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# New Jersey Court of Errors and Appeals

10

## Notice of Appeal—Including Grounds of Appeal

(Filed, February 11, 1919)

NEW JERSEY SUPREME COURT

ESSEX COUNTY

20

PANNONIA BUILDING AND LOAN  
ASSOCIATION, a corporation,  
Plaintiff,

vs.

WEST SIDE TRUST COMPANY of  
NEWARK, NEW JERSEY, a cor-  
poration,  
Defendant.

Action at Law  
Notice of Ap-  
peal.

30

*To Charles F. Herr, Attorney of Defendant:*

TAKE NOTICE, that the plaintiff appeals to the Court of Errors and Appeals from the whole of the judgment entered in this cause, on the following grounds:

1. The Court erred in finding that the checks referred to in paragraph 4 of the complaint were

40

Notice of Appeal—Including Grounds of Appeal

10 charged by the defendant to the account of Daniel Szedlak, in that there is no evidence supporting this finding, and it was admitted by the defendant's answer that these checks were charged to the plaintiff's account, and the question was not in issue.

2. The conclusion of negligence on the part of the plaintiff is not supported or justified by the facts found as stated in paragraphs 10, 11, 12, 13 and 14 of its findings, on which the Court bases his conclusion.

20 3. The Court erred in finding that the defendant was not liable to the plaintiff because it paid the checks, or drafts, upon the faith of the endorsement of Daniel Szedlak, who was the Treasurer of the plaintiff, who by his endorsement, vouched for the genuineness of the payee's endorsement.

4. The Court erred in finding that the checks or drafts bearing the forged endorsements, were payable to bearer.

30 5. The Court erred in finding that the plaintiff was estopped as against the Bank from questioning the genuineness of the endorsements of the payees of the various checks or drafts.

6. The Court erred in finding that the checks or drafts were to be regarded as payable to bearer, and on that ground the plaintiff estopped from question the payments made thereon.

7. The Court erred in finding that the defendant company was not negligent.

40 8. The Court erred in finding that the plain-

## Summons

tiff was estopped from recovering from the defendant the amount of the various checks or drafts bearing forged endorsements of payees, charged to its account.

9. The Court erred in finding for the defendant as against the plaintiff. 10

HARRISON P. LINDABURY,  
CHARLES C. DEUBEL,  
Attorneys for Appellant.

---

**Summons**

*(Issued, July 26, 1916)*

THE STATE OF NEW JERSEY 20

To *West Side Trust Company of Newark, New Jersey:*

You are summoned to answer the annexed complaint of Pannonia Building and Seal Loan Association, in an action at law in the Supreme Court.

And take notice that unless you file your answer to said complaint with the Clerk of the Supreme Court, at Trenton, within twenty days after service upon you of this writ and the annexed complaint, the plaintiff may proceed in the suit, and judgment may be entered against you. 30

WITNESS, WILLIAM S. GUMMERE, Chief Justice of the Supreme Court, at Trenton, this 26th day of July, nineteen hundred and sixteen.

WILLIAM C. GEBHARDT,  
Clerk.

Charles C. Deubel  
H. P. Lindabury  
Attorney. 40

**Judgment Record**

## NEW JERSEY SUPREME COURT

10	PANNONIA BUILDING AND LOAN ASSOCIATION, a corporation, <div style="text-align: right;">Plaintiff,</div>	}	Judgment Rec- ord
20	<div style="text-align: center;">vs.</div> WEST SIDE TRUST COMPANY OF NEWARK, NEW JERSEY, a cor- poration, <div style="text-align: right;">Defendant.</div>		Action at Law. On Postea Charles F. Herr, Attorney (Judgment for Defendant)

## COMPLAINT

*(Filed, August 8, 1916)*

20 The plaintiff, the Pannonia Building and Loan Association, a corporation of the State of New Jersey, having its principal office at Newark, New Jersey, says that

1. It is a corporation duly organized and incorporated under the laws of the State of New Jersey, and in the course of its business maintained an account with the defendant, and from time to time drew and issued checks thereon.

30 2. Between June 20, 1911 and November 25, 1915, the plaintiff drew and issued checks, among others, to Elizabeth Ciganek, Amalia Molcsany, Stephen Kukan, Anna Szēdlak, Antal Szedlak, Anton Szedlak, Daniel Szedlak, Jr., Mary Majoras, Paul Mihal, Anna Kosik, John Tinschmidt, George Bangert. A list of said checks so drawn, giving the number, date issued, name of payee, amount and date when paid by the defendant, being hereto annexed.

40 3. The defendant is a banking corporation or-

## Judgment Record

ganized under the laws of the State of New Jersey, and engaged in a general banking business at Newark, New Jersey.

4. Subsequent to June 20, 1911, and from time to time thereafter, until the 25th day of November, 1915, there were presented to the defendant checks drawn by the plaintiff, as set forth in the statement hereto annexed, which checks the defendant received and paid, or placed to the credit of the person or persons presenting the same, and charged the same to the account of the plaintiff so maintained with the defendant. The total amount of checks so charged to the account of the plaintiff, amounts to the sum of \$3,141.12. 10

5. Said checks were not presented by the payee, were not endorsed by the payee, and in fact what purported to be the endorsement of the payee appearing on each of said checks was a forgery, and said checks should not have been received by the defendant, and paid and entered to the credit of the person presenting the same, and should not have been charged to the account of the plaintiff. 20

6. The plaintiff duly notified the defendant that the endorsements, purporting to be the endorsements of the respective payees of the checks mentioned in the statement hereto annexed, were forgeries, and demanded from the defendant the amount charged against the plaintiff's account on said forgeries, aggregating the sum of \$3,141.12. 30

7. Defendant refused to pay the plaintiff the amount so demanded.

Plaintiff demands as damages, \$3,141.12, besides interest and costs. 40

CHARLES C. DEUBEL,  
H. P. LINDABURY,  
Attorneys of Plaintiff.

## Judgment Record

## STATEMENT

*Annexed to complaint*

	Check No.	Date Issued
	266	June 15, 1911
10	297	Oct. 19, 1911
	369	Apr. 18, 1912
	401	Jun. 24, 1912
	560	Dec. 19, 1912
	609	Mar. 20, 1913
	617	Apr. 1913
	660	June 20, 1913
	693	July 28, 1913
	722	Aug. 28, 1913
	738	Nov. 21, 1913
20	776	Jan. 20, 1914
	780	Feb. 19, 1914
	814	Mar. 30, 1914
	829	Apr. 30, 1914
	869	Jun. 25, 1914
	911	Aug. 27, 1914
	923	Oct. 5, 1914
	934	Oct. 29, 1914
	976	Dec. 21, 1914
	986	Jan. 19, 1915
30	1005	Feb. 23, 1915
	1028	Mar 22, 1915
	1040	May 1, 1915
	1069	June 24, 1915
	1073	Jun. 18, 1915
	1086	Aug. 11, 1915
	1118	Sept. 20, 1915
	1124	Sep. 30, 1915
	1134	Oct. 22, 1915
40	1143	Nov. 4, 1915
	1149	Nov. 19, 1915

## Judgment Record

Drawn to the order of	Amount	Paid by	
Daniel Szedlak, Jr.	\$ 73.12	Jun. 29/11	
Antal Szedlak	98.00	Oct. 23/11	
Anna Szedlak	73.50	Apr. 22/12	
Daniel Szedlak, Jr.	49.00	Jun. 28/12	
Antal Szedlak	49.00	Dec. 23/12	10
Anna Szedlak	49.00	Mar. 20/13	
Antal Szedlak	49.00	Apr. 18/13	
Daniel Szedlak, Jr.	49.00	Jun. 23/13	
Amalia Molcsanyi	196.00	Jul. 29/13	
Anna Szedlak	49.00	Aug. 29/13	
Amalia Molcsanyi	49.00	Nov. 24/13	
Amalia Molcsanyi	98.00	Jan. 20/14	
George Bangert	78.40	Feb. 21/14	
John Tinschmidt	39.20	Mch. 30/14	
Mary Majoras,	196.00	May 1/14	20
Mary Majoras,	49.00	June 26/14	
Anna Szedlak	75.46	Aug. 28/14	
Anton Szedlak	73.50	Oct. 6/14	
John Tinschmidt,	24.50	Oct. 30/14	
George Bangert	24.50	Dec. 22/14	
Paul Mihal	192.96	Jan. 22/15	
Daniel Szedlak, Jr.	48.98	Feb. 24/15	
Mary Majoras	73.48	Mar. 23/15	
Paul Mihal	93.48	May 3/15	
John Tinschmidt	34.28	June 25/15	30
Anna Kosik	241.19	June 23/15	
Elizabeth Ciganek	289.44	Aug. 12/15	
Elizabeth Ciganek	241.25	Sep. 20/15	
Anna Szedlak	48.98	Oct. 1/15	
Stephen Kukan	192.96	Oct. 28/15	
Stephen Kukan	192.96	Nov. 4/15	
George Bangert,	48.98	Dec. 22/14	

## Judgment Record

## ANSWER

(Filed, August 10, 1916)

10 Defendant, a corporation of the State of New Jersey, says that:

1. Paragraph 1 is admitted.

2. Paragraph 2 is admitted, except that defendant has no record of the names of persons to whom checks were made payable, and can only admit the dates and amounts of checks drawn by plaintiff and paid by defendant.

3. Paragraph 3 is admitted.

20 4. Paragraph 4 is admitted, except as to the names of persons to whom checks were made payable, and also, except the allegation that any of the checks were placed to the credit of the person or persons presenting the same.

5. Paragraph 5 is denied.

30 6. Paragraph 6 is denied except that on or about March 25, 1916, plaintiff gave notice to defendant that the checks, a list of which is annexed to the complaint, had been issued by the plaintiff and charged to its account, and that the endorsement of the payee had been forged, and demanded the sum of money set forth in paragraph 6.

7. Paragraph 7 is admitted.

## First Defense:

40 1. Defendant says that all checks drawn by plaintiff against its deposit with the defendant between June 15, 1911, and March 22, 1915, and

## Judgment Record

which were presented to defendant and paid by it, were forthwith returned to the plaintiff, and the said plaintiff has not within one year after the return to it of any of the said checks drawn by it between the dates aforesaid, notified the defendant that the checks so paid were forged. 10

2. Defendant denies that it is liable to the plaintiff for any money paid out of the plaintiff's deposit between the dates in paragraph 1 mentioned.

## Second Defense:

1. Defendant says that each and every check mentioned and set forth in the list annexed to the complaint bore the endorsement of Daniel Szedlak, who was at the time of the payment of said check by defendant the treasurer of the plaintiff corporation, and endorsed each of said checks after the name of the payee, and upon the faith of his endorsement, knowing that he was the treasurer of the plaintiff, the defendant paid each of said checks. 20

2. Defendant says that although in a very short time after the payment of each check, the said checks were returned to the plaintiff, the plaintiff at no time notified the defendant that the said Daniel Szedlak had forged the endorsement of the payee, or had no authority to make the endorsement, or that the payee had not received the money. 30

3. Defendant denies that it is liable to pay to the plaintiff and to account to it for any of the moneys paid out on said checks.

CHAS. F. HERR,  
Attorney of defendant. 40

## REPLY

*(Filed, August 28, 1916)*

The plaintiff, a corporation of the State of New Jersey, says that

10     1. It denies each and every allegation of the first defense of the plaintiff's answer.

2. The plaintiff will object that the defendant does not disclose any defense in the first defense pleaded, because the statutory rule requiring that notice be given to the bank within one year after the return of the vouchers, in case of forgery or raising of a check, does not apply to cases of forgery of the payees endorsement.

20     3. It denies each and every allegation of the second defense of the plaintiff's answer, except

a. That the checks mentioned did bear the endorsement of Daniel Szedlak.

b. That the plaintiff's notice of March 24, 1916, did not contain any statement that Daniel Szedlak had forged the endorsements of the payees, or that he had no authority to make such endorsements.

30     4. The plaintiff will object that the defendant does not disclose any defense in the second defense pleaded, because

a. The fact that Daniel Szedlak was Treasurer of the plaintiff corporation does not relieve the defendant of any responsibility for any checks paid by it bearing forged endorsements of payees.

40     b. The plaintiff was not under a duty to noti-

## Judgment Record

fy the defendants at any time who had committed the forgeries complained of, or that the person who had committed said forgeries had no authority to make said forged endorsements.

CHARLES C. DEUBEL,  
H. P. LINDABURY,  
Attorneys for the Plaintiff. 10

---

 FINDINGS OF THE COURT

This case was tried, without a jury, at the Essex Circuit of the Supreme Court on May 21, 22, 23 and 24, 1917, before JUDGE FREDERICK ADAMS, to whom the same was referred for trial by his Honor Chief Justice Gummere. 20

After hearing the evidence and counsel for plaintiff and for defendant, the Court finds

## AS TO THE COMPLAINT:

1. The statements in paragraph 1 of the complaint are supported by the evidence.
2. The statements in paragraph 2 of the complaint are supported by the evidence. 30
3. The statements in paragraph 3 of the complaint are supported by the evidence.
4. The statements in paragraph 4 of the complaint are supported by the evidence, except that the proof is that the checks referred to were charged to the account of Daniel Szedlak.
5. The statements in paragraph 5 will be considered in connection with the Second Defense. 40

## Judgment Record

6. The statement of fact in paragraph 6 of the complaint are supported by the evidence. The question as to notice is whether it was due notice. The Court finds that the notice was due notice for the purpose of bringing this action.

10. 7. The statements in paragraph 7 of the complaint are supported by the evidence.

AS TO THE ANSWER:

*First Defense*

8. The statements of fact in paragraph 1 of the first defense are supported by the evidence.

20. 9. The Court rules that the first defense pleaded discloses no defense to the action, because the statutory rule requiring that notice be given to the bank that a check was forged or raised within one year after the return to the depositor of the voucher of its payment by the bank does not apply to the forgery of the payee's endorsement. (3 *Compiled Statutes*, p. 3756; *Negotiable Instruments*, Sec. 189 a.) Counsel have referred the Court to no case giving a construction to this act of 1908, nor has the Court found any such case. 30. The above construction seems the more natural one, and a decision overruling the first defense places the question in the best position for review.

AS TO THE FIFTH PARAGRAPH OF THE COMPLAINT AND AS TO THE SECOND DEFENSE:

40. 10. A brief statement of facts is necessary to make the finding as to these matters intelligible. The plaintiff, the Pannonia Building & Loan As-

## Judgment Record

sociation, kept its bank account with the defendant, the West Side Trust Company. The plaintiff's treasurer was Daniel Szedlak, who kept his individual account with the trust company. The shareholders of the plaintiff had the right to borrow of the association on their shares. In such case the course of business was for the borrower to apply for a loan for which if granted, he would give his note to the association, and would receive a check of the association on the West Side Trust Company in the following form:

"No.                      Newark, N. J.                      (date)  
Treasurer of the Pannonia B. & L. Association  
of Newark, N. J.

Pay to the order of (name of shareholder)  
(Amount)    Dollars

in payment of loan on shares.

(Signed) JOSEPH WALKOFSKY,  
President.

"                      CHARLES MUCHA,  
Secretary.

(Amount)"

Accepted and payable at the West Side Trust Company, Newark, N. J., (Signed) Daniel Szedlak, Treasurer.

11. This action is brought by the Pannonia Building & Loan Association against the West Side Trust Company to recover the amount of thirty-two such checks, each drawn to the order of a shareholder, and each indorsed, first, with the name of the payee, and, secondly, with name of Daniel Szedlak, who was treasurer of the association. The earliest check is dated June 25,

## Judgment Record

1911, and the last November 19, 1915. There were two of these checks in 1911, three in 1912, six in 1913, nine in 1914 and twelve in 1915. There are eleven different payees. The second indorsements in Daniel Szedlak are proved to be genuine. The prior indorsement of the payee in each case is said to be forged. The payee in each case testified that the indorsement of his or her name is not genuine and that the loan is also fictitious. The testimony of Daniel Szedlak is not available, as he is a fugitive from justice, leaving his treasurer's cash short and the association insolvent.

The gist of the pleadings and of the issue is in the fifth paragraph of the complaint and in the second defense of the answer.

20 12. The fifth paragraph of the complaint reads as follows:

30 "Said checks were not presented by the payee, were not indorsed by the payee, and, in fact, what purported to be the indorsement of the payee appearing on each of said checks was a forgery, and said checks should not have been received by the defendant and paid and entered to the credit of the person presenting the same, and should not have been charged to the account of the plaintiff."

13. So much of the second defense as it is necessary to quote reads as follows:

40 "That each and every check mentioned and set forth in the list annexed to the complaint bore the indorsement of Daniel Szedlak, who was at the time of the payment of the check by the defendant, the

## Judgment Record

treasurer of the plaintiff corporation, and indorsed each of said checks after the name of the payee, and upon the faith of his indorsement, knowing that he was the treasurer of the plaintiff, the defendant paid each of said checks.”

10

14. The statements of fact in the fifth paragraph of the complaint and in so much of the second defense as is above quoted, as distinguished from the legal conclusion, are supported by the evidence.

15. The Court rules that the West Side Trust Company is not chargeable with neglect in failing to discover these forgeries, since the genuineness of the first indorsements was vouched for in each case by a second indorsement, of the plaintiff's treasurer, who was well known to the defendant to be such officer, and who, moreover, was a customer of the West Side Trust Company, in which he kept his individual account.

20

16. The Court finds that the evidence leads clearly to the conclusion that the indorsements of the names of the payees on these thirty-two checks were forged; that the signatures on the accompanying notes were forged; that the loans were imaginary; that the secretary drew and prepared for signature the notes, apparently assuming, without due inquiry, that corresponding loans had been granted; that Daniel Szedlak presented the checks and received and appropriated the money; that these frauds were covered up by false and deceptive entries in the books of the association; that this condition of the treasurer's account was susceptible of easy detection;

30

40

## Judgment Record

10 that there was no due corporate supervision by the Board of Directors, and that the fraudulent operations of the treasurer were facilitated by the fact that the president and secretary were unbusinesslike in their methods, left too much to the treasurer and took his word for matters which required proof. The conclusion that the indorsements on the checks and the signatures to the notes were forged does not rest on proof of handwriting, for few signatures which are admitted or appear to be genuine are available for comparison, nor does this conclusion rest mainly on the denial by the payees of these checks that their indorsements are genuine. The conclusion rests  
20 mainly on this consideration: that if these loans had been granted the persons who had applied for them would not have remained quiescent for months and years and never have called for their money. This carries with it the conviction that the indorsements were false.

17. The plaintiff relies upon the general rule that it is for the bank and not for the maker of a check to verify indorsements.

18. The defendant relies upon estoppel. (*Cutting v. Marlor*, 78 N. Y., 454.)  
30

19. The Court rules that between the well-doing defendant and the ill-doing plaintiff an estoppel has arisen in this case, creating an exception to the general rule, which bars the plaintiff from re-claiming payments which, but for its ill-doing, would not have been made.

20. The defendant rests also on this more  
40 technical proposition. The Negotiable Instru-

## Judgment Record

ments Act, in section 9, provides that an instrument is payable to bearer when it is payable to the order of a fictitious or non-existing person and such fact was known to the person making it so payable. In *Bank of England v. Vagliano*, L. R. Appeal Cases (1891) 107, Lord Watson, dealing with a similar provision of the British act, said: 10

“I think that the language of the subsection taken in its ordinary significance, imports that a bill may be treated as payable to bearer in all cases where the person designated as payee on the face of it is either non-existing, or being in existence has not and never was intended to have any right to its contents.” 20

This English case was cited with approval in *Snyder v. Corn Exchange National Bank*, 70 A. R. 876, at page 879. In *Phillips, Rec'r. v. The Mercantile Bank of New York*, 140 N. Y., 556, a case in some respects strongly resembling this, the headnote reads as follows:

“Where the cashier of a bank having the power to bind it by his checks, for the purpose of converting its funds to his own use, drew checks as cashier upon defendant, with whom the bank had a deposit account, making them payable to persons who were dealers with the bank, but without their knowledge, and then indorsed them in the names of the payees to parties who collected them from defendant. *Held* that so far as defendant was concerned the intent of the cashier was the intent of the bank; 40 30

## Judgment Record

that the payees were to be considered as fictitious persons, and that said bank was so far concluded by the acts of its cashier as to be estopped from denying the validity of the checks."

10

*Griswold v. Haven*, 25 N. Y. 595, is a case of an estoppel upon the principal arising out of the fraudulent representation of his agent upon the faith of which another person acted.

21. In view of this line of cases, the Court rules that the checks are to be regarded as payable to bearer, and that the plaintiff is estopped on this ground also from questioning the payments which were made.

20

22. The Court finds for the defendant and against the plaintiff.

Whereupon it is adjudged that the complaint of the plaintiff be dismissed and that the defendant recover of the plaintiff, its costs which are taxed at the sum of                      dollars and cents.

Judgment entered January 21, 1919.

WM. S. GUMMERE, C. J.

## Testimony

NEW JERSEY SUPREME COURT

ESSEX CIRCUIT

Monday, May 21, 1917.

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<p>PANNONIA BUILDING &amp; LOAN ASSOCIATION, a Corporation, vs. WEST SIDE TRUST COMPANY, of Newark, N. J., a Corpora- tion.</p>	}	Action at Law
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Before HON. FREDERIC ADAMS, J., and a Jury. 20

For plaintiff appear Harrison P. Lindabury,  
Esq., and Charles C. Deubel, Esq.

For defendant appear Charles F. Herr, Esq.,  
and Frank E. Bradner, Esq.

Mr. Lindabury opens for plaintiff.

Mr. Bradner opens for defendant.

ANNA STRONGER, sworn in behalf of plain-  
tiff: 30

Direct-examination by Mr. Lindabury:

Q. Mrs. Stronger, where do you live? A. 531  
East 118th Street.

Q. New York City? A. Yes, sir.

Q. When were you married? A. Well, I am  
married five years now. 40

## Anna Stronger—Direct

Q. And prior to your marriage what was your name? A. Anna Szedlak.

Q. Do you know the Pannonia Building & Loan Association? A. Yes.

10 Q. Were you a member of that association, or are you a member of that association? A. I don't understand what that means.

Q. I show you a paper purporting to be a certificate for five shares, No. 109, issued to Anna Szedlak, and ask you to look at that (paper shown to witness). Do you know what that is? A. No.

Q. You do not know what that is? A. No.

Q. Did you have a book of the Pannonia Building & Loan Association? A. Yes, sir

20 Q. Have you got that book with you? A. No, I haven't got it here.

Q. Where is that book? A. It is home.

Q. You did not bring it with you? A. No.

Q. Where did you receive that book that you have? A. By Mr. Daniel Szedlak.

Q. From whom did he receive it, if you know? A. Where I receive it now from?

Q. Yes. A. From the Pannonia Building & Loan.

30 Q. What was the book for, what was the purpose of it? A. I don't understand what you mean.

By Mr. Bradner: Q. What did you have it for, what did you use it for? A. What have I used it?

Q. Yes. A. Well, I don't know.

By Mr. Lindabury: Q. Did you pay any money to the Pannonia Building & Loan Association? A. Yes, I paid.

40 Q. How much did you pay to that association? A. Five dollars a month.

## Anna Stronger—Direct

Q. Five dollars each month? A. Yes, sir.

Q. And do you remember when you began to make these payments? A. Yes, I remember.

Q. When? A. From 1909—1906.

By the Court: Q. When? A. 1906.

By Mr. Lindabury: Q. And this book that you refer to, did that have anything to do with the payments? A. No, I have nothing to do. 10

Q. What? A. No.

Q. Was there anything written in the book? A. No, I don't know if it was, because I didn't read it.

Q. You did not read it? A. I didn't read the book, no.

Mr. Bradner: I think the witness paid money to the building and loan association; I am willing to admit that she was a stockholder, Mr. Lindabury. 20

Mr. Lindabury: All right.

Q. Did you ever borrow any money from the building and loan association? A. No, I never did.

Q. I show you a check, No. 369, dated April 18, 1912, drawn to the order of Annie Szedlak, for \$73.50, signed by Joseph Walkofsky, president, and Daniel Szedlak, treasurer, and ask you if the name there is your name, or was your name before you were married (paper shown to witness)? A. That is my name, yes, before I was married. 30

Q. Have you ever had that check in your possession before? A. No.

Q. Have you ever seen it before? A. No.

Q. I show you the name on the back, at the top, "Anna Szedlak," and ask you if you wrote that name there (indicating)? A. No, I didn't write that name there. 40

## Anna Stronger—Direct

Q. Did you receive any moneys from the association? A. No, I never did.

Q. You never received any since you began to pay in? A. No.

10 Q. Did you authorize anyone to receive checks from the association for you? A. No.

Q. Did you authorize anyone to indorse checks payable to your order? A. No.

Q. Did you know Daniel Szedlak? A. Yes.

Q. He was the treasurer of the association? A. Yes.

Q. Was he related to you in any way? A. A relation?

Q. Yes. A. He is my uncle.

20 Q. Did you ever authorize him to indorse checks for you? A. No, I never told him anything.

Mr. Lindabury: There are five of these. I shall take them all up together, Mr. Bradner.

Mr. Bradner: All right. The same party?

Mr. Lindabury: Yes, the same party. No. 609, No. 722, No. 911 and No. 1124.

The Court: You say five?

30 Mr. Lindabury: Four additional ones, five with the one that I have just called the witness' attention to.

The Court: 609 is the number of the first one, is it?

Mr. Lindabury: The first one was 369.

Mr. Bradner: I have not any objection.

(The paper referred to is marked Exhibit P-1 A.)

Mr. Lindabury: The second one, 609.

40 (The paper referred to is marked Exhibit P-1 B.)

## Anna Stronger—Cross

Mr. Lindabury: 911.

(The paper referred to is marked Exhibit P-1 C.)

Mr. Lindabury: 722.

(The paper referred to is marked Exhibit P-1 D.)

Mr. Lindabury: 1124.

(The paper referred to is marked Exhibit P-1 E.)

10

Q. Now, Mrs. Stronger, I show you Exhibits marked P-1 B, C, D. and E (papers shown to witness). I ask you to look at the name on the back of each of these exhibits, "Anna Szedlak," and ask you whether that is your signature? A. No, that isn't mine.

Q. What is that? A. No.

20

Q. Have you ever had these checks in your possession? A. No, never.

Q. Have you ever seen them before? A. No, I didn't.

Q. Did you ever receive any of the moneys that those checks represent? A. No.

Q. Or any of them? A. No,

Q. Have you ever authorized anyone to indorse those checks for you? A. No.

Q. Or received the money on them? A. No.

30

Q. Have you ever received any money from the association since you have been a member? A. No, I never did.

Q. Have you ever made applications for any moneys by way of a loan? A. No.

CROSS-EXAMINATION by Mr. Bradner:

Q. Can you write your name? A. Yes, sir.

Q. Write "Anna Szedlak," please (handing 40

## Anna Stronger—Cross

paper and pen to witness). A. I write different when I am in Court.

Q. Well, write it the way you used to write it. A. (Witness writes on paper.)

10 Mr. Bradner: May I have that marked for identification?

(The paper upon which witness has written is marked D-1 for identification.)

Q. Do you always write the same way, just that way? A. Yes.

Q. Before you were married you wrote "Anna Szedlak"? A. Yes. Maybe I write different now.

Q. Daniel Szedlak was your uncle? A. Yes, sir.

Q. Did you live with him? A. No, I didn't live with him.

20 Q. Did you live here in Newark? A. No, I lived in New York.

Q. Have you ever lived in Newark? A. Yes, I lived before, when I had my book.

Q. Did your Uncle Daniel have any daughter named Anna, do you know? A. Yes, he had a little one.

Q. A little girl? A. Yes.

Q. How old is she? A. She is about eleven years old.

30 Q. Now? A. Yes.

Q. Did anybody ask you to buy the shares in the building and loan? A. No, nobody.

Q. How did you happen to do it? A. Well, he told me I should take the book, that it is good to pay \$5 each month.

Q. How many years did you pay? A. I paid now nine years.

40 Q. You are still paying? A. Yes, sir.

## Anna Stronger—Cross

Q. And how did you send the money to the building and loan? A. Well, I went to him and I gave to him money.

Q. You always gave it to your uncle? A. Yes.

Q. Was he the treasurer of the building and loan, do you know? A. Well, the first time I saw the place when I heard Mr. Szedlak has gone; the first time I saw the place he took the money— where it is the place to put it in. 10

Q. When you took your shares you did not know where the place was? A. No, I didn't know where the place was.

Q. He just told you to pay \$5? A. Yes.

Q. And take the shares, and gave you a book? A. Yes.

Q. And then after that you paid \$5 every month? A. Yes, sir. 20

Q. And you paid it to him? A. Yes, sir.

Q. You never went to the building and loan office? A. No, I never did.

Q. And you did not know where that was until after he went away? A. Yes.

Q. Do you know that he did go away? A. Yes.

Q. Did he run away? A. Well, that is what they say; I don't know.

Q. Do you know where he is? A. No, I don't know. 30

Q. Have you seen him in the last year? A. Well, I seen him the first of last year, but not—

Q. The first part? A. Yes.

Q. Where did you see him then? A. Well, I saw him in 1915.

Q. Where? A. Why, home he was the last time when I saw him.

Q. Did you ever ask him to borrow any money 40

## Anna Kocik—Direct

for you from the building and loan association?

A. No.

Q. Did you ever try to borrow any money from the building and loan association? A. No, I never did; I thought that I can't never take the money out until the ten years is up.

10 Q. You did not know that you could borrow any money on your shares? A. No.

Q. Do you know whether there was any other Anna Szedlak in the City of Newark? Do you know anybody else by that name? A. No.

Q. Did your uncle keep the book? Did he have it all the time? A. Yes, he had it all the time.

Q. When did you get it? A. I got it when he went away.

20 Q. Where was it found, do you know? A. Where was it found?

Q. Yes. A. In the Pannonia Building & Loan.

Q. You left it with him all the time? A. Yes, sir.

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ANNA KOCIK, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

30 Q. Mrs. Kocik, where do you live? A. 380 Fifteenth Avenue.

Q. Are you a member and were you a member of the Pannonia Building & Loan Association in January, 1915? A. Yes, I was.

Q. What do you say? A. Yes, I am a member.

Q. Are you a member now? A. I don't belong now.

40 Q. When did you get out of the association? A. It was one year ago.

## Anna Kocik—Direct

Q. I show you what purports to be certificate 273, for ten shares of the Pannonia Building & Loan Association, having been issued to Mr. Julius Kocik (paper shown to witness). Have you had that certificate in your possession at any time? A. No.

10

Q. You never had it? A. No.

Q. Did you join this association yourself? A. No, my husband joined it.

Q. Is your husband living? A. My husband died three years ago the 19th of February.

Q. Three years ago the 19th of February? A. Yes.

Q. That would be the 19th of February, 1914? A. 1914.

Q. Have you paid any money to the Pannonia Building & Loan Association? A. Yes.

20

Q. When did you begin to make payments to it? A. After my husband died, then I took my name and I paid.

Q. Did you ever borrow any money on your shares in the building and loan association? A. No.

Q. Did you ever make application for a loan? A. No.

Q. I show you check 1073, dated June 18, 1915, drawn to the order of Anna Kocik, for \$241.19 (paper shown to witness). Is that your name, the name "Anna Kocik"? A. That is my name.

30

Q. Have you ever had that check in your possession? A. No.

Q. I call your attention to the name, "Anna Kocik," appearing on the back of the check, and ask you if you placed that name there? A. No.

Q. Have you authorized anyone to place your name on that check? A. No.

40

## Anna Kocik—Cross

Q. Have you received any of the moneys on that check? A. No.

Q. Have you ever received any moneys from the building and loan association at any time—A. Never.

10 Q.—Prior to your withdrawal? A. No.

Q. You never did? A. No.

Mr. Lindabury: I offer check No. 1073 (handing check to Defendant's counsel).

Mr. Bradner: All right. Is that the same form as the other?

Mr. Lindabury: The same form.

(The check referred to is marked Exhibit P-2.)

20 CROSS-EXAMINATION by Mr. Bradner:

Q. This check, P-2, is made to your order, "Anna Kocik." Didn't you know about that (handing check to witness)? A. No.

Q. Didn't you ever make any application to the building and loan for any money? A. No.

Q. Did you know Daniel Szedlak? A. I guess I seen him one time; I see him after my husband died, when my husband's shares was put to my name.

30 Q. Your husband's shares were put to your name? A. Yes, sir.

Q. Where did you see him? A. He was president. I go to see him in the house.

Q. He was the treasurer, was he not? A. Yes, sir.

Q. And you went to see him in his house? A. I write my name over.

40 Q. After you had the stock put in your name did you pay money every month? A. Yes, sir.

Q. How much? A. Ten shares.

## Anna Kocik—Re-direct

Q. To whom did you pay the money every month ? A. I go to pay—

Q. Mr. Szedlak? A. No.

Q. To the office? A. Yes, sir.

Q. And whom did you hand the money to, what man? A. Just the office.

Q. Well, was it Mr. Szedlak? A. Yes. I don't know which one. 10

Q. Did you know anybody else besides Mr. Szedlak? A. What is in there, in that society, that is all.

Q. Did you know any other man in the association besides Mr. Szedlak? A. I know only a few; I know the man was taking in the money.

Q. Have you made any claim against the building and loan association—A. No.

Q.—for this money, \$241.19? A. No. 20

Q. Do you know anything about it at all? A. No.

Q. Then you do not ask for it, do you? A. No.

Q. And it has not been paid to you? A. No.

Q. Who was the man who took in the money at the office, what was his name? A. I think Mr. Szedlak.

RE-DIRECT-EXAMINATION by Mr. Lindabury: 30

Q. Mrs. Kocik, you made application to withdraw the money due you from the association, did you not, last year? A. Yes.

Q. And you got some money, did you not? A. Yes.

Q. Was there any deduction made on account of this check? 40

## Anna Kocik—Re-cross

Mr. Bradner: I object.

A. No.

Mr. Bradner: I think your records would show that.

10 Mr. Lindabury: It would, only you have confused the record here. I do not think the witness knew. She has sued us and obtained judgment.

By the Court: Q. When was it that you made your application to withdraw? A. A year ago.

Q. When? A. Just last year.

By Mr. Lindabury: Q. Do you remember the month, Mrs. Kocik? A. No, I can't.

Q. What? A. Just, I think, in the same time like now.

20 Q. That is, last year in May? A. Yes, I think so.

Q. Do you remember when you got your money from the association? A. Yes, that is right.

Q. When? A. I can't remember the day.

Q. What month? A. I think it was May.

Q. 1916? A. Yes.

Q. And how much did you get? A. \$511.

RE-CROSS-EXAMINATION by Mr. Bradner:

30 Q. What did you bring a suit for, Mrs. Kocik, what did you want to get?

(No response.)

Q. Don't you understand? A. No.

Q. What Court did you go to to bring a suit against the building and loan to get money? Do you know what Court? A. Yes, that other Court.

Q. In this building? A. No.

Q. In the City Hall? A. City Hall.

40 Q. What did you want, what did you ask the

## Stephen Kukan—Direct

Court to do for you? A. I wanted to get the money.

Q. You wanted to get the money? A. What I had only paid in, yes.

Q. Did you get it all back? A. Yes, I got it all back, what I put in.

10

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STEPHEN KUKAN, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Kukan, where do you live? A. 486 South Twelfth Street.

Q. Newark? A. Yes, sir.

Q. Are you a member of the Pannonia Building & Loan Association? A. Yes, sir.

20

Q. How many shares have you got? A. I did pay fifteen shares; I pay only ten now.

Q. Have you got a certificate for your shares? A. No.

Q. Did you ever have one? A. Yes, sir.

Q. When did you first join? A. I think I had \$80; I remember the time; that was in 1913; and the second time I had draw out the money on the ten shares book; that made \$120; and the next hundred dollars, and the third hundred dollars; that made \$400.

30

(Question read.)

Q. When did you join the association? A. The first, I think, I joined, the book has been three years, and now, I think—that is run out near ten years.

Q. Ten years ago? A. No, not ten years ago; I got to pay six months now until it runs out.

40

## Stephen Kukan—Direct

Q. What do you mean, then, 1910? A. 1906.

Q. Do you know Marià Koshurska? A. No.

Q. You do not know her? A. No. I remember the president, at the time I bought the book he has been here—

10 The Court: Just answer the question that is asked you.

Q. Did you buy a book of someone else? A. Yes.

Q. At any time? A. Yes.

Q. Whose book was that? A. Well, I don't remember whose book it was. I know the people; I don't remember what the name was.

Q. Did you get a book? A. Yes.

Q. Have you got the book with you? A. Yes, sir.

20 Q. Will you let me see it please? A. Yes, (producing book).

Q. Book No. 85, ninth series, ten shares; is that right? A. Yes, sir.

Q. Is that the book that you say you bought? A. Yes, sir.

Q. Have you ever borrowed any money from the association on your shares? A. No, only on what I had there I had any loan.

Q. On this book? A. On that book.

30 Q. When have you borrowed any money on your shares, Mr. Kukan? A. I think the first I borrowed 1813, the first \$80.

Q. 1813 or 1913? A. 1913.

Q. How much did you borrow at that time? A. Eighty dollars the first time.

Q. Did you borrow any other time? A. Yes, \$120.

40 Q. When did you borrow that? A. The same year. That was \$200.

## Stephen Kukan—Direct

Q. 1913? A. Yes—no—well, I couldn't tell you right. That was the same year—no, that was 1915. The same year I drew \$320.

Q. On these same shares? A. The same shares; yes, sir.

Q. And \$80—A. About two years before I drew that. That is 1913, same month. 10

Q. And you still owe the \$80 to the association? A. Well, yes, sir.

Q. You have not repaid it? A. Well, I pay steady.

Q. No. The \$80 that you borrowed in 1913, have you repaid that to the association? A. What?

Q. Have you paid it back? A. No, I pay—I get all the time per cent; I pay all the time.

Q. You paid interest on the \$80? A. Yes, sir; I got back the money. 20

Q. You never paid it back to the association? A. No.

Q. And you now owe that to the association? A. Yes, that is all.

Q. And the \$120 that you borrowed, have you paid that back to the association? A. No, I pay \$2 every month.

Q. You still owe that to the association, do you? A. Yes, sir.

Q. Now, what was that about \$320? Did you borrow \$320 in 1915? A. Yes. 30

Q. When? A. I couldn't tell you what the month was. It wasn't very long, you know; the same year, 1915.

Q. And have you paid that back? A. No. So I pay \$12 a month on that book.

Q. Now, I show you check No. 1134, dated October 22, 1915, to the order of Stephen Kukan, and 40

## Stephen Kukan—Direct

ask you if you had that check from the association (check shown to witness)? A. No, that ain't my name.

Q. Just answer yes or no to the question. A. No.

10 Q. Now, I call your attention to the name "Stephen Kukan" on the back of the check, and ask you if that signature is your signature (indicating)? Did you write that, "Stephen Kukan"? A. No, no.

Q. Did you receive the moneys on that check? A. No.

Q. Drawn for \$192.96? A. No, never.

Mr. Bradner: I cannot trace the check, Mr. Lindabury; I shall have to inquire further for it.

20 Mr. Lindabury: All right. We can mark it for identification.

Q. Have you authorized anyone to sign your name there? A. No.

The check referred to is marked P-3 A for identification.

30 Q. I now show you check No. 1143, dated November 4, 1915, drawn to the order of Stephen Kukan, for \$192.96, and ask you if you put the name "Stephen Kukan" on the back of that check (shown to witness)? Did you sign it? A. It looks like it. I ain't sure of it, no.

Q. What? A. No.

Q. You did not? A. No.

Q. Did you receive the money on it? A. No.

Mr. Lindabury: I should like to have that marked for identification.

40 The check referred to is marked P-3 B for identification.

## Stephen Kukan—Cross

Q. Did you authorize anyone to sign your name on that check? A. No.

Q. Did you own any other shares or do you own any other shares in the association than those on book 85? A. Yes, the second book I bought of Harry Solar, and I paid for that book \$125. 10

Q. When? A. 1914.

Q. This book, No. 219, 22d series, for five shares, is that it (book shown to witness)? A. Yes, sir; five shares; that is it. I paid to Daniel Szedlak \$125, and he put in the building loan only \$100, and I find out after that, when he run away; so I drew that money out of the Pannonia Building & Loan on this book; so I see the kind of trouble in it, so I drew out the whole money on this book. I hold this book now, what I paid ten shares. 20

## CROSS-EXAMINATION by Mr. Bradner:

Q. What is your business? A. I work down at the tannery, down at Stengel & Rothschild's; I paint the hide; I work there steady sixteen years.

Q. And you borrowed \$80 from this building and loan association? A. Yes, sir; the first time.

Q. How did you go to work to get that money? A. Well, of course, I wasn't working very much, and I like to use it. Sometimes— 30

Q. No, I do not mean that. Whom did you go to ask for the money? A. I go to Dan Szedlak.

Q. You knew him? A. Yes, I know him. When he got some book, to sell it, he heard of me; I got some money, and I buy the book.

Q. And then he got you to buy the book? A. Yes, sir.

Q. How much did you pay for the book? A. I 40

## Stephen Kukan—Cross

paid for this book, if I remember right—I paid, I think, \$376 for it.

Q. And how much did you pay in each month on that book? A. Ten dollars before I got the eighty dollars; I paid for this eighty dollars eighty cents every month.

10 Q. You paid \$10 every month until you borrowed \$80? A. Yes, sir.

Q. And then you paid how much? A. Ten dollars forty cents.

Q. And when you borrowed the \$80 did you go to Mr. Daniel Szedlak and ask him to get it for you? A. Yes, and—

Q. Wait a minute. And did he get it for you? A. Yes.

20 Q. And how did he give you the money? A. Well, he drew off of the Pannonia Building & Loan, and he gave me the next day or the same day.

Q. Did he give you cash? A. Yes.

Q. He gave you cash? A. Only check.

Q. Check? A. Yes, and I signed; I signed for it, and he—

Q. Just answer questions. You signed for the check? A. Yes, sir.

30 Q. Where did you sign? A. Well, first I signed over to his house and second—

Q. What did you sign? A. I put my name over there.

Q. On what? A. On this account, that is all.

40 Q. What did you put your name on? A. Well, he said my name—“I am treasurer of the Pannonia Building & Loan; everybody knows me—the secretary and the president.” We used to go over there.

## Stephen Kukan—Cross

Q. Did you put your name on something like that paper that is before you (shown to witness?)

A. Yes.

Q. A check, was it not? A. Yes.

Q. Where did you put your name, on the back of it? A. On the back, yes.

Q. And then he gave you the money? A. Yes. 10

Q. Right there in his house? A. Yes. And so he said to me—

Q. Never mind what he said. Now, you got another loan after that, did you? A. Yes.

Q. How much was that? A. \$120.

Q. And did you get that the same way? A. Yes.

Q. Did you go to Mr. Szedlak's house? A. Yes.

Q. And signed your name on the back of the check? A. Yes, sir. 20

Q. And he gave you the money? A. Yes, sir.

Q. Now, did you ever apply for any more loans? A. No.

Q. Only those two? A. Well, I did have \$200 more.

Q. Did you ask for \$200 more? A. Yes, when I needed—I told him about it. I met him on the same car, or something. When I met him on the trolley-car I said, "Hello, Mr. Szedlak;" and, "Hello, Mr. Kukan;" because I think he is kind of a big man— 30

Q. You told him you wanted \$200 more? A. Yes.

Q. When was that? A. The same year.

Q. What part of the year? A. Well, about August, some time around August, about the fall, you know, either September or—

Q. Well, was it August or September? A. September, I think. 40

## Stephen Kukan—Cross

Q. And how long before Szedlak ran away? A. Well, I wasn't see Szedlak since 1915, the last month December.

Q. In December? A. The last date, on a Christmas.

10 By the Court: Q. On Christmas Day? A. Yes, sir.

By Mr. Bradner: Q. And you had not received the \$200 yet? A. Yes, sir.

Q. You didn't get it yet? A. Yes, I had it.

Q. Before he ran away? A. Yes, sir.

Q. You had the \$200? A. Yes, sir.

Q. How did you get that, all at once? A. I am telling you the truth: \$100—

20 Q. No, how did you get it? A. \$100, I asked him; I needed it; and he went up to me in the house—"Don't you show yourself down to the Pannonia Building & Loan on pay night; I draw that money out, I, Walkofsky, and the secretary, Mucha." We cashed the check over on Sixteenth Avenue; I don't remember the number; and then I spent with Mr. Szedlak about a couple of dollars out of the hundred that I had.

Q. You got \$100; is that it? A. Yes, sir.

30 Q. And you put your name on the back of the check? A. Yes, sir.

Q. For this \$100? A. Yes, that time it was \$100.

Q. And when was that? A. Well, about October, some time, some day; I couldn't tell you.

Q. The last part of October? A. September, I think—October, I don't know. The other hundred dollars, \$400, I know myself what I lent him a couple of times—

40 Q. Where did you write your name, up on the

## Stephen Kukan—Cross

top of the check, right up on the top like that (indicating)? A. Yes—well, that isn't my name.

Q. That is not your name? A. No.

Q. Well, now, let us see you write your name. Write your name right on there (handling paper to witness). A. (Witness writes on paper.)

(The paper upon which witness has written is marked D-2 for identification.)

10

Q. You never went to the West Side Trust Company and drew any money? A. No. I tell you why—

The Court: Never mind.

Q. I did not ask you why. You never went there? A. No.

Q. Did you know that the checks that you signed were payable at the West Side Trust Company? A. No. Well, I—

20

Q. Did you? A. So I had one, I suppose, for \$200.

Q. Did you know when you went to Mr. Szedlak's house and signed the checks that you say you did sign that they were payable at the West Side Trust Company? A. No.

Q. You did not know it? A. No.

Q. You just signed what he asked you to sign? A. Yes.

Q. And he gave you the money? A. Yes.

30

Q. Now, after that hundred dollar loan did you ask him to get you some more money? A. Yes.

Q. How much? A. Well, \$100 more.

Q. Another hundred dollars? A. Yes. That is \$400 what I drew out on my book.

Q. Well, did you get that hundred dollars? A. Yes, sir.

Q. When? A. I got the last money, October.

40

## Stephen Kukan—Cross

Q. In October, 1915? A. Yes, sir.

Q. And did you get any more after that? A. No. I tried to get more, you know.

Q. Well, you got all that \$400 from him, did you not? A. Yes.

10 Q. And you asked him to get it for you? A. Yes.

Q. And he gave you the money? A. Yes.

Q. And you signed some papers? A. Yes.

Q. And whenever it was a check you told him he could go to the bank and get the money on it, did you not? A. Yes. He said, "I know the boss over there; I am the treasurer, and I hold all the money." I just told him a couple of hundred dollars, and before my check was out he gave me the note, and he said to me, "Don't you go to the trust company, because I owe money. I can cash here." The trust company couldn't cash me that check.

20 Q. Couldn't cash you that check? A. Couldn't cash me that check. I said, "Why, not? I think you are kind of a big man around the city. So I heard, Mr. Szedlak, you have got money also." He said, "That house cost \$1600," or another house so much money; and I believe him, you know, and what I had I gave to that man. "You better keep quiet when you go cash that check, when we are to have pay nights—when we go to have pay night of the Pannonia Building & Loan. I am boss there and the treasurer; I am going to pay the money to the trust company, what I owe there;" and then he draw the money out of my check. "I got a check book over there at the trust company."

30 Q. He told you not to come to the trust com-

## Daniel Szedlak, Jr.—Direct

pany? A. No, not two weeks; I let that go for two weeks.

Q. When was that? A. Oh, I think that was about 1913.

Q. That was before that? A. Yes, about 1912 some time.

Q. When you went to his house did he ever show you any papers like this, these two green papers (shown to witness)? A. No. 10

Q. He never showed you anything like that? A. No.

Mr. Lindabury: If your Honor please, I should like to get straightened out on these so-called good loans. I am looking for the originals here. I should like to recall this witness.

Mr. Bradner: You mean you have the checks? 20

Mr. Lindabury: I have the checks. I should like to withdraw the witness while we are finding the checks.

(Witness withdrawn.)

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DANIEL SZEDLAK, JR., sworn in behalf of plaintiff: 30

Direct-examination by Mr. Lindabury:

Q. Mr. Szedlak, where do you live? A. 406 Fifteenth Avenue.

Q. Are you a member of the Pannonia Building & Loan Association? A. Yes, sir.

Q. How many shares have you got? A. I have one book, five and the other book, five; ten all together. 40

## Daniel Szedlak, Jr.—Direct

Q. What is the number of your book, do you know? Have you got it here? A. I ain't got no book, but I got the number. (Referring to memorandum.) One is 155; another one is 328.

Q. Five shares in each? A. Yes, sir.

10 Q. Have you ever borrowed any money from the Pannonia Building & Loan Association? A. No.

Q. I show you checks 266, 401, 660 and 1005, all drawn to the order of Daniel Szedlak (papers shown to witness). I ask you to look at the name, "Daniel Szedlak, Jr.," appearing on the back of those four checks, and ask you if you signed that name? A. Never, no.

Q. You never did? A. Never.

20 Q. Did you receive the moneys on these checks or any of them? A. No.

Q. Have you authorized anybody to sign your name on these checks? A. No.

Q. Have you ever made application for a loan to the Panonnia Building & Loan Association? A. No.

Q. Did you ever receive any money from them on a loan? A. Never.

Q. Have you ever seen these checks before? A. No.

Mr. Bradner: I will admit those.

30 (The checks referred to are offered in evidence and marked respectively Exhibits P-4A, P-4B, P-4C and P4-D.)

Mr. Bradner: I shall admit the checks, Mr. Lindabury, where the witness said he never borrowed any money; that is, I shall consent to their admission. The Court admits them.

40

## Daniel Szedlak, Jr.—Cross

CROSS-EXAMINATION by Mr. Bradner:

Q. Is Daniel Szedlak your father? A. Yes, sir.

Q. And he was treasurer of the building and loan association? A. Yes, sir.

Q. How long was he treasurer, do you know?

A. I don't know.

Q. Did you live with him? A. I lived with him.

10

Q. And did you pay your monthly dues to him?

A. Every month.

Q. You handed the money to him? A. Yes, sir.

Q. In his house? A. In his house.

Q. Did you ever sign your name to any papers?

A. Never.

Q. For him? A. No.

Q. Do you know his signature? A. Yes, sir.

20

Q. I show you Exhibit P-4A, the name of "Daniel Szedlak" on the front (shown to witness). Is that your father's signature? A. He is not my father; he is my uncle.

Q. Oh, he is your uncle? A. Yes, sir.

Q. Is that his signature? A. No, that isn't his.

Q. Whose is that? A. I don't know.

Q. Is that his on the back? A. This is his (indicating).

30

Q. You mean the heavy one on the back? A. Yes.

Q. Whose is that "Daniel Szedlak, Jr.," whose handwriting is that? A. I don't know.

Q. Do you know who wrote your uncle's name on the front of the check? A. No, I don't know.

Q. I show you Exhibit P-4B (shown to witness). Is that your uncle's signature on the face of the check? A. No.

40

## Daniel Szedlak, Jr.—Cross

Q. That is not? A. No. This is his (indicating).

Q. You mean this one in the corner? A. This one, yes (indicating).

Q. That one (indicating)? A. Yes, sir.

10 Q. And the one on Exhibit P-4A, in the corner, over the word "Treas." is that his? A. This (indicating)?

Q. Yes. A. Yes.

Q. Then you were mistaken about that? A. Because I was looking up there (indicating).

Q. You were looking up there? A. Yes, sir.

Q. But where it says "Daniel Szedlak, Treas.," that is his signature? A. That is his.

20 Q. On Exhibit P-4A. And the signature—the last signature on the back of P-4A looks like his, too? A. Yes, sir.

Q. Now, take P-4 B (shown to witness). Is that his signature, "Daniel Szedlak, Treasurer?" A. It looks like his.

Q. And the last signature on the back, is that his? A. It looks like it; there is some difference, but it looks like it.

30 Q. Now I show you P-4C (shown to witness). See if you can find your uncle's name on that. A. I can't tell you sure, no, because it looks like a different one; I am not sure.

Q. You are not sure that that is his? A. I am not sure.

Q. But you did not write it? A. Never.

Q. Did you write "Daniel Szedlak, Jr.," on there? A. I never write that.

40 Q. Now look there (indicating on paper), upon the face of the check, under the words "Accepted and payable at the West Side Trust Company,

## Daniel Szedlak, Jr.—Cross

Newark, N. J.” is that your uncle’s signature?

A. It looks like his; I can’t tell sure; I know it looks like his.

Q. Exhibit P-4 D, on the face of the check, under the words “Accepted,” and so forth; is that his signature (shown to witness)? A. The same like the other one. 10

Q. You think it is his? A. Yes.

Q. And on the back, the last signature, is that his also (indicating)? A. Just the same.

Q. Well, how often have you seen him write his name? A. Oh, I see him, because when I was single I was boarding by him, and I see his letter when he writes to the old country.

Q. You have seen him write his name a good deal? A. Yes, sir. 20

Q. And you think these signatures are his? A. Well, it looks like his.

Q. Did you ever ask you to let him borrow some money from the association on your stock? A. Never.

Q. Your uncle went away, did he not? A. Sir?

Q. Your uncle left town, left the city? A. I don’t know where he is.

Q. Well, he went away somewhere? A. He must be; he isn’t here.

Q. Do you know where he went to? A. I don’t know. 30

Q. When did you see him the last time? A. I can’t tell you sure, but before that trouble I see him and after that I didn’t see him any more.

Q. When was that? A. 1915.

Q. What time in the year? A. Before Christmas.

Q. Before Christmas? A. Yes, sir. 40

## Antal Szedlak—Direct

Q. How long before Christmas? A. A couple of days, a short time.

Q. Do you know Mr. Kukan? A. I know him just from looking; I never was talking with him.

10

ANTAL SZEDLAK, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Where do you live, Mr. Szedlak? A. 116 Fifteenth Avenue.

Q. What is the English of your name, Antal, do you know? A. Antone.

Q. Antone? A. Yes, sir.

20 Q. Are you a member of the Pannonia Building & Loan Association? A. Yes, sir.

Q. And how many shares have you got? A. Ten.

Q. And how many certificates? A. I didn't have no certificate.

Q. How many books? A. Two.

Q. What are the numbers of your books? A. (Consulting memorandum) 262 and 145.

30 Q. Have you borrowed any money from the association for your shares? A. No.

Mr. Lindabury: In this case we have checks 297, 560, 617 and 923.

Q. I show you those four checks, Mr. Szedlak, and ask you if you had those or any of them in your possession before (papers shown to witness)? A. No, I never did.

40 Q. I ask you to look at the name on the back of those checks, "Antal Szedlak," and ask you if you signed that name (Indicating)? A. No.

## Antal Szedlak—Cross

Q. Did you authorize anyone at any time to sign your name on those checks? A. No.

Q. Did you receive any of the money on those checks? A. No, sir.

Q. Any part of it—did you receive any part of the money? A. No, I never received any. 10

(The checks referred to are offered in evidence and marked respectively Exhibit P-5 A, Exhibit P-5 B, Exhibit P-5 C and Exhibit P-5 D.)

## CROSS-EXAMINATION by Mr. Bradner.

Q. Daniel Szedlak was your uncle? A. Cousin; my grandfather and his father was brothers.

Q. Well, you went into this building and loan association because he asked you to, did you not? 20  
A. Yes.

Q. To whom did you pay your monthly dues?  
A. To him.

Q. Every month? A. Every month.

Q. Did you ever ask him to borrow any money for you on your stock? A. No.

Q. And you do not know anything about it, do you? A. No, nothing.

Q. When did you first hear that any checks had been made out in your name? A. Well, I heard that the week before New Year's. 30

Q. What year? A. 1915.

Q. A week before New Year's? A. Yes.

Q. And did you go to the building and loan association? A. No.

Q. When did you go? A. Every third Tuesday.

Q. No. When you heard there had been some checks made— A. Well, I went down.

Q. —you went to the building and loan? A. Yes, sir. 40

Mary Majoras—Direct

Q. Whom did you see? A. Well, there only was them people from Trenton.

Q. You mean the examiner? A. Yes, sir, the examiner.

10 Q. When was that? A. 1915, about a week before New Year's.

Q. And what were the people from Trenton doing? A. Well, just examine all books, and they asked me if I borrow money from the building and loan; I said no, and they showed me the checks.

Q. They showed you these same checks? A. That time, you know, they show me. They let me write my name, see?

20 Q. Your cousin had gone away then? A. It looks that way, because we didn't see him.

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MARY MAJORAS, sworn in behalf of plaintiff:

Direct-examination by Mr. Linabury:

Q. Mrs. Majoras, where do you live? A. 587 Fifteenth Avenue.

30 Q. Are you a member of the Pannonia Building & Loan Association? A. Not now.

Q. Were you a member? A. Yes, sir.

Q. When did you withdraw from the association? A. Well, I started in 1912; we bought. The secretary from the Pannonia Building & Loan, he came to our house, that he got a book for sale.

Q. Did you buy it? A. And when they had a meeting—

40 Q. Did you buy it? Yes or no? A. My husband

## Mary Majoras—Direct

went when they all had a meeting in the office, he went and bought the book, and he paid the money, \$203.30.

Q. And did you pay on those shares? A. \$5.

Q. How many shares did you have? A. \$5.

Q. \$5 a month did you pay? A. \$5 a month; yes, 10  
sir.

Q. And how long did you make those payments?

A. For three years.

Q. And when did you stop those payments? A. 1915. Then a big meeting was; they sent to everybody a postal-card.

Q. When? A. 1915.

Q. When in 1915? A. In the last part, in December, when the trouble was. They send me a postal-card; they asked me if any—

Q. You went to the meeting in December, 1915? 20  
A. Yes.

Q. And did you stop paying then? A. No. My husband asked for his book, and they kept the book, because they say they had some kind of trouble there.

Q. Did you stop paying at that time? Just answer that question. A. No, I pay twice more.

Q. You paid in January, 1916? A. Yes, sir.

Q. And February, 1916? A. Yes, sir.

Q. And then you stopped paying? A. Yes, sir. 30  
Then I make a complaint.

Q. And did you ask for the money on your shares? A. I asked for the money, and they didn't want to pay me. First they told me there was Mr. Snyder—

The Court: No. Just wait for the question.

Q. Did you finally get your money from the association? A. Yes, through the court. 40

## Mary Majoras—Cross

Q. Did you ever borrow any money on your shares? A. No, sir.

10 Q. I show you checks 829 and 869 and 1,028, all to the order of Mary Majoras, and I ask you whether you received those checks (papers shown to witness)? A. I never see them before, only when they showed me in the other court, never before.

Q. I call your attention to the name "Mary Majoras" on the back of each of those checks and ask you if you signed it there? A. No, I never signed it there; I never did.

Q. Did you ever authorize anybody to sign your name there? A. Never, nobody.

20 Q. Did you receive any part of the money, or any money, on these checks? A. I get my money through the court, that is all.

Q. And was any deduction made on account of these checks? A. I don't know nothing about it; no, sir.

Q. Did you get all the money that was due you through the court? A. Yes, sir; I got all the money.

Q. On your shares? A. Yes.

Mr. Lindabury: I offer these checks.

30 (The checks referred to are marked respectively Exhibit P-6 A, Exhibit P-6 B and Exhibit P-6 C.)

Witness: Please, gentlemen, can I have one word?

CROSS-EXAMINATION by Mr. Bradner:

Q. Let me ask you one or two questions. How many shares did you have? A. \$5 I paid.

40 Q. And how much money did you pay in all

## Mary Majoras—Cross

together? A. All together—well, I bought for \$203.30 in 1912, February 20th, and then I paid for three years.

Q. Three years is \$180 more. A. I didn't count how much I pay. I got the book home.

Q. Did you get all your money back? A. Yes, 10  
sir.

Q. Did you get any more than you paid in? A. Well, some little interest, not much.

Q. Was anything taken off for any money you borrowed? A. Well, I don't know. I got \$396.20. I don't know how much Mr. Kalisch took off.

Q. \$396.20 for five years? A. Yes, sir.

Q. Seven years? A. Seven years, something like that.

Q. Did you know Mr. Szedlak? A. Yes, I know 20  
Szedlak.

Q. Did you know he was treasurer of the association? A. Treasurer; yes, sir.

Q. And did you pay the dues to him every month? A. No, sir; the secretary is there; sometimes he took my money and sometimes I went to pay.

Q. What is the secretary's name? A. Mr. Mucha. He is over there (indicating).

Q. He took the money sometimes? A. Yes, sir; 30  
because he pays the dues.

Q. Who was your lawyer? A. Mr. Kalisch.

Mr. Bradner: That is all.

Witness: Can I say a word? When my husband bought the book he asked for a certificate; they didn't give us a certificate—

Mr. Lindabury: Not just now.

## Amalia Molcsany—Direct

AMALIA MOLCSANY, sworn in behalf of plaintiff.

Direct-examination by Mr. Lindabury:

Q. Mrs. Molcsany, where do you live? A. 474 South Fourteenth Street.

10 Q. Are you a member of the Pannonia Building & Loan Association? A. Yes, sir.

Q. How many shares have you? A. Five.

Q. What is the number of your shares? A. Fifty.

Q. Did you ever borrow any money on your shares? A. Yes, sir; a hundred dollars.

Q. When? A. About seven years ago.

By the Court: Q. When was it that you borrowed a hundred dollars, madam? A. About seven  
20 years ago.

By Mr. Lindabury: Q. And was that repaid? A. Yes.

Q. Have you borrowed any money since? A. No.

Q. I show you checks 693, 738 and 776, and ask if you received those checks (papers shown to witness)? A. No, that isn't mine.

Q. Did you receive those? A. No.

Q. I call your attention to the name "Anna Molcsany" on the back of each of those three checks, and ask you if you signed that name there? A. No.  
30

Q. Did you authorize anyone to sign your name on those checks? A. No.

Q. Have you received any of the moneys on those checks? A. No.

Q. Or any part of it? A. No.

Mr. Lindabury: I offer those in evidence.

(The checks referred to are marked respectively Exhibit P-7 A, Exhibit P-7 B and Exhibit P-7 C.)  
40

## Amalia Molesany—Cross

CROSS-EXAMINATION by Mr. Bradner:

Q. Did you know Mr. Szedlak? A. Yes, I knew him.

Q. Did you pay any money to him? A. Yes. He paid for me; I gave him the money.

Q. What is that? A. He paid for me the \$5 every month. 10

Q. Every month you paid your \$5 to him and he paid it in for you? A. Yes, sir.

Q. When did you first hear that there were any checks made out to you? A. Just last year, 1915.

Q. In 1915? A. Yes. They come and see me.

Q. Did somebody come to see you? A. Yes.

Q. Who? A. I had a postal-card to go there.

Q. You had a postal-card to go to the building and loan association? A. Yes, sir. 20

Q. Do you still own your five shares? A. No.

Q. Did you sell them? A. No, I got them.

Q. You have still got them? A. Yes. I pay every month.

Q. Did you borrow any money in January, 1914? A. No, sir.

Q. You did not? A. No.

Q. Or in December, 1913? A. No.

Q. Did you borrow any money in November, 1913? A. No. 30

Q. Did you borrow any money in July, 1913? A. No.

Q. Were these three checks all paid to you at the same time? A. I never saw them.

Q. You never saw the checks? A. No.

Q. You never saw them before today? A. No.

Q. Has the building and loan paid you any money? A. No.

Q. What is that? A. No, not now. About seven 40

Stephen Kukan—Direct

years ago I took a hundred dollars, that is all, and I paid it back.

Q. Has the building and loan paid you any money since you borrowed that hundred dollars seven years ago? A. No.

10 Q. Do you make any claim against the building and loan for any money? A. No.

Q. You do not? A. No.

Q. Only for your shares? You claim those, do you not? A. Yes.

Q. Have you asked the building and loan to pay off your shares? A. Not now.

Q. You have not? A. No.

20 Adjourned until tomorrow, Tuesday, May 22, 1917, at 10 o'clock, a. m.

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SECOND DAY

Tuesday, May 22, 1917.

Met pursuant to adjournment.

Present, counsel as before stated.

30 STEPHEN KUKAN, re-called in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Kukan, when you were on the stand yesterday you testified concerning some loans on your shares which you had obtained. You mentioned one loan of \$80. I show you check 702, dated  
40 August 22, 1913, payable to the order of Stephen

## Stephen Kukan—Direct

Kukan, \$78.40, and ask you to examine that check (shown to witness), and tell me whether it relates to any of these loans that you obtained? A. That is the first one.

Q. I direct your attention to the name, "Stephen Kukan," on the back of the check and ask you if that is your signature? A. That is mine. 10

Mr. Bradner: That is one of the checks of the good loans?

Mr. Lindabury: That is one of the good loans that this man testified to yesterday.

Q. I show you check 1082, dated July 30, 1915, drawn to the order of Stephen Kukan, for \$117.56, and ask you to examine that check, and ask you if that relates to one of these loans that you obtained on your shares (shown to witness)? A. Well, yes. That is \$400. 20

Q. I direct your attention to the fact that that check is for \$117.56. A. Yes, that was one; that is the second one.

Q. What was the amount of that loan? A. Well, \$120, so I can draw that out.

Q. I now direct your attention to the name on the back of that check. A. Yes, that is mine.

Q. Did you write that signature? A. Yes.

Q. I now direct your check to No. 1090, dated August 19, 1915, for \$97.98 drawn to the order of Stephen Kukan, and ask you to examine that and tell us whether that relates to one of the loans (shown to witness)? A. Yes, sir. 30

Q. Does that relate to one of the loans that you testified to yesterday as having been obtained on your shares? A. Yes.

Q. I call your attention to the signature, "Stephen Kukan," on the back of that check, and ask you if that is your signature? A. Yes. 40

## Stephen Kukan—Direct

Q. I now call your attention to check No. 1117, dated September 16, 1915, for \$98.98, drawn to the order of Stephen Kukan, and ask you if that relates to one of the loans that you obtained on your shares? (Shown to witness.) A. Yes, sir; that is all what I had.

10

Q. I call your attention to the signature, "Stephen Kukan," on the back of that check, and ask you if that is your signature? A. Yes.

Q. Did you put it there? A. Yes.

Q. Did you receive the money on these four checks? A. Yes, sir.

Mr. Lindabury: I offer these checks.

Mr. Bradner: I did not notice yesterday, if your Honor please, that these checks have a statement on them that were loans on shares. I did not intend to admit that they represented payments of money for loans on shares. I will admit the checks as having been issued by the building and loan association.

20

The Court How does this affect the offer?

Mr. Bradner: I will admit that the checks were issued by the building and loan association, as appears on their face; I will not require them to prove that the proper officers signed them but I do not want to be held as admitting that they were given to Mr. Kukan for loans on shares of stock. It says here, "In payment of loan on shares." That, I think, is a fact that ought to be proved outside of the checks. That is a mere declaration of the plaintiff. I did not intend to admit that, for I did not notice it on the check.

30

40

## Stephen Kukan—Cross

(The checks referred to are marked respectively Exhibit P-8 A, Exhibit P-8 B, Exhibit P-8 C and Exhibit P-8 D.)

The Court: What effect is to be given to them will be considered later on.

CROSS-EXAMINATION by Mr. Bradner: 10

Q. Mr. Kukan, when you received the \$80 loan from whom did you get the money? A. Off Dan Szedlak.

Q. Whereabouts, at his house? A. No, that wasn't. I worked down in Stengel & Rothchild's—

Q. Where did you get the money? A. The Pannonia Building & Loan.

Q. At Szedlak's house or at the office? A. No, he brought some in the shop. Should I sign it? I didn't have the time to stop to run after him, you know, and he brought the check down to the shop; I signed that check in the shop where I was working. 20

Q. Where did you get the money? A. I cashed the check, I think, somewhere down in Magzine Street.

Q. Did Szedlak sign it on the back, too? A. Well, I don't remember it.

Mr. Bradner: Well, let us see the check. 30

(Plaintiff's counsel hands check to defendant's counsel.)

Q. Look at it. Do you see his name on the back there (paper shown to witness)? A. Well, that is not his name.

Q. It is not his name? A. No, he wrote different.

Q. You do not think that is Szedlak's name on there? A. No. 40

## Stephen Kukan—Cross

The Court: How is that marked?

Mr. Bradner: That is marked Exhibit P-8 A.

Q. Then you think that you got that check cashed somewhere near your shop? A. Yes.

10 Q. From whom? A. I couldn't tell you; I forgot all about it. I thought my money is good, I don't care—

Q. Never mind what you thought; we only want what you did. Where did you get the second check cashed? A. At Szedlak's house.

Q. At Szedlak's house? A. Yes, sir.

The Court: Is that B?

Mr. Bradner: Yes, that is B.

Q. Where did you get the third check cashed?

20 A. The third check I cashed up on Sixteenth Street; I don't know the street, but Fairmount Avenue, the Sixteenth Street corner.

Q. Where did you get the last check? A. At Szedlak's house.

Q. You went to his house and got the money? A. Yes, sir.

Q. Did you ever go to the West Side Trust Company with any of the checks? A. No, no.

30 Q. When you received each of these checks did you have to sign some paper? A. Well, I did, yes.

Q. Do you know what it was? A. Well, so I draw the money on it, I signed it.

Q. Was it not a note? A. Well, like a note or so.

Mr. Bradner: If they have notes for these checks, I should like to have them produced.

40 Mr. Lindabury: There they are (handing papers to Mr. Bradner).

## Stephen Kukan—Cross

Q. I show you a paper purporting to be a demand promissory note, dated August 21, 1913, for \$80, promising to pay to Pannonia Building & Loan Association \$80 on demand (paper shown to witness). Is that your signature on it? A. Yes, sir; that is mine. 10

Mr. Bradner: I should like to have that marked for identification.

(The paper referred to is marked D-3 for identification.)

Q. I show you a note purporting to be dated July 30, 1915, promising to pay to Pannonia Building & Loan Association \$120 on demand (paper shown to witness). Is that signed by you? A. Yes, sir.

Q. And witnessed by Daniel Szedlak? A. Yes, sir. 20

Mr. Bradner: I ask to have that marked.

(The paper referred to is marked D-4 for identification.)

Q. I show you a paper purporting to be a note dated August 19, 1915, promising to pay to Pannonia Building & Loan Association \$100 on demand (paper shown to witness). Is that signed by you? A. Yes, sir; I cashed—

Q. And witnessed by Daniel Szedlak? A. Yes, 30

Mr. Bradner: I ask to have that marked.

The paper referred to is marked D-5 for identification.

Q. I show you a paper bearing date September 19, 1915, purporting to be a promissory note, promising to pay to Pannonia Building & Loan Association on demand the sum of \$100 (paper shown to witness). Is that signed by you? A. Yes, sir.

Q. And witnessed by Mr. Szedlak? A. Yes. 40

John Tinschmidt—Direct

Mr. Bradner: I ask to have that marked.

(The paper referred to is marked D-6 for identification.)

Q. Did you ever give any other notes to the building and loan association— A. No.

10 Q. —than these four? A. No.

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GEORGE BANGART, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Bangart, where do you live? A. New York.

20 Q. And what is your address there? A. 232 Seventy-sixth Street, East.

Q. Are you a member of the Pannonia Building & Loan Association? (No response.)

Q. Are you a shareholder? A. *Ich versteh nicht.*

(The witness is directed to stand aside for the present.)

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30 JOHN TINSCHMIDT sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Tinschmidt, where do you live? A. 648 Thirteenth Street.

Q. Are you a member of the Pannonia Building & Loan Association? A. Yes.

40 Q. Are you now a member? A. I am a member.

## John Tinschmidt—Direct

Q. Have you got your book with you? A. I got no book; Mr. Krasnicke, the lawyer, has got it.

Q. What is the number of your book? A. I can't tell you.

Q. Did you not sue the association and get your money back? A. No, I got my money from Mr. Krasnicke, from the lawyer. 10

Q. Mr. Krasnicke was your lawyer? A. Yes. I had a lawyer.

Q. I show you what purports to be a certificate for five shares, No. 386, made to John Tinschmidt (paper shown to witness). Examine that certificate and tell me if that was your certificate? A. What do you mean?

Q. Was that issued to you when you joined the association? A. No, I don't see it. 20

Q. Did you pay the association any money? A. No.

Q. Never paid them any money? A. No.

Q. Do you understand my question? A. Well, I got my sister here; she understands everything. I can't speak very good English.

Q. Do you understand my question? A. Well, I can't understand you. You can call my sister.

Mr. Lindabury: May I lead him, Mr. Bradner?

Mr. Bradner: I do not care. 30

Q. Did you give the association \$5 a month? A. \$5 a month, every month, yes.

Q. And when did you stop paying the association \$5 a month? A. Last year.

Q. What time last year? A. January, I guess.

Q. And how much money did you get back from the association? A. Fifty dollars.

Q. When? A. From Mr. Deubel; he knows. 40

Paul Mehal—Direct

Q. Did you sign any paper when you got that \$50? A. Yes, sir.

Q. When did you get that \$50? A. From who?

Q. From Mr. Deubel. A. That was \$49.

10 Q. When did you get that \$50 which you say you obtained from Mr. Deubel? A. Mr. Deubel, he can tell you that—\$50.

By the Court: Q. When did you get it? A. In January.

Q. January of what year? A. Last year.

Q. Last year? A. Yes, sir.

By Mr. Lindabury: Q. January, 1916? A. Something like that; I can't tell you.

20 Q. Had you ever obtained any money from the association before January, 1916, on account of your shares in the association? A. Tell me this once more, please.

Q. (Question read.) A. Before last year?

Q. Before you got the \$50. A. No.

The Court: I think we should get along better and save time if we had an interpreter.

30 Mr. Lindabury: I think so. I have some interrogatories, if your Honor please, on commission executed in Texas on the Paul Mihil checks. There are two of them. While we are waiting for the interpreter, I might read into the record the interrogatories and cross interrogatories issued in that case.

40 (Reading:) "Interrogatories to be administered to PAUL MEHAL, a witness to be produced sworn and examined, upon the part and behalf of the Pannonia Building & Loan Association, plaintiff in a certain

## Paul Mehal—Direct

clause now pending in the Supreme Court of Judicature of the State of New Jersey, between the said Pannonia Building & Loan Association, plaintiff, and West Side Trust Company of Newark, N. J., defendant, before Nelson Lytle, Esq., appointed in that behalf pursuant to a rule of the Supreme Court made on the 20th day of January, nineteen hundred and seventeen. 10

“1. What is your full name, age and occupation?

“To the first direct interrogatory witness answers: My name is Paul Mehal, my age twenty-seven years and my occupation is that of corporal in the United States Army, and am a mechanic in the army. 20

“2. Are you a shareholder of the plaintiff, the Pannonia Building & Loan Association? If the answer is ‘Yes’ is the paper exhibited to you, No. 211, purporting to be a certificate for ten shares of the twenty-first series of said plaintiff association, issued to Mr. Paul Mehal, certificate for the shares owned or held by you?

“To the second direct interrogatory witness answers: 30

“Yes, I am a shareholder, and the paper exhibited is a certificate for the shares owned by me.

“3. Have you ever borrowed any money from said plaintiff on the shares so owned by you?

“To the third direct interrogatory the witness answers: 40

## Paul Mehal—Direct

“No, I have never borrowed any money on the shares owned by me.

10 “4. Have you ever made a note or notes to said plaintiff for moneys loaned or to be loaned to you on account of your said shares?

“To the fourth direct interrogatory the witness answers:

“No, I have never signed a note or notes for any money owned on my shares.

“5. Have you ever executed a note or notes to the said plaintiff association for moneys loaned or to be loaned to you?

20 “To the fifth direct interrogatory the witness answers:

“No, I have never executed a note or notes to plaintiff.

30 “6. I show you check No. 986, dated Newark, New Jersey, January 19, 1915, drawn to the order of Paul Mehal, for one hundred ninety-two dollars and ninety-six cents in payment of loan on shares signed by Joseph Walkofsky, President, and Charles Mucha, Secretary, which check is drawn on the treasurer of Pannonia Building & Loan Association, plaintiff, and accepted payable at the West Side Trust Company, Newark, New Jersey, by Daniel Szedlak, Treasurer, and bearing endorsements—Paul Mehal and Daniel Szedlak, and ask you

“(a.) Whether you received this check.

40 “(b.) Whether you authorized anyone to receive this check for you, and if so, whom.

## Paul Mehal—Direct

“(c.) Whether the signature, Paul Mehal, endorsed on the back of said check, was placed there by you.

“(d.) Whether said signature, Paul Mehal, was endorsed on said check by any other person with your authority, and if so, by whom. 10

“(e.) Have you received the sum of one hundred ninety-two dollars and ninety-six cents (\$192.26), the proceeds of said check or any part thereof?

“(f.) Have you authorized any one to receive the proceeds of said check or any part thereof for you, and if so, whom?

“To the sixth direct interrogatory, witness answers: 20

“(a.) I did not receive this check.

“(b.) I never authorized anyone to receive this check for me.

“(c.) The signature of Paul Mehal on back of said check was not placed there by me.

“(d.) I never authorized anyone to sign or endorse my name on said check, and same was done entirely without my knowledge or consent, and is a forgery. 30

“(e.) I have never received the proceeds of said check or any part thereof.

“(f.) I have never authorized anyone to receive the proceeds of said check or any part thereof for me.

“7. I show you check No. 1040, dated Newark, N. J., May 1, 1915, drawn to the order of Paul Mehal, for ninety-three dollars and forty-eight cents in payment of 40

## Paul Mehal—Direct

10 loan on shares, signed by Joseph Walkofsky, President, and Charles Mucha, Secretary, which check is drawn on the treasurer of Pannonia Building & Loan Association, plaintiff, and accepted payable at the West Side Trust Company, Newark, New Jersey, by Daniel Szedlak, treasurer, and bearing endorsements—Paul Mehal, and Daniel Szedlak, and ask you

“(a.) Whether you received this check.

“(b.) Whether you authorized anyone to receive this check for you, and if so, whom.

“(c.) Whether the signature, Paul Mehal, endorsed on the back of said check, was placed there by you.

20 “(d.) Whether said signature, Paul Mehal, was endorsed on said check by any other person with your authority, and if so, by whom.

“(e.) Have you received the sum of ninety-three dollars and forty-eight cents, the proceeds of said check, or any part thereof?

“(f.) Have you authorized anyone to receive the proceeds of said check or any part thereof for you, and if so, whom?

30 “To the seventh direct interrogatory, witness answers:

“(a.) I did not receive this check.

“(b.) I never authorized anyone to receive this check for me.

“(c.) The signature of Paul Mehal on back of said check was not placed there by me.

40 “(d.) I never authorized anyone to sign

## Paul Mehal—Cross

or endorse my name on said check, and same was done entirely without my knowledge or consent, and is a forgery.

“(e.) I have never received the proceeds of said check or any part thereof.

“(f.) I have never authorized anyone to receive the proceeds of said check or any part thereof for me.” 10

Those are the direct interrogatories and answers. I do not know whether the cross interrogatories should be read at this time; I think they should be read as a part of the defendant's case.

Mr. Bradner: I will read those (reading):

“1. Did you become a member of the Pannonia Building & Loan Association on or about December 15, 1910? 20

“To the first cross interrogatory witness answers:

“Yes, sir.

“2. Did you become a member of the said association at the request of Daniel Szedlak, or at his suggestion?

“To the second cross interrogatory witness answers: 30

“No, sir, I did not become a member at the request of Daniel Szedlak, and I did not know him and had never met him at that time.

“3. Did you on the date mentioned in the first cross interrogatory receive from said building and loan association a certificate of stock, and with that certificate of stock 40

## Paul Mehal—Cross

on account book, in which monthly dues were to be entered when paid?

“To the third cross interrogatory witness answers:

10 “I received an account book but did not receive a certificate of stock.

“4. From what person did you actually receive the certificate of stock and the account book?

“To the fourth cross interrogatory witness answers:

“I do not remember whom I received the account book from.

20 “5. Did you deposit or leave with any person, and if so with whom, either the certificate of stock or the account book, and if so, state for what purpose?

“To the fifth cross interrogatory witness answers:

“I left the account book with my brother-in-law, Stephen Kukan, at 487 South Twelfth Street, Newark, New Jersey.

30 “6. Did you pay any monthly dues to the said association, and if so, to what person, naming him, did you actually pay the money; and who entered the receipt on the account book?

“To the sixth cross interrogatory witness answers:

40 “My brother-in-law, Stephen Kukan, paid the monthly dues to the association for me, and I do not know to what person he paid them.

## Paul Mehal—Cross

“7. Did you authorize any person to pay dues for you, and if so, to whom did you give the authority, and when?

“To the seventh cross interrogatory witness answers:

“I authorized Stephen Kukan to pay the dues for me and nothing further, and would send him the money each month for this purpose. 10

“8. Have you now in your possession the certificate of stock which was issued to you, and the account book? If you have not the certificate of stock and account book, state where they are, if you know.

“To the eighth cross interrogatory witness answers: 20

“The certificate is shown to me by the commissioner taking this deposition, and the same is now in his possession.

“9. In any and all dealings with Pannonia Building & Loan Association, with what person did you actually transact the business?

“To the ninth cross interrogatory witness answers:

“I had no dealings with any particular individual, but merely sent my dues to my brother-in-law, Stephen Kukan, to pay over to the association for me. 30

“10. What were your actual relations with Daniel Szedlak in the transaction of any business with the said building and loan association? State what he did for you in any way either as paying your dues 40

## Paul Mehal—Cross

for you, or taking charge of your certificate and account book, or acting for you in any manner.

“To the tenth cross interrogatory witness answers:

10

“I had no dealings with Daniel Szedlak in connection with said building and loan association; and I never authorized him to pay my dues, or take charge of my certificate or account book, nor I have never authorized him to act for me in any manner whatever.

20

“11. Have you at any time applied to said Pannonia Building & Loan Association for a loan of money, and if so, state when and for what amount.

“To the eleventh cross interrogatory witness answers:

“I have never applied to said building association for a loan of money at any time.

“12. When you made application for a loan, to what person did you actually apply?

30

“To the twelfth cross interrogatory witness answers:

“I never at any time made application for a loan.

“13. Did you request Daniel Szedlak to get a loan of money for you from the association at any time, and if so, when?

40

“To the thirteenth cross interrogatory witness answers:

“I never requested or authorized Daniel Szedlak to get a loan of money for me from the association at any time.”

## Paul Mehal—Cross

Mr. Lindabury: The checks 986 and 1040 referred to in these interrogatories and certificates of stock are attached to the commission and returned with it.

Mr. Bradner: I am willing to have them admitted in evidence, subject to my same objection: that the association ought to prove what they were given for. I do not want to be bound by the statement that they were for a loan. 10

The Court: You have them here, have you?

Mr. Lindabury: They were forwarded with the commission and marked as exhibits by the commissioner and attached to the commission. 20

The Court: Are they covered by the testimony? 20

Mr. Lindabury: They are covered by the testimony, yes. The checks say it was for a loan on shares, and the testimony says that he did not get it.

The Court: Do you offer the whole thing?

Mr. Lindabury: I offer the whole thing. So far as the one question raised by Mr. Bradner is concerned, I am entirely willing to meet that independently—that the checks were issued for a loan on shares by the association. 30

(Interrogatories and answers Exhibit P-9 A—not marked.)

Mr. Lindabury: There were interrogatories taken on commission issued to a commissioner in Chicago, which, I believe, are in the possession of the Court. 40

Elizabeth Ciganek—Direct

The Court: Does not this include, beside the testimony, checks or notes which ought to be marked?

Mr. Lindabury: Yes, sir.

The Court: Ought they to be marked?

10

Mr. Lindabury: They should be marked. They have been already marked as exhibits by the commissioner; the commission includes the exhibits.

The Court: What is the best way for this Court to get it on its own minutes?

Mr. Lindabury: I think the two checks and the certificate of stock should be marked as independent exhibits for the purposes of the record in this court.

20

Mr. Bradner: I would suggest that the deposition be read into the record, and that the exhibits be marked independently, and then this can be sent back to Trenton.

The Court: The only other way would be for me to retain the depositions until I got through with them, and then send them back.

Certificate of stock marked Exhibit P-9 B; check No. 896 marked Exhibit P-9 C; check No. 1040, marked Exhibit P-9 D.

30

Mr. Lindabury: Interrogatories were also taken under commission in Chicago, the interrogatories being administered to a witness named ELIZABETH CIGANEK (reading):

“1. What is your full name, age and occupation?”

40

“To the first direct interrogatory, witness answers: My name is Elizabeth Ciga-

Elizabeth Ciganek—Direct

nek; I am thirty years old; my occupation is that of babies' trained nurse.

“2. Are you a shareholder of the plaintiff, the Pannonia Building & Loan Association? If the answer is ‘Yes’ is the paper exhibited to you, No. 21, dated Newark, N. J., December 7, 1905, purporting to be a certificate for five shares of the first series of said plaintiff association, issued to Mr. Emerich Palenik, transferred to the Pannonia Building & Loan Association June 17, 1909 and transferred to Elizabeth Ciganek June 20, 1910 as appears by endorsement thereon (marked as an exhibit) is the certificate for the shares owned or held by you? 10 20

“To the second direct interrogatory, witness answers: Yes, sir. I have a book, the shares are held by me, but I have no certificate, none has ever been handed me.

“3. Have you ever borrowed any money from said plaintiff on the shares so owned by you?

“To the third direct interrogatory, witness answers: No. 30

“4. Have you ever made a note or notes to said plaintiff for moneys loaned or to be loaned to you on account of your said shares?

“To the fourth direct interrogatory, witness answers: No.

“5. Have you ever executed a note or notes to the said plaintiff association for moneys loaned or to be loaned to you? 40

## Elizabeth Ciganek—Direct

“To the fifth direct interrogatory, witness answers: No.

10 “6. I show you check No. 1086, dated Newark, New Jersey, August 11, 191 , drawn to the order of Elizabeth Ciganek for two hundred eighty-nine dollars and forty-four cents, in payment of loan on shares signed by Joseph Walkofsky, President and Charles Mucha, Secretary, which check is drawn on the treasurer of Pannonia Building & Loan Association, plaintiff, and accepted payable at the West Side Trust Company, Newark, New Jersey, by Daniel Szedlak, treasurer, and bearing endorsements Elizabeth Ciganek and Daniel Szedlak, and ask you

20 “(a.) Whether you received this check.

“(b.) Whether you authorized anyone to receive this check for you, and if so, whom.

“(c.) Whether the signature, Elizabeth Ciganek, endorsed on the back of said check, was placed there by you.

30 “(d.) Whether said signature Elizabeth Ciganek, was endorsed on said check by any other person with your authority, and if so, by whom.

“(e.) Have you received the sum of two hundred eighty-nine dollars and forty-four cents, the proceeds of said check or any part thereof?

“(f.) Have you authorized any one to receive the proceeds of said check or any part thereof, for you, and if so, whom?

40 “To the sixth direct interrogatory, witness answers:

## Elizabeth Ciganek—Direct

“(a.) No, I never received any check.

“(b.) No, I didn’t authorize anybody.

“(c.) No, that is not my handwriting;  
not placed there by me.

“(d.) Not with my authority.

“(e.) No, I haven’t received any money. 10

“(f.) No, I haven’t given anybody au-  
thority to receive any money for me.

“7. I show you check No. 1118, dated  
Newark, N. J., September 20, 1915, drawn  
to the order of Elizabeth Ciganek, for two  
hundred forty-one dollars and twenty-five  
cents in payment of loan on shares, signed  
by Joseph Walkofsky, President, and  
Charles Mucha, Secretary, which check is  
drawn on the treasurer of Pannonia Build- 20  
ing & Loan Association, plaintiff, and ac-  
cepted payable at the West Side Trust  
Company, Newark, New Jersey, by Daniel  
Szedlak, treasurer, and bearing endorse-  
ments, Elizabeth Ciganek and Daniel Szed-  
lak and ask you

“(a.) Whether you received this check.

“(b.) Whether you authorized any one  
to receive this check for you, and if so,  
whom. 30

“(c.) Whether the signature, Elizabeth  
Ciganek, endorsed on the back of said  
check, was placed there by you.

“(d.) Whether said signature, Elizabeth  
Ciganek, was endorsed on said check by any  
other person with your authority, and if so,  
by whom.

“(e.) Have you received the sum of two  
hundred forty-one dollars and twenty-five 40

## Elizabeth Ciganek—Cross

dollars, the proceeds of said check, or any part thereof?

“(f.) Have you authorized any one to receive the proceeds of said check or any part thereof for you, and if so, whom?”

10 “To the seventh direct interrogatory, witness answers:

“(a.) No, I haven’t received any check.

“(b.) I haven’t given authority to receive a check for me.

“(c.) No, not in my handwriting, not by me.

“(d.) Not with my authority.

“(e.) No, not any.

“(f.) Not anybody.”

20 And then there were some cross interrogatories.

Mr. Bradner: I will read them (reading):

“1. Did you become a member of the Pannonia Building & Loan Association on or about June 20, 1910?”

“To the first cross interrogatory, witness answers: yes.

30 “2. Did you become a member of the said association at the request of Daniel Szedlak, or at his suggestion?”

“To the second cross interrogatory, witness answers: not at his suggestion. At the suggestion—if it would be necessary to give the person’s name I can give it to you—of August Vrabel. Yes.

40 “3. Did you on the date mentioned in the first cross interrogatory, receive from said

## Elizabeth Ciganek—Cross

building and loan association a certificate of stock, and with that certificate of stock an account book, in which monthly dues were to be entered when paid?

“To the third cross interrogatory, witness answers: I have received a book, but no certificate. 10

“4. From what person did you actually receive the certificate of stock and the account book?

“To the fourth cross interrogatory, witness answers: I think it was the lawyer, so far as I can remember, the building and loan association lawyer was present. I think he handed me the book and Mr. Vrabel was with me, this man. 20

“5. Did you deposit or leave with any person, and if so with whom either the certificate of stock or the account book, and if so, state for what purpose?

“To the fifth cross interrogatory witness answers: The book has been left with the association secretary for the purpose, because I am not living in the City of Newark.

“6. Did you pay any monthly dues to the said association, and if so, to what person, naming him, did you actually pay the money, and who entered the receipt on the account book? 30

“To the sixth cross interrogatory, witness answers: I have sent the money with the post office; post office money order which was sent of course to the building and loan association, will have to be paid to the building and loan association. 40

## Elizabeth Ciganek—Cross

“7. Did you authorize any person to pay dues for you, and if so, to whom did you give the authority, and when?

10 “To the seventh cross interrogatory, witness answers: I haven’t given anybody authority. I have sent it to the secretary as I have sent it to my other building and loan associations, but not to anybody else.

“8. Have you now in your possession the certificate of stock which was issued to you, and the account book? If you have not the certificate of stock and account book, state where they are, if you know.

20 “To the eighth cross interrogatory witness answers: I have the account book which is in Newark, New Jersey, with a friend and it is perfectly safe, but I have no certificate; has never been handed to me. I didn’t know it was necessary to get a certificate. I have the account book. I can give the name of the party. Mr. and Mrs. S. Galeck, Number 578 South Twelfth Street, Newark, New Jersey.

30 “9. In any and all dealings with Pannonia Building & Loan Association, with what person did you actually transact the business?

“To the ninth cross interrogatory witness answers: Well, they all were there, the president, vice-president, secretary and the lawyer. Think I did business with the lawyer; they all were there present when I received my book.

40 “10. What were your actual relations

## Elizabeth Ciganek—Cross

with Daniel Szedlak in the transaction of any business with the said building and loan association? State what he did for you in any way either as paying your dues for you, or taking charge of your certificate and account book, or acting for you in any manner. 10

“To the tenth cross interrogatory witness answers: Nothing at all. I have no relation with him. I haven’t transacted any business with him any further than as secretary, which is necessary like a secretary of a building and loan.

“11. Have you at any time applied to the said Pannonia Building & Loan Association for a loan of money, and if so, state when and for what amount? 20

“To the eleventh cross interrogatory witness answers: Never, no.

“12. When you made application for a loan, to what person did you actually apply?

“To the twelfth cross interrogatory witness answers: Nobody.

“13. Did you request Daniel Szedlak to get a loan of money for you from the association at any time, and if so, when? 30

“To the thirteenth cross interrogatory witness answers: No, never.”

(Interrogatories and answers marked Exhibit P-10 A; certificate of stock marked Exhibit P-10 B; check No. 1086 marked Exhibit P-10 C; check No 1118 marked Exhibit P-10 D.) 40

John Tinschmidt—Direct

JOHN TINSCHMIDT resumes the stand in behalf of plaintiff:

Direct-examination (continued) by Mr. Lindabury (through the interpreter):

10 Q. Are you a member or shareholder of the Pannonia Building & Loan Association? A. I did have money there, but I haven't got any now.

Q. Did you draw out your money? A. The first time I got money from Mr. Deubel and the second time from Mr. Krasnicke.

Q. And was that the full amount due you from the association? A. Yes.

Q. Now, the \$50 that you got from Mr. Deubel, was that a loan on your shares? A. It was a loan to me from the building and loan.

20 Q. That is the \$50 that you refer to? A. Yes.

Q. Had you ever borrowed any money from the building and loan prior to getting that \$50? A. No.

Q. When did you get the \$50? A. Last year, New Year's, after New Year's, I am not sure whether it was in January or February. I am sure of one thing; that it was after New Year's.

Q. New Year's, 1916? A. Yes, a year ago last January or February.

30 Q. Now, I show you check 814, dated March 30, 1914, drawn to the order of John Tinschmidt, for \$39.20, and ask you whether you ever received that check in connection with a loan on your shares (paper shown to witness)? A. I did not.

Q. I direct your attention to the name, "John Tinschmidt," indorsed on the back of that check, and ask you whether you signed that name? A.

40 It is my name, but not my writing.

## John Tinschmidt—Direct

Q. Did you authorize anybody to put that name there for you? A. If you pardon me for a second and let me look at it. (Witness examines paper.) I did not.

Q. Did you receive that money or any part of that money called for by that check? A. Not a cent. 10

Q. I show you check No. 934, and ask you whether you received that check (shown to witness)? A. I did not.

Q. Did you receive the money on that check? A. I did not.

Q. Any part of it? A. Nothing.

Q. I direct your attention to the name "John Tinschmidt" appearing on the back of that check and ask you if you wrote that name? A. No, sir. 20

Q. Did you authorize anyone to put your name there? A. No one was authorized by me.

Q. Now, I show you check No. 1069, drawn to the order of "John Tinschmidt," for \$34.28, and ask you if you received that check (papers shown to witness)? A. I didn't get a cent of it.

Q. I call your attention to the name "John Tinschmidt" on the back, and ask you if you put that name there? A. That is not my writing.

Q. Did you authorize anyone to sign your name there? A. I authorized no one. 30

Q. Have you ever seen these checks before? A. I never did.

(Check No. 814 dated March 30, 1914, marked Exhibit P-11 A; check No. 934, dated October 29, 1914, marked Exhibit P-11 B; check No. 1069, dated June 24, 1915, marked Exhibit P-11 C.)

(Cross-examination waived.) 40

## George Bangert—Direct

GEORGE BANGERT re-called in behalf of plaintiff:

(The witness is sworn through the interpreter in the German language.)

10 Direct-examination (through the interpreter) by Mr. Lindabury:

Q. Where do you live, Mr. Bangert? A. New York, 232 East Seventy-sixth street.

Q. Are you a member or shareholder of the Pannonia Building & Loan Association? A. Yes.

Q. Have you your book? A. I have not.

Q. What is the number of your book? A. 232.

Q. And how many shares have you? A. Five.

Mr. Bradner: That is the number of his house.

20 Witness: Yes, the number from the book is also 232, the same as my house number.

Mr. Lindabury: I think there is an error.

Q. Is not the number 332, Mr. Bangert? A. No, it is 232.

Q. Now, Mr. Bangert, have you ever borrowed any money from the Pannonia Building & Loan Association on your shares? A. No.

30 Q. How many dollars did you pay the association each month? A. Five dollars.

Q. I show you check No. 780, dated February 19, 1914, for \$78.40, drawn to the order of George Bangert, and ask you if you received that check (shown to witness)? A. No.

40 Q. I direct your attention to the signature, "George Bangert," on the back of that check, and ask you if you signed it there? A. This is my name, but not my writing.

## George Bangert—Direct

Q. Did you authorize anyone to sign your name on that check? A. No one.

Q. Did you ever receive the proceeds of that check or any part of it? A. I didn't get anything from it.

Q. I show you check 976, and ask you if you received that check (shown to witness)? A. No, sir. 10

Q. Did you receive the money on that check or any part of it? A. Not a cent.

Q. I direct your attention to the name, "George Bangert," on the back of that check, and ask you if you placed that name there, if that is your writing? A. This is not my writing; my name is there, but not my writing.

Q. Did you authorize anyone to sign your name on that check? A. No. 20

Q. I show you check 1149, drawn to the order of George Bangert, and ask you if you received that check (paper shown to witness)? A. No.

Q. Did you receive the proceeds of that check or any part of it? A. Not a cent.

Q. I direct your attention to the name, "George Bangert," on the back of that check, and ask you if you placed it there, if that is your writing? A. This is not my handwriting. 30

Q. Did you authorize anybody to place that signature there? A. No.

Q. Have you ever made application to the Pannonia Building & Loan Association for a loan on your shares? A. I never asked for anything.

Q. Have you ever signed any papers in connection with a loan? A. I didn't sign no papers.

Mr. Lindabury: I offer these three checks. 40

Joseph Walkofsky—Direct

(Check No. 780 marked Exhibit P-12 A; check No. 976 marked P-12 ; check No. 1149 marked Exhibit P-12 C.)

Cross-examination waived.

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JOSEPH WALKOF SKY, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Walkofsky, where do you live? A. 51 Chadwick Avenue.

20 Q. Were you at one time president of the Pannonia Building & Loan Association? A. Yes, sir.

Q. How long were you such officer? A. I believe about five years; from 1911 up to 1916; five years.

Q. Are you acquainted with Anna Szedalk, now Anna Stronger? A. With Anna Szedlak?

Q. Yes. A. I never saw her before, only once in the building and loan, after the trouble started. I saw a good many strange people.

30 Q. What do you mean by "when the trouble started"? A. When this thing came up—Szedlak's—1915.

Q. I show you exhibit series P-1 A, B, C, D and E, and direct your attention to the signature, "Joseph Walkofsky," appearing on each of those exhibits, and ask you if that is your signature (papers shown to witness)? A. Yes, sir; this is my signature.

40 Q. Do you know what those checks were issued for? A. Yes, for loans, a loan on stock. That is right.

## Joseph Walkofsky—Direct

Q. I show you Exhibit P-2 and ask you if the name "Joseph Walkofsky" on that check is your signature (paper shown to witness)? A. This is my name; yes, sir.

Q. And do you know Anna Kocik? A. I never know her before, only that time, 1915. At the building and loan I saw her the first time; I never saw her before. 10

Q. And do you know what that check was issued for? A. That was on her stock loan. Let me see. Anna Kocik—on her stock loan.

Q. I show you P-3 A for identification and P-3 B for identification, drawn to the order of Stephen Kukan (papers shown to witness). Do you know Kukan? A. Yes, sir; I know him.

Q. And do you know what those two checks were drawn for? A. On stock loans. 20

Q. Is the signature, "Joseph Walkofsky," on those two checks your signature? A. Yes, sir; this is my signature.

Q. I show you exhibit series P-4 A, B, C and D, to Daniel Szedlak, Jr., and ask you if the name "Joseph Walkofsky" on those checks are your signatures (papers shown to witness)? A. Yes, sir; this is my signature.

Q. And do you know what those checks were issued for? A. They are all on stock loans. 30

Q. I show you series P-5 A, B, C and D Antel Szedlak, and ask you if the signature "Joseph Walkofsky" is your signature on those four (papers shown to witness)? A. Yes, sir; this is my signature.

Q. Do you know what those checks were issued for? A. For stock loans.

Q. I show you exhibit series P-6 A, B and C, 40

## Joseph Walkofsky—Direct

and ask you if the name "Joseph Walkofsky" on those three checks are your signatures (papers shown to witness)? A. Yes, sir; this is my signature.

10 Q. Do you know what those checks were issued for? A. Stock loans.

Q. I show you exhibit series P-7 A, B and C, to Amalia Molcsany, and ask you if the name "Joseph Walkofsky" on those are your signatures (papers shown to witness)? A. Yes, this is my signature.

Q. And do you know what those were issued for? A. Stock loans.

20 Q. I show you series P-8 A, B, C and D, and ask you if the signature "Joseph Walkofsky" on those checks are your signatures (papers shown to witness)? A. Yes, this is my signature.

Q. And do you know what those were issued for? A. Stock loans.

Q. I show you series P-11 A, B and C to John Tinschmidt, and ask you if the name "Joseph Walkofsky" on those three are your signatures (papers shown to witness)? A. Yes, sir; this is my signature.

30 Q. What were those checks issued for? A. Stock loans.

Q. I show you Exhibits P-12 A, B and C, issued to George Bangert, and ask you if the signatures "Joseph Walkofsky" on those three are your signatures? A. Yes, sir; this is my signature.

Q. And what were those checks issued for? A. Stock loans.

Q. Mr. Walkofsky, who kept the books of the association? A. Charlie Mucha, the secretary.

40 Mr. Bradner: During what time?

## Joseph Walkofsky—Direct

Mr. Lindabury: I will straighten that out.

Q. When did you become president of the association? A. 1915.

Q. When did you become president of the association? (No response.)

Q. When were you elected president? A. It was 1910, in December, our annual meeting. 10

Q. December, 1910? A. Yes.

Q. And was there a secretary elected at that time? A. I couldn't remember. He has been elected a few months later, because the old secretary resigned, and we elected him in the meeting a short time after.

Q. Who was secretary when you were elected president? A. Michael Alexovits. It was only a short time after that. 20

Q. And is he the man that resigned? A. He resigned.

Q. And then who was elected secretary? A. Charlie Mucha.

(By request of plaintiff's counsel a man in the audience arises.)

Q. Is that the man you mean? A. That is the man.

Q. And who was treasurer when you were elected president? A. Daniel Szedlak. 30

Q. Do you know how long he had been treasurer at that time? A. From the very first time, when the building and loan got organized; he was the treasurer all the time.

Q. And how long did he continue to be treasurer? A. He has been all the time until 1915.

Q. What time in 1915? A. Well, that was in December, at the annual meeting; before the annual meeting he skipped out. 40

## Joseph Walkofsky—Direct

By Mr. Bradner: Q. What is that? A. 1915, when they examined and found the trouble with the books, and by examination, then he skipped out from Newark. That was before the 1st of January, in December.

10 By Mr. Lindabury: Q. Some time in December? A. Some time in December, yes.

Q. Do you know what time in December? A. I couldn't tell you exactly the date; about the middle or the end of the month.

Q. And how long was Mr. Mucha secretary of the association? A. The same time as I was, until December, 1915, some time.

20 Q. So that both of you from the time of your election continued to act as president and secretary respectively until December, 1915? A. Yes, sir.

Q. That was the time when you had your annual election? A. Yes, sir.

Q. Who were the president and secretary after that time? A. The name of George Muha.

Q. He is president? A. He is president now.

Q. Not the same man that was secretary? A. He spell his name different; I couldn't tell you exactly—George Muha.

30 Q. Who was elected secretary at that time? A. Mr. Glass, John Glass.

Q. And did you elect a treasurer at the December meeting, 1915? A. Yes, sir.

Q. Who was elected treasurer? A. Mr. Jurik.

Q. Stephen Jurik? A. Stephen Jurik, yes.

40 Q. Now, these stock loans, Mr. Walkofsky, or checks for stock loans, who would present those to you for signature? A. The treasurer. The secretary made the checks and handed them to the

## Joseph Walkofsky—Direct

treasurer, and the treasurer handed them to me, and they were signed by me at that time.

Q. And when were these stock loans granted? Did you have any particular time when you considered the stock loans? A. Any time; not during the meeting; sometime on Sundays or sometimes in the evening; because the building loan was—everyone was a workingman; he never had time to do any business during the day, only on Sunday and nights, in the evening; they was presented sometimes in the meeting, sometimes in the evening, and sometimes Sunday. That is how we ran our building and loan. 10

Q. Was there any action taken by your board of directors concerning these stock loans? A. Never did; they were always running from the first day on the same scale as we run. 20

By the Court: Q. The question is whether there was any action taken by the board with reference to the stock loans, as I understand it. Do you understand that question? A. I didn't quite understand, your Honor.

Q. Did the board take action about the stock loans? Did the pass any resolution? A. Never passed any resolutions about the stock loans; they passed resolutions on the loans for property, but not on the stock loans. 30

By Mr. Lindabury: Q. By "property" you mean real estate mortgages? A. Real estate property, yes, sir.

Q. And can you tell us whether or not any report of the stock loans came before the board of directors? A. Say it once more, please. I didn't understand.

Q. (Question read.) A. They never came. 40

## Joseph Walkofsky—Direct

By the Court: Q. You say it did not—no report about the stock loans would come before the board of directors? A. It never has been reported, only the secretary kept the book, and it was reported by the meeting. If any stock loans came,  
 10 the secretary has everything in the book, and he read it off in the minutes by the meeting, by the board of directors' meeting.

By Mr. Lindabury: Q. When did you have your board of directors' meeting? A. The last day in the month, every month that is, every Thursday; the last week in the month, every Thursday, the last week, the last Thursday in the month.

Q. Do you mean that you met the last Thursday in each month? A. The last Thursday in each  
 -20 month.

Q. At that time was this report made by the secretary? A. The secretary had it in his minutes, and he reported when he read off the minutes.

Q. Was it at this meeting that you held on the last Thursday of the month that he read this off? A. Yes, sir.

Q. Who kept the records of the association? I mean by that the securities and investments. A. The treasurer.  
 30

Q. And that was Daniel Szedlak from the time you became president to December, 1915? A. Yes, sir.

Q. Have you ever seen the handwriting of Anna Szedlak? A. I never did.

Q. Did you ever see her write? A. I never did.

Q. Have you ever seen Anna Kocik write? A. No, never.

Q. Do you know her signature when you see it?  
 40 A. I never did before.

## Joseph Walkofsky—Direct

Q. Do you know the signature of Stephen Kukan? A. I never saw his signature.

Q. Did you ever see him write? A. Well, I see him once or twice at the meeting, because he pays once in awhile.

Q. What is that? A. He pays his dues once in awhile. I might have seen him. 10

Q. Have you ever seen Daniel Szedlak, Jr., write his name? A. I never did.

Q. Have you ever seen Antal, or Antone, Szedlak write his name? A. Never.

Q. And Mary Majoras, have you ever seen her write? A. I haven't seen her.

A. Are you acquainted with her signature? A. No, sir.

Q. And Amalia Molcsany, did you ever see her sign her name? A. I see her once, that is all. 20

Q. When? A. When she got the first loan. She had the first loan, I think—I don't remember how many years ago—the first loan that she had, then I saw her writing.

Q. Have you seen her write or have you seen her signature since that time—that is, seen her write her signature since that time? A. No.

Q. Have you ever seen John Tinschmidt write? A. No. 30

Q. Or George Bangert? A. No.

Q. Are you acquainted with the signatures of any of these people? Would you recognize it when you see it? I mean by that whether you know when you see it whether it was written by the person whose signature it purports to be? A. There is only one, Mrs. Molcsany, that I saw once. once.

Q. I show you the exhibits series P-9 C and D. 40

## Joseph Walkofsky—Cross

checks drawn to Paul Mehal, and ask you if the name "Joseph Walkofsky" on those checks are your signatures (papers shown to witness)? A. Yes, sir.

10 Q. Do you know what those checks were issued for? A. Stock loans.

Q. And I show you the two checks in series P-10, C and D, and ask you if the signature "Joseph Walkofsky" on those two checks are your signatures (papers shown to witness)? A. This is my signature.

Q. Do you know why those checks were issued? A. For stock loans.

20 Q. I now ask you whether you have seen Miss Elizabeth Ciganek write? Did you ever see her write? A. No.

Q. Have you ever seen Paul Mehal write? A. No.

Q. Do you know whether or not these people are members of your association? A. I didn't quite understand.

Q. Do you know whether the persons to whom these various checks are drawn were members of your association? A. Yes, they are members. I never know it before.

30 CROSS-EXAMINATION by Mr. Bradner:

40 Q. Mr. Walkofsky, I shall hand back to you all these exhibits that have been shown to you by Mr. Lindabury, on which you identified your own signature, beginning with P-1 and ending with P-12, and I shall ask you to look at the back of each one of them and identify, if you can, the signature of Daniel Szedlak (papers shown to witness). A. (After examining papers.) Those are Daniel Szedlak's signature, (indicating).

## Joseph Walkofsky—Cross

The Court: Referring to what?

Mr. Bradner: P-1 A, B, C, D and E.

Q. I shall hand them to you separately. Now I show you P-2 (shown to witness). Is that Szedlak's signature on the back? A. That is Mr. Szedlak's signature.

10

Q. And P-3 A and B (papers shown to witness). Look at those. Is that his signature on the back of each one. A. (After examining papers.) This is his yes, sir.

Q. Exhibit P-4 A, B, C and D (papers shown to witness). Look at those and tell me whether that is Mr. Szedlak's signature on the back of each? A. (After examining papers.) That is his signature; yes sir.

Q. I show you Exhibit P-5 A, B, C and D (papers shown to witness). I shall ask you the same question. A. (After examining papers.) Yes, sir; that is his signature.

20

Q. And I ask you the same question with relation to Exhibit P-6 A, B and C (papers shown to witness). A. (After examining papers.) Yes, sir; that is his signature.

Q. The same question as to P-7 A, B and C (papers shown to witness)? A. (After examining papers.) Yes, sir; that is his signature.

30

Q. And the same question as to Exhibit P-8 A, B, C, and D. (papers shown to witness)? A. (After examining papers.) That is his signature.

Q. And I show you the two checks Exhibits P-9 C and D, and ask you the same question (papers shown to witness)? A. (After examining papers.) Yes, sir; that is his signature.

Q. I also show you Exhibits P-10 C and D, and ask you the same question (papers shown to wit-

40

## Joseph Walkofsky—Cross

ness)? A. (After examining papers) Yes, sir; that is his signature.

Q. And the same question as to P-11 A, B and C (papers shown to witness)? A. (After examining papers.) Yes, sir; that is his signature.

10 Q. And P-12 A, B and C (papers shown to witness)? A. (After examining papers.) Yes, sir; that is his signature.

Q. Now, all these checks were also signed by Mr. Szedlak on the face of them as the treasurer of the association. They had to be, did they not? A. Yes, sir.

Q. I notice they have on them the words "Accepted and payable at the West Side Trust Company, Newark, N. J.; Daniel Szedlak, Treasurer." 20 Does that mean that the check would not be any good until it had been accepted by Mr. Szedlak as the treasurer?

Mr. Lindabury: If your Honor please, I think that is a proposition of law and opinion.

Question withdrawn.

Q. Under your by-laws, or regulations, or rules, or whatever you had, a check could be issued signed by the president and secretary, but it had to be accepted by the treasurer, did it not? A. 30 Yes, sir.

Q. That is right, is it not? A. (No response.)

Q. You could not take one of these checks and go to the bank and get the money on it until Mr. Szedlak had signed his name under the words "Accepted and payable at the West Side Trust Company," could you? A. No.

The Court: The place where it is payable appears only on the end of the paper; it 40 does not appear in the body of it.

## Joseph Walkofsky—Cross

Q. When a stockholder wanted to get a loan on his stock how would he have to go about it, under your rules? A. When the building loan started, when they organized, people didn't know any better; they seemed to go to the secretary to get the stock loans; he would make the check out, and went to the treasurer, and the treasurer came to the president, when a person wants a loan on his stock. That was until the last day I was president. That was started, and it has been run the same way. 10

Q. All the time you were president, when a stockholder wanted a loan he would go to the secretary, and the secretary would make out a check and take it to the treasurer, and the treasurer would bring it to you is that right? A. Yes, sir. 20

Q. Didn't you sign the check before the treasurer would sign it? A. When I signed it he always signed it right away, and he handed it to the stockholder.

Q. Then during all the time that you were president, from January 1, 1911, to January 1, 1916, all the stock loans were made by you three men in that way, were they not? A. Yes, sir.

Q. No action was ever taken by the board of directors isn't that so? A. No. 30

Q. During the time that you were president who had charge of the bank account of the association? A. The treasurer.

Q. Did he have the sole charge of it—I mean all alone? A. He always. He was under bonds, and he always said he was the man to go down to the bank and get the money any time it is necessary for the building and loan.

Q. He was under bond, was he? A. He was under bond. 40

## Joseph Walkofsky—Cross

The Court: This is the treasurer, Daniel Szedlak?

Mr. Bradner: Yes, sir.

Q. How much bond was he under? A. Under \$3,000.

10 Q. A \$3,000 bond? A. Yes, sir. Not from the first time they raised it. First, I believe, it was \$1,000, or something, the first year.

Q. When he went away it was \$3,000, was it not? A. Yes, sir.

Q. Is this action being brought by the bonding company, do you know? A. What action?

Q. This suit against the West Side Trust Company. A. I don't know.

Q. You do not know? A. No.

20 Q. Has the board of directors authorized the bringing of this action against the West Side Trust Company? (No response.)

Q. If you know? A. As far as I can remember, when the examiner was here we notified the bonding company about it. What they did I don't know.

Q. In what company was that? A. The Fidelity Trust Company.

30 Q. The building and loan notified the bonding company, the Fidelity Trust Company? A. Yes, sir.

Q. When the trouble arose, in December, 1915? A. Yes, sir.

Q. And then what did the building and loan people do after that, anything? A. I couldn't say after, because there was another president elected; I don't know anything about it.

40 Q. You went out of office on the 1st of January, 1916? A. Yes, sir.

## Joseph Walkofsky—Cross

Q. Now, while you were president and the treasurer had charge of the bank account who examined the vouchers that came back from the bank? A. The treasurer always had it in his hands.

Q. Did you ever examine any of the vouchers that came back from the bank? A. I asked a couple of times he should bring it up, and he said that is his business, he is under bonds, and he has got to keep these. 10

Q. Did any committee or any officer examine the vouchers that came back from the bank, except the treasurer? A. They examined by the yearly—when they examined the books every year they have looked through the checks and the vouchers. 20

Q. But when the vouchers came back from the bank every month, or however often it was, nobody examined them and checked them up, except the treasurer himself; is that so? (No response.)

By the Court: Q. Do you know how that was? A. All we did, he has a bank book, and he shows what he deposited in the bank; that is all we need; the directors looked it through.

By Mr. Bradner: Q. Looked through what? A. The bank book that the treasurer has. 30

Q. But you never took the checks when they came back with the bank book and checked them up to see whether everything was all right or not, did you? A. I did not; I never—

Q. Never mind. You did not. Did anybody else? (No response.)

Q. Well, you know, do you not? A. No.

Q. Nobody did that but Mr. Szedlak himself, 40

## Joseph Walkofsky—Cross

did they? A. He had it in his hands; he never let anybody handle it.

Q. He said he was under bond and he would do the whole thing himself? A. That is what he said.

10 Q. While you were president do you know whether Mr. Szedlak ever cashed any checks for any of the officers of the association? A. Sometimes he had cash money on hand.

Q. Now, I show you a check dated January 19, 1911, payable to the order of Michael Alexovits (paper shown to witness). Do you know him? A. Yes, sir.

Q. He was the secretary, was he not? A. He was the secretary.

20 Q. And is that check indorsed by Alexovits and then by Daniel Szedlak? A. That is his writing, Alexovits and Daniel Szedalk; yes, sir; that is his writing.

(The paper referred to is marked D-7 for identification.)

Q. Did he ever cash a check for you?

The Court: When is that check dated?

Mr. Bradner: January 19, 1911, No. 223.

30 Mr. Lindabury: I do not think this is cross-examination, if your Honor please. I think Mr. Bradner should make this witness his own witness, if he wants to go into these checks.

The Court: (After argument.) Well, I have been thinking of two things: whether this is cross-examination, which is the precise point that is now made, and, in the second place, whether you have pleaded this as a defense.

40

## Joseph Walkofsky—Cross

(After further argument.) I am inclined to think it is not cross-examination. Whether it is sufficiently pleaded is another question, and to what extent it would be available to you, if it were properly pleaded, I am not called upon now to express any opinion as to whether it has been. That is a subject for further consideration. But I do not see how it is cross-examination. I shall sustain the objection. 10

Defendant's counsel pray an exception to this ruling of the Court.

Exception noted as ground of appeal.

Mr. Bradner: I should like to have the witness identify the checks, so that I can use them, if I may. 20

The Court: You may do that for the purpose of providing yourself with ammunition.

Q. I shall show you a check dated February 23, 1911—

The Court: This is a white check?

Mr. Bradner: Yes, a white check.

Mr. Lindabury: If you will let me know how far you want to go, it may save time. I think we will admit that every one of these checks was signed by Walkofsky, the witness, for the purpose of identification, not admitting their admissibility. 30

Mr. Bradner: I would rather do it in this way, if your Honor please.

Mr. Lindabury: All right.

The Court. Proceed.

Q. Check dated February 23, 1911, purporting to be indorsed by Joseph Walkofsky and Daniel 40

## Joseph Walkofsky—Cross

Szedlak (paper shown to witness). Is that your signature on the back? A. Yes, sir.

Q. And Daniel Szedlak's signature? A. Yes, sir.

10 (The paper referred to is marked D-8 for identification.)

Q. I show you check dated February 29, 1912 (paper shown to witness). Is that indorsed by you and by Mr. Szedlak? A. Yes, sir.

(The paper referred to is marked D-9 for identification.)

Q. I show you check dated March 12, 1912 (paper shown to witness)? Is that indorsed by you and Mr. Szedlak? A. Yes, sir.

20 (The paper referred to is marked D-10 for identification.)

Q. I show you another check, dated August 29, 1912 (paper shown to witness). I ask you the same question. A. Yes, sir.

(The paper referred to is marked D-11 for identification.)

Q. And another one, dated November 29, 1912, and ask you the same question (paper shown to witness). A. Yes, sir.

30 (The paper referred to is marked D-12 for identification.)

Q. Another, dated June 27, 1913, and ask you the same question (paper shown to witness). A. Yes, sir.

(The paper referred to is marked D-13 for identification.)

40 Q. I show you another check dated June 27, 1913, payable to the order of Bertha Walkofsky (paper shown to witness). Who is she? A. My wife.

## Joseph Walkofsky—Cross

Q. Is that check indorsed by your wife and Daniel Szedlak? A. Yes, sir.

(The paper referred to is marked D-14 for identification.)

Q. Another check, dated November 28, 1913 (paper shown to witness). Is that indorsed by you and Szedlak? A. Yes, sir. 10

(The paper referred to is marked D-15 for identification.)

Q. Another check, dated November 27, 1914 (paper shown to witness). I ask the same question. A. Yes, sir.

(The paper referred to is marked D-16 for identification.)

Q. I show you another check, dated December 26, 1914 (paper shown to witness). Is that indorsed by you and Daniel Szedlak? A. Yes, sir. 20

(The paper referred to is marked D-17 for identification.)

Q. Now, we will go back to the checks which are Exhibits P-1 to P-12 in this case, and which you have identified as having been signed by you and indorsed by Daniel Szedlak. I understood you to say that those checks were issued for loans to stockholders is that so? A. Yes, sir.

Q. Do you know how it happens that Daniel Szedlak's name is indorsed on those checks? A. I never know anything about it. 30

Q. You did not know anything about it? A. I never know anything about it, that Daniel Szedlak indorsed any money on those checks.

Q. You mean on these Exhibits P-1 to P-12 inclusive? A. Yes, sir.

Q. You do not know anything about his indorsement on them? A. No, sir. As far as I know, he has got— 40

## Joseph Walkofsky—Cross

Q. No, just one moment. You do not know whether Daniel Szedlak gave the money to those stockholders or not, do you? A. No, sir.

Q. Do you know whether he often gave the cash to stockholders who had obtained loans? A. No, sir.

10 Q. What is that? A. Say that again?

Question withdrawn.

Q. Do you know whether he ever did give the cash to shareholders who got loans? A. No.

Q. You do not know it? A. No.

Q. Why, did he not give it to you? (No response.)

The Court: You are referring to some transaction when the president borrowed money on his own check?

20 Mr. Bradner: Yes, sir.

The Court: Direct his attention to that.

Mr. Bradner: Yes, sir.

Q. I show you D-13 for identification. That was a loan on stock, was it not (paper shown to witness)? A. Yes, sir.

Q. Did you get the cash from Szedlak? A. Yes, on the pay night.

Q. Did you get the money from Szedlak? A. Yes, sir; I got it on pay night.

30 Q. You put your name on the back of it and gave it to him, did you not? A. Yes, sir.

Q. Now, the same night your wife got a loan on her shares, too, did she not (paper shown to witness)? A. Yes, sir.

Q. She was there at the meeting? A. Yes, sir.

Q. And did she put her name on the back of the check? A. She put her name.

40 Q. And got the cash? A. Yes. She wasn't in the meeting.

## Joseph Walkofsky—Cross

Q. Well, she got the cash from Szedlak? A. Yes, she put her name on it.

Q. Then you do know that Szedlak cashed checks, these loan share checks? A. I know; yes, sir.

Q. He did do it, did he not? A. The West Side Trust Company know my name. 10

Mr. Bradner: I move to strike that out.

That is not an answer.

The Court: Strike it out.

Q. You did know, as the president of this association, that he cashed checks for stockholders, did you not? A. (No response.)

Q. Can't you answer that? A. The stockholders—

Q. Did you? Yes or no. A. Yes, sir. 20

Q. How long did that continue prior to December, 1915? A. I would like to know that again.

((Question read.))

The Court: Before December?

Mr. Bradner: Before December, 1915?

(No response.)

Q. One year, two years, three years or how long? A. When I got elected as president.

Q. When you were elected as president? A. Yes.

Q. Is it not a fact, Mr. Walkofsky, that Szedlak did just about as he pleased in that association? 30

A. (No response.)

Q. I am not trying to bind you in any way; I just want to know what he did. (No response.)

The Court: If you know, you may answer the question.

Q. Can't you answer the question?

Mr. Lindabury: If the Court please, I think the question is a little unfair. 40

## Joseph Walkofsky—Cross

Mr. Bradner: That is the reason I told him, I didn't want to bind him.

Question withdrawn.

Q. Szedlak had complete control of the money, did he not? A. Yes, sir.

10 Q. And you could not get any money without going to him, could you? A. Why, certainly, yes, sir.

Q. Now, what was the trouble in December, 1915? A. (No response.)

Q. What happened then? A. I don't know what trouble—In 1915?

20 Q. Yes. Did the Commissioner of Banking & Insurance come there? A. Well, the trouble started—the secretary couldn't get his books in the right shape, and he gave it up we got an extra secretary to get the books into shape.

Q. You mean the books would not balance? A. No, he couldn't bring the books in the right shape. The secretary, the temporary secretary from another building loan, looked through the books, and he says, "You have got to get the examiner to look at those books"; and that is how it started.

30 Q. And what did the examiner do when he got there? A. He went through the books; that is all I know. I can't tell you.

Q. Do you know what he found out? A. He found out many troubles.

Q. Well, what troubles? A. He found out that Daniel Szedlak forged the checks.

Q. He found out that Daniel Szedlak forged all these checks that you have identified, P-1 to P-12 inclusive? A. Yes, sir.

40 Q. He found that out in December, 1915? (No response.)

## Joseph Walkofsky—Cross

Q. You know, do you not? A. Yes.

Q. You knew it then, did you not? (No response.)

Q. You knew it yourself, too, then, did you not?  
A. I knew it at that time, yes, sir.

Q. And you never tried to find it out before, though, did you? A. The bank examiner didn't make any complaint about it, and the book was examined, and they never found any trouble. 10

Q. Well, the bank examiner would come in there about once a year, would he not? A. Twice a year.

Q. Twice a year? A. Once a year; that is right.

Q. And he never made any complaint, did he?  
A. Not about the checks.

Q. Now, when you found out in December that these payees' names had been forged by Szedlak had Szedlak run away? A. Yes. 20

Q. When did he run away? A. That was in December, the end of December, 1915.

Q. Now, when you found that out why did you not go and tell the bank? A. Wasn't the bank notified? Certainly.

Q. Well, do you know whether it was or not? A. The bank was notified that time.

Q. When was the bank notified? A. I couldn't tell you just exactly the date, but in that time when it was discovered, the end of December or the middle of the month, something like that. I don't remember everything since three or four years ago. 30

Q. Well, you do not know when the bank was notified? A. I couldn't say what day.

Q. Did the association do anything to give the bank notice? A. The association had a meeting and decided to notify the bank and the Fidelity Trust Company, and we did that. 40

## Joseph Walkofsky—Cross

Q. Do you know whether the notice was given to the bank? If you do not know, do not say so. Do you or do you not? A. Well, I know the bank was notified.

10 Q. But you do not know when? A. I couldn't say when.

Q. When these different loans were supposed to have been made, as shown by the checks on which the names, you say, have been forged, did you know yourself any of the stockholders? A. I didn't know them; I couldn't know everybody from the building and loan.

Q. Any whose names appear there, any of those names that appear on those checks? A. I know one lady, Mrs. Molscany.

20 Q. Was she there at the time the loan was made to her? A. The first time I remember; that is about six or seven years ago. That is a hard thing to remember.

Q. Well, when you made these different loans did you have before you any list of the stockholders? A. I couldn't remember whether the last loan was made under my time—the first loan for Mrs. Molscany; I couldn't remember that.

30 Q. It was 1910, she said, I think. A. Yes, it was far away.

Q. Did anybody other than you know the different stockholders? A. Daniel Szedlak, he knows everybody, every one of them.

Q. Every one of them? A. Because he kept the books and paid for them.

Q. Did Daniel Szedlak know every one of these stockholders? A. Yes, sir.

40 Q. And you did not? A. I didn't; I couldn't know everybody.

## Charles Mucha—Direct

Q. You do not know whether the secretary knew them or not, do you? A. He knows a few, maybe all; I couldn't say that.

At one o'clock, p. m., the court takes a recess of one hour.

10

After recess.

CHARLES MUCHA, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Mucha, where do you live? A. 62 Kent Street, Newark, New Jersey. 20

Q. Were you an officer of the Pannonia Building & Loan Association? A. Yes, sir; I was.

Q. Until when? A. The 13th of December, 1915.

Q. And what was your office? A. Secretary.

Q. And when were you elected secretary? A. I believe it was in 1912, the latter part of September; I am not sure.

Q. What books did you keep as secretary of the association? A. Payroll and ledger. 30

Q. What is that? A. The payroll, the membership roll, the ledger, cash-book, the minutes.

Q. What do you mean by "payroll"? A. Where the shareholders' names are.

Q. The people that have shares in the association? A. Yes, sir.

Q. What other books did you have? A. The ledger and cash-book, and also I had the check-book. 40

## Charles Mucha—Direct

Q. Ledger, cash-book, payroll and check-book?  
A. Yes, sir.

Q. What other books were kept by the association? A. Why, the treasurer was supposed to have a little book where his account was supposed to be kept, and also the bank book.

10 Q. Were those all of the books of the association? A. That is all.

Q. Now, did you sign checks as secretary? A. The new style checks, the green ones.

Q. That is, the blue, or green, checks? A. Green.

Q. I show you checks B, C, D and E of Exhibit lot P-1, and ask you if the name "Charles Mucha" on those checks are your signatures? A. I have signed them.

20 Q. Those are your signatures? A. Yes, sir.

Q. Do you know what those checks were made for? A. They were made out for stock loans.

Q. I show you Exhibit P-2, and ask you if the name "Charles Mucha" on that check is yours (paper shown to witness)? A. That is my signature.

Q. Do you know what that check was given for? A. Yes, sir.

Q. What? A. Stock loan.

30 Q. Are you acquainted with the handwriting of Anna Kocik? A. No, sir; I am not.

Q. Have you ever seen her write her name? A. No, sir; I did not.

Q. Are you acquainted with the handwriting of Anna Szedlak? A. I am not.

Q. Did you ever see her write her name? A. I have never seen her.

40 Q. I show you Exhibit P-3 A and B, and ask you if the name "Charles Mucha" on that check is

## Charles Mucha—Direct

yours (papers shown to witness)? Are those checks in your handwriting? A. That is my handwriting.

Q. Those are your signatures? A. Yes, sir.

Q. Do you know what those checks were given for? A. For a loan on stock.

10

Q. Do you know the payee, Stephen Kukan? A. I don't know him personally.

Q. Have you ever seen him write? A. I did not.

Q. You are not acquainted with his handwriting? A. To the best of my knowledge, I did not.

Q. I show you Exhibit P-4 C and D, and ask you if the signatures "Charles Mucha" on those two are yours (papers shown to witness)? A. That is my signature.

Q. And do you know the payee, Daniel Szedlak, Jr.? A. I do know him.

20

Q. Have you ever seen him write? A. Never did.

Q. Are you acquainted with his signature? A. I am not.

Q. I show you Exhibit P-5 B, C and D, and ask you if the signatures as "Charles Mucha" on those three are your handwriting (papers shown to witness)? A. That is my handwriting.

Q. Are you acquainted with Antal Szedlak? A. Not personally.

30

Q. Do you know his signature? A. I do not.

Q. Have you ever seen him write? A. No, sir; to my best knowledge.

Q. Do you know what those checks were given for? A. For loans on stock.

Q. I do not think I asked you: Do you know what the checks to the order of Daniel Szedlak, Jr., that you signed were given for? A. For a loan on stock.

40

## Charles Mucha—Direct

Q. I show you P-6 A, B and C, and ask you if the name "Charles Mucha" on those three checks are your signatures (papers shown to witness)? A. It is my signature.

10 Q. Do you know what those checks were given for? A. For stock loans.

Q. Are you acquainted with Mary Majoras? A. Well, I am not acquainted personally, but I know her for some time.

Q. Have you ever seen her write? A. I believe I have seen her once.

Q. When? A. About four years ago.

Q. And what was the occasion? A. Well, the time when I asked her to give me her address; I believe that is what it was.

20 Q. Is that the only time you have ever seen her write? A. I believe that is the only time.

Q. And did she write her name at that time? A. I think she did.

Q. I show you Exhibit P-7 A, B and C, and ask you if the signatures "Charles Mucha" on those three are your signatures (papers shown to witness)? A. That is my signature.

Q. Do you know what those checks were given for? A. Yes, sir.

30 Q. What? A. Loan on shares.

Q. And do you know Amalia Molscany? A. I don't know her.

Q. Did you ever see her write? A. I did not.

Q. Do you know her signature? A. No.

40 Q. I show you Exhibit P-11 A, B and C, and ask you if the name "Charles Mucha" on those three checks are your signatures (papers shown to witness)? A. This is my signature.

Q. Do you know what those checks were given for? A. For stock loans.

## Charles Mucha—Direct

Q. Are you acquainted with John Tinschmidt?

A. Well, I know him for some time, but I am not personally acquainted with him.

Q. Have you ever seen him write? A. I have not.

Q. Are you familiar with his signature? A. I am not. 10

Q. I show you Exhibit P-12 A, B and C, and ask you if the signatures "Charles Mucha" on those three checks are your signatures? A. It is my signature.

Q. Do you know what those three checks were given for? A. For a stock loan.

Q. Are you acquainted with George Bangert? A. I am not.

Q. Did you ever see him write? A. I did not. 20

Q. Or do you know his signature? A. I do not.

Q. I do not know whether I asked you what these checks were given for in each case. I shall ask you now if you know what all these checks were given for on which your signature appears? A. All those checks that my signature appears on were issued for stock loans.

Q. Now, I show you Exhibit P-10 C and D, and ask you if the signatures "Charles Mucha" on those checks are your signatures (papers shown to witness)? A. Those are my signatures. 30

Q. Do you know what they were given for? A. Yes, sir; stock loans.

Q. Are you acquainted with Elizabeth Ciganek? A. I am not.

Q. Did you ever see her write? A. No, sir.

Q. Do you know her signature when you see it? A. No, sir. 40

## Charles Mucha—Direct

Q. I show you now Exhibits P-9 C and D, and ask you if the signatures "Charles Mucha" on those two checks are yours (papers shown to witness)? A. My signature.

Q. Do you know what those checks were given for? A. Stock loans.

Q. Are you acquainted with Paul Mihel? A. I seen him only once.

Q. Did you ever see him write? A. No, sir.

Q. Do you know his signature when you see it? A. I do not.

Q. Did you make any record of these loans? A. What?

Q. Did you keep any record of these checks drawn against loans on shares? A. Yes, sir; I have a record in the cash-book and also in the check-book.

Q. Can you tell us whether or not any action was taken by the board of directors with reference to these loans? A. All the loans has been read off in the building and loan, in the association meeting and board of directors' meeting, and was accepted by the board.

Mr. Bradner: If the Court please, I think the minutes would be the best evidence of that.

(Answer read as follows: "All the loans has been read off in the building and loan, in the association meeting and board of directors' meeting.")

Mr. Bradner: That is his conclusion.

The Court: The rest of the statement may be said to be better evidenced by the record. At present I shall strike it out.

Q. Were these loans brought to the attention

## Charles Mucha—Direct

of the board before these checks were drawn?

A. They were not.

Q. After the checks were drawn? A. After the checks was drawn.

Q. Have you got your minutes here showing the action of the board on these loans? A. I haven't got the minutes here. 10

Q. What is that? A. I am no more an officer of the association at present.

Q. Is that the minute-book of the association that was kept by you (book shown to witness)? A. Yes, sir.

Q. Can you turn to that book and show us how you reported in your minute-book the entries with reference to these loans? A. Yes, sir.

By the Court: Q. Which book is this? A. The minutes. 20

Q. The minutes of the association or your own minutes? A. Of the association. "Loan on shares, \$60."

By Mr. Lindabury: Q. Under what date is that? A. The date of November 29, 1912.

By the Court: Q. Are these minutes paged, are they numbered? A. Of the book?

Q. Are the pages numbered? A. Yes, sir; 112.

By Mr. Lindabury: Q. What entry do you find? A. "Loan on shares, \$60." 30

By Mr. Bradner: Q. What date was that? A. November 29, 1912.

Q. To whom? A. It don't say.

By the Court: Q. Which are you referring to? A. (Witness indicates in book.)

The Court: "Loan on shares, \$60."

Mr. Bradner: It does not show the name of the party to whom the loan was made. I object to it. 40

## Charles Mucha—Direct

Mr. Lindabury: It does not show the name; it simply shows the entry of a total of the amount of all that were made up to that time. That is all I am trying to get at.

10 By Mr. Lindabury: Q. Does that entry of \$60 include more than one loan? A. In some cases it does.

Q. What was your custom with reference to reporting those loans to the board? A. Why, I read it off all in one sum.

Q. That is the total amount of the loans that had been made? A. Yes, sir.

Q. For what period? A. One month.

20 Q. So that the only action by the board on those loans was—the only report to the board on those loans was the report of a lump sum of stock loans at each monthly meeting, if any? A. Yes, sir.

By Mr. Bradner: Q. No names were mentioned? A. No, sir. On request it was.

Q. If anybody requested it? A. Yes, sir.

By Mr. Lindabury: Q. Did you make any report to the board at this meeting in writing? A. Yes, sir; I did.

30 Q. And did you make any report with reference to these loans? A. In what way?

Q. Any way? A. Well, I always report it just the way it is read there.

Q. I mean independent of the minutes, did you prepare any report of financial transactions? A. Yes, sir; I did.

40 Q. And what was that called? A. Why, it was a memorandum, a monthly report.

Q. And what was that taken from? A. From the cash-book.

## Charles Mucha—Direct

Q. And what became of that report that you made out? A. I entered it in the minutes.

Q. So that what is written in the minute book is a copy of what you reported to the meeting?

A. Yes, sir.

Q. Did you have any record in which these loans were recorded? A. Any record? 10

Q. Yes. A. Why, it is in the cash-book.

Q. I show you a book marked "Ledger 3" on the back and ask you what that book is (book shown to witness)? A. That is the ledger.

Q. That is not the cash-book? A. No, sir.

The Court: Let the minute-book of the association be marked for identification.

(Minute-book marked P-13 for identification.)

Q. Who drew these checks that were signed by you? A. I drew the checks. 20

Q. You drew them? A. Yes, sir.

Q. What did you do with them after you drew them? A. I handed them over to the treasurer.

Q. Mr. Daniel Szedlak? A. Mr. Daniel Szedlak.

Q. And did you have that after that? A. I didn't have them after that.

Q. Did you see these checks after they came back from the bank? A. Some of them. 30

Q. And where did you see them? A. At the association.

Q. What? A. At the meeting of the board of directors.

Q. And what did you do with them, if anything, at that time? A. Well, sometimes I looked them over, most of them.

Q. What ones did you not look over? A. 40  
Whatever he did not have there.

## Charles Mucha—Direct

Q. What do you mean by looking them over?

A. I just tallied up to see whether all the checks were there.

Q. What is that? A. I tallied up to see whether all the checks were returned.

10 Q. And were they all there? A. Not always.

Q. What do you mean by "Not always"? A. Sometimes he had it all there and sometimes he did not.

By Mr. Bradner: Q. Whom do you mean by "he"? A. Daniel Szedlak.

By Mr. Lindabury: Q. What did you do about those that were not there? A. I asked him whether he got them back and he said—

Mr. Bradner: I object.

20 Q. You must not tell what somebody said to you. What did you do about those that were not there? A. I asked him where they were.

Mr. Bradner: I object.

Q. Do not say what he told you. Did you see those at any time? A. Not all, no.

Q. How frequently did you see checks? A. Once a month.

Q. At the board meeting? A. Yes, sir.

30 Q. In whose possession were these checks retained? A. In the possession of Daniel Szedlak, the treasurer.

Q. And did you see these checks at any time after the monthly meeting? A. At the end of the year.

Q. And did you see them there? A. I did.

40 Q. And what did you do at that time with reference to those checks? A. I tallied them all up to see whether they were all there then, and sort them out, so that they would be in rotation according to the numbers.

## Charles Mucha—Cross

By Mr. Bradner: Q. That is, at the end of the each year? A. Yes, sir.

By Mr. Lindabury: Q. And were they all there? A. Most of them; sometimes I didn't find one or two, and then I went for them.

CROSS-EXAMINATION by Mr. Bradner: 10

Q. You were elected secretary in 1912? A. I believe it was 1912.

Q. What month? A. In the month of September, the latter part of September.

Q. And how would you know that a loan was to be made to a shareholder? A. Well, there is different ways. Sometimes the shareholder came up to me and asked me for a loan, and then I made out a draft on the treasurer, and then I made out a check. That was the system we had before I made out a note and had it signed. 20

Q. Signed by whom? A. The note was made by the—

Q. By the shareholder? A. The fellow who was going to loan the money.

Q. To get the money? A. Yes, sir.

Q. Now, before you adopted the blue checks you used to make a draft on the treasurer? A. Well, I won't say whether it was made on the treasurer, but in the form it was a draft for the amount. 30

Q. Well, it was an order for the amount? A. Yes.

Q. And that you signed? A. I signed it, and the president.

Q. And on that the treasurer then would issue a check to the shareholder? A. I made out a check and let the treasurer and the president sign it. 40

## Charles Mucha—Cross

Q. And the shareholder would sign a note?

A. Yes, sir.

Q. And then what record would you keep of that transaction? A. Why, I entered it in the cash-book.

10 Q. And what would you put in the cash-book?

A. The stock loan.

Q. Would you name the party who got it? A. Yes, sir.

Q. And that would appear in every case where there was an actual loan made—the name of the shareholder appeared in the cash-book? A. Yes, sir.

20 Q. And in every case where there was an actual loan made you took a note from the shareholder? A. Well, not in every case from the shareholder.

Q. What do you mean by that? A. Why, many times the shareholder went to the treasurer or somebody else and reported to him, or some of the officers, but most of the time by the treasurer, and he came up to me and told me about it, and, naturally, I made out the note and the check, and he had it signed.

30 Q. Well, then, if the treasurer came to you and said, "I want you to make a check to Anna Szedlak," you would make out the check, would you not? A. He presented the book to me.

Q. The shareholder's book? A. Yes, sir.

Q. And would you enter it in the book? A. I certainly did.

40 Q. Well, every time would you enter it in the shareholder's book? A. Not in the shareholder's book; in the cash-book.

Q. In the cash-book? A. Yes, sir.

## Charles Mucha—Cross

Q. You misunderstood me. He would bring the cash-book to you, would he? A. No, he would bring the membership book.

Q. He would bring you the membership book. Do you mean the association's membership book? A. No, the shareholder's book.

Q. The little book? A. Yes, sir. 10

Q. And he would take the little book and show it to you, and say, "Make out a check to Anna Szedlak for \$75, less the discount"? A. Yes.

Q. And you would do it? A. Yes, sir.

Q. And then when you had made out that check you would enter it in the cash-book? A. Yes, sir.

Q. "Loan to Anna Szedlak," so much? A. Yes, sir.

Q. Is that the way you would do it? A. Yes, sir. 20

Q. Now, can you tell by looking at these checks whether they were made in that way at the request of Mr. Szedlak? A. Well, I couldn't remember them all.

Q. You could not remember them all? A. No, sir; I couldn't remember which checks I have made out to him or not.

Q. Now, in the cases where you did make them out and he told you to do it, then you would have the checks signed by the president and—A. And the treasurer. 30

Q. And the treasurer would keep the check? A. Well, he was supposed to turn it over to the payee.

Q. And get the note? A. Yes, sir.

Q. Well, what that amounted to, then, was that you trusted him to give the check to the payee 40

## Charles Mucha—Cross

and get the note and bring it back? A. Well, he was also to hand the check over to the payee.

Q. Well, when the note was made what was done with that? A. Why, he kept it—the treasurer.

10 Q. The treasurer kept that, too? A. Yes, sir.

Q. Put it in his files? A. Well, he was supposed to be guardian over them papers.

Q. Well, you took all these checks that you looked at, and they ought to appear in the cash-book, ought they not? A. Yes, sir.

Q. What would you say if they are not in there? A. They are in there.

Q. I say what would you say if they were not in there? A. I couldn't say nothing, but I am  
20 sure it is in there.

Q. On these particular checks? A. Yes, sir.

Q. On each one of them? A. Yes, sir.

Q. What you mean to say is that you did not sign a check unless you entered it also in the cash-book? A. I did enter it in the cash-book.

Q. And you signed those checks because Mr. Szedlak, the treasurer, told you to? A. No, because he claimed it that the shareholder was up to the house to ask him to get a loan for him.

30 Q. In each one of these cases? A. Well, it must be so.

Q. Well, do you know? A. Well, I can't swear to it, because I don't know; I wasn't there when he was told.

Q. I do not mean when he was told, but do you know that in each one of these checks there is an entry on the cash-book? A. There is an entry on the cash-book on each one of these checks.

40 Q. Do you know that? A. Yes, sir.

## Charles Mucha—Cross

Q. Have you looked at the cash-book? A. Well, I entered it.

Q. Have you looked at the cash-book since this suit was brought? A. I think I did last January.

Q. And tallied these all up? A. Well, I didn't tally them all up myself.

Q. Where are the notes that belong to these loans? A. I don't know where they are now.

Q. Did you ever see them? A. I did see them last year.

Q. Where? A. At the association.

Q. You mean you saw the notes of each one of these payees? A. I am not positive whether I see them all the last year, but I see some of them.

Q. Well, did you see a note signed by Anna Szedlak? A. I don't know whether I did or not; I am not sure.

Q. Well, you could not report the loan made until you got the note, could you? A. Yes, I could, because the treasurer was the sole guardian of the notes; he was supposed to keep them in his care.

Q. Well, you made up your monthly report, then, from your cash-book? A. Yes, sir.

Q. And then in that cash-book you simply say "Share loans for the month," so much money? A. Yes, sir.

Q. You did not itemize it? A. I did itemize it in the cash-book.

Q. But not in the report to the directors? A. No.

Q. So that the directors did not know to whom the loans were made? A. Not exactly.

Q. Only that they were shareholders—they supposed they were shareholders? A. Yes, sir.

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## Charles Mucha—Cross

Q. Did you ever see a note made by Anna Kucik? A. I see a note made; I made it out.

Q. Did you see one signed by her? A. I don't know whether it was signed by her or not.

10 Q. Did you ever see one? A. I don't know; I believe I did; I am not sure.

Q. Did you ever see a note that had Mr. Stephen Kukan's signature on? A. I seen one, I believe, when he signed in my presence.

Mr. Bradner: Well, let us see those notes.

(Plaintiff's counsel hands papers to defendant's counsel.)

20 Q. Look through those four and see if it is one of those (papers shown to witness). A. This looks like his handwriting; I believe that is (indicating)—

Q. The one signed in your presence—you mean you were a witness on it? A. I was there when it was signed.

Q. Did you sign it, too? A. I don't think I did.

Q. Did you ever see him sign a stock note like the printed ones (shown to witness)? A. I don't think I did.

30 Q. Did you ever see a note that was signed by Daniel Szedlak, Jr.? A. I don't think I did.

Q. Did you ever see one that was signed by Antal Szedlak? A. I don't think I did.

Q. Or one by Mary Majoras? A. I did not.

Q. Or Amalia Molscany? A. I did not.

Q. Or John Tinschmidt? A. No, I did not.

Q. Or George Bangert? A. I did not.

40 Q. Well, was it not your duty to get those notes and enter them up in some book? A. I did enter them up in the cash-book.

## Charles Mucha—Cross

Q. In all those transactions you entered the notes in the cash-book? A. Yes, sir.

Q. Before you saw them? A. Before I saw them, as soon as I made out the notes.

Q. Before they were signed? A. As soon as I had the checks made out.

Q. Then before the notes were signed you entered them in the cash-book? A. Yes, sir. 10

Q. What did the president know about these different transactions, so far as you know? A. Well, all he could know, what I know about it.

Q. And did you tell him in each case what it was? A. Well, he knew—stock loans.

Q. That is, you knew what Szedlak told you, did you not? A. I knew what he said, that he was told about it.

Q. And he told you that John Tinschmidt wanted a loan and told you to make out a check to him? A. Yes. 20

Q. And that is all you know about it? A. That is all I know about it.

Q. And that is all the president knew? A. Yes, sir.

Q. Perhaps he did not know that much, even? A. He knew that, because he had to sign the check.

Q. Well, he only knew it from signing the check? A. Yes, sir. 30

Q. He did not know whether John Tinschmidt really wanted a loan? A. Well, that would be a hard matter for us to find out.

Q. Then you had to depend on what Szedlak told you? A. Well, we had to take that, because he was our authorized agent of the association.

Q. And that was your custom there, that when 40

## Charles Mucha—Cross

he said, "Make out a check to a shareholder," why, you and the president signed them and took his word for it? A. Well, according to the best of my knowledge, I seen every other building and loan do it, and that is the custom that we took up.

10 Q. Well, that was what you did all the time, was it not? A. I did.

Q. Did you ever get a loan yourself? A. Yes, I did.

Q. Is that the check for it (paper shown to witness)? A. Yes, sir.

Q. How is that indorsed? A. It is indorsed by me, and Szedlak cashed it.

20 Q. He cashed it for you? A. Yes, sir; because the bank wouldn't cash it for me; they didn't know me.

Mr. Bradner: The check is dated November 24, 1912, to the order of Charles Mucha, check No. 538.

(The check referred to is marked D-18 for identification.)

Q. Now, how often did the checks come back from the bank? A. Once a month.

30 Q. And when they came back was it anybody's duty to examine them and check them up and see that they were all right? A. Well, it wasn't just exactly anybody's duty. Of course, we looked them over as far as we could.

Q. Whom do you mean by "we"? A. Why, the officers.

Q. Who were they? A. The president, vice-president and myself.

40 Q. Who was vice-president? A. Stephen Warsanyi.

## Charles Mucha—Cross

Q. And every month did you look over the checks that were returned? A. As far as I could.

Q. What do you mean by that—as far as you could? A. Well, as many checks as he had there.

Q. Who had? A. The treasurer. 10

Q. You mean that sometimes the checks would be returned and he would take some out of the package? A. I couldn't tell you whether he took some out or he didn't have them returned from the bank; I don't know.

Q. Well, could you not tell from your pass-book how many vouchers were sent back? A. I could tell how many vouchers were sent back, but I don't know how many he returned. 20

Q. Did you not have a typewritten slip sent back with each lot of vouchers? A. Sometimes he had one and sometimes he didn't have any.

Q. Who got the book from the bank every time? A. The treasurer.

Q. Then that book with the vouchers would be handed over to you? A. No, it was never handed to me, only when I took it from the table.

Q. You would take it from the table and go over it with the president and vice-president every month? A. Not always, no; sometimes I would go over it alone. The president and vice-president very seldom went over it with me. 30

Q. Did the treasurer sometimes go over it with you? A. No, he never did.

Q. When did it happen the first time when you found that there were checks missing? A. I don't know.

Q. Can you not tell us when that was? A. No, sir; I don't know. 40

## Charles Mucha—Cross

Q. How soon after you became secretary? A. I couldn't tell you that.

Q. Well, how could you tell that there were any checks missing? A. When I tallied up with my check-book to see how many checks were issued and how many were there.

10 Q. Well, might it not have happened that some checks had not come into the bank yet? A. That might have been, too.

Q. What did you ever find out from any of these examinations that you made? A. I couldn't find anything.

Q. You could not make your cash balance, could you? A. Well, not always I couldn't do it, no.

20 Q. Did you report that to the board of directors? A. No, I couldn't make any report on it, for I don't have all the checks there; he always says there is so much out of the way.

Q. When the checks would come in from the bank and you would go over them either alone or with the president and vice-president, and you could not make them balance with your check-book, then what would you do? A. I reported it.

30 Q. To whom? A. To the board.

Q. At the monthly meeting? A. Yes, sir.

Q. And was any action ever taken on anything of that kind? A. Well, it has been told to get the rest of the checks and then balance it up always.

Q. You were directed to get the rest of the checks? A. Yes, sir.

40 Q. And then you would come to the next month. Would you get the rest of the checks?

## Charles Mucha—Cross

A. Well, I would get them checks, but some other checks were missing again.

Q. And there were always some out, were there not? A. Not always; no, sir.

Q. Well, were they put in September, 1915?

A. I couldn't tell you.

Q. In December, 1915, were there a lot missing? A. No, not many. 10

Q. Were you there in December, 1915? A. What date?

Q. Well, did you leave there in December, 1915? A. Yes, sir.

Q. What date did you leave? A. The 13th.

Q. Were you discharged? A. No, I resigned.

Q. And when you resigned was Szedlak still there? A. Yes, sir.

Q. Did you come back again? A. Yes, sir. 20

Q. And were you reinstated? A. No, sir; I didn't ask for reinstatement.

Q. Well, you went away, did you not? A. Yes, I did.

Q. Why? A. Because I couldn't balance up my cash-book and my accounts, and I always had confidence in myself; I could do it always; and I had been overworked and I went away.

Q. Well, you were worried about it because you could not balance your cash-book? A. Yes, sir. 30

Q. And for how long a time had it been that you could not balance your cash-book? A. I always could balance it; that is the only time I couldn't do it.

Q. You couldn't balance it that month, could you? A. No, sir.

Q. Did you report that to the board of di- 40

## Charles Mucha—Cross

rectors? A. I sent word to Mr. Walkofsky that I am overworked, I can't do the work, to get somebody to look over the books and do the work, and in the same letter I stated my balance.

10 Q. Do you know why you could not balance your cash-book? A. Because I was overworked.

Q. You were not able to do it? A. I wasn't able to do it then.

Q. Do you mean that there were more checks than cash? A. I couldn't tell you I was overworked and I went away.

Q. For how long a time had you been overworked? A. To tell you the truth, I had been working for two days and two nights straight.

Q. At that time? A. At that time.

20 Q. What was the trouble when you could not balance your cash-book, why could you not do it? A. I can't say now.

Q. What was missing? A. Well, sometimes I was away ahead and then I was away behind; that is where the trouble came in with me.

Q. You mean that your cash-book called for more balance than you ought to have according to the checks? A. Sometimes I find out it did, and then it was just the reverse.

30 Q. Were you there when the bank examiner came in? A. No, not when he came in; I have been there later.

Q. Were you there when he made the examination? A. Yes, part of the examination.

40 Q. Do you know whether it was discovered then that any of these loans that had been made through Szedlak were bogus? A. Well, I believe it was discovered just before I came there.

## Charles Mucha—Cross

Q. Just before you came back? A. Yes, sir.

Q. When did you come back? A. The first of January; I went to Mr. Synder on the 3d of January.

Q. And who discovered it? A. Why, the State Banking & Insurance Examiners.

10

Q. Then it was discovered that some of these loans were bogus? A. Yes, sir.

Q. Well, do you know whether all of these loans that you identified the checks of today were bogus? A. I couldn't say; just as they tell me, they are bogus.

Q. If they were real loans they would have notes with them, would they not? A. They all have notes.

Q. And where are the notes? A. I couldn't tell you.

20

Q. Now, when Szedlak would say, "You make out a check to John Tinschmidt for \$50," how could you tell whether John Tinschmidt was entitled to that much loan? A. I would look over my payroll, what series he is in. Of course, if he shows me the book, I would see how much money he was entitled to.

Q. Well, would you not have to see a certificate that he was a shareholder? A. Certainly.

30

Q. Where is that? A. It is kept always at the association.

Q. They kept the certificate there? A. Yes, sir.

Q. Would you look at that every time? A. Yes, sir.

Q. Or did you not take Szedlak's word for it? A. No, I wouldn't take anybody's word.

Q. You would not take his word for anything? 40

## Charles Mucha—Cross

A. Well, in such case, when he says that somebody told him to get the loan for them and they would be there at a certain time to get the check, I would make out the check, of course.

10 Q. Did you ever see anybody come to the office after the check had been made out and see him pay the cash over? A. Some of them, yes.

Q. That often happened, did it not? A. Well, occasionally, when they didn't have anybody in the bank, and didn't want to lose no time, they asked the treasurer to cash the check for them, and, of course, he did.

Q. Then they would indorse the check? A. Yes, sir.

Q. And he would take it? A. Yes, sir.

20 Q. Take it himself? A. I don't know what he would do with it.

Q. Well, while you were there did not a great many checks come in with his name on the back? A. Some of them did, yes; I seen many of them.

Q. Did you ever say anything to the board of directors about that? A. No, that didn't arouse my suspicion, because, naturally, I was cashing checks, if I had the money on hand.

30 Q. That did not make you suspicious? A. No, sir; it did not.

Q. And you did not report it to the board of directors? A. No, sir; I did not.

Q. Well, all of these checks when they came back were handled by the president and vice-president, too, were they not? A. Well, they very seldom handled it, very seldom.

40 Q. They left that to you? A. Yes, sir.

Mr. Bradner: Have you got a form of certificate, one of the shareholder's certificates?

## Charles Mucha—Cross

Mr. Lindabury: Yes (handing paper to Mr. Bradner.)

Q. While you were secretary, the certificates, if shares of stock were issued, were taken out of a book? A. Yes, sir; it must go with the note.

Q. I did not ask you that. The certificates were all torn out of a book, were they not? A. Yes, sir. 10

Q. And there was a stub with each certificate? A. Yes, that remained in the book.

Q. And did the shareholder sign that stub? A. No, sir.

Q. Who did? A. He never received his certificate.

Q. You did not have the stub signed? A. No, sir. I may have; I am not sure. 20

Q. You are not sure about that? A. No, I am not.

Q. Well, why did you hold the certificates? A. The certificates had to be in with the notes, with each note.

Q. Well, suppose he did not get any loan, then what? A. They had to stay in the book, in the certificate book.

Q. In the certificate book? A. Yes.

Q. And you did not tear the certificate out and give it to the shareholder, unless he got a loan? A. Or if he requested it. 30

Q. And wanted it? A. Yes, sir.

Q. And if he requested it, would he not have to sign for it? A. Yes, sir.

Q. And where would he sign? A. On the stub.

Q. And if he got a loan on his certificate, did he not have to assign the certificate to you and sign that? A. No, sir; he wouldn't have to sign 40

## Chris B. Snyder—Direct

the certificate, because the new form of notes covered that.

Q. So that instead of assigning the certificate, he signed a collateral note? A. Yes, sir.

10 Q. And then every time a loan was made you had before you the signature of the shareholder, did you not? A. No, sir; I didn't have his signature in front of me.

Q. You would have had his signature if you had the note there, would you not? A. I would have had it, yes.

Q. And every time a check came back from the bank you could have compared the signature on the back of the check with the signature on the note, could you not? A. Well, I couldn't keep  
20 the note.

Q. Why not? A. Because it was the treasurer's duty to keep the notes.

Q. And he would not let you see it, would he? A. Well, he didn't have it always there.

By Mr. Lindabury: Q. I think you said that the notes were in the possession of the treasurer? A. Yes, sir.

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30 CHRIS B. SNYDER, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Snyder, where do you live and what is your business? A. Belvidere, New Jersey; representing the State Department of Banking & Insurance as examiner of building and loan associations.  
40

Chris B. Snyder—Direct

Q. And are you acquainted with the affairs of the Pannonia Building & Loan Association? A. I assisted in making the last examination; yes, sir.

Q. That examination was made when? A. As of December 15, 1916, the close of business December 15, 1916. 10

Q. That is the last examination? A. That is the last examination.

Q. Had you examined the affairs of that association prior to that time? A. If my recollection serves me right, I think it was August, 1915.

Q. Do you know Mr. Daniel Szedlak? A. I know him as treasurer of the Pannonia Building & Loan Association.

Q. And when did you last see him? A. On the 20 30th day of December, 1915.

Q. At that time were you making an examination of the affairs of the association? A. I was then assisting in making an examination of the affairs of the association.

Q. You say "assisting." Was there someone else working with you? A. Mr. Pryor.

Q. At that time did you find any irregularities in the affairs of that association? A. I found a discrepancy in the cash. 30

Q. What was the nature of that discrepancy? A. Moneys not turned in by the treasurer.

Q. And when did you discover that? A. Well, some time between December 15th and December 30th.

Q. And was Mr. Szedlak there at that time? A. He was there up until December 30th; that is the last I saw of him.

Q. And did you discover anything further in. 40

## Chris B. Snyder—Direct

the affairs of the association that were irregular that you called to the attention of the officers?

10 A. We didn't call the attention of the officers to anything until the leaving of Mr. Szedlak, because it was our duty to find our findings and report to the Department of Banking & Insurance first.

Q. And did you see the securities of the association there? A. Yes, we saw the securities of the building and loan association, consisting of notes for stock loans and bonds and mortgages for mortgage loans.

Q. And did you check those up? A. We checked up the notes outstanding that were held by the treasurer with the records as they appeared on the books.

Q. And did you make an examination of certain alleged stock loans that are concerned in this suit? A. Not until after we were ordered by the Department of Banking & Insurance, or the commissioner, to verify all loans outstanding, and then it was our duty to send out verification slips to each borrower for his signature as to indebtedness to the association.

Q. And do you know when you did that? A. 30 After Mr. Szedlak left, due to the fact that we found in one case of his nephew, Antone Szedlak, where the loan, in proving up the shares of the stock and liability for dues, that Antone Szedlak had borrowed \$35 on his stock loan on five shares, which was in arrears one year for dues and one year for interest and one year for fines, and calling Mr. Szedlak's attention to that, 40 he immediately started out and collected the money and brought it in, and we called Mr. An-

Chris B. Snyder—Direct

tone Szedlak in, and he said that he hadn't seen his uncle, but that he had always given his uncle his dues to pay in on his stock, but had never borrowed any money from the association.

Q. When did you discover that? A. About December 29th. 10

Q. Did you call that to the attention of the officers of the association? A. No.

Q. Did you call any of these discrepancies in the cash or the records of the treasurer to the attention of the officers of the association? A. No, that is not our duty.

Q. I did not ask you that; I am asking you whether you did? A. No.

Q. Do you know of a meeting held on the 5th of January, 1916? A. There was a special meeting of the board of directors called for January 5th for the purpose of changing the account in the bank, as I recollect it. 20

Q. And at that time there was something said to the directors about the condition that you had found? A. We found that there were notes that were not verified.

Q. And you called that to the attention of the directors of the association at that meeting? A. At that time. 30

Q. And that is the first time you gave them any notice of what you had ascertained? A. Yes, sir.

Q. And that, you say, was on January 5, 1916? A. That was the date of the meeting, yes.

Q. Well, I mean that is the date when you gave them notice of this? A. Yes, sir. Of course, we couldn't give them all the notes not verified, due to the fact that the returns had not all come in. 40

## Chris B. Snyder—Direct

Q. You had taken possession of all of the papers of the association when you went there?

A. Yes.

Q. And impounded them, if that is the proper word? A. Yes, sir.

10 Q. That is, you took possession of them? A. Took possession of them; yes, sir.

Q. How long did you retain possession of them? A. Until we rendered our report to the department, which was some time in February.

Q. Do you recall when you returned the papers and vouchers to the association? A. I can't exactly recall the date, no, but some time in February, when we left there, we turned them back.

20 Q. When did you first take possession of these papers, Mr. Snyder? A. Well, I went there some time after December 15th, at the call of Mr. Pryor, and after that I received word from the department that I should assist Mr. Pryor in making the examination, and we took possession of everything. That was about December—well, between December 15th and 20th.

30 Q. And you retained possession of all these records and papers until some time in February that you do not recall exactly? A. So far as we could; yes, sir.

Q. And these particular loans that you found were irregular, did you return those papers to the association? A. Yes, I think we did. We returned all of them; we turned everything over, checks and all, except what we turned into the department for exhibits.

40 Q. And did or did not the officers ask you for those papers prior to the time that you turned them back? A. Yes.

Chris B. Snyder—Direct

Q. They did ask you for them? A. Yes.

Q. And you refused them? A. Yes.

Q. Do you remember to whom you finally delivered these papers that related to loans that were irregular, or bogus? A. To the newly elected treasurer, Mr. Jurik.

10

Q. Well, is it not a fact, Mr. Snyder, that you turned them over to me? A. After they came back from the department, yes.

Q. Well, that is what I mean. A. Yes; if that is what you mean, I turned them over to you, yes.

Q. So that those that related to these loans—  
A. These spurious loans.

Q. —you turned them over to me? A. Yes, sir; by order of the department.

20

Q. And at the direction of the department had you refused to give them back to the association?  
A. No, they never asked for them, I don't think, those spurious ones.

Q. Well, I understood you to say that they asked for—A. No, not for the spurious papers.

Q. Did they specify, when they asked you, what they wanted? A. No.

Q. They asked you for their papers, did they?  
A. They didn't make any demand for the papers. We just turned over what wasn't needed in the department for the exhibits, and we just turned them back to the proper officers. That is my recollection.

30

Q. What did you find the condition of the records to be with reference to this association? A. The records as to what?

Q. As to business. A. Generally?

Q. Yes, generally. A. Only fair.

40

## Chris B. Snyder—Cross

Q. And these particular loans that you found to be bogus, what was the condition of the books as to them? A. Properly entered in the shareholder's ledger, commonly called roll book, and the interest being paid on them apparently regularly, and entered on the stub of the check issued in payment of the loan, a note in the possession of the treasurer, with the certificate as collateral attached, properly signed by the purported borrower.

Q. What do you mean by "properly signed by the purported borrower"? A. Signed by somebody purporting to be the borrower.

## CROSS-EXAMINATION by Mr. Bradner:

Q. I understand you to say, Mr. Snyder, that after you had discovered the discrepancy in the cash that you looked to find out the cause of it? A. I beg your pardon!

Q. You found first a discrepancy in the cash, I understood you to say? A. First we discovered the discrepancy in the cash, trying to locate the cause of the secretary's going away. The treasurer was with us all the time.

Q. Oh, the secretary ran away? A. The secretary was away.

Q. And did his cash-book call for more cash than there was in the bank? A. Yes, sir; his cash was short, according to the bank—according to his accounts as he had them up to that date.

Q. Did you discover what caused that shortage? A. We discovered, so far as we could, that it was due to the fact that the treasurer had not

## Chris B. Snyder—Cross

deposited sufficient funds to the amount of which he was charged as having received.

Q. And did he make that good? A. No.

Q. And how much does that shortage amount to? A. \$631.37.

Q. Well, when you discovered that what occasion was there for going any further? A. Any further for what? 10

Q. In the examination of the association? A. That was only proof of the cash; that was not a verification of the outstanding obligations for liabilities and of the assets and liabilities. We had to prove the loans.

Q. Then after that you made an examination for the purpose of verifying the outstanding loans? A. Everything; not loans particularly, but everything—liability for dues in arrears, fines in arrears, shares cancelled, shares in arrears, and everything pertaining to liabilities and assets. 20

Q. Now, as a result of that examination did you discover that there were apparent outstanding loans which were not real loans? A. We had no way of discovering that there were outstanding loans that were not good, because from the verification, from the examination of 1915 down to date, December 15, 1916, the proof of the loans outstanding August, 1915, plus loans made to December, 1915, less loans repudiated, agreed with the account of loans carried on the roll book on which interest was being charged. 30

Q. And being paid? A. There is where we found the trouble in verification of loans, because they were in arrears to such an extent that we called them in. 40

## Chris B. Snyder—Cross

Q. Then you followed that up on these that were in arrears? A. On all accounts. We take off all the accounts on the roll book as to the standing of their accounts, as to the amount paid in and unpaid.

10 Q. How would you send out notice to the shareholders? A. After notifying the department that there was some question as to the validity of the loans, that it would be necessary to verify all loans outstanding, the order from the department was to send out verification slips as to all loans, mortgage and stock.

Q. And did you verify all of them? A. Yes, sir.

Q. Were they all right? A. No, sir.

20 Q. There were some of them wrong? A. The verification slips came in on the stock loans. The mortgage loans slips came in O. K. The stock loan slips came in with \$3227 not acknowledged as owing to the association.

Q. And did you make a list of those? A. Yes, sir.

30 Q. And did you give that list to the directors of the association, or a copy of it? A. We gave a list of them to the directors and a list of them to the bonding company, and a list of them first to the Department of Banking & Insurance.

Q. When did you give it to the directors? A. Shortly after the report went in to the department.

Q. Can you give me approximately when the report went in to the department? A. I can if I get my bag.

40 (Bag handed to witness, and the witness consults memoranda.)

## Chris B. Snyder—Cross

A. Dated January 17, 1916, as the close of the examination.

Q. That is when you reported the list of the—  
A. Of course, it may be filed with the department one or two days after that, on account of writing up the report.

Q. But about that time you reported to the directors of the building and loan association that certain shareholder's loans were not real loans, that the borrowers repudiated them? A. They had that information, due to the fact that it was necessary for the examiners to get the cooperation of the directors in order to find the names—find these people who were supposed to have stock loans, who were not known to us, and who had changed their addresses, and several letters would be returned, and we got the cooperation of the directors and the officers to chase out and find these people, and they were conversant when the people would come in to sign the verification slips, knowing that they would not know what they were going to be asked.

Q. So that in some cases they probably knew that there was a repudiation of it before you did? A. Before the report was made out, yes.

Q. Did you ever see any notes representing the loans which you reported as not being acknowledged? A. Did I ever see those.

Q. Yes. A. In the cases?

Q. Yes. A. I saw all the notes.

Q. Was there a note in each case? A. There was a note in every case except one, I think.

Q. Which was that? A. That was a loan not in dispute; that was a loan not considered in the

## Chris B. Snyder—Cross

examination, not considered in the settlement—\$3227.

10 Q. But all the items that you are familiar with, in dispute in this case? A. Well, so far as my memory serves me in a year and a half or two years. Of course, I have not carried this case in my mind all this time.

Q. Well, these loans have been spoken of as being bogus. Do you know whether they are bogus or not? A. No, I don't know; I am only taking the verification of the borrower.

20 Q. Well, can you say whether in each case the note has been shown to the borrower and he has denied it? A. I could say that the note had been shown to nine-tenths of the borrowers. Some, of course, I did not see at all.

Q. You saw some of them? A. Mostly all—nine-tenths of the borrowers who came in person and signed the verification slip, not knowing what they were to sign, always having an interpreter there to speak to them. I couldn't understand them.

Q. You have never had any examination made of the signatures to see whether they were genuine on these notes or not, have you? A. No.

30 Q. You have just taken the borrower's word for it? A. Taken his word that it is not his signature.

Q. That he did not sign it? A. Yes. We are not expert penmen.

Q. So that it is possible that they could be just lying down on it and did not want to pay? A. Well, that—that will have to be proved by them.

40 Q. You made your report up on the basis of their denial of their signatures on the notes?

## John J. Gless—Direct

A. We made up our report to the department on the face of the verification slips which were sent in as exhibits; yes, sir.

Q. Which merely stated that these shareholders denied that they had borrowed the money?

A. Denied that they were the borrowers.

Q. What became of the verification slips? A. They are in the department, or in the hands of Mr. Lindabury; I don't know which. I think they were delivered to Mr. Lindabury, at the request of the department, or the orders of the department.

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JOHN J. GLESS, sworn in behalf of plaintiff: 20

Direct-examination by Mr. Lindabury:

Q. Mr. Gless, where do you live? A. Sixty Maples Avenue.

Q. Are you one of the officers of the Pannonia Building & Loan Association? A. I am.

Q. What office do you hold? A. Secretary.

Q. And when did you become secretary? A. You mean active or temporary, or what?

Q. Well—A. I became temporary secretary about December 15, 1915. 30

Q. And you were elected secretary at the annual meeting, I think, January 28th?

Mr. Herr: 1916.

A. 1916; yes, sir.

Q. Were you acting from the 15th of December until your election, in January? A. Yes, sir.

Q. And did you know anything about this ex- 40

John J. Gless—Direct

amination being conducted by the Department of Banking & Insurance? A. Yes, sir.

Q. You knew Mr. Snyder? A. Yes, sir.

Q. And Mr. Pryor? A. Yes, sir.

10 Q. And did you have a meeting on or about the 5th of January concerning the matter of your treasurer, Daniel Szedlak? A. We had a meeting, I think, on the date of January 3, 1916.

Q. Where was that meeting held? A. At the Pannonia Building & Loan Association, 171 Howard Street.

20 Q. Was any action taken at that meeting? A. Yes, they appointed Mr. Stephen Jurik temporary treasurer and they appointed me temporary secretary. We went to the bank the next day, January 4th, I think it was, to see Mr. Kussy, and I signed the slip.

Q. Was anyone else there besides Mr. Kussy at the time you went there? A. No, Mr. Kussy and Mr. Jurik and I were together at the time.

Q. Where were you at the bank? A. In Mr. Kussy's private office.

30 Q. Did you have any conversation with Mr. Kussy, at that time? A. We told Mr. Kussy, yes, that there was an apparent shortage of the treasurer and that he had gone away. "Well," he said, "that is pretty good. He has got a personal account here also. He didn't get into us for anything." He asked us what the shortage was at that time, but the exact amount was not made up at that time, and I told him I didn't know.

Q. And is that the entire conversation that occurred at that time? A. Yes.

40 Q. Did you see anyone at the bank after that

## Stephen Jurik—Direct

with reference to this matter? A. I didn't, no. I believe Mr. Jurik did—the treasurer.

Q. Did you see the checks on which these payments were made, these so-called bogus loans? A. I did, yes.

Q. When did you see them? A. At the examination. 10

Q. Did you have a list of them? A. Only the list that Mr. Snyder and Mr. Pryor prepared; I had no personal list at that time.

Q. And when did you get a list of them? A. After the examination was completed.

Q. Do you know when—the date? A. I think it was some time in January, I can't tell the date.

CROSS-EXAMINATION by Mr. Bradner:

Q. Do I understand you to say that you told Mr. Kussy that the shortage appeared to be \$600— 20

Mr. Lindabury: Just one other question.

By Mr. Lindabury: Q. Do you know what Mr. Kussy's connection with the bank is? A. I believe he is the president.

By Mr. Bradner: Q. President of the West Side Trust Company? A. Yes, the president. 30

Q. Did you tell him how much the shortage was? A. No, I did not.

---

STEPHEN JURIK, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Jurik, where do you live? A. Thirty-two Sayre Street. 40

## Stephen Jurik—Direct

Q. Newark? A. Newark.

Q. Are you an officer of the Pannonia Building & Loan Association? A. Yes, sir.

Q. What is your office? A. I am treasurer.

10 Q. How long have you been treasurer? A. I have been elected the 3d of January, 1916.

Q. And had you been an officer of the association before that time? A. Yes, I was a director, too.

Q. And did you know about the shortage in the accounts of the treasurer? A. I don't know nothing about it.

20 Q. Did you at any time know about the shortage in the accounts of the treasurer? A. I just hear about it when Mr. Mucha went away, and then Mr. Szedlak went away; then I hear it.

Q. Did you go to the bank with Mr. Gless, the last witness? A. Yes.

Q. Do you know Mr. Kussy? A. Yes, sir.

Q. When was that? A. It was after I was elected treasurer. So we went in the bank and changed the names.

Q. And what day was that? A. It was about a few days later than I was elected.

30 Q. What? A. A few days later than when I was elected; it was three or four days after.

Q. What do you mean by "a few days?" A. It might be two or three days after I was elected.

Q. Did you see Mr. Kussy at that time? A. Yes, sir.

Q. Did you see Mr. Kussy any other time after that? A. Yes, sir.

40 Q. When? A. Oh, about two or three weeks ago, about two weeks, fourteen days ago.

Q. What do you mean by that, Mr. Jurik? Two

## Stephen Jurik—Direct

weeks ago would be the 4th of May, 1917. Is that what you mean? A. No, that was in January, but I can't remember the day; it was around the 20th of January, 1916.

Q. You mean about two weeks after the first time you went to see Mr. Kussy? A. Yes. 10

Q. Who was with you at that time, if anybody? A. I was going down Springfield Avenue, and I met one of them detectives from the second floor, and I asked him, I had a picture for him—

Objected to.

Mr. Lindabury: Never mind that.

By the Court: Q. Who was with you? A. One of them detectives.

By Mr. Lindabury: Q. Do you know his name? A. I couldn't remember. That was the fellow—he has got charge of Mr. Szedlak; he should look for him. 20

Q. And did you see Mr. Kussy that day? A. Yes, sir.

Q. Did you have any conversation with him that day concerning the treasurer's affairs? A. Yes, sir.

Q. Mr. Szedlak's? A. Yes. A man comes with me, and Mr. Kussy says—

Q. Just wait a minute. Where were you? A. Right in the office. 30

Q. What office? A. When you come in the bank, the right-hand side.

Q. Whose office was it? A. Well, I don't know. That is Mr. Kussy's office.

Q. And who was in the office at that time? A. The boys was walking in and out; I don't remember. 40

Q. At that time you had a talk with Mr. Kussy, you say? A. Yes, sir.

Stephen Jurik—Direct

10 Q. Now, will you tell us what you said to him and what he said to you? A. The detective said, "Mr. Kussy, what do you think about that? There is a man from the Pannonia Building & Loan Association." And he says, "Well, what is about it?" "Well," the detective said, "I told him a man was in my house, and he says if I gave him \$50, when we pay him \$50, then he will tell us where Mr. Szedlak is."

Q. A man was at your house and said if you paid him \$50 he would tell you where Szedlak was? A. Yes, sir. And Mr. Kussy said, "I ain't got nothing to do with him; I ain't got no use for him. When we have use for him we are going to look for him ourselves." That is what Mr. Kussy gave his answer.

20 Q. Was anything else said? A. No. We went right out.

Q. Were you looking for him?

30 Mr. Bradner: I object. That has not been communicated to Mr. Kussy. He is only telling us what he had in his mind. I object to it. I do not object to what he said to Mr. Kussy, because Mr. Kussy was there as the president of the bank, and if his attention was called to the facts, that is proper evidence; but if this man only had in his mind why the association was looking for him, that is not evidence as against us.

The Court: It may be an explanation which the witness ought to be allowed to make. I will allow the answer.

40 Defendant's counsel pray an exception to this ruling of the Court.

## Stephen Jurik—Re-direct

Exception noted as ground of appeal.

(Question read.)

A. I went over to the detective's office, and I had some pictures in my pocket what I showed to the detective—there is a picture of Mr. Szedlak.

The Court: Never mind your conversation.

10

Witness: Then I says to the detective—he says to me, "Come on with me and we will see Mr. Kussy about that." The detective called me in.

The Court: Never mind your conversation with the detective.

CROSS-EXAMINATION by Mr. Bradner:

Q. Did you want to get Mr. Szedlak because his cash was short? A. Well, I don't know what the detective wants him for.

Q. You do not know why they wanted him? A. No.

20

RE-DIRECT-EXAMINATION by Mr. Lindabury:

Q. Was anything said at that time about the checks?

Mr. Bradner: I object to the question as being not re-direct-examination and as an improper question to ask. Not only that, but it directs the witness' attention to a specific fact which is the very issue in this case.

30

The Court: I will sustain the objection. Plaintiff's counsel pray an exception to this ruling of the Court.

Exception noted as ground of appeal.

Q. Have you stated the entire conversation that occurred at that time? A. I don't know what you mean.

40

## Stephen Jurik—Re-direct

The Court: Have you told us everything?

Q. Have you told us all the conversation that occurred at that time, all of your talk with Mr. Kussy? A. That was all.

Q. Have you told us all? A. That is all.

10 Q. Would you know the detective that was with you if you saw him again? A. Yes, I was in the detective's office many times after this.

Q. When did you first learn of these loans made on these checks which we are suing on? A. When it was first made—

Q. When did you first learn about the loans being bogus? A. Well, when the examination was made—You mean the regular building and loan?

20 Q. Yes. A. Well, I know from the by-laws what we got.

Q. Do you understand my question? A. No, I don't know what you mean.

The Court: Well, if you do not understand the question, do not try to answer it.

Q. When did you first find out, or learn, that some of these stock loans were not good or were bad? A. I just hear it in the directors' meeting, when it was called on the 3d. of January, that it wasn't no good.

30 Q. What is that? A. Then is when I heard it was no good.

Q. That was the first time you heard? A. That was the first time I heard it.

Q. And when did you get a list of the checks or the bad loans, if you know? A. To lend the money?

Q. A list of the loans that were there. Did you ever get a list of those bad loans? A. We got a list from the banking and insurance company.

40 Q. When? A. Oh, some time, I guess—I ain't sure, but I think it was in February.

## George J. Muha—Direct

Q. Did you ever receive the checks back from the Commissioner of Banking & Insurance? A. I couldn't tell you; I don't know.

Q. What? A. Not me.

Q. I will ask you that again. Did you ever receive the checks back from the Commissioner of Banking & Insurance, from Mr. Snyder or Mr. Pryor, who made the examination? A. Those bad checks? 10

Q. Those bad checks. A. I never received, no.

Q. Have you had them in your possession since? A. No, not them.

Q. You never have had them? A. I never had them.

20

GEORGE J. MUHA, sworn in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Muha, you are president of the Pannonia Building & Loan Association? A. Yes.

Q. When were you elected president? A. 1916, January 28th.

Q. January 28th? A. January 28, 1916.

Q. And did you know about these bogus loans? A. Only the latter part of December, 1915. 30

Q. And when did you find out about them? A. Just happened one time I am working, I stopped in the association, 171 Howard Street, and I find out from some director that has been there.

Q. And at that time did you find out about some of these checks or loans being bad? A. Only one of them at that time—Mrs. Majoras. 40

George J. Muha—Direct

Q. And when was that? A. I can't exactly remember the date; January—or December, 1915, I mean.

The Court: You mean 1915 or 1916?

Mr. Lindabury: 1915 he evidently means.

10 Witness: 1915.

Q. Was Mr. Szedlak there at that time? A. He was.

Q. He was there at that time? A. Yes, sir.

Q. And did you receive at any time a list of these loans that were bad? A. I never did, no.

Q. Did you receive the checks that were alleged to be bad? A. I never did.

Q. Do you know where they were? A. Yes.

20 Q. Where were they? A. The forgery checks have been drawn on the stock loans.

Q. Yes. Where were those checks? Do you know where the checks were? A. The checks must have been in the safe.

Q. Do you know where the checks were when you were elected president, when you became president? A. I believe they were sent to the Insurance State Department, at Trenton.

Q. You did not have them? A. I did not have them.

30

Cross-examination waived.

Adjourned until tomorrow, Wednesday,  
May 23, 1917, at 10 o'clock, a. m.

Chris B. Snyder—Direct

THIRD DAY

Wednesday, May 23, 1917.

Met pursuant to adjournment.

Present, counsel as before stated.

10

CHRIS B. SNYDER, re-called in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Snyder, when you made the examination of the Pannonia Building & Loan Association in whose possession did you find the evidence of indebtedness on stock loans? A. Daniel Szedlak, treasurer.

20

Q. Did you find in his possession any notes with reference to the particular alleged stock loans in suit? A. All of them.

Q. Did you mark those notes in any way so as to identify them? A. I think we did mark them as exhibits.

Q. I would ask you to look at those notes and tell us whether or not those are the notes which were produced to you by Szedlak as the notes against which these checks were drawn in suit (papers shown to witness)? A. (After examining papers.) According to the notes presented here, they have been marked and listed by us, the examiners.

30

By the Court: Q. That is not an answer to the question. Are those the notes which were handed you by Mr. Szedlak as those on which checks were drawn in suit? A. Yes, sir.

Q. How many are there?

40

Chris B. Snyder—Direct

Mr. Lindabury: There is one for each check.

A. There are twenty-seven there.

The Court: What use is proposed to be made of these?

10 Mr. Lindabury: I propose to offer those, if the Court please, as showing that there were notes in the possession of the association corresponding with the checks.

The Court: You want to have them marked.

Mr. Lindabury: Yes, sir.

The Court: You want to keep track of them, that is all?

Mr. Bradner: They were in the possession of Daniel Szedlak?

20 Witness: Daniel Szedlak, treasurer of the association.

Q. And were there any stock certificates with those—among the papers that you received? A. In cases where the certificate was not with the note it was attached to the certificate book, which was placed with the note by the examiners.

Q. And did you find there the certificate in each case where these alleged bogus loans existed? A. Yes, sir.

30 Q. I show you a series of stock certificates and ask you to tell us whether those are the certificates (papers shown to witness)? A. (After examining papers.) To the best of my knowledge, yes.

By the Court: Q. How many are there? A. Ten.

Mr. Bradner: You offer all these?

40 Mr. Lindabury: Yes, I offer them. I wish to offer the notes that were turned over to

Chris B. Snyder—Direct

the examiner as the evidence of the indebtedness in the possession of the association in the form of the notes.

The Court: Are they to be marked separately?

Mr. Lindabury: For convenience, I think they might be offered as one exhibit. I do not see any objection to that. There are twenty-seven of them. 10

Mr. Bradner: I should like to say a word about them before they are admitted in evidence.

The Court: The offer is of twenty-seven notes.

Mr. Bradner: I understand that these notes purport to be notes made by the same persons who are named in the several checks that have been admitted in evidence, and whose names it is alleged have been forged on those checks—the indorsement of the payee has been forged. If that was a bona fide transaction, an actual loan made by the building and loan association to those different shareholders, and the checks actually issued to them, why, then, I could see the relevancy of proving that these notes were made and that these people were shareholders. That would lead up, of course, naturally, to the question as to whether the checks were indorsed by the payees. But the evidence in the case is that each one of these alleged loans was not a real transaction; that these checks were made at the suggestion of Szedlak, the treasurer of an association, and that they 20  
30  
40

Chris B. Snyder—Direct

10 were not intended by him to be given out to the shareholders. It was merely the scheme of his to get the money of the association. So that the plaintiff, it seems to me, must stand in either one position or the other. If he claims that these were real transactions and the money actually loaned to those shareholders, then, of course, the plaintiff has to prove the forgery. If the plaintiff claims that they were not real transactions, that they were bogus loans, and that the association was deceived by the treasurer, then these papers are of no consequence whatever. It just merely follows that the checks were made to persons to whom the treasurer did not intend to pay the money, and these papers have no relevancy. I would object to them on that ground.

20  
30  
40 Mr. Lindabury: If the Court please, while the contention is that these were bogus loans, yet, as far as the association's officers were concerned, or the association, with the exception of Szedlak, the treasurer, they had all appearance of being bona fide transactions, and we are told so by the officers, with the exception, as we believe, of Daniel Szedlak, the treasurer, that the transactions were bona fide transactions, and the course of business of the association has been shown here in connection with such matters, to receive notes against stock loans; and I offer these as showing that in the possession of the treasurer were notes, while the whole thing may have been a fraud, as we believe it was, there was an

John J. Gless—Direct

appearance of regularity and good faith in the transactions, given by the possession of the treasurer of these papers purporting to be notes for stock loans. It is merely to show that the offer is made.

The Court: I will overrule the objection and receive the proof as part of the history of the transaction. 10

Defendant's counsel pray an exception to this ruling of the Court.

Exception noted as ground of appeal.

(The papers referred to are marked Exhibit P-14.)

Mr. Lindabury: I offer the certificates of stock on the same theory.

The Court: There are said to be ten certificates; is that correct? 20

Mr. Lindabury: Yes.

Mr. Bradner: I make the same objection to the certificates.

The Court: I make the same ruling.

Defendant's counsel pray an exception to this ruling of the Court.

Exception noted as ground of appeal.

(The papers referred to are marked Exhibit P-15.) 30

Cross-examination waived.

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JOHN J. GLESS, re-called in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

Q. Mr. Gless, I show you a book purporting to be the by-laws of the Pannonia Building & Loan Association, and ask you to examine it and tell 40

## Stephen Jurik—Direct

us whether that is a copy of the by-laws (book shown to witness)? A. Yes, it is.

Mr. Bradner: Well, the by-laws that were in existence from June, 1911, to January 1, 1916?

Witness: The by-laws in existence at this time.

10 I don't know anything about the previous—

Q. How far back does your knowledge go on those by-laws? A. I can't tell when this book was adopted by the association.

Mr. Bradner: Well, I object to it.

Q. Can you tell us whether or not you received a statement of these bogus loans from Mr. Snyder, or the Department of Banking & Insurance?

A. Yes, I have a copy of that statement. I was under the impression when I was on the stand  
20 yesterday that I had no copy, but I have had a copy made up in my own handwriting, and somehow or other the copy got into Mr. Snyder's papers. I stated at the time that I didn't have any copy; I was quite sure I didn't.

Q. When did you get that information from which the statement was made up? A. After the examination was completed at that time.

Q. And obtained by you in the course of the examination? A. Yes, sir.

30 Q. You assisted, I believe, Mr. Snyder in the examination? A. Yes, sir.

Cross-examination waived.

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STEPHEN JURIK, re-called in behalf of plaintiff:

Direct-examination by Mr. Lindabury:

40 Q. Mr. Jurik, how long have you been a member

Stephen Jurik—Direct

of the Pannonia Building & Loan Association?

A. From the start.

Q. I show you a book purporting to be a copy of the by-laws of the Pannonia Building & Loan Association, and ask you if you know whether that is a copy (book shown to witness)? A. Yes, it is. 10

Q. And do you know how long the by-laws have existed in the form that they appear in that book?

A. That existed from the start; when they run out we make this kind.

Q. Just repeat your answer.

(Question read.)

Mr. Bradner: In the red book.

A. Well, I couldn't remember exactly, but I think that was about three or four years later we make the red book. 20

Mr. Lindabury: I shall have to ask another question to straighten that out.

Q. I show you a book purporting to be a copy of by-laws of the association, No. 10, bearing the name of Verona and Joseph Mahodie, and ask you to examine it and tell us whether that is what appears to be a copy of the by-laws (book shown to witness)? A. Well, that is the first ones.

Q. Is that the same as the red book? A. That is the same, only we had one or two changes. 30

Q. What were the changes? A. I know one change was that the secretary has the fire insurance, and we make the change to the president, and one change was made that every officer would have not less than five shares in the building and loan. That is all I know about the changes that were made in the by-laws.

Q. And those are the only changes made since the original adoption of the by-laws? A. That is all I can remember. 40

Stephen Jurik—Direct

Q. And have you ever published any other edition of your by-laws? A. Yes, sir.

Q. Do you understand my question? A. Yes, sir. You want to know whether that is the same one as this (indicating)?

10 Q. No, I want to know whether the association has ever published more than these two copies of the by-laws? A. I don't think so.

Q. How long have you been an officer? A. I was from the start to 1916, the date of the—

Q. And these changes that you have mentioned, do they appear in the red book? A. Yes. Every member has a little slip extra made and put in the book on the place.

20 The Court: The question was whether these changes that you have mentioned appear in the red book. Do you understand the question? If you do not understand a question when it is asked, say so.

Witness: Every change that was made, it was put in that book?

Mr. Lindabury: Yes.

Witness: Yes.

30 Mr. Lindabury: I offer these two books, the one marked "No. 10" as the original, and the red book as the second edition containing the changes in the by-laws.

Mr. Bradner: Which one was in force during these transactions, Mr. Lindabury?

40 Mr. Lindabury: Why, that, Mr. Bradner, I cannot establish, the date of the changes, but the changes are not material to this suit, as I see it, because the changes have to do with the fire insurance and also the qualification of officers, who were to

Stephen Jurik—Direct

hold five shares instead of one share, as originally provided.

Mr. Bradner: We shall let them in. They may help and they may not. I think section 7 seems to be the only one bearing on the case.

10

Mr. Lindabury: Yes.

The Court: We shall mark the older book P-16 and the red book P-17.

(The books referred to are marked respectively Exhibit P-16 and Exhibit P-17.)

Cross-examination waived.

Mr. Lindabury: If the Court please, I offer a demand made for the repayment to the association of the moneys charged against the association's account on these checks, in the form of a letter under date of March 24, 1916, and the defendant admits receiving it on that day.

20

Mr. Bradner: Either that day or the next; I am not sure which.

Mr. Lindabury: Well, it was that day.

(The paper referred to is marked Exhibit P-18.)

30

Mr. Lindabury: There were two checks that were marked for identification, P-3 A and P-3 B for identification. Those are the checks of Stephen Kukan, and I now make offer of those as exhibits.

Mr. Bradner: They were part of the—

Mr. Lindabury: These are part of the bogus loans (handing papers to Defendant's counsel).

40

## Motion for non-suit

(The papers referred to are marked respectively Exhibit P-3 A and Exhibit P-3 B.)

Plaintiff rests.

10

Mr. Bradner: If your Honor please, I move for a nonsuit upon the following grounds:

20

FIRST: The evidence proves that all the checks were given for fictitious loans and to fictitious payees, and all indorsed by Szedlak, and all signed by him as treasurer of the plaintiff, and therefore made to fictitious persons with the knowledge of the plaintiff, and payable to the borrower. By virtue of the statute, the plaintiff cannot recover.

SECOND: Plaintiff has failed to prove that it gave notice to defendant of the alleged fraud—that is, the issue of checks to fictitious payees—within a reasonable time after the discovery, in December, 1915, and therefore cannot recover.

30

THIRD: The evidence shows that the same frauds extended over a period of four and a half years, and shows that the plaintiff was negligent in not examining vouchers whereby the frauds could have been discovered, and its negligence was the proximate cause of any?

40

FOURTH: The evidence proves a course of dealing whereby the defendant paid checks upon the indorsements of Szedlak, who was the treasurer of the plaintiff, and the plain-

Frederick W. Parisette—Direct

tiff is estopped from claiming that defendant was negligent.

The Court: (After argument.) I shall deny your motion, and give you an exception.

Defendant's counsel pray an exception to this ruling of the Court. 10

Exception noted as ground of appeal.

At 1 o'clock, p. m., the Court takes a recess of one hour.

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After recess.

FREDERICK W. PARISSETTE, sworn in behalf of defendant: 20

Direct-examination by Mr. Bradner:

Q. Mr. Parisette, you are connected with the West Side Trust Company? A. I am.

Q. In what capacity? A. Secretary.

Q. How long have you been secretary? A. About two years.

Q. And before that were you connected with the trust company? A. I was. 30

Q. In what capacity? A. Assistant secretary and assistant treasurer; besides that I was paying teller.

Q. And how long have you been with the defendant? A. Fifteen years.

Q. Did you know Daniel Szedlak? A. I did.

Q. Do you know when the account was first opened with the Pannonia Building & Loan Association? A. In 1905. 40

Frederick W. Parisette—Direct

Q. Have you got the signature card? A. I have (producing card).

Q. December 29, 1905? A. Yes, sir.

Q. Who was the treasurer then? A. Daniel Szedlak.

10 Q. Do you know whether he continued to be treasurer up to January 3, 1916? A. I do.

Q. Was the signature card ever changed? A. Not during that time, not as far as the treasurer was concerned.

Q. Did the bank receive a notice of any kind relating to change of officers on or about January 3, 1916? A. I believe there was such a communication received.

Q. What is this paper?

20 (Paper shown to witness.)

A. That is the communication from John J. Gless, the acting secretary, notifying us of a change in their official staff.

By the Court: Q. Acting secretary of what? A. Of the Pannonia Building & Loan Association.

Mr. Bradner: I offer this paper in evidence. I think it is a copy of a resolution of the board of directors of the association (defendant's counsel hands paper to plaintiff's counsel).

30 (The paper referred to is marked Exhibit D-19.)

(Mr. Bradner reads Exhibit D-19.)

By Mr. Bradner: Q. I show you another paper, dated January 21, 1916.

(Paper shown to witness.)

Did the bank receive that? A. It did.

40 Mr. Bradner: It purports to be a letter from the Pannonia Building and Loan As-

Frederick W. Parisette—Direct

sociation (handing paper to plaintiff's counsel). I offer it in evidence.

(The paper referred to is marked Exhibit D-20.)

(Mr. Bradner reads Exhibit D-20.)

Q. What was the next communication received from the association or from anyone purporting to represent the association? A. A communication in regard to two checks that were claimed to have been—claimed that the indorsement had been forged on the back. 10

Q. I show you Exhibit P-18, and ask you whether that is the paper that you refer to?

(Paper shown to witness.)

A. That is the paper.

Mr. Bradner: That is the demand for the payment of the money. 20

The Court: That is dated March 24th?

Mr. Bradner: Yes, sir.

Q. Have you any record which shows the dates when vouchers were returned by the bank to the building and loan association? A. Yes, I have.

Q. In what is it contained? A. I suppose you mean the dates when the books were balanced and returned?

Q. Yes. A. Yes, we have a complete record of that. 30

Q. Can you give us the dates, beginning in January, 1911? I just ask you whether you can or not? A. Yes, I can.

Q. And what record would you refer to? A. To the individual ledger of the account of the Pannonia Building & Loan Association.

Q. Have you got a loose leaf ledger? A. Yes.

Q. And have you extracted the leaves and brought them here? A. I have. 40

Frederick W. Parisette—Direct

Q. Have you made up a list of the dates when the pass-book was balanced and the vouchers returned? A. Have I made up a list?

Q. Yes. I show you this paper.

(Paper shown to witness.)

10 A. Yes, sir; I have; that was made up by us.

Q. Made up under your supervision? A. Yes, sir.

Mr. Bradner: Now, there are a great many of these. I can have him read them off, showing the different dates when they were returned. Suppose he begins with January, 1911, or I can furnish a list of them.

20 The Court: Unless counsel wish to dispense with your list, you can do it the other way.

Mr. Lindabury: I think I should be entirely willing to accept the list, if I can ask the witness a question.

Mr. Bradner: Yes, certainly.

By Mr. Lindabury: Q. This list that you have prepared is a list showing the dates of the balancing of the pass-book on your ledger? A. It is.

30 Q. And you do not know whether or not the pass-book was actually returned with the canceled vouchers on those dates, do you? A. Not on those dates, no.

Mr. Lindabury: I am willing that this should go in as showing the dates when the pass-book was balanced, but not as showing the dates when the vouchers were returned the association from time to time.

40 Mr. Bradner: That is agreeable to me.

Witness: If I could say a word there. The

Frederick W. Parisette—Direct

building loan in most cases has demanded the book the next day and in most cases it gets it the next day after it has been balanced.

By Mr. Bradner: Q. But your record only shows the days when you balanced it? A. That is all.

10

Q. And would you balance your books unless you were called upon to balance the pass-book? A. We would not.

Q. So that in every case when you balanced in your books the pass-book was balanced, too? A. It was.

Mr. Bradner: Now, I ask for the pass-books.

Mr. Lindabury: This is the only one we have (handing book to defendants' counsel).

20

Q. Could you tell from that when it was balanced?

(Book shown to witness.)

The Court: Is this pass-book in evidence?

Mr. Bradner: Well, I want to see if it gives any information.

(Witness indicates in pass-book and explains to counsel privately.)

Q. Begin with May, 1911. What was the date of the balance? A. The 2d of May.

30

Q. I have called for the pass-book of the association, and this book is produced, and I ask you what it appears to be, Mr. Parisette? A. The book is the pass-book in account with the Pannonia Building & Loan Association.

Q. Turning to the page showing the balance in May, what date is that? A. May 2d.

Q. May 22nd is it not? A. May 22nd.

40

The Court: 1911?

Frederick W. Parisette—Direct

Witness: It appears to be May 24, 1911, which is a balance of \$201.57.

Q. What is the next date of balance? A. June 19th, balance \$193.16.

Q. And through to what date does that book go? A. May 17, 1917.

Q. Those entries in the book are all made by the bank's employees? A. They are.

Mr. Bradner: I shall offer the pass-book in evidence.

(The book referred to is marked Exhibit D-21.)

Q. I show you Exhibits P-1 A, B, C, D and E, and ask you whether you can tell whether those checks were cashed over the counter or put to the credit of Daniel Szedlak?

(Papers shown to witness.)

A. (After examining papers.) They appear to have all gone to the credit of Daniel Szedlak.

Q. Did he have an account in the West Side Trust Company? A. He did.

Q. An individual account? A. An individual account.

Q. I show you Exhibit P-2, and ask you whether that went to the credit of Daniel Szedlak?

(Paper shown to witness.)

A. It did.

Q. Also P-3 A and B?

(Papers shown to witness.)

A. Yes, sir.

Q. They went to his credit? A. Went to his credit.

Q. Also Exhibits P-4 A, B, C and D?

(Papers shown to witness.)

A. (After examining papers) These also went to Daniel Szedlak's credits.

Frederick W. Parisette—Direct

Q. Also P-5 A, B, C and D?

(Papers shown to witness.)

A. (After examining papers) These also went to the credit of Daniel Szedlak.

Q. Also P-6 A, B and C?

(Pages shown to witness.)

A. (After examining papers) These also went to the credit of Daniel Szedlak. 10

Q. Also P-7 A, B and C?

(Papers shown to witness.)

A. (After examining papers) These also went to the credit of Daniel Szedlak.

Q. Also P-8 A, B, C and D?

(Papers shown to witness.)

Mr. Bradner: P-8, I might say here—those are not disputed ones; those are genuine ones, Mr. Lindabury. 20

The Court: All up to this point are genuine?

Mr. Bradner: Disputed ones. P-8 embraces genuine checks.

A. Now, it would seem that three of these checks here, of these four here, went to his credit, but one of these checks which was made payable to Stephen Kukan was cashed by another one of our depositors. This is the check that I refer to here (indicating). 30

Q. That is, check P-8 B did not go to the credit of Szedlak, but was cashed— A. By one of our depositors.

Q. By another depositor? A. By another depositor.

Q. The other three in that exhibit went to the credit of Szedlak? A. Yes, sir; to the credit of Szedlak. 40

Frederick W. Parisette—Direct

Q. I show you Exhibit P-11 A, B and C, and ask you whether they went to the credit of Szedlak?

(Papers shown to witness.)

A. (After examining papers.) These three also went to the credit of Daniel Szedlak.

10 Q. Also Exhibits P-12 A, B and C, did they go to his credit?

(Papers shown to witness.)

A. (After examining papers.) These also went to the credit of Daniel Szedlak's account.

20 Q. How can you tell whether a check has been cashed or has gone to the credit of Szedlak? A. By the stamp appearing on the face of it. You will notice that on those checks there the receiving teller's stamp is on them, showing that it went through the receiving department and was credited to his account whereas on the other checks you will notice that the paying teller's stamp is on, showing that he cashed that check.

Q. Do you know Daniel Szedlak, Jr., A. I do not.

Q. You did not know that he was a director of the building and loan association? A. I did not.

30 Q. I show you some checks, beginning November 25, 1910, and running through this package up to July, 1915.

(Papers shown to witness.)

Have you looked over that bunch here in the court room? A. Yes, I have.

Q. For what purpose did you examine those checks? A. To find out if these checks had been indorsed by Daniel Szedlak.

40 Q. How many of them did you count there? A. Oh, I believe there was about one hundred and fifty.

## Frederick W. Parisette—Cross

Q. And they begin at what date? A. November 25, 1910.

Q. And run from there up to what date? A. Up to November 19, 1915.

The Court: What date?

Witness: November, 1915.

10

Q. Well, were they all indorsed by Daniel Szedlak? A. Yes, if it is the same package that I looked over here in the court room, they are all indorsed by Daniel Szedlak.

Q. What was the custom of the bank in paying checks indorsed by him? A. Why, the custom has been ever since he has been with the account, if he placed his indorsement on the back of it, to place it to the credit of his account, or if he brought it in for identification, to pay the check.

20

## CROSS-EXAMINATION by Mr. Lindabury:

Q. Mr. Parisette, was Daniel Szedlak a depositor in your bank? A. Yes, he was.

Q. How long had he maintained an account there prior to January, 1916? A. Oh, probably five or six years; I couldn't exactly say.

Q. Was he a depositor when the building and loan association was organized, in 1905? A. I couldn't say that he had an account at that time.

30

Q. You do know that he had an account during all this period? A. Oh, I do, yes.

Q. Necessarily, because of the checks being deposited to his credit? A. Yes, I do.

Q. You understand, of course, that I refer to the period covered by these so-called spurious checks? A. I do; yes, sir.

Mr. Bradner: If your Honor please, I should like to offer this package of checks

40

## Exhibits Offered in Evidence

10 as one exhibit for the defendant. These checks were called for by me and produced by the association, and I am offering them just for the purpose of showing, in connection with the witness's testimony, that it was the custom of the bank to receive these checks and to either pay them or put them to the credit of Szedlak covering that period of time.

20 Mr. Lindabury: If the Court please, this witness examined these checks and testified and it so appears on the record, that they have been paid during this period of time, and that the number stated did bear the indorsement of Daniel Szedlak. It does not seem to me that the exhibits themselves add anything to that testimony, and it makes a great lot of exhibits in the case. It seems to me that the witness's testimony makes it quite as clear and certain.

The Court: If Mr. Bradner desires to have them, I shall receive them.

Mr. Bradner: There is one package of checks that he counted up to one hundred and fifty, he said.

30 Witness: Yes, sir.

(The papers referred to are marked Exhibit D-22.)

Mr. Bradner: I offer in evidence D-7 for identification, a check to the order of Michael Alexovits, indorsed "Michael Alexovitz" and "Daniel Szedlak," dated January 19, 1911.

40 (The paper referred to is marked Exhibit D-7.)

## Exhibits Offered in Evidence

Mr. Bradner: I also offer D-8 for identification in evidence.

(The paper referred to is marked Exhibit D-8.)

Mr. Bradner: That is a check dated February 23, 1911, to the order of Joseph Walkofsky. I also offer D-9 for identification. 10

(The paper referred to is marked Exhibit D-9.)

Mr. Bradner: That is check dated February 29, 1912, to the order of Joseph Walkofsky. I also offer D-10 for identification, check dated March 12, 1912, to the order of Joseph Walkofsky.

(The paper referred to is marked Exhibit D-10.)

Mr. Bradner: I also offer D-11 for identification, check dated August 29, 1912, to the order of Joseph Walkofsky. 20

(The paper referred to is marked Exhibit D-11.)

Mr. Bradner: I also offer D-12 for identification, check dated November 29, 1912, to the order of Joseph Walkofsky.

(The paper referred to is marked Exhibit D-12.)

Mr. Bradner: Also D-13 for identification, check dated June 27, 1913, to the order of Joseph Walkofsky. 30

(The paper referred to is marked Exhibit D-13.)

Mr. Bradner: Also D-14 for identification, which is a check dated June 27, 1913, to the order of Bertha Walkofsky.

(The paper referred to is marked Exhibit D-14.) 40

## Exhibits Offered in Evidence

Mr. Bradner: I also offer D-15 for identification, which is a check dated November 28, 1913, to the order of Joseph Walkofsky.

(The paper referred to is marked Exhibit D-15.)

10

Mr. Bradner: Also D-16 for identification, which is a check dated November 27, 1914, to the order of Joseph Walkofsky.

(The paper referred to is marked Exhibit D-16.)

Mr. Bradner: Also D-17 for identification, which is a check dated December 26, 1914, to the order of Joseph Walkofsky.

(The paper referred to is marked Exhibit D-17.)

20

Mr. Bradner: Also D-18 for identification, which is a check dated November 24, 1912, to the order of Charles Mucha.

(The paper referred to is marked Exhibit D-18.)

30

Mr. Bradner: If the Court please, the object of introducing these checks in evidence is to show that these officers of the association had the checks cashed by Szedlak, which they admitted, and this is the proof of it, and the checks show on their faces, in connection with the testimony of Mr. Parisette, that they went to the credit of Daniel Szedlak.

Defendant rests.

Plaintiff rests.

40

Mr. Bradner: If the Court please, I can only renew my motion, and ask that judgment be entered

## Motion for non-suit

for the defendant upon the grounds that I stated, and I want to just speak particularly now, in view of the evidence that has been given, that that shows a course of dealings between the parties; that since 1910 the checks of this association have been regularly and very frequently placed to the individual credit of Daniel Szedlak, although they were not made to his order; that is, they have gone to the payee, and the payee has indorsed, and Szedlak has indorsed afterwards, and had the check placed to his credit, and that has continued through a period of five years, showing a course of dealings between the parties; so that when those checks went back it was notice to the association that Szedlak was either cashing these checks and placing them to his own credit or that he was going to the bank to identify the parties. I think it would naturally lead to a suspicion, when a check was made to a shareholder and went out from the institution and came back indorsed by Szedlak, that there was something going on between him and the shareholder, either something wrong or it was acquiescence on the part of the association that that sort of thing should be done, that he should negotiate those checks and have control of them. I ask your Honor to direct judgment for the defendant.

The Court: I shall not decide this question until I have had an opportunity of examining the law and facts at my leisure, and also hearing the counsel further, if they desire to be heard.

Defendant's counsel pray an exception to this ruling of the Court.

Exception noted as ground of appeal.

10

20

30

40

**Exhibit P-1A**

No. 369

Newark, N. J. April 18th 1912

WEST SIDE TRUST COMPANY

10

PANNONIA  
Building and Loan Association

Pay to the order of Anna Szedlak  
Seventy Three 50/100  
\$73 50/100

Dollars

JOSEPH WALKOFSKY,

PRES.

DANIEL SZEDLAK,

TREAS.

*Endorsed on back:*

Anna Szedlak  
Daniel Szedlak

20

**Exhibit P-1B**

No. 609

Newark, N. J., March 20th, 1913

TREASURER OF

PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

30

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

PAY TO THE  
Order of Anna Szedlak  
Forty Nine and 00/100  
In Payment of Loan on Shares

Dollars

JOSEPH WALKOFSKY

President

\$49 00/100 49.00 CHARLES MUCHA

Secretary

*Endorsed on back:*

Anna Szedlak  
Daniel Szedlak

40

**Exhibit P-1C**

No. 911 Newark, N. J. August 27 1914

And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

10

Accepted  
PAY TO THE  
Order of Anna Szedlak  
Seventy Five and 46/100 Dollars  
In Payment of

\$75 46/100

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

*Endorsed on back:*  
Anna Szedlak  
Daniel Szedlak

20

**Exhibit P-1D**

No. 722 Newark, N. J. August 28th 1913

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

30

PAY TO THE  
Order of Anna Szedlak  
Forty Nine and 00/100 Dollars  
In Payment of Loan on Shares

\$49 00/100

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

*Endorsed on back:*  
Anna Szedlak  
Daniel Szedlak

**Exhibit P-1E**

No. 1124 Newark, N. J. September 30th 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

10

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

PAY TO THE  
Order of Anna Szedlak  
Forty Eight and 98/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$48 98/100 CHARLES MUCHA  
Secretary

*Endorsed on back:*

20

Anna Szedlak  
Daniel Szedlak

*Written on face:*  
48.98  
1.02

**Exhibit P-2**

No. 1073 Newark, N. J. June 18th 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

30

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

PAY TO THE  
Order of Anna Kocik  
Two Hundred Forty One and 19/100 Dollars  
In Payment of

40

JOSEPH WALKOFSKY  
President  
\$241 19/100 CHARLES MUCHA  
Secretary

*Endorsed on back:*

Anna Kocik  
Daniel Szedlak

**Exhibit P-3A**

No. 1134

Newark, N. J. October 22 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

10

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.

Treasurer

Daniel Szedlak

PAY TO THE  
Order of Stephen Kukan  
One Hundred Ninety Two and 96/100 Dollars  
In Payment of Loan on Stock

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$192 96/100

*Endorsed on back:*

Stephen Kukan  
Daniel Szedlak

20

**Exhibit P-3B**

No. 1143

Newark, N. J. November 4th 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

30

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.

Treasurer

Daniel Szedlak

PAY TO THE  
Order of Stephen Kukan  
One Hundred Ninety Two and 96/100 Dollars  
In Payment of

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$192 96/100

40

*Endorsed on back:*

Stephen Kukan  
Daniel Szedlak

**Exhibit P-4A**

PANNONIA  
Building and Loan Association

No. 266

Newark, N. J. June 15 1911

WEST SIDE TRUST COMPANY

10

Pay to the order of Daniel Szedlak Jr.  
Seventy Three 12/100 Dollars  
JOSEPH WALKOFSKY PRES.  
\$73 12/100 DANIEL SZEDLAK TREAS.

*Endorsed on back:*  
Daniel Szedlak, Jr.  
Daniel Szedlak

20

**Exhibit P-4B**

PANNONIA  
Building and Loan Association

No. 401

Newark, N. J. June 24 1912

WEST SIDE TRUST COMPANY

30

Pay to the order of Daniel Szedlak, Jr.  
Forty Nine 00/100 Dollars  
JOSEPH WALKOFSKY PRES.  
\$49 00/100 DANIEL SZEDLAK TREAS.

*Endorsed on back:*  
Daniel Szedlak, Jr.  
Daniel Szedlak

40

**Exhibit P-4C**

No. 660

Newark, N. J. June 20 1913

Accepted  
 And Payable at the  
 WEST SIDE TRUST COMPANY  
 Newark, N. J.  
 Daniel Szedlak  
 Treasurer

TREASURER OF  
 PANNONIA BUILDING & LOAN ASSOCIATION  
 of Newark, N. J.

10

PAY TO THE  
 Order of Daniel Szedlak, Jr.  
 Forty Nine and 00/100 Dollars  
 In Payment of Loan on Shares  
 JOSEPH WALKOFSKY  
 President  
 CHARLES MUCHA  
 Secretary

\$49 00/100

*Endorsed on back:*

Daniel Szedlak, Jr.  
 Daniel Szedlak

20

**Exhibit P-4D**

No. 1005

Newark, N. J. February 23 1915

Accepted  
 And Payable at the  
 WEST SIDE TRUST COMPANY  
 Newark, N. J.  
 Daniel Szedlak  
 Treasurer

TREASURER OF THE  
 PANNONIA B. & L. ASSOCIATION  
 of Newark, N. J.

30

PAY TO THE  
 Order of Daniel Szedlak, Jr.  
 Forty Eight and 98/100 Dollars  
 In Payment of Loan on Shares  
 JOSEPH WALKOFSKY  
 President  
 CHARLES MUCHA  
 Secretary

\$48 98/100

*Endorsed on back:*

Daniel Szedlak, Jr.  
 Daniel Szedlak

40

**Exhibit P-5A**

No. 297

Newark, N. J. October 19th 1911

WEST SIDE TRUST COMPANY

10

PANNONIA Building and Loan Association

Pay to the order of Antal Szedlak  
Ninety Eight and 00/100 Dollars

\$98 00/100

JOSEPH WALKOFSKY PRES.  
DANIEL SZEDLAK TREAS.

*Endorsed on back:*

Antal Szedlak  
Daniel Szedlak

20

**Exhibit P-5B**

No. 560

Newark, N. J. December 19th 1912

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

Treasurer

30

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak

PAY TO THE  
Order of Antal Szedlak  
Forty Nine and 00/100 Dollars  
In Payment of Loan on Shares

\$49 00/100

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

40

*Endorsed on back:*

Antal Szedlak  
Daniel Szedlak

**Exhibit P-5C**

No. 617 Newark, N. J. April 1913

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

10

PAY TO THE  
Order of Antal Szedlak  
Forty Nine and 00/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$49 00/100 CHARLES MUCHA  
Secretary

*Endorsed on back:*  
Antal Szedlak  
Daniel Szedlak

20

**Exhibit P-5D**

No. 923 Newark, N. J. October 5th 1914

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

30

PAY TO THE  
Order of Anton Szedlak  
Seventy Three and 50/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$73 50/100 CHARLES MUCHA  
Secretary

*Endorsed on back:*  
Antal Szedlak  
Daniel Szedlak

40

**Exhibit P-6A**

No. 1028

Newark, N. J. March 22nd 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

10

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

PAY TO THE  
Order of Mary Majoros  
Seventy Three and 48/100 Dollars  
In Payment of Loan on Shares

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$73 48/100

20

*Endorsed on back:*  
Mary Majoros  
Daniel Szedlak

**Exhibit P-6B**

No. 869

Newark, N. J. June 25th 1914

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

30

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

PAY TO THE  
Order of Mary Majoros  
Forty Nine and 00/100 Dollars  
In Payment of Loan on Shares

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$49 00/100

40

*Endorsed on back:*  
Mary Majoros  
Daniel Szedlak

**Exhibit P-6C**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

No. 829                      Newark, N. J. April 30th 1914

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.                      10

PAY TO THE  
Order of Mary Majoros  
One Hundred Ninety Six and 00/100      Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$196 00/100                      CHARLES MUCHA  
Secretary

*Endorsed on back:*                      20  
Mary Majoros  
Daniel Szedlak

**Exhibit P-7A**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

No. 693                      Newark, N. J. July 28th 1913

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.                      30

PAY TO THE  
Order of Amalia Molcsanyi  
One Hundred Ninety Six and 00/100      Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$196 00/100                      CHARLES MUCHA  
Secretary

*Endorsed on back:*                      40  
Amalia Molcsanyi  
Daniel Szedlak

**Exhibit P-7B**

No. 738 Newark, N. J. November 21 1913

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

10 Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

PAY TO THE  
Order of Amalia Molcsanyi  
Forty Nine and 00/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$49 00/100 CHARLES MUCHA  
Secretary

20 *Endorsed on back:*  
Amalia Molcsanyi  
Daniel Szedlak

**Exhibit P-7C**

No. 776 Newark, N. J. January 20 1914

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

30 Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

PAY TO THE  
Order of Amalia Molcsanyi  
Ninety Eight and 00/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$98 00/100 CHARLES MUCHA  
Secretary

40 *Endorsed on back:*  
Amalia Molcsanyi  
Daniel Szedlak

**Exhibit P-8A**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 702 Newark, N. J. August 22 1915

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J. 10

PAY TO THE  
Order of Stephen Kukan  
Seventy Eight and 40/100 Dollars  
In Payment of Loan on Shares

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$78 40/100

*Endorsed on back:*  
Stefan Kukan 20  
Daniel Szedlak

**Exhibit P-8B**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 1082 Newark, N. J. July 30th 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J. 30

PAY TO THE  
Order of Stephen Kukan  
One Hundred Seventeen and 56/100 Dollars  
In Payment of Loan on Shares

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA 40  
Secretary

\$117 56/100

*Endorsed on back:*  
Stefan Kukan  
Daniel Szedlak

**Exhibit P-8 C**

10 Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 1090 Newark, N. J. August 19th 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

PAY TO THE  
Order of Stephen Kukan  
Ninety Seven and 98/100 Dollars  
In Payment of

\$97 98/100

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

20 *Endorsed on back:*  
Stevn Kukan  
Daniel Szedlak

**Exhibit P-8D**

30 Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 1117 Newark, N. J. September 16 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

PAY TO THE  
Order of Stephen Kukan  
Ninety Eight and 98/100 Dollars  
In Payment of

\$98 98/1000

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

40 *Endorsed on back:*  
Stevn Kukan  
Daniel Szedlak



**Plaintiff's Exhibit 9 C**

No. 986 Newark, N. J., January 19, 1915.

10 Treasurer of  
PANNONIA BUILDING & LOAN ASSOCIA-  
TION

Pay To The  
Order Of Paul Mihal  
One Hundred Ninety Two and 96/100 Dollars  
IN PAYMENT OF Loan on Shares  
Joseph Walkofsky, President.  
Charles Mucha Secretary.

\$192.96

20 *Stamped on face:* West Side Trust Co., Receiv-  
ing Teller, Jan. 22, 1915, Newark, N. J.

*Endorsements:* Paul Mihal,  
Daniel Szedlak.

Accepted and payable at the West Side  
Trust Company, Newark, N. J.

Daniel Szedlak, Treasurer.

**Plaintiff's Exhibit 9 D**

No. 1040

Newark, N. J., May 1st, 1915.

Treasurer Of The  
 PANNONIA B. & L. ASSOCIATION  
 Of Newark, N. J.

10

Pay To The

Order Of Paul Mihal

Ninety Three and 48/100

Dollars

IN PAYMENT OF Loan On Shares

Joseph Walkofsky, President.

Charles Mucha,

Secretary.

\$93.48

*Stamped on face:* West Side Trust Co., Receiv-  
 ing Tellers, May 3, 1915, Newark, N. J.

20

*Endorsements:* Paul Mihal.

Daniel Szedlak.

Accepted and payable at the West Side  
 Trust Company, Newark, N. J.

Daniel Szedlak, Treasurer.



**Plaintiff's Exhibit 10 C**

No. 1086 Newark, N. J., August 11, 1911  
 Exhibit (a)  
 James H. Winston  
 Commissioner Treasurer Of The  
 PANNONIA B. & L. ASSOCIATION 10  
 Of Newark, N. J.

Pay To The  
 Order Of Elizabeth Ciganek  
 Two Hundred Eighty Nine and 44/100 Dollars  
 IN PAYMENT OF Loan on Shares  
 Joseph Walkofsky, President.

Charles Mucha  
 Secretary.

\$289 44/100

*Stamped on face:* Paying Teller, Aug. 12, 1915. 20

*Endorsements:* Elizabeth Ciganek,  
 Daniel Szedlak.

Accepted and payable at the West Side  
 Trust Company, Newark, N. J.

Daniel Szedlak, Treasurer,

**Plaintiff's Exhibit 10 D**

No. 1118 Newark, N. J., September 20, 1915.

Exhibit (b)

James H. Winston

01

10

Commissioner

Treasurer Of The

PANNONIA B. & L. ASSOCIATION

Of Newark, N. J.

Pay To The

01

Order Of Elizabeth Ciganek

Two Hundred Forty One 25/100

Dollars.

IN PAYMENT OF Loan on Shares

01

Joseph Walkofsky, President.

Charles Mucha

01

Secretary.

02

20

\$241.25

Endorsements: Elizabeth Ciganek,

Daniel Szedlak.

Accepted and payable at the West Side  
Trust Company, Newark, N. J.

Daniel Szedlak, Treasurer.

**Exhibit P-11A**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 814                      Newark, N. J. March 30th 1914

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.                      10

PAY TO THE  
Order of    John Tinschmidt  
Thirty Nine and 20/100                      Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$39 20/100

*Endorsed on back:*                      20  
John Tinschmidt  
Daniel Szedlak

**Exhibit P-11B**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 934                      Newark, N. J. October 29 1914

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.                      30

PAY TO THE  
Order of    John Tinschmidt  
Twenty Four 50/100                      Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
President    40

\$24 50/100

*Endorsed on back:*  
John Tinschmidt  
Daniel Szedlak

**Exhibit P-11C**

No. 1069

Newark, N. J. June 24th 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J.

10

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

PAY TO THE  
Order of John Tinschmidt  
Thirty four and 28/100 Dollars  
In Payment of

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$34 28/100

20

*Endorsed on back:*  
John Tinschmidt  
Daniel Szedlak

**Exhibit P-12A**

No. 780

Newark, N. J. February 19th 1914

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

30

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

PAY TO THE  
Order of George Bangert  
Seventy Eight and 40/100 Dollars  
In Payment of Loan on Shares

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$78 40/100

40

*Endorsed on back:*  
George Bangert  
Daniel Szedlak

**Exhibit P-12B**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 976 Newark, N. J. December 21 1914

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J. 10

PAY TO THE  
Order of George Bangert  
Twenty Four and 50/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

\$24 50/100

*Endorsed on back:*  
George Bangert 20  
Daniel Szedlak

**Exhibit P-12C**

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Treasurer  
Daniel Szedlak

No. 1149 Newark, N. J. November 19th 1915

TREASURER OF THE  
PANNONIA B. & L. ASSOCIATION  
of Newark, N. J. 30

PAY TO THE  
Order of George Bangert  
Forty Eight and 98/100 Dollars  
In Payment of  
JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary 40

\$48 98/100

*Endorsed on back:*  
George Bangert  
Daniel Szedlak

**Exhibit P-14***Twenty-seven notes*

10 \$75 00/100 Newark, N. J. June 15 1911  
 on demand after date I promise to pay to  
 the order of Pannonia Building & Loan Associa-  
 tion of Newark, N. J.  
 Seventy Five 00/100 Dollars  
 at 171 Howard St.  
 Value received  
 No.—— Due—— DANIEL SZEDLAK JR

---

20 \$100 00/100 Newark, N. J. October 19 1911  
 On Demand after date I promise to pay to  
 the order of Pannonia Building & Loan Asso.  
 of Newark, N. J.  
 One Hundred 00/100 Dollars  
 at 171 Howard St.  
 Value received  
 No.—— Due—— ANTAL SZEDLAK

---

30 \$50 00/100 Newark, N. J. June 24th 1912  
 On Demand after date I promise to pay to the  
 order of Pannonia Building and Loan Association  
 Fifty 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received  
 No.—— Due—— DANIEL SZEDLAK JR

## Exhibit P-14

\$50 00/100 Newark, N. J. December 19th 1912  
 On Demand after date I promise to pay to the  
 order of Pannonia Building and Loan Association  
 Fifty 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received 10  
 No.— Due— ANTAL SZEDLAK

---

\$50 00/100 Newark, N. J. April 17 1913  
 On Demand after date I promise to pay to the  
 order of Pannonia Building & Loan Association  
 Fifty and 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received 20  
 No.— Due— ANTAL SZEDLAK

---

\$50 00/100 Newark, N. J. November 20th 1913  
 On Demand after date I promise to pay to the  
 order of Pannonia Building & Loan Association  
 Fifty and 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received  
 No.— Due AMALIA MOLCANY 30

---

\$100 00/100 Newark, N. J. January 20 1914  
 On Demand after date I promise to pay to the  
 order of Pannonia Building & Loan Association  
 One Hundred and 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received 40  
 No.— Due AMALIA MOLCANY

## Exhibit P-14

\$80 00/100 Newark, N. J. February 19 1914  
 On Demand I after date promise to pay to  
 the order of Pannonia Building Loan Association  
 Eighty 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 10 Value received  
 No.—— Due—— GEORGE BANGERT

---

\$40 Newark, N. J. March 30 1914  
 On Demand I after date promise to pay to  
 the order of Pannonia Building Loan Association  
 Forty and 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received  
 20 No.—— Due—— JOHN TINSHMIDT

---

\$200 00/100 Newark, N. J. April 30th 1914  
 On Demand after date I promise to pay to the  
 order of Pannonia Building and Loan Association  
 Two Hundred and 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received  
 No.—— Due—— MARY MAJOROS

---

30

\$50 00/100 Newark, N. J. June 25th 1914  
 On Demand after date I promise to pay to the  
 order of Pannonia Building & Loan Association  
 Fifty and 00/100 Dollars  
 at 171 Howard St.  
 Value received  
 40 No.—— Due—— MARY MAJOROS

## Exhibit P-14

\$25 00/100 Newark, N. J. October 29 1914  
 On Demand I after date promise to pay to  
 the order of Pannonia Building Loan Association  
 Twenty-five 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received  
 No.—— Due—— JOHN TINSHMIDT 10

---

\$25 00/100 Newark, N. J. December 21 1914  
 On Demand I after date promise to pay to  
 the order of Pannonia Building Loan Association  
 Twenty-five 00/100 Dollars  
 at 171 Howard St. Newark, N. J.  
 Value received  
 No.—— Due—— GEORGE BANGERT 20

---

Call Loan, \$200 00/100  
 Newark, N. J. January 19 1915  
 ON DEMAND I promise to pay to the order of  
 the Treasurer, or acting Treasurer of PANNONIA  
 BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.  
 Two Hundred and 00/100 Dollars 30  
 being the amount this day loaned to me by the  
 said Association, and I hereby assign and transfer,  
 unto said above named Association, all my  
 right, title and interest in 21st series (10) shares\*  
 of stock in said Association, and standing in my  
 name on the books thereof, as collateral security  
 for the payment of the sum loaned and hereby  
 secured, together with interest thereon at the rate  
 of one-half of one per centum per month; also 40

## Exhibit P-14

the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever I may become 6 months in arrears on the books of said Association.

PAUL MIHAL

Witness

\*Certificate No. 211 Series No. 21

Dated 19 for Ten shares.

20 Call Loan, \$50 00/xx

Newark, N. J., February 23rd 1915

ON DEMAND I promise to pay to the order of the Treasurer, or acting Treasurer of PANNONIA BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J. Fifty Dollars being the amount this day loaned to me by the said Association, and I hereby assign and transfer, unto said above named Association, all my right, title and interest in five (5) shares\* of stock in said Association, and standing in my name on the books thereof, as collateral security for the payment of the sum loaned and hereby secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the

## Exhibit P-14

members thereof) of said Association may direct  
whenever I may become six months in arrears  
on the books of said Association.

DANIEL SZEDLAK JR

Witness Daniel Szedlak

\*Certificate No. 155 Series No. 17

10

Dated Dec. 16th 1909 for five shares.

Call Loan, \$75 00/100

Newark, N. J., March 22nd 1915

ON DEMAND I promise to pay to the order of  
the Treasurer, or acting Treasurer of PANNONIA  
BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.  
Seventy Five and 00/100

Dollars

being the amount this day loaned to me by the  
said Association, and I hereby assign and trans-  
fer, unto the said above named Association, all my  
right, title and interest in 17th Series (5) shares\*  
of stock in said Association, and standing in my  
name on the books thereof, as collateral security  
for the payment of the sum loaned and hereby  
secured, together with interest thereon at the rate  
of one-half of one per centum per month; also  
the monthly installment of one dollar on each  
share of said stock, and any fines and other penal-  
ties incurred thereon under the provisions of the  
Constitution of said Association, with full power  
to sell the said shares of stock in such manner as  
the Board of Directors (or the majority of the  
members thereof) of said Association may direct  
whenever I may become six months in arrears on  
the books of said Association.

20

30

MARY MAJOROS

Witness Daniel Szedlak

40

\*Certificate No. 165 Series No. 17

Dated 19 for five shares.

## Exhibit P-14

Call Loan, \$100 00/100

Newark, N. J., April 30th 1915

ON DEMAND I promise to pay to the order of  
the Treasurer, or acting Treasurer of PANNONIA  
BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.  
10 One Hundred and 00/100 Dollars  
being the amount this day loaned to me by the  
said Association, and I hereby assign and trans-  
fer, unto the said above named Association, all my  
right, title and interest in 21st Series (10) shares\*  
of stock in said Association, and standing in my  
name on the books thereof, as collateral security  
for the payment of the sum loaned and hereby  
secured, together with interest thereon at the rate  
of one-half of one per centum per month; also  
20 the monthly installment of one dollar on each  
share of said stock, and any fines and other penal-  
ties incurred thereon under the provisions of the  
Constitution of said Association, with full power  
to sell the said shares of stock in such manner as  
the Board of Directors (or the majority of the  
members thereof) of said Association may direct  
whenever I may become six months in arrears on  
the books of said Association.

PAUL MIHAL

30 Witness

\*Certificate No. 21 Series No.

Dated 19 for Ten shares.

Call Loan, \$250 00/100

Newark, N. J., June 18th 1915

40 ON DEMAND I promise to pay to the order of  
the Treasurer, or acting Treasurer of PANNONIA

## Exhibit P-14

BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.  
 Two Hundred Fifty and 00/100 Dollars  
 being the amount this day loaned to me by the  
 said Association, and I hereby assign and trans-  
 fer, unto said above named Association, all my  
 right, title and interest in 25th Series (10) shares\* 10  
 of stock in said Association, and standing in my  
 name on the books thereof, as collateral security  
 for the payment of the sum loaned and hereby  
 secured, together with interest thereon at the rate  
 of one-half of one per centum per month; also  
 the monthly installment of one dollar on each  
 share of said stock, and any fines and other penal-  
 ties incurred thereon under the provisions of the  
 Constitution of said Association, with full power  
 to sell the said shares of stock in such manner as 20  
 the Board of Directors (or the majority of the  
 members thereof) of said Association may direct  
 whenever I may become six months in arrears on  
 the books of said Association.

ANNA KOCIK

Witness

\*Certificate No. 273 Series No. 25.

Dated December 21, 1911 for Ten shares.

30

Call Loan, \$50 00/100

Newark, N. J., June 19th 1913

ON DEMAND I promise to pay to the order of  
 the Treasurer, or acting Treasurer of PANNONIA  
 BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.  
 Fifty and 00/100 Dollars  
 being the amount this day loaned to me by the 40  
 said Association, and I hereby assign and trans-

## Exhibit P-14

fer, unto said above named Association, all my right, title and interest in 17th Series (5) shares\* of stock in said Association, and standing in my name on the books thereof, as collateral security for the payment of the sum loaned and hereby  
 10 secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever I may become six months in arrears on  
 20 the books of said Association.

DANIEL SZEDLAK JR

Witness Charles Mucha

\*Certificate No. 155 Series No. 17

Dated December 16th 1909 for five shares.

Call Loan, \$35 00/100

Newark, N. J., June 24th 1915

ON DEMAND I promise to pay to the order of  
 30 the Treasurer, or acting Treasurer of PANNONIA BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J. Thirty Five and 00/100 Dollars being the amount this day loaned to me by the said Association, and I hereby assign and transfer, unto said above named Association, all my right, title and interest in my (5) shares\* of stock in said Association, and standing in my  
 40 name on the books thereof, as collateral security for the payment of the sum loaned and hereby

## Exhibit P-14

secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever I may become six months in arrears on the books of said Association. 10

JOHN TINSCHMIDT

Witness Daniel Szedlak

\*Certificate No. 386 Series No.

Dated 19 for shares.

20

Newark, N. J. July 28, 1913

Call Loan, \$200 00/100

ON DEMAND I promise to pay to the order of the Treasurer, or acting Treasurer of PANNONIA BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J. Two Hundred and 00/100 Dollars being the amount this day loaned to me by the said Association, and I hereby assign and transfer, unto said above named Association, all my right, title and interest in fourth Series (5) shares\* of stock in said Association, and standing in my name on the books thereof, as collateral security for the payment of the sum loaned and hereby secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the 30 40

## Exhibit P-14

Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever I may become six months in arrears on the books of said Association.

10

AMALIA MULCANY

Witness Charles Mucha

\*Certificate No. 50 Series No. 4

Dated September 6 1906 for five shares.

---

Call Loan, \$300 00/100

Newark, N. J., August 11th 1915

ON DEMAND I promise to pay to the order of the Treasurer, or acting Treasurer of PANNONIA BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J. Three Hundred and 00/100 Dollars being the amount this day loaned to me by the said Association, and I hereby assign and transfer, unto said above named Association, all my right, title and interest in 1st Series (five) shares\* of stock in said Association, and standing in my name on the books thereof, as collateral security for the payment of the sum loaned and hereby secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever I may become six months in arrears on the books of said Association.

20

30

40

ELIZABETH CIGANEK

Witness

\*Certificate No. 21 Series No. 1

Dated 19 for five shares.

## Exhibit P-14

Call Loan, \$250 00/

Newark, N. J., September 20th 1915

ON DEMAND I promise to pay to the order of the Treasurer, or acting Treasurer of PANNONIA BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.

Two Hundred Fifty and 00/100 Dollars 10

being the amount this day loaned to me by the said Association, and I hereby assign and transfer, unto said above named Association, all my right, title and interest in first Series (5) shares\* of stock in said Association, and standing in my name on the books thereof, as collateral security for the payment of the sum loaned and hereby secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever I may become six months in arrears on the books of said Association. 20

ELIZABETH CIGANEK

Witness 30

\*Certificate No. 21 Series No. 1

Dated December 7 1905 for five shares.

Call Loan, \$75 00/100

Newark, N. J., Oct 5th 1914

ON DEMAND I promise to pay to the order of the Treasurer, or acting Treasurer of PANNONIA 40

## Exhibit P-14

BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.  
 Seventy Five and 00/100 Dollars  
 being the amount this day loaned to me by the  
 said Association, and I hereby assign and trans-  
 fer, unto said above named Association, all my  
 10 right, title and interest in 24th Series (5) shares\*  
 of stock in said Association, and standing in  
 name on the books thereof, as collateral security  
 for the payment of the sum loaned and hereby  
 secured, together with interest thereon at the rate  
 of one-half of one per centum per month; also  
 the monthly installment of one dollar on each  
 share of said stock, and any fines and other penal-  
 ties incurred thereon under the provisions of the  
 Constitution of said Association, with full power  
 20 to sell the said shares of stock in such manner as  
 the Board of Directors (or the majority of the  
 members thereof) of said Association may direct  
 whenever I may become 6 months in arrears on  
 the books of said Association.

ANTAL SZEDLAK

Witness

\*Certificate No. 262 Series No. 24

Dated Sept. 15 1911 for five shares.

30

Call Loan, \$200.00/100

Newark, N. J., October 22 1915

On Demand promise to pay to the order of  
 the Treasurer, or acting Treasurer of PANNONIA  
 BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J.  
 Two Hundred and 00/100 Dollars  
 40 being the amount this day loaned to me by the  
 said Association, and I hereby assign and trans-

## Exhibit P-14

fer, unto said above named Association, all my right, title and interest in ( ) shares\* of stock in said Association, and standing in my name on the books thereof, as collateral security for the payment of the sum loaned and hereby secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever may become months in arrears on the books of said Association.

10

20

STEVEN KUKAN

Witness Daniel Szedlak

\*Certificate No. 85 Series No. 9

Dated 19 for 10 shares.

Call Loan, \$200 00/100

Newark, N. J., November 4 1915

ON DEMAND I promise to pay to the order of the Treasurer, or acting Treasurer of PANNONIA BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J. Two Hundred and 00/100 Dollars being the amount this day loaned to me by the said Association, and I hereby assign and transfer, unto the said above named Association, all my right, title and interest in ( ) shares\* of stock in said Association, and standing in name on the books thereof, as collateral security

30

40

## Exhibit P-14

for the payment of the sum loaned and hereby secured, together with interest thereon at the rate of one-half of one per centum per month; also the monthly installment of one dollar on each share of said stock, and any fines and other penalties incurred thereon under the provisions of the Constitution of said Association, with full power to sell the said shares of stock in such manner as the Board of Directors (or the majority of the members thereof) of said Association may direct whenever may become months in arrears on the books of said Association.

STEVEN KUKAN

Witness Daniel Szedlak

\*Certificate No. 85 Series No. 9

20 Dated 19 for 10 shares.

---

Call Loan, \$50 00/100

Newark, N. J., November 19th 1915

ON DEMAND I promise to pay to the order of the Treasurer, or acting Treasurer of PANNONIA BUILDING AND LOAN ASSOCIATION OF NEWARK, N. J. Fifty and 00/100 Dollars

30 being the amount this day loaned to me by the said Association, and I hereby assign and transfer, unto said above named Association, all my right, title and interest in 28 Series (5) shares\* of stock in said Association, and standing in name on the books thereof, as collateral security for the payment of the sum loaned and hereby secured, together with interest thereon at the rate of one-half of one per centum per month; also  
40 the monthly installment of one dollar on each



## Exhibit P-15

No. 85

10 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

10 Maria Gajarsky is entitled to Ten Shares of the 9th Series of the Pannonia Building and Loan Association of Newark, the Par Value of which is Two Hundred Dollars per Share, subject to the By-Laws and Constitution of this Association.

Dated Newark, N. J. December 5 1907

MICHAEL ALEXOVITS

Secretary.

FRANK DZADZAN President

20 *Reverse side:*

For value received I hereby transfer the within 10 Shares of Stock to Stefan Kukan Newark, N. J.,

MARIA GAJARSKY

TRANSFER APPROVED

September 29-1910

MICHAEL ALEXOVITS Secretary.

30 For value received I hereby transfer the within Ten Shares of Stock to Pannonia Building and Loan Association.

Newark, N. J., August 22

X STEFAN KUKAN

TRANSFER APPROVED

Secretary.

40

## Exhibit P-15

No. 109

5 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

Miss Anna Szedlak is entitled to Five Shares of  
the 12th Series of the Pannonia Building and  
Loan Association of Newark, the Par Value of  
which is Two Hundred Dollars per Share, subject  
to the By-Laws and Constitution of this Associa-  
tion. 10

Dated Newark, N. J. Septen 3 1908

MICHAEL ALEXOVITS

Secretary.

FRANK DZADZAN President

*Reverse side:*

20

For value received I hereby transfer the within  
5 Shares of Stock to Pannonia Building & Loan  
Association.

Newark, N. J., April 18, 1912

TRANSFER APPROVED

CHARLES MUCHA Secretary.

No. 145

5 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION 30  
of Newark, N. J.

Mr. Antal Szedlak is entitled to Five Shares of  
the 16th Series of the Pannonia Building and  
Loan Association of Newark, the Par Value of  
which is Two Hundred Dollars per Share, subject  
to the By-Laws and Constitution of this Associa-  
tion.

40

Dated Newark, N. J. Sept 16 1909

MICHAEL ALEXOVITS

Secretary.

FRANK DZADZAN President

## Exhibit P-15

No. 155

5 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

- 10 Miss Cady Liptak is entitled to Five Shares of the 17th Series of the Pannonia Building and Loan Association of Newark, the Par Value of which is Two Hundred Dollars per Share, subject to the By-Laws and Constitution of this Association.

Dated Newark, N. J. Dec. 16 1909

MICHAEL ALEXOVITS

Secretary.

FRANK DZADZAN President

20

*Reverse side:*

For value received I hereby transfer the within 5 Shares of Stock to Daniel Szedlak Jr. Newark, N. J.,

KATY LIPTAK

TRANSFER APPROVED

MICHAEL ALEXOVITS Secretary.

30. For value received I hereby transfer the within 5 Shares of Stock to Pannonia Building Loan Assos.

Newark, N. J., June 24, 1912

TRANSFER APPROVED

CHARLES MUCHA Secretary.

## Exhibit P-15

No. 165

5 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

Miss Agnes O'Reuhlika is entitled to Five 10  
Shares of the 17th Series of the Pannonia Build-  
ing and Loan Association of Newark, the Par  
Value of which is Two Hundred Dollars per  
Share, subject to the By-Laws and Constitution  
of this Association.

Dated Newark, N. J. Dec 16 1909

MICHAEL ALEXOVITS

Secretary.

FRANK DZADZAN President

20

*Reverse side:*

For value received I hereby transfer the within  
five Shares of Stock to Mary Majoros.  
Newark, N. J., Febr. 20

X. AGNES O'REUHLIKA

TRANSFER APPROVED

CHARLES MUCHA Secretary.

For value received I hereby transfer the within 30  
five Shares of Stock to Pannonia Building and  
Loan Association  
Newark, N. J., April 30th-1914

TRANSFER APPROVED

Secretary.

## Exhibit P-15

No. 262

5 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

10 Mr. Antal Szedlak is entitled to five Shares of the 24th Series of the Pannonia Building and Loan Association of Newark, the Par Value of which is Two Hundred Dollars per Share, subject to the By-Laws and Constitution of this Association.

Dated Newark, N. J. Sept. 15th 1911

CHARLES MUCHA  
Secretary.

JOSEPH WALKOFFSKY President

20

*Reverse side:*

For value received I hereby transfer the within five Shares of Stock to Pannonia Building Loan Association

Newark, N. J., April 17-1913

TRANSFER APPROVED

CHARLES MUCHA Secretary.

30

No. 273

10 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

40 Mr. Julius Kocik is entitled to 10 Shares of the 25 Series of the Pannonia Building and Loan Association of Newark, the Par Value of which

## Exhibit P-15

is Two Hundred Dollars per Share, subject to the  
By-Laws and Constitution of this Association.

Dated December 21st 1911

CHARLES MUCHA

Secretary.

JOSEPH WALKOFSKY President

10

*Reverse side:*

For value received I hereby transfer the within  
10 Shares of Stock to Pannonia Building & Loan  
Association

Newark, N. J., April 20 1914

ANNA KOCIK

TRANSFER APPROVED

CHARLES MUCHA Secretary.

For value received I hereby transfer the within 20  
10 Shares of Stock to Anna Kocik

Newark, N. J., April 30th 1914

TRANSFER APPROVED

CHARLES MUCHA Secretary.

No. 332

—Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

*George Bangert guardian*

30

Katharine Siedl is entitled to five Shares of  
the 28 Series of the Pannonia Building and Loan  
Association of Newark, the Par Value of which  
is Two Hundred Dollars per Share, subject to the  
By-Laws and Constitution of this Association.

Dated September 19th 1912

CHARLES MUCHA

Secretary. 40

JOSEPH WALKOFSKY President

## Exhibit P-15

No. 386

5 Shares

THE PANNONIA BUILDING AND LOAN ASSOCIATION  
of Newark, N. J.

10 John Tinschmidt is entitled to five Shares of the 30th Series of the Pannonia Building and Loan Association of Newark, the Par Value of which is Two Hundred Dollars per Share, subject to the By-Laws and Constitution of this Association.

Dated June 19 1913

*Reverse side:*

JOSEPH WALKOFSKY President

20

CHARLES MUCHA

Secretary.

TRANSFER APPROVED

Secretary.

February 28, 1916

For value received I hereby transfer the within  
—— Shares of Stock to Pannonia Building &  
Loan Assn of Newark, N. J.,

30

Witness

Charles C. Deubel

JOHN TINSCHMIDT

TRANSFER APPROVED

Secretary.

**Exhibit D-7**PANNONIA  
Building and Loan Association

No. 223

Newark, N. J. January 19 1911

WEST SIDE TRUST COMPANY

Pay to the order of Michael Alexovits  
 Nineteen 50/100 Dollars  
 \$19 50/100 JOSEPH WALKOFSKY PRES.  
 DANIEL SZEDLAK TREAS.

10

*Endorsed on back:*

Michael Alexovitz  
 Daniel Szedlak

20

**Exhibit D-8**PANNONIA  
Building and Loan Association

No. 237

Newark, N. J. February 23 1911

WEST SIDE TRUST COMPANY

Pay to the order of Joseph Walkofsky  
 Six 25/100 Dollars 30  
 \$6 25/100 JOSEPH WALKOFSKY PRES.  
 DANIEL SZEDLAK TREAS.

*Endorsed on back:*

Joseph Walkofsky  
 Daniel Szedlak

40

**Exhibit D-9**

PANNONIA  
Building and Loan Association

No. 346

Newark, N. J. February 29 1912

10

WEST SIDE TRUST COMPANY

Pay to the order of Joseph Walkofsky

Six and 25/100

Dollars

\$6 25/100

JOSEPH WALKOFSKY PRES.

DANIEL SZEDLAK TREAS.

*Endorsed on back:*

Joseph Walkofsky

Daniel Szedlak

20

**Exhibit D-10**

PANNONIA  
Building and Loan Association

No. 363

Newark, N. J. March 12 1912

30

WEST SIDE TRUST COMPANY

Pay to the order of Joseph Walkofsky

One Hundred Ninety Six 00/100

Dollars

\$196 00/100

JOSEPH WALKOFSKY PRES.

DANIEL SZEDLAK TREAS.

*Endorsed on back:*

Joseph Walkofsky

Daniel Szedlak

40

**Exhibit D-11**

Accepted And Payable at the WEST SIDE TRUST COMPANY Newark, N. J. Daniel Szedlak Treasurer	No. 513	Newark, N. J. August 29th 1912	
		TREASURER OF	
		PANNONIA BUILDING & LOAN ASSOCIATION of Newark, N. J.	10
		PAY TO THE	
		Order of Joseph Walkofsky	
		Six and 25/100	Dollars
		In Payment of Resident Salary	
		JOSEPH WALKOFSKY	
			President
		\$6 25/100	CHARLES MUCHA Secretary
	<i>Endorsed on back:</i>		
	Joseph Walkofsky	20	
	Daniel Szedlak		

**Exhibit D-12**

Accepted And Payable at the WEST SIDE TRUST COMPANY Newark, N. J. Daniel Szedlak Treasurer	No. 539	Newark, N. J. November 29 1912	
		TREASURER OF	
		PANNONIA BUILDING & LOAN ASSOCIATION of Newark, N. J.	30
		PAY TO THE	
		Order of Joseph Walkofsky	
		Six and 25/100	Dollars
			JOSEPH WALKOFSKY
			President
		\$6 25/100	CHARLES MUCHA Secretary
		<i>Endorsed on back:</i>	
	Joseph Walkofsky	40	
	Daniel Szedlak		

**Exhibit D-13**

10 Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

No. 675 Newark, N. J. June 27 1913

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

PAY TO THE  
Order of Joseph Walkofsky  
Two Hundred Seventy One 00/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$271 00/  
CHARLES MUCHA  
Secretary

20 *Endorsed on back:*  
Joseph Walkofsky  
Daniel Szedlak

**Exhibit D-14**

30 Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

No. 676 Newark, N. J. June 27 1913

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

PAY TO THE  
Order of Bertha Walkofsky  
Two Hundred Sixty One and 00/100 Dollars  
In Payment of Loan on Shares  
JOSEPH WALKOFSKY  
President  
\$261 00/100  
CHARLES MUCHA  
Secretary

40 *Endorsed on back:*  
Bertha Walkofsky  
Daniel Szedlak

**Exhibit D-15**

Accepted And Payable at the WEST SIDE TRUST COMPANY Newark, N. J. Daniel Szedlak Treasurer	No. 750	Newark, N. J. November 28 1913	
	TREASURER OF PANNONIA BUILDING & LOAN ASSOCIATION of Newark, N. J.		10
	PAY TO THE Order of Joseph Walkofsky		
	Seven and 50/100		Dollars
	In Payment of		
	JOSEPH WALKOFSKY President		
	CHARLES MUCHA Secretary		
	\$7 50/100		
	<i>Endorsed on back:</i> Joseph Walkofsky Daniel Szedlak		20

**Exhibit D-16**

Accepted And Payable at the WEST SIDE TRUST COMPANY Newark, N. J. Daniel Szedlak Treasurer	No. 941	Newark, N. J. November 7th 1914	
	TREASURER OF PANNONIA BUILDING & LOAN ASSOCIATION of Newark, N. J.		30
	PAY TO THE Order of Joseph Walkofsky		
	Seven and 50/100		Dollars
	In Payment of		
	JOSEPH WALKOFSKY President		
	CHARLES MUCHA Secretary		40
	\$7 50/100		
	<i>Endorsed on back:</i> Joseph Walkofsky Daniel Szedlak		

**Exhibit D-17**

No. 977

Newark, N. J. December 26 1914

10

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

PAY TO THE  
Order of Joseph Walkofsky  
Forty Nine and 00/100 Dollars  
In Payment of

\$49 00/100

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

20 *Endorsed on back:*  
Joseph Walkofsky  
Daniel Szedlak

**Exhibit D-18**

No. 538

Newark, N. J. November 24th 1912

30

Accepted  
And Payable at the  
WEST SIDE TRUST COMPANY  
Newark, N. J.  
Daniel Szedlak  
Treasurer

TREASURER OF  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

PAY TO THE  
Order of Charles Mucha  
Fifty Eight and 80/100 Dollars  
In Payment of Loan on Shares

\$58 80/100

JOSEPH WALKOFSKY  
President  
CHARLES MUCHA  
Secretary

40

*Endorsed on back:*  
Charles Mucha  
Daniel Szedlak

**Exhibit P-16**

## Article XI

## LOANS

Sec. 1. Each and every shareholder for each 10  
and every share of stock that he or she may hold  
in the Association, shall be entitled to receive a  
loan of two hundred dollars from the funds  
of the Association.

Sec. 2. Whenever the funds in the treasury  
shall warrant, one or more loans shall be dis-  
posed of to the highest bidder, in such manner as  
the Directors may determine; provided, the same  
shall not be loaned under par. In addition to any  
sum of money bid for a loan, every borrower shall 20  
be held as contracting to pay all taxes to be as-  
sessed at any time upon said loan; he shall also  
upon application for such loan deposit with the  
Secretary the sum of \$3.00 to defray the expenses  
of the examining committee; the sum of money bid  
and the taxes to be assessed constituting the  
premium to be given by said borrower for priori-  
ty of loan. In the event of the funds of the  
Association lying unproductive for the space of 30  
one month, the Directors are empowered to invest  
such funds in any other manner authorized by  
law.

Sec. 3. Whenever a shareholder shall be de-  
clared to be entitled to a loan or loans, he or she  
shall either pay or allow to be deducted the  
premium offered by him or her for the same; and  
before receiving the same, he or she shall secure  
the payment thereof to the Association, by the 40

## Exhibit P-16

bond and mortgage for the full amount of the sum loaned, and for the payment of such fines as may be imposed for the failure of paying instalments and interest when due, and by the deposit of the policy of fire insurance; and for every loan of  
10 Two hundred Dollars made to a shareholder, at least one share of stock shall be assigned as collateral security to said bond and mortgage. In case of failure to give satisfactory security for each loan within one month, the month's interest shall be charged to the borrower and the loan revert to the Association. No money shall be loaned on any property already encumbered. Each shareholder shall be entitled to borrow to the full amount of his or her shares, and in case  
20 there should not be a sufficient amount in the hands of the Treasurer, he or she shall be entitled to the balance of their loan from the first money that comes into the treasury at the same rate.

Sec. 4. Shareholders taking loans from the Association shall pay interest semi monthly to the Treasurer at the rate of 6% per annum in equal semi monthly instalments. Such borrower refusing or neglecting to pay the interest on their  
30 loans, shall incur a semi monthly fine of five cents for each loan of two hundred dollars by him or her held. If the dues or interest is suffered to remain unpaid more than three months or if any taxes or assessments remain unpaid more than three months, after the same shall become due and payable, the Directors may compel pay-  
40 ment of principal and interest, by ordering proceedings on the bond and mortgage according to law.

## Exhibit P-16

Sec. 5. The Association shall have the power of insuring all buildings on which loans may be made; the expense of insuring to be paid by the borrower. In case of failure to obtain any insurance, the Directors may compel payment of principal and interest, by ordering proceedings on the bond and mortgage according to law. 10

Sec. 6. No security for a loan or loans shall be sufficient except upon the report in writing of a committee of at least two members of the Board of Directors signed by them certifying to the value of the real estate in question to the best of their judgment, such report shall be filed and preserved among the records of the Association and any member shall have access to such reports. No loan shall be granted unless approved by two-thirds of the Directors present at a meeting of the Boards and unless the total indebtedness to the Association, less the amount of dues paid on the shares pledged for such loan, shall not exceed eighty per cent of the cash value of the real estate loaned on. 20

Sec. 7. Shareholders shall be entitled to borrow ninety per cent of the amount of the withdrawal value of their shares, after the said shareholder shall have paid in for six months, by giving their note with interest for the same, and transferring their stock to the Association as security; and in case any person borrowing money upon their note, shall neglect or refuse to pay his or her dues, interest and fines, for the space of six months, then the stock transferred to the Association shall be forfeited. 30 40

Exhibit P-18

RE PANNONIA B. & L.  
ASSOCIATION.

10188 Mar. 22, 1915, " " "  
March 24, 1916.

West Side Trust Co.,  
Newark, N. J.  
Gentlemen:

I beg to call your attention to certain checks of the Pannonia B. & L. Association, of Newark, N. J., paid by you and charged to that account, upon which the endorsement of the payee is forged in each case, and proceeds of which checks did not come to the hands of the payee, as follows:

Check No.	Dated.	Drawn to the order of	Amount	Paid by you
1086	Aug. 11, 1915,	Elizabeth Ciganek	\$289.44	Aug. 12/15
1118	Sep. 20, 1915,	" "	241.25	Sep. 20/15
776	Jan. 20, 1914,	Amalia Molcsany	98.00	Jan. 20/14
693	Jul. 28, 1913,	Amalia Molcsanyi	196.00	Jul. 29/13
738	Nov. 21, 1913,	Amalia Molesanyi	49.00	Nov. 24/13
1134	Oct. 22, 1915,	Stephen Kukan	192.96	Oct. 28/15
1143	Nov. 4, 1915,	" "	192.96	Nov. 4/15
1124	Sep. 30, 1915,	Anna Szedlak	48.98	Oct. 1/15
911	Aug. 27, 1914,	" "	75.46	Aug. 28/14
722	Aug. 28, 1913,	" "	49.00	Aug. 29/13
609	Mar. 20, 1913,	" "	49.00	Mar. 20/13
369	Apr. 18, 1912,	" "	73.50	Apr. 22/12
617	Apr. 1913,	Antal Szedlak	49.00	Apr. 18/13
297	Oct. 19, 1911,	" "	98.00	Oct. 23/11
923	Oct. 5, 1914,	Anton Szedlak	73.50	Oct. 6/14
560	Dec. 19, 1912,	Antal Szedlak	49.00	Dec. 23/12

## Exhibit P-18

401	Jun. 24, 1912,	Daniel Szedlak, Jr.	49.00	Jun. 28/12
660	Jun. 20, 1913,	" " "	49.00	Jun. 23/13
266	Jun. 15, 1911,	" " "	73.12	Jun. 29/11
1005	Feb. 23, 1915,	" " "	48.98	Feb. 24/15
829	Apr. 30, 1914,	Mary Majoras	200.00	May 1/14
869	Jun. 25, 1914,	" "	50.00	Jun 26/14
1028	Mar. 22, 1915,	" "	75.00	Mar. 23/15
986	Jan. 19, 1915,	Paul Mihal	192.96	Jan. 22/15
1040	May 1, 1915,	" "	93.48	May 3/15
1073	Jun. 18, 1915,	Anna Kosik	241.19	Jun. 23/15
814	Mar. 30, 1914,	John Tinschmidt,	40.00	Mar. 30/14
935	Oct. 29, 1914,	" "	25.00	Oct. 30/14
1069	Jun. 24, 1915,	" "	35.00	Jun. 25/15
1149	Nov. 19, 1915,	George Bangert	48.98	Nov. 20/15
976	Dec. 21, 1914,	" "	24.50	Dec. 22/14
780	Feb. 19, 1914,	" "	78.40	Feb. 21/14

These checks all bear the forged endorsement of the payee, which endorsement is followed by the signature of Daniel Szedlak.

The aggregate of these checks so paid, bearing forged endorsement of the payee, is the sum of \$3,149.66, and, on behalf of the Pannonia Building & Loan Association, of Newark, N. J., I hereby make demand on you for the amounts so paid by you and charged to its account.

Yours truly,  
HARRISON P. LINDABURY.

**Exhibit D-19**

Newark, N. J., January 3d, 1916.

10 A special meeting of the Board of Directors was held this day for the purpose of electing a temporary Treasurer. The meeting was called to order by President Joseph Walkofsky at 12:30 p. m. Those who answered the roll call: Joseph Walkofsky, Chas. C. Deubel, John J. Gless, Frank Peco, Stephen Jurik, Daniel Szedlak, Jr., Geo. Zbojan, Albert Vojaek, Geo. J. Muha, Michael Demko, Emil Germanus and Alex Alexovitz. The President announced to the Board that there was an apparent discrepancy in the accounts of the Treasurer and having absented himself and  
20 his whereabouts not known the Board of Directors elected Stephen Jurik to act as temporary Treasurer to transact all business of the association until his successor is elected.

JOHN J. GLESS,  
Acting Secretary.

**Exhibit D-20**

THE PANNONIA BUILDING AND LOAN ASSO'N.

Headquarters; 171 Howard Street  
 Pay Night Third Thursday  
 Each Month  
 Directors Meeting 10  
 Last Thursday Each Month  
 Newark, N. J., January 21, 1916.

West Side Trust Co.,

Gentlemen:

Please be advised that at the Tenth annual meeting of this association held under date of January 19th 1916, Mr. George J. Muha was elected President who is now authorized to countersign the checks of the Pannonia Building and Loan Assn. Mr. George J. Muha succeeds Joseph Walkofsky in the office as President. 20

Yours truly,

THE PANNONIA B. & L. ASS'N.,

John J. Gless,  
 Acting Secretary.

19-C Exhibit D-21

### Exhibit D-21

Pass Book of West Side Trust Company in account with The Pannonia Building and Loan Association, offered to show the dates and amounts of balances during the period of the forgeries here in question, of which the following is a list:

Date	Balance
May 24, 1911	\$201.57
June 19	193.16
July 24	474.80
August 23	333.69
September 26	181.77
October 26	380.46
November 20	367.95
20 December 26	374.58
January 22, 1912	208.72
February 21	582.48
March 25	2308.50
April 22	5195.42
May 28	3635.97
June 26	4246.00
July 24	6596.12
August 27	8083.26
September 23	5482.80
30 October 24	7359.38
November 25	347.87
December 23	1023.31
January 30, 1913	184.99
February 26	758.00
March 26	2261.31
April 21	2757.76
May 28	1089.29
40 June 23	1075.79
June 23	2675.64

## Exhibit D-21

July 29	300.00	
August 25	898.33	
September 22	791.18	
October 20	478.43	
November 26	268.66	
December 22	1194.36	10
January 26, 1914	1173.39	
February 21	3346.19	
March 23	2700.56	
April 24	642.73	
May 26	488.38	
June 23	5379.19	
July 27	3228.71	
August 26	5605.61	
September 22	3165.63	
October 21	5180.01	20
November 25	3175.77	
December 26	2168.15	
January 18, 1915	897.80	
January 27	3014.27	
February 24	5844.76	
March 23	3423.71	
April 28	5738.31	
May 25	7583.06	
June 23	3960.14	
July 28	3907.61	30
August 24	2751.36	
September 28	919.02	
October 27	3049.66	
November 22	4905.56	
December 13	3790.35	
December 17, 1915	6656.95	
January 5, 1916	1005.20	
February 14	256.96	
March 2	520.69	40

Exhibit D-22

	April 22	3264.41
	May 22	1650.73
	June 26	1641.76
	July 25	16230.00
	August 25	18635.45
10	September 26	20129.37
	October 25	21650.50
	November 28	18757.34
	December 26	19485.06
	January 22, 1917	16698.44
	February 16	14552.93
	March 21	14161.94
	April 24	4230.42

20

**Exhibit D-22**

Thirty-nine checks, or drafts, drawn to the order of various persons—nine being drawn to the order of Daniel Szedlak—and all endorsed by said Daniel Szedlak. All issued between the dates of Nov. 25, 1910 and Aug. 17, 1912, in form as follows:

30

No. 203 Newark, N. J., November 25, 1910.

WEST SIDE TRUST COMPANY

Pay to the order of Frank Dzadzam

Six 25/100..... Dollars.

\$6 25/100

Frank Dzadzam

Daniel Szedlak

Pres.

Treas.

40

*Indorsed on back "Frank Dzadzam"*

*'Daniel Szedlak.'*

PANNONIA BUILDING AND LOAN ASSOCIATION

Exhibit D-22

ACCEPTED AND PAYABLE AT THE WEST SIDE TRUST COMPANY

Newark, N. J.  
Daniel Szedlak,  
Treasurer.

One hundred and twenty-four checks or drafts drawn to the order of various persons—eighteen being drawn to the order of Daniel Szedlak—and all endorsed by said Daniel Szedlak, all issued between the dates of August 29, 1912 and November 26, 1915, in form as follows:

10

No. 511 Newark, N. J., August 29th, 1912.  
Treasurer of  
PANNONIA BUILDING & LOAN ASSOCIATION.  
of Newark, N. J.

Pay to the Order of Daniel Szedlak  
Eleven and 25/100..... Dollars  
In payment of Treasurer salary

Joseph Walkofsky,  
President. 20  
Charles Mucha  
Secretary.

\$11 25/100

*Indorsed on back "Daniel Szedlak."*

No. 529 Newark, N. J., October 17th, 1912.  
Treasurer of  
PANNONIA BUILDING & LOAN ASSOCIATION  
of Newark, N. J.

30

Pay to the Order of John Tervay  
Ninety-eight and 00/100 .....Dollars.  
In payment of Loan on shares.

Joseph Walkofsky,  
President.  
Charles Mucha,  
Secretary. 40

\$98 00/100

*Indorsed on back,  
"John Tervay"  
"Daniel Szedlak."*

Newark, N. J.  
Daniel Szedlak,  
Treasurer.



## New Jersey Court of Errors and Appeals

PANNONIA BUILDING AND LOAN ASSOCIATION,  
a corporation.

*Plaintiff-Appellant,*

*vs.*

WEST SIDE TRUST COMPANY OF NEWARK,  
NEW JERSEY, a corporation,

*Defendant-Respondent.*

*Action at Law.*

### BRIEF FOR PLAINTIFF-APPELLANT.

#### Statement of the Case.

In this action brought in the Supreme Court by the plaintiff, the Pannonia Building and Loan Association, a New Jersey corporation, and tried, without a jury, at the Essex Circuit, before Judge Frederick Adams, the plaintiff seeks to recover from the defendant, the West Side Trust Company, a New Jersey banking corporation actively engaged in the banking business in the City of Newark, the sum of \$3,141.12, together with interest and costs. The said sum of \$3,141.12 is the amount of money paid out by the defendant upon certain checks, each drawn to the order of a shareholder of the said Pannonia Building and Loan Association, each bearing the signature of the plaintiff's president, secretary and treasurer, and upon each of which the signature of the payee was forged, and charged by the defendant to the account of the plaintiff.

The plaintiff kept its bank account with the defendant prior to June 20th, 1911, and throughout the period from June 20th, 1911, to November 25th, 1915, the period during which the checks in question were issued by plaintiff, paid by the defendant, and charged by the defendant to the plaintiff's account. The plaintiff's treasurer at this time was Daniel Szedlak. As treasurer, Daniel Szedlak was one of the three persons who signed the plaintiff's checks; he also performed all other duties incident to the office of treasurer of such a corporation as the plaintiff.

The bye-laws of the plaintiff corporation gave to its shareholders the right to borrow money, and, if upon proper application a loan was granted, the borrower was required to give his

note to the association and would thereupon receive from it its check, drawn on the defendant, the West Side Trust Company.

The checks, thirty-two in number, upon which the payments in question were made, were drawn and issued between the dates of June 20th, 1911, and November 25th, 1915. Each was regular upon its face, being signed by the president, secretary and treasurer. However, no one of said checks was ever delivered to the payee therein named, and no one of said checks was indorsed by the payee therein named. In each case the name of the payee as indorser was forged. Below the forged indorsement of the payee was the indorsement of Daniel Szedlak, but in no instance was he there designated as treasurer. These were and purported to be the individual indorsements of Daniel Szedlak. Such checks were delivered to the defendant bank by Daniel Szedlak, and the defendant thereupon received them and either credited the amount of each to the individual account of Daniel Szedlak or paid the amount of each to him in cash. The defendant thereupon charged the amount of each of said checks to the plaintiff's account with defendant.

The fraud appears to have been carried out wholly by Szedlak, or at least it is clear that no other officer, director or member of the Pannonia Building and Loan Association was a party to the fraud. The first step toward carrying out this fraud was taken by Szedlak when he represented to the other officers of the Pannonia Building and Loan Association that he had applications for loans from certain stockholders. Having obtained the approval of such loans, the secretary drew a note for the signature of the alleged borrower and Szedlak signed upon such note the name of the said alleged borrower. Upon the presentation of such application for a loan the secretary drew a check, naming as payee the supposed borrower, affixed his signature thereto, and obtained the signature of the president. The note was thereupon delivered to Szedlak as treasurer for his signature and for delivery by him to the supposed borrower. Then followed the forgery of the payee's name as indorser and the delivery of the check to the defendant, as above referred to.

After payment of such checks by the bank, and upon balancing the Pannonia Building and Loan Association's bank book, all vouchers were returned to Szedlak, whose duty, as treasurer, it was to receive those vouchers. It does not appear from the evidence that an inspection by the president and secretary or by the directors of the Pannonia Building and Loan Association

would have disclosed to those persons the fact that the loans were not real, or that the indorsements on the checks were forged.

This case is brought to the Court of Errors and Appeals under the provisions of an act to amend an act entitled, "A Supplement to an act entitled, 'An Act to Regulate the Practice of Courts of Law (Revision of 1903),' " P. L. 1916, page 109, Chapter 62; and more particularly under that part of said act which reads as follows:

"Where causes are submitted to the court to be heard without a jury, any error made by the court in giving final judgment in the cause shall be subject to change, modification, or reversal, without the grounds of objection having been specifically submitted to the court."

### BRIEF OF ARGUMENT.

I. The Court erred in finding as a fact that the checks referred to in paragraph 4 of the complaint were charged to the account of Daniel Szedlak.

Paragraph 4 of the complaint reads as follows:

"Subsequent to June 20th, 1911, and from time to time thereafter, until the 25th day of November, 1915, there were presented to the defendant checks drawn by the plaintiff as set forth in the statement hereto annexed, which checks the defendant received and paid, or placed to the credit of the person or persons presenting the same, and charged the same to the account of the plaintiff, so maintained with the defendant. The total amount of checks so charged to the account of the plaintiff amounts to the sum of \$3,141.12."

Paragraph 4 of the answer which refers to paragraph 4 of the complaint, reads as follows:

"Paragraph 4 is admitted, except as to the claims of persons to whom checks were made payable, and also except the allegation that any of the checks were placed to the credit of the person or persons presenting the same."

It appears from the above quotations from the complaint and answer that it is alleged in the complaint that the checks in question were charged to the account of the plaintiff, and that it is admitted in the answer that they were so charged to the account of the plaintiff. The question, therefore, of to whom such payments were charged, was not in issue. The Court, therefore, had no question before it as to charging the payments, and had no jurisdiction to make a finding as to that fact. It is not a

function of the Court to determine matters not properly in issue before it. One of the issues raised by paragraph 4 of the complaint and paragraph 4 of the answer was whether the checks were credited to the person presenting them. It would therefore appear that the Court really made a finding on that issue, and should have said "Credited," instead of "Charged," in paragraph 4 of its findings, and it is believed that its failure to do so is simply a typographical error.

It may be remarked that, had the Court found that the checks were charged to the account of Szedlak, there would have been no purpose in going beyond that single finding of fact, for such a finding would of itself establish that the plaintiff had no standing in this action.

**II. The relation of depositor and banker is such that the bank must at its peril know that the signatures of indorsers on checks cashed by it and charged to the depositor's account are genuine.**

The Court has found as a fact that the plaintiff kept its bank account with the defendant (pp. 12-13) and that, therefore, the relation of banker and depositor existed between the parties. The Court has also found as a fact that the indorsement of the payee on each of the thirty-two checks brought in question in this action was forged (p. 15, paragraphs 14 and 16 of the Court's findings).

The question of the duty owed by the bank to the depositor with relation to the matter of indorsements was brought clearly before the Court of Errors and Appeals in the case of *Harter v. Mechanics National Bank of Trenton*, 63 N. J. L. 578. A summary of the facts in that case is as follows:

Samuel J. Kelly gave to the plaintiffs his check for \$1,000, and directed them to pay the amount to Kate Young on delivery of her bond and mortgage to Howard M. Richards. A bond and mortgage purporting to be made by Miss Young to Richards was delivered to the plaintiffs by one Applegate, and thereupon the plaintiffs gave to Applegate their check on the defendant bank, in which they were depositors, payable to the order of Miss Young. Applegate had forged Miss Young's signature on the bond and mortgage, and he then forged her signature on the back of the check, making it payable to his own order, then added his own indorsement, and the bank paid to him the amount

of the check and charged it to plaintiff's account. The check in question was returned to the plaintiffs on February 11th, 1898, but the plaintiffs, not being acquainted with Miss Young's signature, did not discover the forgery until November 2nd of the same year. They then immediately notified the bank and demanded from the bank the amount of the check. Upon the refusal of the bank to pay the same, action was begun. Judgment was given for the plaintiffs, and an appeal taken to the Court of Errors and Appeals.

In discussing the particular phase of the case in which we are now interested, the Court used the following language:

“The relation between a bank and its depositor is that of debtor and creditor and the implied contract on the part of the bank is, that it will disburse the money standing to the credit of the depositor only on his order and in conformity with his directions. When, therefore, it makes a payment upon check to which the depositor's name has been forged, or upon his genuine check, to which the name of a necessary endorser has been forged, it must be held to have paid out of its own funds, and cannot charge the amount against the depositor unless it shows the right to do so on the doctrine of estoppel or because of some negligence chargeable to the depositor.”

Thus the Court found that primarily a bank is liable where it has made a payment upon a check bearing a forged indorsement. There is no question of whether the bank was negligent. The depositor does not need offer any evidence on that question; he may simply rely upon the absolute duty of the bank to make payment according to his direction.

The same question was raised in the more recent case of *Pratt v. Union National Bank*, 79 N. J. L. 117. In this case, Pratt was a depositor in the Union National Bank of Atlantic City. He issued a check on that bank payable to the order of George W. Nock, and mailed it to Nock in Philadelphia. The check was received at Nock's place of business and his indorsement forged thereon by some person in his office. It was negotiated through several hands and finally presented to the Union National Bank, and paid by it on September 11th, 1906. The cancelled check was returned to Pratt, and some months thereafter the forgery discovered by him, not by an inspection of the check, but through some communication with Nock as to the state of his account.

The Court did not directly consider the question which had been settled in the case of *Hartner v. Mechanics National Bank*,

*supra*, apparently assuming that the law of New Jersey was definitely settled to the effect that the bank owes an absolute duty to its depositor to pay only upon his order, and in accordance with his direction, and that, if the bank does pay upon a check bearing a forged indorsement, *prima facie* it cannot properly charge the amount of such check to the account of the depositor. The main discussion in this case was that of negligence on the part of the depositor, a subject which we shall consider later.

The same rule is clearly established in Massachusetts and is well stated in the case of *Jordan-Marsh Company v. National Shawmut Bank*, 201 Mass. 397, 87 N. E. 740, 22 L. R. A. (N. S.) 250. In this case, an employee of the Jordan-Marsh Company, through misrepresentations as to the receipt of goods, obtained from the company checks payable to the order of A. L. Sefton, from whom it was customary for the Jordan-Marsh Company to buy. It was never intended by the employee obtaining such checks that they should be delivered to Sefton. On the other hand, he intended to and did indorse upon such checks the name of A. L. Sefton. The checks were then presented by the fraudulent employee to some bank and paid by the defendant through the Clearing House, the amount being charged to the account of Jordan-Marsh Company. The first question to be considered in this case was that of the duty owed by the bank to its depositor, and in disposing of that question the Court used the following language:

“The implied contract between the banker and his depositor in regard to the depositor’s checks is, that the banker will pay them from his deposit to the persons to whom he orders payment to be made. When a definite order is made in the check, the duty of the bank is absolute, as a general rule, to pay only in accordance with the order. If payment is to be made to the order of the person named in the check, and if he orders the payment to be made to another person, it is the duty of the bankers to see that the signature of the payee is genuine—this rule of law applies as well to payments made by bankers through the Clearing House as to payments made over the counter. The duty is the same, and the performance of it is as important in one case as in the other. If the methods of the Clearing House are a convenience to bankers in the transaction of their business, and the bank on which a check is drawn chooses to pay on the guarantee of the endorsement of the payee’s name by another responsible bank, this does not affect the duty of a paying bank to its depositor. It simply indicates a willingness of the bank to disregard and neglect the duty upon the guarantee of a

responsible party that the duty has already been perfectly performed for it by a preceding party from whom the check has been received."

The Court went on to consider the questions which usually arise after a *prima facie* liability of the bank has been established, and this case will again be referred to.

The general rule, as above stated, has been definitely adopted by the New York Court of Appeals in the case of *Shipman v. Bank of the State of New York*, 126 N. Y. 318; 12 L. R. A. 791. The facts in this case are as follows: The plaintiff conducted a large business, employing a number of assistants; among them was one Bedell, whose duty it was to handle loans on real estate. In the course of the performance of that duty he usually obtained from the plaintiff a check drawn to the order of the borrower in each case, and delivered such check to such borrower. Bedell conceived a scheme to defraud the plaintiff by presenting false applications for loans and preparing false mortgages. These he presented to the plaintiff with a check, drawn to the order of the supposed borrower, which would then be signed by the plaintiff and delivered to Bedell to be turned over to the borrower.

A large number of such checks, amounting to \$200,000, were turned over to Bedell upon fake loans, the payees' names on such checks were forged by Bedell and the checks presented to the defendant bank, with which the plaintiff had a large deposit, either directly by Bedell, or through the Clearing House. The checks were paid and the amounts thereof charged to the plaintiff's account by the bank. Some of these checks were made payable to real persons, and others to non-existing persons. The action was brought by the plaintiff to recover the amount of such payments, with interest. The lower court gave judgment for the plaintiff for \$223,000.

Upon appeal, the first consideration of the Court was that of the duty owed by the bank to the plaintiff, a depositor, and the Court used the following language in disposing of that question:

"The various deposits of money made from time to time by the plaintiffs with defendant created the relation of debtor and creditor, and the law implies a contract on the part of the defendant to disburse the money standing to the plaintiffs' credit only upon their order, and in conformity with their directions. The defendant is not entitled to charge against the plaintiffs' account any sums as payments, unless they have been made to such persons as

the plaintiffs directed. Such payments as were made without the order of the plaintiffs of their funds by the defendant, afforded to it no protection when called upon by the plaintiffs to account for the money deposited. Payments made upon forged endorsements are at the peril of the bank, unless it can claim protection upon some principle of estoppel, or some negligence chargeable to the depositor. These rules are so familiar and so well established and illustrated by the adjudged cases, that a bare reference to them, is all that is needful here."

The question of the relation between bank and depositor was again considered by the New York court in the case of *Critten et al. v. Chemical National Bank*, 171 N. Y. 219; 57 L. R. A. 529.

An employee of the plaintiffs, one Davis, had charge of the drawing of the checks to which he obtained the signature of one of the plaintiffs. Thereafter he would take the check from the mail and change the amount and the name of the payee. He would then draw the money from the bank and apply it to his own purposes. The verification of the checks, when returned, was entrusted by the plaintiffs to Davis, and in this manner he was enabled to cover up his fraud for a considerable length of time. During the absence of Davis from the office at one period, vouchers were returned and the fraud discovered by their being checked up by an honest employee.

As in all cases of this type, the first question to be considered by the Court was that of the relation between the bank and the depositor. The Court, in disposing of that question, said:

"The relation existing between a bank and a depositor being that of debtor and creditor, the bank can justify a payment on the depositor's account only upon the actual direction of the depositor."

Continuing, the Court uses with approval the following language taken from the case of *Crawford v. West Side Bank*, 100 N. Y. 50, to N. E. 881.

"The questions arising on such paper (checks) between drawee and drawer, however, always relate to what the one has authorized the other to do. They are not questions of negligence, or liability of parties upon commercial paper, but are those of authority, solely \* \* \* the question of negligence cannot arise unless the depositor has in drawing his check, left blanks unfilled, or by some affirmative act of negligence has facilitated the commission of a fraud by those into whose hands the check may come."

Continuing to speak for itself in this case, the Court said:

"Therefore when fraudulent alteration of the checks was proved, the liability of the bank for their amount was

made out, and it was incumbent upon the defendant to establish affirmatively negligence on the plaintiffs' part to relieve it from the consequence of its fault, or misfortune, in paying forged orders."

Applying this principle to the case now under consideration by this court, the first question to be disposed of by the Court is shown to be that of whether or not the relation of depositor and banker existed between the plaintiff and defendant. Having found that relation to exist, the principle above quoted applies directly, and the result is that without further facts there is established an obligation upon the bank, by reason of its relation to the depositor, to refund to the depositor the amount of money paid by the bank and charged to the depositor's account. There is no question of negligence. The depositor need not present any evidence whatever beyond that showing that the bank has paid checks issued by him and bearing forged indorsements and charged the same to such depositor's account. The burden is then shifted to the bank to establish a defense, and that burden can be sustained only by showing subsequent neglect by the depositor and that such negligence actually damaged the bank.

From this discussion of the general rule, the next and natural step is to a discussion of the exception always stated with the general rule, and a discussion of whether or not the present case comes within that exception, which is usually stated in a form somewhat as follows:

"Unless it (the bank) can claim protection on some principle of estoppel or some negligence chargeable to the depositor" (*Shipman v. Bank of the State of New York, supra*), or

"Unless it (the bank) shows a right to do so (*i. e.*, charging to the depositor the amount paid on a check bearing a forged endorsement), on the doctrine of estoppel, or because of some negligence chargeable to the depositor."

### III. The Court erred in ruling that the plaintiff was negligent and therefore estopped to recover in this action.

A complete understanding of the exception to the general rule now under consideration requires a more detailed statement of such facts as might show negligence, or constitute an estoppel.

The scheme of Szedlak, the treasurer, involved a series of fake loans. It appears from the evidence that he represented to the other officers and to the directors of the Pannonia Building and Loan Association, that certain persons had applied for

loans. Application to the treasurer was not unusual, either in this particular association or in any building and loan association, because, naturally and properly, prospective borrowers would come to the treasurer to make their requests for a loan.

Upon representation of such application being made and brought to the attention of the secretary, a note was drawn by the secretary and delivered to Szedlak to procure the signature of the prospective borrower. At the same time, check was drawn and signed by the president and secretary of the association, and delivered to Szedlak for his signature and delivery by him to the borrower upon his receipt of the note signed by the borrower.

It appears from the evidence that in every case where a loan was faked, a note bearing the apparent signature of the borrower was placed among the papers of the association, so that an inspection of those papers would have disclosed nothing unusual to the other members of the association, unless such persons had been acquainted with the signatures of the persons to whom the alleged loans were made. However, it appears from the testimony of the secretary, Charles Mucha (pp. 107 to 112), that he was not acquainted with those signatures. It also appears from the testimony of the president, Joseph Walkofsky, that he was not acquainted with any of these signatures (pp. 90-92 inclusive). At page 133, Chris B. Snyder, who was a representative of the State Department of Banking and Insurance, and an examiner of building and loan associations, testifies that an examination of the books of the Pannonia Building and Loan Association was made by him in August, 1915. The clear inference is that everything appeared regular at that time, since no report was made by the examiners to the State Association. It appears from this evidence that, from the records of the association, all transactions appeared regular, and that an examination by anyone not particularly well acquainted with the signatures of the persons whose means had been forged would not have disclosed the forgery.

The vouchers of the Pannonia Building and Loan Association were returned by the West Side Trust Company to Daniel Szedlak as treasurer of the association, and the book of the association was balanced once each month. Szedlak's authority as treasurer permitted him to receive the vouchers. The testimony as to what happened after the vouchers were returned begins at page 124. Charles Mucha, secretary, testifies that he made an examination of the vouchers after their return, and that

although at times some would be missing, such vouchers would be returned at some subsequent time, so that he handled and inspected each voucher.

As stated before, Mucha has testified that he did not know the signatures of the various persons whose names were forged on the checks brought in question in this action, which explains the fact that he did not discover the forgeries by such an examination.

The theory upon which an estoppel must rest is that the party alleged to be estopped has either omitted to perform some duty owed by him to the party claiming an estoppel, or has taken some action, and, in either case, caused the party alleging the estoppel to change his position as a result thereof. In the principal case, the only possible ground of estoppel must be a failure to act. Therefore, some duty to act must be shown.

The general rule of banking law is well settled to the effect that there is no duty cast upon the depositor by the return of vouchers to him to examine such vouchers as to the indorsements thereon to determine whether or not such indorsements are genuine. The reason for this is that the depositor is not presumed to know the signatures of indorsers, and that he may rely upon the banks having determined the question of whether or not indorsements are genuine or forged, it being the duty of the bank to do so.

In the New Jersey case of *Pratt v. Union National Bank, supra*, this question was raised. The facts in the case have already been set out with considerable detail, and there need only be added the fact that there was some considerable lapse of time between the return by the bank of the vouchers to the depositor and the discovery by the depositor of the forgery of the indorsements. In disposing of this particular question of the duty of the depositor, the Court used the following language:

“But reasonable diligence in the examination of the pass book and vouchers may often be entirely ineffectual to discover forged indorsements. It will always be so when the depositor is unacquainted with the handwriting of the payee or other persons who indorse his checks. In the case at bar it appeared that the plaintiff was not in fact acquainted with the payee's signature and there is no ground for claiming that he ought to have known it. He therefore did not fail in his duty to the bank by not discovering the forgery on the return of the check, indeed he was entitled to assume that the bank before paying the check, had ascertained the genuineness of the payee's apparent indorsement.”

In connection with this case, attention is again called to the fact that the officers of plaintiff in the principal case were not acquainted with the signatures of the payees named in the checks on which the forged indorsements appear (pp. 90-92 and 107-112).

The same question was raised in the case of *Jordan, Marsh Co. v. National Shawmut Bank*, *supra*, and disposed of in the following language by Knowlton, C. J.:

“It is very generally if not universally held, that this duty of the depositor does not extend to an examination of the signatures of the payees of the checks, for he is not expected to know them, and the bank is expected to see that the payments are properly made.”

The question was raised in the Pennsylvania Supreme Court in the case of *United Security Life Insurance and Trust Company of Pennsylvania v. Central National Bank*, 185 Pa. 586; 40 Atl. 97. The plaintiff was a depositor in the defendant bank and brought an action to recover a balance claimed to be due on his deposit. The defense was a denial of any such balance, setting up that the money had been paid on checks drawn by the plaintiff. The reply was that the payments were unlawfully made upon forged indorsements of the names of the payees. It appeared that the bank was not notified that the payments were improper until some considerable time after the return of the paid checks to the depositor. It was argued that this delay estopped the depositor to set up the forgery, and in reply to that argument the Court said:

“The referee rightly held that the banker’s contract with his depositor, is to pay the latter’s check only to the payee or one who claims through a genuine indorsement; he also rightly held that on the settlement of his bank book and the return of his checks the depositor is not bound to examine the latter to see that the indorsements are correct. He may assume that the bank has examined their genuineness before paying.”

The question also came before the Georgia Supreme Court in the case of *Atlanta National Bank v. Burke*, 81 Ga. 97; 2 L. R. A. 96. The facts are similar to those usually found in cases of fraud upon an employer or principal effected by forgery of indorsements upon checks. The Court used the following language:

“We think, however, that the fact that the bank reported to Burke in this account that the check was paid to Mrs. Knapp, the payee, relieved Burke from any diligence what-

ever. He was then under no obligation to look to see whether the check was paid upon a forged indorsement, or not, but had a right to accept this statement of the bank as true, and to rest upon it. The bank in its statement deceived him, and there was nothing in the account to put him on notice that there was a forged indorsement."

The following cases also directly support the proposition that there is no duty owed by a depositor to the bank in which he is a depositor to examine indorsements on checks returned to him by the bank.

*German Savings Bank v. Citizens National Bank*, 101 Iowa 530; 73 N. W. 769.

*Murphy v. Metropolitan National Bank*, 199 Mass. 159; 77 N. E. 693.

*Kearney v. Metropolitan Trust Company*, 110 App. Div. 236; 97 N. Y. S. 274.

*Califf v. Towanda First National Bank*, 37 Pa. Super. 412.

*Guaranty State Bank Co. v. Lively (Tex.)*, 149 S. W. 211.

It is, therefore clear that the plaintiff, the Pannonia Building and Loan Association, owed no duty to the defendant, the West Side Trust Company, to examine returned vouchers as to the genuineness of indorsements, and that, therefore, the plaintiff's failure to detect the forgeries of indorsements and notify defendant thereof cannot be held to estop the plaintiff in this action.

However, assuming that there may be a duty on a depositor to make some examination of vouchers and that such a duty does extend to a survey of the indorsements, there has been no such failure in the performance of that duty as would result in an estoppel.

In considering this branch of the case, the fact that damage to the person seeking to set up the estoppel must be shown is very material.

In the case of *Hardy v. Chesapeake Bank*, 51 Md. 562, 34 Am. R. 325, the action was brought to recover an alleged balance due on a bank account. The plaintiffs were depositors in the defendant bank. It was shown that a considerable amount was paid out by the defendant bank upon forged checks, and it was to recover that amount that the action was brought. Among other defenses that of estoppel was raised. The Court said that to establish an estoppel it must be shown that the plaintiffs had knowledge in fact that the forgeries had been committed, or that

they should have had knowledge if they had used proper care, and continued:

“If such facts be found to exist, then it must be also found in order to direct an estoppel, that the appellee (the defendant bank), acted in honoring and paying the nine checks in question, in reference to the conduct of the appellants in failing to make known an objection to the account as stated and balanced in the bank book of the 13th of July, 1873; and that said omission and neglect of the appellant did not in fact, mislead the appellee into the error of paying the nine forged checks now in dispute. The doctrine of estoppel *in pais* is applied in a great variety of circumstances, but its great object is to prevent injustice being done where one party has been led into error by the fault of others. It is a most valuable doctrine for the promotion of justice, but it can have no application except where the party invoking it can show that he has been induced to act or refrain from acting, by the acts or conduct, of the adverse party under circumstances which would naturally and rationally influence ordinary men. It can, therefore, only be set up and relied on by a party who has been actually misled to his injury, for if not so misled he can have no ground for the protection that the principal affords, as in the case of *Janin v. London and San Francisco Bank*, 92 Cal. 14; 27 Pacif. 1100; 14 L. A. R. 320, payments were made by the defendant bank, upon checks proved to have been forged. The plaintiff, who was a depositor, sued to recover the amount of such checks, the question of estoppel was raised and disposed of by the Court by the following brief statement: If plaintiff was negligent, it was not shown that the defendant suffered any damage thereby, and for that reason, said negligence cannot be allowed as a defense to plaintiff's right to recover in this action.”

See also *Murphy v. Metropolitan National Bank*, *supra*, and *Third National Bank v. Merchants Bank*, 76 Hun. 475; 27 N. W. S. 1070.

Applying this doctrine to the principal case, it becomes clear that the defendant has no defense on the theory of estoppel, in so far as there was a delay subsequent to the discovery of such forgeries on the part of the plaintiff in notifying the bank of the forgeries. The reason for this is that Szedlak is not shown to have had any money on deposit with the defendant bank at the time of the discovery of the forgery, so that it was not possible for the bank to take and apply moneys deposited with it by Szedlak. It also appears that Szedlak could not be found at the time of or at any time subsequent to the discovery of the forger-

ies, and that, therefore, the bank was not in a position to prosecute any action against him, and thereby reimburse itself. The result of this situation is that the bank cannot show actual damage by its failure to act subsequent to the discovery of the forgeries, even though such failure may have been the result of its lack of knowledge of the forgeries and even though such lack of knowledge resulted from a failure of the plaintiff to perform a duty owed by it to the defendant. The doctrine of estoppel is an equitable doctrine, and, therefore, when the Court speaks of damage they mean real damage, not technical damage. They mean that the defendant must show real harm, as, for example, the inability to recover money or securities, rather than imaginary harm, such as the inability to recover a judgment which would be of no value, because, for example, nothing could be recovered by issuing execution, or in any other manner.

Delay on the part of the plaintiff in giving notice of the forgeries after discovery of such forgeries, if it had been shown, would have been no defense, because the defendant was not thereby damaged.

Continuing upon the assumption that there may be some duty upon the depositor to make an examination of the vouchers returned to him in such a case as this, and considering the action of the officers of the plaintiff prior to the time of the discovery by them of the forgeries, a review of the evidence will show that the secretary of the Pannonia Building and Loan Association, to whom the duty appears to have been delegated, did make a reasonable examination of the vouchers.

During the period throughout which the fraud was perpetrated, Charles Mucha was secretary, and upon cross examination of Mucha an attempt was made to show that no effort was made to determine whether the vouchers were regular. The question was asked, "And every month did you look over the checks that were returned?" and answered, "As far as I could" (p. 125). The inquiry continued, and it developed that at times there would be checks missing, and that for that reason it was impossible to examine each voucher issued during the month at the end of that month. This is not an unusual situation. It is frequently and, in fact, usually true, that all checks issued by a person actively engaged in business will not be presented to the bank and paid during the month of their issue, and would not, therefore, be returned with the vouchers at the end of that month. Such a situation would not arouse the suspicion of any business man.

The question was then asked, "When the checks would come in from the bank and you would go over them, either alone or with the president and vice-president, and you could not make them balance with your checkbook, then what would you do?" and answered, "I reported it."

Continuing, the record shows the following:

"Q To whom? A To the Board.

Q At the monthly meeting? A Yes, sir.

Q And was there any action taken on anything of that kind? A Well, it has been told to get the rest of the checks and then balance it up always.

Q You were directed to get the rest of the checks? A Yes, sir.

Q And then you would come to the next months, would you get the rest of the checks? A Well, I would get them checks, but some other checks were missing again.

Q And there were always some checks out, were there not? A Not always; no, sir."

It appears from this testimony of the person principally charged with the duty of examination of returned vouchers that he always saw to it that all of the vouchers were returned, either at the end of the month of their issue, or at the end of the following month. Whenever checks were missing, the fact was reported to the Board of Directors, and there is no evidence whatever to show that the examination made of the checks when they were returned, was not made with proper care.

The defendant has, therefore, failed to meet the burden cast upon it of proving a failure to make a reasonable examination, if there is a duty to make an examination in a case of this kind.

The knowledge which Szedlak, the fraudulent treasurer, had by reason of his examination of the vouchers, and by reason of his knowledge previously obtained in the issuing and indorsing of the checks in question, is not to be imputed to the plaintiff. The general rule of agency is sometimes stated to be that where there is a presumption that the agent will not inform his principal of the facts within his individual knowledge, the principal will not be charged knowledge of those facts which have come to the personal knowledge of the agent. It is also sometimes stated to be that the knowledge of such agent obtained in the commission of a crime upon his principal, will not be imputed to the principal. Accepting either of these rules, the Pannonia Building and Loan Association cannot be charged with the knowledge of Szedlak. In the first place, it is not to be presumed that he would inform the officers or directors of the Pannonia

Building and Loan Association of the fact that he had forged the indorsements of the various payees on checks issued by the association, either at the time of the actual issuing of those checks or at the time of the return of the vouchers. Absolute secrecy at all times was essential to the success of Szedlak's scheme.

Beginning with the time at which he forged the signatures to the notes which were required in making loans to stockholders, Szedlak was guilty of the crime of forgery, and it was the crime in the nature of fraud upon his principal; all of his acts done pursuant to that general scheme of forging the signatures on the notes and checks, were in themselves criminal acts, and the knowledge obtained in the commission of said acts is not to be charged to the principal. This general class of criminal acts must include the non-disclosure of the forged indorsements upon the return vouchers.

In the case of *Camden Safe Deposit and Trust Company v. Lord*, 67 N. J. E. 489, it appeared that George R. Lord was executor of Mary E. Lord, and as such and in execution of his power to mortgage, which, it is admitted, he had under the will of Mary E. Lord, he executed mortgages to the Camden Safe Deposit and Trust Company; on the same day on which the second mortgage was given, Lord and two officers of the mortgagee entered into a partnership agreement. The two officers in question knew that Lord's purpose in mortgaging the property of the estate of Mary E. Lord was to obtain money to be devoted to partnership uses, which they knew was an improper use of those funds. Effort was made to charge the mortgagee with knowledge of the fraudulent scheme because of the actual knowledge of its two officers. The Court stated the general rule of agency and continued:

"This rule is, however, subject to certain exceptions, an important one being that if the agent in the case of the business in which he is employed commits an independent fraud for his own benefit, decidedly against his principal, and it is essential to the carrying out of the fault that he should conceal the real facts from the principal, the presumption of constructive notice is destroyed, and the inference is rather that no communication was made. \* \* \* In their (the president and secretary's) own interest, they were contracting with themselves as representatives of the trust company to advance money on a mortgage made by the trustee to the trust company, which they intended to mis-apply or aid in so doing, and their interest in the matter was so opposed to the interest of the principal that

knowledge of their wrongdoing cannot be imputed to their principal."

In the case of *Campbell v. The Perth Amboy Mutual Loan Homestead and Building Association*, 76 N. J. E., page 347, the Court used the following language in dealing with the question of knowledge of the principal as to acts of an agent:

"It is argued by complainant's counsel in his brief that knowledge to or knowledge of Balentine, then the treasurer of the association, was knowledge to the association of the bank's claim, but as the case clearly shows that Balentine in having the certificate for matured shares, contemplated an independent fault on the bank, either for his own benefit, or for that of the estate of which he was assignee. His knowledge of the bank's rights is not to be imputed to the association of which he was treasurer."

The matter is well stated in *2 Pomeroy's Equit. Jurisprudence*, 3rd Edit., paragraph 675, as follows:

"The second exception is much more important, and of far wider application. It is now settled by a series of decisions based on the highest authority, that when an agent or attorney has in the course of his employment been guilty of actual fraud, provided and carried out for his own benefit, by which he intended to develop and redevelop his own principal or client's, as well as perhaps the other party, and the very perpetration of such fault involved the necessity of his concealing the facts from his own client, then under such circumstances the principal is not charged with constructive notice of facts known by the attorney, and thus fraudulently concealed. In other words, if in the cause of the same transaction in which he is employed, the agent commits an independent fault for his own benefit, and designedly against his principal, and it is essential to the very existence or possibility of such fault that he should conceal the real facts from his principal, then the ordinary presumption of the communication from the agent to his principal fails; on the contrary, a presumption arises that no communication was made, and consequently the principal is not affected with constructive notice."

This question of principal and agent has frequently been before the Supreme Court of the United States, and was in issue in a case similar to the principal case, in *American National Bank of Nashville, Tennessee, v. Miller*, 229 U. S. 517, 57 L. Ed. 1310. R. H. Plant was a depositor with the American National Bank, and was indebted to it in the sum of fifty thousand dollars. He was insolvent, which fact was not generally known, and while so gave to the First

National Bank of Macon a check for three thousand dollars on account of an indebtedness due from him to it. R. H. Plant was president of the First National Bank of Macon. The three thousand dollar check was presented to the Nashville bank, and credited by it to the Macon bank's account in ignorance of Plant's insolvency. An attempt was made to charge the First National Bank of Macon with knowledge of Plant's insolvency by reason of the fact that Plant was president of that bank. An effort was also made to charge the Macon bank with knowledge of Plant's indebtedness to the Nashville bank by reason of the same relation. The Court disposed of both questions in the following language:

“But if the fact of his own insolvency and of his personal indebtedness to the Nashville bank were matters which it was to his interest to conceal, the law does not by fiction charge the Macon bank, of which he was president, with notice of facts which the agent, not only did not disclose, but which he was interested in concealing.”

The same question had been previously raised in the United States Supreme Court, in the case of *American Surety Company of New York v. Pauly*, 170 U. S. 133, 42 L. Ed. 977. The facts were that the American Surety Company was asked to bond an employee of the California National Bank. They requested references, and the president of the California National Bank submitted to the American Surety Company a statement to the effect that he was acquainted with said employee, and that to his knowledge said employee was entirely reliable. It later developed that the employee had committed frauds upon the bank in conjunction with the president who had written the recommendation. The American Surety Company attempted to charge the California National Bank with knowledge of the improper actions of the employee, by reason of the president's knowledge. It failed to do so in the lower court, and the upper court confirmed the rule of the lower court, using the following language:

“The presumption that the agent informed his principal of that which is his duty and the interest of his principal required him to communicate, does not arise where the agent acts or makes declarations not in execution of any duty that he owes to the principal, or without any authority possessed by him, but to subserve his own personal ends, or to commit some fraud against the principal. In such case the principal is not bound by the acts or declarations of the agent, unless it be proved that he had at the

time actual notice of them, or having received notice of them, failed to discover what was estimated to be said and done in his behalf."

**IV. The Court erred in its ruling that the defendant was not negligent.**

As has been set out previously in this brief, the question of whether primarily the bank is liable when it pays checks bearing forged indorsements, and charges the payment thereof to the account of the depositor against whose account the checks are drawn, is not one of negligence. There is an absolute liability on the bank to reimburse the depositor. However, it has been found by the Trial Court in this case that the defendant was not negligent, and it is, therefore considered advisable at this time to review that finding briefly.

The general ruling is that any person who accepts a check drawn by a corporation, either to the order of an officer of that corporation or to the order of a creditor of that corporation, is put upon inquiry as to whether or not the check may properly be accepted in payment of the debt of such officer, and, in the case of a bank, it is put upon inquiry as to whether it may properly pay the amount of the check to such officer or credit it to his account. In other words, one who accepts corporate paper from an agent or servant of a corporation, which paper purports to dispose of the corporate funds, does so at his peril, and if later it appears that the servant had no authority to so dispose of the paper, either restitution must be made to the corporation or the holder will not stand in the position of a bona fide holder.

In the case of *Campbell v. The Manufacturers National Bank*, 67 N. J. L. 301; 51 Atl. 497, an action was brought by the Receiver of the Middlesex County Bank to recover money paid to the Manufacturers' National Bank by Valentine, who was at the time of the payment cashier of said bank. The payment was made by Valentine in satisfaction of his individual debt. The method of payment was by draft of the Middlesex County Bank, drawn on the National Park Bank of New York, and signed "George M. Valentine, Cashier." The fact that the draft was made by the cashier in his official capacity and was intended by him to be issued for the payment of his individual debt was known by Miller, the attorney. The Court held that the payee must bear the burden of establishing the fact that the cashier had actual authority to issue the check for the purpose for which it was known to have been issued.

In the case of *Lanning v. Trust Company*, 137 N. Y. App. Div. 722, it was held that a trust company taking the check of another trust company in payment of a debt of the president of the latter, is liable for the amount if it was actually a misappropriation of the funds of the latter company, even though the check was signed by the other officers of the trust company.

In the case of *Manhattan Web Company v. Aquidneck National Bank*, 133 Fed. Rep. 76, it was held that the holder of a personal note of the treasurer of a corporation, who takes from him a corporate check in payment thereof, is bound to investigate; in other words, that he is put upon knowledge as to the authority of the cashier to make such application of the corporate funds.

In the New Jersey case of *DeJonge & Company v. Woodport Hotel & Land Company*, 77 N. J. L. 233, an action was brought upon a promissory note, payable to the order of C. I. McLoughlin, and signed "Woodport Hotel & Land Company, Thomas Bright, Treasurer," and indorsed by McLoughlin to the plaintiffs. Bright was the treasurer of the defendant company. The plaintiffs proved that the signature on the note was that of Thomas Bright and that they became holders of the note before maturity. The defendants denied the authority of Bright to draw the note for the purpose for which it was drawn, contending that it was drawn and used in payment of an individual obligation owed by Bright to McLoughlin, and that the plaintiffs took the note with knowledge of these facts. A judgment was directed for the plaintiff. Upon appeal there was a reversal, and the Court used the following language in speaking of corporate paper and its use by officers of a corporation for their individual purposes:

"It is a settled rule of commercial law that one who receives from an officer of a corporation the note of such corporation in payment of, or as security for, a personal debt of such officer, does so at his peril. *Prima facie* the act is unlawful, and unless actually authorized or ratified by the corporation, such note is void in the hands of the payee."

The principal case differs from those just considered in that there was an additional step in the fraudulent scheme carried out by the officer of the plaintiff association. This step was taken in the insertion of the name of a third person as payee, such third person not being a creditor of the officer. However, it is to be observed that upon the face of each check was printed the following statement: "In payment of loan on shares." This

gave notice to the bank that the check had never really passed out of the possession of the plaintiff, the association or some of its officers or members.

We have, therefore, in the principal case a direct analogy to the case where an officer of a corporation presents corporate paper to a bank and receives the proceeds thereof, or has the amount thereof credited to his own individual account, and the case, therefore, comes within the general rule of commercial law to the effect that under such circumstances the bank must at its peril know whether authority has been given to the officer to make such use of the corporate paper.

It appears, therefore, that the defendant bank by accepting from Szedlak the checks or drafts of the plaintiff association which had been signed by the said Szedlak, and by the president and secretary, and either paying the amounts of the checks or crediting such amounts to his credit, was under a duty to know whether Szedlak had actual authority to receive the corporate funds in that manner. It later developed that Szedlak was perpetrating a fraud upon the plaintiff, and, therefore, the bank must bear the burden of such payments improperly made without due inquiry as to the authority of the officer to receive such payments.

It may be contended by the defendant-in-error that the principal case differs from the cases just referred to, in which the general rule is stated, and that it comes within the rule laid down by the New York Court of Appeals, in the case of *Cheever v. Pittsburgh, Chenango & Lake Erie Railroad Company*, 150 N. Y. 59, 44 N. E. 701; 34 L. R. A. 69. In the New York case, an action was brought upon a promissory note issued by the Pittsburgh, etc. Company, and signed by M. S. Frost, president. The payee named was John T. Bruen. The following indorsement appeared: "Pay to the order M. S. Frost & Son.

John T. Bruen,

M. S. Frost & Son."

M. S. Frost, president of the Pittsburgh company, was a member of M. S. Frost & Son. The notes were then used by M. S. Frost & Son for the payment of certain obligations owed by it to Brooks. The notes were transferred to Brooks before maturity, and the plaintiff stands in the same position as Brooks, being a subsequent holder. The contention was made that the plaintiff, standing in the same position as Brooks, who had taken

the notes for an obligation of M. S. Frost & Son, and who knew that M. S. Frost was president of the Pittsburgh company and a member of M. S. Frost & Son, was put upon notice, so required to determine the actual authority of Frost to issue the particular notes in question. The Trial Court gave judgment for the defendant. Upon appeal the judgment was reversed and a new trial granted, the Court dividing four to three. The theory of the majority was that the fact of an indorsement by John T. Bruen, who, so far as appeared from an inspection of the notes, was an absolute stranger to all parties, took the case out of the general rule. The theory of the minority was that this difference did not take the case out of the general rule, but that the indorsee, Brooks, should have inquired as to the actual authority of M. S. Frost to apply the funds of the Pittsburgh company to his own purposes.

Whatever may be the correct rule under such circumstances as those presented in the Cheever case, it is to be noted that the principal case is distinguishable. In the first place, the question in the Cheever case was one of a bona fide holder, while in the principal case the question is one of depositor and banker. Keeping in mind the strict rule which applies as between depositor and banker, it is clear that the banker's duty is greater than that of a person who takes commercial paper in the ordinary course of business, and that the bank must take greater care to determine whether or not it may safely accept and pay upon the apparent order of its depositor.

In the second place, the first indorser on the notes involved in the Cheever case was apparently an absolute stranger to all other parties in interest. There was nothing to indicate that he was in any manner connected with the Pittsburgh company, with M. S. Frost, or with M. S. Frost & Son. On the other hand, the checks or drafts in the principal case bore upon their face notice that they were issued in payment of loans or shares; that is, that they were issued to members of the building and loan association. Thus, upon an inspection of the paper itself, a question would naturally arise as to why an officer of the association should have in his possession checks or drafts apparently issued to members of the association. The frequency with which Szedlak presented such checks or drafts to the defendant association should have itself raised a question.

V. The Court erred in ruling that the checks or drafts in question in this action were payable to bearer.

Section 9, of the Negotiable Instruments Act, defines what instruments are payable to bearer as the following:

(1) When it is expressed to be so payable, or (2) when it is payable to a person named therein or bearer, or (3) when it is payable to the order of a fictitious or non-existing person, and such fact was known to the person making it so payable, and (4) when the name of the payee does not purport to be the name of any person, or (5) when the only, or last indorsement is an indorsement in blank."

Sub-section 3, of Section 9, is that within which it is sought to bring the checks in the principal case, and the attempt is made to classify these checks as payable to the order of a fictitious person.

The rule is well established and recognized by the plaintiff-in-error that a fictitious person may be one *in esse*. It is, however, just as well established that if such fictitious person is *in esse*, the fact that he is fictitious must be known to the person making the instrument so payable. In other words, if an instrument is to be regarded as payable to bearer when the payee is an existing person, the person making the instrument payable to such existing person must know that the instrument is not intended to be delivered to such person.

In this class of cases considerable reliance has been placed upon the case of *Bank of England v. Vagliano* (1891) A. C. 107. It is, therefore, important to note the difference between the English Bills of Exchange Act and the Negotiable Instruments Act as adopted in New Jersey. The section of the English Bills of Exchange Act corresponding to the section of the Negotiable Instruments Act now under consideration reads as follows:

"Where the payee is a fictitious or non-existing person, the bill may be treated as payable to bearer."

Particular attention is directed to the fact that there is no requirement in the English Bills of Exchange Act that "Such fact was known to the person making it so payable."

The courts have quite frequently failed to notice this distinction and have just as frequently relied upon the case of *Bank of England v. Vagliano*, *supra*, as an authority under our statute. However, the Massachusetts court in the case of *Jordan-Marsh Co. v. National Shawmut Bank*, *supra*, has very carefully and

very well quoted the distinction, using the following language with reference to this particular point:

“The decision of the case (the Vagliano case) was made to rest very largely upon the English Negotiable Instruments Act which makes a negotiable instrument payable to a fictitious, or non-existing person payable to bearer, even though the maker is ignorant of the fact that the payee is fictitious, while under our statute, as at common law, an instrument so made is not payable to bearer unless the maker knows that the person named as payee is fictitious, or non-existing.”

The Massachusetts court also takes occasion in the Jordan-Marsh case to point out that the Vagliano case rested largely upon the peculiar fact that the depositor had made a special request that the instrument in question be accepted and paid by the banker. This distinction is material in the principal case.

Coming now to a consideration of whether or not the instruments in question in the principal case are payable to bearer, and to the question of whether or not, even if payable to bearer, the defendant is protected, reference is again made to the case of *Jordan-Marsh Co. v. National Shawmut Bank, supra*, which case might well be called the leading American case on the general subject considered in this brief, because of the thoroughness and completeness with which the Court has dealt with the various phases of the question.

The facts of the Jordan-Marsh case have been recited sufficiently for our present purposes. The Court found that the instruments therein considered were not in fact payable to bearer. It also states that, even though payable to bearer, the defendant bank is liable to the depositor if it has paid money upon such checks bearing forged instruments and charged the amounts thereof to the account of the depositor. The Court referred to the latter question in the following language:

“The question arises whether the making of a check payable to a fictitious, or non-existing person through negligent failure to discover the fraud by which the check is obtained, stands differently from making a check to an actual person in reference to affect upon the payment by the defendant. We are of the opinion that there is no difference in law. In either case, it is the duty of the bank to see that there is a genuine indorsement. \* \* \* We know of no decision that has recognized a difference in law between the two cases.”

In the case of *Shipman v. Bank of the State of New York, supra*, it is clearly pointed out in the following language that

the question of knowledge by the person making the paper payable to a fictitious person is very material:

“We are of the opinion upon examination of the authorities cited by counsel on both sides, that this rule applies only to paper put into circulation by the maker with knowledge that the name of the payee does not represent a real person. The maker’s intention is the controlling consideration which determines the character of such paper. It cannot be put as payable to bearer, unless the maker know the payee to be fictitious and actually intends to make the paper payable to a fictitious person.”

See also *Seaboard National Bank v. Bank of America*, 193 N. Y. 26; 85 N. E. 829; 29 L. R. A. (N. S.) 499.

In view of specific provision of the statute and the clear holdings in the cases just cited, it seems that it is unnecessary to go further into the question of whether or not the knowledge of the maker, drawer or acceptor is material to the question of whether a fictitious paper is payable to bearer.

We, therefore, come now to the question of whether or not, under such circumstances as those existing in the principal case, the person making the paper payable to a fictitious person did know the fact that the payee was fictitious. This brings us back again to the question of agency, which has been dealt with to some extent in this brief. However, it seems well at this time to consider the question of agency as particularly related to cases of the same nature as the principal case.

It will be noted that in the case of *Jordan-Marsh Co. v. National Shawmut Bank*, *supra*, an agent of the drawer committed a fraud upon his principal in obtaining checks payable to non-existing persons, and that the agent knew such to be the fact, while the officers who had authority to issue checks did not know such to be the fact. Under these circumstances, it was specifically held by the Court that the knowledge of the agent so obtained was not chargeable to his principal.

In the case of *Seaboard National Bank v. Bank of America*, *supra*, an employee committed a similar fraud upon his principal, and it was held that the principal was not chargeable with knowledge of the fictitious nature of the payee.

In the case of *Shipman v. Bank of the State of New York*, *supra*, it was held that Bedell’s knowledge of the fictitious nature of the payee was not chargeable to the principal. It is to be remarked that Bedell was the agent especially charged with the

duty of delivering checks to the payees, and in this respect the Shipman case is peculiarly like the principal case.

In all the cases just referred to, the general rule of agency, as stated in an earlier part of this brief, has been clearly recognized and applied.

The knowledge of an agent obtained in the case of a perpetration of a fraud by him upon his principal has not been charged to the principal where the question was whether or not the drawer, maker or acceptor of negotiable paper knew that such paper was payable to a fictitious person, or knew that the fictitious character of the payee.

One case remains to be considered and distinguished from the principal case. It is the Pennsylvania case of *Snyder v. Corn Exchange National Bank*, 70 Atl. 876.

Snyder, the plaintiff, was a depositor in the Corn Exchange National Bank. He had in his employ a clerk named Greenfield, who was authorized to draw checks in his name against his deposits in the said bank for purposes stated in a written power of attorney. So far as those purposes related to the drawing of checks, there was no limit whatever upon them. Greenfield had the power to draw checks payable to bearer, whether so indicated upon their face or whether made payable to bearer through the medium of a fictitious payee. The Court pointed this out in the following language:

“It is to be noted that though the averment in plaintiff’s statement is, that Greenfield was authorized to draw checks for the special purpose stated in the Power of Attorney, no special purposes are therein named. His authority to draw checks was a general and unlimited one, and upon the presentation of any check drawn by him as Attorney for the Appellant, the bank was under no duty to ascertain the purpose for which it had been drawn. The Court places great emphasis upon this very general power. There is clearly a distinction between the case of a single employee being given a limited and unqualified power to draw checks and that of an employee being one of three signers of corporate paper, insofar as any question of charging the principal with knowledge, if such employee commits a fraud upon his principal.”

This Court cannot predicate its finding upon any conclusion that Szedlak had authority to draw checks payable to bearer as the Pennsylvania court did in the Snyder case; such was not shown to be the fact.

It is also to be noted, that the Pennsylvania court fell into the error of placing too much reliance upon the case of *Bank of England v. Vagliano, supra*. It failed to distinguish between the English Bills of Exchange Act and the usual American Negotiable Instruments Act, and for this reason the case is of little value as an authority.

**VI. It is respectfully submitted, therefore, that the judgment of the Supreme Court is erroneous and should be revoked and set aside.**

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