

the plaintiff, from setting up any other right or claim to them than that of a pledgee according to the terms of the stock note, upon the principle that the bailee of property cannot dispute the title of the bailor, or set up any claim to it inconsistent with the terms of the bailment. The Idaho, 93 U. S. 575; Osgood v. Nichols, 5 Gray, 420; Supervisors v. Allen, 99 N. Y. 539, 2 N. E. Rep. 459; Williams v. Morgan, 50 Wis. 548, 7 N. W. Rep. 541; Jarvis v. Rogers, 15 Mass. 389; Beckett v. Bradley, 7 Man. & G. 994; Wiles v. Woodward, 20 Law J. Exch. 261; Bank v. Alexander, 120 Pa. St. 476, 14 Atl. Rep. 402. For these reasons I think the order appealed from should be reversed.

FT. PAYNE COAL & IRON CO. v. SAYLES et al.

(Circuit Court of Appeals, Fifth Circuit. January 16, 1833.)

No. 85.

Appeal from the Circuit Court of the United States for the Northern District of Alabama.

In Equity. Bill by A. L. Sayles and others—some of them as stockholders and bondholders and others as bondholders only, in the Ft. Payne Coal & Iron Company—against the said company, the Old Colony Trust Company of Massachusetts, A. B. Green, A. J. Butler, the Citizens' Bank & Trust Company, and G. N. Hensen, praying that a receiver be appointed for the Ft. Payne Coal & Iron Company, and that the respondents be enjoined from disposing of the assets of said company. Temporary injunctions were granted, and a temporary receiver appointed. Demurrers were overruled, and a decree entered for complainants, making the receivership permanent, and continuing the injunction against the Ft. Payne Coal & Iron Company, which now prosecutes this appeal. Affirmed.

Complainants are citizens of Massachusetts and other states, and the respondent Ft. Payne Company, a corporation organized under the laws of Alabama, and engaged in the business of developing the coal and iron resources of De Kalb county, in that state, and in building and developing the town of Ft. Payne. The company was organized November 22, 1888, with a capital stock of \$5,000,000, (50,000 shares, at \$100 each.) of which 40,000 shares were subscribed and paid for chiefly in New England at \$25 a share, the other 10,000 shares being reserved in the treasury of the company. The bill charges that financial difficulties forced the company to market the greater part of the reserved 10,000 shares at \$37 per share; that this did not afford sufficient relief, and in order to raise more money a mortgage on all the property of the Ft. Payne Company was given to the Old Colony Trust Company, respondent, a corporation organized under the laws of Massachusetts to secure an issue of \$300,000 of bonds, whereof \$212,000 worth were sold at or near par, and the rest hypothecated for debts; that valuable properties of the company had been disposed of at ruinous rates to meet debts of the company; that the real estate had been sold for taxes; that default had been made upon the interest of the bonds; that the price of the stock was depressed to \$1.50 a share; that at a meeting where W. P. Rice held a majority of the proxies, few stockholders being present, it was voted to issue \$1,000,000 in bonds; that the complainant stockholders were liable under the laws of Alabama for \$75 unpaid subscriptions on each share; that the Old Colony Trust Company had brought no suit to foreclose the mortgage made to secure the principal and interest of the bonds; that the management was wasteful and extravagant, and entirely controlled by W. P. Rice, the president.

J. A. W. Smith, for appellant.
Jas. Norflet, for appellees.

Before PARDEE and McCORMICK, Circuit Judges, and LOCKE, District Judge.

McCORMICK, Circuit Judge. In this case we do not deem it necessary to discuss the various questions made on this appeal. A careful examination of the case satisfies us that as between the bondholders, who joined in and seek relief by the bill, and the Ft. Payne Coal & Iron Company, appellant, the bill presents a case of which the circuit court had jurisdiction, and such equities as warranted the court to intervene for the preservation of the trust property, and grant preliminary relief by injunction, as well as by the appointment of a receiver. The order appealed from should be affirmed, and the cost of appeal adjudged against the appellant, and it is so ordered.

TRAVELERS' INS. CO. v. TOWNSHIP OF OSWEGO.

(Circuit Court, D. Kansas. April 11, 1893.)

No. 6,846.

1. CONSTITUTIONAL LAW — SPECIAL AND GENERAL LAWS — SPECIAL REFUNDING ACT — TOWNS.

The Kansas constitution recognizes and makes provision for the election and tenure of office of township officers, and by Laws Kan. 1868, which is a general act, the duties and powers of township officers are defined. In 1875, the legislature passed a general refunding law, which provides that, before any refunding bonds can be issued, an election shall be held, at which the question shall be voted upon, and that the proper authorities of any county, township, or city shall issue the refunding bonds provided for by the act. By Laws Kan. 1881, c. 170, as amended in 1883, commissioners were appointed to refund the bonded indebtedness of the township of Oswego, and were empowered to do all things needful for the compromising and refunding of the township bonds. *Held*, that as the act of 1881, as amended, is a special act, and as its effect is to suspend the uniform operation of the general township law and of the general refunding act, it violates the provision of the Kansas constitution that, "in all cases where a general law can be applicable, no special law shall be enacted."

2. SAME — PURCHASERS OF BONDS — ESTOPPEL.

The purchasers of municipal bonds are conclusively presumed to know the law of the state, both constitutional and statutory, bearing upon the power of the municipality to issue the bonds, and the municipality cannot be estopped, by recitals in the bonds, to deny, even as against bona fide purchasers, the powers of commissioners appointed by the legislature to issue them.

At Law. Action by the Travelers' Insurance Company against the township of Oswego upon coupons of certain refunding bonds. On demurrer to petition. Demurrer sustained.

W. H. Rossington, C. B. Smith, and E. J. Dallas, for plaintiff.
W. F. Rightmire and F. H. Atchinson, for defendant.

RINER, District Judge. This is an action upon coupons of certain refunding bonds, purporting to have been issued by the township of Oswego, through certain agents and commissioners of that township, appointed by the legislature. The plaintiff, in its petition, claims to be a bona fide purchaser of these bonds and coupons for value, and before maturity thereof. The petition contains 155 separate causes of action. The case is before the court upon a demurrer to each cause of action.

It is contended by the defendant township that the act of the legislature recited in the bonds, and under which the bonds and