

## Union Planters Bank—Salem Center

Founded: 1874

Location: Public square, Salem; Sinclair's new building, public square (1880–1914?); Sinclair's former home, public square (1914–67); east side of public square (1967– )

Fifteen citizens established the National Bank of Salem in 1874 with a capital stock of \$60,000. Andrew J. Parker, a former railroad station agent then serving as Washington County treasurer, was elected the first president, and James Baynes was selected as the first cashier. Dawson Lyon was principal stockholder and also served as an officer. After the first year the total assets of the institution stood at more than \$196,600. The bank underwent its first crisis in 1878, but not because of a national depression or local panic. Instead, Baynes skipped town and took with him all the bank's cash in order to pay off some gambling debts (one source mentions stock market failures). Lyon, Baynes's father-in-law, paid all the claims, putting the bank back in working order within a short time. Throughout this early period the bank helped finance several municipal projects, including the purchase of the town's first steam engine.

In September 1879 the bank's shareholders sold their interest in the concern to a new group headed by John A. Bowman. Within a year Lee W. Sinclair purchased a controlling interest in the business and appointed James F. Persise the cashier. Sinclair, later the builder and owner of the West Baden Springs Hotel, turned the institution into a private bank, changing the name to the Bank of Salem. Sinclair remained the president of the financial concern until his death in 1916. Two years later the bank was again rechartered as the State Bank of Salem.

Upon Sinclair's death, Persise took over management of the Salem bank and several others he and Sinclair had organized throughout southern Indiana. The seventy-year-old Washington County native also became the president of the West Baden Springs Hotel. Unusual for a man of limited means in the mid-nineteenth century, Persise had graduated from college and later worked in the woolen mills of Chicago and Salem. Only at the age of forty did he launch into his new career as a banker. He lived only two years after taking charge of the Salem bank; by the time of his death the concern had amassed more than \$1.3 million in total assets.

Lee L. Persise, James's son, led the Salem financial institution from the time of his father's death in 1918 until his own death in 1953. His first love was civil engineering rather than banking, but his only public project was the planning of Fort Knox. After he left Purdue University he returned home to Salem and took over his family's interests in banking and in the hotel. At one point he was the president or chairman of three banks and one hotel and a director of the Louisville branch of the Federal Reserve Bank of St. Louis. During his tenure the State Bank of Salem prospered, and by the end of 1953 total deposits reached more than \$3.5 million. The administrative structure at the bank remained simpler than at most financial institutions. No one held the title of vice president. Instead, the most powerful person at the bank next to Persise was the cashier. This simple bureaucracy continued to mold the bank's fortunes until the late 1970s.

Ray Barrett became the next president of the institution, leading the firm through the economically expanding years of the 1950s and 1960s. Under his leadership the bank made additions to its building in 1957 and purchased the State Bank of Hardinsburg in 1962, creating its first branch office. The 1957 expansion allowed for new services,

including a drive-up window. A decade later a complete renovation of the main office added two more drive-up windows and increased office space. When Barrett left the bank in 1969 to accept a similar post in Florida, total assets at the State Bank of Salem amounted to more than \$12.5 million.

John M. Colglazier became president of the bank in 1969. During his tenure the bank began closing on Mondays, a practice in line with the other financial institutions in town. By the late 1970s it had extended its hours on Friday, again in keeping with the firm's competitors. A reorganization of the administrative structure of the bank in the 1970s created new offices, including several vice presidencies, which the institution had resisted creating in its first century of business. In the 1980s, with the deregulation of the industry at both the federal and state levels, the institution formed Homestate Bancorp, Incorporated, a one-bank holding company, which allowed it to compete with other financial organizations around the state. When Colglazier stepped down in 1990, total assets at the institution stood at more than \$73.7 million.

The 1990s witnessed drastic changes in the banking industry. Extended hours, competitive accounts, and deregulation affected the average small-town bank, and many merged with larger entities to remain competitive. On 1 September 1991 Indiana National Bank bought the State Bank of Salem. Kurt E. Wilson was the last president of the Salem institution. Three years later NBD Bancorp bought Indiana National, and the Salem branch became a part of NBD's South Indiana Region. In 1999 NBD merged with Bank One, and in exchange for approval the federal government forced NBD to sell fifty of its branch offices in Indiana to a third party. Union Planters Bank, based in Memphis, Tennessee, bought the office in Salem. Sally Hattabaugh, employed with the Salem bank

before 1991, became branch manager. In the last year of the twentieth century, Union Planters Bank had offices in six states and assets of more than \$35 billion.