

was made, which after being submitted to the creditors, was accepted.

It subsequently transpired that Mr. Hall failed to secure the financial assistance he expected. He consequently found the burden of carrying out the transaction he had entered into a very heavy one; and he had to ask, time and again, for an extension of time for the making of payments. The matter was nursed along, with the assistance of the liquidator and its officers, until the greater portion of the price was realised from the sale and collection of the assets of the company; Hall actually putting up a comparatively small portion of the purchase-price.

On the 10th of August, 1909, over two years after this purchase, and when the price had almost been realised in the way described, Mr. Hall woke up to the fact that he had been, as he describes it, "grossly deceived by Mr. J. C. Smith acting for the liquidator." He based his claim upon the statement that he understood from Mr. Smith at the time he commenced negotiation for the purchase of the property in December, 1906—which would be before the liquidation—that the statement of the 31st October, 1906, was the result of a regular stock taking and that the stock in trade and raw material were taken on the following basis, namely, the raw material and supplies were taken at cost, and, wherever cost exceeded the market value, at market value, etc.: that part of the stock, consisting of old parts of machinery, was taken on scrap basis, etc. Since the liquidation he has ascertained that this stock list was inflated, the merchandise account was valued up to the extent of \$8,000, \$24,000 of merchandise account was transferred to accounts receivable at \$27,000. Mr. Smith is said to have represented that during the liquidation the business was making money. This claim was verified by the production of several statements signed by Mr. J. C. Smith in the name of the liquidator, the Trusts and Guarantee Company.

Before considering the circumstances under which these statements were given it is necessary to understand clearly, if possible, the relation of Smith to the liquidator. As already stated, Smith was, nominally at least, the general manager of the company, and had held that position for a short time. When the liquidation began, a re-organisation was hoped for. It is common ground that it was neces-