

HON. MR. JUSTICE KELLY.

JULY 16TH, 1912.

GRAY v. BUCHAN.

3 O. W. N. 1620.

*Broker—Purchase by Customer of Shares on Margin—Contract—
Terms—Failure to Keep up Margin—Resale by Broker.*

Action by customer against brokers for rescission of certain contracts for the purchase of mining stock and for a return of the moneys paid on account of such purchase or for damages for the wrongful resale of the shares. Plaintiff, who was a solicitor, accustomed to stock transactions, purchased the stock in question on margin, one of the terms of the contract being that margins were to be kept up by the purchaser. The stock declined in price and plaintiff on being asked to put up further margins to protect it, neglected to do so, whereupon defendants sold out the stock at the market price and credited his account with the proceeds. Plaintiff set up lack of familiarity with the usages of the Exchange and with the terms of the orders executed by him.

KELLY, J., dismissed action with costs and allowed defendants their counterclaim of \$18.10.

Action by customer against brokers for the rescission of a contract to purchase mining shares, tried at Toronto, without a jury, on June 13th and 14th.

Plaintiff in person.

A. G. Slaght, for the defendants.

HON. MR. JUSTICE KELLY:—Plaintiff, who is a solicitor, having in January, 1912, an office in South Porcupine, went to the defendants' office in Haileybury on January 15th, for the purpose of buying shares of Dome Extension stock. Defendants were dealing in such stocks and had direct communication with their correspondents in Toronto.

On plaintiff expressing a desire to make a purchase, defendants explained to him the terms on which the same could be made, that he would be required to pay in cash 25 per cent. of the purchase price, and from time to time to make such payments as would keep up a margin of 25 per cent. of the purchase-price should the selling price of the stock decline; and it was also explained to him that any purchases would be subject to the rules of the defendants' business.

The plaintiff then directed defendants to make for him a purchase of 1,000 shares of this stock at 42 cents per share, at sixty days, and the defendants prepared and submitted to the plaintiff for signature an order in the following words:—