

AMERICAN PUBLIC UNIVERSITY SYSTEM

Historic Preservation Project:
State Exchange Bank Building, Culver, Indiana:
the bank that Good Will built

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INTRODUCTION AND BACKGROUND

Though the assignment that incited this paper instructed one to “find a public historic building in (my) community that (I) believe is successfully used,” I chose instead to focus on a building that is presently underutilized and in urgent need of preservation work. The former State Exchange Bank building, currently housing a First Farmers’ Bank and Trust branch, the Museum of Culver and Lake Maxincuckee History, and the Culver Visitors’ Center, is located on the northwest side of the intersection of Jefferson and Main streets in Culver, Indiana. It is the oldest frame building in the town, and currently the largest non-educational building. However, it fails to achieve its potential contributing to the historic nature of the town, fails to live up to its current economic and social potential, and represents a potential great risk to the economic future of Culver if neglect continues. Simultaneously, it offers an outstanding opportunity to revitalize the historic Main Street business district and the economy of Culver as a whole.

HISTORY OF THE STATE EXCHANGE BANK

The history of the State Exchange Bank parallels that of the town that hosts it. Indeed, it is difficult to conceive of Culver achieving its success through much of the 20th century without the bank, and in particular its long-time president William O. “W. O.” Osborn.

The bank began operating as the Exchange Bank of Marmont¹ in the 1890’s. In 1901 it became the Exchange Bank of Culver when Schuyler C. Shilling purchased it. At the time, it operated as one of 240 private banks in Indiana, working out of a single room in a building near

¹ The original name of the town was Geneva, had changed to Marmont by 1894, and was changed to Culver in 1896 under the urging of Henry Harrison Culver, founder of Culver Military Academy.

An Outline Presenting a Resume of the Service Role and the development of The State Exchange Bank Culver - Plymouth - Argos and the Farmers State Bank LaPaz-Bremen (Unknown: Unknown, 1978), 2.

Robert Rust Agency, *Our Diamond Jubilee - Seventy-Five Years of Banking Progress: A Graphic Glimpse and Review of the Life and Times of The State Exchange Bank Culver, Plymouth, Argos, Indiana, Farmers State Bank, LaPaz, Indiana* (Indianapolis: Indiana Press, Inc., 1976), 1.

what is now “the former hardware store.” Six years later, Schuyler made the fateful decision to hire William O. “W. O.” Osborn as a bank officer and cashier². The long-term growth and success of the bank was largely owed to W. O.’s unique and unconventional business practices.

In 1917, the Exchange Bank of Culver became one of the first banks to charter under the State Bank Charter, becoming the State Exchange Bank of Culver. It was widely recognized for patriotic and community service, as well as customer service. Nationally, the State Exchange Bank was prominent for supporting the Great War effort, selling First Liberty Bonds above their issue price. Nationally, most were sold well below their par values.³

The State Exchange Bank effectively set itself apart during the Great Depression. During the height of the depression, it was one of only a handful of banks nationally to remain open (only seven in Marshall County). Far from failing or limping through, the State Exchange Bank was able to reopen with no restrictions following the national bank holiday instituted by President Franklin D. Roosevelt in 1933. Throughout the depression, the bank was able to grow its operations by providing service and offering credit to individuals, farms, businesses, and other community concerns, often based merely on the basis of personal trust. This was so successful the bank actually added a branch in Argos due to popular demand!⁴

The bank was also an excellent employer. In addition to higher wages than customary, it offered bonus payments to staff, a salary “dividend” similar to that given shareholders, a retirement pension plan, and a free cafeteria for employees. It later added a finance company and insurance company under the same management, and employees of those firms received identical treatment.⁵

² *Diamond Jubilee*, 2.

³ *Resume*, 2.

⁴ *Ibid.*

⁵ *Diamond Jubilee*, 3-5. And *Resume*, 2-3.

W. O. OSBORNE: A CULVER LEGEND

The success of the State Exchange Bank, and to a large degree the Culver Military Academy and the towns of Culver, Plymouth, Bremen, and Argos, owe a great deal to William O. Osborne. Frequently and affectionately referred to as “W. O.,” he became a towering figure in the community due to his business acumen, unconventional business methods, and unwavering faith in the intentions of his fellow citizens.

W. O.’s influence was critical during the Great Depression. During this time, most banks closed or operated under challenging restrictions. However, the State Exchange Bank was able not only to keep accepting deposits, but also to continue offering credit under favorable terms. More than one source recounts stories of W.O. borrowing money on his own excellent credit, and using the proceeds to extend personal loans to people who could not get bank credit, “but of whose honesty and eventual solvency he felt confident.”⁶ He also instilled a climate in which the bank was “eager” to approve loans. He felt that a person who was turned down by another bank, but financed through his would likely remain a customer even after that loan was paid off.⁷ This seems to have been the case.

W.O.’s eagerness also worked its way into customer service. The bank maintained two, or sometimes three, appraisers who worked to investigate loan applications. In a time when many banks would require several days or weeks to answer a loan application, the State Exchange was able to respond the next day, if not the same day. Osborn’s philosophy was that “people come to a bank for money in about the same circumstances as they go to a doctor. A

⁶ Robert Kline, Interviewed by Author, 19 July, 2017.
Denise Burnham, Interviewed by Author, 13 July, 2017.
Quotation from Arthur Van Vlissingen, “Will Osborn’s Big Small-Town Bank,” *Indiana Business and Industry*, July, 1961, 9.

⁷ “Will Osborn’s Bank”, 9.

man puts off asking for a loan until he needs it. Then he can't wait" a long time for an answer.⁸ His customer service emphasis also lead to charging no service fees for any service – to include check printing, loan applications, and other bank services – much to the chagrin of competing banks.

Osborn also often acted as an intermediary or mediator between two customers, to create a win-win situation, sometimes even a win-win-win situation, when the bank could offer services in a transaction as well. In one such story, he connected a woman who was hoping to purchase a house trailer with a trailer manufacturer struggling to increase sales. Though the bank did not hold a note on the purchase, it managed accepting payment from the woman, depositing the payment into the manufacturer's account, and tracking of amortization of the loan, at no fee.⁹ In another, he loaned a large sum of money, nearly \$100,000, to a man so he could purchase bailing twine from Mexico, which was located in Chicago. He then set up warehouse receipts for the product via a bank in Chicago. When a Cleveland-based customer of the investor wanted to pick up some twine after delivering a truckload of product to Chicago, he called W.O. Within an hour, W.O. had called the Chicago bank, had receipts released for the appropriate quantity of twine, and the driver was able to pick up his order, all on short notice!¹⁰

Though many of the loans made by the State Exchange were, on paper, high-risk and unacceptable to other banks, Osborn's faith in people lead to remarkable success. He claimed that "We consider a good farmer on a bad farm a far better risk than a bad farmer on a good farm." As a result, in 30 years the bank foreclosed fewer than 5 times, and had a .1% loss rate on loans. To some degree this was due to a pragmatic way of dealing with struggling borrowers. "If

⁸ Ibid.

⁹ Ibid., 9-10.

¹⁰ Al Spiers, "He Puts More Trust in People Than Collateral: The 'inside story' of banker Will Osborne," *Indiana Business and Industry*, July, 1961, 9-10.

we foreclose on Smith's farm we'll lose \$3000 via legal costs and sacrifice resale. If we give Smith that \$3,000 loss by waiving interest he'll save his farm and we'll save a good client.”¹¹

Perhaps most telling was Osborn's decision to not only support, but loan money to a man who had robbed the bank! Bert Gatworth and three other young men robbed the bank, in the process killing one Culverite and wounding another. All were sentenced to life, but two of the others received early parole, which they used to join the Dillinger gang. This resulted in many letters from citizens demanding parole never be granted Gatworth.

Gatworth wrote a letter summoning Osborn to speak. When they did, he said, “I've learned my lesson. I'd like to get out, but if you're against me, I won't even try.” Upon conferring with the warden, who spoke highly of Gatworth's behavior, W. O. supported his parole. However, it was not granted before the third member of the robbery was released.

Gatworth's mother asked Osborn why her son hadn't been granted parole. When he looked into it, he found that Gatworth was poor and had no attorney. Osborn had passed the Indiana bar in 1912, having studied on his own at night because Culver had no attorneys previously. So, he took the case. In response, the bank directors “nearly blew a fuse.” Osborn responded, “If we deny the possibility of human reform we might as well close all our churches.” They agreed, with the warning that “if he backslides, it's your neck!”

After a successful parole, Gatworth settled near Culver. There were rumors that he had slipped and returned to criminal activities, prompting Osborn to visit and check up on him. Gatworth said that things were tough, especially for an ex-convict, but that he hadn't slipped. Osborn told him if he needed money, his credit was good at the State Exchange.

¹¹ Ibid., 18.

A short time later, Gatworth went to the bank for a second time – his first without a gun – and borrowed \$200 in order to move to Michigan and get a fresh start with his brother’s widow and two children, with whom he had fallen in love. Over the years, he financed several cars through the State Exchange, and never missed a payment!¹²

THE BUILDING

The State Exchange Bank building sits at the intersection of Jefferson and Main streets. Built in 1907 with much of the planning directed by Osborn, when it opened it featured polished brass accents, a terrazzo floor, marble counter tops, an impressive vault, and barred teller windows. Cash and gold coins were the main media of exchange, as checks were just beginning to come in to play.¹³ The vault also famously stored mint essential oil from the area farms – a commodity with a by weight value far in excess of gold.¹⁴ Of course, vaults were of paramount importance at this time, before the advent of the Federal Deposit Insurance Corporation!

The building featured a beautiful early 20th century functional architecture, featuring a brick façade, capped with limestone lintels, and included an angled “left” side on the corner. This feature was repeated on the branches opened in Argos and LaPaz as well (see figures 1, 2, and 3).

¹² Spiers, Al. “He Puts More Trust in People Than Collateral: The ‘inside story’ of banker Will Osborne.” *Indiana Business and Industry*, July, 1961, 9-12, 22.

¹³ Robert Rust Agency. *Our Diamond Jubilee - Seventy-Five Years of Banking Progress: A Graphic Glimpse and Review of the Life and Times of The State Exchange Bank Culver, Plymouth, Argos, Indiana, Farmers State Bank, LaPaz, Indiana*. Indianapolis: Indiana Press, Inc., 1976.

¹⁴ *Ibid.*, 5.

Robert Kline, Interviewed by Author, 19 July, 2017.



Figure 1: State Exchange Bank, Culver, 19 December 1921, following robbery. Note bullet holes, dentists' office on 2nd floor



Figure 2: State Exchange Bank, Argos, Mid-1920's

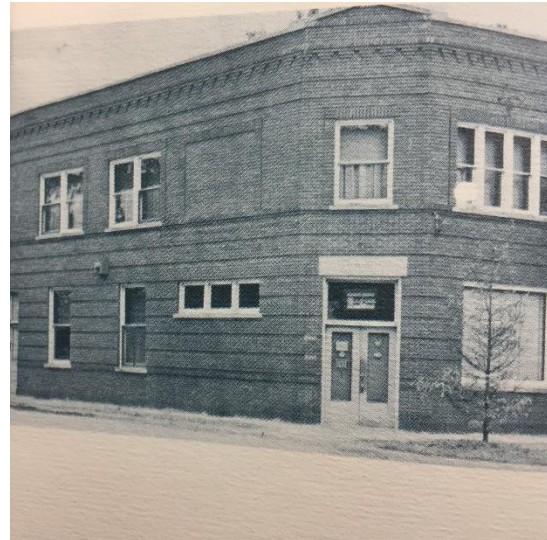


Figure 3: Farmers State Bank, LaPaz. Date unknown.¹⁵

¹⁵ Figures 1, 2, and 3 from *Diamond Jubilee*, 2-3.

In the 19-teens and 1920's, Culver was the fastest growing town in Marshall county, due in part to its allure as a resort area, the impact of Culver Military Academy, and the financial and business impact of the State Exchange Bank.¹⁶ The State Exchange Finance Company was incorporated in 1923, and lead to a needed expansion of the building. Secondary sources do not indicate the date of this expansion, but photographic evidence shows it was certainly complete well in advance of 1947. The rear and Jefferson Street façades today vaguely recall the architecture of this period, which many feel is the most attractive iteration of the building.



Figure 4: Main St. Façade, 1947.¹⁷

¹⁶ Historic Landmarks Foundation of Indiana, *Marshall County: Interim Report* (n.p.: November, 1990), 100, accessed 18 July, 2017, <http://indiamond6.ulib.iupui.edu/cdm/compoundobject/collection/IHSSI/id/14999/rec/36>.

¹⁷ Damaged photo found by author in second floor of bank, July 2017. Erroneously dated 1927 on back, actually shows bank when IBM officials, including Thomas J. Watson, Jr. visited in 1947. See *Diamond Jubilee*, 6.

In 1958, the building underwent a rather unfortunate extensive remodel into essentially its present form. This type of brutalist, “fully modern” design was popular throughout the 1960’s and 1970’s, proving the bank as once again ahead of its time. Unfortunately, the new façade does not integrate into its existing context well. This was not of particular concern at the time, as the management of the bank was clearly enthusiastically marketing its buildings as “sleekly ultramodern and tailored to tomorrow.”¹⁸



Figure 5: State Exchange Bank, 1958.¹⁹

Today’s building continues to feel out-of-place. It is the only commercial building within the National Register of Historic Places listed Main Street Historic District deemed non-contributing. This is unfortunate, given the beauty the building once had, and it’s prominent role in the life of Culver. Its contextual issues are exacerbated by its prominent location next to the 1915 Carnegie Library, a high-traffic and iconic building. The loss of the angled corner is also

¹⁸ Al Spiers, “He Puts More Trust in People Than Collateral: The ‘inside story’ of banker Will Osborne,” *Indiana Business and Industry*, July, 1961, 8-12, 22.

¹⁹ Tom Ross, *Untitled*, photo used in *The Culver Citizen*, 4 June, 1958, Culver Antiquarian and Historical Society archives, Culver, IN.

unfortunate. Recovering this would open up views of the library, the Heritage Park pocket park maintained by the Culver Antiquarian and Historical Society, and the 1935 post office built by the Works Progress Administration.²⁰



Figure 6: Main Street Facade is rather cold and impersonal, given the historic architecture of the rest of the district. Note the proximity of the Carnegie Library (hiding behind construction trailer).²¹

²⁰ Ibid.

²¹ This, and all subsequent color photos, taken by author 19 July, 2017.



Figure 7: Corner of Jefferson and Main Streets. The current facade is clearly incongruous. Note the WPA post office in the distance, AHS pocket park across Jefferson Street, historic commercial building far left.

As seen in earlier photos, the building served many purposes through most of its life, with portions being leased to other businesses. This remains true today, though only a small portion of the building is presently occupied. A First Farmers' Bank and Trust branch occupies the north half of the ground floor, though in truth only a small portion of this space is in use. Many of the offices remain empty, some with 1970's furnishings remaining in place. Traffic flow is also awkward, with patrons entering from Main Street, as well as by walking through the Culver Visitors' Center from Jefferson Street. Due to Jefferson offering the only parking with shade in the downtown area, this entrance receives much traffic, but is not visible to tellers. Drive up service is offered via the parking lot to the west of the building. However, tellers cannot be seen by patrons, and can only see patrons via video, as there is a large portion of the

building between the teller stations and the drive through. Because of the distance traveled by the vacuum tubes for the drive through, transactions cannot include rolled coins or other heavy banking items. The space formerly housing W. O. Osborn's office, "board room" and secretaries' office now houses the Museum of Culver and Lake Maxinkuckee History, sadly poorly visible to bank patrons because it is behind a (poor quality) wooden door.



Figure 8: Jefferson Street entry. Bank lobby ahead, museum through door on left, and essentially inside the visitors' center.



Figure 9: Entry to Museum of Culver and Lake Maxinkuckee History. Steam boat deck replica to right, secretaries used to be here.

The second floor is a labyrinth. It is not publically accessible, accessed by a steep, long, and narrow stairway (though there is a dumbwaiter, which no longer functions), which does not meet modern access requirements. Offices, workspaces, restrooms, and kitchens seem to endlessly connect one to the other, with no hallway or logical traffic flow. Working here must have been a very social experience! The east side windows offer a beautiful view of the lake, a rare premium in Culver!

It is used for storage by the museum, and also contains various cast-off banking and office equipment of 1970's vintage, basically abandoned when the State Exchange Bank closed. There is a great deal of water damage from roof leaks, though the leaks have been repaired recently, in part through a grant received by the museum. However, the lack of climate control and presence of many allergens makes the space unlivable for many of the Antiquarian and

Historical Society members, and is a severe ongoing preservation challenge for the artifacts in the museum's collection. It also presents a security risk for the bank²².

As challenging and disheartening as exploring the second floor is, the basement presents cause for greater concern. This space once housed the employee cafeteria and its kitchen. During the 1930's, this service was also opened to members of the community who found food difficult to come by. It also housed two additional vaults, a photographic dark room, and large storage rooms, as well as utility spaces.

The basement has seen severe water damage, including a large quantity of standing water. Mold is a serious concern. Last year, large quantities of woodwork, tile, historic documentation and décor was removed and sent to landfill. A scrap metal collector was allowed to remove items of significant scrap value, which included most of the kitchen appliances, vault doors, doors from the coal furnace and boiler, and likely other items of preservation value of which there is no record. Although the museum director was allowed to remove some items, many were already severely damaged, and she had limited time to assess the artifacts and their context and remove them from the space.

It was believed that the water in the basement was entering via the roof leaks. However, despite the roof being repaired and a dehumidifier running constantly, new water is finding its way in, and there is still standing water on the floor.

²² For reasons I feel would be unethical to discuss here.



Figure 10: Stairway to Second Floor. Narrow, Steep, Hot.



Figure 12: I literally stubbed my toe on this grate. It might be one of the teller window grates from an earlier iteration of the bank?



Figure 11: Second Floor museum storage. Just one of at least a dozen rooms.



Figure 13: Beautiful view from second floor - a rare treat in town! Culver Cove in distance on right occupies the former site of a major ice harvesting house.



Figure 14: This intercom system on the second floor is still functioning, providing lobby music.



Figure 15: This basement vault retains its door. This may be the vault in which mint oil was stored.



Figure 16: Employee Dining Hall, ca. 1950



Figure 17: Employee Dining Hall today. The wall clock shown in Fig. 16 is still present on the wall to the right.



Figure 18: Cafeteria/Kitchen ca. 1950.



Figure 19: Cafeteria/Kitchen today.



Figure 20: The cast iron doors have been removed from the old furnace.



Figure 21: Continuing water infiltration and associated damage is a major concern.

HOPE FOR THE FUTURE

The State Exchange Bank building has clearly had a storied past. It can also have a storied future. However, at present, it represents opportunity and risk in equal measure.

The highest use of the building for the community may be a combination of restoration of the façade to its 1930's appearance, and adaptive reuse of the interior for several uses. This includes maintaining its function as a bank branch, and expanding the space used by the Antiquarian and Historical Society and Museum of Culver and Lake Maxincuckee History, and the Culver Visitors' Center on the ground floor. The second floor could be easily divided into at

least three residential apartments or offices. Two could serve to address the shortage of affordable housing in Culver, while the third, owing to a good view of the lake, would garner higher rent, whether for residential or office use. The stairway would need to be replaced with one acceptable to current building code, and an elevator provided (perhaps using space partly occupied by the current dumbwaiter) for Americans with Disabilities Act compliance.

The basement is the most concerning area. It both reveals current structural issues for the building, and an interesting historic and potential future use. Certainly, the foundation damage needs repair, and the water infiltration and resultant mold problems must be addressed. It would be fascinating to see it return to being a functioning kitchen and cafeteria, perhaps a soda fountain, or even serving the same role as it did during the Great Depression: providing meals to those who are food insecure.

This is daunting. However, the result would be a powerful asset for Culver. Meanwhile, if the building remains neglected long-term, it could be lost. The cost of demolition of the building would be enormous, and it would leave a large vacant area in the historic commercial district. If left alone, it could, like historic buildings in nearby Monterey and Rochester, simply collapse. The economic, environmental, and aesthetic damage to Culver could be catastrophic.

To be certain, this is proposing a very large-scale project. Executing it would certainly be a multi-million dollar project, and require a collaborative effort from many constituents. Culver's Main Street Corporation and/or the Stellar Communities committee, working in close concert with the current stakeholders of the building and the town council, would most likely best advance the project. A new legal entity would need to be created, whether for-profit or non-profit, to take possession of the building and manage it through the process.

As a first step, consulting architects, engineers, and tradespeople should be retained to help complete a Historic Structure Report. This should precede any design work, and will allow a more thorough understanding of the history and structure of the building. Not only will evidence of the structural concerns be created and evaluated, but the document will be used to guide the development and preservation of the building.²³ Perhaps in the process of creating this report, it will be revealed that the preservation of the building is too difficult or costly. But likely the opposite will be the case if lead by a group of vision and deep concern for the continued vibrancy of the town of Culver.

²³ Deborah Slaton, "Preservation Brief #43: The Preparation and Use of Historic Structure Reports," National Park Service Technical Preservation Services, April, 2005, accessed July 23, 2017, <https://www.nps.gov/tps/how-to-preserve/briefs/43-historic-structure-reports.htm>.

ANNOTATED BIBLIOGRAPHY

_____. *An Outline Presenting a Resume of the Service Role and the development of The State Exchange Bank Culver - Plymouth - Argos and the Farmers State Bank LaPaz-Bremen*. Unknown: Unknown, 1978.

A brief summary of the banks' services (Depository, Financing, Insurance, Trust, and Miscellaneous), banking conveniences, community service, and management, as well as a timeline from 1901 through 1978.

_____. "Our Most Important Crop." *Indiana Business and Industry*, July, 1961.

Essentially an advertisement for American National Bank and Trust Company of Chicago, outlines the role of WO as attorney for Culver Military Academy, as well as the State Exchange Bank's role supporting education in the community.

Historic Landmarks Foundation of Indiana. "Marshall County: Interim Report (n.p.: November, 1990).

<http://indiamond6.ulib.iupui.edu/cdm/compoundobject/collection/IHSSI/id/14999/rec/36>.

Robert Rust Agency. *Our Diamond Jubilee - Seventy-Five Years of Banking Progress: A Graphic Glimpse and Review of the Life and Times of The State Exchange Bank Culver, Plymouth, Argos, Indiana, Farmers State Bank, LaPaz, Indiana*. Indianapolis: Indiana Press, Inc., 1976.

A photo-rich overview of the history of the bank, with a strong focus on its buildings and staff. Several color photos, and many black and white. Printed in celebration of the 75th anniversary of the bank's founding.

Slaton, Deborah. "Preservation Brief #43: The Preparation and Use of Historic Structure Reports." National Park Service Technical Preservation Services. April, 2005. Accessed July 23, 2017. <https://www.nps.gov/tps/how-to-preserve/briefs/43-historic-structure-reports.htm>.

Spiers, Al. "He Puts More Trust in People Than Collateral: The 'inside story' of banker Will Osborne." *Indiana Business and Industry*, July, 1961.

A two-part article describing the bank and Osborne's ethics in running it. In particular, conveys the story of a man who robbed the bank and was sentenced to life. Later, Osborne supported his parole, even acting as his attorney, and loaned him money.

Van Vlissingen, Arthur. "Will Osborn's Big Small-Town Bank." *Indiana Business and Industry*, July, 1961.

A feature article in the annual “financial number” issue of the magazine, focusing on the character traits and unorthodox business practices of W. O. Osborn, which allowed the State Exchange Bank to thrive when others struggled.