

by him before subscribing for his shares, to the effect that he was not influenced by anything contained in the prospectus, where he afterwards gave his subscription in reliance on false statements in the prospectus and oral misrepresentations by an agent of the company. *Pioneer Tractor Co. Ltd. v. Peebles*, 15 D.L.R. 275; *Aaron Reefs v. Twiss*, [1896] A.C. 273, 280; *Edgington v. Fitzmaurice*, 55 L.J. Ch. 650, 653; and *Peck v. Derry* (1880), 37 Ch.D. 541, 584, specially referred to.

A statement in a prospectus that thousands were interested in a company, which guaranteed its financial success, when, as a fact, there were not over one hundred and twenty-five shareholders, is a false representation sufficient to invalidate a subscription for shares made in reliance thereon. *Pioneer Tractor Co. Ltd. v. Peebles*, 15 D.L.R. 275.

A plaintiff suing the company for rescission had learned on January 24, 1904, that material representations, upon which he had been induced to purchase shares in the defendant company on June 24, 1903, were untrue. On February 16 and on March 8, 1904, he demanded at meetings of the company a return of the purchase money. Neither demand was assented to, and on April 13 the company communicated to him a formal refusal. A suit for rescission was commenced by him on December 27, following. It was held that the suit was barred by delay, and that directors who adopted a resolution to sell shares of the company and to employ a broker for the purpose were not responsible in damages for misrepresentations in a prospectus issued by the broker, to a holder of shares who had purchased relying upon the prospectus, it having been issued by the broker as the agent of the company without their authority. *Farrell v. Portland Rolling Mills Co.*, 38 N.B.R. 364.

In an action by a corporation to recover the amount alleged to have been subscribed by the defendant for shares in the corporation, the defendant testified that he was induced to subscribe by the representations of the plaintiff's agent that two other named persons had each subscribed \$10,000 of shares upon the condition that subscriptions for \$50,000 were obtained by a certain date; that the defendant's subscription was required to make up the \$50,000; and that his subscription would not be binding unless the \$50,000 was fully subscribed by the date named. It was proved that neither of the named persons had subscribed or promised to subscribe for \$10,000 each, either conditionally or unconditionally, that they did not do so at any time after the defendant's subscription, and that \$50,000 was not subscribed on or before the date named. The defendant's testimony was not contradicted, the plaintiff's agent having died some years before the commencement of the action; and the trial Judge credited the testimony. The Court held the evidence sufficient without direct corroboration, and that in the absence of facts or circumstances of countervailing weight, should be accepted. It was also held that the plaintiff corporation was bound by the material representations of the agent, who was duly authorized to solicit subscriptions for shares, whether those representations were made in good faith and with a belief in their fulfilment or not. *Ontario Ladies College v. Kendry*, 10 O.L.R. 324 (C.A.).