The common object of all these Acts is that a debtor, contemplating an act of bankruptcy or insolvency, shall not prefer one creditor to gratify his personal predilections, when that creditor has no better claim than another.[53] Such was the case of Dulaney v. Hoffman, 7 G. & J. 170, where the debtors voluntarily closed their business, and transferred their goods

[53] **Preferences under the present law.**—Under Code 1911, Art. 47, sec. 14, (which is a codification of various acts, the last of which was passed in 1896), all preferences are void, except those resulting from operation of law or those for wages, provided the grantor shall be proceeded against as an insolvent, or shall apply for the benefit of the act, within four months after the recording of the conveyance, or the creation of the lien or preference, and shall be declared or shall become an insolvent. The act also contains a reservation in favor of judgments, mortgages, or other conveyances, executed by the debtor for money *bona fide* loaned or paid at the time of the creation of such judgments, mortgages, or conveyances.

But sec. 24 of the same Article provides that any conveyance or transfer of property, or any lien created thereon, when the grantor or person creating the lien is insolvent or in contemplation of insolvency, shall be *prima facie* intended to hinder, delay and defraud his creditors, and that the burden of proof shall rest upon him and upon the grantee to explain the same and show the *bona fides* thereof, provided the creditors of the grantor shall avail themselves of the provisions of the Article. (See Smith v. Pattison, 84 Md. 344.)

The preferences denounced by the above provisions are those which secure or pay an antecedent debt. They contain nothing which prevents a person in the possession and management of his property from dealing with it in the usual course of business, provided he acts *bona fide* and does nothing to delay or defraud his creditors, or impair the value of his estate. Hodson v. Karr, 96 Md. 479; Nicholson v. Schmucker, 81 Md. 459; Hinkleman v. Fey, 79 Md. 112. Cf. Applegarth v. Wagner, 86 Md. 468; Wolfsheimer v. Rivinus, 64 Md. 230. And the same rule applies to insolvent corporations. Code 1911, Art. 23, sec. 79; Hodson v. Karr, 96 Md. 479; Whitman v. United Surety Co., 110 Md. 421; Murphy v. Penniman, 105 Md. 469; Mowen v. Nitsch, 103 Md. 685; Clark Co. v. Colton, 91 Md. 195; Colton v. Drovers Asso., 90 Md. 93; Colton v. Mayer, 90 Md. 713. Cf. Ellicott Machine Co. v. Speed, 72 Md. 22; Mish v. Main, 81 Md. 36.

An assignment for creditors by either an individual or a corporation of all the grantor's property, made *bona fide* and without preferences, does not violate any of the provisions of the insolvent law and cannot be set aside unless prior thereto the debtor had committed an act of insolvency. Pfaff v. Prag, 79 Md. 369; Riley v. Carter, 76 Md. 581; Willison v. Frostburg Bank, 80 Md. 213; Miller v. Matthews, 87 Md. 477. See in this connection the Act of 1894, ch. 568, (Code 1911, Art. 47, sec. 34); Gardner v. Gambrill, 86 Md. 662.

Effect of adjudication in insolvency.—An adjudication in insolvency on the ground that a particular transfer by the insolvent is a fraudulent preference is an adjudication *in rem* which conclusively determines such transfer to be fraudulent and vests the title to the property so trans-