

railway undertaking purchased by the promoters of a company of which they were the sole shareholders, could be legally sold by them to the company, its act of incorporation authorizing the purchase. The facts were that a syndicate of four persons procured a Quebec Act incorporating a railway company, \$300,000 of the capital of which was taken up by the promoters, (and was all that had been issued), and they were, with others whom they had qualified, the directors of the company. The syndicate then purchased this railway undertaking, and sold it to another company which they had organized, for \$648,000 which was paid for in part by the promoters getting credit for \$300,000 on the shares subscribed by them, and the company acknowledged its indebtedness for the balance \$348,000 to the said four persons in equal shares. This company, and another with which it had become amalgamated, became insolvent, and their railways were sold, and the promoters claimed to rank as creditors in respect of the \$348,000 against the assets of the insolvent companies. The Judicial Committee of the Privy Council (Lords Haldane, Macnaghten, Mersey, and Robson) affirmed the judgment of the Supreme Court allowing the claim; their Lordships holding that the Act of incorporation authorized the purchase, and that it was not material whether or not the price was in fact excessive, as everyone interested in the capital of the company had concurred in the purchase, with full knowledge of all the circumstances.

EXPROPRIATION OF GAS COMPANY—SALE AND PURCHASE AS GOING CONCERN—STATUTORY POWER OF PURCHASE—BASIS FOR ESTIMATING PURCHASE MONEY.

*Perth Gas Co. v. Perth* (1911) A.C. 506. By an Act of the Western Australian Legislature the city of Perth was empowered to purchase all the lands, buildings, works, hereditaments, lamps, pipes, stocks, and appurtenances of and belonging to the appellants, upon giving to the directors six months' notice so to do, upon such terms and conditions as should be mutually agreed on between the directors and corporation, but in case of dispute the amount of the purchase money was to be determined by arbitration, and by the same Act the powers of the gas company were extended and, besides, the ordinary powers of gas companies, it was enabled to exercise its powers over a vast area of which the city of Perth constituted only a small portion, and no limit was placed on the amount of its profits. The Act also