

of two thousand dollars with interest at the rate of 5 per cent. per annum until due and 5 per cent. per annum after due until paid. Value received.

ALF. H. LIVING.

SARAH C. TURLEY.

T. W. THOMPSON.

Indorsed: "Pay to the Merchants Bank of Canada or order.  
C. H. Fox."

Thus, according to the form and style of the note, Living was a joint and several maker with the two defendants, who were his uncle, Thompson, and his mother-in-law Mrs. Turley. It is alleged and not denied that the defendants, who live at or near Ottawa, were merely sureties for Living.

The plaintiffs are the indorsees of the note, but there is dispute as to the purpose for which the note was indorsed.

The plaintiffs' manager at Vancouver was examined upon commission, and his deposition was read as part of the evidence at the trial.

The statement of defence, as it appears in the record, sets up in effect: (1) that the defendants were sureties for Living, to the knowledge of Fox and the bank, and that the defendants were not liable, (a) because they were released by a binding agreement made by the bank giving an extension of time to the principal debtor, or (b) because no notice of dishonour was given to them at maturity; (2) that the note was made without consideration and was indorsed to the bank without consideration and after maturity and subject to the equities between the original parties.

At the trial counsel for the defendants asked leave to amend the defence to meet the facts as shewn by the manager's depositions. . . . Before us, without objection, a memorandum was put in . . . adding some new paragraphs to the statement of defence.

The following additional matters are now set up: (3) that the note was not discounted with or given as collateral security to the bank, but was left by Fox with the bank merely for collection, and that, subsequently, Fox, having become free of liability to the bank, and being, therefore, the owner of the note free from any claim on the bank's part, released the defendants (sureties) by making a binding agreement giving further time to the principal debtor; (4) that the consideration for the note, as between Fox and Living, failed; (5) that in either case the bank took the note (if at all) after maturity (when Fox subse-