

But for the Plan

(Bankruptcy: Changing the Terms of a Conditional Discharge)

Our client, Giorgio (not his real name), declared bankruptcy. His discharge order was conditional upon the payment of \$16,500.00. That is, he had to pay \$16,500.00 before he would be granted the "absolute order of discharge" that would erase most of his debts (e.g., family law support payments are not erased).

But Giorgio's personal circumstances changed significantly. His spouse became ill, which dramatically reduced their income, and the expenses of one of his children from a previous relationship, for education and support costs, increased by \$15,000.00 a year.

All of this prompted Giorgio to attend at our Windsor Staff Office, where he met with Ron Reaume, to see if he could obtain relief from the \$16,500.00 he was required to pay.

Section 172(3) of the Bankruptcy and Insolvency Act provides that one year after the date of any order, the bankruptcy court can modify it, if the bankrupt "...satisfies the court that there is no reasonable probability of his being in a position to comply with the terms of the order...".

So, based on Giorgio's circumstances, Mr. Reaume initiated a court application, and succeeded in convincing the judge to remove the \$16,500.00 payment condition and grant an "absolute order of discharge".

Giorgio not only saved \$16,500.00, but also the cost of legal fees, which were covered by his Plan benefit. To obtain this great result, he paid approximately \$300.00, for disbursements and HST.

But for the Plan, Giorgio may not have even thought about modifying the original condition.