

and own it. Let us review some of the results of this legal fiction that the creation of a corporation brings into the world a new person,—artificially created, to be sure, but yet endowed with many of the powers of an ordinary human being.

In the first place, as the corporation has an existence apart from the lives of any or all its owners, it is not broken up by the death or withdrawal of any owner. In the second place, the corporation has the right to buy and sell and contract debts in its own name and for itself; it may even owe money or lend money to some or all of its owners. In the third place, it may sue and be sued in the courts, without thereby involving any of its owners. In the fourth place, it may enter into all kinds of legal contracts, just as an individual might do.

4. *The fiction of "corporate entity."*—Here, then, is the first and most fundamental fact about the corporation for the reader to grasp and keep always clearly in view, that it is a separate, distinct artificial person. It is true that within the last few years the courts of the United States have shown a strong tendency to go behind this artificial personality and to throw responsibility on the owners and managers of a corporation, especially in case of fraud. Clark, the author of a standard legal work, says:

That a corporation is a legal entity, separate and distinct from the members who compose it, is a mere legal fiction, introduced for the convenience of the corporation in transacting business, and of those who do business with it; and, when urged to an intent and purpose not within its reason and policy, the fiction will be disregarded, and the fact that the corporation is really a collection of individuals will be recognized, even at law. Courts of equity, in every instance, look behind the corporate