

U.S. COURTS ARE BARRED AGAINST WAR DEBTS

Former Cannot be Used by Any
Foreigners to Collect From
Their **Enemies**

(Canadian Press Despatch.)

New York, May 20.—Federal Judge Veeder, dismissing a suit brought by a British firm against an Austrian company to collect \$45,000 admittedly due, ruled to-day that the United States courts cannot be used by foreigners to collect debts from their **enemies** where the payment of such debts had been prevented because of the European war.

The plaintiff in the suit, Watts & Watts of London, delivered to the Austro-American Navigation Company here \$45,000 worth of coal last June and July. The coal was to be paid for in London in sixty days. Before the day designated for settlement arrived, Britain and Austria were at war. The debt was not paid.

"**Allen Enemy.**"

A case similar in many respects came up in the United States District Court to-day, when an answer was filed by Bawo & Dotter, Limited, as Canadian corporation, with offices in New York, to a suit filed by Mathias Bauerle of Germany and an Austro-Hungarian porcelain ware firm against the appointment of receivers for the Canadian concern in an equity suit. The answer of the Canadian firm sets forth that the petitioning creditors and the alleged bankrupt firm are "**allen enemies**," the petitioners being subjects of Germany and Austro-Hungary, and the alleged bankrupt firm and all its officers, stockholders and directors subjects of Great Britain, and that by King George's proclamation "all persons within the dominion of the British Empire are prohibited from paying out any sums to an **enemy**." The answer claims that to disregard the Royal mandate would be a penal offence, and that the filing of the involuntary petition in bankruptcy "constitutes a breach of the neutrality laws of the United States, in that it is an attempt to compel the company to pay or compromise claims of **allen enemies** in violation of the laws and proclamation of the King of Great Britain."