partner by Thomas Iredale, who put $4000 capital into the concern. In April, 1892, a new partner, Edward Smith, was taken in, who was to contribute $4000 in cash to the capital of the concern. Articles of partnership were drawn up between Reimer, Iredale, and Smith, wherein it was agreed that the business should be put into a joint stock company; and it was further agreed that the property put in by Reimer and the cash put in by Iredale and Smith should be treated as their interest in the joint stock company. The then business was, when the company was formed, to be carried on by the company, and all the assets of the firm to become the assets of the company. The capital stock of the company was to equal in amount the capital of the firm, and the partners, it was verbally understood, were to have allotted to them shares in the company to the amount of their capital in the partnership, and these shares were to be deemed fully-paid-up shares. No formal transfer in writing was ever made of the assets, and for some little time after the issue of the letters patent the partnership affairs appear to have been carried on in the firm name, but later in the name of the company. The partners' individual accounts were credited with the amount of stock in the company as fully paid up by the credit to each of them of their individual share in the former partnership business.

In December, 1892, stock was taken, and it was found that there was a small deficiency. A short time after it was decided to wind up the company.

W. D. McPherson for the liquidator.

J. E. Bird for Reimer.

Kapelle for Iredale.

H. L. Dunn for Smith.

Other counsel appeared for some of the creditors, but were not called on.

McDOUGALL, Co.J: There is no allegation of fraud in the transaction; the sole question is, does what was done amount to a payment or subscription of the sum due in respect of the shares subscribed for by these three gentlemen, Reimer, Iredale, and Edward Smith? In *Baglan & Hall Colliery Co.*, 5 Chan. 346, it was held that ten persons who owned a colliery, and who formed a joint stock company, taking shares in the company which were to be treated as fully paid up for their several interests in the colliery, was a valid transaction, and that the shares must be held to be effectually paid up.

It was argued in that case that mine-owners in agreeing with the company, which was really composed of themselves, was, in effect, agreeing with themselves, and therefore no contract; but Gifford, L.J., scouted this proposition, and said that every company is started by agreeing among themselves, and that it was idle to say that they have nobody to agree with. There was no fraud or concealment in the case, as here, and that being admitted the intention of the parties would be carried into effect, and the handing over of the property was a valid paying up of the shares.

And so in *Pells Case*, 5 Chan. 11, it was held that the court being satisfied that the property was handed over at an agreed upon value for fully-paid-up shares, and no evidence of fraud or deceit, the court would consider the agreement binding, and would not go behind the agreement or direct any enquiry as to the value of the property transferred. See also *Berkinshaw* v. *Nicholls*, 3 App. Co. 1015-16.