

# NEW JERSEY COURT OF ERRORS AND APPEALS.

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BETWEEN

SIMON DALSHIMER, ET AL.,  
Complainants-Respondents,

AND

GRAPHIC ARTS COMPANY,  
Defendant-Appellant.

ON BILL, &C.  
ON PETITION OF  
APPEAL.

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## BRIEF FOR COMPLAINANTS-RESPONDENTS

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This is an appeal from a decree of the Court of Chancery advised by Vice Chancellor Leaming appointing a Receiver of the Graphic Arts Company of New Jersey for the purpose of pursuing assets of which it was unlawfully deprived and which were taken from it without consideration.

### THE FACTS.

The complainants in the bill seek to have a contract, made on or about August 20, 1912, between the Graphic Arts Company of New Jersey and a similar Company of Delaware, with a like capital stock, a similar name, and the same stockholders in interest, declared null and void, and

pray that the property of the Jersey company sought to be taken away from it under that contract be restored to it, and that the contract itself be declared to be illegal and void, and that the rights of the complainant, Dalsheimer as stockholder and creditor, and the Friedenwald Company as creditor, be restored, and that the defendant directors and the Graphic Arts Company of Delaware be liable for the property of which they illegally deprived the New Jersey Company.

The defendant, Graphic Arts Company of New Jersey, filed an answer, admitting the facts, but setting up two defences; first, that the transaction complained of was legal, and second, that if it was not legal, the complainants have no standing because they are guilty of laches.

The case was tried on the allegations of the bill, statements in the answer and on exhibits, some of which were annexed to the bill and others offered by the complainant and by the defendants in the form of letters showing correspondence between the parties from August, 1912, to July, 1914. No witnesses were called. There is no controversy as to the facts.

In addition to owning 412 shares of preferred and 412 shares of common stock of the Jersey Company, Dalsheimer, in August, 1912, was a creditor of the Company for \$3,000, with interest due thereon from dates named.

The other complainant, Friedenwald Company, was a creditor for \$3,500, with interest thereon.

These items of indebtedness are admitted by the defendant in its answer.

The contract under which the assets of the New Jersey Company were attempted to be transferred was dated August 20, 1912, and is found on page 26 of the printed book.

After the contract was signed the Delaware Company acquired the property and business of the Jersey Company and continued to operate the same as theretofore located, in Philadelphia, Pennsylvania. The consideration named in the contract, \$290,000.00, was never paid to the Jersey Company or to anyone, but certificates of stock in the Delaware Company were made out in the name of each stockholder of the Jersey Company for a similar number of shares, preferred and common, respectively, as each stockholder held in the Jersey Company. These certificates of stock were exchanged from time to time by the Delaware Company for certificates in the Jersey Company for like amounts respectively, *except that one Conkling and the Complainant Dolshimer did not transfer their stocks.*

#### ARGUMENT.

##### I.

The majority of stockholders, who were also directors and officers in complete control of the Jersey Company, attempted, in the transaction above described, to bring about the winding up or dissolution of the New Jersey Company at the least possible expense, and the distribution of its assets to the Delaware corporation, but so that all the stockholders should have the same number of shares and the same proportionate interest in the Delaware Company, carrying on the business, as they had in the Jersey Company theretofore carrying on the same business, with the same assets. The motive was to save money because of the less taxation charged against a Delaware corporation as compared with the tax charged against a New Jersey corporation of like character.

Such a proceeding could not be accomplished by the method pursued without the consent of all the stockholders.

The agreement sought to be imposed upon the stockholders of the Jersey Company was that a Delaware corporation should be substituted for the Jersey corporation, or, as the Vice Chancellor expressed it at the trial, "it is simply a Jerseyman becoming naturalized in Delaware."

Unless all the contracting parties, that is, all the stockholders of the Jersey Company, agreed to the transaction in its entirety, the transaction amounted to a breach of the original agreement between the stockholders and was *ultra vires* and void.

*Kean vs. Johnson*, 9 Eq., 401.

*Pronik vs. Spirits Dist. Co.*, 58 Eq., 97.

*Carver vs. Southern Iron Co.*, 78 Eq., 81, 93.

*Tooker vs. Sugar R. Co.*, 80 Eq., 305, 317.

*Mills vs. Central R. R. Co.*, 41 Eq., 13.

## II.

The object of the directors and majority of stockholders was to bring about the winding up of the Jersey Company. They could not accomplish this without complying with the statute, Corporation Act, Section 31, and their attempt was therefore illegal and void.

It is contended by the defendant that this transaction was not an attempt to dissolve the corporation but was a mere disposal of all of its property in accordance with the clause in the certificate of incorporation which reads as follows:

“With the consent in writing and pursuant to the vote of the holders of a majority of the stock issued and outstanding, the Directors shall have power and authority to sell, assign, transfer or otherwise dispose of the whole property of this corporation.”

It is established by the uncontradicted testimony that the directors of the New Jersey Company intended to abandon that corporation; they never intended to use its corporate powers after they had once stripped it of its assets. The first resolution on the subject was passed by the stockholders at a meeting held January 18, 1910, which has already been quoted, in which it was resolved to consider the expediency of surrendering the New Jersey charter of the Company and reorganizing under the laws of another State.

The Executive Committee reported to the Board meeting on August 9, 1912, in favor of a reorganization under the laws of Delaware, in order to effect a saving of \$270 per annum on taxation under New Jersey laws, and the Committee recommended to the stockholders that such change should be effected and a majority of the stockholders took action accordingly.

In fact, the Jersey corporation was abandoned upon the execution of the contract and papers of August 20, 1912, and those officers allowed its charter to be proclaimed void for non-payment of taxes, which it had assets to pay at the time said taxes came due. Furthermore, in May, 1914, H. S. Levy, the Secretary of the Company and a director, advised the complainant Dalsheimer that there was no New Jersey corporation; that its charter had been duly surrendered. (See letter of May 5, 1914).

Under these circumstances, the action of the directors and officers and majority of stockholders of the New Jer-

sey corporation does not differ from that condemned by the Court of Appeals in *Coler vs. Tacoma R. & P. Co.*, 65 Equity, page 348. In the latter case, the clause in the charter under which similar action taken by the Tacoma R. & P. Company, a Jersey corporation, was defended is similar and almost identical with the clause above quoted in the charter of the Graphic Arts Company of New Jersey.

See Justice Dixon, for the Court of Appeals, 65 Equity, page 349.

In the case at bar, the attempted transfer of all the property of the Jersey corporation and the immediate abandonment of its charter and the use of its charter powers, following the language of the resolutions above quoted, declaring the purpose to be to abandon New Jersey as a field of corporate action, establishes beyond a doubt that the transaction complained of was an attempted dissolution of the corporation by a method contrary to Section 31 of the Corporation Act, and therefore illegal and void.

### III.

If, however, it be considered that by mere non-action of the directors, the Jersey corporation was legally dissolved, by refusal of the Company to pay its taxes and the resulting proclamation of the Governor, then the directors became trustees on dissolution and were bound to wind up its affairs, pay its debts and distribute its assets.

What are the rights of the complainants upon the application of such legal principles to the facts in hand?

The directors were bound to pay the debts of the Jersey Company, including the claims of the complainants as

creditors, which the defendant Company does not deny and which it had ample assets to pay.

The balance of the assets should have been distributed, first to preferred stockholders to the par of their stock, and accumulated dividends thereon at six per cent., and the balance, if any, should have been distributed pro rata among the holders of the common stock. As this method was not pursued but the directors of the Jersey Company stripped its treasury of its assets, for which the corporation received no consideration whatever, the complainants were entitled to have the assets of the Jersey corporation administered upon dissolution according to law and the statute in such case made and provided.

The assets of the company which should have been distributed on dissolution (if the transaction complained of is held to be a dissolution), are either the property, patents, machinery and business of which the Company was illegally deprived by the contract of August 20, 1912, which assets should be sold, etc., or if that contract should, for the purpose of winding up, be held to be legal and the result of a proper effort on the part of the directors to dispose of its assets in order to make distribution to the Company's stockholders, then such assets consist of the purchase money agreed under that contract to be paid by the Delaware Company, and for which consideration the Jersey Company's property was actually sold and delivered some three years ago. That consideration was the sum of \$290,000, to which interest should be added from August 20, 1912.

The stock of the Delaware corporation was not the consideration for the sale of the property; it was agreed to be a cash transaction. To be sure the resolution of the directors and stockholders of the Jersey Company stated

the consideration to be the issuance of capital stock of the Delaware Company direct to the stockholders of the New Jersey Company, but, of course, such resolution was not binding upon the corporation at all; the corporation could not contract to sell its property for a consideration to be delivered to its stockholders and not to its own treasury; nor did the directors of the New Jersey Company ever adjudicate what the stock of the Delaware Company was worth, even if it had been resolved to sell the property of the Jersey Company for that stock.

The contract itself of August 20, 1912, states in its recital that the directors of the Delaware Company had ascertained, adjudged and declared that the property and rights of the Jersey Company were of the fair value of \$290,000, and that the acquisition thereof was necessary for the business of the Delaware Company and the contract was executed and delivered and the property referred to in it transferred for that consideration.

If, however, it be found that the contract really was that the property of the Jersey Company was \$290,000 worth of stock of the Delaware Company, then, if the contract be held to be legal, on dissolution that consideration, namely, the Delaware Company's stock, should have been disposed of and the money distributed as above indicated, that is, in payment first of debts, then of the preferred stock at par and accumulated dividends, and the balance to the common stock.

The distribution of the stock of the Delaware Company directly to the stockholders of the Jersey Company would seem to have been an effort to distribute to the stockholders, or some of them, part of the capital of the corporation, contrary to law and against Section 30 of the Corporation act. The directors acted in wilful violation of

the provisions of the section and may be jointly and severally liable to the corporation or its receiver in case of insolvency.

The New Jersey Company was illegally deprived of its property, and as its directors and trustees were the actors in accomplishing that result a Receiver should be appointed to recover that property, or, as the Jersey Company has delivered the property and the defendant contends that other persons have become interested as creditors in the Delaware corporation (although the stockholders and stock holdings remain the same), perhaps the Receiver to be appointed should be directed to collect the purchase price named in the contract, to wit, \$290,000, which the Jersey Company has never received, and to proceed against the non-resident directors of the New Jersey Company guilty of illegally depriving it of its property.

#### IV.

It was contended at the trial that the complainant Dalsheimer was guilty of laches and therefore could not be heard.

The contract was executed and the property transferred August 20, 1912, after a few days' notice to the complainant, as a stockholder, that the purpose of the stockholders meeting of the 20th was to act upon a recommendation by the Board that the property of the Jersey Company be conveyed to the Delaware corporation, etc.

On February 3rd, following, complainant Dalsheimer was notified that a stock certificate of the Delaware corporation was ready for delivery to him in exchange for like certificate of the Jersey corporation. Then followed

a correspondence evidenced by letters in the testimony above referred to. The letters consist of inquiries on the part of the complainant Dalsheimer, as to the condition of the Company and as to what had occurred. There was nothing whatever in Dalsheimer's letters indicating a purpose to exchange his stock or to affirm the arrangement. He says in the last paragraph of his letter of April 7, 1914, that he is asking the above questions with the view of ascertaining what, if any, action he should take in the premises. It is in reply to this letter that he was informed by H. S. Levy, the Secretary, that there was no New Jersey corporation; that its charter had been duly surrendered.

He inquired in a letter of May 15, 1914, what arrangement, if any, had been made with the creditors of the Jersey Company under which the Delaware Company assumed its obligations, to which the president of the Company replied in a letter of May 28, 1914, that the "Delaware corporation agreeing to assume all the obligations of the New Jersey Company, no special arrangement with the creditors became necessary."

The last of these letters under date of July 6, 1914, addressed by the president to complainant, informed him that in paying off the loan obligations, the latest advances, together with accrued interest thereon, had been paid off first. It also appears from that letter that these loan obligations were made by Max Levy, the retiring president of the Company, in April, 1908, and by E. Berliner, a stockholder who had made advances between August 29th and October 27, 1908. It also appears that Max Levy had assigned the balance due him, with payments referred to, to Pauline D. Levy, to whom, as assignee, payments were thereafter made.

Thus complainant was informed that loans made to the corporation by its directors and stockholders were paid back with interest before anything was paid on prior loans made by the complainants.

It further appeared from letter of June 23, 1914, from the president to complainant, that the president's salary had been increased from \$4,732 per annum in 1908 to \$9,000 per annum in 1911 and subsequently, and the secretary's salary from \$240 per annum in 1908 and nothing at all in 1909, to \$4,200 in 1913.

With this information in hand the complainant did not approve or assent to the transaction and did not exchange his stock, but in September, 1914, filed the bill in this suit.

It is contended that the complainant was not either, as creditor or stockholder, guilty of laches.

As a creditor, his consent to the transaction was not asked. The corporation and its stockholders and directors had no right or power to transfer its assets as against the claims of creditors. I can find no case which has gone so far as to hold that a creditor sacrifices his right of action because he does not proceed until two years after he learns that his debtor has transferred his property.

Nor is the complainant guilty of laches or neglect as a stockholder. The act sought to be done by the majority of stockholders and directors was *ultra vires* without the consent of all the stockholders. It could not be consummated without that consent. This all the defendants were bound to know as matter of law, as was the complainant. The complainant had the right to reserve his decision on the question until he was fully informed of the situation and could act with good judgment. The

defendants were warned, as was said by Chancellor Runyon in the case of *Mills vs. Central R. R. Co.*, 41 Equity, page 13:

“Those who, in such a matter as this, act without the acquiescence of all the stockholders, do so at their peril, and must take the consequence if their act be undone at the instance of dissentient stockholders. It may be added that celerity in effecting their design and activity in accumulating obstacles to granting relief will not secure to them immunity and prevent this court from upholding the rights of the injured. There will be a decree declaring the lease null and void and the transfer of property thereby made illegal.”

The first request upon Dalsheimer to exchange his stock was by letter of February 3, 1913. That request was never complied with, but it was replied to by Dalsheimer's letter of February 26, 1913, acknowledging its receipt and making inquiry as to assets and property which the Delaware Company had purchased and the obligations it had assumed.

In short, Dalsheimer did nothing whatever to lead the defendants to a conclusion that he was assenting to the arrangement, but, on the contrary, his attitude was one of inquiry and not assent.

## V.

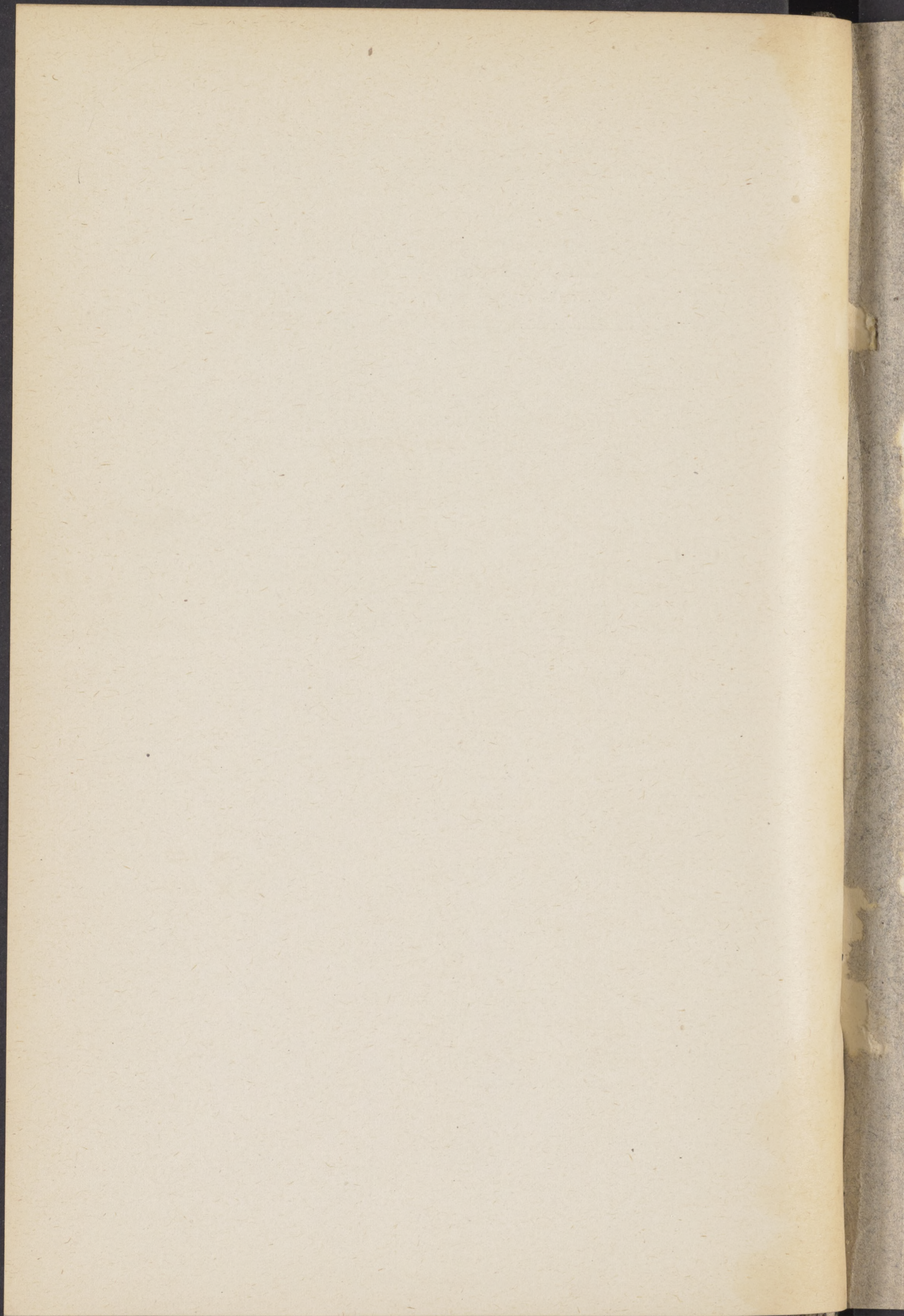
Defendant-appellant argued that complainant as a creditor should have obtained a judgment before he could file this bill. Complainant's debt, both that which was owing to him personally and that which he purchased

from Friedenwald Company, was admitted by the defendant corporation, and there is not and never has been any dispute about these two claims or the amount due thereon.

Further argument seems unnecessary in view of the very clear opinion of Vice Chancellor Leaming.

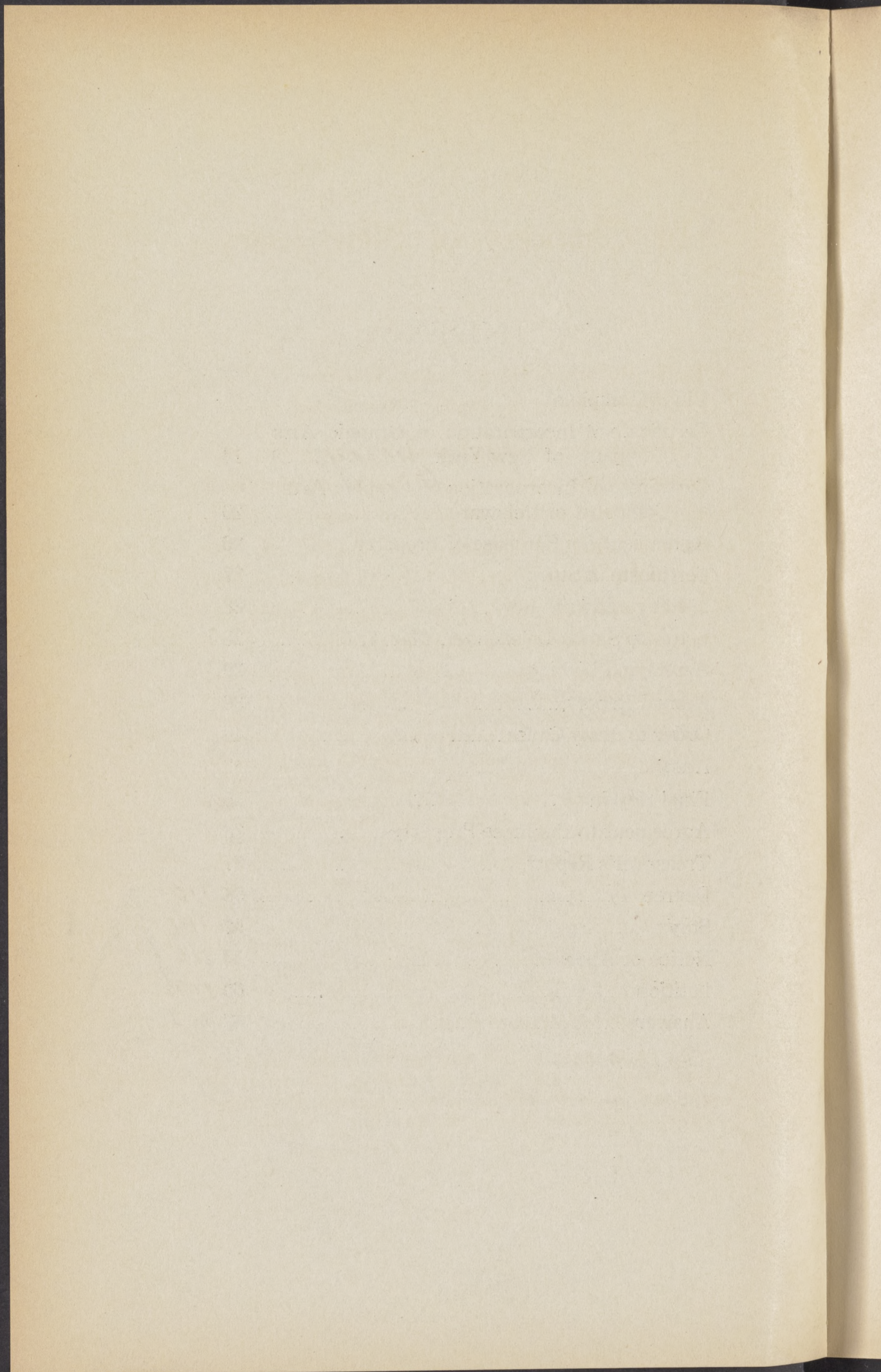
It is urged that the decree of the Court of Chancery be affirmed and the appeal dismissed with costs.

NORMAN GREY,  
Solicitor for and of Counsel with  
Complainants-Respondents.



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# In Chancery of New Jersey

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To the Honorable Edwin Robert Walker,  
Chancellor of the State of New Jersey.

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Humbly complaining shows unto your honor, your orators, Simon Dalsheimer, of Baltimore, Maryland, and the Friedenwald Company, of Baltimore, Maryland, on behalf of themselves and all other creditors and stockholders of Graphic Arts Company, of New Jersey, who may desire to become parties hereto and may contribute to the expense of this suit:

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1. That on or about the nineteenth day of January, nineteen hundred, Graphic Arts Company was incorporated under the laws of the State of New Jersey, the certificate of incorporation having been received and recorded on the eighteenth day of January, nineteen hundred, in Camden County Clerk's Office, in Book Number 14 of Corporations, Page 500, and duly filed with the Secretary of State on the nineteenth day of January, nineteen hundred, a copy of which certificate of incorporation is hereto annexed and made a part hereof, and marked Exhibit 1, and to which your orators refer. The authorized capital stock of said corporation was Three Hundred Thousand Dollars (\$300,000), divided into six thousand (6,000) shares of the par value of Fifty Dollars (\$50) each, of which one thousand (1000) shares were preferred stock and five thousand (5000) shares common stock.

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2. And your orators further show that after the formation of said company, and in the month of January or February, nineteen hundred, the corporation purchased from one Max Levy, certain pat-

ents, property and good will, for the sum of Two Hundred and Fifty Thousand Dollars (\$250,000). to be payable all in the common stock of Graphic Arts Company, at the par value thereof.

10 3. And your orator, Simon Dalsheimer, further shows that he eventually became and is now the owner of four hundred and twelve shares of said common stock, for which he holds stock certificates duly issued by the said corporation. And your orator, the said Simon Dalsheimer, further shows that eight hundred shares of the preferred stock was afterwards issued by the said corporation, of which your orator is the owner of four hundred and twelve shares, for which he holds stock certificates issued by the said corporation.

20 4. And your orators further show that after the incorporation of the said company, and the acquiring of the property, patents and good-will from the said Max Levy, the corporation, having its principal New Jersey office at 419 Market Street, Camden, New Jersey, carried on a business in Philadelphia, in accordance with the objects set forth in the said charter, and so continued to carry on business until sometime in the Fall of 1912, when it attempted to dispose of its business and property, patents and good-will, to a corporation known as Graphic Arts Company, formed under the laws of the State of Delaware, as hereinafter set forth.

30 5. And your orators further show that your orator, Simon Dalsheimer, was at the time of the transfer of the said property from the New Jersey corporation, the owner of four hundred and twelve shares of the common stock of Graphic Arts Company of New Jersey, and four hundred and twelve shares of the preferred stock thereof, and that your orator, the said Simon Dalsheimer, was a creditor of said New Jersey corporation in the sum of Three Thousand Dollars (\$3,000) for cash money loaned and advanced to the said corporation by your said orator, which sum was and still is due and unpaid, with interest thereon from the seventh day of February, nineteen hundred and five. And your orators show that at the time of said transfer of property

from the New Jersey corporation, your orator, the Friedenwald Company, was and still is a creditor of the said corporation, in the sum of Three Thousand Five Hundred Dollars (\$3,500), with interest thereon from the sixth day of September, nineteen hundred and five.

6. And your orators further show that in July or August, nineteen hundred and twelve, those in control of Graphic Arts Company of New Jersey, conceived an idea of forming a corporation under the laws of the State of Delaware, to acquire all the business and assets of the Graphic Arts Company of New Jersey, for the purpose of reducing the amount of franchise tax the business would have to annually pay, the rate of such tax being very much less under the laws of the State of Delaware than under the laws of the State of New Jersey. A resolution was accordingly passed by the board of Directors of the New Jersey corporation, at a meeting held on or about the ninth day of August, nineteen hundred and twelve, recommending that a new Company be formed under the laws of the State of Delaware, to have the same name as the said Graphic Arts Company of New Jersey, and with the same amount of authorized capital stock, both preferred and common, that the assets and property of the New Jersey corporation should be sold and transferred to the said proposed Delaware Company, in consideration that the stock of the Delaware corporation be issued to the stockholders of the New Jersey corporation, share for share, and that the Delaware corporation assume all the obligations of the New Jersey corporation. A special meeting of stockholders to act upon such resolution of the directors was called and held at the office of the New Jersey corporation, 419 Market Street, Camden, New Jersey, on or about the twentieth day of August, nineteen hundred and twelve, at which meeting a resolution was passed substantially in the following language:

“Resolved: That the Board of Directors of this Company be authorized and directed to sell, transfer, sign and deliver to the Graphic Arts Company, a corporation under the laws of Delaware with an

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10 authorized capital of Three Hundred Thousand Dollars (\$300,000), all its letters patent, patent-rights, both of the United States and foreign countries, together with all its machinery, tools, drawings, models, material, fixtures, book accounts and its entire assets, good-will and existing business as now carried on at 1221 Spring Garden Street and 940 North 9th Street, Philadelphia, for and in consideration of the issuance of the capital stock of the Graphic Arts Company, incorporated under the Laws of Delaware, to the order of each of the stockholders of this Company in the identical amount of his present holdings in this Company, said shares aggregating 5,800, and of the assumption of the Graphic Arts Company (incorporated under the Laws of Delaware) of all the indebtedness, obligations and liabilities of this Company."

20 7. And your orators further show that on or about the twelfth day of August, nineteen hundred and twelve, the Company was formed under the laws of the State of Delaware, under the name of Graphic Arts Company, having the same capital stock, divided into the same number of shares, and of the same par value as the New Jersey corporation, Graphic Arts Company. A copy of the Charter of the said Delaware corporation is hereto annexed and made a part hereof and marked Exhibit 2, to which your orators refer.

30 8. And your orators further show that the stockholders of said Graphic Arts Company of Delaware, in August, nineteen hundred and twelve, passed a resolution reading as follows:

"Resolved: That the Board of Directors of this Company be and they are hereby authorized and directed to purchase the property above mentioned for the said price (namely the property and price mentioned in the agreement of purchase) and to issue said stock in payment thereof."

9. And your orators further show that on or about the twentieth day of August, nineteen hundred and twelve, an agreement was entered into between Graphic Arts Company of New Jersey and Graphic

Arts Company of Delaware, attempting to carry out the purpose of the said resolutions of the stockholders of each of said companies, a copy of which agreement, without the signatures of the parties thereto, is hereto annexed and made a part hereof and marked Exhibit 3, and to which your orators refer. And your orators refer to the second page of said copy of said agreement for a list of the assets and property of the Graphic Arts Company of New Jersey, which were so attempted to be sold and transferred to the Graphic Arts Company of Delaware.

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10. And your orators further show that your orator, Simon Dalsheimer, received a letter from Graphic Arts Company, dated February third, nineteen hundred and thirteen, in which it was stated that certificates of stock of the Graphic Arts Company of Delaware were ready for delivery in exchange for like certificates of the Graphic Arts Company of New Jersey, a copy of which letter is hereto annexed and made a part hereof and marked Exhibit 4, in response to which letter your orator, Simon Dalsheimer, addressed a letter to Graphic Arts Company, Philadelphia, Pennsylvania, under date of February twenty-sixth, nineteen hundred and thirteen, requesting information in regard to the transfer of property to the Delaware Company, etc., a copy of which letter is hereto annexed and made a part hereof and marked Exhibit 5, and to which your orators refer, in response to which letter your orator, Simon Dalsheimer, received from Graphic Arts Company a letter dated March seventh, nineteen hundred and thirteen, enclosing a copy of the said agreement between the said two companies, dated August twentieth, nineteen hundred and twelve, hereinabove referred to as Exhibit 3, and also enclosing a statement dated January fourth, nineteen hundred and twelve, of assets and liabilities of the Graphic Arts Company of New Jersey, which letter of March seventh, nineteen hundred and thirteen, and statement of assets of January fourth, nineteen hundred and twelve, are hereto annexed and made a part hereof, and marked respectively Exhibits 6 and 7, to which your orators refer.

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11. And your orators further show that on or shortly after the twentieth day of August, nineteen hundred and twelve, the said assets and property of the said Graphic Arts Company of New Jersey were transferred and taken possession of by Graphic Arts Company of Delaware, and the latter corporation has ever since exercised the rights of ownership over said property and assets and has carried on the business theretofore carried on by the Graphic Arts Company of New Jersey.

12. And your orators further show that at the time of the making of the said agreement between the said two companies, the persons holding stock of the New Jersey corporation were as follows:

	<i>Preferred</i>	<i>Common</i>
E. Berliner .....	60	60
H. Bilgram .....		1
E. M. Conkling .....		20
20 S. Dalsheimer .....	412	412
L. E. Levy .....	280	4272
H. S. Levy .....		125
L. F. Levy .....		60
G. H. B. Martin .....		1
E. Stern .....		1
H. L. Walker .....	48	48
	<hr/>	<hr/>
	800	5000

13. And your orators further show that the Graphic Arts Company of Delaware issued to said stockholders of the Graphic Arts Company of New Jersey, its own capital stock, preferred and common, share for share, so that said persons then held the same number of shares, preferred and common, in the Graphic Arts Company of Delaware that they had theretofore held in the Graphic Arts Company of New Jersey, with the exception that the one share of stock held by G. H. B. Martin, in the New Jersey Graphic Arts Company, was surrendered and the share to which he would have been entitled under the plan, in the Graphic Arts Company of Delaware, was issued to S. D. Townsend, Jr., of Delaware, to whom was also transferred two shares from the

holdings of L. E. Levy in said Graphic Arts Company of Delaware.

14. And your orators further show that all of the said persons holding stock of the Graphic Arts Company of New Jersey have exchanged their stock for similar amounts of shares of stock in the Graphic Arts Company of Delaware, excepting your orator, Simon Dalsheimer, who still retains four hundred and twelve shares of the preferred stock and four hundred and twelve shares of the common stock of said New Jersey corporation, and E. M. Conkling, the owner of twenty shares of the common stock of said New Jersey corporation.

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15. And your orators further show that at the time of the passing of said resolutions and the making of said agreement and the transfer of the said property from Graphic Arts Company of New Jersey to the Graphic Arts Company of Delaware, the directors of the said New Jersey corporation were: Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy and George H. B. Martin; that the officers of the said Company were: President, Louis E. Levy; Vice-President, Hugo Bilgram; Treasurer, Howard S. Levy; and Secretary, Howard S. Levy. All of which appears from the annual report of the said company filed with the Secretary of State of New Jersey, February seventeenth, nineteen hundred and twelve, a copy of which report is hereto annexed and made a part hereof and marked Exhibit 8, to which your orators refer.

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16. And your orators further show that Graphic Arts Company of New Jersey, (and also Graphic Arts Company of Delaware) was a close corporation, having few stockholders; that the shares of stock of each of said companies have changed hands infrequently; that your orators are informed and believe that the persons who were officers of the Graphic Arts Company of New Jersey at the time of the said transfer, were then and now are the persons holding similar offices in the Graphic Arts Company of Delaware; that by an annual report of the Graphic Arts Company of Delaware, dated November nineteenth, nineteen hundred and thirteen, and filed January

third, nineteen hundred and fourteen, in the office of the Secretary of State of Delaware, it appears that the following persons are the officers and directors of the Graphic Arts Company of Delaware:

Louis E. Levy—President.

Hugo Bilgram—Vice-President.

Howard S. Levy—Secretary and Treasurer.

10 A copy of said annual report is hereto annexed and made a part hereof and marked Exhibit 9, to which your orators refer. And your orators show that on the letterhead of Graphic Arts Company, under date of May twenty-eighth, nineteen hundred and fourteen, the above persons appear as officers and directors of the Graphic Arts Company of Delaware.

17. And your orators further show that by the action of the said directors and stockholders of the Graphic Arts Company of New Jersey, the said New Jersey corporation was stripped of its assets; that  
20 no consideration whatever passed to the New Jersey company for the conveyance and transfer of its property to the said Delaware Company; that your orator Simon Dalsheimer, did not consent to, approve of or vote for or in favor of said resolution or the execution of said agreement, either as a stockholder or as a creditor, nor did your said orator agree or consent as a creditor of the New Jersey Company to surrender his claim upon said company  
30 and accept the said Delaware company as his debtor, nor did your orator, the said Friedenwald Company, agree to or consent to said plan or agree to surrender its claim against the said New Jersey corporation or accept the said Delaware corporation as its debtor.

18. And your orators further show that according to the terms of said agreement of August twentieth, nineteen hundred and twelve, the New Jersey Company should have received the consideration named therein, to wit, Two Hundred and Ninety Thousand Dollars, named in said agreement as the value of the property of the New Jersey Company, to be conveyed to the Delaware Company, and the price which the latter Company should pay to the

former for said assets. The said directors of the New Jersey Company, instead of procuring said price to be paid upon the transfer of said assets, allowed stock to be issued by the Graphic Arts Company of Delaware totalling said amount of Two Hundred and Ninety Thousand Dollars (\$290,000), at par, to the stockholders of the Graphic Arts Company of New Jersey, without the consent or concurrence of your orator, Simon Dalsheimer, as stockholder of said New Jersey company, and by your orators, Simon Dalsheimer and Friedenwald Company, as creditors respectively of said Graphic Arts Company of New Jersey.

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19. And your orators charge that the said action of the said Graphic Arts Company of New Jersey, and its said directors and officers, and stockholders who exchanged their shares, was illegal and void and was in fraud of the rights of your orators in the premises, and was a breach of the original contract between the stockholders of the said Graphic Arts Company of New Jersey, and was an effort to fraudulently dispose of the property of the said Graphic Arts Company of New Jersey, contrary to the original contract between the said stockholders, and that the said Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy and George H. B. Martin, as stockholders and directors, and the said E. Stern and H. L. Walker, as stockholders, are liable for the value of the said assets, property and business of the Graphic Arts Company of New Jersey so illegally transferred and conveyed to the said Graphic Arts Company of Delaware.

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20. And your orators further show that the said directors and officers of Graphic Arts Company of New Jersey permitted the charter of the said company to be proclaimed void for the non-payment of its franchise tax for the year nineteen hundred and eleven, and the Governor of the State of New Jersey did, on the fifth day of January, nineteen hundred and fourteen, declare the charter of said Company void for the non-payment of said taxes, and all powers conferred upon the said corporation by law were by said Governor declared inoperative and void. And your orators further show and charge that the

10 said Graphic Arts Company of New Jersey has not been wound up and dissolved according to law. And your orators charge that at the time when said franchise tax for the year nineteen hundred and eleven became due, the said Graphic Arts Company of New Jersey could have paid the same and that while said taxes remained due and unpaid and at the time when the said New Jersey company had ample assets with which to pay said tax, the said directors and officers stripped its treasury of its assets and permitted said assets to be acquired by a foreign corporation and received no consideration therefor. And your orators further charge that if it be considered that the said New Jersey company received in its treasury Two Hundred and Ninety Thousand Dollars (\$290,000) worth at par of stock of the Delaware company as consideration for said sale of its property, then the distribution of said stock of the Delaware Company by the said New Jersey Company to the latter's stockholders was an effort to declare a dividend of all its assets, and was contrary to the statute in such case made and provided, prohibiting the making of dividends except from surplus or from the net proceeds arising from the business; or the actions of the said directors and officers and stockholders of the said New Jersey corporation was an effort to divide, withdraw or pay to the stockholders, or some of them, the capital stock of the said corporation, contrary to law, and was illegal and void.

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30 21. And your orators further show and charge that by reason of the premises, and of the fact that the Treasury of the Graphic Arts Company of New Jersey has been stripped of its assets, and no consideration paid to the said Company therefor, and of the fact that said Company still owes your orators a large sum of money as hereinbefore set forth, to wit, the sum of Three Thousand Dollars (\$3,000) and interest to your orator, Simon Dalsheimer, and the sum of Three Thousand Five Hundred Dollars (\$3,500) and arrears of interest to your orator, said Friedenwald Company, the said Graphic Arts Company of New Jersey is insolvent.

former for said assets. The said directors of the New Jersey Company, instead of procuring said price to be paid upon the transfer of said assets, allowed stock to be issued by the Graphic Arts Company of Delaware totalling said amount of Two Hundred and Ninety Thousand Dollars (\$290,000), at par, to the stockholders of the Graphic Arts Company of New Jersey, without the consent or concurrence of your orator, Simon Dalsheimer, as stockholder of said New Jersey company, and by your orators, Simon Dalsheimer and Friedenwald Company, as creditors respectively of said Graphic Arts Company of New Jersey.

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19. And your orators charge that the said action of the said Graphic Arts Company of New Jersey, and its said directors and officers, and stockholders who exchanged their shares, was illegal and void and was in fraud of the rights of your orators in the premises, and was a breach of the original contract between the stockholders of the said Graphic Arts Company of New Jersey, and was an effort to fraudulently dispose of the property of the said Graphic Arts Company of New Jersey, contrary to the original contract between the said stockholders, and that the said Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy and George H. B. Martin, as stockholders and directors, and the said E. Stern and H. L. Walker, as stockholders, are liable for the value of the said assets, property and business of the Graphic Arts Company of New Jersey so illegally transferred and conveyed to the said Graphic Arts Company of Delaware.

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20. And your orators further show that the said directors and officers of Graphic Arts Company of New Jersey permitted the charter of the said company to be proclaimed void for the non-payment of its franchise tax for the year nineteen hundred and eleven, and the Governor of the State of New Jersey did, on the fifth day of January, nineteen hundred and fourteen, declare the charter of said Company void for the non-payment of said taxes, and all powers conferred upon the said corporation by law were by said Governor declared inoperative and void. And your orators further show and charge that the

fraud upon the rights of your orators in the premises;

10 That neither the said Graphic Arts Company of New Jersey nor the said officers and directors thereof had any power or authority whatever to compel your orator, Simon Dalsheimer, to accept stock, preferred and common, in the Delaware corporation in exchange for or in lieu of shares of stock owned by your said orator in the Graphic Arts Company of New Jersey, and that the resolutions of the directors and stockholders of the said Graphic Arts Company of New Jersey to that end were illegal and void, and in fraud of your orators' rights;

20 That the title to the said property never passed to the said Graphic Arts Company of Delaware, and that the Graphic Arts Company of New Jersey was and still is the true owner thereof, and that the said Graphic Arts Company of Delaware, and the said officers and directors of the said Graphic Arts Company of New Jersey, to wit, Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy and George H. B. Martin, return and restore the said assets, property and business to the said Graphic Arts Company of New Jersey, and be enjoined and restrained from making any other disposition of said property whatever, and account to said New Jersey Company for the use thereof since said property was so acquired, and that in default of the restoration of the said property and accounting therefor by the said  
30 Graphic Arts Company of Delaware, that the said Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy and George H. B. Martin are severally liable for said property and account to said Graphic Arts Company of New Jersey therefor, and pay to the said New Jersey company the value of said assets and property.

That if it be necessary, to afford the complainants relief to which they are entitled, and in order to obtain a restoration of the said assets, property and business of the said Graphic Arts Company of New Jersey, a Receiver of said Graphic Arts Company of New Jersey be appointed by this Court to obtain for the said Company the possession of said assets, prop-

erty and business, and on behalf of the said Company to bring such suit or suits, and take such proceedings as may be necessary in the premises.

That the said Graphic Arts Company of Delaware may be enjoined and restrained from assigning, transferring or in any way disposing of the said assets, property and business which it acquired from the Graphic Arts Company of New Jersey, except to said New Jersey Company.

That the said Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy, S. D. Townsend, Jr., George H. B. Martin, E. Stern and H. L. Walker be enjoined and restrained from assigning, transferring or disposing of any of the shares of stock, preferred and common, issued by the Graphic Arts Company of Delaware to each of them respectively.

May it please your Honor, the premises considered, to grant unto your orators not only the state's writ of injunction issued out of and under the seal of this honorable Court, to be directed to the Graphic Arts Company of Delaware, enjoining and restraining it from assigning, transferring or in any way disposing of the said assets, property and business which it acquired from the Graphic Arts Company of New Jersey, except to said Graphic Arts Company of New Jersey, and to be directed to the said Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy, George H. B. Martin, E. Stern and H. L. Walker, enjoining and restraining them and each of them from assigning, transferring and disposing of any of the shares of stock, preferred and common, issued by the Graphic Arts Company of Delaware to each of them respectively, but also the state's writ of subpoena, issuing out of and under the seal of this honorable Court, to be directed to the said Graphic Arts Company of New Jersey, Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy, S. D. Townsend, Jr., George H. B. Martin, E. Stern, H. L. Walker and the Graphic Arts Company of Delaware, commanding them and each of them, by a certain day and under a certain penalty therein to be expressed, to be and appear before your honor, in this honorable court, then and there to answer all and

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singular the said premises, and to stand to, abide by and perform such order and decree therein as to your Honor shall seem meet, and shall be agreeable to equity and good conscience. And your orators, as in duty bound, will ever pray.

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EXHIBIT 1.

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(10c I. R. Stamp  
Cancelled.)

Certificate of Incorporation  
of the

GRAPHIC ARTS COMPANY.

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REGISTERED OFFICE WITH THE  
NEW JERSEY CORPORATION GUARANTEE &  
TRUST CO.  
CAMDEN, N. J.

FIRST: The name of the Corporation is the GRAPHIC ARTS COMPANY.

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SECOND: The location of its principal office in the State of New Jersey is at No. 419 Market Street, Camden, N. J. Said office is to be registered with the New Jersey Corporation Guarantee & Trust Company. The name of the agent therein and in charge thereof, and upon whom process against this Corporation may be served, is the New Jersey Corporation Guarantee & Trust Company.

THIRD: The objects for which, and for any of which, the Corporation is formed, are to do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world, viz: To purchase, acquire, own and sell patents for and pertaining to photography, photo-engraving, mechanical engraving and all kinds of engraving, and to manufacture, buy, own, operate, sell, rent and lease apparatus, methods, appliances and machinery for and pertaining to the production

of photography, photo-engraving, mechanical and other kinds of engraving, to construct, acquire, own and operate plants therefor and appliances and methods for printing photographs and engravings, and to purchase, own and sell all the necessary tools, machinery and materials for the carrying on of the said business. And also to engage in a general printing, publishing and engraving business.

IN FURTHERANCE OF, and not in limitation of, the general powers conferred by the Laws of the State of New Jersey, it is hereby expressly provided that the Company shall have also the following powers: 10

To manufacture, purchase or otherwise acquire, to hold, own, mortgage, pledge, sell, assign and transfer, or otherwise dispose of, to invest, trade, deal in, and deal with, goods, wares, merchandise and property of every class and description.

To acquire the good will, rights and property, and to undertake the whole or any part of the assets and liabilities, of any person, firm, association or corporation, and to pay for the same in cash, stock of this Company, bonds or otherwise. 20

To apply for, purchase, or otherwise acquire, and to hold, own, use, operate, and to sell, assign, or to otherwise dispose of, to grant licenses in respect of or otherwise turn to account any and all inventions, improvements and processes used in connection with, or secured under, Letters Patent of the United States or elsewhere, or otherwise, and with a view to the working and development of the same to carry on any business, whether manufacturing or otherwise, which the corporation may think calculated directly or indirectly to effectuate these objects. 30

To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation; and without limit as to amount to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, warrants, bonds, debentures and other negotiable and transferable instruments.

To have one or more offices, to carry on all or any of its operations and business, and without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, without limit as to amount, real and personal property of every class and description, in any State, Territory or Colony of the United States, and in any foreign country or place.

- 10 To do any or all of the things herein set forth as objects, powers or otherwise to the same extent as natural persons might or could do, and in any part of the world, as principals, agent, contractors, trustees or otherwise.

IN GENERAL, to carry on any other business in connection therewith, whether manufacturing or otherwise, and with all the powers conferred by the laws of New Jersey upon corporations under the Act hereinafter referred to.

- 20 The duration of the Corporation shall be unlimited.

FOURTH: The total authorized capital stock of this Corporation is Three hundred thousand dollars (\$300,000) divided into Six thousand (6000) shares of par value of Fifty dollars (\$50) each.

Of said stock One thousand shares shall be preferred stock, and the balance of five thousand shares shall be common or general stock.

- 30 Said preferred stock shall entitle the holder thereof to receive out of the net earnings, and the Company shall be bound to pay, a fixed yearly cumulative dividend at the rate of six per centum, payable semi-annually before any dividend shall be set apart or paid on the common stock. Such preferred stock shall, at the discretion of the Company, be subject to redemption at par on January 1st, 1910, or on any dividend day thereafter.

Such preferred stock may be issued as and when the Board of Directors shall determine.

The holders of preferred stock shall, in case of liquidation or dissolution of the Company, be entitled

to be paid in full, before any amount shall be paid to the holders of the general or common stock.

FIFTH: The name of the incorporators (the post-office address of each is No. 419 Market Street, Camden, N. J.), and the number of shares subscribed for by each, the aggregate of which (\$1000) is the amount of capital with which the Company will commence business, are as follows:

<i>Name.</i>	<i>Number of Shares.</i>	10
Max Levy .....	Nine shares of Common stock.	
Leon Dalsimer.....	Ten shares of Common stock.	
Wm. F. Eidell.....	One share of Common stock.	

SIXTH: The Board of Directors shall have power without the assent or vote of the stockholders to make, alter, amend and rescind the By-Laws of the Corporation, to fix the amount to be reserved as working capital, to authorize and cause to be executed mortgages and liens without limit as to amount upon the real and personal property of this Corporation. 20

With the consent in writing and pursuant to the vote of the holders of a majority of the stock issued and outstanding, the Directors shall have power and authority to sell, assign, transfer or otherwise dispose of the whole property of this Corporation.

The Directors shall from time to time determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account or book or document of the Corporation, except as conferred by statute or authorized by the Directors, or by a resolution of the stockholders. 30

The Board of Directors, in addition to the powers and authorities by statute and by the By-laws expressly conferred upon them, may exercise all such

powers and do all such acts and things as may be exercised or done by the Corporation, but subject, nevertheless, to the provisions of the statute, or the Charter, and to any regulations that may from time to time be made by the stockholders, provided that no regulations so made shall invalidate any provisions of this Charter, or any prior acts of the Directors which would have been valid if such regulations had not been made.

- 10 The Corporation may in its By-laws confer powers additional to the foregoing upon the Directors, and may prescribe the number necessary to constitute a quorum of its Board of Directors, which number may be less than a majority of the whole number.

- 20 The Board of Directors may, by resolution passed by a majority of the whole Board, designate two or more of their number to constitute an Executive Committee, which Committee shall for the time being, as provided in said resolution or in the By-laws of said Corporation, have and exercise all the powers of the Board of Directors in the management of the business and affairs of the Company, and have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

Neither the Directors nor the members of the Executive Committee nor the President nor Vice-President shall be subject to removal during their respective terms of office.

- 30 The Directors shall have power to hold their meetings, to have one or more offices and to keep the books of the Corporation (except the stock and transfer books) outside of this State, at such places as may be from time to time designated by them.

It is the intention that the objects specified in the Third Paragraph shall, except where otherwise expressed in said Paragraph, be nowise limited or restricted by reference to or inference from the terms of any other clause or other paragraph in this Charter, but that the objects specified in each of the clauses of this paragraph shall be regarded as independent objects.

The undersigned, for the purpose of forming a Corporation in pursuance of an Act of the Legislature of the State of New Jersey, entitled "An Act Concerning Corporations" (Revision of 1896), and the various acts amendatory thereof and supplemental thereto, do make, record and file this certificate, and do respectively agree to take the number of shares of stock hereinbefore set forth, and accordingly hereunto have set our hands and seals.

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Dated January 18, 1900.  
In the presence of

Geo. H. B. Martin.

Max Levy (L. S.)

Leon Dalsimer (L. S.)

Wm. F. Eidell (L. S.)

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State of Pennsylvania,  
County of Philadelphia, ss.

Be It Remembered that on this 18 day of January, A. D. 1900, before the undersigned personally appeared Max Levy, Leon Dalsimer and Wm. F. Eidell who I am satisfied are the persons named in and who executed the foregoing certificate, and I having first made known to them, and each of them, the contents thereof, they did acknowledge that they signed, sealed and delivered the same as their voluntary act and deed.

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GEO. H. B. MARTIN,  
A COMMISSIONER OF DEEDS FOR THE  
STATE OF NEW JERSEY  
IN PENNSYLVANIA.

(SEAL)

Received in the Clerk's Office of the County of Camden, on the 18th day of January, A. D. 1900, and recorded in Book No. 14 of Corporations for said County, Page 500 etc.

ROBERT L. BARBER,  
Clerk.

ENDORSED:

"FILED JAN. 19, 1900.

10

GEORGE WURTS,  
SECRETARY OF STATE."

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EXHIBIT 2.

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THE GRAPHIC ARTS COMPANY  
CERTIFICATE OF INCORPORATION.

WE, THE UNDERSIGNED, in order to form a corporation for the purposes hereinafter stated, under the laws of the State of Delaware, do hereby certify as follows:

I. The corporate name is GRAPHIC ARTS COMPANY.

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II. The location of the principal office of the corporation is in the City of Wilmington, County of New Castle, and the Corporation Guarantee and Trust Company is designated as the statutory agent therein, in charge thereof, and upon whom process against the corporation may be served.

III. The objects for which the corporation is established are primarily:

To purchase, acquire, own and sell patents for and pertaining to photography, photo-engraving, mechanical engraving, and all kinds of engraving, and to manufacture, buy, own, operate, sell, rent and lease apparatus, methods, appliances and machinery for and pertaining to the production of photography,

photo-engraving, mechanical and other kinds of engraving, to construct, acquire, own and operate plants therefor and appliances and methods for printing photographs and engravings, and to purchase, own and sell all the necessary tools, machinery and materials for the carrying on of the said business. And also to engage in a general printing, a publishing and engraving business.

As subsidiary to and in connection with the foregoing from time to time the corporation may: 10

Manufacture, purchase or otherwise acquire goods, wares, merchandise and personal property of every class and description, and hold, own, mortgage, sell or otherwise dispose of, trade, deal in and deal with the same.

Acquire and undertake the good-will, property, rights, franchises, contracts and assets of every manner and kind and the liabilities of any person, firm, association or corporation, either wholly or in part, and pay for the same in cash, stock or bonds of the corporation or otherwise. 20

Enter into, make, perform and carry out contracts of every kind and for any lawful purpose with any person, firm, association or corporation.

Issue bonds, debentures or obligations of the corporation, and at the option of the corporation, to secure the same by mortgage, pledge, deed of trust or otherwise. 30

Acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage, or otherwise dispose of letters patent of the United States or any foreign country, patents, patent rights, licenses and privileges, inventions, improvements and processes, trade marks and trade names, relating to or useful in connection with any business of the corporation.

Hold, purchase, or otherwise acquire, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock and bonds, debentures or other evidences of indebtedness created by other corporation or corporations, and, while the holder there-

accounts and books of the corporation shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted or limited accordingly, and no stockholder shall have any right to inspect any account book or document of the corporation, except as conferred by statute or authorized by the Board of Directors or by a resolution of the stockholders.

10 To make, alter, amend and rescind the By-Laws of the corporation, to fix, determine from time to time and vary the amount to be reserved as working capital, to determine the times for the declaration and payment and the amount of each dividend on the stock to determine and direct the use and disposition of any surplus or net profits, and to authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation, provided always that a majority of the whole Board concur therein.

20 Pursuant to the affirmative vote of the holders of a majority of the stock issued and outstanding, at a stockholders' meeting duly convened, to sell, assign, transfer or otherwise dispose of the property, including the franchises of the corporation as an entirety, provided always that a majority of the whole Board concur therein.

30 To appoint additional officers of the corporation, including one or more vice-presidents, one or more assistant treasurers and one or more assistant secretaries; and, to the extent provided in the By-Laws, the person so appointed shall have and may exercise all the powers of the president, of the treasurer and of the secretary respectively, provided, however, that all vice-presidents shall be chosen from the directors.

By a resolution passed by a majority vote of the whole Board, under suitable provision of the By-Laws to designate two or more of their number to constitute an Executive Committee, which committee shall, for the time being, as provided in said resolution or in the By-Laws, have and exercise any or all the powers of the Board of Directors, which may be lawfully delegated, in the management of the business affairs of the corporation, and shall

Said preferred stock shall entitle the holder thereof to receive out of the net earnings, and the Company shall be bound to pay a fixed yearly cumulative dividend at the rate of six per centum, payable semi-annually, before any dividend shall be set apart or paid on the common stock. Such preferred stock shall, at the discretion of the Company, be subject to redemption at par on January 1st, 1913, or on any dividend day thereafter.

Such preferred stock may be issued as and when the Board of Directors shall determine. 10

The holders of preferred stock shall, in case of liquidation or dissolution of the Company, be entitled to be paid in full before any amount shall be paid to the holders of the general or common stock.

V. The capital stock with which the corporation will commence business is subscribed by the incorporators as follows:

<i>Name.</i>	<i>Residence.</i>	<i>No. of Shares.</i>	20
F. R. Hansell,	Philadelphia, Pa.....	3	
C. U. Martin,	do .....	3	
Geo. H. B. Martin,	Camden, N. J.....	34	

VI. The existence of this corporation is to be perpetual.

VII. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever. 30

VIII. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors are expressly authorized:

To hold their meetings, to have one or more offices, and to keep the books of the corporation within or, except as otherwise provided by statute, without the State of Delaware, at such places as may from time to time be designated by them.

To determine from time to time whether, and if allowed, under what condition and regulations the

accounts and books of the corporation shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted or limited accordingly, and no stockholder shall have any right to inspect any account book or document of the corporation, except as conferred by statute or authorized by the Board of Directors or by a resolution of the stockholders.

10 To make, alter, amend and rescind the By-Laws of the corporation, to fix, determine from time to time and vary the amount to be reserved as working capital, to determine the times for the declaration and payment and the amount of each dividend on the stock to determine and direct the use and disposition of any surplus or net profits, and to authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation, provided always that a majority of the whole Board concur therein.

20 Pursuant to the affirmative vote of the holders of a majority of the stock issued and outstanding, at a stockholders' meeting duly convened, to sell, assign, transfer or otherwise dispose of the property, including the franchises of the corporation as an entirety, provided always that a majority of the whole Board concur therein.

30 To appoint additional officers of the corporation, including one or more vice-presidents, one or more assistant treasurers and one or more assistant secretaries; and, to the extent provided in the By-Laws, the person so appointed shall have and may exercise all the powers of the president, of the treasurer and of the secretary respectively, provided, however, that all vice-presidents shall be chosen from the directors.

By a resolution passed by a majority vote of the whole Board, under suitable provision of the By-Laws to designate two or more of their number to constitute an Executive Committee, which committee shall, for the time being, as provided in said resolution or in the By-Laws, have and exercise any or all the powers of the Board of Directors, which may be lawfully delegated, in the management of the business affairs of the corporation, and shall

have power to authorize the seal of the corporation to be affixed to all papers which may require it.

The corporation reserves the right to amend, alter, change, or repeal any provision contained in this certificate in the manner now or hereafter prescribed by statute for the amendment of the certificate of incorporation.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this 12th day of August, 1912.

F. R. HANSELL, (L.S.)

C. U. MARTIN (L.S.)

GEO. H. B. MARTIN (L.S.)

WITNESS to the foregoing signatures:

JOSEPH F. COTTER.

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State of Pennsylvania,

ss.

County of Philadelphia,

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BE IT REMEMBERED that on this 12th day of August, A. D. 1912, personally appeared before me F. R. Hansell, C. U. Martin and Geo. H. B. Martin, parties to the foregoing certificate of incorporation, known to me personally to be such, and I having first made known to them and each of them the contents of said certificate, they did each severally acknowledge that they signed, sealed and delivered the same as their several voluntary act and deed, and each deposed that the facts therein stated were truly set forth.

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GIVEN UNDER my hand and seal of office the day and year aforesaid.

JOSEPH F. COTTER,  
Notary Public.

Commission expires May 14, 1916.

Joseph F. Cotter,  
Notary Public,  
Phila., Pa.

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EXHIBIT 3.

THE GRAPHIC ARTS COMPANY.  
AGREEMENT FOR THE PURCHASE OF  
PROPERTY.

10 AN AGREEMENT made this 20th day of August, 1912, by and between Graphic Arts Company, a corporation of New Jersey (hereinafter called the "vendor"), of the first part, and Graphic Arts Company, a corporation organized under the laws of Delaware (hereinafter called the "Company") of the second part.

WHEREAS the vendor is the owner of the property and rights hereinafter described; and

20 WHEREAS the Company has been duly organized with an authorized capital stock of \$300,000.00 divided into shares of the par value of \$50.00 each; and

WHEREAS the board of directors of the company have ascertained, adjudged and declared that the said property and rights are of the fair value of Two Hundred and Ninety Thousand dollars (\$290,000.00), and that the acquisition thereof is necessary for the business of the company and to carry out its contemplated objects;

NOW THEREFORE this agreement witnesseth:

30 I. That the vendors have sold, assigned, transferred and set over, and do hereby sell, assign, transfer and set over unto the company, its successors and assigns, all their right, title and interest in and to the following described property, to wit:

United States Patent No. 627,430, dated June 20, 1899, and certification of same in Cuba, Porto Rica and Philippine Islands.

United States Patent No. 920,766, dated May 4, 1909.

Letters Patent of Great Britain No. 2710, dated February 7, 1899, and reissued under date of March 20, 1911.

Letters Patent of Great Britain No. 18869 of August 23, 1906.

Letters Patent of the Dominion of Canada, No. 63751, dated January 28, 1899.

Letters Patent of New South Wales, No. 9386; and of Victoria, No. 16307.

French Patent No. 285,903 of February 14, 1899.

German Patent No. 112,119 of February 15, 1899, and also all the machinery, tools, drawings, models, material, fixtures, book accounts and the entire assets, good will and existing business as now carried on at 1221 Spring Garden St., and 940 N. 9th St., Philadelphia. 10

All of said property, being subject, nevertheless, to the assumption by the Graphic Arts Company, incorporated under the laws of Delaware, of all the indebtedness, obligations and liabilities of this Company. 20

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EXHIBIT 4.

Philadelphia, Pa., February, 3, 1913.

Mr. Simon Dalsheimer,  
Lord Baltimore Press,  
Baltimore, Md. 30

Dear Sir:—

The certificates of stock of the Graphic Arts Co., incorporated under the laws of Delaware, are now ready for delivery in exchange for the like certificates of the former corporation in New Jersey, and will be delivered by the undersigned in return for the latter immediately on their receipt.

Yours very truly,

GRAPHIC ARTS CO.

Howard S. Levy,  
Sec'y.-Treas.

EXHIBIT 5.

2-26-13.

Graphic Arts Co.,  
Mr. Edward Levy, Sec.,  
Philadelphia, Pa.

Dear Sir:—

10 In response to your letter of the 3rd inst., which I have just found time to take up for consideration, you state that you are now ready to deliver the stock of the Delaware corporation for the certificates of the New Jersey one. In referring to your letter of Aug. 9, 1912, I note you write that the assets and property of the present Company would be sold and transferred to the new Company, and that the new Company would assume all the obligations of the old one. Would you be kind enough to send me a list of the assets and property which the present Company has purchased and also of the obligations which it has assumed?

20 Very truly yours,  
SIMON DALSCHEIMER.

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EXHIBIT 6.

Philadelphia, Pa., March 7, 1913.

Simon Dalsheimer,  
c/o The Friedenwald Co.,  
Baltimore, Md.

30 Dear Sir:—

Answering yours of 2-26th I enclose copy of the contract which was duly entered into in accordance with corporate action taken last August and which shows the property turned over to the new company. The liabilities assumed by the new company at that time did not differ materially from those shown in the last balance sheet of the New Jersey Company which was made up January 4, 1912, a copy of which is enclosed.

Very truly yours,  
GRAPHIC ARTS CO.,  
H. S. Levy, Sec'y.

EXHIBIT 7.

Philadelphia, January 4, 1912.

ASSETS

Inventory .....	\$22,495.26	
Accounts Receivable:		
Royalties .....	\$5,925.92	10
J. Voirin, Paris.....	684.56	
Middows Bros., London.....	2,356.60	
S. Herbst, Budapest.....	72.20	
Le Journal, Paris.....	895.71	
Walter Crutzmacher, Berlin...	779.00	
L. F. Eaton, Detroit.....	168.20	
Ippers Machine .....	291.50	
Consignment a c.....	633.84	
Sundry Minor a c.....	157.50	11,965.03
	<hr/>	
Bills Receivable .....	481.75	
Cash Balance .....	1,145.72	20
Patents .....	245,000.00	
	<hr/>	
	\$281,087.76	

LIABILITIES

Preferred Stock .....	\$ 40,000.00	
Max Levy .....	257,004.87	
Friedenwald Co. ....	3,500.00	30
Simon Dalsheimer .....	3,000.00	
Lebran Co. ....	664.81	
Sundry Minor a c.....	513.16	
	<hr/>	
	\$314,682.84	
	281,087.76	
	<hr/>	
Net Liabilities .....	\$ 33,595.08	
Net Liabilities, January 3, 1911.....	\$ 38,358.31	
Net Liabilities, January 4, 1912.....	33,595.08	
	<hr/>	
	\$ 4,763.23	

EXHIBIT 8.

THE  
GRAPHIC ARTS CO.  
ANNUAL REPORT.

10 The corporation above named, organized and registered under the laws of the State of New Jersey, does hereby make the following report in compliance with the provisions of an act of the Legislature of New Jersey entitled "An Act concerning corporations (Revision of 1896)", and the various acts amendatory thereof and supplemental thereto:

FIRST.

The name of the corporation is GRAPHIC ARTS CO.

20 SECOND.

The location of the registered office is Nos. 417-19 Market Street, Camden, New Jersey, and the New Jersey Corporation Guarantee & Trust Company is the agent upon whom process against the corporation may be served.

THIRD.

30 The character of the business is manufacturing, and as otherwise specified in the certificate of incorporation.

FOURTH.

The amount of the authorized capital stock is \$300,000.

The amount actually issued and outstanding is \$109,100.

FIFTH.

The names of all the directors and officers and the time when the term of office of each expires are as follows:

<i>Names of Directors.</i>	<i>Expiration of Term</i>
Emile Berliner.....	April 15, 1913
Hugo Bilgram.....	“ “ “
Howard S. Levy.....	“ “ “
Louis E. Levy.....	“ “ “
George H. B. Martin.....	“ “ “

<i>Officers</i>	<i>Expiration of Term</i>	
President, Louis E. Levy.....	May 20, 1913	
Vice-President, Hugo Bilgram.....	“ “ “	
Treasurer, Howard S. Levy.....	“ “ “	10
Secretary, Howard S. Levy.....	“ “ “	

SIXTH.

The next annual meeting of the stockholders for the election of directors is appointed to be held on April 15, 1913.

SEVENTH.

The name of the corporation has been at all times displayed at the entrance of its registered office in this State, and the corporation has kept at its registered office in this State a transfer book, in which the transfers of stock are made, and a stock book containing the names and addresses of the stockholders, and the number of shares held by them respectively, open at all times to the examination of the stockholders, as required by law. 20

The Post Office address of each of the foregoing directors and officers is Nos. 417-419 Market Street, Camden, New Jersey, which is the Post Office Address of the registered office of the Company. 30

The Agent in New Jersey for the transfer of stock is the New Jersey Corporation Guarantee & Trust Company, Camden, N. J.

IN WITNESS WHEREOF, this report is signed in behalf of the corporation by two of the directors of the said corporation this 14th day of February, 1912.

LOUIS E. LEVY.  
HOWARD S. LEVY.

ENDORSED:

“FILED FEB. 17, 1912.  
S. D. DICKINSON,  
SECRETARY OF STATE.”

EXHIBIT 9.

*Report of Graphic Arts Company.*

Date of Incorporation—8-14-12.

<i>Officers.</i>	<i>Name.</i>	<i>Address.</i>	<i>Term Expires.</i>
	President, Louis E. Levy,	Phila.....	April 15, 1914
	Vice-President, Hugo Bilgram	“ .....	“
	Treasurer, Howard S. Levy	“ .....	“
10	Secretary	do .....	“
<i>Directors,</i>			
	Louis E. Levy, Phila.....		“
	Hugo Bilgram, Phila.....		“
	Emile Berliner, Washington		“
	Howard S. Levy, Phila.....		“
	S. D. Townsend, Jr.,		“
	Wilmington, Del.		“

20 Principal office in Delaware:—

City or Town, Wilmington.

Street and Number, 925-7 Market St.

Name of Agent in charge upon whom service of process may be made, Corporation Guarantee and Trust Co.

Place of business outside of Delaware:

30	Towns or Cities Phila., Pa.	Streets and Number 1221 Sp. Garden St., Phila.
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Date of next Annual Meeting of Stockholders for the election of Directors: Apr. 15, 1914.

ALL THE FOLLOWING QUESTIONS MUST  
BE ANSWERED.

1. What is the nature of the business of your corporation? Manufacturing machinery.

2. What is the amount of your capital stock authorized? \$300,000.

3. What is the amount of your capital stock actually paid in? \$290,000.

4. Is your corporation engaged in manufacturing or mining? Manufacturing.

5. If so, state where

A. In Delaware—No.  
City or Town—No.  
Street and Number—No.

10

B. In other places, state where—Phila.  
City or Town  
Street and Number—1221 Sp. Garden St.  
Phila.

6. What is the amount of your capital stock invested in manufacturing or mining in Delaware? None.

7. What is the amount invested in Real Estate in Delaware? None.

20

8. Tax annually paid to County on Real Estate in Delaware? None.

9. Is more than 50 per cent. of your issued capital stock invested in business within the State of Delaware? No.

10. If exempt from taxation, state the reason why such exemption is claimed. No.

30

11. Is your company actively engaged in business at the present time, or if not when was business suspended? Active.

On this 19th day of Nov., A. D. 1913, I, the undersigned, do hereby certify as President of the Graphic Arts Company that the foregoing return is correct and true.

LOUIS E. LEVY (L. S.)

Jos. F. Cotter, Witness.

The above certificate is made in conformity with the Act of March 10, 1899, and all Acts amendatory thereto, which provides that if any officer of any company required by this Act to make a return, shall in such return make a false statement, he shall be deemed guilty of perjury.

(Filed Jan. 3, 1914).

10

State of Maryland, City of Baltimore, ss.

20

SIMON DALSHIMER, being duly sworn, on his oath says that he, this deponent, is one of the complainants named in the annexed bill of complaint about to be filed in the Court of Chancery of New Jersey; that he has read said bill and knows the contents thereof; that the matters and things therein set forth so far as they relate to the acts and doings of this deponent and of the Friedenwald Company of Baltimore, Maryland, are true, but in so far as they relate to the acts and doings of other persons, he believes them to be true.

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And this deponent further says that the matters and things set forth in the first, second, third, fourth and fifth paragraphs of said bill are true. And deponent further says that the matters and things set forth in the Sixth paragraph of said bill this deponent believes are true; that this deponent was informed in regard thereto by some of the officers of the Graphic Arts Company of New Jersey, and was sent a copy of the resolution set forth on pages four and five of the said bill by some of said officers, after the resolution had been passed; that deponent did not attend any of the meetings of the directors or stockholders at which said plan of transferring the assets of the New Jersey corporation, Graphic Arts Company, to the Delaware corporation of the same name, were formulated and put through.

This deponent further says that he was informed by Howard S. Levy, Secretary and Treasurer of the Graphic Arts Company of New Jersey, and also, as

this deponent believes, Secretary and Treasurer of the Graphic Arts Company of Delaware, that a resolution substantially in the form set forth in the Eighth Paragraph of said bill was passed by the stockholders of the Graphic Arts Company of Delaware, and an agreement substantially in the form annexed to the said bill and marked Exhibit 3 and dated on or about the twentieth day of August, nineteen hundred and twelve, was in accordance with the resolutions and actions of the stockholders and directors of said two companies, duly executed and delivered, which contained a list of the property so sought to be transferred from the New Jersey Company to the Delaware Company.

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And this deponent further says that he received a letter from Howard S. Levy, Secretary and Treasurer of the Graphic Arts Company, dated February third, nineteen hundred and thirteen, a copy of which is marked Exhibit 4 and annexed to said bill, notifying deponent that certificates of stock of Graphic Arts Company of Delaware were ready for delivery to deponent in exchange for his certificates of stock in the New Jersey company. And deponent further says that he wrote to the said Graphic Arts Company of Delaware, a letter dated February twenty-sixth, nineteen hundred and thirteen, a copy of which is annexed to said bill and marked Exhibit 5, requesting information in regard to the assets and property transferred and obligations assumed, etc., by the Delaware company, to which he received a reply dated March seventh, nineteen hundred and thirteen, and enclosing therewith a list of assets and liabilities, a copy of which letter and list are annexed to the said bill and marked Exhibits 6 and 7 respectively.

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And deponent further says that it appears from said correspondence and papers that the stock issued by the Delaware corporation in consideration of said agreement and transfer of property was never issued to or delivered to the Graphic Arts Company of New Jersey, but was issued directly, share for share, to the stockholders of the said New Jersey Company,

and never reached the Treasury of the Company for consideration of said purchase, or otherwise.

10 And deponent further says that he never entered into said agreement or in any way agreed to the plan of transferring assets of the New Jersey Company to the Delaware Company or exchanging stock in the New Jersey Company for stock in the said Delaware company, and neither deponent nor the said Friedenwald Company ever forgave or agreed to forgive the New Jersey Company, or ever released the said New Jersey Company from its respective obligations, and never agreed to take the Graphic Arts Company of Delaware as their debtor for moneys due deponent and said Friedenwald Company respectively, and that said actions of the stockholders and directors of the Graphic Arts Company of New Jersey were taken without the concurrence or consent of deponent and said Friedenwald Company.

20 Deponent further says that he is informed by one of the officers of the said Graphic Arts Company of Delaware, and believes that all the stockholders of the New Jersey company have exchanged their shares for similar shares of stock of the said Delaware company, except this deponent and one E. M. Conkling, who owns twenty shares of the common stock of the said New Jersey corporation.

30 And deponent further says that he is informed by the officers of the said Graphic Arts Company of Delaware that said transfer of property took place on or about the twentieth day of August, nineteen hundred and thirteen, and said Graphic Arts Company of Delaware has carried on a business similar to that formerly carried on by Graphic Arts Company of New Jersey, with the same assets and property.

SIMON DALSHIMER.

Sworn and subscribed before me this 25th day of September, A. D. 1914.

WM. E. SCHUL,

Commissioner of Deeds of New Jersey residing  
in the State of Maryland.

Commission Expires Feb. 18, 1917.

(Seal)

State of Maryland, City of Baltimore, ss.

SIMON DALSHHEIMER, being duly sworn, on his oath says that he, this deponent, is one of the complainants named in the annexed bill of complaint about to be filed in the Court of Chancery of New Jersey; that he has read said bill and knows the contents thereof; that the matters and things therein set forth so far as they relate to the acts and doings of his deponent and of the Friedenwald Company of Baltimore, Maryland, are true, but in so far as they relate to the acts and doings of other persons, he believes them to be true. 10

And this deponent further says that the matters and things set forth in the first, second, third, fourth and fifth paragraphs of said bill are true. And deponent further says that the matters and things set forth in the Sixth paragraph of said bill this deponent believes are true; that this deponent was informed in regard thereto by some of the officers of the Graphic Arts Company of New Jersey, and was sent a copy of the resolution set forth on page four and five of the said bill by some of said officers, after the resolution had been passed; that deponent did not attend any of the meetings of the directors or stockholders at which said plan of transferring the assets of the New Jersey corporation, Graphic Arts Company, to the Delaware corporation of the same name, were formulated and put through. 20

This deponent further says that he was informed by Howard S. Levy, Secretary and Treasurer of the Graphic Arts Company of New Jersey, and also, as this deponent believes, Secretary and Treasurer of the Graphic Arts Company of Delaware, that a resolution substantially in the form set forth in the Eighth Paragraph of said bill was passed by the stockholders of the Graphic Arts Company of Delaware, and an agreement substantially in the form annexed to the said bill and marked Exhibit 3 and dated on or about the twentieth day of August, nineteen hundred and twelve, was in accordance with the resolutions and actions of the stockholders and direc- 30

tors of said two companies, duly executed and delivered, which contained a list of the property so sought to be transferred from the New Jersey Company to the Delaware Company.

10 And this deponent further says that he received a letter from Howard S. Levy, Secretary and Treasurer of the Graphic Arts Company, dated February third, nineteen hundred and thirteen, a copy of which is marked Exhibit 4 and annexed to said bill, notifying deponent that certification of stock of Graphic Arts Company of Delaware were ready for delivery to deponent in exchange for his certificates of stock in the New Jersey company. And deponent further says that he wrote to the said Graphic Arts Company of Delaware, a letter dated February twenty-sixth, nineteen hundred and thirteen, a copy of which is annexed to said bill and marked Exhibit 5, requesting information in regard to the assets and property transferred and obligations assumed, etc.,  
20 by the Delaware company, to which he received a reply dated March seventh, nineteen hundred and thirteen, and enclosing therewith a list of assets and liabilities, a copy of which letter and list are annexed to the said bill and marked Exhibits 6 and 7 respectively.

30 And deponent further says that it appears from said correspondence and papers that the stock issued by the Delaware corporation in consideration of said agreement and transfer of property was never issued to or delivered to the Graphic Arts Company of New Jersey, but was issued directly, share for share, to the stockholders of the said New Jersey Company, and never reached the Treasury of the Company for consideration of said purchase, or otherwise.

And deponent further says that he never entered into said agreement or in any way agreed to the plan of transferring assets of the New Jersey Company to the Delaware Company or exchanging stock in the New Jersey Company for stock in the said Delaware Company, and neither deponent nor the said Friedewald Company ever forgave or agreed to forgive

the New Jersey Company, or ever released the said New Jersey Company from its respective obligations, and never agreed to take the Graphic Arts Company of Delaware as their debtor for moneys due deponent and said Friedenwald Company respectively, and that said actions of the stockholders and directors of the Graphic Arts Company of New Jersey were taken without the concurrence or consent of deponent and said Friedenwald Company.

Deponent further says that he is informed by one of the officers of the said Graphic Arts Company of Delaware, and believes that all the stockholders of the New Jersey company have exchanged their shares for similar shares of stock of the said Delaware company, except this deponent and one E. M. Conkling, who owns twenty shares of the common stock of the said New Jersey corporation.

And deponent further says that he is informed by the officers of the said Graphic Arts Company of Delaware that said transfer of property took place on or about the twentieth day of August, nineteen hundred and thirteen, and said Graphic Arts Company of Delaware has carried on a business similar to that formerly carried on by Graphic Arts Company of New Jersey, with the same assets and property.

SIMON DALSHIMER.

Sworn and subscribed before me this 25th day of September, A. D. 1914.

WM. E. SCHUL,

Commissioner of Deeds of New Jersey residing  
in the State of Maryland.

(Seal)

Commission Expires Feb. 18, 1917.



On the Graphic Arts Company of Delaware by leaving the same at the registered office of said Graphic Arts Company of Delaware, in the City of Wilmington, State of Delaware, with the Corporation Guarantee and Trust Company, the agent of said Graphic Arts Company of Delaware, in charge of its said office, and upon said George H. B. Martin by leaving said copy at the office of the New Jersey Corporation Guarantee & Trust Company, 417 Market Street, Camden, New Jersey, and upon the said Emile Berliner, Hugo Bilgram, Howard S. Levy, Louis E. Levy, S. D. Townsend, Jr., E. Stern and H. L. Walker, by leaving said copy for each of said persons at the designated Philadelphia office of said Graphic Arts Company, 1221 Spring Garden Street, Philadelphia, addressed to each of them respectively, and upon Graphic Arts Company of New Jersey, at its registered office, 417 Market Street, Camden, New Jersey, with the New Jersey Corporation Guarantee and Trust Company, its agent in charge of said office.

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E. R. WALKER, C.

Respectfully advised:

E. B. LEAMING, V. C.

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IN CHANCERY OF NEW JERSEY.

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Between  
Simon Dalsheimer, et al.,  
10                   Complainants,    )  
                                  and                    )  
Graphic Arts Company,  
                                  et al.,                    )  
                                  Defendants.                )

On Bill, &c.  
ANSWER.

20       The answer of Graphic Arts Company, one of the  
defendants in the above stated cause, to the bill of  
complaint filed therein.

This defendant, Graphic Arts Company, answering  
said bill of complaint or so much thereof as it is  
advised is material and necessary for it to make an-  
swer to, says:—

30       1. This defendant answering paragraph 1 of said  
bill admits it to be true that it was incorporated on  
the nineteenth day of January, A. D. nineteen hun-  
dred, under the laws of the State of New Jersey,  
with an authorized capital stock of Three Hundred  
Thousand Dollars, divided into six thousand shares  
of the par value of Fifty Dollars each, of which one  
thousand shares were preferred stock and five thou-  
sand shares common stock.

2. This defendant answering paragraph 2 of said  
bill, admits it to be true that after the incorporation,  
it purchased from Max Levy certain patent rights,  
property and good will for the sum of Two Hundred  
and Fifty Thousand Dollars, to be payable in the  
common stock of the Graphic Arts Company, at the  
par value of such common stock.

3. This defendant answering paragraph 3 of said bill, admits it to be true that the said Simon Dalsheimer, one of the complainants, is now the owner of four hundred and twelve shares of the common stock of said Graphic Arts Company and four hundred and twelve shares of the preferred stock of said Company.

4. This defendant answering paragraph 4 of said bill admits it to be true that after its incorporation it carried on business in Philadelphia until the fall of nineteen hundred and twelve, at which time it transferred its said business, including its property, patent rights and good will to a corporation known as the "Graphic Arts Company", formed and incorporated under the laws of the State of Delaware, which Delaware Corporation has since that time and now is conducting said business at the same place and in the same manner and under the same management as this defendant's business was conducted and managed prior to said transfer of its business and property to the said Delaware corporation; and this defendant further shows that neither it nor the Graphic Arts Company of Delaware have ever been decreed to be insolvent.

5. This defendant answering paragraph 5 of said bill admits it to be true that Simon Dalsheimer, one of the complainants, was, at the time of the transfer above mentioned, the owner of four hundred and twelve shares of the common stock and four hundred and twelve shares of the preferred stock of this defendant corporation, and further admits it to be true that the said Simon Dalsheimer was a creditor of this defendant corporation at said time to the amount of Three Thousand Dollars, and that Friedenwald Company, another of the complainants, was a creditor of this defendant corporation to the amount of Three Thousand Five Hundred Dollars; but this defendant avers and charges that the transfer of said business and assets as aforesaid was not made with any intent to defraud the said Simon Dalsheimer or the said Friedenwald Company, or to prevent, hinder or delay them in the recovery of said sums so due them, or with any intent to hinder or prevent

them from collecting their said sums, nor did said transfer of said property and assets have any such effect.

10       6. This defendant answering paragraph 6 of said bill of complaint, admits it to be true that at meeting of this defendant corporation and of its directors and stockholders, held on August eighth and August twentieth, nineteen hundred and twelve, resolutions were adopted substantially as set forth in said paragraph 6 of the bill of complaint, and this defendant reiterates and states as a fact that the sole reason for transferring its property to the Delaware corporation was that the business might thereby be continued more economically, because of the fact that the annual franchise under the laws of the State of Delaware was and is substantially lower than the like tax in New Jersey, and avers and shows the truth to be that said transfer was not made or intended to hinder, delay or defraud any creditors of the New Jersey corporation from collecting and enforcing their several and respective demands or claims, nor was it made or intended in any way to defraud the stockholders of said New Jersey corporation, or to lessen the value of their holdings, or to prevent them in any way from having the same control in the affairs of the Delaware corporation that they or any of them had exercised in the control of the New Jersey corporation, or in anywise to diminish the value of their holdings in said corporation, but avers and charges that, as will appear by reference to the stockholders' resolution, set out in paragraph 6 of the bill of complaint, and the agreement of sale between the two companies, a copy of which, marked "Exhibit 3" is attached to the bill of complaint, the exact interest and equities of all the stockholders and creditors of the New Jersey corporation were preserved in the Delaware corporation to the same extent, without diminution or prejudice, and that therefore the transaction of which the bill of complaint complains, inasmuch as it reduced the annual tax of the corporation, thus enabling it to more economically administer its affairs and transact its business, operated in no way to the injury of said complainants, or of any other stockholder or creditor

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of said New Jersey corporation, but, on the contrary, operated to their best interests and advantage, and increased, rather than diminished, the value of their holdings, and added greater security to the protection of their respective claims.

7. This defendant, answering paragraph 7 of said bill, admits it to be true that the Graphic Arts Company of Delaware was incorporated on the twelfth day of August, nineteen hundred and twelve, having the same capital stock, divided into the same number of shares, and of the same par value, as this defendant corporation. 10

8. This defendant answering paragraph 8 of said bill says that while it believes that the stockholders of the Graphic Arts Company of Delaware, in August of nineteen hundred and twelve, passed the resolution referred to in said paragraph, it has no knowledge thereof, save by hearsay, and leaves the complainants to make such proof thereof as they may be advised to be necessary. 20

9. This defendant answering paragraph 9 of said bill admits it to be true that on or about the twentieth day of August, nineteen hundred and twelve, an agreement was entered into between the Graphic Arts Company of New Jersey, this defendant, and the Graphic Arts Company of Delaware, for the purpose of carrying out the resolution of said Companies, a copy of which agreement is annexed to the bill of complaint, and marked "Exhibit 3", wherein and whereby all of the property and assets of this defendant were transferred to said Graphic Arts Company of Delaware, upon certain terms and conditions which are set forth in said agreement and to which this defendant begs leave to refer; that among other things, said agreement provided that the Graphic Arts Company of Delaware should assume, and by said agreement did assume all the debts and liabilities of this defendant corporation. 30

This defendant further answering said paragraph 9, avers and shows the truth to be that this agree-

ment has been performed by the Graphic Arts Company of Delaware in accordance with the terms thereof, and particularly, since this defendant transferred to the Delaware corporation its business and assets, etc., the said Delaware corporation has paid off liabilities of this defendant corporation, assumed by it under said agreement, to an amount in excess of Seventy-five Hundred Dollars, as this defendant is credibly informed and believes.

10     10. This defendant answering paragraph 10 of said bill admits that Exhibits 4, 5, 6 and 7, therein referred to, and attached to the bill of complaint, were of the effect and for the purpose mentioned in said paragraph.

20             This defendant further answering said paragraph 10, says that a notice of the stockholders' meeting of August twentieth, nineteen hundred and twelve, duly setting forth the purpose of said meeting, namely, the proposed transfer to the Delaware corporation, was duly sent to the complainant Dalsheimer, as it was to every other of the stockholders of said corporation. A copy of this notice of August twentieth, nineteen hundred and twelve, is attached to this answer and is marked "Exhibit 1"; and this defendant avers and charges that the said Simon Dalsheimer at all times was fully acquainted with the proposed transfer of business, assets and property of this defendant corporation to the Delaware corporation, and the reasons therefor, and the terms upon  
30     which said transfer was to be made, and avers and charges that his inquiry, under date of February third, nineteen hundred and thirteen, was not made in good faith for the purpose of acquiring information in regard to said transfer, because the said Simon Dalsheimer well knew and was fully acquainted with all of the details of said transfer, but was made for the purpose of pretending ignorance as to the details thereof, in order that he might have some standing to question said transaction;

And this defendant further answering paragraph 10, avers and charges that, notwithstanding the said complainant Dalsheimer was fully acquainted with

all of the details of said proposed transfer, and was advised of the meeting at which said resolution of August twentieth was adopted, never in any way complained of or protested, either to the directors or stockholders of this defendant corporation, or to the directors or stockholders of the Delaware corporation, or in any way suggested or complained that any of the transactions above referred to and of which he now makes complaint, did not meet with his full approval.

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11. This defendant answering paragraph 11 of said bill, admits it to be true that on or shortly after the twentieth day of August, nineteen hundred and twelve, all of its property and assets were transferred to the Graphic Arts Company of Delaware, and that company has, since that time, carried on the business theretofore conducted by this defendant.

12. This defendant answering paragraph 12 of said bill admits it to be true that the persons therein named were stockholders of this defendant corporation at the time of said transfer of its assets, and held the amount of preferred and common stock set opposite their respective names.

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13. This defendant answering paragraph 13 of said bill admits it to be true that the Graphic Arts Company of Delaware issued to the stockholders of the Graphic Arts Company of New Jersey, as mentioned in paragraph 12 of said bill, its own capital stock, preferred and common, share for share, so that said stockholders then held the same number of shares, preferred and common, in the Graphic Arts Company of Delaware as they each theretofore held in the Graphic Arts Company of New Jersey, with the exceptions noted in said paragraph 13, the allegations concerning which are admitted to be true.

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14. This defendant answering paragraph 14 of said bill admits it to be true that all of the persons holding shares of capital stock of the Graphic Arts Company of New Jersey, this defendant, have exchanged their stock for the same amount of stock in

the Graphic Arts Company of Delaware, and have received therefor share certificates for the respective amounts of capital stock in the Graphic Arts Company of Delaware, excepting the complainant, Dalsheimer, and one E. M. Conkling, who is the owner of twenty shares of the common stock of this defendant corporation; that so far as this defendant knows, the said E. M. Conkling has never refused to receive said certificate of the Delaware corporation, nor has the said E. M. Conkling ever complained of or dissented from the transfer of said assets and business as above set forth.

15. This defendant answering paragraph 15 of said bill admits the allegations therein contained, respecting the personnel of the Board of Directors of the New Jersey corporation and its officers, to be true.

16. This defendant answering paragraph 16 of said bill admits it to be true that Louis E. Levy, Hugo Bilgram and Howard S. Levy, are the present officers of the Graphic Arts Company of Delaware and were officers of the said Company at the time of the transfer of the property and assets of this defendant corporation to the Delaware corporation.

17. This defendant answering paragraph 17 of said bill denies that by the action of the Board of Directors and stockholders of this defendant, it was stripped of its assets, and further denies that no consideration passed to this defendant for such conveyance and transfer, but avers and shows the truth to be that the consideration paid by the Delaware corporation to the New Jersey corporation for the transfer of its assets, business and property was the capital stock, preferred and common, of the Delaware corporation, which, instead of passing directly to the New Jersey corporation, was, by resolution of the Board of Directors and of the stockholders of said New Jersey corporation, transferred by the New Jersey corporation to its stockholders in the proportion of stock held by them respectively; that this defendant has no knowledge as to whether the said Simon Dalsheimer consented to or approved of

said resolution or the execution of said agreement, either as a stockholder or as a creditor, but does aver and charge and show the truth to be that the said Simon Dalsheimer never dissented from or complained of, or in any wise manifested his disapproval of said resolution or the execution of said agreement, either as a stockholder or as a creditor, nor did he ever disapprove or complain of or dissent from the agreement whereby the Delaware corporation was to assume his claim and pay the same, nor did the complainant, the said Friedenwald Company, ever dissent from or complain of said resolution or agreement, and particularly that provision therein whereby its claim was to be assumed by the Delaware corporation.

10

This defendant further answering paragraph 17, admits that the said complainant Dalsheimer did not vote at said meeting, but avers and charges and shows the truth to be that he received full and sufficient notice of the meeting and its purposes and that his failure to appear and vote, either in person or by proxy, either for or against such resolution and the execution of said agreement, or to express his approval or disapproval thereof, was solely the result of his own neglect, and this defendant charges that it would be unjust and inequitable for the said complainant Dalsheimer at this time to complain of a resolution and agreement which have had the full sanction and approval of all the stockholders and directors of this defendant corporation, when he never complained or disapproved of the adoption of said resolution and the execution of said agreement, but by his silence, acquiesced therein.

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This defendant further answering said paragraph 17, says that it has no knowledge as to whether or not the said complainant Dalsheimer and the Friedenwald Company have formally accepted the Delaware corporation as their debtor, but it avers and charges that the said Friedenwald Company was and is controlled by the complainant Dalsheimer as its President and the majority stockholder, and that its loan to this defendant corporation was in reality Dalsheimer's loan, and that therefore both of these

complainants, for over two years, have had notice of the transfer of liability by this defendant corporation to the Delaware corporation and the acceptance of said liability by the said Delaware corporation, and have never, until now, complained of or in any way indicated their disapproval of said transfer of liability.

10 18. This defendant answering paragraph 18 of said bill admits it to be true that the price agreed upon for the transfer of the assets of this defendant corporation to the Delaware corporation was the sum of Two Hundred and Ninety Thousand Dollars, but denies that it was ever the agreement that said sum of Two Hundred and Ninety Thousand Dollars was to be paid in cash, but avers and shows the truth to be that it was to be paid in the capital stock both common and preferred, of the Delaware corporation, and further avers and shows the truth to be that said capital stock was transferred and delivered 20 by the Delaware Corporation to the New Jersey Corporation, and by the New Jersey corporation to its stockholders in the proportion of the amount of capital stock held by them respectively in the New Jersey corporation.

30 This defendant further answering said paragraph 18, avers and charges that the said complainant Dalsheimer, well knew of said proposed plan and its terms and provisions and was informed of and knew of the meeting of August twentieth, nineteen hundred and twelve and the intention to pass at said meeting the resolution providing for the transfer of the assets and liabilities of this defendant corporation under the terms and conditions aforesaid, and never, until the filing of this bill, did he complain or disapprove of or dissent from said proposed plan and the execution and carrying into effect of said agreement, and avers and charges that the said Dalsheimer is guilty of gross laches in waiting until this late day to complain of the passing of a resolution and the execution of an agreement of which no other stockholder or creditor disapproves and which has been carried into effect and been in operation for upwards of two years.

19. This defendant, answering paragraph 19 of said bill, denies that the said action of this defendant corporation, or of its directors, officers and stockholders in exchanging their shares was illegal and void, or in fraud of the rights of the complainants, and denies that it was a breach of the original contract between the stockholders of the said Graphic Arts Company; nor was it an effort to fraudulently dispose of the property of the said Graphic Arts Company, contrary to the original contract between the said stockholders, and denies that its directors, stockholders and officers are liable to it for the value of the assets, property and business transferred to the Graphic Arts Company of Delaware, but on the contrary avers and shows the truth to be that said transaction was made after due notice of the intention to pass the resolution concerning the same had been given to all of the stockholders, including the complainant Dalsheimer, and that no stockholder objected to the said plan or disapproved thereof, or in any wise complained thereof, either that it was in disregard of their contract or of their rights, or that the same tended to diminish the value of their holdings, or that it in any wise operated to injure or defraud said stockholders or any of them in their rights, either in this defendant corporation, its property and assets, or in their own individual rights.

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This defendant further answering said paragraph 19 says that a valuable and adequate consideration was paid by the Delaware corporation to the New Jersey corporation for its assets, property and business, and the New Jersey corporation distributed and paid to its stockholders said consideration, share for share, in proportion to their respective holdings, and avers and shows the truth to be that the stock of the Delaware corporation, thus given to the stockholders of the New Jersey corporation, was of greater value than the stock of the New Jersey corporation, by reason of the fact that it was charged with less expense in the way of franchise tax under the Delaware corporation laws than it would have been under the New Jersey corporation laws.

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10 This defendant further answering said paragraph 19 says that the said stockholders have received in value full and adequate consideration for their interests in the New Jersey corporation, and that neither the New Jersey corporation, this defendant, nor the stockholders thereof, nor the creditors thereof, have been in any wise defrauded or injured, or their claims jeopardized, nor have they suffered any financial or other loss of any kind whatsoever, nor has said New Jersey corporation suffered any financial loss by reason of the transfer of the assets and business to the Delaware corporation as above set forth.

20 20. This defendant answering paragraph 20 of said bill of complaint admits that its charter was proclaimed void by reason of non-payment of its franchise tax for the year nineteen hundred and eleven, as set forth in said paragraph, and admits that at the time when said franchise tax became due it had ample assets with which to pay the same, but denies that its directors and officers stripped its treasury of its assets and permitted said assets to be transferred to a foreign corporation and received no consideration therefor, but avers and shows the truth to be that it did receive a full and adequate consideration for the transfer of said assets in the capital stock of the Delaware corporation in accordance with the resolution adopted by the stockholders of the New Jersey corporation, under an agreement passed in conformity therewith, without any dissenting voice, notwithstanding all of the stockholders thereof had notice of the purpose and intention of said meeting.

30 And this defendant further answering said paragraph 20 avers and shows the truth to be that no one has complained of the action of this defendant corporation in transferring its assets in accordance with said resolution and agreement excepting the complainant Dalsheimer, who, after having had ample notice of the intended passing of said resolution and the making of said agreement and the transfer of said assets, neither by word or deed, ever indicated his disapproval or dissent from said plan, but, on the

contrary, by his silence, acquiesced therein, and has been guilty of such gross laches in making complaint therein and filing his bill that he should not now be heard to complain thereof; and this defendant prays that it may have the same benefit of the complainant's laches as though it had filed a demurrer to said bill.

This defendant further answering said paragraph 20, says that the said complainants are without equity to make complaint of the acts of the Board of Directors of this defendant corporation in distributing the stock of the Delaware corporation among this defendant's stockholders, whether the same be considered a declaration of dividends out of profits or surplus, and prays leave to have the same benefit of this defense as though it had filed a demurrer to said bill. 10

21. This defendant answering paragraph 21 of said bill denies that it is insolvent and unable to pay its debts, but avers and shows the truth to be that it owes no debts, the said sum of Three Thousand Dollars or thereabouts, owing to the complainant Dalsheimer, and the sum of Thirty-five Hundred Dollars owing to the complainant Friedenwald Company, having been assumed by the Delaware corporation, without any dissent or disapproval or objection on the part of the said complainants, and the said Delaware corporation has been and is now willing to pay the same and has ample assets to do so. 20

22. This defendant answering paragraph 22 of said bill admits that the defendants named therein are all non-residents of the State of New Jersey. 30

This defendant prays to be hence dismissed with its reasonable costs and charges in this behalf, most wrongfully sustained.

BOURGEOIS & COULOMB,  
Solicitors for and of Counsel with Defendant.

GRAPHIC ARTS COMPANY,  
LOUIS LEVY, President.

Attest: HOWARD LEVY, Secretary.

State of New Jersey, County of Camden, ss.

The answer of the defendant, Graphic Arts Com-  
pany, was taken before me, this.....day of No-

10 vember, in the year of our Lord one thousand nine  
hundred and fourteen, under the common seal of  
the said corporation, as by its said seal thereto affix-  
ed appears.

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BOURGEOIS & COULOMB,  
Solicitors for and of Counsel with Defendant.

GRAPHIC-ARTS COMPANY,  
LOUIS LEVY, President.

Attest: HOWARD LEVY, Secretary.

IN CHANCERY OF NEW JERSEY.

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Between

SIMON DALSHIMER <i>et al.</i> ,	}	On Bill, &c.	10
Complainants,			
and			
GRAPHIC ARTS Co. <i>et al.</i> ,	}	Final Hearing.	
Defendants.			

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Before his Honor, E. B. LEAMING, Vice-Chancellor,  
at the Chancery Chambers, Camden, New Jersey, on  
Wednesday, April 14th, 1915. 20

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Appearances: GREY & ARCHER, ESQS., for complainants.  
BOURGEOIS & COULOMB, ESQS., with whom  
was associated SCHOFIELD ANDREWS  
(of the Philadelphia Bar), for defend-  
ants.

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MR. GREY: A corporation was formed in New Jersey on the 19th of January, 1900, called the Graphic Arts Company. It had a total authorized capital stock of \$300,000, divided into 6,000 shares, \$50 par, 1,000 shares of preferred and 5,000 common. About two years ago, 1912,—nearly three years ago, there was formed in Delaware a similar corporation with the same name and same amount of total authorized capital stock, divided into exactly the same number of shares, and the terms of the preferred stock were similar,—that is correct, isn't it, Mr. Coulomb?

MR. COULOMB: Yes.

MR. GREY: The preferred stock was preferred as to dividends, cumulative, and upon dissolution was preferred as to par; that is, it should be paid par before common stockholders got anything.

THE VICE CHANCELLOR: Did it have any voting powers?

10 MR. GREY: The preferred stock did; yes, sir. Now, the gist of the situation is that the directors and stockholders excepting the complainant and I think one other man who had a smaller number of shares. by directors' meetings in each company and by stockholders' meetings in each company, brought it to pass that the New Jersey charter became obsolete, the New Jersey company was dissolved and its assets were conveyed to the Delaware corporation, and the New Jersey stockholders received and accepted stock in the Delaware company instead of the New Jersey company, so that their status, excepting, of course, the complainant and the other stockholder, and their general  
20 situation when the matter was concluded in 1913, I think, was the Delaware corporation had the same stockholders with the same number of shares that the Jersey corporation had and it owned the same properties and owed the same debts. The question here is whether that transaction was legal as against the complainant, Mr. Dalsheimer, who owned and owns 412 shares of the preferred stock out of a total issue of about 800 and who owns 412 shares of the common stock, which stock did not participate in any way in  
30 any of these transactions, and the issue here seems to be a question of laches, that is, whether the complainant by waiting until this bill was filed, or until the summer of 1914, when he first objected to the situation, never having assented to it theretofore, is out of court, whether he cannot assert his rights in the New Jersey corporation, his right to have it retain its assets unless he shall consent, which he did not do, to have this transfer made. Now, the complainant is in another position in regard to this corporation: He is the owner of claims against it, which are admitted in the answer, aggregating \$6,500, without interest: that is, that is the principal of the claim. Part of that indebtedness, \$3,500 of it, I think, was at the time of the transfer a debt due to the Friedenwald Company,

who was one of the co-complainants last summer when this bill was filed, September, I think it was, but since then Mr. Dalsheimer, the complainant, owns that claim.

THE VICE CHANCELLOR: That is, one of the complainants was a creditor and he has since transferred his claim to the other complainant, the stockholding complainant, so that now there is only one party in interest?

Mr. GREY: That is so set up in the answer and for the purpose of this trial we admit it, to simplify the matter, that the complainant is now the stockholder who did not assent and also a creditor who did not assent. There are two things that I specially want to comment upon in the facts; one is that the complainant as a stockholder holding preferred shares is entitled upon dissolution to have those preferred shares paid for at par before the common stock gets anything. before the other stockholders get anything; as a creditor he is entitled to have his claim paid by the New Jersey company upon dissolution, or even without dissolution, but certainly upon dissolution the corporation is bound to settle up its debts. What did happen was that the two corporations tried to switch over the liabilities of the New Jersey company to the Delaware corporation in the same way they switched over the assets. Now, coming down to the details of the matter, briefly, in August, 1912, the directors of these two companies passed resolutions, calling a meeting of stockholders to approve them, which resolutions provided that the New Jersey corporation should transfer its property to the Delaware corporation and switch over its liability to the Delaware corporation for all its indebtedness, and should receive from the Delaware corporation \$290,000, I think it was, of the Delaware company's stock at par, the purpose being that the New Jersey corporation would then distribute that stock to its own stockholders, share for share. It was approved by a large majority of the stockholders of the two corporations, being the same persons. I may say that the stock is held largely by one family; excepting Mr. Dalsheimer's and one or two other stockholders holding very few shares the stock is held very largely by the members of one family, the Levy family. who have, I think, four or five of them, a large majority

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of the stock; the stock is held very closely anyhow, I think there are only seven or eight stockholders. Now, when the directors and stockholders had met and passed a resolution and approved the contract and signed it and the matter came to be disposed of actually, instead of issuing the stock of the Delaware corporation to the Jersey company, in accordance with the terms of the resolution and I think in accordance with the terms of the contract itself, what they did—  
10 they say for purposes of economy, and it would have been all right if everybody had agreed and the best way to do it if everybody had agreed—what they did was to issue the stock directly from the Delaware corporation to the Jersey stockholders.

THE VICE CHANCELLOR: May I ask you, Mr. Grey, to just go a little more into detail into what the preliminary plans were on the subject of a contract and then of a resolution. Was there a formal contract executed?

20 MR. GREY: Yes, sir; there was a resolution passed by each board of directors, the Jersey company to the effect that it would sell its assets to the Delaware corporation upon the terms of receiving \$290,000 of stock of the Delaware in preferred and common and an assumption by the Delaware company of all the Jersey company's liabilities and the Delaware corporation passed a similar resolution that it buy from the New Jersey company its property and issue there-  
30 for \$290,000 of stock and assume its liabilities. Now, the stockholders approved and the contract was executed in accordance with the resolution, and the stock of the Delaware company instead of being issued to the New Jersey company in exchange for a bill of sale was issued directly to the Jersey company stockholders and they surrendered their shares which, I suppose, were cancelled.

THE VICE CHANCELLOR: Well, there was a formal contract?

MR. GREY: The contract was exactly in the terms of the resolutions. Shall I read it? It is very short.

THE VICE CHANCELLOR: If it does not depart at all from the resolution you need not read it.

MR. GREY: Not substantially.

THE VICE CHANCELLOR: The departure, then, was in the actual method of carrying it out?

MR. GREY: Yes, sir. But even if they had carried it out strictly in accordance with the terms of the contract, that is, if they had issued the Delaware company's stock directly through the Jersey corporation and then distributed it, if you should conclude that that should have been done and what they did was practically doing that, still, as against the complainant, he having never agreed, they have no right to dispose of all the assets of the property and dissolve it in the way this company was attempted to be dissolved, against the will of a stockholder, and they cannot make a creditor transfer his claim from the Jersey corporation and make it a claim against the Delaware company by merely passing a resolution or executing a contract between the two corporations. The agreement is dated the 20th of August, 1912, and it is between the two corporations of the same name but of different states, so indicated; it has recitals that the company, which is the Delaware corporation, has \$300,000 worth of stock, divided into shares at par at \$50, which would mean 6,000 shares, and that whereas the board of directors of the company, the Delaware company, have ascertained and declared that the property and rights of the other company are valued at \$290,000, therefore, that the New Jersey company have hereby assigned, transferred, etc., various patents, namely, two patents of the United States, two of Great Britain, one of the Dominion of Canada, one of New South Wales, one French patent and one German patent, together with all machinery, and tools, etc., all the property and all the business of the corporation as carried on in Philadelphia. That property which was formerly owned by a New Jersey company is said by the defendants now to be owned by the Delaware corporation, and the complainant is a resident of Maryland, and I think some of the Levys are from New York, I don't know, but, any way, it is a very much scattered situation. I would like your Honor to bear in mind all the time that the defendants, the New Jersey company and the Delaware corporation and all of the directors and all of the stockholders

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and officers, are really and exactly in the same attitude towards this property that they were three years ago, before the Delaware company was formed; there has been no change of any substantial character in the situation itself, it is more or less of a technical change, switching the owner of the corporation and the operator of the business from a New Jersey organization to a Delaware one, the property itself has been operated right along and, I believe, earning money in Pennsylvania.

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THE VICE CHANCELLOR: It is simply a Jerseyman becoming naturalized in Delaware.

MR. GREY: That is it; whether that can be done without the consent of all the New Jersey company's members. That last clause of the agreement is, all of the said property being subject to the assumption by the Delaware company of all the indebtedness obligations and liabilities of this company, the Jersey company. That is a perfectly plain, simple agreement, meaning that the consideration named was to go to the treasury of the Jersey corporation. Of course, that is the only way the Jersey corporation could dispose of its property and receive the consideration. Now, it is true that Mr. Dalsheimer knew of these transactions; he got notice of the stockholders' meeting that was called by the directors of the Jersey company in August, 1912; he did not attend the meeting, did not assent, never assented to the transaction going through; he wrote numerous letters in the next two years after the agreement was signed.

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THE VICE CHANCELLOR: You say he did know of the meeting?

MR. GREY: Yes, knew all about it. The defendants, the officers of the company, were perfectly courteous in answering his letters, and for two years they carried on a correspondence in which Mr. Dalsheimer was making known his dissatisfaction as to the method of carrying on the business and making inquiries as to the finances of the company.

THE VICE CHANCELLOR: He at this time had become aware of the transfer?

MR. GREY: Yes, sir. Well, as a matter of paper information, that is, he received letters saying that the matter was closed. I think the first letter he received in regard to the transfer—I don't know, I may be mistaken about this,—was in February, 1913; on the 3d of February he received a letter, which is annexed to the bill and admitted, in which he was informed that his stock in the Delaware corporation was ready for delivery to him and asking him to send in his stock of the New Jersey corporation. I think that is the first date on which he was asked to do something in regard to the matter, and from then on the correspondence occurred which I referred to, continuing as late as the late spring of 1914.

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THE VICE CHANCELLOR: What were the terms of the delivery of the Delaware stock? Did they require that the New Jersey stock be surrendered?

MR. GREY: Yes, sir; and receive a new certificate of the same character for the same number of shares. That is the situation. I will let Mr. Coulomb, if he will, suggest the defendants' contentions.

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THE VICE CHANCELLOR: Before we attempt to consider the legal situation let us dispose of any issues of fact there may be. Do you deny any averment that Mr. Grey has made?

MR. COULOMB: No, I do not deny any averment that he has made excepting with respect to the resolution passed concerning this transfer of business from the New Jersey corporation to the Delaware corporation. That resolution provided that the stock should be transferred to the holders of stock in the New Jersey corporation; in other words, instead of passing through the hands of the New Jersey corporation it passed direct. I will read from the minutes, if I may: "In consideration of the issuance of the capital stock of the Graphic Arts Company, incorporated under the laws of Delaware, to the order of each of the stockholders of this company"—that is, the New Jersey company—"in the identical amount of his present holdings in this company, said shares aggregating 5,800, and of the assumption by the Graphic Arts Company (incorporated under the laws of Delaware)

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of all the indebtedness, obligations and liabilities of this company."

THE VICE CHANCELLOR: Well, the resolution will show for itself; that is the purport of the resolution.

MR. COULOMB: Yes.

THE VICE CHANCELLOR: Then the only real issue of fact is that of laches?

10 MR. COULOMB: I think that is the only issue of fact. Mr. Grey has said there is no change in respect to the situation of these companies. I do not know whether he meant with respect to the obligations of the Delaware company, because if that be so there are debts now owed by the Delaware company—that is, debts contracted in the conduct of its business—which are not the debts of the New Jersey company.

THE VICE CHANCELLOR: Will you concede that, Mr. Grey?

20 MR. GREY: I suppose that must be so, for they have gone on and done business, I suppose.

THE VICE CHANCELLOR: Very well; let that be conceded without objection.

MR. GREY: What do they amount to? I would like to have some suggestion. They were debts incurred, I suppose, Mr. Coulomb, in carrying on the business in the usual way?

30 MR. COULOMB: Yes, sir. There are three of them: Lebran & Co., \$1,327; German-American Stoneware Works, \$285.24, and sundry accounts, \$607.76.

THE VICE CHANCELLOR: May that stand as proven. Mr. Grey?

MR. GREY: Yes, I will admit that. Your clients have informed you of these facts, have they?

MR. COULOMB: Yes, sir.

THE VICE CHANCELLOR: What do you wish to do on the subject of laches in the way of proofs? Is there anything further that Mr. Grey has stated that you claim?

MR. COULOMB: Well, I don't know as there is anything further. It makes it a little more clear, I think.—well, I don't know as it does either; I think they have admitted that they were fully aware of this situation, that is, that they received notice of the resolution, and on February 2d or 3d, 1913, they were notified that their stock was ready to deliver to them. Now, there is only one thing I would like to show, and that is to put in——

THE VICE CHANCELLOR: When did either the present complainant or any of the original complainants first object, first show a dissent, first manifest a dissatisfaction with this transfer of corporate existence?

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MR. COULOMB: As I understand it from my clients they did not know until the actual filing of the bill—that is, the Delaware corporation, did not know that Mr. Dalsheimer dissented from the arrangement until the filing of the bill in this cause, and it is for that reason I would like to read to your Honor the letter which Mr. Dalsheimer wrote in reply to the letter of the Delaware corporation telling him that the stock was ready to deliver to him.

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MR. GREY: Mr. Coulomb, is that annexed to the bill?

MR. COULOMB: Yes; it is annexed to your bill.

MR. GREY: What is the date of it?

MR. COULOMB: It is February 26th, 1913. It is annexed to the bill and I read it for the purpose of showing that at that time there was no dissent in his mind, at least, no expression of it. He says (reading letter). Now, in response to that, under date of March 7th, 1913, the Delaware corporation sent to Mr. Dalsheimer the statements of the liabilities, and so on, and those statements are annexed to the bill of complaint forming exhibits 5, 6, 7, and so on. There is another matter that I think Mr. Grey is mistaken in, and that is, he says that after this letter of February 26th there were other letters written, but there was no other letter written until April 27th, 1914, that was the date of the next communication.

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THE VICE CHANCELLOR: About a year later?

MR. COULOMB: About a year later.

THE VICE CHANCELLOR: That makes a protest?

MR. COULOMB: No; he asked for information.

MR. GREY: That is not annexed to the bill.

MR. COULOMB: No; it is not annexed to the bill.

MR. GREY: I have no objection to it all going in. Wouldn't it be better to put my proof in first?

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THE VICE CHANCELLOR: I thought perhaps in view of your opening statement and the circumstances that the stenographer has taken down everything that has been said on both sides that the proofs can be practically dispensed with. Mr. Coulomb says there is nothing that you have said, save the qualifications that he has made which you seem to have assented to, that he denies. Now, is there any proof necessary? If so, suppose you make whatever proofs you think of that may not be covered by the admissions or statements.

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MR. COULOMB: I would like to state that there are allegations in the bill which charge that this thing was fraudulently done. Mr. Grey has not referred to any facts from which that could be inferred. There might be such a thing as legal fraud, but I would like to state that this transfer was made under the directions of the New Jersey Corporation Company.

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MR. GREY: Mr. Coulomb, it is not necessary to go into that. I do not say that these gentlemen cheated. There is no such charge as that. I merely meant that the result of the transaction was that there was a legal fraud perpetrated upon a stockholder of the New Jersey corporation in transferring this property to a Delaware corporation and not receiving consideration; that step was a fraud legally upon the stockholders who did not assent; the Jersey corporation did not even receive the consideration it bargained for; it did not receive the stock in the Delaware company as consideration for that transfer of its property, and the fraud resulted in that the New Jersey corporation, attempting to dissolve in this irregular way, did not distribute its assets, because it hadn't any assets after it transferred this property, but it did not distribute

its assets, namely, the property transferred to the Delaware company, to its preferred stockholders first of all, paying them for their shares; as a preferred stockholder the complainant was entitled to have par payment on his shares. There is nothing personal as to any effort to do anybody.

THE VICE CHANCELLOR: I think there is no dispute on that. Now, tell me about the appearances. Has any one answered except the New Jersey corporation?

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MR. GREY: I think not.

THE VICE CHANCELLOR: Have defaults been entered against the other defendants?

MR. GREY: There were two defendants who answered, I think. I don't mean two have answered, two are in court, and a decree *pro confesso* was taken against the other one, I am not sure,—wasn't it Mr. Martin, the New Jersey resident director? Of course, we won't press that.

THE VICE CHANCELLOR: What about the Delaware corporation?

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MR. GREY: They did not answer nor did any of the directors.

THE VICE CHANCELLOR: Did you proceed against them?

MR. GREY: By advertisement,—no, sir, did not proceed against them.

THE VICE CHANCELLOR: They are not before the court at all?

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MR. GREY: Not before the court.

THE VICE CHANCELLOR: Will you make whatever proofs you think of, Mr. Grey, that may not be fully covered by your statements?

MR. GREY: Well, that shortens it up very much. If you will just give me a moment I will eliminate what I was expecting to offer and only offer what now seems necessary. Now, Mr. Coulomb has called for two papers, one is a notice of the meeting of stockholders of the New Jersey company, dated August 9th, 1912.

10 for the purpose of acting upon a recommendation of the board of directors in regard to selling its property to the Delaware corporation and accepting on the part of the Jersey stockholders a similar amount of stock in the Delaware corporation. I produce that paper. Also, he asked for a letter dated May 5th, 1914, written by the Graphic Arts Company, by its secretary, Mr. Howard S. Levy, to Mr. Simon Dalsheimer, and in this letter the writer acknowledges the receipt of the letter of April 27th, 1914, to which Mr. Coulomb has just referred, and contains various information asked for by Mr. Dalsheimer in his letter of April 27th. I offer in evidence a letter dated May 28th, 1914, addressed to Mr. Simon Dalsheimer, signed Graphic Arts Company, L. E. Levy, president. It is rather too long to read into the testimony. Let me state it to your Honor. Have you any objection to this?

MR. COULOMB: No.

20 MR. GREY: This letter contains a copy of a resolution of the New Jersey company authorizing the sale of its property to the Delaware corporation. It also contains a copy of a resolution of the Delaware company authorizing the purchase, which latter resolution is in this language: "*Resolved*, That the board of directors of this company be and they are hereby authorized and directed to purchase the property above mentioned for the said price (namely, the property and price mentioned in the agreement of purchase) and to issue said stock in payment thereof." And then it contains a list of the stockholders, preferred and common, of the  
30 Graphic Arts Company of New Jersey, being in this language (reading paragraph 4 from letter). Now, let me read the first three paragraphs of the letter on the record. That will be all I need to refer to now. (Reading from letter.) Mr. Coulomb, do you happen to have a letter from Mr. Dalsheimer dated June 2d, 1914? (Paper produced and handed to counsel.) I will offer this in evidence. It is a letter dated June 2d, 1914, addressed to Graphic Arts Company, 1221 Spring Garden Street, Philadelphia, Pa. (Reading said letter.) I offer letter dated June 12th, 1914, addressed Mr. Simon Dalsheimer, signed Graphic Arts Company, L. E. Levy, president. (Reading said letter.) I think I will offer in evidence the reports

referred to in this last letter. They are dated respectively January 3d, 1911; January 4th, 1912; April 1st, 1913; April 1st, 1914. The report dated April 1st, 1913, is headed "Treasurer's report for year 1912," and the report dated April 1st, 1914, is headed "Treasurer's report for year 1913." Could I ask you for a letter of June 15th, 1914? (Paper produced and handed to counsel.) I offer in evidence letter dated June 15th, 1914, addressed to Graphic Arts Company, 1221 Spring Garden Street, Philadelphia, Pa., signed Simon Dalsheimer, acknowledging receipt of Graphic Arts Company's letter of the 12th of June, 1914, and asking for further information in regard to the contents of the reports, the requests being in four paragraphs, briefly as follows. (reading from letter). The letter closes with a paragraph requesting an early response, which was received by Mr. Dalsheimer in a letter dated June 23d, 1914, which I offer, signed Graphic Arts Company. L. E. Levy, president, giving an itemized reply to each one of the questions contained in the four paragraphs. to which is annexed two reports, one dated June 2d, 1909, in two pages, treasurer's report, and supplementary report, apparently for the year 1908, the report for the year 1910 having been previously sent to Mr. Dalheimer, which appears in evidence, under date of January 3d, 1911. June 27th, 1914, letter to Graphic Arts Company, 1221 Spring Garden Street, signed Simon Dalsheimer, acknowledging receipt of the letter of June 23d, and in this letter the writer comments upon and makes further inquiry in regard to the reports mentioned and asks this additional question: "I would also be indebted to you for a list of the present creditors of the company and the amount due each one." I offer that letter in evidence. I offer letter in evidence dated July 6th, 1914, addressed to Mr. Simon Dalsheimer, signed Graphic Arts Company, L. E. Levy, president, giving Mr. Dalsheimer information in reply to his inquiries of the 27th, to which is annexed, and which I also offer, the president's annual report to the Graphic Arts Company for the year 1913, dated January 5th, 1914, and report of the Executive Committee to the board of directors of the Graphic Arts Company, dated October 14th, 1913. That is all I have in regard to the general situation. As to the situation in regard to the matter of indebtedness to the complainant by

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the defendant, the answer admits the indebtedness, that is, the amounts set out in the bill, the amount of principal, there is no calculation of interest, and suggests that no doubt the New Jersey company would pay the debt.

THE VICE CHANCELLOR: The Delaware company, you mean?

10 MR. GREY: The Delaware corporation, that is right. I do not know how much proof you need to have, if any, on the question of the claim. I have here a memorandum giving the dates and amounts of each one.

MR. COULOMB: We admit that claim.

MR. GREY: I want to get the dates of the advances by the creditor of the New Jersey corporation, which are as follows:

20 THE VICE CHANCELLOR: Just read it into the record and it may stand as proved unless it is disputed.

30 MR. GREY: The items are these: September 30th, 1903, \$500; October 7th, 1903, \$500; November 9th, 1903, \$500; November 25th, 1903, \$500; February 13th, 1904, \$500; January 9th, 1905, \$500; February 6th, 1905, \$1,000; March 28th, 1905, \$1,000; August 7th, 1905, \$500; September 5th, 1905, \$1,000; total, \$6,500. Now, we figured out the interest on these amounts, which I will state, subject to criticism by the defendant. On the first item, interest, eleven years, six months—the interest was calculated to the 15th of April, 1915—eleven years, six months, fifteen days, \$346.25. On the second item, eleven years, five months, twenty-nine days, \$344.92. On the next item, eleven years, five months and six days, \$343. On the fourth item, eleven years, four months and twenty days, \$341.67. On the fifth item, eleven years, two months, two days, \$335.17. On the sixth item, ten years, three months, six days, \$308. On the seventh item, ten years, two months and nine days, \$611.50. On the eighth item, ten years and eighteen days, \$603. Ninth item, nine years, eight months and eight days, \$209.66. Last item, nine years, seven months and ten days, \$576.67.

THE VICE CHANCELLOR: Are those various items represented by notes?

MR. GREY: No; they are represented by checks advanced.

THE VICE CHANCELLOR: I mean, is there anything held in the nature of a note from the company?

MR. GREY: No, sir.

THE VICE CHANCELLOR: Simply an open account? 10

MR. GREY: Open account. The situation, as I understand it, was that when the company started, everybody being friendly and wanting to help it out, when they needed money they called on each other for loans.

THE VICE CHANCELLOR: And these were loans made at that time?

MR. GREY: That is what I understand to be the situation, and Mr. Dalsheimer advanced these amounts from time to time as indicated. 20

MR. COULOMB: The only question, if your Honor please, is whether he would be entitled to interest for more than six years. However, that is not a question of fact.

THE VICE CHANCELLOR: Yes. Now, Mr. Coulomb, introduce any evidence that you have.

MR. GREY: Well, just a moment, if your Honor please.

THE VICE CHANCELLOR: You can supplement your proofs, Mr. Grey, if anything occurs to you later on. 30

MR. GREY: All right. Mr. Coulomb you may proceed.

MR. COULOMB: I want to offer in evidence the notice sent to Mr. Simon Dalsheimer under date of August 9th, 1912, giving notice of the meeting to be held on Tuesday the 20th instant.

MR. GREY: That is already in evidence. It is annexed to the bill and it is also contained in a letter I offered which we received from you.

MR. COULOMB: Very well. I want to introduce the letter of April 27th, 1914, which was introduced by you, I think.

MR. GREY: Yes, sir.

MR. COULOMB: The letter from Mr. Dalsheimer to Graphic Arts Company of May 15th, 1914,—I don't know whether that was introduced by you.

MR. GREY: Our letter to you?

MR. COULOMB: Your letter to us, yes. It is simply a letter of inquiry concerning the status of the company.

10 MR. GREY: Yes; all right.

MR. COULOMB: I think the other letters have been offered. I offer letters written by the Delaware corporation to Mr. Dalsheimer as follows: Letter of February 3d, 1913, which is annexed to the bill; letter of March 7th, 1913, which is annexed to the bill, together with the exhibits accompanying that letter, all of which are annexed to the bill; the letter of May 5th, 1914, in reply to Mr. Dalsheimer's letter of April 27th, 1914, which I think was introduced by Mr. Grey; the letter of May 28th, 1914, in reply to Mr. Dalsheimer's letter of May 15th, 1914, which was also introduced by Mr. Grey, together with the reports accompanying it, all of which have been introduced.

THE VICE CHANCELLOR: They need not be reintroduced. They are once in, they are in for all purposes.

MR. COULOMB: I followed it closely, but I don't want to make any mistake.

30 THE VICE CHANCELLOR: I think it may be stipulated, may it not, that inasmuch as these exhibits are not being read at this time that when a transcript is prepared all the correspondence can go in?

MR. GREY: Yes.

MR. COULOMB: I think all the rest of the letters are in, introduced by Mr. Grey.

MR. GREY: Yes; I offered the letters once and they are for the use of the defendant as well.

THE VICE CHANCELLOR: Yes.

MR. COULOMB: We desire to introduce the minute of the board of directors of the New Jersey corporation of August 9th, 1912. Do you object if I state the general terms of that resolution?

THE VICE CHANCELLOR: Isn't that annexed to the bill?

MR. COULOMB: No; it is not annexed to the bill, it is part of the minutes.

MR. GREY: You mean you want to offer the whole minutes? You are going to offer two pages?

MR. COULOMB: Yes.

MR. GREY: I have no objection to it at all. It might be well to have that in such shape that we could see it. Can you read it in or give it to Mr. McGonigle? 10

MR. COULOMB: I can do that or make copies of it.

THE VICE CHANCELLOR: Suppose you make copies and hand one to Mr. McGonigle.

MR. GREY: Mr. Coulomb is referring to the minute book of the New Jersey corporation, Graphic Arts Company. 20

THE VICE CHANCELLOR: It is endorsed on the back "Minutes of the stockholders' and directors' meetings of blank," but on the inside page appears Graphic Arts Company of the State of New Jersey.

MR. GREY: What pages do you offer, Mr. Coulomb?

MR. COULOMB: Page 194.

MR. GREY: And meeting under date of what?

MR. COULOMB: 194 and 195, being a special meeting of the board of directors held at 1221 Spring Garden Street, on August 9th, 1912, at 2.30 P. M., there being present Mr. L. E. Levy, Mr. Hugo Bilgram and Mr. H. Levy. I also desire to introduce minutes of a special meeting of the stockholders of the Graphic Arts Company held at the office of the company, 419 Market Street, Camden, New Jersey, on August 20th, 1912, which minute appears at page 196 and 197 of the minute book above referred to, at which meeting it appears from the minutes the resolution was passed authorizing the sale of the assets of the New Jersey corporation to the Delaware corporation. 30

MR. GREY: And approving the directors' resolution.

MR. COULOMB: And approving the directors' resolution.

THE VICE CHANCELLOR: You may transcribe that and hand a copy to Mr. McGonigle.

10 MR. COULOMB: Yes. I also desire to introduce a minute of the special meeting of the board of directors held at the office of the New Jersey company at 419 Market Street, Camden, New Jersey, on August 20th, 1912, at 9.30 A. M., which appears upon pages 198 and 199 of the book of minutes above referred to, at which meeting it was resolved that the company sell its assets to the Delaware corporation. Now, I desire to introduce in evidence the report under date of April 1st, 1914, entitled "Treasurer's supplemental report for the year 1913."

20 MR. GREY: As far as I know, Mr. Coulomb, we never received a copy of it, but we don't object to admitting it in evidence. We cannot find that we received any copy of it.

MR. COULOMB: Mr. Grey, that was sent to you accompanying letter under date of May 28th, 1914.

MR. GREY: The letter says, paragraph 5, "Copy of the annual report submitted at the last stockholders' meeting is enclosed." Is that the one?

MR. COULOMB: That is the one.

30 MR. GREY: That is a copy of the annual report. I do not object to its being admitted in evidence. I don't know that we ever received it. If we find it I will be glad to call your attention to it.

MR. COULOMB: I also desire to introduce in evidence the report under date of April 1st, 1915, entitled "Treasurer's supplemental report for the year 1914." You haven't got a copy, Mr. Grey, as I understand it, because it hasn't been promulgated.

MR. GREY: These reports, Mr. Coulomb, are reports of the affairs of the Graphic Arts Company of Delaware?

MR. COULOMB: Yes, they are.

MR. GREY: In regard to the treasurer's supplemental report for the year 1914, dated April 1st, 1915, I understand that Mr. Coulomb states we have not been sent any copy.

MR. COULOMB: No, I understand that is so, no copy has been sent. I would like to state that, so far as the sending of that report to Mr. Dalsheimer is concerned, there has been no meeting and the report has not been presented to the stockholders. Have you any objection to that going in? 10

MR. GREY: No. but we haven't received it.

MR. COULOMB: I would like to call to the court's attention and have it appear on the record that in these reports under the statement of liabilities, where appear various amounts opposite Max Levy's name, that \$250,000 of those various amounts in each case represent his holdings of the common stock of that company. 20

MR. GREY: You mean that in the supplemental report for the year 1914, April 1st, 1915, the second item of liabilities, which reads "Max Levy, \$259,110.68," of that amount \$250,000 is stock? 20

MR. COULOMB: Yes. I would like to introduce also, for the purpose of comparison, a statement which shows the assets and liabilities of this company as they existed on January 2d, 1908, and as they existed on January 2d, 1915. These amounts can be established from the ledger accounts. 30

MR. GREY: Well, Mr. Coulomb, can they be established from the reports that are now in evidence?

MR. COULOMB: Yes; this is simply a summary showing the condition between those dates.

MR. GREY: And did you make it up yourself?

MR. COULOMB: It was made up by the Graphic Arts Company, of Delaware.

MR. GREY: Is it in the nature of a brief? Wouldn't that come in with your brief as a resume of the evidence?

THE VICE CHANCELLOR: If you put it in as a tabulation, just give Mr. Grey a copy and he can correct it if he wishes.

MR. COULOMB: We can have a copy made and give it to you, Mr. Grey.

MR. GREY: Yes, all right.

10 THE VICE CHANCELLOR: It will be treated as a tabulation only, and not as evidence.

MR. COULOMB: Now, I think it is alleged in the bill, and I do not believe it will be disputed, that in transferring the business of this corporation from the New Jersey company to the Delaware company and doing business there is a saving of \$270 in the annual franchise tax. The annual franchise tax on the amount of capital in this State would be \$290; that is, one-tenth of one per cent. on the \$290,000, and in Delaware the franchise tax of a corporation having a capital stock not exceeding \$300,000 is \$20.

20 THE VICE CHANCELLOR: And also that there is no "Seven Sisters" statute in Delaware.

MR. COULOMB: Well, I think that might be conceded, if your Honor please. I think that is all.

THE VICE CHANCELLOR: Very well. Do you think of anything more, Mr. Grey, that needs to go in from your standpoint?

30 MR. GREY: Mr. Coulomb, I understand there was a resolution passed some time or other by the board of directors of the New Jersey company, perhaps in 1909 or 1910 or 1908, in regard to the payment of interest on amounts due on loans to the company?

MR. COULOMB: We will try to find it, Mr. Grey.

MR. GREY: Well, it, in effect, is that the statute of limitations—I don't know whether it uses this language, probably not—should not operate against the payment of interest on the loans, because the corporation at that time could not pay, and instead of paying on account any money they excused the operation of the statute.

THE VICE CHANCELLOR: Well, the minute can be introduced if it is found.

MR. GREY: I believe it was stated in the bill that the company was dissolved by proclamation of the Governor. If it is not in the bill I would like to have it in the case. I think it was for non-payment of taxes for the year 1911.

THE VICE CHANCELLOR: Very well; let that be stipulated.

10

MR. COULOMB: Yes, it appears in the bill and is admitted by the answer.

20

30

February 3, 1913.

Mr. Simon Dalsheimer,  
Lord Baltimore Press,  
Baltimore, Md.

Dear Sir:—

10 The certificates of stock of the Graphic Arts Co., incorporated under the laws of Delaware, are now ready for delivery in exchange for the like certificates of the former corporation in New Jersey, and will be delivered by the undersigned in return for the latter immediately on their receipt.

Yours very truly,

Sec'y-Treas.

20

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Baltimore, Md., U. S. A., 2-26-13.

Graphic Arts Co.,  
Mr. Howard Levy, Sec.,  
Philadelphia, Pa.

Dear Sir:

30 In response to your letter of the 3rd inst., which I have just found time to take up for consideration, you state that you are now ready to deliver the stock of the Delaware corporation for the certificates of the New Jersey one. In referring to your letter of Aug. 9, 1912, I note you write that the assets and property of the present company would be sold and transferred to the new company, and that the new company would assume all the obligations of the old one. Would you be kind enough to send me a list of the assets and property which the present company has purchased and also of the obligations which it has assumed?

Very truly yours,

SIMON DALSHIMER.

March 7, 1913.

Mr. Simon Dalsheimer,  
C/o The Friedenwald Co.,  
Baltimore, Md.

Dear Sir:

Answering yours of 2/26th I enclose copy of the contract which was duly entered into in accordance with corporate action taken last August and which shows the property turned over to the new company. The liabilities assumed by the new company at that time did not differ materially from those shown in the last balance sheet of the New Jersey Company which was made up January 4, 1912, a copy of which is enclosed.

10

Very truly yours,

Sec'y.

20

30

THE GRAPHIC ARTS COMPANY.

AGREEMENT FOR THE PURCHASE OF  
PROPERTY.

10 AN AGREEMENT made this.....20th.....day of August, 1912, by and between Graphic Arts Company, a corporation of New Jersey (hereinafter called the "vendor,") of the first part, and Graphic Arts Company, a corporation organized under the laws of Delaware, (hereinafter called the "company") of the second part.

*Whereas*, The vendor is the owner of the property and rights hereinafter described; and

*Whereas*, The company has been duly organized with an authorized capital stock of \$300,000.00—divided into shares of the par value of \$50.00—each; and

20 *Whereas*, The board of directors of the company have ascertained, adjudged and declared that the said property and rights are of the fair value of two hundred and ninety thousand—dollars (\$290,000.00)—, and that the acquisition thereof is necessary for the business of the company and to carry out its contemplated objects;

Now, THEREFORE, this agreement witnesseth:

30 1. That the vendors have sold, assigned, transferred, and set over and do hereby sell, assign, transfer and set over unto the company, its successors and assigns, all their right, title and interest in and to the following described property, to wit:

United States Patent No. 627,430, dated June 20, 1899, and certification of same in Cuba, Porto Rico and Philippine Islands.

United States Patent No. 920,766, dated May 4, 1909.

Letters Patent of Great Britain No. 2710, dated February 7, 1899, and reissued under date of March 20, 1911.

Letters Patent of Great Britain No. 18,869 of August 23, 1906.

Letters Patent of the Dominion of Canada No. 63,751, dated January 28, 1899.

Letters Patent of New South Wales No. 9386; and of Victoria No. 16,307.

French Patent No. 285,903 of February 14, 1899.

German Patent No. 112,119 of February 15, 1899, and also all the machinery, tools, drawings, models, material fixtures, book accounts and the entire assets, good will and existing business as now carried on at 1221 Spring Garden St. and 940 N. 9th St., Philadelphia. 10

All of said property, being subject, nevertheless, to the assumption by the Graphic Arts Company, incorporated under the laws of Delaware, of all the indebtedness, obligations and liabilities of this company.

20

Philadelphia, January 4, 1912.

*Assets.*

Inventory .....		\$22,495.26	
Accounts Receivable			
Royalties .....	\$5,925.92		
J. Voirin, Paris .....	684.56		
Middows Bros., London.....	2,356.60		30
S. Herbst, Budapest .....	72.20		
Le Journal, Paris .....	895.71		
Walter Grutzmacher, Berlin.	779.00		
L. F. Eaton, Detroit.....	168.20		
Ippers Machine .....	291.50		
Consignment a/c .....	633.84		
Sundry Minor a/c .....	157.50		
		11,965.03	
Bills Receivable .....		481.75	
Cash Balance .....		1,145.72	
Patents .....		245,000.00	
		\$281,087.76	

*Liabilities.*

	Preferred Stock .....	\$40,000.00	
	Max Levy .....	257,004.87	267,004.87
	Friedenwald Co .....	3,500.00	
	Simon Dalsheimer .....	3,000.00	
	Labran Co .....	664.81	
	Sundry Minor a/c .....	513.16	
		\$314,682.84	
10		281,087.76	
		\$33,595.08	
	Net Liabilities .....	\$33,595.08	
	Net Liabilities, January 3, 1911..		38,358.31
	Net Liabilities, January 4, 1912..		33,595.08
			\$4,763.23

Baltimore, Md., U. S. A., April 27, '14.

20

Graphic Arts Company,  
1221 Spring Garden Street,  
Philadelphia, Pa.

Gentlemen:

30

I was, as you know, a stockholder in Graphic Arts Company, a corporation of New Jersey, and also a creditor of that company to a considerable amount, owning in the early history of the company a majority of the capital stock. I have received a notice of one or more meetings, at one of which it was stated in the notice that the purpose of the meeting was to act upon a recommendation of a Board; that, as a measure of economy, a new company under the laws of the State of Delaware should be formed with the same amount of capital stock, both preferred and common, and that the assets and property of the New Jersey company should be transferred to the new company, and likewise that the new company should assume all of the obligations of the New Jersey company.

I have not been present at any meeting of stockholders for a number of years, and I have received no reports, or other information, except in answer to my inquiry of February 26, 1913, as to what has been done.

or as to the present condition of affairs, or my relation to the company. I will therefore be indebted to you if you will kindly let me have the following information:

1. By what authority and for what consideration was any stock, preferred or common, issued by the New Jersey corporation after my last subscription to your capital stock? In some way, which is unknown to me, it appears that my proportion of the holdings of stock in the New Jersey corporation has been materially changed.

10

2. Will you kindly let me have a list of the stockholders of the New Jersey corporation at and immediately before the time of its conveying its property to the Delaware corporation? Am I correct in my understanding that the New Jersey corporation distributed the stock of the Delaware company among its stockholders in proportion to their then holdings in the New Jersey corporation?

3. In the statement of assets and liabilities of the New Jersey corporation as of January 4, 1912, I notice an item of indebtedness to Mr. Max Levy amounting to other securities, I will be indebted to you if you will let me know what this item represents, the form of the indebtedness and the consideration received by the company therefor.

20

4. As a creditor of the New Jersey corporation, and as the representative of Friedenwald Company, which was also a creditor of the New Jersey corporation, I would like to know what immediate prospects there may be of paying these accounts, together with the accumulated interest thereon.

5. Not having exchanged or been called upon to exchange my stock in the New Jersey corporation for any other securities, I will be indebted to you if you will let me know the present worth of my stock in the New Jersey corporation.

30

I am asking the above questions in view of my utter ignorance as to the recent history of the whole matter, and with a view of ascertaining what, if any, action I should take in the premises, and will be indebted to you if you will let me have an early reply covering the above matters.

Yours very truly,

SIMON DALSHIMER.

May 5, 1914.

Mr. Simon Dalsheimer,  
Lord Baltimore Press,  
Baltimore, Md.

Dear Sir:—

10 Your letter of April 27th came duly to hand. Referring to your statement that you have received a notice of one or more meetings, we beg to say that notices of every meeting of the stockholders of the Graphic Arts Company, both of New Jersey and of Delaware, were regularly mailed to you.

In reply to your several inquiries we note the following:

20 1. The authority and consideration for the issue of the stock to which you refer is to be found in the minutes of the Board of Directors of the company of a meeting held January 31, 1900, following a meeting of the incorporators. At that time a purchase was made from Max Levy of certain patents, property and goodwill for the sum of \$250,000, payable in common stock. All of the common stock which has been issued has been issued in pursuance of this authority and purchase.

30 2. We give you, as requested, a list of the stockholders of the New Jersey corporation at and immediately before the time of its conveying its property to the Delaware corporation. The holdings in the Delaware corporation are identical with the holdings in the New Jersey corporation, except that George H. B. Martin, the New Jersey director, surrendered his one share, and that share and two others from the holding of L. E. Levy was transferred to S. D. Townsend, Jr., of Delaware, in order to qualify him to act as a director. The list is as follows:

Berliner, E. ....	120 shares.
Bilgram, H. ....	1 “
Conkling, E. M. ....	20 “
Dalsheimer, S. ....	824 “
Levy, H. S. ....	125 “
“ L. E. ....	4,552 “
“ L. F. ....	60 “
Martin, George H. B. ....	1 “
Stern, E. ....	1 “
Walker, H. L. ....	96 “

3. The statement of an indebtedness to Max Levy of \$257,004.87 was an error in two respects: In the first respect, there was a typographical error, and the figures should have been \$267,000 instead of \$257,000. In the second place, there was included in that item the amount due under the resolution of January 31, 1900, which had been cancelled by the issuing of common stock. The actual indebtedness to Max Levy at that time, exclusive of interest, should have been stated as \$17,004.87. If you will consult the statement which your expert accountants made in 1908, you will note the same form in the statement of the indebtedness to Max Levy of \$272,000, with no reference to the issue of common stock by the company which had been made previous to that time.

10

4. In view of the present condition of the company's business, there is a prospect that it may be in position to begin payment of the accounts to which you refer, with interest, within the next eighteen months.

5. There is no New Jersey corporation. The charter has been duly surrendered. You and all other stockholders of the company have been notified to exchange your shares in the New Jersey corporation for similar shares in the Delaware corporation. Upon receipt of your New Jersey shares the Delaware shares will be issued to you.

20

Very truly yours,  
Secretary.

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Baltimore, Md., U. S. A.,  
May 15, '14.

30

Graphic Arts Company,  
1221 Spring Garden Street,  
Philadelphia, Pa.

Gentlemen:—

I am indebted to you for your letter of the 5th instant which I have not had an opportunity to consider until within the last day or two. Many matters connected with the situation are not as yet clear to me and I will therefore be very much obliged to you if you will give me detailed information upon the following matters:

1. A list, the names and amounts due the creditors of the New Jersey company at the time the property was turned over to the Delaware company.

2. What arrangement, if any, has been made with these creditors under which the Delaware company assumes the obligations? You will recall that both personally and as the representative of Friedenwald Company, I am interested in this matter.

10 3. I do not understand the basis upon which the property of the New Jersey company was turned over to the Delaware company, and I would like to have a copy of the resolution of the New Jersey company authorizing the sale, and a copy of the resolution of the Delaware company authorizing the purchase of the property.

20 4. The list of the holders of the stock of the New Jersey company which you sent me does not distinguish between the preferred and common stock, and I would like to have a list making this distinction and showing the shares of common and preferred stock held by the various persons in the New Jersey company at the time of its dissolution.

5. I would like to have some idea as to the present status of the business of the company, and if an annual report was submitted to the last stockholders' meeting, will be indebted to you if you will send me a copy of this report showing the condition of the company and also what appear to be the prospects of the company for the future, if this can be stated with any certainty.

30 I am asking these questions for the reason that I have been for some time entirely out of touch with the affairs of the company and am anxious to learn exactly the situation.

Yours very truly,  
SIMON DALSHHEIMER.

May 28, 1914,

Mr. Simon Dalsheimer,  
Lord Baltimore Press,  
Baltimore, Md.

Dear Sir:—

Replying to your several inquiries of 15th inst., we note the following:

1. The list of creditors of the Graphic Arts Co. of New Jersey at the time its property was turned over to the Graphic Arts Co. of Delaware was practically the same as that noted in the list of assets and liabilities dated January 4th, 1912, sent to you with our letter of March 7, 1913.

2. The Delaware corporation agreeing to assume all the obligations of the New Jersey company, no special arrangement with the creditors became necessary.

3. The basis on which the property of the New Jersey company was turned over to the Delaware company is stated in the Agreement for the Purchase of property dated August 20th, 1912, a copy of which was sent to you with our letter of March 7th, 1913. 10

The resolution of the New Jersey company authorizing the sale is as follows:

Resolved: That the Board of Directors of this Company be authorized and directed to sell, transfer, sign and deliver to the Graphic Arts Company, a corporation under the laws of Delaware with an authorized capital of Three Hundred Thousand Dollars (\$300,000), all its letters patent, patent rights, both of the United States and foreign countries, together with all its machinery, tools, drawings, models, material, fixtures, book accounts and its entire assets, good will and existing business as now carried on at 1221 Spring Garden Street and 940 North 9th Street, Philadelphia, for and in consideration of the issuance of the capital stock of the Graphic Arts Company, incorporated under the Laws of Delaware, to the order of each of the stockholders of this company in the identical amount of his present holdings in this company, said shares aggregating 5,800, and of the assumption by the Graphic Arts Company (incorporated under the Laws of Delaware) of all the indebtedness, obligations and liabilities of this company. 20 30

The resolution of the Delaware Company authorizing the purchase is as follows:

“Resolved: That the Board of Directors of the Company be and they are hereby authorized and directed to purchase the property above mentioned for the said price (namely the property and price mentioned in the agreement of purchase) and to issue said stock in payment thereof.”

4. The holdings of preferred and of common stock of the Graphic Arts Co., incorporated in New Jersey, on August 20th, 1912, when it was reorganized under the Laws of Delaware, were respectively as follows:

	Preferred.	Common.
Berliner, E .....	60	60
Bilgram, H .....	..	1
Conkling, E. M. ....	..	20
10 Dalsheimer, S .....	412	412
Levy, L. E .....	280	4272
"    H. S .....	..	125
"    L. F .....	..	60
Martin, G. H. B.....	..	1
Stern, E .....	..	1
Walker, H. L .....	48	48
	800	5000

20 5. A copy of the annual report submitted at the last Stockholders' meeting is enclosed herewith.

30 As to the prospects of the Company for the future we can only note that the two main factors of that future are—1)—the steadily increasing pressure of competition by cheaper etching machines, one of which particularly appears to infringe our principal patent, and 2)—the expiration of that patent two years hence. It is to be apprehended that these unfavorable conditions will more or less affect the business of the company, but to what extent and in what manner must remain uncertain.

Very truly yours,

LEL/E.

President.

April 1, 1914.

TREASURER'S REPORT

for year 1913.

*Receipts.*

1913.			10
Jan. 2, Balance, Cash .....		\$3,464.37	
"    Bills Receivable.....		350.00	
Dec. 31, Royalties .....	\$26,043.32		
Mdse .....	6,756.98		
Installation .....	1,025.00		
Interest .....	148.93		
Sundry a/c .....	69.60		
		<hr/>	
		\$34,043.83	20

*Expenditures.*

Wages .....	\$17,241.75		
Mdse. ....	3,138.44		
Maintenance .....	3,805.23		
Expense .....	825.55		
Advertising .....	1,744.83		
Infringement Suit.....	564.75		
Installation .....	455.37		
Interest .....	2,672.71		30
Max Levy a/c.....	3,327.29		
		<hr/>	
	\$33,775.92		
1/2/14 Balance .....	4,082.28		
		<hr/>	
	\$37,858.20	\$37,858.20	

1/2/14, Balance consists of

Cash .....

Bills Receivable... 3,218.70

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\$4,082.28

April 1, 1914.

TREASURER'S SUPPLEMENTARY REPORT

for year 1913.

10

*Assets.*

Dec. 31, 1913.

Inventory ..... \$21,231.78

Accounts Receivable:

Royalties ..... \$11,595.70

Penrose & Co ..... 2,636.24

Middows Bros ..... 847.56

W. Grutzmacher ..... 541.19

Thomson Eng. Co ..... 575.00

Sundry Accounts ..... 20.25

20

\$16,225.94

Bills Receivable ..... 3,218.70

Cash Balance ..... 863.58

\$41,540.00

Patents ..... \$245,000.00

\$286,540.00

*Liabilities.*

30

Preferred Stock..... \$40,000.00

Max Levy ..... 262,380.40

S. Dalsheimer ..... 3,000.00

Friedenwald Co. .... 3,500.00

Lebran Co ..... 521.32

German-American S. W. Wks.. 362.32

Sundry Account ..... 338.76

\$310,103.80

286,540.00

Net Liabilities ..... \$23,563.80

Baltimore, Md., U. S. A., June 2, 1914.

The Graphic Arts Company,  
1221 Spring Garden St.,  
Philadelphia, Pa.

Gentlemen:

I am in receipt of yours of the 28th and will be indebted to you for a little further information.

10

1.—Kindly give me the names of the stockholders who have exchanged their stock in the New Jersey corporation for stock in the Delaware corporation, and did such persons have all the stock standing in their names exchanged?

2.—Kindly send me copies of the treasurer's annual reports for 1910, 1911, 1912 and 1913.

Very respectfully,

SIMON DALSHIMER.

20

---

June 12, 1914.

Mr. Simon Dalsheimer,  
Lord Baltimore Press,  
Baltimore, Md.

30

Dear Sir:—

Replying to your inquiries of 2d inst., we note

1). All the stockholders of the New Jersey Corporation have exchanged all the stock held by them in the New Jersey Corporation for that of the Delaware Corporation excepting yourself and Mr. E. M. Conkling.

2). The Treasurer's reports requested are enclosed herewith.

Very truly yours,

LEL/E.

President.

TREASURER'S REPORT

10

GRAPHIC ARTS COMPANY

PRESENTED AT STOCKHOLDERS' ANNUAL

MEETING, January 18, 1910

*Receipts*

	1909		
	Jan. 2	Balance .....	\$134.75
	Dec. 31—	Royalties .....	\$15,501.67
		Installation .....	5,545.30
20		Mdse. ....	3,865.55
			<hr/>
			24,912.61

*Expenditures*

		Construction and	
		Maintenance .....	\$10,148.64
		Wages .....	10,590.50
		Expense .....	1,544.99
		Installation .....	1,153.44
30		Advertising .....	421.59
		Patent a/c.....	151.48
		Interest & Discount.	183.69
		Inventory .....	109.00
		Loan, E. Berliner...	500.00
			<hr/>
			\$24,803.33
	1/1/10,	Balance .....	244.03
			<hr/>
			\$25,047.36
			<hr/>
			\$25,047.36

TREASURER'S SUPPLEMENTARY REPORT

1/18/1910.

*Assets*

10

Inventory .....	\$26,986.00	
Accts. Receivable:		
Royalties .....	\$2,961.90	
J. Voirin Co., Paris.....	2,464.83	
Penrose Co., London.....	32.70	
Sam'l. Herbst, Budapest..	600.00	
St. Louis Republic.....	1,250.00	
Consignment A/c.....	1,023.00	
Frisco Examiner.....	1.75	
	<hr/>	
	8,334.18	20
Cash .....	244.03	
Patents .....	245,000.00	
	<hr/>	
	\$280,564.21	

*Liabilities*

Preferred Capital Stock.....	\$40,000.00	
Max Levy.....	270,498.44	
Simon Dalsheimer.....	3,000.00	
Friedenwald & Co.....	3,500.00	30
Max Levy (C&N a/c).....	5,333.70	
Lebran Blower Co.....	1,415.67	
Didier-March Co.....	176.40	
Sundry Minor a/c.....	597.56	
	<hr/>	
	\$324,521.77	
	280,564.21	
	<hr/>	
Net Liabilities.....	\$43,957.56	

January 3, 1911.

TREASURER'S REPORT  
GRAPHIC ARTS COMPANY.

Presented at Stockholders' Annual Meeting,

10

January 17, 1911.

*Receipts*

1910		
Jan. 3,	Balance .....	\$244.03
Dec. 31,	Royalties .....	\$26,153.45
	Mdse. ....	10,693.67
	Installation .....	1,883.81
	Expense .....	713.91
		<hr/>
		39,426.84

20

*Expenditures*

	Wages .....	\$13,113.54	
	Mdse. ....	7,461.62	
	Maintenance .....	3,103.56	
	Expense .....	2,517.87	
	Advertising .....	2,692.95	
	Patents .....	3,351.06	
30	Max Levy.....	5,353.70	
	Installation .....	699.64	
		<hr/>	
		\$38,273.94	
1/3/11,	Balance .....	1,396.93	
		<hr/>	
		\$39,670.87	\$39,670.87

1/3/11	Balance consists of	
	(cash ....	\$871.93
	(Bills Rec. 525.00	
		<hr/>
		\$1,396.93

January 3, 1911.

TREASURER'S SUPPLEMENTARY REPORT.

<i>Assets</i>		
Inventory .....	\$25,974.80	10
Accounts Receivable,		
Royalties .....	\$3,523.51	
J. Voirin, Paris.....	2,285.04	
Middows Bros., Sydney...	1,357.91	
Herbst Samu, Budapest..	100.20	
Consignment a/c.....	1,092.80	
Installation .....	400.00	
L. F. Eaton, Detroit.....	168.20	
Sundry Minor a/c.....	41.90	
	8,969.56	
Bills Receivable .....	525.00	20
Cash Balance .....	871.93	
Patents .....	245,000.00	
	\$281,341.29	

<i>Liabilities</i>		
Preferred Stock.....	\$40,000.00	
Max Levy.....	270,498.44	30
Friedenwald & Co.....	3,500.00	
Simon Dalsheimer.....	3,000.00	
A. W. Penrose & Co.....	1,570.90	
Lebran Co.....	357.29	
Crocker-Wheeler Co.....	172.57	
Didier-March Co.....	556.55	
Sundry Minor a/c.....	43.85	
	\$319,699.60	
	281,341.29	
Net Liabilities.....	\$38,358.31	

January 4, 1912.

TREASURER'S REPORT

GRAPHIC ARTS COMPANY.

Presented at Stockholders' Annual Meeting,

10

January 16, 1912.

*Receipts*

1911			
Jan. 4,	Balance, Cash.....		\$871.93
	"    Bills Receivable.....		525.00
Dec. 30,	Royalties .....	\$23,973.28	
	Mdse. ....	6,132.86	
	Bills Receivable.....	43.25	
	Sundry Accounts....	318.03	
20	Installation .....	750.00	
		<hr/>	31,217.42

*Expenditures*

	Wages .....	\$15,680.89	
	Mdse. ....	4,026.95	
	Maintenance .....	1,929.77	
	Expense .....	2,106.50	
	Advertising .....	2,213.57	
	Patents .....	54.50	
30	Plant .....	474.70	
	Interest .....	1,005.93	
	Loan A/c Max Levy.	3,494.07	
		<hr/>	\$30,986.88
1/4/12	Balance .....	1,627.47	
		<hr/>	\$32,614.35
			<hr/>
			\$32,614.35

1/4/12, Balance consists of  
(Cash .....) \$1,145.72  
(Bills Receivable..... 481.75  

---

\$1,627.47

January 4, 1912.

TREASURER'S SUPPLEMENTARY REPORT

*Assets*

Inventory .....	\$22,495.26	10
Accounts Receivable:		
Royalties .....	\$5,925.92	
J. Voirin, Paris.....	684.56	
Middows Bros., Sydney...	2,356.60	
S. Herbst, Budapest.....	72.20	
Le Journal, Paris.....	895.71	
Walter Grutzmacher, Berlin .....	779.00	
L. F. Eaton, Detroit.....	168.20	
Ippers Machine.....	291.50	20
Consignment a/c.....	633.84	
Sundry Minor a/c.....	157.50	
	<hr/>	
	11,965.93	
Bills Receivable.....	481.75	
Cash Balance.....	1,145.72	
Patents .....	245,000.00	
	<hr/>	
	\$281,087.76	

*Liabilities*

Preferred Stock.....	\$40,000.00	30
Max Levy.....	267,004.87	
Friedenwald Co.....	3,500.00	
Simon Dalsheimer.....	3,000.00	
Lebran Co.....	664.81	
Sundry Minor a/c.....	513.16	
	<hr/>	
	\$314,682.84	
	281,087.76	
	<hr/>	
Net Liabilities.....	\$33,595.08	

April 1, 1913.

TREASURER'S SUPPLEMENTARY REPORT

For year 1912

10

*Assets*

Dec. 31, 1912		
Inventory .....		\$22,839.34
Accounts Receivable:		
Royalties .....	\$9,309.67	
Penrose & Co.....	2,585.24	
Walter Crutzmacher.....	779.00	
Ippers Machine.....	316.50	
Sundry Accounts.....	131.63	
		<hr/>
		13,122.04
20 Bills Receivable.....		350.00
Cash Balance.....		3,464.37
		<hr/>
		\$39,775.75
Patents .....		245,000.00
		<hr/>
		\$284,775.75

20

*Liabilities*

30

Preferred Stock.....	\$40,000.00	
Max Levy.....	265,707.69	
Friedenwald Co.....	3,500.00	
S. Dalsheimer.....	3,000.00	
Lebran Co.....	586.19	
Sundry Account.....	329.30	
		<hr/>
		\$313,123.18
		284,775.75
		<hr/>
Net Liabilities.....	\$28,347.43	

April 1, 1913.

TREASURER'S REPORT

For year 1912

		<i>Receipts</i>	10
1912			
Jan. 2,	Balance Cash.....	\$1,145.72	
	"    Bills Receivable.....	481.75	
Dec. 31,	Royalties .....	\$35,370.18	
	Mdse. ....	7,421.80	
	Bills Receivable.....	230.00	
	Installation .....	1,075.00	
	Penrose & Co.....	1,200.00	
	Sundry Accounts....	100.44	
		<hr/>	
		35,397.42	20

		<i>Expenditures</i>	
	Wages .....	\$17,848.51	
	Mdse. ....	7,568.23	
	Maintenance .....	1,269.26	
	Expense .....	1,644.00	
	Advertising .....	2,193.80	
	Infringement suit....	421.42	
	Installation .....	765.30	
	Interest .....	202.82	
	Loan account, Max		30
	Levy .....	1,297.18	
		<hr/>	
		\$33,210.52	
1/2/13	Balance .....	3,814.37	
		<hr/>	
		\$37,024.89	\$37,024.89

5—3755—BEWER

1/2/13, Balance consists of  
(Cash .....) \$3,464.37  
Bills Receivable..... 350.00

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\$3,814.37

Baltimore, Md., U. S. A.

June 15, 1914.

Graphic Arts Company,  
1221 Spring Garden Street,  
Philadelphia, Pa.

10 Gentlemen:—

I am indebted to you for your letter of the 12th instant giving me the information therein contained, and also the copies of the Treasurer's reports for the years 1911-12-13 and 14. I find from analyzing these reports that there is still some further information for which I will have to trouble you and will be indebted to you if you will kindly let me have the following:

20 1. The annual Treasurer's reports for the years 1908 and 1909.

2. In analyzing the reports already sent me, I find that during the years 1910 to 1913 inclusive, the Company has received \$101,522.23 in royalties. Will you kindly analyze the figures for each year giving me the sources of revenue and by whom paid?

30 3. I notice a steady increase in the wages account from \$13,000. to \$17,000. in the four years covered by the reports. I will be indebted to you if you will let me know how much of the wages item represents salary paid to officers, and to what officers, and in what amounts, and what part represents wages paid to employees in the strict sense of the term, such as mechanics, laborers, &c.

4. I also notice from the reports the payment during the last three years of interest aggregating \$3,881.46. In view of the cash balances shown in the reports, I will be glad if you will let me know to whom this interest was paid and on what account.

May I ask that you will kindly let me have as early a reply to these questions as possible?

Yours very truly,

SIMON DALSHIMER.

June 23, 1914.

Mr. Simon Dalsheimer,  
Lord Baltimore Press,  
Baltimore, Md.

Dear Sir:—

Following receipt of your letter of 15th inst. we enclose herewith in response to your request—

10

1) The Treasurer's reports for the year 1908. Those for 1909, presented at the Stockholders' Annual Meeting, January 18, 1910, were sent to you with our letter of 12th inst.

2) The sources of revenue are stated in the Treasurer's reports. In view of the competition which the company has to meet in the prosecution of its business, it is deemed unwise to give out to any one a list of its customers.

3) The officers' salaries, included in the wages account of the Treasurer's reports, are as follows:

20

From January 1, 1908 to April 1, 1909 the President's salary was \$4,732.00 per annum; from April 1, 1909 to April 1, 1911 it was \$7,200.00 and from April 1, 1911 to December 31, 1913 it was \$9,000.00 per annum.

From January 1, 1908 to March 31, 1908 the salary of the Secretary was at the rate of \$240.00 per annum. From April 1, 1908 to April 1, 1909 no salary attached to the office of Secretary. From April 1, 1909 to May 1, 1910 the Secretary's salary was \$2,400.00 per annum. From May 1, 1910 to January 1, 1913 it was \$3,600.00 per annum; and from January 1, 1913 to December 31, 1913 it was \$2,400.00 per annum.

30

4) The payments of interest noted in the Treasurer's reports were accounted on those of the outstanding loans to the company for the payment of which means were available from time to time. These loans are being paid in the order of their most recent advance to the company, beginning with those of 1908.

Very truly yours,

LEL/E

President.

Jan. 2, 1909.

10

TREASURER'S REPORT

GRAPHIC ARTS COMPANY

PRESENTED AT STOCKHOLDERS' ANNUAL

MEETING, January 19, 1909.

*Receipts*

1908			
Jan. 1	Balance .....		\$290.51
	Royalties .....	\$7,033.20	
20	Installation .....	1,949.00	
	Mdse. ....	11.00	
	Max Levy.....	994.85	
	E. Berliner (Loan) ..	500.00	
		<hr/>	10,488.05

*Expenditures*

	Wages .....	\$5,753.78	
30	Construction and Maintenance Work.	2,659.64	
	Expense .....	868.03	
	Installation .....	420.00	
	Patents .....	897.36	
	Plant a/c.....	45.00	
		<hr/>	\$10,643.81
1/1/09	Balance .....	134.75	
		<hr/>	\$10,778.56
			<hr/>
			\$10,778.56

Jan. 2, 1909.

TREASURER'S SUPPLEMENTARY REPORT

10

*Assets*

Inventory .....	\$13,481.55	
Cash .....	134.75	
Accounts Receivable.....	1,868.21	
A. W. Penrose & Co., Ltd.....	2,623.94	
Patents .....	245,000.00	
	<hr/>	
	\$263,108.45	20

*Liabilities*

Preferred Capital Stock.....	\$40,000.00	
Max Levy.....	270,498.44	
Simon Dalsheimer.....	3,000.00	
Friedenwald Co.....	3,500.00	
Max Levy (Construction & Maint's)....	3,352.33	
E. Berliner.....	500.00	30
Reichhelm Blower Co.....	749.50	
Wages .....	173.97	
Geo. Dukes, (Printer).....	26.25	
	<hr/>	
	\$321,800.49	
	263,108.45	
	<hr/>	
Net Liabilities.....	\$58,692.04	

TREASURER'S REPORT

GRAPHIC ARTS COMPANY

10

PRESENTED AT STOCKHOLDERS' ANNUAL

MEETING, January 18, 1910.

*Receipts.*

1909.		
Jan. 2—Balance .....		\$134.75
Dec. 31—Royalties .....	\$15,501.67	
Installation .....	5,545.39	
Mdse .....	3,865.55	
20		<u>\$24,912.61</u>

*Expenditures.*

	Construction and Main-	
	tenance .....	\$10,148.64
	Wages. ....	10,590.50
	Expense .....	1,544.99
	Installation .....	1,153.44
30	Advertising .....	421.59
	Patent a/c .....	151.48
	Int. & Disc .....	183.69
	Inventory .....	109.00
	Loan .....	500.00
		<u>\$24,803.33</u>
	1:1.10 Balance .....	244.03
		<u>\$25,047.36</u> <u>\$25,047.36</u>

1/18/1910.

TREASURER'S SUPPLEMENTARY REPORT

<i>Assets</i>		10
Inventory .....	\$26,986.00	
Accts. Receivable:		
Royalties .....	\$2,961.90	
J. Voirin Co., Paris.....	2,464.83	
Penrose Co., London.....	32.70	
Sam'l Herbst, Budapest...	600.00	
St. Louis Republic.....	1,250.00	
Consignment a/c.....	1,023.00	
Frisco Examiner.....	1.75	
	<hr/>	
	8,334.18	20
Cash .....	244.03	
Patents .....	245,000.00	
	<hr/>	
	\$280,564.21	

<i>Liabilities</i>		
Preferred Capital Stock.....	\$40,000.00	
Max Levy.....	270,498.44	
Simon Dalsheimer.....	3,000.00	
Friedenwald Co.....	3,500.00	30
Max Levy (C. & M. a/c).....	5,333.70	
Lebran Blower Co.....	1,415.67	
Didier-March Co.....	176.40	
Sundry Minor A/c.....	597.56	
	<hr/>	
	\$324,521.77	
	280,564.21	
	<hr/>	
Net Liabilities.....	\$43,957.56	

Baltimore, Md., U. S. A.

June 27, 1914.

Graphic Arts Company,  
1221 Spring Garden St.,  
Philadelphia, Pa.

Gentlemen:—

10 I am in receipt of your letter of the 23rd instant and while I thank you for the information therein contained, your letter does not cover the points suggested in my letter of the 15th instant. You are mistaken in your belief that you sent me in your letter of the 12th instant the annual report for the year 1909, presented January 1910. The reports which you sent me begun with the year 1910, and I would like very much to have the treasurer's report for the year 1909.

20 In answer to my request that you would kindly analyze the figures covering the royalties, giving me the sources of revenue and by whom paid, it is my recollection that it has been the custom to submit such reports at your stockholders' meetings, and I certainly have no desire to use the information which would in any way help any of your competitors, and it would be very satisfactory to me if you could let me have this information.

30 Am I to understand from your answer to my fourth question as to the payment of interest that interest is being paid on some accounts due by the Company and not on others? I would like very much to know what accounts interest has been paid and to whom. You will realize that the statements which I have are so general that it is impossible for me to analyze them without further information. I would also be indebted to you for a list of the present creditors of the Company and the amount due each one.

May I ask that you will let me have as early a reply to my letter as convenient?

Yours very truly,

SIMON DALSHIMER.

July 6, 1914.

Mr. Simon Dalsheimer,  
Lord Baltimore Press,  
Baltimore, Md.

Dear Sir:—

In reply to yours of 27th ult., we send you herewith copy of the Treasurer's Report for the year 1909.

In paying off the loan obligations of the Company the latest advances, together with the accrued interest thereon have been paid off first. In April 1908, when the management of the Company was turned over to its present officers, the company was without sufficient means to continue its business. To meet this exigency the retiring president of the company, Mr. Max Levy, kindly consented to continue to advance to the company the costs of manufacturing such new machines as the company might require, and also the costs of maintaining in workable condition those which were leased out. It was agreed that the material belonging to the company should be retained by him at his factory, to be utilized as required, and that the value of this material should be charged to him at current prices and debited against his previous advances. It was also agreed that any new machines that the company might require, be advanced to the company at the cost price of \$300.00 each and that these advances, as also the costs of maintenance defrayed by him, should be repaid to him out of the first income available for the purpose. At the close of the year 1908 the material which had been utilized and that remaining unused was accounted and charged to him at \$3,000.00. Of this amount \$2,782.80 covered his various successive advances to the company from July 16, 1907 to March 31, 1908, and \$217.20 of the \$219.17 interest thereon, leaving a balance of \$1.97 due for interest.

Between August 29 and October 27, 1908, one of the directors of the company, Mr. E. Berliner, advanced to the company \$1,000.00 in cash. Of this amount \$500.00 was paid off on December 31, 1908 and the balance on March 19, 1909, the lender declining interest.

No means were available for further payments on the loans in question until 1911, as indicated in the Treasurer's reports.

Mr. Max Levy having assigned all his remaining claims against the company to Pauline D. Levy, the payments made that year and those thereafter were made to the assignee.

10 Lists of the principal creditors of the company are contained in the successive supplementary reports of the Treasurer, copies of which have been furnished you. Mr. Max Levy's account, as noted in those reports, includes the amount of the company's common stock due him under his initial agreement with the company. This item has been left in that account to conform with the statement of the company's liabilities which was presented at the annual meeting of the company in 1908 by the predecessors of its present officers. Deducting the amount of the common stock, \$250,000, the account stands at its normal figure.

Very truly yours,

LEL/E.

President.

20

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Philadelphia, Aug. 9th, 1912.

A special meeting of the Board of Directors, called by the President, was held at the office of the Company, 1221 Spring Garden St., at 2:30 P. M. on this date.

Present were Mr. L. E. Levy, Mr. Hugo Bilgram and Mr. H. S. Levy. Mr. Berliner was reported as having sailed for Europe.

30

On motion the reading of the Minutes of the previous meeting was dispensed with.

The Executive Committee presented a communication, as follows:

*To the Board of Directors of the Graphic Arts Co.,  
Philadelphia:*

At the annual meeting of the stockholders of this Company on Jan. 18th, 1910, the President called the attention of the meeting to the fact that by a certain ruling of the Board of Assessors of the State of New Jersey, the issue of common stock, which was author-

ized by the stockholders at their meeting on January 24, 1900, to be issued to Max Levy in payment for certain patents and other property conveyed by him to this Company, was held to be constructively issued notwithstanding that only 1182 shares of the 5000 shares authorized had been actually issued, and that the State Tax on the entire issue was accordingly being assessed against the Company.

Thereupon the meeting adopted the following resolution:

10

*Resolved*, that the Board of Directors be instructed to consider the expediency of surrendering the New Jersey Charter of the Company and of reorganizing under the Laws of the State of Pennsylvania, and if such course is found to be expedient, to report at a special meeting of the stockholders to be called as provided by law.

In the course of the investigation made pursuant to the above resolution, it became apparent that the costs entailed in the proposed proceeding would be very considerable and also, that changes currently proposed to be made in the laws relating to the taxation of manufacturing corporations in the State of Pennsylvania were such as might make the proposed change inexpedient in the end. The matter was therefore left in abeyance pending a possible acceptance of our plea for reduction of the assessment in New Jersey. This plea having been finally rejected, the stock held to be constructively issued has been actually issued.

20

The tax assessed against this Company in the State of New Jersey is \$290.00 per annum. In view of the fact that the Tax Laws of the State of Delaware provide that corporations shall be taxed on a sliding scale which would make the tax on this Company only \$20.00 per annum and that a reorganization under the Laws of the State of Delaware would therefore effect a saving of \$270.00 per annum, the Executive Committee here proposes that the Board of Directors recommend to the stockholders that such change be effected.

30

In view of the conditions stated in the above communication, it was, on motion, resolved that the Board recommend to the Stockholders that the proposed

action be taken, and that a special meeting of the Stockholders be called for Tuesday, 20th inst., at 9 A. M., to act on this recommendation.

The meeting thereupon adjourned.

HOWARD S. LEVY,  
Secty.

10 Special Meeting of the Stockholders of the Graphic Arts Company was held at the office of the Company, 419 Market Street, Camden, N. J. on August 20th, 1912, at 9 A. M.

There were present in person

L. E. Levy representing.....	4552	shares
L. F. Levy " .....	60	"
H. Bilgram " .....	1	"
Geo. H. B. Martin " .....	1	"

and the following:

20 Howard S. Levy by proxy to Louis E. Levy, 125 " "  
H. L. Walker " " " " 96 "  
E. M. Conkling " " " " 20 "  
Edward Stern " " " " 1 "

representing more than two-thirds of the capital stock of the Company.

Mr. Louis E. Levy called the meeting to order and acted as Chairman and L. F. Levy acted as Secretary.

30 The Chairman reported that a notice of the time, place and purpose of the meeting had been sent to each stockholder as required by the By-Laws. The minutes of the Directors' meeting held August 9th, 1912, were read and approved.

Upon motion it was resolved: That the Board of Directors of this Company be authorized and directed to sell, transfer, sign and deliver to the Graphic Arts Company, a corporation under the laws of Delaware with an authorized capital of Three Hundred Thousand Dollars (\$300,000), all its letters patent, patent-rights, both of the United States and foreign countries, together with all its machinery, tools, drawings, models, material, fixtures, book accounts and its entire assets,

good-will and existing business as now carried on at 1221 Spring Garden Street and 940 North 9th Street, Philadelphia, for and in consideration of the issuance of the capital stock of the Graphic Arts Company, incorporated under the laws of Delaware, to the order of each of the stockholders of this Company in the identical amount of his present holdings in this Company, said shares aggregating 5,800, and of the assumption by the Graphic Arts Company (incorporated under the Laws of Delaware) of all the indebtedness, obligations and liabilities of this Company. On motion adjourned.

10

L. F. LEVY,  
Sec'y,

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A SPECIAL MEETING of the Board of Directors was held at the office of the Company, 419 Market Street, Camden, N. J., August 20th, 1912, 9:30 A. M.

There were present Louis E. Levy, Hugo Bilgram, and George H. B. Martin, constituting a quorum of the Board. Mr. Berliner was reported absent in Europe and Mr. H. S. Levy was reported absent in the West on business of the Company.

20

Mr. Louis E. Levy called the meeting to order and presided and Mr. L. F. Levy was appointed Secretary.

The President reported that notice of the time, place and purpose of the meeting had been sent to each Director as required by the By-Laws.

The minutes of the meeting of the stockholders held this A. M. were read.

30

Upon motion it was resolved: That this Company sell, transfer, sign and deliver to the Graphic Arts Company, a corporation organized under the laws of Delaware with an authorized capital of Three Hundred Thousand Dollars (\$300,000), all its letters patent, patent-rights, both of the United States and foreign countries, together with all its machinery, tools, drawings, models, material, fixtures, book accounts and its entire assets, good will and existing business as now carried on at 1221 Spring Garden Street and 940 North Ninth Street, Philadelphia, for and in con-

sideration of the issuance of the capital stock of the Graphic Arts Company, incorporated under the laws of Delaware, to the order of each of the stockholders of this Company in the identical amount of his present holdings in this Company, said shares aggregating 5800 and of the assumption by the Graphic Arts Company, incorporated under the laws of Delaware, of all the indebtedness, obligations and liabilities of this Company.

- 10 A form of agreement between this Company and the Graphic Arts Company of Delaware was presented and proved as to form and the President and Secretary, or Assistant Secretary, of this Company were authorized and directed to execute the same in the name and on behalf of the Company and to affix its seal, and the President and Secretary were authorized and directed to execute and deliver deeds of patent and such other papers or instruments necessary to effectuate the said sale.
- 20 There being no further business the meeting adjourned.

LIONEL F. LEVY,  
Asst. Secretary.

30

GRAPHIC ARTS COMPANY.

TABULATION.

	<i>Assets.</i>			
	JANUARY 2, 1908.		JANUARY 2, 1915.	
Inventory,	\$12,467.22	18,986.01	Increase	6,428.79
Cash,	290.51	4,734.78	"	4,444.27
Accounts Receivable,	1,797.20	(Cash 1,026.02)		
Patents,	245,000.00	(Bills Receivable, 3,708.76)		
	<u>245,000.00</u>	20,828.21	"	19,031.01
	\$259,554.93	245,000.00		
		<u>289,459.00</u>		<u>29,904.07</u>
		<i>Liabilities.</i>		
Pref. Capital Stock,	\$40,000.00	\$40,000.00		
Max Levy,	272,503.59	259,110.68	Decrease	\$13,392.91
				<u>\$43,296.98</u>
S. Dalsheimer,	3,000.00	3,000.00		
Friedenwald & Co.,	3,500.00	3,500.00		
Accounts Payable,	415.67	2,220.69	Increase	1,805.02
	<u>\$319,419.26</u>	<u>307,831.37</u>		
	259,554.93	289,459.00		
	<u>\$59,864.33</u>	<u>\$18,372.37</u>	Net Decrease	\$41,491.96

Dated May 8th, 1916—Filed May 10, 1916.

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IN CHANCERY OF NEW JERSEY.

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10    Between  
      Simon Dalsheimer, et al.,  
          Complainants,    }    On Bill, &c.  
          and                    }  
      Graphic Arts Company,    }    DECREE AND APPOINT-  
          et al.,                }    MENT OF RECEIVER.  
20                    Defendants.    }

This matter being opened to the Court by Grey & Archer, Solicitors for and of counsel with the complainants, and it appearing that copies of the bill of complaint and of the order to show cause made thereon have been duly served within the time and as required by said order to show cause upon all the defendants herein ;

30    And it further appearing to the court that the defendant Graphic Arts Company, a corporation of New Jersey, has become insolvent and is not able to resume its business :

IT IS, on this eighth day of May, nineteen hundred and sixteen, on motion as aforesaid, ORDERED that the said Graphic Arts Company be and it is hereby declared insolvent, and that an injunction issue against the said defendant corporation, and that the said Graphic Arts Company, its officers, servants and agents, absolutely desist and refrain and they are hereby enjoined and restrained from exercising any of its privileges or franchises and from collecting or receiving any debts, or paying out,

selling, assigning or transferring any of its estate, moneys, funds, lands, tenements or effects, except to a receiver appointed by this Court.

AND it is further ORDERED that Wilfred B. Wolcott, of Camden, New Jersey, be and he is hereby appointed receiver for the creditors and stockholders of the said defendant corporation Graphic Arts Company, of New Jersey, with all the powers incident thereto, and that he do and perform all the duties imposed upon him and required by law and especially by an act entitled "An Act concerning corporations (Revision of 1896)" and the Acts supplementary thereto and amendatory thereof.

10

AND it is further ORDERED that the said Receiver, before he shall enter upon his duties as such Receiver, shall take the oath prescribed by law, and give a bond to the Chancellor of the State of New Jersey in the sum of Five Hundred Dollars, conditioned for the faithful performance of his duties, to be approved as to form and security thereof by any one of the special masters of this court.

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E. R. WALKER, C.

Respectfully advised:

E. B. LEAMING, V. C.

30

Filed May 10, 1916.

IN CHANCERY OF NEW JERSEY.

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10 Between  
Simon Dalsheimer, et al.,  
Complainants,  
and  
Graphic Arts Company,  
et als.,  
20 Defendants. } On Bill.  
STAY.

This matter being opened to the Court by Bourgeois & Coulomb, solicitors for and of counsel with defendant, Graphic Arts Company, and it appearing that the defendant, Graphic Arts Company, has filed an appeal from the final decree made in this cause on the 8th day of May, 1916.

30 IT IS, on this 8th day of May, 1916, on motion of Bourgeois & Coulomb, solicitors for and of counsel with defendant, Graphic Arts Company, ORDERED that all further proceedings in this court in the above cause be stayed pending the said appeal.

E. R. WALKER, C.

Respectfully advised:

E. B. LEAMING, V. C.

Filed May 10, 1916.

IN CHANCERY OF NEW JERSEY.

Between  
Simon Dalsheimer, et al.,  
Complainants,  
and  
Graphic Arts Company,  
et als.,  
Defendants.

On Bill.

NOTICE OF APPEAL.

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20

The defendant, Graphic Arts Company, hereby appeals from the whole and every part of the final decree made in this court in the above entitled cause, and particularly that portion thereof which directs the appointment of a receiver to collect the assets of the Graphic Arts Company and to wind up the affairs of such company.

Dated May 8, 1916.

BOURGEOIS & COULOMB, 30

Solicitors for and of counsel with defendant,  
Graphic Arts Company.

I conceive there is good cause for appeal in the above stated case.

HARRY R. COULOMB,

Of counsel with defendant, Graphic Arts Company.

Filed June 3, 1916.

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IN CHANCERY OF NEW JERSEY.

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10

Between

Simon Dalsheimer, et al.,

Complainants,

and

20

Graphic Arts Company,

Defendant,

On Bill, &c.

NOTICE.

To Grey & Archer, Esqs.,

Solicitors for Complainants:

30 You are hereby notified that on the 18th day of  
May, A. D. 1916, we deposited with the Clerk in  
Chancery the sum of \$100.00, security for costs on  
appeal, pursuant to the rules of this court.

BOURGEOIS & COULOMB,

Solicitors for Defendant.

Dated June 1, 1916.

Served June 5, 1916—Filed June 7, 1916.

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NEW JERSEY COURT OF ERRORS  
AND APPEALS.

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Between 10  
Simon Dalsheimer, et al.,  
Complainants,  
Respondents, } On Bill.  
and }  
Graphic Arts Company, } PETITION OF APPEAL  
Defendant, }  
Appellant. 20

TO THE HONORABLE, THE COURT OF ER-  
RORS AND APPEALS IN THE LAST RESORT  
IN ALL CAUSES:

The petition of the Graphic Arts Company, the  
appellant in the above stated cause, respectfully  
shows that your petitioner finds itself aggrieved by 30  
a final decree made in the Court of Chancery by his  
Honor, Edwin R. Walker, Chancellor of the State of  
New Jersey, bearing date the 8th day of May, A. D.  
1916, in this respect: that the said decree adjudges  
that there should be a receiver appointed for the  
Graphic Arts Company, your petitioner, and your  
petitioner humbly appeals from that part of the de-  
cree of the Chancellor which decrees as aforesaid  
upon the ground that the same is erroneous in that:

1 The complainants, Simon Dalsheimer and the  
Friedenwald Company of Baltimore, Maryland, were  
in laches at the time of the filing of their said bill.

2. The complainants have no standing in the Court of Chancery to attack the transaction whereby the Graphic Arts Company conveyed all of its assets to the Graphic Arts Company of Delaware.

3. The said Graphic Arts Company, the defendant, has been dissolved by the proclamation of the Governor of the State of New Jersey.

10 4. The transaction whereby the Graphic Arts Company of New Jersey transferred its assets to the Graphic Arts Company of Delaware is in violation of none of the rights of the complainants.

5. The complainants have suffered no injury, financial or otherwise, whatsoever by reason of the transfer of said assets.

6. The transfer of the assets of the Graphic Arts Company of New Jersey to the Graphic Arts Company of Delaware was in violation of no statutory or other rule of law.

20 7. The complainants, by reason of their status as creditors, suffered no pecuniary loss whatsoever by reason of the transfer of said assets.

8. Complainants, both as stockholders and creditors of the Graphic Arts Company of New Jersey, with full notice of the transfer of said assets and the proceedings whereby the same was effected, lost whatever rights they might have had by the delay in the filing of their bill of complaint to set the same aside.

30 9. Complainants, both as stockholders and creditors of the Graphic Arts Company of New Jersey, with full notice of the transfer of said assets and the proceedings whereby the same was effected, lost whatever rights they might have had by their failure to protest at any time against the transfer of said assets.

10. Said decree is in divers other respects erroneous, oppressive and contrary to equity and good conscience.

BOURGEOIS & COULOMB,  
Solicitors for and of counsel with Appellant.

Service acknowledged June 5th, 1916.

GREY & ARCHER.

NEW JERSEY COURT OF ERRORS  
AND APPEALS.

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Between

Simon Dalsheimer, et al.,  
Complainants,  
Respondents,

and

Graphic Arts Company,  
Defendant,  
Appellant.

On Appeal.  
ANSWER.

10

THE ANSWER OF SIMON DALSHIMER  
AND THE FRIEDENWALD COMPANY, RE-  
SPONDENTS, TO THE PETITION OF APPEAL  
OF THE ABOVE NAMED APPELLANT:

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The respondents, Simon Dalsheimer and The  
Friedenwald Company, not acknowledging all or any  
of the matters which in the Petition of Appeal are  
contained to be true, for answer thereto nevertheless,  
says and admits that a decree was, on the 8th day of  
May, 1916, last passed, made and entered in the  
Court of Chancery in the cause for that purpose  
mentioned in the said petition as therein stated, but  
as to the substance and form thereof, the above nam-  
ed respondents pray to refer thereto when the same  
shall be produced. And the above named respon-  
dents are advised and believe, that the said decree is  
agreeable to equity, and they pray that the same may  
be affirmed with costs to be adjudged to these re-  
spondents.

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GREY & ARCHER,

Solicitors for Complainants-Respondents.



IN CHANCERY OF NEW JERSEY.

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Between		
Simon Dalsheimer, et al.,	}	Final Hearing On Bill For Relief.
Complainants,		
and		
Graphic Arts Company,	}	CONCLUSIONS.
et al.,		
Defendants.		

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Messrs. Grey & Archer, for complainants.	20
Messrs. Bourgeois & Coulomb, for defendants.	

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LEAMING, V. C.

Complainant Dalsheimer is a stockholder and creditor of defendant Graphic Arts Company, a corporation of this state, and seeks relief against a transfer of the assets of the corporation which transfer has been heretofore made to a corporation of another state. 30

The transaction of which complaint is here made may be briefly characterized as an attempt of the New Jersey Corporation to abandon its New Jersey charter and to operate in the future under a Delaware charter in order to escape the burden of the New Jersey annual franchise tax. The method adopted was simple but unscientific. A Delaware corporation was formed of the same name and capitalization as the New Jersey corporation and the directors of the New Jersey corporation by resolution then authorized a transfer of the entire assets of the New Jersey corporation to the Delaware Corporation

10 in consideration of the Delaware corporation assuming the debts of the New Jersey corporation and issuing its capital stock to the several stockholders of the New Jersey corporation upon such stockholders surrendering their New Jersey stock. A stockholders meeting then approved the plan and the transfer of assets was made and all stockholders of the New Jersey corporation except two surrendered their New Jersey stock and accepted an equal number of shares in the Delaware corporation. The former board of directors of the New Jersey corporation were made directors of the Delaware corporation and that corporation has since operated without change or disturbance of the business or its methods.

20 Complainant, a large stockholder and also a large creditor of the New Jersey corporation, has at no time consented to these proceedings. His bill seeks a decree declaring proceedings unlawful and void and setting aside the transfer of the assets, and in the event of this being found impracticable or impossible in this suit praying for the appointment of a receiver to conserve the assets and rights of the New Jersey corporation and its creditors.

The New Jersey corporation and the Delaware corporation and all the directors of the Delaware corporation are made defendants. The New Jersey corporation has answered; all the other defendants, except one director, are non-residents and have refused to submit themselves to this jurisdiction.

30 It is obvious that no legal justification can be found to support the proceedings which have been taken. It has been urged in behalf of defendant that the transfer of assets is authorized by the following provision of the articles of incorporation of the New Jersey corporation: "With the consent in writing and pursuant to the vote of the holders of a majority of the stock issued and outstanding, the directors shall have power and authority to sell, assign, transfer or otherwise dispose of the whole property of this corporation." But this provision cannot be understood as authorizing a transfer of the assets without an adequate consideration moving to the New Jersey corporation. The capital stock of the Delaware corporation was the primary consideration of the trans-

fer or sale of the assets of the New Jersey corporation. That stock did not pass to the treasury of the New Jersey corporation; it was ordered issued to the several stockholders of the New Jersey corporation. The contemplation of the transaction as in general effect a delivery of the stock of the Delaware corporation to the New Jersey corporation and a distribution of that stock to the several stockholders of the New Jersey corporation contributes nothing to its vitality; our statutes touching dividends to stockholders from profits and distribution of capital to stockholders after payment of debts clearly render the entire transaction unlawful. In fact no consideration passed or was intended to pass to the New Jersey corporation; that corporation was intended to be abandoned and set adrift without assets or stockholders, and its creditors were left to look to the obligation of the Delaware corporation to pay the debts of the New Jersey corporation under the contract of assumption.

10

It is apparent, however, that no relief can be administered in this suit through a decree setting aside the transfer of assets or declaring the transaction void or holding the directors responsible for misconduct of official duties, for the legal title to these assets is in the Delaware corporation which corporation is not subject to the jurisdiction of this court in this suit, and the several directors are non-residents and have not appeared in this suit, and few, if any, of the assets in question are within this jurisdiction. It seems clear, therefore, that the only practicable relief which can be afforded is the appointment of a receiver of the New Jersey corporation which is now in an insolvent condition to the end that the receiver may pursue such remedies as are open to him to restore to the New Jersey corporation for the benefit of its creditors and stockholders the property and property rights which have been unlawfully withdrawn from it.

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30

It is urged that complainant should be denied relief by reason of laches. Complainant had notice of the stockholders meeting at which the action of the directors authorizing the transfer of assets was approved and failed to attend that meeting and thereafter learned of the action which had been taken and

for a considerable time failed to protest or make known his dissent. There can be no doubt that in some circumstances laches can be attributed to a stockholder and remedies to which he would be entitled but for his laches denied. A stockholder's bill in behalf of his corporation to set aside a contract which has been made by a board of directors with its members must be promptly filed or it cannot be maintained. But in the present case there is brought  
10 before this court an insolvent corporation which has been unlawfully deprived of the legal title of its assets, and a stockholder and creditor of that corporation asks for the appointment of a receiver to conserve those assets. Without here giving consideration to the question whether laches may be attributed to a stockholder which should deny to him a right of this nature, it seems entirely clear that such laches cannot be attributed to him as a creditor. This New Jersey corporation owed complainant a large sum of money at the time this unlawful transfer of assets  
20 was made. The assumption of the debt by the Delaware corporation is not payment, and patient waiting of a creditor of a corporation for money due him is not laches which denies to the creditor the right to seek the appointment of a receiver to protect his rights as a creditor.

It also appears that since the transfer of assets the usual Governor's proclamation has been made against the charter rights of defendant corporation for non-payment of taxes. This proclamation in no  
30 way interferes with the appointment of a receiver to collect the assets and wind up the affairs of the insolvent corporation.

I will advise a decree for the appointment of a receiver.

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Submitted: February 18, 1916.

Determined: March 23, 1916.

BOND

BOND