cash to the forger on the cheque, placed the balance to his credit in a deposit account, indorsed it and received the full amount of $1,000 from the drawee. After receipt of this amount the Dominion Bank paid the further sum of $800 to the forger out of the amount so placed to his credit. The fraud was discovered a few days later and, on its refusal to refund the money, an action was brought to recover it back from the Dominion Bank as indorser or as having received money paid under mistake of fact.

Held, that the drawee of the cheque, although obliged to know the signature of its customer, was not under a similar obligation as to the writing in the body of the cheque; that, as the receiving bank had dealt with the drawee as a principal and not merely as the agent for the collection of the cheque and had obtained payment thereof as indorser and holder in due course it was liable to the drawee which had, through the negligence of the receiving bank, been deceived in respect to the genuineness of the body of the cheque, and that the drawee was entitled to recover back the money which it had thus paid under mistake of fact notwithstanding that, after such payment, the position of the defendant had been changed by paying over part of the money to the forger.

Judgment appealed from (17 Man. R. 68) affirmed, IDINGTON, J., dissenting.

Appeal dismissed with costs.

Shepley, K.C., and *D. H. Laird*, for appellant. *Ewart*, K.C., for respondent.

Que.] HÉBERT *v.* LA BANQUE NATIONALE. [June 16.

Bills and notes — Material alteration — Forgery — Partnership mandate—Assent of parties—Liability of indorser—Construction of statute—Bills of Exchange Act.

R. induced H. to become a party to and indorser of a demand note for the purpose of raising funds and agreed to give warehouse receipts as security to the bank on discounting the note. It was arranged that the goods covered by the warehouse receipts were to be held and sold on joint account, each sharing equally in the profits or losses of the transaction. Subsequently, R. altered the note, without the knowledge or consent of H., by adding thereto the words "avec interet a sept par cent. par an." and falsely represented to the bank that H. held the warehouse receipts as collateral security for his indorsement. A couple of months later