

not personally taking any part in the affairs connected with this liquidation. He was an intimate friend of Hall, and a business friend of Hamilton. Before the company went into liquidation Hamilton consulted him as to reorganisation. Mr. Stratton referred him to his friend Mr. Hall. While Hall was arranging the proposed reorganisation, Stratton and Hall met in the latter's office. Hall disclosed his plans to Stratton, and asked him to subscribe for stock. This conversation was not with Stratton as representing the liquidator in any way, and appears to have been of the most informal character.

Hall was then seeking information as to the financial position of the company, for the purpose of re-organization; and it may well be that Stratton said to him "you can get all this from Smith;" but I think that this was rather indicating Smith as the repository of all knowledge relating to the company than any indication that Smith had authority to make representations which would be in the nature of a warranty by the liquidator as to the position of the company's financial affairs.

At this time it is quite clear that the Trusts & Guarantee Company had not yet acquired any independent information. The liquidation was just beginning. The negotiations opened up by Hall were based not upon a purchase of the assets at so much or at a lump sum, but upon the line of paying the creditors so much on the dollar on their claim. Either before or after this interview, Hall and Hamilton procured from Smith, the balance sheets of the company, including a balance sheet made out as to the date of the liquidation, for the purpose of bringing up to that date the balance sheet of the previous October. Whatever information the liquidators had, was derived from Smith, as the one who had had charge of the company's financial affairs.

Bearing in mind that this information was being afforded to Hall, the solicitor for Hamilton, as representing a syndicate, formed of Hamilton and his friends, it seems to me absurd to suppose that the Trusts & Guarantee Company was putting forward Smith in any way as representing them, or that more was contemplated than that Hall and his associates were to have full liberty to refer to the common source of knowledge and information.

Hall employed a competent accountant. He was afforded every means of investigating the company's books and affairs.