

plaintiff company, and the company for its own convenience had certain property which it had purchased conveyed to the secretary without any declaration of trust. The conveyance was prepared in the office of the firm of which the secretary was a member, and the deed was retained in the possession of the solicitor trustee, who subsequently fraudulently raised money thereon by deposit of the conveyance, and subsequently executed a legal mortgage of the property to the equitable mortgagee. The defendant had no actual notice of the conveyance, or of the fraud of his partner. The partnership deed made the secretaryship a part of the partnership business. It was held by Farwell, J., that as the trustee had a legal right to the possession of the deed, it was no part of the duty of the firm to see that he did not obtain it without the consent of the company, and even assuming that the firm would have been liable for any negligence of the solicitor as secretary, it was no part of his duty as secretary to act also as trustee. The defendant was therefore exonerated from liability for his partner's fraud.

COMPANY — WINDING UP — LIQUIDATOR — CREDITORS — ADVERTISEMENT FOR CREDITORS — NEGLIGENCE

Pulsford v. Devenish (1903) 2 Ch. 625, was an action brought by creditors of a company, which had been voluntarily wound up, against the liquidator for neglecting to pay, or see that the assets were applied in payment of, the plaintiff's debt. The business and assets of the company had been transferred as a going concern to another company, the purchasers covenanting to pay all debts of the liquidating company. The liquidator received fully paid-up shares in the purchasing company as the consideration of the sale, and distributed them among the shareholders of the liquidating company. The assets of the liquidating company were sufficient to pay all its debts in full, but the liquidator beyond advertising for creditors (insufficiently as the Court found) took no steps to ascertain the debts or to see that they were paid, but left everything to the purchasing company. He knew of the existence of the plaintiff's claim, but the plaintiff had no notice of the liquidation until after the dissolution of the liquidating company. Under these circumstances Farwell, J., held that the liquidator had been guilty of negligence and was liable for the amount of the plaintiff's claim.