

agreements dated respectively in June and September, 1900, a sale was put through on the following terms:—The Conroys were to hand over to the company a fully completed plant, free of all incumbrances, and were to receive in payment all of the bonds and a portion of the preference and common stock of the company. After incurring a liability to plaintiffs of some \$50,000, a portion of which was secured by the indorsement of defendant Louis Simpson, the Conroys made default in carrying out their undertaking to complete the plant; and difficulties having also arisen in making title to the property, an agreement was on 13th September, 1901, entered into between defendant Louis Simpson, acting both for himself and as managing director of defendant company, Alexander Simpson, as trustee and representing also the plaintiffs, of whose bank he was local manager, the Conroys, and one Foran, a Quebec advocate, acting as attorney for certain of the mortgagees who were willing to accept preference stock in payment of their claims. The agreement is long and complicated, but the substance of it, in so far as it affects the issues sought to be raised, may be briefly stated. The property was to be bought in by Alexander Simpson at a sheriff's sale under proceedings then pending, and was to be held by him upon trust to pay off all incumbrances and the debt of the Conroys to the bank, and to convey to the company the portion covered by the sale to it. As security for the money so expended he was to hold the bonds of the company and the portions of the property not sold to the company. The bonds and part of the property were subsequently sold for enough to wipe out all of this liability, and as to that nothing arises. But it was further agreed that the company should itself complete the work which the Conroys were under contract to do, together with certain further work stipulated for by prospective purchasers of the bonds, charging the cost to the Conroys; and in order to provide funds for this and to pay off liens on portions of the machinery installed or ordered, the plaintiffs, through their manager, agreed to discount the notes of the company indorsed by the defendant Simpson to the extent of \$36,500, and indorsed by defendant Conroy to the extent of \$30,000, holding as security therefor the preference and common stock coming to the Conroys under their agreements with the company. The notes of which those now sued on are the ultimate re-