

Case No. 6,728.

[5 Law Rep. (1842) 321.]

IN RE HOUGHTON.

District Court, D. New York.

BANKRUPTCY—FICTITIOUS DEBT.

E. Sayre, for bankrupt.

P. J. Joachemssen, for creditors.

THE COURT had decided, on a previous hearing [Case No. 6,727], that the father of the bankrupt being assignee of his estate under a voluntary assignment, could not purchase debts owing by the bankrupt, at a discount, with such trust funds, and hold them as against other creditors for their full face, and it had been referred to a commissioner to take proofs on the allegation by creditors, that the bankrupt had in his schedule stated his father to be creditor for the whole amount of obligations known to him to have been so purchased.

THE COURT decided, on the coming in of the proofs, that the preponderance of evidence was, that the obligations had been bought with the funds of the father, and no part of the estate of the bankrupt had been applied in the purchase, and that the father had bought the claims as his own exclusively, and upon such fact it was further decided, that the debts remained good and subsisting

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against the bankrupt for their full amount in the hands of his father, whatever might be his rights as against the creditors of the bankrupt, and that accordingly the bankrupt properly stated his father to be his creditor to the full amount of the notes, &c.