

The Acting CHAIRMAN: What are the changes you propose should be made?

Mr. REILLEY: The change I propose is merely to permit any person under the Act to make a proposal with his creditors before bankruptcy.

Hon. Mr. MORAUD: That is to restore the 1919 conditions.

Mr. REILLEY: Yes. The trouble with the original Act of 1919 was that there was no way of checking on the debtor. If he could conceal or cheat his creditors, there was no way of getting at whether or not he was doing so. Where you have a body of creditors acting together like that no one of them just wants to take the necessary steps to delve into the situation sufficiently to find out what the facts are.

Hon. Mr. EULER: How do you propose to guard against that now?

Mr. REILLEY: By the fact that the proposal has to be made to a licenced trustee, who will be required to make an appraisal and investigation of the debtor's affairs and report to the creditors at the meeting.

Hon. Mr. MORAUD: You have not that safeguard now.

Mr. REILLEY: I think it is about the only safeguard you can find. I do not know of any other one that could be inserted. In those days of course trustees were a very different type of men from the trustees of to-day, who, generally speaking, I think are pretty honourable men.

The Acting CHAIRMAN: You explained to us at the last meeting that in 1932 two changes were made in the Act. One was to provide for a superintendent in the set-up. That is yourself.

Mr. REILLEY: Yes.

The Acting CHAIRMAN: And the second was, you were given power to licence trustees annually.

Mr. REILLEY: Yes.

The Acting CHAIRMAN: You have power to revoke or refuse licences.

Mr. REILLEY: Yes.

Hon. Mr. HAIG: And the trustees are bonded.

Mr. REILLEY: Yes, they are bonded.

The Acting CHAIRMAN: You have had an experience of thirteen or fourteen years in building up an organization of licensed trustees.

Mr. REILLEY: Yes.

Hon. Mr. ASELTINE: Are these trustees usually trust companies?

Mr. REILLEY: Well, all of the trust companies have licences, but the majority of them have very few bankruptcy cases. Most of the bankruptcy cases are handled by private trustees.

Hon. Mr. MORAUD: I understood you to say at the last meeting that trustees might be influenced by the debtor. After all, the debtor goes to the trustee first, the creditors come afterwards; so the trustee is the debtor's man instead of the creditors'. Are you not afraid that in a case of a composition like this the trustee might work more for the debtor than for the creditors?

Mr. REILLEY: Well, that was the opinion held in regard to trustees generally, that they always acted for the debtor. But I think most trustees today are pretty well aware of the fact that if they lend themselves to any shady scheme, and I find any inkling of it, they know just about where they stand.

Hon. Mr. EULER: What greater protection have the creditors if the debtor has to go through bankruptcy proceedings than they will have if this trustee is empowered to go and ascertain all the assets?

Mr. REILLEY: None whatever.