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A Lost Cheque Case.

The situation created when an undorsed cheque is lost is at times embarrassing to the owner, and the banker on whom it is drawn in view of the possibility of its being fraudulently used by the finder. A case of this kind elicited the following question addressed to and answer given by the "New York Bulletin." We may add that when a cheque is lost the owner should promptly notify the bank on which it is drawn with a written request to refuse payment until further advised, and this instruction should be formally confirmed by the drawer of the lost cheque to whom it is customary to give an indemnity bond if he issues a second cheque.

A. received a check from B. On his way to the bank to deposit it A. lost the check, which he had not indorsed. B. has requested the bank to stop it, but will not give a duplicate check for some time, as he claims that should a third party find the lost check he might forge A's signature and then use the check in trade with an innocent party, in which case B. would have to pay the check. Is this the law, and how long must B. wait before issuing a duplicate check?

H. B.

Reply.—The objection which the debtor makes to the issuance of a second check in this case is of no validity. No one, whether he is an innocent holder for value or not, can enforce payment of a check with a forged indorsement upon it. It is the duty of the bank in this case, to refuse payment of the check, whatever the respective rights of the parties may be; if the bank pays the check the amount cannot be charged to the depositor's account. If the bank refuses payment, and the holder then calls upon the drawer to make the check good, the drawer has only to point to the forgery as his sufficient excuse for refusing. The only risk that the drawer would run if he were to issue a duplicate check is the risk that the first check might afterwards be presented by a *bona fide* holder for value and with-

out any forged indorsement upon it; in that case he could be compelled to pay the first check, notwithstanding the fact that a duplicate has been issued. In short, the drawer may safely issue a duplicate if the holder's statement that he has not indorsed the check is true; if that statement is untrue no duplicate can safely be issued. The former holder of the check can sue for the amount, notwithstanding the loss. When the suit comes to trial he is entitled to recover, without offering an indemnity bond, if he can prove his statement that the check was not indorsed when it left his hands. If he cannot establish this fact, then the suit cannot go on until he has furnished an indemnity bond satisfactory to the court and for an amount at least twice as large as the face of the check, binding him to reimburse the maker of the check if the original turns up, properly indorsed, in the hands of an innocent holder, and he is compelled to pay it. On the assumption that the first check was indorsed and transferred the drawer cannot with perfect safety issue a duplicate without requiring indemnity unless he waits until suit upon the first check is barred by the statute of limitations, six years from its date of issue.

A Specimen of South American Financing.

The legislature of Argentina has passed an Act, which, says an English financial authority, "enables the Government of Buenos Ayres to impose upon all holders of the Cédulas of its Hypothecary Bank, which suspended payment 15 years ago, any arrangement which may be accepted by those present at a meeting convoked at short notice, in case of failure to secure a quorum of 51 per cent. of all the Cédulas in circulation at the first meeting called." A Cédula is a sort of promissory note issued by South American banks. The quorum will not and is not desired to be obtained, the intention being to compel the Cédula holders to submit to any terms a