

## CITIZENS STATE BANK OF NEW CASTLE, INDIANA (1982)

The Dual Banking System (composed of state and federally chartered banks), provides an effective mechanism which benefits the consumer by promoting competition. It offers a choice between regulatory authorities and preventing over concentration of power in a single agency which could become vulnerable to political manipulation. Governor Robert D. Orr will be awarding a commemorative flag created bearing the state seal, to honor the 38 state chartered banks which have been established for 100 years or more. The Citizens State Bank of New Castle, Indiana has entered its 109th year of business. This article is a tribute to the bank honoring its rich Hoosier heritage.

In 1873, New Castle was known as an industrial center. The Great Eastern Railroad had laid its tracks on the New Castle soil and new businesses were springing up everywhere. During that time, a number of citizens realized that there was a need for another banking facility in the progressive town to adequately serve the community. After some business deals were completed and a few papers were signed, the Citizens State Bank of New Castle, Indiana was chartered on July 3, 1873. The State Banking Law went into effect only three days prior, which entitled the Citizens State Bank of New Castle, Indiana to the third charter in the state. Today it is one of the thirty-eight state chartered banks that are 100 years old or older. Citizens State Bank of New Castle is celebrating its 109th anniversary this year. Surviving was indeed a challenge, for they had lived through financial panics, world wars and a severe depression.

Forty-three stockholders represented Citizens State Bank. Their occupations ranged from farmers to merchants and mechanics to professionals, all who made it possible for the Bank to truly be called "a citizen's bank." When Citizens State Bank sold its capital stock, they ended up with \$30,000 oversubscribed. The intended capitalization was \$100,000, but it was actually established at \$130,000, because no one would take his money back. The board elected George Hazzard, a young, responsible man, as president of the newly formed entity. But one year later, he resigned from the honored position because of business and health reasons. John R. Millikan, a director of the Bank, was elected to fill the vacancy.

During this emancipated banking era, another bank, the Bundy National Bank, was established. Within six years, Bundy National was encountering serious trouble and Citizens State acquired the failing bank.

After a time, the Bank moved to the northeast corner of Main and Broad Streets. On a sub-zero December evening in 1900, a fire started in the tailor shop above the Bank. It destroyed the upper half of the building and took all night and part of the next day to put the blaze out. The firemen were completely covered with ice and some of the brave men had to be chopped out of their frozen clothing. The Bank moved the very next day to a room that was far from being luxurious. Business was transacted over pine boards and boxes for the following six weeks.

New Castle kept up with the advancing technology that was sweeping the nation at the turn of the century. The Hoosier Cabinet Co.; Maxwell-Briscol, an auto company; New Castle Casket Co.; The Safety Shredder Co. and Jesse French Co., which manufactured pianos; were all responsible for the growth of New Castle. Between 1900 and 1910, the population jumped 177%. It leaped an additional 53% the following decade. But up to this time, it had been no easy task to keep the Bank in business. Between 1873 and 1907, a period of 34 years, there were five serious financial panics. In fact, the panic of 1907 was so severe that in some cities, specie redemption was impossible for as long as two months. This seemed a bit much, so Congress brought forth the Federal Reserve Bank in 1913.

The "Roaring 20's" arrived with bang. A new building for Citizens soon became a realistic goal. On Citizens State Bank's 50th anniversary, the Bank moved into its new abode in 1923. The building's architecture was elaborate. On the outside, the building was constructed with Indiana limestone in the same architectural style as the building is today. Inside the stately wooden doors, one viewed a really elegant interior. Beautiful chandeliers hung from both sides of the arched skylight and the limestone walls were accented with marble accessories. Straight ahead was the massive vault and an arched window which housed the circular stained glass picture of the Indiana State seal, detailed and vibrant. Tall windows were curtained in velvet and the valances were trimmed in gold. Marble and brass-barred teller's cages lined the walls adding more magnificence to the grand structure. Public meeting rooms, community conference offices, coupon booths and other modern conveniences aided in giving the Bank its deserved clout.

The prospering 1920's left as fast as they came. Even though the Federal Reserve Bank was established seventeen years ago, it unfortunately could not surmount the devastating depression. Financial institutions everywhere were being forced to close down, but Citizens State Bank was able to survive. Citizens acquired several failing banks and trusts at that time. Central Trust and Savings and smaller banks outside of New Castle, such as Mt. Summit, Spiceland, and Lewisville; were all acquired by Citizens State Bank. These banks later became branches and Citizens became a pioneer in the bank-branching concept in Indiana. After F.D. Roosevelt declared a "Bank Holiday," Citizens State Bank was issued a "clean bill of health" and opened its doors for business.

The bank continued to prosper through the 40's and 50's and in 1957 the first drive-up window opened. The motor branch in the Raintree Shopping area followed ten years later.

By the end of 1968, the Bank already had assets of \$21 million. Five years later, by the end of 1973, these assets had more than doubled to \$48 million, not including trust accounts.

In 1974, the elegant 51 year old building underwent an extensive facelift. The classic exterior design was faithfully continued in the expanding of the structure and the limestone was carefully matched, while the interior was enlarged, remodeled, refurbished and modernized.

Today Citizens State Bank is Henry County's largest bank. There are eight locations throughout the county with two more branches on the drawing board. One of the branches to be opened in the early summer will have a unique theme. It will be called the "Money Station" and the exterior and interior will copy the design of a railroad car during the era when trains were in their prime.

Thomas D. Wright, the current president of Citizens, has been with them for seven years. A native of Union City, Indiana, Wright acknowledges that major banking laws are under serious consideration in Washington, D.C. and a certain revision is necessary. Wright explains, "If Washington doesn't quit enacting piece-meal regulation under the guise of helping the consumer, all banks are going to have some problems. I think that the multi-bank holding legislation, which has been considered in Indiana, could hold promise as proposed; however, I would surmise in the long run that it's simply going to be the beginning of the end of the dual banking system, as we've known it, if Washington ultimately allows the nation's money center banks to acquire other financial institutions across state lines." Wright continues to expound on this by saying, "If the money center banks are allowed to acquire major banks in Indiana that have previously acquired community banks within the state, the process begins whereby the historical liquidity found in the community banks could be channeled out of that community as well as the state. This phenomenon, if allowed, could certainly retard the future growth of the state's smaller communities as the national and international demand for funds continues to outweigh the supply."

The economical adversities, fires and world wars have all been an excellent training ground for Citizens State Bank to face the problems of today. Undoubtedly, they will continue to conquer these new problems, just as they have for the last 109 years.