or indirectly profiting, a bill for an injunction by the corporation or by a stockholder in its behalf will lie.\(^9\)

If the transaction has been consummated, such officer or director, or anyone acting for him, may by appropriate bill in equity be required to account for the profits thus obtained.\(^4\) These profits can be followed as far as they can be traced.\(^5\) Thus the stock obtained by such a promoter might be, on appropriate bill, required to be turned over to the major corporation; or, if it has been sold or disposed of, the consideration received may be required to be restored. Or, if the transaction has worked itself out to the end, and if the subsidiary has been reabsorbed into the major corporation, resulting in an exchange of stock of the latter for the subsidiary, the stock in the major corporation given to the promoters as consideration for the surrender of stock in the subsidiary may be demanded by the major corporation and, upon appropriate decree, should be surrendered and cancelled, or held as treasury stock, as the case may be. Where specific property cannot be traced, or has been purchased by a bona fide buyer for value, the personal liability of the recinent directors, officers, or their privies, remains.

In all the foregoing or any new or startling legal principle need be worked out. The very old simple principle need merely be applied. It is deemed worth while to call attention to the situation at this time, since the ease by which subsidiaries may be created, and the somewhat blurred line between the activities of a man individually and his activities as an officer or director of a corporation, makes it easy for him to accept compensation in his capacity as an individual for contributions really made possible by reason of his position as an officer or director. The gradual growth of a financial practice which seems to sanction such profits makes it possible to point out that an officer may use his position as such only for the benefit of his corporation; that any profits he makes in that capacity belong to his corporation; and that whatever their form and however they may be embodied, whether in shares of a new corporate mechanism or otherwise, they lie within the reach of a court of equity, once its aid is asked.

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\(^9\) Neb. F. 2d. Co. v. Koenig, 92 Neb. 68, 139 N. W. 849 (1913); Pollitz v. Wahab B. K., supra note 3; Godley v. Cramall & Godley Co., supra note 3. In the last case, the court said: "It is unnecessary at this day to cite authority in support of the proposition that the assets of a corporation constitute a trust fund. This must be true of intangible as well as tangible assets. Whoever, therefore, wrongfully appropriates such assets may be charged therefor as constructive trustee." 242 N. Y. st. 196, 195 N. E. 443 (1929).

\(^4\) See the cases cited in supra note 2.

\(^5\) In Herring-Curtis Co. v. Curtins, supra note 4, the court ordered a reference for the purpose of ascertaining profits. It was there obvious, however, that no specific property could be traced.

\(^6\) I am indebted for assistance in preparing this article to Mr. Abram H Weiss and Mr. Gunnar Fronn, who collected many of the cases upon which this essay is based.