having died entitled to partnership real estate subject to a mortgage, the trustee of one partner released to the trustees of the other partner the interest of the releasor in the equity of redemption in this property, and the releasees covenanted with the releasor "as such trustees, but not so as to create any personal liability on the part of them or either of them" to indemnify the releasor against all claim under the mortgage. The mortgagees having sold the mortgaged property for less than sufficient to satisfy the mortgage debt, demanded payment of the deficiency from the releasor, who paid it, and brought the present action to recover it from his covenantors, who contended that by reason of the restrictive words of the covenant they were not personally liable under the covenant; but Warrington, J., held that the attempted restriction of liability was nugatory, as the effect of the words if valid, would be not merely to limit but destroy the covenant altogether, and inasmuch as there was a covenant to pay and indemnify, the proviso was repugnant and of no effect.

COMPANY—MISFEASANCE OF DIRECTORS—DIRECTORS' GROSS NEGLIGENCE—MISSTATEMENT IN PROSPECTUS—CLAUSE EXEMPTING DIRECTORS FROM LIABILITY—NEGLIGENCE.

In re Brazilian Rubber Plantations (1911) 1 Ch. 425. This was a winding up proceeding in which it was sought to make certain directors liable for alleged misfeasance. The company was formed for the purpose of purchasing certain estates in Brazil, and for that purpose entering into with, or without, modification, a specified contract with a syndicate. On the day of incorporation the directors issued a prospectus inviting subscriptions for shares, which contained statements as to the area of the estate and number of rubber trees, which was untrue. These statements were taken from a report furnished to the directors by the member of a firm who had obtained an option to purchase the estate, and had sold it to the syndicate at an increased price. The report was fraudulent, but the directors believed it to be true, and adopted it without inquiry. Subsequently, before the whole of the purchase money was paid the directors received information from an agent that the statements contained in the report and prospectus were untrue, that instead of there being 12,500 acres there were only 2,000, and instead of there being 400,000 trees there were only 50,000, but the agent did not advise a cancellation of the contract, but led them to suppose that notwithstanding the untrue statements the property was