

Washington University Law Review

Volume 14 | Issue 4

1929

Editorial Notes

The Editors

Washington University School of Law

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Recommended Citation

The Editors, *Editorial Notes*, 14 ST. LOUIS L. REV. 405 (1929).

Available at: https://openscholarship.wustl.edu/law_lawreview/vol14/iss4/4

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ST. LOUIS LAW REVIEW

Published in December, February, April, and June by the Undergraduates
of Washington University School of Law

Subscription Price \$2.00 per Annum.

Seventy-five Cents per Copy.

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Notes

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LEGISLATIVE OR JUDICIAL PREROGATIVE? upon a problem sug-
gested by Professor Edward B. Warren's latest book, is Pro-
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present article will follow in a later number of the *LAW REVIEW*.

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MCCUNE GILL, who asks and answers the question, *WHAT IS TITLE?* is an alumnus of the School of Law and the author of several books and articles on the real property law of Missouri. At present he is vice-president of the Title Insurance Corporation of St. Louis.

AN INDORSEE FOR COLLECTION AS TRUSTEE FOR THE PROCEEDS IN MISSOURI

The Oran bank, in the case of *Federal Reserve Bank v. Millspanugh*,¹ agreed with the Federal Reserve bank to remit in cash or acceptable exchange for all paper drawn on it and sent for "collection and remittance" by the Federal Reserve bank. Such remittance was to be made on the day that the Oran bank received the paper for collection. The Federal Reserve bank pursuant to the agreement sent items drawn on the Oran bank and indorsed "for collection and remittance" to the latter bank. Col-

¹ (1926), 314 Mo., 282 S. W. 706 the court in its opinion declared: "Here, as there, the facts disclose that no reciprocal accounts were kept between these banks, the respondent and appellant. When the relation existing between the banks, as in the case at bar, is that of principal and agent, the funds collected by the collecting bank become impressed with a trust in favor of the owner of the item collected. This is true although the item collected be one drawn on the collecting bank and is collected by charging the item against the drawee's account, or if it be an item payable at the collecting bank and is collected by a check drawn on it. The trust in either case follows the funds into the hands of the receiver—in this instance the financial commissioner—although the collecting bank may fail before remitting the proceeds collected providing these items exist: (1) That the item was forwarded for collection and remittance of the proceeds. (2) That the drawer of the check had a sufficient balance with collecting bank to authorize the charging of the item to his account. (3) That at the time the charge was made the collecting bank had sufficient funds available to honor the check. (4) That the bank which failed had sufficient funds on hands to pay the amount it had collected. Further than this the creation of the relation of principal and agent under the original agreement by the terms of which the proceeds of the funds collected were to be forwarded to the principal in currency or acceptable exchange did not change the relation to that of debtor and creditor by reason of an attempted remittance in uncollectible paper."