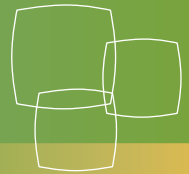




# OSB Newsletter



Volume 2008-10

## Message from the Superintendent



### Being Accountable

As the new Superintendent of Bankruptcy, I am delighted, by way of this Newsletter, to share with you some of the priorities of the Office of the Superintendent of Bankruptcy (OSB), and the direction that the organization will be pursuing in the upcoming years.

The clear priority and accountability for the OSB this year is to successfully implement the new legislative reforms and to reduce paper burden, all of which involves updating and changing information systems, Regulations, OSB Directives, and requires providing additional training for our staff. Furthermore, we will be preparing and disseminating information to all stakeholders concerning the upcoming changes.

The main and ongoing challenge for any regulatory body is to ensure that the regulator administers its regulatory framework in an efficient, effective and fair manner, and that the regulator remains current and can respond in a timely

way to the needs of stakeholders as well as to the demands of the marketplace. To continue meeting this challenge, the OSB will undertake to improve further its program management, evaluation framework, and to implement a broader management accountability framework. This is consistent with the direction of the federal government at large. Additionally, and like many other organizations, we must address the demands for faster recruitment, training and development as we prepare for the anticipated loss of talent through retirement over the next five years.

The OSB is committed to the delivery of an effective service that protects the public interest within our mandate and that is responsive to Canadians and to stakeholders. It will also go on providing its services in a professional, open, impartial, and fair manner.

Over the years, the OSB has delivered its mandate effectively with dedicated and knowledgeable staff, and I am very proud to be able to lead this organization over the coming years.

Yours,

James Callon

### James Callon – Profile

#### Education

- University of Guelph, Degree – B.A. in Economics 1978
- University of Calgary, Diploma – Human Resource Management 1983

#### Professional Experience

- Toronto-Dominion Bank, 1978-1980
- Alberta Department of Labour 1980-1981
- Alberta Labour Relations Board 1981-1984
- Canada Labour Relations Board 1984-1998
- Federal Department of Finance 1998-2002
- Financial Consumer Agency of Canada, 2002-2008

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### Legislative and Regulatory Reform – Update

In June 2005, the Honourable David L. Emerson, Minister of Industry, and the Honourable Joe Fontana, Minister of Labour and Housing, announced that the Government of Canada had introduced a comprehensive insolvency reform package in Parliament to modernize the *Bankruptcy and Insolvency Act* (BIA) and the *Companies' Creditors Arrangement Act* (CCAA), as well as to create the legislative framework for the *Wage Earner Protection Program* (WEPP). In fact, extensive consultations with stakeholders showed a broad consensus that reforms were needed to ensure that Canada's insolvency system better responds to the needs of business, consumers and investors. The legislative reform package was tabled in the House of Commons on June 3, 2005, as Bill C-55, *An Act to establish the Wage Earner Protection Program Act, to amend the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act and to make consequential amendments to other Acts*. The Bill received Royal Assent on November 25, 2005, thereby becoming *Chapter 47 of the Statutes of Canada, 2005 (Chapter 47)*. Canada's new government signalled the need for certain technical amendments to be made to *Chapter 47* before it could be brought into force. These technical amendments were contained in Bill C-62, *An Act to amend the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act, the Wage Earner Protection Program Act and chapter 47 of the Statutes of Canada, 2005 (Bill C-62)*.

Bill C-62 was introduced in the House of Commons on June 12, 2007, by the Honourable Jean-Pierre Blackburn, Minister of Labour. The Bill passed all three readings in the House of Commons on June 13 and 14, 2007, and received first reading in the Senate on June 14, 2007. Parliament was prorogued in September 2007, thereby ending the session of Parliament. All government bills that had not received Royal Assent prior to prorogation died on the order paper.

The Bankruptcy Reform package was reintroduced in the new session of Parliament as Bill C-12, *An Act to amend the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act, the Wage Earner Protection Program Act and chapter 47 of the Statutes of Canada, 2005*, on Thursday,

October 25, 2007, on a motion that was approved by all parties. The Bill passed all three readings in the House of Commons on October 29, 2007, received first reading in the Senate on October 30, 2007, second reading on November 15, 2007, third reading on December 13, 2007 and received Royal Assent on December 14, 2007, thereby becoming *Chapter 36 of the Statutes of Canada, 2007 (Chapter 36)*.

In the meantime, the Office of the Superintendent of Bankruptcy has begun to assess the regulatory changes needed to give effect to the new requirements of the BIA and CCAA under *Chapter 47* and *Chapter 36*. The OSB is also making modifications to its information systems to ensure compliance with the legislative and regulatory amendments. These modifications are to be implemented on the day that the amendments to the legislation and regulation come into force.

#### **The Wage Earner Protection Program Act has come into force**

As announced by the Minister of Labour on July 7, 2008, the *Wage Earner Protection Program Act* (WEPPA) and regulations thereunder have come into force. Please note that an Order-in-Council was also signed by the Governor-General-in-Council, bringing into force certain sections of the *Bankruptcy and Insolvency Act* (BIA) on July 7, 2008. In short, the provisions reduce the student loan discharge period and the period before which an application can be made to court for discharge on the basis of hardship, provide protection of Registered Retirement Savings Plans (RRSPs), and bring into force provisions regarding International Interests in Mobile Equipment (Aircraft Equipment). The regulations supporting the WEPPA and these BIA changes also came into force on July 7, 2008. The final regulations were published in the *Canada Gazette*, Part II, on July 23, 2008.

For any questions relating to the operation of the WEPPA, please contact Service Canada at 1-800-O-Canada.





### Debtor Compliance

#### Working together to Support the Integrity of the Insolvency System

A recent case from the Eastern Region demonstrates how cooperative actions involving the Office of the Superintendent of Bankruptcy (OSB), creditors, and the trustee community can generate positive results. Referred to the Debtor Compliance team as part of the national systemic issue of personal income tax debts, the Torrville estate involved:

- A physician whose personal income tax debt exceeded \$1.7 million;
- the tax debt related to tax years 1993 through 2004; and
- the debtor had significant surplus income.

Actions taken by the Debtor Compliance team included:

- the Official Receiver's examination identified significant concerns with respect to the debtor's conduct;
- the Official Receiver's report pursuant to subsection 161(2) of the BIA made specific recommendations as to the appropriate terms of discharge;
- the OSB formally objected to the debtor's discharge in conjunction with both the trustee and the Canada Revenue Agency (CRA); and
- the OSB attended the debtor's discharge hearing and made representations to the court in conjunction with both the trustee and the CRA.

Highlights of the terms of discharge issued by the court include:

- the debtor's discharge was suspended for a period of 60 months;
- the debtor's discharge was made conditional upon payment of \$150,000 by way of 60 monthly payments of \$2,500;
- the terms of discharge addressed the interests of both unsecured creditors and CRA's secured claims; and

- the discharge order was crafted in a manner that will allow the trustee to deal with potential fluctuations in the income of the debtor during the life of the order.

Effective communication and cooperative effort on the part of the various stakeholders was, in this case, a critical success factor.

### Criminal Investigations Unit

#### Convincing results of a deterrent effect

The year 2007 was a very productive one for the Criminal Investigations Unit (CIU) in Montréal. Prosecutors from the Public Prosecution Service of Canada succeeded in handling all the cases turned over to them by our CIU investigators.

Over 60 debtors were indicted in 2007 on a total of 799 charges under the Criminal Code and/or the *Bankruptcy and Insolvency Act*. These debtors joined the group of 42 others who have undergone legal proceedings since the CIU was set up.

To date, 49 debtors have been found guilty and have received a prison term ranging from 6 to 18 months, a conditional sentence from 15 to 24 months, or a repayment order for up to \$25,000. In most of these cases, the sentences also included probation orders of up to three years, starting from the end of the sentencing period, and up to 240 hours of community service.

The charges were filed under various sections of the *Bankruptcy and Insolvency Act* covering offences such as fraudulent disposition of property before filing for bankruptcy, fraudulent transfer of property, obtaining credit by means of false representation, and failure to disclose and assign all the bankrupt's property to the trustee. Charges were also filed under sections of the Criminal Code covering such crimes as fraud, scams, criminal conspiracy and obtaining credit under false pretences.



At this time, the CIU has about 50 cases under way or pending. Its operations have recently been bolstered by the addition of a new investigator who joined the CIU in October 2007. Also, early in January 2008, in partnership with the RCMP, one of their investigators was assigned to the CIU in order to assist the OSB and to acquire experience in bankruptcy investigation.

## Trustee Compliance

### Practice Reviews and Requests for Bank Confirmation

#### Introduction

The *Bankruptcy and Insolvency Act* (BIA) imposes a statutory duty on the Superintendent of Bankruptcy to supervise the administration of all estates.

One aspect of the administration of estates is the compliance of trustees with the Act, Rules, Directives, Insolvency Circulars, Policy Statements and other applicable Acts and Regulations.

The goals of the OSB in assessing compliance of trustees are:

- to accomplish the legal mandate of the OSB;
- to prevent non-compliance;
- to detect non-compliance; and
- to deter non-compliance.

To achieve these goals, the OSB undertakes a number of approaches and/or actions. In the past, the Superintendent used the Monitoring and Audit Programs to assess compliance. Currently, one of the key activities undertaken by the OSB is the Practice Review.

#### What is a Practice Review?

A Practice Review (PR) is an examination of an individual trustee's administration in one, all, or any combination of the following areas: Banking, Internal Control, Realization of Assets, Propriety of Costs, General Administration of Estates, Aging of Files, Acting as a Receiver, and Other, for any issue not previously defined.

Following the examination, the OSB and the trustee agree to an improvement plan to address any of the deficiencies identified in the PR. This step ensures compliance with the Act, Rules, Directives, Insolvency Circulars, Policy Statements and other applicable Acts and Regulations.

Highlights of the Practice Review process:

- A PR is undertaken on individual trustees, not on corporate licences.
- There is no limit to the number of PRs that may be undertaken on any given trustee.
- There is no limit to the number of estates selected for review.
- The selection method of the estates can be random, specific or a combination of the two.
- A report is prepared on the findings of the PR and provided to the trustee.
- The trustee is required to produce a formalized improvement plan that must be approved by the OSB after each PR.

#### Bank Confirmations

Each year, all trustees file an Annual Banking Report with the OSB pursuant to Directive 5R2 – Estate Funds and Banking. Part of this submission is the inclusion of Schedule 1 – Request for Bank Confirmation. The confirmation of estate trust fund balances is an important tool to determine compliance with the BIA and to detect and deter potential defalcation.

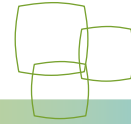
#### What is a Banking Review?

A Banking Review is a careful and systematic review of documents related exclusively to the banking functions and estate account balances in a trustee's practice. The review provides an assessment of the trustee's administration of estate trust bank accounts. A Banking Review can be undertaken as a stand-alone process or as part of a Practice Review. The OSB requests that trustees submit specific documents for review either electronically, by mail, or by another method.

Up until now, the OSB has been exercising Bank Confirmations on an ad hoc basis; however, this policy has recently come under review. Consequently, the OSB will now ask trustees to provide confirmation of trust account balances during a Banking Review or Practice Review on those accounts selected for review.

When conducting a Banking Review or Practice Review, the OSB will ask trustees to request, from the financial institution that holds the selected accounts, an original letter of verification of funds as at a certain date. Financial institutions should forward the letter directly to the OSB analyst who is completing the review.

This process does not preclude the OSB from exercising its powers as they are outlined in section 6(2) of the BIA.



### News from the Eastern Region

#### Creditors Expert Panel

The Office of the Superintendent of Bankruptcy (OSB) launched an initiative consisting of regular meetings of a group of experts involved with the bankruptcy process. This Creditors Expert Panel, whose members work in the area of credit and insolvency, is mandated to advise the OSB with regard to its debtor compliance strategy. Specifically, its mandate is to discuss ways to check abuses and to analyze the trends, attitudes and behaviour of debtors who are likely to undermine the integrity of the Canadian insolvency system.

The first meeting of the Creditors Expert Panel was held in Montréal on October 25, 2007. One of the objectives was to hear members' opinions with regard to the national and regional systemic issues that had been identified in the context of the OSB debtor compliance strategy. Other discussions were also held in order to learn the panel's view on ways to control abuse and about the effectiveness of decisions rendered by the courts in the area of debtor discharge. Finally, the OSB opened a discussion with the Creditors Panel on the issues resulting from the revision of the directive on trustee verification of the debtor's statement of affairs.

There were approximately 20 participants at the meeting, including representatives of the OSB. After hearing the

statistics on repetitive bankruptcies, and learning about OSB action in the context of the Debtor Compliance Program and various interventions before the courts by the OSB Criminal Investigations Unit, the members of the Creditors Expert Panel were in a position to share some interesting ideas and make relevant suggestions.

This meeting was originally aimed at gathering suggestions and viewpoints to enable the OSB to better understand the expectations of creditors with respect to the services and programs provided by the OSB. It was also intended to identify how to get creditors and other stakeholders more involved in the insolvency process. In fact, the OSB believes that creating solid links with these stakeholders will serve to increase public confidence in the Canadian insolvency system.

This is intended to be a dynamic and ongoing initiative such that desired improvements will be brought forward and reassessed by the Creditors Expert Panel in the years to come. Another meeting will be held in Montréal during the fall, and others will follow.

Finally, while this initiative is taking place in the Eastern Region, the OSB is envisaging similar meetings in the Ontario and Western regions. This will provide for a better understanding of creditors' concerns on a national level, as well as for identifying any regional disparities that may exist.



### The evolution of the repeater rate in Canada

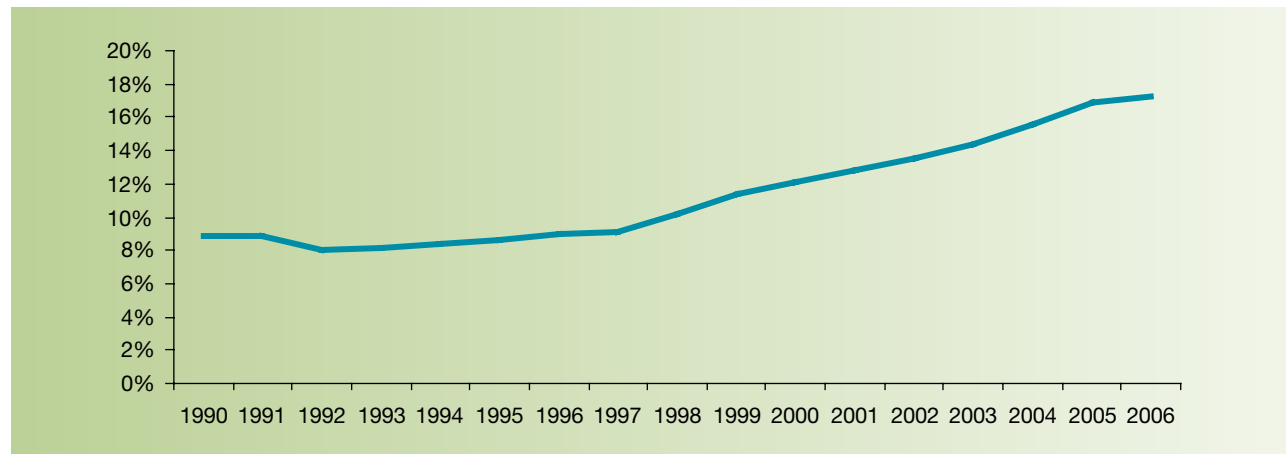
The Economic Analysis Group of the Office of the Superintendent of Bankruptcy recently conducted research aimed at explaining the increase in the insolvency repeater rate<sup>1</sup> in Canada. This rate rose from 8.8% in 1990<sup>2</sup> to 17.2% in 2006 (Figure 1). Among the factors that might explain this hike are the increase in the pool of individuals who have filed a bankruptcy or proposal file; the limited access to affordable credit for individuals who have previously declared insolvency; and the ineffectiveness of counselling sessions. The decreased stigmatism attached to insolvency might possibly be included among the explanations. In the context of this article, we will present the preliminary results related to estimating the pool of individuals who have already filed at least one insolvency file.

The pool composed of individuals with a first insolvency file is a dynamic concept. While each year sees the addition of people who have made a first insolvency filing, we must

also take into account that a certain proportion of the population of the pool has died and should be removed. By estimating the volume of filings by individuals for the period 1966 to 1989<sup>3</sup>, we were able to establish that, in 1990, the size of the pool of individuals who had filed at least one insolvency file was about 446,000 (Figure 2). In 2006, that total had reached 1,680,000. In other words, close to 6.4% of the Canadian population aged 15 and over in 2006 had already had recourse to the insolvency system at some point in their lives.

Figure 3 shows the proportion of repeaters in relation to the pool of individuals having had recourse to the insolvency system at least once. Like the repeater rate presented in Figure 1, the proportion of repeaters is also following an upward trend. In 1990, the number of repeaters was equivalent to 1.0% of the pool. In 1991, a recession year, this value reached a peak of 1.3%, and then decreased to 0.8% in 1994. In 2006, the number of repeaters having filed for insolvency represented 1.1% of the pool.

Figure 1: Repeater rate, Canada, 1990-2006



- 1 The repeater rate refers to the proportion of individuals who are filing for insolvency for the second time or more, compared with the total volume of filings by individuals over the course of a year.
- 2 Information regarding previous insolvency events is only available from 1990 onward.
- 3 The various sources of OSB data are relatively incomplete prior to 1990 and do not contain any information on the volume of filings for the years preceding 1966. Hence, the need for estimates for this period.

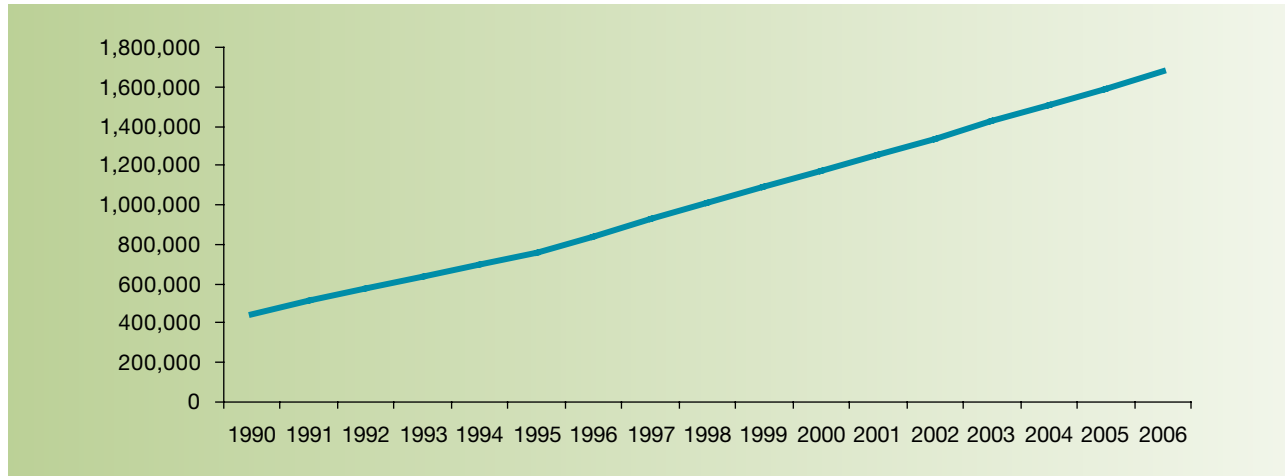




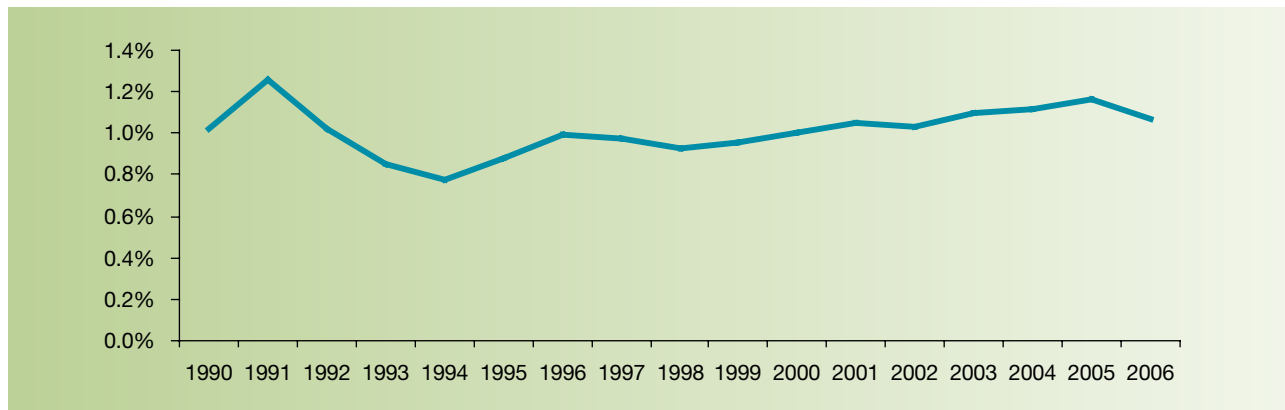
True, there is an increase in the number of repeaters. However, this is occurring at a rate that is only slightly faster than the growth of the pool. Therefore, we cannot conclude that the growing number of repeaters can be explained solely by the increase in the number of

individuals who have had recourse to the insolvency system. Consequently, additional analyses will be required in order to determine whether the other factors mentioned in the introduction may be contributing to this increase.

**Figure 2: Size of the pool of debtors having filed for insolvency with the OSB, Canada, 1990-2006**



**Figure 3: Proportion of repeaters in relation to the pool, Canada, 1990-2006**





In accordance with the *Policy on Publicizing Professional Conduct Matters*, the Office of the Superintendent of Bankruptcy publishes, as they become available, summaries of decisions on professional conduct cases. Please note that these 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://www.osb.gc.ca>) under the heading “Trustees in Bankruptcy” and the sub-heading “Professional Conduct”.

### In the matter of Sidney Charles Schiff and Schiff & Associates Ltd. (Ontario)

#### **Decision under Subsection 13.2(5) of the BIA**

#### **James Callon, Superintendent of Bankruptcy**

**July 18, 2008**

**Facts:** On March 31, 2008, the Senior Analyst of the Office of the Superintendent of Bankruptcy submitted a report setting out the Trustee’s failure to comply with Paragraphs 30(c), 45(a) and Section 46 of Directive 13 – *Trustee Licensing*, as well as Subsection 13.2(2) of the *Bankruptcy and Insolvency Act* (BIA). A notice of the proposed decision to cancel the Trustee’s individual and corporate trustee licences under Paragraph 13.2(5)(b) of the *Bankruptcy and Insolvency Act* was sent to the Trustee by the Superintendent on June 9, 2008, in accordance with Subsection 13.2(6) of the BIA. The Trustee did not reply to the Superintendent before July 10, 2008, as was requested in the notice of the proposed decision.

**Decision:** In accordance with the powers conferred on him by Subsections 13.2(5) and 14.01(1) of the BIA, the Superintendent orders that the licences of Mr. Sidney Charles Schiff (individual) and Schiff & Associates Ltd. (corporate) be cancelled ten days after the date of this order.

### In the matter of the professional conduct of Jacques Roy (Quebec)

#### **The Honourable Lawrence Poitras, Delegate of the Superintendent of Bankruptcy**

**April 1, 2008**

**Facts:** Two decisions regarding, respectively, the liability of the Trustee (December 3, 2004) and the sanction (January 31, 2005) were issued by the Delegate of the Superintendent of Bankruptcy. These decisions were the subject of applications by the Trustee (file T-360-05) and by the principal analyst (file T-402-05) for judicial review by the Federal Court. The Federal Court dismissed the one-week suspension imposed on the Trustee and referred the matter (file T-360-05) back to the Delegate of the Superintendent of Bankruptcy for a new decision on the sanction in accordance with Section 14.01 of the *Bankruptcy and Insolvency Act*. The Court also allowed the analyst’s application for judicial review (file T-402-05) with respect to certain defaults, and dismissed it with respect to others. An appeal and a cross-appeal were filed with the Court of Appeal against this decision (file A-679-05).

The Court of Appeal ordered a new hearing with respect to six defaults initially dismissed. The matter was referred back to the Delegate of the Superintendent in order to determine whether the evidence justified the conclusion that the Trustee was guilty of the alleged defaults. The Trustee intends to contest his liability with respect to these six defaults.

**Decision:** The Delegate orders, in accordance with the agreement entered into by the parties, that the licence of Trustee Jacques Roy be suspended for a period of 10 days beginning on May 1, 2008, during which period he may not act as a trustee, nor accept any mandate under the Act, neither personally, nor in the name of a corporate trustee. Unless he conforms to this order, the Trustee shall be deemed to not have complied with one of the conditions of his licence within the meaning of Paragraph 13.2(5)(b) of the Act.





## **In the matter of the professional conduct of Claude Lacroix, Pierre Martin, Raymond Chabot Inc. (Quebec)**

### **The Honourable Roger Tassé, Delegate of the Superintendent of Bankruptcy**

**December 13, 2007**

**Facts:** Trustee Claude Lacroix's licence is expired since December 31, 2004. Pierre Martin holds an individual trustee licence for Quebec. Raymond Chabot Inc. holds a corporate trustee licence for Quebec and Ontario and manages an office in Chicoutimi.

A Senior Analyst of the Office of the Superintendent of Bankruptcy has submitted a report to the Superintendent setting out violations to the rules of professional conduct by the Trustees named above. The Trustees do not admit the facts of which they are accused, which date back to 1992 and 1995. Because of the various proceedings that have followed, the honorariums and disbursements of the Trustees have not as yet been submitted to the tribunal for taxation.

The Trustees and the Senior Analyst have jointly presented to the Delegate a draft decision. There was no hearing on the matter.

**Decision:** In accordance with the agreement reached by the parties, the Delegate orders a series of measures, including the following:

- 1) that the fees of \$16,520 paid by the assets of the bankruptcy of 2750-4513 Québec Inc. be reimbursed, in the amount of \$10,815 by the assets of the bankruptcy of Construction Houde & Gagné Inc., and in the amount of \$5,705 by the assets of the bankruptcy of Les Gites du Fjord Inc., to the assets of the bankruptcy of 2750-4513 Québec Inc., by December 16, 2007, at the latest;
- 2) that, subject to further taxation, Trustee Raymond Chabot Inc. reimburse honorarium advances totalling \$38,186 to the assets of the bankruptcy of 2750-4513 Québec Inc. by December 16, 2007, at the latest;
- 3) that in the event that Claude Lacroix would want to reactivate his trustee licence, that could not be done before a period of four (4) months starting from the date of signature of this order;

- 4) that the licence of Trustee Pierre Martin be suspended for a period of four (4) weeks, starting from December 16, 2007, during which he can neither act as a trustee nor accept any mandate under the Act, neither in his personal capacity nor in the name of a corporate trustee;
- 5) that the licence of Trustee Pierre Martin be restricted, at the expiry of the suspension period mentioned at item four (4) above, for a period of four (4) weeks, during which he can only file summary administrations or Division II proposals;
- 6) that the licence of Trustee Raymond Chabot Inc. be restricted for a period of three (3) weeks, starting from December 16, 2007, during which he cannot file any new document under the Act in the judicial districts of Chicoutimi, Alma and Roberval;
- 7) that in the event that the Trustees do not comply with this order, they shall be considered as not having complied with one of the conditions of their licence pursuant to Paragraph 13.2(5)(b) of the Act.

## **In the matter of the professional conduct of Frank Sheldon Kisluk and Frank S. Kisluk Limited (Ontario)**

### **The Honourable Perry Meyer, Delegate of the Superintendent of Bankruptcy**

**December 7, 2007**

**Facts:** On December 19, 2005, the Senior Analyst presented a report noting several defaults by the Trustee, who did not fulfill his obligations with regard to a certain number of estate files opened in 1985 or previously ("the aged estates"). An auditor received the mandate to audit these estates.

On July 3, 2006, the Delegate of the Superintendent made an order ratifying an agreement between the parties concerning corrective measures to be properly completed by the Trustee by July 2, 2007, at the latest. The Trustee did not execute the order, but requested an extension of time. Just prior to the hearing scheduled for October 2, 2007, the Trustee deposited with a law firm a sum of \$100,000 to cover the closing costs of aged estates as well



as payment for the ongoing services of the auditor and of another trustee as well as his fees and disbursements. The hearing was adjourned in order to allow the parties to come to an agreement on new joint conclusions.

On November 19, 2007, the Trustee and the Analyst jointly presented a draft decision to the Delegate. There was no hearing on the matter. As of the date of the tentative agreement, the Trustee is responsible for 150 aged estates, a list of which is attached to the agreement.

**Decision:** In accordance with the agreement made by the parties, the Delegate orders the Trustee to respect and fulfill the 17 conditions on his licence detailed in the judgment. If the Trustee fulfills fully the conditions set out in the order, no other sanction will be imposed upon him in connection with the defaults noted in the Senior Analyst's report.

## In the matter of Edward Bryce Quon and of Quon & Associates Ltd. (Ontario)

### **Decision under Subsection 13.2(5) of the BIA**

#### **Alain Lafontaine, Acting Superintendent of Bankruptcy**

**November 26, 2007**

**Facts:** On July 24, 2007, the Assistant Superintendent (Trustee Compliance) submitted a report setting out the Trustee's failure to comply with Paragraphs 30(a), 30(d) and Section 31 of Directive 13 – *Trustee Licensing*. A notice of the proposed decision to cancel the Trustee's individual and corporate trustee licences under Paragraph 13.2(5)(b) of the *Bankruptcy and Insolvency Act* was sent to the Trustee by the Superintendent on August 28, 2007, in accordance with Subsection 13.2(6) of the BIA. The Trustee has not replied to the Superintendent before September 21, 2007, as was requested in the notice of the proposed decision.

**Decision:** In accordance with the powers conferred on him by Subsections 13.2(5) and 14.01(1) of the *Bankruptcy and Insolvency Act*, the Superintendent orders

that the licences of Mr. Edward Bryce Quon (individual) and of Quon & Associates Ltd. (corporate) be cancelled ten days after the date of this order.

## In the matter of the professional conduct of Samuel S. Lévy and Sam Lévy & associés Inc. (Quebec)

### **The Honourable Fred Kaufman, Delegate of the Superintendent of Bankruptcy**

**May 22, 2007**

**Facts:** Samuel S. Lévy and Sam Lévy & associés Inc. were investigated by the Office of the Superintendent of Bankruptcy (OSB). The Senior Analyst from the OSB on the file produced a report setting out the defaults by the Trustees in fulfilling adequately their statutory duties in the administration of various files.

**Decision:** The Delegate declares that the disciplinary proceeding is terminated and declares that the instructions for conservatory measures issued by the Superintendent of Bankruptcy on May 10, 2001, with respect to the parties are lifted. Accedes to the agreement reached by the parties, which provides as follows:

- 1) in the future, Samuel S. Lévy and Sam Lévy & associés Inc. can only act as trustees under the *Bankruptcy and Insolvency Act* with regard to bankruptcies or proposals by individuals;
- 2) without restricting the powers conferred on the Superintendent of Bankruptcy by the *Bankruptcy and Insolvency Act*, bankruptcy or proposal files administrated by Samuel S. Lévy are subject to audit by the Superintendent of Bankruptcy every six months;
- 3) until November 30, 2007, inclusive, Trustee Samuel S. Lévy must exercise his profession at the André Allard & associés Inc. firm or at another trustee firm acceptable to the Superintendent of Bankruptcy, and during this period, he cannot be appointed as administrator in any new files, but may perform all other tasks a trustee may perform;



- 4) during the period from December 1, 2007, to December 1, 2008, Trustees Samuel S. Lévy and Sam Lévy & associés Inc. may not be appointed as administrators in more than 250 new files;
- 5) during the period from December 1, 2008, to December 1, 2009, Trustees Samuel S. Lévy and

Sam Lévy & associés Inc. may not be appointed as administrators in more than 350 new files;

- 6) if the Trustees do not comply with the terms of this order, the Trustees will be in default in accordance with Subsection 13.2(5) of the *Bankruptcy and Insolvency Act*.

<b>List of OSB Offices</b>		
<p><b>Headquarters</b> Heritage Place 155 Queen Street, 4<sup>th</sup> Floor Ottawa, Ontario K1A 0H5 Phone: 613-941-1000 Fax: 613-941-2862 Name Search: 613-941-2863 Statistics: 613-941-9054</p>	<p><b>Calgary</b> Standard Life Tower Suite 510 - 639 5<sup>th</sup> Avenue South West Calgary, Alberta T2P 0M9 Phone: 403-292-5607 Fax: 403-292-5188</p>	<p><b>Edmonton</b> Canada Place, Suite 725 9700 Jasper Avenue Edmonton, Alberta T5J 4C3 Phone: 780-495-2476 Fax: 780-495-2466</p>
<p><b>Halifax</b> Maritime Centre 1505 Barrington Street, 16<sup>th</sup> Floor, Suite 1605 Halifax, Nova Scotia B3J 3K5 Phone: 902-426-2900 Fax: 902-426-7275</p>	<p><b>Hamilton</b> Federal Building 55 Bay Street North, 9<sup>th</sup> Floor Hamilton, Ontario L8R 3P7 Phone: 905-572-2847 Fax: 905-572-4210</p>	<p><b>London</b> 303 - 451 Talbot Street London, Ontario N6A 5C9 Phone: 519-645-4034 Fax: 519-645-5139</p>
<p><b>Montreal</b> 5 Place Ville-Marie, 8<sup>th</sup> Floor Montreal, Quebec H3B 2G2 Phone: 514-283-6192 Fax: 514-283-9795</p>	<p><b>Ottawa</b> Place Bell Building 160 Elgin Street 11th Floor, Room B-119 Ottawa, Ontario K2P 2P7 Phone: 613-995-2994 Fax: 613-996-0949</p>	<p><b>Quebec</b> 1141 route de l'Église, 4<sup>th</sup> Floor Sainte-Foy, Quebec G1V 3W5 Phone: 418-648-4280 Fax: 418-648-4120</p>
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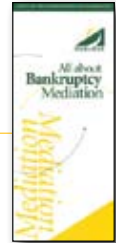
## Office of the Superintendent of Bankruptcy Publications

### Special-Interest 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. The publication numbers are: RG64-5/1998-1E (English) and RG64-5/1998-1F (French).

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



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

The *Insolvency Case Law Digest* contains summaries of many court decisions in insolvency matters. Available in a bilingual format. The publication number is: Iu73-2/2006.



The *OSB Newsletter* is the OSB's main communication tool for stakeholders. Available in bilingual format. There is no publication number for this publication but there is a series number: ISSN 1705-5237.

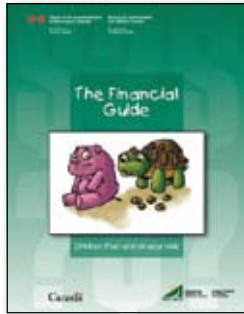
*Please note that limited copies are available.*

*An Overview of Canadian Insolvency Statistics* contains interesting insolvency statistics and socio-economic profiles of debtors in Canada. Available in a bilingual format. The publication number is: Iu73-1/2006.



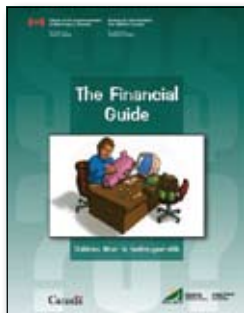
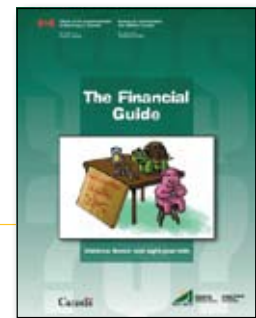


## Youth Publications



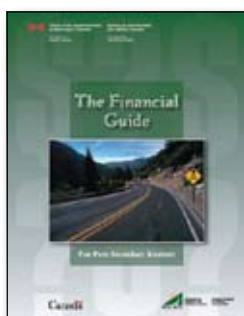
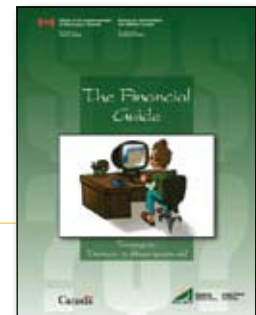
*The Financial Guide – Children: 5 and 6-year-olds* is a booklet for parents of kids of this age group. It contains information on what kids should know about financial matters as well as games and activities to play. It can also be used by educators, babysitters and other adults who have a role in educating children. The publication numbers are: Iu76-4/1-2006E (English) and Iu76-4/1-2006F (French).

*The Financial Guide – Children: 7 and 8-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 numbers are: Iu76-4/2-2006E (English) and Iu76-4/2-2006F (French).



*The Financial Guide – Children: 9 to 12-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 numbers are: Iu76-4/3-2006E (English) and Iu76-4/3-2006F (French).

*The Financial Guide – Teenagers: 13 to 15-year-olds* 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 numbers are: Iu76-4/4-2006E (English) and Iu76-4/4-2006F (French).

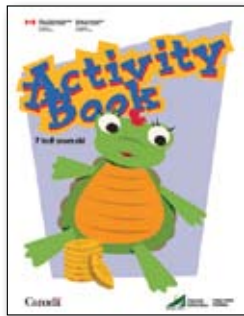
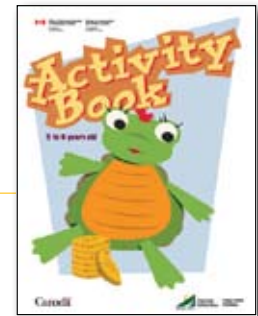


*The Financial Guide for Post-Secondary Students* is a guide for students about to undertake or who have just begun post-secondary studies. It contains information on how to budget while you're a student, finding an apartment, looking for a summer job, etc. The publication numbers are: Iu76-2/2005E (English)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



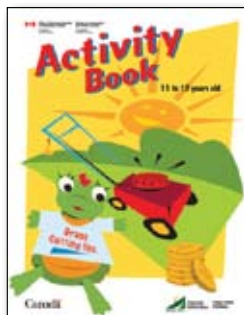


The *Activity Book: 5 and 6-year-olds* is a series of activities developed to complement the Financial Guide – Children: 5 and 6-year-olds. It provides additional activities and games to put into practice the financial concepts learned in the Financial Guide. The publication numbers are: Iu76-5/1-2007E (English) and Iu76-5/1-2007F (French).



The *Activity Book: 7 and 8-year-olds* is a series of activities developed to complement the Financial Guide – Children: 7 and 8-year-olds. It provides additional activities and games to put into practice the financial concepts learned in the Financial Guide. The publication numbers are: Iu76-5/2-2007E (English) and Iu76-5/2-2007F (French).

The *Activity Book: 9 and 10-year-olds* is a series of activities developed to complement the Financial Guide – Children: 9 to 12-year-olds. It provides additional activities and games to put into practice the financial concepts learned in the Financial Guide. The publication numbers are: Iu76-5/3-2007E (English) and Iu76-5/3-2007F (French).



The *Activity Book: 11 and 12-year-olds* is a series of activities developed to complement the Financial Guide – Children: 9 to 12-year-olds. It provides additional activities and games to put into practice the financial concepts learned in the Financial Guide. The publication numbers are: Iu76-5/4-2007E (English) and Iu76-5/4-2007F (French).

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







*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 numbers are: Iu76-4/6-2006E (English) and Iu76-4/6-2006F (French).



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 numbers are: Iu76-4/5-2006E (English) and Iu76-4/5-2006F (French).

The *Puzzle for 5 and 6-year-olds* is a fun game as well as a tool to help young children learn to distinguish and identify Canadian coins. Comes in an envelope to help prevent lost pieces!



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OSB Newsletter (ISSN 1705-5237) . . . . .	_____
An Overview of Canadian Insolvency Statistics (Iu73-1/2006) . . . . .	_____
Educational Cartoon Strips (Iu76-3/2005) . . . . .	_____
The Puzzle for 5 and 6-year-olds . . . . .	_____

**English Publications**

Dealing with Debt: A Consumer's Guide to Bankruptcy (RG64-5/1998-1E) . . . . .	_____
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