

Case No. 852. BANK OF ALEXANDRIA v. SAUNDERS.
[2 Cranch, C. C. 183.]¹

Circuit Court, District of Columbia.

Nov. Term, 1819.

NEGOTIABLE INSTRUMENTS—PAYMENT—APPLICATION BY CREDITOR TO SEVERAL NOTES.

If a bank discount a note, knowing that it was the intention of the party offering it, that the proceeds should be applied to discharge a particular note held by the bank, those proceeds cannot be applied by the bank to the discharge of any other note.

At law. Assumpsit [by the Bank of Alexandria] against [Peter Saunders] the indorser of a note made by John McPherson & Son for \$3,000, upon which the bank had discounted \$2,500 for the accommodation of John McPherson & Son, on the 18th of March, 1817, and which fell due on 20th of May, 1817; on which day the bank discounted a new note of John McPherson & Son, indorsed by the defendant for \$2,500; and protested the note for \$3,000, and applied the new discount to other claims against John McPherson & Son upon their notes indorsed by the defendant.

THE COURT, (MORSELL, Circuit Judge, contra,) at the prayer of the defendant's counsel, instructed the jury, that if they should be satisfied by the evidence that the note for \$2,500, dated on the 20th of May, 1817, was drawn, indorsed, and offered to the bank for discount, with the intent to renew or pay the note for \$3,000 falling due on that day, and that the bank discounted it, knowing that it was so offered with that intent, the bank was bound so to apply the proceeds of the new discount, and could not now recover upon the note for \$3,000.

Verdict for the defendant.

¹ [Reported by Hon. William Cranch, Chief Judge.]