

Milford Times, Nov. 21, 1891

## MILFORD BANK

How It Was Wrecked by the Wilhelm's

Only \$34 Cash Found After the Smash

A Warrant Out for S.H. Wilhelm

Unparalleled Looseness Shown in Its Affairs  
Bank Examiner Sherwood Comes in for Criticism

*From the Detroit Evening News*

Milford, Mich., Nov. 19—In the past four years there has been great progress in the system of artistic bank robbery. It is within the memory of the present generation when a kit of burglar's tools was required, but in this enlightened age the bank robber does not spoil a good safe by battering it up with a chisel or blowing it up with dynamite. Neither does he surreptitiously take the money and go on a long and expensive trip to avoid arrest. Instead of the cupidity of a watchman the credulity of directors and the bank examiner serves him.

State Bank Examiner Sherwood closed the Milford state bank on Sept. 16, and reported that the bank had failed. Failed is a very mild word to use in reference to this institution. It now appears that the bank had been looted. The bank was established some sixteen years ago as a national bank. The principal promoters were the Wilhelm brothers and relatives with a fine line of figure-heads to pass as directors. One of these was ex-Gov. Begole of Flint. The Wilhelms were young men at that time of unquestioned integrity. It was supposed that they were worth considerable money and that they were also energetic money makers.

The people of Milford considered themselves fortunate when the bank was opened, and with some of their leading farmers and men of worth of the county as directors, they gave the institution their unbounded confidence. But the Wilhelm interest owned the controlling stock and had absolute power in the direction of the bank. It is not known that the directors ever interfered with the working management although it is a village tradition that a few years ago an inquisitive director was "poking his nose into books and xxxxxx and was dropped out of the list for xxxxxx xxxxxx. The directors held meetings in the front portion of the banking room and did not bother to go behind the counter to see what was going on.

### Unpleasant Rumors Six Years Ago

Six years ago there were some unpleasant rumors about the bank, and it was said that it was changed from a national bank to a state bank to avoid the rigid scrutiny of the national bank examiner. The bank was reorganized as a state bank, capitalized at \$50,000 and some new money put into the institution. The bank never had any reason to complain of lack of patronage, the deposits at times amounting to \$140,000, and after several years of some distrust the deposits only sank to \$109,680.99.

It is very strange the bank did not lose its customers long before the collapse, for they were not treated in a manner to inspire the people with confidence. Several business men had their drafts protested more than a year ago. New York correspondents would telegraph, "No funds," and the bank would answer, "Funds on the way," when they were really scraping around to get the money. Merchants who carried fair-sized accounts in the bank would send a check to a Detroit wholesaler in payment on merchandise account, and it would be promptly sent back with a request that currency be sent, as the Milford bank was so slow in payment that their checks were 30-day paper, and even worse. But each merchant who had an experience like this kept the matter to himself and apparently did not think much

about the matter. Most of the merchants, however, had been warned by Detroit bankers that the local bank was not solid and that they were carrying only small balances.

#### Queer Methods of the Wilhelms

Another method of doing business that should have excited suspicion was the manner of dealing with farmers. If one of them received a small check and went to the bank to cash it, he was asked if he needed the money. If he did not he was asked to accept a certified check; and it was notorious that certified checks on the bank were extremely hard to cash. If a customer had a large check he was asked if there were not some people around the town that he owed that he wanted to pay. If so his check was received and his credited on the ledger with cash. This apparently excited no comment. If a business man wanted to withdraw money from the bank he had to make excuses to the autocratic cashier for so doing, and then if the amount was large he would have to wait a few days for his cash. It was notorious that it was like pulling teeth to get currency from the bank.

#### The Bank Examiner Interferes

About three weeks before the final break up Bank Examiner Sherwood was in town and told the directors that they would have to raise \$20,000 or he would close the doors. Of this amount \$5,000 was raised on the personal notes of Directors Begole and Orvis and an effort was being made to raise the other \$15,000 when Sherwood closed the doors. The Wilhelms had no intention of closing the bank until forced to. In the morning after the state examiner had taken charge, only \$34 in cash was found in the bank. The bank examiner made public the following report of the condition of the bank:

#### ASSETS

Loans and discounts.....	\$103,931.92
Bills in transit.....	14,823.80
Overdrafts.....	11,802.82
Real estate and fixtures.....	4,000.00
Due from other banks.....	50.00
Cash and cash items.....	x095.67
Total.....	<u>\$142,709.21</u>

#### LIABILITIES

Due depositors.....	\$109,030.90
Re-discounts.....	18,247.90
Bills payable.....	2,000.00
Collections made and not remitted.....	3,356.93
Total.....	<u>\$132,685.82</u>

“On the face of the returns” with the stockholders responsible for twice the amount of their holdings, the depositors might feel a little safe. But of the \$103,931.92 of loans and discounts over \$80,000 are practically worthless. Most of this is on paper indorsed by different members of the Wilhelm family, whose financial standing is very dubious at present. Individuals of this village who could not get trusted for a 5-cent cigar at any store in the place, owe the bank from \$5,000 to \$20,000 and the indorsers are invariably Wilhelms. The overdrafts are checks and New York drafts against the Wilhelms. Of the \$14,000 of “bills in transit,” \$12,000 is from a Kansas real estate deal and worthless. The bills in transit will yield but very few dollars. The bank real estate is mortgaged. The cash and cash items, which includes the great amount of \$34 in cash, had a few cash tickets of value but the most of this class of assets were of that peculiar kind of paper which the Wilhelms were adepts in making. It is hard to see how the nominal assets of \$142,000 will yield over \$15,000 although the assessments of stockholders and some real estate turned over by Cashier Wilhelm will swell this amount to some extent.

Receiver Bissell is doing what he can to straighten out affairs, but he declined to say how much he thought the assets would yield.

### Bank Examiner Sherwood Criticized

It is interesting to note what Bank Examiner Sherwood did in reference to this bank. He was there three weeks before the failure. Then the financial condition of the Wilhelms was known and yet the bank was carrying thousands and thousands of dollars worth of their paper. J. Wellman, the miller who was one of the bank's heaviest depositors, came to see the bank examiner in Detroit and was told that the bank was safe.

After the doors were closed Mr. Sherwood told P. Byrne, the lumber dealer, that the bank was in better condition the day the doors were closed than it was six months ago or any time since. Mr. Byrne would like to know what must have been the condition of the bank when it was worse than it was at the breaking time, when it only had only \$34 in currency and \$75,000 (?) in worthless xxxxxxx. He would like to know what excuse the bank examiner can have for not knowing the worthless character of most of the securities,

### Depositors Want Satisfaction

The defrauded depositors wanted to give a practical manifestation of their indignation by causing the arrest of two or more of those who had caused the ruin of the bank. Receiver Bissell, however counseled that no arrests be made, as the Wilhelms are execution-proof, and arrests would prevent his getting any money from them. His counsel prevailed until last week, when the depositors began to think they could not get much, and they made up their minds to get satisfaction. A warrant was sworn out for S.H. Wilhelm the cashier, and Sheriff Bloomberg of Pontiac was sent to Philadelphia, where it was said that Wilhelm was staying. The officer came back and said he was unable to find him. He told a very amusing story of his experiences, saying that he was told in Philadelphia that the number he was looking for was in New York, and to New York he went and then home. After the sheriff had told his story he was sent back to Philadelphia to find the ex-cashier.

### Bitter Feeling Against Bank Examiner Sherwood

The feeling is very bitter in Milford, and against none is it more bitter than Bank Examiner Sherwood. If Mr. Sherwood would visit the village he might hear some very cutting things about his manner of doing business.

The Wilhelms came from New York state many years ago, and are the sons of a well-to-do farmer at Conesus, N.Y. The boys settled along the line of the F. & P. M. R. R., and all married western girls. They put their first money into the banking business, but have branched out into all sorts of ventures. They have promoted patent rights, boomed silver mines, traded in timber lands, built large mills, dickered in Kansas real estate and went into many wild schemes. Those best posted think that the money from the Milford bank was squandered in these ventures and few think that much of it has been saved. S.S. Wilhelm, a brother and director, was cashier of a Saginaw bank which went into liquidation over a year ago. The failure of the bank affected nearly every member of the Wilhelm family.

### Some of the Money Squandered in Kansas

None of the Wilhelms lived in Milford except S.H. Wilhelm, the cashier. He is supposed to be now in Philadelphia, where there is a branch of the Highland pickle works, of which E.B. Wilhelm is president.

Another cause of much indignation among the citizens here is the employment of Al. Webb, the assistant bookkeeper, by the receiver, to assist him in winding up the affairs of the bank. He was in a position to know all of the queer methods employed by the cashier and is one of the creditors. He comes in for a large share of indignation and the temper of the people is not improved by having to do business with him when they call to attest their claims. He is a man working for \$2 per day, \$1 of which is taken by the receiver to offset the bank's claim against him.

Through a relative in Abilene, Kansas, the Wilhelms have between \$20,000 and \$30,000 invested in real estate at the time a big boom was on, and as the boom is "busted" it is doubtful if this investment

will yield much for the depositors.

Interests of the Wilhelm Family

Among the 31 stock-holders are: S.H. Wilhelm, cashier, 35 shares; Frances S. Webb and Amoretta S. Webb, sisters-in-law, each with 10 shares; A.D. Webb, brother-in-law, 20 shares; S.S. Wilhelm, brother and director, 40 shares; Josie M. Wilhelm, wife of E.B. Wilhelm, 6 shares; John Wilhelm, father, 163 shares; Livingston Axford, brother-in-law, 10 shares; W.P. Webb, relative by marriage, 10 shares (unloaded).

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