

On 6th February, 1905, Olive A. Gormley gave to Messrs. Brophy & Co., the predecessors in business of the defendants Brophy Cains Limited, a chattel mortgage upon her stock of goods at Arnprior to secure \$3,000. Prior to 6th February, 1906, the defendants Brophy Cains Limited had commenced an action in the High Court against P. Doughty, the father of Olive A. Gormley, and on that date, in consideration of Brophy Cains Limited staying proceedings in that action, Olive A. Gormley assumed \$1,000 of the claim of Brophy Cains Limited against her father, and signed an agreement to that effect, which also contained a clause that she should give to Brophy Cains Limited a chattel mortgage for her then present indebtedness to them, which was agreed upon at \$7,988.15, and the Doughty claim assumed at \$1,000, making \$8,988.15. The \$7,988.15 represented the amount owing upon the \$3,000 mortgage and the balance due for goods supplied since the date of it. The new mortgage for \$8,988.15 was accordingly executed by Olive A. Gormley on 6th February, 1906, and the old mortgage for \$3,000 allowed to expire. The new mortgage is the subject of the present attack. On 23rd January, 1907, a renewal statement was filed, shewing the whole sum of \$8,988.15 still unpaid.

I find the contention that Olive A. Gormley was insolvent on 6th February, 1906, is entirely without foundation; no evidence was given of any insolvency or expected impairment of any kind; no circumstance existed from which the defendants Brophy Cains Limited could suspect any such condition; the transaction was entered into in entire good faith, and no suspicion of any kind attaches to it. Thomas J. Gormley, who was managing the business for his wife, Olive A. Gormley, took stock about the time the mortgage was given, and his stock taking and statement of liabilities was as follows: stock, \$14,588.54; fixtures, \$550; book accounts, \$863.10; total, \$16,001.64. Liabilities: Brophy Cains Limited, \$7,988.15; outside accounts, \$2,498.15; total liabilities, \$10,486.30. Assets over liabilities, \$5,515.34. Of course the \$1,000 indebtedness of the father was a new liability that was being assumed at that time, which would increase the liabilities to \$11,486.30, but still the parties were dealing with a supposed margin of \$4,515.34.

All attacks upon the security, on the ground of insolvency, or bad faith of any kind, entirely fail.