Dis. any 24/2

## 17 Million Cash committee that if that could be done, the bank could be reopened, but it could not be so long as conditions remained the same as they now are." Needed, Steneck 294. any. 141 31 **Group Informed Depositors Of**

Smith Tells Depositors' Aides Full Assurance Required Before Reopening

Following a two-hour conference yesterday between a committee of the Steneck Depositors' Protective Association and Banking Commissioner Frank H. Smith, in New York, the latter repeated his recent statement that the Steneck Trust Co., can be reopened for business if cash or a guaranty of \$17,000,000 is posted to assure him that there will be sufficient funds to pay off depositors and other creditors of the bank new in course of liquidation under his direction.

The commissioner indicated that his department has not definitely learned the value of all securities held by the bank. This was intimated when he said that it is possible that some accounts that appear good may turn out to be below face value, while on the other hand there are some now regarded as doubtful that may turn out to be good.

#### **Pleased With Conferences**

The members of the committee expressed themselves as pleased with the reception accorded them by Commissioner Smith. A statement issued by the committee follows:

"The members of the executive committee of Steneck Depositors and Investors' Protective Association, Joseph A. Schmitt, Jr., Frank R. Hellinghausen and Salvatore Rinaldi and their counsel, William S. Stuhr, William A. Schlosser, Benedict Ber-two-hour conference with Frank H. two-hour confeernce with Frank H. Smith, Commissioner of Banking and Insurance of New Jersey, at his New York office, 270 Broadway.

"Mr. Smith was asked what was necessary for the reopening of the Steneck Trust Company of Hoboken. He reiterated his demand of Au-gust 12th, for \$17,000,000 in cash or a guaranty of that amount. He said that he was in favor of reopening the bank, but that he could not do so un-

less he was assured that the company was in a position to pay all of its depositors in full and the mortgage certificate holders when the same came due.

### Wants Proper Protection

## Will Consider Steps Necessary to Protect Interests Due to Closing of Bank

**Steneck Trust** 

**To Meet Today** 

Plans for a meeting of depositors of the Steneck Trust Company of Hoboken, now in the process of liquidation by the State Banking Departpartment, will be made at a meeting of the executive committee this afternoon in the depositors' headquarters, Room 607, Terminal building, at 68 Hudson street.

This announcement came yesterday, immediately following the petition presented by counsel for the depositors' organization, to Assistant Prosecutor Andrew O. Wittreich, asking for an investigation of the bank to determine if any criminal acts have been committed which might have led to its failure.

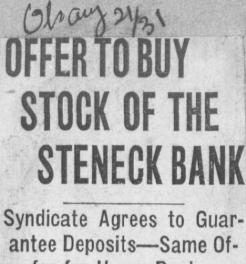
The members of the executive committee are Frank R. Hellinghausen, Joseph A. Schmidt and Salvatore Rinaldi. The legal advisors to the committee are William A. Schlos-ser, De Fazio and Beronio, William S. Stuhr, all of Hoboken, and the law firm of McCarter & English, of Newark.

#### Would Protect Interest

It is probable that the committee will ask for the use of one of the school auditoriums in which to meet. The object of the meeting will be to obtain the consensus of opinion on what steps are to be taken to protect the interests of those who have claims against the institution, it was said.

Prosecutor John Drewen is now out of the city vacationing, so attorneys for the depositors will await his return. At the depositors' headquarters yesterday it was announced that the attorneys have a tentative ap-poinment with Mr. Drewen next Tuesday afternoon.

Two methods of approach in the proposed investigation will be suggested to the prosecutor. One of these interested in making such a bid will be to request the prosecutor to ask Banking Committioner Frank H. Smith whether his investigation in the bank thus far has shown any criminal acts on the part of officials If the information cannot be elicited in that way, it was explained, then the depositors will request that the prosecutor place the matter before the grand jury for investigation.



antee Deposits-Same Offer for Henry Banks.

(Reprinted from Yesterday's Pink Edition.) A banking syndicate in New York City has made an offer to Frank H. Smith, State Commissioner of Banking and Insurance, to buy the assets of the closed Steneck Trust Company and pay the depositors 100 cents on the dollar, 10 per cent. thirty days after the Banking Com-

100 cents on the dollar, 10 per cent. thirty days after the Banking Com-missioner accepts the offer and the remaining 90 per cent. within three Banking: "Resolved, that the Steneck De-positors' and Investors' Protective Committee be authorized and di-

months. The same group is ready to make a similar offer for the properties of the four closed A. M. Henry banks, but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made. but no formal offer in that connec-tion has yet been made.

but no formal offer in that connec-tion has yet been made. The entire proposal has already been discussed by Commissioner Smith in his New York office, but the formal offer on the Steneck Trust was not received at Commis-sioner Smith's office in Trenton un-til Wednesday. The commissioner himself left Thursday morning on a business trip to Chicago and has not had an opportunity to study the letter.

the letter. The banking syndicate interested in acquiring the Steneck assets "nas no interest in the re-opening of the bank." This is made plain in the letter sent to Mr. Smith by Court-land Palmer, New York attorney with offices at 25 Broadaway, on be-half of the group seeking to pur-chase the bank's assets

chase the bank's assets.

The letter received at Commis-sioner Smith's office in his absence is as follows:

Hon. Frank H. Smith,

"State Banking Commissioner,

"Trenton, N. J. "Re: Steneck Trust Co., of Hobo-

ken, N. J.

'Honorable Sir:

"Pursuant to your conversation with Mr. Edward W. Dugan and Mr. Achille P. Laissue on August 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 of one hundred cents on the dellar, I have been instructed to inform you that I have a thoroughly responsible group of clients, who are

At Mr. Palmer's office in New York today it was stated that the Mr. Dugan referred to in the letter is a well-known resident of Jersey City and a life-time member of the

Jersey City Lodge of Elks. It was stated that Mr. Dugan was mainly responsible for the offer be-ing made, and that he was inter-ested in helping out a number of his friends whose funds were tied up in the Steneck bank. Mr. Dugan, it was stated at the lawyer's office it was stated at the lawyer's office, is in the brokerage business in New York City.

Members of Attorney Palmer's staff declared that while no formal offer had been made in connection with the Henry chain of banks, that the same group was ready to take over those institutions on the same basis as the offer for the Steneck Bank.

The following resolution, passed by the Steneck Depositors' Com-mittee in Hoboken on Tuesday night at a public meeting has been received by the Commissioner of

"He went into a lengthy discussion concerning the various assets held by the Steneck Trust Co., showing which might be regarded as losses and which assets were of doubtful nature, which were slow, which were easily converted into money, and the money on hand. He stated that possibly some of the doubtful accounts might turn out to be worth their face value, and that some good accounts might not be realized upon. In view of these facts. he felt that proper guarantees should be made.

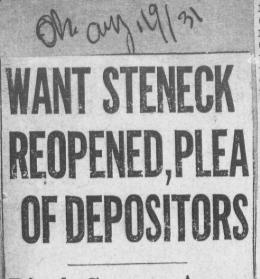
"The committee suggested to him that the board of directors should be prevailed upon to enter into a surety company bond for the \$7,000,000 amount standing in mortgage certificates and that the rest of the capital stock be subscribed by the same body, an amount which would be sufficient to make up any deficiency caused through shrinkage of assets and sufficient to give the bank a suitable capital surplus structure.

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. "Trusting that this matter shall

receive your favorable consideration and that I may hear from you at your earliest convenience. I am. "Yours very truly, "Courtland Palmer."



## **Rival Groups Argue** Long, Then Unite in Move.

Two groups who have mutual in-terest in the closed Steneck Trust Company, one side subscribing to the idea of doing everything pos-sible to have the bank reopened, the other supporting that but urg-ing also that efforts be made to obtain a complete statement of the in-stitution's condition, perspired under arguments during the sweltering heat, last night, in a hectic meeting

at the Waldheim-Stevens Forum. Fully 1,000 depositors, sharehold-Fully 1,000 depositors, sharehold-ers and others interested in the bank attended, some 700 or more succeeding in jamming their way into the forum, where they heard a clash of opinion on the wisdom of liquidating the bank or devoting concerted effort in support of plans now under way to have the closed institution reonened institution reopened.

The Steneck Depositors' and In-vestors' Protective Association spon-sored the meeting, with Counselors William Stuhr, William Schlosser and Benedict Beronio as their legal representatives and speakers. But also attending and representing a group dedicated to the work of re-opening the bank, were Frank J. Bartletta, a director of the closed institution, and Joseph F. Kettel, representing 700 depositors, having in excess of \$2,000,000 in deposits

in the bank. Bartletta finally proposed that resolutions be drawn and adopted, for forwarding to the State Banking for forwarding to the State Banking Commissioner, asking that he de-vote his every effort toward having the bank reopened. The Protective Association placed its stamp of ap-proval on the proposal and offered it to the audience, who favored it vociferously. This will be done. The meeting was opened by Jos-eph A. Schmitt, Jr., chairman of the Protective Association and rep-resentative with others of more

resentative with others of more than 1,000 depositors with deposits of more than \$1,500,000 in the bank. On the platform with him were the lawyers and Salvatore Rinaldi and Frank Hellinghausen, who are mem-bers of the association's executive

Other speakers echoed Schlosser's remarks, particularly Counselor Ber-

Other speakers echoed Schlosser's remarks, particularly Counselor Ber-onio, who held that in view of the recent statement of State Banking Commissioner Smith, to the effect that the bank was in no condition to open, the depositors should not "let grass grow under their feet" but bestir themselves to the task of finding out how their interests stood and what chance they might have of getting back their money, in whole or in part. "We have withheld action," Ber-onio said," until tonight, so that we might start with an open book. We have asked no note for a percentage of collected moneys, neither have we sought powers of attorney. This is no easy job! We do not charge fraud or incompetence to any one but, speaking as a depositor of Steneck's and as a member of the committee, I'm here to say that we will fight to have your money re-turned to you, dollar for dollar if we can." Frank Bartletta and Kettell as

Frank Bartletta and Kettell as speakers, delivered in substance the speakers, delivered in substance the argument that no one can help the depositors, but the officers and di-rectors of the bank and the deposi-tors themselves. If the bank is liquidated, he declared, the deposi-tor must of necessity suffer and in addition such liquidation would take from three to four years

from three to four years. The most feasible method to pursue, he indicated, would be to sign waivers which are being circulated by officers of the company, and in by officers of the company, and in which the depositor pledges him-self or herself not to draw money out of the bank, should it be re-opened, for a period of at least 90 days and then draw only 30 per cent of their funds. The waiver provides that no further moneys shall be drawn for the next thirty days and then only another 30 per cent, the balance to be drawn within the next thirty days. If this plan fails it was said, the

If this plan fails it was said, the Protective Association could still function. But with realty and market values as they are now, liquidation will mean that no depositor will get his full dollar. With regard to the North Bergen bond issue of \$5,000,000, held by Steneck's it was hoped that all investments were as

secure as that. Kettell declared that after Sept-ember 3, the bank will have \$7,500,-000 the North Bergen bonds becoming salable on that day, when they

ing salable on that day, when they are to be refunded. Hellinghausen, speaking as a stockholder, depositor and mortgage certificate holder, denied that any attorney was looking for a "racket" and declared that if such were the case he would be the first to raise case, he would be the first to raise a dissenting voice against the coma dissenting voice against the com-mittee. It was Hellinghausen who suggested that the State Banking Commisioner be communicated with and asked for a complete statement of the bank's true condition. Stuhr reviewed the work the com-mitee has acomplished gratis to date, and added that with his associate

and added that with his associate counsel, he had conferred with the prosecutor yesterday and been in-formed by the latter that a confi-dential report would be obtained within the next two weeks and that the committee should return then for further advice. Stuhr also said that no charges of fraud or criminality had been made, but that the committee feels the situation is the result of something beyond the North Bergen bonds and that it has dedicated itself to the work of finding out just what chance depositors have of receiving their money and when they'll get it. Until something worth while has been done, he concluded, not one peny will be asked for services rendered While the meeting came to a close with the majority of those present favoring the plan to reopen the bank, there were many who als held that their interests as deposit ors should be closely watched and immediate action taken to forestal any projected move which legal advice may consider inimical to interests of the depositors.

## **Revise Plans For Reopening Steneck Bank**

Action Within Month Hinges on Approval After Conference With Smith Monday

## WILL MEET SUGGESTIONS MADE BY COMMISSIONER

Bankers whose .plan for the reopening of the Steneck Trust Co., of Hoboken, was conditionally rejected by Banking Commissioner Frank H. Smith yesterday started work to alter the plan according to his suggestions.

The revised plan will be submitted at a conference with Commis-sioner Smith Monday. If he approves it in its modified form, the bankers are confident that the Steneck Trust can be reopened a month after his official sanction.

Marshall Van Winkle, of Jersey City, counsel for the bank, said that Commissioner Smith has authorized the banks' representatives and the bankers' group which seeks to take over the bank to continue work on the plan. The plan, by which the bankers' group proposed new control of the bank, has been under Smith's consideration about two weeks. Notice of the rejection of the plan in its present form was sent to the

bankers yesterday morning. Later in the day, they conferred with him at his New York offices, where he advised them that his rejection did not mean that he had barred the way to further consideration but that he felt that certain important changes must be made in the plan. Makes Suggestions

"Commissioner Smith's letter to the bankers," said Van Winkle,

"stated that he thought the plan should be modified in certain particulars which he specified.

"Commissioner Smith, in his letter, stated that he did not wish to seem to close the door to opening of the bank. I am sure that the commissioner sincerely desires to have the bank open if the plan submitted by the bankers is modified in accordance with the commissioner's suggestion.

The bankers believe that they can modify the plan to meet the commissioner's criticism and suggestion. The bankers have the instruction of the commissioner to go forward with the work in connection with Mr. Peer, who is in charge of the bank, and Judge Brown, the commissioner's counsel. "Commissioner Smith thinks that it is best to advertise for claims. It is necessary to advertise for claims no matter what happens. Should the bank be reopened, the bankers will wish to know without question the extent and character of the claims.

committee as well as Counselor De Fazio and others, all of whom spoke. Mr. Schmitt confined himself to

a brief outline of the meeting's purpose and then presented Counselor Schlosser as chairman of the evening. The latter denied in no uncertain terms charges which had been made against the committee, owers of attorney, by which they would ultimately collect five per cent. of all moneys recovered for depositors. No one, Schlosser said, has been approached for any sort of a retaining fee for legal advice, no one has been asked to sign a

power ofattorney and in addition, the association itself is bearing the expense of preliminary work in behalf of the depositors.

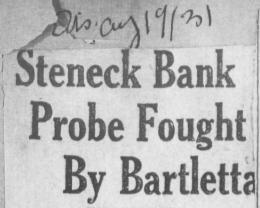
He challenged contradiction and received none, after which he concluded with the assertion that the committee is in no way opposed to any plan which may bring about re-opening of the bank, but will, rather, cooperate with any commit-

The Protective Association has opened headquarters in the Terminal Building at 68 Hudson street, while the and Kettell's group are a dala street.

#### Bankers Hopeful

"We are still working with the bankers and our plans for opening for business, and we are very hopeful of bringing the affair to a successful conclusion.'

Commissioner Smith has notified his representatives at the bank to advertise notices to creditors to submit proofs of their claims. Such a step, he explained, is necessary in the process of liquidation, whether or not the plan is accepted. Van Winkle in his statement held the same view on the notices for claims.



Leader of One Group of Depositors Urges Protective Ass'n Work for Reopening

the meeting at the Waldheim-Stevens already signed the no-withdrawal Forum, Hoboken. Frank J. Bartletta pledges. and Joseph F. Kettel appeared with more than 200 depositors of the trust speakers in general said. In his opencompany to voice strong disapproval ing remarks, Mr. Schmitt stated that of the move for an investigation into he is one of the thousards of deposithe affairs of the Steneck Trust tors, and that he has \$80,000 at stake Company, now in the hands of the in the closed bank. Mr. Hellinghausen state banking department.

with any move that would bring a reopening of the trust company, and the announcement by the members of the committee that they had signed the petition pledging to withhold withdrawing their deposits to give the bank an opportunity to build up confidence, if its doors are reopened for business.

#### Claims Chamber Support

Mr. Kettel took the floor at the close of the meeting and told his hearers that the movement of which he and Mr. Bartletta are at the head, has the support of officers of the bank, and the Hoboken Chamber of Commerce. He insisted that the officers of the bank and his organization are working hard to bring about a rehabilitation of the bank, and indicated that the pledge not to withdraw deposits until the bank has re-established itself in the confidence of the public will be one of the leading factors.

The opposition did not develop until after the scheduled speakers had been heard. Joseph A. Schmitt, Jr., opened the meeting and then turned it over to Counselor William A. Schlosser, who presided. It was estimated that 700 persons crowded into the auditorium, with some standing in the entrance and in the street.

Among the attorneys who spoke were William S. Stuhr and Benedict Beronio. Other speakers were Salvatore Rinaldi, Eugene Spina and Frank R. Hellinghausen. Mr. Rinaldi and Mr. Spina spoke in Italian.

The attorneys denied the report that had been spread that they had. been retained on a commission basis and that any one of them has been given any power of attorney. The audience was assured that there will be no charge for consultation at the headquarters of the association on the sixth floor at 68 Hudson street. It was also announced that the committee had financed last night's meeting.

Mr. Stuhr also reminded the crowd, that there had been statements made Mr. Hellinghausen declared the that the North Bergen bonds were meeting adjourned. But Mr. Kettel at the bottom of the bank's difficulties, and followed it up with the statement that this matter has been made to enforce gag rule started to adjusted by a refunding operation, talk. There was a little bustle until yet it has made no impression on the the crowd returned to its seats. banking commissioner. He said there is also no known move to supply the \$17,000,000 guarantees required by knowledge of a definite move to rethe banking commissioner before the open the bank, and indicated that bank will be permitted to reopen its the officers of the bank are back of doors and conduct business.

ence that the hearing on the court no desire to definitely close the petition had been put over from July bank, and will lend every assistance 25 to August 13, and then abandoned to the move to reopen it. He exby the bank's officers. This, he ex- pressed himself strongly against any plained, was what prompted the com- movement that has any other plan mittee to proceed with its organiza- than the reopening of the bank in tion. The speaker pledged the co- view. Noisy opposition to the plans of operation of the association to any the Steneck Depositors' Protective progressive move and reminded the Hoboken Chamber of Commerce last Association developed last night at opposition that the committee had night that the board will meet Mon-

This was the gist of what the in the course of his talk stated that This came despite the promise in addition to his deposits and holdmade by the speakers for the asso- ings in Steneck mortgage certificates ciation that they would cooperate he owns stock in the bank. He expressed the belief that since the officers did not see fit to go through with their chancery action, the time had arrived for an organization that will stand ready to protect depositors' interests whether it be liquidation of rehabilitation.

#### Will Meet Besson Again

It was pointed out during the course of the evening that the committee will renew its conference held yesteday with First Assistant Prosecutor Harlan Besson in two weeks. It was said that the prosecutor will soon have in his hands a confidential report on the condition of the bank, which will give him a better idea as to what action should be taken. Until that time any plans of a request for an investigation must be - held in abeyance.

The opposition from the Bartletta-Kettel delegation came when the meeting was to all appearances ready to close. Mr. Schlosser, who presided, announced that the meeting was open for questions. Immediately Mr. Bartletta and Mr. Kettel were on the floor. Mr. Bartletta was recognized.

But instead of a question it was a speech. Several in the rear of the building where it appeared his following was the strongest urged him to take the platform. But he retained his place in front of the platform. Each Claims 700 Members

At the outset of the meeting it was announced that the protective association has 700 members and represents \$1,500,000 in deposits. Mr. Bartletta declared that his following is also 700 in membership, but it represents \$2,000,000 in deposits. He said his organization has the backing of the officers and appealed to the crowd that only the officers are able to reopen the bank. He declared that if the depositors will come forward with their pledges not to withdraw within a specified time, they will have gone a long way toward the rehabilitation of the Steneck Trust Company. Mr. Bartletta declared that if the bank must be liquidated it will require three years at the rate property and securities are selling at the present time. He declared that there are few financial organizations at the present time whho could successfully liquidate and pay off dollar for dollar. After Mr. Bartletta had spoken, Mr. Schlosser again called for questions. One woman asked whether Mr. Bartletta is interested in the Steneck Trust Company. Mr. Hellinghausen, who had the floor, said he would let Mr. Bartletta speak for himself. Mr. Bartletta came forward and announced that he is a depositor, and a former member of the board.

After this question was answered, was on his feet at once and after charging that an attempt had been

Mr. Kettel, in the course of his remarks, declared that he has that move. He declared that Bank-But Mr. Stuhr reminded his audi- ing Commissioner Frank Smith has

Announcement was made at the

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### **BUSINESS MEN ASK MOORE TO ACT** IN STENECK BANK CASE.

There is probably no single group in Hoboken that has felt the effects of the Steneck bank closing more keenly than the Hoboken Business Men's Association. These retail merchants, many of whom have had their working capital tied up, are not only hard hit by that circumstance, but also by the fact that many of their regular customers are in the same boat and therefore unable to patronize them as frequently as was their practice.

At a meeting this week the association discussed at length the statement of Banking Commissioner Frank H. Smith in which this official went out of his way to attack the Jersey Observer for endeavoring to get authoritative information regarding the actual condition of the bank for the benefit of the 30,000 or more depositors who had been kept in a state of suspense from the time Smith took charge, seven months ago.

Smith partially lifted this veil of secrecy in his statement, but the Business Men's Association decided it was "too one-sided" and voted to appoint a committee to call on Governor Moore with the request that he find a way, if possible, of having the bank reopened for business. Governor Moore already has before him the request of the Hoboken City Commissioners that an investigation be made

#### **Reviews Situation**

The speakers reviewed the nearly two months that have passed since the Steneck Trust Company closed, June 27. Mr. Stuhr pointed out that the committee had been formed

shortly after the closing of the bank, but had halted its activities when it became known that the officers had asked for a rule in Chancery Court to show cause why the bank should not be turned back to the officers. He pointed out that it was the contention of the committee that at such a hearing the banking commissioner would be required to show the condition of the bank, and defend his act, and reveal the true circumstances.

into the administration of the affairs of the bank since it was closed on June 26 last.

Because of the widespread effect of the closing of this institution through the "freezing" of the assets, the failure of the depositors to obtain detailed information of the actual conditions, including such liquidations as have taken place, and the transferring of cash deposits, an investigation would not be out of place, if that is the only manner by which the depositors are to obtain the information to which they are clearly entitled.

## **BANK'S REOPEN BELIEVED LIKELY; DETAILS WITH**

Durym

State Banking Commissioner Will Not Comment Until He Has Thoroughly "Digested" the Proposal-Optimistic Feel Institution Will Be Functioning Before Christmas.

Prospects for the reopening of the closed Steneck Trust Company of Hoboken were bright today, and assurance that the institution would be reopened before Christmas was confidently predicted in certain quarters.

The plan for the reorganization was submitted to State Banking Commissioner Frank H. Smith at his office in New York yesterday by representatives of the committee of stockholders, depositors and directors, and although no immediate decision on approval of the plan was made by the Commissioner confidence was expressed that it will be finally accepted.

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It was the first concrete plan which had been submitted to Mr. Smith. It consisted of a report of some 60 or 70 pages with volumin-ous statistics, which will require some time for complete digestion by the Banking Commissioner's staff. While it could not be confirmed

While it could not be confirmed Woman Alleges President of Closed Bank Sold Her that the re-organization has the tentative approval of the commistentative approval of the commis-sioner, it was hinted that the plan is so meritorious that it will not be turned down. turned down. The commissioner has frankly stated since the bank was closed that cash was needed to reopen the institution and that this require-ment has been complied with seems obvious as any other plan would not have been given consideration by Mr. Smith. turned down. **Decision Withheld** by Mr. Smith. Although Commissioner Smith week before he was able to announce Although Commissioner Sinth week before he was able to announce was non-commital today as to the any decision. feasibility of the plan, the confi-dence of those who have prepared Banking Commissioner yesterday the re-organization has given rise were Marshall Van Winkle, counsel to reports that the bank will be for the Steneck Trust Company, reopened before Christmas and that lawyers. Christmas Club funds and a con-Lane, personal counsel for Henry siderable portion of the depositors' Steneck: president of the closed Steneck; president of the closed bank; Robert H. McCarter, Jr., of money will be available. The details of the proposed re-organization have been closely bankers group which outlined the guarded and Commissioner Smith the procedure followed after she purchased a mortgage certificate guaranteed by the Steneck Title &

"No, I could not do that at the present time. The report was sub-mitted to me only yesterday and I have not had time to study it. It was a long report, with intricate statistics and I have not yet had an opportunity of digesting it."

Asked if as a result of his con-ference with representatives of the Steneck stockholders and directors

and the banking representatives who promoted the plan was acceptable, the Commissioner replied that he would not make any comment at this time.

The Banking Commissioner presented a petition to Vice Chancel-lor Buchanan in Trenton last week for a rule to show cause to determine the rights of depositors who had made preferred claims for de-posits. That order is returnable Thursday.

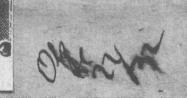
Gets Plan

## Another Steneck Warrant Sought

A warrant will be asked for Re-A warrant will be asked for Re-corder Schlosser today for the ar-rest of George W. Steneck, vice president of the Steneck Title and Mortgage Guarantee Company, of Hoboken, by Counselor Fred Hassener.

The complainants in the case are Johanna and Arthur Bier, of 1305 East Eighteenth street, Brooklyn, who charge that a \$3,000 mortgage, supposed to have been placed on improved property, was placed on unimproved land in Richmond Borough, Staten Island.

Frank H. Smith '



## VARRANT SOUGHT FOR STENECK ON **NEW FRAUD PLEA**

Mortgage Certificates on Vacant Staten Island Tract Representing It as in New Jersey-A warrant for the arrest of Henry Steneck, president of the closed Steneck Trust Company, on a charge of obtaining money under false pretense, was applied for before Recorder Schlosser in the Hoboken police court today by Counselor Robert McAlevy, of Hauser & McAlevy, Hoboken McAlevy filed his application on ered by the certificate was to be in behalf of Mrs. Anna Mohr of Cal-field avenue. Westfield, whom he Attorney McAlevy revealed that the represents, and who charges that the procedure followed after she purchased a mortgage certificate unimproved land. of the blan. Asked by esentative of the Jersey Or whether it wont a die to him to release so Construction of the State Commissioner, the propsed re-org to the under the plan submitted to him yesterday the Commissioner said:

## Ol. Daw (3) **STENECK PLAN TO BE AMENDED AND PRESENTED AGAIN**

Stockholders' and Directors' Committee Do Not **Regard Smith's Objections as Insurmountable** -Another Conference Called for Monday After Changes Are Made.

Optimism as to the ultimate acceptance by Banking Commissioner Frank H. Smith of the plan for the reorganization of the Steneck Trust Company of Hoboken, which he refused yesterday, was expressed today by the bankers' representatives and the proponents of the plan.

The Commissioner, in discussing with the bankers' representatives late yesterday, his letter to them in which he refused to accept the plan as presented and suggested several modifications and changes, invited the committee to straighten out those details which prevented his acceptance and confer with him

again next Monday. Believing that most of the objec-tions are technical and that they can be easily overcome to the sat-isfaction of the Commissioner and his legal staff, the bankers' reprehis legal staff, the bankers' repre-sentatives are now taking up the points involved with Mr. Peer in charge of the Trust Company and Mr. McNichols, who has charge of the Steneck Title Company. The plan as presented involved the formation of a new bank with a capital of \$1,250,000 and surplus of \$750,000, and reorganization of the Steneck Title Company. In principle the commissioner has

In principle the commissioner has agreed with this structure, but suggested certain modifications of the plan. It could not be ascertained today exactly what details he had objected to, but it was reported that they were principally on the ground that he wished to be assured that the new bank would be perfectly sound and justify the confidence of the community.

Under the plan the bankers pre-sented they propose to pay 100 cents on the dollar to every de-positor, ultimately, and of this amount a large part would be paid in cash. Just what percentage was to be paid, was not learned al-though it is said to be about three-fourths. The rest would be paid by fourths. The rest would be paid by participation certificates in legal

Another point of objection to the plan by the Commissioner, it is said,

plan by the Commissioner, it is said, was that he desired to have all the liabilities of the bank known, and would insist on proofs of claims being addvertised for. Marshal Van Winkle, counsel for the Steneck Trust Company made the following statement today: "Commissioner Smith in his let-ter to the bankers stated that he desired certain modifications made in the plan for the reorganization of the Steneck Trust Company sub-mitted by them. After the Com-missioner wrote his letter to the bankers, the bankers conferred and discussed with him these modificadiscussed with him these modifications. The Commissioner has in-structed Mr. Peer, in charge of the Steneck Trust Company and Mr. McNicholas in charge of the Sten-eck Title and Mortgage Company, as well as Judge Brown to confer with the bankers in an endeavor to reach some agreement on these modifications and to appear before him again next Monday for further discussion.

"Under the plan proposed by the bankers it is intended to form a new company to take over the affairs of the Steneck Trust Company. The commissioner states that one of his requirements is that the new bank must know all of the liabilities of the Steneck Trust Company. The knowledge of these is also necessary in the event of liquidation. The commissioner, therefore, has proceeded to advertise for claims as these must be obtained under any circumstances. There-fore, I am able to state that advertising for claims does not in any sense mean that the bank will not be reopened.

"The commissioner and his staff have been very helpful in assisting

## Dis. may 19/32 **Stenecks** Plead 'Not Guilty' To **4 Bank Charges**

President and Vice-President of Closed Hoboken Institution Surrender at Courthouse

### NO DATE FIXED FOR TRIAL, BOTH RELEASED ON BAIL

Surrendering yesterday afternoon at the courthouse, Henry C. Steneck, president, and his brother. George W. Steneck, vice president of the closed Steneck Trust Company, of Hoboken, entered pleas of not guilty to four joint indictments, returned January 12, charging violations of the state banking laws.

Henry Steneck was released in \$25,000 bail, furnished by William Donnelly, who is connected with the office of former Prosecutor John Mil-ton, counsel for both Stenecks. With the approval of Prosecutor John Drewen, Judge Daniel T. O'Regan. before whom the pleas were entered permitted the \$25,000 bail, posted previously for George Steneck on two other indictments, to include the new charges.

No date was fixed by Judge, O'Regan for the trial of the two officials of the Hoboken bank, which was closed last June 27 by State Banking Commissioner Frank H. Smith.

In the four joint indictments against the brothers, they are charged with having reported on January 14, 1930, to Commissioner Smith that the liabilities of the bank totaled \$1,300,000 as of December 31, 1929, whereas the actual liabilities were \$1,525,000 on that date. This was done, according to the indict-ments "with intent to deceive" Commissioner Smith.

Charges Cover Various Angles While four indictments were handed up by the Hudson Grand Jury, investigating the closing of the Hoboken bank, they all pertain to the one report. The true bills are highly technical in their language Four indictments covering the report were voted so as to include various angles that might be advanced in endeavors to quash them. George Steneck had pleaded not guilty December 23 to two indict-

ments charging that on December 18 1929, he had obtained a loan of \$61,-850 without first having reecived approval of the bank's board of direc-tors, and that on the same date he had overdrawn his personal account

bonds.

While it was generally believed that the amount of cash to be paid was generous there was some doubt of the wisdom of such a high percentage of cash payments. The plan for the re-organization

of the Title Company, it is under-stood did not meet with the sanction of the Commissioner because of certain legal technicalities which it is understood can be ironed out to his satisfaction.

When the plan as presented to Mr. Smith was finally adopted by the directors and stockholders' committee, it called for the raising of \$1,500,000 in cash, and over \$1,000,000 of this was raised within twenty-four hours and pledged when the plan was presented to the Commissioner.

Commissioner Smith has expressed himself as anxious to see the bank reopened, as this is very im-portant in his mind, not only for the stockholders, but for the benefit of the community as a whole.

the bankers to develop their plans and conferences are now under way preparatory to the meeting with the commissioner next Monday."

by \$85,527.56.

Bail for George Steneck was fur-nished by his sister-in-law, Mrs. Nicholas Steneck, of Weehawken, who pledged her home as bail. No date has been fixed for trial on these charges. At the time of his arraignment, George Steneck issued a brief statement in which he denied having done anything illero

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## JERSEY OBSERVER, FRIDAY EVENING, JANUARY 29, 1932.

## **BUSINESS MEN TO APPEAL TO MOORE ON STENECK PLAN**

Hoboken Committee to Be Named to Solicit Governor's Help in Bringing About Reopening of Closed Bank-Gathering Hears Lawyer for Group of Depositors and Other Speakers.

In hearty agreement with the sentiment expressed by one of their members that if "Governor A. Harry Moore hasn't the power, he at least has a heart and will do everything possible to aid distressed depositors of the closed Steneck Trust Company," the Hoboken Businessmen's Association ended a two-hour discussion on the situation last night by appointing a committee to interview the Governor and enlist his aid on any plan for reopening of the bank.

Thorough presentation of developments since the bank's closing last June was interrupted time and again as those who attended the meeting in the offices of the C. B. Snyder Company, Inc., in the Fabian Theatre Building, voiced emphatic disapproval of the manner in which Stale Banking Commis-

oner Frank H. Smith has ignored downward trend of the market liquidated collateral which was ficient to cover outs anding notes. beakers at the meeting were helor William Stuhr, who rep-ents a group of the closed insti-

tion's depositors, and Edward Orenge, C. P. A., who analyzed for the Jersey Observer a statement of the trust company's resources and liabilities. Mr. Orenge was available for questions and answered many. Dr. Harold S. Sugarman presided.

Outspoken sentiment throughout the meeting, incidentally, indicated strong favor of the Jersey Observer's stand in the matter and complete disagreement with Commissioner Smith's statement of yesterday in which he made a vicious attack on this newspaper and its publishers for its endeavors to present the situation from day to day. The businessmen indicated entire accord with the Jersey Observer and pledged their support to its efforts, after formally voicing an appreciation of this paper's handling of news regarding the closed bank. Stuhr, as the first speaker, traced developments since closing of the bank on June 27 last to the evolving by private, engaged banking authorities, of a plan submitted to Commissioner Smith for re-opening of the institution. This plan provided for 100 cents on the dollar for every depositor, with about sixty-three cents available upon reopening of the bank and the remainder in certificates issued on the North Bergen notes and other slow assets, with the privilege of burrowing on those certificates. The plan also provided for the opening of a new bank with a capital of \$1,750,000, of which sum \$1,-250,000 was to be in cash and the remainder from depositors or out-siders, many of whom, Stuhr said, have indicated they would want shares in the new institution.

that if this process is permitted the banking commissioner cannot pay out any money to depositors until every mortgage—and there are about \$9,000,000 worth—comes due and is disposed of. Many of these mortgages have years to run, and only about 1,500 are now in default.

The only remedy against liquidation, Stuhr continued, to to take the bank out of the commissioner's hands, and the latter, he said, as late as December 2, said that the only thing holding up his approval of the submitted plan, aside from certain changes which were made at his request, was a desire to con-fer with his successor and arrange details with him. Stuhr, as a re-sult, expressed astonishment at Smith's statement of yesterday that no feasible plan had been submitted.

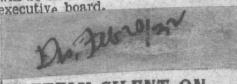
Stuhr pointed out that the local group can aid by conferring with leading bankers and adopting a resolution which might be sent to Mr. Smith and Governor Moore, bringing out that with cash assets of the bank to be sixty per cent. of their total liabilities under the plan for reopening it would be in excellent condition and something tangible in the way of relief for depositors may then be expected.

The open forum which followed was brought to a close finally when erson Trust Company, took the floor and after his assertion that Hudson County bankers have said they would be glad to see any bank re-opened and proffered their aid if needed, formally moved that a committee be appointed to interview Governor Moore and enlist his aid for re-opening of the bank. "You'll be surprised," Lang said with great warmth, "what a change that will make in our city. At least you'll see some smiling faces. And I firmly believe that if Governor Moore hasn't the power, at least he has the heart and he will help Hoboken. I believe this, not merely because he has lent himself so effectively to other things, but he has time and a kind word for every-body."

Mr. Smith just before close of the meeting and after C. B. Snyder, Harold S. Sugarman and Louis Cohen were chosen as the committee to interview Governor Moore. Snyder expressed appreciation of Snyder expressed appreciation of the Jersey Observer's attitude and Sugarman responded that Smith's statement of yesterday cannot be taken into consideration at all, be-cause of its one-sidedness. Sugar-man, earlier in the meeting, had deplored the "passing the buck" at-titude which had marked earlier ef-forts to get from Commissioner Smith some inkling of what he is doing, or what has been done or doing, or what has been done or what portends for the Steneck de-positors, in what manner Hoboken's civic and business life may be re-lieved from the positive depression it is suffering through the bank

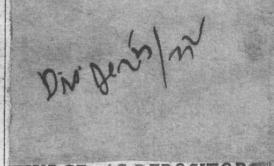
being kept closed. Election of officers also marked the meeting, with Clinton B. Sny-der the unanimous choice for president to succeed Dr. Sugarman. His fellow officers will be as follows: Charles Stern, vice president; Nat J. Dix, vice president; Louis S. Cohen, treasurer; Joseph Eichler, Anancial secretary; Oscar Bennes, recording secretary; Anthony Izzo, Nat J. Dix was chairman of the

Rat J. Dix was chairman of the nominating committee which sub-mitted the subsequently accepted slate. Assisting him were Dave Ohinich, Oscar Bennes, J. E'chler and Nathan Marcus. Sol Lubash will be chairman of the association's executive hoard.



## **M'FEELY SILENT ON** STENECK BANK DATA

Mayor McFeely and the members of the Hoboken City Commission last night refused to discuss their visit to the office of Banking Commissioner Frank H. Smith, in New York, where the status of the closed Steneck Trust Company was discussed yesterday afternoon. It is understood that the mayor and his colleagues are making an effort to and what chances there are to have and what cannces there are to have the bank reopened. Accompaning the mayor and the commissioners was Corporation Attorney Horace Allen



# Chr. Junil 3 STENECK BILLS

## Refuses to Confirm **Published** Story of Indictments.

Prosecutor John F. Drewen refused to discuss today the published report that Henry Steneck, president of the closed Steneck Bank of Hoboken, was indicted by the Hudson County grand jury on Friday in connection with the bank's affairs.

While admitting that he had read published reports to that effect, he declared he had no idea from where such reports emanated.

"Is there any truth to the report that indictments were voted by the grand jury in the Steneck case on Friday?" he was asked.

"I cannot discuss that matter," he replied.

He admitted that the grand jury had deliberated for several hours, but he was not prepared to say whether as the result of such de-liberations indictments would be handed into court tomorrow.

George Steneck, vice president of the bank and brother of Henry, was indicted by the Grand Jury three weeks ago on charges of violating the State banking laws. When the indictments were handed into court they were sealed and their contents were not revealed until the vice president was surrendered to the court by his counsel and pleaded not guilty. He was released in \$25,000 ail to await trial.

At that time it was rumored that more indictments would be voted by the Grand Jury which was sched-uled to hear further testimony in connection with the bank's affairs. Harry Braverman, Newark accountant, was summoned again Friday and was in the jury room for the

better part of two hours. It is understood that the testi-mony revolved around the actions of Henry Steneck, and his brother, George, president and vice presi-dent of the bank, respectively, but whether indictments were voted or not, was not revealed. Four other persons were believed to have been named in the testimony, but their hey

## JUDGE, AS DEPOSITOR, WON'T ACCEPT PLEAS

Although Henry C. Steneck and his brother, George W. Steneck, president and vice-president of the Steneck Trust Company of Hoboken were in court yesterday prepared to enter pleas to a new indictment of conspiracy to defraud the Hoboken bank, Judge Charles M. Egan declined to accept the pleas on the ground that he was a depositor in the bank, which was closed June

27. 1931. The Steneck brothers were ready to plead not guilty to the indictment, which was handed to Judge Robert V. Kinkead late Tuesday. It. was arranged that they are to plead to the charge on Wednesday before Judge Kinkead, John G. Flanigan, their counsel, accompanied the Stenecks to court.

indictment is not ex were minor officials of the bank.

Members of the jury have been cautioned not to discuss the deliberations of the body in connection with the Steneck case and while various rumors are in circulation, no authentic information was available as to whether a vote was taken Friday.

The Grand Jury will appear in court tomorrow for the presenta-tion of any true bills that may have been voted in connection with the Steneck and other cases which have been heard by the body. The jury is expected to be in session, however, before going into court and may at any time take a vote on the indictments said to be pending in the Steneck case.

## SMITH, THE OBSERVER AND THE STENECK BANK.

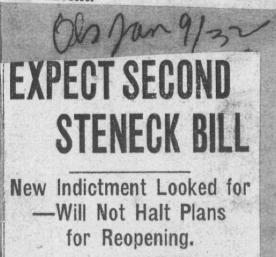
it has printed regarding the tying up of the that is a personal matter and too trivial a one funds of some 30,000 depositors who have now to be brought into the more important conwaited over seven months for some word as to sideration of when the 30,000 depositors of

Commissioner Smith's statement comes on the heels of an appeal by the City Commissioners of Hoboken to Governor Moore that an investigation be made into the administration of the affairs of the Steneck bank since it was closed on June 26 last. Commissioner Smith's term expires in a few days and William H. Kelly, of East Orange, has been named to succeed him. These circumstances may or may not have influenced Commissioner Smith to issue his statement today. Be that as it may, the statement calls for more clarification, and this an investigation would supply.

Commissioner Smith finds fault with the balance sheet recently published by the Jersey Observer and prepared by a certified public accountant. He charges that the Jersey Observer left it to be inferred that the balance sheet was obtained from his deputy, whereas the figures were supplied by a "traitorous" clerk in his employ. He asserts that these are "book figures only" and do not represent present values. There is a difference of opinion here, as there has been in other matters connected with the closed bank. An investigation would help clear that up.

It is noteworthy that of the original total assets of \$18,753,000 about 25 per cent, according to the statement, "have been liquidated." The exact amount was \$4,705,000, and this, Smith admits, entailed a loss of \$1,-094,441.58. The question that arises here is why this liquidation, which presumably was the sale of securities, was undertaken at this time. What urgent need, if any, was there for the conversion of these securities into cash? This is something that the depositors have a right to know. It is to be regretted that Commissioner Smith did not go into greater detail regarding this transaction. There is also to be noted the fact that he does not deny the report that until the first of the present year some of the fiscal experts he brought in to take charge of the bank's affairs were paid at the rate of \$40 a day, and that others were employed at proportionately high rates of pay. He does state, however, that the costs of liquidation so far total \$66,614.17.

Finally, we must take issue with the Commissioner when he charges that Jersey Observer stories "have been broadcast without attempt-A lengthy statement issued today in con- ing to confirm them with myself or my nection with the closed Steneck Trust Com- deputies." On the contrary, in every instance pany by Commissioner of Banking and Insur- where such stories were published effort was ance Frank H. Smith has as its main highlight made to consult the Commissioner or one of an attack on the Jersey Observer for the stories his deputies in advance of publication. But when they might expect to have their savings the Steneck Trust may look for relief, and to what extent.



Further investigation into the affairs of the Steneck Trust Company of Hoboken was made by the Hudson County Grand Jury yesterday, when Harry Braverman, Newark accountant, who has made an examination of the bank records for Prosecutor John Drewen, was summoned again to give testimony.

Mr. Braverman was in the Grand Jury room for the greater part of the afternoon, and while the nature of his testimony was not divulged it is understood that it had to do with the action of an officer of the company.

Three weeks ago the Grand Jury handed into court two indictments against George Steneck, vice president of the bank, on charges of vio-lating the State banking laws. The defendant later surrendered in court and pleaded not guilty. He was released in \$25,000 pending trial.

The indictments followed the ap-pearance before the Grand Jury of Accountant Braverman, and while nothing could be learned of what action was taken by the jury yes-terday, it is believed that another true bill will be handed into court next Tuesday.

Criminal prosecutions in connec-tion with the failure of the bank were started after Banking Commissioner Frank Smith turned over to the prosecutor certain records which he believed should be investi-

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## Brothers Give Bond Upon **Charges Growing Out** of Bank Failure.

Henry C. Steneck, president of the closed Steneck Trust Company of Hoboken, and his brother, George W., vice president of the institution, appeared before Judge Daniel T. O'Regan in the Court House at 2:10 o'clock yesterday afternoon and entered formal pleas of not guilty to the four joint indictment charging them with violations of the State banking laws in connection with the Hoboken bank.

They were accompanied in Court by former Prosecutor John Milton, and the Court set bail on President Steneck at \$25,000 which was fur-nished by William Donnelly, of Mr. Milton's office.

The bail of \$25,000 fixed in the case of George Steneck on other indictments against him in connection with the bank's affairs, covers the new indictments against him, and Prosecutor John Drewen did not re-quest further bail in his case. No date was set for the trial. Before going into court the benk-

ers and their counsel conferred with Mr. Drewen for a few minutes. Mr. Drewen did not read the indictments in court, merely referring to them and explaining their nature. The defendants are charged with making false returns of the condi-tion of the bank as of December 31, 1929, and filing false returns with the State Banking Commissioner "with intent to deceive"

Neither had any statement to make, and as soon as the bail bond had been arranged, they left the Court House with their counsel.

The indictments were returned last Tuesday by the Grand Jury, which heard testimony in the case

gated to determine whether crim-inal acts had been committed.

Plans for the reopening of the bank have been submitted to the Banking Commissioner. Because of some technical objections to the plans they were turned back to the sponsors. The modified plans were to have been submitted to Smith this week, but he declared yester-day that he had not yet received them.

It was indicated last week that Commissioner Smith would approve the plans in their final form when submitted.

Criminal prosecution, it is said, will not interfere with the reorganization and reopening of the bank.

the previous Friday. On Friday of last week. State Banking Commissioner Smith was summoned before the Grand Jury and quizzed about the administration of the bank since he had been in control since June 29, last year.

It is understood that the Grand Jury will make further investigation into the bank's affairs this week.

Plans for the re-organization of the Steneck Trust Company, details of which have been completed, but not finally passed upon, are still awaiting the approval of the bank-ing commissioner. Indictments of the two bankers was considered a severe blow at the re-organization plans, but sponsors of the re-organi-zation declare that it will have no bearing on the plan and will in no way be detrimental to their being carried into effect, once the com-ioner gives his approval.

## ANALYSIS OF STENECK STATEMENT

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### EDWARD ORENGE

MEMBER AMERICAN INSTITUTE OF ACCOUNTANTS AMERICAN SOCIETY OF C.P.A's.

January 22, 1932.

Jersey Observer, Editor:

Pursuant to your request, I have examined the statement of Steneck Trust Company. (in liquidation) which you have printed on the first page of today's "Jersey Observer," with the view of reconstructing the statement so as to be more understandable to the average reader.

I hand you herewith said statement showing the financial condition of the Steneck Trust Company (in liquidation) as of January 12, 1932. It is to be strictly understood that the statement has been prepared from figures submitted to me, without verification made and without an inspection of any of the Company records.

Both Messrs Furman and Peer refused to comment on figures published, declaring that these statements were not made by them and that any information relative thereto would have to come from Commissioner Smith of the State Department of Banking and Insurance.

Assuming that the figures as shown in the attached

statement are correct, a summary shows total

resources of			\$17	,169,509.34
While the total	liabilities amount	to	16	,173,523.57

It is further understood, of course, that the values of the various resources shown represent book values and not liquidating values.

> Very truly yours, Edward Orenge.

Steneck Trust Company (in Liquidation), Hoboken, N. J. Financial Statement as of January 12, 1932

(Prepared from Figures Submitted, Without Verification or Access to Company Books or Records)

#### RESOURCES

ILLOU ULCES	
Cash in hand, on deposit and in transit, etc. (see Schedule 1). Due from foreign Banks Stocks and Bonds Bond and Mortgages: Against which Participation Mortgage Cer-	23,792.18 1,216,835 12
tificates have been issued\$6,383,265.00 No Participating Certificates issued\$41,000.00 Suspense Items—unexplained19,870.47	6,444,135.47
Loans and Discounts: To Cities	0, <del>111</del> ,135.47
Banking Houses Other Real Estate Other Assets (see Schedule 2)	5,846,656.66 382,850.00 147,000.00 1,657.67
Total Resources	\$17,169,509.31

	and the second second second
Schedule No. 1 Showing C Cash-unexplained, but evidently cash on hand	<b>Cash Items</b> \$298.43
Cash Itemsunexplained (perhaps items in transit)	11,669.94
Cash on Deposit:	Detter
Trust Co. of N. J. Liquidation Account	and the second
Account	a dit a
Trust Co. of N. J. Expense Account	
Account	A THE AND A ST
Trust Co 501,288.00	the state of the s
Merchants Trust Co 143,988 85	a the second second
Total on deposit	\$3,094,613.87

Total Cash in Hand, on Deposit, etc .....\$3,106 582.24

Schedule No. 2

OTHER ASSETS:	\$180.15	
Overdrafts		
Due and Not Collected	1.030.27	
Due and Hot conceled I in I cana	379.50	
Advance Payments Mortgage Loans	019.00	
Unexplained	67.75	
Onexplained		\$1,657.67

#### Schedule No. 3 Showing Items Included in "Due to Depositors"

Demand Deposits	2,229,936.28
*Certificates of Deposit	58,559.64
Payment Account	8,406.97
Secretary's Checks.	15,745.12
Certified Checks	1,272.33
Time Deposits	6,873,128.55
*Certificates of Deposit	20,373.89
Holiday Present Club-1930	49.25
Holiday Present Club1931	156,200.96
Vacation Club-1931	1,129.50
Vacation Club-1932	4,328.75
Thrift Estate Plan	41,115 84
Mortgage Certificate Club	4,412.00
Live Accounts	255,315.43
Special Account-Expense.	5,012.84
Deposit Letter of Credit	2,300.00
Drafts Sold American Express Co	100.16
Unpaid Irving Trust Drafts	1,050.00

Total Amount Included in "Due to Depositors".....\$9,678,437.51 \* This account is shown in two items on statement.

## STENECK STOCKHOLDER WANTS TO KNOW

Editor Jersey Observer: After looking over the statement of the Steneck Trust Company as of January 12, 1932, as printed in ye3terday's Jersey Observer, I should like to know, as a stockholder, whom I can hold for the loss I have incurred by the closing of the Steneck Trust Company? It seems to me that the condition

It seems to me that the condition of the bank last June was better than it is today, because stocks and bonds were sold in a falling market which cost the stockholders a mil-lion dollars. Yet in your issue yesterday the statement still shows that the bank is solvent and able to pay its depositors. Furthermore, I still cannot under-stand why these stocks and bonds of the Steneck Trust Company were sold when there was plenty of cash on hand to take care of running expenses, and apparently no imme-date intention of giving the depositors any of the moneys then on hand or that has been realized from the sale of stocks and bonds in a falling market. Must the stockholders suffer for this. Isn't somebody responsible for our losses?

I think the Jersey Observer, whose readers probably number the full thirty thousand depositors of the Steneck Trust Company, should look into this matter and turn on the light of publicity.

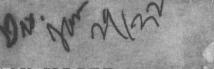
into this matter and turn on the light of publicity. The closing of this bank not only lost money for the stockholders, but tied up the depositors' money and ruined business for the merchants.

The Jersey Observer, I know, will be glad to be the people's defender. I would appreciate if you would look into this matter. S. LIEBERMAN.

### LIABILITIES AND CAPITAL

Due to Depositors, etc, etc. (see Schedule	3) \$9.678.437.51
Guaranteed Mortgages oustanding	26.000.00
Participating Certificates issued against B	lond
and Mortgages (see contra)	6.373.160.00
Interest received re Mortgages (unexplai	ned.
but evidently interest collected for cer	
cate holders)	
Unexecuted foreign items	30,925.37

> It further appears that the above statement does not take into consideration the equity of the Company in the assets of the Steneck Title Mortgage & Guaranty Company.



## ASK MOORE HELF REOPEN STENECK TRUST

The Hoboken Business Men's Association, meeting last night. in the office of C. B. Snyder, real estate operator, voted to petition Governor A. Harry Moore to use his influence in effecting an early reopening of the closed "Steneck Trust Company of that city.

Harold R. Sugarman, president of the club, was authorized to appoint a committee of business men to meet with the Governor to discuss the prospects of an early reopening of the bank.

Among the speakers at the meeting last night were Counselor William Stuhr and Fred Lange, treasurer of the Jefferson Trust Company.

# Opinjun 12 SINGLE ACTIO

Alleged False Report on **Condition Made to State Department Is Basis of Four Joint Indictments Against Brothers—May** Plead Tomorrow.

The four joint indictments against the Steneck brothers, Henry and George, president and vice president, respectively, of the closed Steneck Trust Company of Hoboken, handed into court yesterday to Judge Charles M. Egan charge that they made, exhibited, delivered and filed a false report of the bank's condition for the year 1929 with intent to deceive the Commissioner of Banking and Insurance.

It is charged in the four indictments that the report for the year ending December 31, 1929, filed with Banking Commissioner Frank H. Smith on January 14, 1930 by the two defendants listed the item "liabilities for bills payable and rediscounts" at \$1,300,000 when "they well knew" that the liabilities under

that item were \$1,525,000. All of the indictments revolve around the same charge, that of making the false report in regard to that item, but while the first indictment charges that of indictment charges making the false report, the second charges filing a false report to deceive the commisfalse report to deceive the commis-sioner; the third exhibiting a false report to decieve the commissioner and the fourth delivering a false report to deceive the commissioner. Presumably Prosecutor John F. Drewn, in preparing the indictments

drew them up so that if technical objection was made at the trial to one of the indictments, some of the other three would hold water. It was shortly after 3 o'clock yes-

terday afternoon when the grand

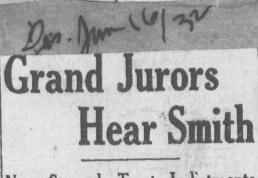
the Steneck Trust Company by the Grand Jury is not completed and it is expected that the inquest will resume its deliberations on other phases of the bank's condition at Friday's session. According to the indictments, the alleged violations of the banking

laws were committed on January 14, 1930, when the reports were deliv-ered at the banking commissioner's office in Trenton for filing. The statute of limitations would have rendered an indictment abortive if it had not been voted and handed into court before tomorrow.

It was for this reason that the in-dictments against George Steneck were returned last month, as his alleged acts in connection with his loans and personal account took place just two years to a day of the date the indictments were turned over to the court. It is understood that several other

alleged acts in violation of the State Banking Laws are being in-vestigated by Harry C. Braverman, Newark accountant, who was retained by Mr. Drewen to make an investigation of the bank's affairs, after alleged violations were called to his attention by Banking Com-missioner Smith. Braverman will be summoned before the Grand Jury again Friday to give further

testimony. When the Steneck Bank was closed by the State Commissioner on June 29 last year its *āeposits* were listed as \$10,000,000 with over 30,000 depositors. Plans have been formed for the reorganization of the bank, but have not yet received the complete approval of the Bank-ing Commissioner. Those sponsor-ing the reorganization are confident that the indictments against the two officials will not interfere with the plans.



New Steneck Trust Indictments Expected

Additional indictments in the Steneck Trust Company case are expected as the result of the appearance yesterday afternoon of State Banking and Issurance Com-missioner Frank H. Smith and Examiner Theodore Furman before the Hudson Grand Jury.

Commissioner Smith was before the Grand Jury for a half hour. Prosecutor John Drewen handled the matter, and after Smith left the closeted Grand Jury room, ne with Drewen in the latter's office. Neither Smith nor Drewen would discuss the former's testimony before the inquisitorial body. It was reported, however, that Commissioner Smith had been questioned regarding his supervision of the closed Hoboken bank since he took it over last June. It was said that Commissioner Smith denied the report that it had cost the bank \$1,000,000 for expenses since that time.

According to the indictments, the Stenecks had failed to report liabilities of \$225,000 in making their report January 14, 1930, to Commissioner Smith regarding the condition of the bank as of December 31, 1929.

The Steneck Trust Company, it was stated, reported liabilities of \$1,300,-



#### FRANK H. SMITH

000, whereas, the actual total was \$1,525,000.

Henry and George Steneck will appear Monday morning with their counsel, former Prosecutor John Milton, who will apply for bail for his clients. They will enter pleas of not guilty, it was said.

George previously was indicted on two charges of violating the state banking laws. He pleaded not guilty to the indictments, and was released in \$25,000 bail last December 23. The bail was furnished by his sister-inlaw, Mrs. Nicholas Steneck, of Weehawken.

Whether any new indictments were voted yesterday afternoon. when the Grand Jury continued its investigation of affairs of the closed Hoboken bank will not be known until next Tuesday, when the jurors go before one of the Common Pleas Court jurists.



Henry Steneck, president of the closed Steneck Trust Company of Hoboken, and his brother, orge, vice president of the comp will be arraigned in court this

jury filed into court and handed Mirty-one indictments to the judge, four of which were against the Steneck brothers jointly. The defendants will probably ap-

pear in court tomorrow to plead, and bail will be set by the court.

George Steneck had already been indicted on two separate counts last month on violations of the State Banking Act, regarding overdrawing of his personal account to the extent of \$85,527.66, and obtaining a loan of \$61,850 without the consent of 'the board of directors. He was re-leased on bail, which was set at the time at \$25,000.

The indictments when handed into court last month against George were sealed, and their contents not revealed until he was surrendered by his attorney, former Vice Chancellor Merritt Lane. No such secrecy was observed yesterday, the indictments being made public as soon as they were turned over to the court.

#### Plead Monday

It was learned yesterday afternoon that Henry C. Steneck, president, and his brother, George W. Steneck, vice president, of the closed banking institution, will enter pleas next Monday morning to the four joint indictments returned against them last Tuesday. The indictments charge both officers with having submitted a false statement of the bank's condition to Smith.

at 2 o'clock and enter formal pleas of not guilty to the four joint indictments charging them with high misdemeanors in connection with the affairs of the bank.

The indictments returned by the Grand Jury a week ago charge that the bankers submitted false statements in filing the report of the bank with the State Banking Commissioner on January 14, 1930, con-cerning the condition of the bank

as of December 31, 1929. It was charged that they had failed to report \$225,000 in addi-tional liabilities with "intent to deceive" the commissioner. They will be surrendered this afternoon by their counsel, former Prosecutor John Milton, who will accompany them.

George Steneck is at liberty on a \$25,000 bond in connection with two previous indictments involving af-fairs of the bank.

## **Expert Finds Steneck Surplus Even Greater**

Accountant Reports to Jersey Observer That Favorable Balance Is Nearly a Million Instead of \$600,000-Examiners Refuse Comment in Absence of Commissioner Smith.

The condition of the Steneck Trust Company of Hoboken is apparently even better than that indicated in the statement published in the Jersey Observer yesterday, according to an analysis of the statement made by Edward Orenge, C. P. A., today.

Instead of a balance of some \$600,-000, representing capital, surplus and undivided profits as announced by the Jersey Observer yesterday, the balance is nearly \$1,000,000, after taking into consideration losses sustained, totalling \$1,094,441.58, in connection with the sale of securities.

In order that the examiner's statement could be properly sent to Trenton, could be properly analyzed, the Jersey Observer re-tained Mr. Orenge to consult with the bank examiners, but both Messrs. Furman and Peer, the ex-aminers in charge, refused to com-ment on the figures.

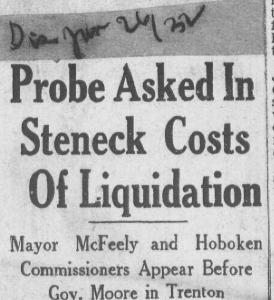
They declared that the statement had not been made by them and that the information would have to come from Banking Commissioner Smith. Mr. Smith is on vacation in Maine. Therefore the analysis of the statement was made without reference to the books of records of the company.

Assuming that the figures in the

statement are correct, Mr. Orenge says a summary shows total resources of \$17,169,509.34, while the total liabilities amount to \$16,173,-523.27, which leaves a balance rcpresenting capital, surplus and un-divided profits of \$995,985.77 In addition to this the committee

sponsering plans for the re-organi-zation of the bank has agreed to provide \$1,250,000 additional cash, so that on re-opening the bank would be in a strong financial position.

Although Examiners Peer and Furman denied that the statement that appeared in the .ersey Observer had been made up by them, in other quarters they claimed that the statement had been removed from the bank without authority, and that it was only a trial balance, and predicated on book values as f January 12 and not liquidation value.



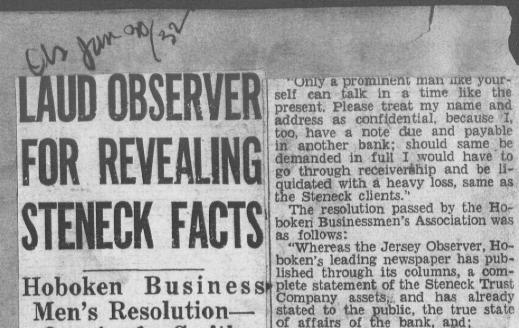
## REFERRED TO BANKING DEPT. KELLY TO ACT NEXT MONTH

Special to the Hudson Dispatch.

TRENTON, Jan. 25,-Investigation of liquidation expenses of the closed Steneck Trust Company was asked by Mayor Bernard N. McFeely of Hoboken, at a conference with Governor Moore tonight.

The mayor was accompanied by Commissioners Gilfert, Kearins, Clark and Carsten, and Corporation Counsel Horace Allen. They asked the governor for his aid in determining how the stockholders' money is being spent to learn if it is being dissipated by salary expenditures to a large staff. of clerks and by counsel fees.

The governor told them that such a matter rested with the Banking and Insurance Department. It is understood, however, that when William H. Kelly becomes banking commissioner next month, as successor to Frank H. Smith, one of his first official acts will be a study of the Steneck case. The City of Hoboken was one o biggest Steneck depositors, and has large funds tied up by the closing. A bill introduced in the Assembly tonight by Majority Leader Elmer E. Brown and passed under suspension of rules, is expected to be of aid to the city. The bill, which now needs Senate approval, provides that municipalities can pledge any bonds in their sinking funds as collateral for loans. At present only government and Liberty Loan bonds may be so pledged.



Queries for Smith.

Supporting the stand the Jersey Observer has taken in connection with the Steneck Trust Company of Hoboken, the Hoboken Business-men's Association passed a resolu-tion commending this newspaper for its attitude and policy in pub-lishing all facts in connection with the bank's affairs.

At the same time a reader of the Jersey Observer has addressed a communication, attacking Commis-sioner Smith for failing to reveal who "directors and relatives" of other directors. other directors were who withdrew funds from the bank before it closed.

Other pertinent questions are asked the Commissioner by this reader, whose letter is as follows:

"Editor, Jersey Observer: "I was pleased to learn through the columns of your valuable paper that you started Commissioner Smith talking and now after he has been in possession of the bank for more than seve nmonths, perhaps the 30,000 or more depositors, most of whom are in need of cash and suffering for the want of their de-posits, will hear some news as to where they stand. It's too bad that Mr. Smith did not give out any information before this time and only acted after he was informed that Governor Moore had instructed his new banking commissioner, Mr. Kelly, to make a thorough investigation of the Steneck Trust Com-pany as his first official act. Com-missioner Smith than decided to give out the information about withdrawal of funds and the condi-

tion of the bank. "Mr. Smith goes on to say that directors and relatives of other directors also drew out large funds and that he then decided to close the bank. If it was the right and proper thing for Mr. Smith to broad-cast that the Jersey Observer drew out a farge sum of money, and tried to connect this withdrawal with a

"I am now convinced that a so-called group of bankers were out to 'get' Henry Steneck and they, who have since expressed a great deal of regret for having done so, would be glad now to help out, if another oposition like e this presented itself, for after having their own banks checked up, they found them-selves sitting not altogether too safe, but were allowed to keep open, so as not to create a panic. "Recently, a friend of mine criticised a prominent banker in con-nection with the closing of the Steneck Trust Company, and sure enough, this same man had a note due in another bank a few weeks later and it was called for payment in full. "If the assets of any other bank were liquidated in a market like the present would the depositors be assured that they would be paid 100 cents on the dollar?. Why go ahead and liquidate the assets of the Steneck Trust Company and expect the impossible. Are the Steneck monies deposited in other banks bonded as a protection to an army of depositors who have suffered enough up to this time?

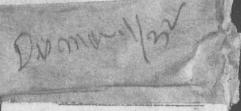
"Only a prominent man like your-self can talk in a time like the present. Please treat my name and address as confidential, because I, too, have a note due and payable in another bank; should same be demanded in full I would have to go through receivership and be li-quidated with a heavy loss, same as the Steneck clients."

The resolution passed by the Ho-boken Businessmen's Association was as follows:

Company assets, and has already stated to the public, the true state of affairs of the bank, and;

"Whereas, severe criticism was scored by the Commissioner of Banking and Insurance, Frank Smith, as to the facts published, and tending to discredit the newspaper in the eyes of its subscribers and general public;

"Now the Hoboken Businessmen's Association wishes to commend the Jersey Observer on the stand they have taken in the Steneck Trust Company matters, and further wishes to give the Jersey Observer its whole-hearted support in continuing its unselfish efforts of pub-lishing all facts concerning the Steneck affairs, so that the public may have the true status of the affairs of the bank, which will bring relief to depositors, and help bring the unsettled affairs to a speedy conclusion."



## SCHWARZ UNDER BAI AS STENECK WITNE

Upon application of Prosecu John Drewen, Judge Robert V. K yesterday ordered Char kead Schwarz, assistant treasurer of closed Steneck Trust Company. Hoboken, held in \$5,000 bail as a m terial witness in the case of Henry C. Steneck, president, and his brother, George W. Steneck, vice president, of the Hoboken bank.

Both Stenecks are under indictment on charges involving violatic of the state banking laws growing out of the closing of the bank la June 27 by State Banking Commi sioner Frank H. Smith.

Prosecutor Drewen asserted he desirous of havin Schwarz on har when the Stenecks go on trial as regards him as an important wi ness. He did not indicate, howeve when the trial will start. Both St necks are at liberty under \$25,00 bail each. Bail for Schwarz w posted yesterday afternoon by th American Surety Co., of New York.



State Banking Commissioner iam II. Kelly yesterday appointe J. Henry Camby, Hoboken lawyer, a counsel, and Assemblyman Fran Eucino of Hoboken, as custodian properties of the Steneck Title an Mortgage Guarantee Co. of Hobeken.

Camby, who resides in Orange and is chairman of the Democratic City Committee there, will succeed Pierce Franklin. Franklin, counsel since the Fanking department took over the company in June, 1931, has applied for \$16,000 in fees. Bucino sacdeeds John J. Riley as custodian.

## SMITH LIFTS VEIL **ON SOME SECRETS OF STENECK CASE**

Failing in Effort to Censor Jersey Observer's News. State Banking Commissioner Launches Attack on Newspaper and Its Publishers-His Statement and the Facts Set Forth.

Apparently irritated by the practice of the Jersey Observer in publishing news and facts even though official censorship might be attempted, Frank H. Smith, State Commissioner of Banking and Insurance, today lifted the veil of secrecy with which he has shrouded his activities in connection with the liquidation of the closed Steneck Trust Company in Hoboken in order to issue a public statement viciously attacking this newspaper and its publishers.

**QUERIES SMITH** SHOULD ANSWER Jersey Observer Unable to Locate Official and Obtain Replies.

While Frnak H. Smith, New Jersey State Commissioner of Banking and Insurance, was charging the Jersey Observer today with giving out false information about the Steneck Trust Company, of Hoboken, which his department has in

Hoboken institution, has continufacts about the bank, its liquidation or his activities with the result that who Mr. Smith, apparently, does not

Jersey Observer's hundreds of employes' wages and not to save its owners from personal loss. Mr. Smith knew that to be a fact because, Mr. Fred Seide, these reports, but as usual "he was in conference and would not be available until late this afternoon." group and their failure to indicate banking department. It is my opin-Some of the questions which the group and their failure to indicate banking department. It is my opin-Jersey Observer would like to have to relieve the situation the made ion that only by replacing with cash vice president of the Jersey Publishing Company, and his wife made no effort to withdraw any part of over \$50,000 which they had in their personal accounts in this bank at the time of clos-Mr. Smith answer are the follow- Hudson County bankers very prop- assets, which in this case amounts "Is it true that you authorized to large figures, can a reorganizaerly refused their aid. "In view of this situation, togeth- tion of this institution be effected. ing. the sale of securities in what econoer with the information I had re-ceived that, since the previous entire liability upon demand or meeting in my office, large amounts were being withdrawn from the in-ctitution by whether word relative to the exmists call a panic market, resulting Mr. Smith goes on: "The balance sheet referred to in a loss of more than a million was, by inference on the part of the newspaper, obtained from my deputy, whereas the fact is that a dollars of the assets of the Steneck pense so far incurred in connection stitution by relatives of directors, I Bank? "What salaries were you paying individual employes at the closed ordered the closing. with liquidation. Contrary to figures published in the Jersey Obtraitorous clerk in my employ, who bank up to January 1, last? "Is it true that North Bergen bonds which you arbitrarily valued server, a Hoboken newspaper, the had been retained with several liquidation expense to date, Janu-ary 26, 1932, is \$66,014.17, while off-setting the same is income collected others of the bank's former personnel, did, without authority and without knowedge of my deputies, at 25 per cent. under par value were of \$466,326.21. Thus, none of the liquidated assets have been conobtain figures from the books, copies of which have appeared in the columns of the 'Jersey Oblater given a full 100 per cent. on the dollar value by the State Legissumed by expenses, but on the conlature? trary, about \$400,000 has been added "Have you any idea as to the server.' thereto. Moreover, the salaries of amount of counsel fees which are chargeable up to date in connec-tion with the liquidation?" the present employed personnel is h or rege only about 47 per cent. of that paid under the deposed management."

Mr. Smith starts off his statement, which he issued to all of the newspapers and press associations of the State, by saying: "So many false, misleading and

malicious statements are being pub-lished in the Jersey Observer of Hoboken, relative to the Steneck Trust Company, that it seems to me to be wise at this time to make a statement of facts pertaining to the affairs of that institution.

"As a result of an examination commenced on May 25, 1931, of the Steneck Trust Company, Hoboken, a report of which showed a serious condition existed that had been brought to the attention of the directors by the examiner, I called a meeting of that board at my New York office for further consideration

divided into two groups, one to be a 'first mortgage issue,' for about half of the total amount and the other process of liquidation, today, the Jersey Observer could not locate him for questioning as to ascertain mat-ters of public import in regard to through losses, mainly in low grade common stocks and in certain loans. institution.' Editor's Note — The above In addition, it was apparent that half to be a 'debenture issue,' which the institution's cash funds to meet were to be provided for out of funds depositors' demands had been re-duced to an alarmingly small per-centage. With this picture before "In short the plan provided for a me I called upon the directors to statement discloses Mr. Smith's Observer for its refusal to per-mit censoring of its news colthe closed institution. Mr. Smith, since the closing of the duced to an alarmingly small per-centage. With this picture before me I called upon the directors to pay in to the institution, in cash, \$1,000,000 to partly make good the losses and to supply added liquid funds for the safe continuance of its business. No assurance was given that my requirements would be met. ously refused to make known any ums. The statement that the Jersey Observer withdrew \$100,-000 from its deposit in the Stenmany rumors and reports are con-tinuously making the rounds of the city and the bank's 30,000 depositors neck Trust when it learned that that institution was considered unsafe by Mr. Smith is true, but Mr. Smith fails to note that that action was taken to protect the who Mr. Smith, apparently, does not its busiless. The meeting was believe entitled to any information. The Jersey Observer, learning of certain of these reports current in the city and desiring to be fair to Mr. Smith, today wanted to submit certain questions to him based on hope that some assistance would be hope that some assistance would be hope that some assistance would be than could be met. to accept instruments other that cash for a large proportion of their claims and to defer withdrawing the remainder except at stipulated inter-remainder except at stipulated inter-vals. The initial cash payment thereby would be considerably less thereby would be made through the

since the date of closing, the orderly liquidation of its affairs has been repeatedly retarded by various court orders obtained by directors and by investigators on their behalf, whose efforts were aimed, it appears, at an attempt to dispute the pears, at an attempt to dispute the findings of my examiners, all of which, so far, has been in vain. Other obstacles tending to retard the work of liquidation have been met by lending assistance and co-operating in numerous ways with reorganization efforts, prosecutor's and U.S. Department of Justice in-vestigations as well as the postvestigations, as well as the post-ponement, from time to time, of my petition to Chancery Court for in-structions as to certain large and confused liability items.

confused liability items. "In the course of liquidation to date, but one so-called plan of re-organization has been presented which not only I have studied, but which has been referred to my staff and other capable bankers, all of whom agreed the proposal did not provide sufficient assurance that the re-organization could be safely un-dertaken. The plan in the main dertaken. The plan, in the main, provided for the chartering of a new institution to take over certain of the assets and to undertake through trusteeship, to liquidate for the benefit of creditors large blocks of for attack on the Jersey Observer and it publishers, with the following the benefit of creditors large blocks it publishers, with the following of frozen and bad assets. Under this arrangement, the depositors and creditors were to be called upon to accept about 50 per cent of their claims in liquidation certificates to be retired if and when the assets its reorganization. These articles counter the same were realized have been been accept without of

ticipation certificates which are outstanding to a large amount. Consents were to be obtained, but were not on hand, of such certificate of the situation with them and to learn what steps, if any, were being taken to correct the condition. "From the examination sum-mary it was indicated that the en-tire capital had been consumed through losses mainly in low condition and, of such certificate holders to accept the obligations of the affiliated title company, to whom the underlying mortgages were to be transferred. In this case, too, the certificates were to be divided into two groups, one to be a

Editor's Note.—In this regard, Mr. Smith fails to note that the Jersey Observer, less than a week ago, gave the exact cost of liquidation up to that time; \$62,000. We points to present costs of operating the bank in liquidation amounting to 47 per cent of operating costs while the bank was under its old manage-ment, but he fails to note that the bank was doing business with the public, nor does he say what percentage comparison there was before January 1, last, at which time he is reported to have cut costs considerably by reducting salaries. He also fails to answer previous charges that individual employes were being individual employes were being paid as high as \$40 a day by him. Neither does he say any-thing about a reported million dollar loss in the sale by him of counties of the closed bank of securities of the closed bank, nor does he include in his liquidation expense account, the big counsel fees which are still to be paid from the assets of the bank in connection with the liquidation.

be retired if and when the assets its reorganization. These articles securing the same were realized upon. The remaining 50 per cent was to be paid in four installments covering a period of one year. "It was proposed to obtain written consent from depositors to carry out this plan but no assurance was given that such consent would be forthcoming. And in the event of a large proportion not agreeing to falsely present the bank's condition. forthcoming. And in the event of a large proportion not agreeing to the plan, no provision was made to pay off this group, which, of course, was absolutely essential. "Similarly, it was proposed to treat the liability of mortgage par-ticipation certificates which are outthe Trust Company suspended the Jersey Publishing Company, pub-lishers of the 'Observer,' withdrew fro mthe bank \$100,000, thereby further depleting the bank's badly impaired cash reserves. At this same time a large deposit, over \$600,000, was made by a certain municipality by transferring the same from another local and solvent

since this balance sneet has become public property, I feel that its contents should be fully explained. The assets (other than 'Cash' and 'Due from Banks', amounting to \$3,094,912.30) are book figures only and the various accounts shown therein are still to be liquidated. The values are those which were carried by the bank before its closing, and in a liquidation no adjust-ment of such values is made until, through sae or compromise or jurgments obtained, the truc values are determined.

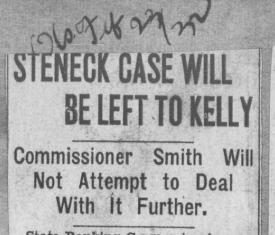
"As an indication of the general character of its assets, it should be noted that of the original total assets of \$18,753,000 only \$4,705,000, or 25 per cent, have been liquidated during the seven months period of my possession, entailing a loss, thereby, of \$1.091,441.58. This is a fair example of its frozen condition and the inflated value at which its assets were being carried. With such a small portion of the assets actually liquidated. resulting in a loss of over a million dollars, thereby reducing the former capital and surplus from \$1,609,000 to \$600,000 it is fair to assume that continued liquidation will reveal that, based upon present values, there will be a further loss of very large amounts in assets still to be liquidated." Mr. Smith then ends his state-

ment with:

"The foregoing facts and opinions are given to correct any false im-pression that may have been conveyed to the public by unscrupulous newpaper publications and to assure the depositors and creditors of the Steneck Trust Company that their interests are being protected in every respect; that persons responsible for criminal acts and fraudulent practices which, it is indicated, have been engaged in freely, will be prosecuted to the limt and that unless and until safe and satisfactory reorganization can be effected which will assure the payment to every depositor 100 per cent, the liquida-tion will continue as speedily and inexpensively as conditionsp ermit so that the maximum distribution to depositors can be made at the

earliest possible date." Editor's Note-Now that Mr. Smith has had his full say, it might be well to recall to his mind that the Jersey Observer, since the day that the Steneck Jank closed, has notpublished one item about that institution which it did not attempt to verify and check on with Mr. Smith and his assistants in charge of this particular bank. If Mr. Smith wanted to be

honest in his statement he would have disclosed that both he and his assistants have repeatedly refused to ansewer queries which the Jersey Observer put to him or them before publications of news about his bank. He fails to note that today's statement is the first report he has given the 30,000 depositors of the bank about his actions as liquidator of that institution, despite continu-ous enouts on their part to get their facts. Another example of Mr. Smith's unfairness is the charge that the statement published last week of the assets and liabilities of the closed bank was a false one. It will be noted that in the following paragraph he claims a traittorous clerk of his gave out the statement without authority.



State Banking Commissioner Frank H. Smith stated today that he will not make any final disposi-tion of the affairs of the closed Steneck Trust Company of Hobo-ken but will turn the matter over to his successor, Colonel William H. Kelly of East Orange, who assumes the post of banking commissioner Saturday.

Commissioner-elect Kelly attended conference in Commissioner the Smith's office in New York Friday which was arranged through Mayor Bernard N. McFeely of Heboken. The banking commissioner had

prepared a reply to the set of resolutions which were passed at the mass meeting of depositors and submitted his reply in writing to Mr. Allen.

Commenting on the conference the Hoboken Corporation Attorney today said that the banking com-missioner assured the delegation that rumors of high salaries paid to his assistants employed in the Ho-boken bank were without foundation, and that they were not being paid \$40 and \$50 a day as was reported.

A statement of the expenses of the Lanking Commissioner administration of Stenecks since he took control was furnished, and "it was not as much as the payroll of the bank when it was under the Steneck control," said Mr. Allen. "From what Mr. Smith told us

about the bank's condition," said Mr. Allen, "I cannot conceive how reorganization and reopening of the institution is possible without hard cash being put up."

As to the reorganization plan submitted to the Banking Commissioner by Messrs. Rossi and Eberstadt, Mr. Allen said that the anking Commissioner had rejected it, and sent a written rejection of it to the sponsors "although he left it to the sponsors, "although he left the door open for further negotiations."

All the information in onnection with the reopening plan has been turned over by Mr. Smith to Colonel Kelly.

Dro Fet Ilm

**McFeely** Explains

Mayor McFeely explains the transfer of \$600,000 from the Trust Company of New Jersey to the Steneck Trust Company. two days before the Steneck bank closed, as follows:

STENECK MASS MEETING AND SMITH.

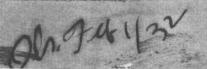
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Banking Commissioner Frank H. Smith did not accept the invitation to attend the mass meeting of the depositors of the closed Steneck bank and so the questions that it was planned to put to him in person are now presented in the form of resolutions adopted at the meeting. In brief, these are in relation to the actual condition of the assets as of date, the prospect of reopening the bank under the reorganization plan put forward by New York banking interests and what suits have been started by him in connection with mortgages and notes. In addition, it is demanded that if he proceeds with liquidation that he do so with the least possible shrinkage of assets.

Speakers at the meeting referred to the service rendered the depositors by the Jersey Observer in keeping them informed, so far as possible, of the affairs of the closed bank, declaring that without this information they would have been kept in the dark altogether.

It would have been better, of course, had Commissioner Smith found it possible to attend the meeting and given the official information to which the depositors are unquestionably entitled, but as he has only a few more days to serve they will not have long to wait for his successor to oblige them, should Smith ignore the resolutions adopted at the mass meeting.

Meanwhile, Congressman Fred A. Hartley can be depended upon to do his utmost to bring about the reopening of the bank, if possible, through the aid of the Hoover two billion dollar Reconstruction Finance Corporation. Hartley's prompt response to the appeal for aid is one of the most refreshing things that has occurred in this Steneck affair so far.



## **Steneck Case Is Again Adjourned**

Judge Thomas Brown, counsel for State Banking Commissioner Frank H. Smith, again was blocked in the Chancery Court today in a further attempt to have Vice Chancellon Lewis proceed with the case in which the banking commisioner seeks to have adjudicated preferred claims against the Steneck Trust Company of Hoboken. The case has already been adjourned twice on the plea of Marshal Van Winkle, counsel for the bank, that re-organization proceedings were in process. Judge Brown sought to have the matter referred to an advisory master to take testimony. Vice Chancellor Lewis said it was quite possible that some of the banks might be rehabilitated and he granted a further adjournment until February 13 in Chancery chambers in Paterson.

"There has been some criticism in certain uninformed circles as to the propriety of the transfer of that amount of money to the Steneck Trust Company at that time, but as a matter of fact the city officials in making the transfer were simply carrying out a custom which had been in vogue for a quarter of a century."

The explanation shows about as much intelligence as the transfer of the funds.

## (Dr. 9216/32 **Asks Briefs in Case Of Steneck Debtors**

Court Hears Pleas of Depositors Sued on Notes to Have Them Set Off Against Funds to Their Credit in Closed Bank—Has Been Done in Other Cases.

Judge Thomas Brown, in the Circuit Court yesterday, ordered briefs from counsel-Assistant Attorney General J. Raymond Tiffany and County Judge Thomas H. Brownin the case of various defendants who are being sued on notes in the Second District Court by Banking Commissioner Frank Smith on behalf of the Steneck Trust Company.

The defendants allege that they have on deposit in the Steneck bank more than sufficient funds to meet these notes, but that the com-missioner has refused to charge the notes against the deposits. Mr. Tif-fany who represents the defendants fany, who represents the defendants, is seeking to have the suits trans-ferred to the Circuit Court. Yester-day Herman Lipschitz appeared on here the formation of the transbehalf of Judge Thomas H. Brown who is counsel to the banking commissioner.

Defendants criticise the action of the Banking Commissioner and his counsel for proceeding with the district court cases, incidentally piling up the costs against the bank

and the depositors. The policy of the Banking Com-missioner is contrasted with that of the receiver for the National Bank of North Hudson where, it is stated the policy was adopted of charging against moneys owed to the bank opened on a sound basis and con by depositors against their accounts become one of the strong banking by depositors against their accounts become one of the stro in the bank. In this way \$300,000 institutions of the state.

the Steneck suits where s.nall sums are being sued for against which the debtors have several times that amount on deposit in the closed bank.

Banking Commissioner Smith has indicated he intends to clean up many of the matters in his office before his retirement, and it is expected that he will make a decision. The plan for re-opening the Steneck Bank, as outlined, has the endorsement of a number of bankers in New York and New Jersey, who have gone into the matter thoroughly and are certain the Steneck Trust Company can be re-

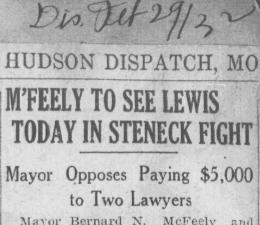


Steneck Trust Depositors Will Gather at Hoboken School **Tomorrow Night** 

Plans are being made for a mass meeting of depositors of the Steneck Trust Company, at School No. 2, Ninth and Garden streets, Hoboken, tomorrow night, to discuss a plan of action which will bring about the reopening of that bank.

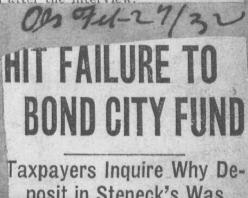
Amplifiers will be placed so that any overflow can hear what is taking place in the building. These will also be installed in the halls of the school. The meeting is the result of a visit by city official's to Trenton recently when Governor A. Harry Moore was interviewed.

The resolution calling for the meeting was adopted yesterday afternoon at a meeting of a number of depositors in Mayor McFeely's office. The resolution also includes an invitation to Governor Moore, Banking Commissioner Frank H. Smith, and to William H. Kelly, who succeeds Mr. Smith the latter part of this month. Others who have been invited are Judge Thomas H. Brown, Prosecutor John Drewen, Vice Chancellor John J. Fallon, Henry C. Steneck, president of the Steneck Trust Company; Harry V. Braveman and Edward Orenge, certified public accountants; William A. Stuhr, Max Z. Hurwitz, president of the Hoboken Chamber of Commerce, and C. B. Snyder, of the Hoboken Business Men's Association.



Mayor Bernard N. McFeely and Corporation Attorney Horace L. Alden, of Hoboken will go to Patersotomorrow morning where they will meet Vice Chancellor Vivian M. Lewis to discuss an order he made last week for the payment of fees of \$5,000 each to Lawyers Marshall Van Winkle and Samuel Stern, of Jersey City from the assets of the Steneck Trust Company. for services performed for Henry Steneck, president of the bank.

The interview was granted by the vice chancellor following a telegram sent to his chambers in Paterson opposing the payment of the fees out of the bank's deposits, on the ground that the two lawyers were employed by Mr. Steneck as his personal attorneys, and not in the name of the bank. Mr. Allen will take the stand that Mr. Steneck employed the two lawyers after the bank was closed. and without authority to take such action. The vice chancellor received the telegram Saturday morning and at 9 o'clock called the mayor on the telephone and granted the interview. The telegram from the mayor requested the vice chancellor to withhold the order to pay the lawyers until after the interview



posit in Steneck's Was Not Safeguarded.

In line with recent developments n connection with the Steneck Trust Company, taxpayers in Hobo-ken are beginning to ask why Mayor McFeely and the city offi-cials did not have the city's large deposits in the bank bonded.

If the deposits, amounting to more than \$1,000,000, had been bonded, the city would not be in the financial plight that it finds itself today.

It is customary for the City of New York and other big municipalities to exact a bond to protect their leposits, and it been carried out by the city of Honao boken the officials would not now be scraping odds and ends together to pay the municipal employes. Explanations are also being de-manded why it was that the city officials placed practically the entire city funds in the Steneck Trust Company, a comparatively small bank. There were eight other banks in the city at the time of the closing of Stenecks. Although the col-lector's account was in the Trust Company of New Jersey the collections from the taxes from the be-ginning of June amounting to over \$600,000 were transferred to the Steneck Company two days before the bank closed. The city officials have declared that it had been a custom in Hoboken for over a quarter of a century to transfer the collector's account to the treasurer's account at stated periods.

**Steneck Trust Hearing Delay** 

Action on Travel Bureau, Priority

Claims Await Kelly Seating, Hearing on application of Frank H. Smith, commissioner of banking and insurance, for instructions from Chancery Court for selling the travel bureau of the closed Steneck Trust Company of Hoboken and for disposing of various claims of priority by creditors, has been put off until William H. Kelly comes into office, suceeding Smith, it was learned on reliable authority last night. Yesterday it was believed a date would be set for another hearing for the last one was postponed February 1, but since no hearing was held in Vice Chancellor Vivian M. Lewis' Paterson chambers, it is understood the matters will be held over until after February 26, when Kelly becomes commissioner. The reason for this move, it was said, is that Mr. Kelly will probably be more in accord with the request of the bank's directors, who are protesting the jurisdiction of the Chancery Court in the matters. The last hearing was postponed when Marshall Van Winkle, counsel for a group of directors of the bank, questioned the jurisdiction of the court in instructing the banking commissioner on what his procedure should be. Mr. Van Winkle cited a similar case in which Vice Chancellor Buchanan had refused to advise.

## **Officials Mum on Bank Conference**

No statement was forthcoming today from the Hoboken city officials as a result of the conference on the affairs of the Steneck Trust Com-pany, held in New York yesterday with Banking Commissioner Frank H. Smith.

Corporation Attorney Horace Al-len said that nothing was available for the public at the present time and Mayor McFeely and members of the city commission who attended agreed not to make any comments as to what took place or what was revealed at the conference. Besides Commissioner Smith there were present Banking Commission-er-elect William H. Kelly, Deputy Commissioner Furman, in charge of the Steneck Bank, Judge Thomas Brown, counsel to the commissioner. With Mayor McFeely and the cor-poration attorney were City Com-missioners Clark, Gilfert and Cars-ten and Assistant City Treasurer Edward Hunter and City Auditor Harry Shin. revealed at the conference.

Formal Call Issued **For Steneck Meeting** 

Mayor M'Feely Issues Proclamation and Invites Governor and Other Officials to Be Present-Demands Situation Be Cleared Up-Explains City Transfer of Funds.

The proclamation issued by Mayor Bernard J. McFeely, of Hoboken, and published in today's Jersey Observer, calling for a mass meeting of depositors of the closed Steneck Trust Company, declares that the patience of the depositors who have waited for over six months for some word of action from Banking Commissioner Smith as to liquidation or re-

opening, is exhausted.

"To bring about immediate action c' whatever may be done legally for the benefit and best interests of the depositors," is the purpose of the meeting, according to the proclamation.

The meeting will be held at No. 2 School, Ninth and Garden streets, Hoboken, tomorrow night at 7:30. Horace Allen, corporation attorney, will preside, and, besides the depos-itors special invitations to attend

hors special invitations to attend have been extended to: A. Harry Moore, Governor; Frank H. Smith, commissioner of banking and insurance; William H. Kelly, commissioner of banking and in-surance-elect; Judge Thomas H. Brown, John Drewen, prosecutor of the pleas; John J. Fallon; Henry C. Stanack president of the Stepeck Steneck, president of the Steneck Trust Co.

Trust Co. Messrs. Rossi and Eberstadt, bankers; Harry V. Braverman, C. P. A.; Edward Orenge, C. P. A.; Wil-liam A. Stuhr, attarney for the de-positors' committee; Max Z. Hur-witz, president Chamber of Com-merce; C. B. Snyder, president Ho-boken Business Men's Association; Marshall Van Winkle, attorney for Steneck Trust Co. And the following directors of

And the following directors of Steneck Trust Company: Joseph A? Bonanno, Walter F. Bopp, Maurillo D'Agostino, William A. D. Evans, Edw. F. Fleckenstein, Joseph J. Garibaldi, George 'Lankering, John J. McGovern, Claus Oetjen, Frank Perne, Charles Bobe Adrian P. L. Perna, Charles Rohe, Adrian P. L. Roggeveen, Dr. Edward A. Schmalz, George W. Steneck, Henry C. Sten-eck, George F. Sullivan, Edward Vintschger, Charles Wagner, Henry Wessling.

Resolutions will be submitted to the depositors calling upon Banking Commissioner Smith for a comprehensive report on the condition) of the bank, on the extent of liquidation proceedings so far, the number of foreclosure suits on mort-

"With the varied statements given wide circulation," declared Mayor McFeely, "of a heavy drain on the funds of the bank because of law suits and foreclosure proceed to content the proceed to content to call law suits and foreclosure proced-ings, we feel that something should be done immediately, if such a course is possible, to stop such pro-ceedings. We will appeal to the Governor and to the Banking Com Governor and to the Banking Commissioner to use every effort possible to keep down the expenses of liquidation to rock bottom. "There are said to be 30,000 de-

positors in the bank, and it is grossly unfair to have their money sqandered by court suits if there is any possibility of settling such affairs without recourse to the courts with all the expense for costs and law-yers' fees that that entails." Incidently Mayor McFeely pointed

out that the city commissioners are vitally concerned over the deposit of \$1,200,000 which the city has in the

closed bank. He pointed out that it has cost the city this year \$135,000 because of the funds so tied up. The city had to borrow money at a high rate of interest to offset the funds held in the Steneck Bank.

Mayor McFeely explained that two days before the bank closed the City of Hoboken transferred over \$600,000 from the Trust Company of New Jersey to the Steneck Trust Company, and it has already been charged by the Board of Commissioners that the bank officials accepted that deposit after it became known that its doors were to be closed by the State Banking Department.

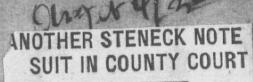
"There has been some criticism in certain uninformed circles as to the propriety of the transfer of that amount of money to the Steneck Trust Company at that time," said the mayor, "but as a matter of fact the city officials in making the transfer were simply carrying out a custom which had been in vogue in Hoboken for a quarter of a century"

The remainder of the money in the Steneck, owned by the city, was in the sinking fund account to the amount of \$446,097.31. This was to cover maturing of bonds, July 1st, of \$125,000, and in November, \$196,-000, and \$64,000 for the purchase of

school bonds on July 1st. This transfer of the tax collec-tions from the Collector's account to the Treasurer's account was made according to law and had been the custom in the city for twenty-five years it was pointed out.

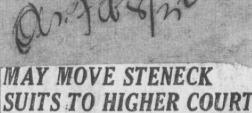
Stephen Rossi, member of the firm Stephen Hossi, member of the fifth of Rossi & Eberstadt, conferred with Mayor McFeely, Commissioner Clark, and Corporation Attorney Allen at the City Hall this morning on the advisability of calling a public meeting at this time. Following a prolonged discussion

Following a prolonged discussion of the situation, however, it was decided to go through with the meet-ing. "It is high time," declared the Mayor, "that this thing is brought to a head, and it will be a wonder-ful opportunity to get the sentiment.

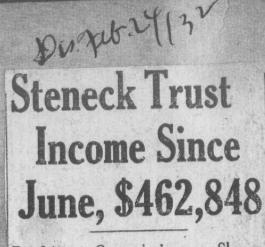


Another Steneck Trust Company note suit apparently is on the way note suit apparently is on the way to being transferred from the Ser-ond District Court to the Circuit Court for adjudication, if Judge Thomas Brown on February 26 so decides. The suit is that of the bank receiver, Commissioner Frank H. Smith, to recover \$245 on a note from Ernesto Atorino, of Toboken, Atorino having endorsed it for Domenico "antramo two years ago. Atorino says that he has more than \$2,000 in the bank and that the receiver declines to deduct the

the receiver declines to deduct the \$245 from the deposit. Assistant Attorney General J. Raymond Tiffany is counsel for Santramo and Atorino.



Whether 74 suits filed in the Second District Court, Jersey City, by State Banking Commissioner Frank H. Smith on behalf of the closed Steneck Trust Company, of Hoboken,



Banking Commissioner Shows Costs of Operation Less Under

State Department

The total income for the Steneck Trust Company from the date it was closed, June 27, 1931, to January 9, last, was \$462,848.05, according to a statement given by State Banking and Insurance Commissioner Frank H. Smith to Horace L. Allen, corpor ation attorney of Hoboken.

The expense during the same period totaled \$62,476.80, leaving a net balance for depositors of \$400,371.28. Of the total income, \$343,386.80 was interest from North Bergen bonds.

Highest Paid \$24 a Day

Commissioner Smith denies that any one person employed by him in the bank receives \$40 a day. The highest paid, he said, is Vernon Peer, who receives \$24 a day, and Theodore Furman, \$21 a day. These are in charge of liquidation.

Mr. Smith points out that during the six months previous to the opening, the expense of the Steneck Trust Company was \$80,265. The statement was issued as a denial to the charges of high expenditures made against the commissioner, it was stated.

#### Dividends Likely Soon

The commissioner stated that dividends can be paid within the near future if legal questions relative to the trust company's liabilities with respect to mortgage certificates are cleared up. He also stated that 26 suits asking mortgage forclosures have been instituted, but these are only on those where interest payment and taxes have remained unpaid. There are more than 800 notes overdue that have been placed with the courts for collection.

His statement says that there was only one large withdrawal of deposits immediately before the bank was closed by the department, and was made by the Jersey Publishing Com-pany, publishers of the Jersey Observer. It was for \$100,000, the day hefore the hank was closed no. tet

## SCHMIDT TO SUCCEED STENECK UPON BOARD

gages and other suits instituted. The resolution will also call upon the banking commissioner to give a report on the expenses of administration to date.

Other resolutions to be submitted will call upon the commissioner to give the depositors authentic information as to the plan of reorganization which has been submitted to him and as to the feasi-bility of that plan being approved and carried out.

Rossi and Eberstadt, the bankers' representatives, who prepared the reorganization plan, have been invited to the meeting and will be called upon to explain to the depositors what the plan consists of, while others interested will also be called upon to give their views of the situation.

Deputy Treasurer Edward Hunter and City Auditor Harry Shin produced the records and made a statement as to what actually occurred and the reason for the transfer.

During the month of June there had been collected a considerable portion of the taxes for the first half of the year 1931. The money received by the collector of taxes was placed daily in the collector's account in the Trust Company of

New Jersey. ( It was the custom to transfer the collection receipts to the treasurer's account to meet current expenses, and the current expense account was held in the Steneck Trust Com-pany. On June 15, there was trans-ferred to the treasurer's account, \$150,000, and on June 25, \$604,832.-52. This was to cover \$572,520.64 for 52. This was to cover \$573,530.64 for school teachers' salaries, claims, and principal and interest on bonded debt due on July 1st.

will be transferred to the Hudson Having accepted the resignation of Circuit is to be decided by Circuit Henry C. Steneck, president of the Court Judge Thomas Brown.

Judge Brown has directed former Judge J. Raymond Tiffany, representing the defendants, who are being sued on notes, and Common Pleas Court Judge Thomas H. Brown, counsel for Commssioner Smith, to submit briefs as to the law in question.

Tiffany contends that the defendants have on deposit more than the amount sued for by the closed banking institution. He claims, therefore. that the amount of the note should be deducted from such deposits. The commissioner, however, asserts that the suits are necessary in liquidating the Hoboken bank.

closed Steneck Trust Company, of Hoboken, as a member of the Hudson County Sinking Fund Commission, County Supervisor John F. O'Neill today will send the name of Herman W. Schmidt, of 803 Hudson street, Hoboken, to the Hudson Board of Freeholders, as Steneck's successor.

Mr. Schmidt has been a member of the Hopoken Sinking Fund Commission for the past eight years. He is a director of the Jefferson Trust Company, Hoboken, and active in affairs of Euclid Lodge No. 136, F. and A. M., and Hoboken Lodge of Elks. For the past 43 years, Mr. Schmidt has conducted a wholesale and retail butcher business at 228 Park avenue. Hoboken, and has been treasurer of the Hudson County Butchers' Association since its organization 30 years ago.

## DEPOSITORS PASS **RESOLUTIONS FOR STENECK REPORT**

Two Thousand at Mass Meeting Call on Banking **Commissioner for Exact Information**—M'Feely and Others Address Assemblage.

Failure of the leading actors in the Steneck Bank drama to put in an appearance at the mass meeting of depositors called through a proclamation issued by Mayor Bernard J. McFeely in Hoboken last night robbed the 2,000 persons present of information on the status of the closed bank that they had anticipated might be forthcoming.

They cheered the speakers and voted unanimously in favor of a prepared resolution submitted by the Mayor demanding information from Banking Commissioner Smith as to the affairs of the institution.

Every seat in the auditorium of School No. 2 at Ninth and Garden streets, where the meeting took place, was occupied, and hundreds of others were standing in the rear. Shortly after the meeting got under way there was no standing room left, and although loud speak-ers had been erected for the benefit of those outside, few gathered to listen, the damp, misty night driv-

ing them away. The meeting was quiet and order-ly and, although most of the in-vited speakers failed to appear, the meeting was a big success in its purpose in starting a fight to determine what the banking department has in mind with regard to the closed institution.

The resolution, which was cheer-ed by the crowd when read by Corporation Attorney Horace Allen, chairman of the meeting, was adopt-

Pointing out that the deposito s I would have been in jaill ong ago. have so far been unable to learn Here is a bank that took millions municipal employes just previous to their becoming due and put the checks in the current account which am absolutely sure that if the bank is re-opened every man and woman will receive 100 cents on the dolanything concrete as to whether the of dollars from 30,000 people and bank is to be reorganized and r - nothing has been done about it yet. opened or whether the liquidation is I believe Mr. Steneck is honest, but lar. was in the Steneck Bank. Applause greeted this declaration "Now it would have been nice of to proceed under the Banking Com- if he claims that the bank never Mr. Steneck if he had appeared here tonight and told you why he and he went on to say: missioner the resolution demanded should have been closed why did he "Never was there a time in the from the Banking Commissioner a not come here and tell us, so that could not raise that million dollars to keep the bank open. "On the other hand, it is charged against the Banking Commissioner that bank meant to them. If the commissioner sells those mortcomprehensive statement of the bank's affairs, the total number of foreclosure suits brought to date, "We are here to get action and "We are here to get action and That the Commissioner forthwith drain on the funds now in the bank, we are going to try and stop the bank, that it was perfectly solvent. get nothing but the title for them. That charge has been made. Would I had 250 shares of stock in the it not have been nice of him to be bank but I don't care about the that he should not have closed the gages in the п шагкеі give his immediate determination as money that belongs to the depositto the feasibility of reopening the ors and money that should not be bank, and if the pending plan is squandered, no matter by whom. bank, and if the pending plan is insufficient that he advise the dehere tonight and give you facts and money I have invested there, my infigures in plain language? But he terest is in the poor men and wo-For, after all, it is the people's money." His speech was greeted with cheers and he then turned the positors of his reasons. That if the bank cannot be re-"Is not here. "Is there any director of the and that they get it back. "When that bank closed \$30,000,men who have their money there opened the depositors be paid part Steneck bank here who knows any- "When that bank closed \$30,000,-thing about the bank," the chair- 00 was taken out of the savings meeting over to Mr. Allen. Governor Moore was unable to be of the money on account, and man appealed to the audience, "and banks of Hudson County, and twenfurther that the Commissioner be present, he said in a letter which ty-one banks have closed down in requested to keep the cost of ad-ministration and liquidation down who wants to make some explanahe sent to the Mayor and which was the state of New Jersey. read by the chairman. The Govtion?" In response George Lankering, a member of the advisory committee of the board of directors, who was is as solvent as Steneck's bank. I ernor said that because of other engagements he was prevented from to a minimum. to a minimum. In opening the meeting, Mayor McFeely explained its purpose. He declared that the depositors had never received any information about the closing of the bank or the reasons for closing it. attending, but otherwise he would sitting on the platform, stepped up. will work for you without the cost have been glad to lend his aid at "Mr. Allen has mentioned some things that I know nothing of. This is the first time I heard that Mr. Steneck had been potified a method. I congratulate the the meeting. The Governor also wrote that "Colonel Kelly, the Banking Com-missioner-elect would give the com-"As mayor of your city and your elected representative, it is my duty Steneck had been notified a week Mayor and those associated with him mittee every assistance possible and before the bank closed of the imfor starting this thing, and, as Mr. to do all I can to see that you get he would advise him to drop in and some information so that you will know where you stand," said the pending action by the State Com-Lankering says, let us stand totalk the situation over. gether not only for ouselves but for "The Mayor and City Commismissioner. mayor. sioners called on the Governor reeach other.' cently, said the chairman, "and he Cant. on neg page was deeply sympathetic towards the depositors and the people of Hoboken in the present trouble."

He then referred to the fact that special invitations had been sent to Governor Moore, to Banking Com-missioner Smith, Banking Commissioner-elect Kelly, Henry Steneck, president of the bank; the board of directors, and to Messrs. Rossi and Eberstadt, the bankers who pre-pared the plan for reorganization. None of them attended with the exception of John J. McGovern, member of the board of directors, and George Lankering, a member of the advisory board of the bank.

Continuing, the Mayor said: "This would have been a splendid opportunity for Mr. Steneck to make an explanation. Also, it is the duty of Commissioner Smith, who has been in charge of the bank for over seven months, to tell how he is spending the bank's money and what for, and to tell us where we stand.

"I want every man and woman who has any money in the Steneck Bank to feel that we are ready to serve you and we intend to do everything we can to see that the people get back their hard earned money. I have been in public life ed without a dissenting voice. At money. I have been in public life no time was there any interruption for many years and have received from the audience and the meeting my job from the people, and if I came to a close about 9:30.

A letter of regret was also read from Harry Braverman, Newark accountant, who was among the specially invited. Mr. Braverman said that he had conducted an investigation for Prosecutor Drewen and Secause of that he might be held strictly responsible to the prosecutor for any statements he might make.

Cards had been distributed to the audience and Mr. Allen explained that their purpose was to get a record of the depositors present, their names and addresses and the amount of money, if they so desired to state, that they had on deposit in the Steneck bank when it closed. "It is our purpose," he continued,

"to endeavor to ascertain all infor-mation possible. You have probably heard something about the large number of foreclosure suits brought by the banking commissioner, and why were those suits brought if the bank was to be reorganized?" he asked.

"Except what you have read in the Jersey Observer, however, you have had no official information from month to month as to what has been going on. Nothing has been done as far as I know, If the bank cannot be re-organized then something ought to be done to pay some dividend to the depositors.

The chairman then asked if Henry Steneck was in the hall and received no reply "Evidently he is not here," Mr. Allen continued. "I will not criticize his absence but what a wonderful opportunity it would have been for him to appear here tonight to explain to you just what was the condition of the bank when it closed.

"It is common talk that Mr. Steneck was notified by the Banking Commissioner one week before the bank closed as to the condition of the bank. Mr. Smith told the mayor and a committee when they appeared before him some time ago that Mr. Steneck knew one week before June 27 last year that the department did not consider the bank in a proper condition.

And then on June 26, twentyfour hours before the bank was closed, Mr. Steneck was told he would have to raise \$1,000.000 or the bank would be closed. He failed to raise it. Remember that on June 25 he received from the city a deposit of over \$600,000 and on June 26 \$100,000 to pay policemen's and firemen's salaries. It has been the custom for years to write out checks to pay the school teachers, the fire-men, the policemen and other men,

"I attended a meeting of the directors on June 24. I went to the bank on Friday afternoon and then to the seashore. It was not until Saturday morning that my son phoned me there was trouble at the bank, and I came to Hoboken and read in the Jersey Observer what had happened. It was stated that the trouble was about the North Bergen bonds and I felt sure the matter would be straightened out. Now I cannot tell you anything about it. I was told I was wanted here and here I am.

"I want to say, however, that I have every confidence in the bank and what was done there. I am sure nothing was committed of any immense proportions that it could not be straightened out without going to such extraordinary means as closing the bank. It has taken

them a long time to clear it up and if there was anything serious why has it not come out? I am very much surprised about the whole thing. It has been an institution that has always made profits over expenditures and I have not the slightest doubt that it can be reopened and if we all work together some practical way will be found to straighten everything, out to the benefit of all creditors.

As Mr. Lankeirng sat down for-mer County Clerk John J. McGov-ern stepped to the front of the platform to the accompaniment of cheers. He explained that he had been connected with the bank-since he left the County Clerk's office and that one of the duties devolving upon him was taking care of the property in which the bank's money was invested. "At the time the bank closed I

was in Irelnad, and I don't know just what happened, but I do know that when it closed there was \$1,-900,000 in capital and surplus. That has never been ontradicted. That money would by there now but for the fact that 31,100,000 has been

lost through sale of the bank's se-curities by the Commission. "The reason the bank was closed was because we had \$5,500,000 invested in North Bergen municipal securities, which the Commissioner said were only worth 75 cents on the dollar, and he wrote off \$750,000 in our securities which meant a loss of \$2,250,000.

"In relation to the closing of the bank I know absolutely nothing but since I came back everything has been done that was possible to do to try and open the bank, and I

Max Z. Hurwitz, president of the Chamber of Commerce was asked to address the meeting. He said he was not in a position to judge or criticize anyone, but he thought that the city fathers were doing the right thing. As head of the Emergency Relief Committee in Ho-boken he said he had found that there were 2,500 families in need in the city, and it was his opinion that much of this distress had been caused by the closing of the Steneck bank.

C. B. Snyder, president of the Business Men's Association of Hoboken, was also asked to speak. He declared that while he believed the banking commissioner took over Steneck's Trust in what he considered were the best interests of the depositors, there was no doubt in his mind that the liquidation now going on was to the detriment of the depositors.

"What we want is some plan of immediate relief," he continued. "The present process of liquidation must cease because it is eating up the people's money. Whether the re-organization plan goes through or not some plan of immediate relief for the depositors should be given consideration.

"The commissioners are to be congratulated for bringing this thing to a head, an 1 also the Jersey Observer for publishing what facts it has been able to obtain, although they have had to bear the brunt of severe criticism from the Banking Commissioner. The people are entited to know what is going on and the Jersey Observer is to be highly commended for giving the people the news.

No other speakers were called on. The chairman expressed his regret that Messrs. Rossi and Eberstadt. the bankers, were not present to present their plan of reorganization. "I think it would have been a splen-did opportunity for them to furnish you with concrete facts," he said. He then stated that a resolution

was in order outlining the sense of the meeting, and Mayor McFeely submitted a resolution. It was moved for adoption by Commis-sioner Gilfert, seconded by Commissioner Clark and a host of others in the audience, and unanimously adopted.

Counselor William Stuhr, of counsel for the depositors' committee and one of the specially invited 505. on the platform. Mr. Allen asked him if he had a copy of the reorganization ,lan with him and he said that he had not, but was familiar with it and could talk on it, but Mr. Allen said that he did not think it would be necessary. The resolution in full as adopted is as follows: "Whereas, Bernard N. McFeely, Mayor of the City of Hoboken, called a meeting of the depositors of the Steneck Trust Company, to attend at Public School No. 2, corner of Ninth and Garden streets, Hoboken, on February 11, 1932, at 8 o'clock p. m., at which meeting a very large number of the depositors have met and are now assembled; and "Whereas, the depositors of the Steneck Trust Company, numbering approximately 30,000, had on de-posit in that bank their monies to the amount of approximately \$10,-000,000; and "Whereas, Frank H. Smith, Commissioner of Banking and Insur-ance of the State of New Jersey, closed the Steneck Trust Company

on June 27, 1931, and took into his possession all of the property and business of that company, and has continued in possession thereof ever

since; and "Whereas, the depositors have, luring the past six months, been inable to learn anything whatso-ever as to whether the Steneck i'rust Company could be reopened or reorganized, or whether the de-cositors would receive any portion of their deposits through liquida-tion of the bank by the Commis-sioner. In the meanwhile they have sioner. In the meanwhile they have learned of and witnessed the employment by the Commissioner of special counsel and many assistants special counsel and many assistants and employes, and the incurring of large expenditures, all of which will have to be paid from the depos-itors monies; therefor "Be it resolved as the sense and determination of depositors of the Steneck Trust Company attending

determination of depositors of the Steneck Trust Company attending this meeting that, in behalf and for the information of all of said de-positors, we do hereby call upon Frank H. Smith, Commissioner of Banking and Insurance, to forth-with furnish said depositors with:

"1. A comprehensive statement of the condition of the property and business of said trust company, the amount of cash now on hand, and where deposited, his expenses and proposed payments of all of his as-sistants and employes, the total number of foreclosure suits brought by him to cate, the total number of all other suits brought by him, the amounts of withdrawals of substantial sums of money made just prior to the closing of the bank, and by whom made; and any other infor-mation that he may feel should be

given the depositors. "2. That the Commissioner of Banking and Insurance forthwith give his immediate determination of the feasibility of the re-organization or reopening of said bank, if possible, under any pending proposition or plan that may have been sub-mitted to him, and that, if said plan or proposition be considered by him insufficient or inadvisable, he advise said depositors as to his reasons for

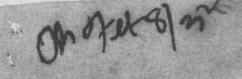
rejecting said plan of reorganization. "3. If said Steneck Trust Com-pany cannot be reopened, when in the process of the liquidation of the bank the depositors may expect to receive a payment on account of their respective deposits; and

"Be It Further Resolved that the Commissioner of Banking and In-surance most respectfully be re-quested to keep the cost and ex-penses of the administration and liquidation of said trust company down to a minimum, bearing in mind that throughout the entire United States in this period of de-pression, there has been a universal cut in all wages, a shrinkage in earnings, and the severe losses suffered by the depositors in the Steneck Trust Company, the great majority of whom consist of the poorer class, who can ill afford said loses. The meeting was then adjourned. On the platform, in addition to Mr. Allen and Mayor McFeely, were City Commissioners Clark and Gilfert. George Lankering, John J. McGovern, Max Z. Hurwitz, C. B. Snyder, Counselor Stuhr, Recorder Frank A. Schlosser, District Court Judge William J. Hanley, Joseph J. Greenberg, speaker of the Assembly; Assemblyman Frank Bucino, Assistant Corporation Attorney John Fallon, Edward Orenge, C. P. A., School Commissioner William J. Duffy, City Clerk Arthur Malone, Assist-ant City Treasurer Edward Hunter, City Auditor Harry F. Shin, William O'Connor, representing the letter carriers, and Attorneys William Schlosser and Dominick Beronio, associated with Mr. Stuhr as counsel for the depositors' committee.

allowed to approach nearer than a block of the school building. Assist-ing Inspector Kiely in directing the police activities were Captain Mc-Feely, Sullivan and Garrick, Lieu-tenants Driscoll, O'Donohue, Wren and Schmulling and Sergeants Sheehy, Winters, Finkeldie and Sullivan.

Augmenting the police detail were eighty firemen under the supervision of Chief Gilday and Assistant Chief Keller.

Only a few persons listened to the proceedings from the street. The inclemency of the weather was generally ascribed as the reason why there was not a larger street audience.



## 010 mar 1132 COURT CONSIDERS STENECK PROTEST

(Special to Jersey Observer.)

Paterson, March 1 .- Vice Chancellor Vivian M. Lewis in his chambers here today took under consideration the protest of Mayor McFeely and the Hoboken City Commissioners against the fees of \$5,000 allowed each to Counselors Van Winkle and Stern, counsel for the Steneck bank. The Vice Chancellor decided that the matter should come up in a formal way before him to determine the legality of the claim of the bank's lawyers.

## Steneck Mortgagors Face Ruin in Foreclosures

The plight of many Hudson Coun-ty property owners who had secured mortgages through the Steneck Trust Company and who are now being forced to the wall through foreclosure proceedings is revealed in a letter to the Jersey Observer by Joseph Kettell, well known title searcher of Hudson County property. He points out that it is almost im-possible to get a new mortgage through the usual channels because of the present condition of the realty market and many people stand to

market and many people stand to lose their life savings through the foreclosure proceedings. His letter is as follows: "Editor of Jersey Observer: "It is with much interest I read

your article of Saturday, January 30, last, in reference to the affairs of the Steneck Trust Co., and Ste-neck Title & Mortgage Company, but to my mind none of the woes of the persons on whom the Stenech of the persons on whom the Steneck Trust Company and Steneck Title Company hold mortgages has been told. I have been informed that about 617 mortgages amounting to about \$6,800,000 held by the Trust Company and about 130 mortgages amounting to about \$3,000,000 held by the Title Company, a total of al-most ten millions of dollars, will fall due within the next three years and

of course cannot be renewed. "At the present time there are over 60 mortgages that have be-come due in the year 1931 and are under foreclosure by the attorneys of the Commissioner of Banking and Insurance.

"The real reason of their being foreclosed was the inability of the property owners or mortgagors to mortga btain new every one of them stated they had applied to the various banks, Trust Companies and Building and Loan Associations without meeting suc-cess. So you can see Mr. Editor, that the savings of a lifetime will be swept away by foreclosure and bring misery and hardship in its wake. "The only bidder at a sale of foreclosure by the Sheriff at the present time is the attorney for the mor-gagee and invariably the bid does not exceed the sum of \$1,000 there being absolutely no bidders at the present time. "These foreclosed sales will have a tendency to not only when the mortgage on same their administration of the bank tendency to not only wipe out the culty in renewing his mortgage or raising a new one on account of the sale of the adjoining premises, thus adding more misfortune.

as concluons now exist it would.

City of Hoboken worth at least \$40,000, fully rented and bringing about \$5,000 a year, and on which all taxes and interest have been paid to date.

"The mortgage now held by the bank being for about 50 per cent. of its value, has now become due and payment has been demanded and is

now under foreclosure. "They informed me they had made application for a loan to the principal banks and trust companies to replace the Steneck bank mortgage and had been refused. "Should this be foreclosed the par-

ties will lose their entire life savings.

"So in conclusion I would ask you "So in conclusion I would ask you to give as much space as you can in your paper in the interest of the property owners of Hudson County and on which the Steneck Trust Company and Steneck Title Com-pany hold mortgages, for at the present time, nobody gave them a passing thought and their interest is being lost sight of. (Signed) JOSEPH F. KETTELL."

me mard

Safety precautions were extensive. Inspector Kiely was in charge of a detachment of ninety policemen and twelve detectives scattered through the crowd. Automobiles were not

## SMITH HEARD BRIEFLY BY THE GRAND JURY

Former State Banking Commissioner Frank H. Smith of Plainfield was before the Hudson County Grand Jury yesterday. He remained in the jury room about fifteen min-utes, but refused to reveal what his testimony was about.

It is understood that Smith was summoned to give additional testi-mony about the closed Steneck Trust Company of Hoboken. Henry Steneck, president, and his brother, George, vice president, are both un-

City Officials **Grill Steneck On Bank Plan** 

Head of Closed Institution Promises to Submit Reopening Proposal in Week

## **BANKER PARRIES EVERY OUERY. SILENT ON ACTS**

After two hours of heated argument yesterday afternoon in the office of Mayor Bernard N. McFeely of Hoboken, in which Henry C. Sten-eck, president of the Steneck Trust Company now in the hands of the State Banking Commission, was the target for innumerable questions

### McFeely Urges Delay In Steneck Bank Action

Telegrams to Governor Moore, Banking Commissioner Kelly and Vice Chancellor Lewis urging suspension of any action in the Steneck Trust Co. case until a depositors' committee can present its views, were sent last night by Mayor Bernard N. McFeely of Hoboken.

The message to the vice chancellor asked that he delay execution of his order allowing \$5,000 counsel fees each to Marshall Van Winkle and Samuel Stern, contending the lawyers were hired personally by Henry C. Steneck and therefore Steneck alone should pay the fees for their services in the case. They asked for a hearing soon. To the governor and commissioner, the mayor's messages asked for cooperation with the depositors by granting a hearing to their committee.

about the conduct of his bank, Mr. Steneck promised to return to Mayor McFeely within the next week with a plan by which he hopes to reopen the bank.

Mr. Steneck was accompanied by nothing to do with the transaction. Mayor McFeely stated yesterday that information has reached him that lawyers are socking the nim that Dr. G. F. Sullivan, a member of the At least, he could not recall. board of directors, but Dr. Sullivan At this Commissioner Kearins ok little part in the conference. Mr. spoke up. I'll tell you of an experi awyers are seeking the signatures of Steneck, who at one point in the ence of my own just to show how Mr. depositors with a view of representing questioning was acaused of running Steneck figured in transactions when them in any proceedings hereafter. a one-man bank, was the one submoney was paid out. I recall one oc-The mayor has asked that depositors jected to the grilling, which was led casion when I drew \$6,000 from the await action by the city. The mayor by Corporation Attorney Horace L. bank, and the man at the window promised that any action taken by himself and the city will be in the in-Allen and Mayor McFeely. would not pay it out until he had Mr. Steneck admitted his reopencalled Mr. Steneck to the window." terest of the depositors as a whole. ing plan hinged on his ability to bor-Returning to the \$600,000 accepted In whatever the city benefits, the row on the bank's securities and on by Mr. Steneck the day before the mayor said, everyone of the 31,009 money yet to be realized from outstanding notes. He said he would have to borrow 3,500,000. This addbank closed, Mr. Allen said: "I have depositors will share alike. statement to show that your balance Judge 'Thomas H. Brown, special in the Irving Trust Company counsel to former Bar ing Commisfor ed to \$3,500,000 already on deposit in some time previous to the closing sioner Frank H. Smith, received a the name of the bank, and \$1,500,000 had been dwindling. At the time you pledged by himself and officers and letter from Charles H. Miller, loan accepted the \$600,000 from the city directors, would make up the sum reagent for the Federal Reconstruction there was about \$350,0000 in the New Finance Corporation in the New York quired to cover the deposits of a lit-York bank, and just as soon as you tle more than \$9,000,000. He said he district, in which the latter enumerreceived the money from the city that hoped to obtain it from the Federal ates his reasons for his conviction \$600,000 went to raise your balance Reserve Bank with North Bergen sethat it would be impossible for the there." finance corporation to assist in the curities. Mayor McFeely remarked that that attempted reorganization of the accounts for Mr. Steneck's concern Steneck bank. that day to receive the money, and recalled that Mr. Steneck even called up city hall early in the day to ask

Among the things Steneck's questioners wanted to know were: Why he accepted the city's more than Mr. Steneck's continued smiling \$600,000 the day before the bank angered Mr. Allen, who said, "Smile closed its doors? Had he not been if you will. This is no smiling matthat unless he could raise \$1,000,000 at." the bank would be closed. Was he not aware of the position into which he would place the city by accepting funds which were needed to pay its employes? Did he pay to a depositor told \$100,000 the day before the bank closed because of a threat of exposure his Chancery Court action?

Despite these, and many similar questions, Mr. Steneck remained un-ruffled. He sidestepped them caftly by maintaining that his bank was asked by Judge Thomas H. Brown solvent, and that there was sufficient, and other attorneys for service in adfunds to repay the depositors. Time and again Mr. Allen returned to original questions, only to be met with Mr. Steneck's smiling answer that the bank was solvent.

### Asked Why Depositors Unpaid

"If that is true, Mr. Steneck," asked Mayor McFeely, "where is the peo-ple's money? What became of the large profits made by your bank? What became of the bonuses you re-ceived from mortgage loans? Where are the large percentages received for loans to those who dealt in Wall street? These are the things the people would like to known. You say your bank is in good standing. Then why not pay the depositors?"

Continuing, the mayor said: "Mr. Steneck, we are not going to let this matter rest. We will be right on your heels until you make good with the people who entrusted their money with you. There was sufficient business done and profits made to repay

every cent. And we are going to find out where their money went." Mr. Allen reminded Mr. Steneck that a large percentage of the assets in that statement rested on securities.

many of which are of doubtful value, Mr. Allen pointed out that only two

roads are open for the bank. One of these is liquidation, and the other reorganization. It was at this point that the question of reorganization came up, when Mr. Steneck promised to return within a week with a plan.

#### Grilled on Withdrawal

There were repeated questions on the withdrawal of that \$100,000 the day before the bank closed. Commissioner Carsten asked Mr. Steneck if it is true that the first part of that transaction was the issuance of a cashier's check which another local bank refused to honor, and that finally a check was drawn on the account in the Irving Trust Company with which to pay the check.

Mr. Steneck's memory was not clear on that. He insisted he had

about the tax money to be deposited

there.

### Told It's Not Smiling Matter

told before accepting the city's money ter. It is too serious to be laughed

"Is it not a fact that your bank was under suspicion as far back as 1917?" he was asked at one time by Mr. Allen. Mr. Steneck was also that Commissioner Smith charged his bank with having been conducted in a loose manner. All of if the money was not paid over? these questions he parried with Why does he persist in postponing claims that his bank was solvent, and that the statement of liabilities closed Steneck Trust Company, Hoand resources are evidence.

#### Fees Ordered Reduced

Reduction of \$17,500 in counsel fees ministering the affairs of the closed Steneck Trust Company of Hoboken was ordered by Vice Chancellor Lewis in Paterson Thursday.

The highest amount was asked by Judge Brown. His request for \$25,-000, as counsel to Banking Commissioner Frank H. Smith, was reduced to \$15,000. The court allowed \$5,000 to Judge Walter Hatfield, who was counsel to the commission during the early phases of the case, and who applied for \$7,500 fees. Similar requests for \$7,500 each were made by Marshall Van Winkle and Samuel Stern, attorneys for the bank, but were cut to \$5,000. The fees asked by Van Winkle and Stern, it was said. has the approval of the directors of the bank.

A detailed list of the expenses to date of administration and liquidation of the bank was filed by Commissioner Smith.

## Onsertz

## **Stenecks Are to Plead Next Week**

Because he was a depositor in the boken, Judge Charles M. Egan today declined to act in the case of Henry C. and George W. Steneck, under indictment charging conspir-acy with intent to cheat and defraud the bank.

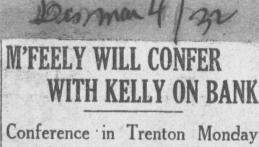
The Stenecks appeared for ar-raignment before Judge Egan, with their counsel, John G. Flanigan. After Assistant Prosecutor T. Burton Coyle read the indictment against them, the Stenecks entered pleas of not guilty, but the pleas were not accepted when Judge Egan said he did not care to act in the case and suggested that they be arraigned before another judge.

It was arranged that they will ap-pear before Judge Robert V. Kinkead next Wednesday morning.

## **Fixes No Time For Steneck Dividend**

A conference was held in the office of State Banking Commissioner Kelly in Newark yesterday in con-nection with the closed Steneck Trust Company of Hoboken. The commissioner had consented to see a delegation of Hoboken Italians who were accompanied by Mayor B. N. McFeely, the other city commis-sioners, Corporation Attorney Horace Allen and a representative of the

Steneck Reorganization Committee. Commissioner Kelly informed the Italians that he could not give any definite word as to when any divi-dends could be paid as the full liabilities had not been learned. He said that the reorganization plan has never been before him formally, but that the reorganization committee had a conference scheduled with him for next Tuesday. He intimated that he favored giving taken until he has discussed the mat- this group as much time as possible



## on Steneck Trust

Mayor Bernard N: McFeely and

Corporation Attorney Horrace L. Allen will go to Trenton Monday to confer with Banking Commissioner Kelly on the Steneck Trust Company situation. The conference will be at 3:30 o'clock. The visit to the office of the commissioner will be made on an invitation sent by the commissioner yesterday to Mayor McFeely. In his letter the commissioner says no ac-tion on the Steneck Bank will be

## **BANKER GETS WEEK TO WORK OUT PLAN**

Admitting the necessity of borrowing \$4,000,000 or more in the latest plan for reopening of the closed Steneck Trust Company, Henry C. Steneck, president of the institution, yesterday promised Mayor Bernard N. McFeely and the Hoboken City Commissioners, after a stormy two-hour conference over the situation, that he would appear before them within a week with details of what progress he makes,

if any.

with personalities during the lengthy session in Mayor McFeely's office in positor placed \$300,000 in the bank the City Hall. Mr. Steneck, who on the same day the city deposited sought the meeting for a discussion the money, making the trust com-of the situation with the Commis- pany real cash prior to those de-sion, wanted newspapermen harred posits almost perigiple. Steneck sion, wanted newspapermen barred, posits, almost negligible. Steneck but upon Mayor McFeely's insistence denied this latter report. that the public was entitled to know Allen pointed out then that Sten-how matters stood, the scribes were eck had been a member of the city's admitted.

close of the meeting that Steneck mission and asked why, in the light outlined his plan for reorganization of this, Steneck had not given the of the bank and his hope of raising city some indication of the bank's sufficient funds, through loans from condition. The report was, Allen either the Federal Reserve or the added, that others had made heavy National Reconstruction Fund, to meet the required eighty-five cents

on a dollar for such reorganization. The plan is this: With \$3,500,000 cash on hand in the Banking Com-missioner's custody and \$1,000,000 Steneck has in pledges to aid in re-opening the bank, he feels that an additional \$3,500,000 could be raised on the \$5,500,000 worth of North Bergen bonds and still another \$1,-000,000 on outstanding notes which on a dollar for such reorganization. The plan is this: With \$3,500,000 000,000 on outstanding notes which total \$1,500,000, making more than sufficient to permit reorganization of the bank.

the \$9,500,000 in deposits. Four have you a Where are all those profits? Where are all those profits? Where are all those profits? " Chinaman's chance of raising the rest?" It was brought out by Mayor Mc-rest?" The profit of the profits? The profits? "The profits?" The profit of the profits?" The profit of the profits? The profit of the profits?" Before all this was brought out rest?" "When you were told by Com-missioner Smith." Mayor McFeely interjected at this point, "that you needed \$1,000,000 to continue the bank, why didn't you get the mon.ey?" "Great Scott!" replied Steneck, "tell me where I might have gotten it on twenty-four hours notice, Mr. and Steneck promised, on the direct challenge of Corporation Attorney for the hearing. Congratulations to challenge of Corporation Attorney Horace L. Allen, to reappear before the Commission in a week, Steneck was sharply grilled by Mayor Mc-Feely, Allen and the Commissioners on why he had accepted a \$600,000 deposit of the city's money two days before the bank closed and an adyou." To Vice Chancellor Lewis, the Commission addressed another telegram asking that fees of \$5,000 each to Samuel Stern and Marshall Van Winkle, be stayed until the City Commission has the opportunity of being heard through counsel, on the before the bank closed and an ad- it on twenty-four hours notice, Mr. ditional \$105,000 in two accounts the Mayor.' of patience, "tell us why you pressed so many postponements of your case by Marshall Van Winkle. What was your reason? Let's cut out this theory that these men were engaged following day when he knew the bank was to be closed by the Bank-Steneck has it." the Ma Steneck as his personal repby Mr. replied heatedly, "and has it salted Steneck, insisting that the bank was solvent, said he had been given twenty-four hours from 5° o'clock Thursday night, June 25, to raise \$1,000,000, to keep the bank open, but he gave no definite answer to repeated queries from both Mayor and Commissioners, as to why he resentatives. A third telegram was dispatched to Governor Moore, outlining the message embodied in the communihemming and hawing and give us facts." To Steneck's reply that Van Win-tle was responsible for this and he cation to Commissioner Smith and asking the Governor to use his good offices toward bringing about a suswasn't entirely acquainted with his pension of any action contemplated awyer's reason for desiring the postponements, Clark said, "Well you're paying him, aren't you? You repeated queries from both Mayor and Commissioners, as to why he had accepted the city deposits or why he had been so anxious to obtain the \$600,000 tax money, hav-ing telephoned with regard to it several times earlier that month. Allen said that he had examined the balance sheet of the Irving Trust Company, the Steneck de-pository up until June 24 and that in connection with the bank, until the Commission is heard. It was learned after the meeting that Henry Steneck could not give the Mayor and the Commissioners the plan for re-opening the Steneck Bank as has been revised, because the directors and bankers who are the balance sheet of the Irving Trust Company, the Steneck de-pository, up until June 24, and that it indicated the trust company had a balance of only \$300,000 on hand at that time. The inference was that Steneck wanted the city's tax money to bolster up that balance. This was repeated when Commis-sioner Kearins said that of the \$930-000 balance, Steneck said was in the bank the day it was closed, \$600,000 was the city's money, deendeavoring to re-open the bank, feel that this plan should first be submitted to the new commissioner, Col. Kelly, who was only sworn into office yesterday afternoon. This much is known that in the opinion of banking authorities who have gone over the plan in its re-vised form feel that if it is put into effect it will meet all the banking and insurance requirements. the bank the day it was closed, \$600,000 was the city's money, de-posited the day prior.

Commissioner Carsten added that Henry Steneck can get it and throw had been said that another de- it to the winds." "You're trying to cover yourself up." the Mayor continued, "you're Harsh recriminations were mingled it had been said that another de-

It was not until just before the official family for many years as president of its Sinking Fund Comwithdrawals. Steneck was positive in his denial that anyone had been

eighty-five cents on the dollar, of

"No, leave the money in my bank." and you permitted things to roll along, would not allow use of the Sinking Fund moneys for purchase of tax anticipation notes, which would have been, incidentally, a substantial investment."

"When you were given the twenty-tour hours' notice to raise \$1,000,000 to keep the bank going

were to have been baid with that money? Try and let that sink in! Try and comprehend what it means and if you can, for God's sake go out and do something to help the

situation." "You know," Mayor McFeely said at this point, "that public opinion is a great weapon. You have lawyers. You can hire them. But no matter whom you hire, we intend to keep him and you busy. We are not going to sit by and let these depositors suffer, let them lose their money so that a man like

trying to smooth things over. You haven't made an open statement since the bank was closed. But I want you, Mr. Steneck, to under-stand that we are doing and will continue to do everything we can to bring about some real understanding of the situation.

"We mean to protect the depositors and ourselves, and we intend to prosecute and go to the limit. Neither do we intend to lose one minute in doing all this and we mean to see that everybody who has a duty to perform in connection with the case, performs that duty." With regard to Steneck's reported anxiety to have the \$600.000 tax money deposited in his bank during the month of June, the Mayor asked why Steneck had so boldly led the city into the trap. "And you've been using the people's money to invest, haven't you," he continued, "On loans you made to those who may have lost money in Wall street, you received seven and eight per

"And why couldn't they, twelve or them, you say," the mayor con-tinued "make up that amount?" Steneck answered that many of them were away at the time. In response to a query by Allen as to the plan, Mr. Steneck said he was unable to tell what it was, that his committee was at work on it. But on Allen's challenge that

(Allen) could find out what it was about in 24 hours, if he was given cooperation by Steneck, the latter elaborated on the plan.

"Then your plan for reorganization depends on your ability to bor-row," Allen replied, after he had heard its details. And Steneck in-dicated that he hoped to raise the money either through the Federal Reserve or National' Reconstruction Fund, as to both of which hopes the mayor, commissioners, and Allen indicated open skepticism. At the close of the meeting, the question of Steneck's indictment by

the Hudson County Grand Jury, came up. Mr. Steneck intimated that the cause of that indictment will be easily explained at the

proper time. "Do you think," the mayor asked, "that the indictment was a joke, that it was a bit of window-dress-

ing?" "Whatever it may be," Steneck answered, "it will be explained when the time comes."

"And if you think that indictment was wrong, or that Smith was wrong in his handling of the bank," Commissioner Clark added, "why doesn't the grand jury investigate Smith?"

At the meeting with Mayor Mc-Feely, Commissioners Clark, Gilfert, Carsten and Kearins, were Mr. Allen, City Treasurer Edward Hun-ter and Dr. George F. Sullivan, a director of the bank. At times, it seemed everyone in the rocm had a voice in the matter.

The upshot of the conferences was a decision to wait Mr. Steneck's reappearance a week hence and his story of what success, if any, marks his efforts to raise the needed money for reorganization of the bank

Following the meeting, Mayor Mc-Feely directed a telegram to Banking Commissioner William H. Kelly, who was sworn in yesterday, asking, on behalf of himself and the City Commission, that definite action in connection with the closed Steneck bank be suspended until the local city officials be given an opportunity

to be heard. "Will you, in reply," Mayor Mc-Feely asks, "set the time and place

vice Chancellor Lewis replied to Mayor McFeely this morning, stating that he would be glad to hear from the City Commissioners at his chambers in Paterson on Tuesday afternoon when he will give them a full hearing on their protest of the fees to Van Winkle & Stern, the bank's attorneys.

4-19-22

### POLITICS THREATENS STENECK DEPOSITORS.

Colonel William H. Kelly, new State Banking Commissioner, will undoubtedly consider the Steneck Bank situation as among his first acts in office.

Two methods can be pursued in connection with the affairs of the closed institution. One consists of liquidation, the other of reorganization.

Well-founded public opinion holds that liquidation would entail costly expenditures all of which outlays would come out of the pockets of the depositors. Reorganization is admittedly the plan which would satisfy all creditors to the extent of one hundred cents on the dollar.

Hence, reorganization, if possible, must be effected.

A plan for reorganization has been submitted and will, it is assured, be given prompt consideration by the new Commissioner. If there are technicalities in this proposal which do not satisfy the official, such technicalities should be ironed out—and all technicalities can be adjusted through conferences and the exercise of proper patience.

The business interests of Hoboken are considering the situation brought about by the closing of the bank from the proper angle that is the business angle.

For some reason, the City Commissioners, who are expected to protect the business interests of Hoboken, are apparently playing politics at the expense of the reorganization plan.

Even from a political angle-an angle which should not figure in the affairs of the closed bank-moves which place in jeopardy the deposits of 30,000 individuals-and voters!-are politically self-destructive. We do not know who is advising Mayor Mc-Feely. We do know that he is badly advised. We know that he was badly advised when he called a meeting two weeks ago of the depositors of the institution-the meeting was only a political rally. We know that he was badly advised when he summoned Henry Steneck to his office for an inquisition, the obvious purpose of which was to remove from the shoulders of the City Commissioners the responsibility of having more than \$1,000,000 of the taxpayers' money tied up in the closed institution-\$100,000 and \$600,000 of which were deposited three days and one day before the doors were closed.

The fact is that over \$1,000,000 of the people's money has been tied up by the City Commissioners in Stenecks. The additional fact is that the city's accounts were not bonded —a common municipal practice. We do not believe that the city officials deliberately made these deposits to provide ready cash for the bank. We believe that such deposits were made through ignorance rather than design.

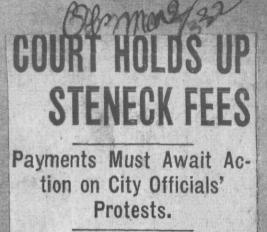
Although appreciating the fact that this unfortunate action might have an unfavorable political effect, we feel that the more important issue is to protect to the highest degree the interests of the 30,000 depositors rather than to whitewash the administration at the expense of these 30,000 depositors.

We therefore, extend the following advice to Mayor McFeely: Consider Stenecks from a business rather than a political angle. Lend your influence as Mayor of Hoboken to the efforts of those seeking to reopen the bank and to gain the most for the creditors. Forget politics until May, 1935. After all, that is three years hence.

## RECONSTRUCTION FUND AND THE STENECK TRUST.

The average taxpayer, along with the bank depositor whose savings are tied up among "frozen assets," probably has been given to wonder why the Hoover Reconstruction Fund of over \$2,000,000,000 should have among its first beneficiaries big financiers, with an application from even the Pennsylvania Railroad for a few millions pending.

These taxpayers and bank depositors may well ask if big interests are to be the only ones to be benefited by the huge Government fund, or whether some part of it is not to be passed down the line. For instance, this fund might be made available locally in making the North Bergen securities liquid and helping out the Steneck Trust Company and its 30,000 depositors. The North Bergen securities, to the amount of \$5,000,000, are the principal obstacle to the reopening of the Steneck bank. There is little doubt that they will ultimately be worth 100 cents on the dollar. Furthermore, they are 6 per cent interest bearing securities which is more than the Federal Commission will obtain from other sources. Here is something for the three Hudson County Representatives, Auf der Heide, Norton and Hartley, along with Senators Kean and Barbour, to think about the the savings of 30,000 of their constituents fied up in the Steneck bank alone, they would render a vast public service if they managed to have a comparatively small part of the immense Reconstruction Fund applied to this purpose." It cannot be that Uncle Sam will harken only to the big money interests and turn a deaf ear to the pleadings of the common people. That would be a poor way to start the country back on the road to prosperity.



The order signed by Vice Chancellor Vivian W. Lewis last week, allowing counsel fees of \$5,000 each to Counselors Marshal Van Winkle and Samuel Stern, attorneys for the closed Steneck Trust Company, were held in abeyance by the Vice Chancellor yesterday until such time as the protest of Mayor and City Commissioners of Hoboken comes before the Court in a formal way.

When he learned last week that in addition to counsel fees of \$15,000 to Judge B. Brown, and \$5,000 to Judge Hetfield of the Errors Court, counsel to former Banking Commissioner Smith, for services in connection with the administration of the Steneck Trust Company, \$10,000 had been allowed to counsel for the bank, Mayor McFeely sent an immediate protest to the vice chancellor.

The Court, in reply, immediately arranged for a conference today, at which the Hoboken officials were given an opportunity to make their protest known.

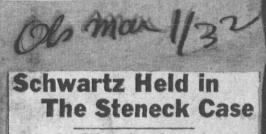
Former Judge William Speer and Corporation Attorney Horace Allen appeared for the city, and Judge Speer contended that as the bank was closed on June 27, and that Mr. Van Winkle and Mr. Stern were not retained until sometime after the 1931 Banking Act did not authorize payment of fees to them from the assets of the bank.

Mr. Van Winkle defended his application for fees, and explained that he was appointed to act as attorney for the bank to make an application in Chancery Court to have the bank removed from the control of the Banking Commissioner, on the grounds that the institution was solvent. That action was finally dropped.

The Court suggested that Mr. Van Winkle turn over to counsel for the Hoboken commissioners copies of the resolution and affidavits so that they would be in a position to make application for 2 show cause order, under which they will be able to bring up in a formal way their contention that the counsel fees should not be paid.

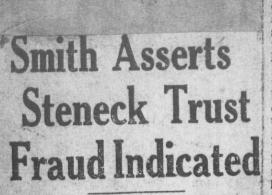
The hearing before the vice chancellor in his chambers yesterday was more or less informal, and Mayor McFeely and City Commissioners Gilfert, Kearins, Clark and

Carsten, were present.



Charles Schwartz, who was an assistant treasurer in the Steneck Trust Company in Hoboken, was haled before Judge Robert Kinkead yesterday and held in \$5,000 bail as a material witness in connection with the indictments against Henry and Georgt Steneck, president and vice president respectively of the closed bank.

Prosecutor Drewen stated that Schwartz will be required as a witness in the trial of the two bankers and that he wished to see that the witness remained in the jurisdiction so that he would be available when wantted at the trial. The bail was furnished.



Banking Commissioner Promises Prosecution of Any Persons Found Responsible

## HOBOKEN BANK'S STATUS SINCE CLOSING EXPLAINED

Banking Commissioner Frank H Smith yesterday charged that there were indications of fraudulent practices and criminal acts in the affairs of the closed Steneck Trust Co. of Hoboken and declared that responsible persons would be prosecuted.

A plan for reorganization of the bank which was submitted by a banking group has been found unsatisfactory, Smith said. Meanwhile, he added, in a publi. statement on the bank's affairs, depositors' and creditors' interests are being pro. tected during Mquidation, which will continue unless a safe reorganiza-tion plan is offered assuring 100 per cent payment to every depositor.

Court orders obtained by directors and their investigators have retarded liquidation, he said. Their ef-forts were almed "at an attempt to dispute the findings of my examiners, all of which, so far, have been in vain," stated Smith.

He cited liquidation expenses, to last Tuesday, totaling \$66;614 and 466,326 income collected. Only \$4,-705.900 of the original tatal assets of \$18,753,000 have been liquidated in seven months at a loss of \$1,094,-441, Smith said, adding, "This is a fair example of its frozen assets and

nflated value at which its assets e carried.'

1,000,000 Not Forthcoming

an examination, begun May showed "a serious condisted" in the bank, Smith called a meeting of the directors and called upon 'pay into the institution, in 00,000 to partially make losses and supply added

runds f. the safe continuance is business." They gave no such furance, he said, and soon after, other county bankers at a meeting, refused to aid because of the indifference of the Steneck group, and "in view of this situation, I ordered the closing," he said.

The only reorganization

treat the liability of mortgage participation certificates which are outstanding to a large amount. Consents were to be obtained, but were not on hand, of such certificate holders to accept the obligations of the affiliated title company, to whom the underlying mortgages were to be transferred. In this case, too, the certificates were to be divided into two groups, one to be a 'first mortgage issue, for about half of the total amount, and the other half to be a 'debenture issue,' which were to be provided for out of funds in hand, if any, after the 'grst mortgage issue' had been liquidated. Plan in Brief

"In short, the plan provided for a comparatively small amount of new cash to be paid in by way of stock financing to be effected by obtaining consents of creditors and depositors to accept instruments other than cash for a large proportion of their claims an dto defer withdrawing the remainder except at stipulated intervals. The initial cash payment thereby would be considerably less than could be made through the regular process of liquidation by the banking department. It is my opinion that only by replacing with cash or its equivalent the had and frozen assets, which in this case amounts to large figures, can a reorganization of this institution be effected. It must be in a position to meet its entire liability upon demand or when otherwise due upon reopening.

"Thus, none of the liquidated as-sets have been consumed by expense, but, on the contrary, about \$400,000 has been added thereto. Moreover, the salaries of the present employed personnel is only about 47 per cent of those paid under the deposed management."

#### Assails Observer

He charged that the Jersey Observer, of Hoboken "from time to, time has published misleading accounts of the condition of the bank and probability of its reorganization, articles broadcast without attempt to confirm them with myself or my deputies, and have tended to raise false hopes in the minds of depositors.

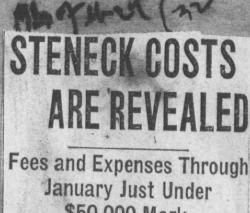
"It might ... well to state at this point that Frederick A. Seide, a former director of the Steneck Trust Co., is, with his father (Gus Seide), be the proprietor of understood the Hoboken rewspaper. The day before the trust company suspended, the company publishing the newspaper withdrew from the bank \$100,-100, thereby further depleting the bank's badly impaired cash reserves. At this same time a large deposit, over \$600,000, was made by a certain municipality by transferring the same from another local and solvent institution.

"The foregoing facts and opinions are given to correct any false impression that may have been conveyed to the public by unscrupulous newspaper publications and to assure the depositors and creditors of The profitable sales netted \$2,035.05. every respect; that persons responsible for criminal acts and fraudulent practices which, it is indicated, have been engaged in freely, will be prosecuted to the limit and that, unless and until safe and satisfactory reorganization can be effected as no feasible plan for reorganizawhich will assure the payment to every depositor 100 per cent, the li-quidation will, continue as speedily and inexpensively as conditions permit, so that the maximum distribution to depositors can be made at the earliest possible date."

Seide said there was no connection between the \$100,000 withdrawal and the \$600,000 municipal deposit,

"Commissioner Smith is up a free." He thought the North Bergen notes and bonds in the Steneck Trust Co., were no good and now he has found that they were. He gave the directors only one day to raise \$1,000,000. Had he given them a week it could have been raised. A conspiracy by other bankers closed the bank and put Henry Steneck out of business.

"My newspaper never printed any false or malicious statements, and we are not trying to give the people false hope. We are trying to protect more than 30,000 depositors by showing that Commissioner Smith is in the wrong and that he never had any right to close the bank."



\$50,000 Mark.

The administration of the affairs of the Steneck Trust Company during the period from August 31, 1931, to January 30 last by Commissioner Smith cost \$49,494.04, according to Smith cost \$49,494.04, according to It was stated that the directors a supplemental report which he has of the Steneck Bank had approved filed in the Court of Chancery.

The compensation paid to A. S. Amerman, George Compton, V. D. Peer and T. B. Furman, four special assistant deputy commissioners amounted to \$7,489.83 and the expenses incurred by them amounted to \$650.59. The compensation paid to other employes amounted to \$19,-583.75 and miscellaneous expense was \$21,769.87.

The per diem compensation of deputy commissioners Amerman, Compton and Peer was cut from \$40 to \$24 and that of Deputy Commissioner Furman from \$35 to \$21 on November 9.

Lewis.

Vice Chancellor Lewis has approved the sale of securities held by the bank by Commissioner Smith during the period from August 31, 1931, to January 30 last. Those dis-posed of had a book value of \$1,-875.911.06 and the amount realized was \$971,036.28. The loss from the book value suffered through the sale was \$904,874.78. In all but seven instances a loss was suffered. In his petition seeking approval of his act the Commissioner said that due consideration to the market and character of the securities was given. He said both common stocks and bonds disposed of were highly speculative in character and that



watter Hetneid, of the Juage Court of Errors and Appeals, who appeared as counsel for the commissioner in the early stage of the bank's closing, but is at present on vacation in the West Indies, made appplication for \$7,500, and this was

cut by the court to \$5,000. Marshall Van Winkle and Coun-selor Samuel Stern, attorneys for the bank, made application for fees of \$7,500 each and the court reduced their amounts to \$5,000 each.

the fees applied for by Van Winkle and Stern

In petitioning Vice Chancellor Lewis for a counsel fee, Judge Thomas H. Brown, who succeeded Walter L. Hetfield, Jr., lay judge of the Court of Errors and Appeals, as attorney for Commissioner Smith, said that he had had numerous conferences with officials of the Department of Banking and Insurance, rendered opinions in matters of law and procedure, interviewed former officials of the Steneck Trust Company regarding property, assets and liabilities of the bank, had confer-ences with creditors and debtors, Commissioner Smith approved these expenditures and they were also approved by Vice Chancellor their attorneys and representatives, fixed status of claims, collected as-sets, brought suits against makers and endorsers of notes and represented the bank in bankruptcy pro-

ceedings and other matters. Judge Brown said that he had filed twenty-six foreclosure suits, involving \$325,000. Mortgages to-taling \$1,132,400 had been turned over to him to be foreclosed. The total of mortgages in the hands of the Trust Company are \$6,763,651.25. He further said that he wrote ap-proximately 1,500 letters to collect upon notes and 200 collection letters on mortgages. From August 26 to January 31, he spent 148 days on the job, includ-ing Saturdays. Further, he says, he started twenty-five Circuit Court cases and 850 District Court actions and appeared in the Court of Chancery on various matters. He also referred to conferences in regard to reorganization of the bank and on the North Bergen bond issue and had numerous other conferences in regard to the liquidation of a bank that had assets of \$17,227,-658.27. Judge Hetfield in asking for \$7,500, said he had numerous conferences with interested parties between June 27 and August 28, investigated mortgages, instituted foreclosure proceedings, attended to claims of the Federal Reserve Bank of New York and those of other banks, rendered numerous opinions. conferred with various officials of the Department of Banking and Insurance, conferred with attorneys representing directors and stockholders, fought the receivership proceedings before Vice-Chancellor Fielder and attended to other mat-

plan pre sented "provided for chartering of linterests are being protected in a new institution to take over cerain of the assets and to undertake, hrough trusteeship to liquidate for the benefit of creditors." That plan would give depositors and creditors

Oper cent of their claims in liguidation certificates and the - remaining 50 per cent to be paid in cash in four installments in a oneyear period. It was proposed to obtain written consent from depostors to carry out this play, but no ssurance was given that such conat would be forthcoming. And, in ae event of a large proportion not agreeing to the plan, provision was made to pay off this group, which, of course, was absolutely essential.

#### Seide's Answer

Gus Seide, answering the Smith statement, said he had withdrawn statement, said he had withdrawn Common Pleas Judge Brown of \$100,000 of the publishing company's Jersey City, counsel for Banking funds from the bank on the inkling tion for a fee of \$25,000 for his its closing. He said, "I had an inkling tion for a fee of \$25,000 for his things weren't right in the bank and work in connection with the bank, funds from the bank on the eve of I took out the money to protect the company and its employes who must be paid. I left about \$4,000 of the company's money in the bank. None of my personal funds were in the bank, but my son, Fred, left \$47,000 cash in the bank, and my son, Harold, left \$7,000. They refused to withdraw the money when I suggested it.

tion of the bank had been placed before him the liquidation of its assets had to continue.

Counsels fees of \$30,000 were al-lowed by Vice Chancellor Vivian Lewis in Paterson in connectic.1 with the administration. This was \$17,500 less than had been asked for by the attorneys.

and was cut to \$15,000 by the Court.

## FEDERAL H IN SIGHT FOR **STENECK BANK**

## **Finance** Corporation **Ready to Lend Its** Assistance.

Federal through the Recon-struction Finance Corporation is practically assured for the closed Steneck Trust Company, of Hoboken, if plans for the reorganization and reopening of the bank are carried out.

This was learned today as the re-sult of a conference with C. E. Mil-ler, Regional Loan Agent of Corporation at the Federal Trust Build-ing in New York yesterday, at which Judge Thomas Brown, of Jersey City, counsel for State Banking Commissioner Smith made application for a loan on \$5,000,000 of North Bergen bonds held by the bank.

When asked by Mr. Miller for what purpose he desired the loan, Judge Brown stated that it was for the purpose of reorganizing and re-

opening the bank. This would indicate a change in front on the part of the Banking Commissioner, who up until the present time has refused to approve the re-organization plan submitted to him.

to him. Mr. Miller requested information about the reorganization plan and it was outlined to him by Irving Rossi, the bankers' representative, who was responsible for its prepara-tion, after which the Loan Agent commented that it was an "excel-lent" plan. He said that all parties should unite towards its fulfilment, and assured them that if it were and assured them that if it were carried through the aid of the cor-poration would be extended, as this was one of the purposes for which the corporation had been organized.

Questions were asked regarding the status of the North Bergen bonds, and Walter Darby, State Fi-nance Officer of New Jersey, as-surred the loan. agent that the bonds were legal and were so recognized.

Loans from the Federal Corporation are not available to banks which were organized after 1931, so that a loan on the North Bergen bonds could not be made to a new bank which might succeed the Steneck bank, but a method was outlined whereby the funds might be loaned to the Banking Commisbe loaned to the Banking Commis-sioner on his approval of a plan for the reopening of the istitution. It was also brought out that under the present New Jersey law closed banking. institutions could not secure loans on their bonds, but a bill was passed by the Legis-lature last night and it will go be-fore the Governor today for his signature which would eliminate this feature. this feature. Judge Brown stated today that nothing definite was promised by Miller yesterday. Regarding the bill passed yesterday affecting obligabassed yesterday anterning ounge tions held by closed banks, Judge Brown said that it was not com-prehensive enough and he was going to try and have it amended before it was signed by Governor Moore. Commissioner Smith issued a Commissioner Smith issued a statement in Trenton yesterday to the effect that he was seeking to liquify \$5,000,000 of North Bergen bonds held by the Steneck Trust Company of Hoboken, but he refused to amplify his statement.

The first move made for the aid of the Federal Reconstruction Finance Corporation for the Steneck Bank was instituted by Congress-man Fred A. Hartley of Kearny, who immediately responded last week to a request from the Jersey Observer for action.

The Congressman arranged an interview for Mr. Rossi with Mr. Mille, and in a letter to the Eighth District representative on the results of that interview, which took place Monday, Mr. Rossi included the following memo:

"This morning, (February 15,) I had a conference with Mr. Miller and Hathaway of the Reconstruc-tion Finance Corporation. Con-gressman Hartley had communi-cated with Mr. Miller, urging him to do something to help the bank. Mr. Miller told me that Mr. Steneck also had written to him, asking for also had written to him, asking for a loan of \$5,000,000, based on the North Bergen bonds.

"Mr. Miller told me that under the New Jersey law it was impossible for a closed bank to pledge its assets and therefore he did not see assets and therefore he did not see how they could be of any assistance to us. He said if the law were changed it would undoubtedly pro-vide for the liquidator to be the person pledging these assets. How-ever, until the law was changed he could do nothing in the Steneck situation situation.

"I told him about our organiza-tion plans, explaining to him that we intended to place the North Bergen bonds in the liquidating account and pay out the proceeds to the deand pay out the proceeds to the de-positors as these bonds and certain other assets are liquidated. I also told him that, acording to our plan, the new bank would be entirely liquid. He seamed to think well of our plan and urged us to proceed as rapidly as possible. "He said after we had reorganized our bank he believed he could grant a loan for us on the North Bergen

a loan for us on the North Bergen bonds, probably not 100 cents on the dollar. He would also loan the new bank on its loans and discounts. He urged us to proceed as rapidly as possible with the reoganization and then come back to him if we needed assistance.

Congressman Hartley, in Wash-ington, is continuing his efforts to give all possible aid through General Dawes to the Hoboken institution, and has assured the Jersey Observed to this offer



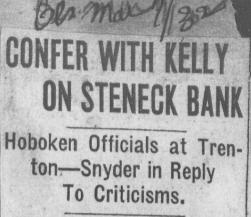
"The proposal of Clinton B. Sny-der to liquidate the Steneck Trust Company intending to prove that liquidation of the bank would be the quickest method of distributing cash to the depositors, and, in addition, provide for the payment of more cash to the depositors than reorganization is, in my opinion, incorrect and, in addition, is based on an inaccurate knowledge of the situation.

"To begin with, the obligations of "To begin with, the obligations of the Trust Company are not about \$10,000,000, but are over \$17,000,000, according to a statement printed some time ago in the Jersey Ob-server. In addition to this, on ac-count of the relations between the Steneck Trust Company and the Steneck Title and Mortgage Guar-anty Company, it would be impos-sible to liquidate the Steneck Trust Company without a simultaneous Company without a simultaneous liquidation of the Steneck Title and Mortgage Guaranty Company. This involves approximately \$3,000,000 more of liabilities, so that the total liabilities of the two institutions are in excess of \$20,000,000 and not about \$10,000,000, as stated in this proposal

and would only grant a loan secured by them, if the proceeds of this loan were to be used for constructive plan will do this, then I am 100 per purposes, that is, in connection with the reorganization of the bank, under a plan which would definite-ly provide for its contingent liabilities.

"In the first place, such an amount as contemplated in Mr. Snyder's plan could not be borrowed against these securities, as the Re-construction Finance Corporation must have a sufficient margin of safety, in the second place the li-quidation of the bank is not a constructive act, and, consequently, without wishing to appear to decide this question for the officials of the Reconstruction Finance Corporation it is very doubtful whether a loan for liquidation could be arranged. In addition, it is not clear under Mr. Snyder's plan, who would repay the loan to the Reconstruction Finance Corporation, as some of the securities pledged will not mature before the loan is due.

"If Mr. Snyder were to study the balance sheet of the Trust Company as published by the Jersey Observer a short while ago, he would note that about \$6,400,000 of certificates have been sold by the Trust Com-pany which carry the absolute guarpany which carry the absolute guar-antee of the Trust Company. Even though the Trust Company today has over \$3,000,000 of cash on hand, it is not certain that distribution of even this cash in liquidation could be made without first giving some consideration to this guaran-"In conclusion, I wish to state



Mayor B. N. McFeely and the other members of the Hoboken City Commission will meet with Banking Commissioner William H. Kelly at the latter's office in Trenton today to discuss the Steneck Trust Company situation.

In a letter to the mayor last week Commissioner Kelly stated that he would not take any action in the Steneck bank case until he had

Mortgage Guaranty Company. This involves approximately \$3,000,000 more of liabilities, so that the total liabilities of the two institutions are in excess of \$20,000,000 and not about \$10,000,000, as stated in this proposal. "Mr. Snyder is undoubtedly aware of the fact that conversations have taken place between the officials of the Reconstruction Finance Corpor-ation, the representatives of former Commissioner Smith of Banking and Insurance, and the bankers. These conversations determined fully the possibility of liquidation of the North Bergen securities. The officials of the Reconstruction Fi-officials of the Reconstruction Fi-

officials of the Reconstruction Fi- money and some assurance given of nance Corporation stated they its protection, also some percentage would not purchase these securities of their money to be returned to

cent. for that plan, my only object being that immediate relief of some

kind be given to the depositors. "I have published fully the facts and figures of the liquidation plan. It seems to me that those who feel that my plan is inferior or less ef-fective than the re-organization plan contemplated, should be fair enough to the 30,000 depositors to publish the facts and figures in connection with their plan. "Their plan has never been made

public, but has been revised from time to time and has been repeat-edly turned down. As a matter of fact I am willing, at this time, to place myself on record to the effect that in the event the re-organiza-tion plan is a better one for the depositors than the liquidation plan, after being scrutinized by local bankers and business interests, the I will thereupon give my heart and complete co-operation and believe I can vouch for the c operation of all the men who hav assisted in devising the liquidation

plan. "The severe criticism given the plan, which had as its originators, plan, which had as its originators, bankers, lawyers and businessmen, was unjust, partly because of lack of knowledge of the plan and the prime motive being to discredit it in the eyes of the public so they might not know of its value. This might hurt their re-organization plan if the public approved. "As to the Uorth Bergen bonds, the Reconstruction Finance Cor-poration can loan on assets of poration can loan on assets of banks in the process of liquidation, as shown by circular No. 1 of the Reconstruction Finance Corporation, dated February, 1932. "Commissioner Kelly is well abl to liquidate the bank without ad-vice of private citizens, but he has vice of private citizens, but he has so many problems to straighten out today that he cannot give the same thought and effort that a local and civic-minded group of citizens could. The Banking Commission would have supervision of the liquidation. "Assuming that no money could be borrowed upon the North Bergen bonds, depositors would receive 22<sup>1</sup>/<sub>2</sub> to 25 per cent. in cash as soon as the liquidation plan was accepted and the balance would be paid as the assets were liquidated."

**Declares Snyder Plan Would** Not Give Depositors More Cash.

The proposed liquidation plan for the Steneck Trust Company, spon-sored by Clinton B. Snyder, head of the Hoboken Businessmen's Association, would not provide for the payment of more cash to the depositors than the reorganization plan is the declaration made today by Joseph J. Garibaldi, chairman of

the special committee of the Sten-eck Trust Company. Mr. Garibaldi stated that the Snyder plan is based on inaccurate knowledge of the situation. He hopes to have an early reply on the new organization plan being submitted to Banking Commissioner Kelly and if the reply is favorable he asks all concerns to co-operate in its realization.

The communication of Mr. Garibaldi commenting on the Snyder plan is as follows:

that the new plan of reorganiza-tion now being submitted to Banking Commissioner Kelly will pro-vide for just as large a distribution of cash as contemplated by Mr. Snyder and certainly at a much earlier date.

I hope in the near future to have a reply from Commissioner Kelly and, if this is favorable, I urge all the depositors, certificate holders and stock holders to co-operate in its realization."

## Don. garry 22 **Steneck** Trust **Depositors** Ask Reorganization

## Hoboken Mass Meeting Adopts **Resolutions Asking Statement** of Liquidation Cost

Henry G. Steneck, president of the Steneck Trust Co., now in liquidation under the state banking commissioner, failed to appear at the mass meeting of depositors at School No. 2, Hoboken, last night. Two of the members of the board of directors did appear on the stage, and addressed the crowd, that filled every seat in the large auditorium. They were former County Clerk John J. McGovern and George Lankering.

There was a tense moment when Corporation Attorney Horace L. Allen called the name of "Henry Steneck." There was no response, He called the name thrice before he announced that Mr. Steneck had not accepted the invitation.

Mr. Allen then said: "I am sorry that Mr. Steneck did not attend this meeting. This would have been a good time for him to meet you people and explain the condition of the bank when it was taken over last June 27 by the state banking depart. ment."

#### Explanation Sought

In further reference to Mr. Steneck, Mr. Allen said he also might have been able to tell the city why he accepted its \$600,000 two days before the bank closed, when according to Mr. Smith's own statement he told Mr. Steneck the finances of the bank did not meet with his approval, and that the day before the doors were closed he put the matter squarely up to Mr. Steneck, demanding a deposit of \$1,000,000 from the officers, otherwise the doors would be closed.

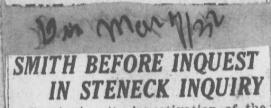
Mr. Lankering was the first of the two members of the board to speak. He declared he had no knowledge of the warning the banking commis-sioner had given Mr. Steneck, and that he was out of the city the morning the doors were closed by the commissioner. He pledged his best efforts to have the bank reopened. Mr. McGovern told his audience he was in Ireland at the time of the closing. He said, however, he does know that the bank at the time had \$1,900,000 in capital and surplus. More than \$1,000,000 of this has been

mr. Snyder held that a new form of liquidation should be introduced so that the harsh methods of foreclosure and suits for small notes would be eliminated. He charged that in many cases the commissioner is suing on notes so small that the cost of collection exceeds the amount of the claims.

#### Sees Jobless Hurt

Mr. Hurwitz said he was not there as a representative of the chamber, because the trade board always took the position that the matter was one for the city, and expressed himself as pleased with the step taken by Mayor McFeely in calling the meeting. He charged the closing of the Steneck Trust. Co., brought more need for relief in the city than the business depression. He said in that statement he spoke from his knowledge gained as chairman of the unemployment relief committee for Hoboken. He declared that many of the cases that come before him are persons who had been thrown out of employment and could draw on their Steneck deposits to tide them over.

The meeting closed with the adoption of a resolution calling for the reorganization of the bank, for a statement on the expenses incurred thus far under the plan of liquidation and for the names of persons who withdrew accounts the day before the bank closed.



Continuing its investigation of the affairs of the Steneck Trust Company, of Hoboken, which was closed last June 27, the Hudson Grand Jury yesterday afternoon heard former State Banking Commissioner Frank H. Smith, who appeared in response to a subpoena.

refused to Commissioner Smith before the discuss his testimony Grand Jury. Porsecutor John Drewen did not question the former banking official before the Grand Jury, it was reported. Henry W. Steneck, president and his brother, George W Steneck, vice president, of the closed institution are under indictment for alleged violations of the banking laws.



## On mar Alze WHY AND WHEREFORE?

One is prompted to ask the why and wherefore of a proposed Steneck liquidation plan as outlined to the public yesterday by C. B. Snyder, president of the Hoboken Businessmen's Association.

The affairs of the closed institution are now being studied by the newly appointed State Banking Commissioner, Colonel William H. Kelly. He has been in office only one week. Obviously, the time element precludes any immediate decision as to whether the bank will be liquidated or reorganized.

In due course, Colonel Kelly will announce his findings. Should his decision be adverse to reopening of the bank, then advice from the public as to methods of liquidation might be proper, although not necessarily helpful, for it is reasonable to expect that the State department is fully capable of administering its own affairs.

Mr. Snyder, in his proposal, holds out the suggestion that depositors might receive eighty cents on the dollar or more under his plan. That is-if this happens, if that is true, if this can be arranged, etc. The Steneck matter is too important a one, affecting as it does over 30,000 depositors, to be made the subject of mere vagaries. Mr. Snyder's proposal may, therefore, be considered not only ill-timed, but presumptuous.

The weakness of the structure of the plan is immediately recognized when it has for its basis the obtaining of a loan of over \$4,000,-000 on North Bergen bonds held by the in-Snyder proposes that this be sestitution. cured from the Federal Reconstruction Finance Corporation.

This money will not be loaned to the bank in liquidation proceedings, as Charles H. Miller, manager of the Regional Loan Division, anncunced yesterday. Miller, however, invited future conferences on the loan if the bank is to be rehabilitated. Hence, the loan can be secured only if the bank is to be reopened.

Sufficient for the Snyder proposal. Its base destroyed, its structure necessarily collapses.

dissipated during the liquidation process. He promised his assistance to have the institution reopened.

The meeting was opened by Mayor Bernard N. McFeely, and then turned over to the chairman, Mr. Allen. Among the other speakers were Max Z. Hurwitz, president of the Hoboken Chamber of Commerce, and C. B. Snyder, president of the Hoboken Business Men's Association.

#### Urges Humane Procedure

Mr. Snyder pointed out that since the banking commissioner has on hand more than \$3,000,000, the time has arrived when the depositors should be given some of their money. Up to this time, he explained, the matter has been carried out on strict legal lines, but from now on the humane element should be injected, he said. He presented a plan whereby certain portion of the cash on hand. could be allotted to secure the claims of the mortgage holders, and the rest of the cash made available for the depositors.

## STENECK POSTPONES VISIT TO M'FEELY

Henry Steneck, president of the Steneck Trust Company, who was given a severe grilling before Mayor McFeely and the City Commissioners last Friday and agreed to return in a week and submit a plan for the reorganization of the bank, informed Mayor McFeely through Commissioner Gilfert today that he was not ready to present the matter yet.

He indicated that he had an ap-pointment with Banking Commissioner Kelly at Newark and that if he found time he would drop in to see the Mayor on his way back from Newark, at which time he would answer all questions.

Who, then, is to be the hero of the 30,000 Steneck Trust depositors? This guestion seems to be of great personal concern to those in public life and to other publicity aspirants.

We do not know nor do we care so long as the interests of these 30,000 depositors are protected to the utmost degree.

We do feel that many persons have injected themselves improperly into the situation and that their presence is a distinct hindrance to a solution of the problem.

We know, as everyone else knows, that reorganization of the bank will give the greatest relief to the creditors. Knowing this, we hope that the plan for rehabilitation will be found feasible by the State Banking Department.

SNYDER OFFERS STENECK PLAN Liquidation Method Suggested If Reorganiza-

#### A suggested form for the liquidation of the closed Steneck Trust, Company of Hoboken, in the event that re-organization plans for the re-opening of the institution are found to be impractical, has been prepared by Clinton B. Snyder, president of the Hoboken Business Men's Association, ""ith the assistance of local banking, legal and

tion Fails.

business interests." The plan, which is based on the "statement of the bank published in the Jersey Observer on January 12. 1932," proposes to pay  $22\frac{1}{2}$  per cent. to depositors immediately,  $37\frac{1}{2}$  per cent. within sixty days on funds to be borrowed on municipal bonds held by the bank, and the balance due depositors to be satisfied out of the amount received from liquidating the balance of assets. It is estimated that the depositors, under the liquidating plan, might receive ultimately a total of 80 per cent.

Mr. Irving Rossi, bankers' repre-sentative who prepared the re-organization plan looking forward to re-opening of the bank, pointed out today that the proposed liquidated plan was impossible of accomplish-ment at the start as the Federal **Reconstruction Fnance Corporation** would not loan money to any bank or liquidation purposes, but only

re-organization. nder the plan of re-organization 0,000 new capital would be put the bank, making possible an ate payment of 100 per cent. depositors.

ding the mortgages the pro-

iquidating plan sets forth the assets of the bank are \$10,102,300 and the liabilities, ecluding capital, surplus and undivided profits, \$9,704,342; present cash available \$3,500,000, from liquidation of municipal bonds, through Fed-eral Reconstruction Finance Corporation (less five pre cent. reserve) \$4,073,554, making total cash avail-able within sixty days of \$7,573,554. From this would be set aside \$1,-300,000 as reserve fund to guarantee mortgage certificates and \$100,000 for expenses, leaving cash available for depositors of \$6,173,544. This would leave the balance due de-positors at \$3,530,788, with an un-liquid balance of \$3,288,512 to meet A separate set-up is provided for satisfying the mortgage certificate holders. One is that mortgage certificate holders on specified mort-gages be fully re-imbursed if the mortgage is paid up, another provides for taking over the mortgage by the certificate holder, while a third proposes that if the property is sold under foreclosure, and there is a deficiency in the amount realized the balance be made up from the \$1,300,000 reserve. It is estimated that certificate holders would get at least 90 per cent. of their holdings. "The success of the plan," says Mr. Snyder, "depends largely on the proposal that it be carried out in all its aspects by local non-political groups or committees of business, merchants and professionals." The plan proposes to remove the bank from the hands of the State Banking Department and "that all matters in connection with the liquidation should be handled by local bankers, business men, merchants, real estate agents and other professionals."

## TO STENECK BANK **Reconstruction** Official Would Consider Plan for Reorganization.

Charles H. Miller, regional loan agent of New York of the Federal Reconstruction Finance Corporation, in a letter to Judge Brown, counsel to former Banking Commissioner Frank H. Smith, points out his reasons for thinking it would be impossible for the Finance Corporation to assist in the rehabilitation

of the Steneck Trust Company. He adds, however, that "if and when a plan is worked out so as to present a businesslike and plausible appearance, I would be glad to consider the matter further.'

It is apparent as a result that there is little chance of aid from that source for liquidation plans. Mr. Miller's letter to Judge Brown

Mr. Minter's letter to Studge Brown is as follows: "In reply to your favor of Febru-ary 29, asking for my reasons for thinking that it was impossible for this organization to assist in the re-habilitation of the Steneck Trust Company, I have to say that a great many reasons entered into that demany reasons entered into that de-cision, among others, the difficulty or inability to ascertain the extent of the contingent liabilities of the trust company for mortgages which it had guaranteed; the fact that there seemed to be other contingent liabilities in connection with the management of the trust depart-ment the amount of which I could

not ascertain; the fact that if the Trust Company was open, free from these contingencies by the formation of a new institution, the new institution would necessarily be barred from getting loans from the Reconstruction Finance Corpora-tion under the act creating us; and finally the fact that so large a proportion of the assets of the trust company consist of bonds and notes of a New Jersey municipality notes of a New Jersey municipality a part of which, at least, has been in defeault coupled wit hthe fact that the municipality owed alto-gether an amount which equaled nearly 50 per cent. of its assessed vlaue up to the recent valuation and had a tax rate of about \$70.

"I may say also that I consulted with a number of advisors among the New Jersey bankers and people who were necessarily more familiar than I with the history of the Steneck Trust Company and its condi-tions, and I failed to receive the slightest encouragement from any of them and they seemed to think that it was not a case for the Re-

construction Finance Corporation to

## 09ps april 22

### **REORGANIZATION OF STENECK TRUST**

For the sake of the 30,000 depositors of the closed Steneck Trust Company, the small army of home owners threatened with mortgage foreclosure proceedings, the business interests generally and the city of Hoboken itself, it is sincerely to be hoped that the plan of reorganization backed by large and substantial banking interests of New York will be carried into effect.

Forced liquidation would be a calamity, and this should be avoided if possible. That it is possible is the claim of the outside banking interests who stand ready to put sufficient new capital into the institution to warrant reopening.

Furthermore, the Stenecks themselves also agree to advance a large share of their own private funds to bring about reorganization. This contribution, of course, will not be available if liquidation takes place. With so much new capital ready to be advanced for conservation of the assets, and a new start under complete reorganization, it should not be a difficult matter to surmount the technicalities that have so far been mainly responsible for keeping the doors of Steneck's closed.

## **COMMITTEES APPOINTED ON REORGANIZING BANK**

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### Start Work at Once Upon Steneck Trust Plan

Committees have been appointed to take up the work of reorganizing the Steneck Trust Company, closed June 27, last, by the State Banking Department. This committee is headed by Joseph J. Garibaldi of Hoboken, and work of preparing a plan to be submitted to Banking Commissioner Kelly will be started at once. Theodore Furman, who has charge of the Steneck Trust Company, stated that no action will be taken there pending the efforts of the stockholders and depositors of the bank to rehabilitate the institution.

The committees are as follows Stockholders of the Trust Company -Joseph J. Garibaldi, chairman; Dr. George F. Sullivan, William A. D. Evans, Edward F. Fleckenstein, Fred A. Seide.

get into. During the course of inquiry and examination, I came to the conclusion that my advisory committee would, in all probability, act adversely to the loan, which would leave me quite helpless in the mat-ter anyway, and I doubt very much whether Washington would permit us to go on even if the committee and I decided to do so. As I understand it, however, people were still working on the plan of rehabilitation and I had, and still have, the feel-ing that if and when this plan is worked out so as to present a busi-nesslike and plausible appearance, I would be glad to consider the matter further."

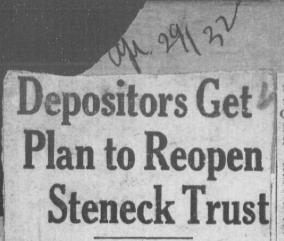
Stockholders of the Trust Company -Edward Vintschger, chairman; Joseph A. Bonanno, Adrian Roggeveen, George Lankering, Frank T. Springmeyer.

Depositors of the Trust Company-Dr. George F. Sullivan, chairman; Claus Oetjen, Fred A. Seide, Charles Rohe, Rev. F. E. Bogner, Dr. Frank Armstrong, Michael F. Burger, Frank Hellinghausen, Benedict Beronio,

Certificate holders of the Trust Company-Edward F Fleckenstein, chairman; John J. McGovern, John F. Lewis, Rev. F. E. Bogner, Earl F. Bosworth, Claus Oetjen.

Certificate holders of the Title Company-A. L. Kohnfelder, chair-man; Charles Noeding, Herman J. Prehn, George Lankering, Dr. Frank Armstrong, August Graf.

Reorganization committee-Joseph J. Garibaldi, chairman; Edward Vint-schger, Dr. George F. Sullivan, A. L. Kohnfelder, Edward F. Fleckenstein.



New Title Company As Well As New Bank Proposed-35 Per Cent Initial Payment

Details of the plan to reorganize the Steneck Trust Company and its title company were mailed yesterday to depositors and stockholders from reorganization headquarters, 77 River street, Hoboken.

Depositors, whose claims exceed \$50 and who agree to the reorganization plan, are to receive 35 cents on the dollar in cash and depositors' trust certificates for 65 per cent. of their deposits. Those whose deposits are less than \$50 are to be paid off in cash upon the opening of the bank.

A new bank and a new title com-pany are to be organized and acquire the assets of the old companies Assets of 'the new bank will be cash on hand, loans that are believed collectible, the present bank building and its fixtures and the capital stock of the new trust company.

The new title company is to acquire the assets of the present company and also mortgages on improved real state owned by the bank.

#### Liquidating Company

In addition, there will be organized. a liquidating company which takes over all real estate except the bank buildings. The liquidating company will be operated solely for the bene-fit of the depositors holding trust certificates and holders of outstanding mortgage participation certificates.

Depositors agreeing to the reorganization plan can subscribe for capital stock in the new bank at \$15 a share. Negotiations are now under way to obtain a loan from the Reconstruction Finance Corporation. If such a loan is successful, depositors will be able to borrow money in addition to the initial payments of 35 cents on the dollar. It is expected that when the or-

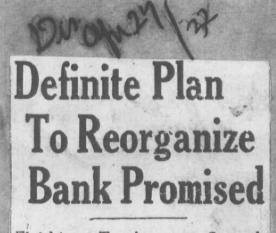
ganization is completed the new bank will have a capital and surplus of at least \$1,500,000 after deducting all deposit liabilities and costs of reorganization. The new title company is to have a capital and surplus in excess of \$500,000 while the book value of the liquidating company is to be at least \$250,000 in ex-

Joseph J. Garibaldi is chairman of the reorganization committee. A trained staff of workers from the Guarantee Trust Company, New York, is to be installed today or tomorrow in reorganization headquarters.

Edward F. Fleckeinstein is chairman of the committee representing holders of guaranteed first mortgage participation certificates. Others on the committee are John J. McGovern, John F. Lewis, Rev. F. E. Begner, Earl F. Bosworth and Claud Octjen. The depositors committee is headed by Dr. George F. Sullivan, assisted by Mr. Oetjen, Fred A. Seide, Rev. Mr. Bogner, Dr. Frank Armstrong, Mich-ael F. Burger, Frank Hellinghausen and Benedicto Beronio.

Mr. Garibaldi is also chairman of the committee representing the stock-holders, assisted by Dr. George F. Sullivan, William A. D. Evans and Messrs. Fleckenstein and Seide. For reorganization of the title

company, A. L. Kohnfelder is chair-man of the committee representing holders of guaranteed first mortgage participation certificates. He is assisted by Charles Noeding, Herman J. Prehn, George Lankering, Dr. Arm-strong and August Graf. The com-mittee representing the stockholders is headed by Edward Vintschger, assisted by Joseph A. Bonanno, A. P. L. Roggeveen, Mr. Lankering and Frank T. Springmeyer.



Finishing Touches to Steneck Trust Program to Be Applied

#### Today, Assurance

A definite plan for the reorganiza-tion of the Steneck Trust Company now in the hands of the State Banking Department for liquidation, was promised for late today at the meeting yesterday afternoon of the board of directors and a committee of depositors at the Union Club. Joseph J Garibaldi was the chairman of the meeting.

It was stated that the plan of reorganization to be submitted to Banking Commissioner Kelly for his approval has been practically completed, and that today the finishing touches will be made. It is understood that the plan calls for a 35 per cent down payment to depositors and the rest out of the earnings of the newly organized bank.

## **BANK'S REOPEN** PLAN IS ADVANCED

Oh operation

## **Steneck Committees Named** -Complete Outline Being Printed.

Rapid progress is now being made with the plans for the re-organization of the Steneck Trust Company and the Steneck Title and Mortgage Guarantee Company of Hoboken. The complete plan is now being printed and will be submitted to the stockholders, depositors and certifi-cate holders within a few days. Joseph J. Garibaldi has been se-lected as chairman of the re-or-

lected as chairman of the re-organization committee and a list of committees for carrying out the de-tails of the plan before it is finally submitted to Banking Commissioner William H. Kelly for his approval. has been named. Theodore Fuhrman, banking ex-

aminer in charge of the Trust Company since it was closed last June, denied that the State Banking De-partment would make a part pay-ment to depositors this month from the proceeds of liquidation.

No plans have been made for any early payment by the department. Fuhrman stated. He asserted that the Banking Department is await-

ing the outcome of the plans now afoot for the re-organization of the bank and that nothing will be done that might interfere with these plans.

The following is the list of com-mittees named for the re-organization:

tion: Stockholders of the Trust Com-pany—Joseph J. Garibaldi, chair-man; Dr. George F. Sullivan, Wil-liam A. D. Evans. Edward F. Fleck-enstein, and Fred A. Seide. Stockholders of the Title Com-pany—Edward Vintschger, chair-man; Joseph A. Bonanno, Adrian Eogreveen George Lankering, and

man; Joseph A. Bonanno, Adrian Roggeveen; George Lankering, and Frank T. Springmeyer. Depositors of the Trust Company —Dr. George F. Sullivan, chairman; Claus Oetjen, Fred A. Seide, Charles Rohe, Rev. F. E. Bogner, Dr. Frank Armstrong, Michael F. Burger, and Benedict Beronio. Certificate holders of the Trust Company: Edward F. Fleckenstein, chairman: John J. McGovern, John

chairman; John J. McGovern, John F. Lewis, Rev. F. E. Bogner, Earl F. Bosworth and Claus Oetjen. Certificate holders of the Title Company: A. L. Kohnfelder, chair-

man; Charles Noeding, Herman L Prehn, George Lankering, Dr. Frank Armstrong and August Graf. Reorganization committee: Joseph J. Garibaldi, chairman; Edward Vintschger, Dr. George F. Sullivan, A. L. Kohnfelder and Edward F. Fleckenstein.

cess of the income debentures to be issued by the company.

The reorganization committee expects to receive the assents of approximately 100 per cent. of the depositors by May 20, but this date may be extended.

Depositors' Trust Fund The depositors' trust fund upon which the depositors' trust certificates are to be based is to consist of assets with a book value of \$6 .-563,910.36. These assets comprise \$5,312,662.70 of notes of the township of North Bergen, capital stock of the ... ew bank, \$300,000; loans of the present bank of doubtful value, \$614,-829.72; real estate, \$147,000, and miscellaneous securities or assets owned by the present bank, \$189,317.94.

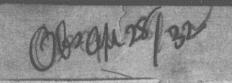
The reorganization plan is subject to the approval of State Banking Commissioner William H. Kelly. The First National Bank of Hoboken is named depository under the new plan.

The members of the committee and the directors signed their names to the plan as submitted yesterday. It was stated that all members of the committee had agreed to the plans thus far.

Counsellor William A. Schlosser, acting for the Depositors' Association who received a copy of the plans, said he would make a study of them before taking action. Members of the depositors' committee expressed themselves as optimistic as to the outcome of the effort.

## STENECK AGREEMENT **BROADER THAN TOLD**

The agreement made by John Milton, counsel for the State banking commissioner, and Dougal Herr on the part of certain depositors of the Steneck Trust Company, that no further assignments of mortgages will be made to certificate holders or rede:nption of certificates made applies equally to certificate holders of the Steneck Title and Mortgage Guaranty Company as well as to the Steneck Trust Company. All payments involving creditors of both companies are stopped as a result of Herr's suit in Chancery.



## **Adopt Steneck Plan Today; Headquarters Engaged in Campaign**

Aids Bank



Ogden B. Hammond

Its completed form will be substantially along the lines exclusively published in the Jersey Observer last Thursday, the changes being in minor details and not affecting the plan as a whole or in its structure.

Briefly it provides for a new bank a new title company and a liquidat-ing company, the latter to be con-trolled by three voting trustees, named by the Reorganization Com-mittee for the payment of the bal-ance of the deposits of the creditors of the bank of the bank.

Instead of an initial cash pay-ment of 25 per cent to depositors on the day of the new bank's open-ing there will be available 35 per ing there will be available 35 per cent with the expectations that this may be raised to 65 per cent in the event that the negotiations now un-derway with the Reconstruction Fi-nance Corporation are successful.

Half of the banking quarters of the Second Bank and Trust Comday pany, which was taken over by the Under the structure laid out by Trust Company of New Jersey, has the reorganization committee, the been secured as headquarters for the reorganization committee. Og-den B. Hammond, president of the deducting all deposit liabilities, esti-In Steneck Plans garding the outcome of negotiations with the federal finance body. First National Bank and former U. mated expenses and estimated re-The First National Bank of Hobo-S. Ambasador to Spain, aided the committee in securing the quarters. The First National Bank has also paid-in surplus to be obtained Members of the board of directors ken has agreed to act as depository for the Steneck Trust Company Reof both companies held a meeting yesterday when they agreed to the minor changes in the plan as ten-tatively submitted last week, and signed the plan as to its general paid-in surplus to be obtained organization Committee. Chairman through stock subscriptions to the new capital of the bank. agreed to act as depository for the reorganization committee. John J. Garibaldi of the committee and President Ogden Hammond of the First National Bank conferred on Garibaldi, chairman of the commit-tee, expressed himself as highly ap-preciative of the aid Mr. Hammond Approval of Banking Commission-er William H. Kelly and the consent makeup. Final approval of the com-mittee will be given tomorrow and a start made with mailing the plan matter yesterday and Mr. Hamof a certain percentage of the de-positors, stockholders and certificate mond agreed to have the First Nahas extended. tional act as the official depository to the depositors, stockholders and A trained staff of workers experi-enced with bank reorganization holders, is necessary before the plan for the committee. mortgage certificate holders to obcan be put into efect. Members of the reorganization Plans are being pushed as rapidly as possible for the stages of the campaign to secure approval of the tain their consents, which are ne-cessary before the State Banking work will be installed in the new headquarters of the committee to-morrow or Saturday. They have been secured from the Guarantee Trust Company of New York and committee aim at obtaining the ap-Department will give its approval. Joseph J. Garibaldi presided at the meeting of the re-organization committee and the board of direc-State Banking Commissioner. Nego-tiations have been resumed with the Federal Finance Corporation in New proval of practically 100 per cent. of the depositors, certificate holders and stockholders, pointing out their purpose is to avoid a forced liquidaare thoroughly familiar with the York with respect to the North Ber-gen bonds held by the Steneck Bank. details of the plan which they will explain to the depositors of the Steneck Bank and certificate hold-ers of the Title Company. Among them will be German and Italian tors of the two companies yesterday, tion in order that the interests of all concerned, including the general and all present expressed their en-A meeting of the directors of the Steneck Trust and the Steneck Title thusiasm with the progress so far, and were optimistic as to the outpublic, can best be served by the reand Mortgage Guarantee companies opening along the lines proposed. come. will be held on Tuesday to give final approval to the plan, which will probably be mailed to stockholders, interpreters.

**Details of Reorganization Program Will Be Mailed** Out to the Creditors— **Trained Staff of Work**ers Ready to Explain **Proposition to Deposi**tors-First National to Act as Depository.

Adoption of the plan for the re-organization of the Steneck Trust Company and the Steneck Title Mortgage Guaranty Company, of Hoboken by the boards of directors of the two companies will be made final this afternoon.

The campaign to secure the con-sent of depositors, certificate holders and stockholders to the reorgan-ization will be started at once. The detailed plan of reorganization will be printed this afternoon and will be mailed out as soon as possible, reaching depositors and other cred-itors by Saturday or early next week.

For the balance of the depositors' money, the plan provides that trust certificates will be issued which will represent pro rata participation in the securites and assets to be held in a depositors' trust fund, which, upon consummation of the plan, will have a book value aggregating \$450,000 in excess of the total trust certificates issued.

Depositors who have \$50 or less in the bank will be allowed to withdraw the entire amount of their deposit on the opening day if they so desire.

Provision is made for the holders of first mortgage participating cer-tificates along the lines announced in the Jersey Observer last Thurs-

## 70h 0/ 22/ 32 **Federal Aid Sought To Reopen Steneck's**

## Conference Being Held in Hope of Raising More **Cash—Directors Informally Approve Plan.**

Representatives of the Reorganization Committee of the Steneck Trust Company are in conference today with the Reconstruction Finance Corporation in New York to make arrangements to secure aid from the Federal organization for the reopening of the Hoboken institution.

The boards of directors of the Steneck Trust and Steneck Title companies met yesterday afternoon at the Union Club to consider the plans which have been outlined for the reorganization of the two companies, but final approval was with-held pending decision on minor changes in the plan and the out-come of the conference today with the Reconstruction Finance Corporation.

It was the consensus of opinion of the board of directors of the two companies yesterday that the public service and the interests of the depositors and creditors of both the bank and the title company can best be served by the reorganization of the companies on the lines contemplated in the plan.

While a loan from the Reconstruc-tion Finance Corporation on the North Bergen bonds would provide a very material increase in the amount of cash that would be available to depositors on reopening, the success of the plan does not hinge on this feature

It is expected that with the completion of minor changes and a de-cision from the Reconstruction Finance Corporation as a result of today's conference the plan as out-lined will be ready for approval of the directors at a meeting which has been called for Tuesday.

If there is no hitch in the arrange-ments and final approval as to all details is made on Tuesday, printed copies of the full plan will be mailed to depositors, certificate holders and stock holders and other creditors of the two institutions and will be in their hands before the end of next week

depositors and certificate holders

Wednesday.



000 apr. 21/22

## Better Provision Made for **Depositors in Revision** by Committee.

A cash payment of 35 per cent. will be available to depositors of the Steneck Trust Company on the reopening of the bank, if the re-organization plans as finally decided upon by the directors of the bank and the Steneck Title Company are approved by Banking Commissioner William H. Kelly.

This is a slight deviation from the plans as outlined last week, in which provision had been made for 25 per cent. to the depositors on the

25 per cent. to the depositors on the opening of the bank; 5 per cent. four months later, and 5 per cent. eight months after the opening. In addition to this cash proposal, negotiations are under way with the Federal Reconstruction Finance Corporation, which, if successful, will make funds available upon which the depositors could secure which the depositors could secure loans to the extent of 30 per cent. more making 65 per cent. available upon the opening date if depositors so desired.

It is pointed out, however, that the re-organization plans are not contingent upon aid from the Reconstruction Finance Corporation, although members of the re-organ-ization committee are optimistic reFORMER DIRECTORS **OBTAIN DETAILS OF** REOPENIN Ut the bb percent to be made

Meeting Takes Place at 4 o'Clock This Afternoon at the Union Club -\$1,200,000 New Capital and Entirely New Management.

The plan for the reorganization of the Steneck Trust Company and the Steneck Title and Mortgage Guaranty Company will be submitted to the boards of directors of the two companies at a meeting in the Union Club, Hoboken, this afternoon at 4 o'clock.

In brief it provides that there will be available for the depositors of Trust Company

available to depositors on the open-ing of the bank 30 per cent will be in the form of a loan to be paid out of money borrowed by the re-organization committee from the Reconstruction Finance Federal Corporation.

On on an lie

Deposits in the present bank totalling less than \$50 each are to be available in full upon the reopening.

The provisions for the holders of guaranteed first mortgage participation certificates of the bank and of the Title Company are that those assenting to the plan are entitled tions will be allowed by the liqto receive in exchange for such participation certificates ten year 5 1-2 per cent guaranteed first mortgage

participation certificates of the new Title Company to the extent of not less than 55 per cent of the principal amount of participation cer-tificates deposited by them under the plan, and fifteen year 5 3-4 per cent income debentures of the liquidating company for the bal-

The new title company is to acquire the cash, title, plant and cer-tain other assets of the present title company, and all mortgages owned by the present bank and title company which are not in default and to issue its 10-year participating certificates at 5 1-2 per cent. The company is to be owned by the new entire capital stock of the new title bank.

It is proposed under the plan that the liquidating company ac-quire all real estate owned by the present bank and title company except the present bank building which are to be owned by the new bank, and certain adjacent properties to the bank building which are to be set aside in the depositors trust fund; and all mortgages not transferred to the new bank.

The liquidating company is also to own \$275,000 par value of the capital stock of the new bank. The capital stock of the liquidating company is to be without par value and is to be held by three voting trustees initially nominated by the Reorganization Committee.

No dividends or other distribuuidating company until all the in-come debentures of the liquidating company and the depositors' trust certificates have been paid in full.

Under this new structure it is expected that upon consummation of the plan the new bank will have a capital and surplus of at least \$2,000,000 after deducting all deposit liabilities, estimated expenses and

## **REVEAL REORGANIZATION** PLANS FOR BANK TODAY

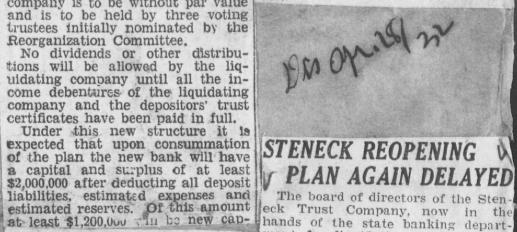
Steneck Trust and Subsidiary An-

nouncements Awaited

Plans for the reorganization of the Steneck Trust Company and the Steneck Title and Mortgage Company, will be announced today. The board of directors of the two companies will meet at 4 o'clock at the Union Club when announcements will be made.

For the past several weeks more than a dozen persons have been employed in the office of Joseph Garibaldi, of Hoboken, preparing the plans which will be placed before the state banking department for its approval.

The Steneck Trust Company has been in the hands of the State Banking Department since June 27, last.



when it opens 55 per cent in cash, 5 per cent additional within four months and 5 per cent eight months after the opening.

Depositors' trust certificates will be issued for the balance and will represent pro r ta participation in the securities and assets to be held in a depositors' trust fund which upon consummation is to have a book value aggregating approxi-mately \$450.000 in excess of the total principal of depositors' trust

be given an opportunity to sub- tain assets which are to be set scribe to capital stock of the new aside together with \$300,000 par bank at \$15 per share and to apply value of capital stock of the new against subscriptions of any por- bank as a trust fund for the benefit tion of their deposits available to of the depositors. them in cash.

ance.

Stockholders of the bank and the title company will be entitled to receive under the plan a voting trust certificate representing one share of the stock in exchange for one share of stock of the bank or title company.

The plan is predicated upon the formation of a new bank and trust company, a new title company and a liquidating company. The new bank is to acquire all the assets of the present bank except mortgages certificates issued. In addition, depositors of the bank assenting to the plan are to

tal and paid-in surplus to be obtained through stock subscriptions

to the new capital of the bank. The new title company is to have a capital and surplus in excess of \$500,000, and both new companies will be under entirely new management satisfactory to the State Commissioner of lighting and Insurance.

For the consummation of the plan it will first be necessary for the reorganization committees to receive such a percentage of assents as they shall deem sufficient, that it shall have the approval of the State Bank Commissioner, and that the \$1,200,000 of stock for the new bank is undrewritten.

The First National Bank of Hoboken is cooperating with the com-mittee by acting as official depository.

ment for liquidation, yesterday de ferred until today the announcement of the plan to reorganize the bank. The meeting yesterday afternoon was held in the office of the chairman of the committee of depositors, Joseph J. Garibaldi. in the Jagels Building in River street. It was stated that after discussing

the plan that some minor changes had been suggested and they will be corrected on the proof before it goes to the printer. It is understood, however, that the original plan to pay depositors 35 per cent if the new bank is opened, will stand. It has been pointed out that there are a number of details to be worked out before the committee goes before Banking Commissioner Kelly for his approval.

Sell Worthless Shares to Bank For \$39,000

New Indictment Bares Sale at \$5,000 More Than Original Cost

## BROTHERS UNDER \$25,000 BAIL FOR MISDEMEANORS

Continuing its investigation of the Steneck Trust Company closing, the Hudson Grand Jury late yesterday returned an indictment to Judge Thomas H. Brown, charging Henry C. Steneck, president, and his brother, George W. Steneck, vice president, of the closed Hoboken bank, together with Howard Cole, whose address is unknown, with conspiracy.

The Steneck brothers are already under indictment on charges of violating the state banking laws. Both are at liberty under \$25,000 bail each. Prosecutor John Drewen handled the case in the grand jury room. Harry Braverman, Newark accountant, was a witness.

The new indictment against the Stenecks charges them with purchasing 374 shares of stock in the Great Western Timber Corporation, Ltd., a Canadian concern, for \$34,000. The purchase was made through Cole, it set forth. Some years later, April 25, 1930, it is claimed, the Stenecks sold the stock, although it was allegedly worthless at the time, to the Steneck Trust Company, for \$39,000. thus realizing a profit of \$5,000.

Last January 12. both Stenecks were indicted for "high misdemean-ors" in connection with affairs of the bank, which was closed last June 27

INDICTED AGAIN

Dis.apr 22/2



**Stenecks Deny** 

**Fraud Charges** 

Plead Not Guilty to Conspiracy.

Indictment

Robert V. Kinkead on an indictment

returned last Friday, charging con-

spiracy to defraud the Steneck Trust

Company, of Hoboken, Henry C. Steneck, president, and George W.

Steneck, vice president of the closed

institution, pleaded not guilty. How-

ard Cole, of New York City, a co-

Arraigned yesterday before Judge

## **STENECK REOPE** PLAN IS PREPARED

ENECKS FOR

**Directors Meet Tomorrow**-No Hitch Expected in Reorganization Program.

The plan for the reorganization of the Steneck Trust Company and the Steneck Title and Mortgage Guarantee Company, of Hoboken, will be announced tomorrow at a meeting of the board of directors of the two companies, which will be held at the Union Club, Hoboken, at 4 o'clock. Progress in connection with pre-

Progress in connection with pre-liminary work has been pushed as speedily as possible. Copies of the detailed plan are almost ready for mailing to stockholders, depositors and certificate holders of the two companies, and when the consent of the creditors to the plan has been received, it will be presented to Col. William H. Kelly, State Banking Commissioner, for approval.

No hitch is anticipated by the Reorganization Committee which is headed by Joseph J. Garibaldi in the program which has for its ulti-mate aim the reopening of the banking institution. In fact, the committee is confident that success will finally attend its efforts and that the plan will meet with the full approval of the Banking Commin approval of the Banking Commis-sioner and his advisers.

The full detailed plan will be submitted to the directors of the two institutions tomorrow afternoon and following their approval of the plan copies will be mailed out to all of the creditors. It is ex-pected that they will be in their hands by the end of the week. In the meantime, the various committees on the reorganization

work is proceeding with the campaign to gain the consent of the de-

by the then State Commissioner of Banking Frank H. Smith. The four indictments against the brothers charged them with having submitted, a false report on January 14, 1930, concerning the condition of the banks as of December 31, 1929.

In effect, the four indictments al-lege that the Stenecks reported the bank's liabilities at \$1,300,000, whereas, the actual liabilities totaled \$1,-525,000.

Previously, George W. Steneck had. been indicted December 18 on two charges of violating the banking laws. One indictment alleged that he had obtained a loan of \$61,850 on December 18, 1929, without having obtained the approval of the bank's board of directors, and the second true bill charged that he had overdrawn his personal account by \$85,-527.56.

Prosecutor Drewen declared last, night he is endeavoring to locate Cole. The Stenecks are expected to enter pleas next week to the new conspiracy indictment.

defendant, has not been apprchended. Bail of \$15,000 each was fixed by Judge Kinkead. William H. Donnelly, of 306 Clerk street, Jersey City, furnished bail for Henry Steneck. He posted as surety property at 220-222 River street, Hoboken, which he valued at \$50,000. He purchased the property in question from Steneck last January 18, Donnelly stated.

Mrs. Amalie Steneck, of 7 Fulton street, Weehawken, furnished bail for George W. Steneck, giving her home, valued at \$50,000, as security. Both Stenecks are at liberty under bail of \$25,000 each on indictments charging violations of the state banking laws. The new indictment involves a stock transaction of April 25, 1930.

Assistant Prosecutor R. Lewis Kennedy and Chief Clerk Harry Lambert, of the prosecutor's office, appeared for the state, while John G." Flanagan represented the Stenecks. No date was fixed for the trial.

positors and certificate holders, which they hope to obtain within a short time.

Under the plan it is proposed to pay more than 50 per cent of the deposits on the opening of the reorganized bank.



## STENECK CLUB SUED **ON NOTE OF \$65.000**

As counsel for State Banking Commissioner Kelly, former Prosecutor John Milton has started suit in Hudson Common Pleas Court to recover \$65,500 on a note for the Steneck Trust Co., of Hoboken, from the Steneck Club, Inc., and George W Steneck, vice-president of the closed banking institution.

According to the complaint, the note was executed on April 7, 1931.

## **FRANSACTION** CALLED BY THEN ENTIRELY LEGAL

**Bought Western Timber Shares, Sold Them Back to** Seller Without Loss and Then Made Loan on Them Which Was Never Paid.

Another indictment against the Steneck brothers, Henry C. and George W., president and vice president, respectively, of the closed Steneck Trust, was returned by the Hudson County Grand Jury yesterday, this time charging conspiracy

fas one Howard Cole, said to be a Janadian lumber promoter, now living in New York City. According to Prosecutor John F. Drewen, who handled the case before the Grand. Jury personally yesterday, his office has been unable to locate Cole.

The new charges involve a deal in 74 shares of Great Western Timber Corporation, Ltd., a Canadian con-cern, of which Cole was president. This stock was sold by Cole to John Steneck & Sons Co. for \$34,000 was later bought back by Cole and placed with the Steneck Trust Com-pany as collateral for a note of \$39,700.

The indictment which covers ten typewritten pages in effect charges that John Steneck & Sons purchased the timber company stock on March 1, 1927, and they, the two Stenecks and Cole, conspired to transfer the stock to the Steneck Trust Company on November 16, 1927, when Cole was given a loan on the stock in a note transaction for \$39,279.92 and that the Stenecks "knew that this was grossly exorbitant in excess of the true value of the stock's real value and that the true value was \$36,292." It is also charged that on April 29, 1930, the Stenecks as officers of the Trust Company and members of the executive committee of the directors caused the books and records of the Trust Company to show that the stock was purchased by the Steneck Trust Company for \$34,000 Henry Steneck, in explaining the transaction upon which he was indicted, said today that it was a legitimate transaction and that the company of John Steneck & Sons did not profit by one penny in the

deal.

to cheat and defraud the bank Indicted along with the Stenecks as one Howard Cole, said to be a banadian lumber promoter, now livtate in New Jersey.

In 1927, he explained, Cole sold stock to John Steneck & Sons for \$34,000 and in 1928 heacht back the

stock for exactly the same price that he had sold for it. Cole, he said, then secured a loan, from the Steneck Trust Company for \$39,000 and put up the Western Timber Company stock or solutions! Timber Company stock as collateral.

"It is not true that the stock was worthless," said Mr. Steneck. "The statements of the company filed with the bank will show that the properties were worth \$1,000,000. That can be cerified through Howard Cole & Company of New York. The note was never paid and the collateral remained with the Steneck Trust Company of Hoboken Harry C. Braverman, chartered accountant, employed by the prosecutor in the investigation of the Steneck Trust Company affairs, tes-tified before the grand jury yesterday and it was on his testimony that the indictments against the Steneck brothers and Cole were, found. The jury handed in the indictments to Judge Brown. Both the Stenecks were indicted last January for "high misdemeanors," the four indictments at that time charging they had submitted a false statement of the bank's affairs to the State Department of Banking and Insurance concerning the conditions of the bank on December 31, 1929. George Steneck was indicted in November last yearf for violations of the State banking laws, it be-ing charged that he had obtained a loan for \$61,000 without the con-sent of the board of directors, and that he had overdrawn his per-sonal account by \$85,000.

## **Steneck Denies Stock Valueless**

The Stenecks are expected to be

arraigned for pleading on the new indictment next week. They are at present out on bail of \$25,000 each

pending trial of the indictments al-ready charged.

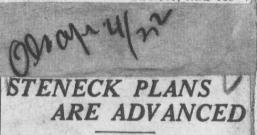
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Says Transaction Resulting in New Indictment Not Illegal

Asserting there was nothing illegal in the transaction, which was the basis of the new indictment, returned against him and his brother, George W. Steneck, vice president of the closed Steneck Trust Company, Hoboken, Henry C. Steneck, president of the institution, yesterday denied the 374 shares of stock that figured in the deal are worthless.

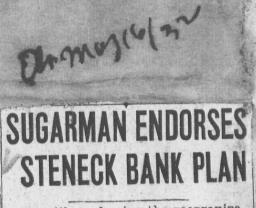
The two Stenecks and Howard Cole, of New York, were indicted last Friday on a charge of conspiracy to defraud the bank. The indictment charged the trio conspired to cheat the bank in a transaction involving 374 shares of Great Western Timber Corporation, Ltd.; a Canadian concern.

The true bill was voted after Harry Braverman, Newark auditor, had tes-



U tified before the Hudson Grand Jary. It was reported that Braverman testified the stock transaction had benefited the Stenecks. It was alleged that the Stenecks had purchased the stock for \$34,000, then transferred it to Cole, who, in turn, pledged the securities for a loan of \$39,000. The hank later took over the stock, allegedly worthless. This is denied, however, by the bank head.

"There was nothing legally or morally wrong in this transaction," said Mr. Steneck, who asserted the bank still nolds Cole's note for the original loan, for which the stock was pledged as collateral. He added that Cole may be sued for any deficiency in the event the stock is sold.



Heartily endorsing the reorganization plan of the Steneck Trust . 1d the Steneck Title and Mortgage Guaranty Company, Harold Sugar-man, former presid... of the Ho-Association boken Businessmen's and president of the Hudson County Association of Optrometists, urged depositors and certificate holders to the asser "The new plan is obviously so far better than liquidation that I don't hesitate to endorse it completely," said Mr. Sugarman. "I was impressed with the manner in which Mr. Irving Rossi answered all questions as frankly and satisfactorily at the meeting of the directors of the Businessmen's Association last week.

### **Conferences on Reorganization** Being Held Daily

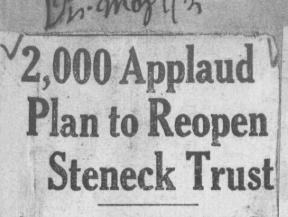
Negotiations are under way to adjust the affairs of the closed Steneck Trust Company of Hoboken, with a view to complete re-organization of the bank and re-opening, if that is possible.

Thirty-one southern banks have been re-opened since January 1, and two banks in New Jersey, one a national and the other a state bank, have been re-opened and hope is being held out for the re-opening of the Steneck institution.

Daily conferences are being held with Commissioner of Banking and Insurance William H. Kelly and it is pointed out that the interest of the depositors can be preserved better by re-organization than the liquidation, as the latter would involve tedious and expensive litigation.

"The plan will release in a short time millions of dollars in the local market, thus enabling people to meet obligations, make necessary purchases and improve local conditions. The psychological effect of a reopening of the ban: can be easily perceived and will add a new note of confidence in our community.

"Moreover, in view of the fine type and character of the men behind this constructive plan, who literally stake their reputation on it, there is adequate assurance that the interests of the depositors will be safe-guarded at all times."



## Depositors in Hoboken Bank Favor Reorganization Proposal-Urged to Sign Assents

Two thousand men and women, depositors in the Steneck Trust Company of Hoboken, now in the hands of the state banking commissioner, applauded speakers last night at Public School No. 2, who explained the plan for the reorganization of the institution, and who urged that they sign assents in order to speed up the work of those in charge.

The plan for reorganization was presented to the audience by Irving Rossi, of New York, one of those who set up the reorganization plan. Mr. Rossi pointed out that under the plan of reorganization a new bank would be brought into existence, which would take over the assets of the old Steneck Trust Company, after pay-ing to depositors an initial 35 per cent of their deposits, and conduct a

general banking business. By this plan, he pointed out, the organization could mark time and dispose of securities to better advantage than under a system of forced liquidation.

Other speakers were Rev. Ferdinand Bogner, pastor of the Church of Ss. Peter and Paul; Dr. Frank C. Armstrong, rector of Trinity Episcopal Church, and John J. McGovern, former county clerk, and an employe of the Steneck Trust Company. The three speakers were a unit in urging that depositors sign assents that will give the committee of depositors and s ockholders an opportunity to take the reorganization plan to the banking commissioner.

#### Urges Confidence, Patience

Father Bogner said two things are needed, confidence and patience. He pointed out that the plan cannot be put in execution within a week, and that patience is required in order to give the committee an opportunity to reorganize the institution. Father Bogner expressed full confidence in the proposition, and said he hoped that the depositors as a whole would follow the lead taken by himself.

Dr. Armstrong said he is strong in his belief that if the men now at the helm are given an opportunity the 30,000 depositors will be able to realize on their accounts with the Steneck Trust Company. Mr. McGovern pledged his support

ed that

## 2,000 Applaud STENECK CLAIMS **NEW INDICTMENTS** LACK ANY BASIS

President of Closed Bank Explains Transaction in **Detail and Defends as Both Legal and Moral** -Maker of Note Still Liable.

Henry C. Steneck, president of the closed Steneck Trust Company, made an emphatic denial today that there was any basis for the indictments voted against him and his brother, George W., by the Grand Jury on Friday charging them with conspiracy to cheat and defraud the bank.

He insisted there was nothing payable, \$9,253 in accounts payable to H. Cole and Company and \$657,-000 in capital stock issued. either legally or morally wrong with the transaction involving the \$37,400 stock of the Great Western Timber

Company, which is made the basis of the indictment. "A statement which appeared in some newspapers that the stock of this company was worthless is abso-ultely untrue," said Mr. Steneck, and he submits a detailed statement showing the condition of the com-pany in 1926 and as of September 1 pany in 1926 and as of September 1, 1931, to prove his case, which state-ments he claims are available at the Steneck Trust bank.

In giving the details of the trans-action, Mr. Steneck said that on March 17, 1926, John Steneck and Sons Company purchased 350 shares of the Great Western Timber Corof the Great Western Timber Cor-poration for \$25,000 and on Novem-ber 3 and May 26 purchased an ad-ditional 74 shares for \$7,400. "On November 12, 1927, Howard Cole and Company purchased the stock from John Steneck and Sons for \$37,400 and however the amount

for \$37,400 and borrowed the amount on a collateral note secured by the stock from the Steneck Trust Com-

pany, which has been reduced by payments of \$4,270," he said. "In 1931 when interest on the note became delinquent, the stock was taken over by the Trust Company, but the note is still held by the bank as is done in all other banking transactions of this nature. Cole can be sued for any defiency that may arise when the stock is sold by the

arise when the stock is sold by the bank., "There was nothing legally or morally wrong in this transaction. Howard Cole, a resident of Madison, with offices at 551 Fifth avenue, New York, had large real estate holdings. He had an account with the Steneck Trust Company for many years and obtained other loans which have been paid. He is a prominent citizen of Madison and presented that town with a public

000 in capital stock issued. The properties of the company were described as having a value of \$3,525,000 including ten and a half acres of Coal Harbor in the city of Vancouver, B. C., \$225,000; standing timber on Massett Inlet, Graham Island, 3,500,000,000 feet, which was contracted to the Los Angeles Lum-ber Company to pay the company contracted to the Los Angeles Lum-ber Company to pay the company \$60,000 annually, cash value of property \$2,500,000; 650,000,000 feet at San Juan, Vancouver Island, valued at \$650,000; waterfront prop-erty at New Westminster, \$100,000, and 50,000,000 feet standing timber. Bear Creek, B. C., valued at \$50,000. Mr. Steneck goes on to point out that on March 1, 1928, a \$300,000 ten year bond issue was sold by the company and handled by one of the leading financial corporations in Vancouver and all but \$24,000 of the leading financial corporations in Vancouver and all but \$24,000 of this issue has been paid off, and funds are in the hands of the trus-tees to pay off the entire balance. On May 26, 1930, the Coal Harbor property was sold for \$225,000 to an airplane company, and on April 1, 1930, the International Paper Com-pany took an option to purchase pany took an option to purchase the Massett Inlet timber for \$1,-000,000.

The reason the option was not consummated said Mr. Steneck, was because of a sudden change in the pulp and paper industry in June and July, 1930. The statement of the company as

## Ammy 25/32 **ROTARIANS FAVOR** STENECK PROJECT

Hoboken Rotarians yesterday gave their undivided attention to Irving Rossi, creator of the plan for re-organization of the closed Steneck Trust Company, as he spoke at their luncheon meeting in Meyer's Hotel and outlined advantages of the plan for depositors and certifi-cate holders of the institution, as against forced liquidation. Prior to his answering of many questions anent the plan, Mr. Rossi explained the reorganization plan in detail, indicating that its function will prevent wholesale foreclosures. More than \$5,000,000 in assets have already been obtained, he said, and they are coming into the reorgan-ization committee's headquarters at T. River street, fast. Fred Janssen, Sr., president of the Janssen Dairy Products Co, moved for immediate endorsement of the plan when Mr. Rossi concluded, pointing out that if the plan is put into effect, it will mean much for the general business betterment of Hoboken.

A. L. Burhorn, local realtor, echoed this sentiment in urging that immediate indication be given the reorganization committee represen-tatives, that the Rotary Club is in sympathy with their plan for the reopening of a new bank and a new

reopening of a new bank and a new title company. This suggestion was acted upon favorably by the club's board of di-rectors at a meeting immediately following the luncheon meeting, and will be placed before the members for adoption next Tuesday. Arthur Finter presided over yes-terday's meeting. Visiting Rotar-ians were A. M. Wickwire and Wil-liam Grupe of Union City, Fred Swift of East Orange; Philip M. Rose of New York; George Kerns, Al Eckerson and John Abel of Jer-sey City, Frank J. Oleri of Union City. Among the guests were Joseph Garibaldi, chairman of the reorganization committee, A. L. reorganization committee, A. L. Kohnfelder, Rupert S. Hughes, Al Coffin and Bill Gaess.

Die my 25/32

## BANK REORGANIZATION PLAN TOLD TO ROTARY Rossi, Author of Proposal, Describes Provisions

The proposed plan for the reorganization of the Steneck Trust Com-pany and the Steneck Title Guaranand Mortgage Company of Hoboken was discussed yesterday at the uncheon of the Hoboken Rotary Club by Irving C. Rossi, its author. Mr. Rossi in presenting the plan. which he said called for the formation of a new bank and mortgage company, to take over the assets of the institutions in the hands of the state banking commissioner, held that the plan would stop forced liquidation, and give the newlyformed organizations an opportunity to realize on securities when market conditions are more favorable. Interest in the project was shown by members of the club. The meeting lasted a quarter of an hour over the usual time in order to give Mr. Rossi an opportunity to answer questions.

to the plan, and asse not cease in his activities until those who had placed their faith in the Steneck Trust Company are repaid. Mr. McGovern was the last to speak.

The meeting was presided over by Counsellor William Stuhr. Mr. Stuhr spoke briefly and told the audience that he has confidence in the workability of the reorganization. Others on the platform with the speakers, Joseph J. Garibaldi, chairman of the committee on reorganization; Frank Hellinghausen, Benedict Beronio and several others.

presented that town with a public park."

Detailing the financial status of the Great Western Timber Co., Ltd., Mr. Steneck referred to the statement of the company on file at the Steneck Trust Company, made on October 31, 1927, in which assets are listed at \$1,059,373.83 of which \$1,000,000 was in real estate; and the liabilities included \$393,000 notes

## Or way an No Dissenting Voice Heard at Meeting of **Steneck Depositors**

Speakers Presenting Reorganization Plan Are **Cheered as Details Are** Explained—Two Thousand Present and Many **Consents Signed.** 

Nearly 2,000 persons in attendance at the meeting of depositors and bondholders of the closed Steneck Trust Company and the Steneck Title and Mortgage Guaranty Company, in the Joseph F. Brandt School, in, Hoboken, last night cheered a stirring appeal by former County Clerk John J. Mc-Govern to support the reorganization plan for the reopening of the bank.

his announcement was greeted with cheers from the audience.

Expressing his utmost confidence in the men who were behind the plan, Dr. Armstrong said that it there was one thing it brought, it there was one thing it brought, it was hope, great hope. He believed in the plan and had the utmost confidence in the men who were trying to put it over. He urged the depositors to talk the plan over with the experts, as he was thoroughly convinced that they would get a fair, honest and sound opinion. Irving Rossi, New York banking expert, who with Berdinand Eber-stadt, prepared the plan which has been submitted to the depositors and certificate holders, gave a com-

and certificate holders, gave a com-

plete explanation of the details. He declared that the reorganiza-tion committee was the trustre for the depositors and bondholde s and their first duty was to see e the greatest amount of money - ossible for the depositors and bond holders. "They are not representing the old bank, but representing the cred-

itors," h econtinued, "and it is up to you to give them every support possible. This new bank is entirely separate from the old bank and the plan as the best possible thing new institution will be in the hands of men who have the confidence and approval of the State Banking Commissioner and the people of the community. The new title company, too, will be a new type company entirely separate from the old."

He explained that if the money that was in the bank now were to be paid out by the State De-partment it would not bring each depositor 35 per cent of his total savings, so that under the plan they would get more money immediately that they could hope for by liquida-tion, and they would get it quicker. He went into an extended ex-planation of how the remainder would be paid to the depositors and the securities that were back of the fund to guarantee that payment. He declared that it would mean a distribution of \$3,500,000 in cash and pointed out what that would mean to the community.

pointed out what that would mean to the community. Mr. Rossi also stated that the committee was negotiating with the Federal Reconstruction Finance Corporation for a loan on the North Bergen bonds and that they hoped to get between \$2,000,000 and \$3,-000,000 which would be available to the depositors in addition to the 35 per cent, so that in all there might be \$6,000,000 available to the de-positors when the bank opened. He then explained the plan for taking care of the certificate holders by the issuance of 55 per cent in ten-year guaranteed certificates at 5½ per cent and 45 per cent in fif-teen-year certificates. That did not mean, he said, that they would have to wait ten years before they would be

mean, he said, that they would have to wait ten years before they would be paid, because \$300,000 would be paid off every six months. "We have every reason to believe that not a single dollar will be lost to a single depositor if the plan is consummated," he declared, "but if this bank goes to full liquidation in a period like this, then you are bound to suffer a loss." He further stated that the First National Bank of Hoboken, before it agreed to act as depository for the committee, considered the plan very carefully.

committee, considered the plan very carefully. "President Hammond and the Board of Directors thought the plan excellent," he declared, "and al-though he said they realized that opening of the bank would mean competition for their institution they realized the distribution of \$3,-500,000 in the community would be a great thing for Hoboken and busi-ness generally." There was only one criticism which he had heard about the plan and that was about the expenses of the reorganization. Expenses were limited to not more than 1 per cent. he said, but he did not expect they

he said, but he did not expect they would be more than one-half of one be more than one-half of one percent. "If you have five dollars in the bank and you are not willing to spend five cents to try and get it then you don't need the money very much."

Patience and confidence were the keynotes of Father Bogner's talk. "You must have patience and you must have confidence," he said. "I have the utmost confidence in those men. They are more anxious than you are to get your money back for you. It is my full belief that you will receive every penny under this plan. I have signed it because I feel it is the only sensible thing to do. The bank will open only if the Banking Commissioner receives the requisite number of assents and I

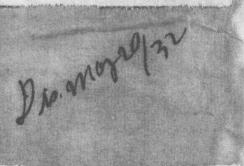
you. I want you to try and help yourselves.

"Do you think I would ask you to sign something that would be against your interests? You have always believed in me. You have always been kind to me and do you think that I would ask you to do something now that would hurt you? This year I will be seventy years of age so I won't be so very long with you, but I want to have your confidence to the end. If you can see your way clear sign the agreements and give the bank a chance and do something to help yourselves."

Mr. Stuhr, before closing the meeting, requested those present to sign the assents which had been handed to them on their way into the hall and to leave them with the clerks on their way out. Many signed.

The chairman announced that every day except Sundays at the reorganization committee's head-quarters in the Second Bank and Trust Building on River street and parages the street in the Corribaldi across the street in the Garibaldi building experts would be on hand to explain the details of the plan to those who were not thoroughly familiar with the details and would answer any questions in connection with it.

So far, he said, in the three days that the headquarters had been open, 1,000 depositors, representing over \$1,000,000 deposits had signed.



## SUPPORT OF KIWANIS **GIVEN BANK PROGRAM**

Hoboken Club Endorses Steneck

### **Reorganization Plan**

The Hoboken Kiwanis Club yesterday went on record as supporting the plan for the reorganization of the Stneck Trust Company following a talk by Irving G. Rossi of New York, who prepared the plan for the com-mittee of stockholders and depositors. Mr. Rossi was accompanied by Joseph J. Garibaldi, chairman of the reorganization committee.

Mr. Rossi spoke for more than a half hour, explaining the plan and answering questions. He pointed out that the plan for reorganizing the new bank and title company to take over the assets of the old organizations also a liquidation corporation requisite number of assents and I which would close out such securiadvise my people and my good ties that have lost value, would afford greater opportunity to realize Mr. McGovern was the last speak- on the securities, than can be done if forced liquidation of all the assets of The club yesterday inducted one new member, Paul Peters, Hoboken business man. He was received by Rev. Edward Hooper. Among the guests was former Mayor Adolph



**Explains** Plan

**Irving Rossi** 

They listened earlier with rapt attention while Irving Rossi, who devised the re-organization plan, explained it in detail and applauded Rev. Dr. Frank Armstrong of St. Paul's Episcopal Church and Rev. Ferdinand Bogner, rector of Ss. Peter and Paul R. C. Church, who approved the plan and asked the people to sign the agreements.

Through the entire meeting there was not a single whisper of opposi-tion to the re-opening plans or to the provisions for the distribution of the funds of the depositors. If there were any in the large audience who disagreed they remained silent. William B. Stuhr, who was coun-sel for a committee of several hun-

sel for a committee of several hundred depositors before the present re-organization committee came into being, presided. He state ! that he and Counselor Dominic Beronia, his associate, thoroughly approved tne for the depositors and he had urged all his clients to accept it and sign A communication was read by the chairman from the Service Relations Council of the Hoboken post office, the Credit Association of post office employes, and the Hudson County Branch of the National Association of Postal Supervisors, stating that they had gone on record in favor of the plan and instructed

all their members to sign it. The communication said that the Association of National Letter Carriers of Hoboken will also be instructed at their meeting May 12.

Declaring that it was the only plan that would create a new bank-ing institution in the City of Hoboken, the chairman also announced that the Steneck family is not to hold any office in the new bank, and

In explaining the details of the re-organization plan Mr. Rossi said there were three main features: first, that there must be \$1,200,000 new money put in the bank, that depositors would be paid a certain percentage on the opening of the new bank, and the provision for the distribution to certificate holders.

Every depositor of \$50 or less, he declared, would receive his full amount when the bank opened and he pointed out that there were 11,000 such. The other depositors would receive 35 per cent on the opening of the bank and 65 per cent in deposit certificates.

er and he drew tears from many in the audience with his passionate the bank is pursued. plea for his friends to have confidence in what he and the other members of the committee were trying to do for them. Referring to the fact that for

thirty years he had been in the Lankering. service of the people first as judge in the recorder's court and then fifteen years as county clerk and for the last year he declared "I have been paying myself to work for your interests in getting this bank re-

Mr. McGovern explained that practically every cent he had earned he had put into the Steneck bank, "but I have never needed much money and I don't care if they take everything I have I can still work for a living. You have done many things for me, year after year. Now I am trying to do something for

19hmazola **Steneck Committee Pleased** With Attitude of Creditors

already made in connection with the reorganization plans for the reopening of the Steneck Trust Company, Joseph J. Garibaldi, chairman of the Reorganization Committee, announced today that 468 depositors called at the headquarters, in the former Second Bank and Trust Com-pany building, on River street, yes-terday and signed assents to the plan.

Seventy mortgage certificate hold-ers also put in an appearance and signed assents to the plan, as out-lined in the statement mailed to them. The general attitude of those who appeared at headquarters, said Mr. Garibaldi, was that they were eager to have the preliminary details gone through with, so that final ar- the reopening of the bank be con-rangements could be made towards summated.

Well satisfied with the progress | reopening the bank as soon as possible.

Plans for the mass meeting of depositors and certificate holders arranged by the committee, to be held in the Joseph F. Brandt Junior High School, at Ninth and Garden streets, Hoboken, tomorrow night at 8 o'clock, have almost been com-pleted. The list of speakers will be announced tomorrow. Members of the committee will be on hand to answer questions, and speakers in German and Italian, as well as English, will explain in detail any features that are not clear to the creditors.

It is hoped to have sufficient as-sents to the plan signed up before May 20, as it has been pointed out that the sooner the assents are signed the sooner will the plans for

## **Steneck** Committee Calls Mass Meeting for Friday

A mass meeting for depositors and meeting and there will be speakers stockholders of the Steneck Trust to explain the plan in German and Company and certificate holders of the Steneck Title & Mortgage Guar-

Joseph J. Garibaldi, chairman of the committee, made application to Mayor Bernard N. McFeely yesterday for permission to use the audi-torium of the school for the meeting and his request was readily granted.

Details of the plan for the reopen-ing of the bank will be explained in

Ommy 20

Italian as well as English. It is expected that the auditorium will be filled to capacity. The headquarters of the commit-

the Steneck Title & Mortgage Guar-anty Company will be held by the reorganization committee at the Joseph F. Brandt School, Ninth and Garden streets, on Friday evening at 8 o'clock. Joseph J. Garibaldi, chairman of Loseph J. Garibaldi, chairman of

Sponsors of the reorganization are well pleased at the manner in which the plan has been received by depositors and other creditors of the two companies, but emphasis is being laid on the fact that the detail to the depositors and certifi-cate holders, by members of the committee, and questions will be answered. sooner the assents are signed the

Mr. Garibaldi will preside at the Commissioner Kelly by May 20.

## McFeely Sees Reopening of Steneck's as City's One Need

Op mog 24/22

With the new big industries se-<br/>tured for Hoboken, partial resumption of shipping with the coming of<br/>the Cunard Line to the local docks<br/>and establishment of the Atlantic<br/>seasoard terminal of Seastrain<br/>lines, Inc., in the city, Mayor B.N.<br/>McFeely declared today that re-<br/>pany would be a fitting climax for<br/>a series of events which presage a<br/>new era of prosperity for Hoboken, it would relieve<br/>the feeling of uncertainty and re-<br/>iease millions of dollars to the public, and it will be a big aid it help.Image: Image: Image:

## **Steneck Mortgage Holders** Ask Orders for Payments

The question of Commissioner of 1928, which matured with payment Banking and Insurance William H. Kelly paying holders of participating mortgage certificates issued by the Steneck Trust Company of Hoboken, which have become due. was placed before Vice Chancellor Fielder in two separate actions yesterday afternoon.

The court directed Counselor Matthew Tackella, representing the complainants, and Counselor Edward Hourigan, appearing for Coun-selor John Milton, counsel + the commissioner, to file briefs. There are numerous other suits

on file or in preparation in lawyers offices. They have resulted from the failure of the Court of Chancery to instruct the Commissioner of Banking and Insurance on this and other matters which have cropped up in connection closed banking institutions. with

of the mortgage October 19 last.

The trust company paid interest on the certificate up to May 1, 1931. It was taken over by Commissioner Frank H. Smith on June 27, and neither he nor his successor has paid the certificate.

Representatives of Commissioner Kelly stated that the mortgage was paid when it became due and the money due certificate holders went into what is known as the suspense account.

The second suit was brought by Paul Maramaldi, of 327 Monroe street, Hoboken, on a certificate for \$200, issued on May 1, 1930 The mortgage in this case was paid on June 18, 1930, and as Maramaldi's certificate did not mature until August 13 last another mortgage was substituted as underlying security for the certificate. Some holders of certificates with the original undering mortgage Peter and Elizabeth Acuntius, of in this instance. Maramaldi was Beachwood avenue, Bogota, such for payment of \$5,000 on a certifi-cate issued to the on November 8, stitution.



Ole. mos 9/27

Steneck's Asked to Meet

A meeting of the depositors of the need for the signing of assents as Steneck Trust Company, especially quickly as possible, and he pointed arranged for Italians and those of out that the sooner the required Italian extraction will be held in School No. 3 at Fifth and Adams street, Hoboken, tomorrow night by the Reorganization Committee, Jo-bank. seph J. Garibaldi, general chairman, announced today.

Prominent speakers will talk in Italian and English on the reorganization plan of the new bank and title company, the purpose of which is to take the old bank out of liqui-dation. Following the successful mass meeting of depositors at No. 2 School on Friday night, when hundreds signed the assents to the organization plan, the meeting for the benefit of Italian-Americans was arranged for tomorrow. Mr. Garibaldi emphasized the they are in doubt.

The headquarters of the reorgan-ization committee in the Second Bank and Trust Company Building on River street, will be open tonight until 9 o'clock. During the remain-der of this week the headquarters will be closed at 5 p. m. but the staff will be on duty until 9 o'clock at the Garibaldi building across the street from the headquarters, where depositors and certificate holders will be able to sign the agreements and can have explained to them any details of the plan upon which

## PLAN FOR THE REORGANIZATION

of

Dry may yin

## STENECK TRUST COMPANY

and

## STENECK TITLE & MORTGAGE GUARANTY COMPANY

A Plan and Agreement for the reorganization of Steneck Trust Company and Steneck Title & Mortgage Guaranty Company, dated as of April 15, 1932, has been formulated and approved by the undersigned Reorganization Committee, in collaboration with the undersigned Committees representing depositors and holders of mortgage participation certificates and stock of the two Companies.

The Plan contemplates the formation of a NEW BANK, with new capital and surplus of at least \$1,200,000, a NEW TITLE COMPANY, and a LIQUIDATING COMPANY, all to be organized under the laws of New Jersey under names to be determined by the Reorganization Committee.

The New Bank is to acquire: (a) the cash held by Steneck Trust Company on consummation of the Plan; (b) loans of Steneck Trust Company deemed good and collectible; (c) the present bank buildings; and (d) the entire capital stock of the New Title Company. A Depositors' Trust Fund is to be created (to be administered by the New Bank, as trustee) for the benefit of depositors of Steneck Trust Company. The assets of such Depositors' Trust Fund will include certain real estate, all obligations of the Town of North Bergen owned by Steneck Trust Company and a block of the capital stock of the New Bank (or voting trust certificates therefor). Depositors' Trust Certificates, representing participations in such Trust Fund, will be issued in a dollar principal amount not exceeding 65% of the aggregate deposit claims against the Steneck Trust Company, as finally allowed.

The New Title Company is to acquire the cash, title plant and certain other assets of Steneck Title & Mortgage Guaranty Company, as well as all mortgages on improved real estate owned by Steneck Trust Company or by Steneck Title & Mortgage Guaranty Company (other than mortgages under foreclosure and mortgages of affiliated companies) which have an unpaid principal amount not in excess of 60% of the appraised value of the property secured thereby at the time of the creation of such mortgages, and certain additional mortgages which have an unpaid principal amount not in excess of 60 2-3% of such appraised value.

The Liquidating Company is to acquire: (a) all real estate owned by Steneck Trust Company and Steneck Title & Mortgage Guaranty Company, except the real estate to be vested in the New Bank and the Depositors' Trust Fund as above; (b) all mortgages not transferred to the New Title Company; (c) a block of the capital stock of the New Bank (or voting trust certificates therefor); and (d) certain other assets. The capital stock of the Liquidating Company is to be held by voting trustees, initially nominated by the Reorganization Committee. No dividends are to be payable on such stock until after retirement of all Income Debentures to be issued by the Liquidating Company and all Depositors' Trust Certificates representing interests in the Depositors' Trust Fund.

Depositors of Steneck Trust Company having claims in excess of \$50 who duly assent to the Plan will be entitled to receive on consummation of the Plan:

- (a) Cash, amounting to 35% of their respective deposit claims against Steneck Trust Company as finally allowed, such cash to be available on the opening of the New Bank.
- (b) Depositors' Trust Certificates, in principal amount equal to 65% of their respective deposit claims against Steneck Trust Company as finally allowed.

If present negotiations with the Reconstruction Finance Corporation are successful, assenting depositors will be entitled to borrow additional cash in proportion to the amount of Depositors' Trust Certificates held by them.

Assenting depositors of Steneck Trust Company are to be given an opportunity to subscribe for capital stock of the New Bank at \$15 per share (subject to allotment by the Reorganization Committee) and to apply against such subscriptions any portion of the cash payable to them upon consummation of the Plan.

Depositors of Steneck Trust Company whose total claims do not exceed \$50 are to be entitled to receive payment in full in cash upon the opening of the New Bank.

Ho'ders of Guaranteed First Mortgage Participation Certificates of Steneck Trust Company and Steneck Title & Mortgage Guaranty Company duly assenting to the Plan will be entitled to receive upon consummation of the Plan, in exchange for such participation certificates, the following securities:

- (a) 10-Year  $5\frac{1}{2}\%$  Guaranteed First Mortgage Participation Certificates of the New Title Company, to the extent of at least 55% of the principal amount of participation certificates deposited by them under the Plan, and
- (b) 15-Year  $5\frac{3}{4}\%$  Income Debentures of the Liquidating Company, to the extent of the balance of the principal amount of participation certificates deposited by them under the Plan.

Stockholders of Steneck Trust Company and Steneck Title & Mortgage Guaranty Company duly assenting to the Plan will be entitled to receive upon consummation of the Plan voting trust certificates representing one share of stock of the Liquidating Company in exchange for each share of stock of such Trust Company or Title Company deposited under the Plan.

The New Bank and the New Title Company will be under new and competent management satisfactory to the Commissioner of Banking and Insurance of the State of New Jersey and the Reorganization Committee.

The Plan is not to be declared operative unless and until:

- (a) the holders of such percentages of the capital stock and the mortgage participation certificates of Steneck Trust Company and Steneck Title & Mortgage Guaranty Company, and the holders of such percentages of the total deposit claims against Steneck Trust Company, shall have assented to the Plan as the Reorganization Committee shall deem sufficient;
- (b) the Plan shall have been approved by the Commissioner of Banking and Insurance of the State of New Jersey; and
- (c) the Reorganization Committee shall have received such amount of stock subscriptions and/or entered into an agreement satisfactory to it for the underwriting of such amount of stock of the New Bank as shall be sufficient to provide at least \$1,200,000 of new capital and paid-in surplus for the New Bank.

Copies of the Plan and Agreement dated April 15, 1932, have been filed at the office of The First National Bank of Hoboken, the Depositary under the Plan. This advertisement is subject in all respects to the more complete information contained in the Plan and in the Agreement, to which reference is hereby made for a full statement of the Plan, a description of the terms and provisions of the trust certificates and other securities to be issued upon consummation of the Plan and detailed provisions as to modifications of the Plan, expenses, and the powers, rights and obligations of the Reorganization Committee and of the Assenters to the Plan. Copies of the Plan and the Agreement may be obtained, upon request, from the Depositary.

Depositors and holders of Participation Certificates and stock are urged to assent to the Plan and Agreement promptly. The Committee has fixed May 20, 1932, as the date on or before which all assents should be made. The First National Bank of Hoboken, 47 Newark Street, Hoboken, N. J., has been appointed Depositary under the Plan.

Certificates of Deposit or Receipts will be issued in respect of all deposits of securities or assignments of deposit claims under the Plan. Dated, Hoboken, N. J., April 30, 1932.

DEPOSITARY: The First National Bank of Hoboken 47 Newark Street, Hoboken, N. J.

Secretary HERMAN J. PREHN 77 River Street, Hoboken, N. J. JOSEPH J. GARIBALDI, Chairman EDWARD VINTSCHGER DR. GEORGE F. SULLIVAN A. L. KOHNFELDER EDWARD F. FLECKENSTEIN As the Reorganization Committee

The above-mentioned Plan and Agreement have been approved by the following committees, and said committees join with the Reorganization Committee in urging the importance of prompt assents to the Plan in order that the Reorganization Committee may proceed with its consummation with the least possible delay:

#### STENECK TRUST COMPANY

Committee Representing Holders of

Committee Representing Depositors Dr. George F. Sullivan, Chairman Claus Oetjen Fred A. Seide Rev. F. E. Bogner Dr. Frank Armstrong Michael F. Burgor Frank Hellinghausen Benedict Beronio Committee Representing Stockholders

Guaranteed First Morigage Participation Certificates Edward F. Fleckenstein, Chairman John J. McGovern John F. Lewis Rev. F. E. Bogner Earl F. Bosworth Claus Octjen

Joseph J. Garibaldi, Chairman Dr. George F. Sullivan William A. D. Evans Edward F. Fleckenstein Fred A. Seide

### STENECK TITLE & MORTGAGE GUARANTY COMPANY

Committee Representing Holders of Guaranteed First Mortgage Participation Certificates A. L. Kohnfelder, Chairman Charles Noeding Herman J. Prehn George Lankering Dr. Frank Armstrong August Graf Committee Representing Stockholders Edward Vintschger, Chairman Joseph A. Bonnano A. P. L. Roggeveen George Lankering Frank T. Springmeyer



**Opinions**—Organization to Vote on It.

After a two-hour barrage of questioning covering every phase of the situation, leading figures in the move for reorganization of the closed Steneck Trust Company, last night obtained from several directors of the Hoboken Businessmen's Association—among them the immediate past president, and the present vice president—emphatic approval of

the reorganization plan While Clinton B. Snyder, presi-dent of the businessmen's group chose to withhold official endorse-ment of the plan by his association until it can be submitted at a gene until it can be submitted at a general membership meeting, Nat J. Dix, vice president, and Dr. Harold Sugarman, past president, spoke heartily in favor of the movement. Their sentiments were echoed by Sol Lubash, a director, whose motion for a general membership meeting Tuesday night, in order that the businessmen may officially express that it was entirely feasible and that their sentiments were echoed by Sol conditions, to have an-other bank in Hoboken. Quoting banking authority, Rossi added it as his own opinion also businessmen may officially express that it was entirely feasible and that their sentiments were echoed by Sol Constituent conditions, to have an-other bank in Hoboken. Quoting banking authority, Rossi added it as his own opinion also businessmen may officially express that it was entirely feasible and that

the reorganization committee; A. L. 000,000, even if all deposits are Kohnfelder and Herman Prehn rep- withdrawn. resented the reorganization com- The plan, he concluded, has also mittee, with Mr. Rossi answering the saving virtue of affording de-questions by Counselor Sylvan positors at least thirty-five cents on Cohen, attorney for the business- the dollar, where liquidation, with men; Dr. Sugarman, Mr., Lubash what money is available in the old others.

and others. Rossi struck the keynote of the reorganization committee's work when he said that it was formed not to represent the old bank, but creditors of that institution and that it was "trying to establish the best method and basis of paying those creditors more, and quicker and to the greater advantage of the the said that it was advantage of the the said the said that it was advantage of the the said the said that it was advantage of the said the sa and to the greater advantage of the 1 city of Hoboken ,than they would get out of liquidation."

Rossi brought out, too, that th estimated total cash business pe annum in the city of Hoboke, amounts to \$24,000,000. Even if th reorganization committee, he pointe out, does not get the loan from th Reconstruction Finance Corporation it will make immediately available under the reorganization plan, \$3,

fore the grand inquest yesterday and was questioned for three hours. The new counts, it is understood, Hoover's recent statement that every set up the financial plan for the new that will not come up if reorganizarefer to alleged false statements and reports made by the Stenecks, bank explained the plan in German, tion is effected. One of these, he exdollar thrown into circulation means five dollars worth of business." overdrafts and other technical vio-Former County Clerk John J. Mc-plained, is the relation of the de-Another interesting figure he Govern spoke in English. positor to the mortgage certificate lations of the banking laws. In his talk Mr. Rossi detailed the holder. He said there is a legal ques-It is understood that no other quoted, with statistics of the emerplan that would give to the deposi- ion as to whether the deposits are cases were considered by the jury, and no other witnesses appeared begency unemployment relief comtors 35 per cent of their claims at jable in case there is a shortage on mittee as authority, indicated that of 3,500 families receiving depen dency aid in the city of Hoboker today, 75 per cent. have money ties the opening of the proposed new mortgage certificate if under forced fore it. Prosecutor John Drewen bank, while to those who have de- iquidation it is sold below its oriwas not in the Grand Jury room, and the case for the State was posits of \$50 or less, the entire claim final value. This, and other queswould be paid. He pointed out that ions, will have to be decided by the handled by Harlan Besson, assistant up in Steneck's. Hoboken, he said has suffered many calamities among them the loss of its pier under the new plan securities that ourts, he said, if liquidation is prosecutor. Braverman is the certified public. could not be taken over by the new prced. accountant, who was employed in probes of the financial affairs of and the contingent blows of declining population, business slump and bank would be placed in the hands of a liquidation corporation and disposed of under most favorable mar-ket conditions. This, he explained, Union City, North Bergen, Fairview the conditions of current economi and Lodi, anr who was engaged by distress. Forced liquidation of the close Steneck bank, he indicated, is an other calamity which faces the city would bring better results than if Prosecutor Drewen to make an investigation of the affairs of the Steneck Trust Company, after forthe state is compelled to continue its forced liquidation of all securities. other calamity which faces the city but one which can be avoided by assent to the plan for reorganiza-tion, the principal feature of which makes for the relief of creditors without exhaustive legal battles for the determination of priorities of ranks and claims. mer Banking Commissioner Smith turned over certain evidence to the prosecutor, which he believed required Grand Jury action. Whatever true bills were found by the Grand Jury probably will be handed into court on Friday. ranks and claims.

Questions asked of Rossi covered every technical angle of the plan and branched into its legal phases, In this latter regard, while he gave a layman's interpretation of the legal status, he stressed it as such and indicated the question to be one of a nature for eventual legal solution.

solution. Counselor Cohen, after the ques-tioning, asked to be excused from giving an opinion at once as to re-organization against liquidation, but did say that his questions had been most satisfactorily answered. It was at this point that Vice President Dix asserted that the plan as explained by Rossi was an excel-

as explained by Rossi was an excel-lent one to his mind, worthy of ap-proval and that he was certainly in favor of and would support it. Mr. Sugarman, immediate past president, opined that with so much suffering and want existent in the city be-cause of the Steneck closing, the plan is certainly the best one of-fered at the present time, and that it merits an approval which he, for one, would and did willingly give. Lubash was of the same sentiment

and said so, also urging that a gen-eral membership meeting be called as soon as possible to outline the plan and ask for indicative opinion. One of the many queries put to Mr. Rossi came from Dr. Sugarman and had to do with whether it was considered feasible, under present

their opinion of the plan, was unan- there is room in Hoboken for an-imously passed. Irving C. Rossi, creator of the bank opens, he said, there will be plan; J. J. Garibaldi, chairman of available between \$500,000 and \$1,-the reorganization committee; A. L. 000,000, even if all deposits are

**,500 DEPOSITORS HEAR** BANK PLAN EXPLAINED which will obtain if a reorganization

depositors of the Steneck Trust Co., stered by the state, Mr. Rossi said, 500,000 in cash for distribution, o twenty-five per cent of the city', total yearly business. crowded the auditorium of Public however, that that would be a mat-School No. 1, Hoboken, last night to ter for Chancery to decide as to deconnection with the administration total yearly business. If the loan does go through, there will be \$6,000,000 available. "And, Rossi said. "I might quote President Hoover's recent statement that every of the bank's affairs, appeared be-

## Steneck Reorganizers Get Over \$1,000,000 in Consents

In the three days that the head-quarters of the reorganization com-mittee of the Steneck Trust Com-hatures favoring the plan pany has been opened depositor. representing over \$1,000,000 have signed agreements in favor of the plan for re-organizing the bank. At the same time holders of par-

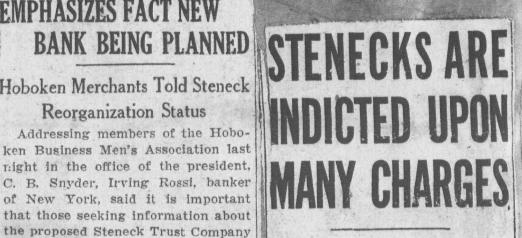
Oh may of m

At the same time holders of par-ticipating mortgage certificates in the Title Company to the amount of \$100,000 have signed the assents. Members of the committee re en-thusiastic over the progress made in this direction and are sanguine

**EMPHASIZES FACT** 

Plans have been completed for the mass meeting to be held at the Joseph F. Brandt School, Ninth and Garden streets, Hoboken, tonight when speakers will outline the ad-vantages of the reorganization plan. Former County Clerk John J. Mc Govern, the Rev. Ferdinand Bogner,

pastor of S.S. Peter and Paul Church thusiastic over the progress made in this direction and are sanguine that nearly 100 per cent. of the de-positors will sign up before May 20, dresses in German and Italian.



## **Twenty True Bills Re**ported Found by the Grand Jury.

These new organizations, he explained, would take over the assets of the old bank and conduct a banking business. He said the plan also includes a liquidating company for certain kinds of securities. He took the position that under this plan the depositors would receive greater benefits than under forced liquidation is not effected.

In answer to Counsellor Sylvan Steneck Reorganization Proposal Cohen as to what would be the status of those depositors who would refuse

should know that the reorganization

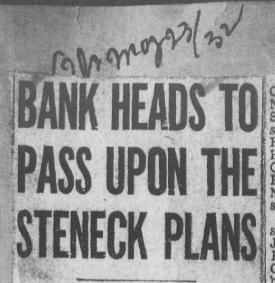
committee does not represent the old

bank, but proposes to organize a new bank and mortgage and title com-

That at least a score more indictments each against Henry C. and George W. Steneck, president and vice president respectively of the closed Steneck Trust Company of Hoboken, were found by the Grand Jury yesterday was the report around the Court House this morning, but no official verification was available.

What the new indictments in-volved could not be learned, but it to sign, if the plan went through, Told in German Mr. Rossi said their equity would reon whose testimony several indict-ments already have been handed into court against the Stenecks in More than 1,500 men and women main in the old bank and be admin-

pany.



## Committee Invites Presidents of All Institutions.

The presidents of all the banks in Hudson County have been invited by the Steneck Trust Company Reorganization Committee to meet in the Union Club, Hoboken, on Wednesday, to give their views on the reorganization plan of the closed Hoboken institution. Chairman J. J. Garibaldi of the Reorganization Committee has called the meeting of the bankars

Chairman J. J. Garibaldi of the Reorganization Committee has called the meeting of the bankers to secure their sympathetic support of the plan in view of a resolution passed by the Bankers' Association of Hudson County last December, in which they expressed themselves in favor of any move which would reopen a closed bank.

In his letter inviting the bankers to the meeting, Chairman Garibaldi writes:

"In December, 1931, the Bankers' Association of Hudson County passed a resolution expressing themselves in favor of any move which would reopen a closed bank. Consequently relying on the sympathetic support of the members of your association for our efforts to reorganize the Steneck Trust Company and Steneck Title & Mortgage Guaranty Company, I am taking the liberty of sending to all of the members a copy of the plan and agreement of this reorganization.

"The reorganization committee, or which I am chairman, earnestly begs your consideration of these documents and would appreciate any constructive criticism or suggestions which you can make. They feel that the orderly administration of the assets of the closed institutions by the new bank, as against rapid liquidation, is so laudable an object and of such great benefit to over 25,000 depositors and mortgage certificate holders that everyone would be glad to give some thought to this matter.

"The committee, therefore, respectfully invites you to meet with them at the Union Club of Hoboken on Wednesday, May 25, at 4 o'clock. Would you kindly advise me whether you will accept this invitation? Those invited are: General William C. Heppenheimer, Trust Company of New Jersey; H. J. Gordon, Weehawken Trust and Title Company; Charles Ficht, Jefferson Trust Company, Hoboken; A. J. Volk, Sr., Columbia Trust Company of Hoboken; Burton Caufield, First National Bank and Trust Co., Kearny; Kelley Graham, First National Bank, Jersey City; D. L. Hammond, First National Bank, Hoboken; J. H. Ward, Fifth Ward Bank, Jersey City; Gustav Dopsloff, Commonmonwealth Trust Co., Union City; Wm. J. Field, Commercial Trust Co., Jersey City; H. F. O'Mealia, Bergen Trust Co., Jersey City; E. Newkirk, Bayonne Trust. Co.; Charles Fall, Jr., North Bergen Trust Co.; D. Evarts, N. J. Title Guarantee and Trust Co., Jersey City; Wm. C. Heppenheimer, Jr., Park Trust Co., Weehawken.

D. Van Buskirk, Mechanics Trust Co., Bayonne; George Jobst, Liberty National Bank, Guttenberg; E. P. Stout, West Bergen Trust Co., Jersey City; Wm. J. Davis, The West Hudson County Trust Co., Harrison; H. Seeley, Woodcliff Trust Co., Wm. Conwey, Journal Square National Bank; C. W. Feigenspan, Kearny National Bank; F. Ferguson, Hudson Co. National Bank. J. B. Throckmorton, Provident Institution for Savings, Jersey City;

J. B. Throckmorton, Provident Institution for Savings, Jersey City; J. H. P. Reilly, Hudson Trust Co., Hoboken; R. J. Rendall, Hudson City Savings Bank; F. Hopkins, Hoboken Trust Co; F. Meystre, Hoboken Bank for Savings; J. F. O'Neill, Harrison-Kearny Trust Co.; Louis Buckbee, The Harrison National Bank; A. J. Curtin, Hamilton National Banak, Weehawken; J. Shannon, Guttenberg Bank & Trust Co.; Dr. William Friele, Franklin National Bank, Jersey City; D. Curry, First National Bank, West New York; William Hofmayer, First National Bank, Secaucus, and F. R. ustin, First National Bank, North Bergen.

pleased with the way the assents of both depositors and certificate holders are coming in. Each day the amounts are larger than the previous day. Yesterday was the largest day we have had, and the number today, judging by those received thus far, will exceed yesterday."

It is pointed out that the sooner the requisite number of signers to the plan has been secured the sooner will the committee be able to get the approval of Banking Commissioner Kelly, and the sooner it will be possible to open the bank. Various trade and other organizations in the city have already gone

various trade and other organizations in the city have already gone on record as favoring the plan as the only feasible one and fully calculated to do the most good to protect the interests of the depositors and mortgage certificate holders.

The plan proposes to pay to depositors, on the day the bank opens, 35 per cent of their holdings and all depositors with \$50 or less will be able to make a full cash withdrawal.

At a meeting of the Hoboken Businessmen's Association, yast night, it was agreed to withhold endorsement of the reorganization leaders on several phases, and another committee was selected to confer with State Banking Commissioner Kelly to seek his opinion of the plan. Following reports by the will be called to take action. Probe Smith's Account

Another development yesterday in the Steneck case was the reference to Special Master J. Stanley Griffin, of Jersey City, of the matter of former Banking Commissioner Commissioner Frank H. Smith's account of his handling of the Steneck Title & Mortgage Guaranty Company of Hoboken.

Griffin is directed to make a thorough investigation of the matter and to make an audit of the account and statement of expenses of supervision and liquidaion. He is to inquire into the need of employment of counsel and the reasonableness of the compensation awarded.

As counsel for Smith before the latter's term of office expired in February, Pearce Franklin, o New-February, Pearce Franklin, of Newinary fee. He asks for an additional \$15,000.

Commissioner Smith's report showed that when he took over the title company last June 27, the assets, according to book value, totaled \$2,585,184.80, but when he turned them over February 27 to his successor, William H. Kelly, the assets had decreased \$494,818.09 to \$2,090,-366.71.

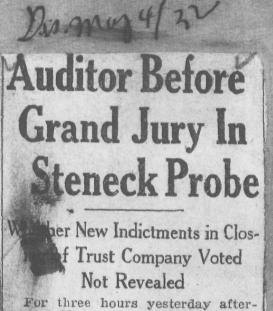
The company's liabilities on June 27 totaled \$2,290,266, while in February, they amounted to \$2,149,225.83 or a decrease of \$141,041.02.

Speakers Will Explain the Steneck Plan in German— One Group Hesitates.

BANK MEETING

Germans and American citizens of German birth and descent will have an opportunity to hear the Steneck Trust Company re-organization plan explained to them in their own language at a special mass meeting to be held at School No. 1, Third and Garden streets, Hoboken, Friday evening.

Irving Rossi, creator of the reorganization plan for the bank and the Staneck Title and Mortgage Guaranty Company, who was for ten years in Germany, working on plans for refinancing banks there, will explain in German the project worked out for the re-opening of the Steneck bank and organization of a new title company. Opportunity will be given for a full and free discussion of the various arrangements proposed under the plan and questions can be asked from the floor and will be answered by Mr. Rossi or some member of the reor-



For three hours yesterday afternoon, Harry Braverman, Newark auditor, was before the Hudson Jury, the entire session being defurther investigation of the closing of the Steneck Trust Company in Hoboken.

While Prosecutor John Drewen did not enter the Grand Jury room, Assistant Prosecutor Harlan Besson and R. Lewis Kennedy quizzed Braverman, it was reported.

Whether or not any new indictments were voted could not be ascertained as the Grand Jury did not go into court. Braverman was engaged by the prosecutor's office to audit the books of the closed bank after reports of alleged mismanagement had been heard. Henry W. Steneck, president, and his brother, George W. Steneck, vicepresident, of the banking institution, are already under indictment for alleged violations of the state banking laws. Both brothers and Howard Cole, of New York City, were indicted April 22 for conspiracy to defraud the bank in connection with a stock transaction.

ganization committee.

A number of prominent speakers will address the meeting, including Rev. Herman Brueckner, pastor of St. Matthew's Lutheran Church of Hoboken, and Rev. Ferdinand Bogner, pastor of Ss. Peter and Paul's R. C. Church of Hoboken, and Ferdinand Eberstadt, New York banker. Counselor William Stuhr will preside at the meeting.

In the meantime the reorganization committee, under the chairmanship of Joseph J. Garibaldi, is making rapid progress in the compaign to enlist co-operation of depositors of the bank and certificate holders of the Title and Mortgage Guaranty Company signing assents to the plan.

Mr. Garibaldi, speaking for the committee, said, "We are more than

No other cases were presented yesterday afternoon to the Grand Jnry, the entire sesison being devoted to the Steneck case. It is likely that the jurors will go before one of the county judges Friday with any indictments voted yesterday.



Vice Chancellor Fielder today referred to Special Master J. Stanley Griffin, of Jersey City, the account of former Commissioner of Banking and Insurance Frank H. Smith of his stewardship of the Steneck Title and Mortgage Guaranty Company of Hoboken, for examination and audit in connection with the recently established practice in such

The order of the court is a very broad one and affords opportunity to stockholders and mortgage par-ticipating certificate holders to have a hearing before the special master.

It directs the special master to examine and audit the account and statement of expenses of supervision and liquidation shown in the commissioner's report and to inquire whether such expenses were proper and necessarily incurred and the necessity for the appointment or employment of such persons and the reasonableness of the compensation paid.

It further directs the special master to inquire into the necessity of the employment of counsel and the reasonableness of the compensation recommended to be paid him. Pearce Franklin, of Newark,

represented Commissioner Smith prior to the latter's term ending on rebruary 27 and had been paid a preliminary allowance of \$6,000. He now asks for \$15,000 additional.

The special master is given power to examine witnesses. He is directed to make his report with all convenient speed, and should any special matters arise he is at liberty to state them to the court.

The vice chancellor orders that at least five days before the day fixed for the first hearing notice be given by an advertisement in the Jersey Observer and by mailing to certifi-cate holders and stockholders whose names appear on the books of the company.

The commissioner's "report shows that when he took over the company on June 27 last, the book value of the assets amounted to \$2,585,184,80 and when he turned over the affairs to the present commissioner, Wm. H Kelly, cn February 27, the value had decreased to \$2,090,366.71. The

The commissioner reports that he turned over to the trustee for par-ticipating mortgage certificate hold-ers as principal \$107,093.84 and as interest \$338.41. He further reports salaries of \$19,-330.33 paid to his aides and \$54,-176.72 as interest on mortgages that

176.72 as interest on mortgages that had not matured.

His receipts include \$15,000 re-turned by the Steneck Trust Company, \$130,577.30 on mortgages paide and \$84,549.21 as interest on mort-gages and \$11,910 from rents of ac-quired property. ment of principal and interest on matured certificates.

The special master was also directed to inquire into the reasonableness of the expenditures of the commissioner, including a counsel fee of \$6,000, allowed Franklin R. Pearce, attorney for Commissioner Smith last fall, and the reasonableness of his request for an additonal \$15,000.

In regard to the feet paid him and his requisition for \$15,000 more, Counselor Franklin produced a voluminous memorandum detailing his work.

It was brought out that while at first there were fifteen employes en-gaged in the liquidation work, there are now only five and Deputy Commissioner McNichols thought that these would have to be continued to the end of the matter. He produced separate vouchers for each expenditure and the special master will go over these. Special Master Griffin will file his report with Vice Chancellor Fielder later.

ties in the recent past, at the pres-ent time it is meeting all its financial obligations with regularity and gave the opinion that there is no reason to expect default in the future.

Although a heavy guard of police-men and firemen was present there was not the slightest sign of disorder. The questions were put quietly and decorously. For the most part the crowd list-

ened with rapt attention. There was little applause except at the

conclusion of each talk. William Stuhr opened the meeting by explaining the plan briefly. Then he introduced Assistant Post-master Michael Burgor who in turn presented the other speakers. Be-sides Altieri they were former Coun-ty Clerk J. J. McGovern, Benedict Beronio, a lawyer, Rev. Boniface Hennig, of St. Francis Church, and Per Adicia Bonnati, of St. Annals Rev. Adigia Bannati, of St. Anne's. The clergymen talked in Italian

and concurred in advising their listeners to place confidence in the men in charge of the bank's affair and urging them to sign the re-quested assents. They did not at-tempt to discuss the intricacies of the problem.

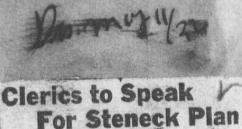
Those who spoke in English in the main dwelled on the same topics as Altieri.

McGovern introduced Irving Rossi, the author of the reorganization scheme, and asked him for the benefit of the crowd why the certificates secured by the North Bergen bonds will be redeemed in due course of time. Rossi explained that in order for the bank to obtain the good will of the public, needed to secure money, it must meet its obligations. He stated there was no reason why the bonds would not be good security.

It was brought out at the meet-ing that approximately 11,000 depositors had accounts of \$50 or less and that these may secure their money in full when the scheme is put into effect.

Besides the speakers, others in the platform were Joseph J. Gari-baldi, chairman of the reorganiza-tion committee; J. M. Levenson and Frank Springmeyer.

Several of the speakers highly praised Garibaldi for his efforts to reopen the institution.



Plans have been completed for the Bank reorganization committee, when Irving Rossi, creator of the plan and other speakers will dis-cuss in German the advantages to depositors and stockholders in signcounselor William H. Stuhr will preside at the meeting, which is being held for the benefit of Germans and German citizens of Amer-ican bith and descent. The Rev. Herman Brueckner, pastor of St. Matthew's Lutheran Church, and the Rev. Father Bogner, rector of SS. Peter and Paul R. C. Church, will speak in favor of the plan.



Special Assisant Deputy Commissioner of Banking and Insurance Timothy McNichols held out hope that all holders of participating mortgage certificate issued by the Steneck Title and Mortgage Guaranty Company, of Hoboken, will eventually be paid in full before Special Master J. Stapley Griffin, in the Jersey City Chancery Cham-

bers yesterday afternoon. He was testifying in connection with the stating of the account of former Commissioner Frank H. Smith, while the latter was in charge of the liquidation of the company's affairs from June 27th to February 26th.

The Deputy Commissioner said that receipts during this period mounted to \$306,631.12, and dis-bursements. were \$245,277.76. Included in the disbursements were sums for interest and principal of par-ticipation certificates.

He said that Commissioner Wil-liam H. Kelly still holds about 160 mortgages and that whenever principal and interest is paid on these the money will be turned over to holders of participating certificates. He denied that any such holders would be charged for liquidation expenses.

Italian Depositors Hear Reorganization Scheme in Native Tongue.

STENECK

Men behind the movement to reorganize the Steneck Trust Company and the Steneck Title and Mortgage Guaranty Company employed every possible rhectorical method to explain the reorganization scheme to a crowd of 1,500 Italians-most of them workingmenlast night, at Public School No. 3, Hoboken.

The listeners paid close attention to addresses in both English and Italian. Every speaker strongly urged the depositors to give their written assent to the reorganization scheme.

Two principal questions were asked from the floor, but otherwise the speakers were not interrupted. It was difficult to learn how successful the mass appeal for signed assents was as a large part of the crowd was on its feet headed for the door when William Stuhr, attorney for a depositors' group, asked clerks pass out printed assents for sign-ng and collection. Ernest Altieri, New York and New Hoboken, tomorrow by the Steneck to pass out printed assents for signing and collection. Jersey authority on banking law, was the speaker who appeared to make the most pronounced effect on the crowd. Talking in Italian, he gave a complete explanation of the scheme which provides for im-mediate payment of thirty-five cents on the dollar and delivery of certificates for the remaining portion of the dollar secured by \$5,000,000 worth of North Bergen municipal bonds.

shrinkage amounted to \$494,818.09.

The liabilities of the company on June 27 amounted to \$2,290,266 and on February 27 they were \$2,149,-225.83 or a decrease of \$141,041.02.

The surplus last June amounted to \$299,613.96 and on February 27 it was \$298,642.95. a decrease of \$971.01. The capital of the company amounts to \$400.000.

The commission had previously filed a report covering activities from the day he took over the company to September 26 and the expenses which he incurred were approved last fall, this included a counsel fee of \$6,000 to Counselor Franklin.

His prese \* report shows receipts of \$306 the and disbursements of \$245.277 76, leaving \$61,353.36 in his hands.

In some instances where mortgages have matured and cannot be paid by property owners he said that the best plan was to wait to rethe property owner was able to refinance his property rather than foreclose and the certificate holders agreed with this plan.

Commissioner Smith had been in-structed by the Court of Chancery to make such payments before decisions refusing to instruct the com-mission on questions of liquidation were rendered. No such instructions have been given in the case of the Steneck Trust Company and there are now pending before Vice Chan-cellor Fielder the test cases brought by certificate holders to secure pay-

Two questions were put to him in Italian from the audience. One man wanted to know why the Hoboken city authorities had not given their written assent. To this the reply was that it would be illegal for the city to take such a step. Another interrogator wished an explanation of the value of the North Bergen bonds.

In reply Altieri, as well as a num-ber of other speakers who followed, asserted that although North Bergen has experienced serious difficul-