

which seem to me to suffice as to the argument against this clause. These illustrations are as follows:

"1. A cheque is drawn payable to C. or order. It is stolen, and C.'s indorsement is forged by the thief. The bankers on whom it is drawn pay it. They can debit the drawer's account with the amount of the cheque.

"2. A cheque is drawn payable to C.'s order, and handed to an agent of C.'s in payment of a debt due to C. The agent, who has no authority to indorse cheques, indorses it "per proc." for C., obtains payment and keeps the money. The loss falls on C. He has no remedy against the drawer or the bankers."

He has no remedy. That is the state of things which this clause would produce. The only argument against it, and it is an argument that has some weight, is that it is a serious inconvenience to the banks to be made responsible for the genuineness of the indorsement on a bill presented to them for payment. The indorsement on that bill is one that the drawer does not see at all. He requests the bank to pay out of his money to John Smith five hundred pounds; the bank pays it to John Jones in reality. How can it be said that they are fulfilling their obligation to him when they take his money and give it to another man? If they do not know the indorsement, of course it is their interest to verify it in some way, and my experience is that they always do so. I have had a bank account for forty years, and occasionally a person receiving a cheque from me has come back to me to be identified. I write my name on the back of the cheque and that suffices. To allow this other clause to become law would open the door for frauds of every description. A cheque could not be left where an office boy or anybody else could get at it. You could not send a cheque by post to pay an account—you could not give a cheque without getting a receipt for it. You would run the chance of any beggar on the street picking up a cheque and putting his name on it, and the banks paying it without hesitation. The money would be paid away contrary to the instructions of the owner, and without any opportunity for the person who owned the money to protect his interests. I am pulled both ways in this matter. I have something to do with the banks myself, but I cannot recognize the justice of this proposition, and I think the House was right in striking it from the Bill.

HON. MR. DRUMMOND—Is it not peculiar that in this particular the House

should depart from the English Act, which has been followed in every other feature? That is an anomaly which requires some explanation. I might trouble the House with a short paragraph from a communication which I have received. My informant says:

"From experience I am certain there is no part of our dealings with the public that causes so much exasperation and so much positive inconvenience to the public as the fact that banks are responsible for the indorsements upon cheques. In order to protect ourselves, we must see that the party who presents the cheque, or by whom it purports to be indorsed, is the real payee, and in order to do this we are constantly obliged to refuse payment until the public, very often at great inconvenience, are compelled to bring parties to the bank, not only whom they know but whom we know, to identify them.

"I imagine that if a statement of the kind were sought it would be found that not one case in 5,000 is a cheque presented but by the party actually entitled to receive the money; yet it is quite likely that of that number we would call upon 250 to be properly identified to us.

"This is a serious inconvenience when men are in a hurry and especially when they are strangers.

"This is the disadvantage of it to the public. To the bank it is serious in another way.

"The liability of banks for indorsements has been abused, inasmuch as many men now use bank cheques as receipts for money, knowing well that on the bank is thrown the responsibility of seeing that the money is actually paid to the proper person. They take little heed, therefore, to examine their passbooks and cheques when surrendered to them, to satisfy themselves as to the genuineness of the indorsements, and owing to this, after a lapse of many years, a bank might be called upon to refund money to a party who, if he had taken care to satisfy himself at the proper time, would have detected the fraud.

"We take every possible care to surrender customers their cheques and get confirmation from them that their account is correct in our books, but it has been held that this is no protection to the banks against the fraud of a forged indorsement, and certainly we should have protection of some kind."

Now I can quite see, on the face of it, that it is a great convenience to the public that this clause should be struck out, but it is the practice of banks, in judging of the proper indorsation on cheques especially, to leave it to a junior clerk, to whom they pay two or three hundred dollars a year, and, as a matter of fact, if you make your cheques payable to a certain firm you throw the onus of proving the payment on the banks, you being the only party knowing them to be entitled to it. If it be the fact that in drafting this Bill clause 60 was for good reason inserted, I cannot see that it can be rejected summarily now.

HON. MR. POWER—In connection with this clause, the matter was very fully discussed in the House of Commons, where the feeling was overwhelmingly against the