

of the series were formally placed to Martineau's credit in his account, the ledger-keeper was in fact instructed not to permit him to draw against that account in respect of the sums represented by these cheques until they had been actually paid by the Bank of Montreal. It is not pretended that Martineau was informed of these special instructions, or of anything which would restrict his right to treat these deposits as actual credits which he was immediately entitled to use. In *Capital and Counties Bank v. Gordon*, [1903] A. C. at p. 245, Lord Macnaghten says: "It is well settled that if a banker before collection credits the customer with the face value of a cheque paid into his account the banker becomes holder for value of the cheque." And Lord Lindley, at p. 249: "It must never be forgotten that the moment a bank places money to its customer's credit, the customer is entitled to draw upon it unless something occurs to deprive him of that right. Nothing occurred in this case to the knowledge of the bank which had any such effect." I cannot regard the Royal Bank as a mere agent of Martineau for the collection of the cheques deposited with it. Like the two other third party banks, on whose behalf no such evidence was offered, I must treat the Royal Bank as holders in due course of the two last cheques of the series, so far as there can be bona fide holders in due course of forged paper: Bills of Exchange Act, sec. 29.

On behalf of the Quebec Bank it was proved that its rules requiring certain notices of withdrawal to be given are notified to depositors by being printed inside their pass-books. The manager, on examination in chief, stated that these rules were insisted on; but on cross-examination he conceded that the rule requiring 15 days' notice of withdrawals is not always observed. In the case of the Royal Bank the pass-book contains a notice that the bank reserves the right to require 15 days' notice when all or any portion of a deposit is withdrawn. There is no evidence of any similar provision affecting the Sovereign Bank account.

An examination of the Côté account with the Quebec Bank, shews that notice of the forgeries to the bank would have enabled the bank to protect themselves, in the case of the first forged cheque, if given on or before the 5th day after it was deposited; of the second cheque, if given on or before the 69th day; of the third, on or before the 39th day; of the fourth, on or before the 34th day; of the fifth, on or before the 5th day; and of the sixth, on or before the 3rd day. In the case of the Sovereign Bank notice would have had a similar effect if given as to the seventh and eighth cheques