

It is the law that bad faith, not merely a notice of circumstances sufficient to put a prudent man on inquiry, is necessary to defeat recovery by the holder of negotiable paper whose right accrued before maturity.

Shawnee Nat. Bank v Wooten & Potts, 103 Pac.R.314

Moore v National Bank, 121 Pac.Rep.626

Many authorities sustaining this view may be found in Joyce's Defense to Commercial Paper sections 475-477, where it is said in the text that merely suspicious circumstances or carelessness are insufficient to necessitate inquiry, and prevent a person from being a bonafide holder; nor is mere suspicion evidence of negligence which will defeat a right to recover as a bona fide holder.

The fact that in several instances pleas of fraud have been filed to suits on notes purchased by the plaintiff from the same payee is not sufficient to show bad faith in the purchase. Park v Zellars, 77 S.E.922.

BAD FAITH CANNOT BE INFERRED FROM THE FOLLOWING

CIRCUMSTANCES:

Where previous to the time of purchase of the note in question, the makers of other notes to the same payee, which were sent to the bank for collection, indicated to the bank that there was or might be a failure of consideration, but the other notes were subsequently paid or purchased at a discount. Bank v Lundy 129 N.W.99

Where the purchaser had previously bought notes of the same payee, which themaker requested should be returned on the ground of misrepresentation, and the former controversy had been settled by the payee's paying the notes, but the purchaser was not charged with knowledge of the payee's discharge of the same. Bank v Johnston, 115 Pac.R.102

Where the purchaser of a note from a business house during a long course of years had had a number of suits to collect other notes to the same payee, the defense usually being that the property was not satisfactory. Bank v Stachhouse 454 S.E.977.

Where the plaintiff had purchased other paper of the same payee and had been compelled to sue thereon for its collection, and the defense of fraud had been set up therein; mere wilful ignorance of facts will not of itself establish bad faith in the purchaser. Park v Brandt 119 Pac.877.