

OPTION CONTRACTS AS GAMBLING

Questions frequently arise in reference to stock transactions and their validity under the Dominion laws against gambling, and in this connection, a recent discussion of the Illinois Courts is of considerable interest, as the Canadian and the American laws along this line are much alike.

In the case referred to it appeared that one Dobson had sold to one Stewart two hundred shares of stock in a Company and the parties entered into an agreement that in consideration thereof it was agreed that should Stewart desire to sell the two hundred shares of stock within one year from the date of the agreement, at nine dollars per share, and upon giving thirty days notice thereof, Dobson was to buy the stock at nine dollars per share, and at any time during the said year Dobson could tender to Stewart \$1,800, being the price of the two hundred shares at \$9.00 per share, and upon such tender Stewart was bound to sell and deliver the stocks, otherwise Stewart would have no right to compel Dobson to purchase at that price at the end of the year.

Then thirty days before the end of the year Stewart notified Dobson, according to the contract, that he desired to sell the stock at the price named in the agreement, namely \$9.00 per share, demanding that Dobson take over the stock at that price.

Apparently, however, the stock was not as valuable as Dobson had represented it to be a year before, so Dobson refused to purchase, setting up the defence that the contract for repurchase was illegal under the Illinois Criminal Code which provides that "whoever contracts to have or give to

himself or another the option to sell or buy, at a future time, any grain, or other commodity, or stock of any company, shall be fined and all contracts made in violation of this section shall be considered gambling contracts, and shall be void."

Dobson contended under this section that the contract quoted above was void as a gambling contract, but the Illinois Supreme Court held otherwise.

"There is nothing in this contract to indicate that it was not intended that certain specified shares of stock were to be delivered, or that it was the intention of the parties to settle on differences, nor is there anything about the contract that can be said to indicate an attempt to use it as a cover for a wager on the price of the stock," said the Court. "The contract discloses that the stock in question had been purchased by Stewart from Dobson who agreed to repurchase from Stewart upon thirty days' written demand, at the price specified. Under the cases referred to, this is clearly not such an option of the contract as comes within the provisions of the Criminal Code, quoted above."

VANCOUVER BOARD OF TRADE AND COMPULSORY HEALTH INSURANCE

The following resolution was passed at a meeting of the insurance section of the Vancouver Board of Trade: "That this section recommends for the serious consideration of the full board the danger threatening the progress of the province of British Columbia by the proposed introduction of compulsory health insurance."

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