

result it turned out that there was a deficiency of £41,000 which the company in liquidation had to make good. This deficiency could easily be obtained by calling up unpaid capital, but the shareholders objected to a call being made, if the money could be recovered from other sources, and it was therefore practically in their interest that the present proceedings were taken. One ground on which the director in question claimed to be exonerated was that he had relied on the statements and reports presented to the board of directors and had no reason to doubt their accuracy, and that such statements and reports justified his action, and that he had been as much deceived by the chairman and general manager as the shareholders themselves. Wright, J., came to the conclusion that Cory, the director, had not only been negligent but fraudulent, on the ground that the directors' reports stated that they had made provision for bad and doubtful debts whereas they had not; but the Court of Appeal (Lindley, M.R., Jeune, P.P.D. and Romer, L.J.) thought the evidence failed to justify this inference; and that the director was justified in relying on the statements of the officers of the company. Another branch of the case turned on the effect of Cory's resignation of the office of director. He wrote tendering his resignation, and on 22nd Dec., 1890, he was informed of its acceptance; but the board of directors concealed this from the shareholders and in their report, laid before them on 21st January, 1891, Cory's name appeared as a director, and the evidence was conflicting as to whether his resignation had or had not been mentioned to the meeting held that day. Wright, J., thought Cory must have known that his name so appeared in the report, and that he improperly allowed his retirement to be concealed, and allowed himself to be held out as a continuing director; but the Court of Appeal was of opinion that his resignation had been bona fide and validly effected, and that he ceased to have any responsibility for the subsequent acts of the board of directors, and could not be held liable for the dividend declared in January, 1891, even if he received the directors' report before the meeting and saw his name in it as a director, and did not insist that his name should be struck out. As to the dividends previously declared after the loss of the paid up capital, the Court of Appeal, while declaring that the paid up capital of a limited company cannot be returned to the shareholders under the guise of dividends or otherwise, at the same time was of opinion that