



**Bankruptcy** may be defined as a legal process which stays all legal actions pertaining to a debtor's debts and which, in general, involves a summary and immediate seizure of all debtor property as assets by a trustee, distribution of these assets among the estate creditors, and discharge of the debtor from future liability for most of the debts which existed at the moment of bankruptcy.

While involving essentially the same administrative principles and processes under the Bankruptcy Act, a distinction is made between a consumer bankruptcy and a commercial bankruptcy because of different conceptual objectives and the impact of provincial legislation respecting the property of an individual which is exempt from seizure in a bankruptcy. A consumer bankruptcy is viewed primarily as a mechanism for providing relief to a financially overburdened debtor from legal actions such as the seizure of assets and the imposition of wage garnishments. A commercial bankruptcy is usually more complex and it is primarily a mechanism for the orderly and equitable distribution of assets of an insolvent company to free them for eventual reintegration into the economy.

Responsibility for the supervision of the bankruptcy process rests with a Superintendent of Bankruptcy appointed by the Governor-in-Council who oversees the provisions of the Bankruptcy Act as it applies to trustees in bankruptcy, creditors and bankrupts. The Superintendent of Bankruptcy is also the Director of the bankruptcy branch of Consumer and Corporate Affairs Canada. His prime responsibility is to promote confidence in and to protect the integrity of the credit system through the regulation of the bankruptcy process and through the systematic detection and prosecution of fraudulent practices and other abuses.

Operational responsibilities of the Superintendent of Bankruptcy include licensing and supervision of all trustees in bankruptcy, examining bankrupt estates for possible offences under the Bankruptcy Act or the Criminal Code, maintaining a record of all bankruptcies and of related statistical information and generally supervising a consumer bankruptcy program. The Superintendent has representatives in major cities across Canada from whom more detailed information concerning bankruptcy and insolvency may be obtained.