

some time, a resolution was passed that any shareholder having already paid 10 per cent. upon his stock, should have the option of paying 15 per cent. more, and might then transfer the amount of the stock for which he had subscribed to E. H. Goff, at that time Managing-Director, who would transfer to the stockholder one-fourth of the amount of stock, the same being fully paid up. Money was raised sufficient to pay up a certain amount of stock, which was placed in the hands of the Managing-Director for this purpose, and nearly one half of the capital stock of the Company was reduced in consequence. The plaintiffs were appointed assignees of the Company under chap. 38, 41 Vic. (Can.) and proceeded to notify the committed stockholders that they would not recognize the transfers so made. The present action was brought as a test case, the defendant pleading, through his counsel, Mr. T. W. Ritchie, Q. C.—

1st. That no regular calls were made or notices given. 2nd. That Goff, who was the transferee of the shares formerly held by defendant, had not been made a party to the action, and that nothing appeared to relieve the plaintiffs from the necessity of so doing. 3rd. That he was the holder of only \$1800 worth of stock fully paid up, for which he held the Company's certificate (which he produced and filed) as he had paid \$1100 amounting to 15 per cent at the time he committed his stock in addition to the 10 per cent. first paid. The defendant's Counsel at the *Enquête*, objected also to proof being made of the second and third calls, as the minute book of the Company was lost; the loss being proved, parole evidence was admitted. The following is the judgment of the Court:—

The Court, having heard the evidence of both sides through their solicitors upon the merits of the present case, examined the documents produced, and duly considered the proofs, on mature deliberation maintains:—Whereas the plaintiffs having been named assignees to the said Canada Agricultural Insurance Co. of Canada by special Act of Parliament, viz., cap. 38, Act 31 Vic.—Whereas it has been proved that the defendant had subscribed for seventy shares of the capital stock of the said Company, of the amount of \$100 each, upon which he had paid the first call of 10 per cent., amounting to \$700; Whereas it has been established that the Directors of the said Company, having decided to allow the shareholders to reduce the amount of the subscribed capital by 75 per cent., that is to say, to reduce to 25 per cent. the amount originally subscribed by each of them, that the defendant, with the object of profiting by the decision of the directors to that effect, transferred on the 23rd March, 1877, the amount of his subscribed shares to Edward H. Goff, then manager, and one of the Directors of the said Company, and paid at the same time the sum of \$1,100, making altogether \$1,800 paid up, for which sum he received in return from the said E. H. Goff, paid-up shares to the amount of \$1,800, namely 15 shares of the said Company; Whereas the transfer made by the defendant to the said E. H. Goff, has been entered in the books of the Company, and it is proved that the \$1,100 which the defendant paid to the said Goff are liable to the Company, inasmuch as they served to reduce the debt of the said Goff to the Company, contracted by him for obtaining the shares which he had transferred in part to the defendant in this case; Whereas it is proved that the transfer was not *bona fide*, but was made with the sole object of reducing to 25 per cent. the capital originally subscribed by the defendant; Whereas the Directors of the said Company had not the right thus to reduce the shares originally subscribed by the said shareholders, and that the defendant was not able by the said transfer to avoid the obligations that he originally contracted of paying the calls made upon the said shares; Whereas it is quite true that the consent of the Directors appears to have been obtained to the transfer of the said shares to the said Goff, nevertheless sec. 17, chap. 104 of the Statutes of Canada, 1872, 35 Vic., does not apply to the actual case,

seeing that the transfer was made, as above stated, with the sole object of reducing the capital subscribed by defendant in said Company; Whereas the Directors of a joint stock company are only vested with such limited powers as relate to the administration of the affairs of the company; and that they have no right to discharge the whole or any portion of the shareholders from that responsibility to which shareholders always are liable towards the company of which they form a part.

In view of the fact that the said defendant has paid the first instalment upon the shares by him subscribed in the said company, viz., the sum of \$700; and that on the 22nd February, 1877, a second call of ten per cent. has been regularly called up upon the subscribed capital stock of the said company, and that this instalment was declared payable in two instalments of 5 per cent. each, the first the 25th March, 1877, and the second the 24th April, 1877.

On the eighth day of November, 1877, a third instalment of 10 per cent. upon the amount of the subscribed capital stock was regularly called up, and made payable the 17th December, 1877.

In view, also, of the fact that the defendant has become indebted by these calls (2nd and 3rd) of ten per cent. each in a total amount of fourteen hundred dollars upon the amount subscribed by him in the capital stock of the company.

Considering, however, that the defendant is entitled to credit for the sum of \$1100, by him paid to the said E. H. Goff, and by which the Canada Agricultural Insurance Company has to a certain extent benefited; and more especially as one of the plaintiffs *ex qualitate*, Mr. Philip S. Ross, in his testimony says that the plaintiffs have been willing to give the defendant credit for this amount of \$1100, leaving in favor of the said plaintiffs in their quality aforesaid a balance of \$300, which the defendant justly and legally owes to them as the balance due upon said second and third calls upon the shares held by him in the capital stock of the said company;

Considering also that the aforesaid transfer which was made of these shares by the said defendant to said E. H. Goff, was so made with the sole object of reducing the capital stock of the defendant to twenty-five per cent. of the amount of stock originally subscribed by him, and it is not necessary to put *en cause* (call in) the said E. H. Goff in order to be able to adjudicate upon the claim of the plaintiffs in this case;

Considering that the defences urged by the said defendant are not well based nor proved, and that the action of said plaintiffs *ex qualitate* is well founded to the aforesaid extent;

The court hath maintained and doth maintain the said action, and hath condemned and doth condemn the said defendant to pay to the said plaintiffs the said sum of \$300 with interest and costs of suit, etc., etc., (as aforesaid)."

As will be seen, by this judgment the pretended transfers made by a large number of heavy shareholders are declared illegal, and the stock is declared to be still in their name. They consequently are liable for the calls made thereon by the company and the assignees, being credited, however, with the cash amounts which they have paid both previously to, and in order to effect the transfer.

## Financial and Commercial

### MONTREAL WHOLESALE MARKETS.

THURSDAY, 13th July, 1882.

There is no material change to note in the trade situation from that reported a week ago. Every branch seems to be in a healthy condition, and in some lines, notably groceries, retail business is considerably more active than usual in July; but the season for recreation during the heated term, when the majority of merchants and financial men leave the city,

having arrived, the movement in all departments is comparatively light. As expected, the dry goods market for the week has been quiet, though not more so than usual between seasons. Fears are entertained by some lest the superabundant moisture from the rainy weather, which has prevailed in this section and eastward for some weeks, may tend more to the growth of straw than berry. In the West, the weather has been quite favorable, and there is every indication of an abundant harvest. The war in Egypt has already had its effect on prices, especially for cottons which are a fraction higher for repeat orders. Should the contest by any possibility be prolonged, the calling out of the reserves would probably have its effect on the iron and other manufactures, owing to the withdrawal of so many hands from their regular employments. The money market continues quiet and easy, mercantile bills being still discounted at 7 per cent.; call loans on stocks firm, however, at 6 per cent. Sterling Exchange quiet at 108½ between banks, 109½ over the counter, and 109½ for demand bills. The Government have been supplied at 109. Drafts on New York weak at par to ¼ discount. Stocks have been rather inactive for the week, and the market irregular; yesterday values were weak, but the market closed stronger under an improved demand. To-day it opened dull and weak, and all speculative securities were a fraction "off" this forenoon; at the close Montreal was a shade better, buyers offering 207½, with 207½ asked. Commerce was a fraction stronger also, 141 being the closing bid. With the exception of Canada Cotton, which has declined 7 per cent., and Richelieu which is 2½ per cent. lower, the fluctuations for the week are but fractional and unimportant.

Transactions to-day: Morning Board:—20 Montreal at 207½; 25 Ontario at 123; 150 Merchants at 127; 25 Commerce at 141; 32 Hochelaga at 94; 190 Richelieu at 73½, 100 do at 73. Afternoon Board:—49 Merchants at 127½; 5 Montreal Telegraph at 130½; 110 Richelieu at 72½, 50 do at 72½.

Boots and Shoes.—Orders for Fall goods are fairly numerous, and in most instances in excess of the number in hand at like date last year. The factories are all fully employed, and there is every prospect of a good Fall trade being done. Payments generally good; some few are asking for renewals, as is usual just prior to harvest time. Stocks remain steady; workmen have been manifesting some uneasiness, and in some departments wages have been increased.

CATTLE, ETC.—Transactions in shipping cattle were few, but good to fair beeves were quoted at from 6c to 7c per lb., live weight. The receipts of ordinary grass fed were large, and transactions were made at from 4½c to 5½c, while some sold as high as 6c. Lean stock was quiet, and prices easier. Lambs were in demand at from \$2.50 to \$5 each; there was a fair enquiry for Sheep at from \$5.50 to \$11 each as to size and quality. Calves sold at from \$2.50 to \$5 for small ones and \$7 to \$10 each for good to choice qualities. Hogs steady at from \$7.75 to \$8.25 per 100 lbs.

COAL.—The local market remains steady, with no prospect, dealers state, of a decline in prices this summer. Stove, chesnut and grate anthracite are held at \$6.25 per net ton, and egg \$6.

GROCERIES.—The temporary stoppage of Suez canal traffic is suggestive at least of possible changes in products of the East, notably Teas, Spices, Rice, etc. Something of this is to be