

COMPANY—WINDING-UP — CONTRIBUTORY — CERTIFICATE THAT
SHARES WERE FULLY PAID—ALLOTMENT TO PARTNERSHIP—
PARTNER SIGNING CERTIFICATE AS DIRECTOR—ESTOPPEL—
NOTICE.

In re Coasters (1911) 1 Ch. 86. In this case a firm of Clements, Knowling & Co. agreed to sell a ship to a company for £1,500, part of the consideration to be £1,000 of fully paid shares of the company. The transaction was varied and at the instance of Ellis, a promotor of the company, was carried out in the following way. Clements, Knowling & Co. mortgaged the vessel to one Constant for £1,000 which sum was paid to the company for £1,000 fully paid shares; no formal application for shares appears to have been made by Clements, Knowling & Co. The ship was transferred to the company subject to the mortgage. Without the knowledge or consent of Clements, Knowling & Co. or any of its members Ellis caused the £1,000 cash to be credited as a payment of 5s. per share on 4,000 shares for which he had applied. At a meeting of the directors the 4,000 shares, Nos. 791 to 4,790, were allotted to Ellis and he was entered on the register as owner thereof, and the purchase of the ship from Clements, Knowling & Co. for £500 subject to the mortgage was approved. Knowling, a member of the firm of Clements, Knowling & Co. was subsequently elected a director and a certificate was issued signed by him as a director certifying that his firm was the registered proprietor of £1,000 fully paid shares, Nos. 891 to 1,890. A similar certificate was on the same day issued to Ellis certifying him to be the owner of 4,000 fully paid shares numbered 791 to 4,790, and in the same month a transfer was executed by Ellis to Clements, Knowling & Co. for a nominal consideration of 1,000 fully paid shares numbered 891 to 1,890. This transfer was not dated but both certificates issued on 12th June. The company having been ordered to be wound up, Clements, Knowling & Co. were placed on the list of contributors for 15s. per share on the 1,000 shares held by them, and the question was, whether, in the circumstances, the company was estopped from disputing the certificate that the shares in question were fully paid, and it was contended on behalf of the liquidator that Knowling being one of the partners and also a director must be taken to have known that the shares were not in fact paid up, and that this constituted notice to his firm. Neville, J., who heard the application found that the firm had in perfect good faith paid over the £1,000 in respect of the 1,000 shares for which they had