

Casey Vs. Schuchardt

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SooperKanoon Citation : sooperkanoon.com/83373

Court : US Supreme Court

Decided On : 1877

Appeal No. : 96 U.S. 494

Appellant : Casey

Respondent : Schuchardt

Judgement :

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U.S. Supreme Court Casey v. Schuchardt, 96 U.S. 494 (1877)

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96 U.S. 494

APPEAL FROM THE CIRCUIT COURT OF THE UNITED

STATES FOR THE DISTRICT OF LOUISIANA

SYLLABUS

The ruling in *Casey v. Cavaroc, supra*, p. [96 U. S. 467](#) , applied to this case.

This case arises upon a bill filed by Casey, receiver of the New Orleans National Banking Association, to recover from Schuchardt & Sons and C. Cavaroc & Son certain securities claimed by them to be held by way of pledge for certain advances made to that institution by Schuchardt & Sons. A decree was made by the Circuit Court dismissing the bill, and from that decree he appealed.

MR. JUSTICE BRADLEY delivered the opinion of the Court.

The case is similar to that of *Casey v. Cavaroc, supra*, p. [96 U. S. 467](#). Schuchardt & Sons were bankers in New York, through whom the New Orleans National Banking Association was in the habit of drawing on foreign houses, and who endorsed and disposed

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of the drafts, or transmitted them for collection, and made advances thereon. They were thus in the habit of endorsing and advancing on bills drawn by the bank on Seignouret Freres, of Bordeaux. In August and September, they became uneasy and required security, and it was agreed between them and the bank that they would receive and endorse drafts on Seignouret Freres and accept the drafts of the bank on themselves to a certain limited amount, upon being secured by a pledge of commercial securities, to be deposited in the hands of Charles Cavaroc & Son. In pursuance of this arrangement, on the 17th of September, the bank transmitted to Schuchardt & Sons its drafts on Seignouret Freres to the amount of 250,000 francs, and, at the same time, drew on Schuchardt & Sons against said drafts for the sum of \$50,000. On the same day, or the day following, securities of the bank to the amount of \$60,000 were selected by the note clerk, by direction of Charles Cavaroc, president of the bank, put into an envelope endorsed with the name of Schuchardt & Sons, and handed to Cavaroc, who handed them to the cashier, and thereafter they were treated in precisely the same manner as the securities which were selected for the Credit Mobilier and the Park Bank, as shown in the cases which have just been decided. When due, they were collected or renewed, and when wanted by the bank for other purposes, they were taken and used and other securities were substituted in their place. They continued to

remain and figure on the books of the bank and in its statements as belonging to the mass of its bills discounted, no memorandum was made of the transaction, and no transfer was made of the bills until after the failure of the bank. As in the other cases referred to, they were never out of the possession of the officers of the bank or out of the bank for a single moment, but were always subject to its disposal. As the only claim made by Schuchardt & Sons in their answer to the securities in question is by way of pledge, and as there was no such delivery and retention of possession by them or their agents or trustees as the law requires to constitute the privilege of a pledge as to third persons, their claim cannot be sustained.

The decree of the circuit court must be reversed and the

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case remitted with directions to enter a decree for the complainant below in conformity with this opinion, and it is

So ordered.

MR. JUSTICE SWAYNE, MR. JUSTICE FIELD, and MR. JUSTICE HARLAN dissented.