Chapter VII

The entire Wisconsin Division property, franchises, etc., were, on May 4, 1907, sold to the Chicago & Milwaukee Electric Railroad Company, Illinois Corporation, for $3,000,000 of the additional capital stock of the Illinois Corporation. The capital stock of the Wisconsin Company was increased from $300,000 to $1,000,000.

Illinois Corporation Purchases Wisconsin Corporation Properties

In the same month a loan of $500,000 was authorized, to be evidenced by the notes of the Wisconsin Corporation. It was stated that the loan was made for the purpose of completing the road to Milwaukee and to pay the Western Trust & Savings Bank $100,000, for which amount the Company was indebted to the Bank. It was resolved that the Company issue no more notes or borrow any more money until the $500,000 indebtedness was fully paid.

At a special Directors' meeting of the Chicago & Milwaukee Electric Railroad, Illinois Corporation, held on October 1, 1907, a resolution was adopted stating that the line from Lake Bluff north to the Wisconsin State Line belonged to and was part of the Chicago & Milwaukee Electric Railroad Company, Wisconsin Corporation.

On January 27, 1908, Otto R. Hansen, filed his creditor's bill against the Chicago & Milwaukee Electric Railroad Company, Illinois Corporation, and Judge Grosscup appointed D. B. Hanna, W. I. Osborne and Henry Haugan as Receivers of the Illinois Corporation.

Otto Hansen's Creditor's Bill

Receivers' Certificates

At the final Stockholders' meeting of the Chicago & Milwaukee Electric Railroad Company, Illinois Corporation, held April 2, 1908, it was resolved that the Illinois Company consent that the holders of the Wisconsin Company bonds, who wish to agree to issue of $1,000,000. of Receivers' Certificates as a lien prior to the lien of such bonds, could do so without prejudice to any rights they might have or be entitled to under the contract of guaranty of the Illinois Company attached to the Wisconsin bonds. It was further resolved that the Receivers of the Illinois Company turn over to the Receivers of the Wisconsin Company semi-annually, after payment of maintenance charges, a sum not exceeding $30,000., to pay the interest of $1,000,000. of Receivers Certificates issued by order of Court to complete the lines into Milwaukee.

At February 1, 1908, the Republic Construction Company had been paid $2,400,000. par value in capital stock and $10,300,000. par value in bonds of the Illinois and Wisconsin Divisions.

Bonds Issued in Excess of Authorizatio

Explanation was made at the Directors' meeting of January 24, 1908, relative to the payment of $2,100,000. par value of bonds to the Republic Construction Company, which was in excess of that Company's contract. It was stated that the Construction Company could not sell the Wisconsin bonds during the financial difficulties of 1907, and that in order to realize money on them, they had to put up large margins of the First Mortgage bonds. This necessitated delivery of more bonds to that Company than was contemplated in the contract. It was stated that the understanding was that the Republic Construction Company would complete the road into Milwaukee, build and equip a substation at the south limits of Milwaukee, make the necessary payments for the completion of the First Avenue and Sixth Street Viaduct, and furnish ten additional cars, then being built by the Jewett Car Company.

Wisconsin Corporation Receivers Appointed

On February 1, 1908, a meeting of Directors of Chicago & Milwaukee Electric Railroad Company, Wisconsin Corporation, was held, and a resolution passed stating that whereas the Company was insolvent, and consequently, unable to meet its obligations and complete the Line to Milwaukee, it therefore submit itself and its property to the jurisdiction of the Circuit Court of the United States for the Eastern District of Wisconsin, and that the Company's attorney file an answer in the case of the Sovereign Bank of Canada versus Chicago & Milwaukee Electric Railroad Company of Wisconsin, admitting the allegations of the bill and joining in a prayer for a receiver.

On January 28, 1908, the same gentlemen were appointed Receivers for the Chicago & Milwaukee Electric Railroad Company, Wisconsin Corporation, by Judge Grosscup, sitting at Chicago, in response to a creditor's bill of the Sovereign Bank of Canada, without judgment, filed in the United States Circuit Court at Milwaukee against the Wisconsin Corporation