

plaintiff and defendant sues and is sued.

3. This defendant admits the execution by the defendant company of the deed of trust to secure \$110,000. in bonds, as set out in the third paragraph of the said bill, and it admits that the disposition of the said bonds, as set out in said paragraph is correct.

4. Answering the fourth paragraph of the said bill this defendant admits that a contract has been made, as set out in said paragraph, by which an extremely advantageous disposition of the company's property can probably be made on December 15th, 1916, provided the company can maintain its existence as a going concern until that time, and that under the new arrangement sufficient capital is guaranteed to make the new enterprise a success.

5. Further answering the various allegations in said bill this defendant says that W.H. Schott who signs this answer as general manager of the Company with authority so to act under the by-laws of the Company, was duly appointed to his present position on the first day of March, 1916, succeeding the former manager who has control of the company for upwards of eighteen months preceding; that the said general manager found the financial affairs of the company in an unhealthy condition with entirely insufficient capital to properly conduct the business, the books of the company in such chaotic shape that it was impossible to tell the exact condition of the affairs of the company, and the said general manager has devoted a large amount of time in endeavoring to straighten out the affairs of the company and ascertain its condition and its liabilities and resources; that his investigation of the costs of production of the accepted contracts by the former manager showed a loss in operating expenses during the time of his management in the eighteen months preceding March 1, 1916, of nearly \$170,000; that this fact very largely entered into the present financial difficulties of the company and make it impossible for the company to carry out the numerous contracts with municipalities, as set out in the bill of complaint to be carried out, without the intervention of this Honorable Court, and the failure to carry out the said contract would involve, besides the loss of profit on these contracts, damages under the bonds given to complete said contracts.

This defendant further states that certain of the creditors of the company, including the complainant, to whom money is long overdue, are pressing the company, and the complainant herein, being the president of the company, and advanced large sums of money which are long overdue, and which your complainant is demanding, besides which the defendant is practically without the necessary money to meet the payroll of approximately \$6000. for the week ending Saturday, November 25th, 1916, without the payment of which the defendant will have to close its shops and be subjected to various suits, which can, however, be avoided by the intervention of this court and the appointment of a receiver with authority to borrow the necessary money to continue the operation of the company until an adjustment of its affairs can be made or the proposed sale consummated. For the reasons stated the defendant company concurs in the prayers of the bill of complaint and requests that the affairs of the company be taken over by the Court.

Jacob Rohrback,
Solicitor for defendant.

District of Columbia, ss.

W.H. Schott
General Manager Morris Iron &
Steel Company.

W.H. Schott being first duly sworn on oath says that he is the general manager of the defendant the Morris Iron & Steel Company and as such general manager has full authority under the by-laws of said company to accept service for and swear to the answer of the Company, and he says that he has read the foregoing answer by him