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In *Seale v. Baker*, the Texas Supreme Court March 20, 1888, pronounced upon the personal liability of bank directors for deceptive representations contained in advertisements or other published statements. The Court held, reversing the judgment appealed from, that the directors of a bank are personally liable, at the suit of a depositor induced to place money in an insolvent bank solely by the false representations of its solvency made by them, whether such representations are made with the intent to defraud or not, where the directors, by the use of ordinary care, might have known that such representations were false. The Court said:—"For the purpose of promoting conciseness and simplicity we formulate the questions involved in this appeal as follows: (1) Are the directors of a banking corporation personally liable, at the suit of an individual depositor, for damages sustained by reason of the insolvency of the corporation, when the depositor is induced to place money in the hands of the corporation solely by representations of solvency made to the general public by the directors, who ought to have known, and by the use of ordinary care, such as it was their duty to have exercised, might have known that such representations were false? (2) Are such directors so liable to such depositor when such false representations are knowingly made with intent to defraud the public generally? (3) Are such directors so liable when such false representations are made in pursuance of a fraudulent combination and common design upon their part to give to the corporation a fictitious credit, that the business might be continued for the purpose of enabling such directors to collect certain pretended loans claimed to have been made by them to the corporation? If either of these questions is answered in the affirmative, it follows that the court erred in sustaining the demurrers, and the judgment must be reversed." The Court was of opinion that all the

questions must, in the case under consideration, be answered affirmatively. Numerous authorities and decisions were cited to support the conclusion of the Court expressed in the following terms:—"Directors of banking corporations occupy one of the most important and responsible of all business relations to the general public. By accepting the position, and holding themselves out to the public as such, they assume that they will supervise and give direction to the affairs of the corporation, and impliedly contract with those who deal with it that its affairs shall be conducted with prudence and good faith. They have important duties to perform towards its creditors, customers and stockholders, all of whom have the right to expect that these duties will be performed with diligence and fidelity, and that the capital of the corporation will thus be protected against misappropriation and diversion from the legitimate purposes of the corporation. Customers are invited to business relations, and are induced to accept and act upon such invitation by the representations that the institution is solvent and owns a certain amount of capital, and that this capital is under the supervision and control of certain directors. It is the duty of the directors to know the condition of the corporation whose affairs they voluntarily assume to control, and they are presumed to know that which it is their duty to know, and which they have the means of knowing. If the representations are false, but relied and acted on by a customer to his damage, to hold that in such case the directors who made such false representations are not liable because they were ignorant of the falsity of the representations would be to award a premium for negligence in the performance of important and almost sacred duties voluntarily assumed, and to license fraud and deception of the most flagrant and pernicious character. It is a familiar principle of law that an action for damages lies against a party for making false and fraudulent representations whereby another is induced to do an act from which he sustains damage. If the representations are untrue, it is immaterial that they may have been made without fraudulent intent, and it is