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this stock being paid for at considerably below par. *Held,* that the sale was a nullity, that the foreign corporation was subject to the statutes affecting domestic corporations though it had never taken out a license, that the statute expressed a rule of public policy which would be applied by the court even if invoked by neither party, and that the result was that the court would interfere to aid neither. *Thronson* v. *Universal Mfg. Co.* (Wis. 1916), 159 N. W. 575.

It is held almost universally that all foreign corporations—except those which are of religious or charitable nature, or are engaged in commerce, interstate or foreign, or are in the employ of the federal government—are subject to the statutes of the state in which they transact business. But as to the effect of failure to observe the requirements of the statutes there is an almost infinite variety of holdings. Thus it is held that violation of the statute makes a contract void. *Parke, Davis & Co.* v. *Mullett,* 245 Mo. 168; *Hunter W. Finch & Co.* v. *Zenith Furnace Co.,* 245 Ill. 586. That it is enforceable against the corporation, *Gaul* v. *Keil & Arthe Co.,* 199 N. Y. 472; *David Lupton's Sons Co.* v. *Automobile Club,* 225 U. S. 489; *Clifford* v. *Hedrick,* 159 Ill. App. 63; *Mahar* v. *Harrington Park Villa Sites,* 204 N. Y. 231. That it is enforceable by the corporation, *Model Heating Co.* v. *Magarity,* (Del. 1911), 81 Atl. 394. The present case follows the view that such contracts are void. The law of the various states, and often even in the same state, is in chaotic condition on this point and the result is hardship on foreign corporations and on everyone dealing with them. The object of such statutes is always to protect the citizens of the state and domestic corporations from unfair competition, and from the necessity of suing foreign corporations in the state in which they were incorporated and under its laws. By such decisions as those in the present case the object of the statute is defeated by the very court which declares the statute to be based on public policy, and the rights of both citizen and foreign corporation are left unprotected.

CORPORATIONS—CORPORATION AGENT NOT REGISTERED UNDER "BLUE SKY LAW" IS DE FACTO OFFICER AS TO THIRD PARTIES.—The plaintiff paid money to an agent of the defendant corporation, who was not registered as required by the "Blue Sky Law" (Public Acts, 1913, No. 143.). The agent absconded with the money and the plaintiff seeks to recover from the corporation the amount he had paid for the stock, which its officers had refused to deliver. *Held,* that if the agent acted in the name of the president of the corporation, who *was* registered, the sale was lawful, insofar as binding the corporation was concerned. *De Hoop* v. *Peninsular Life Insurance Co* (Mich. 1916), 159 N. W. 500.

The defendants had registered under the Act of 1913 (declared unconstitutional in 210 Fed. 173 and repealed in 1915) and there is no question of *their* right to sell stock. The point raised was that the agent, Brown, was not registered and that the sale by him was therefore a nullity. But the court was "not impressed that the ghost of that act (Act of 1913) yet walks in aid of those who seek to benefit by their failure to observe it when osten-

sibly in being." The plaintiff was then a third party and to him the agent was a de facto officer of the corporation. *Sherwood* v. *Wallin,* 154 Cal. 735; *Scanlan* v. *Snow,* 2 App. D. C. 137; *Mechanics' National Bank* v. *H. C. Burnett Mfg. Co.,* 32 N. J. Eq. 236; *State ex rel Bornefeld* v. *Kupferle,* 44 Mo. 154; *Brown* v. *Crown Gold Milling Co.,* 150 Cal. 376, 89 Pac. 86; *Umatilla Water Users' Ass'n.* v. *Irvin,* 56 Ore. 414, 108 Pac. 1016; *Lewis* v. *Matthews,* 146 N. Y. Supp. 424; but see contra *Exline-Reimers Co.* v. *Lone Star Insurance Co.* (Tex. 1914), 171 S. W. 1060. Moreover the corporation, having profited extensively from the unregistered activities of Brown as their agent, and having consistently held him out as such, is estopped from alleging the illegality of his appointment in collateral proceedings. *Walker* v. *Detroit Transit Railway,* 47 Mich. 338; *Flynn* v. *Des Moines & St. Louis Ry. Co.,* 63 Ia. 490; *A. T. & G. R. Co.* v. *Kittel,* 52 Fed. 63; *Merchants' National Bank* v. *Citizens' Gas Light Co.,* 159 Mass. 505. For excellent short discussions of the subject see *Umatilla Water Users' Ass'n* v. *Irvin,* supra, and 16 COL. L. REV. 405.

CORPORATIONS—RIGHT OF SOLE SHAREHOLDER TO COME IN ON PARITY WITH GENERAL CREDITORS.—Plaintiffs were the sole shareholders in the insolvent corporation, and the partnership of which the plaintiffs were the only members had operated as the exclusive selling agency of the products of the corporation, on a profit-sharing agreement. Nevertheless there was no concealment of the existent relations, and there was no identity between the three. *Held,* in suit in equity to wind up the corporation, that claims of the plaintiffs, based on notes given for money advanced, and partly secured by collateral, should come in on an equality with the claims of general creditors. *Peckett et al* v. *Wood et al,* (C. C. A. 1916), 234 Fed. 833.

This case is a peculiar one when analyzed on the facts. The controversy has been heretofore as to whether directors, other officers or shareholders had the right to prefer their own claims, based on money advanced to keep the now insolvent corporation running, to those of the general creditors. The weight of authority seems to be against allowing such preferences, but there is a strong line of authority to the contrary, and in a number of states statutes have been passed to forbid them. See CLARK & MARSHALL, §§ 787-788, and COOK, § 692 and cases cited therein. For recent case under statute see *Pennsylvania R. Co.* v. *Peddrick et al* (D. C. 1916), 234 Fed. 781. But in the present case the general creditors do not merely seek to preserve their claims on a parity with those of the shareholders; they endeavor to have their own claims preferred. They make no showing of fraud, or that they relied on the peculiar relationship of the shareholders, their partnership, and the corporation, or that there was any actual identity between the corporation and its sole shareholders. Their claim seems to rest on the bare fact that the plaintiffs were *sole* shareholders. The case, we believe, is unique, and marks the highwater point in the reaction against the allowance of preferences of the claims of officers and shareholders.