## ANNIVERSARY EDITION BANK AND FINANCE SECTION

## Foundation of Omaha Banks on a Firm Basis

First Banking Business Here That of Western Exchange Fire and Marine Insurance Company in 1855-Joseph H. Millard, One of Pioneers, Still Active in Business.

PAUL GREEK Safe banking has been a charac-teristic of Omaha. The foundations of the sound methods which so generally have marked the financial institutions here were laid in two private banking firms of pioneer days, the house of Kountze Brothers and that of Barrows, Millard & Co. The men who established these institutions may have moved away, or died, but their tradition has been carried on by the youngsters whom they trained, by their sons and by many

others who came into contact with The solid principles of business which they established have proved more enduring than any man or set of men, having been bred into the very character of the banking institutions. The frame shacks in which the frontier banks opened up for business have gone; by the process of combination, division and change, the old names have disappeared, but

the spirit lives on. According to the historians, the first banking business in Omaha was that of the Western Exchange Fire and Marine Insurance company back in 1855. The panic of 1857 wiped it out of existence. The Bank of Nebraska opened in 1856, at the southeast corner of Farnam and Twelfth streets. Barrows, Millard Co., established a land agency same year, and gradually worked into the insurance and banking business. Kountze Brothers founded their banking business in

Early-Day Bankers.

nuggets from the head of navigation vn the Missouri river to Omaha, and of his adventures in the mining camp at Virginia City, Mont. Mr. Millard came to Nebraska in 1856, and established the land agency of Barrows, Millard & Co. His brother, Ezra Millard, who had been in business in Sioux City, came here two In the following year Luther years later. The two were soon Kountze went to New York, where years later. The two were soon joined by S. S. Caldwell, and established a bank at Twelfth and Farnam streets, across the street from Kountze Brothers bank. In 1864 he crossed the plains and spent two years in the banking business in the Montana gold fields. In 1867 he sold out his interest there and bo came cashier of the Omaha National bank, of which he later was president, and where he now occupies the position of chairman of the board.

Another who has been in intimate association with the early day financiers is Milton T. Barlow, now vice president of the United States National bank. As a boy looking for a job he came to Omaha from Greencastle, Ind., in 1864. Fate

hich he was a member. But One "Wild Cat." low. "It was canted its own paper Chicago, and issued its own paper

"Grasshoppers ate the crops and panics broke many men, but the old banks kept running. There may not

have been enough in the banks the grasshoppers, but we had a lot of men who would never close down and who never knew when

came widely known throughout the Saxony who settled at Osnaburg, Ohio. There were five daughters, business training in their father's

First National's Origin.

Back in 1854 one of these young men, Augustus Kountze, came west and set up in the real estate business in Muscatine, Ia. In the summer of 1855, according to Alfred Sorenson's History of Omaha, he visited Omaha in connection with business, and becoming convinced that this was to be a great city, made a number of investments in real estate. He took year and remained until 1872. His

the banks in Nebraska had failed at One of the early-day bankers, who that time, and they saw an opening Kountze Brothers, and was the first s still active in business life, is for a new bank in Omaha. The firm bank in Nebraska to be organized loseph H. Millard. Tales are still of Kountze Brothers did a banking under the national banking laws. told of how he brought a cargo of business until 1863, when it was conthousands of dollars of gold dust and verted into the First National bank,

with a capital of \$50,000. Luther Kountze was the first one to move farther west, and opened a bank in Denver with Augustus and Herman Kountze as senior partners. He was joined by Charles B. Kountze and in 1866 organized the Colorado National Bank of Denver. he established the banking house of Kountze Brothers.

Unprofitable Speculations. The growth of this venture required the attention of Augustus, who went east in 1872, leaving his

Omaha interests in the hands of

Herman Kountze. Their speculations in property in counter, a thing bank presidents do the river towns of Nebraska are said not try now. He had only one teller Their speculations in property in not to have proved profitable except and a bookkeeper in the 60s. A man in the case of Omaha. The coming of the railroad diminished the importance of many thriving towns along remembered to charge the 35 cents the Missouri, while it assured the exchange fee, all right, but forgot

of Barrows, Millard & Co. He remained there through all the changes that saw the firm altered into that of Millard, Caldwell & Co., of which he was a member of the Union Pacific. He served pair of scales to weight it. "I remember only one 'wild cat' as treasurer of the territory of Ne-bank in those days," says Mr. Bar-low. "It was called the Bank of large holder of residence property, doing much to develop the city, and ney in large quantities. It was was heavily interested in the stock

## they were licked." The Kountze brothers, who be west, and later engaged in the banking business in New York City, were the sons of an immigrant from Bank in Omaha 50 Years Ago Much Like That

Less Than at Present. Says F. H. Davis-Loans Were Less Liquid.

Only four banks existed in Omaup his home here in the following F. H. Davis entered the profession, in 1872. But, then, wealth was only brother, Herman Kountze, joined in the making, and these four met him, and late Luther, Charles B. all the requirements of that day and William Kountze followed. William Kountze died in Dakota City in and the city had only 16,000 inhabitants. Mr. Davis, who now is pres-The brothers found their property, ident of the First National bank, enunsalable after the financial panic of tered the employ of that institution 1857, but did not despair. Nearly all 49 years ago. It was an outgrowth the frontier banking firm of

> Primitive Methods. "The volume of business was then very small," said Mr. Davis, in re-calling the old days. "There was ro clearing house, and the tellers would sort out the checks at 1 o'clock and then go over to the other

banks and settle up, sometimes bringing back cash.
"Robberies? No, they were less frequent than today, as newspaper readers who notice bank holdups in Chicago and other cities now average close to one a week may well believe. Things were more free and easy, but we were quite up to the minute in banking facilities, and even

had time locks on our vaults. "I remember Herman Kountze sometimes took his place at the

prosperity of Omaha, which was chosen as the terminal of the Union Pacific.

Augustus and Herman Kountze Black Hills and Montana, but after been an incorporator and a director experienced at it, and we kept a

Cashing \$1,000 Bill.
"Banking in Omaha never saw the opportunities or took the advantages that were found farther west.

Robberies in Pioneer Times in vain to cash his note and un- trance on Farnam street and the Not So Many Promotion with plenty of gold, but wanting to was of white Italian marble. The turn it into paper to go on a trip building is still to be seen, stripped to the east. The \$1,000 bill would of much of the lavish architectural other handsome discount. That was be recognized as the sensation it un-wild west financing, but no tales doubtedly was. such as that can be told of Omaha."

Banking in Omaha 50 years ago, Mr. Davis says, was much like Mr. Davis recalls, although there banking today in any Nebraska town was a fever of town lot speculation. of 16,000 population. Loans were less liquid than is now customary, however, and extensions the usual would be a city of 500,000 population. Loans were white lead, would be a city of 500,000 population. Among the products manufactured here in the late 70's were white lead, mails carriages warms brooms rule. The total deposits of the First tion in 25 years. National bank in 1876, as revealed by a yellowed advertising statement

of more than \$15,000,000. A Frame Shack.

able to spend it because no one had vestibule are upon a scale of magthe change. Ultimately he ended up inficence that strikes the eye with in the village bank, where the bill admiration." A broad flight of would be cashed at \$50 discount, marble stairs led to the banking Later another man would come in room, and the floor of the lobby then be turned over to him at an- devices of the old days, hardly to

There were not as many promotion schemes 50 years ago as now,

Shops and Stock Yards. The Union Pacific railroad had vere \$1,267,066. Quite a respectable built its shops here, and the city figure for many banks even now, but had become an important distribsmall indeed compared with the de- uting center. Flour mills were an tory. At West Point there was a posits shown in the last statement early development, and as the mining country to the west sent its gold and silver ores down to be refined Kountze Brothers opened their here, food and other supplies were first banking house in a frame shack sent in return. The packing induson Farnam street. Its capital grad- try had not then taken on its presually increased from \$50,000 to ent importance. Meat was supplied \$500,000, and the building into from slaughter houses on the outwhich it had moved at the southeast skirts of the city run by the procorner of Farnam and Thirteenth prietors of the butcher shops. Most streets became too small. It was re- of Nebraska's cattle were shipped placed with the six-story building to the Chicago stock yards, and the which now houses the Omaha ranges were stocked by driving branch of the federal reserve bank. herds of cattle from Texas and the

This was completed in 1888, at a cost of about \$300,000. This structure was the admiration of the whole were in operation and Omaha meat state, and, to quote a historian of had begun to be shipped abroad. The those days, "The arched granite en- volume of commerce in Omaha in

## Investment Is Important Work of Insurance Men

By H. O. WILHELM.

companies give their clients (policy-

Among the branches of the business most important to Omaha and the surrounding territory is the in-vestment department. The companies collect millions of dollars in

braska and Iowa are considered the neries and factories of various kinds, tion. However, the older established In the enormous growth of the finest in the land. In fact, the per is not presented in any other westlife insurance business in 50 years capita of farm wealth in Nebraska ern country. The state is settling the companies have not overlooked the more important things that make united States. Since the insurance dreds of immigrants are arriving an institution great. Life insurance companies began making farm loans each day, and every season thouin Nebraska, only a few years ago. sands of new farms are opened out, grasshopper raids between 1873 and holders) greater service than clients the value of the land in many cases In no agricultural country is the 1876 are said to have had a much serve district reporting their clears receive in most other lines of busi- has more than trebled. Many of the demand for machinery so great as more distressing influence. companies are now making loans in this, and no establishment for the the better sections of western Ne- manufacture of all the different braska, and as a result the investors farming implements would be betare beginning to look upon the whole ter patronized and pay handsomer

Private banks were in the majority then. Nebraska City had three

Schemes Then, But There

Was a Fever of Town

Lot Specula-

1878 is set in an old account at \$30,

000,000, which may be compared

with the bank clearings which ran

over \$3,000,000,000 last year. Whole-

sale business at that time was said

to be increasing at the rate of 30 to

of the largest smelting and refining

works on the continent, several

foundries and a safe and vault fac-

paper mill and furniture factory,

Grasshopper Days.
In Johnson's History of Nebras-ka, which was published in 1880.

immediately preceding an account of

the depredations of the grasshop-pers, the opportunities offered by

Omaha and the state were thus set

field for the location of the manu-

facturer or man of capital than this,

and there is none where he would

be received with heartier welcome,

or where the investment of his

means would yield larger returns.

The resources of the country are

inexhaustible, the manufacturing ad-

vantages unsurpassed, water power

abundant and well distributed, and

to men of capital and skill the field

for manufacturing enterprises, of

the kind to suit the wants of the

"No state offers a more inviting

using power from the Elkhorn.

40 per cent a year.

mouth and Fremont.

Two National Banks.

There was a state bank at Brown-ville, capitalized at \$100,000, for then the river towns were all thriving. D. Remick was president of this institution, and G. P. Eaton, cashier The only other state bank then was in Omaha, the State Bank of Nebraska, of which Alvin Saunders was president, and Benjamin B. Wood, cashier. It had been

were the First National, founded in 1863, and the Omaha National, founded in 1866, the former with a capital of \$200,000 and the latter of Edward Creighton was nails, carriages, wagons, brooms, cigars, beer, whisky, soap, farm implements, and the boast was made president of the First, and Augustus Kountze, cashier. Ezra Millard was president of the Omaha National, and J. H. Millard was cashier. At Nebraska City was the Otoe County National bank, capital \$100,-000, Tolbert Ashton, president, and Julian Metcalfe, cashier The First National bank of Lincoln, of which Amasa Cobb, who afterward became judge of the state supreme court, was president, and J. F Suddarth, cashier, had capital of \$50,000, and

completed the list. Remarkable Gain. The population of Nebraska in 1871 was 122,000, a remarkable gain from the 28,000 people who lived in the state in 1860, 10 years before. It was a period of development. In 1865 there had been only 122 miles of

railroad in Nebraska; by 1871 there were 588, costing with its equipment, \$39,300,000; and by the following year the mileage had been practically doubled, to 1,051 miles. As business grew, the number of failures increased also; there were 11 in 1871, and 17 in the next year, with east for its livelihood. The great state was \$241.808,202.71.

Thirty Banks in 1874. By 1874 there were 30 banks in the state, of which nine were national banks. In 1872, Samuel G. Owen and Nelson C. Brock formed of deflation loans have been liqui-

Only Four Banks in Omaha When The Bee Was Founded 50 Years Ago-Today There Are 20-First Exclusive Savings Institution Was Omaha Savings Bank.

18 Banks in State in '71

Have Increased to 1,009

only four banks in at Brownville, by John L. Car Omaha 50 years ago when The Bee was founded. A fifth, known as the Central National, was then in process of liquidation. In the whole state there were only 18 banks. That was in 1871, but today Omaha has 20 banks, and the total for the whole Wiefe and Dorr Heffleman,

In the boom days of the '80's the banking business grew rapidly. The of these; Lincoln, two, and Omaha only one, that of Caldwell, Hamilton & Co., although it had had others before this, among them J. A. moved into the building it now ocmoved into the building it now oc-Ware & Co. and Kountze Bros. At cupies at Farnam and Thirteenth Blair was the banking house of Castetter & Co., which closed down only a few months ago, and there was one each in Beatrice, Brownville, Plattsestablished by H. W. Yates in 1882, putting up the novel iron-faced building which still stands on the northwest corner of Farnam and Twelfth streets, and from which it took the

nickname, "the iron bank." First Savings Bank. The Commercial National came in 1884, but has now disappeared, as has the Bank of Commerce. Me-Cague Brothers opened a private bank in 1883, the same date that formed the previous year, with a capital of \$100,000.

The two national banks in Omaha

The two national banks in Omaha the private banking firm of Cald-well, Hamilton & Co. Later the Union and the Commercial were combined with the United States Na-

> The first exclusively savings bank was the Omaha Savings bank, formed with J. E. Boyd as president; W. Paxton, vice president; C. F. Manderson; managing director, and J. E. Wilbur, cashier, in 1882. By 1888 there were seven national banks, seven private banks, four savings banks and several loan and

> trust companies in Omaha. They enjoyed a steady growth and for a quarter of a century Omaha was vithout a single bank failure. Nearly all were conducted by men who grew up with the city, who made their money here and who held the confidence of their fellow citizens.

> Omaha 18th In Bank Clearing Though 34th in Population Omaha is 18th in volume of bank

clearings, although 34th in popula-tion. The aggregate deposits in the 20 banks here at the time of the last statement, April 28, were \$96,418. 095. Ten years ago deposits amounted to less than \$60,000,000. Loans failures increased also; there were 11 now amount to more than \$85,000,commercial bankruptcies in the state
000, as against \$35,000,000 in 1911.

An abstract of the condition of the kind to suit the wants of the in 18/1, and 1/ in the next year, with country, is unlimited. A more ad-liabilities of \$201,000. Then came the vantageous location for woolen great panic of 1873, which had such mills, paper and flouring mills, tan-distressing effect throughout the namade by the Department of Trade communities felt this more than did and Commerce, showed 1,009 banks, the struggling towns on the frontier. with 569,787 depositors and an aver-The country was new and depended age reserve of 19 per cent. The tolittle on the market centers of the tal deposits in all the banks of the

Of the 31 cities in the Tenth res ings Omaha ranks next to Kansas City, outranking Denver, Oklahoma

state of Nebraska with equal favor.

The construction of the last sentence of the last senten money in large quantities. It was my duty at the close of business each that the close of business that the close of business each that the close of business that the close of the close muckrakers were not then in favor. John R. Clark, and the First National into investments.