

RECENT LEGAL DECISIONS.

BANKING AND STOCKBROKING—FORGED POWER OF ATTORNEY.—A power of attorney for the transfer of a sum of consols standing in the books of the Bank of England in the names of two persons, was applied for by a firm of brokers consisting of three partners. By the power of attorney, the consul-holders purported to appoint two of the three partners, jointly and severally, to act for them in the matter of the transfer. One of the brokers alone acted under the power of attorney, and signed the transfer in the books of the Bank. The signature of one of the stockholders was forged, but this was not known to the stockbrokers or to the "officers of the Bank." In an action by the stockholder, whose signature was forged, against the Bank to replace the consols so transferred, the Bank brought the three stockbrokers into the proceedings, and claimed an indemnity from all of them. It was held that the Bank was liable to replace the stock with accrued dividends; that the stockbroker who had acted upon the power of attorney and signed the transfer was liable to make the matter good to the Bank, under an implied warranty of authority as agent, against the loss caused by the breach of that warranty, even though the stockbroker had acted in the honest belief that he had the authority, but that the other two partners were not liable.

In giving judgment, Mr. Justice Kekewich said, that the case was one of considerable importance, affecting a large class of persons—brokers, bankers and others—concerned in the transfer of stocks and shares, but the question was a simple one of law only. Lord Lindley had expressed the legal doctrine tersely in this way: "Speaking generally, an action for damages will not lie against a person who, honestly makes a misrepresentation which misleads another; but to this rule there is at least one well established exception—viz., when an agent assumes an authority which he does not possess, and induces another to deal with him upon the faith that he has the authority which he assumes." Upon this authority the broker was liable to make good the loss the bank had sustained on the transfer, by allowing the

stock to pass into the names of other parties, and the objection that the broker had acted honestly was not entitled to prevail. The other objection that the Bank knew as much as the broker knew, or at any rate had means of knowing, was to a certain extent true. It was said that the Bank might have had the means of knowing the true state of things if they had chosen to follow it up. But the answer to that was that they were not bound to do anything of the kind. How far they were bound to ascertain the due execution of a power of attorney, his Lordship would not stop to examine; it was sufficient to say that they were not bound to see that a power of attorney was properly executed. Then it was said that it was according to the custom of stockbrokers to rely upon the Bank, and to be content to leave the Bank to take all precautions, as they always did; but a great deal of the work of the Bank connected with powers of attorney was a work of supererogation. They were not bound to do it, and they were not bound to tell the stockholders what they had done, and were not, in fact, in the habit of doing so. The Bank did not tell them all that took place within the walls of the Bank itself. According to the authorities, the broker had honestly misrepresented a fact. He had honestly stated that he was the duly authorized agent of the holders of the stock. Unfortunately, that turned out to be untrue. According to the law of England, he was liable for that misrepresentation. But then the Bank was not content to sue the broker who had acted on the power of attorney, but endeavoured to make liable his two partners also. In his Lordship's opinion, they had improperly been brought into the proceedings, and no relief could be granted against them. *Oliver v. The Governor and Company of the Bank of England*, 17 *Tinnes Law Reports* 286.



SEALED TENDERS addressed to the undersigned, and endorsed "Tender for Supplying Coal for the Public Buildings, Ottawa," will be received at this office until Saturday, the 20th April instant, at twelve o'clock noon, for the supply of coal for the Public Buildings, Ottawa.

Specification and form of tender can be obtained on, and after Friday, 12th instant, at this office, where all necessary information can be had on application.

Each tender must be accompanied by an accepted cheque on a chartered bank for the sum of \$2,000 made payable to the order of the Honourable the Minister of Public Works, which will be forfeited if the party decline to enter into a contract when called upon to do so, or if he fail to complete the work contracted for. If the tender be not accepted the cheque will be returned.

The Department will not be bound to accept the lowest or any tender.

By Order,

JAMES R. ROY,

Acting Secretary.

Department of Public Works,

Ottawa, 14th April, 1901.

Newspapers inserting this advertisement without authority from the Department will not be paid for it.

NOTICE OF TENDERS FOR DEBENTURES.

TENDERS will be received at the office of the undersigned at the Town of Woodstock, in the County of Carleton, N.B., up to twelve o'clock noon on the first day of May next for an issue of Debentures of the Municipality of the County of Carleton, amounting to TEN THOUSAND DOLLARS, with interest at four per cent., payable semi-annually. Said Debentures to be payable ONE THOUSAND DOLLARS per year for the next ten years, the same being issued under authority of the Act passed by the General Assembly of the Province of New Brunswick at its last Session.

Dated at Woodstock, N.B., this eighth day of April, A.D. 1901.

J. C. HARTLEY,

Sec.-Treas. Municipality of Carleton.

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