on the final approval the creditors woke up to discover that they were getting something very different from what they thought they would get. It is now intended to prevent such a practice.

There have been a good many irregularities in connection with the solicitation of proxies. It is considered that some provision should be added tightening up the procedure. May I say that the suggestion of a preliminary hearing and also to some extent the provisions with respect to the solicitation of proxies are based upon the Bankruptcy Act in the United States. They do not go quite as far, but we would think that is probably not necessary in our situation.

Hon. Mr. EULER: What suggestion do you make in regard to the solicitation of proxies.

Mr. SHEARD: May I read from page 6 of the draft bill, section 29.

> It shall not be lawful for any person to solicit or knowingly permit the use of his name to solicit any authorization (which expression shall include any instrument appointing a proxy, consent or other authorization) in connection with any compromise or arrangement unless the following information is presented in writing to each solicited person at the time of the first solicitation:—
>
> (1) if the solicitation is by or on behalf of the debtor company, a statement to that effect; or
>
> (2) if the solicitation is not by or on behalf of the debtor company, the name or names of the persons on whose behalf or at whose instance the authorization is being solicited and particulars of the class or classes and aggregate amount of securities, obligations, claims or shares of, against or in the debtor company which are owned or controlled for voting purposes by any such persons; and
>
> (3) if the solicitation is by a person who is entitled to or may receive compensation or reimbursement of expenses for soliciting or recommending the giving of an authorization, a statement to that effect.
>
> 30. No person shall solicit or knowingly permit the use of his name to solicit any authorization by means of any statement which to his knowledge was at the time and in the light of the circumstances under which it has made false or misleading in any material particular.

Then there is the provision of a penalty in the event of contravention of those sections. It is our hope and belief that if amendments along those lines were made to the Companies' Creditors Arrangement Act that most, and possibly all of the abuses under the act, which have occurred in the past would be eliminated. I may say that we have discussed this matter at some length with other groups, particularly those representing the ordinary unsecured trade creditor, like the Board of Trade of the city of Toronto and others. I think the committee will find that when it examines the briefs which I understand are going to be submitted by groups of that kind, that the general recommendations which we are making are in line with their recommendations.

Perhaps I should revert for a moment and describe in a little more detail why we feel that it is unwise to attempt to do what this bill purports to do, namely, to bring all company reorganizations under the Bankruptcy Act. In the first place, and as I have said, because the interests of investors are very different from those of ordinary trade creditors, the practical difficulty of accomplishment seems to us to be very grave. I know that the Superintendent of Bankruptcy has been considering this matter for ten years, and therefore I do not think we can say the suggestions he is putting forward are ill-considered. At the same time I think it must be admitted that if this bill passed in this form no large company with securities outstanding in the hands of the public could ever be reorganized. I do not think that is an over-statement.