

During the currency of the bond and between the 10th June, 1910, and the 10th June, 1911, suspicion was directed towards Mattson that he was not acting honestly as Collector. A special audit was ordered, and investigation followed, with the result that Mattson was found to have fraudulently appropriated to his own use money of the plaintiffs. He embezzled in 1908 and 1909 . . . \$11,246.55. . . .

The plaintiffs deny the right of the defendants to set up as any defence in this action the written statement mentioned. It was made for the purpose of getting a bond in 1904. It served its purpose. The bond was issued. There was liability under it for a year. At the end of the year liability was not continued, but was terminated by the defendants.

On the 30th May, 1905, the defendants, upon being paid the premium for another year, executed and issued the new bond above-mentioned. This bond, by continuation certificates, was kept in force until the 10th June, 1911.

In each year after 1905, except one, the defendants made inquiry of the plaintiffs and received a satisfactory report of Mattson's conduct.

With a good deal of hesitation, I come to the conclusion that the written statement of the 10th June, 1904, upon which the bond of the 16th June, 1904, was issued, can be invoked as part of the contract represented by the bond of the 30th May, 1905. . . .

The statement itself contains the following: "It is agreed that the above answers are to be taken as conditions precedent and as the basis of the above bond applied for, or any renewal or continuation of the same that may be issued by the United States Fidelity and Guaranty Company to the undersigned, upon the person above-named."

My conclusion is, that the present bond is a renewal of the original insurance. There is much to be said against that view. The bond itself, in express terms, makes the new bond a new contract. . . .

It was argued that the statement was only part and parcel of the contract, which expired in one year, and which was not renewed within the meaning of the contract; as to which "renewal" or "continuation" has a definite meaning; but it expired; and as to the new bond the company did not ask for a new statement or report of any kind.

It is somewhat anomalous that the company can allow the bond to expire, and keep a statement on foot as the basis of a