in the liability of the defendants. The bank, as holders in due course, are not affected by the various irregularities and misrepresentations which might be validly invoked were the action by the foreign corporation. Though the case is one of extreme hardship on the defendants, yet I can find no legal reason for exempting them from payment.

The judgment should be affirmed with costs.

LATCHFORD, J.:—I agree.

MIDDLETON, J., in a written opinion of considerable length, stated the law of Oklahama as to the formation of corporations, the steps taken to form the International Snow Plow Manufacturing Company, the facts with regard to the notes sued upon, and the nature of the defences to the actions. He then proceeded:—

It is said that the bank cannot claim the status of holder in due course, as the notes were merely "pledged." This is not so in fact. The notes were indorsed by the company generally (assuming for the present the validity of the indorsement) and lodged with the bank, and, while not discounted, they were held by the bank under the terms of the document of the 13th November (a "general letter of hypothecation"), upon the faith of which advances were made, and which entitles the bank to resort to all notes held by it on the customer's account for payment of the balance due upon advances made. No advance was made at the time of the deposit of each particular note in this collateral account (or, if so, the fact is not shewn), but the balance due the bank exceeds the amount due on these notes. The lien thus conferred makes the bank a holder for value: Bills of Exchange Act, sec. 54 (2).

Then it is said that the indorsement was a nullity, and conferred no title at all. Mobray and Lett (who asserted themselves to be the officers of the company and indorsed the notes) were not the company. . . . Their action in creating the offices, as well as in filling them, was of no effect whatever. Mobray and Lett were not strangers to the Oklahama company—they were two out of three of its members. The third, it was said, was the solicitor who incorporated the company for them. They assumed to act as and for the whole body—the three. Under the law, as two-thirds of the membership, they could make the initial code of by-laws without any meeting. What was done cannot be regarded as absolutely void and non-existent. . . . The defendants were becoming shareholders in a company carrying on