No. 8, 699 (C.C. Ind. 1843); *Clanton v. Barnes*, 50 Ala. 260 (1873); *Yeatman v. Cullen*, 5 Blackf. (Ind.) 240 (1839); see *Brabston v. Gibson*, 9 How. (U.S.) 263 (1850); *Direction der Disconto-Gesellschaft v. United States Steel Corp.*, 267 U.S. 22 (1924). But where the indorsement of an instrument payable in New York was invalid under the law of the place of the instrument at the time of the negotiation but valid as tested by the law of New York, the indorsement was held sufficient to give the indorsee a valid claim against the maker, the court, however, expressing doubt as to whether the indorser acquired a claim against the indorsee. *Everett v. Vendryes*, 19 N.Y. 436 (1859). Even though § 72 of the Bills of Exchange Act has no counterpart in the Negotiable Instruments Law, it would seem that the American courts are justified on common law principles in reaching the same result as the English cases.

Modern writers favor the rule under which the acquisition of title to the negotiable instrument and the debt embodied therein is governed by the law of the situs of the instrument. Goodrich, Conflict of Laws (1927), 363; Lorenzen, Conflict of Laws Relating to Bills and Notes (1919), 140; Restatement, Conflict of Laws (1934), §§ 52, 262. This rule is all the more desirable since it is identical with that of the Geneva Convention on the Conflict of Laws as to Bills of Exchange of June 7, 1930, art. 3 and 4 (see Hudson and Feller, The International Unification of Laws Concerning Bills of Exchange, 44 Harv. L. Rev. 333 (1930)), as well as that of the Geneva Convention on the Conflict of Laws as to Checks of March 19, 1931, art. 4 and 5 (Feller, The International Unification of Laws Concerning Checks, 45 Harv. L. Rev. 668 (1931)). The result of the instant case is unique in subjecting the drawer of a check to double liability under a single claim. This result can perhaps be justified since there is no reason why the risk of loss and negotiation of an instrument under a forged indorsement should be less for the maker than for subsequent holders if the instrument was intended to be negotiated abroad.

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Constitutional Law—Chain Store License Tax—[United States].—A West Virginia statute (W.Va. Acts 1933, c. 36), imposing a graduated license tax on chain stores with a maximum of $250 for each unit over seventy-five, defined store as "any store or mercantile establishment . . . in which goods, wares, or merchandise are sold." Plaintiff operating a chain of a thousand and three gasoline stations filed a bill to restrain defendant, tax commissioner, from paying into the state treasury the taxes which plaintiff had paid under protest. *Held*, (four justices dissenting) that plaintiff's gasoline stations were "stores" within the statutory definition, and that, despite the fact that gasoline chains, which handled but 5% in amount of the total chain business, paid under the statute 85% of the total chain store license tax, this was not such an arbitrary discrimination against gasoline chains as to violate the fourteenth amendment to the Constitution. *Fox v. Standard Oil Co. of N.J.*, 55 Sup. Ct. 333 (1935), reversing 6 F. Supp. 494 (S.D.W.Va. 1934).

The first attempts at chain store taxation were attacked as an unconstitutional denial of equal protection of the laws because they were thought not to satisfy the orthodox rule that classification for taxation must be reasonable and rest upon some ground of difference having a fair and substantial relation to the object of the legislation so that all persons similarly circumstanced are treated alike. Becker and Hess, The Chain Store License Tax and the Fourteenth Amendment, 7 No. Car. L. Rev. 115 (1928); 31 Col. L. Rev. 145 (1931); 44 Harv. L. Rev. 456 (1931); 80 Univ. Pa. L. Rev.

289 (1931). Cf. *F. S. Royster Guano Co. v. Va.*, 253 U.S. 412 (1920); *Air-Way Electrical Appliance Corp. v. Day*, 266 U.S. 71 (1924); *Schlesinger v. Wis.*, 270 U.S. 230 (1926); *Louisville Gas & Electric Co. v. Coleman*, 277 U.S. 32 (1928); 43 A. L. R. 592 (1926). However, since *State Board of Tax Comm. of Ind. v. Jackson*, 283 U.S. 527 (1931) recognized that chain stores enjoy sufficient economic advantages over "independents" to justify special taxation, graduated and non-graduated chain store taxes have been sustained. *Southern Grocery Stores v. So. Car. Tax Comm.*, 55 F. (2d) 931 (E. D. S. C. 1932) (maximum unit tax $150; gas stations excluded); *Penny Stores, Inc. v. Mitchell*, 59 F. (2d) 789 (S.D. Miss. 1932), appeal dismissed 287 U.S. 672 (1932) (higher rate of income tax on chains with more than five units); *Liggett Co. v. Lee*, 109 Fla. 477, 149 So. 8 (1933) (maximum unit tax $50; gas stations excluded); *J. C. Penney Co. v. Diefendorf*, 32 P. (2d) 784 (Idaho 1934) (maximum unit tax $500; gas stations excluded); *Safeway Stores v. Diefendorf*, 32 P. (2d) 798 (1934) (same statute as preceding case). *Contra*, *F. W. Woolworth Co. v. Harrison*, 172 Ga. 179, 156 S.E. 904 (1931); cf. *Liggett Co. v. Lee*. 288 U.S. 517 (1933) (tax unconstitutional only in so far as it imposed higher rates for chains operating in more than one county), reversing in part *Liggett Co. v. Amos*, 104 Fla. 609, 141 So. 153 (1932); see 80 Univ. Pa. L. Rev. 289 (1931). And a statute which in effect taxes chain stores by imposing a license tax on merchants operating distributing houses is not a denial of equal protection. *Great Atlantic and Pacific Tea Co. v. Morrissett*, 58 F. (2d) 991 (E.D.Va. 1931); aff'd 284 U.S. 584 (1931); *Commonwealth v. Bibee Grocery Co.*, 153 Va. 935, 151 S.E. 293 (1930); 73 A. L. R. 1481 (1931); 85 A. L. R. 736 (1933).

The principal case does not involve the question whether a chain store tax, as such, is unconstitutional. It involves, rather, the question whether a graduated chain store tax, based solely on the number of units, disregarding income on valuation, resulting in gasoline chains paying a percentage of the tax grossly disproportionate to their percentage of chain store business, is an arbitrary discrimination against gasoline chains. Cf. *Liggett Co. v. Lee*, 288 U.S. 517 (1933) (classification placing heavier burden on chains in more than one county is unconstitutional); *Air-way Electric Appliance Corp. v. Day*, 266 U.S. 71, 83 (1924) (a tax of foreign corporation based solely on number of shares of stock is unconstitutional). Chain distribution of gasoline is effected by a larger number of units with relatively smaller individual earning capacity compared with chains for the sale of other commodities, which have fewer units each with a greater earning power and investment. See tables in *Standard Oil Co. of N.J. v. Fox*, 6 F. Supp. 494 (S.D.W.Va. 1934). Consequently the argument of the economic advantage of chain stores, used to sustain the separate classification of chain stores in the *Jackson* case, would not seem to justify the classification in the present case unless it can be argued that usually an increase in number means an increase in economic advantage, so that the basis of classification is not clearly unreasonable even though it may be harsh in the given case and prevent a profit. (In the principal case most of plaintiff's stations although earning less than $100 each per annum had to pay the maximum tax of $250.) Cf. *Packard v. Banton*, 264 U.S. 140 (1924); *Roberts & Schaefer Co. v. Emerson*, 271 U.S. 50 (1926); *People of State of N.Y. v. Latrobe*, 279 U.S. 421 (1929); *J. C. Penney Co. v. Diefendorf*, 32 P. (2d) 784 (Idaho 1934).

It being sufficient that a classification has reasonable relation to some permitted end of governmental regulation, a classification based only on number would not seem to deny the equal protection of the laws; for it can be said that restriction of the numerical growth of chains regardless of their increase in capital or income is a permissible policy of taxation. Cf. *American Refining Co. v. Louisiana*, 179 U.S. 89 (1900); *Watson v. State Comptroller of the State of New York*, 254 U.S. 122 (1920); *Roberts & Schaeffer Co. v. Emerson*, 271 U.S. 50 (1926); *Lawrence v. State Tax Comm. of Miss.*, 286 U.S. 276 (1932). The Indiana court appears to have taken this view, saying "chains are chains" and therefore gasoline stations may be included in a chain store classification. *Midwestern Petroleum Corp. v. State Board of Tax. Comm.* 187 N.E. 882 (Ind. 1933).

Since gasoline filling stations are subject to excise and other taxes a chain store license tax expressly exempting them is constitutional. *Liggett Co. v. Lee* 288 U.S. 517 (1933); *Southern Grocery Stores v. S.C. Tax Comm.*, 55 F. (2d) 931 (E.D.S.C. 1932); *Great Atlantic & Pacific Tea Co. v. Maxwell*, 199 N.C. 433, 154 S.E. 838 (1930); *J. C. Penney Co. v. Diefendorf*, 32 P. (2d) 784 (Idaho 1934). But see *Winter v. Barrett*, 352 Ill. 441, 186 N.E. 113 (1933) (holding unconstitutional an occupational tax which exempted gas stations); see 89 A. L. R. 1432 (1934). In absence of express exclusion it has been held that these distinctions should cause gas stations not to be considered "stores" within the act. *Wadhams Oil Co. v. State*, 210 Wis. 448, 245 N.W. 646 (1932). See note, 43 Yale L. J. 1022 (1934); cf. *McKenney v. City Council of Alexandria*, 147 Va. 157, 136 S.E. 588 (1927) (holding that a gasoline station is not within the scope of a tax on "all engaged in business of merchants"). However, the Indiana statute held constitutional in the *Jackson* case though not specifically mentioning gas stations, was construed to include them as "stores." *Midwestern Petroleum Corp. v. State Board of Tax Comm.*, 187 N.E. 882 (Ind. 1933); see Zimmerman, The Challenge of the Chain Store Distribution (1931) 52; cf. *Gunther v. Atlantic Refining Co.*, 277 Pa. 289, 121 Atl. 53 (1923) (holding that a filling station is within the purview of a covenant against store buildings). The further fact that the West Virginia Legislature rejected a provision excluding gas stations when the act was proposed may have influenced the court in the principal case.

The severity of the tax in the principal case and the existence of doubt as to including gasoline stations within the construction of "stores" under the act may indicate that the Supreme Court will go far to sustain the constitutionality and extensive application of chain store legislation in the future.

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Corporations—Interested Director Voting for Salary of Officer—[Illinois].—The board of directors of a corporation, pursuant to its by-laws, by resolution had fixed the salaries of its officers, including that of the plaintiff, the president, who was also a director. Subsequently the plaintiff and other officers informally agreed to accept reduced salaries. The corporation having paid salaries at the reduced rate, plaintiff sought to recover the difference between the salary paid him and the salary as fixed by the board. *Held*, the record not disclosing what directors had voted for the resolution, plaintiff could not recover without showing either that he had not voted for it or that his vote was unnecessary for its passage. Moreover the agreement among the officers being for the benefit of the corporation, it could use it as a defense to plaintiff's claim. *Connors v. Swords Co.*, 276 Ill. App. 318 (1934).

A director, being a fiduciary to his corporation, is disqualified from voting on any matter in which he is interested; any transaction in which he is interested is voidable whether or not the transaction is fair, if authorized or ratified only by including his vote. *Consumers' Ice & Coal Co. v. Security Bank & Trust Co.*, 170 Ark. 530, 280 S.W.