Creditors with a proxy form made out in favour of the debtor's nominee. In many cases, neither a statement of the debtor's affairs nor a list of its Creditors were sent with the proposals. As it is frequently inconvenient for Creditors, particularly distant Creditors, to attend meetings to consider debtors' proposals, and as there is often insufficient time between the receipt of the notice and the date of the meeting to investigate a debtor's affairs, and as a Creditor may lose his vote unless he acts promptly, many Creditors who have but a slight knowledge of the existing condition of the debtor's affairs, have completed and returned proxies in favour of the debtor's nominee with the intention that such proxy would be voted in favour of the debtor's proposal for an extension. During the depression, many Creditors were willing to consent to an extension rather than risk either a bankruptcy or being forced to accept a compromise.

In a number of cases where debtors had submitted proposals for extensions under the conditions mentioned in the previous paragraph, their representatives informed the meeting of Creditors convened to consider such proposals, that after reviewing the position of the debtor's affairs, it appeared impossible to pay its Creditors in full over an extended time and that an amended proposal for a compromise of its debts at a rate on the dollar would therefore be submitted to the meeting. In certain cases, such amended proposals have been voted on and carried without notice of the proposed compromise being given to the absent Creditors. In such cases, the debtor's nominee holding Creditors' proxies has generally refrained from voting on the amended proposal and has thereby facilitated the debtor to obtain the required favourable majority of those *present and voting.* As the Act permits the debtor to make application to the Court to sanction a proposal, without notice to the debtor's Creditors, it appears that certain compromise proposals have been carried through and sanctioned by these methods when such might not have been the case if the intention to ask for a reduction had been disclosed by the original proposal.

Another objection to the present Act is that between the date upon which the Court makes an order staying proceedings against a debtor and the date of the Creditors' meeting, any debtor in the manufacturing business which desires to take advantage of its Creditors may cut up or convert its readily salable raw or bulk supplies into goods in process and thereby place itself in a position where its Creditors would have difficulty in realizing upon the debtor's