

# Controlled Goods Program

## Bankruptcy

Annex A – Newsletter 20 – Winter 2009



Bankruptcy is a possible outcome when a person or company is facing a financial crisis. As indicated by the Office of the Superintendent of Bankruptcy (OSB), the process consists of a legal proceeding dealt with under the provisions of the *Bankruptcy and Insolvency Act* (BIA). If a person or company is unable to meet its debt obligations, it is said to be insolvent and lead to four possible scenarios under the BIA: options: Bankruptcy, Proposal, Interim Receivership and Receivership.

**Bankruptcy** - assets of an individual or company are liquidated and the proceeds are given to people who are owed money. (Certain personal assets are exempt from liquidation, depending on the province.)

**Proposal** - an offer is made to people who are owed money in an effort to settle the debt.

**Interim Receivership** – a creditor can apply to the Court to have an Interim Receiver appointed to monitor and control a debtors affairs under certain circumstances and with such powers as the Court provides.

**Receivership** - usually happens to companies, not individuals. This is where a secured creditor (often a bank or other large creditor) is represented by a *receiver* who takes control and possession of the assets of the company for ultimate sale and distribution to the secured creditor.

If you think you are in trouble financially, your first step should be to find a Trustee who will determine if you are insolvent and suggest your best option. Trustees may be found in the telephone directory and on the OSB's Web site using their Trustee directory at the following link:  
[http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/h\\_br01993.html](http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/h_br01993.html)

The Office of the Superintendent of Bankruptcy (OSB), is an agency of Industry Canada that oversees the administration of matters under the *Bankruptcy and Insolvency Act* (BIA). The OSB strives to ensure debtor and creditor compliance and to ensure Trustees are competent and that they comply with the BIA. The OSB records and investigates complaints from creditors, debtors, and members of the general public regarding possible wrong doing by someone involved in the insolvency process. The OSB licenses Trustees, oversees Trustee performance, and works with the Royal Canadian Mounted Police (RCMP) to investigate and investigate possible bankruptcy offences. The OSB has 13 offices across Canada, which are listed at the following link: <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/br01003.html>

One of the many duties of a bankrupt is to make a list of assets and liabilities for the Trustee. The Controlled Goods Directorate (CGD) strongly recommends that all controlled goods under the control or owned by the bankrupt be listed and visibly marked on the list of assets and liabilities. Furthermore, the CGD recommends that all controlled goods be turned over to the Trustee at the earliest possible time and that you make disclosure of the controlled goods to the Official Receiver during the examination. Any attempt to liquidate assets during a bankruptcy could result in an Investigation Order being issued to the RCMP raising allegations of suspicious disposal of assets contrary to Sections 198 of the BIA and 392 of the *Criminal Code*.

In the event that you have filed an assignment in bankruptcy or are adjudged bankrupt by the Court, you have an obligation to notify CGD without delay as specified under Section 9 of the Controlled Goods Regulations which stipulate: Every applicant and registered person shall, without delay, inform the Minister of any change in any of the information contained in the application for registration. You can contact the CGD by telephone at 1-866-368-4646, by facsimile at 613-948-1722, by email at [dmc-cgd@tpsgc-pwgsc.gc.ca](mailto:dmc-cgd@tpsgc-pwgsc.gc.ca), or by mail at Controlled Goods Directorate, c/o Central Mail Room, Place du Portage, Phase III OB3, 11 Laurier St. Gatineau, 3<sup>rd</sup> Floor, 2745 Iris St, Ottawa, Ontario K1A 0S5.

For further details regarding your options, please visit the Office of the Superintendent of Bankruptcy (OSB) Web site <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/home> or contact the OSB at:

National Headquarters  
Heritage Place  
155 Queen Street, 4<sup>th</sup> Floor  
Ottawa, Ontario  
K1A 0H5  
Tel: 613-941-1000  
Fax: 613-941-2862  
Email: [osb-bsf@ic.gc.ca](mailto:osb-bsf@ic.gc.ca)

**Debtor** – One who owes money to another

**Creditor** - One to whom a debt is owed; in insolvency matters, a person having a claim provable under the *Bankruptcy and Insolvency Act*.

**Trustee in Bankruptcy** - A person licensed by the Superintendent of Bankruptcy to administer bankruptcy and proposal estates.

Office of the Superintendent of Bankruptcy of Canada (2008) retrieved October, 20<sup>th</sup>, 2008 from <http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/home>

How To Reach Us: Telephone (Toll Free) 1-866-368-4646 Email [dmc-cgd@tpsgc-pwgsc.gc.ca](mailto:dmc-cgd@tpsgc-pwgsc.gc.ca) Web site <http://ssi-iss.tpsgc-pwgsc.gc.ca/dmc-cgd/>



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