interests subordinate to their duties and liabilities as trustees:" *Ex parte Bennett*, 18 Beav., 339.

These rules of law were enforced during the great railway mania in England, against such men as Sir George Hudson, the "Railway King," and Sir William Magnay and others.

In giving judgment against the latter, the Master of the Rolls remarked as to the former: "Hudson was held bound to give to his company, the benefit of a large contract entered into by him, for *iron* which had been used in the railway, and to account to them for the pecuniary profit which he had derived from it. *In fact*, (said Lord Romilly), *there is no mode by which any species of sale or dealing between the company and one of its directors can be made valid and effectual*, except by bringing the circumstances fully before a meeting of the shareholders, and first obtaining their sanction to the transaction:" 25 Beav., 586. The House of Lords gave a similar opinion in the Scotch case of *Aberdeen Ry. Co.* v. *Blaikie*, 1 Macq. H.L., 461, and held that a director of a company is a trustee, and as such is precluded from dealing on behalf of the corporation with himself, or with a firm of which he is a partner. So inflexible is the rule, said Lord Cranworth, that though the terms of the dealing are as good, or even better, than could have been obtained from any other quarter, no question of fairness or unfairness is allowed to be raised, if the beneficiaries object. The contrast is illegal in equity, upon general equitable principles: s. c. 2 Eq. Rep. 1281.

Some directors, from ignorance of the law, deal openly with their company; while others ingeniously cover the prohibited dealing in a cloak of apparent righteousness; but the "strong arm of the law" is always sufficiently muscular to tear the cloak and expose the hidden fraud. Secret gifts, or percentages, or commissions from persons having dealings with corporations; sales or purchases or contracts in the name of a secret agent, are all within the prohibition of the law. The general propositions we have discussed may be illustrated by the following decisions.

Directors contracting with company.—If a director of a company makes a contract with his company, and reserves a private interest, or subsequently becomes interested in any contract with a view of his participating in the profits, the shareholders may insist upon his accounting for the profits, or may disaffirm the contract *in toto*; and the same rule applies to directors of a company becoming members of another company with which they have made a contract, so as to share in the profits of such contract. It is a breach of duty in directors to assume obligations inconsistent with their trust, or to place themselves in a position where their personal interests will prevent them from acting for the best interests of those they represent as directors: *Gilman, etc., Ry. Co.* v. *Kelly*, 77 Ill., 426.

Purchase of Corporate Property.—Nor can a director purchase the corporate property at a sale under a mortgage, or execution, or at a sale for taxes, either in his own name or in the name of an agent. And third persons who may purchase the corporate property from such director, with notice, stand in no better position than the director himself. A director cannot be allowed to unite in