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Partnerships

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a forgery. The court correctly held that Jacobs was not liable. The reasoning of the court included a consideration of Ohio Revised Code section 1321.12, prohibiting a small loans company (which the plaintiff was) from conducting the business of making loans at any other place of business than that named in its license. The delivery of the note to James Russell, for the purpose of taking it to Helen to obtain her signature, violated the terms of section 1321.12, reasoned the court, and furnished James the means and opportunity of perpetrating a forgery. The court applied the principle that where one of two innocent persons must suffer by reason of the fraud of a third person, he who first trusted the third person and placed in his hands the means which enabled him to commit the wrong must bear the loss. Although the court did not base its decision on the Negotiable Instruments Law, the result under that law would be the same.[13] Thus, nothing turns upon the fact that the plaintiff happened to be a small loans company.

FLETCHER R. ANDREWS

PARTNERSHIPS

One of the disadvantages of the partnership form of business is the risk of instability, resulting in part from the rule that death of a partner works an automatic dissolution. Various devices are available by which partners can reduce this risk and conserve the assets of the firm. One of the most successful is the partnership cross-purchase contract, which has been widely used in recent years, largely at the urging of the life insurance salesmen who will fund the plan with policies on the lives of the partners. A recent case points out the necessity for careful draftsmanship of this complex contract. In *Partridge v. Pidgeon*,[1] the firm consisted of four partners. The contract provided that on the death of any partner, his executor had an option to leave his interest in the firm for any period up to five years. At the request of the executor, or at the end of the five year period, the surviving partners were obligated to buy, and the executor was obligated to sell the interest of the deceased partner at a fixed price. The partners owned the following interests: A, 50%; B, 24%; C, 24%; and D, 2%. Nothing in the agreement indicated what share of the deceased's interest each partner was obligated to purchase. On A's death, D, one of the three survivors, claimed the right to purchase one-third of A's interest. The court held that D was entitled to pur-

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[13] See BRITTON, BILLS AND NOTES 214 (1943). It is unfortunate that courts so frequently decide points in negotiable instruments law without reference to the applicable statutes.