WILLIAM J. ALBERT
AND EMILY J. ALBERT, HIS WIFE,
vs.
THE SAVINGS BANK OF BALTIMORE ET AL.

JULY TERM, 1849.

[BONA FIDE PURCHASER OF STOCK—TRUSTEE'S RIGHT TO TRANSFER—EXECUTED CONTRACT OF A CORPORATION FORBIDDEN BY ITS CHARTER—LIABILITY OF A CORPORATION ON TRANSFERS OF ITS STOCKS.]

A BONA FIDE purchaser of stock in a bank or other corporation, standing in the name of trustees, without notice of the trust, will be protected, whether the trustees have the legal authority to make the transfer or not.

If there be no fraud or collusion, the bank and not the transferee must abide the loss, if a loss be sustained by any act of the proper officer of the bank in the transfer of its stock, arising either from a misconception of his duty or a want of judgment.

The mere addition of the word "*trustee*" to the name of the person who appears on the books of a corporation as the stockholder, with nothing to indicate the character of the trust, or the party beneficially interested, will not deprive him of the legal capacity to transfer the stock, though by so doing, he may commit a breach of trust.

A corporation may avail itself of its want of authority to make the contract sought to be enforced against it, though it has received and enjoyed the consideration upon which it was made.

But, where a contract of a corporation has been *executed* by the parties to it, it is not competent for a mere stranger to the contract to assail it, and deprive the corporation of the advantage derived from it, upon the ground, that it was interdicted by the charter.

Where the entry on the transfer book of a bank displayed the origin, nature and character of the trust, and who were the beneficiaries, it was HELD—that the bank had notice of the trusts with which the stock was clothed, and would be responsible, if it permitted a transfer to be made by other persons than the trustees, who alone were authorized to make it.

In such case, if the trustees themselves should offer to transfer, under circumstances calculated so excite suspicion that they were about to abuse their trust, the bank would be bound to institute the necessary inquiry; and if it omitted to do so, and loss resulted, the loss would be thrown upon it.

Where a party transfers stock as "*executor*," the bank must know that there is a will of which, in Maryland, it is bound to take notice.

But, where the entry upon the books of a corporation only showed that the stock stood in the names of certain persons, as trustees, without showing who were the *cetuis que trusts*, or what the nature of the trust was, it was HELD—that this entry standing by itself, was not sufficient to put the corporation upon the inquiry, and to make it responsible, on the grouud of negligence.