

P.S.—The following extract from Lord Young's decision requiring Mr. Henderson, one of the defenders, to pay to the Company £10,000 promotion money he received from the vendors is worthy of your perusal. The shareholders will recollect that all the original directors, with the exception of Mr. Wilson, received promotion money as well as Mr. Henderson whose £10,000 Lord Deas said, could not, "be called by any other name than that of a bribe."

[EXTRACT FROM LORD YOUNG'S DECISION.]

"I regard the case as a very clear and even gross case for the application of a familiar and well settled rule of law. And with respect to the remedy (which I have here given to the extent asked), I desire to say that I am not of opinion that the law affords no larger and more complete remedy than depriving the trustee of the profits which he has personally made. If a private individual should discover that his factor or agent had betrayed him into the purchase of a property, effected on his advice and through his instrumentality, in pursuance of a secret agreement with the seller to share that price with him, I am not of opinion that the remedy is confined to compelling such factor or agent to give up so much of the price as he had received. On the contrary, I incline as at present advised to think that any one who discovers that he has thus been defrauded may, if so minded repudiate the purchase altogether, and seek some redress against both the seller who seduced his agent and the agent who faithlessly yielded to the seduction. A Company is in no different position with respect to its directors; and if it should appear that a party having property to sell tempted the directors of a Company by personal bribery to buy it for the Company, I cannot permit myself to doubt that the Company might, on discovering the fraud, repudiate the transaction and seek complete redress against all concerned in it."

In addition to that, the following circular has also been issued to the shareholders:—

"No. 1 Threadneedle Street, London, E.C., 23rd July, 1878.—Dear Sir,—Being a small shareholder of the Huntington Copper and Sulphur Company, and representing several others, I, some days ago, in Glasgow, met the present director, and had a full exposition from them of their contest with the old directors, with a careful and confidential discussion of the means to be used for securing the interests of the *bona fide* shareholders. It would be unwise to publish details, but I think what follows should be known to you, viz:—1. The present directors are seriously and firmly de-

termined to proceed with the action raised by order of the shareholders against the old directors and promoters of this company, and declare themselves satisfied that they will succeed, if supported by the shareholders. 2. The majority at the recent meeting was procured by means almost or altogether unprecedented, namely—by the wholesale purchase of shares which have been registered in the names of the relatives and friends of the old directors. The 86 proxies in support of the old directors represented 888 shares. Of these, about 650 were held by these old directors themselves, and only about ten others, holding scarcely 550 shares in all, held any of them prior to May, 1877. The others, above 70 in number, holding about 7688 shares, have bought their shares, or had these put into their names since that time, and in lots almost uniformly of 100 shares each, so as to magnify their voting power. It is curious, and can scarcely be accidental, that in this short period nine Mortons (besides your old director of that name) should have thought fit to acquire exactly 100 shares each; besides two Hendersons and two Bains, another Bain getting only twenty shares—all besides the old directors of these names. Some other names are also similarly repeated for 100 shares each. All this is very odd, and suggests that these people must have some joint, special and strong reasons for acting in exactly the same way; and that the other people who sold them these shares should have kept their shares. Unless some considerable profit was to be made or some heavy payment avoided by purchasing these shares, they would not have been so widely and uniformly bought by so many well-informed people. These independent shareholders who have kept their shares may still look for that large profit or payment. The object of those who directed the movement has evidently been to acquire a majority of voice, and so to control the company's proceedings and funds, stop the action, and get the command of the considerable sum of money now lying in your bank account, about £11,000, with which a long defence against your past claims may be carried on at your expense. Your directors being taken unawares at the recent meeting, were not ready with these singular facts, which have been learned from a return which I requested the directors to procure. But no statement or argument would have lessened the effect of the proxies from this carefully created body of shareholders. In presence of such unprecedented proceedings, it seems to be the duty and interest of every independent shareholder to support the present directors, and to refuse to sell shares which are still being sought for. By holding them firm, and sticking together, the independent shareholders will doubtless obtain