

the pleadings that the mortgage was void for non-compliance with the Act, but this was abandoned at the trial.

The letters from defendants to the plaintiff covering the period from 6th September, 1906, to 1st February, 1907, shew that the plaintiff's account was getting in an unsatisfactory condition: the defendants were continually complaining of the smallness of remittances, and insisting upon being paid all the receipts from the store except regular expenses of management.

On 1st February, 1906, the plaintiff, from a statement appearing in the stock book at p. 17, owed the defendants \$7,988.15, and outside accounts \$2,498.15; at p. 21 of the stock book it appeared that in February, 1907, the liability to the defendants was \$12,076.62, and outside accounts \$1,754.79.

In the beginning of March, 1907, Thomas J. Gormley went to Montreal to see the defendants regarding the liability, and I find upon the evidence that the following arrangement was made. Thomas S. Church, an employee of the defendants, was, with the consent and approval of Gormley, sent up with him to take charge of the business as manager for the defendants; the stock was to be reduced by specially advertised sales at reduced prices; and Church was to remit the proceeds to defendants in reduction of their liability. Church at once prepared advertisements for the local papers, and issued and published posters; these were prepared with the approval and assistance of Gormley; some of the statements in the first advertisement were the following: "Cash is King. Clean Sweep Sale. We want \$10,000 by April 1st. Clean Sweep Sale of Everything Regardless of Cost. On Monday Morning at 8 o'clock The Knife Will Go Deep into Everything." In the posters Church is described as manager. The advertisements were in the name of Gormley & Company. Some \$2,000 of cash was taken in for goods sold between 8th and 18th March, and this was sent daily to the defendants upon account of their claim.

On 18th March a warrant was issued by the defendants to Church, authorizing him to seize under the chattel mortgage for \$8,988.15. Thomas J. Gormley knew of the intention to issue this warrant, he having been advised by letter from the defendants, which he received on the morning of the 18th. Church demanded and received the keys from