

## An Act respecting Insolvency.

**W**HEREAS in the interest of Trade, it is expedient, that the position of persons engaged in commerce should be defined, and that means should be provided to facilitate the amicable settlement of the estates of insolvent debtors, the prevention and punishment of fraudulent preferences to creditors, of fraudulent devices for defeating their remedies, and of the fraudulent contracting of debts without means of payment:

Preamble.

Therefore, Her Majesty, &c., enacts as follows:

1. The continuous stoppage of payment by any trader or trading company shall constitute insolvency.

Insolvency—  
what to be.

2. Any insolvent trader who shall procure the execution in his favor by four-fifths of his creditors in number and value, of a deed of composition of the debts due by him—at a pound rate or otherwise; shall upon payment of such composition to all of his creditors, in conformity with the terms and conditions of such deed be absolutely freed and discharged from all liabilities whatsoever existing against him; whether such debts be then exigible or not, and whether they be direct or indirect.

Discharge of  
insolvent by  
composition  
with four-  
fifths of his  
creditors.

3. Any insolvent trader desirous of making an Assignment of his estate and effects (*cession de biens*), or who shall be required as to do as hereinafter provided, may call a meeting of his creditors, by advertising the same for one fortnight in the *Canada Gazette*, and in two newspapers published, one in French, the other in English, in the place, or if there be none in the place, then nearest to the place, where he is carrying on his trade, stating in such advertisements the object of such meeting; and at such meeting he shall exhibit statements shewing the position of his affairs, particularly the names of his creditors and the amount due to them respectively, and shall at such meeting exhibit his books of account; and those of his creditors present at such meeting in person or by their authorized agents, or the majority of them in number and value, may name an assignee to whom such assignment may be made; and thereafter, such trader shall have the right to make an assignment of his estate and effects (*cession de biens*) to the assignee who shall be so chosen by such creditors; or if no assignee be so chosen at such meeting or at some adjournment thereof, then to such assignee being a creditor of his and solvent, and not being related, allied or of kin to him, as he may himself select: and immediately upon the execution of the deed of assignment, he shall deliver over to the assignee duplicates of the statements so by him exhibited to his creditors.

Insolvent trader may, and must when required, call a meeting of his creditors for the purpose of assigning his property to them. Statement of his debts and assets. How Assignees shall be appointed.

4. If any dispute shall arise at the first meeting of the creditors of an insolvent trader, as to the amount which any one of such creditors shall be entitled to represent at such meeting in the nomination of an

Amount on which each creditor shall vote: how de-