Privy Council case which has been cited by Mr. McMaster. In that case there was, it appears, abundant evidence to create, upon the part of any one who knew the facts related there, the honest conviction that the debtor was insolvent, from the default that he had made in meeting his cheques and drafts.

Here, the only circumstances which seem to me to have been present to the mind of the defendant Elliott were, first, the circumstance that his own account had not been paid—his own note for $400 as collateral to the general indebtedness was not paid by the maker on its maturity. When he met the debtor the debtor told him that he had had some trouble or difficulty, and I should say—although it is not very clear—that he told him he had been called upon to pay $175, part of which he did not owe, which had taken the ready money he had promised to pay, the $200 which he had promised to pay in two weeks, and another $200 in another two weeks after that, so as to remove the whole of the $400 liability, he having paid the interest up to 1st September. The only other circumstance is that these promised payments were not made, and that in response to his request sent to the banker to hustle the other maker of the note he was informed that there was some trouble about the note, that the maker was in some way repudiating it, and on the next day made up his mind that he would secure the account or have it paid, and in pursuance of that decision prepared a chattel mortgage and took it to the debtor to be signed. Now there is no evidence that he knew that there was any claim outstanding against the debtor at that time, other than his own. It may be said that he ought to have known there must be something owing for a portion of the stock, at any rate for the goods by which the stock had been increased since the debtor purchased the business from defendant; but the stock was there to represent the indebtedness, and there was nothing brought to the mind of defendant which would apprise him of any shrinking in the value of the property which he sold to the debtor in the previous March, and nothing to indicate that the debtor was in any way embarrassed—I mean to say in the sense of being unable to realize upon the estate all he owed. The mere fact that a man does not make payments promptly on maturity is not, in itself, sufficient to cast upon any one the onus of a knowledge that the debtor is insolvent.

There is no doubt there was an understanding when he