

This did not at all suit the vendor; and his solicitor, Mr. Lang, prepared another receipt, in which it was made perfectly plain that this stock was to be held as collateral security to a note to be given for the \$10,000. This was signed by Reinke and sent forward to the solicitors. At the same time the stock certificate was sent over for proper endorsement and the statement was made that the receipt was not to be handed over until the note was given. This was acknowledged on the same day and the statement is made that Mr. Smith had taken the certificates away to obtain Puddicombe's signature to the endorsement. No complaint was made that the receipt sent forward was not in accordance with the bargain.

Subsequent to the signature of the original agreement it was arranged that \$5,000 of stock in the Moyes Chemical Co. should be dealt with in the same way; as security, as contended by Reinke; as payment, according to Smith's contention; with respect to the \$5,000 subscription to the syndicate made by Smith. No receipt was given with respect to this.

It is said by Mr. Martin that he drew Mr. Reinke's attention to the unsatisfactory shape of the receipt; but Mr. Martin admits that he did not mention this to Mr. Lang; and any mention of the matter is denied by Reinke.

When the matter came to be closed on the 11th November, the two notes were handed over, and in the statement of adjustment concurred in by both parties credit was given upon the purchase price for those notes thus: "by Puddicombe note and collateral \$10,000; by note H. W. Smith \$5,000"; and the transaction was closed upon that footing. The contention is now made, as already indicated, that these notes were taken merely for the accommodation of Reinke and that Reinke accepted the stock as payment.

I think this contention fails, and that on the evidence I must find that there is an indebtedness upon the notes to which the stock is merely collateral. It follows that the claim of the defendants to indemnity fails and that Reinke is entitled to claim against them the face amount of the note over and above the amount of the bank's judgment.

Judgment will therefore go against Smith for \$5,478.55, the amount of the \$5,000 note, with interest and notarial fees, and against Puddicombe & Smith for \$995.40, the