

This credit did not appear in plaintiffs' books until 1893, several years after the occurrences in respect of which the allowances were made. There is no resolution or by-law specifically dealing with this allowance, except in so far as references in the plaintiffs' annual statements to moneys due the managing-director might be said to apply thereto. It does not seem reasonable that a matter of such importance and of so unusual a character should not have been specially dealt with and recorded in the books in all these years. Moreover, it may be noted that in the interval between the negotiations with the Government and the credit first appearing in the company's books in 1893, by-laws of the company were passed from time to time altering and fixing defendant's salary as managing-director, one of which (by-law No. 26 passed on May 4th, 1887), states that it is "hereby fixed at the sum of five thousand dollars per annum, commencing from the beginning of his service, viz., from the 1st day of March, A.D. 1882." Prior to the passing of this by-law his compensation had been \$2,000 and certain commission, which, at the time by-law 25 was passed, he is shewn to have expressed his willingness to waive. Other by-laws both before and after 1893 were passed relating to defendant's compensation as manager, but no specific reference is made to the item in question either by the directors or the shareholders, though, in such matters as directors' fees and compensation to the directors for obligations assumed in endorsing negotiable paper for the benefit of the plaintiffs, by-laws in clear and distinct terms were in every instance passed.

During all this time defendant held the position of managing-director, and the books and records of the company were in his charge and were written up by himself personally or by clerks under his supervision. This transaction was of such an unusual character as to have required the special attention of the plaintiffs, if it was their intention to give or sanction the credit to which defendant now claims to be entitled, and it is but reasonable to expect that if the company had taken any action thereon it would have been evidenced by some by-law or resolution or other express act, clearly shewing its nature and effect.

The entry of this credit to the defendant in 1893, was made by Owens, a clerk under the defendant and at the defendant's dictation. The reason assigned by the defendant for the long delay in carrying the credit into the books,