

BUILDING-LOAN OFFICERS SUSPENDED BY DIRECTORS

Neglected to Report Arrears of Payments in the Brooklyn City Co-operative Association.

POLICE CALLED BY DIRECTORS.

No Funds Missing, Say the Letter, but They Are Having an Examination of the Books.

Joseph V. Scully, who is assistant city clerk in charge of Brooklyn Borough, but who is also the vice president of the Brooklyn City Co-operative Building and Loan Association, at 21 Court street, ran into local police headquarters at 2 o'clock this morning and asked that a policeman should be sent to the office at once.

"It lies to have a man stay there all night," said Mr. Scully, "but there has been some trouble and we want to be protected." A message was sent from headquarters to the Adams street station and a policeman walked down the office of the association and stayed there all night. Mr. Scully, the two members of the auditing committee and Joseph H. Deiker, the counsel to the organization, stayed with him there until 10 o'clock this morning, and then left him in charge. It was some time before the policeman got breakfast. Detective Thomas of the Adams street station was sent around to relieve him. Mr. Scully did not get home until 4 o'clock this morning, and at an early hour he had had lunch in the office looking over the books.

The story that a policeman had been on guard on the two big signs in the office soon got abroad around the neighborhood and all sorts of stories were told. Of course, the most serious construction was put on the matter and all varieties of versions of trouble in the association were peddled about.

President and Financial Secretary Suspended.

Mr. Scully stated that there was any disturbance, but admitted that the president and financial secretary of the concern had been at least temporarily suspended from their offices. Mr. Scully as vice president and the two auditors, Joseph J. Mooney and Joseph Coo, had been placed in charge of the books, funds and papers.

"There was a semi-regular meeting of the board of directors last night and we accidentally discovered an irregularity which gave us some suspicion," said Mr. Scully, "but we have no suspicion that there is anything wrong with the accounts. It was only a matter of self-protection that we suspended the executive officers and got a policeman to stand the office for a while. We made a very careful examination of the cash books and we want to say that we found that they balanced to a shilling. But there are other books which must be examined before we report completely to the members."

"It is only a precautionary measure, and you, and we have no reason to believe that there is anything wrong with the accounts. If we had there would have been arrests by this time."

Young Mr. Kampf Is Held Responsible.

"The man whom we hold directly responsible for the irregularity, which is merely technical, is Mr. Kampf, our secretary, but he is a young man of excellent reputation and that is the reason we do not intend that persons of his class should go out without our best and a statement of the case for in the case, as far as we know them at present, we have had a good many years in Brooklyn and I think I have built up for myself a reputation for honesty. I am positive of my own reputation, and for that reason I would not for a moment say the good name of another without having good reason. And we have no reason in the case of Mr. Kampf."

"But what is all this fuss about?" asked an Eagle reporter who was questioning.

Arrears of Payment Not Reported to Directors.

"It is a very serious matter," said Mr. Scully. "You see there is a rule in the association that all arrears of arrears of payment must be reported at once to the board of directors. That rule is made for our protection and the protection of our members and depositors. If a member who has borrowed money from an arrearer either in his name or payment, we must have it at once. The executive officers are supposed to add them, under the by-laws, report at once to the board."

"We had a meeting last night. It was the regular bi-monthly gathering, and one of the directors reported that one of our members had defaulted in an arrears for six months' payment. The notification fell on us like a thunderbolt. The president, Thomas P. Lewis, who is one of the auditors and who has a shop and office in the headquarters of the association, said that he knew nothing of it. Then we called in the financial secretary, Mr. Kampf, who gets a yearly salary of \$1,000, and we give all his time to the work of the association. He admitted that he knew of the arrears and that he had not reported it to the society, as he was required to do. He produced the books to show that the default had duly recorded, but that was not satisfactory."

Directors Pass a Resolution of Suspension.

"So a resolution was passed and adopted temporarily suspending the two officers named, and directing them to turn over the keys of the books and safe and to give the constitution of the safe to a committee consisting of myself as vice president, and to Messrs. Mooney and Coo, the auditors. It is never to proceed otherwise until we see that there was no interference in the accounts, or in our absence, with the money or records of the association, we called in the police. That is all there is about it."

"Before we went to bed we had carefully overhauled the cash books and we found that the amount of money in the bank and money in the safe balanced to a shilling with the records," concluded Mr. Scully. "It may be that there are other accounts in arrears. If that is so, the case may be very serious, but we do not think that the further examination of the books will show any irregularity. But we have to take precautions for our own protection and that is why we have decided to suspend the services of an expert accountant."

Amount of Arrears \$5,000 Discovered Only \$500.

"All of the books will be examined now. The default that has so aroused an attention as I have said for six months. The amount in arrears is not more than \$500. Of course, we have taken steps already to protect ourselves and have begun through our counsel, Mr. Deiker, proceedings to have the accounts re-audited in the default of the default. I cannot now give you the name of the person who is in arrears, but the service of the summons and complaint in the foreclosure proceedings has already been made. We have, as you may see by an examination of our reports, about 1,500 members and \$125,000 is based on first mortgages. The total assets of the organization are \$125,000. If there have been other defaults in the payments it makes a very serious matter to us. We are all directly responsible to the members."

"Has Mr. Kampf admitted that there are other defaults of the organization in arrears?" asked the reporter.

"We have not asked him," said Mr. Scully. "But I do not think so. Of course we have nothing about it, nor do we know what the examination of the books will develop. I think we are all right, but of course we are compelled, as trustees for the people who have deposited money with us, to secure them in every way. Mr. Lewis and Mr. Kampf both stayed with us last night while we were making the examination. But we took entirely charge ourselves."

Many Comparatively Poor People Are Investors.

Mr. Scully further said that the majority of the members were comparatively poor people and that many of his friends had deposited money with the association just because he was one of the officers.

"These people, who have been paying in their money week by week, are wage-earners who have trusted to my honesty," he said, "I would rather lose every penny I have in the concern than have them suffer the loss of a single dollar. But to prove to you that I believe that there is nothing wrong in the accounts and that the money, every cent of it, is safe, it is only necessary to tell you that I have advised none of my friends to withdraw their accounts."

Mr. Scully was back at the office of the concern, at 21 Court street, at noon to-day. Indeed, he spent very little of his time in the Borough Hill. It was plain that he was nervous about the existing condition of things. When a reporter called at the place this morning the former president and financial secretary were not to be found. They had already surrendered the entire business to the vice president and the auditors. The local affairs of the organization was also in the office. Mr. Lewis had not only surrendered his official keys, but the keys of his private den. He had been conducting a real estate agency in the office. The opinion of the other officials, including Mr. Scully, is that there is not a penny missing from the legitimate accounts of the concern.

The Brooklyn City Co-operative Building and Loan Association was established in 1887, and the depositors at first were mainly freight car drivers, conductors and wage-earners, who had to save a little money for their families. "Water than a savings bank," it is said.

"The building was erected by the association for the benefit of the members. It is a well-kept place, and has a high reputation for the benefit of members or depositors. They must really be called, with deposit slips, just far all the world like a bank of deposit. The books and cash are kept in two big safes."

Combination on the Office Safe Changed.

When a reporter called at the office this morning a safe expert was juggling with the combination to the door of the safe. Mr. Scully explained that he was simply changing the combination in order that there should be no mistake about the former officers making any attempt to get into the safe. There is a monthly meeting of the board of directors to-morrow and then a detailed report of the work of the expert accountant who is to examine the books will be made.

"We do not think," returned Mr. Scully, "that we will discover anything in this afternoon, but we will discover what officers will be reinstated and that probably a vote of reprobation will be passed on Mr. Kampf for failing to notify us of the default of the member."

The directors do not think there will be any "run" on the office by the depositors. They have not had time yet to feel nervous. The last published financial statement of the organization is as follows:

The Last Financial Statement.

\$7,000,000	First mortgages on improved real estate - property valued at \$7,000,000
100,000,000	Second mortgages on improved real estate - property valued at \$100,000,000
50,000,000	Third mortgages on improved real estate - property valued at \$50,000,000
10,000,000	Fourth mortgages on improved real estate - property valued at \$10,000,000
5,000,000	Fifth mortgages on improved real estate - property valued at \$5,000,000
2,500,000	Sixth mortgages on improved real estate - property valued at \$2,500,000
1,250,000	Seventh mortgages on improved real estate - property valued at \$1,250,000
625,000	Eighth mortgages on improved real estate - property valued at \$625,000
312,500	Ninth mortgages on improved real estate - property valued at \$312,500
156,250	Tenth mortgages on improved real estate - property valued at \$156,250
78,125	Eleventh mortgages on improved real estate - property valued at \$78,125
39,062	Twelfth mortgages on improved real estate - property valued at \$39,062
19,531	Thirteenth mortgages on improved real estate - property valued at \$19,531
9,766	Fourteenth mortgages on improved real estate - property valued at \$9,766
4,883	Fifteenth mortgages on improved real estate - property valued at \$4,883
2,441	Sixteenth mortgages on improved real estate - property valued at \$2,441
1,221	Seventeenth mortgages on improved real estate - property valued at \$1,221
610	Eighteenth mortgages on improved real estate - property valued at \$610
305	Nineteenth mortgages on improved real estate - property valued at \$305
152	Twentieth mortgages on improved real estate - property valued at \$152
76	Twenty-first mortgages on improved real estate - property valued at \$76
38	Twenty-second mortgages on improved real estate - property valued at \$38
19	Twenty-third mortgages on improved real estate - property valued at \$19
10	Twenty-fourth mortgages on improved real estate - property valued at \$10
5	Twenty-fifth mortgages on improved real estate - property valued at \$5
2	Twenty-sixth mortgages on improved real estate - property valued at \$2
1	Twenty-seventh mortgages on improved real estate - property valued at \$1
0	Twenty-eighth mortgages on improved real estate - property valued at \$0
0	Twenty-ninth mortgages on improved real estate - property valued at \$0
0	Thirtieth mortgages on improved real estate - property valued at \$0

Total \$125,000,000

SAMPSON-SCHLEY PROMOTIONS.

Washington, February 14.—The President today sent the following nominations to the Senate:

Navy-Rear Admiral to be advanced to rank from the 11th day of February, 1901:

William T. Sampson, first lieutenant, to take rank next after Rear Admiral John A. Hewitt; Wm. H. Schley, third lieutenant, to take rank next after Rear Admiral Sampson when advanced.

BIG SHERIFF'S JURY VERDICT.

Andrew Jackson, a former workman of the Bankers' Iron Works of this borough, was awarded a verdict of \$100 yesterday by a Special Jury on charges which he presented when in the city for being a vagrant. The breaking of a glass while he was engaged with several other workmen in holding a heavy flag of mourning. The iron workman

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