

All I wanted, when I presented this bill, was to cure the evil in some way, and I think Mr. Reilley has a suggestion to make as to how to replace this Act and fix it in some way so that the abuses will not take place in future.

Mr. McLARTY: I should like to have a point cleared up for my own satisfaction. Is it the intention, if this bill passes, to have amendments made to the Bankruptcy Act which would be designed to get away from some of the difficulties that Mr. Piper has already mentioned, and, at the same time, to give an honest creditor a chance to make a compromise somewhat similar to that now enjoyed under the Companies' Creditors Arrangement Act? Is that the suggestion?

The CHAIRMAN: Perhaps I was wrong in my interpretation, but it seems to me it would be better to let Mr. Piper finish his statement and then we can come to a decision. The only thing I wanted to suggest was that when evidence is given to the committee of a specific illustration, or what is supposed to be a specific illustration, without mentioning the name, it carries but questionable weight with the members of the committee. However, continue, Mr. Piper.

Hon. Mr. STEVENS: I am not objecting any further to the names, except that I do not think you should limit it to one company.

*By Mr. Vien:*

Q. Are you through with your statement, because there are quite a few questions to put, and I think it would be preferable to have your full statement first?—A. I think it will be seen that the points raised by members of the committee have been well covered in this statement.

(14). The Act makes no provision for the payment of the expenses of submitting the proposal.

There are certain expenses sometimes incurred in submitting the proposal and petitioning the court, and so forth, and without any provision for the payment of these expenses the company may be forced into bankruptcy.

As the Act requires the approval of a proposal by three-fourths in value of the creditors, or of the class of creditors affected, present and voting either in person or by proxy, the importance of some of the objections listed becomes obvious.

Summed up, they revolve around the fact that the debtor may control both his own affairs and the machinery for considering the proposal.

Although the Act provides that general rules may be issued by the Governor in Council, this has not been done and there is no evidence that the courts in any of the districts concerned have applied any particular rules providing adequate control by unsecured creditors.

It is not surprising, therefore, that a number of companies have made use of this Act with a view to evading the protection to creditors and the governmental supervision which would obtain were proceedings taken under the Bankruptcy Act.

Having found that the facilities of the Companies' Creditors Arrangement Act could be widely abused, the committee of this Board at first recommended the complete repeal of the Act as otherwise the door would be left open to the fraudulent debtor whose activities have been so successfully curtailed under the Bankruptcy Act. In view, however, of representations that the Act had served a useful purpose in connection with company reorganizations, it is respectfully suggested that the Companies' Creditors Arrangement Act be amended by limiting its application to cases where a company has an issue of bonds or debentures issued under a trust deed running in favour of a trustee, whether or not secured, and a compromise or arrangement is proposed between such company and the holders of such issue.

[Mr. H. S. T. Piper.]