

(1910) 04 MAD CK 0006

In the Madras High Court

In Re: The Second-Grade Pleadings

Date of Decision : 19-04-1910

Acts Referred:

Companies Act, 1882 — Section 37
Legal Practitioners Act, 1879 — Section 13

Citation : (1911) ILR (Mad) 29

Hon'ble Judges : Arnold White, C.J; Miller, J; Krishnaswami Ayyar, J

Bench : Full Bench

Judgement

Arnold White, C.J.—In these proceedings two second-grade pleaders have been called upon to show cause why they should not be

suspended or dismissed by reason of their conduct in having joined the Board of Directors of the "Cirears Provident Fund Limited of Bapatla"

and in connection with the affairs of that company.

2. The company is now in liquidation. One of the pleaders was the President of the company (I will refer to him as "the President"). The other was

a Director (I will refer to him as "the Director")- Criminal proceedings were taken against the two pleaders in connection with the affairs of the

company and they were convicted of criminal breach of trust by the Sessions Judge of Guntur. On appeal, these convictions were set aside. There

can. I think, be no question that the convictions could not be upheld. In appropriating to their own use the sums of money which formed the

subject-matter of the charge of criminal breach of trust, the President and the Director did not exceed the rights which they had conferred upon

themselves by the articles of association. In law the company would seem to have consisted only of the seven signatories to the memorandum of

association.

3. The modus operandi of the company is described in the judgment of Abdur Rahim, J., setting aside the convictions in these terms. "The fund of the company was to consist of subscriptions paid by persons who are called pattadars and also described as "subscribers" or "nominees" or diploma-holders." The subscriptions payable were to be at the rate of Re. 1 a month and no subscription was to be paid after 53 payments or after the death of the person called "darkhastdar" or "applicant." At the end of such year, half the amount of the money collected during the year was to be distributed among the nominees" of those " applicants " who happened to die during that year in proportion to the amount of money paid under each patta subject to the maximum of Rs. 1,000. By Rule 14 of the articles of association, 8 annas out of every rupee subscribed was to go towards the bonus fund, while the remaining 8 annas was to be dealt with as follows:

A. P.

Reserve fund 2 0

Guarantee fund up to Rs. 5,000 ... 0 6

Charity fund 0 6

Commission to agents 2 0

the rest, i.e., 3 annas out of each rupee " will go towards the expenses of the company, viz., office establishment charges, printing charges, etc.,

and towards the profits of the company people {the vernacular word being "company varu"). Another rule, (No. 10), provided that the first three

rupees paid by a subscriber would be treated as entrance fee and not as subscription and " this entrance fee will be appropriated by the company

people for expenses, etc., and shall not form part of the bonus which will be distributed." The object of the guarantee fund was to secure to the

nominees at least twice the amount paid by the subscribers Thus the benefit which" is promised in express words to the nominees or subscribers is

the bonus which in no case "is to fall short of twice the amount paid as subscriptions but which may extend up to "Rs. 1,000. The applicant" or "

darkhastdar" on whose death alone his pattadar or nominee is to get the bonus that may fall to his lot, need not be under any particular age-limit,

nor is any certificate required as to the state of his health, nor need he be in any way related to the nominee so as to give the latter an insurable

interest in his life. A lucky pattadar therefore stands to win a prize of Rs. 1,000 for paying in a few rupees, may be-12 or may be 53, but not

exceeding fifty-three rupees and in any case a pattadar whose darkhastdar happens to die before the company is wound up is sure to get twice the

amount subscribed. There is no proper provision for the profitable investment of the funds of the company and the company may go into liquidation

whenever it chooses. Such a concern can only last as long as there is an accession of new diploma holders every year and a fair proportion of the "

applicants " do not happen to die in the course of the year." The learned Judge observes: ""As a business undertaking it has no sound or stable

financial basis and the so-called Provident fund appears to be more in the nature of a lottery than anything else, Benson, J., said: ""There can be no

doubt, I think that the so-called Provident fund with its hypocritical professions of philanthropy and large promises of profit to all, was, from its

very inception, a gambling concern cunningly devised to swindle the unwary and ignorant.

4. In law, as I have said, the company consisted of the president and the six directors, the seven signatories to the memorandum of association.

These parties by the articles of association made due provision for lining their own pockets so long as the company continued to do business.

5. It seems clear from the description of the modus operandi of the company to which I have referred and from the facts that the subscriptions

were limited to 53 months, that the so-called reserve and guarantee funds were wholly insufficient, and that the company's guarantee by which the

liability of the company was limited was altogether illusory, that sooner or later the company was bound to find itself in a position in which it could

not fulfil its obligations. The prospectus states that ""the gain resulting from increase in the number of subscribers is to the starters and not to the

subscribers,"" but it seems to me that the only thing which could have kept the company alive for any substantial period would have been a large

increase in the number of subscribers each year.

6. So far as the subscribers were concerned, the undertaking was a gambling transaction and the prospects of its success were in direct ratio to the

badness of the life insured. If any intelligent person invested his money in the concern, he can only have done so in the hope that the life which he

had got insured in his favour was sufficiently bad to warrant the expectation that the company would outlast the life. Lives were "insured, if one can use such an expression, without regard to the age or health of the insured person and without any suggestion of an insurable interest in the party in whose favour the insurance was effected. The prospectus of the company as a business statement is ridiculous. The memorandum of association contains statements which are misleading, if not false. In paragraph No. 2 it is stated that the number of the subscribers of the company shall for the present be 400. Presumably this statement is made for the purpose of Section 37- of the Indian Companies Act, 1882, which requires that the number of members with which the company proposes to be registered should be stated. But the subscribers here mentioned are not members of the company. They are the parties who are to have the benefit of the death of the insured persons or "applicants." The reference to the number of subscribers being 400 would seem to have been made either with the intention to mislead, or under a misapprehension of the requirements of the law.

7. Paragraph No. 3 of the memorandum of association is false. The object of the company is not, as stated, to afford to the subscribers an opportunity of making some provision for their families or friends at the death, but to enable the "subscriber" to benefit by the death of an "applicant." A reference to definitions 2 and 3 in the articles of association makes this clear.

8. The excuse put forward by the president was that he had no knowledge of the working of the fund and that he only consented to act on the undertaking that the business should be managed by the sixth accused in the criminal proceedings. This cannot be accepted as an excuse. The value of the president as a figure-head--assuming he was merely a figure-head--lay in the fact that he was a pleader and it was no doubt expected that this fact would help towards inspiring confidence in the public. If I took the view that the president had associated himself with this company with the intention of swindling the public, there would, in my opinion, be no alternative but to suspend him from practice altogether, notwithstanding the fact that the criminal proceedings against him had proved abortive. At any rate, for the purpose of the question now before us, I prefer to deal

with this case on the footing that the president and the director did not intend to cheat the public but that they knew or must be taken to have

known that this so called provident society was in no sense a, provident society, and in no sense an undertaking for the purpose of life insurance in

the ordinary acceptation of the term, but that it was a means of furnishing profit to the directors by enabling those who so desired to gamble in the

lives of parties who were willing to become " applicants " to the society. The action of the president and the director in associating themselves with

such a company as directors to my mind is "reasonable cause" for an order being made u/s 13 of the Legal Practitioners Act. As regards the

question of law which has been argued before us as to- the construction of Section 13 (f), I adhere, to the view which I took in In the matter of a

First-grade pleader ILR (1901) Mad. 17. In my opinion, in the case of the president an order of suspension should be made, I think we may take

into consideration the fact that he has undergone a substantial term of imprisonment under the conviction which was set aside on appeal to this

Court. I think we may also take into consideration the fact that in this presidency at any rate so called provident societies of the class we have had

before us, are by no means uncommon, and that up to now, this Court had not had occasion to mark its sense of the conduct of legal practitioners,

who whilst keeping within the letter of the law, as it now stands, avail themselves of the law to work what are really gambling undertakings under

the guise of limited companies "which purport to be promoted for provident or life assurance purposes.

9. I would suspend the president Choragudi Venkatadri Pantulu Garu for three months from this date.

10. As regards the director, his excuse is he merely lent his name. He received about Rs. 175 as profits of the first year, but he resigned in the

second year without claiming any profits. He has been put to heavy expense in the Criminal Proceedings. I think his conduct in joining the company

without sufficient enquiry was foolish and reckless, but in all the circumstances, I do not think we are called upon to make any order of suspension

in his case.

Miller, J.

11. The point of law is not without difficulty but on the whole I am able to accept

the conclusion that we have jurisdiction to make an order in this case.

12. In the first place, it; is not clear to me that we ought not to, read Sections 12 and 13 together as containing the enumeration of the cases in

which orders may be made for the suspension or removal of a pleader, If we do that, Section 13 (f), which closes the enumeration with the general

words ""for any other reasonable cause,"" can be interpreted on the principle of ejusdem generis only if we find that the specifically enumerated

cases can all be included in one genus or category (Tillmanns & Co. v. S.S. Khutsford Limited (1908) 2 K.B. 385, The genus, professional

misconduct, is not large enough to include the case of Section 12 and we must seek for something larger, e,g., misconduct generally, this would

include the cases before us.

13. If as is suggested by Section 14, the case of Section 13 (a) is not a case of misconduct, it is difficult to apply the ejusdem generis principle at

all. But, in either case, the present cases are within the Act. If I am wrong in this view, stillly it seems to me pretty clear that the intention of the

legislature was to give to the High Court power of control over pleaders and mukhtars equivalent to those which are given by the Letters Patent; it

seems unreasonable to suppose that the powers over the inferior classes of practitioners are intended be less extensive than those given over the

superior Glasses, unless there is reason, and none is suggested, be think that the powers given by Section 10 of the Letters Patent were deemed to

be too large. I think the use in Section 13 (f) of the same words as are used in the same connection in Section 10 of the Letters Patent is a strong

indication that they were intended to have the same extent, and if that is so it is unnecessary to call in any rule of construction to enable us to arrive

at the meaning of the legislature. If we give to the words ""for any other reasonable cause"" the widest meaning they can bear in Section 13, we

cannot, I think, give them a meaning which is wider having regard be the scope and purpose of the Act, than was intended by the legislature.

14. The ejusdem generis principle is applied in construing a statute when you have a word which may have a general meaning wider than that

which was intended by the legislature (per Lord Halabury in Ystradyfodwg and Pontypridd Main Sewerage Board v. Bensted (1907) A.C. 268,

but I do not think that is so here. Ghose, J., in *Le Mesurier v. Wajid Hossain* ILR (1902) Cal. 890, seems to hold himself constrained by the form

in which the statute is framed to hold that the legislature did not intend to give to the High Court the power which he considers is a power which

ought to be given; but I do not think the form of the statute is a very safe guide in this matter. It is easy to imagine reasons why the legislature in

framing Sections 12 and 13 of the Act of 1879 may have thought it well to give some enumeration of causes justifying the suspension or removal of

a pleader although the Letters Patent contain no such enumeration, but it is not easy, and the form of the statute does not compel us, to hold that

the intention "was to give the High Court less extensive power over pleaders than over advocates and vakils.

15. I think too there is much to be said for Mr. Rosario's contention that clauses (a) to (e) notably (b) of Section 13 exhaust the genus,

professional misconduct, and consequently the words in Clause (f) must be referred to a more extensive genus. I think we have jurisdiction to

make an order in this case and on the merits I agree with the order proposed by the learned Chief Justice.

Krishnaswami Ayyar, J.

16. *Choragudi Venkatadri and another*, both pleaders of the second grade, were convicted of criminal breaches of trust by the Sessions Judge of

Guntur and acquitted on appeal by this Court. Notices were issued to them to show cause why they should not be dealt with under s. 13 of the Legal

Practitioners Act. They have appeared by their vakils. The first question raised for consideration is whether Clause (f) of Section 13 is confined to

professional misconduct or may be interpreted so as to include any dishonest or dishonourable conduct whether or not in the discharge of

professional duty. It must be admitted that the question is not free from difficulty. But having given to the matter my best consideration I feel no

hesitation in expressing my agreement with the learned Chief Justice. The question was considered in this Court in *In the matter of a pleader* ILR

(1903) Mad. 448, The Chief Justice and Moore, J., expressed their concurrence in the view of the majority of the Calcutta High Court in *In the*

matter of Purna Chunder Pal "Mukhtar ILR (1900) Cal. 1023, where it was held that the words "for any other reasonable cause" in Clause (f)

should not be given a restricted interpretation confining it to professional misconduct on the doctrine of ejusdem generis. The Calcutta Court;

reaffirmed its view after a more elaborate consideration in *Le Mesurier v. Wajid Hossain* ILR (1902) Cal. 890, in Full Bench, Ghose, J.,

dissenting. In *In re Ganapathi Sastri and Krishna-swami Ayyar* (1909) 19 M.L.J. 504, the same view was taken by the Chief Justice and Benson,

J., though having regard to the conclusion they arrived at upon the facts it. was unnecessary to decide the point. Miller, J., and Sinkaran Nair, J.,

however, reserved "their opinion. Reference was made to several other cases in the course of the argument, but they have no bearing on the

question under consideration. The decisions in *In re Walldce* L.R. I.P.C., 283, in *In the matter of a first grade pleader* ILR (1901) Mad. 17, and in

In Re: Pleader, , turn upon the ground that a pleadar acting as a suitor and using dis-respectfiil language towards it or guilty of contempt of Court is

properly dealt with as suitor and not as a legal practitioner. They do not help us in determining the meaning of Clause (f) of Section 13 of the Act.

The decision in *In re Quarry* (1890) 17 I.A. 180 ; ILR 18 All. 98, on which some reliance was placed by the dissenting Calcutta Judge, Ghose J.,

was brought to our notice; but I am unable to agree that that case is of any assistance. There, certain correspondence of a pleader with the

opposite party to his former client was held by their Lordships of the Privy Council to afford ample evidence that the pleader was in his

professional capacity guilty of grave "improprieties which amounted to reasonable cause for his suspension u/s 13 of the Unamended Act XVIII of

1879. Their Lordships had no occasion to consider whether dishonourable or dishonest conduct which was not in the discharge of professional

duty would fall within the purview of "reasonable cause" in Section 13. In the matter of *Parbati Charan Chatterji* ILR (1895) All. 498, related to

the case of a vakil of the High Court and *In the matter of Sashi Bhushan Sarbadhisaryt* ILR (1907) All. 95, to that of an advocate. Both these

cases fell under the Letters Patent by which an advocate or vakil could be removed or suspended from practice "on reasonable cause." The acts

charged against them were connected with the discharge of their professional duty. But having regard to the language of the Letters Patent no

question could arise like the one with which we have to deal in the present case The case *In the matter of Ahasan Ali* 5 All. L.J., p. 126, was

decided in favour of the pleader upon the facts. It was there held that he was the victim of a deception in paying the client's monies to one who

personated him and that when he afterwards negotiated with the client on the mistake being discovered for acceptance of a reduced sum in

discharge of the liability, his conduct could not be said to have been grossly improper, These were all the cases to which our attention was invited.

It is clear that the

17. Calcutta High Court in Pull Bench with the exception of Ghose, J., and three learned Judges of this Court have expressed themselves in favour

of the unrestricted interpretation of Clause (f) of Section 13. I have asked myself the question whether there is sufficient reason for a departure

from this trend of authority. The elaborate judgment of Hill, J., in the Full Bench case *Le Mesurier v. Wajid Hossain* ILR (1902) Cal. 890, covers

nearly the whole ground of the reasoning which must determine the conclusion, I do not therefore think it necessary to dwell in detail upon the steps

by which I have arrived at the same conclusion. But having regard to the importance of the question I have thought it right to indicate in a few

words what has inclined me to adopt the same view.

18. The question must be answered with reference to the language of the Act apart from any decisions in England, however useful and instructive

they may be as regards the principles on which the rules laid down by the Indian legislature may be based. It seems difficult in the first place to limit

Clause (f) to professional misconduct because Clause (b) deals with "grossly improper conduct" in the discharge of professional duty and it is not

possible to name any species of professional misconduct which does not fall within Clause (b)-itself. If it is suggested that the misconduct referred

to in clause (f) need not be of a flagrant type which the words "grossly improper conduct" indicate, I must confess that the division of misconduct in

clauses (b) and (f) into two species is altogether unnecessary and the object aimed at could have been achieved by the enactment of a single clause

which would comprise both the classes of misconduct. Again, it must be remarked that when the legislature intends to strike at any species of

professional misconduct by Clause (f) there is no point in selecting fraudulent and grossly improper conduct in the discharge of professional duty

for special condemnation. The doctrine of *eiusdem generis* which has been

invoked for the limited interpretation of Clause (f) is not of universal application. Hardcastle on Statutory Law quoting *Anderson v. Anderson* (1895) 1 Q.B. 749, makes the following remark: ""But the ejusdem generis rule is one to be applied with caution and not pushed too far, as is the case in many decisions which treat it as automatically applicable, and not as being, what it is, a mere, presumption, in the absence of other indications of the intonation of the legislature; and where the words are clearly wide in their meaning they ought not to be qualified on the ground of their association with other words.""

Clauses (a) to (c) of Section 13 are not particular cases of one genus. Each of them may well be regarded as a group dealing with a distinct branch or subject by itself and in such a case the general words of Clause (f) cannot be controlled by the ejusdem generis rule. Wilberforce on Statutes at page 185 says, ""If the particular words exhaust a whole genus, the general words must refer to some larger genus."" See *Fenwick v. Sahmalz* (1868) L.R. 3 C.P.315, per Willes, J.

In *Maxwell on the Interpretation of Statutes*"" the idea I have sought to convey is pointedly expressed at page 509. The general principle in question applies only where the specific words are all of the same nature. Where they are of different genera, the meaning of the general words remains unaffected by its connection with them.""

The learned author makes reference to two cases which illustrate the principle of the passages above cited. In *Regina v. Pyne* L.R. 1 C.C. 27, it was held that ""any other article or thing"" in the clause making it penal to convey to the prisoner ""any mask dress or disguise or any letter or any other article or thing"" included a crowbar because the words ""disguise"" and ""letter"" exhausted whole genera. And in *Regina v. Edmundson* 2 Ellis and Ellis, page 77, it was held that a warehouse a mile and a half distant from a dwelling house was included in the words other place ""when search warrants were authorized for suspected articles in ""any dwelling house, outhouse, garden or other place"" on the ground that it was reasonable to suppose having regard to the preamble and general intention of the statute that the warehouse was in the contemplation of the legislature as it was a very likely place for the concealment against which the enactment was directed, and a narrower construction would have restricted the effect instead of promoting the object, of the Act. Stroud in his *Judicial Dictionary* in the notes on the

interpretation of the word "other" qualifying a general word at the end of a series of particular words observes, "It is perhaps impossible to lay

down any workable rule to determine which of these two interpretations the word should receive in any case not already covered by authority" and

classifies a number of cases under the head of "unrestrictedly comprehensive" interpretation in the sense of "every other sort or kind." See pp.

1366-1368.

19. If we look at the law in England and the history of the legislation in India it seems to me that the larger interpretation of the phrase "for an other

reasonable causa" is more in accordance with the intention of the legislature. If a solicitor is convicted of a crime involving moral turpitude even

though it has no connection with his professional duty he is liable to be struck off the rolls. In *re Weare* (1893) 2 Q.B., 439. This rule corresponds

to Section 12 of the Legal Practitioners' Act. It is also the law in England, where the misconduct is in "character criminal though no indictment has

been preferred, or where a conviction has been quashed because the prisoner's admissions were wrongly received in evidence or even where a

solicitor has obtained a verdict of not guilty that the solicitor may be punished by suspension or by striking off the roll. *Cordery on Solicitors*, page

177. In *re Hill* L.R. 3 Q.B. 543, where an attorney acted as a clerk to a firm of attorneys and appropriated to his own use the balance of purchase

money which he received in the sale of certain property, the Court suspended him for the misconduct in the exercise of its summary jurisdiction

though it was not in his strictly professional character. Chief Justice Cockburn, observed at page 545; "when an attorney does that which involves

dishonesty, it is for the interest of suitors that the Court should interpose and prevent a man guilty of such misconduct from acting as attorney of the

Court, In this case, "if the delinquent had been proceeded against criminally upon the facts admitted by him, it is plain that he would have been

convicted of embezzlement, and upon that conviction being brought before us, we should have been bound to act. If there had been a conflict of

evidence upon the affidavits, that might be a very sufficient reason why the Court, should not interfere until the conviction had taken place; but we

have the person against whom this application is made admitting: the facts" Mr. Justice Blackburn said "In the present case I adhere to what I think

is the effect of *re Blake* 3 Ellis and Ellis, p. 34, that although the misconduct is not directly or incidentally connected with his character of attorney,

still we must consider what effect that has upon the question of a proper person to be an officer of the Court," "If this be the law in England what

reason is there to suppose that a different, standard is adopted in India where there is more reason to guard the profession from the influx of

questionable characters, to whose machinations a more ignorant clientele is certain to be exposed, The Letters Patent of the High Courts were

issued on the 14th May 1862 and they gave the High Courts unrestricted powers "to remove or suspend from practice advocates, vakils and

attorneys on reasonable cause," a phrase only to be Interpreted in the light of English decisions. It has not been" suggested that under the Letters

Patent an advocate, vakil or attorney is only liable to be dealt with for misconduct in the discharge of professional duty. To use the language of

Lord Westbury In *re Wallace* L.R. 1 P.C. 283, "if an attorney be found guilty of moral delinquency in his private character" he may be struck off

the roll under the Leisters Patent. The amended Letters Patent were issued on the 28th of December 1865. In the same year Act XX of 1865 was

passed by Section 15 of which it was enacted as follows: "The High Court may also, after such inquiry as it may deem proper, suspend and

dismiss any pleader or mukhtar enrolled as aforesaid, who shall be guilty of, fraudulent or grossly improper conduct in the discharge of his

professional duty, or for any other reasonable cause." This section came up for consideration before Glover and Kemp, JJ., in *In the matter of the*

petition of Gholab Khan (1871) 7 B.L.R. 179. The learned Judges were of opinion that the words "for any other reasonable cause" referred to

cases other than professional misconduct. Gholab Khan had been acquitted of the charge of instigating a dacoity, against the opinion of the

assessors. The High Court did not agree in the propriety of the verdict. Though no further action was taken against him in the criminal case, both

the learned Judges agreed in striking the name of Gholab Khan off the rolls. Act XVIII of 1876 re-produced in the third paragraph of Section 13

the language of Section 15 of the older Act and there is no reason to suppose notwithstanding the addition of a clause "about taking instructions in

any case except from the party on whose behalf the pleader is retained, that there was any change of intention on the part of the legislature so as to

curtail the power of the High Court in dealing with the misconduct of a pleader which was other than professional. By the amendment of 1896 a

number of oases which were penalised by Section 39 of the Act were brought in as clauses (c), (d) and (e) of Section 13 and the clause as to

fraudulent or grossly improper conduct in the discharge of professional duty or any other reasonable cause was split up into two, namely, (b) and

(f) of the section. This manipulation on the part of the legislature does not show any change of intention, as regards the meaning of the phrase ""other

reasonable cause."" It can hardly be supposed that" pleaders of Subordinate Courts are intended to be dealt with more lightly than practitioners of

the High Court. And the intention of the legislature appears throughout to be consistent in giving a free hand to the High Courts in dealing with the

delinquency of professional men,

20. It was argued that Section 14 of the Act which limits the authority of Subordinate Courts in their enquiry into the conduct of professional men

to cases where they are charged with taking instructions except as aforesaid or with any such misconduct as aforesaid indicates a limitation of the

scope of Clause (f) of section. 13. The marginal noted to Sections 13 and 14 were also relied on, The note to Section 13 runs as follows:

Suspension and dismissal of pleaders and mukhtars guilty of unprofessional conduct."" And the note to Section 14 suns ""procedure when the

charge of unprofessional conduct is brought in Subordinate Courts or Revenue office."" It is to be observed in the first place that a marginal note

cannot; be exhaustive of the contents of the section. ""Is it not a mere abstract of the clause intended to catch the eye?"" said James, L.J., in Attorney

General v. Great Eastern Railway Company (1879) 11 Ch. D. 449. In the next place marginal notes have not the authority of the legislature like

the body of the sections so as to justify the controlling of the meaning of the sections by the language of the notes. See Maxwell, page 62 and

Punardeo Narain Singh v. Ram Sarup Ray ILR (1898) Cal. 858. As regards the argument that Subordinate Courts have only a restricted- power

it may be said that the legislature so intended to restrict it while the scope of the enquiry of the High Court itself was left unfettered. This was the

view taken in In the matter of the petition of Gholab Khan Mukhtar (1871) 7 B.L.R. 179. It has also the support of the Privy Council in an

observation in *In the matter of Southekul Krishna Row* (1887) 14 I.A., 164. Sir James Hannen delivering the judgment of the Judicial Committee

reads Section 14 where it speaks of any such misconduct "as referring to misconduct in the discharge of his professional duty and not to

misconduct included in the phrase" any other reasonable cause." Mr, Justice Hill who delivered the leading judgment in *Ls Mesurier v. Wajit*

Hossain ILR (1902) Cal. 890, expressed himself, *In the matter of Purna Chunder Pal* ILR (1906) Cal 1023, as inclined to take the view that

taking instructions and misconduct referred to in Section 14 related to clauses (a) and (d) respectively of Section 13 of the Act. If this view were

correct it would follow that cases falling under clauses (c) to (e) as well as those that come within Clause (f) of Section 13 would lie outside the

competency of subordinate Courts to inquire into. It is unnecessary that I should express an opinion as to whether misconduct in Section 14 should

be understood in such a restricted sense, But it seems to be clear that there is no warrant for cutting down the meaning of the phrase "for any other

reasonable cause," in the light of the circumstance that the authority of the subordinate Courts u/s 13 is more restricted. I have therefore no

hesitation in following the interpretation placed upon the clause in question by the learned Chief Justice. A different interpretation would necessitate

the conclusion that rules 23 and 28 framed by the High Court authorizing refusal of renewal of certificates for misconduct in any position of trust or

responsibility and suspension of a pleader for carrying on a trade or business were ultra vires.

21. Having determined the meaning of Clause (f) of Section 13, I proceed to enquire whether the pleaders have rendered themselves liable to

punishment It is unnecessary to set out the facts here as they have been fully examined and dealt with by my brother Abdur Rahim, J., in, his

Judgment in the criminal appeal. It is not seriously argued that the Circars Provident Fund started, advertised and managed by the pleaders before

us was anything but a snare to the ignorant and unwary public. The Company was limited by guarantee in the ridiculously low sum of Rs. 5 per

head. There were no share-holders. The Directors who numbered seven constituted the members of the Company. They promised by their

prospectus, the preface to the Articles of Association, and the notice on the back of the flyleaf to each nominee on the death of the applicant at

least double the amount of the subscription if the death occurred after the first three months of the applicant joining the fund. Every one had his prize which might range from two to fifteen times the subscription. The bonus fund each year available for distribution amongst the nominees of applicants dying in any year was made up only of eight annas out of every rupee received in the year after three months' subscriptions of each set apart as entrance fees. Every applicant being bound to die sooner or later and speaking broadly, there being an obligation to pay the nominee of the applicant at least four times each half rupee set apart for the bonus out of every rupee contributed, what was the source available for making up the difference? The answer is, two annas in each rupee contributed which constituted the Reserve fund and six paise in each rupee so collected which constituted the guarantee fund. The profit of the directors of three annas in the rupee would also be generously given up to make up the difference. But how could five annas and a half out of each rupee, if all the resources available were scraped together, meet the minimum liability in, excess of the bonus, of one rupee and a half for each rupee received as contribution? The Company could be wound up at any time at the pleasure of the directors. Let the working of the Company be stopped any day and all the outstanding nominees unpaid are bound to suffer loss; and yet the prospectus tells every person that by joining the fund he never stands to lose. There was a note under Article 14 of the Articles of Association that the special term as to the minimum bonus of double the subscriptions being made good out of profits was only to be in force till the end of December 1905. But the provision was made permanent in February 1906. This was of course the bait to intending subscribers. That the whole concern was a practical swindle, it is impossible to gainsay. The lucky nominees of short-lived applicants had a good game of lottery, so long as fresh subscribers joined in progressive numbers the Company might manage to stave off the evil day; and the new capital might pay off the old liability. But the concern was doomed to failure, and the inevitable crash could not be long in coming. As it was, it came in about two years and a half though the number of subscribers stood at the time over 8,000 a flourishing position for any concern conducted on business principles. There was no loss sustained by the Company. No untoward event had happened, no speculation had failed and no investments lost. But the number of

subscribers did not go on increasing as rapidly as it was necessary for fresh capital for cover the old liabilities and keep up the company's

attractiveness to the gamblers on the lives of applicants. Mr. Ranga Chariar for the first accused had the courage to argue that the principles of the

company were the same as those of life insurance. Yes. There was one thing in common, namely, that sums of money were payable on the death of

the insured. But an insurance company would be nothing but a fraud if there was not a variable premium dependant on the chance of each life and

if the premia paid by the assured could never exceed the policy amount. What made failure inevitable from the inception was the principle of profit

to all subscribers and loss to none, with gain to the conductors. The rate of profit was exorbitant and no prospect of interest to be earned on

investments could minimise the danger of failure for only 21/2 annas out of every rupee subscribed could be invested at 31/2 per cent. The accused

have been rightly acquitted of criminal misappropriation of the company's funds. They made no secret of their claim be the profit provided for by

the articles. Every subscriber paid his dues with full knowledge that 3 annas in the rupee and the entrance fee of three months' subscriptions after

certain deductions would go into the pockets of the directors. But the question is different as regards the character of the concern itself. If it was

bound to end in failure and to inflict grievous loss on the majority of subscribers what is the measure of the responsibility of those who ushered the

company into existence and managed its affairs. We must here discriminate between the first and second accused, Bapatla was the head office of

the provident fund. The second accused lived and practiced at Angle. He was a pleader of about six, months' standing, In 1906 he got to know

that it was unprofessional to continue as a director of the fund. He resigned his place and relinquished his profit of Rs 600 for the year. Under these

circumstances it does not seem to me to be taking too favourable a view of his conduct to hold that when he joined the fund, he did so without

knowing or having reason to suspect that he was associating himself with a nefarious concern. I agree with the learned Chief Justice that his

recklessness in becoming a director of the fund without sufficient enquiry as regards its character and inevitable tendency to cause ruin may, in view

to the hardships he has already undergone, be dealt with by our merely pointing out his error. As regards the first accused, however, I am inclined

to take a more serious view of his conduct. I as quit him of a deliberate intention to deceive the public by misrepresentation of the financial possibilities of the enterprise. I would even go further and assume in his favour that he did not definitely realize in his own mind what a large body of subscribers must inevitably be swindled out of their monies. But he was a Graduate in Arts. He was a pleader of some years" standing. He was the President of the fund. Ho was intimately associated with its working. It is impossible to believe that he had not abundant reason to know the true character of the business, When the second accused assigned his reason for withdrawal that it was unprofessional to be a director of the fund, the first had nothing to say on the subject though his attention was pointedly drawn to it. Mr. Ranga Chariar asked us to believe that the first accused was merely the dupe of Kondalrayudu. I am unable to think so. I have no doubt, he was a willing party to a schema calculated to bring him profit at the expense of the ignorant public whom he inveigled into the company"s meshes by representations which he must have known were impossible of fulfilment. We are told that no criminal charge of cheating has been brought against him. But that does not oust our jurisdiction under the Act as I have already pointed out. I do not think that on the facts of this case which have been fully threshed out in a judicial trial, though on a different charge, any useful purpose will be served to directing a fresh prosecution for cheating as preparatory to proceedings under the " Legal Practitioners Act", though, as observed by Chief Justice Cockburn in a case of conflicting evidence in a matter of a criminal nature such a course would be expedient. I concur in holding that Choragudi Venkatadri Pantulu Garu is guilty of moral delinquency of such a character as to justify the sentence of three months" suspension proposed by the learned Chief Justice.