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Manitowoc, Wisconsin: Manitowoc County Historical Society, 1994

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First National Bank in Manitowoc, 100 Years of Banking: 1894 - 1994

By: Georgia M. Fay

Editor's Note:

First National Bank in Manitowoc has a long tradition of service to the community. It was founded May 10, 1894 with a capitalization of \$50,000. At that time, the bank was known as the Bank of Manitowoc and was located on the southwest corner of York and North Eighth Streets.

The main bank has since relocated to 402 North Eighth Street and has added seven additional locations in Manitowoc County. A new banking facility will also open in the Green Bay suburb of Bellevue in late 1994.

Today, First National Bank employs 135 people and has more than \$224 million in total assets. As it celebrates its 100th anniversary, First National Bank remains Manitowoc's only independent community bank.

Early Banking History

Banking in the nineteenth century in Wisconsin and Manitowoc County had many growing pains. The establishment of banking institutions wasn't authorized until January 23, 1835. Seven territorial bank charters were initially issued. All seven banks had failed by 1841 and there were no legal banks operated in Wisconsin from 1841-1853. Wisconsin became a state in 1848, but it wasn't until 1852 that a banking law was passed legalizing banking in Wisconsin. Three different types of banks began to operate: privately owned banks, state chartered banks, and nationally chartered banks. Each type of bank operated under different guidelines.

By the 1890's, Manitowoc had three banks in operation. The Manitowoc Savings Bank which had a state charter, the privately owned T.C. Shove Bank, and the First National Bank of Manitowoc (which in 1892 reorganized under a state charter and became The State Bank

of Manitowoc). It should be noted that the latter bank, although it had the same name, was not connected to the current First National Bank.

In April of 1892, a state banking convention was held in Milwaukee and the Wisconsin Bankers Association was formed. One of the goals of the new association was to hold annual statewide conventions so that bankers could get together from across the state to exchange ideas and work together for banking reform. But that goal would have to wait. Shortly following the 1892 convention, a financial panic hit the Wisconsin banking industry. A bank failure in Manitowoc con-

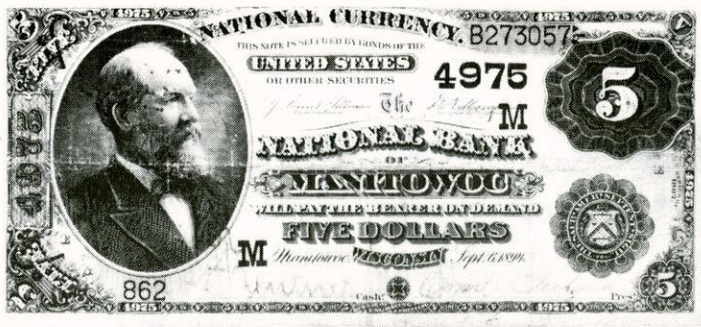
tributed in part to the statewide panic.

On the evening of April 11, 1892 a fire destroyed the Manitowoc Manufacturing Company, a maker of school desks. The loss was set at \$175,000 but the company was insured for only \$60,000. Between 200 and 300 men lost their jobs as a result of the fire. Although efforts were made to raise funds to rebuild one of Manitowoc's largest companies, the company never reopened. Bank president T.C. Shove had loaned the desk-maker more than was prudent based on the assets of the Shove Bank. As a result, the Shove Bank closed its



Original location of First National Bank, southwest corner of York and North 8th Streets, 1894 - 1927.

(Courtesy First National Bank.)



Five dollar bank notes issued by The National Bank of Manitowoc in 1894 (top) and 1914 (bottom).

(Courtesy Leroy Staudt.)

doors and bank depositors took T.C. Shove to court. It took several years before a verdict was reached in May of 1894. The first trial, which was held in Sheboygan County to assure a fair trial, had a hung jury. A second trial was held in Oshkosh in May of 1897. T.C. Shove was found guilty of accepting deposits, knowing his bank was insolvent. He was fined a total of \$4,007 which his friends helped pay. Since Shove was 74 years old, he was spared jail.

With the failure of the Shove Bank, people in Manitowoc were concerned about the stability of the two other banks. Matters stayed fairly calm until the beginning of 1893 when banks throughout Wisconsin and larger banks in the East also began to fail. One factor which contributed to the Panic of 1893 was that the supply and demand for agricultural goods began to shrink. This forced some farmers into bankruptcy since they were unable to pay back their loans. Another factor was that railroads, which had borrowed money, fell onto hard times when fewer crops were being shipped. Interest rates were rising and security prices fell because a trade deficit was drawing gold out of the country. When the U.S. Treasury tried to buy up silver for its

reserves in order to ease the gold crunch, the plan backfired and created a public confidence crisis.

Bank panics were more disastrous for rural banks since they not only had to be concerned about their own local economy but also that of the larger banks with whom they did business. Rural banks often had large deposits with the big city banks because the larger banks offered higher interest rates. Many rural banks also had agreements with the larger banks to process checks received at the rural banks. The rural banks sometimes had to keep funds at the larger bank as part of the agreement. When a larger bank ran into trouble, the rural banks often had trouble drawing emergency loans.

Panic spread throughout Manitowoc when the prominent Plankinton Bank in Milwaukee failed and closed its doors on June 1, 1893. There was a run on the banks which led to the failure of the State Bank of Manitowoc. After about a two week run in which nearly \$200,000 was paid to the bank's depositors, the funds were depleted and the bank closed its doors on June 18, 1893.

The Manitowoc Savings Bank, however, survived the Panic of 1893

by displaying all its assets in the lobby and calming its customers' fears. By the end of the summer of 1893 the panic was subsiding and bankers could get back to the business at hand. It was John Schuette, one of the founders of the Manitowoc Savings Bank, who helped convince the Wisconsin Bankers Association to advocate a State Bank Examiner. With the lobbying of the state legislature, a law was passed in 1895 creating the position of State Bank Examiner and requiring state banks to have the same rigorous examinations as nationally chartered banks.

Establishment of First National Bank

With only the Manitowoc Savings Bank remaining in Manitowoc, the conditions were right for a new bank to organize. The first stockholders meeting for a new bank was held May 4, 1894. The bank was incorporated on May 7th as the Bank of Manitowoc. On May 10, 1894 the Bank of Manitowoc opened for business in the building that had been occupied by the former State Bank of Manitowoc at the southwest corner of York and North Eighth Streets. Although it opened under a state charter, the bank officers always intended for the Bank of Manitowoc to become a national bank and were just waiting to receive a national charter. The opening capital stock was \$50,000 and the total deposits for the first day were \$18,499.07.

The founders and stockholders of the Bank of Manitowoc were George Carter, Chairman; L.D. Moses, President; A.T. Morgan, Vice-President; Charles Cowan, Cashier; and Clarence Hill, Assistant Cashier. George Carter was from Ripon and was warden of the state prison. L.D. Moses was president of a national bank in Ripon, and A.T. Morgan was head of the Morgan Manufacturing Company in Oshkosh which manufactured sashes, doors and blinds. Charles Cowan was a merchant in Ripon and Clarence Hill had connections with a Ripon bank. Confidence in this newly formed bank was high and by July 2, 1894, the Report of Condition printed in the *Manitowoc Pilot* newspaper showed the bank with assets and liabilities of \$130,560.95.

The national charter for the Bank of Manitowoc arrived in August of 1894. On August 30, 1894, the bank's Board of Directors unanimously approved the name The National Bank of Manitowoc. The name change became official on September 7, 1894. An additional \$50,000 in capital stock was issued, increasing the value of stock to \$100,000.

By the late 1890's, national economic conditions improved and the Wisconsin Bankers Association continued to lobby the Wisconsin legislature to strengthen the banking system. In 1900, a law was passed banning privately owned banks. Most of the private banks then became state or federally chartered banks and had to abide

by specific charter regulations. Some private banks went out of business because they couldn't meet charter restrictions or they refused to abide by the bank charters.

The National Bank of Manitowoc continued to grow and in 1905 the building that originally housed the bank underwent extensive remodeling. An addition was built to the west along York Street and part of the bank's second floor became the new home for the Telephone Exchange office. The first floor of the bank housed Western Union until 1910 when the bank did some interior remodeling and expanded into that space. At the same time, the bank also added Bedford stone trim and pillars to the outside entrance.

By 1920, The National Bank's capital stock had grown to \$200,000. On January 23, 1923, the bank again changed its name and became First National Bank. The bank directors had wanted to change the name from The National Bank of Manitowoc to First National Bank for many years but the Banking Department in Washington had a policy of not allowing the name of First National to be given to any bank in a city that had previously had a First National bank that had gone out of business. It took approval from the Banking Department for the name change. With the name change came a new charter for ninety-nine years.

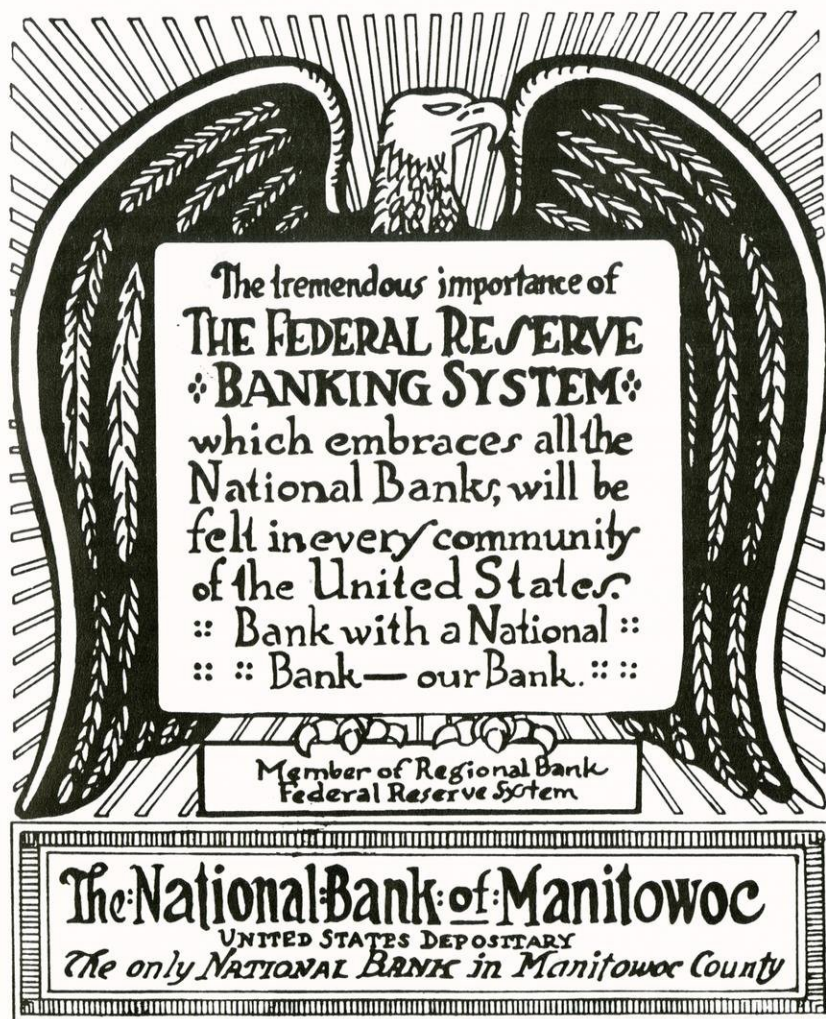
A New Home

The first 33 years of First National Bank's operations occurred at the southwest corner of North Eighth and York Streets. For the next 47 years, the bank was located just across the street on the first floor of the Hotel Manitowoc building at the northwest corner of Eighth and York Streets. On August 20, 1927, First National Bank held an open house from 3 to 9 p.m.

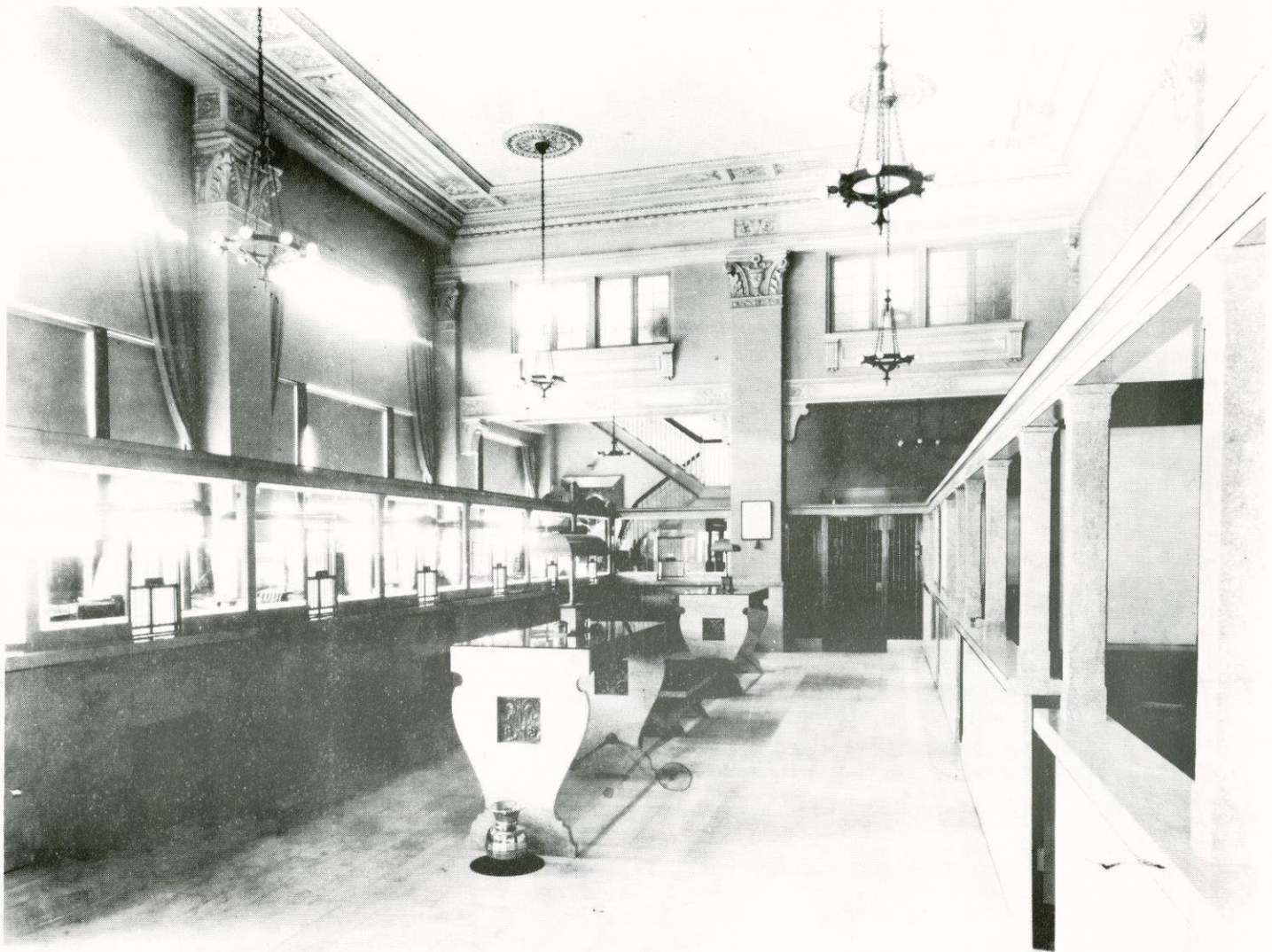
The new bank building had state-of-the-art security. Each department was connected to a burglar alarm system. During business hours, armed guards were stationed on the mezzanine floor overlooking the lobby. The new deposit vault had automatic timers and built-in alarms. The new bank was built with a ventilation control system to keep the bank at a constant temperature.

The bank lobby featured a 24 foot high ceiling, providing a feeling of spaciousness. Furnishings throughout the bank were black walnut and marble. The first floor housed the teller cages, privacy booths for security box patrons, securities and trust departments, a private consultation room, the desks of the bank President M.H. Dempsey and Cashier F.T. Zentner, the note and bonds departments, and a women's bathroom and lounge complete with telephone for the bank's female patrons. The deposit vault was also built at the street level.

The mezzanine floor was reached by a marble staircase at the rear of the bank. A board room, records



The Federal Reserve Act of 1913 required all National Banks to join the Federal Reserve System. This advertisement appeared in the Manitowoc Daily Herald on December 31, 1914.



Second location of First National Bank, 202 North 8th Street, bank lobby facing west, 1927.

(Courtesy First National Bank.)

room where employees worked, and records vault were on this level.

Not only was great detail given to the interior of the new bank, but the entrance of the bank was also distinctive. The entrance was constructed of three-quarter inch thick bronze. The nameplate of the bank was centered above the entrance with a monogram in the center. The elaborate bank entrance is still visible from Eighth Street. The eight-story brick building today houses Evergreen Inn apartments.

Following 1927, the original First National Bank building across York Street was used for many years as a downtown waiting room and ticket office for the Pere Marquette Railway car ferry service. During World War II the Coast Guard leased the

building for barracks. Later, it housed Freddy Brick's restaurant.

During the years 1932-33, another bank panic occurred. First National Bank survived, although its assets temporarily dropped. Every depositor who demanded his or her savings received them. By 1934, deposits had risen to over \$2.8 million.

A New Look

In 1960, First National Bank remodeled. Ceilings were lowered, air conditioning installed, and fixtures replaced with more modern furniture. Only the marble floor and the marble facings of the teller cages remained the same. At this time banking equipment was also updated. Throughout the day, piped in

instrumental classical and symphonic music was played. Bank president Carl G. Nelson was quoted as saying, "A bank must be a pleasant place to come to and in which to do business. It must have modern accommodations and an aesthetic and psychological appeal as well."

In 1963, the original First National Bank building was torn down and replaced by a drive-through bank facility and a small building for the installment loan department. The bank drive-through had television cameras and pneumatic tubes which carried money under York Street to tellers in the main bank.

First National Bank switched its manual bookkeeping operations for checking accounts to computer on



Present location of First National Bank's main office since 1974, 402 North 8th Street.

(Photo by Michael Thomas, PhotoTechnics.)

the evening of March 31, 1965. On the close of that business day, bank employees posted each account. The balances were then driven to the computer center at the First National Bank of Milwaukee where data was entered into computers. The information was processed and checks were numerically sorted and reports provided. After each banking day, checks and deposits were proofed, photographed and taken by special carrier to Milwaukee for processing. The checks were returned to First National Bank prior to 7 a.m. the following morning. Monthly checking account statements were then generated from this system.

On the evening of December 30, 1967, a suspicious fire occurred at First National Bank. The fire began in the basement vault of the bank where old records were stored and supplies kept. The fire did not spread and was contained to the

vault area where some bank records were damaged or lost. The cause of the fire was never determined and no one was ever apprehended. The fire was not believed to have been set in order to cover a robbery because nothing was found to be missing.

Growth And Expansion

The last 25 years of First National Bank's history has seen physical as well as monetary growth. In 1971, First National Bank in Manitowoc acquired the assets of the Francis Creek State Bank. A new branch bank facility was built at 106 Packer Drive in Francis Creek the following year. During 1984 and 1985, renovations at the Francis Creek branch bank included new parking lot lights and a modern drive-up facility.

First National Bank in Manitowoc soon needed additional space at its main facility and selected a new site

in the 400 block of North Eighth Street in Manitowoc. Part of the property chosen was owned by the city of Manitowoc and housed the north side fire station and the old Carnegie Public Library. The Manitowoc City Council voted unanimously in June 1972 to sell the property to First National Bank for \$45,000. In addition, six other properties in the area between North Eighth and Ninth streets were consolidated into the bank project.

The construction of a new bank with approximately 22,000 square feet of space began in August of 1973 and was completed in September 1974. During the razing of the 70 year old public library, a metal box was discovered in that building's cornerstone. The box, which had been sealed in lead, was opened and contained newspapers published in 1903, vintage coins, an historical sketch of the library, a history of the city prior to 1854, city

directory and other documents. The contents of the box were temporarily on display in the lobby of the First National Bank in Manitowoc and then were turned over to the city of Manitowoc for permanent storage. Subsequent changes at the main bank have included an expanded parking lot and new outdoor lighting completed in 1984.

In 1983, First Manitowoc Bancorp, a holding company, became the parent company for First National Bank in Manitowoc and its branch offices. The corporation is owned by local shareholders; thus First National Bank in Manitowoc is independently and locally owned.

During 1984, First National Bank faced banking deregulation of interest rates and a slow economy. During this year the "Emerald Club" for senior citizens and the "First Club" package of bank services were introduced. New internal equipment also was updated to improve the quality of bank services.

In 1985, First National Bank in Manitowoc merged with the St. Nazianz State Bank. First National Bank opened a branch office in the same building which had housed the St. Nazianz State Bank at 109 South Fourth Avenue. This acquisition helped First National Bank of Manitowoc end 1985 with over \$100 million in assets.

At the beginning of 1989, Wisconsin banking laws regulated the location of new branch offices in relation to their home office. Under these laws, banks were prohibited from operating branches within 3/4 mile from existing banks, or opening branches more than 25 miles away from their headquarters outside of their home counties, or within 1 1/2 miles from a competing bank's base. In July of 1989, Governor Tommy Thompson came to First National Bank in Manitowoc and signed a new law which allowed banks to have branches on an unrestricted basis subject to regulatory approval. It is believed First National Bank in Manitowoc was the first bank in northeastern Wisconsin to take advantage of the law.

On October 9, 1989, First National Bank in Manitowoc opened a Two Rivers branch office in what had formerly been the Harlow Foods building at 1509 Washington Street. Without the new law, it

would have been impossible to open a branch office in downtown Two Rivers. Originally the bank operated in only about half of the 5,000 square foot facility but, with two expansions, the entire building is now used. Improvements have included a drive-through facility in the rear of the bank in 1990 and a conference room and vault with safe deposit boxes added in 1991. In November 1992, First National Bank purchased the adjacent Arnie's Appliance building on the corner of Washington and 15th Streets, allowing for future growth at the Two Rivers site.

A branch office of First National Bank in Manitowoc was opened at 122 Baugniet Street in Mishicot on January 21, 1991. The one story building was moved from Madison, Wisconsin, where it had formerly served as a branch office of Anchor Savings and Loan.

In 1991, a decision was made to build a branch office on Manitowoc's west side to better serve customers and to provide additional space for bank employees at the home office. A 5,200 square foot branch office was constructed at 2915 Custer Street in close proximity to many businesses and shopping areas. The Custer St. branch opened October 11, 1992.

In January 1993, First National Bank in Manitowoc, Baylake Bank, and the State Bank of Kewaunee started a data processing company. The new company, United Financial Services, Inc., is located in Mequon, Wisconsin. Throughout that year, First National Bank updated its customers' accounts to state-of-the-art data processing. This has resulted in savings to the bank for

data processing service costs.

As First National Bank in Manitowoc celebrates its 100 years in business, plans for 1994 include opening three additional branch offices. New bank branch offices have opened in Newton and Kiel at former Valley Bank locations. A third branch office will open in Bellevue, a suburb of Green Bay, in Brown County.

Business Philosophy

The Mission Statement of First National Bank in Manitowoc is:

The Bank has the duty to provide leadership in offering quality and innovative financial services to meet the banking needs of customers of all income levels within the communities and rural areas we serve, because this area is our major source of deposits.

The Bank has the duty to safeguard depositor funds to its utmost ability because those funds represent the confidence and faith of the depositors in the Bank and a paramount claim against the capital of the Bank.

The Bank has a duty to employ, retain and empower a quality staff dedicated to the performance of its duties in a professional, ethical, and moral fashion. The Bank shall provide an environment that promotes a standard of excellence in performance and service, as this will ultimately guarantee the Bank's success.

The Bank has a duty to provide shareholders with growth and a competitive rate of return on their investment because the Bank is a business venture using the private investment capital of the shareholders.

FIRST NATIONAL BANK ASSET GROWTH

1894	\$	180,814.52
1904	\$	not available
1914	\$	777,908.28
1924	\$	2,766,120.47
1934	\$	2,864,349.28
1944	\$	7,735,895.51
1954	\$	11,098,584.13
1964	\$	18,423,346.48
1974	\$	41,866,430.13
1984	\$	88,252,976.29
1994	\$	224,435,359.08 (Aug.)

(All reported amounts are December figures unless noted.)

Bank Presidents of First National Bank in Manitowoc	
L.D. Moses	1894-1908
Leander Choate	1908-1915
Emil Teitgen	1915-1921
Michael H. Dempsey	1921-1939
F.T. Zentner	1939-1944
Ernst L. Pleuss	1944-1954
Edmund J. Schwanke	1954-1958
Carl G. Nelson	1958-1972
Richard H. Wirth	1972-1983
Thomas J. Bare	1983-Present

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"First National's New Home Opened," August 22, 1927
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"First National Bank Enters 67th Year With New Look," May 11, 1960.
"Sound Business Policy Remains At First National," July 25, 1961.
"Banking By Television Planned By First National Of Manitowoc," May 3, 1963.
"Construction Of Drive-in Banking, Installment Loan Building Ready," October 24, 1963.
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"Bancorp Reports Earnings," June 10, 1988.
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"First National Bank Opens Two Rivers Facility Today," October 9, 1989.
"First National Proud To Be An Independent Bank," March 18, 1990.
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"First National Buys Building," by Dennis Hernet, November 22, 1992.
"100 Grand Age For Local Bank," by Donald Scherrer, February 27, 1994.
"1st National Awaits New Challenges," by Donald Scherrer, February 27, 1994.

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