

tain conditions, such as when a direct and positive breach of trust has been knowingly and wilfully committed. It was there found that compound interest was not properly chargeable, but for reasons that do not exist here.

The result, therefore, of the summing up in that case of the authorities is, that the rule for the guidance of the Court rests upon the basis of compensating the cestui que trust and depriving the trustee of advantages he wrongfully obtained, and that a charge of compound interest is in some instances the proper remedy.

The same can be said of *Wightman v. Helliwell* (1867), 13 Gr. 330, where it was held (p. 344) that "the principle and the object in every case is to make good the loss caused by the acts of omission or commission of the trustee, or to wrest from him any benefit he has, or is taken to have, derived from the use of the trust moneys;" but in that judgment, too, a distinction is drawn between the right to compound interest by way of compensation and the impropriety of so charging the defaulting trustee when to do so would be in the nature of punishment.

Two elements enter into the present case justifying such a charge—the character of the defendant's trusteeship, and the fact that the plaintiffs, in respect of some of the items charged, paid interest compounded half-yearly. The defendant's relationship to the plaintiffs involved a trusteeship of the highest character. For the many years of the plaintiffs' operations he was their managing director—a very active one too—having a direct and immediate supervision and control over their policy and financial operations and possessing the fullest knowledge of the details of the company's doings, with the capacity and ability thoroughly to understand their effect.

I have had the advantage of a study of the evidence at the trial, including that in the earlier action of the plaintiffs against the Leadlays, this defendant, and Annie A. Moore, and of the proceedings in the various appeals in that case; from all of which it can be safely asserted that the breaches of trust which the defendant has been found to have committed were not accidental or through ignorance. In that respect the degree of impropriety of his conduct, coupled with the character of the trust reposed in him, points to a quality of trusteeship which calls for full compensation for any loss sustained by the plaintiffs by reason of his retaining or not accounting for the moneys charged against him by the judgment. My opinion is, that, having regard to these facts, this is essentially a case where the principle to be