

A. B. Aylesworth, K.C., and J. H. Moss, for plaintiff.

G. F. Shepley, K.C., J. J. Gormully, K.C., and J. F. Orde, Ottawa, for defendants.

W. R. Riddell, K.C., and R. B. Matheson, Ottawa, for the Quebec Bank.

J. A. Ritchie, Ottawa, for the Sovereign Bank.

G. F. Henderson, Ottawa, and A. W. Greene, Ottawa, for the Royal Bank.

ANGLIN, J.—Six of the cheques, aggregating \$20,005, made payable to the order of Charles Côté, a fictitious name assumed by Martineau, were deposited by him with the Quebec Bank, in an account opened in that name, and their proceeds he eventually drew out and lost in stock speculations. Four other cheques, totalling \$30,200, he made payable to the order of Charles D. Côté, a pseudonym in which he opened an account with the Sovereign Bank, to the credit of which he deposited these cheques, afterwards drawing out and losing their proceeds in like manner. The remaining two cheques, amounting to \$25,500, were drawn payable to the order of A. Martineau, and were deposited by the forger to his own credit with the Royal Bank. These moneys also appear to have been all drawn out by Martineau.

Each of the forged cheques was in due course forwarded by the bank with which it was deposited to the Ottawa clearing house. It was there charged up to the Bank of Montreal (defendants) and sent on to that bank, which debited it in the Militia Department "Letter of Credit Account." On the following day (the second after it had been originally deposited by Martineau) it was, with other cheques, transmitted by the Bank of Montreal to the Militia Department, accompanying the daily sheet or statement, in the nature of a pass-book, which the bank furnished to the department.

Martineau entered the Militia Department in August, 1901. It is not suggested that his superior officers had any reason to believe him dishonest or incompetent. . . . His first work was the preparation for signature of cheques for payments to be made by the Department. After some weeks he was given the duty of checking, with the cheques paid by the bank on the previous day and returned therewith, the pass-book sheets sent daily by the bank to the department.

All Dominion government moneys are deposited, with defendants, as with other banks, to the credit of the Receiver-General of Canada. Provision is made by the Audit Act