

2. Kerr, Brown & McKenzie were also creditors of Brown, Gillespie & Co., at the date of the composition, for \$669 32, in respect of other transactions.

3. Brown, Gillespie & Co. became embarrassed in their affairs, and suspended payment in the end of December, 1867, and made an offer to their creditors, the terms of which are embodied in a composition deed, dated 19th February, 1868, which is expressed to be made between Brown, Gillespie & Co. and all their creditors, and if need be, to operate under the provisions of the Insolvent Act, and the creditors of Brown, Gillespie & Co. thereby "agree to accept a composition of 11s 6d in the £, payable at 6, 12, and 18 months, in discharge of and from all claims, demands, and whatsoever, which they have a claim against them (Brown, Gillespie & Co.) or their estate, whether due, or accruing due."

4. Brown, Gillespie & Co. prepared their statement of assets and liabilities, prior to the execution of the composition deed, showing this \$10,155 note then current, as a liability against the firm for one-half of that sum, but learning that Kerr, Brown & McKenzie contended that they could, with the assistance of or in the name of the Bank of Montreal, rank for \$10,155 on this note; they consulted Messrs. Burton & Bruce, who were the legal advisers of both firms, and who gave their opinion by letter dated 7th February, 1868, which states that the then holders of this note could rank for \$10,155 on this note, if it remained their property. Brown, Gillespie & Co., being informed that Kerr, Brown & McKenzie had deposited collaterals with the Bank of Montreal, and so induced that Bank to agree to hold the note, altered their schedule shewing the full \$10,155 as a liability of their estate, naming

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