Monroe County Bank

Founded: 1892

Location: Rhorer Block, North Walnut Street, Bloomington (1892–93); southeast corner of Kirkwood Avenue and Walnut Street (1893–1961); 210 East Kirkwood Avenue (1961–)

The Monroe County State Bank first opened its doors to the public in Bloomington in January 1893. A businessman from French Lick, Hiram E. Wells, the largest stockholder in the new institution and a founder of the French Lick Springs Hotel, was elected president. Samuel C. Dodds, a former furniture factory owner and a Bloomington native, was selected as the first cashier. Dodds ran the daily affairs of the bank and was responsible for the concern's growth during his tenure. For the first few months of its existence, the new financial firm was located in a large commercial facility north of Sixth Street, on Walnut Street, on property owned by a board member, S. K. Rhorer. When a local political fight between the incoming postmaster and his predecessor over furniture and office space freed up one of the busiest corners in Bloomington, the bank's board of directors quickly took over the old postmaster's quarters and one of the best business locations in the city.

Financial success came early to the bank, and by the end of the first few months of business Dodds could report a profit of more than $500. By the end of the 1890s profits were up to more than $3,200 a year. The new location and conservative investments by the board may have helped the bank weather the panic of 1893. The majority of the bank's assets were tied into property mortgages of both individuals and churches. After Wells died in July 1902, W. A. Fulwider, a Civil War veteran, succeeded him as president of the Monroe County State Bank.

National depressions were not always the only threats to the solvency of the Bloomington bank. In November 1907 bank officers had to limit the amount of a cash withdrawal to $10 per day per individual because of cash restrictions placed on them by Indianapolis banks. The Indianapolis institutions were themselves pinched by Chicago and east coast financial concerns. The small crisis, which leaders were afraid might lead to a run on the bank, eased by the middle of December 1907, and customers were again allowed to withdraw any amount from their accounts.

Many changes were to come to the bank just prior to, and during, the First World War. Charles L. Rawles took over the post of cashier after Dodd's death in April 1913. Rawles had been an employee of the First National Bank of Bloomington before accepting the demanding cashier's job at the Monroe County State Bank. In the same year, the board of directors gave each employee ten days of vacation. In another first, in 1914, Mrs. Samuel Dodds became the first woman to be a major stockholder of the company. The bank also began to provide loans for public improvement projects at Indiana University and for the town of Bloomington.

During the war the bank remodeled its facility to create three additional large teller windows, began offering Christmas Club savings accounts, and started accepting student accounts. The bank's directors were swept up by the patriotic fervor of the times and ordered the bank to purchase $250 worth of flag buttons, buy Liberty Bonds, acquire $10,000 worth of certificates of indebtedness at the request of the United States government, and make donations to the Red Cross. After the war the bank warned in its advertisements, "Don't Stop Saving," in part for fear that a recession might set in.

The Roaring Twenties was a prosperous decade for the Monroe County State Bank as each year saw profits grow, from around $9,500 in 1920 to more than $28,000 in 1928. Total assets at the bank rose to $2,157,315 by the end of 1927. Employees shared in the good times, receiving $100 Christmas bonuses and salary increases averaging $100 a year by the end of the decade.

The 1920s also ushered in an era of concern for board members, who feared a potential robbery. In response they bought guns for certain employees, purchased new teller cages, employed a night watchman, and joined the Bankers Protection Association, installing a burglar alarm in 1924. In 1925 the board secured the institution against future rent increases by buying the building in which it was located for $60,000. Business grew throughout the decade, necessitating an increase in staff from six in 1920 to twelve by the end of the decade, including the first woman employee, Sarepta Shaffer.

After Fulwider's retirement in 1925, the president began to take over several of the daily duties from the cashier, including the management of the bank. Rawles served as president for only three years, handing the duties of the office in 1928 to S. E. Alexander, the former owner of a daily newspaper. Other administrative changes during the late 1920s included the organization of a loan committee to review applications before approval.

The stock market crash in October 1929 did not immediately impact either Bloomington or the Monroe County State Bank, but eventually the effects were felt. Profits slid in 1929 to a little over $16,000 then dropped to around $12,000 a year later. Beginning in 1931 and continuing throughout the 1930s the bank had to make some unpopular decisions. In 1931 and 1932 all employees' salaries were cut 10 percent, and

the board of directors decreed that no depositor could withdraw more than 5 percent of the money in his or her account on any one day. The bank was cleared as financially sound by federal and state inspectors a little more than a week after Franklin D. Roosevelt declared a bank holiday in March 1933. In September 1933 the state bank joined the Federal Deposit Insurance Corporation. Profits continued for the firm but were not the record highs of a decade earlier. Because of the financial hardship the institution had to sell some bonds and stocks at a loss, but it weathered the storm of the depression and tried to keep up with the expectations of customers during the era, buying a night depository for $800 and a neon sign for $60 in the late 1930s.

The short period between 1939 and America's entry into World War II saw profits rise at the bank and along with them a salary increase for employees, their first since 1930. Loans to small businesses, almost nonexistent a few years earlier, grew 60 percent between mid-1940 and mid-1941. When the nation began to prepare for war the board authorized the bank to buy Defense Savings Bonds, selling more than $1.4 million worth by 1944. In the first year of World War II, employees were given yet another pay increase and bonuses, and the profits of the firm increased to late-1920s levels in 1943.

A new decade of prosperity came after the war. Staff salaries and profits continued to grow throughout the late 1940s and early 1950s. The number of employees needed to meet the new business demands of the postwar economy rose from only nine in 1942 to eighteen in 1953. By June 1953 the board of directors approved a pension plan for workers. Reflecting the nation's housing boom, the bank issued a record number of housing loans in the early 1950s.

Change became a common phrase for the Monroe County State Bank in the late 1950s. Alexander, an employee of the bank for more than fifty years, retired as its president and became chairman of the board in January 1958. Frank Southern, another longtime employee, rose to the post of president. To make room for its expanding business, the bank moved its headquarters to East Kirkwood Avenue in September 1961, where its main branch remained in 1999.

With its move the bank adopted new technologies and techniques. The new building included Bloomington's first drive-up teller windows and a large parking lot. At the grand opening the bank displayed currency from around the world and gave away cash door prizes. The new facility received wide attention, securing for the bank more than eight hundred new accounts. By September 1962 total deposits at the Bloomington financial institution topped $10 million. Three years later net income at the bank reached more than $200,000 per year.

The added business necessitated more employees, new precautions, and additional space. By the end of 1962 the bank had twenty-four employees. At mid-decade it began buying more burglar equipment and opened its first branch at Highland Village. The branch opened in 1966, and while it had limited services, it did provide drive-up windows, safe-deposit boxes, and a night depository. The board also approved a parking lot expansion at the main branch to relieve congestion, buying the lot directly east of the building for that purpose.

Earl Hudelson became president of the bank in January 1967. Later in the year he oversaw the hiring of a new trust department and the creation of an expanded loan division. A few years later the bank joined the computer age, installing a Burroughs

Corporation B350 system, costing $250,000, to handle check processing, time deposits, and loan transactions. By the early 1970s the bank began offering a credit card to its customers through American Fletcher National Bank, a move very popular with customers and merchants alike. The growth of Bloomington necessitated the opening of a second branch near the College Mall in 1974.

As the bank continued to grow, so did its number of employees, rising to fifty-one in 1974. Early the next year Hudelson retired from the presidency, assumed the office of chairman of the board, and was replaced by Francis Hankins. The 1970s proved a tough time for the institution; by 1980 the bank was struggling and sought to increase profits through advertising. The national economy hurt the bank's profits, but serious errors and theft harmed the institution even more. A 1981 Merchant's National Bank review of the bank's bond portfolio found it to be junk, adding to problems caused a year earlier by an employee who was caught embezzling more than $32,000 from a customer's account. Robberies and teller errors cost the bank as much as $40,000 in 1980, but the worst was yet to come. In March 1982, in an emergency meeting, the board of directors learned that an employee in the commercial loan department had embezzled more than $400,000 since 1972. In an attempt to fix the money control problems, the firm of Peat, Marwick, Mitchell & Company was called in to audit the bank. The auditors found serious problems in the bank's management practices. Hankins resigned in April 1982.

David Baer, a longtime employee and the executive vice president of the institution, was chosen by the board of directors as president. He made immediate changes in the management of the bank, creating a senior management team that handled the daily affairs of each division and met regularly to discuss problems and ideas. The

new team went to work to fix the bank's problems; it created a demanding training program, printed written procedures for almost any circumstance, and standardized procedures, hiring practices, and written forms.

In a move to change the image of the bank, the word "state" was dropped from the institution's title in 1982, and a new logo appeared. The bank alleviated space problems by adding a complete second floor and refurbishing the interior of the main office and by constructing a branch on East Kirkwood Avenue to reduce some of the heavy traffic at the 210 East Kirkwood location. To enhance its appeal to potential customers and provide better service to its existing clientele, it joined the ATM rage by signing up with the Cirrus automated teller system in 1984.

The 1985 Indiana law that allowed cross-county banking within the state affected the banking community in Bloomington. In preparation, the board of directors created a one-bank holding corporation, Monroe Bancorp. In 1987 the corporation bought the assets of the Citizens State Bank of Brownstown, giving the Monroe County Bank three branches in Brownstown, Freetown, and Vallonia. In an era of mergers with much larger banks, the Monroe County firm resisted the trend. By 1989 the Monroe County Bank was the last locally owned financial institution still operating in Bloomington.

In the 1990s the bank continued to grow. In 1991 it opened a branch in Ellettsville. With all the growth and change since 1982 the institution needed more workers, and by 1992 it employed 150 people. The new procedures, administrative structure, and growth increased the bank's assets from around $100 million in 1983 to more than $211 million a decade later. In 1997 it began an expansion in Bloomington, basically splitting its main office in two by building a $3 million facility south of the

College Mall and placing several departments in the new structure. In 1999 the "hometown" bank continued to be locally owned and operated, with assets of more than $380 million, twelve offices in three counties, and 168 employees. In July 1999 the board of directors selected Mark D. Bradford as president, replacing Charles Conville, a Fort Wayne native who had become president in 1998.