

The Star - Tuesday 12 January 1886

**THE JERSEY BANKING COMPANY
PAYMENT SUSPENDED**

It would be utterly useless to attempt to depict the dismay and intense astonishment with which the general public and many of those directly concerned learned this morning that the Jersey Banking Company, corner of Library Place and New Cut, had suspended payment. For some days past unpleasant rumours with respect to the stability of this Bank had obtained a certain degree of currency, and on Saturday the rumour became more sinister, persistent and general. At the same time, few besides those in the secret had any idea that the difficulty could assume such a form as not to be easily tided over, and it is safe to assume that the intimate connection between the Bank and the various funds derived from public administrations, the Bank Manager, Mr. Philip Gosset, being also Treasurer of the States, tended not a little to prevent the public mind from attaching much importance to indefinite rumours affecting the good name of a banking concern having such financial advantages. Judging from what has reached us from various quarters, numbers of tradesmen and others having current-accounts at this establishment, continued to pay in their takings on Friday and Saturday as usual, and while several were observed to be withdrawing considerable sums, the generally accepted explanation was the payment of interest upon States' bonds, the States' Treasurer having announced that he would pay the interest of the Public Debt of the States on Thursday and Friday last, and also today. It is reported that work was continued at the Bank until very late on Saturday night and again during part of yesterday. All surmising was, however, put to an end by the astounding announcement contained in the following notice which was posted up this morning, presumably by the Bank Manager, inasmuch as it appeared upon the closed door at the public entrance : —

"Jersey Banking Company. — " Unforeseen circumstances have compelled this Bank to suspend payment.

Jersey, January 11th, 1886."

Before many minutes there was quite a crowd gathered near the premises, and one by one the names were given of creditors, many of whom could ill afford to be deprived of their money even for a more or less brief period. The rapidity with which such news spreads is proverbial, and in the course of the morning many inhabitants of rural parishes caught scent of the financial disaster which has burst upon the island with such suddenness as far as concerns most, and which awakens the dormant memories of the shock and sufferings caused by the Mercantile Bank and Joint Stock Bank failures of February 1st and July 3rd, 1873, respectively. The Royal Square became the scene of groups conversing upon the suspension, and the lengthened visages of not a few spoke of dreaded loss, and at least of intense and well-founded anxiety. As usual in similar circumstances there were not lacking the knowing ones who were ready to tell to all listeners what they had reason to believe was the amount of liabilities, the prospects of settlement, or the business firms whose fall was imminent in consequence of this suspension. We do not intend giving currency to a tithe of these reports, and, on the contrary, would advise all to receive what they hear with great caution, and to exercise still greater caution in spreading it. For instance it was generally credited that the liabilities amounted to £400,000 to £500,000, but while we have received no information from the Bank officials, we believe we are near the mark in placing the liabilities,

in round numbers, at £250,000, divided some- what as follows : —

At seven days' notice £100,000
At three months' notice. ... 1 00,000
Current accounts50,000

As to the assets, it would be mere guessing to venture an opinion. It is stated that the working capital is £20,000, and several firms in the island, some connected with the Newfoundland trade, are said to be heavily indebted. It is generally understood that among the principal shareholders are Jurats P. Du Heaume, Clement Nicolle, and W. L. De Gruchy, and while we have reason to believe some change has since been effected in the constitution of the Company, the following announcement officially made by them on October 14th, 1876, and since which we believe we are correct in stating none has been made, will doubtless be of interest at present.

Jersey Banking Company.

In conformity with the Rules and Regulations of the Banking Firm of Gosset, De Gruchy and Co., notice is hereby given that the Term of Partnership of the said Establishment expires on the 21st December, 1876. Also that on and after the 1st January 1877 the Business of the Jersey Banking Company will be carried on by the undermentioned shareholders, viz. : —

Messrs. Philip Du Heaume, Jurat (President), Broadlands, Grouville.

Clement Nicolle, Thornton Hall, St. Helier's.

William P. De Gruchy, son of Abraham, Constable of St. Saviour's.

Philip de Gruchy, son of Abraham, St. Lawrence.

Philip Cosset, Bagot, St. Saviour's.

Philip Payn, Deputy, St. Owen's.

Clement Sorel, St. Helier's.

Philip Le Gallais, Mont-a -l'Abbe, St. Helier's.

John Le Cronier, M.D., Deputy, St. Helier's.

Charles D. Sorel, St. Helier's.

John Le Brocq, La Fontaine, St. Peter's.

John Wills, M.D., St. Helier's.

William Lawrence De Gruchy, Constable, St. Helier's.

John Clement, St. Lawrence.

Philip Chas. De Ste. Croix, son of Francis, St. Helier's.

Library Place, Oct. 12th, 1876.

A most important feature, and one which makes the interest taken in the unfortunate suspension have the widest extent, is the fact that the monies derived from almost every public department, such as the Impot, Harbours, Markets, Asylum, &c., and the rates being collected in several, if not most of the parishes, notably St. Helier's, were deposited there, and there was much speculation this morning as to what would be done to meet Mr. Gosset's engagements as States treasurer, to pay the Harbours, &c coupons this morning. Fortunately, as will be seen by our report of the States' meeting the States adopted immediate measures to meet the eventuality, and we understand that an arrangement was made at once whereby the special Committee appointed accepted the offer made at once by Mr. F. J. Hooper, manager of the Capital and Counties Bank, to advance the bullion required by the States to meet their present liabilities, charging only 4 per cent, for a loan of £20,000. We are requested to state that the Channel Islands' and Commercial Banks also offered to make the necessary advances. The coupons were paid at the Town Hall in the ordinary course of affairs this morning, under the agreement of the Capital and Counties Bank, and the special Committee have been engaged the whole day in investigating matters, and have caused

many account books, &c, connected with the public Departments, to be removed to other quarters.— *British Press*, Monday.

The head of a well-known firm in London which has extensive business connected with the Channel Islands, informs the representative of the Press Association that the bank has been chiefly amongst persons in the Jersey fish-curing and shipping industries, and he expresses the opinion that "unforeseen circumstances" alluded to in the posted notice arise out of the locking up of assets in this direction. He could not state off-hand the capital of the concern, but so far as he was aware not a sixpence of Metropolitan money would be affected. The London agents of the Jersey Banking Company have received no details in reference to the cause of failure and had simply an announcement similar to that already published.

St James's Gazette - Friday 22 January 1886

THE JERSEY BANK FRAUDS

Philip Gosset, managing director of the Jersey Banking Company and treasurer of the States, was brought up yesterday before the police magistrate, charged with the misappropriation of funds belonging to the States Assembly. The magistrate remanded the prisoner for week and refused bail. Charles Durell Sorel, sub-manager of the bank, was charged at the same court with misappropriating forty-five bonds of the Grand Trunk Railway of Canada, left at the bank for safe custody. The prisoner's counsel said his client was not responsible, being only a servant of the bank. He was admitted to bail in the sum of £500.

Bradford Daily Telegraph - Friday 22 January 1886

RESIGNATION OF A JERSEY JUDGE.

Mr William Lawrence De Gruchy, M.A., one the twelve judges of Jersey, sent in his resignation the States of Jersey yesterday morning. The judge is a shareholder in the Jersey Banking Company, was a member of a shipping firm heavily indebted to the bank, and partner the insolvent firm De Gruchy & Co.

Huddersfield Chronicle - Saturday 23 January 1886

THE JERSEY BANKING COMPANY FAILURE.

OTHER FIRMS INVOLVED

A Jersey correspondent, telegraphing on Saturday night, says : — After a week's delay, which has aroused public indignation, the affairs of the Jersey Banking Company, which suspended payment last Monday, have to-day been officially placed in the Insolvency Court. Messrs. A. De Gruchy and Sons., bankers, and Messrs. A. De Gruchy and Co., the same parties, carrying on a large business as drapers, have also been judicially declared bankrupt, having suspended payment as bankers last Tuesday. Their liabilities as bankers are £30,000. and as drapers unknown. Mr. Raulln Robin, a large Newfoundland ship- owner, previously reported as involved in the failure of the Jersey Banking Company, also declared himself bankrupt today. The Royal Court, in order to protect the interests of the shareholders and creditors of the banking company, has issued a prohibition, through the customs, to prevent the transfer or mortgaging of vessels connected with shipping firms indebted to the insolvent bank. The States have declared bankrupt their late treasurer, Mr. Philip Gosset, manager of the Jersey Banking Company, now in custody on a charge of mis- appropriation. The treasurer

of the local excise, Mr. Joshua M. Nicholle, whose funds are looked in Messrs. De Gruchy's insolvent bank, has also been declared bankrupt. His liabilities are £8,000. The statement made today that the Jersey Banking Company had obtained from the Royal Court the necessary authorization to convene a meeting of its creditors, for the purpose of offering a composition of 10s. in the pound in full discharge, is incorrect, as the bank's effects have been sequestered.

A Jersey correspondent telegraphed on Monday night : "The States of Jersey today, for the third time, suspended all legislative business, consequent on the treasurer's bankruptcy and supposed embezzlement. A member of the firm of Messrs. Harding, Whinney, and Co., accountants, London, is at work upon the treasurer's books Mr. Gosset, the treasurer, was to have been present at the police court today, to answer charge, of embezzlement and misappropriation of public funds, but is ill in the hospital. The President of the State., Sir George Bertram, made an official announcement today, positively refuting a statement which appeared last week that the treasurer had given a satisfactory explanation. So far from that being the case the States Committee had ordered his arrest on the charge of embezzlement."

A Jersey correspondent telegraphed on Tuesday night : — The sub-manager of the Jersey Banking Company, Mr. Charles Durell Sorel, a major in the Royal Jersey Militia, was taken into custody this afternoon at the bank, where he was assisting in drawing up a statement for the Judge Commissioner of the Insolvency Court. He is charged with misappropriation of securities, value about £1,000, belonging to one of the customers of the bank. The manager Mr. Philip Gosset, is still at the General Hospital, waiting examination on the charge of embezzling the States money, and this second arrest in connection with the financial crisis has intensified the excitement which has prevailed since last Monday, when the bank suspended payment. On Thursday Philip Gosset, managing director of the Jersey Banking Company, was remanded at Jersey on the charge of misappropriating the funds of the States Assembly. Charles Sorel, sub-manager, was also charged with misappropriating property lodged by a depositor. He pleaded that being an employee he was not responsible. They were remanded on bail.

Mr. William Lawrence de Gruchy, M.A., one of the 12 judges of Jersey, sent in his resignation to the States of Jersey on Thursday morning. The judge is a shareholder in the Jersey Banking Company, and in a shipping firm heavily indebted to the bank, and a partner in the insolvent firm of De Gruchy and Co.

Dundee Courier - Monday 25 January 1886

THE FAILURES IN JERSEY.

ALARMING STATE OF MATTERS.

A Jersey correspondent telegraphs three shipping and fishcuring firms—C. Robin & Co., P. Robin & Co., and Duleauma, Gosset, Nicolle, & Co. -- placed themselves in the hands of the Judge Commissioner of the Insolvency Court on Saturday. The first named firm owe £50,000 to the Bankrupt Jersey Banking Company, and the last named £80,000. Their total liabilities are estimated at nearly £300,000. The assets consist chiefly of sailing vessels and establishments in Canada, Newfoundland, British North America, &c. About 2000 persons are employed in these establishments, and great anxiety is being felt in their safety, owing to a telegram which has been received the effect of which is that the Canadian fishermen threaten to rise and pillage the stores belonging to the firms, which entirely depend during the winter for their

supplies of food and clothing. The (Government at Ottawa been urged by telegraph to send troops for protection, and it is expected the Government will order the fishermen to supplied from the stores, indemnifying the owners for the same.

Suffolk and Essex Free Press - Wednesday 27 January 1886

News

Philip Gosset, Managing Director of the Jersey Banking Company and Treasurer of the States, was on Thursday remanded on the charge of misappropriating the funds of the States Assembly, and bail was refused. Charles D. Sorel, Sub-Manager of the bank, who is charged with misappropriating bonds, was admitted to bail.

Hull Daily Mail - Thursday 28 January 1886

THE JERSEY BANK FRAUD.

Philip Gosset, treasurer to the Jersey States Assembly, and manager of the Jersey Banking Company, now in liquidation, was brought on remand at the Jersey Police-court today, charged with misappropriating certain funds belonging to the States. It was alleged that prisoner and his partners owed more than two-thirds of the amount due to the Banking Company. The defending counsel renewed the objections raised on the first hearing that the prisoner's arrest was illegal; but this was overruled, and prisoner was again remanded.

The Star - Tuesday 02 February 1886

THE FINANCIAL SITUATION

(Translated from the Nouvelle Chronique of Saturday.)

In another column our readers will peruse with strange and painful feelings the Report of the Constable of St. Helier's on the disastrous and doleful financial situation of the Jersey Banking Company. This Report was presented on Thursday to the Examining Magistrate, at the Court for the repression of minor offences. Ph. Gosset, Esq., was at the bar, as will be seen in the account of this sitting. On reading this report attentively one is led seriously to ask the question, "Is this a reality, or can it be, perchance, only a dream?" In presence of this wreck, which entails such fatal consequences for a large portion of our population, Mr. Gosset, as the Captain of a disabled ship, remains dumb; his mouth is closed! One can easily see the sinister retinue of rows of figures, which amount to thousands of pounds sterling, but what has become of all the bags of gold represented by these figures? What has this man done with the £44,231 4s. 4 3/4d,* ringing money which he has handled belonging to the revenues of the island, and that without mentioning the other £44,320 which represents his private debts? Mr. Gosset, perhaps, knows, but the States and the unfortunate creditors know nothing about it? If there was still only the *small* debt of £88,326 due personally by Mr. Gosset, there might yet be some consolation left! One could say, "After all, that only represents about £1 10s. for every inhabitant of Jersey! which would only be a *trifle* for a man who has been honoured for many years with the whole confidence of our local government!" But Mr. Gosset is still more involved than that! It is known that he is a partner in the fishery firms on the Newfoundland Coast and Canada, and that, consequently, with his partners, the

Robins, the Boutilliers, the De Gruchys, Renouf & Co., he is monetarily responsible for the other debts of the Bank. The next item, then, which figures to his account, in the Constable's report, is £180,077 1s. 0d., which increases the amount of his personal responsibility to the very respectable total figure of £268.403 6s. 7d. That is the simple surface of the situation! That is the financial spectre of the Banking Company! There, in a word, is the thing in its hideous nakedness, that is to say, as far as the Constable of St. Helier's, assisted by the States' Committee and a London Accountant, have been able to bring to light! But the report of the Constable of St. Helier's is not yet exhausted. Another item must still be read before coming to a final conclusion, and it is that of the total debts of the said Bank. Yes! THE TOTAL DEBTS OF THE SAID BANK, and we may ask "Where are the persons to whom these debts are due?" Alas! those who wear mourning in our town and rural parishes can explain! The farmer who during many years of heavy labour has bedewed with the sweat of his brow the furrows of his held, knows something about it, and his heart is grieved at the thought of having to drop into this abyss that which has cost him so much trouble and so much labour. The father of a family, the carpenter, the mason, the tailor, the bootmaker, a large portion of our industrial population, in a word, attracted by the bait of an interest of 4 per cent, and confiding in the States' Bank, which they thought the Jersey Banking Company was, have lost that which their hands had earned, and that which by their frugal economy and care they had saved shilling by shilling! The position is sadly painful. £377,747 are not gathered in a year by a small population of 50,000 souls!

[* This amount is really reduced to £36,000 according to the statement of the Constable of St. Helier's.]

The Jersey correspondent of the *Covent Garden Gazette* writes : — One authority states that the late failures will do a great deal of mischief with the farmers, for should the Banks call in their loans there cannot be the slightest doubt but that at least half the farmers will be ruined. What with the depression of the farming industries, and bank failures combined, the financial position of the cultivators is not to be envied.

It may be of interest to some of our readers to learn that the liabilities of the Mercantile Bank were £200,000, and those of the Joint Stock Bank £135,883. On the other hand, the liabilities of the Jersey Banking Company are estimated at £377,747, or £41,864 more than the liabilities of the Mercantile and Joint Stock Banks combined. -- *British Press*.

The Star - Tuesday 23 February 1886

JERSEY.

MISPLACED CONFIDENCE.

The *Nouvelle Chronique* reiterates the statement that many persons made deposits with the Jersey Banking Company, under the impression that it was a States' Bank, and cites the following case : — An unfortunate seaman, named Gallienne, had a sum of £75 deposited in the Channel Islands' Bank, for which he received but 2 per cent. After hearing right and left that the States' Bank gave 4 per cent, he withdrew his £75, and went and placed them on the counter of the Jersey Banking Company. " There," said he to the clerk who was on duty (he does not know whether it was Mr. Sorel or Mr. De Ste. Croix) "is a sum of £75 which I desire

to place in the States at 4 per cent." He was answered " Good, good ! " And in exchange for his money he had a small book given him, which he joyfully placed in his pocket, in full confidence that his money, earned by hard work and the sweat of his brow, was in a place of safety ! What poor Mr. Gallienne's poignant grief must have been when he got to understand the springs of the trap into which he had fallen, only those similarly placed can fully appreciate.

Leeds Mercury - Monday 01 March 1886

THE JERSEY BANK FAILURE

ARREST OF DIIRECTORS.

A Jersey telegram says -- consequence of the evidence given by the official accountant in the case of Mr. Phillip Gosset, the treasurer and manager of the insolvent Jersey Banking Company, who was charged with embezzlement at the Jersey Police-court on Saturday, to the effect that the bank was not solvent at its reconstitution in 1877, and had not been solvent since that period, one of the creditors has laid a charge against a Judges Mr. Philip Duhcaume, Mr. Clement Nicolle, and Mr. William Lawrence Degruchy, chairman and directors of the bank, of fraudulently receiving money, knowing the bank was in a state of insolvency. The charge having been supported by an affidavit, the necessary steps were taken, and the arrests were made on Saturday. Bail was accepted in each case in the sum of £500. The resignations of the three Judges named are awaiting Her Majesty's sanction.

Huddersfield Daily Examiner - Monday 08 March 1886

News

Philip Gosset, manager, and Charles Sorel, sub-manager of the Jersey Banking Company, were on Saturday committed for trial, the former charged with defrauding the Jersey States Assembly of £23,000, and the latter with fraudulently disposing of £4,000 worth of bonds entrusted to the bank.

Hampshire Advertiser - Saturday 13 March 1886

Bank Failure in Jersey.

A mass meeting of the creditors of the Jersey Banking Company was held on Tuesday night to receive the report of the committee appointed to protect the interest of creditors, and to decide on the future course of action. It was resolved to oppose the claim of the States against the Bank for £23,000 deposited by Gosset, their treasurer, without the authority of the States, which it was contended had no bona fide claim. The meeting further decided to take action for attaching the property of the share- holders who retired in 1876, at which date the bank was insolvent.

Lowestoft Journal - Saturday 13 March 1886

WORSE THAN THE GLASGOW BANK.

The report of Messrs. Harding, Whinney, and Co., of Old Jewry, London, on the finances of the Jersey Banking Company, disclose a condition of affairs even worse than was anticipated. The liabilities are £339,500, and there is a deficiency of £315,300, not less than £300,000 of the stated assets being claims against shipping firms also insolvent, and, some of the partners of which were the managers and directors of the bank. The accountants condemn the confused state in which they found many of the principal books. It is impossible to report as to the probable extent of liability under the head of claims in respect of securities not forthcoming, which were deposited with the bank for safe custody. No profits were ever made by the bank. The three Judges concerned had between them 150 out of 300 shares of the bank.

Edinburgh Evening News - Monday 24 May 1886

THE JERSEY BANK FRAUDS.

A special criminal assize was opened at Jersey to-day for the trial of Charles Durell Sorel, submanager of the Jersey Banking Company. He is charged with fraudulently and criminally selling or pledging certain stocks for the benefit of the bank of which he was shareholder: with inducing another customer to leave deposit of over £1000; with receiving £50 deposit on the last day of the bank's business, and with concurring the preparation of false balance sheets.