

CHAPTER XV

BANKS AND BANKING

In the earlier days of the organization and settlement of Starke County there was very little money in circulation and not much demand or need for general banking business. The people that did have such use and public officials did their banking business at Winamac or Plymouth, mostly in Plymouth.

The first real banking institution established in the county was started by the late Dr. Alexander Hamilton Henderson some time during the year 1882 in connection with his drug store located in the old frame building that stood where the Frank A. Green drug store is now located. Dr. Henderson in a small way conducted a banking business and continued for several years, but after the organization of the Citizens Bank gradually retired from the banking business.

In 1889 the late Franklin Pierce Whitson, together with Lewis Keller of Winamac, organized the Citizens Bank and continued the banking business for several years. The first depositor on certificate of this bank was Austin P. Dial. Mr. Whitson started his bank in a frame building on the east side of Main Street on a lot adjoining where the New Fairy Theatre is now located. Later he built the brick building where the present Farmers State Bank is now located and moved his bank thereto, which building is used for banking purposes since that time. About 1892 Mr. Whitson sold out to some other parties and Jacob Bozarth was made cashier and conducted the business until the latter part of 1893, when they sold out to the Farmers Bank.

FARMERS BANK

In January, 1893, Austin P. Dial and the late Andrew O. Castleman and Louis Keller of Winamac organized the Farmers Bank and started business in the room of the old Central Hotel. Of this bank A. P. Dial was president, A. O. Castleman, cashier, and C. C. Kelly assistant cashier. After the purchase of the Citizens Bank they moved into the Whitson Building and remained there.

FARMERS STATE BANK

In 1901 Austin P. Dial and associates converted the Farmers Bank into the Farmers State Bank, having obtained the charter for that purpose from the secretary of state.

The first officers at that time were: Austin P. Dial, president; Hjalmar A. Ellingson, vice president; Isaac Templin, cashier. Mr. Dial has continued as president of the Farmers State Bank to the present time. Mr. Ellingson resigned as vice president in 1910 and was succeeded by J. W. Long. Isaac Templin, the cashier, remained as cashier of this institution until December, 1904, when he resigned to qualify as treasurer of Starke County and the duties of cashier devolved upon Guy M. Well, the assistant cashier, until June, 1905, when John W. Kurtz, who had just retired from the auditor's office, was elected cashier and has remained cashier of the institution continuously until the present time.

The present officers of the Farmers State Bank are: President, Austin P. Dial; vice president, John W. Long; cashier, John W. Kurtz; assistant cashier, David M. Baldwin. And the present board of directors are the president, vice president, cashier, Herbert R. Koffel, Mahlon J. Hartzler, and Gus Reiss. In 1913 the Farmers State Bank had their building enlarged and remodeled, put in new furniture and fixtures and have at the present time a very modern and up-to-date bank that is a credit to the town, the bank and the county.

FIRST NATIONAL BANK

In 1901 the late Oratio Darwin Fuller organized the First National Bank of Knox. The other incorporators with Mr. Fuller were: James C. Fletcher, Edgar W. Shilling, Robert H. Bender, John G. Kratli, Schuyler C. Shilling, Joseph Smith, Francis Yeager, William L. McFarland, Lawrence E. Good, Monroe C. McCormick, James A. Bell, Samuel Koontz, John L. Moorman, William E. Odell.

This bank opened its doors for business in the same room that the Farmers Bank started, August 8, 1901, and the first depositor was Mrs. Alvira J. Bender.

The first board of directors were, O. D. Fuller, Monroe C. McCormick, Edgar W. Shilling, Robert Bender and Francis Yeager. Officers were: President, Oratio D. Fuller; vice president, Edgar W. Shilling, and cashier, Monroe C. McCormick. Mr. Fuller remained president of this institution until his death, February 4, 1914, when he was succeeded by James C. Fletcher, Mr. Fletcher having been made a member of the board of directors on the retirement of Robert H. Bender, and Henry F. Schricker was elected director to succeed Mr. Fuller on the board. Edgar W. Shilling has continued to the present time as vice president. Cashier McCormick resigned in September, 1911, as cashier and director and was succeeded in both positions by Mark D. Falvey, who still holds the position of cashier and director. In 1912 the board of directors was increased from five to seven and Frank A. Green and Lee M. Ransbottom were elected as the two new members, which makes the present board of directors composed of James C. Fletcher, Edgar Shilling, Mark Falvey, Francis Yeager, Frank A. Green and Lee M. Ransbottom. The present officers are: President, James C. Fletcher; vice president,

Edgar W. Shilling; cashier, Mark D. Falvey; assistant cashier, Perry W. Uncapher; bookkeeper, Ethel Sweitzer. This bank remained in its old quarters for a few years and then moved to its present location on the corner of Main and Washington streets.

The general banking business of Starke County in the past few years has increased very rapidly. The total amount of deposits on the 31st day of October, 1914, shows a very creditable and handsome increase of deposits in the county and indicates that the people of Starke County not only have confidence in the present four banking institutions of the county but that the county has grown and increased not only in population and number of acreage of cultivated lands but in the general wealth of its citizens. It is no uncommon thing to hear remarks that Starke County is blessed with sound, substantial banking institutions and that the people who patronize the various banks have the utmost confidence in them, not only in the institutions but in the management of them. All of the banks are conducted along conservative, sane and safe banking business lines, and are undoubtedly destined to make a larger and more substantial showing in the next ten years than they have in the past ten years.

Report of the condition of the Farmers State Bank, a State Bank at Knox, in the State of Indiana, at the close of its business on October 31, 1914:

RESOURCES

Loans and discounts.....	\$277,033.39
Overdrafts	865.45
Furniture and fixtures	4,317.85
Other real estate.....	915.00
Due from banks and trust companies.....	74,548.23
Cash on hand.....	16,192.51
Cash items	1,348.31
Current expenses	456.38
Interest paid	532.48
Total	<u>\$376,209.60</u>

LIABILITIES

Capital stock, paid in.....	\$ 25,000.00
Surplus	25,000.00
Undivided profits	5,107.11
Exchange, discounts and interest.....	2,164.58
Demand deposits	318,937.91
Total	<u>\$376,209.60</u>

State of Indiana, Starke County, ss:

I, J. W. Kurtz, cashier of the Farmers State Bank, Knox, Indiana, do solemnly swear that the above statement is true.

J. W. KURTZ, Cashier.

Subscribed and sworn to before me this 7th day of November, 1914.

WILLARD L. WYMAN, Notary Public.

My commission expires June 26, 1918.

Report of the condition of the First National Bank (No. 5919), at Knox, in the State of Indiana, at the close of business, October 31, 1914:

RESOURCES

Loans and discounts	\$237,518.30
Overdrafts, secured and unsecured.....	227.31
U. S. bonds to secure circulation.....	25,000.00
Premiums on U. S. bonds.....	700.00
Bonds, securities, etc.	8,636.94
Stock in federal reserve bank.....	500.00
Banking house, furniture, fixtures.....	1,500.00
Other real estate owned.....	5,303.54
Due from approved reserve agents in central reserve cities in other reserve cities	45,033.25
Checks and other cash items.....	149.62
Notes of other national banks.....	1,100.00
Fractional paper currency, nickels and cents.....	101.69
Specie	15,223.50
Legal tender notes	5,500.00
Amount paid on account subscription to \$1,000,000,000 gold fund (subscribed) less interest paid and expense.....	4,686.09
Redemption fund with U. S. treasurer, 5 per cent of circulation	1,250.00
Bills in transit.....	1,709.03
Unknown resources	
Total	\$354,109.27

LIABILITIES

Capital stock paid in.....	\$ 25,000.00
Surplus fund	22,000.00
Undivided profits, less expenses and taxes paid.....	
National bank notes outstanding.....	25,000.00
Due to state banks and bankers.....	712.16
Individual deposits subject to check.....	111,070.18
Demand certificates of deposit.....	152,125.17
Certified checks	850.00
Securities, collateral security for same, interest received and other profits	4,158.92

Bills payable, including obligations for money borrowed....	10,000.00
Savings accounts	2,989.00
Liabilities other than above stated.....	203.84

Total\$354,109.27

State of Indiana, County of Starke, ss:

I, Mark D. Falvey, cashier of the above named bank, do solemnly swear that the above statement is true to the best of my knowledge and belief.

MARK D. FALVEY, Cashier.

FRANCIS YEAGER,

L. M. RANSBOTTOM,

E. W. SHILLING,

FRANK A. GREEN,

H. F. SCHEICKER,

JAMES C. FLETCHER,

Directors.

Subscribed and sworn to before me this 7th day of November, 1914.

(Seal)

DAISY CRABB, Notary Public.

DANIEL H. STANTON, President.

JAMES L. DENAUT, Vice President.

JACOB S. SHORT, Cashier.

Report of the condition of the Hamlet State Bank, a state bank at Hamlet, in the State of Indiana, at the close of its business on October 31, 1914:

RESOURCES

Loans and discounts	\$127,898.19
Overdrafts	2,057.14
Other bonds and securities	3,750.00
Banking house	1,850.00
Furniture and fixtures	2,000.00
Due from banks and trust companies.....	28,744.95
Cash on hand	5,177.16
Cash items	7.76

Total resources\$171,485.20

LIABILITIES

Capital stock paid in.....	\$ 25,000.00
Surplus	4,500.00
Undivided profits	222.49
Exchange, discounts and interest.....	978.74

Demand deposits	76,741.20
Demand certificates	64,042.77

Total liabilities\$171,485.20

State of Indiana, County of Starke, ss:

I, Jacob S. Short, cashier of the Hamlet State Bank, do solemnly swear that the above statement is true.

JACOB S. SHORT, Cashier.

Subscribed and sworn to before me, this 9th day of November, 1914.

JERRY H. BRICKLES, Notary Public.

My commission expires March 30, 1918.

CHAS. W. WENINGER, President.

P. H. McCORMICK, Cashier.

JACOB F. MANZ, Vice President.

G. N. PEERSON, Asst. Cashier.

Report of condition of the First State Bank of North Judson, Indiana, at the close of business October 31, 1914:

RESOURCES

Loans and discounts	\$ 86,028.09
Overdrafts	166.44
Other bonds and securities.....	95,218.74
Banking house	5,000.00
Furniture and fixtures.....	3,701.37
Other real estate	2,674.67
Due from banks and trust companies.....	28,408.18
Cash on hand	7,656.06
Cash items	547.04
Current expenses	347.01

Total\$420,147.60

LIABILITIES

Capital paid in	\$ 25,000.00
Surplus	10,000.00
Undivided profits	4,189.87
Exchange, discounts and interest.....	1,080.02
Demand deposits	388,183.34
Certified checks	5.00
Due to banks and trust companies.....	390.98
Contingent fund	298.39

Total\$420,147.60

State of Indiana, County of Starke, ss:

I, Perry H. McCormick, cashier of the First State Bank of North Judson, Indiana, do solemnly swear that the above statement is true.

PERRY H. McCORMICK, Cashier.

Subscribed and sworn to before me, this 7th day of November, 1914.

HARRY C. MILLER, Notary Public.

My commission expires December 12, 1915.

MONEY AND BANKS

About the year of 1786 the Congress of the Confederation established as the money unit of the United States the dollar of 375.64 grains of pure silver. This unit originated in the Spanish dollar, a milled coin, being the coin in general use up to that time. An act of Congress in April, 1792, adopted a monetary system upon a gold basis of 24.75 grains of gold and the silver dollar was reduced to 371.25 grains of pure silver. The first mint ever established in the United States was at Philadelphia and there began the coinage of gold and silver at a ratio of 1 to 15. Different acts of the Congress were passed between the years of 1834 and 1853 readjusting the ratio of the two coins to agree with the commercial value of both metals, as the cheapest one generally forces the dearer out of circulation. It was not until the year of 1873 that the single standard of value was established of gold, as it was found to be impossible to keep them on an equality without frequently changing the ratio to conform to the commercial value of both metals. Gold from that time on has been the unit of value with silver as used for convenience in smaller business transactions and as subsidiary coins.

In the early days of Indiana there seems to have been no paper money in circulation. Trading one article for another was used as a sort of money medium or used as a currency. Those values were based upon the fur, as mink, coon and muskrat skins at whatever they would sell for. Such conditions could only exist in a thinly settled country, as manufacturers were an unknown quantity in those days, and what trading they did was for the things they actually needed to sustain life. In those days the settlers raised on their small patches of clearing a part of their living, depending upon the wild game and wild fruits for the rest. They traded wheat or corn for salt and such articles that they could not obtain in the country or make from the lands within their range. They always met on certain days at a place designated, by giving notice beforehand, and there they would trade or "swap" one article for another. They generally used the word "swap" or "swapping" in their dealings with each other.

It was usually the case that they did a great deal of their trading at the close of some public or religious meeting, where they would remain for hours carrying on the trading of their different kinds of articles, sometimes to be delivered afterwards. Later they came in possession of a little government paper called "scrip," as also a British and silver coin which was introduced by settlers from the East. Should they want to make change they would cut a Spanish dollar into halves, quarters and eights, a practice that would be a violation of our laws in this day and age of civilized progress.

The first banks of Indiana when it was a territorial government were chartered in 1814. This was when the following banks were chartered: The Bank of Vincennes and the Farmers and Merchants Bank of Madison. In 1816, at the time that Indiana became a state and the constitution recognized, the charters of those two banks were estab-

lished. The bank at Vincennes was established as the state bank in 1817, making the bank of Madison as a branch bank. Then came the establishing of the bank of Vevay and Corydon. The bank at Vincennes was so unsatisfactorily managed that the Legislature in 1821 revoked their charter. This caused a heavy loss to some of its patrons but the branch at Madison paid out in full, continuing on until about the year 1834, when the state felt a great depression in financial circles and prices went down to a low figure. Epidemics broke out in which many people died and suffering reigned from 1821 to 1824.

The government became convinced that a reduction in the price of land should be made thereby encouraging the coming of new settlers, and then the prices of the public lands were reduced from \$2.00 per acre to \$1.25 per acre. It did, however, work out well, for better times were soon seen, prosperity gradually returned, public improvements were soon begun and hurried to completion. Among the public works were the building of canals and roads through the country.

The State Bank of Indiana was chartered in 1834 (while the Government surveyors were surveying the lands embraced in Starke County), with authority to establish branch banks. This bank became a complete monopoly. The charter was to run twenty-five years and during that time no other bank was allowed to operate in the state. True, the management was conducted upon sound financial principles, but in 1837 a panic, which it was claimed was caused principally by President Jackson's interference with the United States Bank, compelled the Indiana State Bank to suspend specie payments. But in the year 1842 the Legislature ordered the bank to resume specie payment, and from that time on it was always ready to answer all demands and redeem all notes presented at the bank. In 1832 to 1840 the state was lending assistance toward the building of our canals and roads through the country, which involved the state materially, and in 1839 or 1840 the Legislature ordered an issue of \$1,500,000 at the rate of 6 per cent interest. A depreciation of this scrip caused speculators to take advantage of the markets, but it was later redeemed. Then the issuing of scrip by the state created a still further inflation of the currency. All manner of business men and companies, contractors and men carrying on all trades began the issuing of paper money or scrip, which was redeemable in goods or merchandise, and it became a common thing among the people. The scrip issued by the plank road company had for its basis the receipts of toll, as there was toll fee charged upon those plank roads to meet the expense of keeping them up and in repair.

The denomination of this scrip ranged all the way from a 25-cent shinplaster to one of \$3. Being printed upon blue paper, it became derisively known and styled by the name of "Blue Pup," which was to distinguish it from "Red Dog" of the state, as the last named was made of red paper. About the same time the State of Michigan chartered its bank, with slow regard to the financial soundness of its paper money, which soon covered the whole northern part of Indiana and

caused a depreciation of all currency and added to the difficulties in all the financial affairs of the country. It seems, however, that the state bank was well managed and those paper bills passed without discount, but ere long there were those that became discontented and envious, as it appeared to have become a monopoly.

Then in the revision of the new constitution, the clause in the original bill of 1816 giving the state bank full and exclusive power and authority to issue money was stricken out and gave the Legislature the authority to establish free banking laws. This act was passed by that body in 1853, and two years later a charter was given to the State of Indiana which was vetoed by Governor Wright, but became a law over his veto.

It was not until the year 1859 that the charter of the old bank expired, but there was an understanding entered into in which the new company was to buy out the old, and the change was made in 1857 on certain conditions, which were to the effect that Hugh McCullough should be made president. This was done, and by the good and honorable course pursued by Mr. McCullough he soon established a safe and sound basis of this bank, which went through all the financial difficulties of 1859 and continued its business until in 1865, when it was suppressed by the national banking system.

Banks of issue bobbed up in all directions and the banks made no claims to be banks of deposit. Their only thought was to issue and float notes. Then a company of individuals would throw their forces together and buy up a few thousand dollars' worth of depreciated bonds of some municipality, far away perhaps, deposit those with the state auditor, and thereby authorized to enter into the issuing of paper money. This privilege was often abused, for they would issue bills many times greater than the amount of securities that they would deposit, float them, and they would soon become worthless. A good many of those banks would start on just sufficient capital to secure the engraving and printing of the notes and the necessary fixtures to fit up an office, which was very scant in furniture. Mr. McCullough, in speaking of those banks, said: "Their life was pleasant and short; their demise ruinous and shameful. As soon as their notes began to be presented for payment, they died without a struggle." Mr. McCullough was the first to become controller of the currency under the act which established the national banking system in 1865, and was afterward the secretary of the treasury.

Little is known of the floating of those bills in the first of the '50s in Starke County, but later this was a matter that gave to our pioneer citizens much concern. As there were but few people in this part of the state, the portion out of which Starke County was organized in 1850, as I have said before, the money question was not of so much importance then as it came to be soon after. Those bills might be worth one hundred cents on the dollar today, but there was no assurance of what it would be after a night's sleep. Those bills were commonly known as "wild cat" money.

In looking over some history I find a sketch written by Wilson, an article on banking, which was read before the historical society on February 26, 1909, which says, "The only bank I ever saw along the Wabash or the Kankakee River was a farmer banking up his house one day. And the snow banks, that bank up in the winter, and the sand banks that are banking up in May. But there's faro banks galore along the river and other banks in which you put your trust; then there's another kind of bank you put your money in; there's a loud report and then that bank's bust."

Much credit should be given to Abraham Lincoln, the President of the United States, for the conditions and changes in our monetary system. We now have a currency reliable, a currency that we can exchange any place upon our globe, which rule has held good and faithful ever since 1863, no one losing a dollar on account of our national banking laws. By the present laws state banks are allowed to issue their own notes, but the tax is so high that it is impracticable, and only national banks under control of the comptroller of the currency have been issuing bank notes since the national bank system was established in 1863. We do have, however, state and private banks of discount and deposit and savings banks so well taken care of by legal conditions and restrictions, making the stockholders responsible, with examinations made often, and requiring the stockholders of savings banks to have been citizens of the county for at least five years, and to have in their possession a certain amount of unincumbered real estate. With the protections thrown about us we seldom hear of defalcations of banks since the days of "Wild Cat," the "Blue Pup" and the "Red Dog" are over. Just recently, in fact in the year of 1893, our Legislature passed a law by which trust companies could be established, but they do not do a general banking business, they only receive deposits and make investments, execute bonds and administer estates. We have a law also authorizing the organization of building and loan companies, especially to benefit and encourage the laboring class of people to secure their own home by paying a certain per cent of the loan each month. There were several of those associations or organizations in this part of the state which helped many to procure a home who perhaps otherwise would have had to do without. Those associations seem to be retiring, as we do not hear of them very much of late.