

Hay, who organised the Hamburg business on a new basis, and endeavoured to have the terms of credit shortened. In his examination he states that he was fully satisfied of Mumme's honesty, and so advised the respondent. Matters not improving, the respondent himself went to Hamburg in March, 1910, and states that then for the first time he became aware of the dishonesty of Mumme. He at once advised his London house, which promptly notified the appellant corporation. In my opinion, the requirements of the policy were fully complied with in this respect.

The appellant corporation sent its auditor to London, who spent a part of two days examining the books and papers of the respondent and questioning him and his staff. A lengthy paper was drawn up by him purporting to give a summary of the dealings between the respondent and Mumme. This document he induced the respondent to sign, and stress has been laid upon certain admissions and statements made by the respondent therein. The circumstances connected with the obtaining of the respondent's signature detract from the value of any admissions; and, in my opinion, the trial Judge was quite justified in not attaching much importance to it.

Reliance was also placed upon a clause inserted in the policy that it did not cover loss of stock, but only such moneys as it could be proved that Mumme had received. This refers to the fact that when the respondent went to Hamburg in March, 1910, and examined the stock in hand, he found that the barrels and tierces supposed to contain casings contained only a layer of these on top, the lower part of the packages being filled with stones. The presumption would be that Mumme had sold the abstracted casings; but it is not proved that he was paid for the whole of them. The appellant corporation, under the policy, would be liable only for the money which Mumme actually received. The exact amount can be ascertained on the reference.

The amount of the policy was \$5,000. The respondent swore that the defalcation amounted to \$7,102.01. The Chancellor gave judgment for \$2,000, subject to variation at the instance of either party by reference to the Master at London.

In my opinion, there is ample evidence to sustain this judgment, and the appeal should be dismissed.