

# Back Home Again In Indiana— The Day They Closed The Banks In Greenwood

by WENDELL WOLKA



*Large size \$10 note on the Citizens National Bank.*

## Prologue

Most people are familiar with the national sweep of events connected with the Great Depression of the 1930's. We are aware of, for example, the 1929 stock market crash, the large number of bank runs and failures, and the national Bank Holiday declared by President Roosevelt in March of 1933. Generally, however, our knowledge does not extend down to the local level. Indeed, most of these local stories still lie buried, forgotten, in the minds of the "old-timers" or in the dusty corners of local libraries and newspaper offices across the nation.

Small town national banks are uniquely local in character. They were run by local people for the benefit of the local people and, despite the merger mania of recent years, this is still true today in many areas of the country. To leave collectors in the future merely a dry collection of dates, statistics, and numbers, would be to ignore our obligation as numismatists. Besides, it's fun to play detective and track down what really went on during these tumultuous financial times. As a way of showing what you can turn up with a little digging, I decided to focus my attention on a small town not more than ten miles from where I grew up—Greenwood, Indiana. Greenwood is located in the central part of the state, just south of the state capital, Indianapolis. In 1931, the town was served by two national banks, the Citizens National Bank and the First National Bank.

## The Banks

Entering the Great Depression, Greenwood's two banks had remarkably similar histories. The First National Bank was organized in July of 1906 with a capitalization of \$25,000. Assigned federal charter number 8422, the bank issued \$377,640 worth of bank notes before its demise. It was housed in a building (see Fig. 1) not more than a block or so from the Citizens National Bank (see Fig. 2).

The Citizens National Bank, organized in October of 1906, also had an original capitalization of \$25,000. Charter number 8461 was assigned to the bank by federal authorities. The bank issued \$399,250 worth of bank notes prior to the end of its corporate life.



*Fig. 1. Location of the First National Bank.*

## The Storm Breaks

During the early 1930's, the two national banks in Greenwood had apparently managed to stave off any immediate threats to their survival. As evidenced from the pages of the *Greenwood News*, the local weekly newspaper, every-





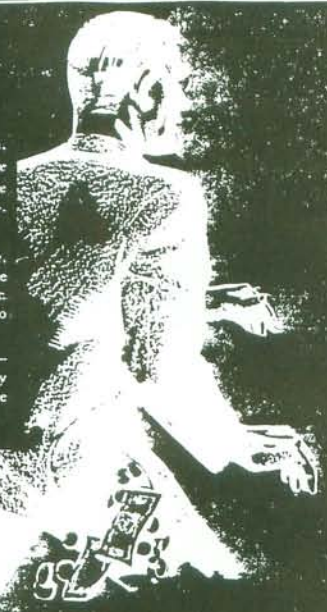
Fig. 2. Location of the Citizens National Bank.

**He Doesn't Even Know It!**

Money is slipping away from him, and he doesn't even know where it goes. A few years from now he will wonder why he never has anything.

No matter how much you make, make up your mind now to place 10% of it in a savings account. That is the only practical way to get ahead.


This bank invites your account—whether it be large or small. Any advice on financial affairs that we can give is yours for the asking.



**CITIZENS NATIONAL BANK**  
"THE BANK THAT HELPS YOU SAVE MONEY"  
Greenwood, Indiana

Fig. 3. A typical bank advertisement circa 1931.

thing seemed to be fairly calm and normal. The advertisements which both banks placed in the early 1930's dealt mainly with the services which the public expected such institutions to offer. As you will note from Figures 3 and 4, savings accounts and checking accounts were about as exciting as things got during this period of time. However, as the national scene grew more grim, the February 24, 1933 edition of the *Greenwood News* carried an advertisement from the Citizens National Bank which was more serious in nature (see Fig. 5): the bank was soliciting business on the basis that it had managed to survive several years' worth of trial by fire.



**YOUR CHECK IS YOUR RECEIPT**

One of the major advantages of a checking account is that every check you write in payment of a bill serves as a receipt. It is clear evidence of money expended and a great aid in maintaining a budget.

**First National Bank**


Fig. 4. Checking accounts were featured in this 1933 advertisement.

Ironically, the whole financial world in Indiana was turned upside down within forty-eight hours of the advertisement's appearance. On Sunday, February 26, 1933, the financial institutions of Indianapolis decided not to allow withdrawals of more than five percent on checking accounts. The balances used were those in existence at the close of business on Saturday, February 25, 1933. This action put the small banks in the surrounding counties, including the Greenwood banks, in a real spot since almost all were large depositors themselves in the Indianapolis banks. Hurried meetings by all of the Johnson County bankers, including those from Greenwood, on Sunday evening quickly determined that only one course of action was open to them. Accordingly on Monday morning, February 27, 1933, both Greenwood banks announced that they were following suit and would impose similar five percent withdrawal restrictions on accounts. New deposits were, however, not restricted.

According to the March 3 edition of the *Greenwood News*, the local populace seemed to accept this startling turn of events with an air of calm and resignation. Indeed on this Friday, the banking news shared the front page with news of the high school basketball team's exploits and the announcement of the PTA's new operetta. Again, the news was to change quite drastically in a matter of seventy-two hours.

President Roosevelt's national Bank Holiday closed all of the banks across the nation three days later on Monday, March 6, 1933. While the banks were allowed to open the next day to make change and receive deposits, they were not allowed to pay out any money on deposits which they already had on hand. The straight-forward reporting style of the





# TESTED

## by the FIRES of ADVERSITY

An institution that has weathered the difficulties of the past years may take a pardonable pride in its achievement. It can not but feel that those principles of business practice responsible for its success are sound. Thus this bank, in view of its past performance, solicits your patronage—confident of its ability to serve you.

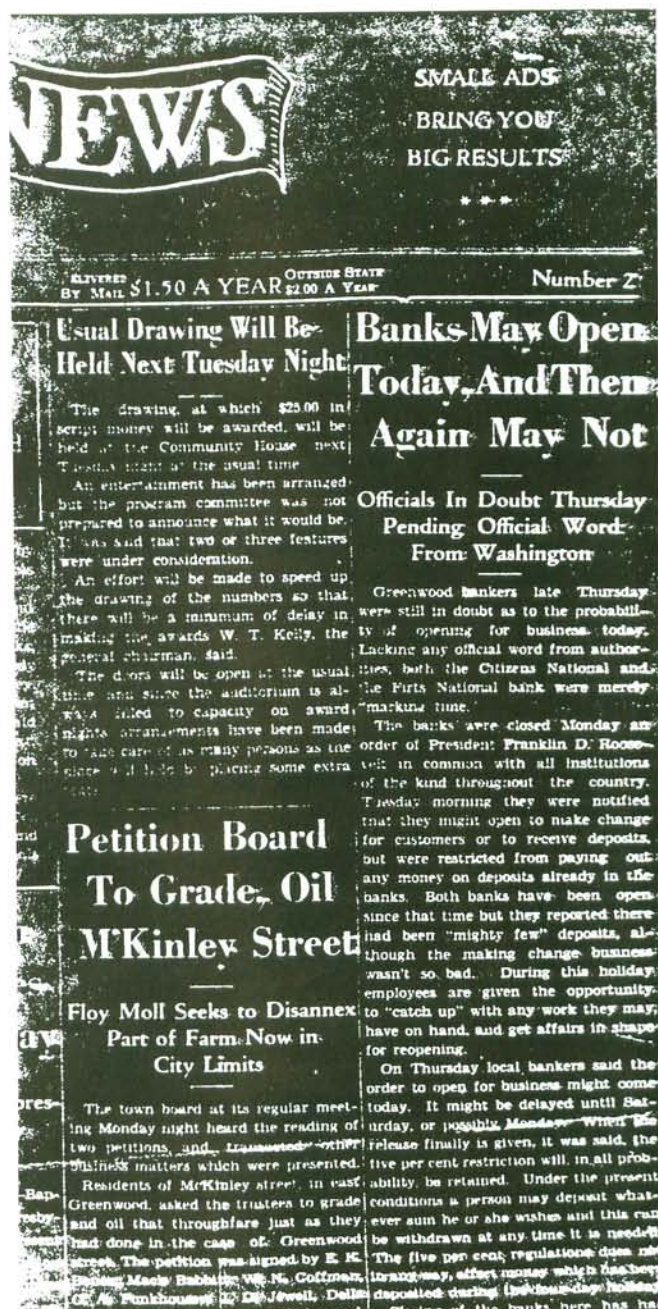
### Citizens National Bank

"The Bank That Helps You Save Money"

Fig. 5. This advertisement was a sign of the times in 1933.

Greenwood News noted that "there had been mighty few deposits although the change making business wasn't so bad"! The headline of the March 10, 1933 issue of the *Greenwood News* informed the local folks that the "Banks May Open Today, And Then Again May Not" (see Fig. 6). While some banks across the country began reopening as early as March 13, 1933, the two national banks in Greenwood did not open until Thursday, March 16.

The local banking scene did not change significantly for nearly two more weeks. Both the Citizens National Bank and the First National Bank were again closed on Tuesday, March 28, 1933, and placed under the supervision of a Conservator. Both reopened two days later. This marked the beginning of a series of lengthy discussions trying to work out a merger of the two institutions. These efforts were to eventually prove fruitless. Four months later, the federally appointed Conservator resigned, after which federal authorities appointed the two banks' Cashiers to act as the Conservators for their respective institutions. The local rumor mill had it that a new bank would be established in "two or three weeks." The



**NEWS**

SMALL ADS  
BRING YOU  
BIG RESULTS

Number 2

DELIVERED BY MAIL \$1.50 A YEAR OUTSIDE STATE \$2.00 A YEAR

### Usual Drawing Will Be Held Next Tuesday Night

The drawing, at which \$25.00 in script money will be awarded, will be held at the Community House next Tuesday night at the usual time.

An entertainment has been arranged but the program committee was not prepared to announce what it would be. It was said that two or three features were under consideration.

An effort will be made to speed up the drawing of the numbers so that there will be a minimum of delay in making the awards. W. T. Kelly, the general chairman, said.

The doors will be open at the usual time and since the auditorium is already filled to capacity on award night, arrangements have been made to take care of as many persons as the place will hold by placing some extra chairs.

### Banks May Open Today, And Then Again May Not

#### Officials In Doubt Thursday Pending Official Word From Washington

Greenwood bankers late Thursday were still in doubt as to the probability of opening for business today. Lacking any official word from authorities, both the Citizens National and the First National bank were merely "marking time."

The banks were closed Monday in order of President Franklin D. Roosevelt in common with all institutions of the kind throughout the country. Tuesday morning they were notified that they might open to make change for customers or to receive deposits, but were restricted from paying out any money on deposits already in the banks. Both banks have been open since that time but they reported there had been "mighty few" deposits, although the making change business wasn't so bad. During this holiday, employees are given the opportunity to "catch up" with any work they may have on hand, and get affairs in shape for reopening.

On Thursday local bankers said the order to open for business might come today. It might be delayed until Saturday, or possibly Monday, when the release finally is given. It was said, the five per cent restriction will, in all probability, be retained. Under the present conditions a person may deposit whatever sum he or she wishes and this can be withdrawn at any time it is needed. The five per cent regulation does not, they say, affect money which has been deposited during the holiday.

### Petition Board To Grade Oil M'Kinley Street

#### Floy Moll Seeks to Disannex Part of Farm Now in City Limits

The town board at its regular meeting Monday night heard the reading of two petitions, and, ~~transmitted~~ other business matters which were presented.

Residents of M'Kinley street, in east Greenwood, asked the trustees to grade and oil that thoroughfare just as they had done in the case of Greenwood street. The petition was signed by E. K. ~~Smith~~, ~~Marble~~, ~~Babbitt~~, ~~W. N. Coffman~~, ~~Ed. A. Pennington~~, ~~to~~ ~~Ed. Jewell~~, ~~Dallas~~.

Fig. 6. Some headlines betrayed the confusion which enveloped the financial scene in March, 1933.

August 18, 1933 edition of the *Greenwood News* contained a number of page one stories—John Francis' Packard had been stolen in Indianapolis; the Greenwood Merchants baseball team "bombarded the Christamore A.C. nine into submission by a score of 14 to 5." Of more interest was the announcement that 670 shares had been subscribed for in a new national bank which was to be known as "The National Bank of Greenwood".

One thousand shares needed to be sold before the bank could be started. Evidently the initial fast pace of stock sales was not maintained, as the December 22, 1933 issue of the *Greenwood News* indicated that stock sales had just passed \$40,000, probably about 800 shares of stock. Meanwhile the



two "old" national banks in town continued in business under conservatorship well into the spring of 1934.

The March 23, 1934 edition of the *Greenwood News* announced two important events. As of May 4, 1934, the Indiana Bell Telephone Company was going to do away with crank phones in Greenwood! Secondly, a new bank, according to "absolutely reliable sources," was to begin operation within the next thirty to forty-five days. This was apparently the National Bank of Greenwood, which was selling stock at the time. Depositors in the Citizens National Bank and The First National Bank met on April 20, 1934 to approve a plan which was essentially a three-way proposition. Approved by a vote of 130-0, the plan called for the liquidation of the two old banks which were then to be succeeded by a new institution (evidently The National Bank of Greenwood which had been in the works since mid-1933). The approved plan was immediately sent to federal banking authorities in Chicago on Saturday, April 21, 1934, who duly forwarded it on to Washington for final approval. Because the plan was patterned on one suggested by federal banking officials, quick approval was anticipated. One week passed, then two, without any response from Washington.

### "Plan B"

Finally a blockbuster telegram arrived in Greenwood on Saturday, May 5, 1934, from Washington. The depositors' plan had been rejected! The decision had been made in Washington that each local bank was to face its own problems. This approach negated the three-way deal which the depositors had envisioned among the Citizens National Bank, The First National Bank, and the yet-to-be-formed National Bank of Greenwood. With this turn of events, the paths chosen by the town's two banks started to part. The First National Bank was ordered by federal authorities to obtain waivers from all of its depositors by May 14, 1934, or face involuntary liquidation. By signing the waivers, the depositors agreed to give up any interest which was due them since March 6, 1933 in exchange for receiving all of their principal.

The Citizens National Bank immediately decided to pursue reorganization and asked the federal authorities to delay any action until this course of action could be investigated.

The National Bank of Greenwood, in its April, 1934 form, passed from the scene before it was ever born.

The May 11, 1934 issue of the *Greenwood News* carried the good news that the First National Bank had received waivers for about two-thirds of its deposits. By May 18, 96% of the First National Bank's deposits had been waived after federal officials granted the bank a time extension to get waivers from out-of-town depositors. The Citizens National Bank had no response to its reorganization request from Washington. Two weeks passed without further word from Washington, although the First National Bank reported that 98% of its deposits had been waived by June 1, 1934.

### Resolution


Finally the Citizens National Bank received approval to reorganize during the week of June 8, 1934. Preparations were made to sell stock in the reorganized institution so that depositors could be paid about 60% of their money once the "new" bank was ready to open. The remaining 40% would be paid out as other assets of the Citizens National Bank were

# NOTICE!

## TO DEPOSITORS OF CITIZENS NATIONAL BANK

**All those having restricted deposits are asked to bring their pass books to the bank at once, for the purpose of balancing accounts.**

## Citizens National Bank



## Hunting SUPPLIES

**MEN, the hunting season is on, and we're ready to supply your needs right now.**

**We have complete line of shotgun shells, sure-fire, with wide range, absolutely new stock, and at the lowest prices you can find anywhere.**

**You can't afford to take chances of losing out when the shells are not up to "snuff."**

Fig. 7. By August, 1934, the Citizens National Bank was preparing to wrap up its affairs.

liquidated. By July 6, the *Greenwood News* was able to report that stock sales of the Citizens National Bank's successor were going quite well while progress was again being made in the First National Bank's liquidation program.

On July 26, 1934, the federal banking authorities terminated the conservatorship of the First National Bank, effective July 28, 1934, and returned control of the bank to the directors for the purpose of liquidating the institution. The First National Bank wasted no time in beginning the pay out of deposits, starting on Tuesday, July 31, when it paid out over \$34,000. By Friday, August 10, 1934, this figure exceeded \$206,000.

Around August 3, 1934, the federal banking officials gave the go-ahead for the Citizens National Bank's successor, the National Bank of Greenwood, since the necessary stock in this new institution had been sold and the new officers approved. Depositors were asked to bring in their passbooks on August 10, 1934, which was taken as a good sign that things were finally being wrapped up (see Fig. 7). As Sep-





Fig. 8. October, 1934, found the Citizens National Bank beginning to pay out.

tember rolled around, the First National Bank reported that it was just about paid out, while the Citizens National Bank requested its depositors to sign waivers which would automatically transfer 60% of their money to the new bank when it was ready to open. Once in the new National Bank of Greenwood, the money could either be left on deposit or withdrawn at the depositor's discretion.

Officers of The National Bank of Greenwood were instructed to collect the money subscribed for stock in the new institution on September 24, 1934. This task was completed by the following Thursday, September 27. By October 19, the new bank was depicted as being ready to go once the "final" approval was received from federal officials. This approval was duly received, and the October 26 issue of the *Greenwood News* announced that the Citizens National Bank was paying out 60% of all deposits through the newly-opened National Bank of Greenwood (see Fig. 8). On November 2, 1934, a receiver was appointed for the Citizens National Bank in order to liquidate the bank's remaining assets which would be used to pay off the final 40% of its deposits.

The National Bank of Greenwood finally emerged as the only national bank in Greenwood. The bank remains in operation to this day, serving the local community as it has for the past forty-nine years (see Fig. 9).

### Numismatic Aspects

The National Bank of Greenwood was assigned federal charter number 14292, the last assigned in Indiana during the

Fig. 9. The National Bank of Greenwood, in 1934, stressed new government safeguards.

note-issuing period. The bank did not issue any small size notes, however.

Both The First National Bank and the Citizens National Bank issued remarkably similar quantities of the same types of notes as you will note in the table below.

Type and Denomination	Number of Notes Issued	
	First National	Citizens National
\$10 Red Seal	2,250	2,250
\$20 Red Seal	750	750
\$10 '02 Date Back	5,310	5,910
\$20 '02 Date Back	1,770	1,970
\$10 '02 Plain Back	11,391	11,946
\$20 '02 Plain Back	3,797	3,982
\$10 '29 Type I	3,828	3,600
\$20 '29 Type I	960	1,020
\$10 '29 Type II	295	625
\$20 '29 Type II	68	75

The last reported outstanding circulation figures are also quite comparable.





*Small size \$10 note on the Citizens National Bank.*

	<i>First National</i>	<i>Citizens National</i>
Amount out at Close	\$24,995	\$24,700
Large Size Notes out at Close	\$1,895	\$1,450

Surviving notes from each bank are apparently rare. The First National Bank is, to the best of my knowledge, represented by a single large size note, while the Citizens National Bank has at least three surviving notes, two large size and one small size.

### One Way to Collect Local History

I collect nationals and obsolete notes from my home state of Indiana. Since I live in the Chicago area, the "hunting grounds" begin only an hour's drive from my front door. For each national bank within the state, I try to collect —

- a note.
- a check.
- a picture of the bank building as it appears today if the building still exists.
- a history of the bank taken from local sources.

The banks which are the most fun to track down are the ones which no longer exist from small towns just like Greenwood. Frequently the most tangible evidence of the bank's existence in past times is the building itself. In small towns, the bank buildings often stick out like sore thumbs, replete with pillars and stone facades. If they are of plainer stock, as was the case in Greenwood, the local people can often point out where the bank buildings are located if they are still standing. Once I find the building, out comes the camera and one more small bit of history is recorded.

Tracing the history of the bank is usually a bit trickier. Local "old-timers'" recollections tend to be quite colorful but often not terribly accurate. Surprisingly, present-day banks seldom have much awareness of, yet alone information on, their ancestors from the 1930's and before. By default, the best source of information tends to be the local library or newspaper office. In preparation for this type of research, be sure to have the bank's key dates (opening, closing, consolidation, and/or receivership dates) written down. These dates are readily available from several numismatic sources such as the new Krause national bank note book. This bit of preliminary research will allow you to make the most efficient use of the library's or newspaper's files in determining what was

going on while the bank was in business. Even with a weekly paper there is a lot of wasted reading to do if you are not certain when some key events occurred. Obviously, get copies of interesting articles whenever possible since this saves a lot of note-taking. Use of one of the small dictation recorders would also get the job done if a copier is not available.

If the town is too small to have its own library or newspaper, try the nearest large town or the county seat. Unfortunately, my experience has been that the information becomes more sketchy when it is sought in a different town from the location of the bank.

At any rate, that's one way to do it. If you collect nationals, go out and see what history is waiting for you to discover after fifty years or more. You'll meet some nice people, get some fresh air, and have a good time playing detective. Such experiences are, after all, what the fun of collecting is all about!

### Acknowledgements:

Greenwood Public Library; Greenwood, Indiana  
 Franklin Public Library; Franklin, Indiana  
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### Banking History of Paraguay Announced

*ANALISIS DE LA HISTORIA BANCARIA Y MONETARIA DEL PARAGUAY*, by Pedro Fernandez.

Printed by Chromos S.R.L. Asuncion, 1982. 327 pages, illustrated, table of contents, index and bibliography. Softcover.

This Spanish-language work is a complete banking and monetary history of Paraguay from about 1874 through the 1970s.

Of particular interest to the collector of banknotes or the serious researcher is a 64-page section which covers all of the older banks in Paraguay, including the regulations under which they operated, powers of emission, date of beginning and date of shutdown. A detailed table of contents and alphabetical index add to the usefulness of this book.

The cost of the work is U.S. \$24.00 plus \$1.50 postage in the United States. Foreign customers must add U.S. \$4.00 to cover the cost of registration. Available from Dale Seppa, 103 Sixth Avenue North, Virginia, MN 55792.