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NOTES.

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RATIFICATION OF A VOIDABLE CORPORATE ACT BY A HOLDING COMPANY HAVING COMMON DIRECTORS.—A contract between a corporation and one or more of its directors individually, is almost universally regarded as voidable. The same is true in most jurisdictions when the contract is made with another company, in which the directors are interested as partners or heavy stockholders.¹ This results from the fiduciary character of a director, under the familiar doctrine that forbids an agent or trustee to contract with himself as a third person.² This same doctrine, however, allows ratification of the transaction by the principal or *cestui*, who, in the case of a voidable act by directors, is represented by

¹ Machen, Corp., §§ 1563, 1581; 2 Thompson, Corp., (2nd ed.) 180, 221; 1 Morawetz, Priv. Corp., (2nd ed.) § 517 *et seq.*

² Machen, Corp., § 1471 *et seq.*; Pearson v. R. R. (1883) 62 N. H. 537; Buell v. Buckingham & Co. (1864) 16 Ia. 284.