

Dis. Aug 24/31

## 17 Million Cash Needed, Steneck Group Informed

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 now 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 Bertwo-hour conference 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 August 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 unless 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

"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.

"Commissioner Smith informed the 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."

Dis. Aug. 14/31

## Depositors Of Steneck Trust To Meet Today

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

Plans for a meeting of depositors of the Steneck Trust Company of Hoboken, now in the process of liquidation by the State Banking Department, 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. Schmitt and Salvatore Rinaldi. The legal advisors to the committee are William A. Schlosser, 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 appointment with Mr. Drewen next Tuesday afternoon.

Two methods of approach in the proposed investigation will be suggested to the prosecutor. One of these will be to request the prosecutor to ask Banking Commissioner 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.

Offer Aug 24/31

## OFFER TO BUY STOCK OF THE STENECK BANK

Syndicate Agrees to Guarantee 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 Commissioner accepts the offer and the remaining 90 per cent. within three 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 connection 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 Commissioner Smith's office in Trenton until Wednesday. The commissioner himself left Thursday morning on a business trip to Chicago and has not had an opportunity to study the letter.

The banking syndicate interested in acquiring the Steneck assets "has no interest in the re-opening of the bank." This is made plain in the letter sent to Mr. Smith by Courtland Palmer, New York attorney, with offices at 25 Broadway, on behalf of the group seeking to purchase the bank's assets.

The letter received at Commissioner Smith's office in his absence is as follows:

"Hon. Frank H. Smith,  
"State Banking Commissioner,  
"Trenton, N. J.  
"Re: Steneck Trust Co., of Hoboken, 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 dollar, I have been instructed to inform you that I have a thoroughly responsible group of clients, who are interested in making such a bid within 30 days after your notifying me that you are prepared to accept same.

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

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

"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."

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 being made, and that he was interested 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, 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' Committee in Hoboken on Tuesday night at a public meeting has been received by the Commissioner of Banking:

"Resolved, that the Steneck Depositors' and Investors' Protective Committee be authorized and directed to request the banking commissioner of the State of New Jersey to co-operate with the committee and officers of the bank, for the purpose of reopening the bank, and to state definitely what measures are necessary for the reopening thereof, so that the said committee may co-operate in the fulfillment thereof, and

"Be it further resolved, that the banking commissioner be requested to speed up his report showing the true condition of the bank at the time of closing, and at the present time, and

"Be it further resolved, that the members of the Steneck Depositors' and Investors' Protective Committee send a copy of this resolution to the State Banking Commissioner immediately."



Oh Aug 19/31

# WANT STENECK REOPENED, PLEA OF DEPOSITORS

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

Two groups who have mutual interest in the closed Steneck Trust Company, one side subscribing to the idea of doing everything possible to have the bank reopened, the other supporting that but urging also that efforts be made to obtain a complete statement of the institution's condition, perspired under arguments during the sweltering heat, last night, in a hectic meeting at the Waldheim-Stevens Forum.

Fully 1,000 depositors, shareholders 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 reopened.

The Steneck Depositors' and Investors' Protective Association sponsored 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 reopening 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 Commissioner, asking that he devote his every effort toward having the bank reopened. The Protective Association placed its stamp of approval on the proposal and offered it to the audience, who favored it vociferously. "This will be done."

The meeting was opened by Joseph A. Schmitt, Jr., chairman of the Protective Association and representative 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 members of the association's executive 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, to the effect that the lawyers sought powers 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 of attorney 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 reopening of the bank, but will, rather, cooperate with any commit-

Other speakers echoed Schlosser's remarks, particularly Counselor Beronio, 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," Beronio 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 returned to you, dollar for dollar if we can."

Frank Bartletta and Kettel as speakers, delivered in substance the argument that no one can help the depositors, but the officers and directors of the bank and the depositors themselves. If the bank is liquidated, he declared, the depositor must of necessity suffer and in addition such liquidation would take 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 which the depositor pledges himself or herself not to draw money out of the bank, should it be reopened, 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 Protective Association could still function. But with reality 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.

Kettel declared that after September 3, the bank will have \$7,500,000 the North Bergen bonds becoming 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 a dissenting voice against the committee. It was Hellinghausen who suggested that the State Banking Commissioner be communicated with and asked for a complete statement of the bank's true condition.

Stuhr reviewed the work the committee has accomplished gratis to date, and added that with his associate counsel, he had conferred with the prosecutor yesterday and been informed by the latter that a confidential 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 penny 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 also held that their interests as depositors should be closely watched and immediate action taken to forestall any projected move which legal advice may consider inimical to interests of the depositors.

The Protective Association has opened headquarters in the Terminal Building at 68 Hudson street, while Bartletta and Kettel's group are at 111 Hudson street.

# 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 Commissioner 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.

### 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.



Dis. Aug 19/31

# Steneck Bank Probe Fought By Bartletta

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

Noisy opposition to the plans of the Steneck Depositors' Protective Association developed last night at the meeting at the Waldheim-Stevens Forum, Hoboken. Frank J. Bartletta and Joseph F. Kettel appeared with more than 200 depositors of the trust company to voice strong disapproval of the move for an investigation into the affairs of the Steneck Trust Company, now in the hands of the state banking department.

This came despite the promise made by the speakers for the association that they would cooperate 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.

## 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.

Mr. Stuhr also reminded the crowd that there had been statements made that the North Bergen bonds were at the bottom of the bank's difficulties, and followed it up with the statement that this matter has been adjusted by a refunding operation, yet it has made no impression on the banking commissioner. He said there is also no known move to supply the \$17,000,000 guarantees required by the banking commissioner before the bank will be permitted to reopen its doors and conduct business.

But Mr. Stuhr reminded his audience that the hearing on the court petition had been put over from July 23 to August 13, and then abandoned by the bank's officers. This, he explained, was what prompted the committee to proceed with its organization. The speaker pledged the cooperation of the association to any progressive move and reminded the opposition that the committee had already signed the no-withdrawal pledges.

This was the gist of what the speakers in general said. In his opening remarks, Mr. Schmitt stated that he is one of the thousands of depositors, and that he has \$80,000 at stake in the closed bank. Mr. Hellinghausen in the course of his talk stated that in addition to his deposits and holdings in Steneck mortgage certificates 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 or rehabilitation.

## Will Meet Besson Again

It was pointed out during the course of the evening that the committee will renew its conference held yesterday 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 who 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, Mr. Hellinghausen declared the meeting adjourned. But Mr. Kettel was on his feet at once and after charging that an attempt had been made to enforce gag rule started to talk. There was a little bustle until the crowd returned to its seats.

Mr. Kettel, in the course of his remarks, declared that he has knowledge of a definite move to reopen the bank, and indicated that the officers of the bank are back of that move. He declared that Banking Commissioner Frank Smith has no desire to definitely close the bank, and will lend every assistance to the move to reopen it. He expressed himself strongly against any movement that has any other plan than the reopening of the bank in view.

Announcement was made at the Hoboken Chamber of Commerce last night that the board will meet Monday.

Dis. Jan 1932

## 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 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.



Dec 4/37

# SMITH STUDIES STENECK PLAN

## BANK'S REOPENING BELIEVED LIKELY; DETAILS WITHHELD

State Banking Commissioner Will Not Comment  
Until He Has Thoroughly "Digested" the Pro-  
posal—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.

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 voluminous statistics, which will require some time for complete digestion by the Banking Commissioner's staff.

While it could not be confirmed that the re-organization has the tentative approval of the commissioner, it was hinted that the plan is so meritorious that it will not be turned down.

The commissioner has frankly stated since the bank was closed that cash was needed to reopen the institution and that this requirement has been complied with seems obvious as any other plan would not have been given consideration by Mr. Smith.

Although Commissioner Smith was non-committal today as to the feasibility of the plan, the confidence of those who have prepared the re-organization has given rise to reports that the bank will be reopened before Christmas and that Christmas Club funds and a considerable portion of the depositors' money will be available.

The details of the proposed re-organization have been closely guarded and Commissioner Smith refused to reveal even the essentials of the plan.

Asked by a representative of the Jersey City Evening Post this morning whether it would be possible for him to release some of the details for the proposed re-organization under the plan submitted to him yesterday the Commissioner said:

"No, I could not do that at the present time. The report was submitted 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 conference 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 Chancellor Buchanan in Trenton last week for a rule to show cause to determine the rights of depositors who had made preferred claims for deposits. That order is returnable Thursday.

When asked if the reorganization plan would halt the chancery action Mr. Smith said that that was up to the court. In the event that the plan received his approval, the banking commissioner said he would place the matter before the Vice Chancellor next week.

He said that he would have to study the report with the members of his staff and with his counsel, and that probably it would be a week before he was able to announce any decision.

Those at the conference with the Banking Commissioner yesterday were Marshall Van Winkle, counsel for the Steneck Trust Company, former Vice Chancellor Merritt Lane, personal counsel for Henry Steneck; president of the closed bank; Robert H. McCarter, Jr., of Newark, representing the New York bankers group which outlined the re-organization plans; and Bank Examiners Vernon Peer and Furman, who are in direct charge of the closed institution under the direction of the State Commissioner. Judge Thomas H. Brown of Jersey City also attended the conference as special counsel to Commissioner Smith.

Gets Plan



Frank H. Smith

Another Steneck  
Warrant Sought

A warrant will be asked for Recorder Schlosser today for the arrest 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.

## WARRANT SOUGHT FOR STENECK ON NEW FRAUD PLEA

Woman Alleges President of Closed Bank Sold Her  
Mortgage Certificates on Vacant Staten Island  
Tract Representing It as in New Jersey—  
Decision Withheld

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 lawyers.

McAlevy filed his application on behalf of Mrs. Anna Mohr of Calfield avenue, Westfield, whom he represents, and who charges that the procedure followed after she purchased a mortgage certificate guaranteed by the Steneck Title & Mortgage Guarantee Company, differed entirely from what was described to her.

She was told, Mrs. Mohr contends, and the mortgage certificate specifically states that the property cov-

ered by the certificate was to be in New Jersey. But investigation by Attorney McAlevy revealed that the property is located in the Borough of Richmond, Staten Island, and consists of ninety acres of vacant, unimproved land.

Recorder Schlosser postponed immediate action on the application and in notifying Attorney McAlevy that he would announce his decision this afternoon, strongly indicated that the application would be granted.



Mr. Deane 2/21

# 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 objections are technical and that they can be easily overcome to the satisfaction of the Commissioner and his legal staff, the bankers' representatives 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 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 presented they propose to pay 100 cents on the dollar to every depositor, ultimately, and of this amount a large part would be paid in cash. Just what percentage was to be paid, was not learned although it is said to be about three-fourths. The rest would be paid by participation certificates in legal 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 reorganization of the Title Company, it is understood 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 important in his mind, not only for the stockholders, but for the benefit of the community as a whole.

Another point of objection to the 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 advertised for.

Marshal Van Winkle, counsel for the Steneck Trust Company made the following statement today:

"Commissioner Smith in his letter to the bankers stated that he desired certain modifications made in the plan for the reorganization of the Steneck Trust Company submitted by them. After the Commissioner wrote his letter to the bankers, the bankers conferred and discussed with him these modifications. The Commissioner has instructed Mr. Peer, in charge of the Steneck Trust Company and Mr. McNichols in charge of the Steneck 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. Therefore, 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 the bankers to develop their plans and conferences are now under way preparatory to the meeting with the commissioner next Monday."

Dis. May 19/32

# Stenecks Plead 'Not Guilty' To 4 Bank Charges

President and Vice-President of  
Closed Hoboken Institution Sur-  
render 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 Milton, counsel for both Stenecks. With the approval of Prosecutor John Drown, 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 indictments "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 indictments charging that on December 18, 1929, he had obtained a loan of \$61,850 without first having received approval of the bank's board of directors, and that on the same date he had overdrawn his personal account by \$85,527.56.

Bail for George Steneck was furnished 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 illegal.



# 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 State Banking Commissioner Frank H. Smith has ignored the downward trend of the market and liquidated collateral which was sufficient to cover outstanding notes. Speakers at the meeting were Counselor William Stuhr, who represents a group of the closed institution's depositors, and Edward Orange, C. P. A., who analyzed for the Jersey Observer a statement of the trust company's resources and liabilities. Mr. Orange 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 re-opening of the bank and the remainder in certificates issued on the North Bergen notes and other slow assets, with the privilege of borrowing 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 outsiders, many of whom, Stuhr said, have indicated they would want shares in the new institution.

Comprehensively then, Stuhr treated of the conditions attending liquidating of the bank, pointing out 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 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 confer with his successor and arrange details with him. Stuhr, as a result, 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 re-opening 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 Fred S. Lang, treasurer of the Jefferson 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 everybody."

Some minor details were aimed at 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 the Jersey Observer's attitude and Sugarman responded that Smith's statement of yesterday cannot be taken into consideration at all, because of its one-sidedness. Sugarman, earlier in the meeting, had deplored the "passing the buck" attitude which had marked earlier efforts to get from Commissioner Smith some inkling of what he is doing, or what has been done or what portends for the Steneck depositors, in what manner Hoboken's civic and business life may be relieved from the positive depression it is suffering through the bank being kept closed.

Election of officers also marked the meeting, with Clinton B. Snyder 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, financial secretary; Oscar Bennes, recording secretary; Anthony Izzo, corresponding secretary.

Nat J. Dix was chairman of the nominating committee which submitted the subsequently accepted slate. Assisting him were Dave Chinich, Oscar Bennes, J. Eichler and Nathan Marcus. Sol Lubash will be chairman of the association's executive board.

## 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 the bank reopened. Accompanying the mayor and the commissioners was Corporation Attorney Horace L. Allen.

## 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. Flanagan, their counsel, accompanied the Stenecks to court.

# DREWEN SILENT UPON REPORTED 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 deliberations 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 bail to await trial.

At that time it was rumored that more indictments would be voted by the Grand Jury which was scheduled 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 testimony revolved around the actions of Henry Steneck, and his brother, George, president and vice president 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 indictment is not expected. They 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 presentation 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.

A lengthy statement issued today in connection with the closed Steneck Trust Company by Commissioner of Banking and Insurance Frank H. Smith has as its main highlight an attack on the Jersey Observer for the stories it has printed regarding the tying up of the funds of some 30,000 depositors who have now waited over seven months for some word as to when they might expect to have their savings returned to them.

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 attempting to confirm them with myself or my deputies." On the contrary, in every instance where such stories were published effort was made to consult the Commissioner or one of his deputies in advance of publication. But that is a personal matter and too trivial a one to be brought into the more important consideration of when the 30,000 depositors of the Steneck Trust may look for relief, and to what extent.

## EXPECT SECOND STENECK BILL

New Indictment Looked for  
—Will Not Halt Plans  
for Reopening.

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 violating 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 appearance before the Grand Jury of Accountant Braverman, and while nothing could be learned of what action was taken by the jury yesterday, it is believed that another true bill will be handed into court next Tuesday.

Criminal prosecutions in connection 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 investigated to determine whether criminal 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 yesterday 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.

## STENECKS ARE HELD IN BAIL

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 furnished 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 request further bail in his case. No date was set for the trial.

Before going into court the bankers 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 condition 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 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 banking commissioner. Indictments of the two bankers was considered a severe blow at the re-organization plans, but sponsors of the re-organization 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 commissioner gives his approval.



# ANALYSIS OF STENECK STATEMENT

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

Thus leaving a balance, representing capital, surplus and undivided profits (after taking into effect losses sustained totaling \$1,094,441.58, in connection with sale of securities) of..... \$995,985.77

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

|   |                 |
|---|-----------------|
| Cash in hand, on deposit and in transit, etc. (see Schedule 1)          | \$3,106,582.24  |
| Due from foreign Banks.....   | 23,792.18       |
| Stocks and Bonds.....   | 1,216,835.12    |
| Bond and Mortgages:   |                 |
| Against which Participation Mortgage Certificates have been issued..... | \$6,383,265.00  |
| No Participating Certificates issued.....                               | 41,000.00       |
| Suspense Items—unexplained.....   | 19,870.47       |
|   | 6,444,135.47    |
| Loans and Discounts:  |                 |
| To Cities.....  | 4,287,951.77    |
| Others (of which \$307,794.06 on collateral)                            | 1,558,704.89    |
|   | 5,846,656.66    |
| Banking Houses.....   | 382,850.00      |
| Other Real Estate.....  | 147,000.00      |
| Other Assets (see Schedule 2).....                                      | 1,657.67        |
| Total Resources.....  | \$17,169,509.34 |

## LIABILITIES AND CAPITAL

|  |                 |
|--|-----------------|
| Due to Depositors, etc, etc. (see Schedule 3)  | \$9,678,437.51  |
| Guaranteed Mortgages outstanding.....  | 26,000.00       |
| Participating Certificates issued against Bond and Mortgages (see contra).....                                 | 6,373,160.00    |
| Interest received re Mortgages (unexplained, but evidently interest collected for certificate holders).....    | 65,000.69       |
| Unexecuted foreign items.....  | 30,925.37       |
| Total Liabilities.....   | \$16,173,523.57 |
| Capital, Surplus and Undivided Profits.....  | 995,985.77      |
| (after taking into effect losses sustained in the sale of Securities, which losses amounted to \$1,094,441.58) |                 |
| Total Liabilities and Capital.....   | \$17,169,509.34 |

NOTE—It appears that no provision has been made for accrued interest receivable nor for accrued interest payable.

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.

## Schedule No. 1 Showing Cash Items

|  |                |
|--|----------------|
| Cash—unexplained, but evidently cash on hand           | \$298.43       |
| Cash Items—unexplained (perhaps items in transit)..... | 11,669.94      |
| Cash on Deposit:                                       |                |
| Trust Co. of N. J. Liquidation Account.....            | \$2,343,506.07 |
| Trust Co. of N. J. P. M. C. Account.....               | 88,531.70      |
| Trust Co. of N. J. Expense Account.....                | 12,286.41      |
| Trust Co. of N. J. Special Account.....                | 5,012.84       |
| New Jersey Title Guarantee & Trust Co.....             | 501,288.00     |
| Merchants Trust Co.....                                | 143,988.85     |

Total on deposit..... \$3,094,613.87

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

## Schedule No. 2

|                                      |            |
|--------------------------------------|------------|
| OTHER ASSETS:                        |            |
| Overdrafts.....                      | \$180.15   |
| Due and Not Collected.....           | 1,030.27   |
| Advance Payments Mortgage Loans..... | 379.50     |
| Unexplained.....                     | 67.75      |
|                                      | \$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 Club—1931.....       | 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 yesterday'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 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 million 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 understand 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 immediate 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.

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.

## ASK MOORE HELP 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.



# STENECK BILLS ALL INVOLVE A SINGLE ACTION

## 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 discounts" 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 making the false report, the second charges filing a false report to deceive the commissioner; the third exhibiting a false report to deceive the commissioner and the fourth delivering a false report to deceive the commissioner.

Presumably Prosecutor John F. Drewen, 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 yesterday afternoon when the grand jury filed into court and handed

thirty-one indictments to the judge, four of which were against the Steneck brothers jointly.

The defendants will probably appear 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 released 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.

Investigation into the affairs of 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 delivered 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 indictments 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 investigated 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 Commissioner 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 deposits 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 Banking Commissioner. Those sponsoring the reorganization are confident that the indictments against the two officials will not interfere with the plans.

## Grand Jurors Hear Smith

### 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 Insurance Commissioner 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 Grand Jury room, he was closeted 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.

#### 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.

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-in-law, 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.

## Stenecks to Be In Court Today

Henry Steneck, president of the closed Steneck Trust Company of Hoboken, and his brother George, vice president of the company, will be arraigned in court this afternoon 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, concerning the condition of the bank as of December 31, 1929.

It was charged that they had failed to report \$225,000 in additional 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 affairs 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 Orange, 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 retained Mr. Orange to consult with the bank examiners, but both Messrs. Furman and Peer, the examiners in charge, refused to comment 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. Orange 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 representing capital, surplus and undivided profits of \$995,985.77.

In addition to this the committee sponsoring plans for the re-organization 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 Jersey 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 of January 12 and not liquidation value.

## Probe Asked In Steneck Costs Of Liquidation

Mayor McFeely and Hoboken Commissioners Appear Before Gov. Moore in Trenton

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 of the 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.

## LAUD OBSERVER FOR REVEALING STENECK FACTS

Hoboken Business Men's Resolution—Queries for Smith.

Supporting the stand the Jersey Observer has taken in connection with the Steneck Trust Company of Hoboken, the Hoboken Businessmen's Association passed a resolution commending this newspaper for its attitude and policy in publishing all facts in connection with the bank's affairs.

At the same time a reader of the Jersey Observer has addressed a communication, attacking Commissioner Smith for failing to reveal who "directors and relatives" of 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 seven months, perhaps the 30,000 or more depositors, most of whom are in need of cash and suffering for the want of their deposits, 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 Company as his first official act. Commissioner Smith then decided to give out the information about withdrawal of funds and the condition 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 broadcast that the Jersey Observer drew out a large 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 similar proposition like this presented itself, for after having their own banks checked up, they found themselves sitting not altogether too safe, but were allowed to keep open, so as not to create a panic.

"Recently, a friend of mine criticized a prominent banker in connection 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 yourself 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 liquidated with a heavy loss, same as the Steneck clients."

The resolution passed by the Hoboken Businessmen's Association was as follows:

"Whereas the Jersey Observer, Hoboken's leading newspaper has published through its columns, a complete statement of the Steneck Trust 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 publishing 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 BAIL AS STENECK WITNESS

Upon application of Prosecutor John Drewn, Judge Robert V. Keck yesterday ordered Charles Schwarz, assistant treasurer of the closed Steneck Trust Company, Hoboken, held in \$5,000 bail as a material 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 violation of the state banking laws growing out of the closing of the bank last June 27 by State Banking Commissioner Frank H. Smith.

Prosecutor Drewn asserted he desired of having Schwarz on hand when the Stenecks go on trial as regards him as an important witness. He did not indicate, however, when the trial will start. Both Stenecks are at liberty under \$25,000 bail each. Bail for Schwarz was posted yesterday afternoon by the American Surety Co., of New York.

## STENECK TITLE FIRM AIDES NAMED BY KELLY

State Banking Commissioner William H. Kelly yesterday appointed J. Henry Canby, Hoboken lawyer, counsel, and Assemblyman Frank Bucino of Hoboken, as custodian of properties of the Steneck Title and Mortgage Guarantee Co. of Hoboken.

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



Oct. Nov 26/27

# 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 Ob-  
tain Replies.**

While Frank 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 process of liquidation, today, the Jersey Observer could not locate him for questioning as to ascertain matters of public import in regard to the closed institution.

Mr. Smith, since the closing of the Hoboken institution, has continuously refused to make known any facts about the bank, its liquidation or his activities with the result that many rumors and reports are continuously making the rounds of the city and the bank's 30,000 depositors who Mr. Smith, apparently, does not 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 these reports, but as usual "he was in conference and would not be available until late this afternoon."

Some of the questions which the Jersey Observer would like to have Mr. Smith answer are the following:

"Is it true that you authorized the sale of securities in what economists call a panic market, resulting in a loss of more than a million dollars of the assets of the Steneck Bank?"

"What salaries were you paying individual employees at the closed bank up to January 1, last?"

"Is it true that North Bergen bonds which you arbitrarily valued at 25 per cent. under par value were later given a full 100 per cent. on the dollar value by the State Legislature?"

"Have you any idea as to the amount of counsel fees which are chargeable up to date in connection with the liquidation?"

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 published 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 of the situation with them and to learn what steps, if any, were being taken to correct the condition.

"From the examination summary it was indicated that the entire capital had been consumed through losses, mainly in low grade common stocks and in certain loans. In addition, it was apparent that the institution's cash funds to meet depositors' demands had been reduced to an alarmingly small percentage. 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. Shortly thereafter a meeting was

arranged with a group of Hudson County bankers and the Steneck Trust Company directors in the hope that some assistance would be forthcoming. But owing to the indifference shown by the Steneck group and their failure to indicate that any real effort would be made to relieve the situation, the other Hudson County bankers very properly refused their aid.

"In view of this situation, together with the information I had received that, since the previous meeting in my office, large amounts were being withdrawn from the institution by relatives of directors, I ordered the closing.

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 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 investigations, as well as the postponement, from time to time, of my petition to Chancery Court for instructions as to certain large and confused liability items.

"In the course of liquidation to date, but one so-called plan of reorganization 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 undertaken. 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 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 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 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 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 'first mortgage issue' had been liquidated.

"In short the plan provided for a comparatively small amount of new cash to be paid in by way of stock subscription in a proposed new institution and the balance of the refinancing to be effected by obtaining consents of creditors and depositors to accept instruments other than cash for a large proportion of their claims and to 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 bad 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.

"A further word relative to the expense so far incurred in connection with liquidation. Contrary to figures published in the Jersey Observer, a Hoboken newspaper, the liquidation expense to date, January 26, 1932, is \$66,614.17, while offsetting the same is income collected of \$466,326.21. Thus, none of the liquidated assets have been consumed by expenses, 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 that paid under the deposed management."

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. He 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 management, 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 reducing salaries. He also fails to answer previous charges that individual employees were being paid as high as \$40 a day by him. Neither does he say anything about a reported million dollar loss in the sale by him 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.

Mr. Smith next launches into his attack on the Jersey Observer and its publishers, with the following charge:

"From time to time the above mentioned publication has published misleading accounts of the condition of the bank and the probability of its reorganization. These articles have been broadcast without attempting to confirm them with myself or my deputies and have tended to raise false hope in the minds of depositors. The recently published balance sheet, with its attendant comment, is no exception but is a further attempt to discredit the present administration and to falsely present the bank's condition. It might be well to state at this point that Frederick A. Seide, a former director of the Steneck Trust Company, is, with his father, understood to be the proprietor of the 'Jersey Observer.' The day before the Trust Company suspended the Jersey Publishing Company, publishers of the 'Observer,' withdrew from the 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 institution."

Editor's Note — The above statement discloses Mr. Smith's method of attacking the Jersey Observer for its refusal to permit censoring of its news col-

ums. The statement that the Jersey Observer withdrew \$100,000 from its deposit in the Steneck 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 Jersey Observer's hundreds of employees' wages and not to save its owners from personal loss. Mr. Smith knew that to be a fact because, Mr. Fred Seide, 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 closing.

Mr. Smith goes on:

"The balance sheet referred to was, by inference on the part of the newspaper, obtained from my deputy, whereas the fact is that a traitorous clerk in my employ, who had been retained with several others of the bank's former personnel, did, without authority and without knowledge of my deputies, obtain figures from the books, copies of which have appeared in the columns of the 'Jersey Observer.'"

Cont on next page



Since this balance sheet 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 adjustment of such values is made until, through sale or compromise or judgments obtained, the true 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 \$1,600,000 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 statement with:

"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 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 limit and that unless and until safe and satisfactory reorganization can be effected which will assure the payment to every depositor 100 per cent, the liquidation will continue as speedily and inexpensively as conditions permit 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 bank closed, has not published 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 answer 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 continuous efforts 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 traitorous clerk of his gave out the statement without authority.

## STENECK CASE WILL BE LEFT TO KELLY

### Commissioner Smith Will Not Attempt to Deal With It Further.

State Banking Commissioner Frank H. Smith stated today that he will not make any final disposition of the affairs of the closed Steneck Trust Company of Hoboken 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 the conference in Commissioner Smith's office in New York Friday which was arranged through Mayor Bernard N. McFeely of Hoboken.

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 commissioner assured the delegation that rumors of high salaries paid to his assistants employed in the Hoboken 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 Banking Commissioner in his 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 banking commissioner had rejected it, and sent a written rejection of it to the sponsors, "although he left the door open for further negotiations."

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

### 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:

"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.

## STENECK MASS MEETING AND SMITH.

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 Chancellor Lewis proceed with the case in which the banking commissioner 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 reorganization 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.



*Dis. Feb 10/32*

## 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. Brown—in 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 commissioner has refused to charge the notes against the deposits. Mr. Tiffany, who represents the defendants, is seeking to have the suits transferred to the Circuit Court. Yesterday Herman Lipschitz appeared on behalf of Judge Thomas H. Brown who is counsel to the banking commissioner.

Defendants criticize 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 Commissioner 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 by depositors against their accounts in the bank. In this way \$300,000

has been liquidated in the North Hudson bank. If the amount owed the bank is in excess of that which will eventually be credited to the depositor-debtor the balance will be sued for later.

There are instances in some of the Steneck suits where small 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-opened on a sound basis and can become one of the strong banking institutions of the state.

*Dis. Feb 10/32*

## Mass Meeting Called on Bank Reopening Plan

**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 officials 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 Drown, Vice Chancellor John J. Fallon, Henry C. Steneck, president of the Steneck Trust Company; Harry V. Brave-man and Edward Orenge, certified public accountants; William A. Stuhler, Max Z. Hurwitz, president of the Hoboken Chamber of Commerce, and C. B. Snyder, of the Hoboken Business Men's Association.

*Dis. Feb 29/32*

HUDSON DISPATCH, MO

## M'FEELY TO SEE LEWIS TODAY IN STENECK FIGHT

**Mayor Opposes Paying \$5,000 to Two Lawyers**

Mayor Bernard N. McFeely and Corporation Attorney Horace L. Alden, of Hoboken will go to Paterson tomorrow 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. Alden 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.

*Dis. Feb 27/32*

## HIT FAILURE TO BOND CITY FUND

**Taxpayers Inquire Why Deposit in Steneck's Was Not Safeguarded.**

In line with recent developments in connection with the Steneck Trust Company, taxpayers in Hoboken are beginning to ask why Mayor McFeely and the city officials 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 deposits, and if this practice had been carried out by the city of Hoboken the officials would not now be scraping odds and ends together to pay the municipal employees.

Explanations are also being demanded 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 collector's account was in the Trust Company of New Jersey the collections from the taxes from the beginning 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.

*Dis. Feb 10/32*

## 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, succeeding 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.

*Dis. Feb 20/32*

## 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 Company, held in New York yesterday with Banking Commissioner Frank H. Smith.

Corporation Attorney Horace Alden 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 Commissioner-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 corporation attorney were City Commissioners Clark, Gilfert and Carsten, and Assistant City Treasurer Edward Hunter and City Auditor Harry Shin.



609 Feb 10/32

# 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—Ex-  
plains 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 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 depositors' 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 insurance-elect; Judge Thomas H. Brown, John Drewen, prosecutor of the pleas; John J. Fallon; Henry C. Steneck, president of the Steneck Trust Co.

Messrs. Rossi and Eberstadt, bankers; Harry V. Braverman, C. P. A.; Edward Orenge, C. P. A.; William A. Stuhr, attorney for the depositors' committee; Max Z. Hurwitz, president Chamber of Commerce; C. B. Snyder, president Hoboken Business Men's Association; Marshall Van Winkle, attorney for Steneck Trust Co.

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 Perna, Charles Rohe, Adrian P. L. Roggeveen, Dr. Edward A. Schmalz, George W. Steneck, Henry C. Steneck, 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-

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 feasibility 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.

"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 proceedings, we feel that something should be done immediately, if such a course is possible, to stop such proceedings. We will appeal to the 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 depositors in the bank, and it is grossly unfair to have their money squandered by court suits if there is any possibility of settling such affairs without recourse to the courts with all the expense for costs and lawyers' fees that that entails."

Incidentally 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."

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 Company. On June 15, there was transferred to the treasurer's account, \$150,000, and on June 25, \$604,832.52. This was to cover \$573,530.64 for school teachers' salaries, claims, and principal and interest on bonded debt due on July 1st.

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 collections 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 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 of the situation, however, it was decided to go through with the meeting. "It is high time," declared the Mayor, "that this thing is brought to a head, and it will be a wonderful opportunity to get the sentiment of the depositors on the re-organization plan."

Later in the forenoon a delegation from the Service Relations Council of the Hoboken Post office, waited on the mayor and presented resolutions endorsing the proposal to call the mass meeting.

609 Feb 4/32

## ANOTHER STENECK NOTE SUIT IN COUNTY COURT

Another Steneck Trust Company note suit apparently is on the way to being transferred from the Second 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 Hoboken, 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 \$245 from the deposit. Assistant Attorney General J. Raymond Tiffany is counsel for Santramo and Atorino.

609 Feb 8/32

## MAY MOVE STENECK SUITS TO HIGHER COURT

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, will be transferred to the Hudson Circuit is to be decided by Circuit 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 Commissioner 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.

609 Feb 24/32

## Steneck Trust Income Since June, \$462,848

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, corporation attorney of Hoboken.

The expense during the same period totaled \$62,476.80, leaving a net balance for depositors of \$400,371.25. 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 foreclosures 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 Company, publishers of the Jersey Observer. It was for \$100,000, the day before the bank was closed.

609 Feb 4/32

## SCHMIDT TO SUCCEED STENECK UPON BOARD

Having accepted the resignation of Henry C. Steneck, president of the 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 Hoboken 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—McFeely  
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 speakers had been erected for the benefit of those outside, few gathered to listen, the damp, misty night driving them away.

The meeting was quiet and orderly and, although most of the invited 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 cheered by the crowd when read by Corporation Attorney Horace Allen, chairman of the meeting, was adopted without a dissenting voice. At no time was there any interruption from the audience and the meeting came to a close about 9:30.

Pointing out that the depositors have so far been unable to learn anything concrete as to whether the bank is to be reorganized and reopened or whether the liquidation is to proceed under the Banking Commissioner the resolution demanded from the Banking Commissioner a comprehensive statement of the bank's affairs, the total number of foreclosure suits brought to date, and other suits pending.

That the Commissioner forthwith give his immediate determination as to the feasibility of reopening the bank, and if the pending plan is insufficient that he advise the depositors of his reasons.

That if the bank cannot be reopened the depositors be paid part of the money on account, and

further that the Commissioner be requested to keep the cost of administration and liquidation down 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.

"As mayor of your city and your elected representative, it is my duty to do all I can to see that you get some information so that you will know where you stand," said the mayor.

He then referred to the fact that special invitations had been sent to Governor Moore, to Banking Commissioner Smith, Banking Commissioner-elect Kelly, Henry Steneck, president of the bank; the board of directors, and to Messrs. Rossi and Eberstadt, the bankers who prepared 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 for many years and have received my job from the people, and if I ever took \$5 of the people's money I would have been in jail long ago. Here is a bank that took millions of dollars from 30,000 people and nothing has been done about it yet. I believe Mr. Steneck is honest, but if he claims that the bank never should have been closed why did he not come here and tell us, so that we would be able to place the responsibility where it belongs."

"We are here to get action and we are going to try and stop the drain on the funds now in the bank, money that belongs to the depositors and money that should not be squandered, no matter by whom. For, after all, it is the people's money." His speech was greeted with cheers and he then turned the meeting over to Mr. Allen.

Governor Moore was unable to be present, he said in a letter which he sent to the Mayor and which was read by the chairman. The Governor said that because of other engagements he was prevented from attending, but otherwise he would have been glad to lend his aid at the meeting.

The Governor also wrote that "Colonel Kelly, the Banking Commissioner-elect would give the committee every assistance possible and he would advise him to drop in and talk the situation over."

"The Mayor and City Commissioners called on the Governor recently, said the chairman, "and he was deeply sympathetic towards the depositors and the people of Hoboken in the present trouble."

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 because 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 information 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, twenty-four 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 firemen, the policemen and other municipal employees just previous to their becoming due and put the checks in the current account which was in the Steneck Bank.

"Now it would have been nice of Mr. Steneck if he had appeared here tonight and told you why he could not raise that million dollars to keep the bank open."

"On the other hand, it is charged against the Banking Commissioner that he should not have closed the bank, that it was perfectly solvent. That charge has been made. Would it not have been nice of him to be here tonight and give you facts and figures in plain language? But he is not here."

"Is there any director of the Steneck bank here who knows anything about the bank," the chairman appealed to the audience, "and who wants to make some explanation?"

In response George Lankering, a member of the advisory committee of the board of directors, who was sitting on the platform, stepped up. He said:

"Mr. Allen has mentioned some things that I know nothing of. This is the first time I heard that Mr. Steneck had been notified a week before the bank closed of the impending action by the State Commissioner."

"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. Lankering sat down former County Clerk John J. McGovern 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 Ireland, 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 contradicted. That money would be there now but for the fact that \$1,100,000 has been lost through sale of the bank's securities 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 am absolutely sure that if the bank is re-opened every man and woman will receive 100 cents on the dollar."

Applause greeted this declaration and he went on to say:

"Never was there a time in the history of Hoboken that the people realized more than they do now what that bank meant to them. If the commissioner sells those mortgages in the open market he will get nothing but the title for them. I had 250 shares of stock in the bank but I don't care about the money I have invested there, my interest is in the poor men and women who have their money there and that they get it back."

"When that bank closed \$30,000,000 was taken out of the savings banks of Hudson County, and twenty-one banks have closed down in the state of New Jersey."

"There is not a bank in the State of New Jersey, in my opinion that is as solvent as Steneck's bank. I will work for you without the cost of a dollar for the reopening of the bank, and I hope the new Banking Commissioner will find a way to help us out. I congratulate the Mayor and those associated with him for starting this thing, and, as Mr. Lankering says, let us stand together not only for ourselves but for each other."

Cont. on next page



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 Hoboken 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, and 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 entitled 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 splendid 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 Commissioner 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 guests, was on the platform. Mr. Allen asked him if he had a copy of the reorganization plan 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 deposit in that bank their monies to the amount of approximately \$10,000,000; and

"Whereas, Frank H. Smith, Commissioner of Banking and Insurance 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, during the past six months, been unable to learn anything whatsoever as to whether the Steneck Trust Company could be reopened or reorganized, or whether the depositors would receive any portion of their deposits through liquidation of the bank by the Commissioner. In the meanwhile they have learned of and witnessed the employment by the Commissioner of special counsel and many assistants and employees, and the incurring of large expenditures, all of which will have to be paid from the depositors' monies; therefore

"Be it resolved as the sense and determination of depositors of the Steneck Trust Company attending this meeting that, in behalf and for the information of all of said depositors, we do hereby call upon Frank H. Smith, Commissioner of Banking and Insurance, to forthwith 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 assistants and employees, the total number of foreclosure suits brought by him to date, 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 information 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 submitted 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 Company 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 Insurance most respectfully be requested to keep the cost and expenses 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 depression, 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 losses.

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 Orange, C. P. A., School Commissioner William J. Duffy, City Clerk Arthur Malone, Assistant 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.

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

allowed to approach nearer than a block of the school building. Assisting Inspector Kiely in directing the police activities were Captain McFeely, Sullivan and Garrick, Lieutenants 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.

## Steneck Mortgages Face Ruin in Foreclosures

The plight of many Hudson County 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 impossible to get a new mortgage through the usual channels because of the present condition of the realty 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 Steneck Title & Mortgage Company, but to my mind none of the woes 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 almost 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 become 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 obtain new mortgages. Each and every one of them stated they had applied to the various banks, Trust Companies and Building and Loan Associations without meeting success. 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 mortgagee 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 wipe out the mortgagor and cause him to lose all his life savings, but also decrease the value of the adjoining premises so that when the mortgage on same becomes due. He too, will have difficulty in renewing his mortgage or raising a new one on account of the sale of the adjoining premises, thus adding more misfortune.

## 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.

AS conditions now exist it would seem to me that unless the various banks, trust companies and building and loan associations give their attention to this matter and try to alleviate the situation, these forced sales, will so depreciate real estate in Hudson County, that the mortgages held by them will suffer and decrease in value.

"One of the cases I speak of, wherein the parties have been unable to obtain a mortgage loan, owns property on Hudson street in the

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 parties will lose their entire life savings.

"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 Company 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."

## 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 minutes, but refused to reveal what his testimony was about.

It is understood that Smith was summoned to give additional testimony about the closed Steneck Trust Company of Hoboken. Henry Steneck, president, and his brother, George, vice president, are both under indictment on charges of violating the State banking laws for their administration of the bank before it was closed.



# City Officials Grill Steneck On Bank Plan

Head of Closed Institution Promises to Submit Reopening Proposal in Week

BANKER PARRIES EVERY QUERY, 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. Steneck, 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 Dr. G. F. Sullivan, a member of the board of directors, but Dr. Sullivan took little part in the conference. Mr. Steneck, who at one point in the questioning was accused of running a one-man bank, was the one subjected to the grilling, which was led by Corporation Attorney Horace L. Allen and Mayor McFeely.

Mr. Steneck admitted his reopening plan hinged on his ability to borrow on the bank's securities and on money yet to be realized from outstanding notes. He said he would have to borrow \$3,500,000. This added to \$3,500,000 already on deposit in the name of the bank, and \$1,500,000 pledged by himself and officers and directors, would make up the sum required to cover the deposits of a little more than \$9,000,000. He said he hoped to obtain it from the Federal Reserve Bank with North Bergen securities.

Among the things Steneck's questioners wanted to know were: Why he accepted the city's more than \$600,000 the day before the bank closed its doors? Had he not been told before accepting the city's money that unless he could raise \$1,000,000 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 employees? Did he pay to a depositor \$100,000 the day before the bank closed because of a threat of exposure if the money was not paid over? Why does he persist in postponing his Chancery Court action?

Despite these, and many similar questions, Mr. Steneck remained unruffled. He sidestepped them deftly by maintaining that his bank was solvent, and that there was sufficient funds 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 people's money? What became of the large profits made by your bank? What became of the bonuses you received 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 know. 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 nothing to do with the transaction. At least, he could not recall.

At this Commissioner Kearns spoke up. "I'll tell you of an experience of my own just to show how Mr. Steneck figured in transactions when money was paid out. I recall one occasion when I drew \$6,000 from the bank, and the man at the window would not pay it out until he had called Mr. Steneck to the window."

Returning to the \$600,000 accepted by Mr. Steneck the day before the bank closed, Mr. Allen said: "I have statement to show that your balance in the Irving Trust Company for some time previous to the closing had been dwindling. At the time you accepted the \$600,000 from the city there was about \$350,000 in the New York bank, and just as soon as you received the money from the city that \$600,000 went to raise your balance there."

Mayor McFeely remarked that that accounts for Mr. Steneck's concern that day to receive the money, and recalled that Mr. Steneck even called up city hall early in the day to ask about the tax money to be deposited there.

## Told It's Not Smiling Matter

Mr. Steneck's continued smiling angered Mr. Allen, who said, "Smile if you will. This is no smiling matter. It is too serious to be laughed at."

"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 told that Commissioner Smith charged his bank with having been conducted in a loose manner. All of these questions he parried with claims that his bank was solvent, and that the statement of liabilities and resources are evidence.

## Fees Ordered Reduced

Reduction of \$17,500 in counsel fees asked by Judge Thomas H. Brown and other attorneys for service in administering 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.

## M'FEELY WILL CONFER WITH KELLY ON BANK

Conference in Trenton Monday on Steneck Trust

Mayor Bernard N. McFeely and Corporation Attorney Horace 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 action on the Steneck Bank will be taken until he has discussed the matter with the mayor.

Mayor McFeely stated yesterday that information has reached him that lawyers are seeking the signatures of depositors with a view of representing them in any proceedings hereafter. The mayor has asked that depositors await action by the city. The mayor promised that any action taken by himself and the city will be in the interest of the depositors as a whole. In whatever the city benefits, the mayor said, everyone of the 31,000 depositors will share alike.

Judge Thomas H. Brown, special counsel to former Banking Commissioner Frank H. Smith, received a letter from Charles H. Miller, loan agent for the Federal Reconstruction Finance Corporation in the New York district, in which the latter enumerates his reasons for his conviction that it would be impossible for the finance corporation to assist in the attempted reorganization of the Steneck bank.

## Stenecks Are to Plead Next Week

Because he was a depositor in the closed Steneck Trust Company, Hoboken, Judge Charles M. Egan today declined to act in the case of Henry C. and George W. Steneck, under indictment charging conspiracy with intent to cheat and defraud the bank.

The Stenecks appeared for arraignment 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 appear 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 connection 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 commissioners, 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 dividends 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 this group as much time as possible to complete their plans before making any final decision.



# BANKER GETS WEEK TO WORK OUT PLAN FOR REORGANIZING

Commissioners Will Then Act, Is Threat—Assert Little Cash Except Municipal Funds Was on Hand at Closing—Bad Faith Alleged.

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.

Harsh recriminations were mingled with personalities during the lengthy session in Mayor McFeely's office in the City Hall. Mr. Steneck, who sought the meeting for a discussion of the situation with the Commission, wanted newspapermen barred, but upon Mayor McFeely's insistence that the public was entitled to know how matters stood, the scribes were admitted.

It was not until just before the close of the meeting that Steneck outlined his plan for reorganization of the bank and his hope of raising sufficient funds, through loans from either the Federal Reserve or the 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 Commissioner's custody and \$1,000,000 Steneck has in pledges to aid in reopening 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 total \$1,500,000, making more than sufficient to permit reorganization of the bank.

Before all this was brought out and Steneck promised, on the direct challenge of Corporation Attorney Horace L. Allen, to reappear before the Commission in a week, Steneck was sharply grilled by Mayor McFeely, 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 additional \$105,000 in two accounts the following day when he knew the bank was to be closed by the Banking Commissioner.

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 had accepted the city deposits or why he had been so anxious to obtain the \$600,000 tax money, having 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 depository, 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 Commissioner 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, deposited the day prior.

Commissioner Carsten added that it had been said that another de-

positor placed \$300,000 in the bank on the same day the city deposited the money, making the trust company real cash prior to those deposits, almost negligible. Steneck denied this latter report.

Allen pointed out then that Steneck had been a member of the city's official family for many years as president of its Sinking Fund Commission and asked why, in the light of this, Steneck had not given the city some indication of the bank's condition. The report was, Allen added, that others had made heavy withdrawals. Steneck was positive in his denial that anyone had been "tipped off" on the situation.

"Have you" Allen asked of Steneck "any plan of real merit to reorganize the bank?"

"If we were given the opportunity of furthering it," Steneck replied, "I think we have."

"Well," Allen continued, "to reorganize the bank you need at least eighty-five cents on the dollar, of the \$9,500,000 in deposits. You have \$3,500,000 in cash. Have you a Chinaman's chance of raising the rest?"

"When you were told by Commissioner Smith," Mayor McFeely interjected at this point, "that you needed \$1,000,000 to continue the bank, why didn't you get the money?"

"Great Scott!" replied Steneck, "tell me where I might have gotten it on twenty-four hours notice, Mr. Mayor."

"Henry Steneck has it," the Mayor replied heatedly, "and has it salted away! But you can rest assured we intend keeping right on your heels to see that justice is done."

"If you think I have it," Steneck replied, "you're very much mistaken, Mr. Mayor." He added that he would "be tickled to death to have the Commission do anything they could in the situation. I believe in co-operation," he said, "and I certainly want to see the bank reopened."

"Well, why don't you put up the million?" the Mayor asked. "I'm no banker, but I'm sure that if I had the care of the people's money, as you had, I certainly would protect it down to the last penny."

Allen interrupted at this point. "On the first of last year, Mr. Steneck," he said, "you put the kibosh on our plan to use the Sinking Fund money to purchase tax anticipation notes and bonds. You said,

"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-four hours' notice to raise \$1,000,000 to keep the bank going and you couldn't raise it, you accepted the deposit of the city's money and allowed things to run along, allowed a condition which has forced us to issue \$790,000 in emergency notes."

"Oh, yes," he continued, "you can smile! It's the most ludicrous, laughable thing I ever heard of. But I can't see the joke! Have you considered what might have happened to the school teachers, the policemen and firemen whose salaries were to have been paid 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 Henry Steneck can get it and throw it to the winds."

"You're trying to cover yourself up," the Mayor continued, "you're trying to smooth things over. You haven't made an open statement since the bank was closed. But I want you, Mr. Steneck, to understand 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 cent! Got whatever you could! Where are all those profits? Where did the people's money go to?"

It was brought out by Mayor McFeely and Commissioner Clark that the Steneck Trust Company had "been notified" by Commissioner Smith and that it had been said by the latter that the Steneck Trust Company "was the worst bank he had ever had experience with."

"And if you come in here with clean hands," Commissioner Clark shouted at Steneck in complete loss 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 hemming and hawing and give us facts."

To Steneck's reply that Van Winkle was responsible for this and he wasn't entirely acquainted with his lawyer's reason for desiring the postponements, Clark said, "Well you're paying him, aren't you? You ought to know what he's doing and why."

Steneck's failure to appear at the depositors' meeting arranged by the Commission and held in No. 2 School, brought comment from the Mayor. "That was an insult to your depositors, Mr. Steneck," he said, "an insult to depositors who have been very nice to you! Why didn't you appear?"

"Well, I wanted to go to the meeting," Steneck answered, "but I didn't get there."

"Did you call your directors together when you were notified of the need for \$1,000,000," the Mayor asked. Steneck said that Smith had called them together.

"And why couldn't they, twelve or them, you say," the mayor continued, "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 borrow," Allen replied, after he had heard its details. And Steneck indicated 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-dressing?"

"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 McFeely, Commissioners Clark, Gilfert, Carsten and Kearins, were Mr. Allen, City Treasurer Edward Hunter and Dr. George F. Sullivan, a director of the bank. At times, it seemed everyone in the room had a voice in the matter.

The upshot of the conferences was a decision to wait Mr. Steneck's re-appearance 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 McFeely 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 McFeely asks, "set the time and place for the hearing. Congratulations to you."

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 theory that these men were engaged by Mr. Steneck as his personal representatives.

A third telegram was dispatched to Governor Moore, outlining the message embodied in the communication to Commissioner Smith and asking the Governor to use his good offices toward bringing about a suspension of any action contemplated 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 endeavoring 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 revised form feel that if it is put into effect it will meet all the banking and insurance requirements.



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.

### 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 McFeely. 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. With the savings of 30,000 of their constituents tied 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.

## COURT HOLDS UP STENECK FEES

### Payments Must Await Action on City Officials' Protests.

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 a 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, Kearns, Clark and Carsten, were present.

### Schwartz Held in The Steneck Case

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 Georjt Steneck, president and vice president respectively of the closed bank.

Prosecutor Drown 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 wanted at the trial. The bail was furnished.



# Smith Asserts Steneck Trust Fraud Indicated

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 public statement on the bank's affairs, depositors' and creditors' interests are being protected during liquidation, which will continue unless a safe reorganization 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 efforts were aimed "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 \$66,326 income collected. Only \$4,705,900 of the original total 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 inflated value at which its assets are carried."

## \$1,000,000 Not Forthcoming

An examination, begun May 1, showed "a serious condition" in the bank, Smith said. He called a meeting of the directors and called upon them to pay into the institution, in \$1,000,000 to partially make good losses and supply added funds for the safe continuance of its business. They gave no such assurance, 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 plan presented "provided for chartering of a new institution to take over certain of the assets and to undertake, through trusteeship to liquidate for the benefit of creditors." That plan would give depositors and creditors

50 per cent of their claims in liquidation certificates and the remaining 50 per cent to be paid in cash in four installments in a one-year period. 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 the plan, provision was made to pay off this group, which, of course, was absolutely essential.

Similarly, it was proposed to 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 'first 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 and to 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 bad 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 assets 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 as well be stated at this point that Frederick A. Seide, a former director of the Steneck Trust Co., is, with his father (Gus Seide), understood to be the proprietor of the Hoboken newspaper. The day before the trust company suspended, the company publishing the newspaper withdrew from the 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 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 Steneck Trust Co., 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 limit and that, unless and until safe and satisfactory reorganization can be effected which will assure the payment to every depositor 100 per cent, the liquidation 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's Answer

Gus Seide, answering the Smith statement, said he had withdrawn \$100,000 of the publishing company's funds from the bank on the eve of its closing. He said, "I had an inkling things weren't right in the bank and I took out the money to protect the company and its employees 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.

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

"Commissioner Smith is up a tree. 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."

# STENECK COSTS ARE REVEALED

Fees and Expenses Through  
January Just Under  
\$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 a supplemental report which he has 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 employees 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.

Commissioner Smith approved these expenditures and they were also approved by Vice Chancellor 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 disposed 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. The profitable sales netted \$2,035.05.

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 as no feasible plan for reorganization

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

Counsel fees of \$30,000 were allowed by Vice Chancellor Vivian Lewis in Paterson in connection with the administration. This was \$17,500 less than had been asked for by the attorneys.

Common Pleas Judge Brown of Jersey City, counsel for Banking Commissioner Smith, made application for a fee of \$25,000 for his work in connection with the bank, and was cut to \$15,000 by the Court.



Henry Steneck

Judge Walter Hetfield, of the 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 application for \$7,500, and this was cut by the court to \$5,000.

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

It was stated that the directors of the Steneck Bank had approved 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 conferences with creditors and debtors, their attorneys and representatives, fixed status of claims, collected assets, brought suits against makers and endorsers of notes and represented the bank in bankruptcy proceedings and other matters.

Judge Brown said that he had filed twenty-six foreclosure suits, involving \$325,000. Mortgages totaling \$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 approximately 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, including 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 matters.



# FEDERAL HELP IN SIGHT FOR STENECK BANK

## Finance Corporation Ready to Lend Its Assistance.

Federal aid through the Reconstruction 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 result of a conference with C. E. Miller, Regional Loan Agent of Corporation at the Federal Trust Building 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 reopening 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.

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 preparation, after which the Loan Agent commented that it was an "excellent" plan. He said that all parties should unite towards its fulfillment, and assured them that if it were carried through the aid of the corporation 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 Finance Officer of New Jersey, assured 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 Commissioner on his approval of a plan for the reopening of the institution.

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 Legislature last night and it will go before the Governor today for his signature which would eliminate this feature.

Judge Brown stated today that nothing definite was promised by Miller yesterday. Regarding the bill passed yesterday affecting obligations held by closed banks, Judge Brown said that it was not comprehensive enough and he was going to try and have it amended before it was signed by Governor Moore.

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 Congressman 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. Miller, 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 Reconstruction Finance Corporation. Congressman Hartley had communicated 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 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 how they could be of any assistance to us. He said if the law were changed it would undoubtedly provide for the liquidator to be the person pledging these assets. However, until the law was changed he could do nothing in the Steneck situation.

"I told him about our organization plans, explaining to him that we intended to place the North Bergen bonds in the liquidating account and pay out the proceeds to the depositors as these bonds and certain other assets are liquidated. I also told him that, according to our plan, the new bank would be entirely liquid. He seemed 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 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 reorganization and then come back to him if we needed assistance."

Congressman Hartley, in Washington, is continuing his efforts to give all possible aid through General Dawes to the Hoboken institution, and has assured the Jersey Observer to this effect.

## GARIBALDI HITS AT LIQUIDATION

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

The proposed liquidation plan for the Steneck Trust Company, sponsored 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 Steneck 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:

"The proposal of Clinton B. Snyder 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 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 Observer. In addition to this, on account of the relations between the Steneck Trust Company and the Steneck Title and Mortgage Guaranty Company, it would be impossible to liquidate the Steneck Trust 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.

"Mr. Snyder is undoubtedly aware of the fact that conversations have taken place between the officials of the Reconstruction Finance Corporation, 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 Finance Corporation stated they would not purchase these securities and would only grant a loan secured by them, if the proceeds of this loan were to be used for constructive purposes, that is, in connection with the reorganization of the bank, under a plan which would definitely 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 Reconstruction Finance Corporation must have a sufficient margin of safety, in the second place the liquidation 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 Company which carry the absolute guarantee 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 guarantee.

"In conclusion, I wish to state

that the new plan of reorganization now being submitted to Banking Commissioner Kelly will provide 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."

## CONFER WITH KELLY ON STENECK BANK

### Hoboken Officials at Trenton—Snyder in Reply To Criticisms.

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 consulted with the Hoboken officials.

Replying to the criticism by Joseph J. Garibaldi of his plan for the proposed liquidation of the closed bank, Clinton B. Snyder, president of the Hoboken Business Men's Association, today declared that his only object is immediate relief of some kind for the 30,000 depositors, "and if the proposed reorganization plan will do this I am for re-organization 100 per cent."

Snyder, in his reply to criticisms of his plan said:

"The depositors have a right to know what is happening to their money and some assurance given of its protection, also some percentage of their money to be returned to them as speedily as possible.

"If the proposed re-organization plan will do this, then I am 100 per 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 effective 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 repeatedly 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-organization 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 co-operation of all the men who have assisted in devising the liquidation plan.

"The severe criticism given the 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 North Bergen bonds, the Reconstruction Finance Corporation 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 able to liquidate the bank without advice 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 22½ 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."



Dr. J. J. 4/32

# 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 department."

### 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 commissioner 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 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.

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.

Dr. Mar 7/32

## SMITH BEFORE INQUEST IN STENECK INQUIRY

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.

Commissioner Smith refused to discuss his testimony before the Grand Jury. Prosecutor 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.

Obv. Mar 4/32

## 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 appointment 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.

Dr. Mar 11/32

## 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 Business Men'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 institution. Snyder proposes that this be secured 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, announced 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.

Who, then, is to be the hero of the 30,000 Steneck Trust depositors? This question 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 Reorganization Fails.

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, "with the assistance of local banking, legal and 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 22½ per cent. to depositors immediately, 37½ 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' representative 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 accomplishment at the start as the Federal Reconstruction Finance Corporation would not loan money to any bank for liquidation purposes, but only for re-organization.

Under the plan of re-organization \$10,000 new capital would be put in the bank, making possible an immediate payment of 100 per cent. to depositors.

Regarding the mortgages the proposed liquidating plan sets forth the assets of the bank are \$10,162,300 and the liabilities, including capital, surplus and undivided profits, \$9,704,342; present cash available \$3,500,000, from liquidation of municipal bonds, through Federal Reconstruction Finance Corporation (less five per cent. reserve) \$4,073,554, making total cash available 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 depositors at \$3,530,788, with an unliquid balance of \$3,288,512 to meet it.

A separate set-up is provided for satisfying the mortgage certificate holders. One is that mortgage certificate holders on specified mortgages 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."

# U. S. HELP DENIED 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 is as follows:

"In reply to your favor of February 29, asking for my reasons for thinking that it was impossible for this organization to assist in the rehabilitation of the Steneck Trust Company, I have to say that a great many reasons entered into that decision, 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 department 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 Corporation 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 a part of which, at least, has been in default coupled with the fact that the municipality owed altogether an amount which equaled nearly 50 per cent. of its assessed value 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 conditions, 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 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 matter 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 feeling that if and when this plan is worked out so as to present a businesslike and plausible appearance, I would be glad to consider the matter further."

# 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 re-organization 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

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.

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, chairman; Charles Noeding, Herman J. Prehn, George Lankering, Dr. Frank Armstrong, August Graf.

Reorganization committee—Joseph J. Garibaldi, chairman; Edward Vintschger, Dr. George F. Sullivan, A. L. Kohnfelder, Edward F. Fleckenstein.



# Depositors Get Plan to Reopen Steneck Trust

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 company 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 estate 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 benefit 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 organization 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 excess 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 new bank, \$300,000; loans of the present bank of doubtful value, \$614,823.72; 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.

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. Fleckenstein 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. Bogner, Earl F. Bosworth and Claud Oetjen.

The depositors committee is headed by Dr. George F. Sullivan, assisted by Mr. Oetjen, Fred A. Seide, Rev. Mr. Bogner, Dr. Frank Armstrong, Michael F. Burger, Frank Hellinghausen and Benedict Beronio.

Mr. Garibaldi is also chairman of the committee representing the stockholders, 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 chairman of the committee representing holders of guaranteed first mortgage participation certificates. He is assisted by Charles Noeding, Herman J. Prehn, George Lankering, Dr. Armstrong and August Graf. The committee representing the stockholders is headed by Edward Vintschger, assisted by Joseph A. Bonanno, A. P. L. Roggeveen, Mr. Lankering and Frank T. Springmeyer.

# Definite Plan To Reorganize Bank Promised

Finishing Touches to Steneck  
Trust Program to Be Applied  
Today, Assurance

A definite plan for the reorganization 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.

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.

# BANK'S REOPENING PLAN IS ADVANCED

Steneck Committees Named  
—Complete Outline Being Printed.

Rapid progress is now being made with the plans for the reorganization 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 certificate holders within a few days.

Joseph J. Garibaldi has been selected as chairman of the reorganization committee and a list of committees for carrying out the details of the plan before it is finally submitted to Banking Commissioner William H. Kelly for his approval. has been named.

Theodore Fuhrman, banking examiner in charge of the Trust Company since it was closed last June, denied that the State Banking Department would make a part payment 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 awaiting

the outcome of the plans now afoot for the reorganization of the bank and that nothing will be done that might interfere with these plans.

The following is the list of committees named for the reorganization:

Stockholders of the Trust Company—Joseph J. Garibaldi, chairman; Dr. George F. Sullivan, William A. D. Evans, Edward F. Fleckenstein, and Fred A. Seide.

Stockholders of the Title Company—Edward Vintschger, chairman; 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 F. Lewis, Rev. F. E. Bogner, Earl F. Bosworth and Claus Oetjen.

Certificate holders of the Title Company: A. L. Kohnfelder, chairman; 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.

# 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 redemption 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.



Ob Apr 28/32

## 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 liquidating company, the latter to be controlled by three voting trustees, named by the Reorganization Committee for the payment of the balance of the deposits of the creditors of the bank.

Instead of an initial cash payment of 25 per cent to depositors on the day of the new bank's opening 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 underway with the Reconstruction Finance Corporation are successful.

Half of the banking quarters of the Second Bank and Trust Company, which was taken over by the Trust Company of New Jersey, has been secured as headquarters for the reorganization committee. Ogden B. Hammond, president of the First National Bank and former U. S. Ambassador to Spain, aided the committee in securing the quarters.

The First National Bank has also agreed to act as depository for the reorganization committee. John J. Garibaldi, chairman of the committee, expressed himself as highly appreciative of the aid Mr. Hammond has extended.

A trained staff of workers experienced with bank reorganization work will be installed in the new headquarters of the committee tomorrow or Saturday. They have been secured from the Guarantee Trust Company of New York and are thoroughly familiar with the details of the plan which they will explain to the depositors of the Steneck Bank and certificate holders of the Title Company. Among them will be German and Italian interpreters.

**Details of Reorganization Program Will Be Mailed Out to the Creditors—Trained Staff of Workers Ready to Explain Proposition to Depositors—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 consent of depositors, certificate holders and stockholders to the reorganization 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 creditors 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 securities 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 certificates along the lines announced in the Jersey Observer last Thursday.

Under the structure laid out by the reorganization committee, the new bank will have a capital and surplus of at least \$2,000,000 after deducting all deposit liabilities, estimated expenses and estimated reserves. Of this amount, at least \$1,200,000 will be in new capital and paid-in surplus to be obtained through stock subscriptions to the new capital of the bank.

Approval of Banking Commissioner William H. Kelly and the consent of a certain percentage of the depositors, stockholders and certificate holders, is necessary before the plan can be put into effect.

Members of the reorganization committee aim at obtaining the approval of practically 100 per cent. of the depositors, certificate holders and stockholders, pointing out their purpose is to avoid a forced liquidation in order that the interests of all concerned, including the general public, can best be served by the re-opening along the lines proposed.

Ob Apr 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 withheld pending decision on minor changes in the plan and the outcome 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 Reconstruction 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 decision from the Reconstruction Finance Corporation as a result of today's conference the plan as outlined will be ready for approval of the directors at a meeting which has been called for Tuesday.

If there is no hitch in the arrangements 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.

Ob Apr 15/32

### Bank Will Assist In Steneck Plans

The First National Bank of Hoboken has agreed to act as depository for the Steneck Trust Company Reorganization Committee. Chairman Garibaldi of the committee and President Ogden Hammond of the First National Bank conferred on the matter yesterday and Mr. Hammond agreed to have the First National act as the official depository for the committee.

Plans are being pushed as rapidly as possible for the stages of the campaign to secure approval of the State Banking Commissioner. Negotiations have been resumed with the Federal Finance Corporation in New York with respect to the North Bergen bonds held by the Steneck Bank.

A meeting of the directors of the Steneck Trust and the Steneck Title and Mortgage Guaranty companies will be held on Tuesday to give final approval to the plan, which will probably be mailed to stockholders, depositors and certificate holders Wednesday.

Ob Apr 27/32

## CHANGE STENECK PLAN SLIGHTLY

**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 reorganization 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 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 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 reorganization committee are optimistic regarding the outcome of negotiations with the federal finance body.

Members of the board of directors of both companies held a meeting yesterday when they agreed to the minor changes in the plan as tentatively submitted last week, and signed the plan as to its general makeup. Final approval of the committee will be given tomorrow and a start made with mailing the plan to the depositors, stockholders and mortgage certificate holders to obtain their consents, which are necessary before the State Banking Department will give its approval.

Joseph J. Garibaldi presided at the meeting of the reorganization committee and the board of directors of the two companies yesterday, and all present expressed their enthusiasm with the progress so far, and were optimistic as to the outcome.



*On Apr 21/22*

# AGREE ON STENECK BANK PLANS

*On Apr 21/22*

## FORMER DIRECTORS OBTAIN DETAILS OF REOPENING MOVE

**Meeting Takes Place at 4  
o'clock This Afternoon  
at the Union Club —  
\$1,200,000 New Capital  
and Entirely New Man-  
agement.**

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 the Trust Company 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 rata participation in the securities and assets to be held in a depositors' trust fund which upon consummation is to have a book value aggregating approximately \$450,000 in excess of the total principal of depositors' trust certificates issued.

In addition, depositors of the bank assenting to the plan are to be given an opportunity to subscribe to capital stock of the new bank at \$15 per share and to apply against subscriptions of any portion of their deposits available to them in cash.

Of the 55 percent to be made available to depositors on the opening of the bank 30 per cent will be in the form of a loan to be paid out of money borrowed by the reorganization committee from the Federal Reconstruction Finance Corporation.

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

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 to 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 certificates deposited by them under the plan, and fifteen year 5 3-4 per cent income debentures of the liquidating company for the balance.

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 with respect to which participation certificates guaranteed by the present bank are outstanding, and certain assets which are to be set aside together with \$300,000 par value of capital stock of the new bank as a trust fund for the benefit of the depositors.

The new title company is to acquire the cash, title, plant and certain 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 acquire 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 distributions will be allowed by the liquidating company until all the income 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 estimated reserves. Of this amount at least \$1,200,000 will be new capital 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 Banking 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 committee by acting as official depository.

## REVEAL REORGANIZATION PLANS FOR BANK TODAY

### Steneck Trust and Subsidiary Announcements 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.

*On Apr 25/22*

## STENECK REOPENING PLAN AGAIN DELAYED

The board of directors of the Steneck Trust Company, now in the hands of the state banking department for liquidation, yesterday deferred 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.



# INDICT STENECKS FOR STOCK SALE TO BANK

## 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 is 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 misdemeanors" in connection with affairs of the bank, which was closed last June 27 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 bank as of December 31, 1929.

In effect, the four indictments allege 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.

## INDICTED AGAIN



HENRY STENECK

## Stenecks Deny Fraud Charges

### Plead Not Guilty to Conspiracy. Indictment

Arraigned yesterday before Judge Robert V. Kinkead on an indictment returned last Friday, charging conspiracy 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. Howard Cole, of New York City, a co-defendant, has not been apprehended.

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.

## STENECK REOPENING PLAN IS PREPARED

### 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 preliminary 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 ultimate 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 Commissioner 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 expected 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 depositors 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.



# INDICT STENECKS IN STOCK DEAL

## TRANSACTION IS CALLED BY THEM 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 to cheat and defraud the bank.

Indicted along with the Stenecks was one Howard Cole, said to be a Canadian 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 concern, 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 Company 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.

According to Mr. Steneck, Cole lived in Madison and had been a customer of the Trust Company for many years and that the bank had loaned Cole money on his real estate in New Jersey.

In 1927, he explained, Cole sold stock to John Steneck & Sons for \$34,000 and in 1928 bought 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 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 certified 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, testified 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 year for violations of the State banking laws, it being charged that he had obtained a loan for \$61,000 without the consent of the board of directors, and that he had overdrawn his personal account by \$85,000.

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 already charged.

## Steneck Denies Stock Valueless

**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-

tified before the Hudson Grand Jury. 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 bank 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 holds 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.

## SUGARMAN ENDORSES STENECK BANK PLAN

Heartily endorsing the reorganization plan of the Steneck Trust and the Steneck Title and Mortgage Guaranty Company, Harold Sugarman, former president of the Hoboken Businessmen's Association and president of the Hudson County Association of Optometrists, urged depositors and certificate holders to sign the assents.

"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."

"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 bank 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."

## STENECK PLANS ARE ADVANCED

**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 reorganization 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.



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## 2,000 Applaud Plan to Reopen Steneck Trust

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 paying 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 St. Peter and Paul; Dr. Frank C. Armstrong, rector of Trinity Episcopal Church, and John J. McGovern, former county clerk, and an employee 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 stockholders 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 to the plan, and asserted that he will 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.

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## 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 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 absolutely untrue," said Mr. Steneck, and he submits a detailed statement showing the condition of the company in 1926 and as of September 1, 1931, to prove his case, which statements he claims are available at the Steneck Trust bank.

In giving the details of the transaction, Mr. Steneck said that on March 17, 1926, John Steneck and Sons Company purchased 350 shares of the Great Western Timber Corporation for \$25,000 and on November 3 and May 26 purchased an additional 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 borrowed the amount on a collateral note secured by the stock from the Steneck Trust Company, 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 deficiency that may 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 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

payable, \$9,253 in accounts payable to H. Cole and Company and \$657,000 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 Lumber 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 property 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 this issue has been paid off, and funds are in the hands of the trustees 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 Company 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 of September 1, 1931, was as follows: Real estate and timber, \$800,000; cash \$174.32; accounts receivable, \$1,500; expenditures, \$352,355.62, less income, \$253,428.06—\$98,927.56, a total of \$900,601.88.

Liabilities are listed as notes payable, \$154,849.69; accounts payable, \$6,752.19; bonds, \$37,000, 1930 bonds, \$20,000; deferred surplus, \$25,000.

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## ROTARIANS FAVOR STENECK PROJECT

Hoboken Rotarians yesterday gave their undivided attention to Irving Rossi, creator of the plan for reorganization 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 certificate 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 reorganization committee's headquarters at 77 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 representatives, that the Rotary Club is in sympathy with their plan for the reopening of a new bank and a new title company.

This suggestion was acted upon favorably by the club's board of directors at a meeting immediately following the luncheon meeting, and will be placed before the members for adoption next Tuesday.

Arthur Finter presided over yesterday's meeting. Visiting Rotarians were A. M. Wickwire and William Grupe of Union City, Fred Swift of East Orange; Philip M. Rose of New York; George Kerns, Al Eckerson and John Abel of Jersey City, Frank J. Oleri of Union City. Among the guests were Joseph Garibaldi, chairman of the reorganization committee, A. L. Kohnfelder, Rupert S. Hughes, Al Coffin and Bill Gaess.

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## BANK REORGANIZATION PLAN TOLD TO ROTARY

Rossi, Author of Proposal, Describes Provisions

The proposed plan for the reorganization of the Steneck Trust Company and the Steneck Title Guarantee and Mortgage Company of Hoboken was discussed yesterday at the luncheon 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 newly-formed 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.



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# No Dissenting Voice Heard at Meeting of Steneck Depositors

## 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 St. 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 opposition 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 counsel for a committee of several hundred depositors before the present re-organization committee came into being, presided. He stated that he and Counselor Dominic Beronia, his associate, thoroughly approved the plan as the best possible thing 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 employees, 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 banking 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

## Speakers Presenting Re-organization Plan Are Cheered as Details Are Explained—Two Thou- sand 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. McGovern to support the re-organization plan for the re-opening 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 if 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 Ferdinand Eberstadt, prepared the plan which has been submitted to the depositors and certificate holders, gave a complete explanation of the details.

He declared that the reorganization committee was the trustee for the depositors and bondholders and their first duty was to see the greatest amount of money possible for the depositors and bondholders.

"They are not representing the old bank, but representing the creditors," he continued, "and it is up to you to give them every support possible. This new bank is entirely separate from the old bank and the 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."

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.

He explained that if the money that was in the bank now were to be paid out by the State Department it would not bring each depositor 35 per cent of his total savings, so that under the plan they would get more money immediately than they could hope for by liquidation, and they would get it quicker.

He went into an extended explanation 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.

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 depositors 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 fifteen-year certificates. That did not 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.

"President Hammond and the Board of Directors thought the plan excellent," he declared, "and although 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 business 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 would 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 advise my people and my good friends to sign the agreements."

Mr. McGovern was the last speaker and he drew tears from many in the audience with his passionate 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 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-opened."

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

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 headquarters in the Second Bank and Trust Building on River street and 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 Steneck Trust Company following a talk by Irving G. Rossi of New York, who prepared the plan for the committee 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 which would close out such securities that have lost value, would afford greater opportunity to realize on the securities, than can be done if forced liquidation of all the assets of the bank is pursued.

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 Lankering.

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## Steneck Committee Pleased With Attitude of Creditors

Well satisfied with the progress 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 Company building, on River street, yesterday and signed assents to the plan.

Seventy mortgage certificate holders also put in an appearance and signed assents to the plan, as outlined 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 arrangements could be made towards

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 completed. 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 assents 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 the reopening of the bank be consummated.

1932 May 24/32

## Steneck Committee Calls Mass Meeting for Friday

A mass meeting for depositors and stockholders of the Steneck Trust Company and certificate holders of the Steneck Title & Mortgage Guaranty 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 the committee, made application to Mayor Bernard N. McFeely yesterday for permission to use the auditorium of the school for the meeting and his request was readily granted.

Details of the plan for the reopening of the bank will be explained in detail to the depositors and certificate holders, by members of the committee, and questions will be answered.

Mr. Garibaldi will preside at the

meeting and there will be speakers to explain the plan in German and Italian as well as English. It is expected that the auditorium will be filled to capacity.

The headquarters of the committee, at the former Second Bank and Trust Company building, on River street, now has a full staff installed ready to assist depositors and certificate holders in signing assents to the reorganization plan.

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 sooner the assents are signed the sooner the bank will be reopened. The committee hopes to have the assents signed and the plan ready for final submission to Banking Commissioner Kelly by May 20.

1932 May 24/32

## McFeely Sees Reopening of Steneck's as City's One Need

With the new big industries secured for Hoboken, partial resumption of shipping with the coming of the Cunard Line to the local docks and establishment of the Atlantic seaboard terminal of Seastrain Lines, Inc., in the city, Mayor B. N. McFeely declared today that reopening of the Steneck Trust Company would be a fitting climax for a series of events which presage a new era of prosperity for Hoboken.

"Reopening of the bank would mean much for the community," said the Mayor. "It would relieve the feeling of uncertainty and release millions of dollars to the public, and it will be a big aid in help-

ing the city towards the resumption of prosperity."

Hoboken is financially sound, the Mayor pointed out, and referred to the result of the audit of the city's accounts for 1931, completed last week by State Commissioner of Municipal Accounts Walter Darby, in which the city received a rating of 100 per cent.

"While other cities have been piling up their debts, Hoboken has been reducing the debt and piling up reserves in the sinking fund. That has been accomplished through the strictest kind of economy and has enabled the administration to come through with flying colors in the worst period of depression the country ever experienced."

1932 May 9/32

## Italian Depositors of Steneck's Asked to Meet

A meeting of the depositors of the Steneck Trust Company, especially arranged for Italians and those of Italian extraction will be held in School No. 3 at Fifth and Adams street, Hoboken, tomorrow night by the Reorganization Committee, Joseph 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 liquidation. 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

need for the signing of assents as quickly as possible, and he pointed out that the sooner the required number is secured the quicker the committee will be able to proceed with plans for the opening of the bank.

The headquarters of the reorganization committee in the Second Bank and Trust Company Building on River street, will be open tonight until 9 o'clock. During the remainder 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 they are in doubt.

1932 May 20/32

## Steneck Mortgage Holders Ask Orders for Payments

The question of Commissioner of 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 Counselor John Milton, counsel for 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 with closed banking institutions.

Peter and Elizabeth Acuntius, of Beachwood avenue, Bogota, sued for payment of \$5,000 on a certificate issued to the on November 8,

1928, which matured with payment 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 underlying mortgage security were paid in this instance. Maramaldi was paid interest upon the new mortgage loan and consented to the substitution.



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## **PLAN FOR THE REORGANIZATION**

of  
**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 66 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.

**Holders 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 5½% 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 5½% 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 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 Holders of  
Guaranteed First Mortgage  
Participation Certificates*

Edward F. Fleckenstein, *Chairman*  
John J. McGovern  
John F. Lewis  
Rev. F. E. Bogner  
Earl F. Bosworth  
Claus Oetjen

*Committee Representing  
Stockholders*

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



Oh May 13/32

## STENECK PLAN WINS APPROVAL

### Businessmen's Leaders Give 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, president of the businessmen's group chose to withhold official endorsement of the plan by his association 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 their opinion of the plan, was unanimously passed.

Irving C. Rossi, creator of the plan; J. J. Garibaldi, chairman of the reorganization committee; A. L. Kohnfelder and Herman Prehn represented the reorganization committee, with Mr. Rossi answering questions by Counselor Sylvan Cohen, attorney for the businessmen; Dr. Sugarman, Mr. Lubash 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 city of Hoboken than they would get out of liquidation."

Rossi brought out, too, that the estimated total cash business per annum in the city of Hoboken amounts to \$24,000,000. Even if the reorganization committee, he pointed out, does not get the loan from the Reconstruction Finance Corporation it will make immediately available under the reorganization plan, \$3,500,000 in cash for distribution, or twenty-five per cent of the city's 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

dollar thrown into circulation means five dollars worth of business."

Another interesting figure he quoted, with statistics of the emergency unemployment relief committee as authority, indicated that of 3,500 families receiving dependency aid in the city of Hoboken today, 75 per cent. have money tied up in Steneck's. Hoboken, he said, has suffered many calamities among them the loss of its pier and the contingent blows of declining population, business slump and the conditions of current economic distress.

Forced liquidation of the closed Steneck bank, he indicated, is another calamity which faces the city but one which can be avoided by assent to the plan for reorganization, the principal feature of which makes for the relief of creditors without exhaustive legal battles for the determination of priorities of 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.

Counselor Cohen, after the questioning, asked to be excused from giving an opinion at once as to reorganization 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 excellent one, to his mind, worthy of approval 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 because of the Steneck closing, the plan is certainly the best one offered 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 general 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 economic conditions, to have another bank in Hoboken.

Quoting banking authority, Rossi added in his own opinion also that it was entirely feasible and that there is room in Hoboken for another sound bank. When the new bank opens, he said, there will be available between \$500,000 and \$1,000,000, even if all deposits are withdrawn.

The plan, he concluded, has also the saving virtue of affording depositors at least thirty-five cents on the dollar, where liquidation, with what money is available in the old bank now, would allow but thirty cents without consideration of the long and tedious legal processes forced liquidation will entail.

Dr May 11/32

## 1,500 DEPOSITORS HEAR BANK PLAN EXPLAINED

### Steneck Reorganization Proposal Told in German

More than 1,500 men and women depositors of the Steneck Trust Co., crowded the auditorium of Public School No. 1, Hoboken, last night to hear the plan for the reorganization of the Steneck Trust Company and Title Guarantee & Mortgage Co. Irving G. Rossi, of New York, who has set up the financial plan for the new bank explained the plan in German. Former County Clerk John J. McGovern spoke in English.

In his talk Mr. Rossi detailed the plan that would give to the depositors 35 per cent of their claims at the opening of the proposed new bank, while to those who have deposits of \$50 or less, the entire claim would be paid. He pointed out that under the new plan securities that could not be taken over by the new bank would be placed in the hands of a liquidation corporation and disposed of under most favorable market conditions. This, he explained, would bring better results than if the state is compelled to continue its forced liquidation of all securities.

Oh May 16/32

## Steneck Reorganizers Get Over \$1,000,000 in Consents

In the three days that the headquarters of the reorganization committee of the Steneck Trust Company has been opened depositors representing over \$1,000,000 have signed agreements in favor of the plan for re-organizing the bank.

At the same time holders of participating mortgage certificates in the Title Company to the amount of \$100,000 have signed the assents. Members of the committee are enthusiastic over the progress made in this direction and are sanguine that nearly 100 per cent. of the depositors will sign up before May 20,

the date tentatively set for the closing of the campaign to secure signatures favoring the plan.

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 advantages of the reorganization plan.

Former County Clerk John J. McGovern, the Rev. Ferdinand Bogner, pastor of S.S. Peter and Paul Church and Dr. George Sullivan are among those who will speak at the meeting. There will also be brief addresses in German and Italian.

Dr May 17/32

## EMPHASIZES FACT NEW BANK BEING PLANNED

### Hoboken Merchants Told Steneck Reorganization Status

Addressing members of the Hoboken Business Men's Association last night in the office of the president, C. B. Snyder, Irving Rossi, banker of New York, said it is important that those seeking information about the proposed Steneck Trust Company should know that the reorganization committee does not represent the old bank, but proposes to organize a new bank and mortgage and title company.

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 which will obtain if a reorganization is not effected.

In answer to Counsellor Sylvan Cohen as to what would be the status of those depositors who would refuse to sign, if the plan went through, Mr. Rossi said their equity would remain in the old bank and be administered by the state. Mr. Rossi said, however, that that would be a matter for Chancery to decide as to detail.

Mr. Rossi pointed out that if liquidation is forced, there are legal questions that would have to be decided that will not come up if reorganization is effected. One of these, he explained, is the relation of the depositor to the mortgage certificate holder. He said there is a legal question as to whether the deposits are liable in case there is a shortage on a mortgage certificate if under forced liquidation it is sold below its original value. This, and other questions, will have to be decided by the courts, he said, if liquidation is forced.

Oh May 14/32

## STENECKS ARE INDICTED UPON MANY CHARGES

### Twenty True Bills Reported Found by the Grand Jury.

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 involved could not be learned, but it is known that Harry C. Braverman, on whose testimony several indictments already have been handed into court against the Stenecks in connection with the administration of the bank's affairs, appeared before the grand inquest yesterday and was questioned for three hours.

The new counts, it is understood, refer to alleged false statements and reports made by the Stenecks, overdrafts and other technical violations of the banking laws.

It is understood that no other cases were considered by the jury, and no other witnesses appeared before it. Prosecutor John Drewn was not in the Grand Jury room, and the case for the State was handled by Harlan Besson, assistant prosecutor.

Braverman is the certified public accountant, who was employed in probes of the financial affairs of Union City, North Bergen, Fairview and Lodi, and who was engaged by Prosecutor Drewn to make an investigation of the affairs of the Steneck Trust Company, after former 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.



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.



## NAMED TO PASS ON STENECK EXPENSES

### J. Stanley Griffin to Sit as Special Master and Con- duct Hearing.

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 cases.

The order of the court is a very broad one and affords opportunity to stockholders and mortgage participating 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 February 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 certificate 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, on February 27, the value had decreased to \$2,090,366.71. The 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 present report shows receipts of \$306,612 and disbursements of \$245,277.76, leaving \$61,334.24 in his hands.

The commissioner reports that he turned over to the trustee for participating mortgage certificate holders 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 had not matured.

His receipts include \$15,000 returned by the Steneck Trust Company, \$130,577.30 on mortgages paid and \$84,549.21 as interest on mortgages and \$11,910 from rents of acquired property.

## FULL PAYMENT ON MORTGAGES NOW INDICATED

### Steneck Certificate Holders Get Cheer in Chancery.

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. Stanley Griffin, in the Jersey City Chancery Chambers 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 amounted to \$306,631.12, and disbursements were \$245,277.76. Included in the disbursements were sums for interest and principal of participation certificates.

He said that Commissioner William 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.

In some instances where mortgages have matured and cannot be paid by property owners he said that the best plan was to wait to re-finance his property rather than foreclose and the certificate holders agreed with this plan.

Commissioner Smith had been instructed by the Court of Chancery to make such payments before decisions refusing to instruct the commission 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 Chancellor Fielder the test cases brought by certificate holders to secure pay-

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 additional \$15,000.

In regard to the fees 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 employees engaged 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.

## AGAIN EXPLAIN STENECK PLAN

### Italian Depositors Hear Re- organization Scheme in Native Tongue.

Men behind the movement to reorganize the Steneck Trust Company and the Steneck Title and Mortgage Guaranty Company employed every possible rhetorical method to explain the reorganization scheme to a crowd of 1,500 Italians—most of them workingmen—last 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 to pass out printed assents for signing and collection.

Ernest Altieri, New York and New 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 immediate 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.

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 number of other speakers who followed, asserted that although North Bergen has experienced serious difficul-

ties in the recent past, at the present 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 policemen 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 listened 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 Postmaster Michael Burgo who in turn presented the other speakers. Besides Altieri they were former County Clerk J. J. McGovern, Benedict Beronio, a lawyer, Rev. Boniface Hennig, of St. Francis Church, and 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 requested assents. They did not attempt 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 meeting 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. Garibaldi, chairman of the reorganization committee; J. M. Levenson and Frank Springmeyer.

Several of the speakers highly praised Garibaldi for his efforts to reopen the institution.

## Clerics to Speak For Steneck Plan

Plans have been completed for the mass meeting to be held at School No. 1, Third and Garden streets, Hoboken, tomorrow by the Steneck Bank reorganization committee, when Irving Rossi, creator of the plan and other speakers will discuss in German the advantages to depositors and stockholders in signing assents to the plan.

Counselor William H. Stuhr will preside at the meeting, which is being held for the benefit of Germans and German citizens of American birth 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.