BANK UNDER NO LEGAL OBLIGATION TO HOLDER OF CHEQUE.

A point of banking law of decided general interest was adjudicated upon by Mr. Justice Archer in the Montreal Superior Court a few days ago. Judge Archer ruled that "a cheque, like a bill of exchange, does not operate as an assignment of funds in the hands of the drawee available for the payment thereof, and a holder cannot sue the bank on the cheque."

The case in question was that of Joseph Fereol Dubreuil vs. the Bank of Montreal. In May last the Rev. Solomon Daniel gave to Mr. Dubreuil, the plaintiff, a cheque for $100 on the Bank of Montreal Savings' Department. Dubreuil duly endorsed the cheque and presented it at the Bank for payment. Although the Rev. Mr. Daniel had sufficient funds in the bank to meet payment of the cheque, the Bank, without giving any reason whatsoever, refused to pay to Mr. Dubreuil the amount named on the cheque.

Mr. Dubreuil thereupon took action in the Superior Court seeking to recover the money from the Bank in this way. The Bank at once inscribed in law against the action, submitting that as a matter of law the plaintiff had no right of action against the Bank—that the only person, if any who could have any legal right to complain of the refusal of the Bank to either accept or pay the cheque would be the Rev. Solomon Daniel, who was not a party to the present action.

Judge Archer decided in favour of the Bank, dismissing plaintiff's action.

A SIMILAR POINT

A similar point to that raised in this interesting case is the subject of one of the questions and answers in "Canadian Banking Practise," published by THE CHRONICLE. Where legal points were involved in these questions, the advice of counsel was sought, the legal adviser for a considerable time being Mr. Z. A. Lash, K.C., one of the foremost authorities on banking law in Canada. The question and answer in point read as follows:—

REFUSAL OF BANK TO PAY CUSTOMER'S CHEQUE FOR WHICH THERE ARE FUNDS.

Question 524.—May the teller of a bank refuse to cash a cheque which is correct in every particular and for which there are funds? The case in mind is one where the teller had accidentally become aware that it was the drawer's intention to order the bank not to pay, but the teller knew of no reason why the drawer should stop payment, and no such notice had been received by the bank when the cheque was presented.

Answer.—As the customer who drew the cheque is the only person who would have any right to complain of its refusal, although not formally notified, the refusal was in order. We think the teller took the risk of the drawer changing his mind, and of making the bank liable for having refused a cheque for which there were funds.

The Ontario Workmen's Compensation Board has put into force a new regulation requiring provision of first-aid appliances and service by all employers having more than 15 and less than 300 workmen usually employed, and directing notices to be posted up calling attention to the danger of neglecting injuries.

CANADIAN LOCOMOTIVE COMPANY'S REPORT.

The sixth annual report of the Canadian Locomotive Company Limited, appearing on another page, constitutes a satisfactory record of progress and indicates highly encouraging conditions for the current year. Profits for the twelve months ended June 30th last were $721,255 compared with $574,212 in the preceding year, a gain of $150,000. It is stated that munitions have played a comparatively minor part in profit production, the developments of the locomotive industry having been mainly responsible for the satisfactory enlargement in profits now reported. After allowances for bond interest and sinking fund, absorbing $105,000, the transfer of $25,000 to reserve for special replacements and $100,000 to general depreciation reserve, the balance of $491,254 is equal to 32.7 per cent. on the outstanding $1,500,000 preferred stock. The preferred dividend takes $105,000 leaving a balance of $386,254, equal to 19.3 per cent. on the $2,000,000 outstanding common stock, against 8.07 per cent. in the year preceding. The balance forward at credit of profit and loss account is increased to $690,577 compared with $304,322 a year ago. A dividend upon the common stock at the rate of 6 per cent. per annum has been inaugurated since the close of the last financial year, the first quarterly payment being made on October 1st. That the dividend policy thus adopted has ample justification is shown in the profit and loss figures given above, as well as by the statements of the President regarding the business on hand.

It is to be noted also that the balance sheet indicates an improved position as regards working capital. Current assets of $1,340,929 show comparatively little change from $1,336,699 a year ago. However, the current liabilities, which were $998,434 in 1916, have been reduced to $554,517. This reduction has been made through the payment of bank advances which, in the 1916 report, amounted to $581,500. Accounts payable are about $138,000 higher. The surplus of current assets over current liabilities increased from $338,265 to $786,412 during the year.

The statement of the president (Mr. Aemilius Jarvis) shows that prospects for the current twelve months are of a highly satisfactory character. Contracts on hand for locomotives and locomotive parts amount to $3,925,400 and contracts for munitions to $199,600, thus showing a total amount of work ahead of $4,125,000, all placed at satisfactory prices. From the present outlook of the locomotive situation in Canada, it is considered certain that the plant will be kept fully occupied for several years to come.

In view of the very satisfactory condition of the company's affairs, it is not surprising that at the recent annual meeting shareholders showed no desire to make a change in the management, as seemed to be indicated in some press dispatches a few weeks ago. The holders of preferred stock have doubtless not forgotten the loyalty of the President (now chairman of the board), Mr. Aemilius Jarvis, when in 1911 he put in over $100,000 of his own money to make good an error of the auditors in the statement put out when his firm offered the preferred stock to the public.