

Western Steel Products Limited (1937).

This was a case where the Company was in receivership and liquidation. In addition to the bonds, there were advances by the bankers against the security of receiver's certificates, current liabilities of the receiver and manager and substantial unsecured obligations of the Company. The existence of such unsecured creditors for whom provision was made in the plan made it necessary to proceed under the Act.

The bankers accepted \$700,000 General Mortgage Bonds in payment of that amount of advances made against receiver's certificates; the Company authorized \$1,500,000 new first mortgage Bonds which were not issued; the Company assumed the balance (\$300,000) of the indebtedness of the receiver to the bankers and gave the bankers security for such indebtedness; bondholders, unsecured creditors and shareholders got common shares in various ratios.

The compromise had to be carried out under the Act because the Company was in liquidation and section 18 of the Act provides that sections 65 and 66 of the Winding-up Act are not to apply to a compromise or arrangement to which the Act applies.

Connaught Hotel Company Limited (1937)

The Company had mortgages outstanding on separate properties aggregating \$544,000; Bonds and general mortgage debenture stock were also outstanding. A new first mortgage for \$700,000 was placed on the property.

The holders of Bonds got \$25 cash and \$75 new second mortgage Bonds for each \$100 principal and also received back interest.

Series A debenture stock was created but was to be held for later issuance to complete unfinished portion of new additions.

The holders of debenture stock received \$50 debenture stock Series B for each \$100 principal of debenture stock held.

Additional debenture stock Series B was issued for cash.

NOTE.—Under the above plans where provision was made for shareholders, the appropriate proceedings under the relevant Companies Acts were taken at the same time for that purpose.

The CHAIRMAN: Is it the pleasure of the committee to hear the representative of the Canadian Credit Men's Trust Association?

Some Hon. MEMBERS: Yes.

LEE A. KELLEY, K.C., counsel for Canadian Credit Men's Trust Association Limited, called.

The WITNESS: Mr. Chairman and gentlemen, the Canadian Credit Men's Trust Association, Limited, is a nation-wide association representing very largely unsecured creditors. But it acts in two capacities, both as a trustee in bankruptcy and also as representative of its association members in looking after their claims in bankruptcy in which the Association itself may not be a trustee.

I am not going to labour you with any great amount of facts, because our clients have worked out this situation together with the Toronto board of trade, and we are in support of the allegations made by them.

The regulations which have been filed by the Toronto board of trade have been worked out with ourselves. Our contention is that we are even satisfied with the Companies' Creditors Arrangement Act, if those regulations are put into effect. We think it is workable so as to protect the unsecured creditor.

Confirming what the Honourable Mr. Stevens said, I do want to state that if there is going to be anything done along the lines of amendments to the Bankruptcy Act, then we are very urgently asking you not to do any such thing