

ment of shares to him, on the ground that at the time the allotment was made, the minimum subscription had not been received in cash by the company, and that therefore the allotment was invalid under the Companies Act, 1900 (63-64 Vict. c. 48), ss. 4, 5 (7 Edw. VII. c. 34, ss. 106, 107 Ont.). It appeared that for part of the minimum subscription cheques had been given to the company, but for some unexplained reason these cheques had not been presented or paid to the company until after the allotment had been made. Notice of avoidance had been served on the company within a month after the statutory meeting of the company, but the legal proceedings were not commenced until after the month had expired. Eady, J., following *Mears v. Western Canada Paper Pulp Co.* (1905) 2 Ch. 360, held that the payment by cheques is not a payment in cash, and that the cheques not having been paid before the allotment, the allotment was voidable; and that it was a sufficient compliance with s. 5 (Ont. Act., s. 107), that the notice of avoidance had been given within the month after the statutory meeting of the company, although the legal proceedings had not been commenced until after the month had expired.

COMPANY—ALLOTMENT BEFORE MINIMUM SUBSCRIPTION PAID IN CASH—LIABILITY OF DIRECTORS—"KNOWINGLY CONTRAVENE"
—COMPANIES ACT, 1900 (63-64 VICT. C. 48) SS. 4, 5—7 EDW. VII. C. 34, SS. 106, 107 (ONT.).

Burton v. Bevan (1908) 2 Ch. 240 is another case arising out of the improper allotment of shares before the minimum subscription had been received in cash. In this case, however, the action was brought by a shareholder against a director for contravention of ss. 4 and 5 (ss. 106, 107, Ont. Statute), relating to the allotment of shares and the question was whether the defendant had "knowingly" contravened the Act. It appeared that the defendant was not present at the meeting of directors when the allotment was made, but had attended a subsequent meeting of which the minutes of the prior meeting were confirmed and a resolution passed to apply for a certificate to commence business, and it was held by Neville, J., that this act did not make the defendant liable for what had been done at the prior meeting and that on the facts had not been aware of the facts and had not knowingly been guilty of a contravention of the Act, and the action therefore failed.