

consideration of the rights of the parties as existing previous to the retirement of the note by K. B. & McK., because I thought that fact removed all difficulty as to the present rights of the parties. You desire, however, to know what I think the rights and liabilities of the respective parties were before the note was retired. I conceive they were as follows :

1. At that time the Bank of Montreal held the note and had signified their intention of acceding to your composition deed, and Messrs. K., B. & McK. had signed it. The Bank had the right to claim payment in full of the note from either your firm or K., B. & McK., and had the right to rank on your estate for the whole amount of the note; and I think the Bank was not deprived of this right by the fact of receiving collateral securities from K., B. & McK., or from a member of that firm.

You, or your assignee had the right to pay to the Bank the amount of the note, and then to claim the collateral securities, and to hold them as a security for the payment to your estate by K., B. & McK. of whatever sum they were legally bound to pay.

2. As regards the position of K., B. & McK., if you or your assignee had retired the note, they would have immediately become liable to your estate for one half of the note, being the proportion of it which they were bound by the original agreement to pay; and they would also have become liable to your estate for 8s. 6d. in the £ on the other half; and if the Bank had continued to hold the note, and had received the composition of 11s. 6d. in the £ on the whole amount of it, then I think K., B. & McK. would have been liable to account to your estate for