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THE EARLY GROWTH OF THE CONRAD BANKING ENTERPRISE IN MONTANA, 1880-1914

HENRY C. KLASSEN

In the year 1880 two brothers, William G. and Charles E. Conrad, organized the First National Bank at Fort Benton in north central Montana, capitalized at \$50,000. They supplied at least \$10,500 of this capital and gradually came to own a majority of the stock. From this modest start, the Conrad partnership expanded through involvement not only in the First National but also in other Montana banks until its emergence as a banking empire thirty-four years later with a paid-up capital of more than half a million dollars.

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The partnership grew by entering several geographical markets, becoming a regional partnership.

The Conrad banking houses, first those of William and Charles and, after the death of Charles in 1902, those of his wife, Alicia, and William, became very influential in north central and northwestern Montana during the late nineteenth and early twentieth centuries. Owned and personally managed by the Conrads, they helped finance ranchers, merchants, farmers, and manufacturers—the businessmen whose enterprises were essential to the economic development of these regions. In funding Montana ranching, farming, mercantile, and manufacturing businesses, the Conrads relied primarily on a network of four single-unit, commercial banking houses: besides the First National Bank of Fort Benton, there was the Northwestern National Bank at Great Falls in north central Montana, the private banking firm of Conrad Brothers (after 1891 the Conrad National Bank) at Kalispell in northwestern Montana, and the Conrad Banking Co. (a private bank that was converted to a state bank in 1911) in Great Falls.

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FIG. 1. William G. Conrad, Great Falls, Montana, c. 1900. Courtesy of the Montana Historical Society Library.

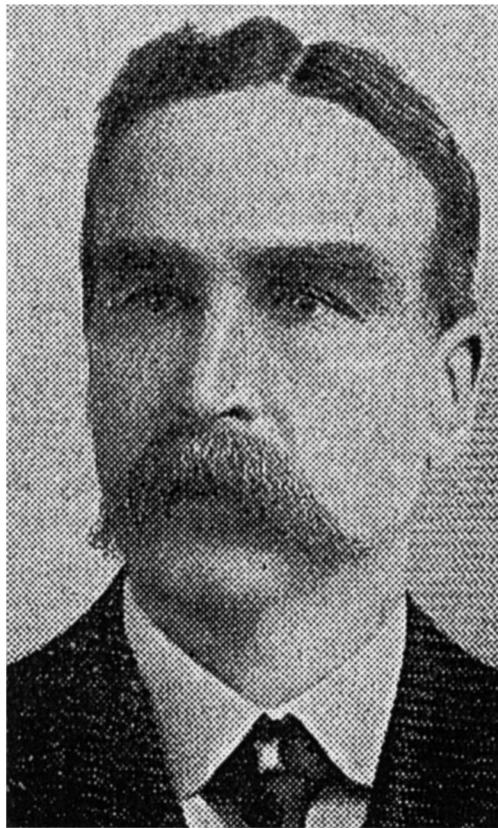


FIG. 2. Charles E. Conrad, Kalispell, Montana, c. 1898. Courtesy of Montana Historical Society Library.

THE BANKING BUSINESS

The Conrads thus conducted their banking through the three different types of commercial banking houses that existed in Montana and the United States—the national bank, the private bank, and the state bank. Each of these was attractive in its own way. The Conrads quickly recognized the advantages of holding a national charter. According to the National Currency Act of 1863 and the National Bank Act of 1864, which established the present national banking system including the office of the comptroller of the currency in Washington, D.C., national banks could issue national bank notes by acquiring

federal government bonds to back them. Ever since 1863 the national bank notes had constituted the national currency. Public confidence in the national banks came partly because of their relatively high initial capitalization—a minimum of \$50,000 until 1900 and \$25,000 thereafter—and partly because close federal government supervision enhanced their soundness. Their minimum reserve equaled 15 percent of all their bank notes and deposits, and they limited loans to any single borrower to 10 percent of their capital and surplus.¹

The Conrads also saw the benefits of using state banks regulated by Montana. Whereas national banks were prohibited by federal law

from making real estate loans before 1913, Montana state law permitted such loans. This gave state-chartered banks more scope to lend to a wide variety of borrowers, especially farmers, who often possessed little collateral other than real estate. Montana's less restrictive banking laws allowed state banks to break more easily into the farming market than national banks could.

Private banks also allowed the Conrads to make real estate loans to farmers and other borrowers. Private banks were neither regulated by any level of government nor incorporated. They could make loans secured by real estate, but, like state banks (after 1865) they could not issue their own notes for circulation as currency.² Otherwise the functions of the private and chartered banks were much the same.

The Conrads' chartered and private banks offered their clients a broad range of the usual commercial banking services, including deposits, short-term loans, long-term capital, and overdrafts. These country banks, so called because they operated outside America's big cities in a largely rural environment, accepted deposits from their clients, using these funds to arrange loans to borrowers. The Conrads agreed they could build their lending business by making credit available to borrowers on a short-term basis, usually from three to six months. The Conrads frequently rolled over these loans a number of times, however, especially to, in effect, provide long-term capital to farmers and ranchers, who often took one or more years to repay their debts.

The staples of the lending trade covered a wide spectrum, from loans secured by the pledge of collateral such as cattle or sheep to unsecured advances where the Conrads relied on the intangible but commendable aspects of the borrowers' character such as prudence, thrift, and willingness to repay promptly. When seeking outlets for funds through unsecured loans the Conrads usually accepted a particular kind of commercial paper from their clients: the promissory note with one or two signatures, a written promise to pay at a fixed

time in the future. The overdraft—a term indicating that clients had drawn out more money than they had put in—early appeared in the Conrads' banks, but only for their well-established and most trusted clients. Overdraft borrowing meant unsecured advances to regular clients, repayable on demand.

Controlling loans posed problems. Both unsecured and secured loans could be risky, for borrowers often did not repay their debts on the dot. The banks sometimes responded too readily and without sufficient care to maintain reasonable deposit levels when business clients aggressively demanded credit. This might cause the banks to run out of funds for lending, especially during one of the frequent downturns in Montana's economy.

The hazards of the Conrads' country banks, however, were mitigated by correspondent relationships with large banks in money centers such as New York, Chicago, St. Paul, and San Francisco.³ The Conrad banks kept funds on deposit in these big city banks, assuring them access to capital in the nation's leading financial centers. The Conrads reinforced their correspondent ties with influential banking concerns in major American markets by their personal connections with the metropolitan bankers.

FAMILY MATTERS

Even more important were the personal friendship and family ties within the Conrad banking enterprise. Like other banking families such as the Powers of Helena and Fort Benton and the Fords of Great Falls, the Conrads demonstrated the usefulness of kinship in the demanding give-and-take of commercial banking in Montana during the late nineteenth and early twentieth centuries.⁴ Kinship and friendship bound William and Charles Conrad and inspired cooperation in the banking business.

William and Charles were born on a plantation near Front Royal in the Shenandoah Valley in Virginia in 1848 and 1850 respectively. In 1868, after fighting for the Confederacy

and working in their uncle's arms manufacturing establishment in New York City, they got jobs as clerks in the prominent merchant house of I. G. Baker & Co. at Fort Benton, Montana, the transportation hub at the head of navigation on the Missouri River.⁵ By 1873, they became I. G. Baker's partners and managers when Baker moved to St. Louis, Missouri. William and Charles Conrad had an extraordinary talent for developing the firm's trade in furs, buffalo robes, cattle, groceries, dry goods, hardware, and agricultural implements, both within Montana and at their stores in the Canadian prairies. They skillfully used I. G. Baker & Co.'s steamboats on the upper Missouri and its overland wagon trains to bring business to its store in Fort Benton. They continued to manage the firm until 1891.

The Conrad banks grew naturally out of the need to finance I. G. Baker & Co. The Conrads were entrepreneurs, committed to fresh ways of thinking and operating. The Conrad brothers understood the new banks they established, were excited by the considerable potential of these institutions, and were determined to see them grow large enough to fund not only their own enterprises but also those of other businessmen. As might be expected, their country banks acted in an entrepreneurial fashion, opening new lending markets and expanding their business as the frontier of settlement advanced.

By the eve of World War I, commercial banking in Montana had decades of experience behind it and had already achieved considerable growth. In 1913, there were 57 national, 179 state, and 25 private banks operating in the state.⁶

DEVELOPING THE FIRST NATIONAL BANK OF FORT BENTON

To organize a national bank, founders had to apply for a federal charter to the comptroller of the currency in Washington, D.C. On 9 April 1880 William and Charles Conrad submitted an application to the comptroller through their associate Samuel T. Hauser, a

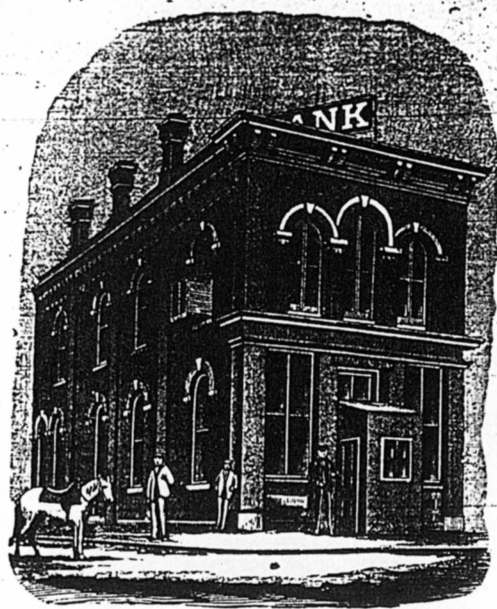


FIG. 3. *First National Bank of Fort Benton, Montana, c. 1882.* Courtesy of Montana Historical Society Library.

leading Helena businessman, and within two weeks the First National Bank of Fort Benton charter was granted.⁷ On 24 April the small handful of stockholders and founding directors of the new bank met in the office of I. G. Baker & Co. at St. Louis and immediately elected William Conrad president of the institution.⁸

William's brother Charles was his closest associate in developing the First National Bank of Fort Benton. Like William, Charles was a builder. Disciplined and patient, the two brothers aimed to build a strong bank over the long term, using their detailed knowledge of business finances and markets. Original members of the First National's board of directors, William and Charles were principal

stockholders, contributed equally to the bank's capital, and quickly developed reputations as astute bankers.⁹ Other members of the bank's board included largest stockholder Hauser, Helena entrepreneur T. C. Power—head of the prominent Fort Benton trading firm of T. C. Power & Bro.—as well as I. G. Baker. Capital stock in the First National totaled \$50,000. William Conrad rented temporary premises in the *Benton Record* building, where the First National opened for business on 12 June 1880 with its capital fully paid in. In December the bank moved into its own newly erected building, a 20 by 53 foot brick structure on the corner of Main and Power streets.¹⁰ The new office gave the bank additional space as well as prominence.

William and Charles Conrad intended the First National Bank of Fort Benton to be a source of funds for their own enterprises and those of others. The funds were made up of the bank's deposits, its paid-in capital, and its note circulation. Acutely aware that both deposits and notes were payable on demand, William Conrad as president believed that he could only develop and guard the bank's business as long as he carefully managed loans. At the same time, the bank was an entrepreneurial creation, designed to penetrate new lending markets. People and resources flowing into the region in the early 1880s encouraged considerable expansion among Fort Benton's merchant houses and the ranching businesses in the countryside. In the spring of 1883, when it incorporated as a city, Fort Benton confidently reached out for more and more of the trade of north central Montana.

The First National Bank of Fort Benton shared in this optimistic mood by raising its capital to \$100,000 in December 1881 and by increasing its loans from \$43,624 to \$275,720 between October 1880 and August 1883. The bank soon made substantial loans to a number of clients, including the local merchant firms of I. G. Baker & Co.; T. C. Power & Bro.; Murphy, McClay & Co.; and H. J. Wackerlin & Co., as well as the ranching enterprises of John D. Waite, Hay Bros., W. B. Edgar, Tingley

Bros., and George W. Sample.¹¹ The First National was a small but sound regional country bank.

Three directors, the Conrad brothers and T. C. Power, were among the largest borrowers and among the best credit risks. Their loan decisions provided their firms, I. G. Baker & Co. and T. C. Power & Bro., with much-needed funds, but they did not deny others the use of the First National's resources. They diversified the First National's loans, whose terms—usually a 90-day maturity and 12 to 18 percent interest per annum on most of the loans—were similar to those of other banks in Montana. All the loans to the directors proved good, and only a few of the advances to others went bad. President William Conrad, on whom the bank depended to make sound credit judgments, knew the financial standing and prospects of the clients and simply focused his attention on clients who had the ability to repay. Lending to stable businesses, especially the larger ones, in Fort Benton and the surrounding region was an important source of growth.

The First National was also aided by its growing deposits, which rose from \$27,038 to \$192,630 between October 1880 and August 1883 and paid 8 percent interest. William and Charles Conrad, like other directors and major stockholders such as T. C. Power, were among the First National's largest depositors.¹²

From the beginning, however, the First National faced the problem of running out of funds to lend. There was obviously a funding squeeze. Rarely were deposits able to match the demand for loans. Already in May 1881 the bank's loan-to-deposit ratio was up to 224 percent.¹³ Then the situation began to improve, and by the autumn of 1882 deposits were able to keep pace with loan demand, but within a year they fell behind again.

The difficulty of finding new deposits in part mirrored fierce competition from the Bank of Northern Montana, a small private bank in Fort Benton that was gaining deposits quickly. William Conrad tried to persuade its principal owner, Timothy E. Collins, to leave and

join the First National.¹⁴ Collins, however, stuck with the Bank of Northern Montana and continued to provide stiff competition, though William Conrad managed to capture increasing deposits from a wider spectrum of clients. This in turn contributed to the growth of loans, but the loans also came to depend on correspondent banking. The First National maintained a number of correspondent relationships, including the First National Bank of Helena of which Hauser was president, the private banking firm of Clark, Dodge & Co. in New York City, the First National Bank of Chicago, the National Park Bank of New York, and the First National Bank of San Francisco. The First National Bank of Fort Benton deposited money in these banks and also called on some of them for loans.

Between the autumn of 1880 and the spring of 1881, William Conrad borrowed \$28,000 from the First National Bank of Helena at 8 percent interest, and in 1882 he secured a \$10,000 loan from Clark, Dodge & Co.¹⁵ Both loans were loaned out again to the Conrads' own clients. The funding squeeze at the bank was not over, but the First National Bank of Fort Benton was better able to meet its clients' credit needs.

Survival was, however, still a real problem for the First National Bank, even though William Conrad's continuing search for funds was bearing fruit. Through I. G. Baker & Co.'s extensive government business in the Canadian prairies, he secured a large deposit from the Canadian government. He also obtained a \$25,000 deposit from Chouteau County, of which Fort Benton was the seat.¹⁶ In addition, he ploughed all of the First National's profits back into the bank between 1880 and 1889.

The First National was hard hit by the depression in Fort Benton during the last half of 1883. The end of the steamboat era and the sharp decline in traffic on the upper Missouri, as the Northern Pacific Railroad came to southern Montana and the Canadian Pacific Railway came to the Canadian prairies, destroyed Fort Benton's dominance as the transportation hub and trading center of north

central Montana. Between August 1883 and October 1885, the First National's total assets dropped from \$459,125 to \$295,763, a decline of 36 percent. In the same period deposits fell 49 percent and loans 44 percent.¹⁷

The First National Bank of Fort Benton, badly hurt by the depression and the tight money market that accompanied it, found itself unable to respond to its creditors' demands for payment. To protect its own credit, the bank needed substantial assistance. William Conrad obtained a major, credit-saving loan from his correspondent, the National Park Bank of New York.¹⁸ Conrad faced another problem, however; his uneasy relationship with prominent director and stockholder T. C. Power grew steadily worse in the mid-1880s. Although Conrad considered the criticism unjust, Power complained that Conrad was responsible for the First National's poor treatment of his Fort Benton business, and the squabble threatened the well-being of the bank. Conrad managed to keep the First National alive and stable, even in June 1888, when Power, after withdrawing from the First National's board of directors, switched his firm's large account to the rival Bank of Northern Montana.¹⁹ The First National's reputation was actually enhanced by its stability in the midst of troubles.

Compensating for the loss of T. C. Power & Bro.'s account was the First National's ability to grow. Over the following two years William Conrad took advantage of the increase in the demand for credit. From September 1888 to July 1890, the First National's loans rose from \$255,860 to \$302,644, and its deposits expanded from \$169,428 to \$222,864.²⁰ Conrad was again faced with closing the gap between loans and deposits, but through his correspondent ties to big metropolitan banks, especially the National Park Bank of New York, he arranged to borrow the money he needed for lending.

The First National Bank of Fort Benton grew significantly in the 1880s by opening new business relationships with merchants and ranchers. During the decade the First

National's assets rose from \$139,784 to \$437,398, making it one of Montana's important regional country banks.²¹ By 1890, however, William Conrad no longer had sufficient confidence in Fort Benton's economy to increase the First National's loan portfolio substantially. Fort Benton had not recovered from the 1883 depression even after James J. Hill of St. Paul, Minnesota, had brought his Great Northern Railroad there in September 1887. Between 1883 and 1890 Fort Benton's population had dropped from around 2000 to 624.²² Conrad recognized that he had to find a more favorable location for the bank. By 1890 William and Charles Conrad had a controlling interest in the institution and had further strengthened the family's influence by bringing in as cashier their brother-in-law Joseph A. Baker, the son of I. G. Baker, who had married their sister Nannie. At Great Falls, forty miles farther up the Missouri, the financial outlook was better. In the spring of 1891 William Conrad changed the bank's name to the Northwestern National Bank and moved the institution to Great Falls. Charles moved to Kalispell, Montana, to open the Conrad brothers' banking business there. Their letters kept Charles and William fully informed of each other's banking and personal affairs.

BUILDING THE NORTHWESTERN NATIONAL BANK OF GREAT FALLS

William Conrad and the Northwestern National Bank arrived in Great Falls at just the right time to make his dream come true. Great Falls reinforced the Northwestern National's entrepreneurial and regional role, giving it room to grow. On 24 February 1891, the bank opened in rented quarters in the downtown Great Falls business district but soon moved into its own attractive building. A substantial real estate subsidy from the Great Falls Water Power and Townsite Company helped bind the Northwestern National and the developing city.²³ Linked by the Great Northern Railroad to the Midwest in October 1887, Great Falls was in the following month

connected by the Montana Central Railroad to Helena, the capital of Montana, and, more importantly, two years later to Butte, Montana's leading copper producing city.²⁴ By the end of 1890, Great Falls, the seat of the newly established Cascade County and the home of the Boston and Montana Copper Smelting works, had more than 4000 residents. Great Falls' growth was based primarily on providing hydroelectric power to Montana's copper industry. The city became large enough to support a number of local and regional banks.

By 1891 the old Great Falls banks, including the First National Bank, had a fairly tight grip on business lending. William Conrad could not hope to tear clients easily from his competitors, but he built the Northwestern National Bank of Great Falls gradually, developing valuable and lasting relationships with business enterprises that needed credit.²⁵ For instance, in 1891 Conrad, after selling I. G. Baker & Co.'s Canadian stores to the Hudson's Bay Company and its Fort Benton inventory to Strain Brothers' small department store in Great Falls, gained the Strain Brothers' substantial account.²⁶ Moreover, Conrad kept many of his old Fort Benton clients, especially large ranchers such as Hay Bros. and Tingley Bros.²⁷ As ranching increased in importance to the Northwestern National and the Great Falls economy, the bank grew in regional significance.

William Conrad also worked closely with other directors and the cashier of the Northwestern National. William's oldest and most important tie was with his brother Charles, who from the beginning had served as a director and vice-president of the bank. In 1892 when Joseph A. Baker retired, William employed James T. Stanford, the brother of Charles's wife, Alicia, as the bank's cashier.²⁸ Stanford became a small stockholder and director but William and Charles remained dominant, retaining their large and equal holdings of Northwestern National stock and purchasing Hauser's share. Finally, William Conrad formed a close relationship with rancher J. H. Rice, a stockholder and a director.

Rice's role reflected the bank's extensive ranching connections. Ever since the early 1880s the Conrad brothers had been among Montana's leading livestock raisers,²⁹ and the Northwestern National supported their ranching efforts as well as those of many other livestock raisers, including new clients such as H. P. Brooks & Bro., B. G. Olsen & Co., the Cooper-Martin Sheep Co., and T. C. Poole. These livestock raisers and the Conrad brothers' ranching enterprise were among the bank's most important borrowers and depositors.

Under William Conrad, the Northwestern National usually made exceptionally safe loans to well-established clients at an annual interest rate of 12 percent. Avoiding somewhat speculative advances meant the bank did not grow as fast as the economy permitted, and its loans actually declined between August 1891 and July 1892, from \$346,959 to \$343,085. In the same period, deposits dropped much more, from \$367,716 to \$262,610, while total assets fell from \$590,006 to \$509,507.³⁰

The Northwestern National's failure to grow between 1891 and 1892 was complicated by the 1893 financial panic and ensuing recession. William Conrad, finding few local funds available to serve his clients, borrowed \$50,000 at 6 percent interest for the Northwestern National from its correspondent, the National Park Bank of New York.³¹

This, combined with the increase in the Northwestern National's paid-up capital to \$250,000, allowed the bank to serve new ranch clients such as Clark Bros., H. H. & G. M. Nelson, Fred R. Warren, and James Allan, and new Great Falls clients such as the Great Falls Iron Works, the American Brewing and Malt-ing Co., the Boston and Montana Smelter Co., and real estate agent Kenneth McKenzie. By September 1895, the Northwestern National's loans had increased to \$493,943; its deposits had expanded to \$640,950; and its total assets had swelled to more than \$1 million.³²

In the autumn of 1896 the Northwestern National's future looked reasonably bright. William Conrad, who wanted to retire from active involvement in the bank's management

in order to spend more of the winter at his second home in White Post, Virginia, sold the bank to the Boston and Montana Smelter Co. in December of that year.³³ Unbeknownst to Conrad, however, Benton D. Hatcher, who had become the cashier three years earlier, had embezzled \$242,000 of the bank's money, and on 5 February 1897 it was forced to close and put into the hands of receiver James T. Stanford, who had served as its vice-president from 1894 to 1896.³⁴ United States District Attorney Preston H. Leslie had Hatcher arrested on the charge of willfully misappropriating the Northwestern National's money. Hatcher was tried in Helena and sentenced to five years in prison.³⁵

Although Hatcher's misconduct was a complete surprise to William Conrad, he was determined to prevent losses to his depositors, so he paid them all in full and, under receiver Stanford's guidance, wound up the Northwestern National Bank's affairs. Not surprisingly, Conrad's handling of the situation attracted wide admiration. Conrad's "action," wrote the *Anaconda Standard* in October 1897, "has made him intensely popular, not only in northern Montana, but through the entire state."³⁶ Epitomizing the role of the individual banker in nineteenth-century America, William Conrad stood for personal enterprise and personal responsibility, as did his brother Charles.

THE RISE OF THE CONRAD NATIONAL BANK OF KALISPELL

While William had been building up the Northwestern National in Great Falls, Charles had been concentrating on the Conrad National Bank of Kalispell. In January 1891, Charles Conrad and James J. Hill of the Great Northern Railroad became partners in the newly incorporated Kalispell Townsite Company and each contributed to its capital.³⁷ Alliance with Hill greatly strengthened Conrad's position in Montana finance. As the townsite company's managing director, Conrad in April paid \$60,000 for the almost 1000 acres of the new townsite. He supervised its

surveying and platting, arranged for the public sale of lots, and within several days had sold \$400,000 worth. The arrival of the Great Northern in December provided Kalispell a transcontinental connection. To increase traffic, Conrad helped Hill advertise for settlers. As more and more people came to Kalispell, Conrad was a leader in its incorporation as a city in April 1892 and its emergence as the seat of Flathead County in the following year. A rich farming hinterland, the lumber industry, and commerce lay behind the growth of the city's economy. Kalispell's population reached 2500 by 1900 and 5549 ten years later.

To serve the people of Kalispell and its region, Charles and William Conrad established a private bank, known as Conrad Brothers Bank, in a one-room frame shack on the corner of First and Main streets, in May 1891. Charles became the bank's president and William its vice-president, while another brother, Warren, became its cashier. Charles and William supplied the bank's capital of \$50,000, as well as deposits of the same amount. On 30 June, Charles opened the Conrad Brothers Bank's doors to the public, and by the end of the year its total assets had grown to \$83,512.³⁸ It developed as a regional country bank, meeting the needs of clients in Kalispell and the surrounding countryside.

During Charles Conrad's administration, the bank remained solvent and safe, though entrepreneurial. For Conrad this private bank was a stage in an enterprise he intended to convert to a national institution with high standards. In the spring of 1892, with the comptroller of the currency's approval, he obtained a federal charter and changed the institution's name to the Conrad National Bank of Kalispell. He erected a larger ornate structure on the corner of Second and Main streets and moved the bank into it in October.³⁹ From the outset, Charles and William Conrad were equal stockholders and owned most of the bank's stock.

Charles Conrad's policy of safety attracted deposits. During the panic of 1893 and its aftermath the Conrad National Bank gained



FIG. 4. Conrad Brothers Bank, Kalispell, Montana, 1891. Courtesy of First Interstate Bank of Montana, Kalispell Office.

deposits, at the expense of other banks in Kalispell, such as the Globe National. As depositors became primarily concerned about the safety of banks, many put their money in one of the safest places they knew—the Conrad National. Between December 1893 and August 1895, its deposits rose from \$138,099 to \$182,157, though a significant part of this gain came from Charles and William Conrad themselves. During the same period, Charles increased the bank's capital from \$100,000 to \$125,000; he permitted loans to rise from \$134,215 to \$222,626.⁴⁰ Farmers such as George M. Fisher, Kalispell businessmen such as J. L. Cox, and the Conrads' cattle enterprises were among the largest borrowers and paid 12 percent interest on their loans. Deposits were growing but they were not keeping pace with loans, and Charles Conrad hoped to solve this problem by finding new deposits.

Under his steady hand, the Conrad National grew and gradually attracted sufficient deposits to cover the demand for loans. By December 1896, the bank had \$279,492 in deposits and \$235,842 in loans.⁴¹ Deposits were still meeting loan demand four years later. As the volume of deposits and loans grew, so did the Conrad National's total assets, rising from \$281,578 in 1893 to \$654,202 in 1900.⁴² At



FIG. 5. Alicia (Mrs. C. E.) Conrad, Kalispell, Montana, c. 1920. Courtesy of the University of Montana Library, Missoula, Montana, Conrad Collection.

the turn of the century, Charles Conrad established links with the newly created Conrad Banking Co. in Great Falls.

THE EMERGENCE OF THE CONRAD BANKING CO. IN GREAT FALLS

In June 1900, William and Charles Conrad and James T. Stanford entered into partnership to organize a private bank in Great Falls

called the Conrad Banking Co. with a paid-up capital of \$100,000.⁴³ The two Conrad brothers each had a 25 percent interest in the bank, as did Charles's brother-in-law, Stanford.⁴⁴ William became president of the Conrad Banking Co., while Stanford served as its vice-president and secretary-treasurer. William Conrad acquired premises at 400-404 Central Avenue and opened the bank in the summer of 1900.⁴⁵

During William Conrad's administration, the Conrad Banking Co. became an entrepreneurial and regional country bank, serving the needs of clients in Great Falls and the surrounding area and helping to fund the Conrad brothers' livestock business in Montana and the Canadian prairies. Correspondent ties allowed the Conrad Banking Co. to perform vital services for the Conrad National Bank of Kalispell.

In the summer of 1900, the Kalispell bank began keeping money on deposit in the Conrad Banking Co., ensuring its access to funds.⁴⁶ The Conrad Banking Co. immediately became the Conrad National's principal correspondent bank in Montana, providing it with all the currency it needed at a cheaper rate than could be obtained elsewhere, as well as making all its debt collections in northeastern Montana. These services tied the two banks more tightly and reinforced the Conrad brothers' prominence in Montana's banking system.

From his Great Falls office at the Conrad Banking Co., William Conrad used the private bank to help finance Montana's economic development. The influential bank stressed security, maintaining substantial cash reserves. In September 1911, Conrad converted the institution from a private bank to a chartered state bank with a paid-up capital of \$250,000.⁴⁷ With a state charter or as a private bank, the Conrad Banking Co. could make real estate loans, but the state charter heightened its prestige, for it indicated to the general public that the bank was meeting the state government's higher standards of security. Correspondent ties to such a bank added to the Conrad National Bank of Kalispell's importance.



FIG. 6. *Conrad National Bank, Kalispell, Montana, c. 1950.* Courtesy of First Interstate Bank of Montana, Kalispell Office.

THE GROWTH OF THE CONRAD NATIONAL BANK

To gain access to funds at large banks in big cities, the Conrad National Bank also required a network of correspondent banks outside Montana, which Charles Conrad easily built with banks such as the First National Bank of St. Paul, the National Park Bank of New York, and the First National Bank of Chicago. By 10 December 1902, the Conrad National's loans had reached \$479,790 and its deposits had increased to \$782,106; the bank's total assets had exceeded \$1 million.⁴⁸ Two weeks earlier, on 27 November, however, Charles Conrad had died in Kalispell.

Much now depended on William Conrad, who assumed the presidency of the Conrad National Bank of Kalispell on 1 December 1902, while at the same time remaining president of the Conrad Banking Co. and a Great

Falls resident. He continued to base business on kinship and friendship, accepting Alicia Conrad, the widow of Charles, as an equal partner in the Conrad banking enterprise. William relied on his brother Warren, the cashier, to run the Conrad National under his and Alicia's guidance and eventually drew James T. Stanford, Alicia's brother, and her son Charles D. Conrad into the bank's board of directors.

Under William Conrad, the Conrad National grew stronger in resources—by 1913 its total assets stood at \$1.5 million; its loan portfolio at \$795,729; its deposits at \$953,691; and its paid-up capital at \$250,000. It also became stronger in personal ties—it was one unit in an increasingly influential and complex family and regional partnership.⁴⁹

The Conrad National was consistently able to finance its clients, even during the Panic of 1907. The stories of businesses such as the

Kalispell Lumber Co., the J. W. Clayton farming enterprise, the Missoula Mercantile Co., and the Conrad Circle Cattle Co. provide evidence of the importance of the Conrad National Bank in making loans to a wide variety of concerns in Kalispell and the surrounding region. When William Conrad died on 6 March 1914, an era had ended in the history of the Conrad banking enterprise in Montana.⁵⁰ But the visions and ambitions of Alicia Conrad and James T. Stanford set the stage for new developments at the Conrad National Bank of Kalispell and the Conrad Banking Co. in Great Falls, the foundations of which William and Charles Conrad had laid during their lifetimes.

CONCLUSION

The history of the Conrad banking enterprise to 1914 illustrates well one path to growth—regional partnership. Asset expansion went hand-in-hand with the geographical spread and growth of the Conrad partnership during the first thirty-four years of its existence. In Montana, the most influential banking businesses of the day were regional partnerships, normally family affairs. The Conrad family was represented by the First National Bank in Fort Benton; the Northwestern National Bank and the Conrad Banking Co. in Great Falls; and the Conrad Brothers Bank and the Conrad National Bank in Kalispell. Thus, over time the name of the partnership changed but its makeup did not alter. The William and Charles Conrad families were the banks' principal owners and managers from 1880 to 1914. Even when a Conrad bank was incorporated as a national or state bank, it remained a partnership. Moreover, the Conrad banks, whether national, state, or private, remained relatively small, single-unit country banks run in a highly personal and entrepreneurial manner. These single-unit enterprises, however, grew through the development of a regional partnership that provided commercial banking services.

As the Conrad partnership expanded along geographical and asset lines, it also achieved

greater strength in personal family and business connections. Within the partnership moved the people of the story: the principals—William, Charles, Alicia; the supporting cast—Joseph A. Baker, James T. Stanford, Warren Conrad; the second generation—Charles D. Conrad. Among these persons was woven a complex web of personal friendships and business ties. The Conrad partnership's strategy was to enter several different geographical markets, and these bonds of friendship and business connections helped carve out various markets for Conrad banking services in north central and northwestern Montana.

NOTES

1. Eugene Nelson White, *The Regulation and Reform of the American Banking System, 1900-1929* (Princeton: Princeton University Press, 1983), pp. 10-35.

2. Benjamin J. Klebaner, *American Commercial Banking: A History* (Boston: Twayne Publishers, 1990), p. 75.

3. John A. James, *Money and Capital Markets in Postbellum America* (Princeton: Princeton University Press, 1978), pp. 89-148, provides a helpful analysis of the correspondent banking system in the United States in the late nineteenth and early twentieth centuries.

4. *Great Falls Tribune*, 11 November 1959.

5. *Great Falls Tribune*, 3 March 1937; James E. Murphy, *Half Interest in a Silver Dollar: The Saga of Charles E. Conrad* (Missoula: Mountain Press Publishing Company, 1983), pp. 5-8.

6. Board of Governors of the Federal Reserve System, *All-Bank Statistics United States, 1896-1955* (Washington: Federal Reserve Board, 1959), pp. 606-17; Clarence W. Groth, "Montana Banking History, 1864-1954," (master's thesis, American Bankers Association Graduate School of Banking, Rutgers University, 1955), Appendix, pp. 43-49.

7. The business career of Samuel T. Hauser is best covered in William G. Robbins, "Deconstruction of a Capitalist Patriarch: The Life and Times of Samuel T. Hauser," *Montana The Magazine of Western History* 42 (Autumn 1992): 20-33.

8. First National Bank of Fort Benton, Articles of Association, 24 April 1880, National Archives, RG101, records of the comptroller of the currency, examiners' reports (hereafter cited as National Archives, RG101, RCC, ER), file 2476.

9. *Benton Record*, 22 October 1880.

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13. Examiner's Report for the First National Bank of Fort Benton, 31 May 1881, National Archives, RG101, RCC, ER, file 2476.

14. W. G. Conrad to S. T. Hauser, 13 July 1881, Fort Benton, Hauser Papers, box 6, file 27.

15. W. G. Conrad to S. T. Hauser, 24 March 1881, Fort Benton, Hauser Papers, box 6, file 27; I. G. Baker & Co. to S. T. Hauser, 17 July 1882, Fort Benton, Hauser Papers, box 7, file 10.

16. W. G. Conrad to S. T. Hauser, 12 February 1882, St. Louis, Hauser Papers, box 7, file 10; T. C. Power to S. T. Hauser, 26 August 1883, Fort Benton, Hauser Papers, box 8, file 39.

17. Examiner's Reports for the First National Bank of Fort Benton, 20 August 1883, 3 October 1885, National Archives, RG101, RCC, ER, file 2476.

18. W. G. Conrad to S. T. Hauser, 28 July 1884, New York, Hauser Papers, box 9, file 13.

19. T. C. Power to S. T. Hauser, 5 May 1886, Chicago, T. C. Power to S. T. Hauser, 23 November 1886, Helena, both Hauser Papers, box 14, file 6; C. E. Conrad to S. T. Hauser, 25 June 1888, Fort Benton, Hauser Papers, box 16, file 34.

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