

THIS SPACE FOR WRITING MESSAGE

106493

POST CARD

Hoboken Aerie No. 603, F. O. E.

**DONT FORGET
FAMILY OUTING
TO HIGHLAND BEACH, N. J.
Next Sunday, Sept. 9, '23**

Central R. R. of N. J. Trains leave W. 23d Street
Ferry N. Y., 8:40 a.m., foot of Liberty St., N. Y.,
9:00 a.m., Jackson Avenue, Jersey City, 9:20 a.m.
(Daylight saving time).

Tickets \$1.50
Children between ages 5 and 12 75cts.

Have you secured your Candidate for
Class Initiation September 19th?

THIS SPACE FOR ADDRESS ONLY

THOMAS F. HATFIELD,
PUBLIC LIBRARY,
HOBOKEN, N. J.

OLD ROSS CASTLE.

**ST. PATRICK'S DAY
GREETINGS**

POST CARD

For Correspondence

HOBOKEN AERIE No. 603
Fraternal Order of Eagles

Hoboken, N. J., Nov. 21st, 1923

Dear Sir and Brother:—

A Thanksgiving Dance and Reception
will be held at Club House, Tuesday
evening, at 8 o'clock, many novelties
will be introduced, including prize
Turkeys. Wednesday evening there
will be prize bowling for Turkeys
beginning at 8 o'clock.

F. J. ANDERSON,
President.

For Address only

THOMAS F. HATFIELD,
PUBLIC LIBRARY,
HOBOKEN, N. J.

Series No. 300, Thanksgiving & designs

**ONE FOR ALL,
ALL FOR ONE**

HOBOKEN, N. J.

POST CARD

THIS SIDE FOR CORRESPONDENCE

Dear Sir and Brother:

Yourself and friends are invited to
join with
Hoboken Aerie No. 603
FRATERNAL ORDER OF EAGLES
in seeing the Old year out and the New
in, at the Clubhouse, Wednesday, Dec-
ember 31st, 1924.

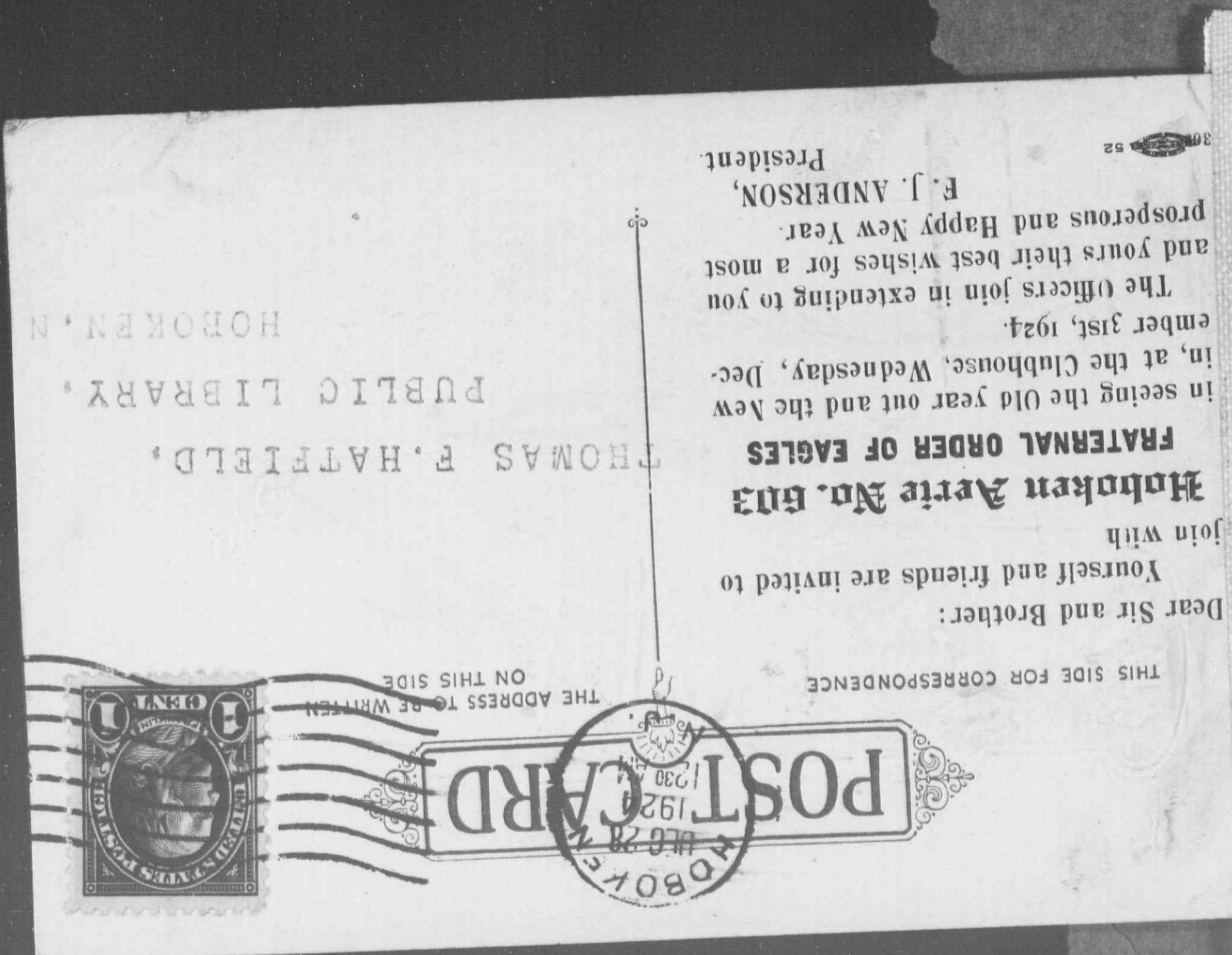
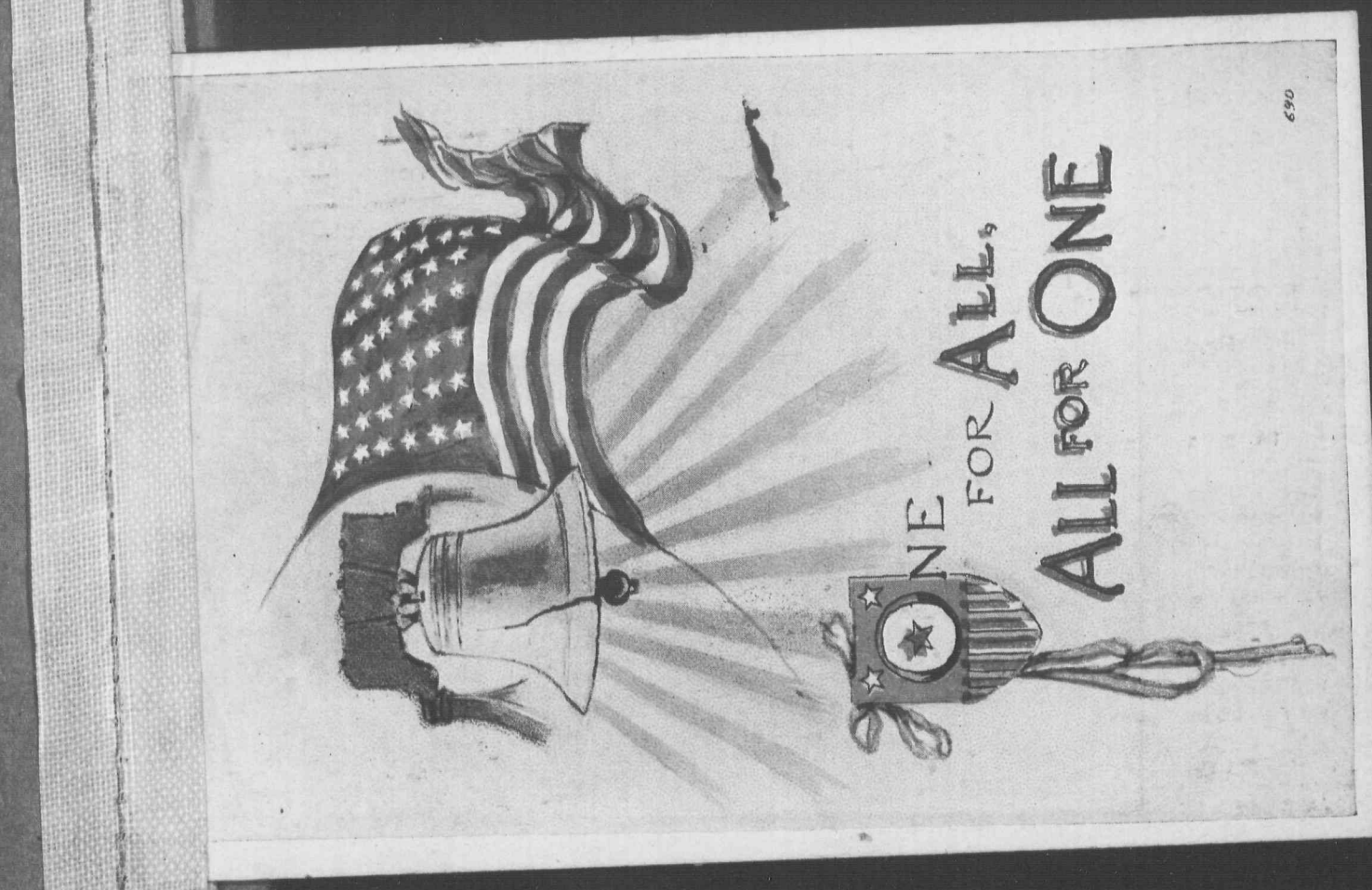
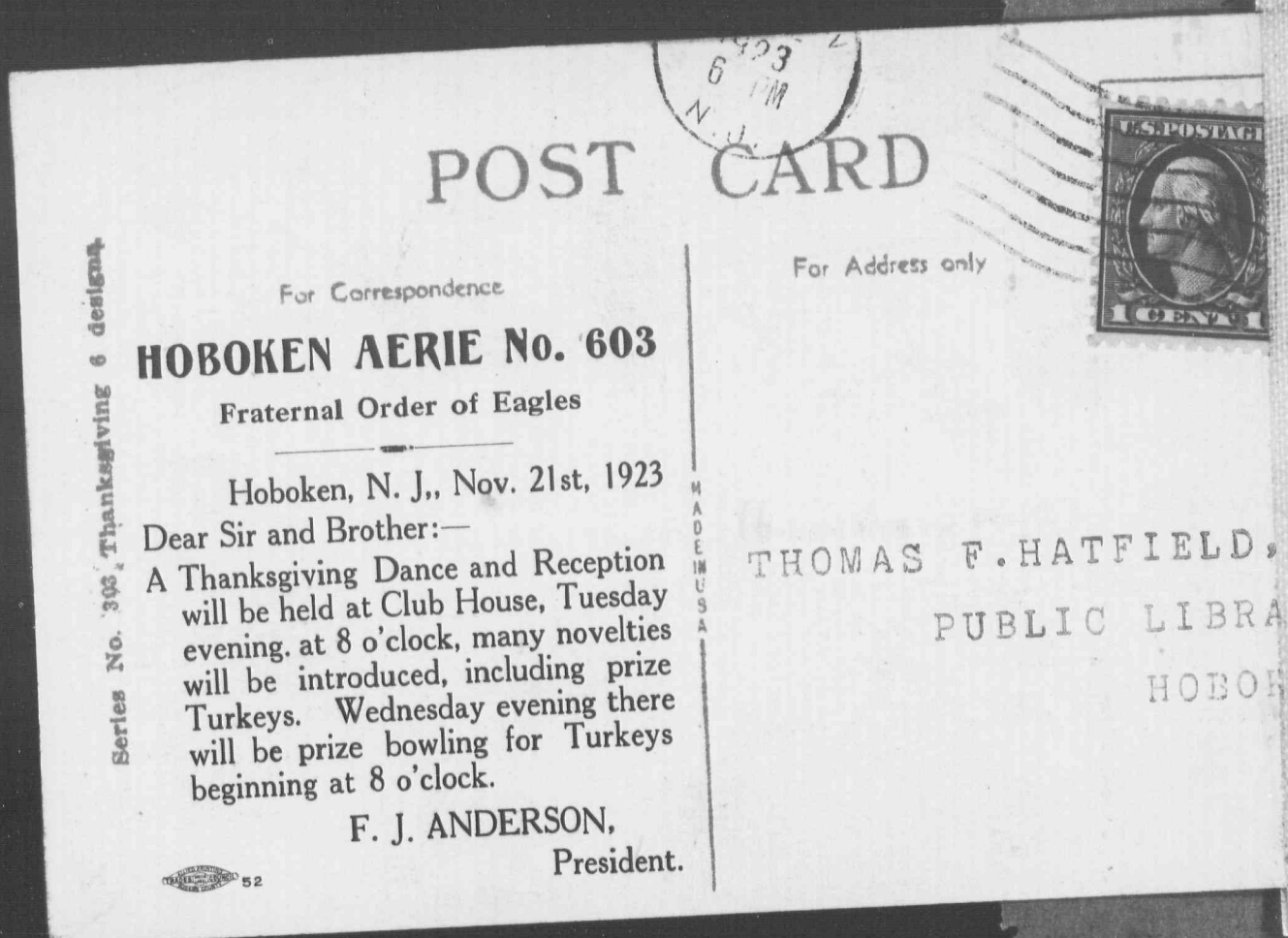
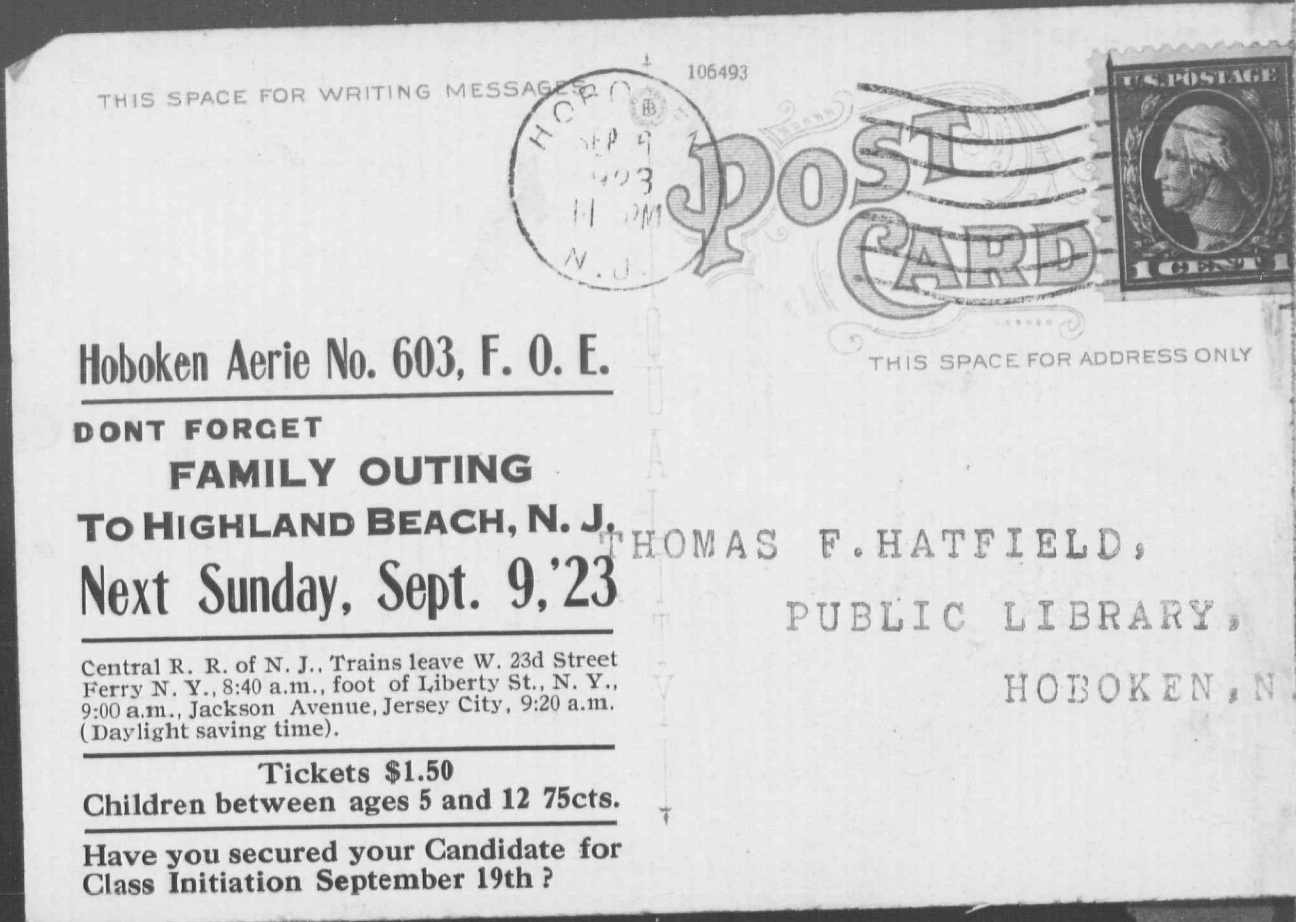
The officers join in extending to you
and yours their best wishes for a most
prosperous and Happy New Year.

F. J. ANDERSON,
President.

THE ADDRESS TO BE WRITTEN
ON THIS SIDE

THOMAS F. HATFIELD,
PUBLIC LIBRARY,
HOBOKEN, N. J.

**A
Thanksgiving
Greeting**



THIS SPACE FOR WRITING MESSAGE

105493

Post CARD

1 CENT

Hoboken Aerie No. 603, F. O. E.

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TO HIGHLAND BEACH, N. J.,
Next Sunday, Sept. 9, '23**

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**ST. PATRICK'S DAY
GREETINGS**

POST CARD

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Series No. 303, Thanksgiving & design.



**ONE FOR ALL,
ALL FOR ONE**

HOBOKEN, N. J.

POST CARD

1 CENT

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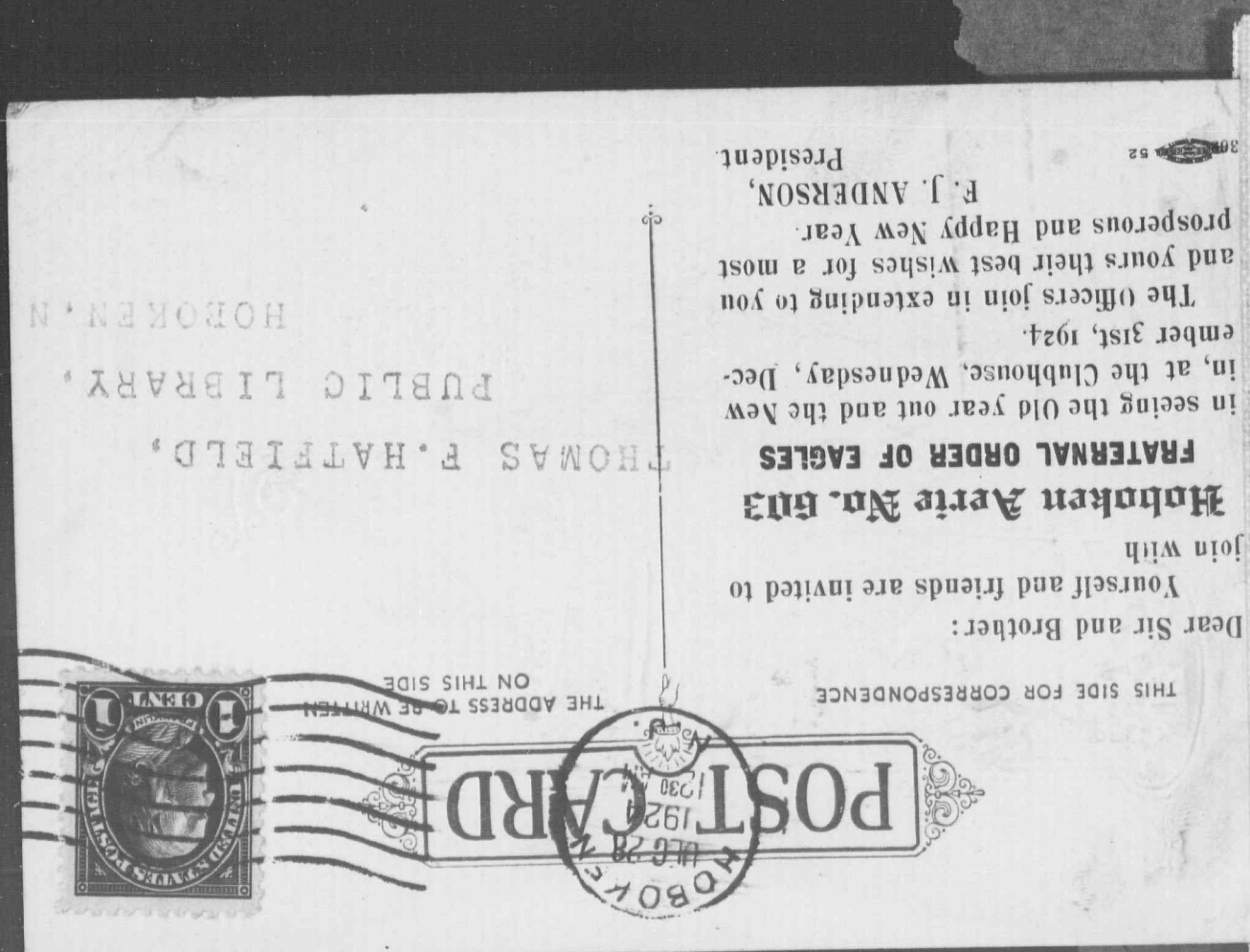
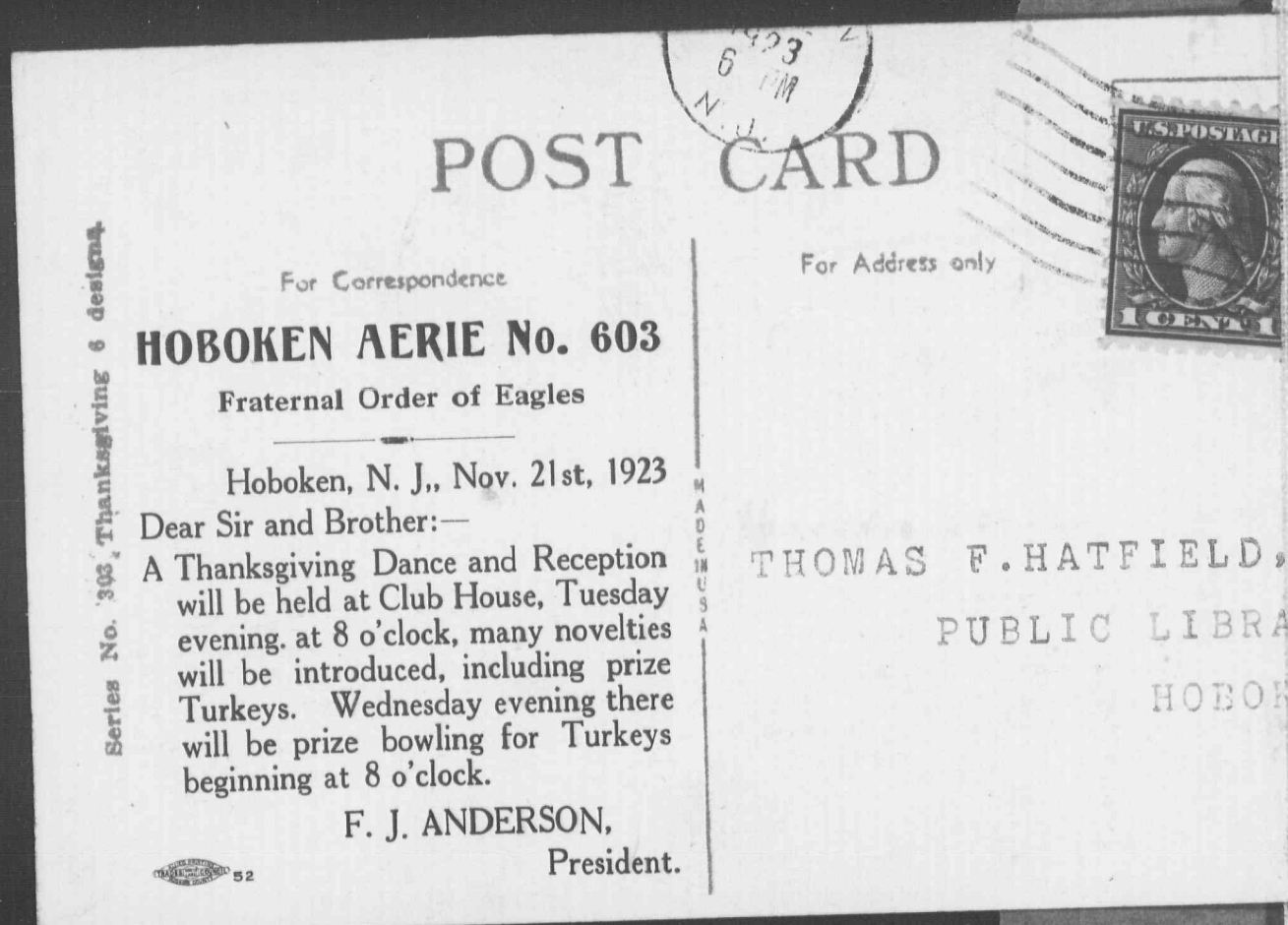
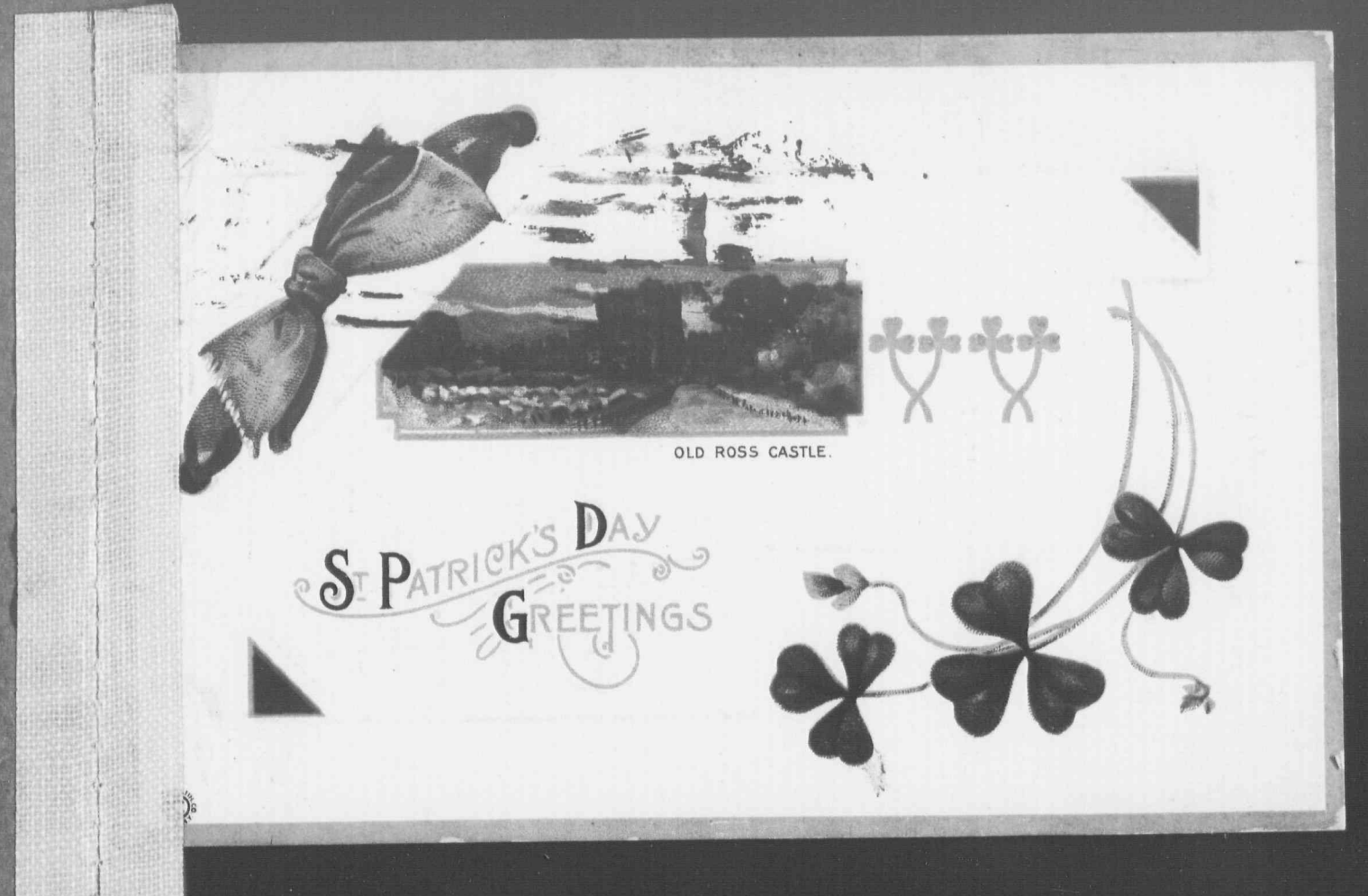
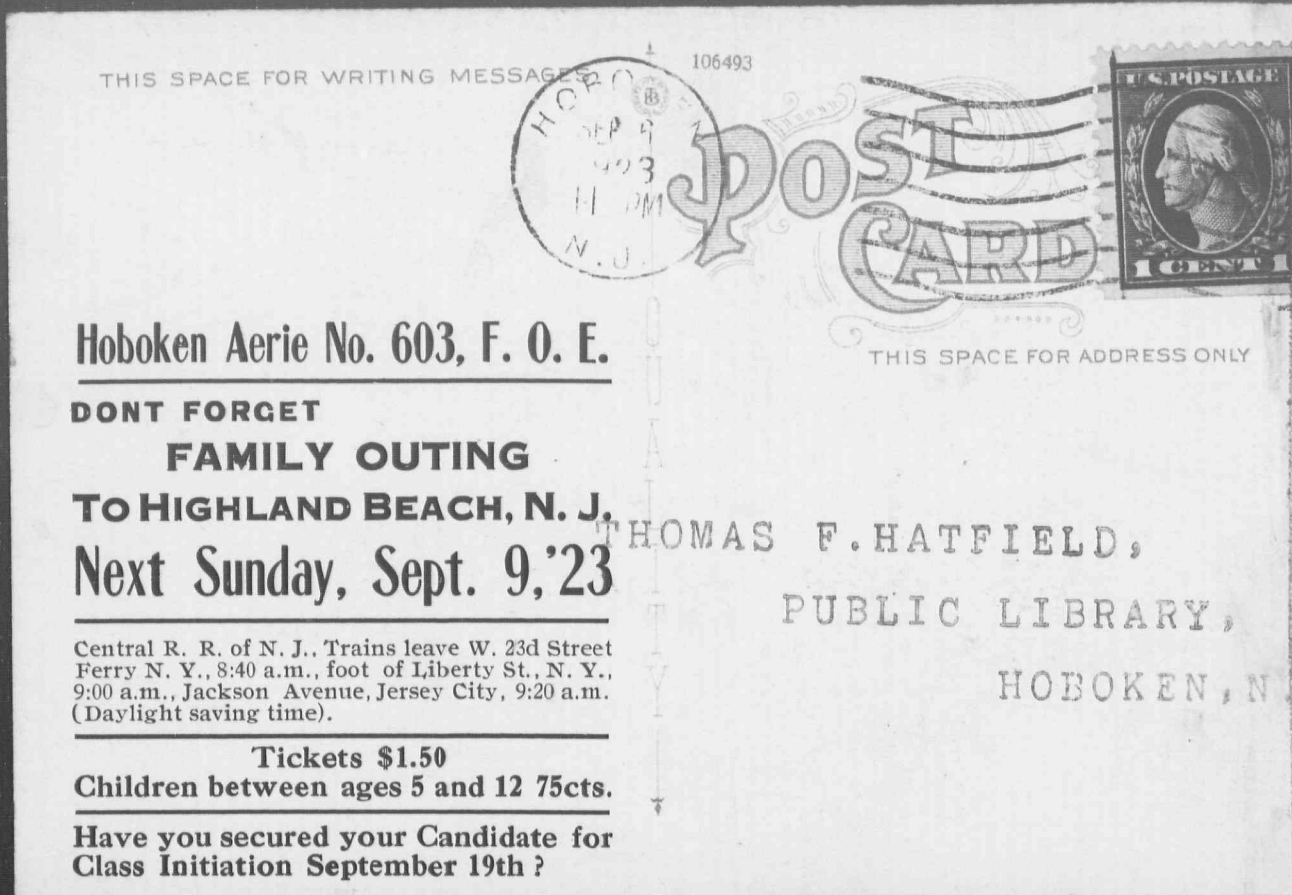
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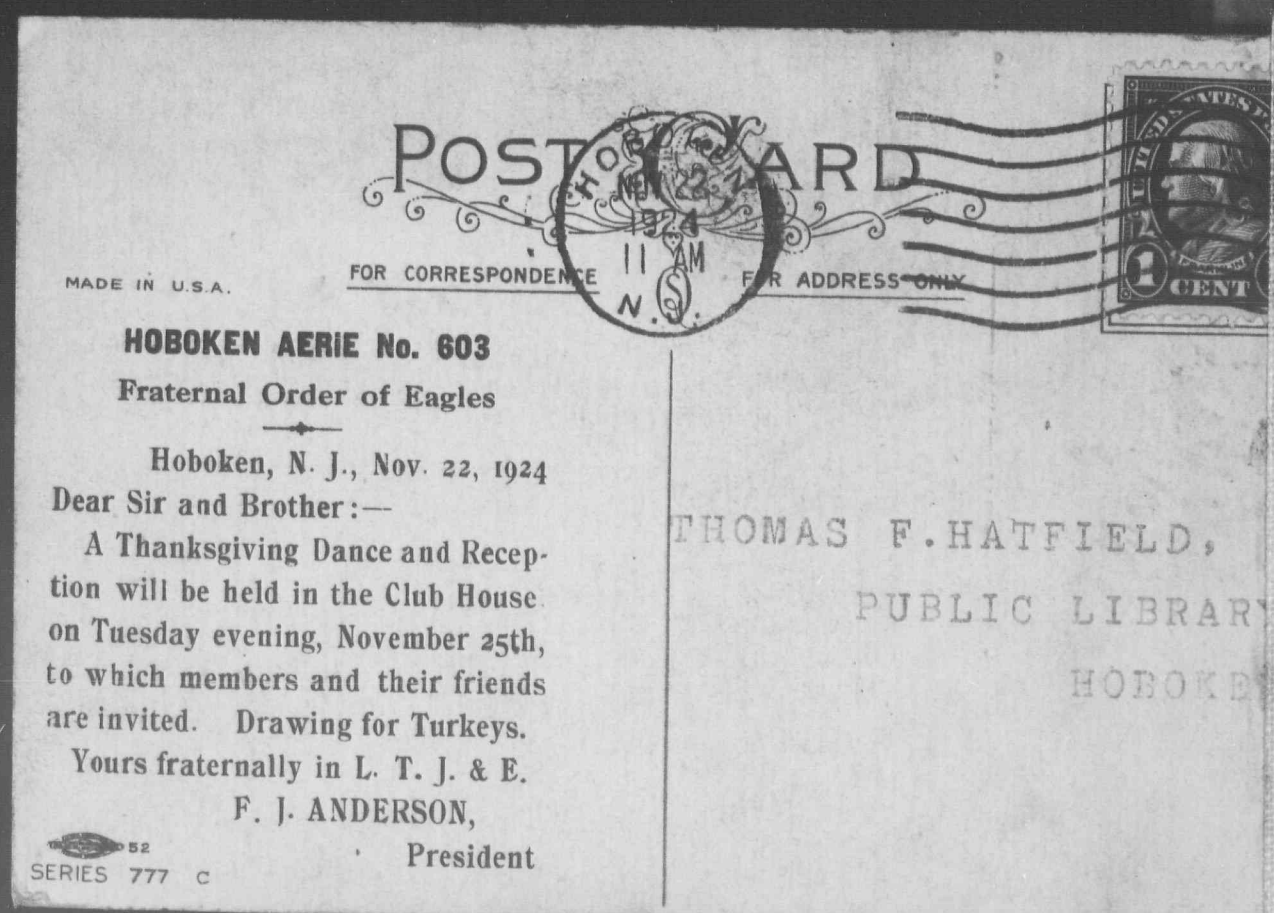
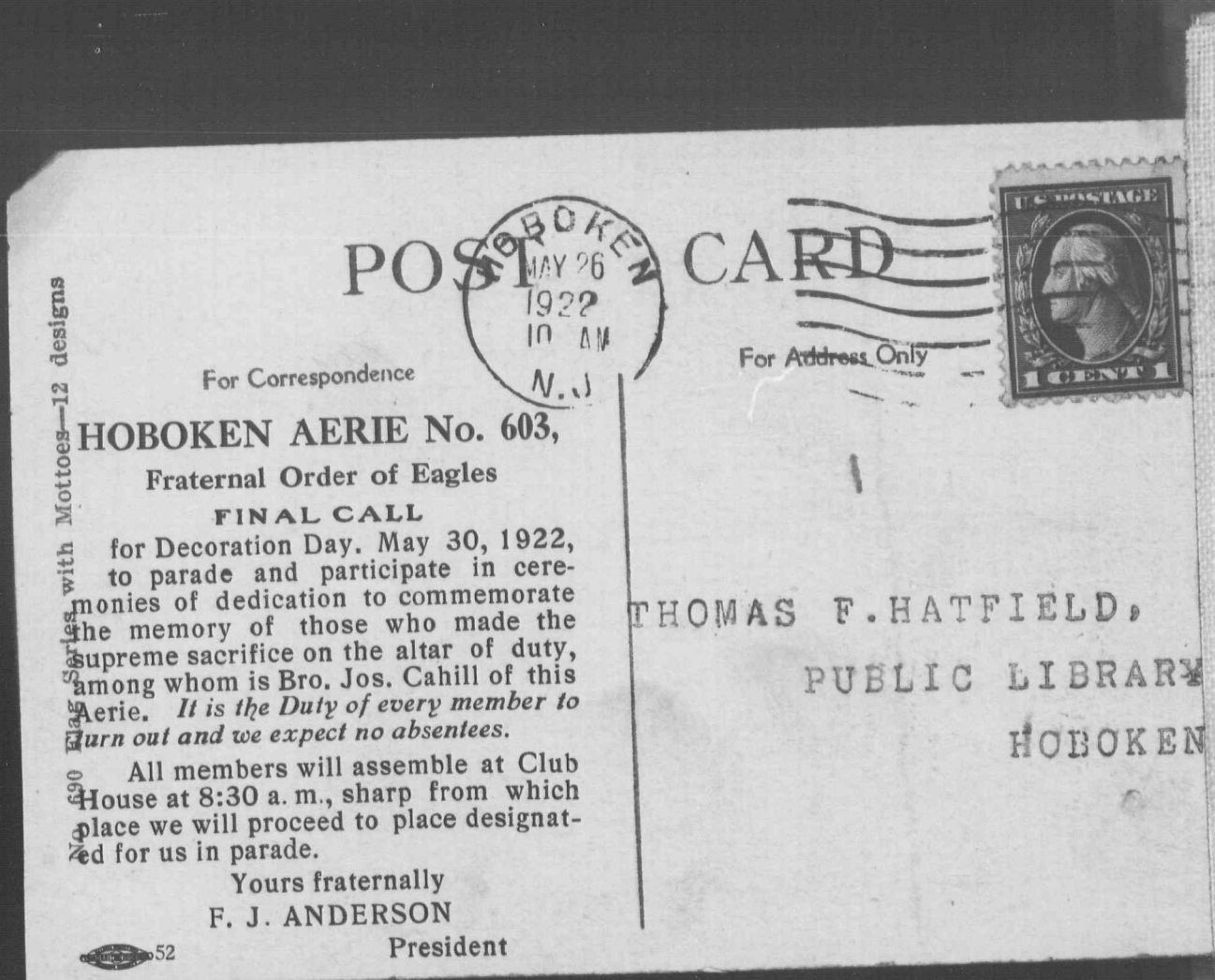
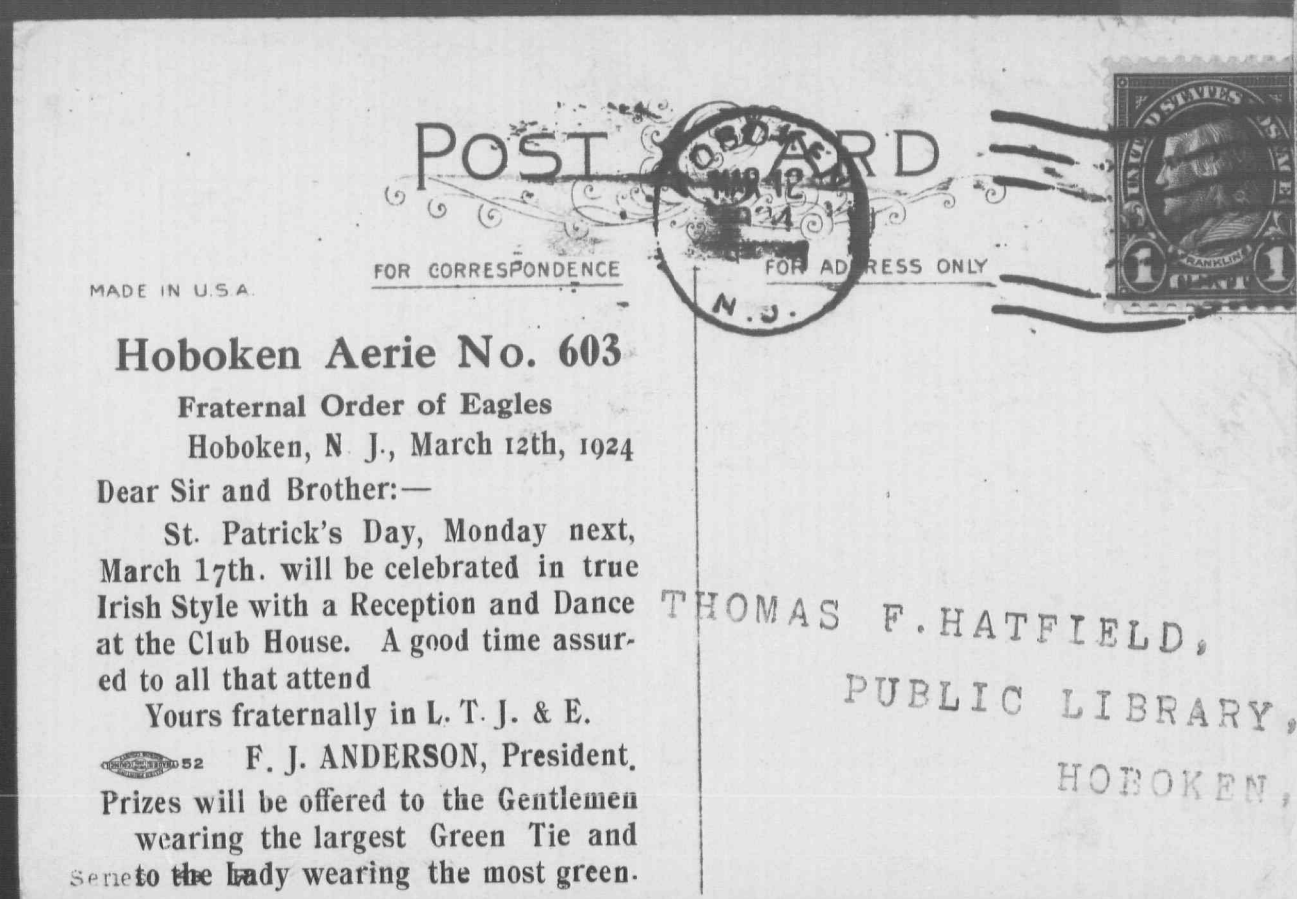
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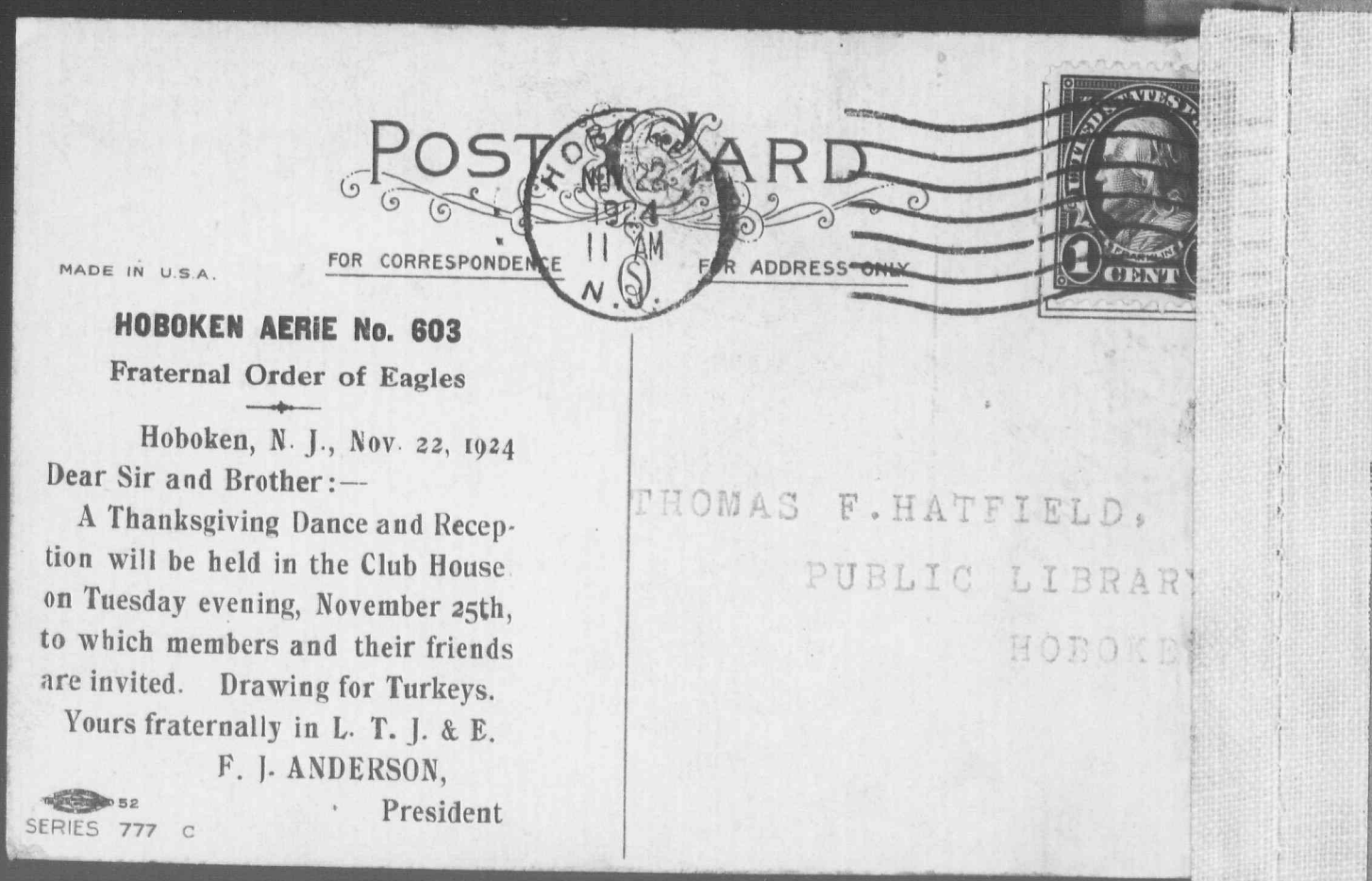
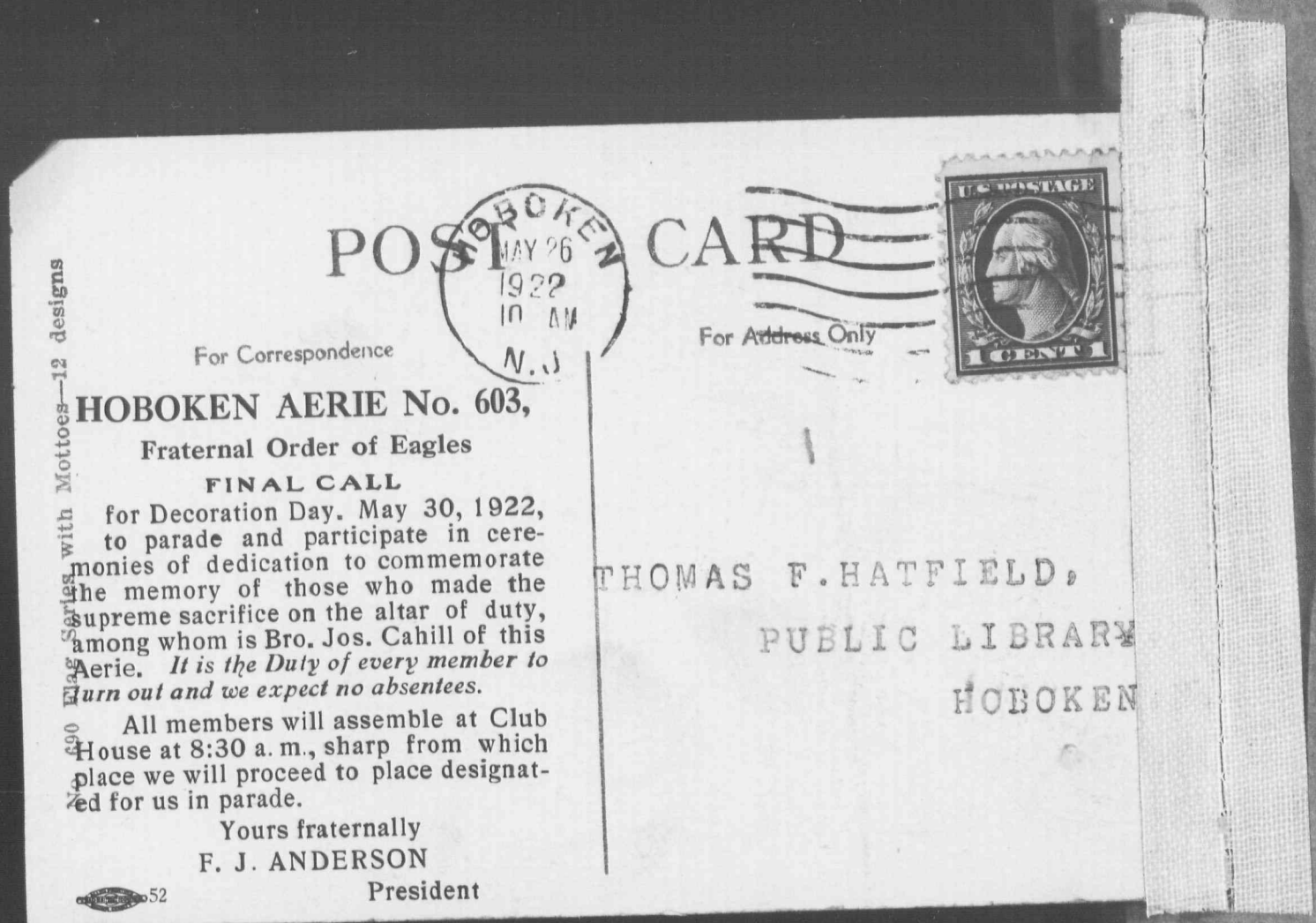
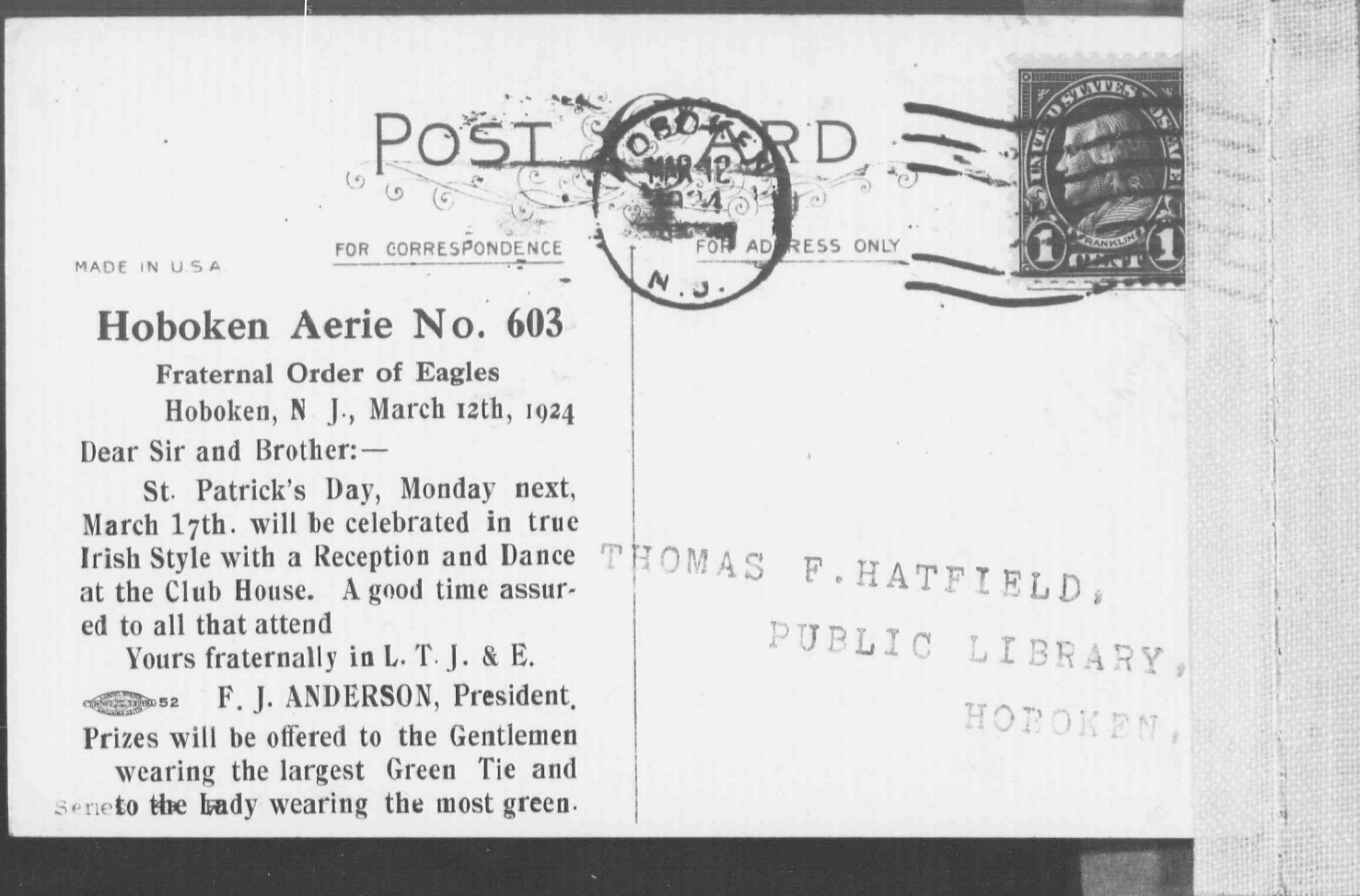
THOMAS F. HATFIELD,
PUBLIC LIBRARY,
HOBOKEN, N. J.



**A Thanksgiving
Greeting**







POST CARD



FOR ADDRESS ONLY

HOBOKEN AERIE No. 603,
Fraternal Order of Eagles

Hoboken, N. J., Oct. 25, 1921

Dear Sir and Brother:—

Yourself and family are cordially in-
vited to a "HALLOWE'EN DANCE" to be
given at Club House, 126 Hudson Street,
Monday Eve'g, Oct. 31, 1921, Dancing, Prize
Swelling and other Novelties. A Good time
assured to all.

F. J. ANDERSON,
OS. LARGOMARSINO, President
Secretary.

THOMAS F. HATFIELD,
PUBLIC LIBRARY
HOBOKEN

Annual Summernight Festival
of
Hoboken Aerie No. 603
Fraternal Order of Eagles
at
Grotto Auditorium. Ogden Avenue and Franklin Street
Jersey City, N. J.
Saturday evening, August 2nd, 1924
~ Tickets - - - Fifty Cents ~

№ 2300



BANK CLOSINGS

At. Pl.
332.1
✓ St 4
Book 1

Steneck Trust Company.
Hoboken, N.J.

Bank closing.

(Newspaper clippings)

Banks and Banking.

Old June 27/31

STATE CLOSES STENECK TRUST

OVERDUE NOTES OF NORTH BERGEN ARE CAUSE OF TROUBLE

**Directors, Given 24 Hours in Which to Raise Million,
Fail to Do So — Hudson County Bankers, in
Session All Night, Issue Reassuring State-
ment—Bank Expected to Reopen.**

The doors of the Steneck Trust Company of Hoboken were closed today and the business and properties taken over by the State Banking Commissioner.

News of the bank's closing spread throughout the city like wildfire. A simple notice posted on the window and the door of the main bank on River street and at the City Branch at 330 Grand street, signed by F. Furman, examiner in charge, announced the closing at 8 o'clock this morning.

Although it was a full hour before the opening of the bank crowds began to gather and special details of police were posted at both institutions to maintain order.

The bank examiner in charge refused to make any statements as to the bank's condition and Henry Steneck, president of the bank, could not be located. He was not at the banking house at the opening hour today.

Two directors of the bank, although they refused to be quoted, today intimated that the trouble would be satisfactorily adjusted within a few days and the bank would be open for business again within a short time.

It was felt that sufficient time had not been given to allow the directors to get together the \$1,000,000 demanded by the State Banking Commissioner to re-establish the bank's reserve fund.

It is understood that the bank's troubles arise out of the financial condition of the township of North Bergen. Steneck's held something like \$5,000,000 in bonds and notes of that municipality, and had the new bond issue which is planned by the State Receivership Commission been floated by this time the Steneck Bank would have been saved.

Failure of the bank to collect on the over-due notes and bonds is believed to have been responsible for the bank's closing.

When state bank examiners made their periodical inspection of the bank a few days ago they notified President Steneck and the Board of Directors that there was not sufficient money in the reserve fund.

The bank directors were given twenty-four hours in which to dig up \$1,000,000. A conference of leading Hudson County bankers was held throughout the night, and until 4 o'clock this morning in the

hope that the money could be secured and the bank's closing prevented, but the hope was futile because of the short notice.

The notice posted on the bank door was as follows:

"The State Commissioner of Banking of New Jersey has taken possession of the business and properties of this bank.

"(Signed) F. Furman, Examiner in Charge."

Soon after 9 o'clock the crowd began to collect in front of the main office and at the branch in the Italian section, where a majority of the depositors are of the Italian race, feeling began to run high, but sufficient force of police was on hand to quell any disturbance and up to press time there had been no untoward incidents.

Over 300 persons crowded around the doors of the City Trust Branch at 10 o'clock and the crowd was being augmented every minute.

Joseph G. Parr, president of the Northern New Jersey Clearing House Association, issued the following statement this morning:

"The Associated Banks of Hudson County regret that it has been necessary for the Commissioner of Banks and Insurance to close the Steneck Trust Company of Hoboken, and realize no other course was open to him under the circumstances, but it was decided to give aid and assistance to such neighboring institutions as might require it due to any sympathetic disturbance.

"In the opinion of the bankers all other institutions throughout the county are in a sound condition."

The Steneck Trust Company was founded in 1866 by the late John Steneck as a small foreign exchange business. During the last twenty years it has shown a rapid growth. Its financial statement at the close of business on December 31 last year showed cash on hand of \$1,417,861; U. S. Government and railroad bonds, \$2,692,752.51; loans to cities and towns, \$5,206,671.08; secured loans, payable on demand, \$1,626,422.59; secured loans payable on time, \$1,880,559.65; first mortgage loans, \$8,237,847.78; loans to customers, \$409,814.58; banking houses and real estate, \$529,850; making resources to meet deposits \$22,101,679.55, leaving a surplus of \$1,923,978.30.

The total assets in 1922 were \$7,816,789, and on December 31, 1930, \$22,001,679.

The directors and advisory board are composed of Joseph A. Bonanno, contractor; Walter F. Bopp, M.D.; Maurilio D'Agostino, funeral director; William A. D. Evans, Pres., Cooper Hewitt Electric Company; Edward F. Fleckenstein, Ed Fleckenstein Sons, packers; Joseph J. Garibaldi, realtor; Louis Garibaldi, retired; George Lankering, cigar manufacturer; John J. McGovern, Steneck Title & Mortgage Guarantee Co.; Claus Oetjen, realtor; Frank Perna, architect; Charles Rohe, Pres., North River Savings Bank, New York City; Adrian P. L. Roggeveen, Supt., Holland-American line; Edward A. Schmalz, V.M.D., President, Schmalz Dairy Farm; George W. Steneck, vice president; Henry C. Steneck, president; George F. Sullivan, M.D.; Charles Wagner, Pres., Wagner Litho Machine Co.; Edward Vintschger, Mark T. Hammacher Co.; Henry Wessling, vice president; Thomas J. Wren, realtor.

Dis June 30/31

Steneck Plea Before State Finance Board

Commission at Trenton Today to
Consider Payment of North
Bergen Securities

HUGE FUND TO PROTECT
OTHER BANKS, IF NEEDED

By Associated Press.

TRENTON, June 29. — Plans for payment of North Bergen securities held by the closed Steneck Trust Company, Hoboken, cannot be discussed until the State Finance Commission, in charge of the municipality's financial affairs, receives the report of its auditor, Attorney General William A. Stevens said today.

Stevens, a member of the commission, said when the body meets tomorrow it will have before it the auditor's report. A clear conception of the town affairs will then be possible, he said.

Henry C. Steneck, president of the bank, closed by the commissioner of banking and insurance Saturday, had announced a committee of directors had been appointed to discuss payment of the obligations with the finance commission.

The commission was created after the township exceeded its bonded indebtedness by more than \$2,500,000 and took charge a few weeks ago.

No Meeting of Directors

Directors of the closed Steneck Trust Company at 95 River street, Hoboken, did not meet yesterday afternoon as had been announced. Henry Wessling, a vice-president of the bank, when asked about the contemplated meeting, said he was unable to say whether or not a meeting had been held. Mr. Wessling spent yesterday in the bank with the examiners.

Other members of the board who could be reached, said they had not attended a meeting of the board, nor could they say when one would be held. One member said he had received no notice of a meeting. He added, however, that meetings are usually called by telephone and that it would be possible to assemble the directors on short notice.

Have Informal Talks

It is known, however, that groups of the directors did meet informally yesterday afternoon and discuss the subject of issuing a statement to the depositors, but failed to agree on what should be said, and left the matter as it was.

At the trust company building yesterday afternoon representatives of Banking Commissioner Smith announced that no statement would be issued from there, for two reasons. One of these was that there was insufficient knowledge on which to make a statement, and secondly, if there was one, it would come from the banking commissioner himself.

The banking department of the Steneck Trust Company was a beehive of industry yesterday. All day long persons owning property on which the trust company held mortgages, called at the windows and transacted business with the examiners.

On the street, however, the promise of Henry C. Steneck, president of the trust company, that just as soon as the financial affairs of North Bergen are straightened out the bank will be able to resume business, spread a spirit of optimism.

Temporary Loans to Pay Employees

The City of Hoboken is planning to issue temporary loan bonds in order to pay off its police and firemen and school teachers, and other small obligations, to the amount of \$150,000. Just one day before the banking commissioner's men stepped in and closed the bank, Hoboken made a deposit of \$600,000 to cover current expenses. Even at that moment, it is understood, a few who had feared for the bank had withdrawn large deposits.

Last Friday the police and firemen's checks were distributed among the men, but many of them left their checks over until Saturday, hoping to cash them then. A number of the men had their checks cashed at other banks, and with their grocers. These will have to be redeemed by the city.

Had the bank kept open until the middle of this week the city would have had exhausted nearly all of the money it had placed there. It was there for current expenses. But in

addition to the \$600,000 deposited last Thursday afternoon, the city has on deposit its sinking fund to the amount of \$461,694. Mr. Steneck, president of the bank, was also treasurer of the Hoboken Sinking Fund Commission.

Commission Meets Today

When the Hoboken City Commission meets today it will take stock of what is required in order to meet current expenses. It will then adjourn and meet tomorrow morning when steps will be taken to raise the necessary amount, which will be not less than \$150,000.

Henry Steneck could not be reached yesterday. It was understood that he was making an effort to interest New York bankers in the institution. Mr. Steneck, as well as other members of the board, are firm in their assertions that all of their investments are sound, and that only back payments on North Bergen bonds are standing in the way of reopening the institution.

Bankers Raise Big Fund

Hudson County bankers are raising a \$5,000,000 fund to protect the depositors of any bank in the county which might possibly be affected in any way as a result of the closing of the Steneck Trust Co.

General William C. Heppenhimer, chairman of the committee having the control of this fund, said yesterday the amount fixed by the representatives of every bank in the county would be sufficient to safeguard the assets of any bank and protect all depositors in the county.

The bankers met again in the board room of the Trust Company of New Jersey, Veterans' Square, yesterday.

The committee in charge of the fund includes Gen. Heppenhimer, chairman; Frank C. Ferguson, president of the First National Bank; J. H. P. Reilly, president of the Hudson Trust Co.; Henry J. Gordon, vice president of the Weehawken Trust Co.; Walter P. Gardner, president of the Title Guarantee and Trust Co., and William J. Field, president of the Commercial Trust Co.

The total assets of the Hudson County banks according to Gen. Heppenhimer, is \$610,000,000.

The soundness of the Hudson County banks, he said, could not be questioned, and he declared that persons with savings accounts would be foolish to withdraw their funds at the present time since they would thereby lose six months' interest which is due them. With the fund of \$5,000,000 ready to be placed in the vaults of any bank in which unusual withdrawals are noticed, he said, every depositor is fully safeguarded.

New B. & L. Headquarters

The board of directors of the Better Homes Building & Loan Association, of Hoboken, which had used the Steneck Trust Company as a depository, met yesterday and established its permanent headquarters in Room 202, in the Steneck building. Henry Wessling, a vice-president of the Steneck Trust Co., is the secretary of the association. All business of the association was transacted at the new office from 11 o'clock on yesterday.

It was pointed out that the building and loan association had no connection with the Steneck bank. All of its funds are invested in first mortgages. The association, in common with all financial institutions of this type, carried a small bank balance. Its only relation with the bank was that of depository for these balances.

Ch June 29/31

STENECK TRUST COMPANY.

With the State Commissioner of Banking and Insurance taking over the Steneck Trust Company of Hoboken, there is every assurance that the resources of the institution will be fully protected and the interests of the stockholders and depositors conserved in the fullest measure. The embarrassment in which the institution finds itself because of "frozen assets" should only be temporary.

The "frozen assets" consist of some \$5,000,000 in bonds of the Township of North Bergen which is now in process of straightening out its financial affairs with State aid. In the circumstances, the Steneck institution cannot liquidate these bonds on call without suffering some loss in these times of depression. It is simply a question of faith in the ultimate ability of North Bergen to pay off these bonds.

The bonds are a lien on one of the largest and most desirable municipal sub-divisions of the county, and with the best financial advice that the State can command engaged in straightening out the township's affairs there is every reason to believe that they will soon be restored as liquid assets of the Steneck Trust Company.

Meanwhile, let those inclined to become apprehensive remember that the affairs of the institution, though temporarily in other hands, are surrounded by all the safeguards that the State Department of Banking and Insurance invokes in such circumstances.

141670
X
MONDAY EVENING, JUNE 29, 1931.

DEPOSITS SAFE. STENECK SAYS

REOPENING SEEN WHEN MUDDLE IN TOWNSHIP CLEARS

Refusal to Accept Loss on North Bergen Indebtedness Assigned as Cause of Closing—Institution Otherwise in Good Shape, President Asserts.

Assurances that depositors in the Steneck Trust Company will be paid 100 per cent was made by President Henry Steneck this morning. Not a single depositor will lose a cent, he declared.

This gratifying news following the closing of the Hoboken banking institution on Saturday by the State Banking Commissioner had the effect of calming the feelings of thousands of depositors who feared that their life savings had been swept away.

A report in circulation shortly after 9 o'clock this morning that the main office of the bank on River street would be re-opened at 10 o'clock this morning for business under the direction of F. E. Furman, State banking examiner in charge, brought hundreds of depositors to the bank expecting that they would be able to withdraw their deposits.

The rumor was quickly blasted by Mr. Furman, who declared that the bank would open only for the receipt of moneys due the bank on mortgages and notes and that no cash would be paid out. Despite his statement crowds continued to gather at the bank all forenoon in the hope that the rumor might prove to be true.

Further information on the condition of the bank will not be issued, it was stated at the State Banking Commissioner's office in Trenton today, until a complete check-up of the situation has been made, and it was intimated that this might not be completed for a day or two yet.

Officials from every bank in Hudson County met in Jersey City, Saturday afternoon, at the Trust Company of New Jersey, Veterans Square, to discuss the situation and prepare against any "sympathetic disturbance" that might occur at any of the other Hudson County banking institutions.

In the absence of William C. Heppenheimer, Jr., president of the Hudson County group of bankers, Kelly Graham of the First National of Jersey City, and vice president, presided. To General William C. Heppenheimer, Sr., chairman of the board of the Trust Company of New Jersey, was delegated the making of an official statement for the group. He declared this morning that the banks in question, representing a total of \$611,000,000 in assets, had agreed to set aside a cash fund of \$5,000,000, to be made immediately available in the event of any "sympathetic disturbance," should such arise at any of the banks. "The depositors of all these banks will be protected," General Heppenheimer added.

A committee of five, with General Heppenheimer as chairman, was named to act should any contingency arrive. The other members of the committee are President Frank Ferguson of the Hudson County National Bank, Walter P. Gardner of the New Jersey Title Guarantee and Trust Company, Dr. Gordon of the Weehawken Trust Company and J. H. P. Riley of the Hudson Trust, of Hoboken.

The panicky attitude of many with savings deposits in other banks in Hudson County was evident Saturday, but there was nothing that could be characterized as a "run," although heavy withdrawals were reported by several institutions.

A number of Hoboken bankers this morning declared they were well-satisfied with the situation, that the confidence of the people had not been shaken as a result of the Steneck closing, and deposits for the first few hours today were much greater than withdrawals. The latter, it was stated, were only slightly above normal.

Plans were made by Mayor McFeely and Director of Revenue and Finance William H. Gilfert to make provision for the payment of the policemen, firemen, school teachers and other city employees. The half monthly check for their salaries were issued Friday. A number of checks were cashed at the Steneck Bank, but many of them were on their way to other institutions in the city, and have been returned to the City Hall.

Assistant Treasurer Hunter prepared a report today for Commissioner Gilfert as to the amount of city funds on deposit at the Steneck Trust Company as of June 26. This showed that the current account balance of that date at Steneck's was \$674,000 while the Sinking Fund Savings Account was \$461,694. Of the current account \$600,000 was deposited only last Thursday.

The current account balance was to provide for interest and principal of bonds July 1, \$204,000; July 1, two months' salaries for school teachers, \$225,000, and July tax anticipation bonds \$150,000, which would have left a free balance of \$95,000.

To meet the \$125,000 bonds due on July 1 the City Treasurer will have to draw on Sinking Fund accounts in other banks, while to meet the payroll it is likely that the City Commission will authorize the sale of tax anticipation notes of the second half of the year's taxes to meet the emergency.

The City Commissioners will meet at a committee of the whole today to discuss the situation.

The county has \$100,000 on deposit with the company. Deputy County Treasurer John Finn stated, it was drawing 3 per cent interest. County Clerk Gustave Bach's office also has \$11,000 on deposit.

It was stated this morning that the trust company had guaranteed mortgage bonds to the amount of \$4,000,000 or \$4,500,000. Most of these mortgage bonds, it is said, are in small amounts of \$4,000, \$5,000, \$7,000 and some \$10,000 with a few larger ones. All are on property in Hudson and Bergen Counties.

The statement issued by the State Banking Commissioner on Saturday as to the condition of the Steneck Trust Company was to the effect that the examiner's statement of March 25 showed checking deposits listed as \$5,590,797, and savings deposits of \$7,837,716. Other liabilities beside capital, surplus, undivided profits and reserves for dividends were: Reserve for interest, taxes and other incidentals, \$149,758; due other banks, \$50,308; bills payable \$350,000 and other liabilities, \$128,610.

Assets were listed as follows: Loans and discounts, \$7,669,460; United States securities, \$5,095; other securities, \$3,785,453; bonds and mortgages, \$338,492; banking house and fixtures, \$415,850; real estate, \$114,000; cash due from banks, \$409,407; outside checks, \$36,575; other assets, \$250,783.

In a statement issued at his home,

20 West Seventy-seventh street, New York, Henry Steneck, president of the bank, declared that the depositors will not lose a single cent and that plans are under way for an early reorganization and re-opening of the institution.

"The only criticism that Banking Commissioner Smith had to make of the bank's executive committee," he declared, "was relative to the North Bergen bonds held by the institution. It is not true that we had extended excessive loans on inadequate security. The State Department questioned only \$500,000 of our loans. Neither is it true that we suffered on our mortgage loans to a greater extent than due to the ordinary effects of the business depression."

"Our whole difficulty is due to the securities we now hold from the township of North Bergen."

He intimated that if the North Bergen situation was cleared up the bank would be in a healthy condition. He also declared that the \$1,000,000 reserve demanded by the State Department to keep the bank open would have been secured in the allotted twenty-four hours if the Steneck Trust Company had agreed to take a loss of 10 per cent. on the \$5,000,000 North Bergen bonds by it.

"We refused to take this loss," he stated, "because the North Bergen securities, although about three months overdue, are perfectly good. North Bergen is solvent. We have appointed a committee to take up with the State Receivership Commission the early sale of the North Bergen bond issue."

The American Homes Building & Loan Association is not in any way connected with the Trust Company's difficulties, it was explained by the directors of that institution today. The offices of the Building and Loan Company are on the second floor of the Steneck Building and were opened as usual for business today.

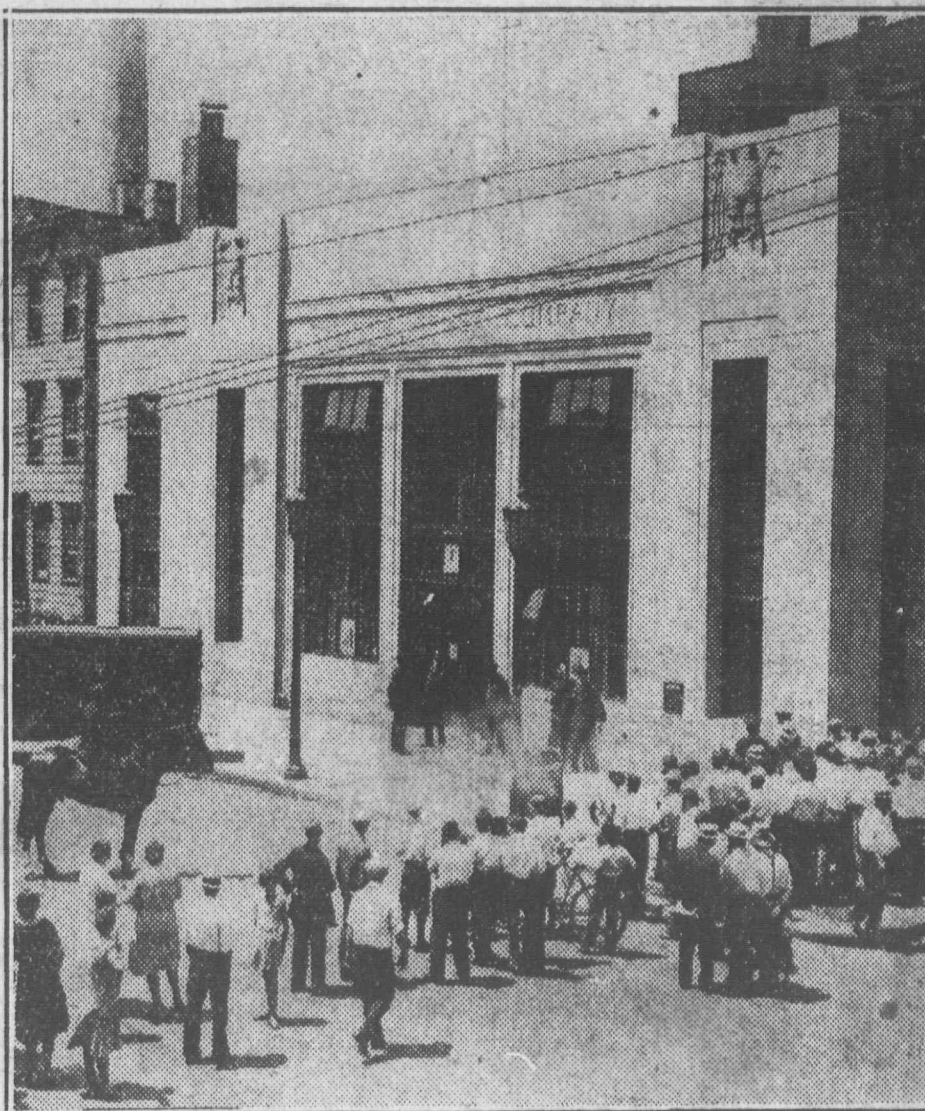
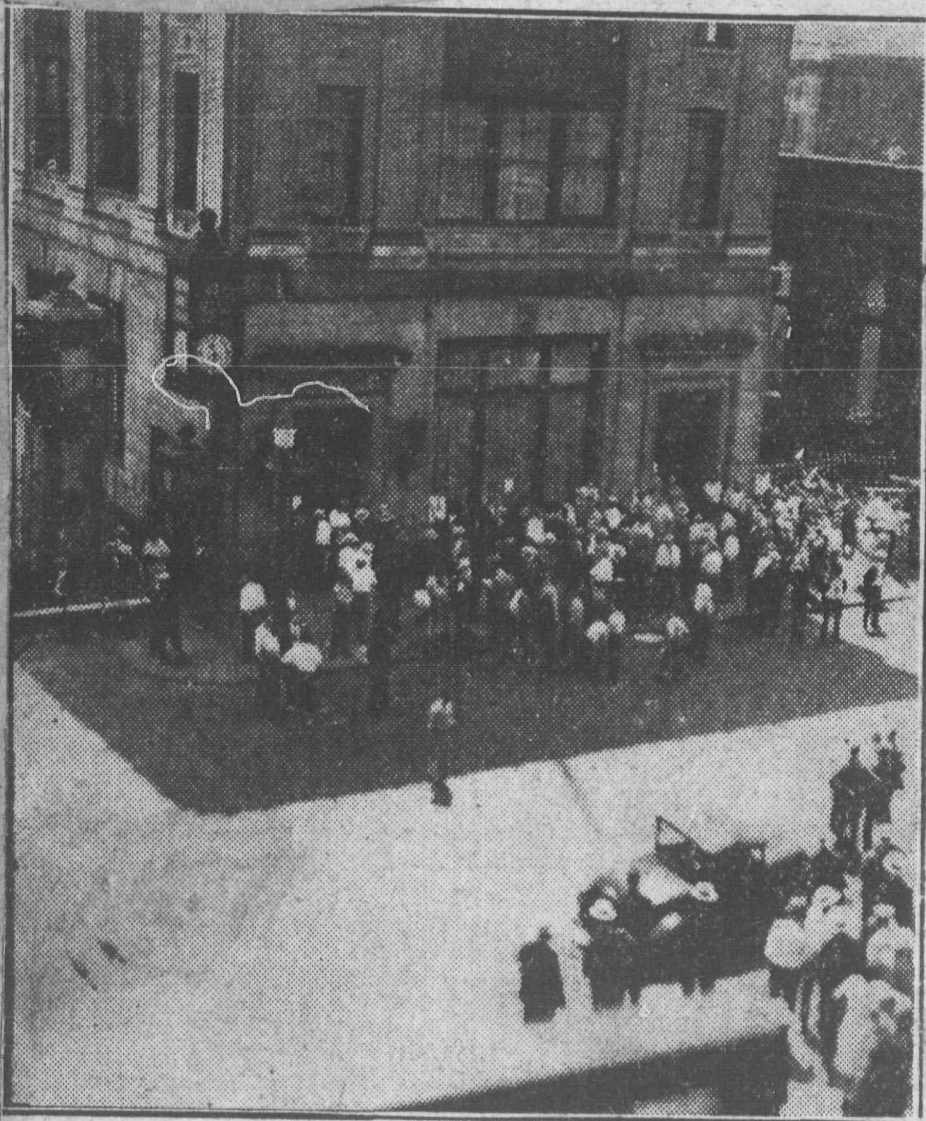
A special meeting of the Board of Directors was scheduled for noon today. Henry Wessling, vice president of the bank is secretary of the association. It was stated that the building and loan association has only a small deposit account in the Steneck Trust Company.

As counsel for a group of depositors, Attorney William Schlosser today sent a telegram to the State Banking Commissioner, requesting definite information on the financial condition of the Steneck Trust Company and the Steneck Title and Mortgage Guaranty Company.

Mr. Schlosser said he was also taking up the claims of a number of depositors who stated that they had made deposits after banking hours Friday and that such deposits had been accepted for June 27, the date on which the bank was taken over by the State Department of Banking.

Continued on next page.

Steneck Depositors Storm Bank's Doors



Photos show crowds collecting before Steneck Trust Company's main building (at left) and its City Trust Branch after State Banking Department took over institutions Saturday.

HOME FROM EUROPE



JOHN J. MCGOVERN

Bank Closing 'Shock' to Him

McGovern, Director, Had Faith in
Steneck Trust

Cutting short his trip abroad because of the closing of the Steneck Trust Co. of Hoboken, former County Clerk John J. McGovern, of 702 Hudson street, Hoboken, returned yesterday on the S. S. President Roosevelt of the U. S. Lines. He was accompanied by Mrs. McGovern.

"Naturally I was shocked to learn of the closing of the Steneck Trust Co.," said McGovern upon his return. "I had absolute confidence in the bank and its management. News of the difficulties of the bank came as a complete surprise."

McGovern, a director of the Steneck bank, was also connected with the Steneck Title Mortgage Guarantee Co., which was also closed by the State Banking and Insurance Department.

With a group of Hudson County residents, McGovern sailed June 3 aboard the S. S. Republic, also of the U. S. Lines, for a trip to Ireland. After a visit in Ireland, Mr. and Mrs. McGovern journeyed to England and later to France, where they spent considerable time on the battlefields.

READS STARS FOR STENECK DEPOSITORS

Very important and very much excited Professor Gustave Meyer, Hoboken's "scientific astrologer," visited the Jersey Observer office and announced that he had a most important message from the stars for the depositors of the closed Steneck Trust Company.

"Everything is O. K.," said the professor, who declared that the stars predicted that "on and after July 23 depositors will be paid 100 cents on the dollar."

The professor also gave some inside information which he imparted to President Henry Steneck on May 23.

"I was in the bank that day," he relates, "and Mr. Steneck asked me how the stars were affecting him. I told him that from June 23 to July 23 things would be very bad for him, financially, mentally, physically and domestically. He laughed at me and declared that at least he was sure that things were bright financially."

"And I have witness to prove that that conversation took place," added the professor.

MONDAY, JUNE 29, 1931

STENECK PUSHES PLAN TO REOPEN BANK

Committee Named To Hurry Payments From North Bergen

Quick Action by State Municipal Finance Commission Would Pave Way to Resumption of Trust Company, Says President—Will Not Lose on Notes and Bonds, He States

CLOSING WILL NOT AFFECT MILE SQUARE B. AND L.

Plans for an early reopening of the Steneck Trust Company, of Hoboken, closed Saturday by the State Department of Banking and Insurance, are already being pushed, according to Henry C. Steneck, president of the bank. "We hope to be able to resume business," Mr. Steneck said yesterday. "It all depends on how soon we can collect what is due us on the overdue securities of the township of North Bergen."

As soon as arrangements can be completed for the payment of the overdue North Bergen securities, the bank will be in a position to again open its doors, Mr. Steneck declared.

A committee of directors has been appointed to take the matter up with the municipal finance commission that has assumed charge of North Bergen's financial affairs, with the expectation and hope that an arrangement will be made for prompt payment, stated Mr. Steneck.

Meanwhile, officials of the State Department of Banking and Insurance, now in complete control of the institution, are withholding information concerning the bank's actual condition and the possibility of a reopening, pending completion of the audit.

Finish Audit Tomorrow

Examiners expect to finish their work today or tomorrow, following which State Banking Commissioner Frank H. Smith will issue a formal statement.

Mr. Steneck, in a statement made yesterday at his home at 20 West 77th street, New York, said that Commissioner Smith had informed the bank's executive committee that the only criticism the state department had to make of the bank's condition was relative to the \$5,000,000 of North Bergen securities that the institution had discounted.

"It is not true," the president said, "that we had extended excessive loans on inadequate security. The State Department questioned only \$35,000 of our loans. Neither is it true that we suffered on our mortgage loans to an extent greater than the ordinary effects of the business depression."

"Our whole difficulty is due to the securities we hold from the township of North Bergen, and I have a letter from Walter R. Darby, state commissioner of municipal accounts, stating that the North Bergen receivership commission will take care of the matter."

Darby is chairman of the state municipal finance commission that has taken over the fiscal affairs of North Bergen.

Bank Will Not Lose

Mr. Steneck said that the bank will not lose a dollar on the North Bergen securities. He declared that the \$1,000,000 needed to have prevented the closing could have been raised in the time allotted by the State Department of Banking and Insurance if the Steneck Trust Company had agreed to take a 10 per cent loss on the overdue North Bergen notes.

"We refused to take this loss," Mr.

Steneck averred, "because the North Bergen securities, although about three months overdue, are perfectly good. The township of North Bergen is entirely solvent. Its real property has a valuation of \$150,000,000 and its obligations total only \$24,000,000."

"The township was unable to meet the notes because of the municipal finance commission recently appointed by the legislature, in whose hands all authority for financial negotiations is held. We have appointed a committee to take the matter up with the receivership commission, with the expectation of making a prompt arrangement for payment."

There may be a special meeting this morning of the city commission of Hoboken to take whatever action may be necessary to make good the pay checks issued to municipal employees on Friday, the day before the Steneck Trust Company was closed. These checks are drawn on the suspended institution, and many of them, it was said, were cashed before the bank's doors were closed Saturday.

\$1,000,000 Of City Money

Although William H. Gilfert, director of revenue and finance of Hoboken, said yesterday he could not state off-hand how much money the city had in the Steneck Trust Company at the time the State Department of Banking and Insurance took the bank over, it is believed that the sum approximates \$1,000,000.

Commissioner Gilfert said he would begin a checkup this morning to ascertain the exact amount.

The city of Hoboken maintained two accounts in the Steneck Trust Company. The active checking account is said to have shown a balance of \$600,000 when municipal employees received their semi-monthly salary of vouchers on Friday. The sinking fund account amounts to about \$400,000. Mr. Steneck, president of the closed bank, is treasurer of the sinking fund commission of the city of Hoboken.

Mr. Steneck denied reports that city employees had presented their pay checks to the bank for cashing on Friday, and that they were turned away. He said no municipal pay vouchers had been presented, adding that they would bear date of July 1, and could not be honored before then, any way.

It is known, however, that the checks issued Friday bear the date of June 26, and that some were cashed by other banks and merchants. Commissioner Gilfert said it would be necessary to ascertain how many of the checks had been cashed before he could prepare a statement as to how much of city funds is involved.

It was reported yesterday that the city commission may meet this morning to devise ways and means of meeting the municipal payroll.

If sufficient funds are not available a bond issue may have to be floated, or a loan negotiated with some other bank. Within the next few days the city will have to pay off its school teachers, which fact makes immediate action more imperative.

There was no disorder yesterday at either the Steneck Trust Company's bank on River street, or the branch on Grand street. One policeman was on duty at each building, and nothing of an untoward nature occurred.

Will Not Affect B. and L.

Joseph J. Garibaldi, who is a director of the Steneck Trust Company and of the Mile Square Building and Loan Association as well, said yesterday that the closing of the bank will in no way affect the stability of the building and loan association. There is no connection between the two institutions, he stated, he being the only official of the building and loan association who is also an official of the bank.

Mr. Garibaldi said that the Mile Square Building and Loan Association had some money on deposit in the Steneck Trust Company, but he said he believed it was a very small sum. Shareholders in the building and loan association need feel no concern, he declared.

The Steneck Trust Company is the holder of about \$4,000,000 overdue North Bergen township notes and about \$1,000,000 of the municipality's bonds. The reason assigned by the State Department of Banking and Insurance for closing the bank is that its reserve had been impaired to the extent of about \$1,000,000.

The closing order also affected the Steneck Title Mortgage & Guaranty Company.

Given 24 Hours

Early Friday night, examiners from the State Department of Banking and Insurance, with Theodore B. Furman in charge, notified the officials of the bank that unless they raised \$1,000,000 within 24 hours to replenish the institution's reserve, the State Department would take the bank over. An all-night conference among the leading bankers of the county, whose banks are affiliated with the North Jersey Clearing House Association, followed at the Trust Company, of New Jersey in Jersey City, but the necessary money could not be raised.

Saturday morning Mr. Furman posted a notice on the door of the Steneck Trust Company announcing that business had been suspended and that the State Department of Banking and Insurance had taken charge. Simultaneously, Joseph G. Parr, president of the North Jersey

Clearing House Association, issued this statement:

"The Associated Banks of Hudson County regret that it has been necessary for the State Commissioner of Banking and Insurance to close the Steneck Trust Company of Hoboken, and realize that no other course was open to him under the circumstances. It was decided, however, to give aid and assistance to such neighboring institutions as might require it due to any sympathetic disturbance."

Banks' Condition Good

"In the opinion of the bankers, all other institutions throughout the county are in a sound condition."

State funds were withdrawn from the Steneck Trust Company a short time ago, it was stated at the office of State Treasurer Albert C. Middleton, at Trenton. At the court house in Jersey City it was said that the county treasurer had about \$100,000 on deposit, and the county clerk, about \$11,000.

In addition to the pay checks, the city of Hoboken last week issued more than \$300,000 in vouchers for services and materials drawn on the Steneck Trust Company. The city will have to act to protect these payees as well as the city policemen, firemen, school teachers, clerks and other municipal employees.

According to its last statement, of Dec. 31, 1930 the bank had assets of \$22,001,879 and liabilities of \$20,077,801, leaving a surplus of \$1,923,878. Of the assets, \$8,237,847 was in first mortgage loans; \$1,880,559 in secured time loans; \$1,626,422 in secured demand loans and \$5,206,671 in loans to cities and towns. According to the statement of the bank's condition when examined March 25, assets were \$13,025,118 and liabilities were the same, including capital of \$1,000,000, surplus of \$500,000, undivided profits of \$250,000 and reserves of \$207,926.

\$100,000 of County's Funds

The closed Steneck Trust Company, of Hoboken, had \$100,000 of the county funds on deposit. County Treasurer Thomas A. Lally, declared Saturday. In comparison with the \$12,000,000 total county appropriations, however, the amount is regarded as small.

Continued on next page

Oh July 24/31

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In addition to the county deposit, County Clerk Gustav Bach has \$11,500 in the Steneck Trust Company. This is on a special account for bail bonds, Chief Clerk J. George Landwehr explained.

In the examiners' statement of March 25, checking deposits were listed as \$5,550,797 and savings deposits as \$7,837,716. Other liabilities, besides capital, surplus, undivided profit and reserve for dividends listed in the statement were: Reserve for interest, taxes and other incidentals, \$149,758; due other banks, \$50,304; bills payable, \$350,000, and other liabilities, \$128,610.

Assets were listed as loans and discounts, \$7,669,460; United States securities, \$5,095; other securities, \$3,785,453; bonds and mortgages, \$338,402; banking house and fixtures, \$413,850; real estate, \$114,000; cash due from banks, \$409,407; outside checks, \$36,575; other assets, \$250,783.

The directors and advisory board of the Steneck Trust Co., are Joseph A. Bonanno, contractor; Dr. Walter F. Bopp, Maurillo D'Agostino, funeral director; William A. D. Evans, president of the Cooper-Hewitt Electric Co.; Edward F. Fleckenstein, packer; Joseph J. Garibaldi, realtor; Louis Garibaldi, retired; George Lankering, cigar manufacturer; John J. McGovern, former County Clerk now with Steneck Title Mortgage Guarantee Co.; Claud Oetjen, realtor; Frank Perna, architect; Charles Rohe, president of the North River Savings Bank of New York.

Adrian P. L. Roggeveen, Supt. of the Holland-American Line; Edward A. Schmale, president of the Schmale Dairy Farm; Fred A. Seide, vice-president of the Jersey Observer; George W. Steneck, vice-president; Henry C. Steneck, president; Dr. George F. Sullivan, Charles Wagner, president of the Wagner Machine Co.; Edward Vintschager, of the Mark T. Hammacher Co., Henry Wesslig, vice-president Thomas J. Wren, realtor.

Oh Aug. 17/31

STENECK DEPOSITORS TO MEET TOMORROW

A public meeting of depositors of the Steneck Trust Company has been called for tomorrow night at 8 o'clock in the Waldheim-Stevens Forum on Garden street, Hoboken, by the Depositors Committee.

Plans will be outlined by counsel in connection with further action contemplated by the committee, on the grounds announced last week, when application was made to Assistant Prosecutor Andrew O. Wittreich to call a special session of the grand jury to investigate the affairs of the Steneck Trust Company to determine whether any illegal acts had been committed by those in charge of the closed banking institution.

In the absence of John W. Drewen the Assistant Prosecutor held up action on the grand jury probe, but the matter will be laid before the Prosecutor when he returns tomorrow. By that time counsel for the depositors hoped to have something concrete to announce.

Counsel for the depositors' committee consists of William Stuhr, William Schlosser, Beronio and De Fazio, all of Hoboken, and McCarter and English of Newark.

Protective Group Seeks Relief for Depositors in Steneck Trust Company

Immediate Aid Sought—Hope to Obtain Advance Up to 50 Per Cent of Funds in Bank—Report Board of Closed Institution Backs Court Move.

Plans were being formulated today by counsel for the Steneck Depositors Protective Association to secure immediate relief for depositors whose funds are tied up in the closed Steneck Trust Company of Hoboken.

So far no definite information has been forthcoming from the State Department of Banking and Insurance as to the true conditions of the institution, but the announcement that the bank would not have been closed if \$1,000,000 in cash had been put into the reserve and the statement of President Henry Steneck himself that the depositors would be paid 100 cents on the dollar had given grounds for the general belief that the depositors' funds are safe.

In the meantime, many business men with check accounts are in dire need of immediate cash to continue their own businesses, while many of the depositors in the savings departments are also short of cash for personal needs.

Attorney William Schlosser, who is associated with Counselor William Stuhr as counsel for the Depositors' Protective Association, announced this morning that steps are being taken to afford immediate relief to depositors. It is hoped by counsel that at least 50 per cent of the depositors' funds may be made available within a short time.

A conference will be held this afternoon, to determine what steps can be taken to make such arrangements on behalf of the depositors.

A meeting of the directors of the Steneck Trust was held yesterday, but no statement was issued following the meeting, although it is understood the board approved the action of President Steneck in consulting Marshal Van Winkle, of Jersey City, to start action in Chancery to compel the State Banking Commissioner to return the control of the bank to the officers and directors so that it may be re-opened.

Auditors at the bank under the direction of Examiner Theodore Furman are completing their audit of the affairs of the company and under the instructions of Commissioner of Banking Smith are proceeding to wind up the affairs of the company.

The suit in Chancery, which it is announced will be filed by Mr. Van Winkle on Monday before Vice Chancellor Fielder, is being made on the grounds that the State Banking Commissioner was not warranted by the facts in closing the institution.

A general investigation of the affairs and the acts of the officers and directors is promised by counsel for the Protective Association, but this investigation is awaiting a report from the bank examiner in charge and the outcome of the chancery proceedings.

A number of persons who have accounts in the bank also owe money to Steneck on notes, and Examiner Furman was approached yesterday to find out whether depositors' accounts could be drawn upon to pay interest or loans which have become due. He stated that this was not possible at the present time, but that a ruling might be made later permitting such action.

Many who had deposited funds at Steneck's after the legal closing hour, 3 o'clock, on Friday afternoon had the satisfaction of having such deposits returned to them yesterday.

The action taken by the City of Hoboken yesterday against the Commissioner of Banking for the return of the deposits amounting to over \$700,000 made to the city accounts on June 25 and 26 will be followed by a suit in the courts if reply is not made by the Banking Commissioner within a reasonable time.

Oh July 24/31

DEPOSITORS MUST PAY BUT CAN'T TOUCH FUNDS

Steneck Trust Debtors Compelled to Get Money Elsewhere

Steneck Trust Company depositors against whom the bank holds claims find themselves in the position of being unable to touch the funds which the Hoboken institution is holding for them to meet these obligations. State banking authorities, in endeavoring to adjust the trust company's accounts, are demanding payment and depositors are forced to look elsewhere for funds with which to pay up.

There is much speculation on the outcome of the city's demand on the banking commissioner for the return of the \$600,000 which was deposited the day before the bank closed for payroll purposes. It is the contention that since this money was there merely as a convenience to the city to be withdrawn by check, and not to be entered as a part of the bank's funds, the banking commissioner has no right to hold it.

There also are those who hold that Henry C. Steneck had no right to accept this money because of his position as treasurer of the Hoboken Sinking Fund Commission. Up to yesterday the city had no indication as to what further action would be taken in the matter.

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On July 21/31

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TUESDAY EVENING, JUNE 30, 1931

BANK CLOSING TAKEN TO COURT

STENECK ATTORNEY MAINTAINS ACTION WAS UNNECESSARY

Injunctive Order Sought in Court of Chancery to Permit Re-opening of Institution—President Characterizes State Examiner's Move as Unwarranted.

Claiming that the Steneck Trust Company is in sound condition and charging that the State Commissioner of Banking and Insurance was not warranted by the facts in closing the institution, President Henry Steneck today took steps to appeal to the Court of Chancery for an injunctive order to have the bank turned back to the officers and board of directors for the resumption of business.

Counselor Marshall Van Winkle admitted today that he had been retained by Steneck to apply to the Chancery Court for the injunctive order. It will probably be next Monday before the petition is filed with the court.

Van Winkle made the following statement: "I intend to make an application to take the bank from the possession of the Commissioner. In my view, the closing of the bank was not necessary or advisable. I am drawing papers in an application to the Court of Chancery to have the whole matter heard, and I fully believe that the bank will be open as soon as all the necessary legal actions can be heard."

An application for injunctive order will probably be made Monday in Chancery Court. At that time evidence will show whether or not the bank is capable of reopening.

The action is taken under Section 22 of the Trust Company Act, which provides that whenever any such trust company, organized under the act, of which the Commission of Banking and Insurance deems itself aggrieved thereby, it may, at any time within the next ten days, apply to the Court of Chancery to enjoin further proceedings, and said court may cite the commissioner to show cause why further proceedings should not be enjoined and after the hearings may, upon the merits, dismiss the application or enjoin the commissioner from further proceedings and direct that he surrender such business and property to such trust company.

Details of the bank's closing by the State Commissioner of Banking were revealed by Mr. Steneck today, who stated that the report of the

examiner upon which Commissioner Smith acted was made as of May 27. Commissioner Smith was in Europe, said Mr. Steneck, and arrived back last week and he notified him Thursday that he would require him to put up \$1,000,000 additional reserve within twenty-four hours.

That report of May 27, Mr. Steneck declared, showed that the surplus and capital of about \$2,000,000 had been wiped out arbitrarily by the bank examiner by the expedient of discounting 25 per cent in the value of the North Bergen bonds held by the bank and some \$35,000 of personal loans.

This, he claimed, was practically the only ground upon which the Banking Commissioner took action to close the bank.

Since the report was made on May 27, the value of the market securities have increased about \$600,000 so that the bank's condition today is not impaired, declared Mr. Steneck. He also charged that the banking examiner had not given the bank any credit for \$600,000 in the Title Guarantee Company and a dividend of \$30,000 which was to go out to stockholders on July 1, which they would waive.

The bank today, he declared, is in a very much stronger position than it was on May 27.

Mr. Steneck further states that some of the big depositors with the bank, including the R. B. Davis Company and William A. D. Evans, of the General Electric Vapor Lamp Company, were perfectly satisfied with the condition of the bank. He said that the bank today would show \$1,500,000 better than the condition of May 27 and that the directors were willing to put up \$1,000,000 in

addition if that was deemed necessary.

Referring to the North Bergen bonds, Mr. Steneck said that he was satisfied that the bonds were worth their face value, and that the full amount would be paid; that there was nothing new in the situation in the bank in connection with the bonds from the previous statement made by the bank examiner. He cited that a New York institution which held almost \$2,000,000 of the North Bergen notes, was satisfied that the bonds were good to the last penny, and were not unduly concerned over the condition.

Questioned as to foreign drafts which had been sent through Steneck's, the president of the bank said that the drafts would be honored in the countries to which they had been sent, as the company had sizable bank balances in the institutions on which they were drawn in Europe.

The Steneck closing is still the talk of Hudson County. In every walk of life, people discuss the situation and the probable outcome. All day yesterday crowds congregated around the main office, while the City Trust Branch at Fourth and Grand street, was practically deserted. A notice on the City Trust Branch was to the effect that business was being conducted at the main office on River street. Many depositors believed that they would be able to get out their funds, but policemen stationed at the bank door allowed only those who were making payments on mortgages or notes. The business was conducted under the direction of Bank Examiner Furman, who is in charge.

There has also been much discussion on as to the liability of bank directors and stockholders in the case of a trust company which is forced to liquidate. National banks differ from the conditions surrounding the liability of directors and stockholders in trust companies. Shareholders in national banks are liable to an amount double the par value of their stock. In the case of a trust company, directors are liable to the depositors only for any loss sustained as the result of any misrepresentation of misstatement as to the bank's condition. Stockholders in a trust company are not liable.

It was stated definitely today by officers of the Steneck Trust Company that the closing of the bank in no way affects the guaranteed mortgages; that the Title Company is absolutely clear of any involvement, as is the American Homes Building and Loan Association.

Obs July 10/31

BANKS ARE NOW FULLY MERGED

**Second of Hoboken Takes
Its Place as Branch—
Scare Is Ended.**

Formal ratification of the merger of the Second Bank and Trust Company of Hoboken with the Trust Company of New Jersey took place yesterday afternoon at a meeting of the boards of directors of the merged banks in the offices of the Trust Company in Jersey City.

Normal conditions prevailed at the Second Trust Bank this morning and a number of new accounts were opened. With confidence restored many depositors who withdrew savings accounts yesterday re-deposited them today.

Complete details for the operation of the new unit of the Trust Company of New Jersey are being worked out by the officials of the largest bank in the county. At the present time business will be continued at the Second Bank and also at the Trust Company branch in Hoboken.

General William C. Heppenheim, chairman of the board of the Trust Company, who remained at the Second Bank all day yesterday was very well pleased with his experience at the new unit.

Withdrawals totaled about \$80,000, much less than had been anticipated while deposits totaled \$20,000. The reserve of \$500,000 in cash which had been sent to the bank at the opening hour yesterday by the Trust Company of New Jersey was not needed, but the piles of currency in the cages of the paying tellers inspired confidence on the part of depositors that was not without its effect.

Oh July 21/21

Many Support Duffy's Stand On Bank 'Plot'

Chamber Head Sees Closing of
Steneck Trust Move to Em-
barrass Hoboken

Approving the stand of William J. Duffy, president of the Hoboken Chamber of Commerce, that the closing of the Steneck Trust Company was unwarranted and apparently part of a plot to embarrass Hoboken, many citizens yesterday voiced similar opinions.

Mr. Duffy asserted Wednesday night before the Hoboken Lions Club that the city "is seemingly marked by both the federal and state governments for destruction." To substantiate his assertion, Mr. Duffy pointed to the unsuccessful effort on the part of the municipality to regain control of the piers and, more recently, the state's action in closing the Steneck institution.

Expressing the opinion that other banks in New Jersey are no better off than the Steneck bank, Mr. Duffy said that the state had singled out the Hoboken institution for closing. In his speech, which lasted only five minutes, Mr. Duffy urged co-operation from the Lions and other service clubs to combat the forces that he said are threatening the city's welfare.

Major William Le Beau, commander of the First Battalion of 104th Engineers, New Jersey National Guard, was installed president of the Hoboken Lions Club. Other officers are Mason F. Grymes, Arthur Geismar and Val Savage, vice presidents; Samuel Dresner, treasurer; Joseph Melillo, secretary; Howard Alberque, tail twister; John Roggio, lion tamer; Charles Gratz and Fred Strohmeier, trustees. James M. Neri is the immediate past president.

Max Z. Hurwitz, president of the Kiwanis Club, and Arthur Finter, newly installed president of the Rotary, were guests and speakers.

The club will be temporarily embarrassed because the funds it raised during the past winter are on deposit in the Steneck bank. The club uses this money to send children to health camps. At the meeting Wednesday the members will discuss ways and means of taking care of its charitable work even though it cannot reach the deposit in the Steneck bank.

Oh July 21/21

SEES PLOTS TO RUIN HOBOKEN

Chamber President Cites
Pier and Steneck Af-
fairs as Proof.

Holding that Hoboken "is seemingly marked by both the government and State for destruction," William J. Duffy, president of the city's Chamber of Commerce, last night charged before members of the Hoboken Lions Club and their guests, that State closing of the Steneck Trust Company was unwarranted.

There are many other financial institutions in New Jersey and for that matter throughout the nation, Duffy declared, which would perforce close their doors—with present economic values taken into consideration—if proper investigations were made of their standing.

Coming, then, on the heels of an unsuccessful effort to regain control of the local pier property, Duffy opined that as an individual instance, the closing of the Steneck Trust Company would strongly indicate that the city is singled out, that "it is marked by those in power."

Duffy spoke less than five minutes to the local club, but in that brief period he made an eloquent appeal for cooperation from the Lions, and their guests from fellow service clubs in the city, in the banding together to meet those forces, visible or invisible, which threatened Hoboken's welfare.

With regard to the Steneck company, he declared that if the State Banking Department had looked into the many little homes in the city and kept in mind the misery which it might—and certainly has created—in those homes, such summary action as marked their closing of the bank would have been held in abeyance.

Hoboken, he concluded, has never more needed the support of its citizens than it does now. To this end, he asked the support of Lions and to those presidents of other service clubs attending, and requested that they bring to their club a message for needed cooperation.

The real feature of last night's Lions' Club meeting in the Grand Hotel, was to be the formal installation of officers for the next year, with Major William Le Beau as successor to James M. Neri as president.

But with an expressed determination of the club to carry on its major activity of welfare work among underprivileged kiddies, although the greater part of its funds are tied up in the Steneck closing, showed by the generous offer of Max Z. Hurwitz, Kiwanis president, to aid the club in its charity work even though it might mean a personal assumption of the obligations this initial feature was all but submerged.

However, after J. Harry O'Brien, a State director of the Lions, and chairman of the Hoboken club's camp committee, had announced the club's intention of signing a note to enable the carrying on of its kiddies' work, the installation of officers was begun by George Anderson, governor of New Jersey Lionism.

"Jim" Neri, as he is affectionately known to his fellow members, made his last address as an executive of the club. He thanked his committees, the press and members of fellow service clubs, for the excellent cooperation they gave towards making his term one of the most successful in the club's history.

And to prove that they believe his regime was a highly successful one, members of the club presented Jim with a handsome wrist watch, suitably inscribed. Val Savage made this presentation and also one to Joseph Melillo, most efficient secretary for the Lions. "Joe" was also given a wrist watch, while in the package was a little gift for his wife. Melillo was also the recipient of a bag of golf clubs from Jim Neri, as a personal gift from the latter for his untiring and unselfish devotion to the cause of Lionism, not only locally in his duties as secretary but also so far as the State association is concerned.

Major William Le Beau, installed by Governor Anderson as the new president, asked for a cooperation as great as that accorded Neri by all units concerned. Of Le Beau, incidentally, earlier addresses of the evening spoke highly, predicting a progressive year for Lionism under his direction.

Max Z. Hurwitz, as president of Kiwanis, carried out a nice gesture of interclub friendship and personal feeling for the Lions when he declared that even if it meant taking over the entire obligation personally, he stood ready to help the Lions in their work of aiding the kiddies. His financial support was at their call, he indicated, even though his own club, the Kiwanis, also a great force in underprivileged child work, would be handicapped this summer because the greater portion of their available funds is also tied up in the Steneck closing.

Officers installed with Major Le Beau were as follows: Mason Grimes, first vice president; Arthur Geismar, second vice president; Val Savage, third vice president; Samuel Dresner, treasurer; Joseph Melillo, secretary; Howard Alberque, tail twister; John Roggio, lion tamer, and Charles Gratz and Fred Strohmeier, directors.

At the speakers' table with Neri, in his last occupancy of the executive chair, were Arthur Finter, president of Hoboken Rotary; Max Hurwitz, president of Kiwanis; Major Le Beau, new president of the Lions; Governor George Anderson, of the New Jersey Lions; J. Harry O'Brien, State director; Counselor Benedict Beronio, of Hoboken, and Carl Bannwart, State secretary of New Jersey Lions.

Hurwitz, incidentally, brought out in his talk that Kiwanis was the first club formally to endorse the Jersey Observer suggestion that the Paterson Plankroad and Paterson avenue, in Hoboken, be taken over by the State and made a part of the highway system. He commended the Lions for the quick follow up action, forestalling his intention of writing as a leader in the movement, and asking for wholehearted support towards bringing about the improvements as a means of relieving traffic congestion.

Other speakers brought out that the Lions Club is signally honored this year by having three of its members represented in State organization circles, Arthur Scheffler as an appointee of Governor Larson on the permanent Crippled Kiddies' Commission, as representative of the State Lions; J. Harry O'Brien, as a State Lions' director, and George Alberque, as a district deputy governor of Lionism.

Old July 11/21

HOBOKEN DEMANDS RETURN OF MONEY IN STENECK BANK

City Alleges Officers Knew It Was on Verge of Closing When \$700,000 Was Accepted—Formal Notice Served on State Department Will Be Followed by Suit—Depositors' Committee Formed.

The City of Hoboken has taken steps to compel the State Commissioner of Banking to return to the city deposits amounting to over \$700,000 made in the Steneck Trust Company last week, charging that when the deposits were made the bank was "irretrievably insolvent"; that the officers "knew that the bank was on the verge of closing," and that the city was induced to part with its funds as deposits because of "fraud on the part of the bank, its officers, agents and employees."

Authorization of such action was given to William H. Gilfert, Director of Revenue and Finance and Custodian of School Moneys by a resolution passed by the Board of Commissioners yesterday afternoon. He was directed to make demand upon Frank H. Smith the Commissioner of Banking, Theodore B. Furman, the examiner in charge, and the Steneck Trust Company.

Other developments in the situation are as follows:

Depositors who made deposits after the legal banking hours last Friday i. e. 3 p. m. will have such deposits returned to them upon presentation of their passbooks at the main branch on River street.

A group of fifty depositors met in the office of Attorney William Schlosser today and organized the Steneck Protection Association retaining Counselor William Stuhr and Attorney Schlosser to look after their interests.

President Steneck announced that a meeting of the directors would be held today to consider the proposal for the payment by the State Receivership Commission of interest on North Bergen notes now overdue and held by the bank.

Theodore B. Furman, examiner in charge of the bank, announced that loans would be called when due, and that demand loans would be called probably by the end of this week.

Payment of the checks of Hoboken school teachers, policemen, firemen and other city employes, is being made today through the Hoboken branch of the Trust Company of New Jersey.

Banking Commissioner declared that he was not in a position to issue any statement with regard to the exact condition of the bank, and would not be until he had a complete report from the actuaries now engaged in making a survey of the institution.

He declared that he was proceeding to wind up the affairs of the bank. He would welcome any genuine effort to have the bank reopened for business but that no officials or directors of the bank had made any overtures to him with this end in view.

It was pointed out by the Steneck interests that the move to have the bank reopened would be instituted through the Court of Chancery rather than through the State Department.

Marshall Van Winkle was retained by President Henry Steneck to file an application to the Court of Chancery to have the banking commission enjoined from further control of the bank and that he be cited to show cause why the bank should not be returned to the control of the officers and directors. This action is being taken on the ground that the order closing the bank was unnecessary and unwarranted by the facts.

Application for the injunction will probably be made on Monday before Vice Chancellor Fielder.

On learning of the contemplated Chancery Court move Commissioner Smith had this to say:

"It will be all right with me. If the court wants to take over the bank that is all right with me too. We don't close banks unless the department is satisfied that they should be closed. If the court thinks we have exceeded our authority or are wrong in this matter that is still all right with me."

A statement was issued by the attorneys for the depositors announcing that no court action would be taken until after the proposed application for an injunction in the Chancery Court on Monday had been heard.

The statement issued by Stuhr and Schlosser is as follows:

"This is not time to make any rash statements as to the solvency or insolvency of the Steneck Trust Company and the Steneck Title Mortgage and Guarantee Company.

"It is our aim to conduct a full and complete investigation for the purpose of determining the best course to pursue for the protection of the depositors and investors whom we represent.

"At present we do not contemplate any court proceeding until the application for the returning of the bank to the officers and directors has been passed upon next Monday morning in the Chancery Court.

"We are following this method of procedure because we don't want to embarrass any move which may be beneficial to the depositors and investors."

Patrons owning safe deposit boxes in the bank vaults are being given access to them under the supervision of Examiner Furman. Box owners are notified when appearing at the bank, however to remove all their contents and secure boxes else-

They are advised to file a claim with the bank for a rebate on the amount they have paid for boxes.

Officers and employees of the bank, however, are not allowed to open their own boxes, by the order of the bank examiner.

Depositors who have placed funds with the bank on Friday afternoon, after three o'clock, received letters from State Examiner this morning, notifying them that such deposits would be returned on presentation of their passbooks at the bank.

The Steneck bank offices were kept open daily until 5 o'clock, but such deposits as were received after 3 o'clock were accepted for deposit as of the following day. The State Department took over the bank as of the close of business last Friday.

Members of the City Law Department, Corporation Attorney Horace Allen and his assistants, John J. Fallon, Jr., and James Coolihan, prepared the necessary papers for the starting of court action and Commissioner Gilfert filed with Commissioner of Banking Smith today and the examiner in charge of the bank the formal notice of intended action.

Arrangements were completed yesterday by the city officials for the honoring of the payroll checks issued last Friday to school teachers, police and firemen and other city employes through the Trust Company of New Jersey after 10 o'clock today.

City and school employes took early advantage of the arrangements made, and the officers and employees of the Hoboken branch of the Trust Company had a busy morning. No new checks were issued but the checks were made payable at the Trust Company by the simple expedient of stamping the checks with the name of the Trust Company as they were presented for payment.

The city commissioners also authorized the sale of \$450,000 tax anticipation notes yesterday which were taken by the Trust Company of New Jersey. This sum will pay off tax notes due on July 1 and 3, and the principal and interest of a bond maturing today.

At the final meeting of the board of directors of the bank previous to its closing by the State Department the quarterly dividend of 75 cents a share payable June 30 was declared, but this has since been rescinded by the order of the State Department of Banking.

Similarly the Steneck Title and Mortgage and Guarantee Company

declared a regular dividend of ten cents and an extra dividend of five cents as of June 30, and this also has been rescinded by the State Department.

On March 30 the bank paid 75 cents dividend a share on stock of record March 15, and the Title and Mortgage Company paid a regular dividend of ten cents and an extra dividend of five cents.

Most of the 100 or more employees of the bank have been notified by Examiner Furman that their services are no longer required. None of them has been paid their salaries for the last half of June, due yesterday or today, and it is understood that they will have to file their claims for salaries like any other preferred creditor.

spirit of fair play was the cause of his protest. He said the people of the township were up in arms because they had elected Reich and Buesser to rid the town of the McMahon-Jager steamroller tactics and that now the Reich Commissioners were doing the same thing.

He called Mayor Reich's attention to the fact that the latter had only led Buesser by seven votes in the election and that entitled Buesser to the next most important post, that of Public Safety Director.

Reich then said: "Who is going to decide this matter we or the people? The people can do as they please when the time comes but in the meantime we will run the government." He wound up by calling for a vote and the resolution was passed.

Dis July 10/21

Steneck Trust Stockholders Meet Monday

State Banking Officials Will Confer at Hoboken Bank Tuesday

Members of the Steneck Trust Company's stockholders' committee will be called together Monday for the purpose of starting on the survey which they hope may result in a workable plan for the reopening of the bank. The committee apparently has the good wishes of Banking Commissioner Frank H. Smith, who said that he would welcome any feasible plan for putting the trust company back on a sound footing.

On the other hand, the commissioner made it plain that the only solution to the problem which will satisfy him is a plan which will supply enough additional cash to offset the depletion which resulted from the action of the bank examiners in writing off nearly \$1,500,000 in North Bergen securities held by the bank as collateral.

"They'll have to produce real money if they want to run a bank," he said.

State Conference Tuesday

It was announced yesterday that a conference would be held by state banking department officials at the Steneck Trust Company, Tuesday. Commissioner Smith, Deputy Commissioner Hayes Markley, Theodore B. Furman, examiner in charge of the closed bank, and Judge Walter L. Hetfield, counsel to the state banking department, will be present. Commissioner Smith has turned over to Judge Hetfield the Chancery Court order which directs him to show cause on July 23 why the bank should not be turned back to its owners. The legal action will probably be discussed at length and the department's answer mapped out.

Consideration will also be given, it is said, to reports of bank transactions in which excessive interest rates were charged through a double note system. Some talk of this was aired at the informal meeting of stockholders held last Wednesday, but it was stated at that time that there had been no practices at the Steneck Trust Company which are essentially different from those carried on by other banking institutions.

Banks Sending Mid-Year Statements to Trenton

By Associated Press.
TRENTON, July 10.—Statements of conditions are being received from state banks by the State Department of Banking and Insurance as a result of the annual mid-year call issued by Frank H. Smith, commissioner.

Smith, customarily issues four calls a year, two regularly, one shortly after June 30 for condition as of the date, and one for condition as of December 31. Two other calls may be issued at any time. A report will

200 Aug 17/31

DENIES RUMOR OF MERGER OF STENECK BANK

Head of Institution Named in Rumors Calls Plan Illegal.

A report was heard in inner banking circles of Hudson County today that negotiations were under way for the Hudson County National Bank to take over the closed Steneck Trust Company of Hoboken. Frank C. Ferguson, president of the Hudson County National, however, denied the report. He pointed out that it would not be legally possible for the Hudson County National to have a branch in Hoboken. He insisted there was no truth to the report.

In spite of Mr. Ferguson's denial, the report continued to gain headway, but the source of the rumor could not be traced. It was pointed out in Hoboken today, however, that while it might not be possible for the Hudson County National to have a branch bank in Hoboken, it would be possible for it to have an affiliated bank there.

The committee of stockholders named last week in Jersey City is working out details of a new plan which has been proposed for the re-opening of the bank, but the details were not revealed. It is understood that none of the three plans submitted at the informal stockholders' meeting last week are looked upon with favor by State Banking Commissioner Frank H. Smith.

At his home in Plainfield yesterday previous to his departure on a business trip to Chicago, Mr. Smith said: "We can show plenty of cause for our action in closing the bank."

Those reasons will be put into concrete form at a meeting to be held at the Steneck Trust Company offices in Hoboken tomorrow. Judge Walter Hetfield, counsel to the State Department; Deputy Bank Commissioner Hayes Markley and Theodore B. Furman, the examiner in charge, will attend the conference, and the exact situation of the institution will be outlined up to the date of closing.

Mr. Smith will not attend the conference as he will not return from Chicago until Thursday, but he stated that he will name a deputy banking commissioner to take charge of the trust company's affairs. He intimated that he would be glad to consider any feasible plan for the reopening of the bank, but so far no real offer had been made.

It is believed that if a proposal was put forward for the taking over of the institution by some other Hudson County bank it would meet with the approval of Commissioner Smith.

Marshall Van Winkle, of counsel for the Steneck Trust Company, today stated that they are working with the Commissioner of Banking. When asked about the Chancery Court action, Mr. Van Winkle said: "I always look ahead because of the provisions of the banking act. We needed to get under the jurisdiction of the Court of Chancery within ten days after the closing, if at all. If a committee succeeds in its work, I can conceive of questions and details where the commissioner may need the aid of the court. We have created a legal situation with such effect that if the commissioner needs or desires to have questions passed upon, the action and protection of the court may be invoked by him or by the bank."

Dis Aug 10/31

Study 3 Plans For Reopening Steneck Trust

Call May Go Out Today for Meeting of Stockholders' Committee to Reach Decision

A call may be sent out today for a meeting of the committee of stockholders to which has been turned over the task of working out a plan acceptable to the State Commissioner of Banking, for the reopening of the Steneck Trust Company of Hoboken. Three separate methods have been suggested and referred to the committee, and it is understood that no time will be lost by the committee in getting to work.

The three plans under construction are these; a merger of the Steneck Trust Company and the Steneck Title & Mortgage Guarantee Company, with a \$600,000 increase in capital over the present combined figures; a merger of the Steneck Trust Company with some other bank; and the acceptance by the Steneck Trust Company of an offer which its president, Henry C. Steneck says is available, for the sale of the North Bergen municipal securities at a 10 per cent reduction.

At the informal meeting of stockholders Wednesday night, Mr. Steneck objected to the last-named plan, being unwilling to take the loss. Some of the stockholders present, however, were of the opinion that the step should be taken since it would at least guarantee the safety of deposits even though it entailed a loss to stockholders.

Plan Up to Commissioner

Of course, no plan can be adopted without the approval of the banking commissioner, and his views must necessarily guide the committee in any report they may make to a further meeting of the stockholders.

The committee will be assisted in its conferences with the banking commissioner by former Congressman Marshall Van Winkle and Attorney Samuel Stern, who is associated with him as counsel for the Steneck Trust Company.

It is the hope of the committee that some solution to the bank's difficulties will be found before the date for the return of the Chancery Court order calling upon Commissioner Smith to show cause why the bank should not be turned back to its stockholders and directors. The court action is largely a protective measure to safeguard the interests of the trust company in the event that no satisfactory agreement can be reached with the banking commissioner.

Action Over Mortgage

The Steneck Trust Company figured in an indirect way in another Chancery Court action which was started in Jersey City yesterday. The suit is an attempt by the Improvement Realty & Mortgage Company, of Hoboken, to foreclose a mortgage it claims to hold against the Briar Holding Company, which is controlled by Fred Goldberg, West New York real estate operator. The mortgage in question is for \$63,000, of which \$46,000 is claimed to be unpaid. The Briar Holding Company in its defense, alleges that the Improvement Realty & Mortgage Company is owned by the same interests who control the Steneck Trust Company.

The defendant claims that the lien was paid through the execution and discounting of another collateral mortgage, and denies that any part of the mortgage is due. The defense asserts that it secured a loan of \$90,000 from the Steneck Trust Company, secured by nine separate mortgages on houses in Fort Lee from the proceeds of which all claims against the Briar Holding Company were to be paid, and that these mortgages were executed and recorded, but later cancelled by the trust company.

Ch. Aug 11/31

SECOND BANK AND TRUST CO. GETS A NEW BIRTH.

The merger in which the Second Bank and Trust Company of Hoboken became a unit of The Trust Company of New Jersey—the second largest bank in the State, with resources of over \$95,000,000—was accomplished with commendable zeal and speed looking to the conservation of the assets of the former institution. The assurance that the depositors of the Second Bank will find their accounts 100 per cent liquid is backed not only by The Trust Company of New Jersey, but also by the others in the group of Hudson County banks representing a total of \$611,000,000 in assets.

In the brief interval of the close of one banking day and the beginning of the next, one of the oldest banks in the city was metamorphosed into a unit of The Trust Company of New Jersey. This accomplishment speaks volumes for the financial skill and public interest of the leaders of Hudson County banking headed by General William C. Heppenheimer. It testifies to the basic soundness of the banking interests here when such a transition can be brought about so quickly and completely and with such unquestioned guarantees to the depositors involved.

For the time being, business will be carried on at the same old stand, with the exception that it will bear a new label—the one borne by the second largest bank of the State. In this new environment the depositors of the former Second Bank and Trust Company surely have ample grounds for self-congratulation.

Ols July 10/32

CONSIDER NEW STENECK PLAN

Stockholders Advance Idea
of Guaranteeing North
Bergen Payments.

The committee named at the informal meeting of stockholders of the Steneck Trust Company to consider plans for the reopening of the Hoboken Bank will probably not get together until the beginning of next week.

There is a feeling among the stockholders that the suit now pending in Chancery Court to enjoin the State Banking Commissioner from further proceedings toward winding up the bank's affairs is not the proper method to pursue in the present difficulties and the committee will seek to get the approval of the State Banking Commissioner to some plan for reopening the institution rather than to try to force his hand through an order of the Court of Chancery.

Marshall Van Winkle, counsel for the bank at the stockholders' meeting on Wednesday night, admitted that it would be very hard to get such an order from the court as he believed that in the last analysis the court would be guided by the opinion of the State Banking Commissioner as a matter of protection for the depositors of the bank.

It was learned today that a new method has been proposed to satisfy Banking Commissioner Smith with regard to reopening plans. This proposal involves the placing of a security bond to guarantee the full payment of the interest and principal of the North Bergen bonds and notes.

The bank examiner, in his statement, had written off \$1,250,000 of the value of the bonds and it is this

amount the directors have to make good before the bank is reopened.

Three proposals were considered at the stockholders' meeting: merger of the Steneck Trust Company with the Steneck Title and Mortgage Guaranty Company with a \$600,000 increase in capital over the present combined figures; a merger of the Steneck Trust Company with some other bank and a reduction of ten per cent in the value of the North Bergen municipal bonds.

The latest plan, the security bond to guarantee the full payment of the North Bergen bonds, has not been worked out in detail, but it is known that several of the directors favor this method.

The committee was scheduled to meet yesterday, but it was stated today that the meeting was not called, and that it will probably be Monday before it gets together. Any plan decided upon will be placed before State Banking Commissioner Smith for his approval before it is placed before the stockholders. It is the hope of the committee to have some plan ready for Commissioner Smith's consideration before July 23, the date upon which Smith is called upon by the Chancery Court order to show cause why the business and property of the company should not be returned to the officers and directors.

Ols July 8/31

STOCKHOLDERS' MEET INFORMAL

Only Largest Shareholders
of Steneck Called for
Tonight.

Only some of the larger stockholders of the Steneck Trust Company have been invited to the meeting called by President Henry Steneck to be held at the office of Marshall Van Winkle, the company's attorney, at 1 Exchange place, Jersey City, tonight.

This was made plain today by Mr. Van Winkle who stated that it would only be an informal meeting of some of the larger stockholders. "Matters are not yet in such shape that a full stockholders meeting should be called," he said.

The law requires that twenty days notice by mail must be given of a stockholders meeting to act on the merger of a trust company and mortgage company. Tonight's meeting will probably take up the proposal outlined for the reopening of the Hoboken bank as outlined in the company's suit in Chancery filed on Monday.

If those present should approve of the proposal for the merge of the Trust Company with the Steneck Title and Mortgage Guaranty Company and the other details contained in the proposal this would probably be used in the hearing on July 23 when the State Commissioner of Banking is to appear to answer the order issued by Vice Chancellor Fielder, to show cause why the bank should not be returned to the control of the officers and directors of the trust company.

Those invited to the meeting hold a large majority of the stock. Steneck himself controls 22,000 of the 40,000 shares.

A severe set-back to the plans of Steneck to regain control of the bank was received yesterday when the State Finance Commission which is supervising the rehabilitation of the Finances of North Bergen, declined the appeal of Marshall Van Winkle to guarantee full payment on the \$5,000,000 bonds and notes held by the Steneck Trust Company.

It is the claim of Steneck that the writing off of \$1,500,000 of those bonds and notes was the reason for the bank being closed down, and Steneck officials have claimed from the outset that the North Bergen obligations are worth their full value.

However, Walter R. Darby, State Commissioner of Municipal Accounts, chairman of the State Finance Commission, said determination of whether the municipality would meet all its obligations without losses being sustained could not be determined until a reassessment of the property could be completed.

The Municipal Finance Commission is composed of Mr. Darby, State Tax Commissioner Thayer Martin and Attorney General William Stevens. Mr. Van Winkle appealed to the Commission to make some statement to the public with respect to the present standing and worth of the securities of the Township of North Bergen so that the public would know that all North Bergen securities are fundamentally good, and he asked the commission to let the public know their plans with respect to the proposed new bond issue which is to take care of the outstanding indebtedness of the Township. The Commission took the request under advisement.

Mr. Van Winkle also asked the commission to consent to the issuance by the township of short term notes to take the place of the present notes in default, so that the same would not remain in default, and he contended that the township was well able to care for such notes and the suggestion was that the notes should run for six months.

Mayor Reich and Mr. Sewell, counsel for the township, were present, as were also the three persons appointed to appraise the ratables of the township, so that the new bond issue to be issued under the sanction of the Municipal Finance Commission would be salable without question.

In this connection, Mayor Reich will probably appear before the commission at its meeting next week to make formal proof as to the facts of the default, following which new notes may be issued by the township to care for the present notes in default.

Attorney General Stevens was requested to intervene as arbitrator in efforts to settle the appeals of the property owners from the assessments in connection with the outlet sewer and the central sewer. He promised to take measures within a week or so looking to this end.

Counselor William Stuhler and Attorney William Schlosser of Hoboken, representing the Steneck Depositors' Protective Association, held a conference yesterday at the office of McCarter & English in Newark, which firm also represents a group of depositors and investors in the closed Hoboken institution. The two groups were merged as the result of the conference. George McCarter will act with the Hoboken attorneys in plans to protect their clients.

Ols Aug 15/31

DEPOSITORS TO STAGE MEETING

Steneck Trust Group Plan
for a Mass Gather-
ing Tuesday.

A meeting of the Steneck Depositors Committee was held yesterday in the offices which have been opened by the Committee at 68 Hudson street, Hoboken. Plans were made to have a general meeting of the depositors in Hoboken on Tuesday night, probably in one of the schools.

At that time counsel to the committee expect to have a report to make in connection with their demands on the prosecutor for a grand jury probe of the condition of the closed trust company.

Counsel conferred with Assistant Prosecutor Wittreich yesterday, who will present a report on the matter to Prosecutor John when he returns to his office on Tuesday.

Counsel for the depositors committee is composed of William H. Stuhler, William Schlosser, DeFazio & Beronio and McCarter & English, of Newark. The executive committee of the depositors group is composed of Joseph A. Schmidt, Frank R. Hellinghaus and Salvatore Rinaldi.

Dis. July 14/31

Steneck Trust Report Issued

One Official Says Accounting
Shows Healthy Condition

A statement issued by the firm of accountants whose members have examined the books of the Steneck Trust Company of Hoboken, which has been in the hands of the State Banking Department since June 27, places the assets of the institution at \$12,130,521.45, as against the figures of the last annual statement of the bank which carried total assets of \$13,004,459.33. The difference is \$873,937.88. In the statement of the examiners there is no change in the value of the North Bergen bonds, which are carried at their face value of \$5,463,592.87.

The statement came as a result of an accounting asked by the officers and directors of the bank during last August in Chancery Court. The accounts were chosen by the directors.

One official said the accounting indicates a healthy financial standing, and felt sure that there will be an important statement just as soon as the North Bergen bond situation is cleared up. Other officers refused to comment.

Three items remain unchanged in the statement when compared with the bank's annual figures. They are the North Bergen bond issue, \$5,463,592.87, the realty held by the bank, \$114,000, and the item under banking houses, \$415,850. Cash on hand has increased from \$930,055.67 to \$1,597,711.38, while bills purchased shows a decrease from \$2,242,998.25 to \$1,723,252.83. There is one item which is not figured in the statement. It is accrued interest on North Bergen loans which approximates \$260,000.

The largest item on the liability side of the recent report is \$9,999,219.25 in deposits. This means a reduction in that item from \$10,462,733.91 as of the annual bank statement, or a difference of \$463,515.66. The capital stock is placed at \$1,000,000.

Dis. July 21

EXPECT KELLY TO ACT ON BANK PLAN SOON

Steneck Reorganization Com-
mittee Hopeful

Joseph J. Garibaldi, chairman of the reorganization committee of the Steneck Trust Company depositors, declared last night he expected definite word soon after Labor Day from Commissioner of Banking and Finance William H. Kelly regarding the committee's plan of reopening the closed Hoboken bank.

The outlook for the reopening seeming bright, some 30,000 depositors expect the commissioner to report favorably. Assets are said to approximate \$4,000,000 cash, and besides, the possibility of a loan from the Reconstruction Finance Corporation on \$5,500,000 worth of North Bergen township securities, has given them hope of obtaining at least two-thirds of their savings.

Garibaldi's committee has been working getting the assents of depositors and mortgage certificate holders of the bank and title company to present to Commissioner Kelly.

Dis. July 14/31

Expect Steneck Will Offer Plan To Reopen Bank

Stockholders' Session Fails to
Solve Problem—Examiner's
Report Due Today

The meeting of the stockholders' committee of the closed Steneck Trust Co. of Hoboken, was held yesterday according to schedule, but when it was over, the problem of how to bring about the reopening of the bank was no nearer solution.

After a thorough discussion of the whole situation, it was generally agreed that the one primary requisite for reopening is money, and the only plan which will work is one which will provide enough cash to make up the \$1,500,000 depletion due to the writing off of certain North Bergen securities.

Officials to Meet

With the stockholders' committee figuratively "up a tree," the banking department officials will meet today in the Steneck Trust offices, when it is expected the report of the examiner in charge of the closed institution will be submitted to Deputy Commissioner of Banking Hayes Markley, in the absence of Commissioner Frank H. Smith, who is in Chicago. This report will give the exact condition of the closed institution.

In the meantime, efforts to relieve the situation and eliminate the impasse which has been reached, are being started from a new quarter. The board of directors of the bank will meet tomorrow to consider possible means of raising the money which is needed. It is understood that President Henry C. Steneck will be present and it is believed he may have some financial plan to submit.

Mr. Steneck was not at the meeting of the stockholders' committee yesterday. The only person present, in addition to the members of the committee, was William Walter, banking expert and former chief examiner of the Federal Reserve Bank.

Merger Plan Opposed

It is understood that the committee did not look with favor upon the suggestion of Mr. Steneck for a merger of the trust company and the title company, with a proviso for \$600,000 additional capital. In the first place, only half of that amount has been pledged, and in the second place, it is felt that \$600,000 will not be sufficient.

While a merger with some other bank would probably meet with favor not only on the part of the stockholders but the banking commissioner as well, no possibility of such a move seems to be in the offing.

One informal suggestion has been made to this effect—that the Steneck Trust endeavor to dispose of the North Bergen township securities which it holds, to other Hudson County banks, guaranteeing them against loss. The Steneck Trust holds about \$5,000,000 worth of North Bergen securities.

Dis. July 14/31

BUSINESS MEN COMMEND BANK HEAD'S ACTION

Praise Bankers Who Sacri-
ficed Own Interests to
Protect Depositors.

Officers and directors of the Second Bank and Trust Company, who sponsored a merger with the Trust Company of New Jersey when threatened with financial difficulties, last night won high praise of the Hoboken Businessmen's Association in a resolution unanimously adopted and commending the unselfish action of the directorate in arranging for the protection of its depositors.

The meeting was called particularly for the purpose of thanking the bank for its unselfish attitude with respect to its condition, and before its conclusion resolved itself into a testimonial for Sidney H. Stevenson, treasurer of the Second Bank and Trust Company and an active member of the Businessmen's group.

"This gentleman," speakers said of Stevenson, "has always merited the esteem of those who came in contact with him, and the business men are hopeful that he will be retained in his present capacity in the bank."

A letter expressive of the organization's sentiment, sent to officers and directors of the Second Bank company, reads as follows:

"Gentlemen—This organization held a special meeting for the purpose of discussing the action of the Second Bank and Trust Company in clearing up their own difficulties and the difficulties of all their depositors. At the conclusion of our discussion, the unanimous opinion of all those present was that the officers and directors of the Second Bank and Trust Company deserved and merited the heartfelt thanks of the entire community."

"Caught in the backwash of the Steneck Trust Company failure, withdrawals became so constant that the bank realized it could not for long carry on business. Rather than wait until the depositors were placed in a very precarious position, they sacrificed their own interest, their own finances and their own pride and forthwith offered to turn their institution over to any bank which would assure full payment of all obligations."

"Mr. Bellis, Mr. Jagels and other officers and directors are hereby commended for their most unselfish acts and the Hoboken Businessmen's Association does hereby record its appreciation therefor."

"We also wish to thank the Trust Company of New Jersey, which so promptly stepped in overnight and prevented what might have been a catastrophe. Without question the acts and actions of both these institutions and their respective directors and officers have given the people of Hoboken greater faith in our city."

"Very respectfully,
"Clinton B. Snyder,
"Hoboken Businessmen's Association."

A resolution formally commending both companies and pledging the wholehearted support of the Businessmen's Association of whatever new organization may be effected through the merger, was then unanimously adopted.

Dis. Aug 22/31

Stenecks Lead In Pledges For Reopening Fund

President and Brother Subscribe
\$250,000 Each, With \$1,000,-
000 Almost Reached

Plans of officials and stockholders and large depositors of Steneck Trust Co., of Hoboken, now in the hands of the State Department of Banking and Insurance, to write off a portion of the claims they hold against the bank to the amount of \$1,500,000, thereby reducing the liabilities of the bank to that amount, are meeting with results, as up to last night a total of \$1,000,000 had been subscribed.

It is the contention of the officials that this reduction in liabilities would be equivalent to the original demand of the banking commissioner for cash to cover his claim of depleted value in securities held by the trust company.

Seek \$1,500,000

The demand for cash to cover the alleged impaired credit was \$1,000,000, while the officials are striving to write off \$1,500,000. Of the sum subscribed up to last night \$250,000 came from Henry Steneck, president of the bank, and a like amount from George Steneck, a brother, and an official in the institution.

It has been pointed out that if there were liabilities of \$20,000,000 and only \$19,000,000 in resources to cover the liabilities, which could have been balanced with the \$1,000,000 in cash demanded by the banking commissioner the day the institution was closed, a reduction in the liabilities should be equally as effective, and especially so if that reduction were \$1,500,000, which would bring the liabilities to \$18,500,000. In its last analysis this would bring the liabilities \$500,000 under the resources, leaving a surplus of a half a million.

The plan put up to the larger interests of the bank was to have each cancel off a certain percentage of his claim. It has been pointed out that those who hold stock would benefit in several ways. By a reopening of the bank, their stock would be saved and left intact, it would save their remaining deposits and permit the bank to continue business and recoup losses.

North Bergen May Aid

It is also pointed out that North Bergen has plans to redeem a percentage of its indebtedness, which would be a reduction in the bonds held by the bank.

As a result of this move, counsel for the Steneck Trust yesterday obtained a postponement of the chancery suit to show cause why the bank should not be turned back to the officials and directors, from 10 o'clock tomorrow morning to August 13. The bank is represented by Marshall Van Winkle and Samuel Stein, of Jersey City. In that action the banking commission was required to show cause why the bank was being held by him and present his reasons for his taking it over.

It is the hope of the promoters of the plan to have the required amount subscribed in the next few days when the plan will be submitted to Banking Commissioner Smith, at Trenton. Although he had originally asked for \$1,000,000 in cash, which would have raised the assets, this plan would work just the opposite and reduce liabilities as a means of striking a balance.

Obs. Aug 14/31

CLAIM CHARITY TRUST FUND IS IN BANK STOCK

Was Established for Poor
Children by Late Nicholas
Steneck.

Much speculation has been made regarding the Trust Fund established by the will of the late Nicholas Steneck, brother of the president of the Steneck Trust Company, which was to be devoted to the poor children of Hoboken and North Hudson.

Under the will \$100,000 was left for this charity work and Henry Steneck, president, and the Steneck Trust Company were named as trustees to administer the fund. At a meeting of the Steneck stockholders last week it was declared by one of the directors that this trust fund was invested entirely in stock of the trust company.

In the event that the State Banking Commissioner winds up the affairs of the bank and the stockholders lose their holdings the Nicholas Steneck Trust Fund might be wiped out. Efforts to confirm the report that the fund was invested entirely in the bank's stock were unavailing.

Directors of the Steneck Trust Company with one or two of the large stockholders held a secret meeting last night with Counselor Marshall Van Winkle. What transpired has been closely guarded. None of the directors would discuss what took place. President Henry Steneck and his brother, George Steneck attended the meeting.

The stockholders committee recently named by the stockholders was not invited to the conference.

In the meantime a meeting of a group of depositors was held in the office of William H. Stuhr in Hoboken. Over a hundred more depositors have been added to the group known as the Steneck Depositor's Protective Association. Associated with Mr. Stuhr as counsel are George McCarter of the law firm of English and McCarter and William A. Schlosser of Hoboken.

Counsel was authorized to take legal steps to oppose the contemplated move of the City of Hoboken which has engaged former Judge William H. Speer to start proceedings to recover \$1,300,000 of city funds on deposit at the closed bank.

Stuhr declared that the depositors felt that the city was not entitled to be regarded as a preferred creditor, and that if the city succeeded it would be to the detriment of the others depositors in the event of liquidation. For that reason the city's move would be opposed.

Dis. Aug 16/31

Depositors Act To Oppose City Steneck Action

Name Stuhr As Counsel to Join
Bank to Resist Suit by
Hoboken

While the stockholders' committee and the board of directors of the closed Steneck Trust Company, of Hoboken, were meeting informally yesterday afternoon to discuss several plans for possible reopening of the banking institution, a group of depositors met in the office of their counsel, William S. Stuhr, at 68 Hudson street, Hoboken.

The depositors authorized Counselor Stuhr to take legal steps to oppose the contemplated move of the Hoboken City Commission, which engaged former Circuit Court Judge William H. Speer, of Jersey City, to start proceedings to recover \$1,300,000 of the city funds.

As soon as Judge Speer files his suit against Henry Steneck, as president, and the Steneck Trust, Counselor Stuhr will apply to have the depositors named as party defendants.

"The depositors will oppose legally the city's attempt to become a 'preferred creditor' to the extent of more than \$1,000,000," declared Counselor Stuhr. "We do not feel that the city should prevail in its action, because such a move would depreciate the assets to the possible detriment of the individual depositor. The depositors, therefore, will join with the bank in resisting the city's proposed litigation."

Counselor Stuhr announced that George W. McCarter, of McCarter & English, of Newark, will be associated with him in looking after the legal interests of the depositors.

Although no comment was forthcoming from the directors of the bank, it was reported that they discussed informally several new plans, which they expect to submit to State Commissioner of Banking and Insurance Frank H. Smith, for his approval.

20 July 21/21

Stenecks Lead In Pledges For Reopening Fund

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\$250,000 Each, With \$1,000,-
000 Almost Reached

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It has been pointed out that if there were liabilities of \$20,000,000 and only \$19,000,000 in resources to cover the liabilities, which could have been balanced with the \$1,000,000 in cash demanded by the banking commissioner the day the institution was closed, a reduction in the liabilities should be equally as effective, and especially so if that reduction were \$1,500,000, which would bring the liabilities to \$18,500,000. In its last analysis this would bring the liabilities \$500,000 under the resources, leaving a surplus of a half a million.

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cery suit to show cause why the bank should not be turned back to the officials and directors, from 10 o'clock tomorrow morning to August 13. The bank is represented by Marshall Van Winkle and Samuel Stein, of Jersey City. In that action the banking commission was required to show cause why the bank was being held by him and present his reasons for his taking it over.

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OW July 21/21

OETJEN CLAIMS STENECK BANK FULLY SOLVENT

Director on Tour in Ger-
many Asks Friends to
Share Views.

Claus Oetjen, a director, stockholder and depositor in the Steneck Trust Company of Hoboken, at present on a tour in Germany, in a letter to the Jersey Observer from Bad Mergentheim, declares his fullest confidence in the condition of the Steneck Trust Company.

He points out that he attended a meeting of the directors three days before he sailed and he charges that the closing of the bank by the State Department was unwarranted.

The following is Mr. Oetjen's letter received yesterday:

"I have just read in the Frankfurter Zeitung (with the greatest surprise) of the closing of the Steneck Trust Company of Hoboken by the State Banking Department, and have received subsequently two cablegrams from my son, Henry. The first one informs me of same and saying that the situation is not serious, the second saying that Henry Steneck has taken the case to court which to my mind is a step in the right direction. The bank and its subsidiarys are not insolvent, never have been and never will be, while Henry C. Steneck is at the head and helm of the Steneck Trust Company.

I attended the directors' meeting three days before I sailed with my organization, the trip which was booked by the Steneck Travel Bureau and all arrangements made by them in every detail.

"Now I would like to make a statement in defense of this unwarranted action.

"As a stockholder, director and depositor of the Steneck Trust Company of Hoboken, having full knowledge of the assets and liability of said Trust Co. and its affiliates, I deem it my sworn duty to make a statement in defense of the above company, that it is absolutely solvent today and always will be under the wise direction of our president, Henry C. Steneck, in whom I, as well as my fellow board of directors, have the utmost confidence. His integrity is above reproach and as a banker it is unexcelled.

"I make this statement 4,000 miles away from the United States and I take these means to inform my many friends in New York and New Jersey whom I have induced to make the Steneck Trust Company their depository, or who have bought the Steneck Trust Company first mortgage bonds at my solicitation, to share that same confidence with me, as no doubt many thousands more do, who have done business with the Steneck Trust Company long before I did.

"(Signed) CLAUD OETJEN."

OW July 15/21

HOBOKEN WILL SUE STENECK OVER DEPOSIT

Claims Bad Faith by
Head of Closed
Bank.

With the naming of former Judge William H. Speer by the Hoboken City Commissioners as special counsel yesterday, action is to be instituted against Henry Steneck as president and the Steneck Trust Company for the recovery of \$1,300,000 of the city funds tied up in the closed bank.

Action may also be directed against Steneck as treasurer of the Sinking Fund Commission for his failure to protect the city funds, because the city charges that he knew the bank was about to be closed and despite that accepted a big deposit from the city officers for the current account.

The stockholders' committee and the board of directors of Steneck's are scheduled to meet this afternoon to discuss two new plans of which they hope to get the approval of the State Banking Commissioner looking towards the reopening of the bank.

Judge Walter Hedfield, counsel to the State Department of Banking, was closeted with other officials of the department at the Steneck offices in Hoboken all day yesterday. It is understood that the department officials prepared a report to be submitted at the Chancery hearing next week.

Following the conference at the bank yesterday, Judge Hedfield said that he had no statement to issue at the present time, but that he would be in Hoboken again in a few days and that some statement as to the bank's condition might then be released.

He referred to the situation of the bank as being "pretty complex."

STENECK CALLS STOCK MEETING

APPROVAL WILL BE SOUGHT FOR PLANS PUT BEFORE COURT

Head of Closed Hoboken Institution Takes Further
Steps to Bring About Return of Property Seized—
Affidavits Uphold Bank's Solvency, Giving Figures.

A meeting of the stockholders of the Steneck Trust Company has been called for tomorrow evening at the office of Counselor Marshall Van Winkle, 1 Exchange place, Jersey City. It is understood the purpose of the meeting is to put up to the stockholders the proposals of the directors embodied in the Chancery Court suit for the reopening of the Hoboken bank.

By the order signed by Vice Chancellor Fielder yesterday the Banking Commissioner is cited to show cause Thursday, July 23, why further proceedings should not be joined, why proofs should not be heard and the facts determined and why the Commissioner should not be directed by the decree of the court to surrender the business and property of the complainants in his possession.

In filing through Counselors Marshall Van Winkle and Samuel Stern yesterday the action in the Chancery Court to regain control of the bank the Steneck Trust Company submitted a proposal for reopening of the institution.

Upon reopening of the bank the proposal says that \$1,000,000 would be borrowed on securities as an emergency fund, that there is \$1,000,000 cash on hand and additional securities could be sold if necessary to raise a third million. Under the proposed plan it is claimed the ratio of cash on hand to demand deposits will be 100 per cent before giving any consideration to borrowing on the North Bergen securities.

The plan also calls for the merging of the Title Company with the Trust Company and increasing the capital fund to \$2,400,000.

In the bank's suit it is complained that no meeting of the stockholders had been held because the names and addresses of the stockholders were held by the Banking Commissioner.

However, the call for the meeting is dated July 6 and was received in the mail by stockholders this morning. The call is typewritten on a plain card and is as follows:

"Dear Sir: A meeting will be held at the office of Marshall Van Winkle, 1 Exchange place, Jersey City (attorney for Steneck Trust Company), to

discuss its affairs. It is important that you attend. Very truly yours, Henry C. Steneck. Time 8 p. m., Wednesday, July 8. Room No. 702. Use 20 York street entrance."

There are 340 stockholders in the Steneck Trust Company. Of the 40,000 shares, President Steneck holds 22,000. There are 33,000 depositors in the bank.

The complaint gives a brief outline of the condition of the bank as of May 25, two days before the report of the State examiner was made upon which Commissioner Smith ordered the closing.

The complaint recites that the bank was incorporated as a trust company in 1914 and prior to that from 1866 did a banking business under the name of John Steneck & Sons and Meyer Steneck, private bankers.

The total shares outstanding were 40,000 at \$25 par and there are 354 stockholders. On May 25, it continues, the bank had on deposit as demand deposits \$2,569,649.80 and time deposits of \$7,547,044.27, a total of deposits of \$10,096,694.07. At this time, there were approximately 33,000 depositors.

"Until the action of the Bank Commissioner," the complaint recites, "the business was conducted normally and without disturbance of any kind and that every demand of depositor or creditor was complied with and that there was no trouble at all."

From the time of the incorporation in 1914, dividends had been paid annually to the stockholders and these facts are manifested by the Department of Banking and Insurance. The dividends were approximately \$100,000 each year.

In addition, chartered accountants not connected with the complainant were employed by the examining committee to go over the books and records and to thoroughly ascertain the liabilities and practices and all the details of the business. Such examination took place twice yearly. Such examination included examination of the trust department. The complaint continued that the bank also carried on the bonding of insurance policies on property, and also a guarantee mortgage service.

The Steneck Title and Mortgage Company have carried on a large and profitable business and has always met its obligations, and has never had any demand upon it by creditors or others that was not immediately filled, the complaint declares.

The Trust and Guarantee Company, the complaint continued, is solvent in every way but despite this, Commissioner Smith took possession of the business of the title and mortgage company under the provision of the banking insurance act.

"The action of the commissioner in taking possession of the Guarantee Trust Company was co-ordinate with the action in taking possession of the business and properties of the bank," said the complaint. Stockholders in both companies are the same.

"The complainant believes there should be no question whatever of the solvency and integrity and financial worth of the Steneck Title and Mortgage Company and the statement of assets, liabilities is a true condition of the company." (A financial statement of the company was attached to the complaint).

Continuing, the complaint recites, "On June 27, 1931, at 9:30 a. m., before the complainant was open for business, State Banking Commissioner Frank H. Smith took possession of the bank and took possession of the property and business of the complainant. The complainant feels aggrieved at the action of the Commissioner in taking possession and it now by this complaint filed within ten days after taking possession by the Commissioner, appeals to the Court of Chancery to enjoin the further proceedings by the Commissioner."

The complaint then recites that on July 1 a resolution was passed by the board of directors retaining Marshall Van Winkle to take this action now before the court.

The complainant further says that it is advisable to call a meeting of the stockholders but that such a meeting cannot be called because the commissioner has all the records of the bank, including the addresses of the stockholders.

The complainant believes that the commissioner would not have taken charge of the bank had not the examiner written off the \$1,500,000 in securities of the Township of North Bergen, and states there was no other impairment of the stock.

The securities, it is stated, since May 27 have increased in value \$300,000 and since June 27, have increased \$100,000. The action of the commissioner, it is contended, was unwarranted by the character and real value of the securities.

The bank feels that it is entitled to ask the jurisdiction of the Court of Chancery, it is stated, and unless the power and protection of the court is invoked, the bank may suffer great injury.

It is contended that the bank can resume business with safety to the public, the depositors and the creditors.

Special affidavits are filed by Henry S. Steneck, Mayor Reich, of North Bergen, and the balance sheet is appended.

The following proposals are made: That the bank be allowed to increase the capital and surplus by \$400,000 and \$290,000 and that it be allowed to add to and strengthen the board of directors; that the Trust Company and the Title Com-

pany be allowed to merge thereby clearing up many situations now subject to criticism.

It is stated the merger would increase the capital by \$600,000 and that the capital fund would be \$2,000,000. The capital, surplus and undivided profits and unearned interest would be \$3,202,580.73 and the net capital structure would be \$2,406,080.73.

To accomplish these and other things contained in the proposal made to Commissioner Smith the bank says that a meeting of stockholders would be held, but it has been unable to bring this about up to the present because the commissioner retains the names and addresses of the stockholders.

The proposal points out that with the consent and approval of the commissioner tax revenue bonds of North Bergen for 1927 can be converted into tax anticipation notes of 1931 and Mayor Julius C. Reich of North Bergen has advised the bank officers that it is possible to make this conversion wherein cash in full to the Steneck Trust Company can be realized through sale.

It says further that tax revenue bonds of 1928 are subject to annual payments of \$800,000 and are allowed for in the present budget and that in addition the bank has on deposit \$75,000 which is applicable to all of the 1928 notes and under the direction and suggestion of Mayor Reich and Commissioner Darby of North Bergen the temporary improvement notes will positively be refinanced during this year and the commission headed by Darby is waiting only for the reassessment now in progress and also the rendering of the decision of Judge Brown, which is expected about August 1, at which time the commission will handle the refinancing through the sale of new notes taking advantage of the present market for municipals.

The proposal also says that the disallowance of \$1,000,000 for other securities is reduced by the appreciation of the value of the securities to \$800,000 and the disallowance of \$50,000 made for real estate is more than offset by the appreciation of \$100,000 in the value of the bank building. The disallowance of \$35,000 on loans and discounts is subject to dispute and will be taken up by the directors of the bank.

Continued on next page.

Upon reopening of the bank, the proposal says that \$1,000,000 would be borrowed on securities as an emergency fund; that there is a similar sum in cash available, and in addition securities could be sold, if necessary, to raise a third \$1,000,000.

Up to this point, continues the proposal, the bank can show \$3,000,000 available before giving any consideration to the possibility of borrowing on the North Bergen securities and the bank's own paper, and it is not intended to enforce the sixty-day clause on special deposits.

Under the proposed arrangement, the bank says, the ratio of cash to demand deposits will be 100 per cent before giving consideration to the \$600,000 for additional stock to be paid in and to the North Bergen payments according to their 1931 budget.

Mayor Reich in his affidavit says that North Bergen, a township with a population of 42,000, has 24,000 taxable real estate items, having a taxable value, according to the tax rules of 1930, or \$57,980,000, and that a major portion of the township area is still undeveloped; in fact, it has more undeveloped territory than any other municipality in Hudson County.

The total bonded indebtedness of the township is approximately \$24,000,000, a major portion of which has been expended for the development of streets, sidewalks and sewers, and out of which \$16,000,000 has been permanently bonded.

The Mayor says that the local Commission, in cooperation with the Municipal Finance Commission that was created by the 1931 Legislature, began a systematic plan for the funding of all outstanding temporary obligations, the payment of defaulted interest and also the retiring of such bonds as mature during

the present year. This commission made necessary by mismanagement of North Bergen finance, is composed of the Auditor of Municipal Accounts, the Attorney General and the State Tax Commissioner.

The municipality had exceeded its statutory bond limit and in order to legalize and fund the balance of temporary outstanding obligations it was necessary that the bonds be legalized to be made salable and the commission was created. The adoption of this law has enabled North Bergen to embark on its refinancing plan, recites Mayor Reich.

The mayor claims that the holdings of North Bergen securities amount to \$5,463,692.87, reduced for purposes of banking computations by approximately \$1,400,000 and are worth their face value, dollar for dollar, and he feels that he is supported in this view by the State Finance Commission and that this commission, in cooperation with the North Bergen Commission, is working toward reestablishing the credit of North Bergen in the sale of its temporary obligations on the basis of one hundred cents on the dollar and the joint action of the two bodies will result in a bond issue of the municipality, certified as to regularity and validity by the state body, which bond issue will be sold and all temporary outstanding indebtedness of the township will be paid in full.

The mayor says without fear of contradiction, that North Bergen today, is in better financial condition than it was in October, 1930, and as an indication of this, he, as director of revenue and finance, was authorized by the commission to pay out on July 2, approximately \$350,000, in payment of principal and interest on the township's indebtedness, out of which the Steneck Title and Mortgage Company received the amount due it.

To the end of justifying a permanent bond issue, the mayor says that the township is now reassessing taxable property values for 1932 and that the appraisers, Joseph P. McLean, Aladar Makray and Harry Renner, are now engaged in this work.

He contends the financial condition of North Bergen is now good and that the township has less tax anticipation certificates than any municipality of its size in the county and that the tax collections for 1931, despite the high rate of \$73.05 per thousand, are better than the collections of 1930, at a similar period.

Mayor Reich says that payment of 1927 revenue bonds held by the bank, are provided for in the 1931 budget of the township and the amount due the bank is approximately \$600,000.

President Henry C. Steneck relates in another affidavit a visit which he made to Commissioner Garby July 1. He says that he was informed that the interest of all of the bank's holdings are indicated in the present budget of the township and that the tax revenue bonds of 1927 will be converted into tax anticipation notes and that the township is now paying all past due coupons on its bonded indebtedness.

He insists that the stockholders should be enabled to meet, but the bank officers have not been able to bring them together because Commissioner Smith retains their names and addresses. He also says that Counselor Van Winkle conferred with Commissioner Smith on this proposal and discussed terms upon which the bank could reopen, but the commissioner has not yet surrendered the property of the bank.

He says that he believes that the commissioner could not have taken possession of the bank had not the \$1,500,000 on the North Bergen securities been written off, and but for the action of the commission in writing this item off there would not have been any impairment of its capital.

The balance sheet of the bank as of May 25, shows liabilities of \$96,290.07 and assets of \$677,648.54, and capital and surplus of \$581,358.47.

In connection with the proposal to merge the two Steneck companies, Henry Steneck, president of the bank, pointed out that \$600,000 in new capital would be required. He said he would personally take \$300,000 worth of stock in the merged company.

William Walter, former chief examiner for the Federal Reserve Bank, analyzed the Steneck Trust Company's statement. He declared the statement showed the affairs of the institution had been handled carefully and as economically as possible.

Would Accept Offer

When President Steneck announced that he was able to realize 90 per cent on the North Bergen bonds, one of the stockholders suggested that the offer be accepted. The proposal was referred to the committee for consideration.

Attorney Stern yesterday morning formally served Commissioner of Banking Frank H. Smith with the order of the Chancery Court, directing him to show cause why he should not surrender the Steneck Trust Company and its property to the bank authorities.

Sees Month's Delay

The commissioner declined to make any statement after being served, except to remark that the legal action meant another month's delay in settling the bank's affairs. Asked if he could say when he would be able to make public some definite information as to the bank's condition, Commissioner Smith said he would wait now for the result of the court action. The rule is returnable on July 23.

The Steneck Travel Bureau yesterday set at rest any fears that tourists now in Europe on trip booked by the bureau might be stranded because of the closing of the Steneck Trust Company.

Travellers' checks issued by the Steneck Travel Bureau were all American Express Company checks or American Bankers Association travel checks. All letters of credit for foreign travellers were upon either the Chase National Bank, or the First National Bank of New York.

On the other hand, the closing of the Steneck Trust Company did have the effect of stopping all bank drafts drawn on foreign banks through the Steneck Trust Company. The Steneck Trust Company did a large business with the Italian-American residents of Hoboken through the Banco Di Napoli. Dispatches from Italy said that the Banco Di Napoli had ceased to honor drafts on it drawn by the Steneck Trust Company only after the Hoboken bank had closed. He denied that Steneck drafts had previously been refused.

Steneck Trust Plans Merger

Directors to Take 3 Proposals to Banking Commissioner

Following the presentation of several proposals for bringing about early reopening of the closed Steneck Trust Company, Hoboken, a group of 70 stockholders, representing a majority of the outstanding shares of the bank's stock, last night appointed a committee of six directors and Director of Revenue and Finance William F. Gilfert, of Hoboken, as a stockholder, to confer with Banking Commissioner Frank H. Smith.

The meeting, which was informal, was in the office of former Congressman Marshall Van Winkle, at 1 Exchange place, Jersey City. Mr. Van Winkle, who is the trust company's attorney, presided. He was assisted by Counsellor Samuel Stern, who is associated with him in representing the bank.

Three Proposals

Three proposals were presented for consideration of the committee, which comprises, besides Commissioner Gilfert, the following directors: William Evans, Joseph J. Garibaldi, E. Springmayer, Edward Schmalz, George Kankering and Charles Wagner. The proposals were:

1. Merger of the Steneck Trust Company with one of the larger banking institutions in the county.
2. Merger of the Steneck Trust Company and the Steneck Title & Mortgage Guaranty Company.
3. Acceptance by the bank of a reduction of 10 per cent on the \$5,000,000 worth of North Bergen bonds.

Steneck Checks For Teachers Cashed Today

Hoboken Asks Return of \$600,000 Deposited by City Thursday Afternoon

Hoboken city officials moved swiftly yesterday for the redemption of checks outstanding on the closed Steneck Trust Company, by arranging with the Hoboken Branch of the Trust Company of New Jersey, where these checks will be honored commencing at 10 o'clock today. The city will have a man stationed at the bank who will remove the name of the Steneck company from the checks and substitute that of the new depository.

And in addition to that at an adjourned meeting yesterday afternoon a resolution framed by Mayor Bernard N. McFeely, was adopted, directing William H. Gilfert, director of revenue and finance, to arrange for the issuing of tax anticipation notes to the value of \$450,000 to take care of current expenses, including interest payments on outstanding bonds. This means that school teachers and

police and firemen will receive their salaries regularly hereafter.

The details of this transaction were arranged during Monday by the mayor and city commission under the guidance of the law department of which Horace L. Allen is the head. It was well known to the mayor that many of the city's merchants held checks that had been cashed for members of the police department, which they had failed to deposit at the bank of the Steneck Trust Company before the State Banking Department closed it at 9 o'clock Saturday morning. Some of the city employees still hold their checks. It is expected that the Trust Company of New Jersey will experience a rushing business today after the hour designated for the cashing of the checks. City officials have no idea as to how many of the checks they will be compelled to take care of. Some of them were cashed at the Steneck bank Friday, but the number is not known.

Ask \$600,000 Be Returned

The next move of the city officials was to adopt a resolution to be presented to Banking Commissioner Frank H. Smith asking for the return of funds deposited in the bank last Thursday and Friday, a total of \$600,000. The contention of the city is that this money belongs to the city of Hoboken, and that it should be returned because of the fact that officers of the bank must have known the status of the institution at the time the deposits were made.

Court Action Looms

The only change in the outlook for the rehabilitation of the bank came yesterday from Counselor Marshall Van Winkle, Sr., of Jersey City, who confirmed the report that there is a plan afoot to go into Chancery Court and ask for a stay against the State Department of Banking to give the directors of the trust company an opportunity to reopen. There is a statute providing for such a procedure, but the application must be made in Chancery within 10 days from the day the bank closed, which would mean from last Saturday.

This would mean much work and investigation on the part of the attorney or attorneys in charge of the action. An application of this type must be accompanied with certain guarantees as would be acceptable to the court.

If the injunction were to be issued, then would follow argument later, if opposed by the banking department, so that the matter would move slowly. Were the plan to work out satisfactorily there is no doubt that at least two months would pass before the bank could be reopened for business. And then precautions would have to be taken against a run on the institution.

There was no meeting of the directors yesterday. One director who refused to permit his name being used, declared his belief that the Steneck Trust Company is solvent. He said the only difficulty is with the North Bergen bond issue, and predicted that the matter can be satisfactorily adjusted. He pointed out that no statement has come from the directors because the time is not ripe yet for a statement.

The bank examiners were busy throughout yesterday receiving monies due the bank from those who had

borrowed. This procedure, it has been pointed out, is in line with any other business when it has passed into the hands of a receiver. The first act is to collect all assets before the exact standing can be computed. This is what the banking department men are doing right now with Steneck Trust Company.

No Money Paid Out

A number of persons called at the bank during yesterday and Monday seeking information about receiving part payment of deposits, to meet other obligations, only to meet with disappointment. There is no money being paid out, not in the smallest amounts. The bank will not start to pay out until after all assets have been accounted for and in hand. That will be months later. Only after all assets have been accounted for will the banking department be able to determine what depositors will receive.

Although it is known that Henry Steneck has been in consultation with Mr. Van Winkle, who has been retained to attempt to reopen the institution through a stay to be asked for in Chancery, he was not to be reached yesterday. At his New York home a servant said he had left the house without leaving any word as to when he would return.

REOPENING OF STENECK BANK SEEN IN PLAN

Committee Is Named To Consider Three Proposals.

The merger of the Steneck Trust Company, of Hoboken, with one of the larger banking institutions in Hudson County, or with the Steneck Title Guaranty & Trust Company, or the acceptance by the bank of a reduction of 10 per cent on the \$5,000,000 worth of North Bergen bonds, were three plans advanced in an informal meeting of principal stockholders of the closed institution, last night, to bring about its reopening.

The proposals were placed in the hands of a committee which includes: Commissioner William Gilfert, Hoboken Director of Finance; William A. D. Evans, president of the Cooper Hewitt Electric Company; Joseph J. Garibaldi, realty dealer; Charles Wagner, president Wagner Litho Machine Company; George Lankering, cigar manufacturer; Edward A. Schmalz, president Schmalz Dairy Farm and H. Springmeyer.

The committee will go over the proposed plans thoroughly and will confer with Banking Commissioner Frank H. Smith on them, reporting back to the stockholders before any action is taken.

The meeting began at 8 o'clock in the chancery chambers at 1 Exchange place, Jersey City, and continued until 11 o'clock. Former Congressman Marshall Van Winkle, the bank's counsel, presided at the session, which was attended by about 75 persons. About 50 of those present were invited stockholders. The meeting was not of the general stockholders, as a twenty-day notice is necessary to call a general meeting.

In talking of the proposal to merge the two Steneck companies, Henry Steneck, president of the bank, said that \$600,000 new capital would be required and said he would personally take \$300,000 worth of stock in the merged company.

It was revealed that instead of the 22,000 shares as rumored he

owned, Mr. Steneck owned but 3,200 and that the Steneck family has a total of 18,000 shares of the 40,000 shares held by 330 stockholders.

William Walter, former chief bank examiner, was asked to explain the banking commission report as of May 27 on the condition of the bank. He said the institution was found in good condition excepting for \$5,000,000 in North Bergen notes, which the bank examiner said should be written off 25%.

Walters said that the book value of the stock, as of May 27, was \$48 a share and that dividends in the past had been paid only out of actual profits and were not paid out of full profits, the remainder going to surplus and undivided profits.

On Walter's suggestion the committee was named to consider a reopening plan and present tentative proposals for reorganization to the State Banking Commission. If the commission approves the plan decided on, a general meeting of the stockholders will be called to act upon it. Henry Steneck approved of the action.

One of the stockholders asked Steneck if it were true that the North Bergen notes could be discounted at 10 per cent, less than their value of \$100. Steneck replied that the notes would be made good in full by October.

Mr. Steneck added that the securities were worth a hundred cents on the dollar and were on a 6% coupon basis.

In discussing the plan for the re-financing and rehabilitation of the bank, the following statement was introduced to show the position the bank is in at present:

Present capital in Steneck Trust Co.	1,000,000
Steneck Title & Mortgage Guaranty Co.	400,000
New stock to be issued	600,000
Surplus, Steneck Trust Co.	500,000
Surplus, Steneck Title & Mortgage Guaranty Co.	200,000
Undivided profits, reserve, interest	502,580
	3,202,580

Stocks and bonds depreciation	\$971,000
Depreciation since examination	300,000
Uncertainties provided for	28,500

This would leave a new capital structure of \$2,560,080. It was suggested that stockholders furnish the increased capital. Several of those at the meeting indicated that such a plan would meet with the approval of the larger shareholders.

OK July 9/31

Steneck Trust Reopening for Court Decision

**Gets Order to Show Cause Why
State Banking Head Should Not
Withdraw From Control**

**RULE MADE RETURNABLE
IN CHANCERY JULY 23**

The Steneck Trust Company of Hoboken yesterday obtained from Vice Chancellor James F. Fielder, in Jersey City, an order to show cause why State Banking Commissioner Frank H. Smith should not withdraw from his control of the institution and return to the bank its business and property. The rule is returnable at 10 a. m., Thursday, July 23.

Thus the bank has won the first round of its legal battle, in which it is represented by Marshall Van Winkle and Samuel Stern, of Jersey City. The suit in chancery was started in accordance with a resolution of the Board of Directors adopted on July 1. It does not seek to bring about a temporary injunction, but is designated to effect an airing of the whole case, involving both the Steneck Trust Company and its affiliated corporation, the Steneck Title & Mortgage Company.

The vice-chancellor's order directs Commissioner Smith to show cause why his further proceedings should not be enjoined; why proofs should not be submitted and facts determined and why he should not turn the bank business back to its directors and stockholders.

Claim Bank Sound

The outstanding feature of the complaint is the allegation that the bank is, and has been, in sound condition and that the Banking Commissioner would not have taken charge of the bank affairs except for the writing off of about \$1,500,000 worth of North Bergen municipal securities held by the bank, which writing off the bank insists was not justified by the facts and conditions.

Affidavits by Henry C. Steneck, president of the bank, and Julius L. Reich, mayor of North Bergen Township, were appended to the complaint to substantiate the claim that the North Bergen securities were worth the amount at which they were held on the bank's books. Mr. Steneck, in his affidavit, recounted an interview with Walter R. Darby, State Commissioner of Municipal Accounts in which Mr. Darby gave assurance that the indebtedness of North Bergen Township is to be refinanced, that all interest is now being paid and arrangements made to take care of past due coupons. Mayor Reich's affidavit also gave details of the plans for rehabilitating the township, financially, and went so far as to declare all of the North Bergen securities worth their face value, dollar for dollar.

The complaint submitted by the bank to Vice Chancellor Fielder, set forth, first, details as to the bank's history, its financial condition at the time it was taken over, and its ownership including directors and officers. It said that from 1866 to 1914 the business was carried on as John Steneck & Sons, and later as a private banking business under the name Meyer & Steneck. The Steneck Trust Company was incorporated in 1914.

354 Hold Stock

There are 354 stockholders, holding 40,000 shares of a par value of \$25 each. On May 25, 1931 there were 33,000 depositors and a total of \$10,096,649.07 on deposit. Of this amount \$2,569,649.80 represented demand deposits and \$7,527,044.27 represented time deposits.

The complaint then went on to say: "Until the action of Frank H. Smith, Commissioner of Banking and Insurance, the banking business of the complainant was conducted normally and without disturbance of any kind and every demand of a depositor or creditor of any kind was met, and that all such demands were those which arise in the ordinary course of the business of a banking institution."

Dividends Earned

From the time of the incorporation of business, it continued, substantial dividends have been paid each year, and these dividends have been actually earned. In addition, careful yearly audits have been made by accountants who have no connection with the bank, and the results of these audits made known regularly to the examining committee. Since 1914, the company has earned approximately \$100,000 per year, over and above the dividends.

After declaring that the only reason for the banking commissioner's action was the arbitrary writing off of North Bergen securities worth \$1,500,000 and setting up the claim that the impairment in capital due to this action was not justified, the complaint says that between May 25, the date of the last visit of the state bank examiners, and June 27, when the affairs of the institution were taken over by the commissioner, the securities held by the bank appreciated by reason of general business improvement to an amount of \$300,000 and that since June 27 they have further appreciated about \$100,000.

In substantiation of the assertion that the North Bergen securities whose value was questioned by the commissioner were actually worth the amount at which they were held, the bank pointed out the statement of the state bank examiner on May 25, when he said the ultimate payment of the securities was unquestionable.

Mortgages Safe

Regarding the Steneck Title & Mortgage Company, the complaint sets forth that its stockholders are the stockholders of the Steneck Trust Company; that its mortgages are in every case conservative and safe and that there is no question whatever of the solvency, integrity and financial worth of the said Steneck Title & Mortgage Guaranty Company.

In the opinion of the Board of Directors of the bank, it is imperative at this time to call a meeting of the stockholders that they may be apprised of conditions and be enabled to take whatever steps they deem fit to protect their own interests and that of the depositors. Such a meeting has been impossible, however, because the banking commissioner has declined to surrender the list of

Accompanying the complaint, and made a part of it, in addition to the affidavits of Mr. Steneck and Mayor Reich of North Bergen, are a detailed statement of the financial condition of the bank at the time its affairs were taken over and a copy of a proposal submitted to the banking commissioner by the bank directors on July 3. Its principal points are these:

Changes Proposed

That the Steneck Trust Company and the Steneck Title & Mortgage Guaranty Company be merged to increase capital and surplus and to enlarge and make stronger the board of directors of the new corporation:

To further increase the capital stock of the new corporation by \$600,000 through stock subscriptions at \$25 per share:

To reopen the bank and to borrow \$1,000,000 on securities to be used as an emergency fund. To this would be added approximately \$1,000,000 on hand, and another possible loan of \$1,000,000 if needed.

The new set-up under the proposal, would be as follows: Bank capital, \$1,000,000, new capital, \$600,000; title company capital, \$400,000, making a total of \$2,000,000 for the new company. The surplus would be \$500,000 plus the \$200,000 of the title company.

In conclusion, the complaint says that the directors desire to reopen the bank under such conditions as may be approved by the banking commissioner and that they are confident they can meet such conditions.

Then follows the formal petition, that the further proceedings of the commissioner be enjoined, and that he be cited to show cause why the facts should not be determined and a decree entered ordering him to surrender the bank property and business.

Depositors See Hope for Bank

**Believe North Bergen Payment
Means Toward Reopening**

Interest among depositors of the Steneck Trust Company, now in the hands of the State Banking Department, is centering around the announcement that North Bergen about the first of August will redeem \$1,500,000 worth of the \$4,287,277 issue held by the bank which securities were the chief cause for closing the institution June 27.

Creditors of the institution are hopeful that this transaction will provide sufficient funds with which to straighten out its financial problems. With this cash, and the pledge of its stockholders and large depositors to cancel off a percentage of their claims, it is believed, will assure the economic future of the bank.

It is believed that officials of the bank had this turn of events in mind when lawyers for Henry C. Steneck and the stockholders asked for a postponement of the hearing scheduled in chancery court for July 23, to August 10, to show cause why the bank should not be turned back to the stockholders.

Stenecks Pledge \$500,000

When the date for the hearing arrives the bank will have the \$1,500,000 in its vaults and it is expected that at least \$1,000,000 will have been written off its liabilities by stockholders. Of this sum Henry C. Steneck and George Steneck have each pledged \$250,000.

By taking the matter into chancery court at the August 10 hearing, the merits of the case can be argued in the open. Since the bank was closed because of an alleged impairment in the bonds of North Bergen, it has been argued that with \$1,500,000 lopped off, and the liabilities reduced by \$1,000,000 there should be no question as to the solvency of the Steneck Trust Company.

RAISE CASH TO OPEN STENECK'S

\$700,000, HALF OF QUOTA, IS PLEDGED IN A SHORT PERIOD

**Henry Steneck, President
of Closed Institution,
and Brother George
Each Pledge \$250,000
—Postponement of the
Court Hearing Sought
as Plans Are Advanced
for Re-opening.**

Definite plans are now under way to raise \$1,500,000 cash for the reopening of the Steneck Trust Company of Hoboken. Within one hour yesterday \$700,000 of this amount was pledged and the committee of stockholders behind the plan was confident that the balance will be raised within a few days.

To complete the plans for the raising of this cash an effort will be made to get a postponement from Vice Chancellor Fielder on Thursday of the hearing on the order to compel State Banking Commissioner Smith to show cause why the bank should not be returned to the control of the officers and directors.

Of the \$700,000 raised within an hour yesterday \$250,000 each was contributed by President Henry Steneck and his brother George. Perhaps nobody knows the condition of the bank better than the president and his immediate pledge of a quarter of a million dollars, together with a similar amount from his brother, was an open display of full confidence in the condition of the institution.

In conjunction with the plans to raise \$1,500,000 cash, it is proposed to secure a loan of \$1,500,000 on the North Bergen bonds, which would give the bank cash funds of \$3,000,000 with which to open for business.

While Marshall Van Winkle, counsel for the bank, said that he knew of no plan to ask for a postponement of the hearing scheduled

before Vice Chancellor Fielder on Thursday, it was intimated that such a motion will be made to the court.

It is the hope of the stockholders' group that the postponement will be granted so that arrangements may be completed for raising the necessary cash and the presentation plan to Banking Commissioner Smith for his approval.

When President Steneck was notified on June 26 that the bank would be closed the following day he was informed by the State Banking Commissioner that the closing could be obviated only by the raising of \$1,000,000 in cash to be added to the bank funds.

Since that time, the State Banking Commissioner has intimated that only hard cash would meet the conditions imposed by him in any plan for reopening of the institution. So far as could be learned Commissioner Smith has not been informed of the present plans for raising cash and no expression could be secured from him today as to what his reaction would be in the event that the plan as proposed is fulfilled.

It was said that there is little likelihood of the Banking Commissioner opposing a postponement of the hearing before the Vice Chancellor on Thursday.

The Chancery Court move was instituted by Marshall Van Winkle on behalf of the Steneck Trust Company a week after the bank was closed. It was taken under Section 22 of the Trust Company Act. At the request of Counsel Van Winkle, the court signed an order calling upon the State Banking Commissioner to show cause on Thursday why a restraint order should not be issued, restraining him from further proceedings; why proof should not be taken, and why the bank and its properties should not be returned to the officers and directors.

So far no formal statement as to the bank's condition has been issued by Commissioner Smith. It was expected that a complete statement would be made at Court on Thursday. Judge Hetfield, counsel for the State Banking Department, spent two days with the banking examiner in charge at Steneck's bank in Hoboken last week preparing data for the court action.

HUDSON DISPATCH, WEDNESDAY, JULY 15, 1931

Speer Chosen By City to Sue Steneck Aides

Hoboken Action Seeks Recovery of \$1,000,000 Deposited in Closed Bank

Former Judge William H. Speer yesterday was named special counsel to the City of Hoboken and directed to institute proceedings against Henry Steneck, president, and other officials of the Steneck Trust Co., in an effort to recover more than \$1,000,000 of municipal funds on deposit in the closed institution.

It is the contention of the city commission that Steneck knew the condition of the bank's finances and that, with a knowledge of their instability, he accepted a deposit of more than \$78,000 two or three days before it was closed by the State Department of Banking and Insurance. The City Commission yesterday also named the Trust Company of New Jersey and the First National Bank of Hoboken as depositories of municipal funds.

Although an all-day conference was held by state banking department officials at the Steneck Trust yesterday, no statement was issued and those who took part declined to throw any light on the ground which

was covered. In the absence of Commissioner Frank H. Smith, who is in Chicago, Deputy Commissioner Hayes Markley met with Judge Walter L. Hetfield, counsel to the banking commissioner, and Theodore B. Furman, examiner in charge.

The conference lasted until 5 o'clock, and at its close Judge Hetfield said there was nothing to be announced at this time. He referred to the situation as "complex" and said that another conference would be held in a few days, after which a statement might be issued.

Judge Hetfield, as counsel for the banking commissioner, will appear in Chancery Court next week to enter a reply to the rule which was obtained by counsel for the Steneck Bank, and his presence at the conference yesterday may be taken as evidence that the primary purpose was to get together the data which will be used in the reply.

The board of directors of the Steneck Trust Co. will meet today, and it is believed that President Steneck will have a new plan to present, looking toward a reopening. It is now generally accepted among those interested that the only way out is to raise a substantial amount of money either through subscription or by the sale of some, or all, of the North Bergen securities.

On Aug 14/31

LIONS SEEK TO AID CLIENTS OF STENECK TRUST

Would Also Give Hoboken Men Preference in Employment.

The Civics Committee of the Hoboken Lions Club will seek a conference with the Chamber of Commerce and local bank heads and heads of building and loan associations in Hoboken, within the taking some action to protect Hoboken property owners who are mortgagors of the Steneck Trust Company, and whose principal and interest fell due on July 1.

This action was proposed at the weekly meeting of the local Lions in the Grand Hotel yesterday, when Attorney De Fazio brought to the attention of the club what he termed a disastrous situation facing such mortgagors.

He pointed out that the State Banking Examiner had notified all such mortgagors of Steneck Trust Company that unless their principal and interest due on July 1 was paid within five days, foreclosure proceedings would be started.

Many of them, he pointed out, were depositors in Steneck's, and the funds they ordinarily would use for such purposes were tied up in the closed bank, and the state officials refused to allow them to apply their funds on deposit to pay the principal and interest items due on mortgage loans.

The matter had also been referred to the Chamber of Commerce and to other service clubs in the city, and Assemblyman Frank Bucino suggested that the matter be referred to a committee to take up with the Chamber of Commerce to arrange a conference with the bankers of the city to see if something could not be done to alleviate the condition.

Plans to enlist the support of Hoboken industrialists to give employment in Hoboken to Hoboken laborers was suggested by Dr. Edward Zorn, following a discussion on unemployment in the city. This developed as the result of investigations made by members of families whose children were sent to summer camp.

James Neri pointed out that as a result of his investigations he found out that many of the poorer families, whose wage earners were in the unskilled laboring class, and at the piers and other places were behind in their rents by as much as five months. They were being carried, he said, by the landlords, but the latter could not be expected to carry them forever.

It was also learned by several of the members that many of the laborers working at the piers were men who lived in New York and he thought that unskilled labor of this sort should first be given to local men. This idea he believed should be carried to the industries in the city.

It was not the intention of the suggestion that skilled labor employed in the factories should be discharged because they did not live in Hoboken, but that where unskilled laborers were needed from time to time that preference be given to local workers.

That it was as much in the interest of those in charge of the industrial plants to help conditions in the city as anybody else was the contention of the speakers.

It was also pointed out that in connection with some pier work advertisements were inserted in the New York papers when seeking laborers, and the feeling of the members was that it would be only fair to advertise locally for local men when such conditions arose.

A committee was named to take the matter up and enlist the support of pier front employers in the move first.

Attorney Robert McAlevey declared his opinion that the whole unemployment problem could be materially aided by a change in government and wiping out the most recently passed tariff law.

Arthur Scheffler said that what would do more good than anything else was a good five-cent glass of beer, and he was serious when he said it.

J. Harry O'Brien made a report on the work of the committee in sending poor children to the Good Will camp at Butler.

Major William Le Beau presided at the session.

Depos Aug 21/31

Depositors See Offer for Bank Assets 'Vague'

Want Something More Definite to Go On Before Weighing Steneck Proposition

Frank H. Smith, state commissioner of banking in New Jersey, has received an offer for the purchase of the assets of the Steneck Trust Company of Hoboken which will insure the payment to depositors of 100 cents on the dollar.

The offer is made by a syndicate which includes in its number at least one Jersey City man, Edward W. Dugan, of 364 Stegman Parkway, and Mr. Dugan is quoted as saying that he and his colleagues are ready to take over the assets of the four A. M. Henry banks, on the same basis. The group involved in the suggested transaction is not interested in the reopening of the banks.

Amount Not Stated

The offer to purchase the Steneck assets was contained in a letter to Commissioner Smith from Courtland Palmer, of 26 Broadway, New York, attorney for the group. Mr. Palmer asks the commissioner if he will accept a bid but no mention is made of the amount his clients are willing to pay for the bank assets.

It is known that there has been some negotiating between Commissioner Smith and members of the syndicate seeking to submit a bid, but his attitude is not known. It seems obvious that the commissioner would not refuse to permit anyone to submit a bid for the bank assets. Whether he would consider the bid close enough to the book value of the securities is a horse of another color entirely.

In fact, the real importance of the offer of the group represented by Palmer, depends upon the amount they are going to bid. As pointed out yesterday by the executive committee of the Steneck Depositors' Association, the Palmer proposition is too vague to warrant any estimate of its import at this time.

"In Full in 90 Days"

If Commissioner Smith is willing to accept a bid for the bank assets, the group will put up an amount

equal to 10 percent with satisfactory assurances that the remainder will be paid in 90 days. Attorney Palmer's letter to Commissioner Smith reads as follows:

"Pursuant to your conversation with Mr. Edward W. Dugan and Mr. Achille P. Laissue on Aug. 14, 1931, at your office, 270 Broadway, New York City, I am pleased to tell you that if you are in the position of unequivocally accepting a bid for all of the assets of the Steneck Trust Co., as of the day of closing of that bank, which will enable you to immediately repay in cash all of the depositors the moneys due them at the rate on one hundred cents on the dollar, I have been instructed to inform you that I have a thoroughly responsible group of clients, who are interested in making such a bid within 30 days after your notifying me that you are prepared to accept same.

"At the time that the bid will be made to you, a certified check of not less than ten (10%) per cent. of the amount involved will be paid over to you, together with satisfactory and acceptable assurances that the balance will be paid over, at a time which shall be mutually agreed upon.

"For your information, I have been instructed to tell you that this group has no interest whatsoever in the reopening of the bank."

The offer to purchase the Steneck assets did not arouse any enthusiasm at the offices of the Steneck Depositors' Protective Association, 64 Hudson street, Hoboken, yesterday. This organization is working hard to bring about the reopening of the bank. The executive committee, composed of Joseph A. Schmitt, Jr., Frank R. Hellinghausen and Salvatore Rinaldi, issued a brief statement declining to comment on what they called the vague offer made by Attorney Palmer.

They indicated that they would wait until a more definite proposition had been made public. In the meantime, they said, they will continue to work to bring about the reopening of the bank or any alternative proposition which may be acceptable to the depositors and stockholders.

Vice Chancellor Fielder will today hear arguments on his rule to show cause why a receiver should not be appointed for the Steneck Trust Company of Hoboken, with power to continue the business. The petition was filed August 12 by two stockholders and a depositor and the hearing was originally set for August 24.

The petitioners were William F. Moor and Harry J. Max who claim ownership of 50 shares of stock in the Steneck Trust Company, and Samuel Deurch, who says the bank holds deposits of his totaling \$1,148.74. Their attorney is Paul Nemser, who contends that while the bank is insolvent within the meaning of the law, it has good will and great potential value, which should be protected.

Steneck Trust To Ask Court Reopen Doors

Will Present Claim Hoboken Bank
Solvent in Chancery on
Monday

Depositors of the Steneck Trust Company, of Hoboken, which was closed Saturday morning by the state banking commissioner, are awaiting action in Chancery Court, Jersey City, Monday, when Marshall Van Winkle and his associate, Samuel S. Stern, will appear before Vice Chancellor Fielder with a petition asking that the State Department of Banking of which Frank H. Smith is the head, show cause why the bank should not be turned back to the directors.

At the office of Counselor Stern yesterday it was stated that the investigation of the bank's standing has progressed to the stage where it has definitely been decided to take the matter into chancery. Monday, Van Winkle was retained by Henry C. Steneck, president of the trust company, and since then Stern has been engaged as associate counsel.

Claim Bank Solvent

The trust company interests will endeavor to show that the bank is solvent and in position to remain so. It has been the contention of the directors that the financial muddle in North Bergen has been the only difficulty the Steneck Trust Company encountered, and that the North Hudson municipality has sufficient resources to meet its obligations.

If the request of the bank is allowed, then a day will be fixed for argument, when the banking department would be required to answer the petition. This would be not less than a week later. The date for argument would be fixed by the vice chancellor.

It is probable that the move of depositors to organize a "Depositors' Protective Association," will hinge on the outcome of this move. A move to form such an organization was made yesterday morning in the office of Counselor William A. Schlosser. Schlosser and Counselor William Stuhr have been retained, to take care of the interests of the depositors, if such an organization is perfected.

Depositors Want Information

At his office yesterday, Schlosser said the difficulty so far as the depositors are concerned "is the lack of information they are receiving. Many of the depositors have notes and other obligations to meet, and at the same time have their funds in the savings department to meet these obligations. Up to the present, they have been unable to get the slightest information as to what their status is in the matter."

It is this type of depositor who is clamoring for information by which he may be guided. One of these depositors declared yesterday after a futile effort to obtain information, that in view of the many rumors afloat, a statement from the banking department giving some idea as to how long it will be before the affairs of the institution will be closed out, and claims liquidated, would be only a matter of courtesy.

So insistent have been the demands within the past three days from the thousands of depositors, that a special guard has been placed at the building to keep questioners away from Theodore Furman, the deputy in charge. Newspapermen and all others were excluded.

Directors Meet

For several hours yesterday afternoon members of the board of directors were closeted in one of the rooms of the Steneck Trust Company building, 95 River street. After the meeting they departed for their homes without making any statement as what action, if any, they took. Several directors are abroad. Among these are John J. McGovern and Dr. Sullivan.

It was learned, however, that the board members are unanimous in their approval of the action of President Steneck in his efforts to seek court relief for the return of the institution to the officers and directors.

ASKS CURB ON STENECK MOVE

Depositors' Committee Attacks Meeting Tonight as Unnecessary.

Attacking those behind the movement to hold a public meeting of Steneck Trust depositors at the Waldheim-Stevens Forum in Hoboken tonight, Joseph F. Kettel, chairman of a committee representing over 700 depositors, having in excess of \$2,000,000 in deposits in the closed bank, has asked the Hoboken Chamber of Commerce to urge depositors not to sign power of attorneys and sacrifice part of their deposits.

The appeal to the Chamber of Commerce was made in a letter to William J. Duffy, president, a copy of which was forwarded to the Jersey Observer.

"We are heartily against the signing of any paper authorizing a self-appointed committee to collect depositors' money says Mr. Kettle in his letter. "This self-appointed committee asks depositors to sign a power of attorney and will collect a fee of 5 per cent of the money collected—a service that Banking Commissioner Smith is paid by the state to perform."

Mr. Duffy said he would call a special meeting of the Board of Directors of the Chamber on Monday to take the matter under advisement. Personally, he said that he felt that nothing should be done which would tend to upset the plans now in progress for the opening of the bank, and that militant action by any committee should be held in abeyance until such time as other efforts to open the bank had proved unavailing.

Mr. Kettel's letter to Mr. Duffy was as follows:

"The undersigned, chairman of a committee representing over 700 depositors, having in excess of \$2,000,000 in deposits in the Steneck Trust Company, feel that the Depositors' Committees who are employing lawyers to try to collect their moneys are clouding the situation for those who are bending every effort to clear up the Steneck Trust Company's affairs, and that the efforts of these committees will be more harmful than helpful, and we appeal to your chamber representing the business men of this community to give heed to this matter.

"The Steneck Trust Company is in the possession of the Commissioner of Banking of the State of New Jersey, Frank H. Smith, who is a sworn officer of our state, and we feel that when Commissioner Smith makes a report, all the depositors will know how the bank stands, and that Commissioner Smith is better able to make this investigation of the Steneck Trust Company than depositors. Any effort on the part of depositors' attorneys will only delay the paying of depositors' money.

"We are heartily against the signing of any paper authorizing a self-appointed committee to ask depositors' moneys. These self-appointed committees ask depositors to sign a power of attorney and collect a fee of 5 per cent of the moneys collected—a service that Commissioner Smith is paid by the Commonwealth of New Jersey to perform.

"The Commissioner of Banking will make every endeavor if the officers and directors of the Steneck Trust Company find that it is not possible to reopen the bank, to pay the depositors the fullest amount that he is capable of securing on the bank's holdings. Any legal proceedings by outsiders will cause further delay and will be costly to those depositors who sign papers at a meeting that is to be held at the Stevens Waldheim Forum Tuesday night.

"We think the Chamber of Commerce should interest itself in this matter and make it plain to the public at large, and particularly to the 30,000 depositors, through the press of our city that no depositor need sacrifice his or her deposits now in possession of the Banking Commissioner of the State of New Jersey. Depositors should await the outcome of the Commissioner's findings.

"We appeal to you to take this matter up with the Chamber, representing as it does, the business interest of the City of Hoboken so that the depositors may know it is unnecessary to pay one penny for a power of attorney authorizing anybody to collect their deposit for them.

"Commissioner Smith is thoroughly versed in banking practice, having been Banking Commissioner for the State of New Jersey for as far back as 1921, and in the interest of the depositors, Commissioner Smith will make every effort to see that they are paid the fullest amount that the assets of the bank will total."

FILES SUIT TO COLLECT FROM STENECK BANK

New Yorker Wants His
Share of Mortgage Fund
Bank Received.

William Hassey of 17 West 123rd street, New York City, has started an action in Chancery Court to compel the Steneck Trust Company to pay him \$4,000 which is due on a mortgage certificate upon property which the mortgage has been paid to William H. Kelly, Commissioner of Banking and Insurance, who is in charge of the bank.

According to the facts set up in the petition the trust company took a mortgage on property at 923 Garden street, Hoboken, to the amount of \$13,000 and issued certificates. A certificate valued at \$4,000 was issued to Emile A. Hassey, who assigned it on November 18, 1930, to William Hassey. On July 5 last Commissioner Kelly collected the full amount of the mortgage and interest.

Hassey contends that the mortgage money, according to the contract contained in the certificate, is a trust fund apart and separate from the other assets of the bank and that the bank holds it only as a trustee. He maintains that the banking commissioner has no right to put it in the general fund and asks that it be decreed that that money so collected is held in trust and that an order issued directing that the \$4,000 due him on the certificate be paid.

Hassey is represented by Abe D. Levenson of the Hoboken and West New York firm of Levenson, Comen & Levenson.

COURT PETITIONED TO NAME RECEIVER FOR STENECK BANK

Two Stockholders and Depositor Obtain Order to Show Cause From Vice-Chancellor—Say Present Method of Handling Threatens to Dissipate Assets.

An order to show cause why a receiver or receivers for the Steneck Trust Company, of Hoboken, which was closed by Frank H. Smith, State Commissioner of Banking, on June 17, should not be appointed with power to continue the business of the institution, was obtained from Vice Chancellor Fielder in Jersey City yesterday afternoon by two stock holders and a depositor of the institution who reside in Jersey City.

The order is directed to the Steneck Trust Company and Frank H. Smith, Commissioner of Banking. It was obtained by Saul Nemer, counsel for William F. Moor and Harry J. Max, who allege that they own fifty shares of the stock of the institution, and Sam Deutel of 630 Bergen avenue, who states that he is the depositor to the extent of \$1,148.74.

It is charged in the complaint that on or about June 27, last, Frank H. Smith, Commissioner of Banking and Insurance, took possession of the property and business of the Trust Company, closed the doors, and put a stop to the business operations and activities, alleging that he did so because the trust company was in an unsound condition and unable to continue business in safety to the public or to the advantage of its stockholders.

After giving tables showing decreases, disallowances and adjustments made by the examiners of the Department of Banking, the complaint states:

"After making the decreases, disallowances and adjustments stated, not only have the entire capital surplus, and undivided profits of the institution been wiped out, but it appears that over half million dollars of the money of the

depositors in the trust company have disappeared and are not available, and the Steneck Trust Company is insolvent and unable to meet its obligations."

It is charged that the Steneck Trust Company at the time the Commissioner took possession, owned securities of the township of North Bergen to the amount of approximately \$5,000,000. That the township of North Bergen was unable to meet its obligations, and at the present time, the securities of the township are not marketable at anywhere near their face value, and cannot be sold when they may be marketable.

It is also charged that the Steneck Trust Company made a proposal to the Commissioner of Banking for a merger of the Steneck Trust Company with the Steneck Mortgage, Guaranty Co., with a proposed increase of the capital and surplus of the two companies of \$400,000 and \$290,000 respectively. The proposal was rejected by the commissioner.

It is further charged that a forced liquidation of the assets of the company will not pay the depositors in full and there is a likelihood that the stockholders may realize nothing unless all assets of the company are protected and preserved by a receiver appointed by the court.

The complainants charge that the officers and directors of the trust company are guilty of gross mismanagement in connection with the operation and conduct of the affairs of the company; that it is insolvent within the meaning of the statute, but that it has a valuable good will which should be preserved if possible.

It is alleged that forced liquidation will mean heavy loss for the company and its stockholders, and the complainants claim that they are entitled to invoke the jurisdiction of the Court of Chancery and to have the protection of the court by the appointment of a receiver.

The complaint charges that the Commissioner is in fact liquidating the property and is threatening to foreclose a number of mortgages held by the company and it is feared that unless a receiver is appointed, much litigation will ensue. The complainants ask that the bank be decreed insolvent and that the receiver be appointed or empowered to continue the business.

Smith Weighs Steneck Trust Opening Plan

Details of Financing Closely Guarded at Conference in New York City

A plan by a New York banking group to assume control of the closed Steneck Trust Company, of Hoboken, and open it soon for business was presented to State Banking and Insurance Commissioner Frank H. Smith yesterday.

Smith, whose approval is required before the plan can be accepted and become operative, received it at a conference at the offices of the Lawrence Portland Cement Co., 270 Broadway, New York, of which he is an officer. Although he would not reveal the details of the plan, he said he would need time to study it before giving his decision. Asked whether another conference had been arranged, he replied, "No, but that's not definite, at least until I have reached my own conclusions of the plan."

At the conference, at which Commissioner Smith presided, were Marshall Van Winkle, Jersey City lawyer; former Vice Chancellor Merritt Lane, Robert H. McCarter, Jr., and Bank Examiners Vernon Peer and Fuhrman. Van Winkle appeared as counsel for the Steneck Trust. Lane is personal counsel for Henry Steneck, president of the closed bank. McCarter is counsel for the bankers' group which made the offer. Judge Thomas H. Brown, of Jersey City, attended as special counsel to Commissioner Smith.

Refuse Information on Plan's Details

The identity of the banking group was closely guarded by those at the conference. Those present referred all questions by reporters to Commissioner Smith, and the latter said that "in view of the importance of this matter, nothing can be stated now." He refused all information as to the details of the plan or those who presented it.

The conference, which began at 3:30 p. m., concluded at 5 p. m. An employee of the Lawrence Portland

Cement Co. stood at the door of the conference room with a list of those who had been asked to attend. As each entered, his name was checked, and no others were allowed to enter.

The groundwork for yesterday's conference was prepared several weeks ago when a New York group of financiers, which had been watching the Steneck Trust developments, decided to take an active interest in the case. It drew up preliminary plans for reorganizing the Hoboken bank and then presented them to Commissioner Smith.

The group's request that it be allowed to examine the bank's records was granted by the commissioner. Accountants were put to work on the books and their report, when completed, formed the basis of the offer presented yesterday.

That plan was discussed Wednesday night, it was said, at a conference of the banking group with stockholders and directors of the closed bank. It was reported that agreement on the offer was reached that night and decision was made to submit it to Commissioner Smith, whose final approval is required.

The offer is the first comprehensive plan for the Steneck Trust presented to the commissioner. He has stated often that he is willing to cooperate in every way towards the reopening of the bank, although he would give no intimation yesterday as to his reaction to the group's proposal.

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STENECK BANK MAY BE SOLVENT; COURT REFUSES RECEIVER

Admission Made by Banking Commissioner's Counsel That Much Depends on North Bergen Settlement, is Decisive Factor—Stockholders and Depositors Best Served by Allowing the Matter to Rest as at Present Time, Fielder Holds.

Vice Chancellor Fielder yesterday denied a statutory receivership for the Steneck Trust Company, which was closed by Commissioner of Banking and Insurance Frank H. Smith on June 27. The application was made by Saul Nemser, representing Harry J. Max and William F. Moore, creditors, and Samuel Deutsch, a depositor.

The application was opposed by Judge Walter T. Hatfield, of the Court of Errors and Appeal, representing Commissioner Smith, Marshall Van Winkle, representing the Steneck Trust Company, and William H. Stuhr, representing 1,000 depositors with deposits amounting to more than \$1,000,000.

Declaring that the Steneck Trust Company is probably solvent, Hatfield made the first definite statement which has come from the Banking Commissioner as to the actual condition of the bank.

After citing figures relative to the assets of the bank, Mr. Nemser stated that the capital, surplus and undivided profits of the institution had been wiped out and the bank was insolvent. The principal asset on which the bank could not realize a dollar at the present time, said Mr. Nemser, was the \$5,000,000 of bonds of the Township of North Bergen. He said the Commissioner of Banking admitted in his affidavit that the bonds were of questionable value today and that there was no market value for them, though he, the Commissioner, hopes there will be a market for them later on and they will increase in value.

The plaintiffs, through their counsel, charged gross mismanagement on the part of the officers and directors of the bank and then asked for a statutory receiver.

Going into the law under which the Commissioner took over the bank, Mr. Nemser said that the only time the Commissioner could liquidate the assets was when he could realize enough on them to pay every depositor in full.

Reading sections of the 1931 act adopted on recommendation of the committee which revised the banking statutes, Mr. Nemser said they were not clear to him and the Vice Chancellor agreed they were not altogether clear to him in some respects.

"The commissioner must do everything in the name of the trust company," said Mr. Nemser, "and the 30,000 depositors and 354 stockholders have no say whatsoever. Under this act it appears that creditors must sue in court to recover, and the court has the right to fix the status of the claim. This would create a bad condition."

"We deny the allegation of counsel for the applicants that there were gross irregularities on the part of the officers and stockholders. We ask for time to show that the bank is solvent and when the time comes will joust with the commissioner or his right to hold on to the bank. The company did not itself suspend business. It met every obligation and was closed by the Commissioner of Banking when it was solvent."

"I do not know at this time whether the court has a right or no to order the commissioner to turn over to us the books of the bank, but I trust that the commissioner will do so anyway. The only securities of a questionable value appear to be those of North Bergen and every bank. In replying to Judge Hatfield regarding the administration of the company's affairs, Mr. Nemser said that it was not being administered as economically as it would be under a receiver appointed by the court. Some of these experts, said Mr. Nemser, receive as high as \$40 a day. A receivership under the supervision of the court, he added, would be far more economical and in addition they could not do anything without the approval of the court, while the Commissioner of Banking can go ahead and do as he pleases, whether it is for the best interests of the depositors, stockholders and creditors or not.

"The Commissioner says the bank is solvent," continued Mr. Nemser, "but he does not give us anything concrete. We cannot get any information and there is a reason for that. I believe if the true state of affairs were known it would cause an uproar in the county."

"The Commissioner says that there should be an elimination of all the present directors before the bank should be permitted to open and there should be a guarantee of \$17,000,000 to protect every stockholder."

Mr. Nemser said that there was shrinkage in the assets of at least \$520,000 exclusive of the North Bergen bonds and that there were nowhere near sufficient securities to guarantee payment in full of the \$12,000,000 owed to depositors.

"The bonds held by the bank were nowhere near their face value and on the face of what the Commissioner himself says in his affidavit there is more than a \$500,000 shortage, though he hopes for improvement," said Nemser. "The Commissioner is hopeful and optimistic but he embraces two ifs. If the North Bergen bonds come back to their full value and if other securities come back. There has been \$624,000 here should be no liquidation as it value so how can it pay in full? If it can there should be no liquidation as it would be violating the statutes."

"Why does not the Commissioner come in with an affidavit stating the exact status of the bank? It may be that the public should not know the true state of affairs. If it did it might amaze the state. The Commissioner is right when he says the good will of the bank is gone. He says it is impossible to state the actual financial condition of the bank at this time. Well, he evidently knew what it was on May 25, when he received his reports from his bank examiners, yet he did not close it until a month later. He actually knew the bank's condition six months ago and should have stepped in then and closed it. While he closed it two months ago he has done nothing yet to relieve the situation and under those circumstances I ask that a receiver be appointed."

"The public would have more confidence in a receiver appointed by this court. The creditors could then come into court and be heard."

The people are not represented before the Commissioner. If they go to him they are likely to be thrown out. They should have some say as to what assets should be sold and what assets should not be sold."

Mr. Stuhr said that he represented 1,000 depositors with more than \$1,000,000 on deposit and said they were opposed to the receivership and asked that Mr. Van Winkle be given time. He said that Mr. Van Winkle should also be given access to the books so he could determine for himself whether the company is solvent or not. He suggested that a Master in Chancery might be appointed to examine into the allegations of Mr. Nemser and the Banking Commissioner as to the solvency or insolvency of the institution.

Judge Hatfield said that the Commissioner had withheld nothing from the stockholders or depositors and would be willing to let them see anything they desired.

Vice Chancellor Fielder said he would decide the matter immediately, rather than wait and hand down a written decision. He said:

"This company was organized under the trust company act which gave it certain rights, obligations, duties, outlined a course of conduct, provided for inspection by the Commissioner of Banking and Insurance, for winding up the affairs of the company on its own volition and for winding up the affairs by reason of insolvency."

"There the law relating to an appointment of a receiver comes under the trust company act and not under the Corporation Act. Under Section 24, as amended by the Legislature a receiver may be appointed in insolvency only if the Commissioner of Banking has not stepped in. In this case the Commissioner has stepped in and it is therefore my belief that the Court of Chancery has no right to appoint a receiver. This is not the only or main reason. The question of solvency or insolvency is in doubt."

"I must take judicial notice that we are now passing through a period of depression where securities are below their former prices and may be below their real value. If this corporation is solvent there is no authority vested in the Court of Chancery for the appointment of a receiver. The commissioner is not certain as to the solvency because he does not know in honesty how

"The largest item appears to be the bonds and notes of the Township of North Bergen. I must also take into consideration that there is a State Finance Commission now busy working out a plan to pay the obligations of North Bergen in full. If this is true and the township eventually is able to pay in full it would create a new condition with the bank. Other securities held by the bank at the time the commissioner closed it because they were placed at too high a value at that time may also come back, placing an entirely different status on the finances of the institution."

"If a receiver is appointed it will wipe out the charter of the bank and the stockholders would lose their rights under the statute to open again, but if the securities should come back and the Commissioner of Banking feels it is all right, then the stockholders may open again if they so desire. If the stockholders want to take over the bank at a later date I believe it to be the best interest of all to leave it in the hands of the Banking Commissioner at this time."

"After all, the best interests of the stockholders and depositors, especially the depositors, will be served by a wise and economical administration. The economy of a receivership is largely a matter of speculation. I cannot and will not assume that the commissioner will not do his duty to conserve the assets so that the depositors may get one hundred cents on the dollar."

"I feel that if the affairs of the bank are not properly administered the Court of Chancery has a right to step in. The Court of Chancery has some control beyond the provisions of the statutes."

"I am going to let the bill of complaint rest where it is, and deny the receivership but will permit any one to apply to the Court for relief through the amending of the bill of complaint by the stockholders, depositors or creditors. I do not want to interfere at this time with the Commissioner but do feel that the stockholders are entitled to an opportunity to inspect the books and ascertain the affairs of the bank as Counselor Van Winkle, has stated they would like to have."

"I do not believe, as Counselor Nemser said, the people would be astounded if they knew the actual condition of the bank's finances. There should be a report to the court soon after this. If the conditions are as bad as has been stated the stockholders should be appraised of the fact and given an opportunity to clean house."

Turning to Judge Hatfield the Vice Chancellor said he should tell the Commissioner he ought to give Mr. Van Winkle the information he finds about the bank's status.

"That is as to its present condition and not when the Commissioner stepped in and closed it," added the Vice Chancellor. "If it is safe for the stockholders to take over the bank when the true conditions are found, they should be given the opportunity."

With the commissioner of Banking in charge of the bank, the depositors have not the right to protect themselves, as they would under a statutory receiver. With the commissioner in charge, the depositors cannot stop foreclosures as they could under a receiver. If the court has not the right to appoint a permanent receiver it has the right to appoint an equity receiver, he said.

"We charge that there has been gross mismanagement and fraud on the part of the officers and directors," said Mr. Nemser. "Under a receiver appointed by the court the court would have the right to compel the receiver to liquidate as directed and not as he saw fit or right, as the commissioner of banking appears to have."

Cont. on next page

in reply, Judge Hatfield said that the commissioner acted upon reports of his experts, who found, on May 25, that the bank was unsafe and so decided to close it. Continuing, the judge said, that if the North Bergen securities were paid dollar for dollar and there were no further depreciation in other securities, the depositors would be paid in full and there would be something left over for the stockholders. He denied that the commissioner had said the bank was insolvent, and said that the commissioner was in a position to liquidate the affairs of the bank better than a receiver. His assistants were a corps of experts engaged at a minimum cost, while a receiver would have to be paid. As to its solvency that could not be determined at this time as it is contingent upon the North Bergen bonds.

It was a question, said Judge Hatfield, what supervision any court had over the commissioner of banking under the 1931 act. There were now eight banks in the state under the supervision of the banking commissioner and he believed it would not be best for the stockholders, creditors or depositors to appoint a receiver and asked that the court deny the application.

"This is the first time we have heard why the Banking Commissioner took over the bank," said Mr. Van Winkle, "and we believe he acted in accordance with his high idea of duty. We assume he closed it because he believed it was insolvent, but we are heartened by the statement of Judge Hatfield that the bank may not be insolvent. It is highly gratifying to hear that the bank is not insolvent. But we stand helpless because we cannot get access to the books or to the list of depositors."

DREWEN WON'T TALK ABOUT INDICTMENTS

Prosecutor John Drewen last night said that "there is no announcement that can be made now" regarding sealed indictments which were handed to Judge Thomas H. Brown by the grand jury Friday and which, it is rumored, relate to the affairs of the closed Steneck Trust Company of Hoboken.

Strict secrecy surrounds the indictments, which were ordered, impounded by Judge Brown at Drewen's request. Drewen last night refused again to discuss the indictments. Not until they are opened, he said, could they be discussed, and he added that he was not in a position to state when they would be opened.

STENECK BANK PROBE SOUGHT BY DEPOSITORS

Lawyers Ask Prosecutor for Special Grand Jury Session.

A special session of the Grand Jury was demanded today by attorneys for a group of the depositors of the Steneck Trust Company of Hoboken when they conferred with Assistant Prosecutor Andrew O. Wittreich.

They requested that the Grand Jury be called into special session and that the records of the Steneck Trust Company now in possession of the State Banking Department be subpoenaed to determine whether criminal action should be taken.

The decision to demand a probe of the Steneck affairs by attorneys for depositors came following the announcement that the Chancery proceedings instituted by the Steneck Trust Company to compel the State Banking Commissioner to return the business and properties to the officers and directors had been dropped. The hearing on the proceedings was scheduled for today.

Marshall Van Winkle, counsel for the closed bank issued a brief statement in which he declared that they could not go forward with the suit as they had not a complete case to present to the court because all the records of the bank were in the hands of the banking commissioner. He said that they were proceeding in their endeavors to present a situation which would satisfy Banking Commissioner Smith.

Counselor William Stuhler and Attorney William Schlosser of Hoboken, of counsel for the Steneck Depositors' Committee, made the request of Assistant Prosecutor Wittreich for the grand jury probe at his office at 1 Exchange place.

City, in the absence of Prosecutor Drewen.

Charges were made by the attorneys that there had been any criminal acts in connection with the failure of the bank, but they pointed out that they had been forebearing the face of statements that efforts were being made to have the bank re-opened.

"We are willing to help any effort toward reopening the bank," they told the Assistant Prosecutor, "but those efforts seem futile, especially in view of a statement made by the Banking Commissioner yesterday that there was no hope for rehabilitation of the company, and that \$17,000,000 was needed before the bank could be reopened."

"It is high time something was done to clear up this situation," the assistant prosecutor was told, "and the Grand Jury should be called into special session, the records of the bank subpoenaed and an investigation made to determine whether any criminal acts had been committed."

Mr. Wittreich stated that the matter was of great importance; that Mr. Drewen was expected to return Tuesday, and that he would lay the entire matter before him.

STENECK TRUST PLAN DISCUSSED

Smith States What Guarantees He Would Insist Upon for Reopening.

[Special to Jersey Observer.]

Trenton, Aug. 12.—Asserting he saw no prospect of rehabilitating the closed Steneck Trust Company, of Hoboken, Frank H. Smith, State Commissioner of Banking and Insurance, announced today the department would proceed "to liquidate the assets of the institution in order to conserve the interests of the depositors."

Commissioner Smith disclosed there are 30,000 depositors who have placed \$10,000,000 in the institution, which also has \$7,000,000 of mortgages.

"When they produce \$17,000,000 or its equivalent in guarantees satisfactory to the department," said Commissioner Smith, "the Steneck Trust will be permitted to open. Many schemes have been offered by the officers of the bank to rehabilitate it. None of them has possessed merit. They have followed the same procedure customary with all banks which have become involved and none of which produce results."

It was understood bank officials would not press the action instituted in the Court of Chancery to require the State department to show cause why it should not accept a plan for re-opening the bank. At the request of Steneck officials, the banking department consented to a postponement several weeks ago and the hearing has been set down for tomorrow before Vice Chancellor Fielder in Jersey City. The department, Commissioner Smith asserted, is ready to proceed

with its case in the event the action is pressed.

In discussing proposed liquidation of the Steneck, Commissioner Smith asserted he would not hazard an estimate of what the depositors would receive on the dollar. Theodore B. Furman, an investigator for the banking department, has been assigned to supervise the liquidation of the institution's assets. Furman has been granted a year's leave of absence from his duties as examiner to assume charge of the bank's affairs. It was estimated by Commissioner Smith that possibly a longer period would be required to properly wind up the bank's affairs, always provided, of course, a feasible plan for rehabilitation was not presented by the institution in the meantime.

The department closed the bank of what it described as the disappearance of surplus, undivided profits and reserves and capital impairment occasioned by a shrinkage in the value of securities it held.

Henry Steneck expressed amazement and was told of the Commissioner's statement today, but he refused to make any comment and turned the inquirer over to Marshall Van Winkle, counsel for the bank.

Mr. Van Winkle said: "I must decline to comment on the banking commissioner's statement. I can only say that I have seen the commissioner from time to time and we have worked with the idea that we can ultimately satisfy him that the bank may be reopened. Further than this I do not desire to speak at this time."

STENECK CHANCERY HEARING PUT OFF

The hearing scheduled in the Court of Chancery today in the action of State Banking Commissioner Frank H. Smith in regard to preferred claims in the closed Steneck Trust Company of Hoboken was postponed until December 30.

Judge Thomas H. Brown, counsel for Commissioner Smith, in Vice Chancellor Lewis' court announced that former Vice Chancellor Merritt Lane, representing a committee of directors and stockholders, had requested postponement and that the banking commissioner had agreed to it.

Judge Brown pointed out to interested parties in court that a plan of reorganization was now under consideration and that it would be in the interests of all concerned to give further time to consider the re-opening plan which was now before the commissioner.

Steneck Decision Is Due Next Week

A decision by State Banking Commissioner Frank Smith on the plan for the reorganization of the Steneck Trust Company is expected early next week. Commissioner Smith said that he hoped to have an announcement to make regarding the proposal submitted to him on Monday or Tuesday. He indicated, however, that even if the plan should be approved, there was no possibility of the bank being reopened for some time, as there are a great number of details to settle.

An offer made by a Hoboken concern to advance funds to pay Christmas club members in the closed bank 50 per cent of their deposits awaits the action of the commissioner on the reorganization plans. It had been hoped that his approval would have been secured by Friday of this week, in time to make arrangements for such payments before Christmas.

As matters stand now, however, it is doubtful if such payment can be made in time to benefit those who have deposits in the Christmas Saving Fund. The propositions of the Hoboken corporation was to pay all such funds below \$30 in full, and 50 per cent of all in excess of that amount.

The loan in question was to be advanced without interest.

It is pointed out that the \$17,000,000 guarantee demanded by the Banking Commissioner before Steneck can be opened, may be made up by the following plan, which it is believed is under consideration:

Cash from a bonding house for the \$7,000,000 mortgage certificates which, it is believed, is available; \$5,500,000 to accrue from North Bergen bonds; \$2,000,000 cash on hand in the bank; \$2,000,000 to be realized from a loan on the stock and other bonds by the bank, leaving only \$1,000,000 in cash to be raised in order that the bank may be reopened.

Commissioner Smith in his statement today intimates that the Steneck Trust Company will probably drop its chancery court action which is scheduled for a hearing before Vice Chancellor Fielder tomorrow. Mr. Van Winkle would not comment on this phase of the situation, but it is believed that the action will be dropped tomorrow in favor of dealing directly with the banking commissioner.