

Mr. C. Lysle Smith
First National Bank Bldg.
Chicago, Illinois

Dear Mr. Smith:

. You have frequently probed for details regarding the early personal and business relation between Mr. Danly and myself. I can only now understand your need for more definite and intimate information. I have reviewed the principal events in outline so that you can choose the essentials and blue pencil the rest.

We were married in 1909. Mr. Danly had had a previous marriage. There were three sons aged 4, 13 and 15. Their mother died in childbirth four years previous. He was then employed in the International Harvester Co. in charge of their Tool Room, where he remained from 1902 to 1912. In addition to his work he attempted to develop a moulding sand business in Aurora, Ill. which failed in 1908 and in which there was an indebtedness remaining of \$500. I had a savings account in a Building and Loan Association, of \$1400. with which I paid this debt soon after our marriage and I also paid for the furnishing of our home. Naturally, he felt greatly indebted and missed no opportunity to improve his position.

In 1911 he invented a low tension magneto but this was not accepted by the Harvester Co. at that time. In 1912 he started in a small way to put it into production, in his spare time. It soon warranted his resignation at the Harvester Co. He devoted all of his time, days and many evenings, to its further development. In 1913 they took floor space in a manufacturing district, 14th

near Western Ave., expanding further as the business warranted, some time later, erecting a a new building on Independence Blvd. In 1917 the International Harvester Co. bought this business intact, assuming the indebtedness on their new building and paying \$125,000.00 cash for the patents and equipment.

At this time Mr. Danly said our accounts needed to be squared, so he apportioned \$25,000.00 for a home of our own which was to be placed in my name. Also, he proposed a two week vacation in New York after which we intended to look for a North Shore home. In the East, we met an old friend who was connected with the Curtiss Aeroplane Co. at Buffalo, N.Y. This chance meeting resulted in Mr. Danly's employment there in charge of their Tool Rooms, where he remained up to the Fall of 1918. Our family was moved to Buffalo where we occupied a furnished home.

The following Autumn, 1918, my brother Theobald Ludwig, who was part owner of Ludwig & Ludwig, drum manufacturers of Chicago came to Buffalo and induced Mr. Danly to take his place, as he was about to enlist. Mr. Danly joined Ludwig & Ludwig, as he thought, temporarily, but upon Theobald's death three months later, he became financially interested in the musical instrument business and assisted in its development and expansion for the next five years, (1918-1923,) during which they erected a new building adjacent to the old plant, 1611 North Robey Street. Mr. Danly frequently spoke of retiring during those years. We considered moving to California. Meantime the employment of his two sons at Ludwig & Ludwig did not turn out well and he became concerned about their future. He was restless in his work with

Ludwig & Ludwig. He never felt that he had a free hand to follow his best judgment and doubted his ability to create a future for his boys in the concern.

I recall distinctly the occasion on which he first mentioned to me his ideas for another business of his own. He was then in his forty-ninth year. We lived in Kenilworth, Ill. Early in 1921, two years after the birth of the youngest son, he asked me to go for a drive one Sunday morning as he had something he wished to discuss with me, undisturbed by the children. We walked in a Forest Preserve near Dempster St. when he launched upon his subject which he said had been in his mind for some time; in fact, ever since the birth of our fifth son. He had not been satisfied with the possibilities for expansion in the musical instrument field. There were definite limits for outlet of these products. He felt he had abilities in the inventive field beyond those required in this line. He was not musical and out of his element. He had in mind the standardizing of die sets and their manufacture. It would be a new venture. Considerable money would be needed to promote the idea of buying die sets like loaves of bread in a bake shop. There would be considerable risk but he felt confident he could meet all obstacles. Then he asked if I would be willing to go along with him in the development of this business, in view of the fact we now had five sons, whose futures must be considered. It meant again irregular hours. It meant giving up our plans for a home in California. It meant many sacrifices which I well understood, having been through the experience with him several times.

My first feeling was one of distinct disappointment but he enlarged upon his plans and added that it was his hope to have our boys follow the mechanical field not only because it had proven so inspiring to him but because he felt this field offered the best possible chances for a life of useful activity and financial success.

He had always encouraged his sons in mechanical interests, arranging for them to spend their vacations in mechanical work at an unusually early age. I recall suggesting that the boys might not all have mechanical ability but he explained that he had visions of the boys being together in a business large enough in scope to offer selection in various fields of work, according to their abilities; i.e., metallurgy, inventive work, selling, advertising, executive work, etc. In fact, he met every argument and I was soon so carried away by his enthusiasm and confidence that I consented, as I always have to his various business ventures. I felt very certain, moreover, that he could not suddenly change to a life of inactivity in any setting, at such an early age.

In 1922 he began the manufacture of die sets. In 1923 they moved into their own quarters, 4911 Lincoln Ave., incorporating under the name of Danly Machine Specialties. In 1926 they moved into a \$155,000.00 manufacturing plant in Cicero, Ill., purchased from Sears, Roebuck & Co., who took the mortgage and in 1929 a bond issue was floated for \$275,000.00, the unpaid balance on this mortgage plus machinery and equipment.

The depression of 1931-32 and 33 threatened complete failure. It was during this time an attempt was made to sell a large portion of Danly Machine stock as the banks had refused further loans to meet the prepayments on bond issue. Offers for purchases of Danly Machine Specialties stock was made by two parties, but the price per share was so small it was refused, even though additional new money was badly needed. I recall that an Oldsmobile fender job proved the turning point to better business, as well as a general increase in 1934, which, however, fell off again about 50% in 1935.

From 1923 to 1935 I had considerable personal income from Ludwig & Ludwig stock inherited from my brother, also additional assets acquired on the death of my mother in 1931. At this time I received a half interest in the Ludwig & Ludwig building taken over by C.G. Conn. All of these incomes as well as the proceeds of our Kenilworth home sold in 1926, \$45,000.00, were used by Mr. Danly at his discretion in his development of Danly Machine Specialties. We had an agreement that I would be reimbursed with a further assignment of Danly Machine stock to cover the various items. I was satisfied to go along on this basis as I had the greatest confidence in Mr. Danly's integrity so far as my financial matters were concerned.

In 1935 this stock transfer was made. At this same time we also made a gift of stock to each of the two younger boys who were reaching their maturity, to the amount held by their older brothers. That Mr. Danly had always had all of his boys in mind in his plans for Danly Machine is self-evident.

We required their active participation at the plant in vacation times. We selected their College studies with the plan that our boys would all be active in Danly Machine Specialties, enrolling James and Wayne, our younger sons in courses of Engineering and Business Administration. We have had endless speculation over their characteristics and qualifications and Mr. Danly had his boys pretty well earmarked for certain departments.

You have been given a detailed record of the earnings on Ludwig & Ludwig stock, Danly Machine stock held in my name also interest on proceeds of our Kenilworth home, furnished you by Mr. Barz.

I hope this will give you the necessary data.

Yours very truly,

Lens L. Danly

LD/AH