

continue the business of the said defendant company, and systematically conduct the milk business of the defendant Company, and all other business of said Company.

Second. That pursuant to an order of the Circuit Court of Frederick County, Maryland, passed on the 27th day of April, 1916, in a cause pending in said Court between Frederick Mertens and others, trading as F. Mertens Sons, Plaintiffs, against the White Cross Milk Company, a Corporation, and others defendants, your petitioner together with Chas. McC. Mathias were duly appointed Ancillary Receivers in said cause of all of the property and assets of the defendant Company within the State of Maryland and was authorized and directed to continue the operation of the defendant Company's business within the State of Maryland in accordance with the order of this Court appointing said petitioner original receiver.

Third. Your petitioner says that in accordance with said order of appointment of this Honorable Court, and said order of appointment as Ancillary Receiver by the Circuit Court for Frederick, Maryland, he duly qualified as Receiver in the above jurisdiction and took immediate possession of all of the property and assets of the defendant Company, and from that time until the present, continued the operation of the business of said Company as will more fully appear from his two certain reports heretofore filed in this cause on the _____ day of _____, 1916, and on the 10th day of August 1916.

Fourth. That since filing his last report herein certain extraordinary conditions have arisen in the milk business, not only in the District of Columbia and the State of Maryland but throughout other portions of the United States, notably in and around the City of New York and the Eastern portions of the country, which your petitioner feels it his duty to advise the Court and to seek the instructions and advice of the Court thereon. That the conditions to which he refers in the milk business is the inability of the defendant and others engaged in a similar line of dairy business to obtain a sufficient or adequate supply of milk from the farmers and milk producers. That on the 1st of October your petitioner was compelled to yield to the advance in price of milk from the sum of \$1.50 per hundred pounds to the sum of \$2.00 per hundred pounds, and that since the first day of October competitors have entered the field wherein the defendant corporation gets his supply of milk; that is to say, Frederick County, Maryland, and have offered to the farmers the price of \$2.20 per hundred, so that in order to set any milk supply at all your petitioner has been compelled to meet this competition and to offer the sum of \$2.20 since the 15th day of October, 1916, that even granting this advance in price to the farmers the petitioner has not been able to secure a sufficient supply of milk to satisfy its customers within the District of Columbia where its retail and wholesale business is conducted, and that the volume of milk which your Receiver is now able to procure is very little more than one-half which he formerly procured and the amount which is necessary to meet its sale demands. By reason of conditions; that is to say, the location of its milk plant and its railroad facilities, the defendant company while it was operating its business and your Receiver since his appointment, have only been able to procure milk from farmers within Frederick County, Maryland, and its immediate vicinity, nor is it possible for it to procure milk from any other source; hence, the field of supply of milk is necessarily limited. Your Receiver has made a careful investigation into the conditions which have brought about the advance in the prices of the raw material and finds them to be based partly upon sound economical conditions and partly upon artificial conditions, and at this season of the year, the milk supply is always less than in the summer and spring; that the advance in the price of beef and hogs, farmers have found it more profitable to feed their milk to calves and hogs rather than to sell it into the open market, and they have also found it more profitable to convert their milk into butter, the butter being used for the increased export trade; that in addition to this fact, there has been so much agitation through the newspaper that there has been more or less concerted action on the part of the farmers to withhold their supply of milk from the open market and thereby to increase the price of the raw material.

On the other hand, your Receiver has been unable to advance his selling price because of competitive conditions, within the District of Columbia, except the customary advance to wholesalers from twenty-six cents to thirty-two cents per gallon, effective October 1st. That many of the large