

*Supply—Justice*

effective check on the administration of trustees. This has led to the discovery of some irregularities and some prosecutions.

As the fourth measure I can inform the committee that in 1963 there were 33 bankruptcies investigated by the R.C.M.P., in 1964 the R.C.M.P. investigated 185 bankruptcies, in 1965 they investigated 123 and in 1966 so far they have investigated 32, making a total of 373 bankruptcy investigations since 1963. In addition, there have been some 200 employees of bankrupts who have in fact been investigated by the R.C.M.P. during this same period. As a result 11 trustees have lost their licences and 12 trustees have been restricted in order that they may complete the estates in hand under the very strict supervision of the superintendent of bankruptcy. No new estates are being granted to these people.

Although there may not be reason for being overly proud there is at least some indication that the measures we have taken have had some effect, because in 1964 there were 5,562 estates in bankruptcies reported and in 1965 there were 5,003. I am not saying that this is a world-shaking record but I do say that it indicates a tendency in the right direction.

We are also giving extremely careful scrutiny in regard to all applicants for licences as trustees. This includes an examination by the R.C.M.P. and, as a matter of fact, there have been no new licences for trustees given since April 20, 1965. Moreover, the superintendent and I are busily engaged in setting up a selective board to which people who are interested in becoming trustees will have to come. That board will be able to examine their qualifications as well as their integrity and look into the applications to a greater degree than has ever been possible in the past. We have also instituted unexpected spot checks by the R.C.M.P. of the administration by trustees in cases about which we have had some doubt. This also has proven to be quite useful.

As a seventh measure the superintendent of bankruptcy is now preparing a book of regulations giving rules and procedures that the trustees must follow meticulously. This will mean that the procedures followed will be uniform throughout the country.

As an eighth measure negotiations have been successfully carried out by the provincial and federal government to appoint an additional superior court judge to sit and act exclusively in respect of bankruptcy matters.

• (1:00 p.m.)

Ninth, there have been and there are extensive plans to increase the staff of the bankruptcy branch, including the locating of representatives of the superintendent in Toronto and Montreal. I think the man suggested for Toronto has pretty well been decided upon and the man for Montreal is still being considered. In the bankruptcy division four additional positions have been created for auditors. Two additional positions for investigators have also been created as well as an additional five members of the clerical staff. In addition, Mr. Chairman—and this is the main point of our program—we are going to organize a bankruptcy squad made up of specialists, including accountants and investigators, who will be able to carry out these specialized inspections far more effectively than the police. This is no reflection on the police.

**Mr. Nielsen:** Hear, hear.

**Mr. Cardin:** The investigation of these matters is most difficult because it requires a great deal of knowledge of bookkeeping, corporation and commercial law and a special type of knowledge of the transactions of business. The result is that the superintendent, with the greater powers he has been given and the additional help he will have, will be able to look into the particular area in which most of the trouble has occurred, what is called the grey area in bankruptcy. This is the area where suspicion of irregularities exists but not to the extent where provincial and local law enforcement officers think they are justified in carrying out a full scale investigation of the matter. Bankruptcy squad individuals, as I mentioned a while ago—I think this is important—would not only look into a bankruptcy where there was suspicion of irregularity but would go wherever the evidence might lead them. In my opinion, Mr. Chairman, this would get at the nub of the problem.

Further, in order to ensure the greatest possible co-ordination between the federal and provincial governments in this field of divided jurisdiction, particularly as it relates to the grey area—this answers the question posed just now by the hon. member for Yukon—it was agreed at a meeting of the Attorneys General with regard to organized crime, held last January, that a standing federal-provincial committee on bankruptcy be set up, and it was. It is composed of the