

the plaintiffs were precluded by their pleadings from claiming for the wrongful conversion of the cheques. Their Lordships, the Judicial Committee, dismissed the appeal, holding that though the cheques of the plaintiffs had been paid within the meaning of the Bills of Exchange Act, s. 79(2) (R.S.C. c. 119, s. 72), yet that the plaintiffs were estopped from denying the authority of Abed, their cashier, to receive payment in that manner and, therefore, their action failed.

COMPANY—CONTRACT TO TAKE SHARES—FRAUDULENT MISREPRESENTATIONS IN REPORT OF A DIRECTOR INCORPORATED IN PROSPECTUS—RESPONSIBILITY OF COMPANY FOR TRUTH OF STATEMENTS IN REPORT.

*Mair v. Rio Grande Rubber Estates* (1913), A.C. 853. This was an action by a shareholder of the defendant company to rescind a contract to take shares on the ground of fraudulent misrepresentations as to the property of the company contained in a report of one of the directors which was incorporated in a prospectus issued by the company, and on the faith of which the plaintiff entered into the contract. The case came before the Court of Session apparently on a proceeding in the nature of a demurrer to a statement of claim, and it was argued that the defendants were not liable for misrepresentations in the report and, therefore, the allegations as to misrepresentations therein were irrelevant, and the Court of Session so held and dismissed the action. The House of Lords (Lord Haldane, J.C., and Lords Shaw and Moulton) were of the opinion that the defendant company was responsible at all events for the absence of fraud in the misrepresentations contained in the report made by its agent. The case was, therefore, remitted to the court below with a declaration that the pursuer is entitled to proof of his averments, which we presume means that the plaintiff was entitled to prove his case.