

subsequent correspondence—but which information the defendants, on their side, for some time refused to take seriously or to act upon, and indeed more than once combatted the idea that the receivers were not bound by the contracts entered into before the 27th October, 1906.

The respective positions taken by the parties is very distinctly expressed in two letters, one from the receiver to the defendants dated the 10th January, 1907, and the defendants' reply dated the 19th January, 1907. In the former Mr. Craig, after discussing one of the old contracts which for the time he was declining to carry out, says: "This opens up at the same time a larger question. As you are aware, the mills are now running under myself as receiver and manager, and I am not bound to accept or fulfill contracts entered into by the Imperial Papers Mills as a company. In other words, as receiver I am not only entitled to but obligated to cut out of the order book any contracts the acceptance of which would not seem suitable to-day. I quite recognise the hardship that this action would inflict upon your company, and I am unwilling, if this course can be avoided, to take this action, but the receiver has to consider the interests of the bondholders rather than of the company." To which the defendants replied: "On the subject of the larger question, we have to say that we cannot agree with you, and we expect that the contracts we have with your mills, which were accepted by you when you were manager at the mills and have been continued by you as receiver, shall be filled as they stand, and we must hold you responsible for any loss which may come to us from failure on your part to make deliveries, or to keep up the contract quality, or in other respects."

It would serve no purpose to quote at length from the subsequent correspondence, for from the position thus defined the receivers and managers never afterwards varied or departed. On the contrary, they extended, or at all events elaborated, it in their subsequent letters of the 1st April and the 6th April, 1907; while the defendants moderated their tone very much in their letters of the 3rd and 4th April, and in the latter even condescended to admit that the receivers "are perhaps legally right in certain of the positions you have taken," and further say, "we have felt that your making shipments as heretofore was a tacit, if not an actual, acceptance of the contracts, and this we still feel is morally if not legally so."

In the letter of the 6th April, 1907, the receivers defined their position with reference to the future to be as follows: