

liquidator, assuming and undertaking to pay all the then outstanding liabilities. This arrangement had been sanctioned by the Court, and the winding-up order had been vacated. All the stock had been transferred to a nominee of Gurofski, who held it upon trust to be distributed among the three adventurers when the advances made by Gurofski for the payment of liabilities should be recouped.

Prior to this, Mr. Ring had been carrying on business under the name of C. E. Ring & Co. He was agent for three of the insurance companies, and he had business connection with brokers or agents representing the other companies. When the Insurance Brokerage Company was re-organized, Mr. Ring was made its general manager. It was not thought desirable to change the agency for these companies from Ring to the Brokerage Company; so Ring retained the agencies, but his business was carried on in the Brokerage Company's office, and the earnings were to be treated as assets of the Brokerage Company, and he was to receive for his remuneration a salary payable by the Brokerage Company.

For the purpose of placing the Brokerage Company upon its feet, the defendant Gurofski made, as contemplated, considerable advances to it, and at the time of the transaction in question, the company was indebted to him in a large amount of money.

When Gurofski received these applications from the plaintiffs for insurance, he turned them over to the Brokerage Company, and Mr. Ring issued policies in the companies for which he was agent, and transmitted the application with respect to the Security Mutual to Mr. Pettibone. The premiums upon these policies were throughout carried into accounts current. Ring charged them to the Insurance Brokerage Company, and credited them in his books to the insurance companies. The Insurance Brokerage Company gave Ring credit and debited Gurofski. Gurofski credited the Insurance Brokerage Company upon its account current and kept the money, as the balance was largely in his favour. The insurance companies for which Ring was agent, on his instructions, charged the premiums to Ring in their books. Substantially the same thing took place with regard to the other policies, save that in the case of the one affected through intermediate brokers, the chain was longer.

After these transactions were put through the books, Gurofski made further advances to the Insurance Brokerage