The business at the first hearing before the Supreme Court would be the examination on oath of the insolvent; that, however, need only take place if required by the provisional or permanent Assignees, or by some Creditor. It is useless to take up the time of the Court in cases where the sworn schedule and books of the insolvent, together with his disclosures to the Assignees, appear sufficient to everybody concerned. At this hearing the vesting order will be made in favor of the elected Assignees, or of the Official Assignee, as the case might require. In case of a certain amount of opposition to the election of Assignees, the Court should perhaps have discretion as to the appointment.

At a sufficient interval (not less than a month) to allow of some substantial investigation by the assignees of the insolvent's affairs, the second ordinary meeting of creditors should be held; whereat the Assignees should produce their accounts made up to date, and should report to the meeting on the prospects of the estate, and the conduct of the insolvent.

At the next sitting of the Supreme Court following the second ordinary meeting of creditors, the insolvent should again present himself for examination, and should be at liberty to apply for his discharge.

But the power of the Court over the insolvent to compel disclosures, and require assistance in getting in the estate, should not be at an end till the full realisation of the estate.

Perhaps the Court should have a discretion to require the insolvent to convey his real property as a condition of his relief. Such property, of course, could not pass by the vesting order.

There should be the power of convening extraordinary meetings of creditors, as under the existing rules of practice.

The assignees scheme of division of the estate should be filed in the Supreme Court; and the assignee having procured for the Registrar the appointment of a day for hearing objections, due notice should be given thereof by advertisement.

There should be a final meeting of creditors to audit the accounts of the assignees.

A vast number of particulars require specific provision:—The effect of adjudication as regards execution creditors; the retro-active effect of the vesting order; its effect upon goods, &c; in the order and disposition of the insolvent with the consent of the true owner (as to which, the case of sheep upon terms might require alteration); the mode of dealing with onerous leases; the principle of equal division (now subject to the discretion of the Judges); the proof of debts payable *in futuro*, or as a contingency; proof by secured creditors; the rights of the landlord; protection of *bona fide* transactions posterior to an act of bankruptcy; and many other points.

It is vain to attempt brevity. Every official bankrupt act must be, I submit, a code in itself.

I can do no more than say, that to the best of my judgment it will be advisable to follow closely the English law in the particulars above named, and many others. As regards the mode of administering the estate, I conceive the Scottish principle of throwing everything on the creditors, when they are willing to agree, is the true one. Resort to the Supreme Court for mere matter of administration should be avoided.

As to the extent and conditions of ultimate discharge, I feel great difficulty in giving an opinion. I incline to think that it is inexpedient, in any case, to leave after-acquired property liable. It is not the public interest to deprive men of the motive to accumulate, or to drive them away.

I think the existing distinction between mere misconduct, punishable by postponement of relief, and criminal offences, should be adhered to, though the detail may require correction.

The present state of the law regarding imprisonment for debt is, I confess, to me most unsatisfactory; and yet it is hard to suggest a remedy. On the one hand, the law operates harshly and unequally—great offenders escaping, whilst helpless and harmless persons often suffer unduly. I do not like to see questions of personal liberty left to the discretion of individuals not bound to observe any rule but that of their private interest and personal resentment. On the other hand, I should hesitate to remove the fear of imprisonment, lest the already-loose bonds of commercial morality should be still further relaxed.

I venture, with real diffidence, to suggest that, instead of imprisonment for debt on final process, there might be substituted a system based on the following principles:—

1. Misconduct in the insolvent, not amounting to crime, to be summarily cognisable by the Supreme Court on the insolvent's second examination, and punishable by imprisonment on the debtors' side of the gaol.

2. An estate, probably sufficient to pay say 10s. in the £, to be presumptive evidence of insolvency through misfortune. An estate, not probably sufficient to pay that dividend, to be presumptive evidence of insolvency through misconduct.

The probable amount of the estate to be determined by the Court.

A second, or perhaps a third insolvency, should also be presumptive evidence of misconduct.

3. In the case of presumptive misfortune, the assignees or any creditor—in the case of presumptive misconduct, the debtor to be at liberty to dispute and disprove the presumption, and the Court thereupon to convict or acquit accordingly.

4. Where imprisonment should be awarded on the mere presumption of misconduct arising from the smallness of the assets, it should be for a short term fixed by law. In cases of *proved* misconduct, the Judge should have a discretion as to the length of imprisonment, subject, of course, to a legal maximum.

5. The *second* ordinary meeting of creditors should be competent to resolve that the debtor should have his discharge without previous imprisonment.

6. Imprisonment under these provisions should not be deemed a conviction, and consequently should not be pleadable in bar to an indictment for any offence (as distinguished from mere trading misconduct), against the bankrupt law. The bankrupt should, of course, be compelable to give evidence on the investigation of his conduct.

I have, &c.,

C. W. RICHMOND.

The Hon. the Attorney-General.