fraud. The company may accept any claims for the purpose of voting and reject those claims after that when they have settled with the creditors. This is a departure from the bankruptcy law, which has limited the claims of the creditors and many others, so far as the dividends and votes are concerned.—A. Under the English Act, as I understand it, that is a matter for the chairman, in the first instance, to reject or allow proofs. If anyone objects to it later on, when the application comes for the approval of the plan, the court then and there will go into these contested proofs. But in the situation with which we are familiar, nothing of that sort arises, because the people who are called to the meetings are bondholders. There is a procedure provided in their trust deed whereby they prove their ownership by either bringing their bonds with them or depositing their bonds or exhibiting them to the bank. In the bondholders reorganization, this difficulty never arises. You are either a bondholder or you are not a bondholder.

Q. I understand where there are debentures, you have a trustee dealing with the company?—A. Yes.

Q. And there are two to deal with—one representing the interests of the creditors and the other one representing the company?—A. Yes.

Q. Where there are no bonds and no trustees, the debtor company is doing almost what it wants to without any check whatsoever.—A. Well, I am afraid those are situations with which we are not familiar. We are here as representing bondholders and holders of securities who can easily prove their claims.

By Mr. Vien:

Q. But the amendment in which you concur takes care of that position?—A. Yes, exactly.

Mr. MARTIN: Except it leaves out some classes of debtors.

By Mr. Kinley:

Q. They do not interfere with you. That is the reason you do not object to it?—A. No, I would not put it that way.

Q. What about the man that has common stock in his company, who places money in common stock; should he be left out?—A. No. He is provided for in the Act. The Act permits him to be taken care of.

Mr. VIEN: The court may order that they be invited to attend.

The CHAIRMAN: Order, gentlemen. Mr. Kinley has the floor.

Mr. KINLEY: I would like to be clear on this point. I read here:—

> The provisions of this Act shall not apply in the case of any debtor company unless there is outstanding an issue of bonds, debentures, debenture stock or other evidences of indebtedness of such company or of a predecessor in title of such company issued under a trust indenture running in favour of a trustee . . .

That is a great departure from the original Act, because the original Act includes all companies—any company in this country. Now you have a selective kind of company who can come under the Companies' Creditors Arrangement Act under this amendment.

Mr. VIEN: The point raised by Mr. Bertrand was that, in the case of companies where there are debentures or bonds, any trustee can take care of the interests of the debenture holders or bondholders. There is that trustee to take care of creditors; whereas, where there is no such thing, the ordinary creditors of the company which has no trustee, no bond or debenture issues, are not protected by anybody there to take care of their interests.

The WITNESS: Quite so.

[Mr. W. Kaspar Fraser, K.C.]