

ard Loxley. The same gentlemen were also the directors of the plaintiff company. Both companies occupied the same offices in London and employed the same office staff. The defendant John Craig was also the managing director of the plaintiff company and of the paper mills company, and was president of the land company, and resided in Canada. The defendant company had, as agent for the land company, floated for it certain bonds, of a total issue of \$50,000, and, among them, those now in question, which bonds were to mature on the 1st January, 1906. The land company was apparently not at that time prepared to take them up. The defendant company had also, as agent for the plaintiff company, floated certain bonds of that company, the proceeds of which were still in hand at the credit of that company. It was the intention of the land company to issue additional bonds, with the proceeds of which the bonds so maturing would be paid; and, pending such issue, the requisite money required to retire them was transferred by the common directors from the account of the plaintiff company to that of the defendant company, and by the latter used to take up the bonds now in question. Of these there were originally in all 52. One was subsequently paid by the land company itself out of its own money, and is now no longer in question. Forty of them were so taken up and received from the holders in London; the other 12 were sent by the holders direct to the office of the land company in Canada for redemption, and were there taken up out of money which had been remitted for the purpose by the defendant company to the land company. The 40 so taken up in London were afterwards sent to J. H. Payne, secretary-treasurer of the land company, at Sturgeon Falls, in a letter written by William Tait, the defendant company's secretary, the date of which does not appear, but it was evidently written in January, 1906, in which Mr. Tait said: "I am sending you by this mail the following debentures and coupons which have been paid by this syndicate on behalf of your company on the 1st instant, viz., etc. Mr. Payne afterwards handed these to the defendant John Craig, who had, at the time, the other 12 in his possession, and the whole were placed by him in the safe of the Imperial Paper Mills Company for safekeeping, where they remained until brought into Court under the order made in this action before trial.

The original minute of the transaction, dated the 15th January, 1906, in the defendant company's books, is set out in full