

"J. E. Bissel & Co., or order." The cheques were endorsed by S. in his own name "*per pro* J. E. Bissell & Co.," and some of them were crossed. The cheques were taken by the defendants without any enquiry as to S.'s authority to deal with them, and were immediately placed to his credit in his account as cash. Under these circumstances it was held that the bankers had not acted "without negligence," and were not entitled to the protection of section 82. "The negligence contemplated in section 82," said Denman, J., "must mean the neglect of such reasonable precautions as ought to be taken with reference to the interests, not of the customer who purports to have the authority, but of the principal whose authority he purports to have; the section being framed wholly with reference to the liability of the banker to the 'true owner' of the cheque, and not with reference to his liability to his customer." And the judgment of Denman, J., was adopted by the Court of Appeal. In applying this principle to the case in question stress was naturally laid upon section 25 of the Bills of Exchange Act, 1882, according to which "a signature by procuration operates as notice that the agent has but a limited authority to sign, and the principal is only bound by such signature if the agent in so signing was acting within the actual limits of his authority." Thus the bank in taking the plaintiffs' cheques and placing them to the credit of S., without enquiry as to his authority, were neglecting a precaution imposed upon them by the Act itself.

The present case before Kennedy, J., also arose out of the misappropriation by an employee of his employer's cheque. A cheque for £542 in favour of Hannan's Lake View Central Limited was paid in by their then secretary, H. Montgomery, to his private account with Messrs. Armstrong & Co., who are bankers. The cheque was crossed generally and the endorsement consisted of the name of the plaintiff company, either stamped or type-written, followed by the signature "H. Montgomery, Secretary." The amount of the cheque was credited by the defendants to Montgomery and was drawn upon by him for his own purposes. The articles of the plaintiff company contemplated that endorsements would be made by two directors and the secretary, but in practice it is found convenient for the