

the money to their own use but placed it to the credit of Landry, that they had a lien upon the bill, and when they placed the money to his credit they discounted the bill, and did all they agreed to do.

The Court, however, held a different opinion, and in the course of the judgment gave the following very interesting definition of discounting a bill:

"The plaintiff did consent that the bank should discount it, and never consented to anything else, so that the whole case resolves itself into what is the meaning of discounting a bill.

"I do not think a better definition of the word 'discount' can be given than that given by Mr. Justice Story, in delivering the opinion of the Supreme Court of the United States in the case of *Feckner v. Bank of the United States*. That learned judge says: 'What is it to discount? Has it not the right to take the evidence of a debt which arises from a loan? If it is to discount must there not be some chose in action or written evidence of a debt payable at a future time, which is to be the subject of the discount? Nothing can be clearer than that by the language of the commercial world, and the settled practice of banks, a discount by a bank means *ex vi termini*, a deduction or drawback made upon its advance or loans of money, upon negotiable paper, or other evidence of debt, payable at a future day, which are transferred to the bank.'

"Thus showing that a discount means a loan of money, and a transfer of a negotiable instrument to the bank, payable at a future day, as security. And this was all the bank was authorized to do, or the plaintiff ever contemplated. What he meant was that the bank should loan him the face of the bill, less the discount, in money, and as security for it he would transfer to them the bill."

It will be seen that according to the above judgment a discount was held to mean an advance of money, an actual advance, upon the transfer of a negotiable instrument, payable at a future day as security, and that a bank cannot refuse, in the absence of a special agreement, to pay over the proceeds on the ground of an antecedent debt.