

to make two distinct enactments. The verbal defects arose in consequence of the alteration of the provision with regard to bills payable at sight. As the measure was originally drafted, bills payable at sight were made payable on demand, if I recollect right—that is to say, there were no days of grace. But in that portion of the measure where these bills came to be dealt with, it was so arranged that they should have three days' grace, differing from the English system.

*Hon. Mr. Scott*—The old law being continued?

*Hon. Mr. Abbott*—Yes; differing from the English system, in which days of grace on sight bills have been abolished; but in two or three paragraphs, where bills at sight are casually alluded to, the necessary erasures did not take place, and part of the Act reads as if bills at sight had three days' grace and part as if they had not. The object of this provision is to set that right by making several verbal corrections.

*Hon. Mr. Scott*—That is, bills at sight will have the three days' grace?

*Hon. Mr. Abbott*—Yes. The Act provides that, but in some of the details it is ignored, because the provisions have been copied from the English Act. There is a difference of opinion as to cheques bearing a forged endorsement. A cheque bearing a forged endorsement, with, perhaps, half a dozen subsequent endorsers, every one of whom is responsible for that endorsement, passes into a banking-house, and the only remedy under the law, as it stood, that the bank could have, would be its recourse against the person who deposited the cheque with the bank. Obviously, as the law provides that subsequent endorsers make themselves responsible for the genuineness of previous signatures, or, in other words, provides that they shall not be permitted to deny the genuineness of previous signatures, there is an injustice in that, because the person who happened to pay in the cheque may be worthless, while his immediately preceding endorser may be perfectly solvent, and the bank unable to recover back the amount of money which it has paid, or for which it has given credit, from the last endorser but one, the last endorser being in-

solvent. If the cheque were in the hands of a *bond fide* holder, or what they call a holder in due course, this holder in due course would have a right against all the previous endorsers up to the first endorser; but because the bank pays the cheque it was construed by those who examined the former Bill to have none of the rights of a holder in due course; it was held that the bank could not proceed against anyone but the last endorser, the person who paid it over; whereas, if it was a bill in due course there would have been recourse against every one on the bill subsequent to the first endorser. In other words, a bank paying a cheque has not the same rights as to the parties on the cheque if it be wrong as a person who receives the cheque and does not pay it, which seems an absurdity.

*Hon. Mr. Scott*—Is that a decision of a court?

*Hon. Mr. Abbott*—No; but it is the opinion of eminent lawyers in Montreal and Toronto, and in the Maritime Provinces also. There seems to be a sort of consensus on the part of the bar that that is the case, because the House will find the definition of a holder in due course does not comprise the party on whom the cheque is drawn and who pays it, because the moment the cheque is paid it is extinguished, as the law stood, and he has no recourse, except to go to the man who got the money, and say to him: "You have got the money wrongfully, and must give it back." I hope there will be no difficulty on the part of the House in giving the bank the legal remedy which the law affords to everyone else.

*Hon. Mr. Scott*—There has been no test case yet, and the courts would probably hold that the bank would have the same recourse as others.

*Hon. Mr. Abbott*—There has been no test case yet, but there is no difference of opinion among the leading members of the bar. Those lawyers who have the best reputations in the Dominion have been consulted about it. The other substantive alteration which this Bill makes is to reinsert in the Act a clause which was in the original draft, but which was left out. It is to be found in the previous law, and it was so in the Code.