

HON. MR. JUSTICE MIDDLETON:—The defendant company is largely a family concern, Mr. Yeates and his sons holding the bulk of the stock. Mr. Juhner, a salesman and director of the company, was the most prominent minority stockholder.

The Canada Machinery Corporation is a large concern, formed by the amalgamation of a number of kindred businesses carried on in different places throughout the country. It was called in the evidence "the merger." The moving spirit in bringing about this amalgamation was Mr. Grant.

Some time prior to the transactions, giving rise to this action, there had been conversations between Grant and one of the Yeates, looking to the ultimate absorption of the defendant company in the merger. Nothing definite had been done, and serious negotiations had not been undertaken. Mr. Grant had said that the corporation would take in the defendant company, if a low enough price were accepted; and Mr. Yeates had said that there could be no objection if the corporation would pay enough.

In the meantime the defendant company was not prospering. Its indebtedness was very large; the Dominion Bank alone being a creditor for considerably over a \$100,000. No dividends were being paid, and some uneasiness was naturally being felt by the shareholders.

At this stage of the matter Mr. Juhner spoke to Mr. Strong, known to him as a broker engaged in negotiations of the class contemplated, and asked him to see if he could arrange a sale of the undertaking to the merger. Mr. Strong, who was personally acquainted with Mr. Grant, immediately went to him, and found that he was quite ready to take over the company if a suitable price could be arranged. Mr. Grant was then about leaving for England, and asked Mr. Strong to let him know what could be done before his departure. Strong at once saw Mr. E. G. Yeates, manager of the defendant company, and stated the proposition to him. Yeates naturally desired to know Strong's interest in the matter. Strong told him that he had no interest other than that of a broker or agent, and gave him to understand that he would expect remuneration from the vendors if the transaction was carried out. Mr. Yeates, who was given to understand that Mr. Grant would not purchase except upon terms of giving preferred stock of the merger to represent the