

gage indebtedness. Defendant admits owing this sum to plaintiffs at the time of the alleged arrangement. The final result of the taking of the mortgage accounts in the former action was that plaintiffs were not allowed this credit and so have not been paid its amount. The matter of the right of the parties was there fully gone into, and I am not disposed to disagree with the conclusion then arrived at. The evidence, to my mind, justified the position of the plaintiffs that the defendant is liable to account to them for this item of the claim. It would serve no useful purpose to review again the evidence, but apart from whatever may have been the defendant's rights as between him and Leadley, I fail to see that the arrangement between them, and to which the plaintiffs were not parties, had the effect of binding plaintiffs to relieve defendant from that indebtedness and particularly as plaintiffs have not been allowed it as a credit on the mortgage.

Much the same may be said of the item of \$3,279.22, (paragraphs 17 and 18 of statement of claim) which the defendant contends was to have been credited upon the Leadley mortgage at a time when the mortgagees released certain lands from the mortgage, and when defendant made a promissory note in respect of this sum to Mr. Leadley. The evidence and the records do not substantiate that defence, and moreover, plaintiffs were found not to be entitled to get credit therefor on the mortgage and so were held liable for payment thereof. Defendant is not entitled to the credit which he claims against the company, and consequently, as shewn by his own evidence, not having paid his note given for this sum, he is liable therefor to the plaintiffs.

The next item is a claim for \$8,166.66, (paragraph 15 of statement of claim) credited in plaintiffs' books to defendant for special services and paid to him by plaintiffs. Defendant's contention is that prior to 1887 and while he was managing-director of the plaintiffs, and as such was in receipt of a salary fixed by by-law, he had negotiations with representatives of the Government of the Dominion of Canada in respect of plaintiffs' lands in what was then the North-West Territories of Canada, and that for certain services which were performed for the benefit of the Government allowances were made to plaintiffs, that a portion of these allowances was intended for and belonged to defendant personally, and that later on credit was taken by him in plaintiffs' books for the amount now claimed against him.