

ADVERTISING WORKSHEET

COMPANY NAME: EXCHANGE BANK

STREET: 100 S. MERRILL AVE

CITY-STATE: ~~GREEN AVE~~ GLENDIVE, MONT.

BUSINESS TYPE: BANK

WORDING AS SHOWN: EXCHANGE BANK GLENDIVE, MONT.

SHAPES KNOWN: BOWL - H/4 - PLATE

MAKER: FENTON

BACK PATTERN: WIDE PANEL

COMMENTS: SCARCE TO RARE

BOWL 250-300 350-400
H/4 350-450 450-500
PLATE 450-550 500-600

LIBRARY
1-406-365-3633
CALLE 4-11-89

GLENDIVE PUBLIC LIBRARY

106 South Kendrick
Glendive, Montana 59330
(406) 365-3633
4-18-89

John Resnik
10031 Banner Lava Cap
Nevada City CA 95959

Dear Mr. Resnik:

I am sending you a copy of the articles of incorporation for the EXCHANGE STATE BANK OF GLENDIVE. The Exchange Bank was included in a book about banking and I am sending you a picture.

An ad in the June 23, 1911 Paper says that the Exchange Bank was giving 5% interest on time deposits, compounded every six months.

As for an address: Mrs. Schloss, a local historian, put together a sort of history of what was where when. The Exchange State Bank was in the 100 Block of Merrill Ave. which remains our "Main" street.

Hope this helps.

Sincerely,

Dorothy Post
Dorothy Post, Asst. Librarian

that of Yegen Brothers between 1900 and 1924. The brothers, Christian and Peter, had one of the largest stores in Eastern Montana, and at one time owned private banks in Butte and Gardiner and held controlling interest in the Anaconda National Bank.

The second chartered bank was the Yellowstone National, organized by hardware dealer A.L. Babcock in 1891 after he bought a large interest in the private bank of Bailey and Billings, which had been started in 1886. Waters said Babcock was the first banker he'd heard spoken of as having "ice water in his veins." Once, Babcock had a long argument with a customer who wanted a loan without adequate security. Babcock said the loan was impossible; if the customer died, how would the loan be repaid? The man replied: "Well, Mr. Babcock, if you make me the loan and I die and go to heaven, I will send you the money, and if I go to hell, I will just hand it to you."

The bank, after numerous name changes, now is Billings' First Bank. Another still-existing bank, Norwest Bank Billings N.A., was started in 1912 by John Clay, owner of a Chicago livestock commission firm that once had as many as 50 banks in western states. Billings' third-oldest bank was founded in 1916 as Security Trust and Savings. It became the Security Bank and now is the First Interstate Bank of Billings. As Billings boomed in the second half of the 20th Century, it gained seven additional banks, five of them between 1970 and 1980.

Three other cities, Glendive, Livingston and White Sulphur Springs, also gained banks in 1882 and 1883. This was Montana's last banking expansion until 1886, when Paris Gibson founded Great Falls.

In Glendive, another Montana town formed as the Northern Pacific pushed westward, the first bank was a private institution called the Bank of Glendive, also known as Hurst and Company. It opened in 1882 but played little role in the city's banking history. The Merchant's Bank, founded in 1883 in a general store operated by H.F. Douglas and D.R. Mead, remained private until after the turn of the century when it obtained a national charter. It merged in 1946 with the First National Bank, which was chartered in 1903. Thomas Hagan, one of the founders, was a man of some wit. To a sheepherder who was denied a loan and said, "I suppose it's because I play poker," Hagan replied: "No, it's not because you play poker, but the way you play poker." Later, after refusing a man bank credit, Hagan surprised the customer by offering to lend him \$100 out of his own pocket. "Aren't you going to have me sign something?" asked the man. "No," Hagan said. "If a man's word isn't any good, his signature sure as hell isn't either."

The other early and still-existing bank in Glendive is the First Security, which opened in 1901 as the Exchange Bank. It

was re-organized in 1904 by Henry Dion and three other partners, and was chartered as a state bank in 1911. Glendive saw the creation of a third bank, First Fidelity, in 1979.

Livingston, created when the Northern Pacific arrived on the site in 1882, already had its first bank in 1883 when Stebbins and Mund opened for business. A bank chartered as the First National also opened in 1883, but closed the following year.

Stebbins and Mund's bank became the National Park Bank in 1886, the National Park Bank of Livingston in 1929 when it affiliated with the First Bank Stock Corporation, and now is the First Bank. The First Security Bank was organized in 1947, and the Montana Bank of Livingston was created in 1983.

Livingston had several private banks — the Virginia City banking firms of Henry Elling and Hall & Bennett tried their luck there briefly in 1896 — but the city holds the distinction of having Montana's last private bank. C.S. Hefferlin and Son closed July 1, 1932, bringing the nearly 70-year history of the state's private-bank era to an end.

Banking in White Sulphur Springs began in 1883 with Potter, Moe and Company, which leased 30 square feet of space (including vault) in a building then under construction. The institution soon was named the Bank of Meagher County. In addition to John Potter and James Moe, incorporators included Aaron Hershfield of Helena and George H. Wilson, the rancher whose livestock brand named the community of Two Dot.

The bank became the First National in 1885. Eight years later, in August, 1893, stockholders voted to voluntarily liquidate because business was so poor. The federal comptroller of the currency, in charge of regulating national banks, wasn't having any of that, however. The bank was instructed to reopen two months later.

In 1978 it became the only bank in the United States to use a natural hot springs for its heating source. The spring, 400 feet beneath the bank, provides 90 percent of the bank's heat.

With the addition of banks in Livingston and White Sulphur Springs, the year 1883 came to a close with a total of 29 banks stretching from one end of the territory to the other. Ten years earlier, there were only 14. But as Montana banking spread its fingers out toward mining centers and along rail lines, its heart remained in Helena. In fact, between July and November of 1882, three new and powerful national banks rose in the city to challenge Hauser's preeminent position.

In July, L.H. Hershfield and Company, a private bank second in size to Hauser's bank, was chartered as the Merchants National Bank with capital of \$150,000. A month later the Second National Bank was formed with capital of \$75,000. It was organized by Edward D. Edgerton of St. Paul together with such Helenans as Decius C. Wade, chief justice of the state's su-

form calling for a National Reserve Association of 15 banks empowered to provide currency when needed.

But the political sands were shifting, and the Aldrich plan was in trouble from the start. In 1912, with the Republican Party split between William H. Taft and Theodore Roosevelt on the Bull Moose ticket, Democrat Woodrow Wilson won the keys to the White House. As he stuffed them in his pocket, Wilson announced that reform of "our unscientific system of currency" was vital to the nation's economic health.

In Congress, reform-minded Democrats attacked the Aldrich plan as a tool of the "Money Trust." They agreed with Wilson, who called for public, not private, central banking so that "banks may be the instruments, not the masters, of business and individual enterprise."

After a series of congressional hearings investigating the power of the banking community, Carter Glass of Virginia, chairman of the House Committee on Banking and Currency,

introduced a bill vesting central control with the government. Eastern bankers erupted in protest, but to no avail. Sen. Robert Owen of Oklahoma secured the bill's passage through the Senate, and on Dec. 23, 1913 President Wilson signed the Glass-Owen Act into law. The Federal Reserve System, the most important modification of the nation's banking system since the Civil War, was put into operation the following November.

All national banks were required to join. State and private banks could do so by meeting certain requirements. The Federal Reserve Board was given central authority, but the 12 district banks held regional power. They were owned jointly by the banks belonging to the system, each of which was to subscribe 6 percent of its capital and surplus with its regional Federal Reserve branch.

The branches made loans to member banks by rediscounting their commercial paper, and they bought and sold government bonds. They also were to issue a new currency: Federal Reserve notes.

Federal Reserve banks have cleared out-of-town checks since 1917, and they provide banks with coins and currency. But most important was their power to control the volume of credit by regulating the lending power of banks. By reducing reserve requirements, the Fed can raise banks' lending capacity; by raising the rediscount rate, it can tighten credit. Later, the Fed expanded its influence by buying or selling government securities in open-market operations.

Early Fed officials were confident bank regulation had come of age. Why bleed the patient with periodic depressions when a little preventive medicine could keep the economy well? Charles Hamilton, the first governor of the Federal Reserve Board, asserted in 1914 that the Fed would control undue business expansion caused by "the spirit of speculation." Banks will be "conservative as to their loans," he predicted, because of the knowledge "that any departure from strictly commercial transactions will take away from their ability to liquidate such investments by rediscounting in the Federal Reserve Banks..."

In fact, Hamilton said, at least one form of panic — "the panic generated by distrust of our banking system" — would be relegated to "the museum of antiquities."

Montana bankers, reading the first issue of the MBA's "Montana Banker" magazine in 1915, received the same good news. Hamilton, quoted from an address given at a banquet in Chicago, said bluntly: "We shall see no more financial panics."

Montana was in the district supervised by the Federal Reserve Bank of Minneapolis, and Norman B. Holter of Helena was the state's first representative on its board. He served from Oct. 14, 1914 until Jan. 1, 1931, when J.E. O'Connell,



A horse stands knee-deep in snow that fell on Glendive May 21, 1908. The Exchange State Bank is at right.

output was \$20 million a year.

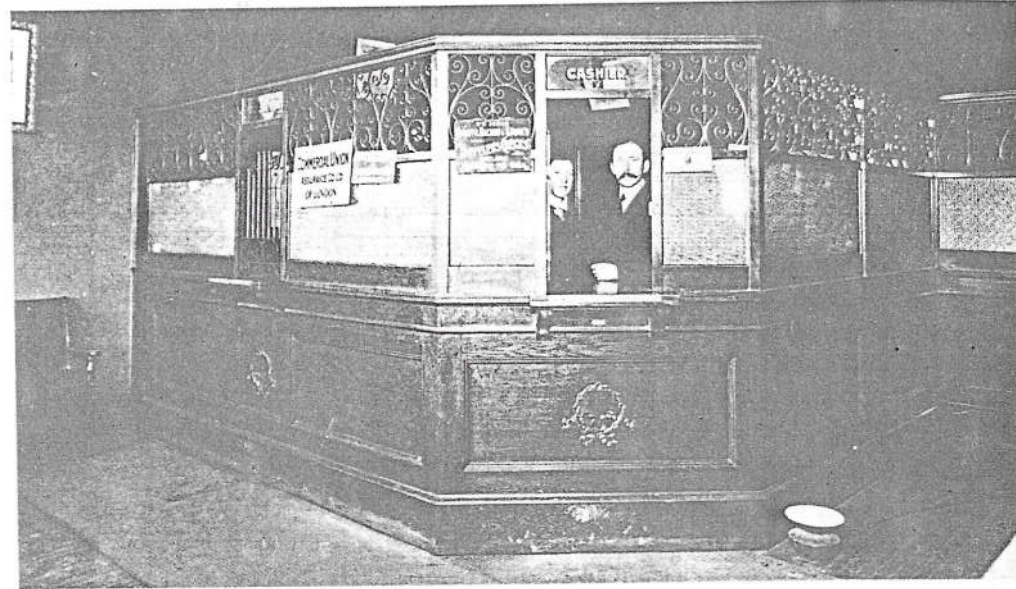
The long doldrums of the 1870s were over. Montana's population, which had gone from 20,595 to 39,159 in 1880, ballooned 132,159 in 1890, an increase of 265 percent. Banking resources — not to mention profits — were sure to follow.

Financial statistics from Hauser's bank tell the tale: in 1879 the bank had average annual cash transactions of \$26 million. By early in 1883 — even before the railroad arrived that summer — the figure had jumped to more than \$73 million. By Feb. 1, 1883, the bank's deposits totaled \$1.9 million, or four times the deposits enjoyed during the mid-1870s.

Profits reflected these increases. On Feb. 23, 1883 the bank reported total net surplus and profits of \$328,760.62. This was more than \$100,000 over the year before, and it represented a 100 percent profit on paid-in capital. The directors voted a cash dividend of \$125,000, and the stockholders voted to raise capital to \$300,000. A year later, when capital was raised again to \$500,000, a profit of \$117,000 was reported for the year.

Montana bankers could be excused for looking to the future with satisfied anticipation, and it wasn't surprising that new institutions were springing up along what Helenans already had named "Wall Street" to honor their banks.

If any clouds lurked on the horizon, it was difficult to see them through the glow of all that silver lining.



The Exchange State Bank of Glendive, 1906.

THURSDAY, MARCH 15, 1917

HENRY DION, President.

E. S. HERRICK, Vice President
H. A. SAMPLE, Vice President

Keep Your Money at Work *3/15/17*

A PERMANENT INVESTMENT FOR YOUR SURPLUS FUNDS—
OR NEW YEAR'S GIFTS OF MONEY—REQUIRES STRICT AND
SEARCHING INVESTIGATION, BUT DURING THE PERIOD OF IN-
QUIRY AND INDECISION YOUR

Money Should Not Be Idle

THIS COMPANY'S INTEREST BEARING CERTIFICATES OF
DEPOSIT, PAYABLE ON DEMAND OR AT A FIXED DATE, OFFER
AN ATTRACTIVE MEDIUM FOR THE EMPLOYMENT OF TEMPO-
RARILY IDLE FUNDS. KEEP YOUR MONEY AT WORK BY IN-
VESTING IN THEM TEMPORARILY.

Make OUR bank YOUR bank

The Exchange State Bank

THE FRIENDLY BANK

Glendive, Montana

CAPITAL AND SURPLUS \$100,000.00

C. A. BANKER, President

K. E. HERRICK, Assistant Cashier
C. N. TRIPP, Assistant President

REPORT OF THE CONDITION OF Exchange State Bank AT GLENDIVE, IN THE STATE OF MONTANA at the close of business March 5th, 1917

Resources.		
Loans and Dis- counts	\$100,216.91	
Overdrafts, Se- cured and un- secured	885.09	
Bonds, stocks and warrants	11,059.33	472,761.33
Banking house furniture and fixtures	5,544.75	
Other real estate	3,500.00	5,044.75
Cash reserve: Silver coin ...	3,500.56	
Currency	12,764.00	
Due from approp- riate reserve agents	211,855.97	228,201.53
Due from other banks		4,972.61
Checks and exchanges for clearing house		5,121.72
Total		\$716,821.34
Liabilities.		
Capital stock, paid in	75,000.00	
Surplus fund	25,000.00	
Undivided profits less expenses and taxes paid	2,347.56	\$102,347.56
Due to banks and bankers	2,058.96	
Individual depos- its subject to check	371,162.82	
Time certificates of deposit due within 30 days	76,466.94	
Cashier's checks	5,374.19	
Certified checks	22.35	455,985.26
Time certificates of deposits due on or after 30 days	139,260.39	
Savings deposits subject to 30 days notice	19,227.73	158,488.12
Total		\$716,821.34

State of Montana, County of Dawson ss.
I, Henry Dion, president of the above
named bank, do solemnly swear that the
above statement is true to the best of
my knowledge and belief.
HENRY DION, President.
Subscribed and sworn to before me
this 14th day of March, 1917.
KENNETH HERRICK,
Notary Public in and for the State of
Montana, residing at Glendive. My
commission expires January 8, 1918.
Correct Attest:
E. S. HERRICK,
GUY R. LOWE,
(SEAL) Directors.

1917 - Feb 9 7 1/2 ...
1975 - The Peterson Building
Deception - Dawson and
Lawrence

1005

ARTICLES OF INCORPORATION OF THE EXCHANGE STATE
BANK OF GLENDIVE, MONTANA.

We, Henry Dion, A. E. Aiken, E. S. Herrick, C. A. Banker, C. E. Tisdale, R. L. Lowrey, Ray Lowe, Guy R. Lowe, Fred Volkert and L. R. Barnett, do by these presents, pursuant to and in conformity with the laws of the State of Montana, associate ourselves together to establish a bank of discount and deposit, and do hereby adopt the following Articles of Incorporation:

1. The corporate name of said corporation is hereby declared to be "Exchange State Bank of Glendive".

2. The purposes for which said corporation is formed are as follows, to-wit; To carry on the business of banking by discounting on banking principles upon such securities as the directors or trustees deem expedient; by receiving deposits; by buying or selling the bonds or stocks of this State or of any other state or territory of the United States; also the bonds of any county, town or school district in this State legally authorized to issue such bonds; gold and silver bullion; foreign coins and bills of exchange; by loaning money on real or personal security, and by exercising such incidental powers as may be necessary to carry on such corporation or business.

3. The place where its principal business is to be transacted is Glendive, County of Dawson, and State of Montana.

4. The terms for which it is to exist shall be forty years.

5. The number of its directors shall be nine and the names and residences of those who are appointed for the first three months and until their successors are elected and qualified are:

Henry Dion	Glendive, Montana
A. E. Aiken	"
E. S. Herrick	"
C. A. Banker	"
C. E. Tisdale	"
R. L. Lowrey	"
Guy R. Lowe	"
Fred Volkert	"
L. R. Barnett	"

6. The capital stock of said corporation shall be Seventy Five Thousand Dollars, divided into Seven Hundred Fifty shares of One Hundred Dollars each.

7. The amount of said capital stock actually subscribed is Seventy Five Thousand Dollars, subscribed by the following named persons in the amounts set opposite their respective names:

Names	Nos. of Shares	Amount
Henry Dion	150	15,000.00
A. E. Aiken	150	15,000.00
E. S. Herrick	150	15,000.00
C. A. Banker	150	15,000.00
C. E. Tisdale	30	3,000.00
R. L. Lowrey	50	5,000.00
Ray Lowe	15	1,500.00
Guy R. Lowe	15	1,500.00
Fred Volkert	25	2,500.00
L. R. Barnett	15	1,500.00

IN WITNESS WHEREOF, We, the said Incorporators,
hereunto set our hands and seals this 20th day of June,
A. D. 1911.

Henry Dion (Seal)

R. L. Lowrey (Seal)

A. E. Aiken (Seal)

Ray S. Lowe (Seal)

E. S. Herrick (Seal)

Guy R. Lowe (Seal)

C. A. Banker (Seal)

Fred Volkert (Seal)

C. E. Tisdale (Seal)

L. R. Barnett (Seal)

State of Montana,)
County of Dawson,) ss

On this 22nd day of June in the year 1911 before
me, a notary public for the State of Montana, personally
appeared Henry Dion, A. E. Aiken, E. S. Herrick, C. A. Banker,
C. E. Tisdale, R. L. Lowrey, Ray Lowe, Guy R. Lowe, Fred Volkert,
and L. R. Barnett, known to me to be the persons whose names are
subscribed to the foregoing instrument, and acknowledged to me
that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand, and
affixed my notarial seal, the day and year in this certificate
first above written.



W. B. Chappes
Notary Public for the State of Montana
Residing at Glendive,
My Commission expires Feb. 4, 1914.

第 1 号

Exchange State Bank
of Glendive -

Articles of
Incorporation

Document No. 19254

STATE OF MONTANA, } SS.

County of Dawson.

I hereby certify that the within instrument was

filed in this office this 23 day of

June 19 1909 at 10:00 a. m.

James P. L. Hagan, Secretary

County Clerk & Recorder

By..... Deputy

Fee..... paid.

Certificates 50