

vions to the 16th July, 1906, was on that day indebted to the bank in a large sum for moneys advanced, for which the bank held securities pledged to them by R. and a promissory note made by R., payable on demand, for a sum larger than the amount then due. M. had been negotiating with the bank for an assignment of the debt due to R., and had been permitted by the bank to see the entries in their books relating to that debt, and, on the day mentioned, the bank assigned to M. the sum due and all the securities held by them, covenanting that the sum named was due and to produce and exhibit their books of account and other evidence of indebtedness, etc. The pledged securities were handed over to M., and afterwards the demand note, upon which he sued R., who brought a cross-action against the bank and M. for an account and damages and other relief.

*Held*, 1. The bank was not prohibited by section 46 of the Bank Act, 1890, from allowing M., for the purposes mentioned, to inspect the account of R. with the bank; that the agreement was not invalid; that M. was entitled to succeed in his action upon the note, and that R.'s action failed.

2. MEREDITH, J.A., dissenting. The bank were not entitled to charge R. compound interest; but where the bank had made a discount or an advance for a specified time and had reserved the interest in advance, this should be allowed; in other cases, where there had been an overdraft, and payments had been made, interest should be reckoned up to the date of each payment, and the sum paid applied to the discharge of the interest in the first place, and any surplus to the discharge of so much of the principal.

Judgment of CLUTE, J., reversed.

*Shepley*, K.C., for the Bank of Montreal, appellants. *C. Millar*, for Montgomery, appellant. *Watson*, K.C., and *N. Sinclair*, for Ryan, respondent.

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Full Court.]

WOODS v. PLUMMER.

[Feb. 10.

*Slander—Privileged occasion—Malice—Evidence of.*

The defendant, the yard master in a railway yard, forthwith reported to the train master, to whom it was his duty to report, that he had seen the plaintiff, a car examiner, break into a car and take therefrom a bundle of handles, whereupon the train