

the relation of banker and customer ceases thenceforth as to that sum, and it cannot be included in the customer's banking account, so as to entitle the bankers to charge compound interest thereon; and in reference to the sum so secured, the mutual rights and obligations are thenceforth those of mortgagee and mortgagor: *Mosse vs. Salt*, 32 L. J., Chanc. 756—R.

ABSTRACTS OF RECENT AMERICAN DECISIONS.

SUPREME COURT OF NEW YORK.¹

Bonds issued by Railroad Companies—Compound Interest—Guaranty by a Corporation of Interest-Coupons issued by another Corporation—Jurisdiction.—Bonds issued by a railroad company, whether under its corporate seal or not, payable to A. B., or the holder thereof, are negotiable, and will pass by delivery: *The Connecticut Mutual Life Insurance Company vs. The Cleveland, Columbus and Cincinnati Railroad Company*.

If interest-coupons, annexed to a bond of this description, are not paid when due, interest should be allowed, by way of damages for non-payment: *Id.*

Where a corporation indorses upon an interest-warrant or coupon, issued by another company, a guaranty of payment, "for value received," it is not to be deemed an accommodation indorser or guarantor. The words "value received" import a sufficient consideration: *Id.*

An arrangement between connecting railroad companies entered into for the purpose of securing a uniform gauge of the several roads, and thus increasing the business and profits of each, forms a sufficient consideration for a guaranty by one of the corporations, of the payment of the coupons issued by another: *Id.*

Where the general railroad laws of Ohio declared that any railroad company might, by means of subscription to the capital stock of any other company, or otherwise, aid such company in the construction of its railroad for the purpose of forming a connection between said last-mentioned road and the road owned by the company furnishing such aid, and authorized any two or more railroad companies whose lines were connected, to enter into any arrangement for their common benefit: *Held*, that these provisions gave the power to companies, whose lines of road were connected,

¹ From O. L. Barbour, LL.D., Reporter; to appear in Vol. XLI. of his Reports.

to enter into an arrangement with each other for the purpose of securing a uniform gauge of the connecting road, and to make it a part of such arrangement that one or more of the companies should guarantee the payment of the interest-coupons issued by another : *Id.*

If the guarantors, under such circumstances, have the general power to make the guaranty, it is immaterial as between third parties, without notice and such guarantors, whether their acts are authorized or ratified by a vote of the stockholders, in accordance with the provisos of the general railroad statutes of Ohio; those provisos being intended for the protection of the shareholders, and relating rather to the mode or manner of the execution of the power : *Id.*

Holders of the coupons, guaranteed, have a right to presume that the guarantors have done their duty and have proceeded regularly in the execution of the power : *Id.*

A guaranty of the payment of interest-warrants annexed to a bond may be valid, though the bond be void : *Id.*

Where bonds and coupons, though executed in the state of Ohio, are payable in the state of New York, the cause of action arises here, and this court has jurisdiction, though both parties are foreign corporations : *Id.*

Insurance Companies—Promissory Notes.—An insurance company, although authorized to receive notes for advanced premiums to be written against, and to allow a certain interest thereon, is not authorized to allow five per cent. on the whole amount, without deduction for such sums as may be written against: *Chesbrough vs. Wright.*

An agreement to that effect is illegal, and the note cannot be recovered on by the company. But as the statute does not make the note void, a third person, receiving it before it became due, for a valuable consideration, and without notice of the illegal agreement, will be entitled to recover : *Id.*

But merely receiving a note in part payment of a precedent debt does not constitute a parting with value, which will render the holder a *bonâ fide* holder for value : *Id.*

Promissory Note—Time for commencing a Suit upon.—The maker of a promissory note has the whole of the last day of grace within which to pay it; and though he should, in the course of the day, refuse payment, which will entitle the holder to protest it and give notice to the indorsers; yet, if he subsequently, on the same day, makes payment, it is good, and the notice of dishonor becomes of no avail. Hence, an action commenced on