

That a purchaser or other person dealing with another as to stocks will be the loser where the stock stands in the name of the owner as *trustee*, thus, "A. B., trustee," or "in trust," and the purchaser knows, or has reason to know, there is a trust, and the owner transfers, having no power so to do, is afforded by the case of *Bank of Montreal v. Sweeny*, 12 App. Ca. 617. In that case money belonging to the plaintiff was invested for her by one Rose in shares of a company, and they were placed in his name "in trust," and he transferred to one Buchanan for his own private benefit, as Buchanan acting as agent for the Bank, and as their trustee, well knew. Both Buchanan and the Bank were aware that the stock stood in the name of Rose "in trust." Under the judgment the plaintiff was held entitled to an account from the bank. It does not appear whether or no in this case there was any clause in the charter of the company, as in the Banking and Joint Stock Company Acts, that the corporation shall not be bound to see to the execution of any trust, etc. The writer apprehends that that clause, as usually worded, applies only between the corporation, the trustee, and the beneficiaries for whom he is trustee, for the protection of the corporation, and not as between the beneficiaries and a purchaser who knows, or has good reason to know, that his vendor is trustee, and does not satisfy himself of the trustee's power to sell. See as to the effect of such a clause the remarks of Kay, J., in 28 Bevan 298. In *Sheffield v. London Joint Stock Bank, Royal Bank, et al.*, 13 App. 333, the respondent Banks had acquired the legal title from M. of certain stocks and bonds as security, and though they were to be regarded as having the complete legal title, and purchasers for value, yet as, in the language of Lord Bramwell, "they had notice of the infirmity of the title of M., or of such facts and matters as made it reasonable that inquiry should be made by them into such title," the appellant was held entitled against the respondents, except to the extent to which M. had advanced to one E. £26,000 on transfer of the stocks and bonds as security, which amount only E. had authority from the appellant to raise thereon. The respondents claimed to hold for a larger amount, viz., the indebtedness of M. See also *Dodd v. Hills*, and *Roots v. Williamson*, hereinafter, as to trusts.

Where the seller has done all on his part requisite to complete transfer, but the buyer has not, such as by omitting to sign in the books of the company the acceptance necessary, or otherwise, the following cases bear on the respective positions of the seller, purchaser, and company, such as when claims are put in by claimants under prior rights, future liability for calls, liability to sale under execution against, or insolvency of either party. These considerations depend chiefly on the requirements as to transfer of the act of incorporation of the company or of the deed of settlement creating it. A reference to the cases will show the importance for the safety of buyer and seller respectively that the transfer should be valid and complete. Thus, for instance, if not complete, the seller might continue liable for future calls; or by subsequent dealing with a purchaser in good faith defraud a prior purchaser who had not completed his title. In *Dodd v. Hills*, 2 H. & M. 424, the transferor was in fact a trustee for the plaintiff of shares in a company, of this the defendant