(d) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity;

(e) any debt or liability for obtaining property by false pretences or fraudulent misrepresentation;

(f) liability for the dividend that a creditor would have been entitled to receive on any provable claim not disclosed to the trustee, unless such creditor had notice or knowledge of the bankruptcy and failed to take reasonable action to prove his claim; or

(g) any debt or liability for goods supplied as necessaries of life and the court may make such order for payment thereof as it deems just or expedient.

(2) An order of discharge releases the bankrupt from all other claims provable in bankruptcy.

An undischarged bankrupt must not engage in a trade or business without disclosing to all persons with whom he enters into any business transaction that he is an undischarged bankrupt, and he must inform any person from whom he obtains credit, for a purpose other than the supply of necessaries for himself and family, to the extent of $500 or more, that he is an undischarged bankrupt.

Provision is made in the act for a trustee's remuneration. The court may, if it sees fit, refer to the registrar to take the account of the trustee and to settle the trustee's remuneration. The maximum amount he can receive is 7½ per cent of the amount remaining out of the realization of the property after the claims of the secured creditors have been paid and satisfied.

The Bankruptcy Act may be said to establish three procedures:

(1) An insolvent person may be petitioned into bankruptcy by his creditors (Section 21).

(2) An insolvent person may make an assignment in bankruptcy (Section 26).

(3) An insolvent person or a bankrupt may, before or after being petitioned or assigning himself into bankruptcy, make a proposal to his creditors (Section 27).

I spoke a little earlier about summary administration as set out in section 26 (6). The bill before us asks that this subsection (6) be repealed. Subsection (6) reads:

> Where the bankrupt is not a corporation and in the opinion of the official receiver the realizable assets of the bankrupt, after deducting the claims of secured creditors, will not exceed five hundred dollars, the provisions of the act relating to summary administration of estates shall apply.

The procedure outlining the steps necessary to carry out subsection (6) is outlined in sections 114, 115 and 116 of the act. It is also asked that these sections be repealed. If the subsection is repealed, these sections must also be repealed, for they depend entirely on the subsection and have relation only to it.

The bill is designed to meet two situations. During recent years abuses have crept into the administration of certain estates in bankruptcy by some trustees. Particularly has this happened in the case of small estates to which the summary provisions of the act apply, that is to say, in cases where the bankrupt is an individual, or the realizable assets, after deducting the claims of secured creditors, do not exceed $500. The provisions do not apply to corporations.

The purpose of summary administration, first enacted in 1949, was to provide for the expeditious administration of small estates, reduce the cost of such administration and bring about the early discharge of the bankrupt. To do this the legislation provides for relaxing certain of the requirements ordinarily applicable in the administration of bankrupt estates.

The serious provisions relaxed are:

(1) The security ordinarily required to be deposited by the trustee administering an estate is dispensed with. There is no necessity for the trustee to give a bond.

(2) The notice of a bankruptcy need not, as in other cases, be published in a local newspaper, unless deemed expedient by the trustee or ordered by the court.

(3) Only creditors who have proved claims amounting to $25 are entitled to receive notice, other than notice of first meeting of creditors, whereas in ordinary bankruptcies all creditors who have proved claims, are entitled to receive such notice.

(4) No inspectors are required, as in the case of ordinary bankruptcies.

(5) The creditors at the first meeting may authorize the trustee to apply for the discharge of the bankrupt without further notice to them, where the bankrupt has not made a proposal for a composition and his examination has not disclosed any assets, whereas in ordinary bankruptcies the trustee is required to give express notice to the creditors unless the court dispenses with such notice.

Taking away these safeguards made the administration of small estates a sort of happy-go-lucky adventure, which sometimes created opportunities for fraud and misrepresentation. Such abuses as soliciting persons to make assignment in bankruptcy, mismanagement of the assets of bankrupt estates, failing to realize upon such assets for the benefit of creditors, and misappropriation of assets, became possible and easy of achievement.