one half of of the composition received by the Bank.

I will briefly mention my reasons for this opinion.

As between your firm and that of K., B. & McK, each was bound upon the maturity of the note to pay one half of it. And whatever amount beyond above one half either firm, continuing solvent might have paid, would have been recoverable as a debt from the other.

On becoming insolvent, your estate became liable, as between yourselves, K., B. & McK. and your other creditors to pay a rateable dividend upon one half of the note, being the amount which you actually owed. The Bank no doubt was entitled to rank for and receive a dividend on the whole amount of the note, but whatever sum they might receive over and above the rateable dividend on half the note would in effect be a payment made by your estate on what as between your firm and K., B. & McK. was a liability of the latter firm, which they ought to have paid, and could therefore be recovered from them for the benefit of your creditors.

In fact the whole question, I think, turns upon the principle that, *as between the two* firms, you were only liable for half the note, and any payment after your insolvency, in excess of the rateable dividends on that amount, could be objected to by your creditors as preferential; and if the rights of third parties (such as the Bank) were such that they could compel payments of dividends to a greater extent, then the excess should be recoverable from the persons whose failure to perform their obligation placed your estate in such a position.

The only effect of the composition deed in this view was to render the amount of the dividends certain.