

able counterfeit: but that doctrine does not go far enough, for a cheque with blanks is not a counterfeit. What is wanted is a rule laid down that the agent is entitled to indemnity whenever the principal by his own act enables a fraud to be committed, and by which the agent suffers damage. But there is no such authority, and the relation of principal and agent therefore gives no real help, neither is help derived from the principle of a course of dealing. Could any assistance be derived from the implied contract between banker and customer? On the part of the banker there is an implied contract that he will not disclose the state of the customer's account. If that arose simply on the general principle that he should do nothing to damage his customer, then the same principle would establish the customer's reciprocal obligation not to draw cheques or bills in such a way as to entail loss upon the banker.

---

*Equities Affecting Overdue Notes.*—The case of *MacArthur v. McDowall*, the chief points in which are reported on another page, is very suggestive of the ease with which a bank may drift into a very serious position with regard to securities.

MacArthur, the appellant, bought from the assignee of the bank's debtor, certain notes which were held by the bank as security. The bank took MacArthur's note instead of the debtor's, and to all appearance held the same security as before, with a new obligant for the debt. But one of the chief securities was an accommodation note of McDowall's, which had been used in breach of an agreement with him, and the effect of what was done was that instead of having a claim on McDowall for this note, neither the bank nor MacArthur, after the sale to the latter, had any title to it. If, as might readily have been the shape which the transaction took, MacArthur had bought the notes from the bank, with the approval of the assignee, this result would not have followed, as he would have acquired the bank's title. As it happened, the loss in this particular case fell on MacArthur only, as the bank was otherwise fully secured, but the result might have been quite the opposite.

---