assets and can judge whether a composition is worth acceptance. I really think we should not refuse the amendment.

Mr. CLARK: I have one other observation to make. My understanding of the act as it now stands is that a debtor must go to his creditors first, not to the court. The court merely approves what the creditors have already approved. The creditors now have all the facilities that have been suggested by the minister. In the instance I have cited the creditors appointed their inspectors and auditors, who made inventories and audits just as they would have done if the estate had gone into bankruptcy. But there was this further advantage, that the public was not informed that the business was bankrupt, and consequently its good will was not destroyed. It was an instance of an unfortunate debtor successfully coming through a trying period. The provision for examination might be made applicable to debtors who seek a composition with creditors, without the necessity of actually making an assignment. If we make the provisions regarding examination applicable, then they appoint their inspectors and auditors who can go into the business and do everything that is now done in cases where the debtor actually makes an assignment. My view is that once an assignment is made the business is destroyed.

Sir LOMER GOUIN: Even with the amendment there would be nothing in the law to prevent such a debtor from informally calling his creditors together and trying to make an arrangement with them. If his creditors are willing to accept a composition informally, they are at liberty to do so.

Mr. CLARK: But he cannot go to the court after he has consulted them informally and get the court to approve the compromise. That is what was done in this case.

Sir LOMER GOUIN: That is exactly the objection we find—that two-thirds of the creditors should, before assignment, bind the other third. If it is possible for such a debtor to arrive at an arrangement with his creditors, there is no objection to his doing so. It was found in nearly every province that many debtors would take advantage of this provision for composition to do away with their assets, and if there was no settlement between them and their creditors there would be very little left of the estate when they came to assign.

Mr. BAXTER: I would ask the minister to be good enough to hold this section with the other one and give it a little more consideration. The section of the original act of 1919 dealing with this subject has been so much amended that it is impossible to follow the amendments. But the original scheme provided for a decision by the majority of the creditors, and that accomplished something that you cannot get by a voluntary agreement, because one creditor or more than one standing out may utterly destroy the opportunity. Under the original plan the court did not approve until after the creditors had voted, and there was also a provision by which 10 per cent of the creditors could demand an investigation of the bankrupt under oath. But it might require more than his examination; it might require the submission of his books and the examination of other persons. I suggest that the minister strengthen the provision on that line. You may still allow the benefit of the secrecy and still give the opportunity for getting all necessary information, but, no small group of dissident creditors—who may be dissident only for the purpose of forcing the payment in full of their own debts—can block the creditors who are willing to give the debtor a chance for a fresh start.

Section stands.

On section 14—Security to be furnished by trustee.

Mr. BAXTER: Should this not provide that the trustee shall give security to the satisfaction of a majority of the creditors? I can well understand that you could not satisfy all the creditors. There should be some rule applicable to the thing.

Sir LOMER GOUIN: Section 42 of the act, subsection 14 provides as follows:

> Subject to the provisions of this act, all questions at meeting of creditors shall be decided by resolution carried by the majority of votes, and for such purpose the votes of creditors shall be calculated as follows:
>
> For every claim of or over twenty-five dollars, and not exceeding two hundred dollars—one vote;
>
> For every claim of over two hundred dollars and not exceeding five hundred dollars—two votes;
>
> For every claim of over five hundred dollars and not exceeding one thousand dollars—three votes;
>
> For every additional one thousand dollars or fraction thereof—one vote.

Mr. BAXTER: I still suggest that it would be better to say, "to the satisfaction of a majority of the creditors."

Mr. CLARK: I have given the minister a copy of an amendment which I propose in connection with this section, and which, I think, would overcome the difficulty regarding the creditors which has been pointed out by the hon. member for St. John City. My