

considered concurrently; Is it possible to increase rates and gather more premium under the present condition of the fire insurance business, especially in the face of the existing competition?

The Toronto Board of Fire Underwriters' are now domiciled in the new "Lancashire Fire Insurance Building," Wellington Street West. The new home is at once commodious and elegant. The first meeting of the Board will be held on the 18th inst., in the new Board Room.

Toronto, 12th June, 1900.

Yours,

ARIEL.

RECENT LEGAL DECISIONS.

AMBIGUOUS TELEGRAMS.---Upon an appeal from New South Wales, the Privy Council in Great Britain has laid down the following important rule:---Where words in a proposal for a contract are understood and acted upon by the parties in different senses there is no contract, and it is for the plaintiff, in an action for breach of contract, to show that his construction is the true one. It is not for the Court to determine the true construction. The plaintiff resided in Norway and the defendant in New South Wales, and the trouble arose over a cargo for a ship belonging to the plaintiff. The two parties corresponded by means of a telegraphic code, or rather a combination of two codes arranged between them, and it was owing to a misunderstanding of a code message relating to the ship that the difficulty arose which led to the litigation. *Falck vs Williams* 69 L.J. P. C. 17.

LIABILITY OF STOCK BROKER'S CLIENT TO JOBBER UPON DEFAULT OF THE BROKER.---This action, which raised a point of great importance as to the extent of liability of members of the public to jobbers on the Stock Exchange where the broker has become a defaulter, was brought by the plaintiffs, a firm of jobbers on the stock exchange, to recover £227, the amount of the difference between the price at which the defendant, the client, had bought certain shares, and the amount for which the jobbers had sued them after the broker's default. The client paid into Court, with a denial of any liability, the smaller sum of £102, the amount of the difference between the contract price and the hammer price at which the transaction had been closed between the jobbers and the broker.

Mr. Justice Mathew of the English Queen's Bench Division, in giving judgment, said in substance:---This was an action brought to recover damages for the refusal of the client to take delivery and pay for certain shares which it was alleged had been purchased by him of the jobbers. The plaintiffs, the jobbers, were dealers in shares on the Stock Exchange, and on November 28, 1899, the client instructed his broker, a member of the Stock Exchange, to purchase for him 200 East Rand Extension Shares. In accordance with these instructions 200 of these shares, neither more nor less, were purchased from the jobbers through the broker for the mid-December account. On December 11 the shares were, on the instructions of the client, carried over by the jobbers to the end-December account. On December 14, the broker became a defaulter and in accordance with the

rules and regulations of the Stock Exchange, ceased to be a member of the house. The usual process of liquidation was followed. The accounts between the broker and different dealers were closed at the "hammer prices", prices ascertained in accordance with the regulations of the Stock Exchange, when the differences which the broker would be entitled to receive, were balanced against the differences which he was bound to pay. This process had no operation outside the Stock Exchange, whose regulations were not intended to affect, and did not affect the outside public. As between the broker and the jobbers this transaction and his other transactions were closed on December 14. When that took place the jobbers, in accordance with the established course of business and usages of the Exchange, applied to the broker for the name of his principal, and they were furnished with the name of the defendant. One of the jobbers then had an interview with the client, and pointed out to him the three courses which he might follow---he might either take up the shares and complete the transaction with the jobbers direct---or might appoint another broker in the place of the defaulter---or might treat the transaction as closed at the hammer price. The last course would have involved him in a loss of £102. He took none of these courses. Time was given to him, and, after a considerable interval, the jobbers received from him an intimation that he did not consider himself responsible to them on the transaction, and in point of fact he repudiated it. The jobbers immediately treated the transaction as at an end and sold the shares at the best price obtainable, which, the market having gone down in the interval, involved a loss of £227, the amount claimed. Counsel for the client intimated that he proposed to raise hereafter the question whether there was privity of contract between the jobbers and the broker's client, but he did not ask the court to differ from the opinion expressed by Mr. Justice Kennedy in a recent case, where that judge held that in a transaction like the present, there was privity of contract between the dealer and the customer. Mr. Justice Kennedy gave judgment for the customer in that case, because there the broker had bought a block of shares, part only of which he intended to apply to the particular contract. His Lordship entirely agreed with the opinion expressed by Mr. Justice Kennedy. Upon the evidence laid before him in the present case, he could not possibly come to any other conclusion than that the contract was binding between the jobber and the broker's client. The first point agreed was, that the contract was made in accordance with the usages of the Stock Exchange, and that, in accordance with those usages, the account had been closed and the contract brought to an end, and that the utmost liability of the client was to pay the difference arrived at upon the hammer price. There was no trace in the rules of any such intention. Suppose that the shares were bought for the purpose of investment, why should such a transaction be closed and the client called upon to pay differences because his broker had been in default? There was neither reason nor evidence to come to such a conclusion. It was said, why should the shares be kept open after the settlement at the hammer price? The answer was given by the evi-