

# Understanding the Bankruptcy Process

## Understanding the Bankruptcy Process

**F**inancial difficulties can arise at any time. For most people, the decision to declare bankruptcy is a serious and often painful one, usually resulting from business failure, marital problems or too much consumer credit.

In many cases, individuals who are considering bankruptcy do not understand the bankruptcy process. At BDO, we recognize the need for debtors to understand the process and the associated risks. We also understand that there may be alternatives to bankruptcy that may be more appropriate. The purpose of this booklet is to explain in simple terms the duties, restrictions and responsibilities imposed on a person who declares bankruptcy.

### What is bankruptcy?

Bankruptcy is a legal process that provides immediate financial relief to individuals with financial problems by stopping legal actions by creditors. Bankruptcy usually releases an individual from most, if not all, of his or her debts. The procedure is referred to as "filing an assignment" and the person filing an assignment in bankruptcy is referred to as "the bankrupt".

Bankruptcy is intended to give a person with financial problems a fresh start. Bankruptcy provides for a fair split of certain of the bankrupt's assets among his or her creditors.

The steps to declaring bankruptcy include filing the assignment in bankruptcy, a possible examination by an Official Receiver, a possible meeting or meetings of the creditors, two counselling sessions and the discharge. If you are considering bankruptcy, the following pages provide a summary of these steps and address many of the questions you may have.

### Who can go bankrupt?

In order to declare bankruptcy, you must meet certain conditions, i.e.:

- ◆ owe at least \$1,000.00;
- ◆ be unable to meet regular payments as they become due;
- ◆ your debts must be greater than the realizable value of your assets.

In general, bankruptcy is considered the best solution only if you cannot reorganize your debts in order to meet your regular payments or if your wages are being garnisheed.

## Major steps in bankruptcy

### Contact a Trustee

The first step in the bankruptcy process is to contact a Trustee in your local BDO office. A Trustee is an individual or corporation who is licensed by the Government to administer bankruptcies. The bankrupt is not a client of the Trustee. The Trustee is an intermediary who has responsibility to both the bankrupt and the creditors.

The Trustee will inform you of the effects of bankruptcy and will prepare the necessary documents to file the assignment in bankruptcy with the Office of the Superintendent of Bankruptcy. The act of filing an assignment in bankruptcy does not release you from your debts, but it does "freeze" them. The release from the debts is achieved by getting a "discharge" from bankruptcy.

### Meeting

The Trustee will notify the creditors of your bankruptcy. A meeting with your creditors will be arranged if it is requested by a required number of creditors, within 30 days after the date of bankruptcy. The purpose of this meeting, which you must attend, is to allow creditors to obtain information about the bankruptcy. The meeting is chaired by the Trustee or its representative.

### Counselling

The Trustee will arrange for two counselling sessions during your bankruptcy. The counselling will help you to discover and understand the cause(s) of your bankruptcy, which sometimes is non-budgetary. These sessions will also provide information to assist you in managing your financial affairs in the future. You must attend both of the counselling sessions in order to obtain your discharge from bankruptcy. Additional counselling may be available if you need more assistance.

### Discharges

For a first-time bankrupt, **generally** an automatic discharge applies after 9 months. For those who have already been bankrupt before, or who do not qualify for the automatic discharge, the Trustee will apply to the Court within one year of the date of filing your assignment in bankruptcy, for an appointment to hear the application for discharge.

- ❖ For a first-time bankrupt, you will be automatically discharged from bankruptcy nine months from the date of the assignment, provided that neither the Superintendent of Bankruptcy, the Trustee, nor any creditor has opposed the discharge. As part of the filing process,

the Trustee prepares a report for the Superintendent of Bankruptcy describing your actions during the time of the bankruptcy, outlining your current financial situation and recommending whether or not you should be discharged. (See Trustee's Recommendations on page 4).

- ❖ If you do not qualify for an automatic discharge, the Trustee will apply to the Bankruptcy Court for an appointment to hear the application for discharge, within one year of the filing of the bankruptcy. The Trustee's report forms part of the information considered by the Court at the discharge hearing. The Court may issue one of the following Orders:
  - ◆ **Absolute:** is effective immediately and means that you are no longer responsible for the debts you had at the date of filing your bankruptcy, except for those described below;
  - ◆ **Suspended:** same as an Absolute Order but there is a delay before the discharge comes into effect;
  - ◆ **Conditional:** certain conditions may be imposed by the Court that must be met before your discharge becomes absolute, i.e. you may have to pay a certain sum of money to the Trustee for distribution to your creditors;
  - ◆ **Adjourned:** any objection to the granting of a discharge order will usually cause the hearing to be postponed to a later date;
  - ◆ **Refused:** the Court has the right to refuse a discharge, however, it only exercises this power in exceptional cases.

Upon being discharged, the bankrupt is released from all debts EXCEPT for the following:

- ◆ fines or penalties imposed by a Court for an offence or for default on bond bail;
- ◆ alimony or support of child or spouse;
- ◆ debts from fraud or theft while acting in a fiduciary capacity;
- ◆ property obtained by fraudulent misrepresentations, i.e. borrowing money without full and/or honest disclosure of existing debts or other relevant facts;
- ◆ dividends payable to creditors who the bankrupt failed to disclose to the Trustee, (these creditors will be entitled to the dividend that would have been paid to them if they had filed a claim in the bankruptcy);
- ◆ damages awarded by a court in respect of bodily harm intentionally inflicted, or sexual assault, or wrongful death resulting therefrom;
- ◆ Student Loans - if you became bankrupt before or within ten years after you cease to be a full or part-time student.

## Trustee's Recommendations

The Trustee prepares a report for the Superintendent of Bankruptcy describing your actions during the time of the bankruptcy, outlining your current financial situation and recommending whether or not you should be discharged.

The Trustee is required to recommend a Conditional discharge if either of the following circumstances exist:

- ◆ the bankrupt did not pay the surplus income as required; or
- ◆ the bankrupt filed for bankruptcy when he or she could have made a viable repayment plan (called a Proposal).

If the bankrupt or a creditor does not agree with the Trustee's recommendations, mediation may be requested provided no other objections to the automatic discharge are filed.

## What happens if there is an objection to my discharge?

If the Superintendent of Bankruptcy, the Trustee or any creditor has opposed the discharge the matter will be dealt with by the Court. However, the parties may also ask that the matter be mediated. If the parties do not reach an agreement on the conditions for the bankrupt's discharge through mediation, the Trustee must apply to Court for a hearing.

## What is Mediation?

Mediation is a way of resolving conflict between two or more people. The parties involved in the disagreement agree to work with an independent person called a "mediator" who helps them settle their dispute. The mediator will help the parties explain their point of view and discuss ways to settle the disagreement. The mediator does not decide what the settlement will be. The parties decide that together.

## If I declare bankruptcy, what happens to my assets?

With some exceptions, your assets, whether in your possession or in the possession of a third party, will transfer to the Trustee for the benefit of the creditors. Assets belonging to others, which are in your possession, will be turned over to them once they have proven their claims to the Trustee.

While you may normally keep household furniture, clothing and personal effects, the assets exceeding specified provincial exemptions must be turned over to the Trustee. These assets will be sold and the proceeds will be distributed among the creditors.

If your assets were mortgaged to any creditors, such as a finance company or bank, these creditors can seize and sell the assets unless arrangements can be made by you to pay them.

## What property will not be taken?

Certain assets are considered exempt from seizure under the laws of your Province of residence. Contact your local BDO office for details of exemptions in your Province.

## Can I still be sued?

At the time of filing an assignment in bankruptcy, all legal actions such as garnishments, seizures or law suits are halted. Child support or alimony claims are dealt with outside of the bankruptcy and therefore these actions can still continue.

## What happens to my credit rating?

Once your level of debt has become so great that bankruptcy is required, your credit rating is usually at its lowest. The ability to obtain and to use credit after your discharge will depend upon your ability to convince a potential lender of your future personal financial maturity. Sometimes a bad and negative credit rating can improve after bankruptcy. Certainly no creditor will advance further funds if you are unable to pay your existing creditors. After the discharge of debt obligations, your ability to re-establish yourself may be improved.

## Will other people know about my bankruptcy?

While an individual's bankruptcy and discharge are matters of public record, notice of personal bankruptcy is not usually advertised in the newspaper and your employer is not normally notified. Bankruptcy records are permanently maintained in the Court and with the Superintendent of Bankruptcy.

## What happens to salary, wages and other assets?

When you earn income in excess of what is necessary to maintain a reasonable standard of living, you will be expected to make payments to the Trustee from that excess until the date of the discharge. This amount is called surplus income. The amount of these payments are set taking into consideration the standards issued by the Superintendent of Bankruptcy, and the bankrupt's personal and family situation. If the bankrupt does not agree with the amount of surplus income to be paid, the Trustee must request mediation. Further, if any of the creditors do not agree with the amount of surplus income to be paid, they may submit a written request to the Trustee asking for mediation. Failure to make the required payments may affect your discharge from bankruptcy.

Should there be any change in your financial situation during the bankruptcy you must notify the Trustee of the change. The amount of the payment may be changed as a result of the change in your financial situation.

### **What happens if I win a lottery or receive an inheritance while I am bankrupt?**

If you receive assets, such as lottery winnings or an inheritance, after the date of bankruptcy but prior to discharge, they must be turned over to the Trustee as they are considered assets that should be shared among your creditors. The Trustee will pay your creditors and any surplus is turned over to you. Certain sources of income such as pension plan benefits, welfare and disabled persons assistance, old age or family allowances are exempt from seizure in most Provinces.

### **How do I handle income tax returns?**

The Trustee prepares a pre-bankruptcy tax return from January 1<sup>st</sup> to the date of bankruptcy and any refund for that period, as well as refunds of previous years not yet received, will be kept by the Trustee. A post-bankruptcy tax return for the period from the date of the bankruptcy to December 31<sup>st</sup> may be completed by the Trustee. Any refund resulting from this tax return may belong to the Trustee. Any taxes payable regarding this post-bankruptcy return must be paid by you whether or not you are discharged.

### **GST Refunds:**

Any GST cheques based on the tax returns filed by the Trustee for the period(s) up to and including the year of bankruptcy will be sent to the Trustee.

Because of the way the Government calculates GST refunds, you may not receive a refund for a period of up to two years from the date of your bankruptcy. However, if the funds realized by the Trustee are sufficient to pay the Trustee's fees, then the Trustee will turn over G.S.T. refund cheques to you.

### **What about special gifts, transfers of property, or special treatment?**

Gifts or transfers of property by you to others during the twelve months or in some cases five years prior to your bankruptcy are subject to review by the Trustee and may be reversed by the Court. If a creditor or a person related to you received special treatment, such as being paid while others were not, the Trustee may demand repayment from them. The Trustee must be advised of any such payments or transfers made during the twelve months prior to bankruptcy.

### **How does bankruptcy affect co-signers of my loans?**

Bankruptcy will not cancel the liability of anyone who has guaranteed or co-signed a loan on your behalf.

### **What do I do if a creditor sues me?**

If a creditor commences a court action against you, you should immediately inform the Trustee of the action and you should send any legal documents to the Trustee who will take steps to stop the action.

### **Duties imposed upon the bankrupt:**

As an individual filing for bankruptcy, you must fulfill all of the following duties:

- ◆ reveal and turn over to the Trustee, as required, all assets in your possession or control;
- ◆ deliver to the Trustee for cancellation, all credit cards issued to you and in your control;
- ◆ make available to the Trustee all books and records relating to your assets or affairs;
- ◆ meet with the Official Receiver, to be examined under oath as to the facts relating to the bankruptcy, if and when requested;
- ◆ provide to the Trustee a complete statement of assets and liabilities including creditors names, addresses, account numbers, invoices and amounts. Where additional bills or legal documents are received by you, they should be forwarded to the Trustee. If assets were accidentally omitted, the Trustee must be told promptly;
- ◆ inform the Trustee of the details of all assets disposed of during the twelve months prior to the bankruptcy;
- ◆ inform the Trustee of the details of all assets disposed of as gifts during the five years prior to the bankruptcy;
- ◆ attend the first meeting of creditors and any other meetings if called upon by the Trustee;
- ◆ inform the Trustee of any material change in your financial situation;
- ◆ keep the Trustee advised of your place of residence until discharged.

## Bankruptcy offenses

Besides any offenses under the Criminal Code which may apply, you are also liable to imprisonment for up to three years if you are found guilty of any of the following offenses under the Bankruptcy and Insolvency Act:

- ◆ failing to perform the above mentioned duties as a bankrupt;
- ◆ fraudulently disposing of assets before or after bankruptcy;
- ◆ failing to answer fully and truthfully all questions when examined under oath;
- ◆ making false statements regarding assets or liabilities;
- ◆ destroying or concealing books or documents relating to your property or affairs;
- ◆ obtaining property or credit by false representation during the period of twelve months prior to the bankruptcy and until the date of discharge;
- ◆ not disclosing to the person(s) with whom you are dealing, prior to obtaining credit in excess of \$500.00, that you are an undischarged bankrupt. (This would also apply to leasing a vehicle or accommodation during the bankruptcy).

## The steps in the bankruptcy process can be summarized as follows:

- ◆ Contact the Trustee and file the assignment in bankruptcy;
- ◆ Appear before the Official Receiver to be questioned. (This step may be waived in some cases);
- ◆ Attend the meeting of creditors, if required;
- ◆ Attend two counselling sessions;
- ◆ Make payments to the Trustee while awaiting discharge, if required;
- ◆ Attend Court for the discharge hearing, if required.

***You are hereby notified of the duties imposed upon you by the Bankruptcy and Insolvency Act and other features of this Act that affect you in your capacity as a bankrupt. You are expected to study carefully the following APPENDIX 1—EXCERPTS OF THE BANKRUPTCY AND INSOLVENCY ACT—Sections 67, 158, 159, 178, 198, 199 and 200 of the Bankruptcy and Insolvency Act. A breach of your duties could make you liable to prosecution.***

## APPENDIX I

### EXCERPTS FROM THE BANKRUPTCY AND INSOLVENCY ACT

#### Section 67 - Property of Bankrupt

The property of a bankrupt divisible among his creditors shall not comprise:

- (a) property held by the bankrupt in trust for any other person,
- (b) any property that as against the bankrupt is exempt from execution or seizure under the laws of the Province within which the property is situated and within which the bankrupt resides,
- (b.1) such goods and services tax credit payments and prescribed payments relating to the essential needs of an individual as are made in prescribed circumstances and are not property referred to in paragraph (a) or (b),

but it shall comprise:

- (c) all property wherever situated of the bankrupt at the date of his bankruptcy or that may be acquired by or devolve on him before his discharge, and
- (d) such powers in or over or in respect of the property as might have been exercised by the bankrupt for his own benefit.

***In summary, the above means that unless specific assets are exempted from seizure by the Trustee under Provincial laws, the Trustee would be entitled to take possession of and realize all other assets belonging specifically to the bankrupt.***

#### Section 158 - Duties of Bankrupt

A bankrupt shall:

- (a) make discovery of and deliver all his property that is under his possession or control to the Trustee or to any person authorized by the Trustee to take possession of it or any part thereof;
  - (a.1) in such circumstances as are specified in directives of the Superintendent, deliver to the Trustee, for cancellation, all credit cards issued to and in the possession or control of the bankrupt;
- (b) deliver to the Trustee all books, records, documents, writings and papers including, without restricting the generality of the foregoing, title papers, insurance policies and tax records and returns and copies thereof in any way relating to his property or affairs;
- (c) at such time and place as may be fixed by the official receiver, attend before the official receiver or before any other official receiver delegated by the official receiver for examination under oath with respect to his conduct, the causes of his bankruptcy and the disposition of his property;
- (d) within seven days following his bankruptcy, unless the time is extended by the official receiver, prepare and submit to the Trustee in quadruplicate a statement of his affairs in the prescribed form verified by affidavit and showing the particulars of his assets and liabilities, the names and addresses of his creditors, the securities held by them respectively, the dates when the securities were respectively given and such further or other information as may be required, but where the affairs of the bankrupt are so involved or complicated that he cannot himself reasonably prepare a proper statement of his affairs, the official receiver may, as an expenses of the administration of the estate, authorize the employment of a qualified person to assist in the preparation of the statement;
- (e) make or give all the assistance within his power to the Trustee in making an inventory of his assets;
- (f) make disclosure to the Trustee of all property disposed of within one year preceding his bankruptcy, or for such further antecedent period as the court may direct, and how and to whom and for what consideration any part thereof was disposed of except such part as had been disposed of in the ordinary manner of trade or used for reasonable personal expenses;
- (g) make disclosure to the Trustee of all property disposed of by gift or settlement without adequate valuable consideration within five years preceding his bankruptcy;

- (h) attend the first meeting of his creditors unless prevented by sickness or other sufficient cause and submit thereat to examination;
- (i) when required, attend other meetings of his creditors or of the inspectors, or attend on the Trustee;
- (j) submit to such other examinations under oath with respect to his property or affairs as required;
- (k) aid to the utmost of his power in the realization of his property and the distribution of the proceeds among his creditors;
- (l) execute such powers of attorney, conveyances, deeds and instruments as may be required;
- (m) examine the correctness of all proofs of claims filed, if required by the Trustee;
- (n) in case any person has to his knowledge filed a false claim, disclose the fact immediately to the Trustee;
  - (n.1) inform the Trustee of any material change in the bankrupt's financial situation;
- (o) generally do all such acts and things in relation to his property and the distribution of the proceeds among his creditors as may be reasonably required by the Trustee, or may be prescribed by the General Rules, or may be directed by the Court by any special order made with reference to any particular case or made on the occasion of any special application by the Trustee, or any creditor or person interested; and
- (p) until his application for discharge has been disposed of and the administration of the estate completed, keep the Trustee advised at all times of his place of residence or address.

***The above duties essentially relate to attending various meetings as described by the Trustee and to providing the Trustee with specific information and documentation. In particular, you will be required to provide the Trustee with documentation relating to your assets, insurance and recent income tax records. If you were self-employed or involved in a business, you will be required to provide books of records for the business. Many of the above-described duties will actually be completed before the filing of the assignment.***

### **Section 178 - Debts not Released by Order of Discharge**

- (1) An order of discharge does not release the bankrupt from
  - (a) any fine, penalty, restitution order or other order similar in nature to a fine, penalty or restitution order, imposed by a court in respect of an offense, or any debt arising out of a recognizance or bail;
    - (a.1) any award of damages by a Court in civil proceedings in respect of:
      - (i) bodily harm intentionally inflicted, or sexual assault, or
      - (ii) wrongful death resulting therefrom;
    - (b) any debt or liability for alimony;
    - (c) any debt or liability under a support, maintenance or affiliation order or under an agreement for maintenance and support of a spouse or child living apart from the bankrupt;
    - (d) any debt or liability arising out of fraud, embezzlement, misappropriation or defalcation while acting in a fiduciary capacity;
    - (e) any debt or liability for obtaining property by false pretenses or fraudulent misrepresentation; or
    - (f) liability for the dividend that a creditor would have been entitled to receive on any provable claim to disclose to the Trustee, unless the creditor had notice or knowledge of the bankruptcy and failed to take reasonable action to prove his claim, or
    - (g) any debt or obligation in respect of a loan made under the *Canada Student Loans Act*, the *Canada Student Financial Assistance Act* or any enactment of a Court that provides for loans or guarantees of loans to students where the date of bankruptcy of the bankrupt occurred
      - (i) before the date on which the bankrupt ceased to be a full- or part-time student, as the case may be, under the applicable Act or enactment, or
      - (ii) within ten years after the date on which the bankrupt ceased to be a full- or part-time student; or
    - (h) any debt for interest owed in relation to an amount referred to in any of paragraph (a) to (g).
  - (1.1) At any time after ten years after a bankrupt who has a debt referred to in paragraph (1)(g) ceases to be a full- or part-time student, as the case may be, under the applicable Act or enactment, the Court may, on application, order that subsection (1) does not apply to the debt if the Province is

satisfied that:

- (a) the bankrupt has acted in good faith in connection with the bankrupt's liabilities under the loan; and
  - (b) the bankrupt has and will continue to experience financial difficulty to such an extent that the bankrupt will be unable to pay the liabilities under the loan.
- (2) Subject to subsection (1), an order of discharge releases the bankrupt from all claims provable in bankruptcy.

***It is very important to understand that the debts described above are not effected by bankruptcy and that the bankrupt will still be liable for these debts.***

## Section 198 - Bankruptcy Offenses

Any bankrupt who

- (a) makes any fraudulent disposition of the bankrupt's property before or after the date of the initial bankruptcy event,
- (b) refuses or neglects to answer fully and truthfully all proper questions put to the bankrupt at any examination held pursuant to this Act,
- (c) makes a false entry or knowingly makes a material omission in a statement or accounting,
- (d) after or within one year immediately preceding the date of the initial bankruptcy event, conceals, destroys, mutilates, falsifies, makes an omission in or disposes of, or is privy to the concealment, destruction, mutilation, falsification, omission from or disposition of, a book or document affecting or relating to the bankrupt's property or affairs, unless the bankrupt had no intent to conceal the state of the bankrupt's affairs,
- (e) after or within one year immediately preceding the date of the initial bankruptcy event, obtains any credit of any property by false representation made by the bankrupt or made by any other person to the bankrupt's knowledge,
- (f) after or within one year immediately preceding the date of the initial bankruptcy event, fraudulently conceals or removes any property of a value of fifty dollars or more or any debt due to or from the bankrupt, or
- (g) after or within one year immediately preceding the date of the initial bankruptcy event, hypothecates, pawns, pledges or disposes of any property that the bankrupt has obtained on credit and has not paid for, unless in the case of a trader the hypothecation, pawning, pledging or disposing is in the ordinary way of trade and unless the bankrupt had no intent to defraud,

is guilty of an offense punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year or to both, or on conviction on indictment, to a fine not exceeding ten thousand dollars or to imprisonment for a term not exceeding three years or to both.

***The above offenses relate to the bankrupt fraudulently disposing of or concealing assets and knowingly providing false information to his creditors and to the Trustee. It is very important that you read this section carefully to ensure that none of these offenses are committed.***

***If you find that any of your actions to date fall under any of the above categories, you should discuss the matter with your Trustee immediately.***

### Section 199 - Failure to Disclose Fact of Being Undischarged

An undischarged bankrupt who

- (a) engages in any trade or business without disclosing to all persons with whom the undischarged bankrupt enters into any business transaction that the undischarged bankrupt is an undischarged bankrupt, or
- (b) obtains credit to a total of five hundred dollars or more from any person or persons without informing such persons that the undischarged bankrupt is an undischarged bankrupt,

is guilty of an offense punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both.

***This section means that if you enter into any financial obligation during the period of your bankruptcy, you must first advise the other party that you are bankrupt. Practical examples of this would be as follows:***

- ◆ ***if you carry on a business and accept deposits for work to be done in that business;***
- ◆ ***if you obtain credit for \$500 or more;***
- ◆ ***if you wish to lease a car during the bankruptcy;***
- ◆ ***if you wish to enter into a new lease for accommodation during the bankruptcy.***

### Section 200 - Bankrupt Failing to Keep Proper Books of Account

- (1) Any person becoming bankrupt or making a proposal who has on any previous occasion been bankrupt or made a proposal to the person's creditors is guilty of any offense punishable on summary conviction and is liable to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both, if:
  - (a) being engaged in any trade or business, at any time during the two years immediately preceding his bankruptcy, that person has not kept and preserved proper books of account; or
  - (b) after or within the two year period mentioned in paragraph (a), that person conceals, destroys, mutilates, falsifies or disposes of, or is privy to the concealment, destruction, mutilation, falsification or disposition of, any book or document affecting or relating to his property or affairs, unless he proves that he had no intent to conceal the state of his affairs.
- (2) Proper books of account defined - For the purposes of this section, a debtor shall be deemed not to have kept proper books of account if he has not kept such books or accounts as are necessary to exhibit or explain his transactions and financial position in his trade or business, including a book or books containing entries from day to day in sufficient detail of all cash received and cash paid, and, where the trade or business has involved dealings in goods, also accounts of all goods sold and purchased, and statements of annual and other stock-takings.

***This section emphasizes the need for anyone who is or has been bankrupt to keep proper books and records for any business venture that they are involved in and to ensure that all information provided to the Trustee is accurate and truthful.***

### **Section 159 - Where Bankruptcy is a Corporation**

Where a bankrupt is a corporation, the officer executing the assignment, or such

- (a) officer of the corporation, or
- (b) person who has, or has had, directly or indirectly, control in fact of the corporation

as the Official Receiver may specify, shall attend before the Official Receiver for examination and shall perform all the duties imposed on a bankrupt by Section 158, and, in case of failure to do so, such officer or person is punishable as though that officer or person were the bankrupt.

***The section only applies to situations where the bankrupt is a corporation or limited company. In such cases, one or more of the officers of the company would be required to perform the duties set out in Section 158.***

**NOTE:** You are also notified that, under the Canada Corporations Act and the Companies Act of the various Provinces, you may not be the Director of a limited Company while an undischarged bankrupt.

### **BDO Insolvency Offices across Canada**

Alexandria	613-235-5225	Medicine Hat	403-328-5292
Alliston	705-435-5585	Milton	905-864-6512
Arnprior	613-235-5225	Mississauga	905-615-8787
Barrie	705-726-6331	Newmarket	905-898-5950
Belleville	613-966-8052	Niagara Falls	905-358-7335
Bracebridge	705-645-7412	North Bay	705-495-2000
Brampton	905-457-2042	North York	416-221-3873
Brandon	204-727-0671	Oakville	905-844-3206
Brantford	519-751-0499	Orangeville	519-938-8630
Burlington	905-637-8554	Orillia	705-325-7964
Calgary	403-266-4292	Orleans	613-235-5225
Calgary NE	403-266-4292	Oshawa	905-436-9100
Cambridge	519-624-2147	Ottawa	613-235-5225
Capilano	780-428-1671	Owen Sound	519-372-0188
Chatham	519-354-1560	Parry Sound	705-774-9184
Cobourg	705-742-7560	Penticton	250-492-6020
Collingwood	705-446-0503	Peterborough	705-742-7560
Cornwall	613-235-5225	Port Coquitlam	604-340-7772
Cranbrook	250-426-4285	Revelstoke	250-837-5225
Edmonton	780-428-1671	Rockland	613-235-5225
Edmonton (West-end)	780-428-1671	Salmon Arm	250-832-7171
Embrun	613-235-5225	Sarnia	519-336-9900
Essex	519-776-6488	Sault Ste Marie	705-945-0990
Etobicoke	416-741-9150	Smith Falls	613-235-5225
Exeter	519-235-4776	Squamish	604-892-9424
Fort Erie	905-991-0000	St. Catharines	905-984-5424
Grande Prairie	780-539-3810	Stoney Creek	905-664-6370
Guelph	519-824-9899	Strathroy	519-245-1919
Hamilton	905-524-1008	Sudbury	705-671-3336
Hamilton Mtn.	905-388-2253	Surrey	604-584-2121
Hanover	519-372-0188	Thunder Bay	807-623-1555
Huntsville	705-789-0673	Toronto	416-865-0210
Kamloops	250-372-9505	Trenton	613-966-8052
Kanata	613-235-5225	Uxbridge	905-852-9714
Kelowna	250-763-6700	Vancouver	604-688-5421
Keswick	905-898-5950	Vernon	250-545-2136
Kitchener/Waterloo	519-570-4000	Welland	905-735-6433
Langley	604-534-8691	Whistler	604-932-3799
Lethbridge	403-328-5292	Windsor	519-944-6900
Lindsay	705-324-7559	Winnipeg	204-956-7200
London	519-660-6540	Woodstock	519-539-0500
Markham	905-946-1066		

## ***Understanding the Bankruptcy Process***

***Understanding the Bankruptcy Process*** is a publication of BDO Dunwoody Limited, and is prepared as a guide to bankruptcy under the *Bankruptcy and Insolvency Act*.

This edition is based on legislation in place as of June 1999, however, certain material may be affected by provincial laws. Copies of this booklet and additional information can be obtained from your nearest BDO office. For information on the office nearest you, please contact:

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