

the law does not prohibit a limited company from paying dividends unless its paid up capital is intact, the dictum of Jessel, M.R., *In re Ebbw Vale S. & I. Co.*, 4 Ch. D. 827, to the contrary notwithstanding; and that with respect to the losses properly chargeable to capital and income respectively there is no hard and fast legal rule. In determining, however, the liability of a director for dividends improperly paid by reason of the improper charging of losses to capital, the Court of Appeal held that it is the duty of the Court to examine the state of things as it appeared to the director when the dividends were declared, and to determine whether he was justified in what he did by what he then knew, or what he ought to have known; and doing so in the present case, they came to the conclusion that having no ground for suspicion that anything was wrong, Cory was justified in giving faith to the statements and reports of the officers of the company, on the faith of which the dividends had been declared. Another ground on which he was sought to be made liable was for having, as alleged, sanctioned a loan to a director without security. The articles of association provided that the company was to have a first charge on the shares of all shareholders for any debts due by them to the company. The articles also provided that no advances were to be made to directors without security. Advances were made to a director the market value of whose shares at the time largely exceeded the advances, but in respect of which advances a heavy loss was ultimately sustained. The Court of Appeal held that a charge on the shares given by the articles was a "security," and that Cory was not liable, having no reason to suspect that the security was insufficient. The Court of Appeal, however, agreed with Wright, J., that if Cory had been liable for dividends improperly paid out of capital the liquidator might recover the amount from him as an asset of the company, and that it could not be maintained that the liquidator had no right to recover them because he represented the shareholders to whom they had been paid.

TRADE UNION—"WATCHING AND BESSETTING"—INTERLOCUTORY INJUNCTION—CONSPIRACY AND PROTECTION OF PROPERTY ACT, 1875, (38 & 39 VICT., c. 86), s. 7—(CR. CODE, s. 523)—PARTIES—MISJOINDER—RULE 123 (ONT. RULE 185).

Walters v. Green (1899) 2 Ch. 696, is an action founded on *Lyons v. Wilkins* (1895) 1 Ch. 811 (noted ante vol. 32, p. 546), and