

the defendant's name appears, and opposite to it "10 shares." This was not communicated to the defendant, and no immediate action appears to have been taken upon the letter.

Then there is produced a certificate signed by the inspector, dated the 19th April, 1906, purporting to certify that the defendant "holds at this date" 10 shares of the capital stock, "each share being of the sum of \$100 (fully paid up), amounting to \$1,000."

The next thing that appears is that on the 1st June an entry is made in the defendant's account in the London branch . . . debiting him with \$1,400. This was done without the defendant's knowledge or authority.

Neither on the 19th April, 1906, nor before that date, had there been any allotment of shares to the defendant, and, as the evidence shews, there were no shares left unallotted or undealt with by the directors out of which the directors could make an allotment if they had been so minded. Even if there were any such shares, the directors never did deal with them or allot out of them any shares to the defendant.

The certificate of the 19th April is wholly false and misleading. There is not a pretence that at that time the plaintiffs had received any sum of money for shares from the defendant. He had not "fully" or even partly paid for them. Of course the plaintiffs never parted with the custody of the certificate, and the defendant was never made aware of its existence, even after the debit of \$1,400 on the 1st June.

There had not in the meantime been any allotment of shares to the defendant by the directors, and there is no action of theirs on record to shew that at any time they assumed to deal with shares otherwise than as directed by the resolutions of the 31st March, 1906. So that on the 1st June, when the debit was made, the defendant was not in fact or in law a shareholder or indebted to the plaintiffs in respect of an allotment of shares to him.

The plaintiffs do not pretend that there was any consideration for the note now sued upon, other than the purchase by and allotment to the defendant of 10 shares of their capital stock. It seems plain that at the time of the debit, on which the plaintiffs base the making of the promissory note, he was not indebted to them in that or any other sum.

The next thing that appears is an entry in the defendant's account of "discount \$1,365.30," under date of the 14th July, 1906, on which day it is said the defendant gave a note for \$1,400. There is much obscurity about the giving of this note, which is not produced or satisfactorily accounted for. . . .