

*Bankruptcy Act*

Sir LOMER GOUIN: Yes, it applies only to the last clause; it is not necessary in relation to the first.

Section agreed to.

On section 10—Regarding assignment for general benefit of creditor.

Sir LOMER GOUIN: We amend this clause so as to make the statement which is to be offered by the debtor less complicated. It would be an impossibility for a debtor to prepare the statement which was provided for in the amendment as first suggested. If the details offered to the receiver by the debtor are not sufficient the statement will be refused. A full statement will be prepared by the trustee when elected.

The CHAIRMAN: This is the amendment submitted:

That subsection 5 be struck out and the following be substituted therefor:

The official receiver or his nominee shall preside at the first meeting of creditors and shall decide any question arising in connection with the appointment of the trustee by the creditors, and any creditor may appeal from his decision to the court. Upon the appointing of the trustee by the creditors he shall complete the authorized assignment by certifying thereon the name of such trustee, and such assignment shall thereupon, subject to the rights of the secured creditors, vest, as of the date and the acceptance of filing of the said assignment, in the trustee all the property of the debtor.

Shall section 10 as amended carry?

Mr. BAXTER: I see it is dependent in part on another section, but here is something that seems to be very important. We are in the hands of the official receiver; he has the power to accept or reject an assignment. Now I have to refer to section 65A as enacted by section 31 of this bill, and there I find that in my province the official receiver is the Circuit Court clerk until the Chief Justice assigns another officer to perform those duties. If the Chief Justice does not assign the duties to any other officer I would have great fear of the consequences sometimes.

Sir LOMER GOUIN: I agreed with my hon. friend from South Simcoe (Mr. Boys) that we would not consider this section before Monday evening. Then we might discuss the point now raised by my hon. friend.

Mr. BAXTER: I think it would be well to reconsider it.

The CHAIRMAN: Shall section 10 as amended carry?

Section agreed to.

[Mr. Baxter.]

On section 11—Form of assignment.

The CHAIRMAN: The following amendment is submitted to section 11 (A):

That section 10 (A) of the said act as enacted by chapter 17 of the statutes of 1921 be repealed.

Shall section 11 (A) carry?

Section agreed to.

On section 12—Publication of notice, etc.

Sir LOMER GOUIN: This is only a change in the procedure. Notice has to be given by the custodian instead of by the authorized trustee.

Section agreed to.

On section 13—Composition, extension or scheme of arrangement.

Sir LOMER GOUIN: In this amendment, Mr. Chairman, we provide that a composition will be allowed only after assignment.

Mr. CLARK: I should like to repeat what I said this afternoon, that I think it is a great mistake, as far as my experience goes at any rate, to force a business concern into bankruptcy before it is allowed to make a composition with its creditors. I had a concrete instance of this last year in Vancouver. A large business firm was in financial difficulties, as many other firms are to-day owing to the general deflation. It had large creditors in Great Britain and throughout this country: It wanted to continue its business operations. It made a proposal to its creditors, which after due consideration was accepted by all of them, and to-day that firm is carrying on successfully. Now, had it been necessary for that firm to go into bankruptcy before making a composition its credit would have been destroyed and it would not have been able to carry on business. I am sure many other similar instances might be given. I feel confident that the object which the minister has in view will not be accomplished without grave injustice being caused to business in general.

Sir LOMER GOUIN: We have complaints from nearly every province that this clause has been much abused. We are told that debtors will go before a judge, make an offer of composition, have it approved, and then go to their creditors, who are forced to accept the composition. The clause may have been advantageous in the case mentioned by my hon. friend, but generally we understand from traders and manufacturers that a composition should only be allowed to take place after an assignment. Then the creditors are in a position to examine the debtor as to his