subscribed for stock therein, making no provision however, for the payment nor making any calls thereon—while applications for stock by others were only accepted on their paying 25 per cent. on subscription and 25 per cent. on allotment. Subsequently and some time before the company were declared insolvent, the directors knowing of its insolvent condition, and desiring to get rid of their stock, on which nothing had been paid, employed C., the promoter of the company, to procure persons willing to take the stock. C. accordingly procured five persons, whom he knew were of little or no substance, and, as to whom he had carefully abstained from any enquiry, to take all of the stock, except one share for each director on which he could qualify and make the transfers, informing these persons that they would be the directors, and, as to four of them at least, that they would incur no liability on the stock as he would arrange for its disposal. The purchasers were to give their promissory notes for the first 25 per cent. payable in six months without interest, but instead of the notes being delivered when the transfers were made, and made payable to the directors, and endorsed over by them to the company, the were delivered prior thereto, and made payable to the company itself, the object being that they should be treated as a payment of the 25 per cent. for which the directors were liable.

Held, that the transfers were invalid, as being made contrary to s. 30 of the Act before all calls had been paid, the liability for the 25 per cent. being substantially the same as a call; and also in that the directors were guilty of a breach of trust in not exercising their powers in the best interests of the company. The directors were therefore directed to be placed on the list of contributories for this stock.

Order of the local master at Peterborough reversed.

R. E. Wood, for liquidator. *D. O'Connell*, for directors.

Boyd, C., Magee, J., Mabee, J.] [April 29.

CARPENTER *v.* CARPENTER.

Covenant—Restraint of trade—"Continue to carry on business"—Sale of business to company—Covenantee interested in company and acting as manager.

The plaintiff and defendant were engaged as partners in the business of nurserymen and fruit sellers. Upon dissolving part-