

## LIABILITY OF THE FIRM FOR THE ACTS OF A PARTNER.

ly undertook on their behalf; and, therefore, his unfortunate partner, though he had had no opportunity of knowing anything of what was being done, was necessarily held liable for the acts of the other no less than six years after the partnership had come to an end.

Vice-Chancellor Wood, in *Bourdillon v. Roche* (6 W. R. 618), considered at some length the position and duties of solicitors in this respect. The decision was that it is no part of a solicitor's business *quâ* solicitor to receive on behalf of his clients money coming to them upon payment of a mortgage debt, or to retain such money for the purpose of investment generally. For a specific investment, we have already seen, it is quite in the ordinary course of business so to retain it, as the money in fact merely passes through his hands, and he is not the custodian of it, unless during the limited period which precedes the re-investment of the fund. In *Bourdillon v. Roche*, where a mortgage had been paid off and the money was retained by the defendant's partner for re-investment, and misapplied by him, the bill, which sought to make the defendant liable as well as the estate of the partner who misapplied the money, was dismissed as against the defendant, upon the ground that there was no evidence that the money was received for the purpose of being invested on any specific security, and, therefore, that the transaction was not within the ordinary range of business of a solicitor.

The receipt of money to be laid out on a specified security is said to be within the ordinary course of business, but the receipt of purchase-money on a vendor's behalf not.

*Viney v. Chaplin* (6 W. R. 562), which is the authority for the latter proposition, and is explained by the Vice-Chancellor in *Earl of Dundonald v. Masterman* (17 W. R. 548, L. R. 7 Eq. 504), only goes to this, that a solicitor as such has *not*, as against his client, authority to receive that client's money; but it does not touch the question now before us.

The cases appear to come to this, that a solicitor who acts strictly in his professional capacity does not receive money on behalf of his clients, unless to be invested in a *specific* security or applied in a particular manner. *Atkinson v. Mackreth* (14 W. R. 883), was a case where one of a firm of solicitors received a sum of money from a client, part whereof was to go in payment of their bill of costs, and the residue was to be applied towards effecting an arrangement with the client's creditors. The solicitor misappropriated the money. It was argued that the purpose for which the balance of the money was given—viz., the arrangement with the creditors—was a general purpose analogous to the case of money being handed to a solicitor for investment generally, which is a scrivener's business, and not a solicitor's. The Master of the Rolls, however, held on demurrer that the liability was joint and several, thus admitting that the undertaking to apply the balance as

above mentioned was within the scope of a solicitor's business.

In *Withington v. Tate* (17 W. R. 247) the question was whether a mortgagor was fairly entitled to assume that the mortgagee's solicitor was the proper person to receive the money as agent for the mortgagee. Lord Romilly, M. R., held that he was not, and on appeal Lord Hothley, C., took the same view, that the mortgagor had paid the money on his own wrong, inasmuch as he was not authorised to pay it to the solicitors.

*St. Aubyn v. Smart* is noticeable for the question which arose in it as to the jurisdiction of the Court in these cases. That there is a remedy at law in most cases is certain, but, where the lapse of time has barred this, there is still a remedy in equity, provided there had been misrepresentation leading to the fraud complained of. In *Blair v. Bromley* the misrepresentation was made in 1829, and the discovery of it was not made until 1841, while the partnership had been dissolved upwards of six years. At law, therefore, the remedy was gone. But in equity, in the opinion both of Sir James Wigram and Lord Lyndhurst, the effect of the misrepresentation was the same as if it had been made on the day when the fraud originated by it was found out; and that the right to relief against the several partners was not gone by reason of the firm having been dissolved more than six years before.

In the latest case on this subject, the *Earl of Dundonald v. Masterman*, the Earl, in the course of an arrangement of his affairs, in which the defendants' firm were his professional advisers, remitted a bill for a large sum to England, which bill was endorsed to the member of the firm who had throughout taken charge of the Earl's affairs, and by him discounted. The balance of the amount so obtained was misapplied by the partner in question, who absconded; and the suit was instituted to make the remaining partners liable for the acts of their former partner. As in *St. Aubyn v. Smart*, the defendants were precluded from making out that the plaintiff had employed the defaulting partner, and not the firm, by the circumstance that the bills of costs were made out in the name of the firm, and discharged by payments made to them. The main question was, as in the other cases, whether it was within the ordinary business of the firm so to receive money for a client, and the Vice-Chancellor, following the foregoing cases, was clearly of opinion that it was. The bill was transmitted to England for the purpose of providing a fund to pay the creditors; it was endorsed to the defaulting partner; he discounted it. The cheque thus obtained was made payable to the order of the firm, and the defaulting partner obtained the money, part of which he appropriated by using the firm's name in endorsing the cheque. It was one of those unhappy cases where some one or other innocent person must suffer, and the remain-