

business of this class. Rural, country town managers could double the gross profits of their office were they to run up the rate on loans as is done by private money lenders, and take such securities as are accepted by such persons. That kind of business is not desirable—it is not legitimate banking. It has ruined thousands of private bankers and small banks in the United States, and also ruined thousands of borrowers. As a general rule—which exceptions only prove—such loans as the branches of our chartered banks decline are improvident loans; loans involving unusual risk; loans that the borrower will repent; loans that are not promotive of legitimate, well considered, sagaciously planned enterprises. Of course, managers make mistakes at times from over caution as they do from over-anxiety to swell their returns, as every branch manager is naturally ambitious of enlarging the business of his office. Branch bank salaries are apt to stagnate when business does, and "promotion cometh neither from the East nor from the West" to the manager who has failed to enlarge his connections. Connections? What connections? The only increase in the connections of a branch bank are the local connections which bring local business. So that the self-interest, the desire for a higher salary, for promotion which animate branch bank managers, impel them, as well as their duty, to secure as much as possible of the local business. Letters in the World speak of the demeanour of branch bank managers being highly offensive to such local applicants for loans as farmers and cattle dealers. One writer calls the bank manager "His High Mightiness," whom he would not approach with a business proposition. The complaint is not new, but ought to be wholly unjustified. A branch bank manager is highly censurable if he puts on the airs of "His High Mightiness," who is "too lofty" to do business, as one farmer complains. He must be suffering from undue capital inflation physically. Hauteur is not dignity, indeed is its antithesis, and the business relations of a banker and his customer afford no rational ground for offensive conduct on either side. Critics who assert that branch banks do not do the local business should be consistent. They first blame the banking system of Canada, then they twist round and blame the bad manners of branch bank managers, which are two entirely distinct things. The Canadian branch bank system, while utilizing local capital, supplements it by the note issues and resources of the head office. It places behind the smallest of branches the entire strength of a great monetary institution. The Canadian branch banks are opened for the special purpose of doing all the local banking business that can be prudently transacted. The two charges made, first, that Canadian branch banks drain country districts of capital, and, second, that they do not do the local business, are both based upon misapprehension of the constitution of a chartered bank, of its objects, its interests, its business operations, as well as entire non-acquaintance with the financial conditions created by branch banks, and the work and the aims of branch bank managers.

WHEN A CHEQUE IS GIVEN DOES IT MORTGAGE THE DRAWER'S BANK ACCOUNT?

A cheque case decided in the N. Y. Supreme Court last week has excited great interest, though it establishes no new principle. A Dr. Straub held 1400 Northern Pacific shares in May last. His

brokers, Schalk & Co., required additional margins, for which he gave a cheque on a Brooklyn Bank for \$5,400. Later in the day when the panic broke out the brokers sold his stock without notice, as Straub affirms. This so angered him that he drew a second cheque for \$5,400, and by it withdrew the balance at his credit which would have provided for the cheque given to his brokers. He brought an action against the firm for illegal conversion of his stock. This was met by a warrant for Straub's arrest, the charge being that he had defrauded the firm of brokers of \$5,400 by issuing a second cheque for that amount, the payment of which cleared out his bank account and left no funds to pay the first cheque. This has been done scores of times by persons who, after signing a cheque, have decided against its being honoured on presentation. After hearing the case against Straub, the drawer of the cheque, the Supreme Court judge said:

"The delivery of the first cheque did not constitute an assignment pro tanto of the funds in defendant's bank account, and when he withdrew the same with a second cheque he was acting quite within his legal rights. An ordinary cheque does not operate as an assignment or appropriation of the drawer's funds, and, until acceptance or payment by the bank, the fund remains the property of the drawer, who reserves the right to withdraw or otherwise dispose of his deposits."

Dr. Straub has commenced an action for damages for false arrest. Had the decision been that when a cheque is drawn and delivered to the payee the instrument is, as it were, a mortgage on the amount standing to the drawer's credit at the bank in which the cheque is drawn, and that the issuance of any subsequent cheque, until specially provided for, is a fraud on the payee of the first cheque, if that cheque is dishonoured, such a decision would have tended to paralyze the ordinary routine of business. Were that the law the law would be a dead letter. There are business men who draw fifty, even a hundred cheques every day, for which they have to provide funds, not specifically for each one, but sufficient to cover the drawings of that day, or the day when the cheques are to be presented. Now and again a slip will occur by the credit balance of an account falling short of the cheques presented; "accidents will happen in the best regulated families." A customer in good standing is entitled in courtesy to a notification at once that his cheque has been marked "no funds," or dishonoured. But, he has a perfect right to let such a cheque remain unprovided for, or to cover it and request it to be presented again. Until the case is heard against the brokers for their alleged irregular conduct in selling Dr. Straub's shares in default of sufficient margin not being provided in time, it is impossible to judge between them. There can, however, be no question that until a cheque has been accepted or paid by the bank it is drawn upon, the drawer remains in control of his credit balance. When a cheque has been given to a drawee in good faith there are a variety of circumstances that may arise to render it necessary for the drawer to stop its payment, the most effectual being the leaving his bank account bare of the funds for its payment.