

using these words in that way a person who wishes to avoid litigation may safely make advances to secure a peaceful settlement, and if not successful his case is not jeopardized. A convenient form at the beginning of the letter would be similar to the following:

*Dear Sir: "Without prejudice" I hereby make you the following proposition, etc.*

Also, a debtor who may be taking the benefit of the Statute of Limitations may, by using these words, frankly acknowledge the justice of the claim against him, and assure his creditor that he will still pay him, or may even pay money to him, without reviving the *legal liability*. Also in offering to make payment on a disputed account or claim by way of a compromise, these words prevent the offer being held to be an acknowledgment of the claim. Every man should be familiar with their use, and make use of them whenever occasion requires, instead of trusting to the other party's honor.

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## CHAPTER VI.

### NEGOTIABLE PAPER—PROMISSORY NOTES.

**101 Negotiable Paper** includes those instruments in use in community which pass freely from one person to another by simple delivery or by indorsement, and are payable in money only. The word which gives them this negotiability is *bearer* or *order*. Those which are transferable by simple delivery are written payable to a certain person, firm or corporation, or *bearer*; and those which are transferable by indorsement are written payable to a certain person, firm or corporation, or *order*, and require to have the payee's name written across the back to be transferred.

The paper must be properly signed and delivered in order to be valid. A promissory note, draft or cheque signed and complete in form is not a contract until it is delivered, and if stolen at that stage and sold, even an innocent purchaser for value would not get a good title, so as to collect it. It is like forged paper.

The instruments classed under Negotiable Paper are promissory notes, acceptances, bank notes and cheques, but besides these are also the following, which are negotiable by indorsement: Warehouse Receipts, Bills of Lading and Coupon Bonds. Dominion notes are not classed among negotiable instruments, because the Dominion of Canada cannot be held to be a person as a chartered bank would be. Bonds, mortgages, agreements for the sale of real estate, leases, chattel notes, etc., are negotiable by *assignment*, and the purchaser can enforce the contract to the same extent that the original owner could if he had not transferred them, but they are not called "negotiable instruments."

**102 Promissory Notes.**—A promissory note is an *unconditional* written promise to pay a certain sum of *money* at a specified time or on the