

dronaux, "will suffice to show that delusions are not omnipresent, and that the knowledge of right and wrong is common in all forms of mental unsoundness outside of idiocy and dementia. All experts in insanity affirm this, and it has also been put upon record in the most emphatic manner. Thus: at the annual meeting of the British Association of Medical Officers of Asylums and Hospitals for the Insane, held in London, July 14, 1864, at which were present fifty-four medical officers, it was unanimously resolved, "That so much of the legal test of an alleged criminal lunatic as renders him a responsible agent, because he knows the difference between right and wrong, is inconsistent with the fact, well known to every member of this meeting, that the power of distinguishing between right and wrong exists very frequently among those who are undoubtedly insane, and is often associated with dangerous and uncontrollable delusions.' "

Pointing out the danger of exclusive reliance upon any particular test, the author cites with approval the following opinion of Dr. Ray: "Jurists who have been so anxious to obtain some definition of insanity which shall furnish a rule for the determination of responsibility, should understand that such a wish is chimerical from the very nature of things. Insanity is a disease, and, as is the case with all other diseases, the fact of its existence is never established by a single diagnostic symptom, but by the whole body of symptoms, no particular one of which is present in every case."

REPORTS AND NOTES OF CASES.

SUPERIOR COURT.

Montreal, June 28, 1878.

JOHNSON, J.

RHODES v. STARNES et al.

Bank—False Representations in Reports—Liability of Directors.

1. Reports made and accounts rendered by Directors in the course of their duty, though made and issued to the shareholders only, as to the state of the affairs of the Company, are considered the representations of the Company, not only to the shareholders, but to the public, if they are published and circulated by the authority of the directors or a general meeting.

2. Directors of a company are personally liable for injury caused by false representations, but the injury must be the immediate, and not the remote consequence of the representation.

JOHNSON, J. This case might have been disposed of before, if the record had been before me; but it was not, and in view of the great amount of supervening business, I thought it best to discharge it, so that the parties might submit it afresh. It has come up again by consent, and I now proceed to give judgment. It has some importance—not only on account of the amount of money lost in this concern, but also perhaps in point of the difficulty to some extent in applying accurately principles of law which unhappily in our day have had to be applied, under an infinite variety of circumstances, to facts more or less like those in the present case. First, I must see precisely what it is that the plaintiff alleges—then what he deduces from what he alleges; then whether these deductions are warranted by the facts as they appear, or even as they are alleged. I wish to avoid verbal reference to the technical language of the declaration; because what I have to say will be long enough without that; and perhaps, more intelligible also; but I will omit nothing that is essential; and where absolute precision is requisite, I will take the words of the declaration, and of the law.

The action is brought to recover from the defendants damages stated at \$10,000, being the nominal value of one hundred shares of stock in the Metropolitan Bank, which the plaintiff purchased in July, 1872; and it rests upon alleged false representations, and fraudulent artifices and conduct of the defendants as directors and president and managing directors of that Bank, by which the plaintiff was induced, as he avers, first to purchase the stock in question, and subsequently to retain it until the entire collapse of the bank in the autumn of 1875, at which time the shares became unsaleable, and ultimately proved to be worth not more than forty per cent. of their nominal value. This is a succinct and general way of putting what the plaintiff sets up as the grounds of his case; and as a general proposition, and under certain circumstances, it may be at once admitted that an action against directors might lie for an injury done to an individual by inducing him by false representations to purchase stock. There are numerous and well-known decisions to that effect; though