However, when you come to the sanctions and penalties, you find them in Part II of the bill. By Part II, if the superintendent reports that an investment company, after a full inspection has a deficiency of assets over liabilities, or is not in a position were it can carry on in the ordinary way and pay its obligations, the repayment of borrowed money, interest, et cetera, and he makes that report to the minister, the minister may act on that report.

First of all, he notifies the company and they have the opportunity to present their side of the case. Then, if the minister is not satisfied with the explanation, he may revoke their certificate of registry or he may revoke and reissue with certain conditions attached, the conditions being, for instance, that they have a period of one year, two years, six months, or whatever it may be, within which to cure these deficiencies that he has found.

Some of the deficiencies may arise because his appraisal of the value of the real estate holdings is less than the company's appraisal; or his appraisal of the value of the securities is less than the company's appraisal. But this is the basis upon which the control is exercised and the sanctions enforced.

At that stage, if the minister is not satisfied with the explanations and with the corrections which may be suggested will be made, then the company is deemed to be insolvent and proceedings may be taken by the minister or, on his application, to wind up the company under the Winding-Up Act; or proceedings may be taken, on the application of the minister, to proceed under the Bankruptcy Act, so as to terminate its existence and to liquidate the company.

This is where I begin to have difficulties in Part II, because, remember, that where a company borrows money on the security of its bonds, debentures, et cetera, there is a document called a deed of trust which spells out the terms and conditions upon which the borrowing is made and upon which security is provided, and it provides for events of default. If a default occurs under that trust instrument, then the trustee for the bondholders is entitled to go in and put in a receiver and take charge and manage the assets for the interest of those secured creditors.

In this bill it is provided in clause 26 that:

> Nothing in this Act affects any right or remedy of a person who lends money to a company to which this Act applies on the security of bonds, debentures, notes or other evidences of indebtedness of the company.

When you put those things together, certainly there is a line of rationalization required in order to get something practicable in the light of that situation. This is a matter of contract between borrower and lender, between a company and the people who underwrite and the people who purchase bonds; it is a matter of property and civil rights in the provinces, and I have my rights there, and this bill recognizes those rights by saying there is nothing in this bill which interferes with the rights of a person who lends money on the security of bonds, debentures, et cetera. I point out to you that the moment it is determined that the company is insolvent because there is a deficiency of assets, or it cannot pay its current obligations, then in other trust deeds that I have seen, and certainly in any application I have been a party to drawing, approving or amending—and I can tell you it has been more than two or three in the course of my lifetime in practice—this is one of the events of default. The moment there is that event of default, the superior right is in the trustee who puts a receiver in. That goes ahead of any interim receiver whom the minister may attempt to put in under the provisions of the Winding-Up Act.

When you are talking about the Bankruptcy Act, and when you are a secured creditor, you stand apart; and if any person in an inferior position wants to come in and take over the working out of this business, then he has to take care of you and your full obligation in order to do so.

In addition to that, why should this authority to invoke winding-up or bankruptcy be given without reservation to the minister? It may be that the creditors at that time feel that they would like the company to carry on and work out its problems under its directors. That is why I say I think an effort has been made to create a club that is so big that it would be like using an elephant to swat a fly. It seems to me that instead of all these provisions invoking the Winding-Up Act and the Bankruptcy Act, it would be better, when it is disclosed that this company is not solvent, to have provision similar to those in the Trust Companies Act and the Loan Companies Act under which the minister may in effect say: You cease to carry on business, and I may issue to you a certificate or a licence that is conditional, and for a period which may enable you to work out your problems, or which may enable you to make a sale of you assets at a better advantage to the creditors and shareholders.