

# THE GREENEBAUMS.

## A Receiver to Be Appointed for the Savings Bank.

### Its Officers Decide that They Will Make No Resistance.

### The Only Question Is Whether Horton or Chase Shall Be Receiver.

### History of the Bank—Statement of Its Assets and Liabilities.

### Mr. Greenebaum Hopes to Preserve His Private Banking-House from Ruin.

## RECEIVER WANTED.

### PROCEEDINGS IN COURT.

The casual visitor at the German Savings Bank yesterday morning would probably have noticed the rather protracted absence of its President, Mr. Greenebaum, but, unless he happened to be of a somewhat inquiring turn of mind, would not have remarked upon it as a thing to excite wonder or surprise. But there are other people under the sun besides casual visitors, and a reporter with even an ordinarily well trained nose for news, remembering himself of the rumors prevalent for a few days back that Mr. Greenebaum's troubles had not ended with the suspension of the German National, but would probably be supplemented by trouble in the savings bank, put this and that together, and before long discovered that the President's withdrawal for long a season from that famous back room did indeed mean something. If the casual visitor alluded to had passed along the hall in the City Building, opposite Judge Moore's court-room, a few minutes before 12 o'clock, he would have seen the aforesaid bank President, looking somewhat worried, and holding hurried conversations with Mr. John Woodbridge, the lawyer, and a young gentleman by the name of Simeon Strauss, an employe in the bank who has charge of the mortgage business, and who writes attorney-at-law after his name. The trio were evidently waiting for something, and it did not take the ubiquitous reporter long to ascertain in what corner the wind sat. At just 12 o'clock, he learned, Mr. Woodbridge would appear before Judge Moore, remind him of an appointment for that hour, and proceed to ask that a receiver be appointed for the German Savings Bank, his request being backed up by certain representations concocted in the due legal forms by a certain

HERMAN G. BERLS AND FREDERIKA BERLS, depositors in the aforesaid institution. Further inquiry elicited the information that the bank people, aware that they had a hard road to travel if they persevered in keeping the institution open, would make no opposition to the bill, but would quietly let the matter take its course. Notice of the move on the part of the two depositors had been communicated to them at about 10 o'clock, and the interim had been spent in interviews between Mr. Greenebaum and the lawyers, in the course of which he had come to his decision. By the time the reporter had paged this article on the preliminaries, the hands of the watches and clocks in the City-Hall which manifested any proper regard for regularity indicated that the hour of 12 had arrived, and a few minutes later the three incessant talkers aforesaid, joined by several others who represented depositors and who had been informed as to what was going on, presaged themselves before Judge Moore, and the court proceedings in the case of the German Savings Bank began.

**MR. WOODBRIDGE** started off by reading the title of the bill, stating that it was brought by two depositors in the bank, that it alleged insolvency and suspension, and prayed for the appointment of a receiver to wind up the institution. A subsequent examination of the document showed that the aforesaid Herman G. and Frederika Berls set up the following state of facts:

The bank was organized with a capital of \$200,000 to do a savings business. According to the charter, the capital and one-third of the deposits were required to be invested in United States, State, City of Chicago, or county bonds; and, in making loans on real estate, the charter required securities of at least double the amount of the loan, and, in case of impairment of stock, stockholders should be required to make good such deficiencies within thirty days. The bill went on to state that the capital stock of the institution is \$200,000, fully paid up, and that the following gentlemen comprise the Board of Directors: Henry Greenebaum, Thomas Hoyne, Peter Schuttler, Frederick Letz, Joseph Liebeustein, H. G. Canfield, Simon Foltzheim, Henry M. Hart, John Hertling, Elias Greenebaum, A. Wise, and James T. Hoyne; that one Charles Wirth is also published as a Director, while in truth he has been dead a long time. The bill then went on to state that the orators deposited \$444,112 prior to Oct. 6, 1877; that they had given the thirty days' notice, but were persuaded on the 6th of October by the aforesaid Henry Greenebaum to take a new book and continue the deposit, the aforesaid Henry Greenebaum promising as an inducement to permit them to draw out their money at any time without notice; that the orators consented upon that understanding only; that on Saturday they applied for the money, which was refused them, the said Greenebaum offering to pay them instead a mortgage or trust-deed for \$400, secured on a lot near Humboldt Park. This the orators would not accept, and another demand was made for the money, which the said Greenebaum promised to pay on the 4th inst. When demand was made on that day, the bank refused to pay, alleging that it had no money. The bill also stated that the amount due depositors is \$400,000, and the number of depositors about 2,300; that the bank has made loans on insufficient securities, and that the assets have constantly depreciated; that no part of the capital stock or deposits is invested in United States, county, or city bonds; that the bank has paid a large amount of money to the prejudice of the orators and other unpaid depositors; that it would make further payments unless restrained by the Court; that the bank was insolvent, and the assets would continue to depreciate unless the officers were restrained from doing further business and a receiver appointed. The bill closed with the formal prayer for a receiver, writ of temporary injunction, etc.

Mr. Strauss, representing the bank, said the officers of that institution consented to the appointment of a receiver, and would make no contest.

### NOMINATIONS.

Mr. Woodbridge nominated Mr. Samuel B. Chase, the abstract man.

Mr. Moses, representing a large number of depositors, moved the appointment of Mr. O. H. Horton, and proceeded to speak of his qualifications for the position, mentioning the fact that Mr. Horton had wound up the Chicago Fire-Insurance Company to the satisfaction of its creditors, besides assisting in the closing up of several similar institutions.

Mr. Woodbridge had but one objection to Mr. Horton, and that was that his partner, the Hon. Thomas Hoyne, was Vice-President of that bank, and, he thought, a stockholder, with a possibility of becoming personally liable. Under these circumstances, he did not think Mr. Horton would wish the position. As to the matter of Mr. Horton's honesty and competency, there could be no question, as everybody knew him to be an unexceptionable gentleman.

Mr. Magruder, representing deposits to the amount of \$3,000, endorsed Mr. Horton's nomination.

Mr. Strauss claimed that the bank was fully able to pay 100 cents on the dollar, if the Receiver appointed should handle the assets judiciously, and to still save the stockholders. There had been a tremendous strain on the bank, owing to a combination of circumstances over which the officers had no control, the result of which continuous strain was this application for a Receiver. The assets were in a condition to warrant him in saying that the depositors would be paid in full, and that the stockholders would also receive quite a large share. In this matter of the appointment of a Receiver the bank had no choice, but was content to leave the matter entirely to the Court.

Mr. Moses remarked that Mr. Horton's reputation was a sufficient refutation of the insinuation that he would be influenced by reason of his business connection with Mr. Hoyne.

Mr. Woodbridge said he had stated the objection as people outside would view it, and he did not believe that Mr. Horton, under the circumstances, would accept the position. Personally, he had the highest regard for both Mr. Horton and Mr. Hoyne, and while he knew both of them too well to believe that there would be any lack of zeal on Mr. Horton's part in holding Mr. Hoyne on his stock liability, still the public would argue differently, and it would be a difficult matter to persuade them to the contrary. No objection could possibly be urged against Mr. Chase, and he would respectfully ask his appointment.

Mr. Magruder said he had been informed that Mr. Horton was not the Vice-President of the bank, and he did not believe he was a stockholder.

Mr. Woodbridge said his name was published as a Director and a stockholder in the bank's pass-books.

Mr. Magruder could see no impropriety in Mr. Horton's appointment in any case. It was Mr. Horton who would act as Receiver, and not Mr. Hoyne.

The Court inquired how much the deposits amounted to.

Mr. Woodbridge replied that they figured up some \$400,000.

Mr. Strauss said it was \$350,000.

The Court remarked that he knew both of the gentlemen to be well qualified for the position, and asked Mr. Woodbridge if he knew anything as to the amount of the assets.

Mr. Woodbridge thought the bank was insolvent.

Mr. Strauss suggested that Mr. Greenebaum, who was present, should make a statement.

The Court signified his approval of the suggestion.

Mr. Greenebaum stated that the amount due depositors was \$350,000. The capital stock was \$200,000, invested in the bank building on Fifth avenue, which was unincumbered and stood in the name of the bank. Its original cost was \$145,000, but it stood on the books at \$200,000. In consequence of the shrinkage in real-estate values, he presumed there had been a depreciation of perhaps \$50,000 in the property. The assets amounted to between

\$100,000 and \$300,000. At least \$150,000 would be realized, he thought, which would pay off the depositors, and leave \$100,000 to the stockholders, who would accordingly get 50 cents on the dollar.

Mr. Blanke, Mr. Woodbridge's partner, thought it would please Mr. Horton in a very delicate position when, in the course of events, it should become necessary for him to sue his partner.

Mr. Magruder said he had been informed by Mr. Greenebaum that

**MR. HORTON HAD RESIGNED HIS POSITION AS VICE-PRESIDENT.**

Mr. Greenebaum replied that such was the case.

Mr. Woodbridge asked if he was not still a stockholder.

Mr. Greenebaum said he was not, at present. When everything was running smoothly, before the last flurry in the German National's affairs, Mr. Hoyne retired, having stood by the savings bank during its troubles in the summer and early fall. Mr. Greenebaum added that they had been able to meet every notice until Thursday. Then they became satisfied that they could not pay \$350,000 in thirty days, the time being too limited to allow of converting the assets into that amount of ready cash, and they became satisfied that, in justice to all the depositors, the bank should be put in the hands of a Receiver. In the long run on the bank the amount due depositors had been worn down from \$1,000,000 to \$350,000.

Mr. Greenebaum stated that he knew the depositors very well, and was satisfied that either of the gentlemen nominated would be thoroughly satisfactory to them. As for himself, he was willing to give all the time that might be required of him to assist in converting the assets without hope of reward. His desire was that every depositor should get 100 cents on the dollar, and he pledged his honor that they would obtain that.

Mr. Moses said he believed Mr. Hoyne would not only be eager to furnish Mr. Horton information, but from his knowledge of the bank, he would be able to do so. Instead of Mr. Hoyne's business connection with Mr. Horton being an objection to the latter's appointment, it would really be a recommendation. Both of the gentlemen, as everybody knew, were above even the suspicion of wrongdoing.

### THE COURT REMARKED

that the experience of the last few months had given him some very definite views on the subject of receivers, especially those of savings banks. In all cases the Court would respect the wishes of both parties to a considerable extent, and, to a still greater extent, the wishes of the depositors. The men nominated should be persons in whom the depositors had every confidence. Mr. Horton a business connection with Mr. Hoyne was a very strong objection. Mr. Hoyne himself would, in the Court's opinion, make a first-rate Receiver. If Mr. Greenebaum's statement was correct, the stockholders themselves ought to be heard in this matter, because they had as great an interest at stake as anybody else, if not greater. In this case, the officers stated that either nominee would be acceptable. On the one hand were parties representing \$15,000 of claims, while on the other the claims amounted to some \$1,500. If further consultation was thought necessary, the matter could go over until morning.

Messrs. Sisson and Woodbridge favored the idea of a postponement for the purpose of getting further expressions from depositors.

Mr. Blanke suggested that the appointment of Mr. Horton would give rise to a good deal of unfavorable, although unjust, talk about there being a job in the thing to run the institution in the interest of the old officers.

Mr. Greenebaum said he could call all the depositors together before morning, and believed they would accept any man he might recommend. In answer to a question from one of the lawyers, he said he had made no assignment to Mr. Horton.

The Court remarked that, inasmuch as there was a division of sentiment, and remarks had been made in regard to jobs, he would wait a little while and ascertain more of the feeling of the depositors.

After some further talk, the matter went over, until 2:30 o'clock in the afternoon.

Shortly after the hour appointed the parties came together, and Mr. Woodbridge stated that they had been

### UNABLE TO AGREE.

Mr. Moses said he had seen depositors whose claims amounted to \$50,000, and they were all in favor of Mr. Horton, and had signed a statement to that effect.

Mr. Lackner, representing a number of depositors, objected to Mr. Horton on the ground that he was Mr. Hoyne's partner. Circumstances would probably arise in which Mr. Horton would have to sue Mr. Hoyne, and he would be placed in a decidedly disagreeable position. He did not think his appointment would be judicious, both for that reason and for the other reason that nobody should be appointed to the position who had been the advisers of the bank officers. The bank was generally known as Greenebaum's bank, as condition would have to be closely inquired into, and no adviser of Mr. Greenebaum should be appointed to wind up its affairs.

Junco Van Huren, for the bank, denied that Hoyne, Horton & Hoyne had been its legal advisers. He had acted in that capacity himself. The apparent objection to Mr. Horton was really an argument in his favor, since it would be to his and his partner's interest to wind up the institution as economically as possible, and thus decrease the stock liability. Several of the depositors had told him they were in favor of Mr. Horton. There were no charges of crookedness in the bill, but it was simply a case where an institution would in the end, with careful management, pay depositors dollar for dollar.

Mr. Woodbridge stated that the bill charged insolvency. Mr. Greenebaum had met him in the morning, when the original bill was drawn up, containing some allegations which were afterwards stricken out. Mr. Greenebaum asked him 12 o'clock to see if he couldn't pay. At the morning consultation Mr. Greenebaum expressed a willingness to accept anybody for Receiver whom the other side might name, provided he was an honest, competent man. The appointment of Mr. Horton would give rise to the remark that the bank was to be wound up in Mr. Greenebaum's interest, and the word "ring" would be in people's mouths.

### JUDGE MOORE

thought it especially proper in these cases to pay respect to the wishes of the depositors. If either of the nominees was objectionable to the depositors, that fact could be learned by this morning. If the matter were postponed, in certain cases, the Court had taken independent action, and unless the parties could agree, he should do so again.

Mr. Woodbridge was prepared to acquiesce in any independent appointment the Court might make.

The Court referred to the only objection against Mr. Horton, on the ground that he was a partner of Mr. Hoyne, a stockholder in the bank, and to the only objection to Mr. Chase, viz: that he had sold abstracts at a pretty good price. He did not think the latter objection of any weight whatever. Either gentleman would, in his opinion, make a good Receiver. The majority of the depositors so far, however, were clearly in favor of Mr. Horton, but if there were others who wanted to be heard before the appointment, the matter could be postponed until this morning. He did not see that anybody would suffer by the delay, and, as Col. Shirley had stated that he desired to consult with his clients, and as there were probably others in the same position, he would let the matter go over until this morning.

The question will accordingly come up again this morning.