

## HERMAN SCHAFFNER & CO. FAIL

### THE GREAT CHICAGO "COMMERCIAL PAPER" HOUSE CLOSED.

**Senior Partner Is Missing and It Is Feared that He Has Committed Suicide—Junior Partner Makes a Complete Assignment—Liabilities Estimated at Half a Million—Assets Said to be Ample Enough to Make Everybody Whole—Causes Much Disturbance in Chicago Stock Exchange.**

CHICAGO, June 3.—Herman Schaffner & Co., private bankers, the largest private concern in this city or in the Northwest dealing exclusively in commercial paper, and about the oldest one of its kind in Chicago, made a complete assignment to-day.

The assignment was made to the American Trust and Savings Bank. Early to-day the cashier of that institution visited the bank at the Title and Trust Building only to find a large and demonstrative crowd assembled and the doors closed.

Mr. Chapman put up the following notice: "This bank is in the possession of the American Trust and Savings Bank."

To add to the excitement a rumor was in circulation that Herman Schaffner, senior member of the firm, had committed suicide. This may or may not be true, but it is a fact that Mr. Schaffner is missing. Indeed, the assignment was undoubtedly caused by his disappearance. The other member of the firm is A. G. Becker.

It is stated that the creditors of the bank will lose nothing. Attorney Levy Meyer, representing the assignee, stated this morning that even in the event of a forced liquidation there would be enough money to meet all liabilities.

No statement of the assets and liabilities has been made or is possible until the assignee goes over the books. A meeting of those interested in the bank will be held Monday or Tuesday next to see about re-suming business.

Assignee Chapman to inquirers said:

"I cannot tell you what the assets and liabilities are until I get a statement from the books. The cause of the failure is too much commercial paper. They were the biggest dealers in commercial paper in the country. They handled \$35,000,000 of it last year. There was no sale to speak of in commercial paper this year, and that is the cause of the failure. I can say nothing further until a statement has been prepared of the bank's condition, and men are at work on that now as fast as they can."

Attorney Newman, representing the bank, has made this official statement:

"Mr. Becker, the junior member of the firm, realizing that Mr. Schaffner's unaccountable absence might create agitation in the minds of those with whom the firm has been doing business, took counsel with several of the leading bankers, as well as with his confidential advisers, and concluded to make an assignment, which was accordingly done.

"It is expected that the assignment will be but temporary, and, in the meanwhile, a complete inventory of the firm's assets will be made by the assignee. The firm did a large commercial brokerage business with banks all over the country, which would buy up the paper in the regular course of business, the firm making thereby a small brokerage.

"The firm sold the paper without indorsing it and without any liability, the paper being bought up on the strength of the mercantile houses which made it. Sufficient investigation shows that no bank in this city or elsewhere loses a cent by the temporary suspension of the firm.

"Mr. Becker and his representatives entertain no doubt that the firm, even by forced liquidation, is amply able to pay all its liabilities."

In the absence of a statement by the assignee it is given out, but not authoritatively, by those concerned that the liabilities of the concern will not exceed \$500,000, and that the assets more than cover the amount.

The deposit business of Schaffner & Co. is said to have been only moderate. Regarding the firm's transactions in commercial paper it is stated that Schaffner never sold any with his own indorsement, but always on its merits. In the course of his business when he did not have any money of his own he borrowed from the banks and pledged the commercial notes as collateral.

One theory of the cause of the failure was that Schaffner had been caught in the big slump on the local Stock Exchange, and that his losses broke his heart and caused him to disappear.

Some months ago, it is said, Schaffner & Co. got caught in the Deimel Brothers failure for over \$100,000, in the D. Dalzell newspaper failure for \$25,000, and in the M. E. Page failure for a large amount.

Schaffner & Co.'s failure caused one of the most exciting scenes ever witnessed on the floor of the Chicago Stock Exchange. From the opening to the close the bidding was spirited and an immense number of deals were put through.

Stocks declined with surprising rapidity, and for a time the oldest brokers were at a loss to estimate how long the slumping would continue.

As a result of the day's trading many of the small holders of West Chicago Railway and North Chicago Street Railway stocks have serious trouble in meeting their margins. North Chicago Street Railway left off ten points below the starting point.

For several days the bank, it is said, has been in trouble and the impending disaster appeared to have a most distressing effect upon Mr. Schaffner. Yesterday afternoon he left the bank, and since that time he has not been seen. The worst is feared by his friends and business associates. During yesterday afternoon he did not appear at his usual places, and all during the evening a vigorous search was maintained by his family and friends.

Toward midnight he was yet missing, and at 1 o'clock this morning Julius Rosenthal, his brother-in-law, went to the home of Chief of Police McClaughrey and told the Superintendent of Police all the facts in the case. Mr. Rosenthal was not yet ready to make a formal call on Chief McClaughrey for aid in finding the missing banker, and he would not leave a detailed description, as is usual in such cases, but he made a request that the department report to him at once any information that might be learned of the absent bank President.

Mr. Rosenthal said that he did not know what to think of the absence of his relative, neither did he know what plan of action to follow. The police were this morning, however, instructed to keep a sharp lookout for Mr. Schaffner.

Mr. Schaffner's partner was so much moved over the disappearance of his associate that last night he became ill, and to-day is at home suffering from the depression, and so ill that he is confined to his bed.

The gravest fears are entertained by Mr. Schaffner's friends for his safety. It is said that acute mental aberration is not unknown in his family. It is feared that the trouble threatened by the shadow of the coming business collapse may have made him temporarily irresponsible mentally, and that an accident of some kind may have overtaken him.

Bankers say that the mysterious disappearance of Schaffner, leaving out the insanity theory, is explainable only on one ground. Said a prominent banker:

"If Schaffner has been disposing of commercial paper without making an accounting, I can see why he has disappeared. I do not see why he left if this is not true."

As a result of the suspension, L. Zachman, a creditor to the amount of \$600, ap-

peared before Judge Donnelly in the County Court and secured a citation against Messrs. Schaffner and Beckner, summoning them into court for examination.

Mr. Zachman's attorneys are said to represent the other creditors to the amount of \$100,000, and they will insist upon an examination of the firm's affairs in court.

Hermann Schaffner & Co. of Chicago were known in New-York rather as large dealers in commercial paper than as bankers. They handled paper of firms in Chicago, Milwaukee, St. Paul, Minneapolis, Omaha, Denver, St. Louis, Cincinnati, Cleveland, and other Western cities. Among those whose notes they bought were some of the great packing houses of Chicago, big milling concerns in Minneapolis, manufacturing companies in Indiana and Ohio, and the principal tobacco houses in Chicago.

The American Exchange National Bank of this city acted as New-York correspondent for Schaffner & Co. At the bank it was stated yesterday that the firm generally kept with it a balance of \$20,000, which had been reduced recently. The bank would not lose anything by the failure.

Payment on only one check for \$900 was stopped in this city as a result of the suspension of the Chicago firm.

Schaffner & Co. always stood well in the regard of New-Yorkers, and their failure caused a good deal of surprise.