

public, if they are published and circulated by the authority of the directors, or a general meeting. But such reports and accounts made and issued to the shareholders are not the representations of the company to a person who obtains knowledge of their contents only from private sources (1). The various judgments with respect to this part of the law are very conflicting, both on account of the view formerly taken by the courts as to the difference between companies and other persons as to their liability for the frauds of their agents, and from its having been considered that reports made to shareholders could not be considered reports made by them. The real question, however, seems to be whether the person deceived has obtained knowledge through persons he has a right to consider authorized by the company to afford such information (2).

In the case of the National Exchange Bank of Glasgow *v.* Drew (3), Lord Cranworth said: "What is the consequence of the company receiving a report and publishing it to the world? I confess that in my opinion, from the nature of things, and from the exigencies of society, that it must be taken, as between the company and third persons, to be a representation of the company. The company, as an abstract thing, can represent or do nothing, it can only act by its managers; where, therefore, the directors, in the discharge of their duty, fraudulently, for the purpose of misleading others as to the state of the concerns of the company,

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(1) The Bank in its corporate capacity can never be held to answer for any species of fraud or deception of this nature, practised by any of its directors or other officers, individually, though at the banking-house and in banking hours. No single director, neither any other official, has it within the scope of its customary authority to bind the bank by any representations whatsoever made concerning its condition or affairs. The bank does not hold themselves as competent to give information of this character, and any person who relies on statements thus received puts his confidence in the individual from whom the statements proceed; and though he may have a good cause of action against him, it is against him as a private individual and not as an officer of the bank, and can by no means be against the bank itself. The corporation can only be held liable if it publishes corporate reports, as such, falsely and with the criminal intent. Such would be a statement adopted at a general meeting of the directors and intentionally put forth to the public, or left to reach the community in the ordinary course of business. *Morse on Banks and Banking*, p. 137.

(2) *Shelford on Joint Stock Companies*, vol. III, par. 15, p. 56.

(3) *Macq.* 103.