

interest in the concern—they were merely selected for the formal constitution of the company.

At a meeting of the board of directors of the company holden 13th November, 1905, an indenture of assignment of leases, dated 30th November, 1905, by Cook to the company, was read to the meeting.

This assignment recited that Cook was the holder of certain leases as trustee for himself and 19 other persons (naming them); that he, at the request and with the approval of the said persons, had agreed to sell, etc., these leases to the company for \$60,000, to be paid by the issue to the 20 persons (including Cook) of 600 fully paid up shares of \$100 each, in equal proportions, i.e., 30 shares to each; and then the indenture went on to assign over the leases to the company.

Upon this indenture being read, the directors passed a by-law, No. 3, which recites that "Cook is the holder in trust of certain oil and gas leases . . .," and that "Cook holds the said leases in trust for himself and the following persons in equal shares, namely (naming them); and that "Cook, at the request and with the approval of the said . . . persons, has agreed to sell . . . to the company . . . for . . . \$60,000, to be paid by the issue to the said 20 persons, including the said Cook, of 600 fully paid up . . . shares of \$100 each, in equal proportions, that is to say, 30 of such shares to each of the said persons," and "the said Cook has . . . assigned," etc. The by-law then enacted that 30 fully paid up shares should accordingly be issued to each of the 20 named persons.

The stock to be issued was fixed at \$60,000, instead of \$20,000, as had been originally intended, because, as Mr. Edgar tells us, they had discovered oil, and consequently it was thought that the leases which with oil undiscovered were worth \$20,000, with oil discovered were worth 3 times as much. It would seem that everything in the way of forming the company, making contracts . . . for and in the name of the company with Cook, the by-laws passed, etc., was done at the direction of Mr. Edgar.

The leases having cost a much less sum than represented by the defendants, and they having made up for and presented at the meeting of the syndicate a false and fraudulent statement of such cost, what are the rights of the parties?