—Citing, in support of the same, Bank v. Cunningham, 24 Pick, 270; Kennedy v. Green, 3 Mylne & K. 699; In re European Bank, L. R. 5 Ch. App. 358; In re Marseilles Extension Railway Co., L. R. 7 Ch. App. 161; Ang. & A. Corp. 8; Winchester v. Railroad Co., 4 Md. 231. To the same effect, see 1 Mor. Priv. Corp. (2d Ed.) § 540; 1 Morse, Banks & Banking, § 104. As, when the bank bought the property, the record showed a perfect title in Woodson, with the purchase price fully paid, and as the bank had no actual notice of outstanding secret equities, and was not charged with constructive notice of any such equities because of any knowledge of Woodson, its president, of whom it acquired the property, it follows that the bank was an innocent purchaser without notice, and, as such, acquired the property divested of any vendor's lien which may have existed in favor of Tompkins as against Woodson. For this reason the decree of the circuit court should be reversed, and the case remanded, with instructions to dismiss the bill, with costs, and it is so ordered.

ALABAMA IRON & RY. CO. et al. v. ANNISTON LOAN & TRUST CO.

(Circuit Court of Appeals, Fifth Circuit. June 20, 1893.)

No. 126.

1. RECEIVERS—SALE OF CERTIFICATES—RATIFICATION—ESTOPPEL.
The president of a bank in which a receiver kept his deposits, having been authorized by the receiver to sell certain receiver's certificates, made the sale after his authority had been revoked, and caused the amount realized to be credited to the receiver on the books of the bank, and on the receiver's pass book. The receiver did not repudiate the sale, but, on the contrary, drew checks against the deposits, and reported the transactions to the court, which, in the foreclosure decree, recognized the validity of the certificates, and directed that the sale should be made subject thereto. *Held*, that the receiver was estopped to question the validity of the certificates, as against an innocent purchaser.

2. SAME.
The fact that the receiver, on afterwards learning that the bank was insolvent, demanded and received from the bank and from the president, personally, certain collateral securities, to protect his deposits, was not a repudiation of the sale, but rather a fresh ratification, and acceptance of the deposits as the proceeds of the sale.

3. SAME—RECEIPT OF PROCEEDS—DEPOSITS IN BANK.
The deposits representing the proceeds having been placed in the bank, by the president, in the form of checks, drafts, etc., on other banks, which were in fact duly honored by them, the deposits must be held to have come into the receiver's hands, within the rule which makes the receipt of the proceeds by the receiver a condition precedent to the validity of the certificates, although the bank was never in a condition to pay over any considerable proportion of the deposits to the receiver.

4. SAME—ESTOPPEL OF COURT.
Under the circumstances, the court, having recognized the validity of the certificates, and caused the foreclosure sale to be made subject to the lien thereof, was bound to recognize the estoppel of the receiver, as its agent, and to protect the innocent purchaser of the certificates by enforcing the same against the purchaser of the property.

Appeal from the Circuit Court of the United States for the Northern District of Alabama.

In Equity. Petition of intervention filed by the Anniston Loan & Trust Company in the foreclosure suit brought by the Central Trust Company of New York against the Sheffield & Birmingham Coal, Iron & Railway Company. The intervener sought to enforce the lien of certain receiver's certificates, as against the purchasers at the foreclosure sale. In the court below there was a decree in favor of the intervener, and an appeal was taken by the Alabama Iron & Railway Company, the Townley Coal & Coke Company, Napoleon Hill, trustee, and James C. Neely, trustee. Decree affirmed.

Statement by LOCKE, District Judge:

On the 15th day of August, 1890, the Anniston Loan & Trust Company filed its intervening petition, claiming payment for five separate receiver's certificates, numbered 8, 9, 10, 11, and 12, issued on 10th day of October, 1889, by Jacob G. Chamberlain, late receiver of the Sheffield & Birmingham Coal, Iron & Railway Company. The intervention set forth that the receiver placed said certificates in the hands of Charles D. Woodson for sale; that the said Woodson, on the 10th October, 1889, sold the same to one Duncan T. Parker, now deceased, for $5,000 for each certificate; that the said Parker paid Woodson said price for the certificates, the same having been placed in Woodson's hands by the receiver to be negotiated and sold by Woodson, with only power and authority to act for and represent said receiver in the matter of the sale of said certificates; that on the 2d November, 1889, Duncan T. Parker sold and delivered the certificates, for the sum of $5,000 each, to the petitioner, the Anniston Loan & Trust Company.

Said petition further sets forth that it was the duty of Chamberlain to pay the semiannual interest on said certificates, being $750, due on 10th April, 1890, at the National Park Bank of New York, and that said interest was not paid. It is further stated in said petition that said receiver duly reported the sale of said certificates as made by said Charles D. Woodson, such report being made to the circuit court of the United States, and that said proceeds had been placed by Woodson, to the credit of said receiver, in the First National Bank of Sheffield, less 6 per cent. commission for selling the same; that on the 3d day of December, 1889, a decree was rendered by said circuit court of the United States, foreclosing the mortgages, and ordering a sale of the property in said original suit, and that the purchasers be required to pay the receiver's certificates, numbered as aforesaid, owned and held by petitioner; that on the 4th January, 1890, the said circuit court made an order modifying the former decree, of 3d December, 1889, authorizing such purchasers of said properties at the foreclosure sale to contest the validity of said certificates so sold by Woodson, and the said modified decree was made after Parker had purchased said certificates from the duly-authorized agent of said receiver, in good faith, for a valuable consideration, and had sold them to petitioner; that on the 21st April, 1890, said property was sold under said decree, and part of the same purchased by Napoleon Hill, trustee, and part by James C. Neely, trustee. Petitioner then prays for relief,—that the amount of said certificates be paid to it by the purchaser of said property.

To this a demurrer was interposed, and on the 12th November, 1890, petitioner amended its intervention, setting forth more specifically the authority given to said Jacob G. Chamberlain, receiver, to issue said receiver's certificates, and stating that the action of Woodson was as the authorized agent of the receiver, in selling said five certificates, and reiterating, in a great measure, what had already been set forth in the original petition. On the 2d December, 1890, respondents renewed their demurrer to the petition and amended petition, which was overruled.

On the 31st January, 1891, respondents filed their answers to the intervention of the Anniston Loan & Trust Company substantially as follows:

They deny that said Chamberlain, receiver, ever engaged Woodson, the president of the First National Bank of Sheffield, Ala., to act as his agent in the negotiation and sale of said receiver's certificates, and allege that Woodson disposed of the same without warrant or authority from Chamberlain, receiver, and contrary to the direct instructions and request of said receiver; that said certificates were not disposed of by Woodson, as alleged in the intervention, on the 10th October, 1889, to one Duncan T. Parker, or any one else, nor were they disposed of for the sum of $5,000 each. And respondents aver that said five certificates were not disposed of by Woodson until after the 13th October, 1889, and that they were then sold, or otherwise disposed of, by Woodson, without authority, and against the express instructions of the receiver, to some person or persons unknown to respondents, and for a price not greater than 75 cents on the dollar, and also call for strict proof that said Duncan T. Parker, or any one in his behalf, ever paid to Charles D. Woodson $5,000 for each of said certificates. And respondents aver that, if the said Parker ever bought the certificates at all from said Woodson, they were bought for a less sum than they were directed by the court to be sold for, and that the purchase of the same was against the order of the court, and against the instructions of the receiver. They further allege that the price paid for said certificates by said Parker, whatever the price may have been, was never turned over or transferred by Parker, or any one for him, to said Woodson nor to said Chamberlain, as receiver. They aver that they were not informed as to what said Parker may have done with said certificates, but deny that Parker sold and transferred said certificates to the intervener for $5,000 each. They also deny that it was the duty of Chamberlain to pay the interest upon said certificates, or that said Chamberlain reported the sale of said certificates, Nos. 1, 2, and 3, and also Nos. 8, 9, 10, 11, and 12, for him, by said Woodson, or that the proceeds were placed to his credit in the First National Bank of Sheffield. Respondents admit, however, that said Chamberlain did report to the court that the proceeds of the five certificates in litigation had been placed by Woodson to the receiver's credit in the First National Bank of Sheffield, less commission for selling same: but respondents aver and show to the court that such statement, made by said receiver, was made through misinformation, and brought about by misrepresentation and misconduct of said Woodson; and that said receiver proceeded to correct said statement in said report so soon as he became aware of the error into which he had been led.

Respondents admit that a decree had been taken on the 3d December, 1889, as alleged in the intervention, and that it was ordered in said decree that the purchaser of the property should pay for said certificates, in addition to the amount bid at the sale of the property. And they further admit the court did on the 4th day of January, 1890, make another decree, modifying and changing the one of December 3, 1889, so as to authorize the purchaser of the property to test the validity of the said five certificates, but deny that Woodson was the agent for the receiver, or that his sale of the said certificates was binding upon the purchaser of the property. They also admit the sale of the mortgaged property on the 21st April, 1890, under the decree, as modified, authorizing the purchaser of the property to contest the validity of the five certificates.

In answer to the amended petition, substantially the same admissions and denials were made as in the answers to the original petition of intervener.

On the 6th March, 1891, an order was entered, by consent, referring the cause to a special master, who on the 3d of August, 1892, filed an extended report upon matters of fact, in substance finding as follows:

That Chamberlain, the receiver, by an order of the court, duly and regularly made, issued receiver's certificates for an amount, in the aggregate, of $150.000. Of these certificates, five, for $5,000 each,—Nos. 8, 9, 10, 11, and 12, inclusive,—the receiver placed in the hands of C. D. Woodson, who was at the time president of the First National Bank of Sheffield, to sell. That these five certificates are the subject of controversy in this suit, and the re-