

THE SITUATION YESTERDAY.

At 10 o'clock yesterday morning it was announced from the Clearing-House that, on account of the extraordinary situation, no deposits would for the present be received and no checks would be paid by the following banks:

Union National Bank,
Cook County National Bank,
Second National Bank,
Manufacturers' National Bank,
National Bank of Commerce.

Below will be found the result of our reporter's explorations among the banks yesterday:

The Union National.

The Union National Bank was the centre of interest and excitement yesterday, being justly regarded as the giant in the new move of suspension, whose reluctant example was unwillingly followed by less powerful and influential institutions. When the doors were opened at 10 o'clock in the morning, there was a large crowd about the building, just opposite the Chamber of Commerce, all anxious and uneasy, as the report of its suspension, which was then confirmed, had previously been communicated from mouth to ear on the sidewalk marts. As soon as the anxious ones stepped into the bank hall, the following ominous notice and explanatory placard greeted them in a half-dozen places, posted on the glass counter-guards.

UNION NATIONAL BANK, CHICAGO, Sept. 26, 1873.—Owing to the active and increasing demand by our depositors for currency over the counter, and the requirements of our country correspondents, which we see no way of continuing for any considerable length of time to meet, we are under the painful necessity of suspending further business for the present. The difficulty of making the balances due us from other cities immediately available, the temporary cutting off virtually of all our ordinary supplies of currency, and the want of any future concert of action amongst the banks that have honorably paid all their checks and settled their balances at the Clearing-House, seem to leave us no alternative. In adopting the course we have, we believe we act for the best interests of our depositors, as well as our stockholders. The bank is perfectly solvent, has met with no losses by the recent suspensions in the East, or elsewhere, and has in cash and good demand and time paper, maturing within sixty days, abundant assets to pay all its liabilities to depositors, leaving its capital stock and surplus unimpaired. It cannot, however, in a time of wide spread financial disturbance like the present, pay all its depositors in full at once, without negotiating or selling a large portion of its bills receivable, and this is impossible. All collections in our hands maturing in the next few days, and all remittances received by us will be turned over, unless otherwise ordered, to the Merchants' Savings, Loan, and Trust Company. If permitted, we will proceed, without unnecessary delay, to settle fairly and fully with all our depositors.

W. F. COOLBAUGH, President.
C. T. WHEELER, Vice-President.
G. A. IVES, Cashier.

During the morning there was much quiet excitement among the visitors to the bank, but, whatever its friends and patrons thought in condemnation of the action taken, they wisely withheld from boisterous or public expression. Men looked solemn, but endeavored to smile in the face of temporary disappointment, or frown down the fear of apprehended disaster. Before 11 o'clock a large number of sympathizing friends called upon Mr. Coolbaugh, who was calmly master of the provoking situation, preserving an equable temper and unruffled front, and, with hand-shaking warmth and seemingly sincere, congratulated him on the bold stand he had assumed, professing to regard it as the most feasible and wise solution of pending difficulties. To all such, Mr. Coolbaugh deliberately responded that the Union National had determined upon the course adopted only after the most careful survey of the situation, and consideration of its consequences. Personally, he felt perfectly confident of the wisdom of the action, which, he repeatedly reiterated, had been taken solely for the protection of the interests of the city, the bank, its stockholders, and depositors. He expressed the most perfect confidence that the wisdom of the course pursued would be speedily acknowledged by all the banks in the city, and be speedily indorsed and followed by unanimous action. He was fully conscious, he said to many, that his action would be severely criticized, but he had acted on his deliberate judgment, and hazarded his reputation on the judiciousness of the temporary suspension. In reply to rumors as to the standing of the bank, and its comparative ability to meet obligations in a reasonable time, he referred to the above quoted statement, to which he had attached his signature, and, as an evidence of its standing and reputation in the East, he exhibited the following dispatch, self-explanatory, received about 11 o'clock:

"New York, Sept. 26—11:08 a. m.—You may draw for half a million of dollars on the Metropolitan National Bank over and above your balance.

"J. E. WILLIAMS, President."

"This," said he, "does not look as though we had failed."

In reply to inquiries addressed by a TRIBUNE reporter, Mr. Coolbaugh tersely, and withal pleasantly, responded to the following effect. His language is not pretended to be quoted. Had the drain of currency from this city continued while every other city in the country was husbanding and secreting its currency, though Chicago, richly situated, might sustain herself for a few days, an overwhelming defeat would be the inevitable result. True, she has to-day the cereals that would command cash, but when received it would be instantly paid out, not to return, but to be hoarded against the day when Chicago's resources were exhausted. Chicago could do magnificently many things, but she could not stand out against the action of every other city in the nation. To pay out currency until she was exhausted and allow her cash to be gathered into the strong boxes of other cities, or hoarded in the safes of villages, might maintain for Chicago an enviable temporary supremacy, but it would be the gratification of an honorable pride at the expense of her immediate future safety, and place her eventually helplessly in the power of those who would not be slow to take advantage of her nakedness. Present suspension he regarded as the only course for future security.

In response to the inquiry, prompted by street rumor, as to whether the Union National or any of its officers had engaged in grain shipments, particularly of corn, to the East, on Thursday, Mr. Coolbaugh said such was not the case. A number of dealers, by their judgment and his according advice, had made such shipments of cereals, on which the bank had made advances, and this had been done for the relief of both individuals and the bank, in the hope of receiving the speediest returns of currency. Mr. Coolbaugh repeatedly stated to business men that the suspension was not an immediate necessity resulting from the depletion of the treasure in the bank vaults, but a precautionary measure to conserve the interests of all to be affected immediately or remotely by the preservation of the bank. After 11 o'clock in the morning, a couple of blue-coated officials, with the starchy insignias of municipal authority on their breasts, were posted in the bank to awe any rash individual who might attempt sensational display of rash lawlessness, but, happily, their services were not needed, and perfect quiet and order was maintained in the bank during day.

The Second National.

Entering the Second National, the reporter found a few business gentlemen quietly settling accounts. The bank had this ominous small pen-placard posted on the front glass-door: "No deposits received or currency paid out."

The bank had ordered the posting before the opening hour, the notice being the result of a conference of the officers and Directors on the previous evening.

The Cashier, Mr. John P. McGregor, stated to the reporter that the bank had earnestly endeavored to stem the tide and keep company with those who were so bravely, though hazardously, breasting the waves. Its managers had been in favor of a suspension when the storm burst upon the country, but had reluctantly yielded to the decision of the Clearing House Association, against his own judgment. They were sincerely sorry necessity had compelled them to close their business, and hoped to be permitted to so adjust affairs as would enable them to resume without loss to their stockholders or depositors. During the past week he said the bank had paid out more than one-third of its deposits which was more than its reserve fund. It had been found impossible to resist the demands of depositors, and their depleted vaults, in the absence of any immediate hope of realizing on collaterals and securities, had warned them of the necessity of complete failure or temporary suspension. They were now settling up as best they could with creditors and debtors, exchanging paper and note values for an harmonious adjustment. The bank was solvent, and in time could meet all its obligations, but to enable it to do so there must be a generous forbearance on the part of creditors. If they were not interfered with by any ill-tempered creditor, the bank would make adjustments as satisfactory and rapidly as possible.

This course was being pursued through the day, and the measure was being received with comparative resignation, if not satisfaction. Mr. McGregor thought it was idle and the extreme of folly for any

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