

# LENT FUNDS TO CONTRACTORS

## MANY NOTES WERE HELD BY THE COMMERCIAL BANK.

Director Malcom Says that Within the Past Few Months \$350,000 Had Gone Out to Builders—To This He Thinks the Suspension Was Due—The Bank's Interest in the New Eagle Warehouse and Storage Company, Where It Expected to Have Control of the Vaults.

One by one the Directors of the suspended Commercial Bank of Brooklyn are consenting to talk. They all insist that Seth L. Keeney, the President of the bank, is in no way responsible for the disaster. Since the publication in THE NEW-YORK TIMES of the fact that Mr. Keeney had pledged himself for the bank in the sum of \$80,000, exclusive of his note for \$10,000, which he gave when he became President, the Directors are most complimentary in their remarks respecting him.

Mr. Keeney has doubtless been credited with having interests in more directions than is really the case. One of the corporations in which he was said to have a holding was the Malcom Brewing Company, at Flushing and Franklin Avenues.



Seth L. Keeney.

George Malcom, head of the firm, also a Director in the Commercial Bank, was asked yesterday:

"Is Mr. Keeney interested in your firm?"

"He is not. He does not own a penny's worth of our stock, he is not a Director does not hold any of our bonds or paper, and has no connection with this company in any way," said Mr. Malcom.

Mr. Malcom denied emphatically that the bank had ever lent any money to corporations in which Mr. Keeney was a stockholder.

"Why, he has been putting his own money into the bank to strengthen it ever since he became President. I have thrown \$30,000 of my own money into that bank, and I am unfortunately now a depositor."

"To what do you attribute the suspension of the bank?"

"To making loans to small contractors and speculative builders!" This answer revealed a secret. "What effect did that have?" "Why," replied Mr. Malcom, "during the past few months \$350,000 in notes, on which they could not realize, have accumulated in the bank. These belong to the people I have spoken of, and they have been turned over and over and over again with the hope that the giver would take them up or they could be negotiated, but the givers were all the time complaining that they could not sell the houses they had been building, and therefore could not take up their paper, but must have an extension. These same people would come to the bank on Friday and deposit checks, and on Saturday they would draw them out in currency before the bank had time to collect them."

"Do you call this good banking, Mr. Malcom?"

"No, I do not; no bank can stand that kind of business long; but I want it distinctly understood that none of these loans went to any company in which Mr. Keeney was interested."

Mr. Malcom, in answer to a question, said that all the loans spoken of had to be passed upon first by Mr. Keeney. When asked if he approved of the methods employed by Cashier Vail, he said:

"Well, Vail, like all of us, may have made some foolish mistakes, but that was long ago!"

In answer to the suggestion that Mr. Vail was a very genial man and loved to tell a funny story, he said:

"You can't run a bank on funny stories!"

Mr. Malcom said the Directors would meet to-morrow and reorganize the bank and subscribe enough additional capital for the institution to resume.

While making inquiries yesterday as to whether the Commercial Bank had transactions with any corporation in which Mr. Keeney was interested, a NEW-YORK TIMES reporter learned that the bank is interested in the new building of the Eagle Warehouse and Storage Company to the extent of expecting to have the practical control of the vaults in the new structure. These are intended for the storage of valuables, and form such a lucrative source of income to a warehouse company that no outsider could pay the lump rental which would be asked for them with any degree of certain profit from their reletting. If these were to be turned over to the exclusive control of the Commercial Bank it can be inferred there is some reason for it.

The warehouse company is organized under the laws of the State of New-York, and has an authorized capital of \$300,000. The new building is on the site of the old office of the Brooklyn Eagle. This building will cost, with all appliances, about \$300,000. Frank Freeman is the architect and P. J. Carlin the builder.

All work on the warehouse was suspended yesterday. P. J. Carlin, the contractor, said the cause was due to a disagreement between himself and Mr. Freeman, the architect. Loiterers about the building said the suspension was caused by hard times.

Among the stockholders of the new warehouse and storage company is Seth L. Keeney, President of the Commercial Bank; David Barnett, the regular counsel of the bank; the firm of Bergen & Dykman, also counsel for the bank; E. W. Bliss of the Bliss Manufacturing Company, in which Mr. Keeney is said to be interested, Harry S. Kingsley, son of the partner of Mr. Keeney, the Ressigues, and many other well-known men of Brooklyn, some of whom are interested in the Commercial Bank. The officers of the bank say emphatically that their institution has had no transactions with the Eagle Warehouse and Storage Company.

Director Robinson Gill said the story that fully \$350,000 in notes had accumulated on the hands of the bank was true, and to that he attributed the suspension. The notes, he said, were perfectly good, but they could not be immediately realized upon.

Mr. Seth L. Keeney is a staunch machine Democrat, and in consequence has always

been a favored contractor since the Democratic Party got control of Brooklyn. His last great contract for the City of Brooklyn was in the water works extension, when his contract amounted to nearly, if not quite, \$500,000. Cranford & Valentine, in whose firm he is said to be interested, also had one equally as large.

Mr. Keeney was interested in the old contracting firm of Kingsley & Keeney, to whom the City of Brooklyn has paid large sums of money. It was this firm which paid to Isaac Van Anden a fortune for the Brooklyn Eagle. In a short time Mr. Van Anden paid them a large sum, receiving back only an interest in the great journal which he had founded.

Abner C. Keeney, a brother of Seth Keeney, was also a member of the firm. He was found dead in his barn at his farm in Pennsylvania. The doctors and the Coroner said that he had died a perfectly natural death, although it was learned later that he had just lost heavily in an unfortunate speculation in grain.

His affairs were placed in the hands of Seth L. Keeney for adjustment. They were found in a very complicated condition, but were carefully unraveled and a large fortune saved for his children. Mr. Keeney is reputed to be a millionaire. He lives very quietly at 221 Clermont Avenue, Brooklyn.

It was announced at the Commercial Bank yesterday that Assistant Bank Examiner Judson might give out a statement of the bank's condition to-day. The depositors feel hopeful and the situation is brightening.

G. L. Hassell, whose overdrafts on the bank were credited with causing the trouble, made a statement yesterday, explaining his connection with the bank, and claiming that his overdrafts had nothing to do with the present failure.