



OSB *Newsletter*

A Word from the Superintendent of Bankruptcy

In the previous OSB Newsletter, I mentioned that the OSB had been going through an organizational renewal exercise (ORE). While we have not closed any Division Offices, we have now gone to a three-region model: East, Ontario and the West. Each region will comprise an Outreach and Service Innovation Team, a Detection Team, a Debtor Compliance Team and a Trustee Compliance Team. There will also be similar teams at National Headquarters, where a Business Management Services Section was also created. The Headquarters teams will set direction and guidelines for OSB programs and initiatives, while each region will be responsible for implementing such programs and initiatives. For example, the OSB has committed to closely monitoring some systemic issues in the area of debtor compliance. On a national basis, for the coming year, we will be looking at bankruptcies in which income taxes total \$250,000 or more and represent at least 75% of liabilities. The Eastern and Ontario Regions will be focusing on estates where credit card debt accounts for \$100,000 or more of total liabilities, while the Western Region will be paying special attention to repeat bankruptcies.

You will find in this Newsletter a list of regional directors. If you have any questions on the ORE or its impact on your operations, feel free to contact the Regional Director in your area.

In the Directive on Estate Funds and Banking (5R) issued December 2004, we asked that all trustees submit information on their trust funds on a yearly basis. Directive 5R states that each trustee must complete and deliver a report which will contain a master control list of open trust accounts and a request for a bank confirmation for each bank holding trust accounts, as well as a description of the software used to administer trust funds. This is due on May 31st of each year. With this material, we will be assessing

INSIDE THIS ISSUE

List of Regional Directors, p. 2

An Inter-regional Comparison of the Demographic and Financial Characteristics of Bankrupts in 2004, p. 3

Insolvency in Canada in 2005, p. 7

Insolvency Case Law, p. 10

Professional Conduct Matters, p. 14

Regulations Amending the Orderly Payments of Debts Regulations, p. 16

Rules Amending the Bankruptcy and Insolvency General Rules, p. 16

OSB Publications, p. 17

The OSB and Debtor Education, p. 20

the risk associated with trust accounts and analysing trends in banking practices. The next round will involve adopting a template form to ensure uniform presentation of the required banking information, which will greatly facilitate processing and analysis. This step is consistent with our efforts to gauge our monitoring and regulatory activities based on the risk associated with each trustee firm.

Last fall, we launched the third and final phase of our electronic filing system. With this phase we are now able to electronically receive and process so-called ordinary files and Division I proposals. The inventory of some 276,392 open files in Canada already includes more than 140,000 electronic files.

In February of 2006, more than 70% of summary files and consumer proposals were processed electronically. Several firms were awaiting the launch of the third phase of electronic filing before making the required

CONTINUED ON PAGE 2

changes to their systems, and we expect constant growth in electronic filing over the coming months.

As indicated over the past few months, we are planning to make electronic filing obligatory by the end of 2006. This is the best way to maximize system efficiency and avoid increased user fees.

A highlight of the year 2005 was without doubt the adoption of Bill C-55, which received Royal Assent on November 25, 2005. In the frenzy of the end of the Parliamentary session, the previous government committed not to allow the bill to come into effect

before June 30, 2006 in order to allow for more in-depth analysis by the Senate.

As we go to press, we are awaiting the Government's direction regarding the future of c-47. In response to questions asked in the House of Commons on May 31st and June 1st, 2006, the Minister of Labour indicated that c-47 will not likely be proclaimed into force until technical flaws in the Act are fixed to ensure that Parliament policy objectives are met. No details have been as to the technical flaws identified, nor time lines being considered for fixing them. Of course, we will keep our readers informed of developments in this file.

List of Regional Directors

**Superintendent of Bankruptcy
Surintendant des faillites**
Marc Mayrand
 (613) 941-2691
 mayrand.marc@ic.gc.ca

**Outreach and Service Innovation
Relations externes et innovation**
Patricia Alferez
 (613) 946-2157
 alferez.patricia@ic.gc.ca

**Chief Operating Officer
Chef d'exploitation**
Belaineh Deguefe
 (613) 954-5533
 deguefe.belaineh@ic.gc.ca

**Regulatory Affairs and Compliance
Conformité et affaires réglementaires**
Alain Lafontaine
 (613) 946-2166
 lafontaine.alain@ic.gc.ca

**West Regional Director
Directeur régional de l'Ouest**
Darrell Shalley
 (780) 495-5039
 shalley.darrell@ic.gc.ca

**Ontario Regional Director
Directeur régional de l'Ontario**
Jack Steinman
 (416) 954-6310
 steinman.jack@ic.gc.ca

**East Regional Director
Directrice régionale de l'Est**
Lorraine Provost
 (514) 283-3422
 provost.lorraine@ic.gc.ca

Map labels: Vancouver, Edmonton, Calgary, Saskatoon, Regina, Winnipeg, Ontario, Québec, Montreal, Sherbrooke, Halifax, Ottawa, Toronto, Hamilton, London.



An Inter-regional Comparison of the Demographic and Financial Characteristics of Bankrupts in 2005

In 2005, more than 55,000 summary administration bankruptcy files were electronically filed with the OSB. This large number of files allows us to develop a very representative inter-regional comparison of the 2005 bankrupts. In this paper, we present an inter-regional demographic profile of bankrupts and a comparative analysis of their income, assets and debts.¹

Demographic Profile

In 2005, the average age of bankrupts was 43.0 years (Table 1). The oldest bankrupts were, on average, in British Columbia (44.5 years) and the youngest came from the Manitoba/Saskatchewan region (42.0 years).

There are 49% of men and 51% of women in the Canadian population in general. Meanwhile, slightly more than 55% of bankrupt Canadians were men. At the regional level, gender distribution of bankrupts was relatively the same as in Canada with the exception of Quebec where men represented 58% of bankrupts, and women 42%.

In terms of marital status, we found that bankrupts who disclosed their marital status as “married/couples” were under represented in the bankrupt population compared to the general population. For example, in Canada, 59.7% of the population were married/couples, while only 41.8% of bankrupts held that status. In contrast, divorced/separated persons were over represented in the bankrupt population. These individuals accounted for 26.9% of bankrupts compared to 7.3% for the general population. This latter observation suggests a link between divorce and the financial difficulties that may arise from it and that may lead to bankruptcy. Single bankrupts were over represented in Quebec, where they accounted for 37.5% of bankrupts compared to 24.9% for the general population of Quebecers. In contrast, single bankrupts were under represented in the other five regions of Canada.

The statistics regarding marital status varied widely from one region to another. For example, in the Atlantic region, 21.1% of bankrupts were single compared to 37.5% in Quebec. The highest proportion of bankrupts who disclosed their marital status as “married/couples” was also in the Atlantic region with 55.1% compared to only 35.3% in Quebec. British Columbia reported the highest percentage of divorced/separated bankrupts at 31.1%.

Table 1: Regional Demographic Profile, 2005

Regions	Average Age	Gender		Marital status			
		Men	Women	Single	Married/Couples	Divorced/Separated	Widow(er)
Atlantic	42.8 39.8*	53.4%	46.6%	21.1% 25.4%	55.1% 61.8%	20.5% 6.6%	3.3% 6.2%
Quebec	43.1 39.6	57.7%	42.3%	37.5% 24.9%	35.3% 62.2%	24.0% 6.8%	3.2% 6.1%
Ontario	42.9 38.1	55.1%	44.9%	25.5% 27.5%	42.3% 60.2%	29.4% 7.1%	2.8% 5.2%
Manitoba/ Saskatchewan	42.0 38.0	54.7%	45.3%	24.4% 27.5%	46.1% 59.6%	26.6% 6.6%	2.9% 6.3%
Alberta	42.3 36.3	54.9%	45.1%	24.9% 28.5%	42.5% 59.8%	29.6% 7.3%	3.0% 4.4%
British Columbia	44.5 39.4	55.0%	45.0%	27.3% 28.0%	38.5% 58.5%	31.1% 8.1%	3.1% 5.4%
Canada	43.0 38.5	55.5%	44.5%	28.2% 27.6%	41.8% 59.7%	26.9% 7.3%	3.1% 5.3%

* Figures in yellow are taken from Statistics Canada : Annual Demographic Statistics (91-213-XIB) and the Labour Force Survey.

¹ Note that all amounts presented in this analysis represent the value declared by the bankrupt when filing for bankruptcy with the OSB.

After tax Income and Income Sources of Bankrupts

At the time of filing, the average after tax income of bankrupts in 2005 was below the average after tax income of individuals in 2004 in all regions (Table 2). In 2005, Alberta was the province where bankrupts had the highest average income at \$20,340 while Manitoba/Saskatchewan was the region with the lowest at \$17,383.

In Canada, 7.8% of bankrupts reported no income at the time of filing for bankruptcy. Ontario had the highest proportion of bankrupts with no income at 10.2%, while the Atlantic region had the lowest percentage at 5.1%.

Employment income was the most common source of revenue (58% to 70%) for bankrupts in all regions. In general, fewer than 17% of bankrupts had income derived from a pension or annuities or alimony payments.

The percentage of bankrupts who reported receiving employment insurance benefits correlates strongly to the respective unemployment rates per region. The Atlantic region had the highest unemployment rate in 2005 and 18.0% of bankrupts in that region reported

receiving employment insurance as a source of income. In contrast, the lowest unemployment rate was in Alberta in 2005 where only 3.9% of Alberta bankrupts reported receiving employment insurance as a source of income.

Quebec had the highest percentage (11.9%) of bankrupts with social assistance disclosed as a source of income in 2005. This percentage is two to four times as high as in any other region.

Bankrupts who reported receiving self employment income accounted for less than 9% in all regions.

Assets and Realizable Assets

The average value of estimated assets of bankrupts varied widely from region to region. The average value of estimated assets in Alberta was slightly more than \$50,000 while it was only \$14,600 in Quebec (Table 3). When looking at the nature of these assets, we find that the asset that represented the greatest value of the total assets is the house. In Quebec, only 10.1% of bankrupts listed a house as an asset for which the average value was \$81,775. In contrast, 26.4% of Alberta bankrupts disclosed a house as an asset for which the average value was \$144,100.

Table 2: Average After-tax Income and Income Sources of Bankrupts, 2005

Regions	Average After-tax Income		Bankrupts Without Income	Income Sources of Bankrupts					
	Bankrupts	Individuals*		Employment	Pensions and Annuities	Alimony	Employment Insurance	Social Assistance	Self-employment
Atlantic	\$17,557	\$21,600	5.1%	58.6%	14.1%	7.8%	18.0%	4.0%	2.5%
Quebec	\$18,043	\$24,300	6.2%	58.1%	17.3%	5.8%	11.4%	11.9%	3.6%
Ontario	\$18,911	\$28,500	10.2%	62.3%	14.4%	7.1%	5.4%	4.9%	5.7%
Manitoba/ Saskatchewan	\$17,383	\$24,000	8.2%	69.3%	12.0%	7.1%	5.4%	3.9%	6.9%
Alberta	\$20,340	\$29,600	7.9%	69.7%	11.2%	6.6%	3.9%	2.9%	7.4%
British Columbia	\$19,529	\$25,500	7.0%	61.2%	16.0%	6.9%	6.0%	4.2%	9.3%
Canada	\$18,635	\$26,400	7.8%	61.7%	14.9%	6.8%	8.5%	6.3%	5.5%

* Statistics Canada: After-tax income of individuals, Table 202-0602

Table 3: Average Assets Reported by Bankrupts

Regions	Average Assets of Bankrupts				
	Estimated Value	Exemption and Other Adjustments*	Secured Amount	Realizable Assets	Realizable Assets = 0
Atlantic	\$35,595	\$6,669	\$28,347	\$579	59.7%
Quebec	\$14,599	\$2,917	\$10,937	\$745	25.0%
Ontario	\$33,969	\$7,725	\$25,791	\$454	74.0%
Manitoba/Saskatchewan	\$44,579	\$16,084	\$27,855	\$640	65.9%
Alberta	\$50,860	\$12,396	\$37,947	\$517	69.9%
British Columbia	\$23,417	\$6,705	\$16,017	\$694	36.2%
Canada	\$29,890	\$7,117	\$22,180	\$594	53.6%

* This category includes the value of provincial exemptions, the cost of the realization of assets as estimated by the trustee and other adjustments.

Table 4: Average Debt Reported by Bankrupts and Debt/Asset and Debt/Income Ratios

Regions	Average Debt of Bankrupts			Ratio	
	Total Debt	Secured Debt	Unsecured Debt	Debt/Assets	Debt/Income
Atlantic	\$67,823	\$49,767	\$40,400	1.9	3.9
Quebec	\$44,245	\$37,897	\$33,697	3.0	2.5
Ontario	\$82,494	\$70,397	\$56,999	2.4	4.4
Manitoba/Saskatchewan	\$76,408	\$49,704	\$48,864	1.7	4.4
Alberta	\$85,752	\$75,461	\$48,108	1.7	4.2
British Columbia	\$75,798	\$45,211	\$59,601	3.2	3.9
Canada	\$69,619	\$56,371	\$47,791	2.3	3.7

The two, regions that showed the highest value of exempt assets and other adjustments², were Manitoba/Saskatchewan (\$16,084) and Alberta (\$12,396), while Quebec reported the lowest average value of exempt assets and other adjustments (\$2,917).

Realizable assets are determined by subtracting from the estimated value of the assets, the exempt value and other adjustments as well as the secured amount of the assets. Nationally, 53.6% of bankrupts had no realizable assets. This means that in general bankrupts

own practically nothing. However, the differences in the provincial exemptions may influence the value of the realizable assets. In fact, it can be said that even though Alberta bankrupts had average realizable assets of \$517, they may retain more assets after bankruptcy proceedings than Quebec bankrupts, who had average realizable assets of \$745.

Total Debts, Secured and Unsecured

In 2005, the average total debt of bankrupts in Canada was slightly less than \$70,000 (Table 4). Alberta and Ontario bankrupts had average debts of close to

² In this category, we consider the inter-regional variation as solely the result of the value of the exemptions that are specific to each province.

\$85,000, while the average debt of Quebec bankrupts was slightly more than \$44,000.

As we did with assets, when looking at the nature of these debts, we found that mortgages represented the main secured debt of bankrupts. In Quebec, only 9.4% of bankrupts reported having a mortgage with an average value of \$73,000. In contrast, 24.4% of Alberta bankrupts and 17.5% of Ontario bankrupts had a mortgage with an average value of \$121,000 and \$131,000 respectively.

The main unsecured debt carried most often by bankrupts is credit card debt. About 87% of bankrupts in Canada had credit card debt. The average amount of credit card debt varied from \$11,700 in the Atlantic region to \$20,200 in British Columbia. Canadian bankrupts had on average 3.6 credit cards in 2005. Bankrupts in the Atlantic region had on average the fewest number of credit cards at 3.0, while Ontario bankrupts had the most, 3.9 credit cards, on average.

The two most common measures of personal indebtedness are the debt to asset ratio and the debt to after tax income ratio. The 1999 Survey of Financial Security³ found that the average debt to asset ratio of Canadians was 0.16. In other words, the average Canadian had six times more assets than debts. In 2005, the average debt to after tax income ratio was 1.18. This means that the average Canadian would need 1.18 years of after-tax income to repay all of his/her debts.

The bankrupts' indebtedness ratios are very different from those of Canadians in general. In 2005, Alberta bankrupts had 1.7 times more debt than assets, while Quebec bankrupts had 3.0 times more debt than assets. Based on the debt income ratio, a Quebec

bankrupt would need on average 2.5 years of after tax income to repay all of his/her debts and an Ontario bankrupt would need on average 4.4 years. These figures show that there is a substantial regional variation in the value of these two ratios. These variations are closely linked to the regional differences in the value of assets and debts that we discussed in the previous sections.

Conclusion

Based on the preceding analysis, the typical bankrupt in Canada would have a 55% chance of being a male with an average age of 43 years. In 42% of cases he would be married or part of a couple. It should be noted that there are apparently four times more divorced/separated individuals in the bankrupt population than in the Canadian population. This could suggest a link between divorce, financial problems and recourse to bankruptcy. With only a few differences, this profile is equally valid at the regional level.

In all regions, the average after tax income of bankrupts is lower than that of individuals. The majority of bankrupts had employment income at the time of filing for bankruptcy.

The greatest regional differences were in the value of reported assets. The average estimated, exempt and secured values varied widely from one region to another. It also appears that a high estimated value is associated with a high exempt value. This latter observation may raise questions about the role played by exemptions in the decision to file for insolvency or not.

In closing, the analysis revealed that Quebecers had the lowest average total debt at \$44,000. The average total debt of Quebecers is slightly less than two times the average total debt of Albertans at \$86,000. These differences in average debt and in average assets also reflect the high regional variability in the two indebtedness ratios.

³ The assets and debts of Canadians: an overview of the results of the Survey of Financial Security, Statistics Canada, 13-595-XIE, March 2001.

Insolvency in Canada in 2005

Overview

In Canada in 2005, the number of new cases filed with the OSB rose by 0.8% to 111,807. This slight increase follows the 0.4% decrease recorded in 2004. In 2005, consumer insolvency experienced growth of 1.6%, bringing the number of new consumer files to 102,660. At the same time, business insolvency declined for the fourth year in a row. The decrease was 7.2%, and the number of new cases filed with the OSB totalled 9,147.

The moderate growth in consumer insolvency in 2005 can be explained by good job creation performance and low interest rates. These two factors probably mitigated the negative effects associated with the increase in the consumer debt ratio. In 2005, employment growth came in at 1.4% — 263,000 more full-time jobs and 30,000 fewer part-time jobs. Between the 4th quarter of 2004 and the 4th quarter of 2005, the average five-year mortgage rate decreased by 0.1 percentage point to 6.15%. The debt ratio continued to grow, registering at 119.3% in the 3rd quarter of 2005, which corresponds to an increase of 6.5 percentage points over the 3rd quarter of 2004.

The decrease in business insolvency is also related to the favourable economic climate. In 2005, gross domestic product (GDP) rose by 2.9%, compared with the increase of 2.7% posted in 2004. Strong domestic demand (consumer spending, business investment and government spending), accompanied by increased exports, explain the growth in GDP. The increase in the value of exports is largely attributable to the price of raw materials, particularly petroleum products, given that the value of exports of manufactured goods saw little change in 2005.

¹ Consumer proposals under Division I and II.

² Corporate proposals under Division I and sole proprietorship proposals under Divisions I and II.

³ The term “sole proprietorship” refers to non-incorporated businesses as opposed to corporations.

Table 1: Insolvency, Canada, 2004–2005

	2004	2005	Change (%)
Total	110,940	111,807	0.8%
Consumer	101,084	102,660	1.6%
Bankruptcies	84,426	84,638	0.3%
Proposals ¹	16,658	18,022	8.2%
Business	9,856	9,147	-7.2%
Bankruptcies	8,128	7,519	-7.5%
Proposals ²	1,728	1,628	-5.8%
Corporations	2,781	2,560	-7.9%
Sole proprietorships ³	7,075	6,587	-6.9%

Table 2: Insolvencies, regions, 2004–2005

	2004	2005	Change (%)
Atlantic			
Total	10,092	10,963	8.6%
Consumer	9,466	10,326	9.1%
Business	626	637	1.8%
Quebec			
Total	29,390	29,568	0.6%
Consumer	26,840	27,351	1.9%
Business	2,550	2,217	-13.1%
Ontario			
Total	42,453	43,979	3.6%
Consumer	39,341	40,687	3.2%
Business	3,112	3,292	5.8%
Manitoba/Saskatchewan			
Total	6,405	6,536	2.0%
Consumer	5,778	5,893	2.0%
Business	627	643	2.6%
Alberta			
Total	11,924	10,340	-13.3%
Consumer	10,065	8,898	-11.6%
Business	1,859	1,442	-22.4%
British Columbia			
Total	10,676	10,421	-2.4%
Consumer	9,596	9,509	-0.9%
Business	1,080	912	-15.6%

Insolvencies in the 6 major Canadian regions in 2005

In 2005, 4 of the 6 regions saw an increase in the number of new insolvency cases filed. The Atlantic region experienced the highest growth, with 8.6%, followed by Ontario with an increase of 3.6%, the Manitoba/Saskatchewan region with 2.0%, and Quebec with 0.6%. Alberta (-13.3%) and British Columbia (-2.4%) are the only two regions that experienced decreases. These differences may be explained in part by regional variations in job creation and GDP. The Atlantic and Manitoba/Saskatchewan regions saw respective reductions in jobs of 0.4% and 0.3%. British Columbia posted the highest growth in employment (3.8%) in 2005. In Alberta, employment rose by 1.8%, and average wages saw the highest increase of all Canadian provinces — 7.5% between December 2004 and 2005. GDP growth should be higher than the national average of 2.9% in British Columbia and Alberta, while Ontario should have the weakest GDP growth in 2005.

Consumer insolvency was up in 4 regions of the country. The Atlantic region experienced the highest increase (9.1%). Only the provinces of Alberta (-11.6%) and British Columbia (-0.9%) recorded decreases in consumer insolvency.

The number of consumer insolvency cases per thousand residents 18 years of age and older

remained practically unchanged in Canada in 2005. On the regional level, however, Alberta posted a decrease of 0.54 cases, going from 4.04 cases in 2004 to 3.50 cases in 2005, while the Atlantic region saw an increase of 0.44 consumer insolvency cases, reaching 5.52 cases per thousand residents in 2005.

Unlike in 2004, when all regions saw decreases in business insolvencies, only 3 out of the 6 regions posted decreases in 2005. The largest decline was in Alberta (-22.4%), while the largest increase was in Ontario (5.8%).

In Canada, the number of business insolvency cases per thousand businesses decreased by 0.13 cases, coming in at 4.07 cases in 2005. Alberta experienced a significant decrease of 1.19 cases, down to 4.70 cases. In 2005, British Columbia saw the lowest number of cases per thousand businesses, at 2.70, and the Atlantic region posted the highest rate, at 4.87.

Insolvencies by major economic sector in 2005

In 2005, the 8 major economic sectors posted a decline in the number of new business insolvency cases. The greatest decreases were recorded in transportation and communications (12.7%), wholesale and retail trade (-11.1%), manufacturing (-10.6%) and accommodation and food services (9.7%).

Figure 1: Number of consumer insolvency cases per thousand residents 18 years of age and over, Canada and regions

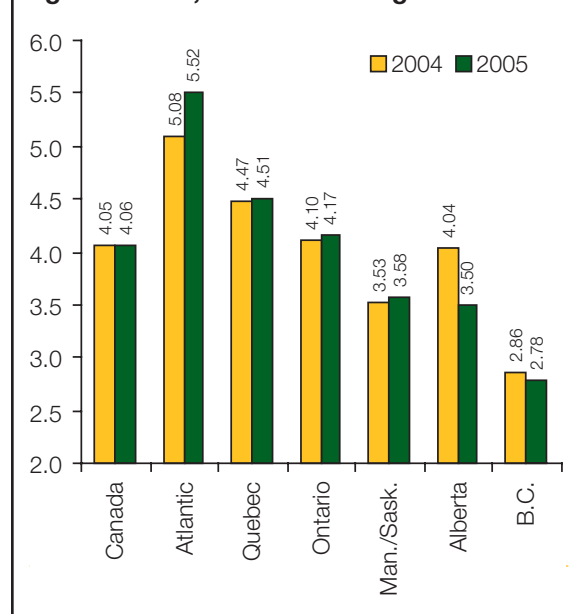


Figure 2: Number of business insolvency cases per thousand businesses, Canada and regions

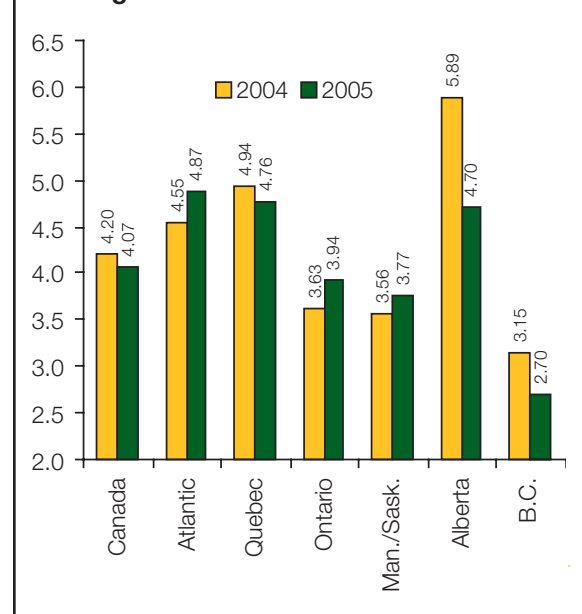


Table 3: Insolvencies by major economic sector, Canada 2004–2005

Sector	2004	2005	Change (%)
Primary	588	563	-4.3%
Manufacturing	988	883	-10.6%
Construction	1,586	1,554	-2.0%
Transportation and communications	1,103	963	-12.7%
Wholesale and retail trade	1,922	1,708	-11.1%
Finance, insurance and real estate	371	370	-0.3%
Services	2,195	2,111	-3.8%
Accommodation and food services	1,103	996	-9.7%
Total	9,856	9,147	-7.2%

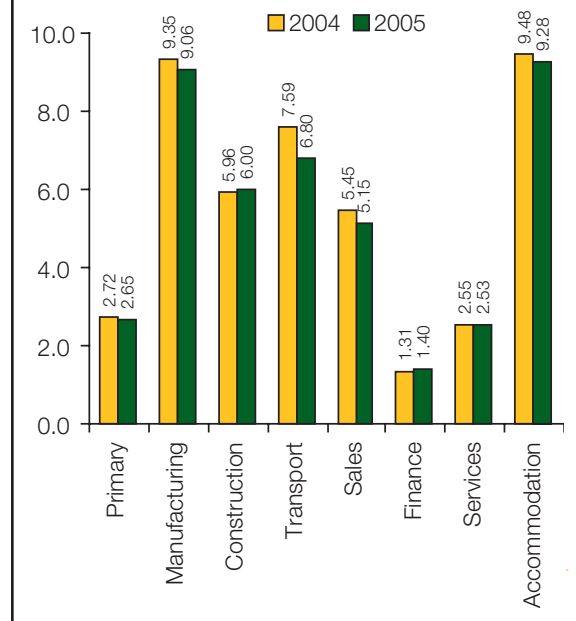
The finance sector still has the lowest number of insolvency cases per thousand businesses. In fact, there were only 1.40 cases per thousand companies in this sector in 2005. This contrasts sharply with the accommodation and food services sector, which saw the highest number of insolvency cases per thousand businesses in 2005 — 9.28. The transportation and communications sector posted a substantial improvement, dropping from 7.59 cases in 2004 to 6.8 cases in 2005. The wholesale and retail trade sector also experienced a significant decrease of 0.3 cases in 2005, to finish at 5.15 cases.

International insolvencies

In the United States the statistics from the first three quarters, ending September 30, indicate an increase of 14.5% in non-business insolvencies. This increase can be explained by the legislative reform that came into effect on October 17, 2005. The year may finish up with even higher growth given that in the weeks preceding the October legislative reform, there were record volumes of new bankruptcy cases. All indicators suggest that business insolvency will see

⁴ Statistics for the year 2005 will be available at the end of February.

Figure 3: Number of business insolvency cases per thousand businesses, major economic sectors



negative growth for a fourth year in a row. Over the first three quarters of 2005, business insolvency showed a decline of 0.4% among our neighbours to the south.

In the U.K., over the first three quarters of 2005, individual insolvency grew by 39.6%. Last year, legislative reform explained in part the annual growth of 31%. There may be an additional element involved in 2005, however. It appears that the U.K. is experiencing a crisis of consumer debt fed by credit card spending. The consumer debt ratio for that country went from 99% in 2000 to 142% in 2004. This trend continued in 2005. In the first three quarters of 2005, business insolvency increased by 5.0%. Growth in GDP that slowed from 3.2% in 2004 to 1.7% in 2005 could in large part explain this increase.

Conclusions

There was a 0.8% increase in the number of new insolvency cases filed with the OSB in 2005. The number of new consumer insolvency files rose by 1.6%. The number of new business insolvency cases, which decreased for the fourth year in a row, was down by 7.2%. Overall, this positive performance is attributable to a favourable economic climate. Regional

differences in job creation and GDP growth explain in large part the regional variations in business and consumer insolvency.

The year 2006 could be similar to 2005 both nationally and regionally. However, there are certain risks of which we must be aware. First, the level of consumer debt is more and more worrisome, as the current situation in the U.K. would appear to demonstrate. We could see a significant increase in consumer insolvencies if there should be another recession like the one in the early 90s. At that time, the level of consumer debt was 75%. This rate should be close to 120% by the end of 2005. An increase in mortgage rates could also put pressure on households needing to renew their mortgages. On the regional level, the recent announcements by automobile manufacturers could lead to a faster rate of growth for insolvency in Ontario, the Canadian province with the most direct and indirect jobs linked to the automobile industry. On the other hand, it is very difficult to evaluate the impact of this. Several factors can affect the situation of workers who lose their employment: age, transferable skills, the generosity of pension plans, severance pay, worker mobility...

Richard Archambault
Senior Economist
Office of the Superintendent of Bankruptcy
archambault.richard@ic.gc.ca

Insolvency Case Law

Our surveys show that readers are very interested in our caselaw summaries. Below are a few that we felt were worthwhile noting. If you have any decisions that you feel might be of interest to our readers, please submit them to the coordinator, who will ensure that summaries will be prepared and published in both official languages.

Please note that the summaries are not substitutes for the actual decisions.

In the Matter of Stelco Inc.

Ontario Court of Appeal The Honourable Justices Blair, Feldman and Goudge

Citation: 2005 CarswellOnt 1188
2005 WL 704688 (Ont. C.A.)

Facts: Stelco placed itself under the protection of the *Companies' Creditors Arrangement Act* (CCAA) in response to its financial difficulties. Michael Woolcombe and Roland Keiper, associates of Clearwater Capital Management Inc. and Equilibrium Capital Management Inc., worked through their companies to acquire a stake of close to 20% in Stelco. They both felt that significant changes in international steel markets had served to increase the value of Stelco shares. Following departures from the Board of Directors, and with the support of a significant percentage of shareholders, company directors appointed Woolcombe and Keiper to the Board. Their appointments came at a critical time in the restructuring process when the Board was studying various proposals from investors. The respondents represented workers and retired workers who were concerned that the two new directors would push for share value as opposed to proposals that would be favourable to employees in the long term.

The trial judge responsible for supervising the restructuring found it appropriate, fair, necessary and reasonable to remove the two newly appointed directors.

Issue: Does the discretionary power provided for in the CCAA give the judge responsible for Stelco's restructuring the power to cancel the appointment of these directors?

Decision: The trial judge erred in cancelling the appointment of directors Woolcombe and Keiper.

Discussion: In exercising his supervisory powers, a Superior Court judge does not exercise his inherent jurisdiction, but rather the statutory jurisdiction and discretion conferred on him by section 11 of the CCAA. This was therefore not a matter of exercising the power of a Superior Court, but rather the discretion flowing from a statutory provision.

The Court's role is simply to supervise the restructuring and everything associated therewith. The appointment of directors is not part of the restructuring process, but rather a normal aspect of company business. There might well be rare cases in which a judge acting under the CCAA would be justified in taking steps to remove directors by resorting to the *Canada Business Corporations Act*. The Court has occasionally availed itself of these powers in response to the conduct of directors, but never in anticipation of potential conduct. A judge supervising a company restructuring under the CCAA does not have the legislative authority to intervene in the appointment of directors. Directors are presumed to be of good faith up until proof to the contrary. In this case, the trial judge appears to have taken a different approach in rendering a decision based on potential, rather than proven misconduct.

In the Matter of Hover

Alberta Court of Appeal The Honourable Justices Fruman, Paperny, Rowbotham (ad hoc)

Citation: 2005 ABCA 101

Facts: Dr. Hover is an Alberta dentist who was found guilty of professional misconduct by the Alberta Dental Association (ADA) and ordered to pay fines, failing which his licence would be suspended without notice. The ADA offered him various payment options. Dr. Hover made a proposal under the *Bankruptcy and Insolvency Act* (BIA) that was accepted by his unsecured creditors.

Because the fine was not paid, the ADA suspended Dr. Hover's licence. The trustee and the ADA agreed to place the amount of the fine in trust until the matter could be resolved. On March 19, 2001 a Registrar in Bankruptcy held that the ADA was an unsecured creditor and could not suspend Dr. Hover's licence to practise dentistry. The ADA appealed the judgment and its determination as to the effects of the BIA on the suspension of a licence to practise dentistry and the imposition of fines.

Issue: Do the provisions of the Dental Profession Act (DPA) that allow the ADA to suspend a member's licence in conflict with the provisions of the BIA that release an insolvent debtor from unsecured claims and stay proceedings against the debtor?

Decision: The disciplinary process anticipated by the act governing the dentistry profession, when interpreted contextually, does not conflict with nor affects the fundamental elements of the BIA.

Discussion: The trustee's position is that the ADA's suspension power is being used as leverage to achieve a preferred position as creditor in the insolvency process. The ADA claims that its power is based on findings of professional misconduct and is used to enforce sanctions in order to protect the public.

If the Court accepted the trustee's arguments, the BIA could furnish any debtor with a professional licence unfettered by disciplinary procedures. That would turn the insolvency process into a way to sanitize disciplinary files, and the BIA would become a shield against the consequences of professional misconduct. The practice of dentistry is a privilege. In other words, Dr. Hover holds his licence; he does not own it. He is authorized to practise under certain conditions as long as he complies with the decisions of the ADA. His obligations as a debtor require him to pay a specific amount of money, but do not force him to practise dentistry in order to fully perform his proposal. The suspension of his licence does not, therefore, run counter to the proposal.

The suspension by the ADA is in keeping with its mandate and has no effect on the distribution scheme under the BIA. Thus, a professional body may lose its ability to collect a debt, but does not lose its ability to regulate the conduct of its members.

In the Matter of Pierre Roy & Associés Inc. v. Bagnoud

Quebec Court of Appeal The Honourable Justices Pelletier, Dalphond, Bich

Citation: 2005 QCCA 492

Facts: Appeal of a decision by the Quebec Superior Court rejecting a motion for the seizing of a bankrupt's registered retirement savings plan.

Following an employment change in 1998, the respondent requested the transfer of the funds accumulated in her registered pension plan from her ex-employer to the third party in this procedure, who is the fiduciary. Two documents, entitled "Trust

retirement savings plan” and “addendum”, were signed in order to make the transfer official. Nearly three years later, and a few months before the respondent made an assignment, she appointed her spouse as the designated beneficiary of the plan in the event of her death. The trustee of her estate tried to seize the money in the plan, but was refused on the grounds that it was unseizable.

The trial judge had concluded that there was permanent alienation of the funds in the savings plan in order to create an annuity. The Court had also confirmed that section 2457 of the Civil Code of Quebec applied, given that the term “spouse” includes a common-law partner as per the equality rights secured by the Charter of Human Rights and Freedoms.

Issues: Can the registered retirement savings plan as established by the respondent before her assignment be characterized as an annuity or as being held in a trust?

If so, can those funds be seized by the bankruptcy trustee?

Decision: The Court dismissed the appeal since the three conditions necessary for the establishment of a trust had been respected. Providing investment instructions does not negate the fact that it is the trustee who controls and administers the trust.

Discussion: According to the Court of Appeal, recent Supreme Court jurisprudence clearly sets five conditions for creating an annuity contract. In the case at hand, the judges concluded that only two of the five conditions had been met and that there was therefore no annuity contract: section 2457 of the Civil Code of Quebec does not apply.

The Court then considered the question of whether or not a trust had been created in this case. Section 1260 of the Civil Code of Quebec governs the creation of trusts and imposes three conditions, all of which were met. The documentation clearly demonstrated that there was an alienation of the asset, that it was appropriated for a particular purpose, and that a trustee had agreed to hold and administer it. A trust had therefore been created in which the funds were under the control of the fiduciary at all times. The right to give instructions for investment purposes is consistent with the existence of a trust, since those instructions were limited to stating preferences in response to the suggestions of the fiduciary.

In the Matter of De Marni

Supreme Court of British Columbia The Honourable Goepel

Citation: 2005 BCSC 685

Facts: The Superintendent of Bankruptcy lodged an appeal of a decision rendered by Registrar Saintry. The Registrar had concluded that the trustee could receive \$500 in fees from a secured creditor for performing a transfer and providing a quit claim on a real estate property without including it in his Summary of Receipts and Disbursements (SRD).

The trustee in this matter performed the transfer and provided the quit claim for the secured creditor without compensation for the estate because the bankrupt did not have equity in the property. The trustee was paid by the secured creditor and did not include the payment in his SRD. He claimed that he was providing a professional service independent of the administration of the bankruptcy estate, much as he would do in evaluating a security for a mortgage creditor. The Registrar accepted the argument that since there was no equity involved, the real estate property was held by the secured creditor and not the bankrupt.

Issue: Did Registrar Saintry err in agreeing that the trustee was working for a secured creditor, that this activity was not linked to his status as trustee of the estate, and that he therefore did not have to include it in his SRD?

Decision: The trustee was not acting on behalf of the secured creditor, but rather as trustee of the bankruptcy. The fee should therefore be included in his SRD.

Discussion: The Registrar’s conclusion was flawed because it goes against current jurisprudence, which holds that the bankrupt was the true owner of the property. The Court therefore concluded that only the trustee would have been able to make the transaction and receive payment for it based on his status as trustee in the bankruptcy. To perform the transaction, the trustee first had to register the assignment with the Land Title Office in order to obtain title to the property. In doing so, he was not acting as agent for the creditor, but in fact as trustee in the bankruptcy. Because the fee was related to his duty as trustee, he must include it in the SRD.

In the Matter of the Bankruptcy of 501666 B.C. Ltd. (c.o.b. Electric Zoo Graphics)

**Supreme Court of British Columbia
The Honourable Justice Curtis
March 16, 2005**

Facts: On March 27, 1997, Electric Zoo Graphics (EZG) granted Dr. Bridger, its President and Chairman of the Board of Directors, a general security agreement over its personal property. On October 22, 1998, the Board passed a resolution to the effect that the company was insolvent and would make a proposal. The list of creditors attached to the notice of intention did not include the \$159,155.03 debt owing to Dr. Bridger, secured by a security agreement. Dr. Bridger never filed a proof of claim. On November 9, 1998, an assignment for the general benefit of the creditors was signed by Dr. Bridger, and on November 12, a certificate was issued naming the trustee in bankruptcy. At the meeting of inspectors, it was decided that the trustee would make arrangements to sell the company's property. Only after the sale of the personal property was the trustee informed of Dr. Bridger's security. Disbursements of \$43,528.77 were paid to Dr. Bridger, less a levy of \$2,176.44 claimed under section 147 of the BIA. The Superintendent appealed the decision of the Registrar to disallow the levy.

Issue: Should the Superintendents's levy be applied to the dividend paid to a secured creditor who has not filed a proof of claim?

Decision: Where payment to a secured creditor is made through the administration of the bankruptcy by the trustee, acting in that capacity, the levy is payable even if the creditor has not filed a proof of claim.

Discussion: In his initial decision, the Registrar has found that he was bound by the decision of Madame Justice Saunders in *Re Brittain Steel*, which stated that the levy under section 147 of the BIA was not payable where the secured creditor had not filed a proof of claim. Upon review of the *Brittain Steel* case, the Court found that it was distinguishable from the present one. In *Brittain Steel*, the trustee was acting as an agent for the secured creditor when realizing upon the property. In the case at hand, the trustee was acting in his capacity as trustee and on the instructions of the inspectors when realizing upon the personal property. The Court found it more appropriate to apply the conclusions of Justice Farley in the *Alger Press* case

and of Justice Bernard in the *Meubles Daveluyville Ltée* case, which state that the Superintendent is entitled to the levy when a payment to a secured creditor is made through the administration of the bankruptcy by a trustee, even if proof of claim has not been filed by the creditor.

Raymond Chabot Inc. v. Canada (A.G.)

**Quebec Superior Court
The Honourable Justice Grenier**

Citation: 2005 JQ 3781

Facts: Following a complaint, Raymond Chabot Inc., trustee in bankruptcy, was summoned to appear before the Superintendent's Delegate to answer allegations of breach of professional duty. The applicant responded by filing a motion for a declaratory judgment on the judicial independence and impartiality of the Superintendent of Bankruptcy, to which the latter responded with a motion to dismiss. After a long series of discussions, motions, and a first instance decision in favour of the Superintendent, the matter was appealed.

Issues: Is institutional independence to be presumed in the case of a neutral legislative text?

Must it be specified in the text that creates the institution or is the established procedural system sufficient?

Decision: In the absence of evidence providing for a review of the actual structure put in place by the Superintendent, it is impossible to conclude that sections 14.01 and 14.02 guarantee the independence and impartiality of the Superintendent.

Discussion: Representatives of the Superintendent claimed that this issue was settled by the Quebec Court of Appeal in the *Métivier* decision. The trustee contested this by stipulating that although *Métivier* dealt with the same provisions, it did not do so in light of the principles established by the Supreme Court of Canada.

The Supreme Court has developed two approaches for examining the issue of independence in a quasi-constitutional context. Justice Sopinka takes a pragmatic approach while Chief Justice Lamer takes a theoretical approach. Mr. Lamer is of the opinion

that institutional independence cannot be reconciled with a neutral legislative scheme, while the former Mr. Sopinka feels that operational realities must be taken into account.

The three components of institutional independence are irremovability, financial security and administrative control. The first two are not found in the BIA. As for administrative control, in *Métivier v. Mayrand*, [2003] R.J.Q. 3035, the Quebec Court of Appeal prevented the use of the necessary contextual analysis leading to an effective ruling. In other words, the Court in the case at bar was precluded from examining the practices established by the superintendent to ensure the impartiality of its adjudicators. Following the decision in *Métivier*, the Court could not opt for the operational test proposed by Justice Sopinka in *Canadian Pacific Ltd. v. Matsqui Indian Band* [1995] 1 S.C.R. 3. Hence, the motion for dismissal was rejected.

The strict test proposed by Justice Lamer necessarily leads to the conclusion that the roles of investigator, prosecutor, and decision maker all reside with the Superintendent. As a result, the possible combination of these functions creates a reasonable apprehension of bias, which is incompatible with the concept of institutional independence flowing from a neutral legislative scheme.

Professional Conduct Matters

In accordance with the *Policy on Publicizing Professional Conduct Matters*, we publish, as they become available, summaries of decisions on professional conduct cases. Of course, such summaries are not substitutes for the actual decisions and those interested in learning more about the decisions in this area should consult the full text on our Website (<http://osb-bsf.gc.ca>) under the heading "Trustees" and the sub-heading "Licensing and Professional Conduct".

Any questions regarding the publication of these decisions should be addressed to the Clerk of the Hearing Record Registry, Vivian Cousineau. She can be reached by regular mail at 301 Elgin Street, 2nd Floor, Ottawa, Ontario, K2P 2N9, by phone at (613) 941-2694, by fax (613) 946-9205 or by e-mail at cousineau.vivian@ic.gc

Important Notice

While we always strive to accurately summarize the case law presented in the *OSB Newsletter*, it does happen from time to time that we inadvertently make mistakes in our summaries.

The summary of the Superintendent's Delegate decision in the matter of the professional conduct file of Pierre Guay, holder of individual trustee licences contained on page 12 of the OSB Newsletter 2005-7 indicated that:

Please note that the licence of trustee Pierre Guay was suspended for a period of **three weeks** under the said conditions, **and not three years**. This being said, the summary should have read as follows:

"Sanctions: Finally, the Delegate ordered that the licence of trustee Pierre Guay be suspended for a period of three weeks under the same conditions. If the trustee does not comply with all the orders of the Delegate, he will be in default pursuant to paragraph 13.2(5)b) of the BIA."

Please note that the suspension began on October 25, 2004 and ended three weeks later.

This mistake was unintentional and we sincerely apologize for any inconvenience this may have caused the trustee Pierre Guay, others concerned and our readers.

In the Matter of the Professional Conduct of Sydney H. Pfeiffer and Pfeiffer & Pfeiffer Inc.

The Honourable Benjamin Greenberg Delegate of the Superintendent of Bankruptcy July 13, 2005

Facts: On December 16, 2003, Senior Analyst Sylvie Laperrrière presented a professional conduct report to the Superintendent in which she alleged that the trustee had committed offences under the BIA, particularly in relation to banking operations. In June 2004 counsel for the trustees asked the Federal Court to review the Superintendent's decision to appoint the Senior Analyst who had conducted the investigation to date. The Delegate rendered an interlocutory decision on October 29, 2004 in which he refused to grant a stay of proceedings on the basis that there was no *lis pendens* since the two processes were separate and

distinct. The Delegate also concluded that he did not have jurisdiction to grant a stay of proceedings. Furthermore, he stated that even if a higher judicial authority found that he did have jurisdiction, he would refuse the stay of proceedings based on the circumstances of the case. The hearing proceeded without the trustees, who refused to participate.

Issues: Are the trustees accountable for the actions that were raised in the report?

What should be the sanction?

Decision: The Delegate cancelled the corporate licence of Pfeiffer & Pfeiffer Inc. and the licence of Sidney H. Pfeiffer, and ordered the restitution of \$160,244.45 to six bankruptcy estates.

Discussion: The trustees committed offences related to their administration of bank accounts. Among other things, they transferred surplus funds from their consolidated trust account maintained at the Royal Bank of Canada to pledge as security for amounts they owed to National Bank Financial. Moreover, they withdrew fees and disbursements without the required authorization. During the audit, they provided agents of the OSB with doctored portfolio statements. In brief, they repeatedly breached: sections 5(5), 13.5, 25(1), 25(1.3), 26(1), 152(1) and 197(4) of the BIA; sections 34, 36, 37, 39, 45, 48, 61(2)c) and 61(2)e) of the Rules; and provisions of Directives 5, 13 and 24.

In the Matter of the Professional Conduct of John Hainsworth Todd, Individual Trustee, and Todd McMahon Inc., Corporate Trustee

**The Honourable Perry Meyer, QC
Delegate of the Superintendent of Bankruptcy
May 27, 2005**

Facts: Up until 1999, John H. Todd worked for a corporate trustee and did not have the right to use his individual licence. In 1999, he left the firm to establish his own corporation. He was still waiting to be granted a corporate trustee licence when debtors consulted him to file a joint consumer proposal. In order to file that proposal, Todd retained the services of Orrell, an individual trustee. The proposal was filed by Orrell

under the corporate licence of his employer, Deloitte Touche, on condition that in time, Todd would transfer it to his own corporate licence. By late 2002, Orrell had left the firm and Deloitte realized that it was the administrator of the consumer proposal. In May 2003, Deloitte filed a notice of motion for an order substituting it for Todd retroactively to 1999, which motion was granted the same month. Meanwhile, Todd was insisting that the substitution was unnecessary as everyone involved knew that he was the administrator of the proposal. In 2001, the British Columbia Supreme Court annulled the proposal because of Todd's administrative deficiencies. This decision triggered the Superintendent's investigation. The job of inquiring into the trustee's professional conduct was assigned to the Senior Disciplinary Analyst in 2002. She submitted her report in 2004.

Issues: Is the trustee responsible for the deficiencies attributed to him?

Did the delay between the start of the investigation in 2002 and the presentation of the report in 2004 prevent the trustee from having a fair hearing?

Decision: The Delegate held the trustee responsible for his actions on the basis of clear and convincing evidence established by the Analyst. He rejected the argument that the principles of natural justice had been denied because of the lapse of time between 2002, the year that the investigation was begun, and 2004, when the report was submitted.

Discussion: At the beginning of the proceedings, the trustee claimed that any deficiencies in his administration were mitigated by the particular circumstances in that they resulted from the fact that he did not have the legal power to administer the consumer proposal. Nevertheless, his position changed during the proceedings. After trying in vain to justify his actions, the trustee argued that the lapse of time between the moment the investigation was triggered in 2002 and the submission of the SDA's report in 2004 had caused him prejudice. The Delegate decided that proof of this prejudice had not been established. The evidence only served to further demonstrate that any confusion in this file was the sole responsibility of the trustee. The Delegate invited the parties to send their written submissions with regard to sanctions.

Regulations Amending the Orderly Payments of Debts Regulations

The Office of the Superintendent of Bankruptcy would like to inform you that the *Regulations Amending the Orderly Payments of Debts Regulations* were registered by the Clerk of the Privy Council on May 31, 2005 (SOR/2005-168) and published in the *Canada Gazette*, Part II on June 15, 2005 (Vol. 139, No. 12). These Regulations come into force on the day on which they were registered.

You may consult the OSB's Web site at: www.osb-bsf.ic.gc.ca or the *Canada Gazette's* Web site at: www.canadagazette.gc.ca to view the amended Regulations.

The primary objective of the amendments was the addition of the term "common-law partner" to the *Orderly Payment of Debts Regulations*. In 2000, The *Modernization of Benefits and Obligations Act* (S.C. 2000, c.12) amended 68 federal statutes, including the *Bankruptcy and Insolvency Act*, in order to assign the same benefits and obligations to all couples who have been cohabiting in a conjugal relationship for at least one year, whether of the opposite sex or same sex. As a result, the notion of "common-law partner" was added to the *Bankruptcy and Insolvency Act* and the *Orderly Payment of Debts Regulations* have therefore been amended accordingly.

These amendments also result from the 1985 revision of the statutes of Canada, which led to a renumbering of the paragraphs in Part X of the *Bankruptcy and Insolvency Act*. In certain places, the *Orderly Payment of Debts Regulations* make reference to the provisions of the *Bankruptcy and Insolvency Act*. The numbers of the paragraphs so cited were never modified following the renumbering of the provisions of the *Bankruptcy and Insolvency Act*. The amendments rectify this situation which, as a result, will improve and facilitate the understanding of the *Orderly Payments of Debts Regulations* for the reader.

The Regulations also bring minor modifications to the wording of the *Orderly Payment of Debts Regulations* in order to harmonize them with the *Bankruptcy and Insolvency Act*.

Finally, the amendments consist of housekeeping corrections and clarifications which involve changes of

an administrative nature. They do not impose any new restrictions or obligations.

For additional information on this matter, please do not hesitate to contact Josée Pilotte, Policy Analyst, by phone at (613) 948-5007, by fax at (613) 948-4080 or by e-mail at pilotte.josee@ic.gc.ca

Rules Amending the Bankruptcy and Insolvency General Rules (SOR/2005-284)

The Office of the Superintendent of Bankruptcy would like to inform you that the *Rules Amending the Bankruptcy and Insolvency General Rules* were registered by the Clerk of the Privy Council on August 31, 2005 (SOR/2005-284); published in the *Canada Gazette*, Part II on September 21, 2005 (Vol. 139, No. 19) and, tabled in Parliament on October 21, 2005. Please note that these Regulations came into force on the day on which they were registered.

You may consult the OSB's Web site at: www.osb-bsf.ic.gc.ca or the *Canada Gazette's* Web site at: www.canadagazette.gc.ca to view the amended Regulations.

The *Bankruptcy and Insolvency General Rules* were amended in accordance with the recommendations of the Standing Joint Committee for the Scrutiny of Regulations. The amendments involved adding, changing, or removing terms to the *Bankruptcy and Insolvency General Rules* to make them easier for readers to understand.

Moreover, the amendments corrected errors in translation and unclear terms as recommended by the Standing Joint Committee for the Scrutiny of Regulations.

Finally, the amendments make it easier for readers to understand the *Bankruptcy and Insolvency General Rules* by employing clear terms and expressions. They do not impose any new restrictions or obligations.

For additional information on this matter, please do not hesitate to contact Josée Pilotte, Policy Analyst, by phone at (613) 948-5007, by fax at (613) 948-4080 or by e-mail at pilotte.josee@ic.gc.ca

OSB Publications

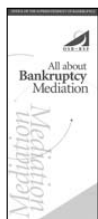


Dealing with Debt: A Consumer's Guide to Bankruptcy explains the options available to debtors who face insurmountable debts. It remains the most requested publication at Industry Canada. From April 1, 2005, to March 31, 2006, 65,168 English copies and 25,182 French copies distributed. The publication number is: RG64-5/1998-1E (English) and RG64-5/1998-1F (French).

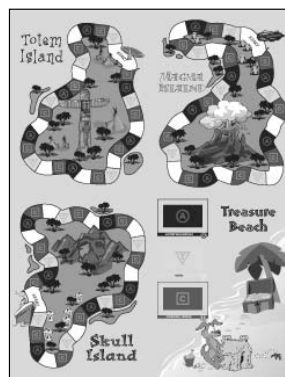


The *OSB Newsletter* is the OSB's main communication tool for stakeholders. The next edition will be issued in the summer of 2006. Available in bilingual format. There is no publication number for this publication but there is an ISSN series number: ISSN 1705-5237

Please note that limited copies are available.



All About Bankruptcy Mediation is a pamphlet explaining under what circumstances a debtor may ask for mediation services from the OSB. Available in a bilingual format. The publication number is: RG64-9/1998



Decisions — Educational Game for Youth for ages 7 to 10 year olds is a game created by teenage volunteers and touches on items such as the difference between a want and a need and the difference between a good and a service. The publication number is: Iu76-4/6-2006E (English) and Iu76-4/6-2006F (French).



The *Inspector's Handbook* is a guide for creditors or their representatives who've been appointed as inspectors of an estate. The publication number is: Iu76-1/2005E (English) and Iu76-1/2005F (French).



The *Insolvency Case Law Digest* for 2004 contains summaries of over 50 court decisions in insolvency matters. Available in a bilingual format. The publication number is: Iu73-2/2004

Please note that the 2005 version is expected for July.

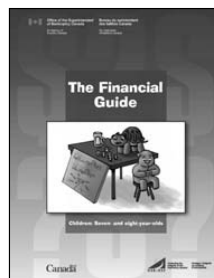


The Financial Guide — Children: Five and Six-year-olds is a booklet for parents of kids of this age group. It contains information on what kids should know about financial matters as well as games and activities to play. It can also be used by educators, babysitters and other adults who have a role in educating children. The publication number is: Iu76-4/1-2006E (English) and Iu76-4/1-2006F (French).

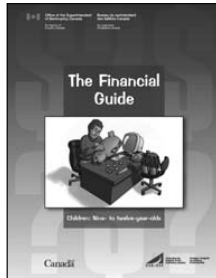


An Overview of Canadian Insolvency Statistics up to 2004 contains interesting insolvency statistics and socio-economic profiles of debtors in Canada. Available in a bilingual format. The publication number is: Iu73-1/2004

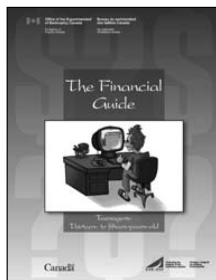
Please note that this is a biennial publication. The next version will be for statistics going up to 2006 and it is expected in the spring of 2007.



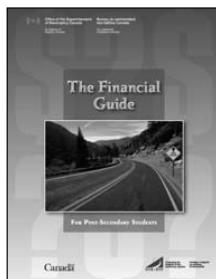
The Financial Guide — Children: Seven and Eight-year-olds is a booklet for parents of kids of this age group. It contains information on what kids should know about financial matters as well as games and activities to play. It can also be used by educators, babysitters and other adults who have a role in educating children. The publication number is: Iu76-4/2-2006E (English) and Iu76-4/2-2006F (French).



The Financial Guide — Children: Nine to Twelve-year-olds is a booklet for parents of kids of this age group. It contains information on what kids should know about financial matters as well as games and activities to play. It can also be used by educators, babysitters and other adults who have a role in educating children. The publication number is: Iu76-4/3-2006E (English) and Iu76-4/3-2006F (French).



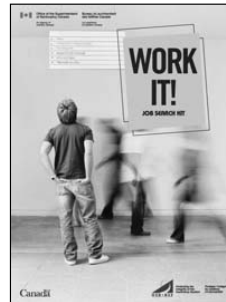
The Financial Guide — Teenagers: Thirteen to Fifteen-years-old is a booklet for parents of kids of this age group. It contains information on what teens should know about financial matters as well as corresponding activities. It can also be used by educators, guidance counsellors and other adults who have a role in educating these teens. The publication number is: Iu76-4/4-2006E (English) and Iu76-4/4-2006F (French).



The Financial Guide for Post-Secondary Students is a guide for students about to undertake or who have just begun post-secondary studies. It contains information on how to budget while you're a student, finding an apartment, looking for a summer job, etc. The publication number is: Iu76-2/2005E (English) and Iu76-2/2005F (French).



Educational Cartoon Strips is a booklet prepared by teenage volunteers. It contains five cartoons strips with a financial lesson in each one. Available in a bilingual format. The publication number is: Iu76-3/2005



The *Work It! Job Search Kit* is for adults who would like to organize a workshop for teens who are about to search for a job for the first time. It contains PowerPoint presentations on how to prepare a résumé and covering letter as well as tips on how to succeed an interview. The publication number is: Iu76-4/5-2006E (English) and Iu76-4/5-2006F (French).

When someone wishes to order copies of an OSB publication (e.g. *Dealing with Debt*, *Educative Cartoon Strips*, etc.) or any federal government publication, please refer them to:

Publishing and Depository Services
Public Works and Government Services Canada
Ottawa ON K1A 0S5

Tel. (toll-free): 1 800 635-7943 (Canada and U.S.)
Tel. (local): (613) 941-5995
TTY: 1 800 465-7735
Fax (toll-free): 1 800 565-7757 (Canada and U.S.)
Fax (local): (613) 954-5779
Email: publications@pwgsc.gc.ca

Exception: The OSB Newsletter. We have a limited quantity of the OSB Newsletter. Please e-mail the OSB Corporate Secretary at cousineau.vivian@ic.gc.ca to enquire about the availability of this publication.

General Order Form
Fax to (613) 954-5779

Name: _____

Address: _____

City _____

Province: _____ Postal Code: _____

Telephone: _____ Fax: _____

Title	Number of copies requested
--------------	-----------------------------------

Bilingual Publications

All About Bankruptcy Mediation (RG64-9/1998)

An Overview of Canadian Insolvency Statistics (Iu73-1/2004)

Insolvency Case Law Digest (Iu73-2/2004)

OSB Newsletter (ISSN 1705-5237)

Educational Cartoon Strips (Iu76-3/2005)

English Publications

Dealing with Debt (RG64-5/1998-1E)

Inspector's Handbook (Iu76-1/2005E)

The Financial Guide — Children: Five and Six-year-olds (Iu76-4/1-2006E)

The Financial Guide — Children: Seven and Eight-year-olds (Iu76-4/2-2006E)

The Financial Guide — Children: Nine to Twelve-year-olds (Iu76-4/3-2006E)

The Financial Guide — Teenagers: Thirteen to Fifteen-year-olds (Iu76-4/4-2006E)

The Financial Guide for Post-Secondary Students (Iu76-2/2005E)

Decisions — Educational Game for Youth (Iu76-4/6-2006E)

Work It! Job Search Kit (Iu76-4/5-2006E)

French Publications

Se sortir de l'endettement (RG64-5/1998-1F)

Guide des inspecteurs (Iu76-1/2005F)

Le guide financier — Enfants de cinq et six ans (Iu76-4/1-2006F)

Le guide financier — Enfants de sept et huit ans (Iu76-4/2-2006F)

Le guide financier — Enfants de neuf à douze ans (Iu76-4/3-2006F)

Le guide financier — Adolescents de treize à quinze ans (Iu76-4/4-2006F)

Le guide financier — L'étudiant de niveau postsecondaire (Iu76-2/2005F)

Décisions — Jeu éducatif pour les jeunes (Iu76-4/6-2006F)

Mon boulot! Atelier sur la recherche d'emploi (Iu76-4/5-2006F)

The OSB and Debtor Education

Over the past 25 years, we have witnessed an explosion in the amount of credit offered to Canadian consumers. This growth in the use of credit has been accompanied by a sharp increase in consumer use of insolvency procedures. Several studies have demonstrated that many consumers have a poor understanding of credit and the harmful consequences of excessive debt. That's why the OSB is dedicated to teaching consumers of all ages about the importance of financial planning, the appropriate use of credit, and ways to avoid or emerge from excessive debt. For more information about dealing with debt, visit: www.osb-bsf.ic.gc.ca

OSB employees are often invited by schools and community groups to make presentations on issues associated with excessive debts. The OSB recently published a series of booklets and a board game dealing with financial education.

Each tool includes a short introduction explaining the OSB and the role of bankruptcy trustees. If you would like to use these publications for presentation purposes, to display in your office waiting areas, etc.,

or if you know teachers who would be interested, we encourage you to order copies using the attached form. Note that these tools are free of charge.

The Volunteer Program

Ontario students are required to do 40 hours of volunteer work in order to obtain their high school diploma. The OSB is pleased to offer these young people an opportunity to do volunteer work which will be of use to them in their own lives. Every year since 2003, high school students from the national capital area have worked at the OSB for one week to develop a debtor education program. They help to produce material to be used for the financial education of various age groups, particularly young children.

The OSB is proud of this program which enables young people to integrate themselves into a work environment at the same time as it contributes to their social awareness in terms of personal finances. We hope to continue to offer other young people the chance to participate in this activity

The "Decisions" board game is the fruit of the efforts of our first group of volunteers.

The "Educative Cartoon Strips" are another example of the many talents these volunteers have to offer.

OSB Newsletter

If you have any questions or comments regarding this Newsletter or suggestions for future ones, please address them to the Newsletter Coordinator, Vivian Cousineau. She can be reached by regular mail at 301 Elgin Street, 2nd Floor, Ottawa, Ontario, K2P 2N9, by phone at (613) 941-2694, by fax at (613) 946-9205 or by e-mail at cousineau.vivian@ic.gc.ca

Coordinator

Vivian Cousineau

Graphic Design

Roger Langlois

Editing Services

Anny Robert

Translation Services

Jasmine Fréchette

Contributing Authors

Richard Archambault

Vivian Cousineau

Sidney Elbaz

Steve Joannis

Marc Mayrand

Josée Pilotte

Patrick Veilleux