

Bank Stock Plan Awaits Court Ruling

Refinancing Proposal Adopted Despite Objections

A plan of recapitalization was approved yesterday by stockholders of the First Mechanics National Bank. While it provides for retirement of preferred stock and issuance of 40,000 new common shares, operation is delayed pending outcome of a Federal Court suit by objectors.

James Ringold, bank president, announced approval at the end of a meeting at which 350,000 shares of Preferred "A" stock was voted in behalf of the Reconstruction Finance Corporation and approximately 57,000 shares of Preferred "B" stock was recorded in favor. It was indicated after the closed meeting that slightly more than half of the 40,000 shares of outstanding common stock was voted for the plan. Objectors said they questioned the form of proxies on several hundred shares.

W. O. Bachman, former assistant cashier, and Arthur H. Naylor, former credit manager, objecting shareholders who started the Federal action, contended the plan could not be adopted without approval of two-thirds of the common stock. A protest was raised at the meeting that amendments to the bank's articles of association were offered without previous notice. Federal Judge Phillip Forman will rule next Monday whether he has the right to hold up the plan while questions raised by Bachman and Naylor, including the voting of the preferred stock, are decided.

As at other major banking institutions yesterday, stockholders elected members of boards of directors. There were no changes in board memberships.

The First Mechanics directors are: Scott Scammell, A. M. Maddock, Austin C. Cooley, Brigadier General Edward C. Rose, Henry Welling, Harold Ray, Joseph M. Roebing, Henry W. Johnson, Ferdinand W. Roebing 3d, Stephen W. Wright, Ringold, Albert H. Rees, Charles R. Tyson, Charles P. Messick, Theodore S. Cart, Walter G. Kuser, D. Lane Powers and Harry K. Brock.

Broad Street National Bank, John V. B. Wicoff, Charles S. Maddock, James T. Wilson, Charles J. Weiser Jr., Scott M. Fell, Walter W. Anderson, Joseph R. Comly and C. V. Hill Jr.

Trenton Banking Company, Elzey S. Aitkin, James R. Barber, J. Goodner Gill, Caleb S. Green, William H. Hill, Robert W. Howell, Godfrey W. Schroth, R. P. Smith, W. J. B. Stokes 2d, James W. West and John L. Williamson.

Trenton Trust Company, Bruce Bedford, Alan W. Bowers, William C. Draper, L. D. Gindhart, Thomas Hildt, J. Conner French, John G. Connor, Mrs. Mary G. Roebing and M. J. McHugh.

Stockholders Favor Bank's Refinancing

Plan Of First-Mechanics Carries, But Is Delayed By Court Action

James Ringold, president of the First-Mechanics National Bank, announced this afternoon the stockholders at their annual meeting voted favorably on a proposed recapitalization of the bank.

Opposition had appeared among some of the holders of the 40,000 shares of outstanding common stock. How the common shares were voted was not immediately disclosed. The meeting lasted more than two hours.

A Federal Court action is pending in an effort to block operation of the plan and District Judge Phillip Forman will rule next Monday on a preliminary application for a restraint. While his decision is awaited, he directed that the bank could not issue warrants for new stock or seek sanction from the Comptroller of the Currency. The court declined to forbid presentation of the plan to the stockholders today.

The injunction was sought by George H. Bohlinger and Ellis H. Pierson, counsel to W. O. Bachman, former assistant cashier, and Arthur H. Naylor, former credit manager, both shareholders. Bachman and Naylor took the position the voting of preferred stock would nullify any position taken by the common shareholders.

The proposed recapitalization would provide for issuance of 40,000 shares of common stock to supplement 40,000 outstanding. Cash from the stock sale would be used to retire \$1,200,000 of Preferred "B" stock. At the same time, a reserve would be applied to retiring \$1,300,000 of Preferred "A" shares held by the Reconstruction Finance Corporation. The common stock would be put on a \$1 annual dividend basis.

Hotel Decision Likely Today In U. S. Court

Judge Brands Stacy-Trent Reorganization Plan As Device

A plan for the reorganization of the Hotel Realty Company, owners of the Stacy-Trent, was offered today in Federal Court before Judge Phillip Forman.

The court termed the plan "a device and not a plan." He indicated he would follow the recommendation of the bankruptcy referee to liquidate the property. However, he withheld final judgement until this afternoon to give proponents of the plan more time.

The plan was submitted by Joseph Fishberg, trustee, who said that the purpose was to pay off Maxwell Abbell, Chicago financier, who holds the mortgages on the hotel, and to provide for a substantial payment "over and above the amount of said obligations to be distributed among the preferred stock holders of the debtor."

William A. Moore, counsel for Abbell attacked the plan and demanded a cessation of the prolonged litigation which he said had already taken up entirely too much time.

Judge Forman was inclined to agree with Moore and placed emphasis on his description of the plan — that it was a device. The plan, he said, amounts to nothing more than a bid for the property. At this time, he announced an order for the liquidation of the property be entered. In a final plea to stave off complete dismissal of the proceedings, H. Colin Minton, counsel for the Realty Company, asked Judge Forman to withhold his final judgement.

New figures appeared today in the litigation. T. Arthur Karno and Gerald R. Cahill appeared as backers of the plan. They were represented by Eugene T. Urbaniak.

Curley Conviction