

to be varied in so far as it holds that the liquidator is not entitled to recover from Hughes a sum of \$800 paid to Hughes by the company.

A. C. McMaster, for the appellant.

W. R. Wadsworth, for the liquidator.

LATCHFORD, J.:—That the twelve hundred dollars was received by the company for Hughes is undoubted. It was, with the eight hundred dollars in question, obtained by H. E. Vanderberg from the boy Crosby, by gross and unconscionable fraud. To hold Hughes entitled to the twelve hundred dollars would be equivalent to determining that he could rightly profit by Vanderberg's wrongful—and, as I regard it, criminal—course in plundering young Crosby.

The circumstances under which the two thousand dollars was obtained by Vanderberg are so extraordinary that I think the evidence taken before the Master should be submitted to the Crown officers charged with the administration of the criminal law; and I am directing the registrar accordingly.

The relation of principal and agent did not, as the Master has rightly found, at any time exist between Crosby and Vanderberg, in regard to the purchase of the worthless shares of Hughes. Vanderberg was no doubt instructed by Hughes to sell his stock, and did sell it. Vanderberg was *the* company, as the Master puts it; meaning, I assume, that he conducted all the affairs of the company; the board of directors, of whom Hughes was one, leaving all matters in Vanderberg's hands. Vanderberg induced Crosby to make the cheque for the two thousand dollars which Crosby had obtained from his widowed mother, payable, not to Hughes, but to the company, which was at the time in a moribund condition. The company had the benefit of twelve hundred dollars out of the two thousand, only eight hundred being handed over to Hughes; but the company was not entitled either to the eight hundred dollars or to the twelve hundred dollars; it was simply made a conduit for the money between Crosby and Hughes, and part of the money remained with the company; a part only, the eight hundred dollars, passing on to Hughes.

Crosby has chosen to regard the company as his debtor, not only to the extent of the twelve hundred dollars of his money which it retained, but also as to the eight hundred dollars which Vanderberg passed on to Hughes in part payment for his shares.

The liquidator has apparently not contested Crosby's claim.