

History Seminar

Kalamazoo College

No. 23. FIRST NATIONAL BANK AND TRUST COMPANY

Kalamazoo, Michigan

by

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The First National Bank of Kalamazoo

I. Introductory

At the time of the Civil War there had been no National Bank for a period of twenty-five years. For one thing, the party that had defeated the Bank Bill and had seen to its abolition had been in power and therefore had not taken any interest in reviving that institution. In 1835 there were 704 state banks in the states, but by 1863 the number was nearly 1500. From the national view point the worst features of this period were the multiplicity and unreliability of the circulating notes issued by these banks under varied jurisdiction. The Nation's currency as a result was chaotic. These various state banks were issuing notes and distributing currency that could only be redeemed at the local bank at which they had originated. Therefore, there existed no banks nor currency of a national nature. The various ills in organization and methods of banking in the United States during the first half of the nineteenth century had been recognized before the outbreak of the Civil War, but not until the financial necessities of the great struggle made a change imperative did the federal government take the step of once again chartering the national banks.

There are two very important reasons for the banks being chartered at this time--first, to increase the money circulation, the better to meet the needs of business, and second, to create a better market for the government's bonds. The bill

was passed and went into effect on February 25, 1863. It included the following items among its requirements: 1.) free or general incorporation of banking associations, on their own volition, under the statute, 2.) a bond-secured currency, notes issued to the banks up to 90% of the market value, but not above par value of securities of the federal government deposited with the Treasury; in the case of any bank failing to redeem its notes, these bonds were to be sold for that purpose exclusively, 3.) a reserve of "lawful money", kept by each bank in its own vaults or deposited on demand with banks in financial centers, equal to twenty-five percent of its liability for deposits and note circulation, 4.) double liability of stockholders-- that is liability of the individual stockholders for an "amount, at par value, of shares held, in addition to amount invested in such shares", 5.) creation of the office of the Comptroller of the Currency, who should have supervision of the system. The plan abolished a defect which had shown itself in state laws by refusing national banks the right to accept real estate--because it loses value at forced sale--as security for notes or loans. "The bank must also submit to Federal inquiry into its affairs--its business conduct--and demonstrate a healthy and sound condition, obeying the law as to loans, reserve, etc".¹ There were several very serious faults in the first act and so the number of national banks chartered under it was very

1. Woods, Walter O. The Story of Uncle Sam's Money, Gregg Co. New York. 1932 p 38.

limited. A revised act, making important changes, was therefore passed in June, 1864 and ample provision having been made under which banks chartered by the States could be reorganized as national banks, the extension of the new system went on rapidly. The most important item in this revision and also of a later one in 1875 dealt with the method of redemption of the notes.¹ Under the Act of 1863, every bank was required to redeem its own notes when presented at its counter, but the law of 1864 made provisions for redemption by all banks at agencies in the principal cities, and this arrangement continued in force until June 1874, when the system which endured until the switch to the Federal Reserve System was adopted. The latter system made the treasury of the United States the sole redeeming agency for all the national banks and required every bank to maintain in the treasury, to be used in redemption of its notes, reserve equal to five per cent of its circulation. "Without restricting the establishment of banks, the acts of 1863-4 therefore limited the aggregate amount of notes to \$300,000,000. In 1870 the limit was raised to \$354,000,000 and finally by the act of January 1875, for the resumption of special payments, all restrictions upon the aggregate circulation of the national banks were removed".²

It was into the original framework of the National Banking Act that we discover the causes of emergence of the First National Bank of Kalamazoo, chartered on December 14, 1863.

¹ Dewey, Davis Rich. Financial History of the United States, 8th ed. Longmans Green & Co. N. Y. 1922, p 325.

² Dunbar, Charles F. The Theory and History of Banking 5th ed. G. P. Putnam, N. Y. 1929 p 24.

"Under the Federal banking law of 1863, the national banks found the buying of government bonds a fascinatingly profitable undertaking, and they purchased great quantities. The government paid them 6% interest in gold on those bonds, while at the same time, bankers were required by law to deposit those same bonds with the Government and could issue their own bank notes against 90% of the bonds so deposited. Except in the matter of the almost negligible income tax already mentioned, the bonds were entirely exempt from any other kind of taxation. By this means and various loan and other devices, the bankers were able to pocket from 20 to 50 and sometimes 100% profit".¹ It was probably some anticipation of the truth of this quotation that drew twenty Kalamazoo men together and caused them to invest some of their wealth in this new banking venture.

Before getting in the history of this bank, it might be well to examine briefly the banking situation in Michigan and Kalamazoo particularly in the early 1820's. There had been a few banks in this section of the Northwest Territory that was to become the State of Michigan. Although there were these early beginnings, the total number serving the people at the time Michigan was made a state, 1837, was only fourteen. As the settling of the new state progressed in the boom years of 1833 and 1837 the need for more money was felt by the settlers who began to press the territorial and state legislature for some action.

¹ Myers, Gustano, The Ending of Hereditary American Fortunes. Julian Messner Inc. N. Y. 1939 p 95

This action was not long in coming; on March 15, 1837 the General Banking Law was passed. This was a very liberal measure; though there were some conservative restrictions and some attempts at supervision, all proved unsuccessful. "Within a period of a year 49 banks were organized and about 40 went into operation under the General Banking Law".¹ "In December 1839, there remained in operation in Michigan only three chartered banks with one branch and four which had been chartered under the General Banking Law. The Attorney General at that time listed 42 banks as being under junction".²

On April 16, 1839 the General Law was abandoned, with the result that the bankers and those who had dealt with the banks suffered very heavy losses. The resultant situation was so bad and the indebtedness so great, that it took an unconstitutional declaration by the state supreme court in 1845 to save the day ultimately for many involved.

Banking in Kalamazoo had been carried on by a branch of a Detroit bank firm as early as 1837, but this institution was dragged down by the failure of the main bank in 1844. This meant that Kalamazoo was without the services of a money loaning establishment in the community; even worse than that there was no longer the bank's safe for storing valuable securities and papers. It was Theodore P. Sheldon who at first loaned specie in his vault to those who needed it and later carried on a private bank. This bank through several

1. Kalamazoo Gazette, Jan. 24, 1937 104 year, 97 section 1 p 7
 2. Kalamazoo Gazette.

mergers has continued right down to the present day in Kalamazoo.

The only other bank in Kalamazoo prior to the formation of the First National Bank was another private bank started by three men, Woodbury, Potter, and Wood, in 1856. This later became the Michigan National Bank and by consolidation with the First National in 1912 became part of that organization. It was in a sense the earliest forerunner of the First National Bank and Trust Company that exists in Kalamazoo to-day.

II The First Charter Period
December 14, 1863 - December 13, 1862

The Bank had made plans to begin its existence on December 14, 1863 and it was on that date that the stockholders held their first meeting to elect their Board of Directors for the first year. The election took place in the office of Miller and Burns and resulted in the elevation to the directorship of Latham Hull, Robert S. Babcock, Frederick W. Curtenius, Benjamin M. Austin, James A. Walker, Henry F. Cook, and William Brooks.¹ It was necessary to certify these directors by having them take an oath before a notary public and then sending some official proof of that step to the Comptroller of the Currency in Washington.

In the Banking Act passed by the Congress of the United states there were given the steps that needed to be taken by a group of men who were desirous of forming a bank to obtain the benefits of this Bill. The group of twenty men in Kalamazoo went right ahead on this matter and had a Certificate of Organization and their Articles of Association framed. Both of these items are included in the appendix of this paper, and they give a definite picture of the structure and operation of this bank in particular and all national banks in general. The purpose for which the bank was established is given in parts of these documents and stated as, "for the purpose of transacting the business of Banking under the act of Congress

1. The full board is reported here, but no such listing will be given hereafter. See table in appendix.

entitled, "An Act to provide a National Currency secured by a pledge of United States stocks, and to provide for the Circulation & Redemption thereof", approved February 25th, 1863".¹ In the Certificate of Organization also there is a list of the twenty original stockholders and the amount which each subscribed to the capital stock of \$50,000. Other parts of the Certificate are the name, location, and the commencing date of the Association of the Bank.

The Articles of Association contain many of the same things that are part of the Certificate, but beyond them it reveals information concerning the Board of Directors, regular meetings of the stockholders for elections of directors, election of officers, changes in the Capital stock and Articles of Association, and duration of the Association. As the Banking Act of February, 1863 had permitted charters for only twenty years, it was necessary for this association to limit itself to nineteen years because it started a year later. When everything that was required was in order, the First National Bank of Kalamazoo was issued charter number 191, and with that became the first national bank in Kalamazoo.

On the same day of their election the new Directors held a gathering and chose Latham Hull president and Thomas S. Cobb cashier. It was due to his work in bringing about the creation of this bank as well as to his general

1. Bank Minute Book, First National Bank, p 3 and 6.

fitness for the position that won for Mr. Hull the presidency of the institution. This sentence from one of the local newspapers on the death of Mr. Hull in 1887 shows his importance in the beginning of the bank here in Kalamazoo. "In December 1863 the First National bank was originated and organized by Mr. Hull and he was one of the directors, being chosen as its president, which position he held for many years".¹

Latham Hull was born in North Stonington, Connecticut, on October 23, 1812. He was in his earlier years a school teacher, a stock and mule trader, and a private banker. It was in the latter capacity that he was employed in Kalamazoo up to the time of his presidency of this new bank. His abilities had and were to be appreciated by the people of the community as well as by his co-workers in the banking field. The people chose him as village president in 1861, and as village treasurer from 1863 to 1876. The school board also claimed his services for two years. This was the man who during the early and formative period was selected to lead the affairs of the bank.²

It was voted at the first meeting, "that the President, Cashier, and Director, R. S. Babcock be a committee to procure Room, Safe, Seal, and Books with a view to an immediate commencement of the business of Banking".³ This very definitely demonstrated that this National Bank in Kalamazoo was a new organization and not a converted state or private bank, although some of the men like Mr. Hull had been connected with this business before.

1. Kalamazoo Weekly Telegraph, Wed. Nov. 23 1887 vol. 43 No. 46 p6.
2. Centennial Kalamazoo Gazette, Sec. 2 p 4.
3. Bank Minute Book, First National Bank, p 15.

On the day following the election of the first Board of Directors this body proceeded to the adoption of the By-laws to the Articles of Association. In twenty-one sections the organization and functions of the various departments and offices are set down. Reference to the By-laws is made in the appendix. The examples from which these by-laws were patterned could not have been in the most approved form, because it was necessary for the directors to amend section twenty on January 4, 1864. The change had to do with the matter of the number of board members needed for a quorum, and so to make a more democratic organization, the number was changed from a simple majority to two-thirds of the directors including the president.

The Board got right down to business at this second meeting and appointed the president, cashier, and R. S. Babcock to act as the exchange committee, and James Walter, William Brooks, and Henry Cook to constitute the committee for the examination of books, accounts etc. in connection with the banks.

The meeting of the Board for December 21, 1863 revealed three very important items. First, the Board voted to obtain a seal in Detroit, complying with the specification set forth in the By-laws. Secondly, there was issued a call for fifty per cent of the amount of the stockholders' subscription. With this money the bank was able to purchase the government bonds and in turn receive the national bank notes for their circulation. The third thing demonstrated that the bank already had quarters, because in the minutes was the report

of the committee on rooms-- "reported in favor of continuing for the present in the building on Burdick St. lately occupied by J. O. Seely"¹

On February 4, 1864 there was a further report by this same committee, which states that "The committee have agreed with S. O. Bennett for the building occupied by him for a boot & shoe store on the Southwest corner of Main & Burdick Streets for three years from the 11th day of March next (being the unexpired term covered by said Bennett's lease)".² Also on this day it was decided to erect a vault for the use of the bank in the building on the corner of Main and Burdick Streets owned by Walter, Cobb and Fisher, and across the street from their own office. This vault was to be in accordance with the plan and estimate made by Director H. F. Cook.

Aiming at an increase in capital stock and thus at an increase in the bank's circulation, the Board on February 18, 1864³ increased the capital to one hundred thousand dollars. The necessary stock to reach that limit would not be purchased at once, but the maximum limit was established at this figure and the total stock could be brought up to it whenever it was desired. At the next meeting of the Board, on the 29th of February, the Directors voted to proceed to qualify the bank as a depository of the Government by giving the requisite security. Becoming a depository for the government meant that the bank, having met certain requirements of the Treasury department would be one of the banks in the country in which the Government would keep part of its money.

¹ Bank Minute Book, First National Bank p 16.

² Ibid p 18.

³ Since this paper is based largely upon the minutes, where no reference is given the reader can assume that that is the source.

This same matter came up at a meeting in April, and it was decided that the president should purchase bonds to deposit with the Treasurer to make the bank such a depository. On the following May 30th, it was voted, "that under the recent modification of the regulations of the Treasury Dept. making National Banks Financial agents of the Government, it is not deemed advisable to make this Bank an agent of the Government".¹

The problem of what papers should be accepted for discount was discussed at the meeting on April 4, 1864 and a definite policy was established which allowed that no paper be discounted without two names or good collateral. This is a conservative move that most banks would normally take to protect themselves from unnecessary loss.

The Bank voted at the Board meeting of April 18, 1864 to open the books for an increase in capital of twenty-five thousand dollars. The stockholders were to have the first chance to buy the new stock in proportion to the amount of the stock of the Bank that they already owned. Later on May 16 the president was given the permission of the group to sell the rest of the stock as he saw fit. At this later date, all stock sold thus far were transferred on the books of the bank.

It was on October 10, 1864 that the Board declared its first dividend. This dividend of ten per cent was declared for the stockholders from the net earnings of the institution and the remainder of it was placed in the surplus fund of the bank. This bank was able to declare such dividends semi-

¹ Bank Minute Book, First National Bank. p 25.

annually right along. They did not remain at the high level of ten per cent but they never got below four per cent and one time did get as high as twelve percent.

The meeting of November 21, 1864 resulted in the Board voting to increase the capital stock twenty-five thousand dollars and to purchase U. S. six per cent gold bearing bonds with this money. There was a change in this action for some reason because on December 26, the vote to increase the stock on November 21, was rescinded.

The officers in 1865 were the same that served the years before, in fact Mr. Hull served the bank as its president from 1863 to 1879 except for one short period in 1877 when he was relieved by the vice president but still served in an advisory capacity, and again from 1885 until his death in November 1887. Mr. James Walter was chosen vice-president each year until his death in the spring of 1870. Mr Walter was well known in the city as he had served as Postmaster for a number of years.¹ Mr. T. S. Cobb was one of the first of a long list of cashiers² to tender his resignation and this he did on June 7, 1865. The position was again filled several weeks later by the selection of G. N. Hawley as cashier for the Bank.

Frederick W. Curtenius was replaced as director in the election of that body for 1865. Curtenius was born in New York City, September 30, 1806. In 1823 he was graduated from Hamilton College but because he refused to tell on a class-

¹ Centennial Kalamazoo Gazette sp. cit.

² The cashier has charge of the books of the bank, acts in place of and often with the president, especially in the matter of signing documents and papers, and also serves as secretary to the Board of Directors.

mate, it was not until just a few months before his death at the age of seventy that the board of that school rescinded the earlier action and granted him the degree. He chose a military career and rose to the rank of General during the Civil War. He served this community well; being senator from the 21st district in 1853-54 and from the 19th in 1867-68, collector of internal revenue for two years, president of the village in 1866, 1877 and 1878, treasurer of the asylum board for sixteen years and president of the Kalamazoo City Bank, a bank that came on the local scene in 1870. This was one of the truly outstanding men in the community.¹

Another increase in the capital stock was made on June 7, 1865. It was to be increased to one hundred thousand dollars and the new bonds were to be the United States Bonds six per cent Bonds of 1881. The Board also voted, "that it is deemed inexpedient and unwise for anyone shareholder to hold more than one tenth of the capital stock of this Bank after it shall have been increased to one hundred thousand dollars".² Here the Board was establishing a ruling that they hoped would give the Bank a more stable and healthy complexion. Later the Board decided to leave the type of bonds to be purchased in the new increase to the officers of the Bank.

From the minutes of the Board of Directors of June 21, 1865 "Whereas, this Bank viz, the First National Bank of Kalamazoo, is the owner of the following described Coupon Bonds, viz.

¹ Centennial Kalamazoo Gazette, op. cit.
² Bank Minute Book, First National Bank, p 50.

Name	Issued, act of	Series	Amount
5/20	25 Feb. 1862	second	1.000
"	"	"	1.000
"	"	"	1.000
"	"	third	7.000
"	"	"	3.000
"	"	fourth	4.000
"	"	"	5.000
"	"	"	3.000
"	"	"	7.000
"	"	"	1.000
"	"	"	1.000
"	"	"	1.000
10/40	3 March 1864	"	12.000
			<u>\$47.000</u>

which said Bonds are held by the Treasurer of the United States in trust to secure the redemption and payment of the circulating notes of this bank, and whereas it is desirable that said Bonds be converted into Registered Bonds, therefore ordered, that the Secretary of the Treasury be requested to receive the foresaid Coupon Bonds deposited by this Bank with the Treasurer of the United States and cancel the same and to cause to be issued in lieu thereof to the Treasurer of the United States in trust for this Bank Registered Bonds of like amount bearing a like rate of interest and having the same time to run".¹ This presents a picture of the Coupon Bonds that were in the Bank's possession up to this time.

G. W. Hawley had tendered his resignation to the Board and it had been accepted by that body to become effective March 1, 1866. Two days before that date Fred H. Potter was selected to serve as the bank's cashier.

¹ Bank Minute Book, First National Bank, p 50.

In October of 1868 the cashier's post was once again opened by the resignation of Potter, but at the same meeting in which the resignation was read, Chauncy Strong was appointed acting cashier.

It was shown that the bank was doing a successful business after only four years of operation by this statement from the bank examining committee in their report of February 10, 1868 "After a through examination of the affairs of the bank they found them in a prosperous condition".¹ Also in this year there was noted a change in the office hours. They were to be from "1/2 past 8 o'clock A.M. to 3 1/2 o'clock P.M. if the officers see proper".²

A further change in personnel took place late in 1869 when C. A. Hull, a son of Latham Hull, who had served as teller for the bank resigned. R. S. Babcock was selected to act as vice president in April of 1870, and each year until 1879, when he became the bank's second president.

On November 16, 1877 Mr Hull was relieved by Mr. Babcock as president, but Hull continued to serve in an advisory capacity. At the next yearly election of the officers however, Hull must have been fit enough to assume his full duties once again, as is signified by his election as president in 1878. It was in 1879 that Babcock became the president of the bank and T. S. Cobb assumed the post of vice president left open by the elevation of Babcock to the top position. These two

¹ Ibid p 67

² Ibid p 70

men served in these offices for almost the same length of time. Babcock was selected each year through 1884 and was also chosen in 1885, but he tendered his resignation at the same meeting and although the matter was tabled until a later meeting it was nevertheless accepted at that time. He was again named to the key position in 1885, but this term was cut short by his death in the spring of that year. Cobb kept his place as vice president consecutively through the year 1884.

A conversion of Bonds was ordered on November 3, 1870 when the Board authorized the cashier to "withdraw \$50,000 U. S. Bonds, Act of February 25, 1862, deposited with the Treasurer of the United States by this Bank to secure circulation and to substitute therefor \$50,000 U. S. Bonds, 10/40's Act of 1864!"¹ The Bonds that are withdrawn are then to be sold, assigned and transferred by the cashier. The ability of the bank to unload these bonds and the price they could get for them in the open bond market would depend upon the length of time until maturity, as well as upon the kind of bond it was. Still later on November 18th, there was a further authorization to withdraw and sell three thousand dollars United States bonds of March 3, 1864.

In the Kalamazoo Gazette for December 9, 1870 there was an item concerning the bank under a caption "Run on Bank". The item read, "First National Bank successfully sustained an unexpected run on Thursday afternoon. A team belonging to Mr. Gordon became frightened on North Burdick Street and

¹ Ibid. p 76.

rushed south at full speed, bringing up against the front of the National Bank, breaking several large pains (sic) of glass and severely injuring one of the horses. It is needless to say that that corner was cleared of loafers for a moment at least".¹

The bank was gaining a very good reputation in the community and much of it was due to the high type of leaders which served the bank. This is quoted from the Kalamazoo Directory for 1869 and 1870. "The manner in which the bank of the people is managed has done much to make the system of National Banking so popular here".²

It is quite necessary for all national banks to have a representative in Washington or somewhere in the east to examine the bank's securities with the Treasurer and to witness the burning of the mutilated notes of the bank. On October 26, 1868 Chipman Hosmer and Company was appointed agent in Washington. Edward Browning of New York was given the power of attorney to receive interest payments and execute all necessary discharges for the bank on August 13, 1872. A change in the agent in Washington was noted on January 11, 1876 when Gilmore and Company of that city was appointed to watch the burning of the notes and to examine bonds deposited with the United States Treasurer as security for circulation. This arrangement was altered on November 20, 1876 as Thad. W. Patchin was made the bank's agent in Washington, and on February 25,

¹ Kalamazoo Gazette, Dec. 9, 1870.

² Thomas, James H. Kalamazoo County Directory with a History of the County from its earliest Settlement - 1869 1870.
Compiled and Published, Kalamazoo, Michigan, 1869.

1878 the Chase National Bank of New York was made the attorney for the interest on the bonds of this bank.

A further change in the types of bonds held by the bank was enacted on January 25, 1879 when a substitution of \$50,000 four per cent U. S. Bonds for \$50,000 U. S. 10/40 Bonds Act of 1864 was approved by the board. The Chase National Bank was authorized to sell, transfer and assign the \$50,000 U. S. 10/40 Bonds and thus were serving as the attorney of the First National Bank of Kalamazoo. On the same day as the substitution was authorized, "It was noted and resolved, that the officers of this Bank be authorized to purchase at any time hereafter, ten thousand dollars or more but not to exceed fifty Thousand dollars of United States Bonds for the purpose of increasing the circulation of said Bank if thought best by the officers thereof"¹ During this January the officers of the bank were also instructed to take the necessary steps to have the bank appointed a government depository. On April 29, 1879 there was still an additional change in the bonds of the bank, when a substitution of \$50,000 four per cent U. S. Bonds, Act of July 14, 1870 or January 20, 1871 for \$50,000 U. S. 10/40 Bonds Act of March 3, 1864. These latter bonds were again to be sold, assigned or transferred.

To ease the difficulty and delay of having the entire board determine what bonds should be sold, the president and cashier were given power to sell bonds then standing or which

¹ Bank Minute Book, First National Bank, p 106.

might thereafter stand in the name of the Bank. This was done on April 11, 1880.

Chauncy Strong had been the cashier of the bank from 1867. He resigned on March 2, 1880 and was shortly replaced by Frank K. Henry. Mr. Strong was leaving to accept a better position elsewhere, and the bank through the board of directors had drawn up a resolution in appreciation for the fine work that this man had rendered to the institution. The bank made it a practice to recognize those who had contributed greatly to its business at times such as this and also at the deaths of its present and former leaders.

The Mr. Nehemiah Chase who became a director in the stockholder's election of 1880, arrived in Kalamazoo in 1852 and from the beginning was in the fanning mill and harrow business. It was this man who erected the Chase Block Building at Michigan and Rose Streets in this city.¹

On February 22, 1881 came a step to reduce the circulation. It was resolved, "that the President and Cashier of this Bank be authorized by Attorney or otherwise to withdraw Thirty Thousand Dollars of United States 4% Bonds now on deposit with the Treasurer of the United States for increase of circulation and in place of said Bonds deposit with said Treasurer 90 % thereof or twenty-seven thousand dollars in Greenbacks for redemption of \$27,000 of said circulation and they be authorized to appoint J. W. White Esq. Cashier of Chase National

1. Kalamazoo Gazette, this and other personal information on important men are from the Centennial Gazette, Jan. 24, 1937.

Bank of New York our agent or Attorney"¹ The bonds were placed in the hands of the Chase National Bank to hold until the president and cashier could decide what to do with them.

Another exchange was left to the decision of the officers when the Board authorized an exchange of "\$20,000 of Government Bonds drawing 3 1/2% interest under Act of July 1870 and Jan. 1871 used and held for purpose of circulation unto 3% bonds in accordance with the law recently passed by congress if in the judgement of said officers it is deemed best".² Ever since the Civil War the government had been reducing the rates of interest on their bonds. A person or institution could not be forced to exchange the high interest bearing bonds for bonds of lower interest but quite often, if not always, the bonds had a recall clause which gave the government such a right. The government was able then by refunding the national debt, that is by lowering the rate of interest that was paid on the government bonds to lower the indebtedness of the nation.

By 1882, the charters of all the National Banks were running out and so it was necessary for the Congress to pass an act permitting them to extend their charters, and this it did by an act of July 12, 1882. On August 29, 1882 the board of directors "voted that the officers of this bank take the necessary steps for the extension of its charter for 20 years

¹ Bank Minute Book, First National Bank. p 108.

² Ibid p 112.

from December 13, 1882 by procuring the signature of its stockholders owning not less than two-thirds of its stocks, in writing namely, that the 7th article of the articles of association of said National Banking Association be so amended as to read as follows--"This association shall continue until close of business on December 13th, 1902, unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of its stock or otherwise dissolved by authority of law".¹ In reply to this request came a letter from the Comptroller of the Currency on December 13, 1882 stating: "Now therefore I, John Jay Knox comptroller of the Currency, do hereby certify that "The First National Bank of Kalamazoo" in the village of Kalamazoo and State of Michigan is authorized to have succession for the period specified in its amended articles of association namely until close of business on December 13, 1902".² In this manner the bank had shown evidence of its satisfactory condition and had been given a renewed charter for twenty years.

¹Bank Minute Book, First National Bank. p 112.

²Ibid p 117.

Summary of First Charter Period

The first twenty years of the bank had proved very successful. The capital stock had been increased one hundred per cent--from fifty thousand to one hundred thousand dollars, and the bank was in a position to pay the semi-annual dividend to all the shareholders through this period. There had been one circulation increase voted by the board as well as one decrease. The big items of financial nature however, were the five different bond conversions and the one bond sale that were transacted by the bank. It is speculation but the decrease in circulation may have resulted from the government's ability to buy back the bonds due to the surpluses that the tariffs and other revenues were giving to the government.

The men who stand out in this earliest era of the First National Bank are Latham Hull, Robert Babcock, James Walter and Thomas S. Cobb. They all served the bank faithfully in various official capacities and contributed greatly to its beginning and to its continued life.

III The Second Charter Period
December 14, 1882 - December 13, 1902

In 1883 there was another switch in the bank's cashier, as F. A. Smith took over the post left empty by the resignation of Mr. Frank Henry. On May 5th. of that year Addison C. Cobb was employed as Teller of the bank.

It has previously been noted that Mr. Babcock did not accept the presidency for the term in 1884. For that one year, E. O. Humphrey served that office and by so doing became the third president of the bank. Mr. Babcock was returned again in 1885 and remained in office up to the time of his death in 1885. at which time Mr. Hull was named to serve as acting president. It was on May 15, 1885 that he was elected president by the Board and thus became the fourth president of the bank as well as the first.

March 2, 1884 revealed another reduction in the number of bonds of the bank placed with the treasury department, when the board, "Resolved, that the Comptroller of the Currency be and he is hereby authorized to with-draw \$20,000 U. S. Bonds deposited with the Treasurer of the United States by this bank to secure circulation and described as follows: \$20,000 of the loan of July 12, 1882, 3% and that the Treasurer of the United States be and is hereby authorized to assign and transfer the same to the Secretary of the Treasury for redemption on account of this bank".¹ In the brief introduction, the fact was mentioned that it was necessary for national

¹ Bank Minute Book, First National Bank. p 126.

banks to keep a five per cent reserve fund with the secretary of the treasury so that the notes belonging to that bank could be redeemed at most any time. This transfer of its bonds to the Secretary of the Treasury was probably made to replenish that reserve fund.

There were four new members elected to the Board of Directors in 1885. Three of these were quite important in the Kalamazoo area.

James W. Osborn, one of the three, was born in Sherman, New York, February 10, 1843. He studied law in Pennsylvania and profited greatly in the oil boom before coming to Kalamazoo in 1884. It would appear that he stepped right into the business of the community and was made a board member of this bank in the following year. In 1887, the leading law firm of Osborn and Mills listed James Osborn as its senior member. Mr. Osborn came to Kalamazoo after it had been issued its city charter and served as mayor for three years, 1893-4 and 1904. He died in Florida on May 4, 1914.

The other two new directors of 1885 were D. B. Merrill and Jacob K. Wagner. Mr. Merrill owned a flour mill at Burdick and Hanson Streets. He is credited with building the first telephone line in Kalamazoo, a private circuit to his mill, which was in service in 1878. J. K. Wagner was also an industrialist who came to this city in 1855. He established the Spring and Axle Company, in 1876 and the Spring Tooth Harrow Company in 1879. The Bank made him its president in 1887.

One of the new members was made Vice President to replace Mr. Cobb. This man was J. W. Osborn and he served the bank so well that he was kept in that office right up to the consolidation in 1912. This term of office was the longest of any person connected with the bank in this earlier period. This new board also made a change in the organization of the bank when they appointed A. C. Cobb assistant cashier. This would ease the work of the cashier and also would furnish the bank with a trained person to assume the position of cashier should that post continue to be vacated as it had in the past.

Whether the bank had assumed its offices in the building in which they had earlier had a vault constructed is not clear. It is shown, however, in the minutes of February 3, 1885, when it was "moved and supported and carried that we lease the office in House Block for 5 years with the privilege of 13 years,"¹ that they were in a new location. The House Block was the name given the section of buildings running from the southeast corner of Main and Burdick Streets east along Main Street. This could refer to the exact location that the bank now occupies.

On October 13, 1885, there was authorized a withdrawal of \$30,000 U. S. Bonds of the Loan of Consols of 1907, 4% and the Mercantile Bank of New York City was to sell, assign and transfer them. It was a little less than two years later that another \$25,000 of the very same bonds (Loan of Consols of 1907, 4%) were sold, and the Mercantile Bank was again authorized to dispose of them.

¹ Bank Minute Book, First National Bank, p 130.

Mr. Gates was elected president by the Board in 1886, but he declined the office, with the result that Mr. Hull was once again voted into that position.

The Bank was interested in the Civic life of the community as well as with the financial side of it. For example, on April 26, 1886 the bank subscribed twenty-five dollars to secure the Soldiers and Sailors Encampment for 1886. This was probably for the veterans of the Civil War who must have had these encampments at certain intervals.

Whether the vault was still in the process of being constructed or whether it was being repaired is not clear, but in November of 1886 a committee was appointed to see to its finishing.

Everyone of the "old guard" had been replaced on the board when on November 30, 1887 it was necessary for the Board to fill the position left vacant by the death of Mr. Hull. Mr. C. H. Dickinson was elected to the directorship, and as the fifth president of the bank, the directors chose J. K. Wagner. Mr. Wagner was to hold the executive office until 1894.

The policy of the board of directors in the matter of drawing up resolutions that are printed and copies given to the families of men who passed away during or following service to the bank has been mentioned previously. This statement is taken from the resolution drawn up by the board following the death of Lathan Hull: "The thoughtful consideration of Mr. Hull was directed to the National Banking laws soon after its adoption by congress and with his natin (sic) genius for sound

banking laws, early was led to appreciate and value its safeguard to the people. He was foremost, therefore, in the organization of this bank in 1863, becoming its first president, remaining in that honorable office from that date until his death, except from 1879-1885".¹ Here again is proof of the importance of this man in the formation of the bank. The remainder of the tribute to this man very clearly showed the great esteem that all had for him, and the loss that his death meant to the bank and to the community.

At the first meeting of the Board in 1888, the resignation of A. C. Cobb was read and the position of Assistant Cashier was left open. On May 14, another opening was created in the staff caused by the resignation of F. A. Smith as cashier of the establishment. The final vacancy of this year was brought about by Lyman Gates, a director who sold his stock in the bank and was therefore no longer eligible to act on the Board of that institution. In November of 1889, Mr F. Rowley began his long rise in the bank staff by being promoted from the position of teller to that of assistant cashier.

As the government was lowering the interest on its bonds, the banks must have desired to do something about the existing rates on the certificates of deposit.² On April 5, 1888, there was this from the minutes regarding payment of interest on these certificates, "If left three months interest will be paid on this deposit at the rate of three per cent per

¹ Bank Minute Book, First National Bank, p 146

² Certificates of deposits are certificates given on large deposits for short periods. Corporations take advantage of this at times.

annum except that interest will not be allowed for any fractional part of a month nor for a longer period than one year from the date thereof.¹

On May 14, 1888 President Wagner and Vice President Osborn were given power to receive, receipt and endorse all checks for interest on bonds deposited with the treasurer as another means of making the bank a better functioning organization.

The First National Bank continued to campaign for lower interest on the certificates of deposits. The board of directors approved plans on November 17, 1890 for giving a free dinner at the Burdick House for the presidents and cashiers of the other banks, at which time they wished to discuss the possibility of reducing the existing rate of four per cent on interest bearing certificates of deposits. There were no immediate results of this dinner get-together of the bank officials.

The reserve fund may have been down again when on September 4, 1891, the president or cashier were authorized "to assign \$1500 U. S. Registered 4 1/2 % Bonds to the Secretary of the Treasury for redemption".²

The papers to be discounted had been one of the matters discussed and acted upon at the board meetings from the very beginning of the bank. On October 7, 1891, it was decided, "That a discount committee of two be now elected to act as such a committee for this bank until the ensuing general election. The duties of such committee shall be with the

¹ Bank Minute Book, First National Bank, p 151.
² Ibid p 172.

president, to pass upon loans desired to be obtained for said bank of sums in excess of \$2,000 and of renewals thereof, and to aid and assist in procuring desirable loans and discounts for said bank, and that the President of the bank shall be the chairman of the discount committee".¹ Here again was a measure to speed up the work on the various functions of this bank.

It was only natural that as the business of the Bank increased the number of men needed to help with the carrying on of this business would also have to be added to. At the yearly election in January, 1893, section three of the Articles was changed so that the Board of Directors would have as a maximum number of nine instead of the seven as had been the practice since the beginning of the Bank.

Mr. Samuel A. Browne who was added to the Board in the annual election of 1893, became well known in Kalamazoo, "for his stables, race track and fine horses just west of town".² He was a member of the board for only a little over a year before he resigned the post.

In the election of the bank officers, besides the selection of Mr. J. K. Wagners as president and Osborn as vice-president, Mr. F. Rowley was chosen as the cashier.

The Bank did notice the scarcity of money that was prevalent in 1893, as reflected by this report of the examination committee on May 13 of that year, "owing to the stringency in the money market we would advise that the loans made to non residents and especially to non-resident Stock Companies.

¹

Bank Minute Book, First National Bank, p 172.

²

Kalamazoo Gazette, January 24, 1937, p 14 section 2.

and our large resident loans shall be reduced, and that this Bank shall retain a larger amount of money on hand than it now has until an easier condition of the money market is reached".¹ Action was taken on this suggestion and the Board voted to "run with a stronger reserve fund and as soon as practicable to reduce the loans and keep more on hand".² Thus it was that this bank was affected by the lack of money which was one of the greatest complaints of the national banking system right up to the Federal Reserve System in 1913. The government's ability to retire bonds in prosperous years and the inability of the banks to expand their currency when needed the most by the business interest and the people in general were two causes of this lack of money.

November 18, 1893, brought this resolution from the board in regard to reducing the interest, "Resolved, that it is the sense of this meeting that this bank should not hereafter pay more or a greater rate of interest than three percent per annum and only at that rate upon such sums as shall be deposited for a definite period of time and that time shall not be less than three months".³ This resolution was then amended to read "that the percent form of certificate shall be used except that the rate of interest shall be three percent".⁴ A follow-up on this was once again attempted, as a committee was to check with the other banks on this matter and then report back.

¹ Bank Minute Book, First National Bank, p 182.
² Ibid p 183.
³ Ibid p 185.
⁴ Ibid p 185.

From 1894 to 1903 Mr. Gates, who apparently had repurchased his stock in the institution, was chosen as president of the bank. He was, therefore, the sixth president of the organization, and during his nine years in office the vice presidency and cashier post continued to be held by the same persons, namely, J. Osborn and F. Rowley. Mr. Gates, the newly elected president, came to Kalamazoo in 1855. He served the city as sheriff, police chief and postmaster, owned the Kalamazoo Telegraph for awhile, aided in founding The Dutton Boiler Company, and was interested in the King Paper Company. Death came to him in 1905, just two years after he left the presidency of the bank.

A clear-cut policy on interest to be charged on overdrafts was determined by a decision from the board of directors, "that hereafter it be the rule of this Bank to charge 8% interest on all over drafts that stand on the books of this bank for over two (2) days unless it be deemed better for the bank's interest, in the judgement of the President or Cashier to remit same".¹

During the same year, one of the smaller necessities, a screen for the front window of the bank was purchased by the cashier upon authorization of the Board. The bank showed an interest in its employees, as revealed by this notion accepted by the Board, "that we pay the widow of our late night watchman ten dollars".²

It may have been that the screen placed in the window the

¹ Bank Minute Book. First National Bank, p 189.

² Ibid p 192.

year before caused the run down condition of the bank building to be more noticeable, as they requested the owners of the building to repaint the outside and to repaper the directors room. It was also in 1895 that the bank procured a new safe.

It is noticeable that nothing more had really been accomplished on the lowering of the four per cent interest rate even by 1896, as on May 20th of that year the president was given leave by the board to determine whether he would pay four or three per cent. Again he was asked to confer with the other banks in town and to report the results of such conferences.

In the minutes of the meeting for June 25, 1896, there was notice of the discussion concerning the purchase of the undivided one half of the bank building. The arrangements for the transaction were placed in the hands of Mr. Gates, the president. Two days later there was held another meeting at which time the president was authorized and empowered to purchase the "undivided one half interest in the First National Bank building known as the House Block, for the sum of \$15,000 less City tax for the present year".¹ The building inspector may have caused them to have some regrets about the purchase of the property by his condemning the building shortly thereafter. "Whereas-- the building inspector for the City of Kalamazoo did officially condemn the building now occupied by the First National Bank as being unsafe and having served notice on owners to make needed repairs on same,

¹ Bank Minute Book, First National Bank, p 204.

resolved: that such repairs shall be made at once, under the direction of said building committee, as shall be necessary to make said building safe in the judgement of said committee, that they may be able to make an official report to that effect".¹ The Bank was again painted in 1897, and they joined with Mrs Fanny Hull, the other owner in the expense.

There are three more items in 1897-8 to demonstrate the civic interest of the bank. In both of those years the Board voted rather large sums of money toward a Street Fair that was held in Kalamazoo. This also was passed by the governing body of the bank, "that the President be authorized to subscribe \$10 toward the purchase of clothings for the Chamber of Commerce's brass band".²

On February 6, 1898, this Bank took a different step when the Board, "voted to accept the \$25,000 on deposit, offered by the State Treasurer at the rate of 2 1/2% per annum with the understanding that this bank have thirty days notice of withdrawal of said funds".³ There seemed to be something unusual also in the bank's sale of lots in Pine Grove Township, Van Buren County, Kendall, Lansing, and in Texas Township on May 20, 1898. This seems unusual because one of the requirements of a national bank was that it would not deal in or accept real estate. The land may have come to the bank on outstanding debts and their sale at this time was compliance with this original section of the National Banking

¹ Bank Minute Book, First National Bank, p 205.

² Ibid p 213.

³ Ibid p 216.

Act.

On May 31, 1898 the president and cashier were given the "goahead" on the matter of buying either State or Government bonds, and were authorized to buy those they deemed advisable to the amount of fifty thousand dollars.

It is interesting that on November 17, 1899 the semi-annual dividend of the bank for the first time got below five per cent as only a four per cent dividend was declared for the shareholders of the bank.

Modern improvements were also being added to the equipment of the bank, as for example the purchase of an adding machine on December 9, 1899. This machine had been on trial in the bank for some time previous, and it must have proven its ability to the satisfaction of all concerned. The price paid for the machine was three hundred and seventy-five dollars. A section of the minutes of the Board for November 20, 1901 showed that modern facilities were being installed as well. It stated that, "The president authorized E. W. Deyor & Co. to put suitable plumbing (sic) in their office with self closing cock and proper sink and waister (sic) pipe connection, at his own expense and in the event of the water overflowing or damaging ceiling or walls of bank that they shall make it good. They to also pay their portion of the water tax".¹

April 14, 1900 brought about another innovation when the board decided "that the cashier of this bank be authorized

¹ Bank Minute Book, First National Bank, p 244.

and empowered to rediscount paper with the Continental National Bank of Chicago, Ill. to the amount of \$35,000".¹ A bank discounts a loan that it makes by deducting the interest from the principle before it is given to the borrower. A bank can rediscount the same paper with another bank, but this second bank will also deduct the interest from the principle it pays the first bank. This second process is called rediscounting in the banking world.

On April 25, 1900 the cashier was authorized to sell \$500 U. S. Registered Bonds. In the Bank Examiners report of June 7, 1900 there was an attempt to get at one apparent trouble. "The principal trouble seems to present itself in the inability to obtain sufficient good paper to discount".² They suggested that all the officials of the bank should do everything they could to see that an abundance of good paper was available for the bank to select from and that the papers be given the same careful "discrimination" now as they had in the past. The minutes of the board had included for some time at this late date groups of accounts and papers that had been charged off to profit and loss. Some of this may have been a result of the apparent lack of careful investigation on the risks undertaken by the bank.

September 17, 1900 brought another bond exchange, as the bank exchanged \$35,000 United States Registered four per

¹ Bank Minute Book, First National Bank, p 234.

² Ibid p 237.

cent bonds Consols of 1907 issued under acts of July 14, 1870 and January 20, 1871 for U. S.. Two per cent bonds authorized by Act of March 14, 1900.

On January 8, 1901 came the biggest dividend declared for the stockholders, when it was "resolved, that we, the board of directors of this bank, for and in its behalf declare a dividend of thirty (30%) per cent, upon each share of its capital stock, which dividend shall be paid on and after January 15, 1901, out of the surplus earnings of this bank".¹ This was probably done to reduce the surplus fund of the Bank as well as to reward the stock holders.

Although some of the benefits of the national banking system to the Federal Government had been practiced by the state banks for some time, the congress still saw enough value in them to extend the charters another twenty years when the expiration year (1902) was near at hand. One of the benefits that the national banks had furnished the government but which for a long period the state banks had been practicing as well, was the purchase of government bonds as security for their currency circulation. The board of the Kalamazoo bank passed this resolution on October 2, 1902, "That the articles of this association shall be so amended that this association shall continue until the close of business on December 13, 1922, unless sooner placed in voluntary liquidation by the act of its shareholders owning at least two-thirds of the stock or

¹ Bank Minute Book, First National Bank, p 241

otherwise dissolved by authority of law".¹ The Board gave the president and cashier the authority to take all the necessary steps to procure the extension of the charter, and as a result the bank received a letter from William B. Ridgely, Comptroller of Currency, extending this corporation until 1922.

¹ Bank Minute Book, First National Bank, p 248.

Summary of Second Charter Period

This second charter term revealed a slight tightening in the banking business, especially in the later years when the stringency of money was taking its toll. There were five separate bond sales made and only one exchange. It is interesting to note that President Cleveland had eliminated the national debt during his 1885-1889 term in office. This could account for the increase in sales. The bank was made a state depository and also began the new business of re-discounting papers with a Chicago firm. This period recorded among many other things, the lowest dividend (4%) as well as the largest (a 30% special dividend). The bank also worked successfully for the lowering of the interest on certificates of deposits from the 4% figure to 3%.

One change in the Articles created a maximum of nine board members instead of the seven that had existed previously. The bank purchased the undivided one half of their office building, repaired it several times, refinished it, and made other modern renovations.

In 1887 of this period, Mr. Hull passed away, but his importance to the institution and his memory have lived on. Messrs. J. Osborn, J. K. Wagner, L. Gates, and F. Rowley are the men who took over the different tasks of directing the business of the bank during these two decades. All were important in the civic and industrial as well as the financial fields in the local community.

Summary Continued.

It might be good to look over the change that had taken place in the banking picture since the formation of the First National Bank of Kalamazoo. The coming of the Michigan National Bank out of the private bank of Woodbury, Potter and Wood in 1865 has already been referred to. Then in 1870 there was the beginnings of the Kalamazoo City Bank with the former First National director, F. W. Curtenius, being instrumental in its formation and serving as its president.

In 1889, the T. P. Sheldon Private Bank became the Kalamazoo Savings Bank and was given charter #1, under the new law licensing state banks. This bank later merged with a Central Bank that had functioned on North Rose Street. Next, this same bank, The Kalamazoo Savings Bank bought the assets of a private bank, Rowman and Company, which was located on North Burdick Street.

The year 1882 revealed the formation of another private bank by two men, E. J. Phelps and M. J. Bigelow. After only two years in the capacity of a private bank, it was organized into the Kalamazoo National Bank. It was on the Southwest corner of Michigan and Burdick that this institution built the eight story National Bank building that is still standing and in use on that important corner.

IV The Third Charter Period
December 14, 1902 - December 13, 1922

The third charter period does run until 1922 but for purposes of this paper it will only be discussed up to the consolidation of this First National Bank with the Michigan National Bank in 1912. With that event this paper stops.

President Gates was not reelected to the board in 1903. Mr. Fred Rowley reached the apex of his career in that year when he was elected to the presidency of the bank. This was the culmination of his rise to prominence in this bank, but unfortunately it did not long endure. It was cut short by his untimely death in July of the very year in which he was chosen. Mr. J. A. Pitkin was elected to fill the remainder of Rowley's term. The cashier position, which had been left open by Mr. Rowley's promotion, was placed in the hands of Mr. Ritchie, who had been made a director at the last election. A new addition to the staff during this year was H. H. Coddington as the assistant cashier.

On May 30, 1903 there was issued a dividend of 12%. This constituted the largest dividend for a six months' period and when you think of this in connection with the large special dividend that was given the year before, the indications would be that the business of the bank was improving and especially so over the preceding decade.

The first notice of any tax on the bank's stocks was recorded in the minutes of April 21, 1904. From this time on,

at each meeting at which the semi-annual dividend was declared there was also reference made to the authorization of payment of taxes by the bank's cashier.

The bank was made a State Depository on February 28, 1905, by issuance of this resolution--"Whereas the Treasurer of the State of Michigan is willing to make the First National Bank of Kalamazoo, Michigan a State Depository in the sum of \$20,000 or thereabout and whereas it is necessary to enter into a certain agreement in accordance with a blank form furnished by said State Treasurer for any and all amounts that may be deposited in the First National Bank of Kalamazoo Michigan. Now therefore be it resolved, that the President and Cashier are hereby authorized to enter into said agreement and procure said bond and any additional bond or bonds to cover future deposits and deliver any and all necessary papers therefore".¹

The bank made several bond purchases from the City of Kalamazoo. On November 18, 1904 the Bank purchased \$20,000 City of Kalamazoo Electric Light 4 per cent bonds, and on January 10, 1905 purchased one half of the issue of \$22,750 bonds of the City of Kalamazoo known as the Lovell Street Improvement Bonds.

Some of the older items in the bank would not always function as they should, as evidenced by a note from the minutes for October 26, 1905 which stated that the president

¹ Bank Minute Book, First National Bank, p 264 and 265.

reported that the safe could not be opened and a committee was appointed to check into the trouble and make the needed repairs.

January 20, 1906 revealed a record of authorization to put \$10,000 into Monarch Paper Company Bonds and also \$10,000 in the Standard Paper Company. An order to sell \$2,000 3% U. S. Bonds and \$10,000 2% U. S. Bonds was passed by the Board on December 22, 1906. Another purchase of stock was approved on October 28, 1908 when \$10,000 of the Oscar Felt and Paper Company was accepted by the Board.

In February of 1907 President Pitkin passed away. It was once again the cashier, in the person of George Ritchie, who was picked by the Board to be their next president. This position was held by him right up until the consolidation of the First National Bank with the Michigan National Bank in 1912. Mr. H. H. Coddington, the assistant cashier, was made the cashier and Fred Parsons was taken on as the new assistant.

On June 1, 1909 the Board accepted the action of the president in entering into an agreement with the other banks in the city to close the bank at noon on each Saturday through the months of June, July and August. Beginning in October 1909, the president began reviewing the notes that had been discounted for the information and approval of the directors. The president was given another job on March 1, 1910 since on that day he was instructed to confer with the other National Banks relative to a clause requiring a notice for the with-

drawal of Saving's Accounts.

There was some discussion about increasing the interest rate in 1910, and this resolution was passed on November 30, 1910--"Resolved, that the officers of this bank be and are hereby authorized to pay the same rate of interest on deposits as payed by the other National Banks and the Home Savings Bank, beginning December 1, 1910".¹ The meeting of December 6, 1910 brought a report from President Ritchie, "the decision of the banks regarding increase of interest rates to be allowed on deposits remaining one year, 4%-- for shorter periods 3% as hereafter, and on saving books 4%, payable semi-annually".²

¹ Bank Minute Book, First National Bank, p 294.

² Ibid p 294.

The Consolidation of the Bank

There has been reference made several times to the consolidation that took place between the First National Bank and the Michigan National Bank. The first indication of a plan for such a move came on April 4, 1911 when, "a committee composed of Messrs. Pratt, Emery and Dewing with the President was appointed to confer informally with the members of the Board of directors of the Michigan National Bank with a view to consolidation of the two banks".¹ It would probably be correct to say that some strictly off the record discussions had been carried on between groups of the two banks or by individuals. The sentence quoted above was however, the first official phrase authorized in the new policy about to be put through.

In the month following that meeting, plans were initiated to buy out the half interest in the building occupied by the bank from Mrs. Fannie Hull. She was approached and the terms satisfactorily agreed upon were presented to the Board and carried through in the meeting held on July 11. The First National Bank now had their own building to offer to the consolidation efforts.

This effort must have been attacked with all the vigor that the two banks could muster, because in a communication to the First National Bank on October 5, 1911 the Michigan

¹ Bank Minute Book. First National Bank, p 298.

National Bank had drawn up their terms and presented them for that board's deliberation.

The communication read: "Whereas certain officials of the First National Bank and of the Michigan National Bank of Kalamazoo, Michigan have had under consideration for some time past the matter of consolidating said banks, and committees have been appointed to aid in that regard and the committee of said First National Bank having requested the committee of the Michigan National Bank to formulate a proposition looking to such consolidation. The undersigned are such a committee and representatives of the Michigan National Bank hereby, submit the following which they believe would be fair to both banks and which they the undersigned will approve.

1st. The said First National Bank to reduce its surplus to \$33,333 33/100.

2nd. The said First National Bank to increase its capital stock to \$300,000 of which \$100,000 to be taken by stockholders of the Michigan National Bank at \$133,333 33/100.

3rd. The remaining \$100,000 of the capital stock to be placed in the hands of a committee to be agreed upon of which Chas. S. Campbell of the Michigan National Bank shall be chairman for the purpose of making sale thereof to the best interest of the bank at a price not less than \$133,333 33/100. The stockholders of the First National Bank waiving all rights to the said increase of stock.

4th. The First National Bank shall put in their building at \$50,000 and the Michigan National Bank their building at

\$35,000. The latter agreeing to extend one story of their building back to the alley at the expense of the Michigan National Bank for the temporary occupation while a building is being erected for the consolidated banks.

5th. The new bank shall have seventeen directors retaining the formation now in both banks and the Michigan National Bank to have selection of the three new members.

6th. All assets turned in by either bank to make the new bank, to be approved by a committee¹.

A later communication was received and accented by the board of the First National Bank with the results that the steps were begun to carry through the consolidation.

The board voted on December 5, 1911 to increase the stock to \$500,000 and called a general meeting of the stockholders to approve of this as well as accomplishing the annual election of directors. The resolution that was accepted by the shareholders of the bank on January 8, 1912 read, "that under the provision of May 1, 1886 the capital stock of this association be increased in the sum of \$200,000 making the total capital \$500,000".²

The stockholders passed favorably upon two resolutions. One was an approval of the board's recommending an increase in the capital stock to \$500,000 the other changed Section three of the Articles of Association. This section had been amended once before and the number of directors increased to

¹ Bank Minute Book, First National Bank, p 301.
² Ibid p 305.

nine; with this new change the group was increased to "not less than seventeen (17) stockholders."

All this culminated in this resolution passed by the Directors of the First National Bank on February 5, 1912, "Resolved, that the proposal of the Directors of the Michigan National Bank of Kalamazoo, Michigan submitted to the Board of Directors of the First National Bank, October 16, 1911 for a consolidation of the two banks in accordance with the provisions embodied in an approval and consent thereto, lately signed by all of the stockholders of the First National Bank of Kalamazoo, Michigan, appointing proxies to vote their stock accordingly, be and the same hereby accepted".¹

On this same day the Board voted to take advantage of a governmental provision which stated that an association that is in good faith, and is winding up business did not have to deposit lawful money for its outstanding circulation, but could just report its assets and liabilities through the association with which it was in process of consolidation. With this the First National Bank became responsible for the circulating notes of the Michigan National Bank. Later on February 21, 1912 the First National Board of Directors by another resolution assumed all the liabilities of the Michigan National Bank. On this same date the board authorized the payment of a dividend by the bank so that the surplus fund could be lowered to the \$33,333.33 required by the Michigan National Bank. The committee and organizational work

¹

Bank Minute Book, First National Bank, p 307.

was done and accepted by all. Nothing more remained than to sign the contracts making the consolidation a fact, and this was accomplished in the same month.

Summary to the Third Period

During this short third section of the paper we find recorded the largest dividend for anyone six month period, 12% in 1905. There was also a new expense noted when it became necessary for the bank to pay a tax each time that they also granted the payment of a dividend. The rates on the certificates of deposit were increased to 4% once again in an effort to keep in step with other national banks.

The consolidation activities make up much of the important happenings in this period. The First National Bank because of this proposed merger with the Michigan National Bank bought the other half of its building, increased its capital stock 200%, increased the board of directors to seventeen and lowered the surplus fund. The important men in this period also were those who worked on the various joint committees, men like G. Ritchie, C. S. Campbell, A. S. Pratt, and others. Two of the soundest and strongest banks in the community had joined hands to form the largest bank in Kalamazoo at this time.

These figures on the deposits of the bank will give the reader some idea of the growth of the First National Bank from its beginning in 1863 through the union with the Michigan National Bank in 1912:

Date	Amount of Deposit.
April 2, 1866	\$ 172,608.41
Dec. 22, 1876	171,767.91
Dec. 28, 1886	238,081.32
Dec. 17, 1896	327,659.29
Dec. 19, 1906	904,490.32
Dec. 31, 1916	3,686,718.95 1.

¹ Centennial Gazette, Section 1, p 7.

The bank had except for one noticeable decrease been gaining in deposits through each decade. It is very evident in a glance at the figure for 1916 to see that the consolidation meant a tremendous increase in this phase of the bank's business.

Continuing the synthesis of banking in Kalamazoo during this and later years, we find a merger being carried out between the Kalamazoo City Bank and the Kalamazoo Savings Bank in 1910. Plans for the union of the banks had been under consideration for some time before that, and when the Burdick Hotel fire in 1908 threatened the Kalamazoo City Bank with destruction, all of that bank's movables were taken to the Saving Bank. The building was saved, though, and so the actual consolidation was put off for two years. This new bank, called the Kalamazoo-City Savings Bank operated in the building now occupied by the Industrial State Bank.

Another merger involving this same Kalamazoo-City Savings Bank took place in 1928, when it carried thru such a move with the Kalamazoo National Bank. This organization assumed the name of the Bank of Kalamazoo and had its quarters in the building built by the Kalamazoo-City Savings Bank which is now the American National Bank. This Bank of Kalamazoo went under during the depression of 1933.

APPENDICES

Organization Certificate
of
The First National Bank
of
Kalamazoo

Kalamazoo, Michigan, December 14, 1863

We, whose names are specified in Article Fourth of this certificate have associated ourselves for the purpose of transacting the business of Banking under the acts of Congress entitled, "An Act to provide a National Currency secured by a Pledge of United States stocks, and to provide for the Circulation & Redemption thereof," approved February 25th, 1863.

Name. First. The name & title of this Association shall be "the First National Bank of Kalamazoo."

Location. Second. The said Association shall be located in the Village of Kalamazoo, County of Kalamazoo, and State of Michigan, where its operations of discount and deposit are to be carried on.

Capital Stock Third. The Capital Stock of said Association shall be Fifty Thousand Dollars (50,000) and the same shall be divided into Five Hundred shares of one hundred dollars each.

Share-holders Fourth. The Name and residence of each of the shareholders of this Association, with the number of shares held by each are as follows:

Name	Residence	No. of shares
Luther H. Task	Kalamazoo	25 Twenty-five
Frederick W. Curtenius	Kalamazoo	30 Thirty
William Brooks	Kalamazoo	50 Fifty
Robert S. Babcock	Kalamazoo	37 Thirty-seven
Stephen S. Cobb	Kalamazoo	13 Thirteen
Benjamin M. Eastman	Kalamazoo	25 Twenty-five
William A. Tomlinson	Kalamazoo	25 Twenty-five
David B. Merrill	Kalamazoo	5 Five
William B. Clark	Kalamazoo	50 Fifty
Philip O. Davis	Kalamazoo	25 Twenty-five
Edward H. Davis	Kalamazoo	50 Fifty

Name	Residence	No. of shares
Curtis W. Hall	Kalamazoo	10 Ten
Joseph C. Seely	Kalamazoo	25 Twenty-five
George W. Taylor	Kalamazoo	10 Ten
James A. Walter	Kalamazoo	50 Fifty
Henry F. Cook	Kalamazoo	25 Twenty-five
Charles R. Bates	Kalamazoo	10 Ten
Thomas S. Cobb	Kalamazoo	10 Ten
Francis H. Chase	Kalamazoo	5 Five
Latham Hull	Kalamazoo	20 Twenty

Fifth. Said Association shall commence on the fourteenth (14th) day of December, 1865.

Sixth. This Certificate is made in order that we may avail ourselves of the advantages of the foresaid act.

Witness our hands and seals, this fourteenth day of December, 1865.

Luther H. Task	(L.S.)
Frederick W. Cartenius	(L.S.)
William Brooks	(L.S.)
Robert S. Babcock	(L.S.)
Stephen S. Cobb	(L.S.)
Benjamin M. Austin	(L.S.)
William A. Tomlinson	(L.S.)
David B. Merrill	(L.S.)
William B. Clark	(L.S.)
Philip C. Davis	(L.S.)
Edward H. Davis	(L.S.)
Curtis W. Hall	(L.S.)
Joseph C. Seely	(L.S.)
George W. Taylor	(L.S.)
James A. Walter	(L.S.)
Henry F. Cook	(L.S.)
Charles R. Bates	(L.S.)
Thomas S. Cobb	(L.S.)
Francis H. Chase	(L.S.)
Latham Hull	(L.S.)

State of Michigan 33
County of Kalamazoo

On this fourteenth day of December A.D., 1865, personally came before me the undersigned, a Notary Public in and for the county, Luther H. Task, Frederick W. Cartenius, William Brooks, Robert S. Babcock, Stephen S. Cobb, Benjamin M. Austin, William A. Tomlinson, David B. Merrill, William B. Clark, Philip C. Davis, Edward H. Davis, Curtis W. Hall, Joseph C. Seely, George W. Taylor, James A. Walter, Henry F. Cook, Charles R. Bates, Thomas S. Cobb, Francis H. Chase and Latham Hull, to me

well known who severally acknowledged that they executed the foregoing instrument for the purposes therein mentioned.

Witness my hand and seal of office the day and year aforesaid (i.e.)
14 December, 1863).

John McKibbin
Notary Public
Kalamazoo Co.
Michigan

(on pages 3, 4, and 5 of Bank Minute Book)

Articles of Association

Entered into by and between the undersigned for the purpose of organizing a banking association, to carry on the business of Banking, under the Act of Congress entitled "An Act to provide a National Currency secured by a pledge of United States stocks and to provide for the circulation & redemption thereof", approved February 25, 1863.

First The Name & title of this Association shall be "The First National Bank of Kalamazoo.

Second The place of business of this association shall be at Kalamazoo, in the County of Kalamazoo and state of Michigan.

Third The Board of Directors of this Association shall consist of seven stockholders. The first meeting of Stockholders for the election of Directors shall be held at Kalamazoo on the fourteenth day of December, 1863.

Fourth The regular annual meeting of the stockholders for the election of Directors shall be on the second Tuesday of January of each year; but if for any cause an election shall not be held on that day, it

may be held on some other day according to the provisions of the 40th section of the Act.

Fifth The capital stock of this association shall be fifty thousand dollars; but the same may be from time to time increased subject to the limitations of the Act to any amount not exceeding five hundred thousand dollars, and in such increase of capital each stockholder shall have the privilege of subscribing for such number of shares of the proposed increase of stock as he may be entitled to according to the number of shares owned by him before the increase is made.

Sixth The Board of Directors (two-thirds of whom shall be a quorum to do business) shall elect one of their number to be President, who shall hold his office (unless he shall be disqualified or be sooner removed by a two-thirds vote of the members of the board) for the term for which he was elected a Director; and shall have power to appoint a cashier and such other officers and clerks as may be required to transact the business of the Association to fix the salaries to be paid to them and to define their respective duties, and to continue them in office or discontinue them as in the opinion of a majority of the board, the interest of the Association may demand. The Board of Directors shall by their by-laws specify by what officers of the Association or committees of the Board the regular banking business of the Association shall be transacted; but no loan or real or personal security shall be made without the consent thereto of a majority of the Directors. The Board of Directors shall also have power to require bonds from the officers of the Association and to fix penalty thereto; to regulate the manner in which elections of Directors shall be held and to appoint judges of elections; to provide for an increase of the capital stock of this Association, and the manner in which the income shall be made; to make all by-laws that may be required to regulate the business of the Association, and generally to do and perform all acts which

are proper to be done by a Board of Directors which are not inconsistent with these Articles of Association and subject to the limitations and restrictions of the Act of Congress under which this Association is organized.

Seventh This Association shall continue for the period of nineteen (19) years unless sooner dissolved by the act of a majority of the stockholders thereof.

Eighth These Articles of Association may be changed or amended at any time by a vote of the Stockholders owning a majority of the stocks of the Association and any three (3) stockholders may call a meeting of the stockholders for this purpose.

Kalamazoo, Michigan
December 14, 1863

Luther H. Trask	(L.S.)
Frederick W. Cartmire	(L.S.)
William Brooks	(L.S.)
Robert S. Babcock	(L.S.)
Stephen J. Cobb	(L.S.)
Benjamin M. Austin	(L.S.)
William A. Pennington	(L.S.)
David B. Merrill	(L.S.)
William B. Clark	(L.S.)
Philip C. Davis	(L.S.)
Edward H. Davis	(L.S.)
Curtis W. Hall	(L.S.)
Geo. W. Taylor	(L.S.)
James A. Walter	(L.S.)
Henry P. Cook	(L.S.)
Thomas S. Cobb	(L.S.)
Charles R. Bates	(L.S.)
Latham Hall	(L.S.)
Joseph C. Seely-	(L.S.)

First National Bank of Kalamazoo, Michigan
December 14, 1863

We, the undersigned, President and Cashier of said Bank, do hereby certify that the annexed and foregoing copy of the Articles of Association of the First National Bank of Kalamazoo in the State of Michigan have been compared by us with the original Articles and with the record thereof, now on file and of records of said office, and that the same are true copies of said original and of said record and of the whole thereof.

Witness our hands at Kalamazoo in the State of Michigan this 14th day

of December, 1867.

L. Hull, President
T.S. Cobb, Cashier

Reference to the By-laws

There follows in the Bank Minute Book twenty-one actions under by-laws to the Articles which time and space do not allow me to include in this paper, but they are carefully recorded on pages 9, 10, 11, 12, and 13 of the Minute Book.

Bibliography

I Sources

Manuscripts

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II Secondary References

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Laws

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