

The defendant Grobb and his associates had for some time been in power, Chapman siding with them. At the annual meeting of the company held early in February, 1915, it was found that Chapman had changed his affiliations, and the then directors found themselves in a minority. The meeting was adjourned until the 15th February, and Mr. Grobb and his associates, honestly thinking that "wisdom would die with them," set themselves to remedy the awkwardness of the then existing situation. They allotted \$2,000 of stock to Mr. Garrett and \$5,000 of stock to Mr. Cowan. If this stock was validly issued, Chapman's defection was neutralised, and the company was saved. The plaintiffs bring this action attacking the issue of this stock to Cowan and Garrett.

The pleadings are not well framed for the purpose of getting at the real controversy. If the plaintiffs desire to amend, I think leave should be given, so that the real matter in dispute may be determined.

It appears that the company had borrowed money from the bank, and that Cowan and Garrett came to the financial assistance of the company long before the matters which have given rise to this litigation. It is practically conceded by Sir George Gibbons that, if the stock transaction had its initiation at the time the stock was issued and allotted, the issue could not stand. The directors, facing defeat at the shareholders' meeting, could not continue themselves in power against the will of the majority by the device of converting a minority into a majority by this process of simple addition; but he contends that the case is taken out of this general principle because at the time of the making of the advances it was understood that Cowan and Garrett should be entitled to take stock in the company if they so desired. The stock was issued in pursuance of a letter dated the 4th February, 1915, reminding the defendant Grobb of an agreement made on the 31st December, 1913, which gave Cowan and Garrett the option to have shares or a mortgage, and in which they stated their desire to take the shares.

If this agreement had been validly made in such a way as to bind the company, I should have been with Sir George Gibbons; for, although the demand for shares was clearly made for the purpose of retaining Grobb and his associates in power, I am not concerned with the motives. If the right existed, it could be asserted for any purpose which seemed good to the party asserting it. The stock may not be worth 10 cents in the dollar; but, if these gentlemen had the right to pay 100 cents for it and chose