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THE READING.

Too Much Watered Stock Causes a Marked Decline of Its Securities.

DEFAULT IN PAYMENT OF INTEREST GETS IT INTO COURT.

Receivers Appointed and the Property of the Great Corporation Turned Over.

The Substance of the Petition and the Decree—The Effect on the London Stock Market.

PHILADELPHIA, Pa., Feb. 20.—The affairs of the Philadelphia & Reading Railroad company were brought into court late this afternoon. All day there were rumors on the street that receivers were to be appointed.

About 2:30 this afternoon Attorney John G. Johnson and Lawyer Thomas Hart, jr., made their appearance and were closeted for a long time with Judge Dallas in chambers. A few minutes past 4 o'clock the announcement was made that Jude Dallas had made the appointments.

The proceedings were brought by ex-Senator Thomas C. Platt of New York a holder of third preference bonds against the Philadelphia & Reading Railroad company, the Philadelphia & Reading Coal and Iron company, and the Pennsylvania company for insurances on lives and granting annuities of this city.

The receivers appointed are Archibald A. McLeod, the president of the company; Chief Justice Edward M. Paxson of the supreme court, and Elisha Wilbur, ex-president of the Lehigh valley Railroad company. Judge Paxson at once sent in his resignation as chief justice of the supreme court of Pennsylvania to Governor Pattison. The security of each receiver was fixed at $500,000, for which they are to enter their own bond.

George L. Crawford was appointed master. A similar bill, it was said, is to be filed at Trenton, N. J., late this afternoon or tomorrow morning.

The bill in equity is in behalf of all the holders of third preference bonds and avers that "on or about January 3, 1888, the Philadelphia & Reading railroad company made an issue of third preference income mortgage bonds to a large amount, the amount of said issue being now in excess of $25,000,000. The bonds thus issued were for $1,000 each. Each of said bonds provided for the payment to the owner at the office of the company in the city of Philadelphia, on January 1, 1958, of the sum of $1,000 in gold coin of the United States of America, of the then present standard, weight and fineness, with interest thereon, payable in gold coin on February 1, each year, out of the net earnings of the railroad company of its fiscal year ending on the 30th day of the preceding November, available for the purpose, up to 5 per cent per annum, after providing for certain payments therein set forth as enumerated.

"The bonds thus issued were secured by a certain mortgage bearing date the third of January, 1888, executed and delivered by the Philadelphia & Reading Railroad company and the Philadelphia & Reading Coal and Iron company to the Pennsylvania company for insurances on lives and granting annuities. This mortgage, thus executed and delivered to the said company for insurances on lives and granting annuities, was duly accepted by it in writing, under its seal attested the sixth day of March, 1888. It was duly recorded in accordance with law in all the counties of the state of Pennsylvania and in other places in which the mortgaged property was situated.

"third mortgage, subject to certain prior incumbrances therein recited, conveyed all the railroad property and railroads owned, leased and controlled by the Philadelphia & Reading Railroad company and all railroads and railroad properties which it might thereafter own, lease and control. It also conveyed other properties, as is therein set forth, reference to said mortgage being craved and interalia, conveyed all and singular the tolls, rents, revenues, issues, profits and income of said railroad company, and derived from all railroads, canals and other property, and all the corporate and other rights, privileges, appurtenances and franchises of the railroad company, acquired or to be acquired, connected with or relating to the mortgaged premises.

"The said mortgage also conveyed all the coal lands, coal leases, iron ore lands, franchises, properties and other real estate then belonging to the Philadelphia & Reading Coal and Iron company and certain other property in said mortgage and all the corporated other rights, privileges, appurtenances and franchises of the said company, acquired or to be acquired, connected with, or relating to said land, miles or other premises or either of them, etc.

"The mortgage further provided that the railroad company, on or before the fifteenth day of January, 1893, shall ascertain the net earnings applicable to the interest on the bonds hereby secured for the period from June 1, 1887, to December 1, 1888, up to 1½ per cent for said period; and shall thereafter, on or before the fifteenth day of January of each year ascertain the net earnings for the fiscal year preceding the thirtieth of November, applicable to the interest hereby secured of 3 per cent per annum. The railroad company shall, on or before the fifteenth day of January of each year, furnish the trustees with a statement showing the amount of the net earnings applicable to the interest on the bonds secured by this mortgage, and give public notice of the rates of interest payable on the bonds."

Continuing the plaintiff avers that: "During the fiscal year ending the thirtieth day of November, 1892, the net earnings of the railroad company applicable to the interest upon the third preference mortgage bond was sufficient to pay thereon the sum of five per cent per annum. Prior to the 15th of January, 1893, the railroad furnished the trustee with a statement which showed the amount of net earnings applicable on the interest on the bonds secured by the mortgage was sufficient to pay five per centum per annum upon all the third preference bonds."

The railroad company prior to the first day of February, 1893, gave public notice that the rate of interest payable on all of the third preference mortgage bonds was five per centum, and that the same would be paid on the first day of February, 1893. The complainant is the holder of $50,000 third preference income mortgage bonds interest upon which to the amount of $2,750 became payable on the first day of February, 1893. Demand was made in writing by the complainant upon the railroad company prior to the filing of the present bill to pay him the said amount. This demand was refused by the said railroad company and it has failed up to the present time to pay him any portion of the amount which became due and payable the first day of February, 1893, upon said bonds. Interest upon other bonds of said issue, held by other owners, remains unpaid by the said railroad company. This complainant, however, is without the requisite knowledge or information to state the extent of default in payment of said other interests."

The complainant has demanded of the Pennsylvania company for insurance on lives and granting annuities that it shall become of the default in payment of the interest, proceed in equity to foreclose the said mortgage and to bring about a sale by judicial process of the mortgage premises. The said company has not only refused to institute such proceedings, but it also refused to make entry upon the mortgage premises, and to take possession of the same and to sell or to proceed to sell the mortgage premises.

The complainant is advised by counsel, and therefore averse, that it is the duty of the said trustee, by reason of the default of the railroad company to pay interest upon the bonds to foreclose the mortgage premises for the benefit of the holders of the bonds.

A very great income can be derived from the operation of the Philadelphia & Reading Railroad company and the Philadelphia & Reading Coal and Iron company, and it will be to the last degree disastrous, should the business of either to even temporarily suspended.

A large amount of income is now in the possession or under the control of the two companies, partly applicable under the terms of the mortgage to the payment of the interest due the complainant. The companies refused to appropriate this income to such payment, and threaten to apply the same to the payment of the unsecured indebtedness of said companies.

The Philadelphia & Reading Railroad company and the Philadelphia & Reading Coal and Iron company, though possessed of ample property, if the same be judiciously administrated and held together, to pay all their indebtedness, are insolvent in the sense that they are without funds in the shape of cash, or assets convertible into cash, sufficient to pay their indebtedness actually matured, or which will within a short time mature. The property of each of the companies is of vast extent and enormous value, and the two companies together employ and require the services of many thousand employes. These companies are utterly unable, out of assets immediately available, to discharge or provide for the indebtedness, and there is imminent danger of its property being levied upon, attached, sold and disintegrated, to the irreparable injustice of its creditors. The business of the two companies, under ordinary circumstances, would yield an income far more than sufficient to provide for the payment of the interest due upon the bonds held by the complainant. The present condition of the companies is largely the result of demands of loans for which there is ample security pledged with the lenders, but which loans the holders thereof are unwilling at the present time to renew.

Under these circumstances the interference of a court in equity for the ascertainment and enforcement of complainant's rights is imperatively required, and especially for the immediate appointment of a receiver or receivers to take charge of, keep and preserve the property of the two companies, continue their business, receive and properly appropriate the income thereof until the final decree of the court on the premises.

That an injunction may issue against the said defendants and all persons claiming to act for them, and all other persons, to restrain them from interfering with the said receiver or receivers taking possession of and managing the said property, and that the complainant may have such further relief in the premises as the nature of the case may require, and as may be agreeable to equity.

That the amount due upon the bonds, principal and interest, intended to be secured by the third preference mortgage, be ascertained and determined in such a manner as the court shall direct.

That in default of payment on such account it be decreed that the Philadelphia & Reading Railroad company and the Philadelphia & Reading Coal & Iron company be absolutely barred and precluded of and from all rights and equity of redemption in and to the said mortgaged premises, and that a decree by this court be entered, directing the sale of the whole mortgaged premises as an entirety.

The order of the court appoints Archibald A. McLeod, Edward M. Paxson and Elisha P. Wilbur as receivers of the corporation's defendants, and all railroad lands and canals owned, leased or operated by the Philadelphia & Reading Railroad company, and all of the real and personal property of the Philadelphia & Reading Coal and Iron company, and of the Philadelphia & Reading Railroad company of whatever kind and description and wheresoever situated.

The receivers are authorized to run and operate the said railroads and canals, and to exercise the authority and franchises of the said company, and to preserve the property in proper condition and repair, to collect the income, tolls and profits of the said railroads and canals, and to make appropriate payments therefrom on account of accruing rents, taxes and other necessary charges and expenses.

The receivers are authorized to keep the mines and other property of the Philadelphia & Reading Coal and Iron company employed and used in the manner they have heretofore been used, and employed so far as the said receivers shall deem it to be for the best interests of all parties concerned. And that they with all convenient speed ascertain and report the state, condition and circumstances of the property and of the debts and liabilities charged thereon or owing by the corporations defendants. The bonds of the receivers are plac d at $500,000 each.

George L. Crawford is appointed special master in the cause. The receivers are authorized to employ such agents and assistants and counsel as may be necessary for the effectual discharge of their duties. The injunction asked for, restraining any of the defendants from interference with the movement of the properties, is granted.

President McLeod of the Reading railroad, late this afternoon announced, indirectly, that he would prepare a statement of the company's troubles. It is thought probable that it will be given out tomorrow.

George H. Earle, jr., president of the Finance Company of Pennsylvania, and commercial agent of the Reading railroad, this afternoon said that the Finance company has from $8,000,000 to $10,000,000 worth of Reading coal on hand upon which its advances have been made. This amount, Mr. Earle declared, is enough to pay the Reading's floating debt, twice over. When asked the cause of the present difficulty, Mr. Earle said it was due to everybody demanding his money at once, which was unnecessary, for the company was able to pay its debts.

The Reading's pay cars, which were called back on Friday before their contents had been distributed, were not sent out today. When it was announced today in the stock exchange this afternoon for the third time that the Reading would be in the hands of receivers the stock rose from 14 to 14½. During the last hour Reading found better support and there was a fairly good buying which produced a recovery to 15 3-16. In the meantime New England was growing remarkably strong. From a decline in the morning of 5 points, to 32½, it rallied to 40¾ at the close—a fractional advance over Saturday. There was a better tone, too, among the Reading bonds.

Lehigh Valley also shared in the improvement although its movements were extremely feverish—from 44½ to 49, then back to 46¾, then back to 48 finally closing around 47.

One of the effects of the panic in Reading was the failure of Ritchie & Co., and W. A. Stevens & Co., stock brokers. Both firms were caught "long" on Reading and they were forced under. The failures attracted little attention on the street as both firms did but a small business.

THE EFFECT IN LONDON.

Heavy Selling Orders Cause a Marked Decline of American Railway Securities.

LONDON, Feb. 20.—Although news of the heavy sales of Reading in Wall street did not reach Capel Court until the closing, the movement in American securities showed that a scare was on in New York. Heavy selling orders received by brokers from holders of Reading this morning were executed immediately after the opening and had at once a depressing effect upon all American railway securities. Reading dropped three points and Northern Pacific two points. Other American railways fluttered constantly and dropped on the average about a point each.

The fall of Reading from the day was 5 points, ordinary 4½ points, of Northern Pacific preferred 4 points and of other American railways ¾ to 1¼ points. The settlement will begin on Wednesday. Dealers state that the account for a rise is comparatively small, otherwise serious difficulties would be certain.

SUICIDE OF A FARMER.

He Hangs Himself in a Halter in His Smoke House.

TARKIO, Mo., Feb. 20.—[Special.]—George Mowry, a farmer about 50 years of age, living on a small farm of about forty acres two miles west of Dotham, in this county, committed suicide yesterday morning. He hung himself by a halter strap from a rafter in his smoke house and was dead when found by his family upon their return from Fairfax where they had gone to do some trading. It is not known what the cause was for his rash deed, but is generally supposed to have been brought about by sickness.

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