

transfer proposition, "as my own stock and Mr. Bell's and some others," which Mr. Chandler had agreed to transfer from one company to the other.

Mr. Bell, of the new company, and the accountant who had to do with the books, said in evidence at the time of Irish's subscribing as follows: "Did you tell him that the matter was going to be put through by Chandler & Massey Limited giving you a cheque for his stock? A. I don't know it was explained in that way, but it was understood that amount was to be transferred from his credit. Q. From where? A. From the old company . . . transferred to our company . . . that this stock was going to be transferred to our company."

I think Irish is so implicated in this transaction—which was an illegal dealing by the president of the plaintiff company with the trust funds—as to be liable to renounce any benefit there may be in the stock held by him in the new company, at the call of the liquidator of the plaintiff company. There seems to be no good reason why these trust funds, to the extent of \$1,000, which have gone into the acquisition of this stock in the new company, should not be followed by the liquidator of the old company. There is a sufficient ear-marking and identification of the fund to satisfy the Court of its trust character, and I do not regard Mr. Irish as other than a volunteer—certainly not a *bonâ fide* purchaser for value. I think notice of the *modus operandi* may be well imputed to him, both from what he knew and from what he chose to be ignorant of or silent about, and also from the fact that he left his affairs, as to this transfer of stock from one company to the other, in the hands of his agent, Mr. Chandler, who was the active manager in the whole transaction.

The cases cited by Mr. McMaster I have consulted, and they cover pretty well the law involved in this litigation.

Judgment should be with costs in favour of the liquidator, and declaring that the shares of stock held by the defendant have been acquired by means of the assets of the insolvent company, and that they are, therefore, recoverable by the liquidator.

RESTALL v. ALLEN—MASTER IN CHAMBERS—SEPT. 26.

Mechanics' Liens—Statement of Claim—Substituted Service—Motion by Defendant to Set aside—Effective Knowledge of Defendant—Time for Delivery of Defence—Extension—Time for Commencing Proceedings—Pleading—Date of Last Work Done—Defendant in Province when Statement of Claim Filed—No Necessity for Order under Con. Rule 162.]—Motion by the