

bill, or acceptance in the name of the company, over the names of any two of four specified officers (one being the secretary); and that for all purposes connected with the making of deposits in the bank account, the signature of any one of the four should be sufficient. By a memorandum over the seal of the company and the hands of three of the officers, it was agreed that the plaintiffs should hold all the company's securities at any time in the plaintiffs' possession as collateral security for present and future indebtedness; and it appeared that the note above referred to, upon which this action was brought, with a large number of others, was delivered to the plaintiffs as a collateral security, accordingly. The secretary was also a director of the company, and indorsed notes, as he indorsed that in question, almost daily, with the knowledge of his co-directors, for a year and a half.

Held, that the by-law was sufficient to authorize the hypothecation of the company's securities to secure the present and future indebtedness of the company to the plaintiffs; that the indorsement over the signature of the secretary was sufficient to pass the property in the note to the plaintiffs; that the plaintiffs were entitled to assume that a share had been properly allotted to the defendant, and that the note represented the debt due by him to the company for such share, and that the company had the right to negotiate it; and (upon the evidence) that the plaintiffs were holders in due course, for value, without notice of the fraud, and were entitled to recover.

Judgment of *MACBETH, Co.J.*, affirmed.

T. G. Meredith, K.C., for defendant. *G. S. Gibbons*, for plaintiffs.

Province of Manitoba.

COURT OF APPEAL.

Full Court.]

GORDON v. LEARY.

[Feb. 11.

Principal and agent—Undisclosed principal.

Appeal from judgment of *DUBUC, C.J.*, noted vol. 43, p. 586, allowed with costs and action dismissed with costs on the ground that the learned judge erred in drawing the inference from the undisputed facts that the defendant had undertaken