

the transactions by exacting a higher rate of interest than he paid. This no doubt led to the offer of Hargraft to lend him money which he could loan out at a higher rate. In his anxiety to relieve Hargraft I have no doubt that Morley would have paid more, but Armstrong, acting in the interest of the firm, succeeded in keeping the interest down to 7 per cent.

About the money being furnished by Hargraft out of his own means, without reference to the bank, on contingent claim against the bank, of any kind, there is no question whatever.

But this leads to another enquiry, namely, was this a loan by Roberts at all, or was it a loan by Hargraft with Roberts as a mere figurehead? I have already indicated that in my view there was no legal obstacle in the way of a loan from Hargraft directly to the mortgagors, and it may be, if no indebtedness arose in favour of Hargraft, that the defendant could be treated as a trustee for him, but my judgment in no way hinges upon either of these views. The evidence satisfies me that there was in fact and in law an actual *bona fide* loan of \$2,500 from Hargraft to the defendant, with all its ordinary legal incidents, without any string upon it, and without any secret reservations, conditions or qualifications of any kind. I find, too, that the defendant relied upon what Armstrong told him as to the value and sufficiency of the security and that he loaned this money as his own money, and in good faith, and without knowledge or suspicion that the mortgagors were insolvent or financially embarrassed. Further, it is a fact that up to the time when he decided to go into the transaction and had said so he had not even heard that the bank had a claim, and he went into it as a business transaction, although it is not improbable that he felt the flattery of becoming the mortgagee in a large transaction and appreciated the evident confidence of his banker. It is certainly to be remarked that as it turned out there was nothing very big in it for the defendant, but it probably compared favourably with his other mortgage deals, and as he says, making the mortgage payable on demand, was Mr. Armstrong's idea, not his.

Now as to the mortgagors; although their motives may not be very important except as a link, or break, in the chain of good faith. First, then as to insolvency. There was evidence of debts, but I cannot recall any evidence to