reaching. Apparently they are in the interest of one class of security holder or creditor. I think we should be extremely careful.

Where I think we made a mistake in procedure is that all this matter regarding the Bankruptcy Act and the amendments to this act ought to have been studied by the officers of the Crown before being brought to this committee. It is quite possible that the commissioner in bankruptcy, or whatever his title is, or Mr. Finlayson, might be able to offer some very simple amendments that would meet the situation. I feel very poorly equipped here this morning to discuss this matter. We have got to watch it and catch some observations here and there in order to have any appreciation of where we are drifting.

The CHAIRMAN: Mr. Reilley, will you come forward to the table, please.

By Mr. McLarty:

Q. You have not completed your statement, have you, Mr. Fraser?

The WITNESS: No.

Mr. MCLARTY: Mr. Chairman, I wonder if Mr. Fraser could not complete his statement before calling Mr. Reilley?

The CHAIRMAN: Yes.

Mr. VIEN: Mr. Chairman, we cannot adopt either the amendments to the Companies' Creditors Arrangement Act, nor the amendments suggested to the Bankruptcy Act. We have no power. Our reference does not permit that. I agree with Mr. Stevens on that point. Mr. Bertrand having intimated that his bill will be withdrawn, there is now only one question before the chair: is it advantageous for us to hear these gentlemen further, or would it be preferable for the committee to refer them to the officers of the Crown to work out some legislation for a further sitting.

Mr. HOWARD: That is the idea.

Mr. VIEN: We have no jurisdiction even to amend the Companies' Creditors Arrangement Act. It is not before us.

The CHAIRMAN: Gentlemen, I have consulted the law officers of the Crown and it is their opinion that it would be extremely helpful to them to place the evidence of the representatives of the associations on the record, and, after that, we will decide what should be done.

The WITNESS: We say that there is no other legislation that is satisfactory or available which will meet the situation such as the Companies' Creditors Arrangement Act, because if a company goes into bankruptcy or into liquidation the bondholders will prefer to have their own receivership proceedings. They will prefer to go ahead and have a realization and, as everyone knows, receivership proceedings are expensive. They are damaging to the business of the company and are in other ways undesirable. Secured creditors take the position, rightly or wrongly, that neither the Winding-up Act nor the Bankruptcy Act is effective or satisfactory for the reorganization of capital structures of companies. For that reason they are unwilling to go into a reorganization that is attempted under the Winding-up Act or under the Bankruptcy Act. They would prefer to carry out their own reorganization which will usually be by way of sale.

As soon as you proceed to a reorganization by way of sale, you are in difficulties right away without the assistance of legislation of this sort, because in these large undertakings where you have to make a sale for cash, and under our procedure in Ontario, the ordinary mortgage sale, you can only sell for cash, and it is an absolute impossibility to get an adequate price.

It is true that the bondholders themselves can join together and deposit their bonds and tender their bonds in payment, but there again injustices result because the bondholder who does not deposit is paid off in cash on a prorated monthly basis. And that type of reorganization is liable to eliminate entirely unsecured