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## Canadian Journal of Fabrics

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### THE CANADA WOOLEN MILLS CASE.

No more important case affecting the textile trades has ever come before the courts in Canada than that of the Canada Woolen Mills, Ltd., the recent sale of which is now in question. Because of its importance the Journal of Fabrics has given a good deal of space in this and last issue to the report of the decision of the official referee who made the sale, and to the decision of the Judge who upset that sale. No doubt the referee in selling the mills to Mr. Long, acted, according to his belief, in the best interests of the estate. The unsatisfactory bids that had been made up to the 15th September, and the risks and loss that so often occur through allowing the affairs of an insolvent estate to drag along unsettled, made the offer of Mr. Long appear to be the best practical way out of the difficulty. The Winding Up Act, however, prescribes a certain course which was not followed, and the omission of notice to smaller creditors was a serious one.

To some of these minor creditors their small loss signified as much as the larger amounts did to the heavier but wealthier creditors, and justice required a notice to all alike.

It appears also that under the Winding Up Act the inspectors, the liquidator and the referee are regarded as a sort of committee of control of an estate, and that the liquidator and not the court is the executive officer of this committee. The evidence in the case showed that the consent of this officer was not obtained to the sale; in fact he declares he was opposed to Mr. Long's offer as inadequate.

Apart from the point that it would be to the advantage of the creditors if the best offer available were accepted, it appears by Judge MacMahon's decision and the very able argument of Mr. Blake, that the principle that persons holding a position of trust in an estate, and to whom the creditors look as a counsellor and protector of their interests should not derive personal advantage by that relationship to the possible detriment of others, is a principle which the law in Great Britain and this country holds to strongly. It is the law of trust applied to insolvency. On this ground largely the decision of Judge MacMahon was based.

The difficulty now is that while these legal proceedings are going on—for an appeal against Judge MacMahon's decision is contemplated in the latest legal move at Osgoode Hall—the properties of the company are depreciating in value while the costs which ultimately have to come out of the creditors are being piled up. As broad-minded and practical business men, which Mr. Long and Mr. Benson are, it would seem that these gentlemen ought to get together to effect a settlement. "Agree with thine adversary quickly while thou art in the way with him," is a motto which if applied would lead to a settlement consoling not only to the creditors but to the trade in general. This ought not to be difficult considering that in reality Messrs. Long and Benson are not "adversaries," but personal friends, and are only now on opposite sides through a series of misunderstandings which can surely be removed at the present point of procedure.

All laws are presumed to be based on equity, and this is another way of saying that at the base of all law, as it affects the individual, is the golden rule, "Do unto others as ye would that they should do unto