

THE WATERWORKS CASE

IN WHICH NILES' CITIZENS ARE INTERESTED
ON TRIAL HERE.

JUDGE SEVERENS HOLDS THAT THE
NILES WATER WORKS COMPANY WAS
AN ORGANIZATION—TO CONTINUE
ON TRIAL TWO DAYS.

An interesting case in chancery was on trial yesterday before Judge Severens in the U. S. circuit court for the western district of Michigan, in the county circuit court room. The court is held here for the convenience and per arrangement between all parties. The facts in the case are quite interesting, and are as follows: It is over a controversy between parties interested in the Niles water works company. In 1878, a company was organized and contracted to furnish the city of Niles with a system of water works for fire protection and domestic use, the water to be taken from Barren lake. They organized what was known as the Niles Water works company with a capital stock of \$40,000 and intended to float bonds to be secured by a mortgage on the property but in this they failed. An attempt was then made to induce local capitalists to invest, and Frankenberg & Schneewind became stockholders. All the formalities, it was believed, had been complied with, and new bonds were issued but the same failure to float them in the east resulted. Frankenberg & Schneewind became fearful that they, as stockholders, might become responsible for the debt incurred and wanted to withdraw. They had in the company \$5,000. There were \$3,500 debts for labor, etc., and not being able to get out they paid in that amount more, and took \$10,000 in bonds secured by a mortgage. At that time about \$30,000 had been invested. About this time the great water works boomer, named Solon L. Wiley, saw "millions" in the enterprise and began laying his plans to get control of the company. He talked various methods but finally bought up a number of small claims against the company and secured on them judgments and execution and the entire interests of the Niles water works company were sold for about a song." Wiley furnished the song and thus secured the title to the works. Still there were other debts, the largest being to the Asphalt pipe company of New York City for \$8,000. Wiley induced them to bring suit in the United States court, and the property was again sold, Wiley bidding it in and thus securing a still better title. Otto Kirchner of Detroit, attorney general of the state was then informed of certain informalities in the organization of the company and information was filed against the members of the Niles water works company to oust them. This in effect practically killed the company and Wiley had complete control. Frankenberg & Schneewind still held the mortgage and began suit in the Berrien circuit court to foreclose the mortgage. The case was transferred to the United States circuit court and as above stated is on trial before Judge Severens.

Wiley claims that the company never had a corporate existence and had no authority to make a mortgage and that the property never had a value. Judge Severens yesterday decided that the Niles water works company was a corporation defacto and as liable for its debts as though it had been rightfully organized; that irregularities of its organization could not collaterally be called in question.

The attorneys for the complainants are Col. Bacon of Niles and David J. Wile of Chicago and for the defendants, Hon. Andrew Howell and W. A. Underwood of Detroit.