

Wolman Cash Balance: \$24.09: Wolman Has \$24.09 Cash

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The Washington Post, Times Herald (1959-1973); Jan 20, 1968;

ProQuest Historical Newspapers: The Washington Post

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3 Months Allowed to File Plan

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Jerry Wolman, left, talks with his lawyer, Charles Tattlebaum, outside of court.

By David A. Jewell

Washington Post Staff Writer

BALTIMORE, Jan. 19—In an emotion-choked voice Jerry Wolman told 300 creditors here yesterday that his total cash on hand is \$24.09 and a \$25 savings bond.

Wolman arrived at U.S. District Court here in a television-equipped, chauffeur-driven Cadillac limousine.

Inside, at a hearing before

Federal referee in bankruptcy Joseph O. Kaiser, he learned he is in serious danger of losing his most prized asset, the Philadelphia Eagles pro-football team.

Pale and nervous—Wolman spent two hours in a witness chair under oath as Kaiser examined him closely on a 338-page schedule of assets and liabilities Wolman filed the night before.

Martin McDonough, attorney for the Morgan Guaranty Bank of New York, to which Wolman has pledged 100 per cent of the Eagles' stock in return for \$7.2 million, told the assembled creditors that he would advise his clients to foreclose.

McDonough is also attorney for the American National Bank of Maryland.

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which has asked court permission to foreclose its \$8.5 million mortgage on Wolman's uncompleted Georgian Towers luxury apartment project in Silver Spring.

"I represent creditors with \$20 million worth of secured loans outstanding to Wolman and I am going to recommend foreclosure in each instance, which is what I expect my clients will do," McDonough said.

In addition to the \$24 and the savings bond, Wolman listed personal assets of two Cadillacs, one Lincoln, a Honda motorbike, a 55-foot yacht, his home and furniture. The total value, he said, is a little over \$250,000.

Wolman steadfastly refused to comment to reporters after he left the witness stand.

Kaiser gave Wolman three months to submit a plan on how he intends to get out of his current financial predicament. Today's hearing was the first before Kaiser on Wolman's petition to reorganize his holdings under Chapter 11 of the Federal Bankruptcy Act.

The full extent of Wolman's predicament became clear as Wolman answered Kaiser's questions.

On Nov. 14 and again on Dec. 13, Wolman listed his assets at \$92 million and his liabilities at \$85 million.

The schedule filed Thursday listed assets of \$74 million and liabilities of \$72 million. Kaiser asked why there was a difference.

Wolman explained that the original schedule was drawn up on the assumption that he owned 100 per cent of the stock in the various joint ventures he was engaged in, such as the Eagles.

He said that, in nearly all joint ventures, he had written agreements with his partners permitting him to buy them out at a pre-fixed, low price and that these "buy-out" figures were included in the original schedule.

He said the new schedule reflected only that part of the various ventures owned by Wolman and had allotted the proper share of liabilities outstanding to the remaining stockholders.

One of the assets listed by Wolman and questioned by Kaiser was an item for \$10 million under the heading "contemplated law suit.

Wolman explained that he is planning to sue the architectural firm of Skidmore-Owings and Merrill and an unnamed Chicago construction firm over his \$5 million loss in erection of the 100-story "prestige" John Hancock office building in Chicago.

Another item on the asset list Kaiser raised questions on was \$382,000 Wolman said was owed to him by Washington attorney Earl Foreman.

Wolman explained he loaned Foreman the money in 1964 to enable him to buy Eagles stock.

He admitted that there was no written note covering the transaction. Asked when Foreman was supposed to pay, Wolman replied: "We didn't have a set time."

He also admitted that on the debit side of the books he owed Foreman money.

There was little listed by Wolman as an asset that was not heavily encumbered with debt.

He admitted borrowing \$383,000 against insurance policies taken out on the lives of himself and his wife, which have a total cash surrender value of \$383,000.

He valued the Eagles at \$15 million and the 52 per cent stock he personally holds at \$7.3 million.

Under questioning he admitted that part of the Eagles' assets were an outstanding loan of \$900,000 to himself.

Wolman said the Spectrum, a modern sports arena in Philadelphia for professional hockey and basketball, was worth \$12.5 million and his 860 shares in it were worth \$3.5 million.

He admitted that one of the "assets" of the Spectrum was a loan for "a little over \$1 million" to himself.

Other Wolman assets heavily encumbered with debt are his 17-acre Ward Circle property, the Yellow Cab companies of Philadelphia and Camden, Philadelphia's Connie Mack Stadium and a host of apartment projects and office buildings in Washington, Baltimore and Philadelphia.

Wolman valued the Ward Circle property at \$14 million, saying that two foreign embassies had agreed to construct chanceries there

and would "sign any day now."

That property is encumbered with \$7.5 million in mortgages.

Wolman said that the John Hancock Building setback, coupled with the advent of the tight money market, caused his downfall.

He said he had to borrow money at excessive rates to complete building projects already underway, projects that had called for construction loans at earlier, lower rates.

Wolman told how for the past two years, he lost money heavily on a series of "lease back" construction jobs.

In these, he would build office buildings, sell them and then lease them back.

But, he said, the lease back operations turned out to be losing propositions.

Near the end of the hearing, Kaiser slowly asked Wolman:

"Mr. Wolman, how is it you are in this financial condition?"

Wolman said he had started in business 14 years ago and had known good times and bad and that, although he had heard of depressions and tight money, "I guess I just didn't believe anything like that could ever happen."

"I guess I thinned myself out a little more than I should have," he said.

He ended by making an impassioned plea to his assembled creditors to trust him and give him time to rearrange his affairs.

Neither Wolman nor his wife, who was called briefly to the stand, was cross-examined by the 30 attorneys present who represented creditors. They reserved the right to cross-examine at a later hearing.