

"Progressing with Arizona": A History of Valley National Bank
in the Immediate Post-War Period, 1944 to 1953

by

John Southard

A Thesis Presented in Partial Fulfillment
of the Requirements for the Degree
Master of Arts

Approved November 2011 by the
Graduate Supervisory Committee:

Jannelle Warren-Findley, Chair
Philip VanderMeer
Grady Gammage, Jr.

ARIZONA STATE UNIVERSITY

December 2011

©2011 John Larsen Southard

All Rights Reserved

ABSTRACT

This thesis examines the immediate post-World War II operational strategy of Valley National Bank of Arizona, a Phoenix-based institution in operation from 1899 until its 1992 acquisition by Ohio-based Banc One Corporation (now JPMorgan Chase). For the purposes of this study, the immediate post-war period is defined as 1944 to January 20, 1953, a span that opens with the bank's wartime planning efforts for the post-war period and ends with the 1953 retirement of bank president Walter Bimson.

By the end of World War II, Valley National ranked as the largest financial institution in the eight-state Rocky Mountain region, as measured by total deposits. However, post-war regulatory issues, competitor expansion, and an inability to generate deposit volume sufficient to meet subject period loan demands challenged bank leaders seeking to maintain market share and grow company profitability and stock value. In response to these difficulties, the bank focused on a three-pronged operational strategy emphasizing advertising, market-appropriate deposit and loan product offerings, and an aggressive branching and acquisition campaign. This strategy did not result in unmitigated success as the bank did experience a decrease in average deposit account balances, lost mortgage market share, and undertook acquisition activity that later resulted in federal antitrust action. However, by the end of the subject period, the three-pronged strategy employed by the bank did result in an increase in deposit dollar market share, as measured by deposits

controlled directly and indirectly by the institution, rising annual net profits, and substantial share price appreciation.

The findings related to bank strategy and results presented in this thesis are based primarily upon information found in the 169-box Valley National Bank Collection housed at the Arizona Historical Society.

Extensive newspaper research conducted using targeted date range and keyword searches and careful consideration of secondary source materials relating to the bank, the banking industry, and state, regional, and national politics, economics, and culture during the subject period provided additional information used in this study, and corroborated much of the material found in the Valley National Bank Collection files.

DEDICATION

To my wife Ashley and my daughter Natalie, the loves of my life.

ACKNOWLEDGMENTS

Over the course of my life and graduate school career, I have received the support and assistance of many wonderful individuals. I am appreciative of the time, effort, and encouragement of all such persons. I am particularly thankful for the people mentioned below, as each has played a special role in my life or graduate school experience.

Endless thanks to my wife, Ashley, without whom I would not be the person I am today. Ashley- thank you for your love, encouragement, and companionship.

Thank you to my parents, Bruce and Brenda Southard, and my in-laws, Bill Larsen and Sheila Hunter. My father introduced me to the joy of history at an early age, and my mother has always been an important source of love and encouragement. In addition to raising the most wonderful girl in the world, Bill and Sheila have shown nothing but love and support over the thirteen years I have known them.

Many thanks to Dr. Jannelle Warren-Findley, Dr. Philip VanderMeer, and Grady Gammage, Jr., Esq., the members of my thesis advisory committee. Each has taken time from their very busy schedules to guide me through this process. Specifically, I'd like to thank Dr. Warren-Findley for serving as my thesis chair and exposing me to the many applications of public history through her courses and discussions of her work varied experiences. Thank you to Dr. VanderMeer for his willingness to discuss ideas and resources relating to Phoenix history, and for sharing

his knowledge in Community History and Urban History. Both of the aforementioned courses broadened my understanding of the study of history. Thank you to Grady Gammage, Jr. for his time and support. In addition to serving on my thesis committee, he furthered my historic preservation training by helping me to understand takings law and other important preservation concepts, and also served as a valuable resource for other projects I had the pleasure of working on during my graduate school career. I am grateful for the time, assistance, and encouragement offered by each of my committee members.

Ashley Smith of the Arizona Historical Society deserves many thanks for allowing me to access the Valley National Bank Collection multiple times over the span of several months. Without her generous assistance, this project would not have been possible as the bulk of the material cited was found in the Valley National Bank Collection.

As gaining real-world experience is just as valuable as classroom learning, I would like to thank Nancy Dallett for introducing me to the practice of public history through internships and other projects. Similarly, I would like to thank Debbie Abele and Joe Nucci for allowing me the opportunity to work with them and learn from their years of experience.

Finally, just as the first acknowledgement was for Ashley, my best friend and partner, so is the last. Ashley- thanks again for your love and support. I'm looking forward to our next adventure!

TABLE OF CONTENTS

CHAPTER	Page
1 INTRODUCTION	1
Historiography	3
Research Question	13
Methodology.....	15
Sources	18
Thesis.....	20
2 HISTORICAL OVERVIEW	24
3 MARKETING MONEY: HARNESSING ADVERTISING AND POSITIVE PUBLICITY TO BUILD THE BRAND	64
4 DOLLARS IN, DOLLARS OUT: THE POST-WAR TAILORING OF DEPOSIT AND LOAN PRODUCT OFFERINGS.....	98
5 GROWING WITH THE STATE: BRANCHING AND ACQUISITION AS A MEANS OF EXPANDING MARKET SHARE	152
6 CONCLUSION.....	192
Valley National Bank Historical Overview, January 1953 to 1992	204
Study Limitations.....	206
Future Study Opportunities	207
REFERENCES	210

CHAPTER 1

INTRODUCTION

Banks play a vital role in modern society. They serve as secure repositories for the savings of individuals and businesses, and often provide a comprehensive suite of financial services such as securities brokerage, insurance offerings, and retirement planning. Loans issued by banks help consumers to finance homes, cars, and college educations, and allow businesses to build retail stores, erect office buildings, purchase inventory, and meet payroll. Though many people view banks in the context of their personal relationship with the institution, banks can also have a profound macro-level impact on society.

As evidenced by the surge in home and automobile purchases following the early twentieth century development of extended term mortgages and installment lending programs, bank products and services can exert tremendous positive influence on an economy.¹ Conversely, Depression-era bank closures, the 1980s savings and loan debacle, and the 2008 credit crisis serve as valuable reminders of the catastrophic

¹ In his book entitled *Financing the American Dream: A Cultural History of Consumer Credit*, historian Lendol Calder writes that by 1924, nearly seventy-five percent of automobiles purchased were financed with installment credit. This figure represents more than fifty percent of the total volume of installment lending at that time. Thus, Calder argues, “the installment plan sold most Americans their automobile.” Calder also contends that the transition from five year mortgage terms to extended repayment periods (twenty years, initially) brought about as a result of the Home Owners’ Refinancing Act of 1933 and the subsequent creation of the Federal Housing Administration in 1934 revitalized the then stagnant housing market. Calder cites the sharp increase in housing starts between 1933 and 1940 as evidence of the impact of longer term, readily available mortgage offerings. Lendol Calder, *Financing the American Dream: A Cultural History of Consumer Credit* (Princeton, N.J.: Princeton University Press, 1999), 184, 280-282.

damage brought upon the national economy and psyche as a result of ill-advised industry practices. However, despite the significance and societal impact of the banking industry, relatively few people understand the complex field or the history of the firm at which they bank. Historical knowledge of once-important local banking concerns since acquired by large out-of-state firms proves especially rare. Bank of America, Citicorp, JPMorgan Chase, and Wells Fargo, the “Big Four” banks that now dominate the retail banking sector, are the product of scores of such acquisitions and mergers over several decades.²

JPMorgan Chase and Company is the assemblage of over one thousand predecessor institutions, while Bank of America is the merged product of “several thousand banks.”³ Once incorporated into the

² The term “Big Four” is widely used in the financial press and blogosphere to refer collectively to Bank of America, Citicorp, JPMorgan Chase, and Wells Fargo. Wells Fargo captured the number four ranking after its acquisition of troubled Wachovia Bank in the fourth quarter of 2008. Stephen Grocer, “Ranking the 50 Biggest U.S. Banks: From BofA to Commerce Bancshares,” *Wall Street Journal*, <http://blogs.wsj.com/deals/2011/03/24/ranking-the-50-biggest-u-s-banks-from-bofa-to-commerce-bancshares/> (accessed May 19, 2011); “Wells Fargo to Buy Wachovia in \$15.1 Billion Deal,” *New York Times*, <http://dealbook.nytimes.com/2008/10/03/wells-fargo-to-merge-with-wachovia/> (accessed April 1, 2011); “Bank and Thrift Holding Companies with the Most Assets on September 30, 2008,” *American Banker*, <http://www.americanbanker.com/rankings/-901334.html> (accessed May 15, 2011); “Bank and Thrift Holding Companies with the Most Assets on December 31, 2008,” *American Banker*, <http://www.americanbanker.com/rankings/-901362.html> (accessed May 15, 2011); Bill Luby, “The Big Four U.S. Banks,” *Daily Markets*, <http://www.dailymarkets.com/stock/2008/11/18/the-big-four-us-banks/> (accessed May 15, 2011); Rolfe Winkler, “Break Up the Big Banks,” *Reuters*, www.blogs.reuters.com/rolfe-winkler/2009/09/15/break-up-the-big-banks/ (accessed May 15, 2011).

³ JPMorgan Chase and Company, “The History of JPMorgan Chase & Co.: 200 Years of Leadership in Banking,” JPMorgan Chase and Company, <http://www.jpmorgan.com/cm/BlobServer?blobtable=Document&blobcol=urlblob&blobkey=name&blobheader=application/pdf&blobwhere=jpmc/about/history/shorhistory.pdf> (accessed May 10, 2011), 23; Bank of America, “Our Heritage,” Bank of America, <http://message.bankofamerica.com/heritage/#/ourheritage> (accessed May 10, 2011).

framework of an acquiring institution, the history of smaller regional banks is often included in the story of the combined organization as a mere footnote. In most cases, the acquired bank adopts the name and corporate culture of the acquirer, relegating the heritage of the purchased entity to the memory of its former clients and employees and the archives of the purchaser. The Valley National Bank of Arizona is one such institution now erased from the landscape as a result of acquisition and absorption.

Once ranked among the largest banks in the United States, Valley National was a leading force in the development of both the Phoenix metropolitan area and the state of Arizona.⁴ Nonetheless, relatively little work has been done to document the history of this important local bank. Consistent with other individual bank histories, much of the available work is dated and of questionable neutrality. Accordingly, this project has been undertaken to supplement the available research relating to the history of Valley National Bank.

Historiography

The banking industry is the subject of innumerable works authored by economists and journalists. However, banking industry histories are relatively uncommon. The history of banking on a national level is

⁴ By 1959, Valley National first ranked among the fifty largest banks in the United States when measured by deposits. Citing the impact of the bank on the city and state during the post-war years, one source referred to the institution as “the most dominating thing between the 1940s and the 1960s.” VNB Press Release, July 15, 1959, file 594, MS44: Valley National Bank Collection, 1898-1992, Arizona Historical Society, Tempe, AZ (hereafter cited as VNB Collection); Quoted in Lois Boyles, “Saw Valley’s Potential: Bimson Granted Loans When Others Wouldn’t,” *Phoenix Gazette*, March 2, 1978.

particularly underdeveloped. *A History of Money and Banking in the United States: The Colonial Era to World War II* (2005) provides a thorough history of domestic banking industry practices and key events, as well as valuable national historical context, through the end of World War II.⁵ *American Commercial Banking: A History* (1990) presents a comprehensive overview of the banking industry and its history, but lacks the broader national historical context found in *A History of Money*.⁶ The *Encyclopedia of American Business History and Biography: Banking and Finance, 1913-1989* (1990) is a valuable reference work significant for its many entries relating to regional figures and institutions not found in other national banking histories.⁷

Geographically themed works are more common than broader national histories. *Banking in the American West: From Gold Rush to Deregulation* (1991) and *Banking in the West* (1984) are examples of such works.⁸ *Banking in the American West* is comprehensive, well researched, and contextually grounded. As such, it serves as the definitive history of

⁵ Murray N. Rothbard, *A History of Money and Banking in the United States: The Colonial Era to World War II* (Auburn, AL: Ludwig von Mises Institute, 2005).

⁶ Benjamin J. Klebaner, *American Commercial Banking: A History* (Boston: Twayne Publishers, 1990). *American Commercial Banking* is an expanded and updated version of Klebaner's earlier work entitled *Commercial Banking in the United States: A History* (Hinsdale, IL: The Dryden Press, 1974).

⁷ Larry Schweikart, ed. *Encyclopedia of American Business History and Biography: Banking and Finance, 1913-1989* (New York: Brucoli Clark Layman, Inc., 1990).

⁸ Lynne Pierson Doti and Larry Schweikart, *Banking in the American West: From the Gold Rush to Deregulation* (Norman, OK: University of Oklahoma Press, 1991); Larry Schweikart, ed., *Banking in the West* (Manhattan, KS: Sunflower University Press, 1984).

banking in the Western United States. *Banking in the West* is an edited collection of essays covering selected topics in the history of banking in the American West. Relatively limited in coverage, the book presents valuable information on a narrow subset of history, including bank architecture and the use of alternative currencies in the frontier West.

Arizona banking history is chronicled in *A History of Banking in Arizona* (1982).⁹ Commissioned by the Arizona Bankers Association, the book presents the state banking industry in a very favorable manner. While the work is now dated, the information contained in the text is accurate, well researched, and of benefit to readers seeking to gain an understanding of the state banking industry. Though not as comprehensive in scope, other works detailing the Arizona financial services industry include *Investigation of Banking in Arizona* (1956), “Commercial Banking in Arizona – Past and Present” (1958), *Branch Banking and Economic Growth in Arizona and New Mexico* (1960), *Commercial Banking in Arizona: Structure and Performance Since World War II* (1966), and *Arizona Banking* (1967).¹⁰

⁹ Larry Schweikart, *A History of Banking in Arizona* (Tucson: University of Arizona Press, 1982).

¹⁰ Federal Reserve Bank of San Francisco, *Investigation of Banking in Arizona: Report to the Board of Governors of the Federal Reserve System, Prepared by the Federal Reserve Bank of San Francisco, November 23, 1956*, Federal Reserve Bank (San Francisco, 1956), 8-16; Donald Bridenstine, “Commercial Banking in Arizona – Past and Present,” (PhD diss., University of Southern California, 1958); Paul D. Butt, *Branch Banking and Economic Growth in Arizona and New Mexico* (Albuquerque: University of New Mexico Bureau of Business Research, 1960); Robert H. Marshall, *Commercial Banking in Arizona: Structure and Performance Since World War II* (Tucson: University of Arizona Division of Economic and Business Research, 1966); A. R. Gutowsky, *Arizona*

Originally undertaken as a confidential federal inquiry into alleged anticompetitive practices in the state banking market, *Investigation of Banking in Arizona* is a statistics laden two-volume report totaling nearly four-hundred pages. This document offers a vast compilation of information and analysis that extensively outlines the state banking industry in the post-World War II period and highlights the practices that prompted federal antitrust law enforcement actions in the 1960s.

“Commercial Banking in Arizona – Past and Present” was prepared as an economics dissertation. As such, it provides detailed analysis of statistics and regulations, but lacks the broader historical framework found in *A History of Banking in Arizona. Branch Banking and Economic Growth in Arizona and New Mexico*, *Commercial Banking in Arizona: Structure and Performance Since World War II*, and *Arizona Banking* are monographs published by university business research bureaus. Collectively, the works focus on topics such as market saturation, banking laws, and institutional asset growth, thus supplying important data for this project. All of the aforementioned works serve as important contextual resources for a study of Valley National Bank.

Cited respectively as “the most dominant bank in Arizona” and the man likely wielding “more influence on Arizona banking” than any other individual during the Depression, World War II, and immediate post-war periods, Valley National Bank and its longtime leader Walter Bimson

Banking (Tempe: Arizona State University Bureau of Business Research and Services, 1967).

receive widespread mention in texts documenting Arizona history.¹¹

However, aside from relatively brief passages chronicling the practices and significance of the institution and its leaders in broader works on state or local history, no independently produced historical study of Valley National Bank exists. This finding is consistent with the larger body of literature relating to the history of individual financial institutions, regardless of their economic significance or geographic market size.

Several texts documenting the history of Arizona-based banks have been published during the past six decades. Without exception, all were commissioned and distributed by the subject institutions or authored by key executives, prompting questions regarding the objectivity and intent of the publications. Included within this body of work are the First National Bank of Arizona-distributed history written by bank executive Sherman Hazeltine entitled *100 Years of Banking at First National Bank of Arizona* (1977), the United Bank of Arizona-sponsored *United Bank of Arizona: A Pacesetter for a Quarter Century* (1985), the Continental Bank-commissioned *That Quality Image: The History of Continental Bank* (1987), Frank Brophy's *The Story of the Bank of Douglas* (1955) and *The Arizona Bank: Arizona's Story* (1987), which was distributed by The

¹¹ Schweikart, *Encyclopedia*, 29; Larry Schweikart, "A Record of Revitalization: Financial Leadership in Phoenix," in *Phoenix in the Twentieth Century: Essays in Community History*, ed. G. Wesley Johnson, Jr. (Norman, OK: University of Oklahoma Press, 1993), 124.

Arizona Bank.¹² Books profiling regional or nationwide banks with a current Arizona presence include the Bank of America-commissioned *Biography of a Bank: Bank of America, N.T. & S.A., 1904-1953* (1954), *Stagecoach: Wells Fargo and the American West* (2002), co-authored by Wells Fargo's chief historian, and *The Chase: The Chase Manhattan Bank, N.A., 1945-1985* (1986), written by longtime Chase executive John Wilson.¹³ The early-to-mid-twentieth century history of Valley National Bank has also been documented primarily through bank-sponsored or insider authored accounts. The operations of the bank in the latter half of the twentieth century have received little inquiry, scholarly or otherwise.

The limited body of literature devoted exclusively to Valley National history includes just two works, *Financing the Frontier: A Fifty Year History of the Valley National Bank* (1950) and *Transformation in the Desert: The Story of Arizona's Valley National Bank* (1962).¹⁴ *Financing the Frontier* is

¹² Sherman Hazeltine, *100 Years of Banking at First National Bank of Arizona* (Phoenix: First National Bank of Arizona, 1977); Mark Nebgen, *United Bank of Arizona: A Pacesetter for a Quarter Century: A History of United Bank of Arizona* (Phoenix: s.n., 1985); Larry Schweikart, *That Quality Image: The History of Continental Bank* (Taipan, N.Y.: Custombook, 1987); Frank Brophy, *The Story of the Bank of Douglas* (Phoenix: Bank of Douglas, 1955); Pam Hait, *The Arizona Bank: Arizona's Story* (Phoenix: The Arizona Bank, 1987).

¹³ Marquis and Bessie James, *Biography of a Bank: The Story of Bank of America, N.T. & S.A., 1904-1953* (San Francisco: Bank of America, 1982); Philip Fradkin and Andy Anderson, *Stagecoach: Wells Fargo and the American West: Wells Fargo and the Rise of the American Financial Services Industry* (New York: Simon & Schuster Source, 2002); John David Wilson, *The Chase: The Chase Manhattan Bank, N.A., 1945-1985* (Boston: Harvard Business School Press, 1986).

¹⁴ Ernest J. Hopkins, *Financing the Frontier: A Fifty Year History of the Valley National Bank* (Phoenix: The Arizona Printers, Inc., 1950); Carl Bimson, *Transformation in the Desert: The Story of Arizona's Valley National Bank* (New York: The Newcomen Society, 1962).

a company-sponsored publication described by banking historian Larry Schweikart as “advertising” featuring “excessive admiration for Walter Bimson,” but otherwise regarded by Schweikart to be “fairly accurate” with respect to details such as dates and names.¹⁵ This publication was to be followed by a 1962 update, but that project was cancelled after Bimson found that the proposed text “overemphasized his achievements.”¹⁶

Transformation in the Desert is a twenty-eight page transcript of a presentation on Valley National history given to a 1962 meeting of the Newcomen Society by Carl Bimson, Walter Bimson’s younger brother and successor.¹⁷ Though Valley National played a significant role in the cultural and economic development of its home city and state and ranked as the thirty-second largest bank in the nation by the mid-1980s, no work focusing solely on the institution has been published since the release of *Transformation in the Desert*.¹⁸ While *Financing the Frontier* and *Transformation in the Desert* contain valuable facts and statistics corroborated by archival materials, newspaper articles, and reports to regulatory agencies, questions of neutrality and intentional omissions necessarily arise. As such, a new, independently produced history of this important local institution is warranted.

¹⁵ Schweikart, *Encyclopedia*, 28; Schweikart, *A History*, 240.

¹⁶ Schweikart, *Encyclopedia*, 28.

¹⁷ Bimson, *Transformation*, 4.

¹⁸ Doti, *Banking in the American West*, 254.

Although a comprehensive history of the corporation from its nineteenth century founding to its 1992 acquisition by Banc One (now Chase) exceeds the scope of a traditional thesis project, an examination of one of the many distinct chronological chapters of Valley Bank history is appropriate in scope.¹⁹ During the one-hundred-nine year existence of the bank and its predecessor institutions, many such clearly definable operational chapters may be identified.

The first chapter of bank history includes the 1883 formation of the First National Bank of Phoenix, the 1899 incorporation of the Gila Valley Bank, the 1914 reorganization of Valley Bank (the 1884 successor to First National) by Gila Valley Bank board members, and the 1922 merger of these two Valley National predecessor institutions resulting from the need of both organizations to strengthen loan-to-deposit ratios.²⁰ The late-nineteenth and early-twentieth century history of both antecedent institutions receives attention in *Financing the Frontier, Phoenix in the Twentieth Century: Essays in Community History* (1993), *A History of Banking in Arizona, From Charcoal to Banking: The I. E. Solomons of*

¹⁹ Banc One Corporation of Ohio acquired Valley National Bank in 1992. JPMorgan Chase and Company purchased Banc One in 2004. Catherine Reagor, "Say Goodbye to Last Large Arizona-based Bank: VNB Balance-sheet Cleanup Key to Sale," *The Business Journal*, April 20, 1992, 1; JPMorgan Chase and Company, "The History of Our Firm," JPMorgan Chase and Company, <http://www.jpmorganchase.com/corporate/About-JPMC/jpmorgan-history.htm> (accessed March 15, 2011).

²⁰ Schweikart, *A History*, 20; Bimson, *Transformation*, 5; Hopkins, 135-168.

Arizona (1984), and Geoffrey Mawn's 1979 dissertation entitled "Phoenix, Arizona: Central City of the Southwest, 1870-1920."²¹

The second chapter of Valley National history commences following the 1922 consolidation of Valley Bank and Gila Bank, and ends with the January 1, 1933 departure of bank president Herbert McClung.²² This period of institutional consolidation and fitful growth has been documented in *Financing the Frontier* and *A History of Banking in Arizona*, though few other works provide extensive coverage of this chapter. This paucity of literature is likely attributable to the absence of primary source material relating to the institution prior to the early 1930s. A review of bank archival records held at the Arizona Historical Society Papago Park campus reveals a limited number of internal records created prior to 1933. However, the amount of available documentation increases greatly for the period beginning in 1933, at which point Walter Bimson assumed the role of bank president.²³

²¹ Hopkins; G. Wesley Johnson, ed., *Phoenix in the Twentieth Century: Essays in Community History* (Norman, OK: University of Oklahoma Press, 1993); Schweikart, *A History*; Elizabeth Ramenofsky, *From Charcoal to Banking: The I. E. Solomons of Arizona* (Tucson: Westernlore Press, 1984); Geoffrey Mawn, "Phoenix, Arizona: Central City of the Southwest, 1870-1920," (PhD diss., Arizona State University, 1979).

²² "H. J. McClung, Phoenix Banker and Leader, Dies," *Los Angeles Times*, April 28, 1934.

²³ Interestingly, most available material cites January 1, 1933 as the date Bimson arrived in Arizona to assume management responsibilities. Sources such as *Financing the Frontier*, *Transformation in the Desert*, and numerous Valley National press releases spanning the course of several decades cite New Year's Day 1933 as the date Bimson arrived at Valley Bank headquarters, assembled bank staff, and instructed them to lend aggressively despite the poor economy. While his term may have officially commenced on that day, contemporary newspaper articles indicate that Bimson arrived in Phoenix on the night of January 2nd, and began discharging his duties on January 3rd. The New

Perhaps owing to the ample documentation accessible to researchers and the importance of the institution during the 1930s and 1940s, scholarly coverage of the Depression and World War II periods dwarfs that relating to earlier chapters of bank history. Because of the significant role Valley National played in leading the local economic recovery during the Depression and its size and influence during the war years, many works address the topic of bank operations during this period. Books examining Valley National business practices during this period include *Financing the Frontier, A History of Banking in Arizona*, and *The New Deal in Arizona* (1999).²⁴ However, bank operations during the immediate post-war period have received far less scholarly attention.

The immediate post-war chapter of Valley National history begins with internal post-war planning measures undertaken in 1944 and concludes with Walter Bimson's retirement from the bank presidency on January 20, 1953.²⁵ *Financing the Frontier* was released in 1950,

Year's date arouses additional suspicion as January 1, 1933 was a Sunday and a holiday. Thus, it seems likely that the date of arrival and initial meeting with bank associates was later changed to New Year's Day for the sake of scripting and show. While available histories make no mention of earlier attempts to relocate to Arizona for purposes of managing Valley Bank and Trust, correspondence held in the VNB Collection provides evidence of Bimson's desire to do so as early as the fourth quarter of 1929. Schweikart, *Encyclopedia*, 26. Hopkins, 215; Bimson, *Transformation*, 17; "Bank Leader Arrives Here," *Arizona Republic*, January 3, 1933; "New Bank Executive Sees Arizona in Van of Prosperity," *Arizona Republic*, January 4, 1933. Union Investment Company to Walter Bimson, January 7, 1930, folder 441, VNB Collection.

²⁴ William Collins, *The New Deal in Arizona* (Phoenix: Arizona State Parks Board, 1999).

²⁵ Most internal correspondence related to Valley National post-war planning efforts may be found in file 507 of the VNB Collection, though some letters and memos are located in other files within the collection. Walter Bimson left the presidency to

precluding coverage of the final years of Bimson's presidency and lacking historical perspective. Carl Bimson's *Transformation in the Desert* includes discussion of this period, but the brief nature and questionable neutrality of the work limits its value. The institution and Walter and Carl Bimson receive attention for their community building efforts during the immediate post-war period in books such as *The Emerging Metropolis: Phoenix, 1944-1973* (2005), *Phoenix in the Twentieth Century*, *Phoenix Rising: The Making of a Desert Metropolis* (2002), and *Desert Visions and the Making of Phoenix, 1860-2009* (2010).²⁶ However, an independent study of Valley National business practices during the immediate post-war period has not yet been undertaken. Accordingly, an inquiry into the operations of the institution from 1944 to Walter Bimson's January 20, 1953 transition from the bank presidency is in order.

Research Question

After more than a decade of impressive growth driven by federal programs and dollars, the bank faced a period of uncertainty following World War II. Though ranked as the largest bank in the Rocky Mountain region by the end of the war, the prospect of losing ground was not

assume the role of board chairman on January 20, 1953. On that same day, his brother Carl was appointed president. VNB Press Release, January 20, 1953, folder 201, VNB Collection.

²⁶ William Collins, *The Emerging Metropolis: Phoenix, 1944-1973* (Phoenix: Arizona State Parks Board, 2005); Johnson; Philip VanderMeer, *Phoenix Rising: The Making of a Desert Metropolis* (Carlsbad, CA: Heritage Media Corporation, 2002); Philip VanderMeer, *Desert Visions and the Making of Phoenix* (Albuquerque: University of New Mexico Press, 2010).

inconceivable. Recognizing the possibility of a post-war reduction in Arizona population and industry resulting from a decrease in federal defense spending, and the associated impact on bank operations resulting from such an occurrence, bank leaders endeavored to craft a plan for peacetime growth and success.²⁷

In addition to looming economic uncertainty, new enterprises and longstanding competitors alike sought to best the local giant. Significant post-war era challenges included the innovative and successful A. B. Robbs Agencies, the early 1950s spread of savings and loan associations and, from 1945 onward, a Phoenix branch presence for the growing Bank of Douglas. However, by the end of the subject period, Valley National still dominated the local banking market, boasting thirty-six of the eighty-nine branch banks in Arizona and controlling nearly sixty percent of all deposits.²⁸ This thesis explores the corporate strategy of Valley National during the immediate post-war period of 1944 to January 20, 1953, and identifies the successes, and occasional failures, resulting from the implementation of this strategy. As such, the primary research question is as follows: How did Valley National Bank maintain and build upon its Depression-era and wartime success during the subject period?

In order to determine how bank leaders accomplished this feat, the question of corporate culture, direction, and policy must be answered.

²⁷ Collins, *Emerging Metropolis*, 216.

²⁸ Doti, *Banking in the American West*, 159; Federal Reserve Bank of San Francisco, *Investigation*, 8-16.

How did the business operate during this period, who led these efforts, and what results were achieved? Specifically, what products, services, business practices, or advertising efforts fueled the continued growth and profitability recorded by Valley National in the immediate post-war years? Understanding the individuals, policies and practices responsible for the success of the bank during the study period will supplement the body of literature relating to this important Arizona institution.

This study, undertaken with the benefit of historical perspective and an extensive archival document collection, aims to supplement the post-war period institutional history found in *Financing the Frontier* and *Transformation in the Desert*. In doing so, the results of this project may be used as a foundational piece for further study of the bank, biographies of bank leaders such as Walter or Carl Bimson, or the post-war development of Arizona generally or Phoenix specifically, thus demonstrating clear value to the scholarly community.

Methodology

While many business histories may be classified as “self-serving celebrations or sensational exposés,” the scholarly model of corporate history requires extensive emphasis on “strategy, structure, and the decision-making process” of the subject institution.²⁹ However, the existing body of literature focusing on the history of individual banks can be

²⁹ George David Smith and Laurence E. Steadman, “Present Value of Corporate History,” *Harvard Business Review* (November-December 1981): 164.

grouped primarily within the first category. Two notable exceptions that have served as models for this project are *Citibank, 1812-1970* (1985) and *The Chase: The Chase Manhattan Bank, N. A., 1945-1985*.³⁰ Though longtime executives of each institution authored the aforementioned books, both texts feature a comprehensive approach that incorporates institutional challenges and triumphs with equal emphasis, and both establish national historic context and demonstrate a clear relationship of institutional actions or programs with national economic and political events. The thoroughness, clear organizational style, and neutrality of these texts set them apart as works that have guided the style and tone of this effort.

As the scope of this project is limited to investigating the business practices of Valley National Bank during the immediate post-war period, this thesis is not intended to serve as a biography of Walter Bimson, a comparative study of Arizona financial institutions during the subject period, or an examination of the impact of the bank on Arizona or the Phoenix metropolitan area. However, research conducted for this project may be applicable to a future dissertation, journal article or book relating to one of the aforementioned topics.

Rather, this thesis presents a history of bank strategy, leadership, operations, profitability, and growth during the subject period. Central to this work is an examination of the specific policies, products, promotional

³⁰ Harold van B. Cleveland and Thomas F. Huertas, *Citibank, 1812-1970* (Cambridge: Harvard University Press, 1985); Wilson, *The Chase*.

efforts, and individuals responsible for the successes and failures experienced by the institution during the period of study. The key policies and practices, as well as their outcomes, will be presented in three strategic theme groupings: promotional efforts, deposit and lending products and services, and geographic expansion, which includes branching and competitor acquisition. In order to better frame the findings, this work includes pertinent state and national contextual history. When appropriate, common subject period banking industry practices are also discussed.

Research efforts focused on the Valley National Bank Collection held at the Arizona Historical Society. The Valley National Bank Research Department Collection held at the Arizona Historical Foundation was also consulted, though its contents relating to bank operations during the period of study are more limited in nature.³¹ These resources were selected due to their size and scope, as well as their status as the only publicly accessible collections of internal documents relating to Valley National.

Archival research entailed reviewing all collection materials relating to the subject period for information regarding Valley National Bank corporate culture, operational strategy, and results. While internally produced and distributed documents yielded the vast majority of project findings due to the volume of such documents within the collection, press

³¹ MS 44: Valley National Bank Research Department Collection, Arizona Historical Foundation, Tempe, AZ.

releases and external correspondence served as valuable corroborative pieces. Although the Valley National public relations staff produced press releases concerning all matter of topics, items of particular significance to the institution were often the subject of numerous releases, thus highlighting the potential importance of the announcement, event, or individual mentioned. Further indication of significance was ascertained through an examination of contemporary press coverage, as significant topics were likely to result in greater media attention. Bank initiatives deemed appropriate for study inclusion are grouped categorically and discussed with like efforts.

Contextual information relating to local, state, and national history was obtained primarily through secondary source material, though contemporary media coverage was also used. Industry journals and assorted secondary source materials were consulted for contextual information relating to the banking industry during the subject period.

Sources

Primary source materials held in the Valley National Bank Collection at the Arizona Historical Society served as the key information sources for this project. The Valley National Bank Collection consists of one hundred sixty-nine boxes of internal documents, correspondence, press releases, annual reports, publications, news clippings, and

photographs. Though the content ranges in date from 1898 to 1992, items dating from 1933 and beyond comprise the bulk of the collection.³²

Archived oral history interviews, speech transcripts, and contemporary media coverage were also consulted as primary source research. Though relatively brief, the Walter Bimson oral history interview conducted by G. Wesley Johnson as part of the Phoenix History Project provided a rare and valuable first-hand account of bank operations and history, as told from the perspective of the top executive of the subject period. Additional Phoenix History Project interviewees relevant to this topic include bankers Carl Bimson, Frank Brophy, and Joseph Refsnes.³³ The Arizona Historical Foundation holds a bound collection of speeches given by Carl Bimson between 1935 and 1968. Though the majority of speeches relate to his role as president of the American Bankers Association, this collection did yield information relevant to the study topic and subject period.³⁴ Media coverage research focused on the *Arizona Republic*, though the *Phoenix Gazette* and other state and national newspapers, magazines, and industry journals were also utilized. As articles published in the *Republic* prior to 1999 are not yet digitized,

³² Robin LaVoie, "Guide to MS 44: Valley National Bank Collection, 1898-1992" (Tempe: Arizona Historical Society, 2003).

³³ MS 30: Phoenix History Project Collection, 1974-1985, Arizona Historical Society, Tempe, AZ (hereafter cited as PHPC).

³⁴ Addresses of Carl A. Bimson, Valley National Bank, Phoenix, Arizona and Past President, American Bankers Association, 1935-1968, Arizona Historical Foundation, Tempe, AZ.

targeted microfilm searches were conducted using date ranges determined by key bank events and dated news clippings found in the Valley National Bank Collection.³⁵

Secondary source material used for context and corroboration includes texts on state and local history, works on bank operations and banking industry history, books focusing on the history of competitor institutions, journal articles, and theses and dissertations.

Thesis

Following more than a decade of growth fueled by a reliance on federal programs and dollars, Valley National Bank claimed the title of “Largest Bank in the Rocky Mountain States” at the start of the post-war period.³⁶ However, Valley National executives recognized the possibility of a drastically different business environment following the cessation of hostilities in Europe and Asia. In the post-war years, the large deposits of local defense-related businesses were likely to be withdrawn, while the growing wartime population was subject to relocation for employment purposes in a competitive peacetime labor market.

Facing the prospect of questionable growth because of decreased federal spending and the closure of wartime industrial operations and defense facilities throughout the state, Valley National executives began

³⁵ “The Arizona Republic: Archives,” *Arizona Republic*, <http://pqasb.pqarchiver.com/azcentral/advancedsearch.html> (accessed March 15, 2011).

³⁶ Collins, *Emerging Metropolis*, 216.

post-war strategic planning in 1944. Led by bank president Walter Bimson, vice-president Carl Bimson, and statistician Herbert Leggett, bank management envisioned a post-war strategy that would build upon the Depression-era and wartime momentum enjoyed by the institution. By the time Walter Bimson stepped down from the bank presidency on January 20, 1953, results indicated that effective strategizing and an adaptive corporate culture had proven successful.

As demonstrated by historian Philip VanderMeer's characterization of Valley National as "the dominant financial force in the Valley and state" during the post-war period, the Depression-era and wartime success of the institution had been largely replicated.³⁷ Although Valley National suffered setbacks related to deposit and mortgage lending market share during the subject period, by January 1953, the company retained its rank as the largest bank in the Rocky Mountain region, continued to house more deposits than any other Arizona bank, and claimed the largest geographic presence of all banks in the state.³⁸ The three strategic elements central to this feat were strong promotion of the institution and its home state, continued innovation in product and service offerings, and an aggressive expansion of the Valley National geographic footprint through branching and competitor acquisition.

³⁷ VanderMeer, *Desert Visions*, 120.

³⁸ Federal Reserve Bank of San Francisco, *Investigation*, 14-17, 41.

Highly effective promotional efforts occupy a central role in the story of Valley National post-war expansion. The significance and impact of specific advertising and public relations initiatives such as clever print advertising, bank produced and distributed periodicals, and numerous press releases resulting in highly favorable articles printed in local, state, and national publications cannot be understated. During the subject period, bank leaders including Walter Bimson, statistician Herbert Leggett, and advertising executive Mert Reade teamed to craft unique and effective publicity campaigns.³⁹ These efforts, in addition to the publicity and recognition resulting from the gradual incorporation of art and modern architecture within the branch network, contributed greatly to institutional success. Indeed, the familiarity and expanded customer base gained from through public relations activities and promotional efforts laid the groundwork for future growth by increasing brand recognition and promoting the latest in product offerings.

The deposit and lending volume increases allowed by the growing Arizona population and economy in the years following World War II were critical to the continued success Valley National. In an effort to capture new deposit and loan business, the bank both followed prevailing industry trends and led the market in offering innovative new products and

³⁹ Herbert Leggett joined Valley National in 1943. Mert Reade joined the bank as an employee in 1951, but was involved in Valley National promotional efforts prior to his employment with the bank as an employee of the firm's outside advertising agency. "Herbert Leggett, Bank Executive Retiring June 30," *Casa Grande Dispatch*, June 27, 1962; VNB Press Release, October 13, 1951, file 678, VNB Collection; "Mert Reade of the Valley Bank: The Man Behind the Advertising," April 2, 1971, file 678, VNB Collection; "Reade Retires from VNB," *The Arizona Publisher*, May 1971, 9.

services. Examples of such innovations include the Valley National GI banking department, a strong emphasis on installment lending, and a focus on increasing the institution's mass-market appeal through the use of low-minimum-balance deposit accounts. The growth and profitability resulting from an innovative and expanding suite of product and service offerings set the stage for the continued geographical expansion of the institution, as was achieved through *de novo* branch expansion and competitor acquisition.⁴⁰

The bank grew its size and footprint through an aggressive branching and acquisition campaign in the immediate post-war years. Branches were erected throughout the Valley and the state in an effort to capture the business of a rapidly growing population. The institution also acquired competitors in markets it already served, as well as in areas without a company presence, demonstrating that branching and acquisition demonstrated a clear value to bank executives and investors. However, the practice would lead to great difficulties and intense regulatory scrutiny in the years following this study period, thus partially negating the positive impact of this aspect of corporate strategy. Nonetheless, the operational decisions of the post-war period allowed Valley National to consolidate its control of the state banking market, increase its net profits, and build shareholder value. As such, the three-pronged business strategy employed by the bank in the immediate post-

⁴⁰ *De novo* is a commonly used banking industry term for new branches. It translates to "newly established." Marshall, 11.

war years helped to ensure that the institution would retain its ranking and clout for decades to come, thus building upon an already noteworthy history of innovation and success.

CHAPTER 2

HISTORICAL OVERVIEW

As the product of two primary predecessor entities founded many years and miles apart from one another, Valley National Bank boasted a rich, albeit turbulent, history. The First National Bank of Phoenix was founded in 1883 to act as a funding source for developer W.J. Murphy as he carried out construction of the Arizona Canal. However, just seven months after its initial organization, the institution exceeded the lending capacity guidelines allowed under the terms of its national banking charter. In an attempt to ward off an inevitable visit from federal bank examiners, shareholders reorganized the institution as the Valley Bank of Phoenix, a state chartered bank not subject to inspection by federal regulators.⁴¹ Prospering as the Salt River Valley flourished, the bank focused on dominating the Phoenix banking industry.

Elsewhere in Arizona, a small-town shop owner recognized the need for a local banking operation. Stifled by the restrictive credit atmosphere that followed the Great Panic of 1893, Arizona merchant I. E. Solomon spearheaded the founding of the Gila Valley Bank in 1899.⁴² Established with \$25,000 in capital and operated out of Solomon's small general store in the cattle town of Solomonville, the bank served as the financial hub of mining-oriented Graham County. Eyeing the potential

⁴¹ Schweikart, *A History*, 20-21.

⁴² Ramenofsky, 145-150.

profits associated with the mining operations in the nearby towns of Clifton and Morenci, the *Arizona Bulletin* confidently proclaimed that the newly formed Gila Valley Bank would soon “take rank with the solid financial institutions of the country.” True to predictions, the institution declared a six percent dividend after less than one year of operation, netting its founders \$1,500 on their initial \$25,000 investment.⁴³

In 1902, the growing and profitable enterprise expanded to the mining boomtowns of Clifton and Morenci. Despite the rugged nature of these mining communities, the bank directors chose to name Mary Woodman manager of the Clifton branch, causing her to enter the history books as the first female bank officer in the territory.⁴⁴

Shortly after establishing branches in the prospering mining settlements, bank management recognized an unfulfilled product need within the markets it served. As miners were often young, single men who had traveled long distances to seek their fortune stripping precious minerals from below the ground in small towns throughout the West, few family members or trustworthy friends could be found to settle affairs and distribute assets when frontier miners met untimely deaths. In an effort to address the need for expedient and competent settlement of miners’ estates, the bank expanded its product offerings and began to offer trust

⁴³ Hopkins, 25-26, 45.

⁴⁴ “Arizona’s First Woman Banker,” *Western Banker*, May 1971, 268.

and estate services to depositors employed by the mining concerns.⁴⁵ The innovative spirit represented by the decision to offer advanced financial services to largely uneducated consumers of modest means within upstart mining towns would guide the actions of the bank and its leadership as the institution continued to grow in size and prestige.

As the bank expanded throughout the rural portions of the territory, its influence and importance increased significantly. When the territorial economy suffered the effects of a crippling decline in copper prices and a nationwide bank run in 1907, the leaders of the Gila Valley Bank stepped forward to avert a financial crisis in Arizona's copper country. Already hit hard by the drastic drop in copper earnings, the region was ill prepared for the nationwide bank run and currency shortage that followed the collapse of New York's Knickerbocker Trust Company. The national economic fallout surrounding the Knickerbocker closure had led several governors to declare state banking holidays during which banks could process checks, but were prohibited from engaging in currency transactions.⁴⁶ However, Arizona Territorial Governor Joseph Kibbey refrained from enacting a banking moratorium, thus compounding the growing problem.

Facing an already limited supply of hard currency due to the isolated location of the communities in which the enterprise operated, Gila

⁴⁵ Ramenofsky, 156-157.

⁴⁶ Cyril Upham and Edwin Lamke, *Closed and Distressed Banks: A Study in Public Administration* (Washington, D.C.: Brookings Institution, 1934), 9; Donald Wells, *The Federal Reserve System: A History* (London: McFarland and Company, 2004), 58.

Valley management recognized the urgent need for a practical alternative to banknotes. As the majority of institutional reserves were stored in an El Paso vault, the bank was particularly vulnerable to a deposit run. During a late night brainstorming session, executives from several area banks hit upon the idea of issuing scrip to sate the cash requirements of depositors.

The session participants quickly set about forming the Clifton-Morenci Clearinghouse Organization, a multi-entity association established to serve as the official scrip issuer and redeemer.⁴⁷ The planned certificates were to be printed after stakeholders fully collateralized their value. Given their relative wealth, Gila Valley Bank board members contributed the majority of needed funds to the escrow account backing the venture. While the scrip notes, or “skin plasters” as locals disapprovingly referred to them, were met with initial community opposition, residents soon learned to embrace the alternative currency.⁴⁸

The scrip effort ensured the survival of the bank, and led to it being widely credited with shielding the regional economy from the worst of the 1907 currency crisis. Accordingly, the bank emerged from the crisis with an enhanced reputation and a solid deposit base, allowing it to continue on a trajectory of steady growth. Indeed, by 1914, the bank boasted over \$2.5 million in deposits, ranking it as the largest financial institution in the

⁴⁷ Hopkins, 93-96.

⁴⁸ Ramenofsky, 164-167.

state.⁴⁹ However, while the Gila Valley Bank had reached the pinnacle of the Arizona financial industry, the Phoenix-based Valley Bank and Trust had encountered a very different fate. Stung by large-scale lending on questionable agricultural endeavors, the Valley Bank faced a liquidity crisis in 1914. The shareholders of the struggling institution called upon the small-town operators of the Gila Valley Bank for assistance. Recognizing an opportunity to expand to the capital city, yet wary of mingling the balance sheets of the two entities, the primary shareholders of the Gila Valley Bank provided the capital necessary to save the foundering company, and gained ownership of the institution in the process. However, as the new entrants to the Phoenix banking market wished to shield their Graham County depositors from the financial vagaries of the bustling capital city, they opted to run the banks as two legally distinct businesses.⁵⁰

The new banking moguls succeeded in managing the banks as separate entities until economic catastrophe mandated a change in strategy. The Arizona economy had enjoyed tremendous success during the profitable war years. The material needs of the American military machine during World War I fueled a financial boom for Arizona farmers, miners, and ranchers. However, the sharp post-war decline in demand for copper, beef, and cotton sparked economic ruin throughout the state. The

⁴⁹ Bimson, *Transformation*, 11.

⁵⁰ *Ibid.*, 13.

post-war commodity demand plunge led to a precipitous drop in Arizona copper production. The signature metal of the state yielded \$200 million in revenue during the war years, yet brought in just \$20 million in 1921. Similarly, the cotton fields of the Salt River Valley produced a product that sold for \$1.25 per pound in 1920, but demanded just twenty cents per pound in 1922. All told, revenue from Arizona's three key industries- mining, agriculture, and cotton production- dropped from a \$261 million in 1917 to \$68 million in 1921. Impacting every facet of life in the state, the economic slump of the post-war years wreaked havoc on the Arizona financial industry, resulting in the closure of forty-nine of the eighty-eight banks in the state between 1920 and 1925.⁵¹

The Gila Valley Bank and Valley Bank and Trust were also severely impacted by the lack of demand for Arizona's resources. By the summer of 1922, the balance sheets of both institutions demonstrated serious fiscal instability. The Gila Valley Bank recorded outstanding loans equal to sixty-three percent of its total deposits, while the Valley Bank and Trust reported an outstanding loan figure equal to sixty-eight percent of its total deposits.

The reduction in deposit frequency and size brought about by the economic downturn caused concern that already unhealthy loan-to-deposit ratios would continue to weaken, endangering the viability of both institutions. Valley Bank and Trust was further imperiled as many of its

⁵¹ Hopkins, 157-167.

outstanding loans had been issued to other banks, thus increasing the risk of default as the local deposit base continued to shrink.⁵² Further complicating the situation, the Arizona Legislature passed a banking reform bill in 1922 that created more rigorous capitalization and reserve requirements for state-licensed banks. The new law specified a reserve requirement of “fifteen per cent of the aggregate amount of their deposit and demand liabilities,” thus calling into question the solvency of many hard-hit state chartered banks.⁵³ In response to the multiple challenges of the day, the directors of the independent Gila Valley Bank and Valley Bank and Trust opted to merge the independent entities into one large Phoenix-based institution better suited to meet the reserve and capitalization requirements recently imposed by state solons.⁵⁴ Thus, while competing institutions faded into oblivion, the then-unified Valley Bank and Trust weathered the immediate crisis and emerged as a larger and more stable financial institution because of the decisions made by management in response to external challenges.

Nonetheless, adverse economic conditions resulting from lagging commodity prices plagued the state for the remainder of the decade, and the overall liquidity of the bank suffered as a result. By 1929, Valley Bank and Trust assumed the role of “largest farmer in Arizona” due to its

⁵² Ibid., 163-164.

⁵³ Arizona Department of Banking, *Banking Laws of Arizona Enacted During the First Special Session of the Fifth Legislature* (Phoenix, 1922).

⁵⁴ Collins, *The New Deal*, 35.

portfolio of foreclosed agricultural land. At the peak of its troubles, the bank owned thirty-seven ranches throughout the state, and spent over \$100,000 per year managing its depressed holdings.⁵⁵ The high number of foreclosures throughout the state and the resulting inability to sell real estate holdings for book value also forced the institution to manage numerous apartment complexes until buyers could be located.⁵⁶ As the bank was then a major holder of real property, the rising tide of illiquidity related to devalued real estate holdings seriously jeopardized its financial well being.

Former bank president Dr. Louis Ricketts perceived the institutional risk as dire enough to merit a campaign to raise \$550,000 in capital, including \$330,000 of his own funds, to purchase repossessed land from the corporation. This act of faith mitigated the loan losses incurred during the agricultural slump of the 1920s and assured future growth potential.⁵⁷ Boasting a newly strengthened balance sheet courtesy of Ricketts, the institution set out to construct the eleven-story Professional Building in downtown Phoenix. First occupied in 1932, this art-deco themed structure served as the headquarters of the bank until the thirty-eight story glass

⁵⁵ Schweikart, *A History*, 78.

⁵⁶ Jay Edward Niebur, "The Social and Economic Effect of the Great Depression on Phoenix, Arizona, 1929-1934" (master's thesis, Arizona State University, 1967), 25.

⁵⁷ A synopsis of the life and career of Dr. Louis Ricketts may be found in the transcript of a talk delivered by Walter Bimson in 1949 and later published by the Newcomen Society. Walter Bimson, *Louis D. Ricketts (1859-1940): Mining Engineer, Geologist, Banker, Industrialist, and Builder of Arizona* (New York: The Newcomen Society, 1949). Bimson, *Transformation*, 16-17.

and steel tower Valley Center was completed in 1973.⁵⁸ However, the timing of this monumental construction project was ill considered as the early years of the Great Depression proved to be an extremely challenging period for Valley Bank and Trust.

As a small town governed by the economics of agriculture, 1929 Phoenix felt little initial impact related to the securities market nosedive that crippled many larger cities in short order. While the front page of the October 29, 1929 *Washington Post* described the stock exchange floor as a “scene of wild confusion” necessitating the barring of the general public as the market closed “practically at the bottom,” and page one of the October 30th *New York Times* declared stock prices to have “virtually collapsed” during “the most disastrous trading day in the market’s history,” *The Arizona Republican* quietly announced the market crash through two sub-headlines below the main stories of the day.⁵⁹ Indeed, the widespread

⁵⁸ Located at 15 East Monroe Street in downtown Phoenix, the Professional Building now stands vacant after a failed attempt to convert the structure into a 150 room luxury property to be named Hotel Monroe. The Valley Center, located at 201 North Central Avenue in downtown Phoenix, is now known as Chase Tower, and remains the tallest building in the state. Hopkins, 193; James Elmore, ed., *A Guide to the Architecture of Metro Phoenix* (Phoenix: Phoenix Publishing, 1983), 41; Schweikart, *A History*, 159. Jahna Berry, “1931 Bank Building in Downtown Phoenix Heads for Foreclosure,” *Arizona Republic*, February 23, 2010, <http://www.azcentral.com/community/phoenix/articles/2010/02/23/20100223monroe-building-foreclosure.html> (accessed May 1, 2011). Glen Creno, “Chase Tower is bought for \$166.9 million,” *Arizona Republic*, March 24, 2007, <http://www.azcentral.com/arizonarepublic/business/articles/0324biz-chase0324.html> (accessed May 15, 2011); City of Phoenix, “DDO- Downtown Office & Commercial,” <http://www.phoenix.gov/ECONDEV/prjssoffic.html> (accessed May 14, 2011); Richard Nilsen, “Chase Tower Still the Tallest- and So Elegant,” *Arizona Republic*, August 19, 2011, <http://www.azcentral.com/centennial/ent/articles/2011/08/19/20110819-arizona-architecture-chase-tower-phoenix.html> (accessed October 10, 2011); Collins, *Emerging Metropolis*, 387.

⁵⁹ *The Arizona Republic* was titled *The Arizona Republican* until November 11, 1930, at which point the name was changed to demonstrate its “absolute independence

economic slump only began to seriously impact Arizona when lagging demand for copper forced the shuttering of mines throughout the state.

Precipitated by a drop in copper prices that reduced payment per pound from 18.1 cents in 1929 to 5.6 cents in 1931, most Arizona copper mines ceased operations by 1933.⁶⁰ When paired with the sharp decline in the agricultural and cattle industries, the total value of Arizona mining, farming, and livestock production dropped from \$223 million to \$43.2 million between 1929 and 1932.⁶¹ While real wages dropped ten to twelve percent nationwide during the early years of the Depression, the purchasing power of Arizona consumers declined by fifty-one percent.⁶² As the economy of the Salt River Valley was still heavily dependent upon agricultural production, this slump also greatly impacted the health of local institutions.

Claiming just 48,118 residents living within the municipal boundaries that reached out a total of 6.4 square miles, 1929 Phoenix was a very different city than the sprawling, heavily-populated twenty-first century metropolis it has become.⁶³ As the town played host to just six

of all political partisanship.” “Money Chieftains Assert Investment Interests Are Ready to Buy,” *Washington Post*, October 29, 1929, “Closing Rally Vigorous,” *New York Times*, October 30, 1929, Niebur, 13. Quoted in Earl Zarbin, *All the Time a Newspaper: The First 100 Years of the Arizona Republic* (Phoenix: Phoenix Newspapers, Inc., 1990), 149-150.

⁶⁰ Niebur, 13-15.

⁶¹ Hopkins, 193.

⁶² Niebur, 31.

⁶³ *Ibid.*, 1, 6, 24-27.

banks in 1929, the local economy was particularly susceptible to the interconnectedness of the banking industry and the dangers of institutional weakness. The resiliency of this tight-knit system was challenged during the early years of the 1930s as two of six Phoenix based banks and two of five locally organized building and loan associations failed. Statewide, fourteen financial institutions failed between the years 1930 and 1932, causing great concern that a lack of deposits would imperil the entire Arizona banking industry.⁶⁴

Indeed, the situation was both dire and unpredictable. Fully one-third of all banks in existence nationwide in 1929 had failed by 1933.⁶⁵ Further confusing the planning efforts of bankers and policymakers was the fact that over sixty percent of institutional failures during the years 1930 to 1932 occurred in months free of banking panics or deposit runs.⁶⁶ Consistent with national difficulties, Arizona bank deposits dropped from \$72,833,828 to \$41,035,840 between the years 1929 and 1932.⁶⁷ The Phoenix metropolitan area, which accounted for the majority of banking business in the state at the time, witnessed a similarly staggering drop in deposits. From 1930 to 1933, the local deposit base plunged from \$33

⁶⁴ Collins, *The New Deal*, 35.

⁶⁵ Elmus Wicker, *The Banking Panics of the Great Depression* (Cambridge: Cambridge University Press, 1996), xv.

⁶⁶ *Ibid.*, 1.

⁶⁷ Collins, *The New Deal*, 35-36.

million to \$19.5 million.⁶⁸ The lack of deposits and an overwhelming sense of hesitancy also negatively impacted lending abilities. By the close of 1933, the value of outstanding commercial loans in Arizona dropped to an anemic \$12,903,455, down thirty-seven percent from a pre-crash figure of \$34,471,394.⁶⁹ The grim circumstances endangered all institutions, and public fears were heightened when it was realized that even seemingly strong institutions such as the Bank of Douglas had reached the verge of insolvency by the end of 1933.⁷⁰ Despite a recent balance sheet bailout from Dr. Ricketts, the Valley Bank found itself among the numerous institutions teetering on the brink of collapse.

Valley Bank and Trust acted as the central correspondent bank for the state, and was thus uniquely affected by the instability and failure of other institutions. In its capacity as a correspondent bank, Valley Bank received deposits from other institutions and acted as the banker to the state banking industry. As the company therefore served as the hub of the Arizona financial field, institutional failures and declining deposits system-wide greatly impacted the health of the institution.⁷¹ Prior to the market crash of 1929, Valley Bank hosted \$17.7 million in deposits and carried

⁶⁸ Niebur, 24.

⁶⁹ Collins, *The New Deal*, 36.

⁷⁰ Larry Schweikart, "Brophy vs. Douglas: A Case Study in Frontier Corporate Control," in *Banking in the West*, ed. Larry Schweikart (Manhattan, KS: Sunflower University Press, 1984), 49-54.

⁷¹ Niebur, 25.

\$7.1 million in outstanding loans. However, the economic paralysis of the Depression reduced those figures to \$6.7 million in deposits and \$2.9 million in loans by the end of 1932.⁷² Faced with the reality of a contracting deposit base and continually weakening economic conditions, Valley Bank lost its position as the largest bank in the state to the National Bank of Tucson in 1932. At that point, the bank was hemorrhaging \$500,000 per month in operational losses, and was forced to layoff half of its employees.⁷³ This high level of employee turnover decimated the institutional memory of the institution, and reached to the highest levels of management as Valley Bank vice-president Arthur Esgate left for a position with the federal Reconstruction Finance Corporation in the spring of 1932 and bank president Herbert McClung retired at the end of the year.⁷⁴ It was into this morass of declining deposits, dwindling loan volume, and employee turnover that Chicago banker Walter Bimson was recruited.

A born Westerner, Colorado native Walter Bimson held a special affinity for the people and culture of Arizona. After leaving Berthoud National Bank in northern Colorado, Bimson found employment as a vice-

⁷² Hopkins, 194.

⁷³ Schweikart, *A History*, 84.

⁷⁴ "Arizona Banker Quits for Federal Position," *Los Angeles Times*, April 10, 1932; H.J. McClung, Phoenix Banker and Leader, Dies," *Los Angeles Times*, April 28, 1934.

president with Chicago-based Harris Trust and Savings Bank.⁷⁵ As “one of the largest crop financing institutions in the country,” Harris Trust was “responsible for several hundred thousand dollars worth of loans to valley farmers and dairymen.”⁷⁶ Specializing in agricultural commodities such as cotton, Bimson often traveled to the Phoenix area in order to inspect crop yields and speak with growers and brokers. During his numerous trips to the area, Bimson worked closely with the leadership of Valley Bank, and gained the trust of company management. Thus, when McClung retired, the board asked the Chicagoan to relocate to warmer climes in order to attempt an institutional restructuring in an effort to save the once solid organization.

Bimson approached his new role in a very uncharacteristic manner. In an interview with *Los Angeles Times* columnist Harry Carr, he pronounced his strong faith in the power of the biblical “Golden Rule” as the antidote to the economic woes gripping the nation.⁷⁷ While many industry insiders of the day might have been tempted to wax pessimistically when quizzed about the prospects for short-term economic recovery, Bimson expressed a cautiously optimistic outlook when interviewed by an *Arizona Republic* writer shortly after his arrival in Phoenix in January of 1933. Citing a “sounder basis for hopefulness”

⁷⁵ “Walter Bimson is Dead; Pioneer in Valley Bank,” *Arizona Republic*, April 28, 1980.

⁷⁶ “Banker Predicts Valley Progress,” *Arizona Republic*, December 4, 1932.

⁷⁷ “The Lancer,” *Los Angeles Times*, February 8, 1933.

brought about by “a fuller recognition of the underlying causes of our troubles and a calmer and more determined facing of the facts,” Bimson trumpeted his belief that Arizona would be among the “first states to take full strides in the march of prosperity with the return of normal times.”⁷⁸ Bimson would maintain this optimistic outlook throughout his career at the helm of the bank.

Although he ordered a company-wide ten percent payroll reduction on his first day as president, Bimson also defied conventional wisdom by ordering the bank to do the unthinkable.⁷⁹ Despite the prevailing economic weakness, he exhorted his employees to “Make loans!”⁸⁰ However surprising this may have been to bank employees and observers, Bimson argued that the “bank’s credit capacity isn’t what it will be, but we have some capacity, and I want it used.”⁸¹ However, before his command could be carried out, Bimson and his staff had to contend with the largest challenge to the health of the institution he would encounter during his thirty-seven year tenure with the bank.

The first quarter of 1933 was plagued with a sense of unease for many Americans. Faced with a four-month interregnum period until the

⁷⁸ “New Bank Executive Sees Arizona in Van of Prosperity; W.R. Bimson Cites Factors Aiding State,” *Arizona Republic*, January 4, 1933.

⁷⁹ Schweikart, *A History*, 87.

⁸⁰ Bimson, *Transformation*, 17.

⁸¹ William Jervey, Jr., “When the Banks Closed: Arizona’s Bank Holiday of 1933,” *Arizona and the West* 10 (Summer 1968): 132.

March inauguration of President-elect Franklin Roosevelt, the American people reacted quickly and unpredictably to negative news during the lame-duck portion of Herbert Hoover's administration.⁸² Since the election of 1932, several state governors had declared statewide banking holidays in an effort to safeguard the solvency of their local banking institutions. Although infrequently employed on a wide scale basis, the idea of a banking holiday found precedent in earlier American crises.

Banks had suspended currency payments during the panics of 1837, 1857, 1873, and 1893, and municipal leaders had declared local bank holidays following the 1871 Chicago fire, 1872 Boston fire, 1904 Baltimore fire, and the 1906 San Francisco earthquake and fire. Several state governors had also contributed to precedent by limiting banking operations during the 1907 currency crisis. While this practice was codified as an option of last resort by the Oregon legislature in 1930, few other state statutes or constitutions allowed for government declared bank holidays.⁸³ Nonetheless, despite the questionable legality of the practice, California Governor James Rolph followed the lead of numerous other chief executives by issuing a proclamation declaring a statewide banking

⁸² Presidential inaugurations were scheduled for the fourth day of March from 1793 to 1933. The twentieth amendment changed the date of presidential inaugurations to January 20th. The first January inaugural took place in 1937. Joint Congressional Committee on Inaugural Ceremonies, "Inauguration of the President: Facts & Firsts," U. S. Senate, <http://inaugural.senate.gov/history/factsandfirsts/index.cfm> (accessed May 21, 2011).

⁸³ William Malburn, *What Happened to Our Banks* (Indianapolis: Bobbs-Merrill Company, 1934), 57-58; Upham, 9.

holiday during the late night hours of March 2, 1933.⁸⁴ Quickly recognizing the implications of this action for the Arizona banking industry, Bimson set out to convince Arizona Governor Benjamin Moeur to follow suit.

Despite having only recently assumed the leadership of Valley Bank and Trust, Bimson understood that failing to secure a statewide banking moratorium before the start of the following business day would spell disaster for Arizona banks. Banks in Arizona and California were extensively interconnected as a result of the need to store sizeable deposits in sister institutions to facilitate check processing and normal trade operations. This fact rendered Arizona institutions particularly vulnerable to insolvency resulting from a lack of access to deposits stored in inaccessible California banks.⁸⁵ Fortuitously, Bimson was lodging at the Hotel Westward Ho, the very hotel used by Governor Moeur during the legislative session. After hastily dressing, Bimson proceeded to the Governor's suite to discuss the looming crisis.⁸⁶ The important task of convincing Moeur proved to be a frustrating challenge for Bimson.

The newly inaugurated Moeur had recently informed legislators that the financial outlook of the state had “never been as deplorable as it [then was],” but contended that state banking statutes were among “the best

⁸⁴ Jervey, 127.

⁸⁵ Collins, *The New Deal*, 36-37.

⁸⁶ Hopkins, 222-223.

banking laws in the nation.”⁸⁷ This proved troubling as no law permitting the declaration of a statewide banking holiday then existed. Further complicating the situation, Moeur was not “a financial man,” and initially failed to comprehend the severity of Rolph’s action. Nonetheless, Bimson secured an early morning meeting with the Governor and the state Attorney General to plead for the issuance of a proclamation temporarily closing banks throughout the state.⁸⁸ After overcoming questions surrounding the legality of declaring such a holiday, Bimson triumphed in his attempt to temporarily shutter state banks, thereby averting a potentially disastrous episode in Arizona history in the process. Just prior to the scheduled opening time of banks throughout the state, Moeur issued an order decreeing “all banks, trust companies and financial institutions conducting a banking or trust business in the State of Arizona, shall be closed” due to the “considerable portion of their funds and credits tied up with California banking institutions.”⁸⁹ This action, though declared to be “virtually illegal, and certainly without precedent in the state,” was legitimized by an act of the legislature that very afternoon.⁹⁰ Shortly thereafter, the legislature passed House Bill 258, which granted the

⁸⁷ Arizona Office of the Governor, *Governor’s Message to the Eleventh Legislature* (Phoenix, 1933).

⁸⁸ Jervey, 133-134.

⁸⁹ “Text of Moeur Proclamation,” *Arizona Republic*, March 3, 1933.

⁹⁰ “Three-Day “Holiday” Ordered to Protect Banking in Arizona,” *Arizona Republic*, March 3, 1933.

Governor authority to declare future holidays “upon recommendation of the Superintendent of Banks.”⁹¹

Bimson’s initial foray into state politics proved well considered and extremely valuable. By March 4th, just two days after Moeur’s proclamation, banks in all forty-eight states and the District of Columbia had been closed by executive order or were operating under heavy limitations.⁹² In response to the patchwork restrictions imposed throughout the nation, President Franklin Roosevelt addressed the issue of banking industry stability in his first “Fireside Chat” on March 12, 1933. In this talk, Roosevelt called upon the American people to “unite in banishing fear,” announced a nationwide banking holiday, and detailed his plans to stabilize the beleaguered banking industry.⁹³ When the national banking holiday was lifted on March 13th, approved institutions in Federal Reserve branch cities were cleared to open immediately. Being located in a city with an officially recognized bank clearinghouse association, approved Phoenix banks were allowed to reopen their doors on March 14th.⁹⁴ When local banks did reopen, the wisdom of Bimson’s call for a holiday immediately following Rolph’s California declaration was evident.

⁹¹ Arizona State Legislature, *Acts, Resolutions and Memorials of the Regular Session Eleventh Legislature of the State of Arizona 1933* (Phoenix, 1933), 60.

⁹² “Banks Close in 48 States,” *Arizona Republic*, March 5, 1933.

⁹³ Amos Kiewe, *FDR’s First Fireside Chat: Public Confidence and the Banking Crisis* (College Station: Texas A&M University Press, 2007), 6.

⁹⁴ “Reopening of Phoenix Banks Predicated on Issuance of Licenses,” *Arizona Republic*, March 14, 1933.

Local depositors flocked to the reopened banks bearing checks, gold certificates, and rolls of banknotes. Newly confident in the stability of the national banking system, Phoenicians made net deposits of over \$1 million in just one day. Statewide, banks took in net deposits of \$1.5 million as newspapers announced curious tales of hoarded gold being returned to banks and accounts opened by longtime “money toters.”⁹⁵ Clearly buoyed by the success of the action Bimson lobbied for, Valley Bank leadership set about embracing further governmental assistance.

Depression-era banks impacted by the struggling economy could seek government assistance just as many present-day financial institutions sought federal loans through the Troubled Asset Relief Program of 2008. Within five months of its creation in early 1932, the Reconstruction Finance Corporation lent approximately \$600 million to banks challenged by toxic balance sheets. In recognition of the large bank ownership of railroad bonds, the agency also issued nearly \$250 million in loans intended to stabilize railroads during this period.⁹⁶ Valley Bank later took advantage of Reconstruction Finance Corporation loan offerings by means of a \$1.24 million sale of preferred stock to the agency.⁹⁷ The New

⁹⁵ “Phoenix Deposits Exceed Withdrawals by \$1,000,000,” *Arizona Republic*, March 15, 1933; “Twenty-One Arizona Banks Report Increased Deposits,” *Arizona Republic*, March 16, 1933; “Banks Receive Hoarded Gold,” *Arizona Republic*, March 15, 1933; “‘Money ‘Toter’ Opens Account,” *Arizona Republic*, March 15, 1933.

⁹⁶ Board of Governors of the Federal Reserve System, “FRB: TARP Program Information,” <http://www.federalreserve.gov/bankinfo/tarpinfo.htm> (accessed May 10, 2011); Collins, *The New Deal*, 45, 55; Rothbard, 288-292.

⁹⁷ Collins, *The New Deal*, 51.

Deal legislative program initiated by President Franklin Roosevelt allowed institutions such as Valley Bank additional opportunities for federal assistance.

Valley Bank officials actively pursued governmental initiatives perceived to be beneficial to the bank and its customer base. The first such program embraced by bank management was the new deposit insurance coverage offered by the nascent Federal Deposit Insurance Corporation. Established by the Glass-Steagal Act of 1933, the Federal Deposit Insurance Corporation insured the deposits of participating institutions, thereby bolstering consumer confidence and shielding the banking system from the shock of bank runs and institutional failures.⁹⁸ While protecting banks from the financial contagion often resulting from the failure of competitors, the new insurance agency also provided confidence to depositors, each of whom received \$2,500 of coverage for deposits held at participating banks.⁹⁹

Many experienced bankers considered the new program a risky endeavor, as several state run deposit schemes had failed in previous years. Between 1917 and 1930, state deposit insurance programs in Kansas, Mississippi, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, and Washington had all been bankrupted by large institutional

⁹⁸ Wells, 62.

⁹⁹ Federal Reserve Bank of Boston, "Closed for the Holiday: The Bank Holiday of 1933," Federal Reserve Bank of Boston, <http://www.bos.frb.org/about/pubs/closed.pdf> (accessed May 1, 2010).

failures.¹⁰⁰ Hesitant to repeat the mistakes of other states, the 1927 class of Arizona legislators required state chartered banks to maintain twenty-five percent of their annual profits in reserve as an alternative to a deposit insurance program.¹⁰¹ However, Valley Bank executives expressed faith in the new federal program, and submitted an application to be among the first institutions accepted into the system. Following approval from program overseers, Valley Bank and Trust depositors gained federal deposit insurance on January 1, 1934, the first day of eligibility.¹⁰²

The public responded positively to the increasing stability of Valley Bank and the proactive steps taken by the institution to ensure its continued financial wellbeing. By the end of 1933, the bank posted a deposit base increase of \$2.5 million, or thirty-five percent, thus demonstrating growing levels of consumer confidence.¹⁰³ However, many Arizona consumers were unable to recognize the strides made by Valley Bank and Trust due to geographical limitations. While Arizona was one of nine states permitting statewide branch operations in 1930, federal

¹⁰⁰ Ibid., 63.

¹⁰¹ Schweikart, *A History*, 80.

¹⁰² Federal Deposit Insurance Corporation, "Bank One, Arizona, National Association," Federal Deposit Insurance Corporation, <http://www2.fdic.gov/idas/confirmation.asp?incert1=15025&instname=The+Valley+National+Bank> (accessed May 1, 2010).

¹⁰³ Bimson, *Transformation*, 19.

restrictions impeded the ability of bank management to establish new branches outside of its existing markets.¹⁰⁴

Numerous communities throughout the state were without banking facilities because of the multiple institutional closures that had occurred during the agricultural slump of the 1920s and the Depression of the 1930s. Valley Bank executives sought to expand operations to these unbanked localities, but found that Federal Reserve prohibitions on new branches prevented their planned expansion. Specifically, the Federal Reserve barred member banks from operating branches not open prior to February 25, 1927.¹⁰⁵ Despite the clear restriction on new branch banking activity, Valley Bank leadership carried forth with their geographic expansion efforts. Seeking to circumvent the law through clever interpretation, the company encouraged the formation of “currency exchanges” in Casa Grande, Kingman, and Coolidge. Legally distinct from Valley Bank and Trust, these exchanges operated in bank owned structures, accepted deposits for forwarding to Valley Bank facilities in Phoenix, and brokered loans from the coffers of the institution. However, the operators of the currency exchanges were functioning not as employees of the bank, but as middlemen facilitating banking business in

¹⁰⁴ David Wheelock, “Regulation, Market Structure, and the Bank Failures of the Great Depression,” *Federal Reserve Bank of St. Louis Review* (March/April 1995): 31.

¹⁰⁵ Federal Reserve Board, *Federal Reserve Bulletin, August 1933*, Federal Reserve Board (Washington, D.C.: Government Printing Office, 1933), 499.

branchless communities.¹⁰⁶ While the communities provided with basic banking services as a result of the exchange offices were delighted by the clever solution to the branch banking restrictions, federal regulators proved less enthusiastic.

During a meeting with the Federal Reserve Board of Governors in early 1934, Bimson defended the practice of affiliating with unregulated currency exchanges, or “bootleg branch banks” in the eyes of federal regulators. Bimson argued that the communities served were in dire need of banking operations, and that the currency exchanges either clearly were bank branches, and therefore under the jurisdiction of the Federal Reserve System, or alternatively, were not branches, and therefore not subject to Federal Reserve oversight. The presentation convinced the officials that approving branch permits for the offices in question provided the clearest path to jurisdiction, and all three currency exchanges were subsequently licensed.¹⁰⁷ Having won federal regulatory approval for the expansion of banking operations to underserved areas of Arizona, the company then turned to upgrading from a state chartered banking institution to a nationally chartered bank.

The American commercial banking system operates within a framework of shared state and federal regulations. Individual banking institutions are permitted to organize under one of four designations,

¹⁰⁶ Hopkins, 231-232.

¹⁰⁷ Ibid., 233-234.

depending upon the nature of their operations. Small banks that operate solely within the boundaries of one state may form as state chartered institutions outside of the Federal Reserve System, while larger banks may wish to operate as state chartered institutions participating in the Federal Reserve System. Institutions handling large deposits or wishing to avoid state banking laws may apply to operate as a nationally chartered bank, while other institutions are permitted to operate as private banks.¹⁰⁸ Valley Bank leaders chose to apply for a national bank charter to replace the state charter under which the organization incorporated in order to gain approval to operate under the then more permissive federal banking code. The likely increase in share value associated with receipt of a national banking charter served as additional justification for the transition from state oversight to federal regulation.

When word of the national bank charter approval reached the offices of Valley Bank and Trust on February 11, 1935, management promptly changed the company name from Valley Bank and Trust to Valley National Bank in recognition of their newly earned national status.¹⁰⁹ Having successfully forged a strong working relationship with multiple government agencies, Bimson turned his focus to the lending command he had issued at the start of his tenure at the bank.

¹⁰⁸ J.F.T. O'Connor, *The Banking Crisis and Recovery Under the Roosevelt Administration* (Chicago: Callaghan and Company, 1938), 7.

¹⁰⁹ Schweikart, *A History*, 102.

Although the company struggled to maintain a healthy balance sheet prior to Walter Bimson's 1933 arrival, Valley National gained a significant degree of stability by the end of 1934. After receiving a national banking charter, Federal Deposit Insurance Corporation coverage, approval for conversion of the three independent "currency exchanges" to full bank branches, and benefitting from the deposit rush that followed the March 1933 bank holiday, the institution enjoyed an increasing deposit trend that allowed for a serious focus on expanded lending activities. The acquisition of Prescott-based First National Bank in 1933 and the 1934 purchase of the Consolidated National Bank of Tucson propelled Valley National back to its previously held ranking as the largest banking institution in the state.¹¹⁰ Then boasting an increased deposit base with which loans could be funded, as well as additional capital borrowed from the federal Reconstruction Finance Corporation, Valley National stood ready to meet the borrowing needs of Arizona consumers.¹¹¹

In choosing to address the issue of near-dormant mortgage lending as the first order of business, bank management again looked to the federal government as an ally in its quest to grow the bank while aiding Arizona's economic recovery. After learning of the National Housing Act of 1934, a bill authorizing the creation of a federal agency tasked with insuring mortgage loans in an effort to spur the paralyzed housing market,

¹¹⁰ Collins, *The New Deal*, 40; Bimson, *Transformation*, 20.

¹¹¹ Hopkins, 237.

Walter Bimson sent his younger brother Carl, who had joined the bank in 1933, to Washington to give Congressional testimony in favor of the pending legislation.¹¹² The legislation passed in both houses of a sympathetic Congress, and was signed into law by President Roosevelt, thereby establishing the Federal Housing Administration.¹¹³ Valley National leadership recognized that federal backing of mortgage loans made the enterprise far more appealing to banking institutions, and therefore set out to harness the full potential of the new federal program.

Federal Housing Administration loan guarantees, popularly referred to as FHA loans, were versatile in nature. Though loan proceeds could be used for the purchase of new, qualifying residential properties, loan dollars could also be utilized for the purchase of any permanently attached fixture within a home. Carl Bimson and a team of Valley National employees used this flexibility as a selling point as they knocked on doors throughout the Phoenix area touting the benefits of the new federal loan guarantee program. This effort alone netted Valley National 700 FHA loan applications during the first week of availability.¹¹⁴ In addition to employing dynamic marketing practices such as sharing word of loan availability on a door-to-door basis in an attempt to build awareness of the FHA program, bank leadership worked closely with federal officials to promote the

¹¹² Schweikart, *A History*, 104; Gerry Mueller, "Veteran Banker was Key to State Growth," *The Business Journal*, September, 22, 1995, 6.

¹¹³ Thomas Marvell, *The Federal Home Loan Bank Board* (New York: Frederick A. Preager, 1969), 27.

¹¹⁴ Schweikart, *A History*, 104.

program and derive maximum value for Valley National and the Arizona economy.

In an effort to keep a finger on the pulse of the program, Walter Bimson lent out bank employees to serve as liaisons between the banking community and officials of the new federal endeavor. Valley National employee C.H. Tinker served in this capacity in 1934, while Carl Bimson served as Manager of Financial Relations for the Federal Housing Administration from early 1935 through March of 1936.¹¹⁵ Aggressive promotion of the new loan guarantees and the active involvement of bank officials in program administration resulted in Arizona FHA loan figures averaging far above the national average. Despite its relatively small size compared to other institutions across the nation, Valley National closed 6,354 FHA loans totaling \$2,244,000 within a period of one year. This level of loan activity ranked the bank as the fifth most productive FHA lender in the United States, while in March of 1936, Arizona became the first state in the nation to reach its FHA loan quota.¹¹⁶

The Washington Post recognized the institution for a ninety-two percent loan approval rate, reporting “the volume of business created by the better-housing program has been so extensive that the bank has

¹¹⁵ “A.B.A. Appoints Liaison Officers,” *Los Angeles Times*, August 21, 1934; Bimson, *Transformation*, 20.

¹¹⁶ Bimson, *Transformation*, 20.

found it difficult to keep up.”¹¹⁷ Though Valley National was prevented from making direct FHA loans in 1935 after reaching its federally prescribed loan-to-reserves limit, it continued to actively market the program to Arizona households. Acting as a loan broker, Valley National wrote \$1 million worth of FHA loan commitments, which were subsequently sold to Transamerica, then the parent company of Bank of America.¹¹⁸ The resounding success of Valley National’s FHA lending effort was repeated when the bank ventured into the world of personal installment loans.

Intending personal installment loan figures to reach “mass production” levels, Walter Bimson approved the creation of an Installment Loan Department in September of 1936.¹¹⁹ Arizona was one of a handful of states in which such a department could easily come into existence at the time. While Arizona joined Maine, North Carolina, South Carolina, and Virginia in its lack of licensing requirements for personal lending departments, all other states of the union mandated licensure of personal loan departments to prevent usury and unfair practices.¹²⁰ However, Arizona consumers were assured a maximum loan rate by state statute. Capped at a contract rate of eight percent, Arizona personal loan consumers enjoyed rates lower than the contract maximum specified in

¹¹⁷ “Better Housing Loans are Readily Extended,” *Washington Post*, June 16, 1935.

¹¹⁸ Doti, *Banking in the American West*, 146.

¹¹⁹ *Ibid.*, 128; Bimson, *Transformation*, 21.

¹²⁰ John Chapman, *Commercial Banks and Consumer Installment Credit* (New York: National Bureau of Economic Research, 1940), 50.

the statutes of twenty-one states, and were limited to borrowing just \$1,000.¹²¹ Once again blazing a trail that would be followed by innumerable institutions in future years, Valley National's entrée into personal installment lending placed the institution in the company of no more than twelve institutions nationwide making such loans.¹²²

As stated by Carl Bimson, personal installment loans could be used "for every useful purpose", including the purchase of automobiles, farm equipment, furniture, appliances, or even vacations.¹²³ Indeed, while installment loans were issued for a wide variety of purposes, the bulk of the dollars lent between 1935 and 1936 were applied toward the purchase of essential consumer goods, with 31.4 percent of loan dollars used to purchase furniture, twenty percent applied toward the purchase of automobiles, 15.4 percent invested in new refrigerators, and 8.2 percent used to buy radio receivers.¹²⁴ Walter Bimson strongly believed in the power of small installment loans, and spoke highly of the benefit the loans provided to the lending institution, the borrower, and the quickening national economic recovery. When chided by a colleague for the alleged immorality demonstrated in his extension of easy debt to consumers, Bimson angrily retorted,

¹²¹ Ibid., 52-57.

¹²² Bimson, *Transformation*, 19.

¹²³ Ibid., 21.

¹²⁴ Blanche Bernstein, *The Pattern of Consumer Debt, 1935-1936: A Statistical Analysis* (New York: National Bureau of Economic Research, 1940), 35.

Immoral to show a man how he can buy a washing machine so his wife won't break her back over a washboard? Immoral to help an enterprising individual equip and start a small business of his own? Immoral to enable a teacher to go to summer school so she can earn more pay and teach better? If these things are immoral, then all credit is immoral. Immoral? Nonsense!¹²⁵

If judged by volume, it may be argued that Arizona consumers viewed personal lending as a fundamentally moral exercise. When tallied from the inception of the Valley National Bank Installment Loan Department in September of 1936 through the end of 1940, 89,208 installment loans totaling \$22,751,136 were distributed in a state claiming a population of approximately 499,000 people. Averaging \$255, the tens of thousands of installment loans issued by Valley National Bank undoubtedly aided Arizona consumers to stretch the purchasing power of their \$466 per capita income, leading to the purchase of large quantities of consumer goods and direct stimulation of the local economy.¹²⁶

Beneficial as the installment loan trade might have been for the Arizona economy, it may be argued that it was of the most utility to Valley National shareholders. When considered in conjunction with the shrewd political maneuverings and effective business practices employed by Valley National Bank management during Walter Bimson's first decade as

¹²⁵ Bimson, *Transformation*, 21.

¹²⁶ *Ibid.*

president, the blockbuster business generated through the issuance of personal loans translates to dollars and cents sensibility. Between Bimson's arrival in 1933 and the end of 1936, Valley National Bank deposits increased from \$6.7 million to \$25.2 million, while outstanding loan amounts increased from \$3 million to \$8,603,000 during the same period.¹²⁷ Figures continued to climb through the end of the decade. At the close of 1939, the bank held \$41,837,681 in deposits and carried \$19,462,090 in outstanding loans.¹²⁸ Installment lending alone totaled \$68,087 in June 1939; an institutional record referred to by banking historian Larry Schweikart as the climax of Bimson's 1933 call to make loans.¹²⁹ However, the clouds of war gathering in Europe soon shifted the operational focus of Valley National Bank.

Arizona banking industry deposit totals did not reach pre-Depression levels until 1941.¹³⁰ The staggering population and industrial growth of the state during the war years ensured that deposit volume would grow at a far more rapid pace. Cited as a "watershed for the region," World War II drastically altered the landscape, economy, and culture of the American West.¹³¹ During the conflict, seven million people

¹²⁷ Ibid., 20.

¹²⁸ Hopkins, 253.

¹²⁹ Schweikart, *A History*, 107.

¹³⁰ Gutowsky, *Arizona Banking*, 22.

¹³¹ VanderMeer, *Desert Visions*, 95.

relocated to the trans-Mississippi West and nearly four million service members were stationed, at least temporarily, in Western states.¹³²

Phoenix, home to 65,414 people in 1940, experienced a dramatic population surge as a result of wartime manufacturing and defense facility employment needs. Military bases and training camps established during the war years include Falcon, Higley, Luke, Thunderbird, Thunderbird II, and Williams Fields, each drawing scores of personnel to the Valley for training exercises and other duties. Meanwhile, the influx of war industry workers employed at the new AiResearch, Alcoa, and Goodyear Aircraft Corporation plants, among others, further swelled the local population. With the manufacturing sector alone nearly doubling in size from 15.2 percent of the state economy in 1940 to 27.4 percent by the end of the war, the residential growth fueled by wartime industries and facilities was unrelenting.¹³³ As a result, in 1945, Phoenicians were confronted with a severe housing shortage.¹³⁴ Thus, while the incredible in-migration overwhelmed local resources, the newcomers were a welcome source of business for banks just returning to pre-Depression deposit levels.

Between 1939 and 1945, deposits in Arizona banks soared by 415.8 percent, a significantly larger amount than the overall national

¹³² Gerald Nash, *The American West Transformed: The Impact of the Second World War* (Bloomington, IN: Indiana University Press, 1985), 213-214.

¹³³ Bridenstine, 252.

¹³⁴ Collins, *Emerging Metropolis*, 9-11; Bradford Luckingham, *Phoenix: The History of a Southwestern Metropolis* (Tucson: University of Arizona Press, 1989), 136-141.

increase of 260.3 percent.¹³⁵ Valley National results were similarly buoyed by the surge in population and output. By 1945, the bank claimed fifty-four percent of all deposits in the state, more than double the market share of its next largest competitor, the First National Bank of Arizona.¹³⁶ Although it benefitted greatly from the cash flow generated by government, corporate, and individual deposits, the institution lost revenue streams associated with its aggressive pre-war lending strategy. As federal restrictions limited the availability of loans for individuals and nondefense enterprises during the war years, most lending business occurred in conjunction with the federal government, though Valley National executives did execute a clever loan initiative aimed at Phoenix-trained air cadets.¹³⁷ Known as the “300 Club,” this program offered three-hundred dollar loans to graduating airmen, despite industry-wide cautions against lending to service members. Popular as a means of financing a trip home prior to deployment, this successful promotion drew widespread attention and positive response.¹³⁸ However, war bonds proved to be the most appealing opportunity of the day.

¹³⁵ Bridenstine, 267.

¹³⁶ Gutowsky, *Arizona Banking*, 24.

¹³⁷ Federal Reserve Bank of San Francisco, *Men, Money, and the West: Economic and Financial Developments in the Twelfth Federal Reserve District, 1914-1964* (San Francisco: Federal Reserve Bank of San Francisco, 1965), 36.

¹³⁸ In 1942, it was reported that many bankers viewed servicemen as “shady credit risks,” and exercised particular caution when considering loan applications from individuals likely to be drafted. War workers were also viewed with suspicion. Carl Bimson, manager of the Valley National Installment Loan Department and typically an enthusiastic champion of installment lending, pronounced war workers to be a “potential

Government securities offered a higher interest rate than most other low-risk investments available during the war, and were a favored vehicle for surplus bank assets. Indeed, commercial banks purchased more war bonds than any other group, accounting for nearly fifty percent of bond sales.¹³⁹ Institutions such as Valley National received three distinct benefits from war bond sales. By purchasing government securities, banks supplied funds critically needed to outfit the ongoing war effort, thus increasing the flow of capital and, accordingly, commercial deposit volume.¹⁴⁰ Banks also generated handsome profits from the relatively high-yield government debt. A common bank strategy involved liquidating short-term, low interest federal bonds through sales to the Federal Reserve, and then reinvesting the proceeds in longer-term, higher rate

collection problem when we return to our peacetime pursuits,” and advised bankers to encourage defense workers to “pay as they go.” However, Bimson also warned that banks must fairly consider all applicants, stating, “If banks do not continue to serve the needs of their customers now they will lose the opportunity after the war.” Doti, *Banking in the American West*, 156; “New War Risk Seen in Personal Loans,” *New York Times*, September 7, 1942, 27.

¹³⁹ While regulatory restrictions limiting lending to non-essential enterprises certainly influenced bank policies, the soundness and relatively high rate of return associated with government securities likely enhanced the desirability of this asset category. By the end of the war, Arizona banks held \$202.1 million in government debt and carried just \$65.4 million in other loan types, representing a 1,247 percent increase in government securities holdings from December 1939. This holding category growth far exceeded the 555.8 percent increase of such holdings by banks nationwide. Pre-war warnings regarding wartime lending may serve as an additional explanation for this drastic asset category increase. As early as 1939, the American Bankers Association counseled members to lend sparingly should the United States become involved in the war. The group also reminded members that government securities remained “the soundest of all investments.” Allan H. Meltzer, *A History of the Federal Reserve: Volume I, 1913-1951* (Chicago: University of Chicago Press, 2003), 719; Bert G. Hickman, *Growth and Stability of the Postwar Economy* (Washington, D.C.: Brookings Institution, 1960), 39; Bridenstine, 268; “Bank Lending Warning Given,” *Los Angeles Times*, September 27, 1939, 14.

¹⁴⁰ Hickman, 39.

federal debt. While this practice inflated corporate profits, it also posed inflationary risks and defied the intent of government officials. Bemoaned by Federal Reserve Chairman Marriner Eccles as a strategy employed by banks to generate “windfall profits,” or a “profit for their patriotism,” the practice continued unabated throughout the war owing to the need to capitalize the costly military effort. Nonetheless, Eccles and others sought to “remedy the evils connected with the war-loan drives.”¹⁴¹ However, it is unlikely the general public viewed banking industry involvement in the war bond effort as a nefarious attempt to capture excess profits.

Banks were often active supporters of war bond sales drives. In Arizona, two groups formed to promote government securities. The Victory Fund Committee focused on convincing high net worth individuals and institutional investors to finance the war effort, while the War Savings Staff pushed lower face value Series E, F, and G bonds. Both organizations were managed by the State War Finance Committee, which was headed by Walter Bimson.¹⁴² The Valley National president also served on the Los Angeles Regional Victory Fund Committee at the behest of the Federal Reserve Bank of San Francisco.¹⁴³ This involvement garnered public

¹⁴¹ Marriner S. Eccles, *Beckoning Frontiers: Public and Personal Recollections* (New York: Alfred A. Knopf, 1951), 358-366.

¹⁴² Bridenstine, 273-274.

¹⁴³ In 1948, Bimson was appointed to serve as a board member for the Los Angeles branch of the Federal Reserve Bank of San Francisco, an event cited by the *Arizona Times* editorial staff as “recognition of the importance of the state and one of its great financial institutions in the banking picture of the whole west.” “McWilliams Takes

goodwill for the bank, and strengthened connections with regulators and regional competitors, thus demonstrating great value to Bimson and the institution. The fact that Arizona war bond purchases exceeded assigned quotas in every drive also provided a powerful story for future bank histories and press releases. However, as the end of the war neared, bankers realized that the lucrative war bond trade would soon cease.

In markets such as Arizona, the heady deposit increases enjoyed as a result of wartime industry and personnel also threatened to disappear, prompting questions regarding whether the post-war state economy might contract in size to pre-war levels. Indeed, some Phoenix area military facilities and pilot training fields were shuttered as early as 1944, further exacerbating concerns.¹⁴⁴ However, not everyone viewed the future as pessimistically as Office of War Mobilization and Reconversion director Fred Vinson, who predicted that a sharp drop in war-related manufacturing would be accompanied by a rising unemployment rate following the anticipated Allied victory.¹⁴⁵ Philip M. Hauser, an employee of the federal Bureau of the Census, categorized Maricopa County as “Class A-1 area,” meaning a population center that experienced rapid growth during the war years, and was “adjudged to have *superior* prospects of retaining wartime growth.” Citing the likely need for post-war service and

Victory Fund Post,” *Los Angeles Times*, August 13, 1942, 14; “Moving Ahead,” *Arizona Times*, January 5, 1948, 6.

¹⁴⁴ VanderMeer, *Desert Visions*, 105-106.

¹⁴⁵ Collins, *Emerging Metropolis*, 11.

manufacturing sectors in war boomtowns such as Phoenix, Hauser declared such cities to “contain automatic insurance against complete loss of their wartime population increments in the period of postwar adjustment.”¹⁴⁶ When compared with more negative forecasts, this prediction of relative stability highlights the disparate opinions surrounding Arizona’s peacetime population.

While probable post-war economic conditions and population trends were matters of debate, the need for post-war planning was nearly universally acknowledged. The prospect of a peacetime economy spurred the creation of thousands of post-war strategic planning bodies operating at all levels of government, with cities such as San Diego undertaking planning efforts as early as 1942.¹⁴⁷ In Arizona, Governor Sidney Osborn called upon leaders to devise a plan that would enable the state to utilize its new facilities as a foundation for post-war growth. Meanwhile, Robert S. Breyer of the federal Smaller War Plants Corporation spoke of a bright future for the state, but cautioned that residents and leaders would need to “work for this prosperity.”¹⁴⁸ Organizations such as the Phoenix Chamber of Commerce eagerly took on the task of fostering continued economic wellbeing. In 1943, the group created a Post-War Development

¹⁴⁶ Philip M. Hauser, “Wartime Population Changes and Postwar Prospects,” *The Journal of Marketing* 8, no. 3 (January 1944): 242, 247.

¹⁴⁷ Gerald Nash, “Planning for the Postwar City: The Urban West in World War II,” *Arizona and the West* 27, no. 2 (Summer 1985): 103; VanderMeer, *Desert Visions*, 116.

¹⁴⁸ Collins, *Emerging Metropolis*, 9, 18.

Committee tasked with leading peacetime planning efforts.¹⁴⁹ While government entities or private associations were responsible for many of these planning initiatives, individual businesses were also encouraged to map their post-war operational strategies.

A 1943 issue of *The Journal of Marketing* emphasized the importance of post-war planning by advising that, “individual business enterprisers in this country have to start planning their individual programs of products and marketing *now*- yesterday would have been preferable.”¹⁵⁰ Valley National executives, facing a future likely devoid of free-flowing deposits from defense contractors, war workers, and military personnel, robust profits from war bond holdings, and infusions of Reconstruction Finance Corporation funds, began charting a course for the post-war future of the organization in 1944. This planning resulted in the identification of advertising and promotions, increased product and service offerings, and geographic expansion as key components of a successful post-war operational strategy, and helped to ensure that the bank entered the immediate post-war period poised for growth. Though the bank would encounter successes and setbacks over the coming years, the wartime planning efforts served as a roadmap to the institutional growth that

¹⁴⁹ Matthew Gann McCoy, “Desert Metropolis: Image Building and the Growth of Phoenix, 1940-1965” (master’s thesis, Arizona State University, 2000), 66.

¹⁵⁰ Paul G. Hoffman, “Planning for Postwar Opportunity,” *The Journal of Marketing* 8, no. 1 (July 1943): 35.

placed Valley National on a trajectory to rank among the fifty largest banks in the nation by the end of the 1950s.

CHAPTER 3

MARKETING MONEY: HARNESSING ADVERTISING AND POSITIVE PUBLICITY TO BUILD THE BRAND

In a 1945 letter to Walter Bimson, Valley National statistician Herbert Leggett cited the ongoing wartime economic boom as the primary impetus for the profitability then enjoyed by the bank and many other businesses. Acknowledging that the recent success of the institution required little marketing as “running a business during the war has mainly been a problem of turning out the goods (or services),” and was, therefore, “a production job and not a marketing job,” Leggett addressed the importance of advertising in what he anticipated to be a vastly different post-war environment. In recommending a strategy for peacetime operation, he emphasized, “Any initiative and ingenuity we exercise must be directed to the selling end of the business.” Leggett underscored the perceived value and impact of a well-executed marketing strategy in the years following the war by writing, “Thus, whether or not we call it Salesmanship, Public Relations or Propaganda, this will be the most important department in any organization.”¹⁵¹ This enthusiastic acceptance of modern marketing philosophy would prove essential to the post-war growth and profitability recorded by the bank.

¹⁵¹ Though relatively sure that the war would end in 1945, as stated in a June 1944 memo to Walter Bimson, Leggett did acknowledge that, “In the Pacific Theatre, it could well drag on for 3 or 4 years.” Nonetheless, bank post-war planning efforts focused on “the transition from a war economy to a peace economy” in 1945. Leggett to Walter Bimson, January 10, 1945, file 509, VNB Collection; Leggett to Walter Bimson, June 26, 1944, file 507, VNB Collection.

Though competitor institutions also moved toward a fuller embrace of public relations in the immediate post-war period, Valley National leaders differentiated the bank within the Arizona market by presenting it as an information broker and community resource. While promoting the institution and state through bank-published works such as the monthly *Arizona Progress*, the annual *Arizona Statistical Review*, and other effective and innovative marketing practices, bank executives also employed promotional strategies common to the industry and period. Thus, while the company gained nationwide attention for the clever writing and valuable information found in its publications, Valley National executives also relied upon less innovative advertising practices to drive post-war growth and profitability. This measured combination of industry-accepted promotional practices and inventive new strategies and techniques proved essential to attracting new clientele while retaining more traditional older depositors. However, innovative practices such as a full embrace of modern marketing tools, widespread distribution of advertising pieces, and quality copywriting aided the institution in achieving a level of success likely unattainable solely through the staid marketing employed by early twentieth-century banks.

Not unlike practitioners in the fields of law and medicine, American bankers had long considered advertising to be an inappropriate exercise. Indeed, as self-promotion was widely viewed as an “unethical” activity, early bank advertisements often displayed little more than the name,

address, and resources of a sponsoring institution.¹⁵² Aside from minimal branding, most banking houses also chose to forgo the use of illustrations, which were perceived by many bankers to be “undignified.”¹⁵³ Instead, minimal advertising paired with an emphasis on personality, service, and institutional stability were presented as the key aspects of a successful promotional strategy in a 1919 text on bank advertising. Reminding readers that, “banks that grow, and grow, and grow, never ‘plaster the town.’ You may know of such banks. Quietly, without any garish literature, news-copy, or souvenirs, they build steadily, strongly, permanently, unaffected by competition, in the midst of their competitors,” author C. Maclaren Freeman urged banks to prioritize actions over advertising. Nonetheless, an evolution of thought was underway.¹⁵⁴ During the first half of the twentieth century, the banking industry slowly accepted the practice of proactively seeking publicity.

Four years prior to the warning against papering a town with ads, a book entitled *Two Thousand Points for Financial Advertising* urged bankers to, “above all things, be consistent, insistent and persistent in

¹⁵² Robert Lindquist, *The Bank and Its Publics: Philosophy and Technique of Bank Public Relations* (New York: Harper and Brothers, 1956), 3; “Bank Advertising,” *TIME Magazine*, June 9, 1924, <http://www.time.com/time/magazine/article/0,9171,727981,00.html> (accessed April 16, 2011).

¹⁵³ Lindquist, 204.

¹⁵⁴ C. Maclaren Freeman, *A Bank's Best Asset* (Washington, D.C.: Federal Banking Service, Inc., 1919), 84.

[their] advertising.”¹⁵⁵ Though most contemporary texts counseled more restraint than advised in *Two Thousand Points*, business historian Richard Germain contends that “the transformation of American banks from a passive to an aggressive marketing strategy was complete by 1930.”¹⁵⁶ However, a review of industry literature produced in the decades following 1930 challenges the veracity of this assertion.

A 1946 *Billboard* article discussing sales of radio advertisements to banking concerns quoted Bert Hauser of the Mutual Broadcasting System bemoaning the fact that “some banks have an ethical outlook and refuse to use advertising,” while a 1950 study found that banking industry leaders perceived less value in public relations efforts than executives in all other surveyed fields.¹⁵⁷ Similarly, in a 1953 journal article, a Columbia University business professor cautioned that banks must not be too aggressive in their operation.¹⁵⁸ Despite the meteoric growth of advertising in the larger post-war business world, the first section of a 1954 booklet entitled *Bank Advertising and Publicity* is devoted not to effective marketing techniques, but rather, selling the reader on the need to

¹⁵⁵ T. D. MacGregor, *Two Thousand Points for Financial Advertising* (New York: The Bankers Publishing Company, 1915), 5.

¹⁵⁶ Richard Germain, *Dollars Through the Doors: A Pre-1930 History of Bank Marketing in America* (Westport, CT: Greenwood Press, 1996), 7.

¹⁵⁷ Paul Ackerman, “Bank Rolls Hot for Air Segs,” *Billboard*, July 6, 1946, 7; Nugent Wedding, “Advertising and Public Relations,” *The Journal of Business of the University of Chicago* 23, no. 3 (July 1950): 176.

¹⁵⁸ William H. Newman, “Basic Objectives Which Shape the Character of a Company,” *The Journal of Business of the University of Chicago* 26, no. 4 (October 1953): 215.

advertise the services of a financial institution.¹⁵⁹ Indeed, the angst related to the practice and respectability of marketing continued into at least the late 1960s. In a nod to the sensitivity of the ongoing dilemma, the writers of a 1967 American Institute of Banking publication explicitly avoided expressing a terminology preference for “the activities concerned with winning and retaining friends and customers for banks at a profit.” This semantic exercise allowed the organization to forgo the task of determining whether advertising and related pursuits should be labeled “public relations, business development, selling, communications, marketing, or something else,” thus highlighting the hesitancy of some bankers to recognize and embrace the value and growing acceptability of advertising.¹⁶⁰ Valley National leadership demonstrated no such restraint in their embrace of modern marketing practices.

Archival materials indicate that Valley National in-house advertising efforts commenced in the immediate post-war period. This forward-looking undertaking was still rather unique within the banking industry, for which the expansion of such efforts remained a topic of debate. However, the

¹⁵⁹ John Y. Beaty, *Bank Advertising and Publicity* (Cambridge, MA: Bankers Publishing Company, 1954), 1-3; Stephen Fox, *The Mirror Makers: A History of American Advertising and Its Creators* (New York: William Morrow and Company, 1984), 172-176.

¹⁶⁰ Later in the American Institute of Bankers-produced work, an effort is made to discern the difference between marketing and public relations, or, “the *planned, organized* practice or public relations,” though throughout the text the terms are grouped together as “public relations and marketing.” In attempting to differentiate the terms, it is argued that proactive public relations strategies were embraced by banking firms “beginning in the 1930s.” While acknowledging that banks began to embrace marketing in the post-war years, the author contends the industry did not fully “adopt the principles of the marketing concept until the 1960s.” American Institute of Banking, *Bank Public Relations and Marketing* (Homewood, IL: Richard D. Irwin, Inc., 1967), v.

enhanced emphasis on advertising and publicity demonstrated through the creation of internal marketing positions was consistent with activities in the larger business world, as demonstrated by a 1947 *Advertising Age* article examining the rapid increase in advertising budgets and broadened scope of the field in the early post-war years. Proclaiming, “public relations is the fashion of the day, as well as the need of the hour,” the article unknowingly echoed Leggett’s 1945 recommendation to Walter Bimson.¹⁶¹

Valley National had retained Advertising Counselors of Arizona, a well-established Phoenix-based advertising agency, for its promotional needs since before the beginning of World War II. When measured in terms of national recognition, it is clear that the institution realized a favorable return on this investment. By 1948, ads produced for the bank by the Phoenix-based firm had been judged among the ten best bank ads in the country for eight years running by *Bank Ad-Views*, a nationally distributed publication focused on the marketing of financial services companies. A Valley National advertisement won top honors in the *Bank Ad-Views* sponsored Socrates contest in 1947, while another ad won second place in 1948.¹⁶² Bank management viewed this successful run as noteworthy enough to warrant placement in the 1948 annual report, marking the first known discussion of advertising efforts included in an

¹⁶¹ Quoted in Fox, 172-176.

¹⁶² “Arnold Named Valley National Publicity Chief,” *Arizona Republic*, April 21, 1950; “Valley Bank Wins Second In Ad Rating,” *Arizona Republic*, November 16, 1948, 32.

external publication.¹⁶³ Given the ongoing success of their externally produced marketing efforts, it is unlikely that bank executives were displeased with outsourcing the work. This assertion is supported by a review of bank records, which reveal that advertising received little to no internal discussion prior to the mid-1940s. From the early 1930s onward, the institution had experienced tremendous growth and profitability, and the onset of war brought vast numbers of new individuals and businesses in need of banking services, thus mitigating the need to deviate from established practices. However, the seemingly endless suggestions of one employee evaluating options for post-war operations prompted a reconsideration of corporate promotional strategy.

Herbert A. Leggett, a former advertising copywriter, brokerage partner, and insurance executive, relocated from New York to Arizona in 1943. Though he traveled west “as a refugee from high finance, high humidity and high blood pressure,” his respite from the world of high finance proved rather brief. Leggett joined Valley National as corporate statistician in January of 1944.¹⁶⁴ Over the course of his career with the bank, he would become known as “Mr. Economist of Arizona,” and a man whose “hobby [was] promoting Arizona.”¹⁶⁵ His passion for selling the state

¹⁶³ “President’s Annual Report to the Stockholders,” January 13, 1948, 6, file 1030B, VNB Collection.

¹⁶⁴ “Executive of Bank to Retire,” *Arizona Republic*, June 28, 1962.

¹⁶⁵ Ibid., “H. Leggett; Ex-Bank Aide, ‘Mr. Economist of Arizona,’” *Arizona Republic*, August 9, 1986, B6; “Herbert Leggett, Bank Executive Retiring June 30,” *Casa*

manifested itself through boosterist literature and service on numerous boards and committees, and paralleled with a strongly held philosophy of both Walter and Carl Bimson. Multiple sources published over the span of several decades quote the brothers expressing their belief that the bank benefitted greatly from the growth of the state, and conversely, that the state benefitted from the success of the bank.¹⁶⁶ Leggett wholeheartedly embraced this belief. Soon after joining the bank, he began analyzing post-war prospects for the state and institution, as well as offering suggestions relating to peacetime operational strategies.¹⁶⁷

After researching population figures and bank deposits in states boasting impressive post-World War I growth, Leggett determined that with help, Arizona, and, by extension, Valley National Bank, might enjoy a post-World War II future even more promising than the post-World War

Grande Dispatch, June 27, 1962, 8; Ray Artigue, Meet Mr., *Phoenix Gazette*, November 21, 1950.

¹⁶⁶ Sources citing this philosophy include: Carl Bimson speech to New York Society of Security Analysts, January 26, 1962, file 577, VNB Collection; Thomas Kelland, "Bimsons Add Gold to Arizona Three-C Economy," *Arizona Republic*, October 2, 1960; Keith Monroe, "Bank Knight in Arizona," *American Magazine*, November 1945, 24-25.

¹⁶⁷ Leggett believed in the potential for future growth, and fully encouraged citizens and business leaders to pursue lucrative opportunities. However, he also feared a continuation of the outside exploitation of the Arizona economy. In a 1945 Leggett memo sent to Valley National "Customers and Friends" by Walter Bimson, Leggett warned of the potential harm of out-of-state investment and control. Specifically, he cautioned: "Outsiders are at least beginning to envision the great potentialities of Arizona. That is fine. It makes our Future more assured. It makes our 'selling' job easy. On the other hand, if they simply come here to exploit Arizona and skim off the cream, that will not provide sound and lasting prosperity. I, for one, feel very strongly that our development and growth should remain in the hands of those who love Arizona for itself and will always have the best interests of the State at heart. We do not want to make of Arizona a promoter's paradise, but rather a solid and progressive community in which we can all live and work in the finest possible environment." "Building for the Future," May 1945, file 509, VNB Collection.

expansions experienced in subject states. Informing Bimson of his findings, he stated, "All we need is the Imagination to see it, the Capital to develop it and the Publicity to put it across. It can be just as BIG as we want to make it."¹⁶⁸ In order to achieve this task, the bank diversified its marketing efforts and enlisted the aid of staff members hired solely for the purpose of promotional work. Over the coming years, this cadre of employees grew to include Leggett, publicist G. E. Arnold, and Phoenix ad man Marelle G. "Mert" Reade.¹⁶⁹ Immodestly credited by Leggett as "the most terrific team of publicists ever assembled in the financial field," and a group who "missed few bets in telling the world and showing the world that the Valley Bank was the darndest, growingest, rootin-tootin bank in the WORLD," this team of Valley National public relations staffers successfully

¹⁶⁸ Leggett to Walter Bimson, September 29, 1944, file 507, VNB Collection.

¹⁶⁹ Raymond Rubicam was also associated with the bank during the post-war period, but was not heavily involved in its general advertising strategy or specific advertising campaigns. An advertising industry icon, Rubicam founded Young & Rubicam (now known as Y&R) in 1923. He retired in 1944 and moved to Arizona in 1948. He was appointed to the VNB board of directors in 1951, and stepped down from the board in 1967 upon reaching the company mandated retirement age of 75. According to a 1959 *Advertising Age* article, Rubicam did not attempt to impact bank advertising strategy while serving as a director. This claim was backed by advertising director Mert Reade, who was quoted as saying, "just knowing [Rubicam] is there" compelled him to produce the best work possible. However, Rubicam's years of industry experience did lead to occasional suggestions relating to VNB marketing practices. In a 1952 letter to Walter Bimson, Rubicam suggested that a recently run bank ad "would have had considerably increased attention value if a wide-measure type face instead of a condensed face had been used in the headline." A 1958 VNB press release credited Rubicam with proposing the idea of using the annual report as a marketing tool aimed at luring new residents (and therefore, potential bank customers) to Arizona, resulting in an eight-page insert chronicling the charms of the state and the growth of its economy. Fox, 132-133; James Playsted Wood, "Raymond Rubicam," *The Journal of Marketing* 26, (April 1962): 77-79; VNB Press Release, October 20, 1951, file 673, VNB Collection; VNB Press Release, December 13, 1967, file 673, VNB Collection; "Not Afraid of Being Different... Whimsy, Humor Help Arizona Bank to Grow," *Advertising Age*, July 6, 1959, 1; Rubicam to Walter Bimson, January 30, 1952, file 442, VNB Collection; VNB Press Release, February 14, 1958, file 202, VNB Collection; "What They're Doing Today," *Advertising Age*, June 2, 1958.

leveraged known publicity strategies and innovative new techniques in their quest for post-war growth.¹⁷⁰

Arnold founded Advertising Counselors of Arizona, originally known as the Associated Advertising Company, in 1931. He remained affiliated with that firm until 1943, when he founded a competing agency. Though research has uncovered little documentation detailing Arnold's career with the bank, notices published in *Round-Up*, the Valley National employee newsletter, establish his tenure with the company. Hired in May of 1950, Arnold served as publicity director for just four years before passing away in May of 1954.¹⁷¹ However, during his short tenure with the bank, the press relations strategy employed by the institution changed dramatically. In 1951, the institution released its first professionally-drafted press

¹⁷⁰ Leggett included himself, as well as bank advertising and publicity directors Mert Reade and Charlie W. Pine, in the "terrific team of publicists." Reade was not a direct employee of the bank until October 16, 1951. Prior to joining the bank publicity department staff under the guidance of G. E. Arnold, he had worked for Advertising Counselors of Arizona (ACA) for three and a half years. ACA served as the bank's advertising agency during Reade's tenure with the firm, and retained the account after Reade began working for the bank. Reade was promoted to the position of VNB advertising director in 1953, and remained a bank employee until his retirement in 1971. While no personnel records relating to Pine are included within the VNB Collection, his name first appears on a press release in October 1956, more than three years after the January 1953 end date of this study. Press releases issued prior to this date list G. E. Arnold as publicity director. At an undetermined date between 1961 and 1969, Pine left VNB to start an advertising firm, as documented by a 1961 *Arizona Publisher* story listing Pine as a VNB employee and a 1969 *Scottsdale Progress* article referring to the Phoenix-based Charles W. Pine & Associates advertising agency. Leggett to Walter Bimson, August 27, 1963, file 511, VNB Collection; VNB Press Release, October 13, 1951, VNB Collection; Biography – M. G. Reade, September 25, 1957, VNB Collection; "Reade Retires from VNB," *Arizona Publisher*, May 1971, 9; VNB Press Release, October 17, 1956, file 201, VNB Collection; "Winners," *Arizona Publisher*, February 1961, 5; "Business briefs," *Scottsdale Daily Progress*, October 30, 1969, 8.

¹⁷¹ "G.E. Arnold PR Head Dies Suddenly," *Valley National Bank Round-Up*, May 1954, 1, file 960, VNB Collection; "Newcomers," *Valley National Bank Round-Up*, May 1950, 3, file 952, VNB Collection.

release, prepared by Arnold. A steady stream of similar releases followed this document in subsequent years. All press releases issued between June 1950 and Arnold's death bear his name, indicating that he authored the pieces or oversaw their production. In 1951, the talents of Phoenix ad man and former Advertising Counselors of Arizona employee Mert Reade supplemented Arnold's publicity efforts.¹⁷² Reade, who wrote all ad copy used by the bank until approximately 1963, viewed the firm as an enterprise "set up to serve the public in money matters the same way another business might serve it in food, or clothing or home furnishings." Characterized by Carl Bimson as, "an unorthodox ad manager," Reade's operating philosophy dovetailed neatly with that of Bimson, who described the bank as "[marketing] money (credit) in much the same manner that other merchandisers market, soap, automobiles, or breakfast foods."¹⁷³ This shared outlook would lead to Reade craft "retail advertising" campaigns different than those utilized by other financial services companies, thus further separating Valley National from its competitors during this period.¹⁷⁴

Established bank marketing practices employed by Valley National in the post-war years include print ads featuring asset statements, ranking among competitors, and images of their corporate headquarters. These

¹⁷² VNB Press Release, October 13, 1951, VNB Collection.

¹⁷³ "Not Afraid of Being Different..." 1.

¹⁷⁴ "He Got What He Wanted: As Ad Director of Valley Bank, Mert Reade Got His 'Different' Copy by Writing it Himself," *Arizona Republic*, April 11, 1971.

“institutional advertising” techniques were well established and widely used, and were intended to demonstrate strength and stability.¹⁷⁵ Referred to by Reade as “board of directors’ type” advertising, such practices were consistent with expert recommendations and industry standards. The publication of bank balance sheets ranks as the most common example of this conservative approach to corporate promotion. Acknowledged in a 1924 TIME Magazine article as the oldest form of bank advertising, numerous books and articles discussing banking industry advertising published throughout the first half of the twentieth century continued to suggest this understated method.¹⁷⁶

Post-war Valley National newspaper and magazine advertisements often featured a balance sheet, or statement of condition, accompanied by minimal text printed in a conventional typeface listing the bank name, home city, and assuring reminders of Federal Deposit Insurance Corporation and Federal Reserve System affiliation.¹⁷⁷ The ubiquity of

¹⁷⁵ Lindquist, 134-135.

¹⁷⁶ “Bank Advertising,” TIME Magazine. Other works advising featuring corporate balance sheets in promotional pieces include *Bank Advertising Plans* (1913), *Two Thousand Points for Financial Advertising* (1915), *Banking* (1944), and *Bank Publicity and Advertising* (1954). T. D. MacGregor, *Bank Advertising Plans: A Book of Practical Suggestions* (New York: The Bankers Publishing Company, 1913), 46-47; MacGregor, *Two Thousand*, 69; “Bank Advertising,” *Banking*, June 1944, 98; Beaty, 28.

¹⁷⁷ Two examples of VNB use of this advertising method include a 1946 *Los Angeles Times* ad and a 1953 ad in *Banking*. With the exclusion of a small illustration of the Professional Building, the 1946 ad is comprised of all text. A slight evolution in design is noticeable in the 1953 ad, which features the VNB logo, a small map of banking center locations throughout the state, and the inclusion of two slogans in a script-like font. The slogans read “Progressing with Arizona” and “Largest Bank in the Rocky Mountain States.” “Valley National Bank,” *Los Angeles Times*, January 15, 1946, A2; “Progressing with Arizona- Statement of Condition,” *Banking*, February 1953, 142.

such ads highlighting bank deposits and other resources is likely attributable to the otherwise forward-thinking Herbert Leggett. In a 1945 memo to Walter Bimson, Leggett professed a desire to “see [their] Statement of Condition published more frequently and more widely.”¹⁷⁸ While this suggestion seems to reflect an embrace of the status quo, another recommendation contained in the same document would soon enhance the intended balance sheet ad message of stability and success.

Seeking to “distinguish the Valley Bank, nationally, as outstanding in this area,” and, “reflect additional prestige upon Phoenix and the State of Arizona,” Leggett suggested that the bank “feature and trade-mark” a slogan announcing their newly attained status as the largest bank in the Rocky Mountain region. Excepting a brief period during the Depression, Valley National or a predecessor institution had ranked as the largest bank in the state since 1914. However, through the end of World War II, the status of the institution was gingerly promoted with a politely worded statement reminding readers that Valley National was “The Largest of Arizona’s Many Excellent Financial Institutions.” This stilted and rather modest pronouncement was consistent with accepted bank promotional techniques of the era.¹⁷⁹ Leggett advised Bimson that a “simpler, more striking, and probably more sincere” statement extolling the regional prominence of the bank needed to be adopted, and submitted “Largest

¹⁷⁸ “Some Suggestions for 1945,” January 3, 1945, file 509, VNB Collection.

¹⁷⁹ Germain, 14-15; MacGregor, *Two Thousand*, 69.

Bank in the Eight Mountain States” as a potential slogan. In what appears to be an afterthought, he scribbled “or ‘in the Rocky [Mountain] States’” as alternate phrasing on the typewritten memorandum, thus drafting the final wording.¹⁸⁰ Often paired with the motto “Progressing with Arizona,” the phrase “Largest Bank in the Rocky Mountain States” was incorporated into most bank advertisements and literature throughout the early 1950s. By adding information trumpeting their size and regional ranking, Valley National executives began to shift toward a more direct marketing approach than employed in past campaigns. Emerging Modernist branch architecture trends would provide company leaders another opportunity to build upon the accepted yet staid marketing techniques employed throughout the industry.

Bank architecture had long served as a symbol of institutional strength, as demonstrated by an 1867 *New York Times* article acknowledging the value of notable bank structures as “profitable standing advertisements.”¹⁸¹ More recently, the late *New Yorker* columnist Brendan Gill opined that early twentieth-century bank buildings “proclaimed an impregnable fiscal integrity,” while architect and writer Charles Belfoure has noted that early banks often “used impressive architecture to instill

¹⁸⁰ “Some Suggestions,” January 3, 1945, VNB Collection.

¹⁸¹ Quoted in Germain, 12,45.

faith in their patrons.”¹⁸² While perhaps of most impact when viewed from street level, the psychological impact of such architecture was not limited to in-person impressions.

Banks sometimes featured illustrations or photos of their headquarters in advertisements, often paired with a statement of condition or other indication of stability. This marketing technique further capitalized on the “standing advertisements” erected by banking concerns, and was widely encouraged in early twentieth-century texts discussing financial institution advertising strategies. Though most 1950s bank advertisements were no longer solely text, as late as 1956, some banks still opted to use images of their primary facility as the only illustration present in their promotional materials.¹⁸³ While post-war Valley National ads employed diverse imagery including the octagonal corporate logo, a small map of Arizona indicating banking center locations, and, beginning in 1952, a bespectacled cartoon mascot named Mr. Valley Banker, the Professional Building retained a place of prominence throughout the subject period.¹⁸⁴

¹⁸² Brendan Gill, introduction to *Money Matters: A Critical Look at Bank Architecture*, Joel Stine and Caroline Levine, eds. (New York: McGraw-Hill, 1990), 4; Charles Belfoure, *Monuments to Money: The Architecture of American Banks* (Jefferson, NC: McFarland and Company, 2005), 6.

¹⁸³ Lindquist, 204.

¹⁸⁴ Mert Reade conceived Mr. Valley Bank, the character also known as The Valley Banker, in 1952. Reade conceptualized the mascot as an accompaniment to the widely-known VNB octagonal seal featuring a spread-winged eagle, mountains, two saguaro cacti, two pine trees, an outline of the state of Arizona with the words “Statewide Banking Service” on the eagle’s chest, the phrase “Progressing with Arizona” above the eagle, and the bank name below the bird. According to Reade, “that seal was sort of sacred... everybody agreed that we had to have it in our ads, but I got tired of seeing it just sitting there taking up space. So I conceived the idea of this little guy who would

Balance sheet ads throughout the late 1940s and early 1950s featured a bold sketch of the 1931 building as reinforcement of the sound financial status of the institution already spelled out in the accompanying statement of condition and slogan regarding regional ranking. Though the bank headquarters was not of new construction and did not rank as the tallest building in Phoenix, Leggett still viewed the tower as an underutilized marketing resource.¹⁸⁵ In early 1945, he suggested to

stand there beside it, or lean on it, or point to it, or do something else.” Phoenix artist Reese Turner drew the character in 1952. As may be deduced, Reade did not share in the general sense of veneration for the decades-old corporate seal. By the time he assumed the role of advertising director in 1953, he felt “that eagle of ours had become a pretty tired-looking bird through the years,” and believed that the logo “had too many words on it.” Prior to ordering a sign for the new East Van Buren Street branch (opened in 1954), Reade pared down the logo text by removing “Progressing with Arizona” and “Statewide Banking Service.” Though no other logo changes are mentioned in the document describing this reduction in wording, the full extent of the change is evident when comparing the logos displayed on the September 1953 and October 1953 editions of *Arizona Progress*. In addition to the removal of six of the nine words present in the seal published in September, the saguaros, pine trees, and mountains are absent from the October example, though the state outline remains on the eagle’s chest. The October logo also features new placement for the bank name. The word Valley is printed above the eagle, National is overlaid across the center, and Bank is found in the bottom third of the image. Perhaps due to its popularity within the institution, the old logo was used on various documents published after the Reade-directed alterations, including the 1956 *Arizona Statistical Review* and a 1966 letter from Walter Bimson to VNB shareholders. “Mert Reade of the Valley Bank: The Man Behind the Advertising,” April 2, 1971, VNB Collection; Branch List, March 6, 1959, file 442, VNB Collection; *Arizona Progress*, September 1953, file 907, VNB Collection; *Arizona Progress*, October 1953, file 907, VNB Collection; *Arizona Statistical Review*, 1956, file 896, VNB Collection; Walter Bimson to VNB Stockholders, May 2, 1966, file 529, VNB Collection.

¹⁸⁵ The Westward Ho Hotel was the tallest building in the city and state during the immediate post-war period. Located at 618 North Central Avenue, this landmark structure was the tallest building in Arizona from the time of its construction in 1928 until bested by the Guaranty Bank Building at 3003 North Central in Phoenix in 1960. The Guaranty Bank Building (now the Phoenix Corporate Center) was the tallest in the state until 1971, when the First National Bank Plaza tower was completed. The First National tower (now Wells Fargo Plaza) at 100 West Washington Street in Phoenix held the title of tallest building in the state for just over one year, losing it in 1973 to the newly completed Valley Center. “History and Architecture,” *The Westward Phoenix: An Exploration of a Historical Landmark*, <http://cronkitezine.asu.edu/specialprojects/westwardho/history%20&%20arch/history.html> (accessed June 1, 2011); Collins, *Emerging Metropolis*, 243; Luckingham, *Phoenix*, 160, 197; Neil Morgan, *Westward Tilt: The American West Today* (New York: Random House, 1963), 351; City of Phoenix Historic Preservation Office,

Bimson, “maybe we should feature our building more than we do.”

Proposing a grand plan that never came to fruition, he wrote,

Since street addresses are not used a great deal in Phoenix, as yet, I believe we should make a land-mark as well as a trade-mark out of our beautiful and impressive Home Office Building. Instead of being known as “that building north of the Adams Hotel,” our building should be the Hub for all direction givers in downtown Phoenix. We should educate people to relate other locations to ours so that all directions will be given in terms of “north, south, east or west of the Valley Bank Building.”¹⁸⁶

Though the Professional Building was never to gain the iconic status sought by Leggett, bank executives did not dismiss the idea of using company facilities as publicity tools.

The post-war period was a time of tremendous architectural change throughout the nation. Depression-era financial limitations and wartime material restrictions had stifled the domestic construction industry for nearly two decades prior to the prosperous peacetime economy of the mid-to-late 1940s. Thus, bank facilities erected prior to the building slump

Midcentury Marvels: Commercial Architecture of Phoenix, 1945-1975 (Phoenix: City of Phoenix, 2010), 146-147.

¹⁸⁶ Though Leggett referred to the home office as the “Valley Bank Building,” this term does not appear to have been widely used, and may have been a name created he created or hoped to bring into popular usage. A 1949 *Phoenix Gazette* article, a 1962 *Phoenix Gazette* article, and a 1983 book on Phoenix architecture all use the term Professional Building when referring to the structure, indicating that even while occupied by the bank, it was not commonly known as the Valley Bank Building. In the same document, Leggett suggested including an illustration of the Professional Building on “the long awaited and hoped for Map of Phoenix.” This reference likely refers to the maps of Phoenix distributed by the bank from the late 1940s onward. Now rather collectible, early VNB-issued maps included colorful, comic-like illustrations by *Arizona Highways* artist George M. Avey. However, an early map (as dated by the logo used and number of branch locations listed) in the possession of the author does not include an illustration of the Professional Building, nor does a 1963 example also in the author’s possession. “Some Suggestions,” VNB Collection; “Valley National Bank Plans Expansion of 2 Departments,” *Phoenix Gazette*, July 14, 1949; “Valley Bank to Erect 35-Story Skyscraper,” *Phoenix Gazette*, January 16, 1962, 1; Elmore, 41.

often underwent little to no renovation until the post-war years, leaving in place an environment in which “the banker was still enthroned in his august temple granting his favors reluctantly.”¹⁸⁷ Faced with a growing need to remodel existing facilities and construct new branches to meet shifting post-war population patterns and make banking more accessible to the masses, bankers began to look to the Modernist architectural movement for stylistic inspiration.

Defined by flat roofs, minimal ornamentation, large glass wall sections, and the presence of visible structural elements, Modernist style buildings were considered to be open, inviting, and en vogue in the years following World War II.¹⁸⁸ Bankers were encouraged to incorporate similar design principles into new branches in order to “open their doors and hearts to the whole community,” and imitate the architectural styling of the retail stores to which banks were increasingly compared in periodicals such as *Banking*, *Burroughs Clearing House*, and *Architectural Record*, among others.¹⁸⁹ This building style, described by historian Donna Reiner

¹⁸⁷ “The New Look Takes Over the Banks,” *Business Week*, December 13, 1947, 102; Perry Coke Smith, “What Bankers Want of Their Buildings,” *Architectural Record*, March 1945, 89.

¹⁸⁸ Norman Tyler, Ted J. Ligibel, and Ilene R. Tyler, *Historic Preservation: An Introduction to Its History, Principles, and Practice* (New York: W. W. Norton and Company, 2009), 96-99.

¹⁸⁹ J. C. Wilkinson, “Planning a Bank to Make Friends,” *Banking*, April 1945, 33; Smith, “What Bankers Want,” 89. Aside from newspaper articles throughout the nation detailing the design of new local bank branches and the two aforementioned 1945 pieces, other examples of articles on bank architecture include: “Bold Departure from Traditional Bank Design,” *Architectural Record*, October 1948, 116-121; “Drive-Ins: Banks, Theaters, Restaurants,” *Architectural Record*, August 1950, 130-139; “A Comparative Glance at Three New Banks,” *Architectural Record*, April 1951, 123-129; J.

as one displaying “openness, adaptability, and modernity,” was widely adopted by Arizona financial institutions in the post-war era, during which branches joined iconic corporate headquarters as “part of [a] bank’s advertising repertoire.”¹⁹⁰

In 1947, Walter Bimson, who at one time had considered pursuing a career in architecture, commissioned noted architect and part-time Scottsdale resident Frank Lloyd Wright to design branches for planned Tucson and Sunnyslope locations. Wright dubbed his futuristic-looking Tucson concept “The Daylight Bank” because of its domed skylight roof and open interior layout. However, bank officials chose to scrap the plans as they believed construction costs to be prohibitive and the inclusion of drive-in windows to be unnecessary, despite having promoted a teller-extended long handled popcorn popper basket as the state’s first drive-in service just one year prior.¹⁹¹ In a move that likely generated untold amounts of consternation on the executive floors of the Professional Building, the First National Bank of Arizona received widespread publicity for opening the first true drive-in equipped branch in Arizona in October of

B. Gander, “A Ten-Point Checklist for Better Bank Quarters: Suggestions Based on the Author’s 40 Years of Experience in Building or Modernizing 3,000 Financial Institutions,” *Burroughs Clearing House*, February 1953, 29-33,76-77; “Unit Drive-In,” *Burroughs Clearing House*, February 1953, 12-16.

¹⁹⁰ Donna Jean Reiner, “Follow the Money: Identifying the Custom Architecturally Designed Branch Bank” (master’s thesis, Goucher College, 2009), 50-51.

¹⁹¹ Kelland, “Bimsons Add Gold”; Bruce Brooks Pfeiffer, *Treasures of Taliesin: Seventy-Six Unbuilt Designs* (Carbondale, IL: Southern Illinois University Press, 1985), 42-43; VNB Press Release, n.d., file 129, VNB Collection.

1947. The newsworthiness of this event was increased by the fact that the state's first "aerial depositor" delivered a deposit via helicopter during the grand opening ceremonies, ensuring widespread coverage and discussion.¹⁹² The publicity resulting from this branch opening, paired with the coverage garnered by the 1946 opening of a Western-themed Valley National branch in Wickenburg complete with a horse hitching rail, likely persuaded bank executives of the advertising value of notable branch architecture.¹⁹³ Indeed, bank marketing personnel undertook significant publicity efforts detailing the art, architectural features, and convenient location of all branches opened by the bank after 1947, capturing the full

¹⁹² "New First National Branch: Bank Opens Office Today," *Arizona Republic*, October 1, 1947, 9. Though Valley National claimed the popcorn-popper gimmick as the first drive-through banking service in the state as late as the mid-1970s, most works acknowledge the First National branch at 15th Street and McDowell in Phoenix as the first true drive-in banking facility in the state. Examples citing the 1947 First National branch as the first drive-through include: Schweikart, *A History*, 128; Gabriela Beatriz Dorigo, "The Modernist Branch Bank: An Appropriate Response to the Phoenix Urban Condition" (master's thesis, Arizona State University, 2004), 28; Paul Hughes, *Bank Notes* (Phoenix: Phoenician Books, 1971), 65. Though new to Arizona, drive-through bank facilities had been in use in St. Louis since at least 1930, while City Center Bank of Kansas City, MO (now UMB Financial) claimed the first drive-through window in 1928. "Autoists Do Banking From Their Cars," *Popular Mechanics*, July 1930, 13; "Our History," UMB Financial, <https://www.umb.com/AboutUMB/CompanyInformation/OurHistory/000213> (accessed June 21, 2011).

¹⁹³ Located in a remodeled saloon, the Wickenburg branch opened on April 29, 1946, and was described by the bank as its "most picturesque office." A photo of Walter Bimson dressed in stereotypical Western attire leaning against the hitching rail located in front of the wood-front building while accompanied by a railroad executive and two burros named Jack Junior and Clementine was published often over the coming decades, including a April 1973 *Arizona Highways* article profiling Bimson. Special emphasis was placed on the idea of a bank with such a presence being ranked "Largest Bank in the Rocky Mountain States." Hopkins, 265, 272; Don Deder, "Walter Reed Bimson: Arizona's Indispensable Man: Compleat Banker," *Arizona Highways*, April 1973, 28. As construction materials were difficult to obtain immediately following the war, the bank renovated existing buildings, as was the case in Wickenburg, or erected temporary structures until more permanent facilities could be constructed, as was the case with the surplus Quonset hut used as the Tolleson branch in 1946. A branch built to replace the temporary location opened on March 2, 1953. Captioned photo of Tolleson Quonset hut, 1946, file 157, VNB Collection; Branch List, March 6, 1959, VNB Collection.

promotional potential of the newfound institutional emphasis on architecture.

Permanent Valley National branches erected from 1948 onward displayed many Modernist characteristics. Presented by increasingly publicity savvy bank officials as highly innovative facilities, these buildings were the subject of numerous newspaper articles outlining their utility and design. The first two such branches opened in Glendale and Phoenix on July 31st and December 20, 1948, respectively.¹⁹⁴

¹⁹⁴ Fifteen new Valley National branches were opened between 1944 and January of 1953. Some of the new branches were established in existing buildings, some in temporary structures, and some in permanent facilities constructed by Valley National. Three of the branches opened during the subject period were moved or replaced prior to January 1953, while two branches opened prior to World War II were upgraded or moved during this time. Thus, between 1944 and January 1953, a total of twenty buildings not previously occupied by the bank were purchased, leased, or constructed for use as branches. Though eight of these facilities were opened prior to the 1948 dedications of the Glendale and West Van Buren branches, a review of available documentation proves the 1948 facilities to be the first Modernist Valley National structures. The Litchfield Park branch opened on December 18, 1944 in a Goodyear Tire and Rubber Company-owned building. Though opened as a Valley National branch on October 1, 1945, the Nogales office was a former First National Bank of Nogales facility acquired in a merger. The 1946 Wickenburg branch was housed in a repurposed saloon, while the 1946 Winslow branch was a First National Bank of Winslow office acquired in a merger completed that year. Other branches opened in 1946 (Tolleson and Willetta and 1st Street in Phoenix) were temporary facilities located in a Quonset hut and circa 1910 house, respectively, until permanent structures could be built. Bank records show that a branch in the Security Building (downtown Phoenix) was opened on January 13, 1947, although an *Arizona Republic* article places the opening in January 1950. Prior to the late 1948 completion of the West Van Buren branch, the company opened offices in Glendale and Sunnyslope. The Sunnyslope branch is listed as opening on November 1, 1948. However, this was yet another temporary branch erected to meet the needs of an expanding population. The bank purchased the land on which the permanent branch was to be built in early 1948, but did not open a permanent Sunnyslope office until August 11, 1952. Branch List, March 6, 1959, VNB Collection; "President's Annual Report to the Stockholders," January 9, 1945, 3, file 1030A, VNB Collection; Federal Reserve Bank of San Francisco, *Investigation*, 40-42; Hopkins, 265; Captioned photo of Tolleson Quonset hut, 1946, VNB Collection; "Temporary Valley Bank Branch Opens Tomorrow," *Arizona Republic*, September 4, 1950; "Bank to Open New Facilities," *Arizona Republic*, January 3, 1950; "List of Branches with Dates of their Founding," ca. April-July 1949, file 169, VNB Collection; "Valley National Buys Dunlap Frontage for Sunnyslope Bank," *SAND*, April 23, 1948, 1; "President's Annual Report to the Stockholders," January 11, 1949, 7, 9, 28, file 1030B, VNB Collection.

“Styled along modern lines,” yet demonstrating a Southwestern influence through the stacked stone design elements used on the front façade, the Glendale branch was built to replace an older facility of insufficient size, which was likely the office acquired through the 1924 purchase of the First National Bank of Glendale. The new office, located on the northeast corner of Glendale and 57th Avenues, boasted a community room, drive-in banking service, and a color scheme selected by color consultant Gustave Plochere.¹⁹⁵ Free of Southwestern influences, the new Phoenix location was more Modern in styling, and won widespread press recognition.

Designed by noted Phoenix architect H. H. Green, the Phoenix branch, located at 1820 West Van Buren Street, featured a flat roof, a front wall comprised primarily of glass, and a two-window drive-through. The modern amenities of this branch were heavily promoted by the bank, and well-reported by the local press. Valley National offered opening day guests a pamphlet highlighting the “modern, colorful and attractive” banking center and clearly displaying the auto-friendly features of the new branch. Local newspaper articles provided detailed descriptions of the building, giving specific attention to the overall color scheme, which was also formulated by Plochere, who was identified in the press as a “noted

¹⁹⁵ “President’s Annual Report to the Stockholders,” 1949, 9, 28, VNB Collection; Federal Reserve Bank of San Francisco, *Investigation*, 41. Gustave Plochere created the Plochere Color System and opened a company of the same name in 1948. The business is still in operation and can be found online at <http://www.plochere.com> (accessed June 25, 2011).

color consultant”.¹⁹⁶ Subsequent branches and innovations garnered similar favorable press coverage.

The September 6, 1949 opening of a branch at 11 West Van Buren in Phoenix serves as a strong example of the publicity value of well-designed, innovative offices. Though built in a remodeled retail space on the first floor of the 1928 Renaissance Revival-style Security Building, the new H. H. Green-designed branch incorporated “an all-glass modern entrance” including plate glass doors trimmed with “unusual, aqua-tinted corrugated structural glass” described by the *Arizona Times* as “an innovation in architectural design.”¹⁹⁷ Blending innovation and traditional design also proved to be an effective means of capturing media attention, as demonstrated by the 1950 Winslow branch.

Opened on March 10, 1950, the new Winslow branch replaced the facility acquired from the First National Bank of Winslow after a 1946 merger. In a nod to its location near the large Native American reservations of northeastern Arizona, the Edward Varney-designed branch blended local indigenous styling with modern design, leading the *Arizona Republic* to describe the branch plan as “[combining] the traditional aspects of ancient Indian culture with contemporary functional design.”

¹⁹⁶ “Officers Inspect New Valley Bank Branch,” *Phoenix Gazette*, December 18, 1948; West Van Buren branch opening day brochure, December 20, 1948, box 120, VNB Collection; “Valley Bank Office Opens,” *Phoenix Gazette*, December 20, 1948.

¹⁹⁷ “Bright New Home: Valley Bank Opens Office Quarters,” *Arizona Times*, September 6, 1949; Barbara Yost, “Historic Downtown Phoenix: A 1.5 Mile Guided Walking Tour,” *Arizona Republic*, 2004, <http://www.azcentral.com/travel/arizona/features/articles/archive/histdowntown.html> (accessed June 25, 2011).

The location also gained notice for its regionally appropriate art, which included four sculptures of Native American dancers.¹⁹⁸ The inclusion of noteworthy art was a common practice in post-war Valley National branches, and often gained positive press.

A 1959 *Arizona Architect* article written by muralist Jay Datus cites the bank as “a leader in using architectural sculpture,” and states that, “[Walter] Bimson’s personal interest in the fine arts has unquestionably influenced all Arizona banks to greater use of art works in their design, ornamentation and display.”¹⁹⁹ In addition to the Winslow sculptures, other examples of art and sculpture being featured prominently in post-war Valley National banking centers include specially commissioned Walter E. Bohl wildlife water colors for the Glendale branch and wood carvings replicating Painted Desert petroglyphs custom-made for the 1951 Central and Indian School (Phoenix) branch. Both installations received lengthy and favorable *Arizona Republic* articles, including a description of the 1951 wood carvings as items “thought to be the first of their kind in the southwest,” likely sparking curiosity and visitation from existing and

¹⁹⁸ “Valley Plans New Building at Winslow; Striking Design to Feature Bank Unit,” *Arizona Republic*, June 17, 1949; “Bank Building has Interesting Design,” *Phoenix Gazette*, March 10, 1950; “Valley Bank’s Winslow Branch to Open Today,” *Arizona Republic*, March 10, 1950; “Sculpture Completed for New Building,” *Arizona Republic*, March 10, 1950; “Scottsdale Sculptor Finishes Two Carvings,” *Arizona Republic*, June 20, 1950; “Bank Typifies City Progress,” *Arizona Republic*, August 17, 1952.

¹⁹⁹ Jay Datus, “On Art in Banks,” *Arizona Architect*, October 1959, 9-25.

potential clients alike.²⁰⁰ While extremely successfully at winning press coverage on a local level, the bank also effectively captured national publicity for its operations and success, thus further promoting the institution and expanding the audience of potential clients.

In November 1945, *American Magazine* published a highly laudatory article chronicling Walter Bimson's tenure at the helm of Valley National. Entitled "Bank Knight in Arizona," the piece was a seven page story recounting the successes enjoyed by Valley National since Bimson's 1933 arrival, peppered with anecdotes relating to his leadership and quotes from Arizona business leaders highlighting the positive economic impact of the bank. The article was subsequently reprinted in condensed form in the January 1946 edition of *Reader's Digest*.²⁰¹ The widespread circulation of the two publications ensured a vast readership. Paired with the post-war rush for employment and opportunity, the reach of this article resulted in an inundating stream of correspondence and inquiries regarding the Arizona climate, economy, and culture addressed to Bimson. During the six months immediately following publication, the bank claimed to receive an average of seventy-two letters per day from across the nation and globe in response to the article, while later, "almost no day [passed] without at least one" letter. By September 1946, 2,690 pieces of

²⁰⁰ "Nationally-Known Artist Depicts Arizona Wildlife for Bank Branch," *Arizona Republic*, May 27, 1949; "Unusual Mural Decorates New Phoenix Bank," *Arizona Republic*, September 15, 1951, 4.

²⁰¹ Keith Monroe, "Bank Knight in Arizona," November 1945, 24-25, 116-122; Keith Monroe, "Bank Knight in Arizona," *Reader's Digest*, January 1946, 103-106.

correspondence requesting information, loans, employment, and advice had been received at Valley National headquarters.²⁰²

The bank seized upon the promotional opportunities presented by the success of “Bank Knight in Arizona.” By February 1946, a six-page standard reply selling the charms of Arizona had been drafted in response to the flood of letters received from readers of the article. While boosterist in nature, the reply did present immediate post-war employment and housing prospects in realistic terms, warning would-be Arizonans that jobs were not readily available and housing was in short supply. One page of the form letter was devoted to statistics relating to the state, and one page was dedicated to providing a list of potential sources for additional information and statistics regarding the state and its economy.²⁰³ The need for a general reply likely prompted bank officials to consider the value of positive press and may have brought about the idea of compiling Arizona-specific statistics for publication in conjunction with anecdotes and humorous writing in monthly bank-produced periodicals.

Under the leadership of Herbert Leggett, the Valley National research department had compiled and published statistics relating to

²⁰² Building upon the publicity value already gained from the well-read article, an Israeli letter writer sent Bimson a note three years after its publication requesting the bank open an office in that country, prompting a *Phoenix Gazette* columnist Bert Fireman to use the story as the basis for a 1949 column. “Magazine Article on Bank Hikes State Economy,” *Arizona Republic*, May 30, 1948; “Report on Reader’s Digest Correspondence as of September 28, 1946,” n.d., file 183, VNB Collection; Bert Fireman, Under the Sun, *Phoenix Gazette*, July 14, 1949.

²⁰³ “A General Letter in Answer to Correspondence Received from the Readers of The American Magazine and Reader’s Digest,” February 1946, file 183, VNB Collection.

Arizona since 1945. As Arizona did not then have a state Chamber of Commerce or other organization tasked with promoting the state and its businesses to outsiders, the bank opted to create informative resources typically undertaken by such associations. The first such project was a thirty- to forty-page annual publication entitled *Arizona Statistical Review*. This booklet was comprised entirely of state-specific data, and was mailed out to companies and individuals throughout the country. Information included in this useful, yet dry, effort ran the gamut from population figures to meteorological data to economic information. By 1950, *Arizona Statistical Review* reached a distribution list of 10,000 recipients, including 5,000 readers living out-of-state and “every leading executive in the country.” However, despite the value of such information to persons considering a move to the state, or businesses considering relocating their operations or establishing new facilities in Arizona, bank corporate files do not reflect a widespread response to this thoroughly researched work.²⁰⁴ Bank records do reflect a strong positive reaction to a more limited monthly publication featuring the writing of Leggett in addition to two to three pages of statistics regarding Arizona’s population and economy.

²⁰⁴ While no internal VNB documentation specifically cites 1945 as the date of initial publication, the year is offered as the first year of printing in the aforementioned 1950 *Arizona Republic* article, and is corroborated by the cover of the 1967 *Arizona Statistical Review*, which announces the piece as the twenty-third annual edition. “Valley Bank Publication Answers Business Queries,” *Arizona Republic*, October 7, 1950; “President’s Annual Report to the Stockholders,” 1948, 6, 7, VNB Collection; Collins, *Emerging Metropolis*, 192-193; “Don Graham Explains Tourist Possibilities,” *Casa Grande Dispatch*, September 14, 1950; “Banker Lists West’s Needs,” *Arizona Republic*, October 20, 1950; “Arizona Statistical Review,” 1967, file 898, VNB Collection.

Published monthly from October 1946 onward, the *Arizona Progress* served as what may have been the most effective means of promoting Valley National both inside its home state and throughout the rest of the nation.²⁰⁵ *Arizona Progress* was geared toward a more general audience than the fact-rich *Arizona Statistical Review*, and as such, gained far more notice and media attention than the more comprehensive annual publication. Specifically, the informative, entertaining, and sometimes sardonic cover stories penned by Leggett won the periodical the attention and affection of many.²⁰⁶

Described by Barry Goldwater as “a philosopher-turned-banker, or perhaps vice versa,” Leggett was a skilled analyst and keen observer of emerging trends.²⁰⁷ Though a statistician and economist by training, Leggett also excelled at drafting engaging prose outlining current events and other topics of interest, for which he received frequent praise from local and national publications. “A noted pundit whose writings delight

²⁰⁵ *Arizona Progress: A Monthly Compilation of Arizona Trends and Statistics*, October 1946, file 905, VNB Collection.

²⁰⁶ While often displaying a dry humor in his writings, Leggett could also pen rather caustic missives, as was the case with his 1962 letter of resignation. Writing to Walter Bimson, Leggett complained of the state of the bank (and specifically the current state of *Arizona Progress*) since Bimson stepped down from the presidency. In particular, Leggett complained that, “the Holy Spirit Himself couldn’t ghost-write what the Master Minds *think* they want for Ariz Prog.,” and suggested, “as for the front page of Ariz Prog, it would be better to change the formula entirely than to run some schoolboy essays or other amateurish drivel which will only point up the fact that the Valley Bank is sinking rapidly into Mediocrity as it departs from your leadership genius.” Leggett to Walter Bimson, August 27, 1963, VNB Collection.

²⁰⁷ Barry Goldwater, “Some Philosophy From a Banker,” *Los Angeles Times*, August 15, 1961, B4.

readers while at the same time giving his followers something to think about,” Leggett drafted literary offerings described as “un-banker-like,” and “the main reason the bulletin is read wherever people customarily do read bank publications- and in a host of places where no bank material would normally ever be read.”²⁰⁸ As indicated by numerous contemporary reviews and mentions of his work, his ability to distill complex economic topics into short, entertaining passages accessible to most readers is likely the primary reason for the widespread success of *Arizona Progress*.

The monthly publication began with a circulation of 2,000 copies. However, within one year, the distribution list grew to more than 5,000 recipients, half of whom lived outside of Arizona.²⁰⁹ By 1949, the bank ran approximately 14,000 copies of the bulletin, and sent over 7,000 issues to out-of-state residents, including individuals in every state and twenty-one foreign nations.²¹⁰ According to Leggett, by 1951, copies of *Arizona Progress* “[reached] practically every man of importance in the United States.” Circulation growth continued to rise throughout the 1950s, leading to a press run of 30,000 issues by 1959. In a testament to the value of the bulletin, an *Arizona Republic* writer credited the widespread reach and

²⁰⁸ “By Any Other Name, It’s Baloney,” *Southtown Economist*, October 13, 1957, 4; “New Head of Bankers Draws Bead on Stuffiness,” *New York Times*, September 21, 1960, 51; Joseph Stocker, “Portrait of a Bank: Financing America’s Most Flourishing Frontier,” *Arizona Highways*, November 1956, 38.

²⁰⁹ “President’s Annual Report to the Stockholders,” 1948, 6, VNB Collection.

²¹⁰ “Valley Bank Magazine Ups Circulation List,” *Arizona Republic*, June 16, 1949.

popularity of the publication as a potential explanation for a rise in Valley National stock ownership among non-Arizona investors.²¹¹ While the growing Arizona economy and population and the continued success of the bank likely factored into the desirability of company stock during this period, the importance of *Arizona Progress* cannot be overstated.

As written in the 1948 annual report, *Arizona Progress*, as well as *Arizona Statistical Review*, had gained “a reputation for reliability and [served] the very useful purpose of constantly associating the name of [the] bank with the State of Arizona, or vice versa, in the public mind” soon after its debut.²¹² The veracity of this statement is evidenced by the frequency with which *Arizona Progress* statistics were reprinted in newspaper articles or used as the basis for entire stories, as was often the case in local papers such as the *Arizona Republic*.²¹³ Indeed, by the time Leggett retired in 1962, a California newspaper referred to *Arizona Progress* as “among the most widely reprinted of all U.S. banking publications,” while the *Arizona Republic* quoted sitting Valley National president James Patrick as saying, “by word, deed and his writings,” the retiring writer “played a key role in both the growth of our state and

²¹¹ By the time Leggett retired from VNB in 1962, *Arizona Progress* boasted monthly circulation of approximately 30,000 copies. “Reflecting our Prosperity,” *Arizona Republic*, July 14, 1951; “Herbert Leggett, Bank Executive Retiring June 30,” *Casa Grande Dispatch*, June 27, 1962, B8.

²¹² “President’s Annual Report to the Stockholders,” 1948, 6, VNB Collection.

²¹³ Examples of this practice include: “Vacant Home Survey Made in Phoenix,” *Arizona Republic*, July 19, 1949, and “Confidence in Arizona,” *Arizona Republic*, January 20, 1950.

bank.”²¹⁴ Patrick’s contention makes clear the significance assigned to efforts such as *Arizona Progress* by bank leadership. *Arizona Highways* reported results more translatable into dollars and cents in a 1956 feature on the bank. In the article, the author stated that *Arizona Progress*, which then reached 25,000 individuals, “[brought] in a considerable number of new residents lured to Arizona by Leggett’s eulogistic essays on the subject- and many of them [became] Valley Bank customers.”²¹⁵

Though merely one aspect of a multi-pronged outreach strategy, the statistical information presented in *Arizona Progress*, and to a lesser degree, *Arizona Statistical Review*, allowed the bank to serve as an information broker to those seeking information relating to the growing post-war Arizona population and economy. When both publications were first produced, no state booster organizations capable of compiling and distributing the vital data contained in the monthly and annual Valley National offerings yet existed. The absence of such organizations lent the bank a quasi-official status in the minds of many recipients and potential clients, and proactively connected the bank with the state and its post-war “Progress,” as intended by the name of the monthly bulletin.²¹⁶ Frequent use of bank compiled statistics as fodder for local and national newspaper

²¹⁴ “Financial Humorist: ‘Letter’ Writer Plans to Retire,” *Bakersfield Californian*, July 14, 1962, 23; “Executive of Bank to Retire,” *Arizona Republic*, June 28, 1962.

²¹⁵ Stocker, 38.

²¹⁶ The title of the monthly bulletin was created as an homage to and reminder of the bank’s “Progressing with Arizona” slogan. “President’s Annual Report to the Stockholders,” 1948, 6, VNB Collection; Collins, *Emerging Metropolis*, 192-193; “Don Graham Explains Tourist Possibilities”; “Banker Lists West’s Needs.”

and magazine articles further enhanced bank credibility and multiplied the promotional value of the labor-intensive publications. The authoritative status gained through the distribution of these information resources also reinforced the idea of institutional stability demonstrated through state and regional institutional rankings, and worked to build name identification and positive association for the bank. Such goals were also accomplished through the continued employment of more traditional marketing strategies throughout the subject period.

Conservative advertising techniques such as balance sheet ads and the use of bank architecture as “standing advertisements” present in Valley National promotional efforts throughout the immediate post-war years rounded out bank marketing efforts during the subject period. Given the public memory of Depression-era bank failures and the influx of new residents unfamiliar with the comparative size and stability of local institutions, these “board of directors’ type” advertisements served to boost consumer confidence and drive new business for the institution. The pairing of innovative practices with traditional methods proved highly effective for the Valley National bottom line.

Although no records documenting the effectiveness of company advertising during the subject period in a quantitative manner exist, a strong inference can be made correlating institutional promotional strategy

with growth and profitability.²¹⁷ Additionally, bank-produced documents such as annual reports and internal memos document the efficacy of period promotional efforts, as do several articles in the national media, including an advertising industry trade journal. Reflecting on the outcomes of a Valley National advertising program, a 1959 *Advertising Age* article cited the unique approach of “hacking away” at traditional methods and mores as responsible for much of the growth enjoyed by the bank over the course of that decade.²¹⁸ Recognition of the bank’s marketing accomplishments even reached the pages of small town newspapers such as the Lubbock, Texas *Evening Avalanche Journal*, which ran a late-1950s editorial commending the company on its efforts, and concluded by commenting, “Not all banks could adopt such a program- or would want to. But it’s interesting to note what happens when one does.”²¹⁹

In the case of Valley National, the result of such a program was increased name identification, positive association with a rapidly growing

²¹⁷ This inference assumes a healthy operational baseline, which includes factors such as institutional solvency, competent (though not necessarily exceptional) leadership, a healthy economy, and a lack of corporate scandal or controversy that might hamper the effectiveness of an advertising campaign. If records documenting the financial benefit of the bank’s advertising efforts did exist, it would prove challenging, if not impossible, to factor out the impact of the substantial growth experienced throughout the state during the subject period. Further difficulty would arise when considering the impact of the bank on the growth of the state. As stated by the editors of *Advertising Age* in 1959, the question of “whether the bank [owed] its growth to the growth of the state, or the state [owed] its growth to the canny promotion of the bank,” is a “chicken-and-egg” matter. “Not Afraid of Being Different...,” 1.

²¹⁸ “Not Afraid of Being Different...,” 1. True to form, the bank promptly issued a press release detailing the laudatory write-up of its “gay, offbeat” ad strategy. VNB Press Release, July 6, 1959, file 145, VNB Collection.

²¹⁹ “Today’s Editorial: Bank Does ‘Selling Job’,” *Lubbock Evening Avalanche-Herald*, December 18, 1959.

state and economy, inferred stability, and increased media coverage. The new clients and statewide economic development resulting from this effective mix of innovative and traditional marketing techniques set the stage for the introduction of new product offerings and the continued expansion of the company's geographic footprint. As such, the intensive marketing efforts of Leggett, Reade, Arnold, and others at Valley National proved an essential component of the three-pronged strategy for growth and profitability executed during the immediate post-war period.

CHAPTER 4

DOLLARS IN, DOLLARS OUT: THE POST-WAR TAILORING OF DEPOSIT AND LOAN PRODUCT OFFERINGS

Just as Herbert Leggett had predicted the importance of advertising in the post-war era, he also identified the potentially unprecedented significance of bank lending programs in the years to follow the war. Believing the estimates of peacetime lending put forth by many experts to be “grossly underestimated,” Leggett speculated that Valley National lending volume could double within a two to three year period following the war, reinforcing this possibility with the assertion, “When people can borrow, they do borrow. This is human nature- and history.”²²⁰ Though lending had always been a key function of the bank, particularly following Walter Bimson’s 1933 assumption of the presidency and continuing through World War II, the nature and staggering volume of lending activities undertaken in the post-war years differed greatly from the wartime lending practices of the bank.²²¹

²²⁰ “RE: THE OUTLOOK FOR BANK LOANS,” September 9, 1944, file 507, VNB Collection.

²²¹ VNB annual reports serve as the best indication of bank lending activity during the period. Though relatively limited in content when compared to annual reports issued by large, publicly-traded companies of the present day, post-war era VNB annual reports were considered in-depth at the time of their publication. In a 1945 *Business Week* article, the newly issued VNB annual report covering 1944 operations was compared to “the easy gaited, conversational type of report now widely used by industrial corporations.” The article credits VNB with producing an annual report superior to its industry peers, stating, “Other banks have come a long way in the direction of unraveling the mysteries of the annual report, but few in such detail as the Valley National.” However, while the reports do contain data highlighting clear shifts in year-over-year lending activity by category and dollar amount, in many cases the actual dollar value of new lending volume is difficult to determine as most reports list only loans outstanding at

Valley National had built a reputation for mortgage and installment lending during the Depression years. However, the need for such loans declined substantially following American entry into World War II due to material restrictions and an associated decrease in residential construction activity. While lending remained an essential component of Valley National operations and profitability during the war, the nature of loan activity shifted toward lending money to the federal government through the purchase of government securities. Indeed, by 1945, government securities accounted for seventy-five percent of credit issued by banks in the Twelfth Federal Reserve District. Nationwide, bank holdings of government securities increased by 555 percent between 1939 and 1945, while in Arizona, bank ownership of government securities skyrocketed by 1,200 percent during the same period.²²² Valley National holdings of federal debt grew at a rate slightly higher than the state average, increasing by 1,516 percent between the fourth quarters of 1939

year-end as opposed to the dollar value of new loans issued. In some cases, information relating to new loan volume can be obtained from the commentary found in the first section of an annual report. Some reports list new loan totals for installment lending, but not other loan categories. Overall, however, information relating to the value of loans issued in a given year is unavailable. Thus, most references to loan volume found in this chapter are derived from year-end outstanding figures, not annual new loan volume. "And How It Grew: Valley National Bank of Arizona Reflects the Enterprise of its President in Annual Report Detailing 13 Years of History," *Business Week*, February 17, 1945, 58.

²²² During the period of study, the San Francisco-based Twelfth Federal Reserve District included Washington, Oregon, California, Idaho, Nevada, Utah, Hawaii, Alaska, and all but the southeastern portion of Arizona. The District has since been enlarged to include all of Arizona. Federal Reserve Bank of San Francisco, *Men, Money, and the West*, 36, inside back cover; Schweikart, *A History*, 108-109; Federal Reserve Bank of San Francisco, "About the Fed," Federal Reserve Bank of San Francisco, <http://www.frbsf.org/publications/federalreserve/fedinbrief/keyfacts.html#> (accessed July 21, 2011).

and 1945.²²³ However, the anticipated decrease in postwar federal spending and borrowing, paired with predicted increases in consumer borrowing demand, necessitated planning for a diversification of Valley National lending operations. Programs such as the veterans home and business loan guaranties made available through the Servicemen's Readjustment Act of 1944, more commonly known as the GI Bill, served to further increase loan demand and availability.

Championed by Arizona Senator Ernest McFarland, among others, the GI Bill authorized a number of benefits for returning veterans. McFarland worked to include provisions creating government loan guaranty programs for veteran home purchases and business financing, now popularly known as VA loans.²²⁴ These loans, intended as an

²²³ Information obtained from the "U. S. Government Bonds" section of the fourth quarter 1939 statement of condition, and the "U. S. Securities" section of the 1946 annual report. "Statement of Condition at Close of Business December 30, 1939," December 30, 1939, file 1074, VNB Collection; "President's Annual Report to the Stockholders," January 8, 1946, 8, file 1030A, VNB Collection.

²²⁴ McFarland is sometimes referred to as the "Father of the GI Bill." The initial program envisioned by McFarland and others involved direct federal lending to veterans. However, the final version of the bill created a federal loan guaranty program in place of direct loans. Though initially unsupportive, McFarland cautiously embraced the idea of federal loan guaranties after the maximum allowable interest rate was lowered from six percent to four percent. McFarland's opposition to loan guaranties stemmed from his fear that banks would "make a profit off the returning veteran who has made a great sacrifice for his country." Continuing, he stated, "In other words, *this provision of the bill is for the benefit of private lending agencies, rather than the returning veteran.*" Though McFarland and Walter Bimson were both registered Democrats, and both advocated liberal lending policies, they held vastly differing views on the role of banks and government. Further political, and possibly personal, disagreements are evident when one reviews material relating to the 1954 Arizona gubernatorial election between McFarland and Republican incumbent Howard Pyle. VNB Collection documents relating to the campaign highlight the likely lack of regard McFarland and Bimson felt for one another. In April 1954, Senator Barry Goldwater wrote the following to Bimson: "Walter, I just can't see Arizona coming under the domination of the McFarlands, Buseys and all of the others who now control the Democratic Party, and I am sure that you, even as a Democrat, agree with me." Later that year, Bimson served as secretary of the Maricopa County Democrats for

alternative to a cash bonus for returning service members, were backed by a federal guaranty of fifty percent of the loan amount, to a maximum of four thousand dollars, on funds borrowed to purchase a primary residence, and a guaranty of fifty percent of loan value, to a maximum of two thousand dollars, on unsecured funds or funds secured by non-real estate assets used for business purposes.²²⁵ Given the anticipated surge of veterans moving to Arizona in the post-war years, loans to returning service members would clearly be of great importance to the state banking industry and economy, regardless of whether such loans were issued under the provisions of the GI Bill.

In a January 1945 memo to Walter Bimson, Leggett predicted that Arizona “will ultimately have at least 200,000 war veterans,” thus creating a substantial market in a state home to fewer than 500,000 residents prior

Pyle Committee, proclaiming, “I am a registered Democrat, but I shall vote for Howard Pyle for governor because he has proved to be one of the best governors this state has ever had.” McFarland countered by alleging that Bimson supported Pyle because Pyle’s administration did not require banks (Valley National among them) to pay interest on state deposits. This controversy peaked with a series of newspaper ads placed by the McFarland campaign in October of 1954 in which the matter of bank support for Pyle was highlighted. United States Senate, “Senate Leaders: Ernest McFarland, “Father of the GI Bill,” United States Senate, http://www.senate.gov/artandhistory/history/common/generic/People_Leaders_McFarland.htm (accessed October 5, 2011); James E. McMillan, ed., *The Ernest W. McFarland Papers: The United States Senate Years, 1940-1952* (Prescott, AZ: Sharlot Hall Museum Press, 1995), 94, 103; Barry Goldwater to Walter Bimson, April 14, 1954, file 451, VNB Collection; “Bimson Joins Pyle-Demos Vote Drive,” *Arizona Republic*, October 25, 1954; McFarland Campaign Ad, n.d., file 193, VNB Collection.

²²⁵ Department of Veterans Affairs, “Legislative History of VA Loans,” Department of Veterans Affairs, <http://www.benefits.va.gov/homeloans/docs/history.pdf> (accessed July 19, 2011); R. J. Saulnier, Harold G. Halcrow, and Neil H. Jacoby, *Federal Lending and Loan Insurance* (Princeton: Princeton University Press, 1958), 74, 195.

to the war.²²⁶ Valley National created inroads to this future market through its banking services provided at Arizona military installations during the war, as was acknowledged in the 1945 annual report, in which Bimson informed shareholders that the “contacts and acquaintances” gained through servicing military installations “should prove of incalculable value in the future.” Leggett quantified the incalculable value referenced by Bimson in an internal memo in which he predicted GI Bill-related lending demands of “astronomical proportions” on which bank lending officers could “go to town,” resulting in up to ten million dollars in Valley National-issued VA-backed home mortgages.²²⁷ Such predictions were not uncommon. The July 1944 issue of *Finance* included an article predicting that veterans would borrow a sum totaling more than all bank loans then outstanding in the United States.²²⁸ However, while the demand for post-war loans was evident to many in the banking industry, the method of securing funding for such a tremendous volume of lending was uncertain.

²²⁶ The 1940 census counted 499,261 persons residing in Arizona. Leggett to Walter Bimson, January 10, 1945, VNB Collection; U. S. Census Bureau, “Resident Population and Apportionment of the U. S. House of Representatives,” U. S. Census Bureau, <http://www.census.gov/dmd/www/resapport/states/arizona.pdf> (accessed August 6, 2011).

²²⁷ “RE: THE OUTLOOK FOR BANK LOANS,” September 9, 1944, VNB Collection.

²²⁸ Horace Russell, General Counsel for the United States Savings and Loan League, stated, “The loan plans are so liberal that it seems undoubted that many veterans will take advantage of them. I estimate that of an expected fifteen million veterans, first and last, perhaps five million of them will secure loans under Title 3 of the Act, and that the total amount will exceed \$25 Billions.” Horace Russell, “U.S. Veterans May Borrow \$25 Billions,” *Finance*, July 1944, 27; “RE: THE OUTLOOK FOR BANK LOANS,” September 9, 1944, VNB Collection.

Sufficient deposits and liquid reserves are required for banks to make loans in accordance with banking laws and regulations and within the bounds of their fiduciary responsibility to shareholders and depositors.²²⁹ While deposits are critical to ensuring the ongoing lending ability of a bank, deposit dollars also tend to be most scarce in times of high consumer spending and borrowing, thus creating an ongoing challenge for financial institutions to attract the deposit dollars necessary to fulfill client loan requests. This issue proved to be the greatest single challenge faced by Valley National in the immediate post-war period.

Personal, commercial, and government deposit volume increased rapidly and substantially throughout World War II. Between 1939 and 1945, product rationing and government defense expenditures resulting in nearly full employment led to a doubling of personal disposable income and an increase of more than one-third in the ratio of consumer liquid assets to income. These trends were further aided by an increasing money supply resulting from heavy investment of wartime wages and corporate profits in government securities such as war bonds, the proceeds of which were quickly returned to the marketplace in the form of defense expenditures. The combined factors of increasing incomes and a

²²⁹ The most restrictive of these regulations was the federally mandated limitation on real estate lending, which was not allowed to exceed sixty percent of time deposits, or depositor funds held by the bank for a set term in instruments such as certificates of deposit. Overall, Walter Bimson sought to limit total lending (real estate, installment, commercial, etc.) to fifty percent of total deposits held at valley National. Lynne Pierson Doti and Larry Schweikart, "Financing the Postwar Housing Boom in Phoenix and Los Angeles, 1945-1960," *Pacific Historical Review* 58 (May 1989): 187; "President's Annual Report to the Stockholders," January 17, 1950, 5, file 1031A, VNB Collection.

growing money supply, coupled with purchasing restrictions, created an atmosphere conducive to saving. By the end of the war, nationwide personal savings totals had reached an all-time high. Corporate deposits also reached record levels during this period as companies tended to maintain unusually large cash balances during the war years.²³⁰

Nationwide, corporate deposits grew from \$13.96 billion at the end of 1941 to approximately \$22 billion by the end of 1945.²³¹ Possibly owing to the out-of-state ownership of many corporations active in the state for purposes of war production, Arizona banks held a smaller percentage of corporate accounts than was average on a nationwide basis. However, while corporate accounts comprised just twenty-eight percent of Arizona checking accounts during the war, as opposed to an average of fifty-one percent at banks nationwide, the impact of such accounts on the state banking industry was nonetheless significant.²³² At Valley National, corporate deposits increased from \$26,813,177.85 to \$90,568,949.91 between the end of 1940 and the end of 1944, an increase of 238 percent representing a total of nearly sixty-two percent of all Valley National deposits. In percentage terms, only government deposits grew at a more

²³⁰ Hickman, 37-38, 42; Addison W. Parris, *The Small Business Administration* (New York: Frederick A. Praeger, 1968), 13; Klebaner, *American Commercial Banking*, 216.

²³¹ Board of Governors of the Federal Reserve System, *Flow of Funds in the United States, 1939-1953* (New York: Greenwood Press, 1968), 316.

²³² "Checking Accounts of Individuals and Corporations: State of Arizona as Compared with the Entire Country, December 31, 1939- January 31, 1945," n.d., file 509, VNB Collection.

significant rate at Valley National, though the dollar amount of government deposits held at the end of 1944 totaled \$24,275,142.58, a figure equal to just twenty-seven percent of corporate deposits held at that time.²³³ As judged by overall deposits, Arizona banks gained greatly from wartime expenditures.

Nationally, overall deposits increased approximately 260 percent during the course of the war. Member banks of the Twelfth Federal Reserve District enjoyed checking deposit growth rates double the national average, with Arizona institutions experiencing a 415 percent increase in deposit dollar volume during the war.²³⁴ Valley National, the largest bank in the state throughout the war years, began 1945 holding nearly fifty-one percent of all Arizona deposits.²³⁵ In a memo to Walter Bimson outlining post-war market possibilities, Leggett warned that the substantial increase in deposit volume enjoyed during the war years was likely to be greatly reduced by pent-up consumer demand, housing down payments, and corporate reconversion needs. Leggett also predicted that shifts in wages and buying habits would result in a post-war savings rate

²³³ "President's Annual Report to the Stockholders," January 9, 1945, 11, VNB Collection.

²³⁴ Schweikart, *A History*, 108; Federal Reserve Bank of San Francisco, *Men, Money, and the West*, 36.

²³⁵ "And How It Grew," 58.

close to zero percent, thus further jeopardizing prospects of reliable deposit growth.²³⁶

Leggett's cautionary analysis of post-war deposit prospects proved largely accurate. Consumer demand surged following the war, necessitating individual depositors to draw down their bank account balances. A combination of industrial reconversion expenses and higher interest rates offered on non-deposit asset categories prompted a sharp reduction in corporate account balances.²³⁷ In addition to the deposit decrease spurred by consumer activities and industrial reconversion, government deposit totals also dropped in the post-war period.

Federal deposits held at Valley National had increased dramatically between the end of 1940 and the end of 1945, growing from \$6,282,581.96 to \$30,882,286.12, or approximately fifteen percent of all deposits by the end of the war. However, by the end of 1946, government deposits held at Valley National had decreased to \$23,283,595.37, a drop of nearly twenty-five percent from the 1945 figure.²³⁸ Significant reductions in government deposits impacted banks more severely than decreases in personal or corporate deposits as federal law allowed banks to serve as government depositories without paying interest on federal deposit dollars in exchange for providing public services such as bond sales, government

²³⁶ Leggett to Walter Bimson, June 26, 1944, VNB Collection.

²³⁷ Hickman, 42; Klebaner, *American Commercial Banking*, 213.

²³⁸ "President's Annual Report to the Stockholders," January 14, 1947, 14, file 1030B, VNB Collection.

check cashing, and tax collection.²³⁹ Thus, a substantial loss of government deposit dollars translated to a decline in interest-free capital available for lending and institutional reserves, thereby increasing the average cost of a bank deposit program. When combined, the anticipated level of post-war loan demands coupled with the predicted decrease in deposit volume necessitated a shift in operational strategy in order to meet consumer demands, satisfy regulatory requirements, and perform to shareholder expectations. In order to accomplish this range of post-war goals, Valley National leadership employed a retail strategy focused on marketing volume-based deposit and loan products to a middle-income clientele seeking to share in the booming post-war American economy.

The first component of this two-tiered strategy involved expanding the bank deposit base through innovative deposit product developments intended to appeal to a mass consumer base. New product offerings, including low-minimum-balance checking accounts, Christmas savings accounts, and baby savings accounts were created to broaden the bank customer base and increase overall deposit volume, thereby generating the capital necessary to fund the anticipated increase in post-war loan demand. Valley National post-war lending philosophy embraced a mix of stable, yet relatively low yielding government-insured loans, paired with higher risk, albeit higher yield, installment loans. Loans were issued to the greatest capacity possible given prevailing regulations and capital

²³⁹ This interest-free arrangement remained in place until November 1978. Klebaner, *American Commercial Banking*, 216.

availability, though a scarcity of available funds did necessitate an emphasis on higher margin, shorter term lending. While the bank offered a wide variety of loan products, factors including private and public competition, regulatory restrictions, and product limitations led to relatively high-margin installment loans being the most prevalent loan type issued in terms of volume and dollar amount, thus contributing significantly to Valley National post-war profitability and growth.

Implementation of this dual-pronged strategy was complicated by the post-war expansion patterns of competitor institutions, many of which opened *de novo* branches in existing markets and expanded their geographic footprints into new areas during the period. The Transamerica-owned First National Bank of Arizona grew from just three branches statewide in 1939 to forty by the mid-1950s, while the southern Arizona-based Bank of Douglas opened its first Phoenix branch on April 1, 1945. Pam Hait, author of *The Arizona Bank: Arizona's Story*, credits this entry into the Phoenix market as the primary reason for their 1944 to 1945 year-over-year deposit growth of seventy-five percent.²⁴⁰ The growth of rival banks such as First National and the Bank of Douglas, among others, increased competition for deposits and other revenue sources, thus exacerbating the need for new product offerings and a broadened market focus.

²⁴⁰ The first Bank of Douglas branch in Phoenix was housed in the Phoenix Title and Trust Building, located at 116 N. 1st Avenue. The building still stands as of October 2011. Schweikart, *A History*, 117-119; Hait, 125-129.

The market to which new deposit products were sold grew at a rapid clip in the immediate post-war era. In addition to the large numbers of returning veterans predicted by Leggett and others, many new residents were drawn by the widespread availability of climate control devices such as air conditioners and evaporative coolers, growing automobile ownership rates allowing for comfortable living in suburbanizing urban areas such as Phoenix and Tucson, and the fact that the Phoenix area enjoyed sunny skies eighty-five percent of the year.²⁴¹ Many newcomers relocated to Arizona in pursuit of the jobs available at new, relocated, and reopened businesses. Large employers such as Reynolds Aluminum, Motorola, AiResearch, and others were drawn to Arizona for its climate, low average wages, right-to-work laws, accessibility by air, rail, and

²⁴¹ By 1951, over ninety percent of Arizona homes were equipped with evaporative coolers, air conditioners, or other cooling devices. Automobile ownership doubled between 1945 and 1950. With respect to overall state growth versus growth in specific areas, it is important to note for the sake of context that the bulk of immediate post-war population and economic growth occurred in the Phoenix metropolitan area. The total value of projects for which building permits were issued in Phoenix increased from \$549,255 to \$928,295 from September 1945 to September 1946, while the dollar value of projects for which building permits were issued in Tucson, the second largest city in the state, decreased during the same period from \$202,679 to \$198,454. The rapid expansion of areas such as Phoenix caused Leggett to note, "Just as New York, Chicago and Los Angeles are getting too large and congested to suit many people, we observe that some of our citizens are beginning to complain about Phoenix and Tucson for the same reason. In other words, decentralization is not only a national trend, but may become a local or area trend as well. People looking for elbow room, neighborly living conditions and an opportunity to assist in building the new Main Streets of America will find many such attractive locations in the smaller communities of Arizona." While some may have found the growth of Arizona's urban areas unattractive, these areas, though particularly the Phoenix metropolitan area, claimed the greatest population and economic growth of the period. Leggett to Walter Bimson, January 10, 1945, VNB Collection; Bradford Luckingham, "The American Southwest: An Urban View," *The Western Historical Quarterly* 15 (July 1984): 272. Michael König, "Phoenix in the 1950s: Urban Growth in the 'Sunbelt,'" *Arizona and the West* 24 (Spring 1982): 22; Schweikart, *A History*, 159; *Arizona Progress*, October 1946, 2, VNB Collection.

highway, and, by the late 1940s, an attractive business tax code.²⁴² Valley National leadership sought to capitalize on this growth on a volume basis by pursuing deposits on a retail level, thus expanding its pool of customers to bolster total deposit balances thought to be at risk due to the probability of post-war asset deployment. The sizeable influx of returning service members predicted by Leggett proved vital to the bank's early efforts to drive additional business.

Great thought was given to the economic value of returning servicemen. The potential "incalculable value" of the military personnel serviced at Arizona bases during the war acknowledged by Walter Bimson in his 1945 annual report was paired with the possible impact of other GIs expected to be drawn to post-war Arizona for various reasons, prompting consideration of a vastly different post-war Arizona market. When predicting an eventual Arizona population of 200,000 or more veterans in January 1945, Leggett informed Bimson that discharged service members were then moving to Arizona "at the rate of three non-residents for every former resident," and presented the task of winning over veterans as "one

²⁴² Reynolds Aluminum took over the Phoenix Alcoa facility in 1946, Motorola established a presence in the Phoenix area in 1948, and AiResearch reopened its Phoenix facility in 1951. Tax code changes implemented in the late 1940s involved inventory taxation relief and other business-friendly measures suggested by commercial leaders, the Phoenix Chamber of Commerce, and the Governor's Industrial Development Council, on which Herbert Leggett sat as a member. König, 20-30; Michael S. Wade, *The Bitter Issue: The Right to Work Law in Arizona* (Tucson: Arizona Historical Society, 1976), 82.

of the most important and urgent matters of policy to be taken into consideration for 1945.”²⁴³

Bank efforts to win the business of veterans included the creation of a Veterans Department, or “GI Bank,” in late 1944 or early 1945. Though this division is most often credited with generating loan business, it also undoubtedly served an important promotional function as an outreach program and a bridge to peacetime business relationships with military personnel familiar with the bank through its wartime operations at defense facilities in Tucson, Marana, Kingman, and throughout the Phoenix area.²⁴⁴ Indeed, attracting new clientele through publicity may have been the primary value of the short-lived department, as indicated in the 1946 annual report, which reported that just ten percent of the three thousand clients served by the GI Bank received loans. Rather, the report stated, “the majority of those who come in are seeking information and advice.”²⁴⁵

²⁴³ “President’s Annual Report to the Stockholders,” 1945, 7, VNB Collection; Leggett to Walter Bimson, January 10, 1945, VNB Collection.

²⁴⁴ “President’s Annual Report to the Stockholders,” 1945, 4-5, VNB Collection; Schweikart, *A History*, 109-110.

²⁴⁵ Though frequently cited in works discussing the development of post-war Arizona, the GI Bank was small in size, limited in verifiable results, and possibly in existence only briefly. The department is mentioned in the 1945, 1946, 1947, and 1948 annual reports, but receives no discussion in later reports. The 1947 report indicates underwhelming departmental performance. A January 1946 personnel roster lists the department and includes five dedicated employees, while the annual report issued that same month mentions a staff of seven, and the 1947 annual report places department staff size at ten individuals. No other records of staff size could be located. Perhaps indicative of its relative significance, the department was not included in the list of groups contributing to issues of *Round-Up*, the monthly employee newsletter, though seemingly less important departments such as the mail room and payment processing team received columns for news and gossip updates. No document detailing the date or circumstances of its disbanding could be found. “President’s Annual Report to the Stockholders,” 1945, 4-5, VNB Collection; “President’s Annual Report to the

Thus, the institutional focus on veterans demonstrated through the establishment of this otherwise largely unsuccessful department, combined with past Valley National service to the military community and its status as the largest bank in the state and region, likely served to aid the company in the race for new accounts in the post-war period.

Overall, Valley National registered mixed success in their drive for new deposit accounts and dollars immediately following the war. As reported by Walter Bimson in the 1949 annual report, total deposit dollars rose more quickly than lending volume from the conclusion of the war through 1948. Deposit account unit growth was also rapid, allowing Valley National to claim nearly 150,000 deposit accounts in a state of 200,000 households by the end of 1948, a figure almost fifty percent greater than their account total at the beginning of 1945.²⁴⁶ Consistent with the emerging national trend of increased bank account ownership, as highlighted by nationwide checking account penetration rates increasing from thirty-four percent of households in 1946 to fifty percent in 1956, Valley National sought the business of previously unbanked individuals as part of its growth strategy and drive to increase its deposit base.²⁴⁷

Stockholders," 1946, 4-5, VNB Collection; "President's Annual Report to the Stockholders," 1947, 9, VNB Collection; "President's Annual Report to the Stockholders," January 13, 1948, 3, VNB Collection; "Employees List," January 12, 1946, file 1181, VNB Collection; *Round-Up*, monthly 1946-1957, files 952-960, VNB Collection.

²⁴⁶ "President's Annual Report to the Stockholders," January 11, 1949, 11, VNB Collection.

²⁴⁷ Klebaner, *American Commercial Banking*, 214.

However, the 150,000 account figure touted by Bimson included both checking and savings accounts, and failed to reference important information such as average balances. New checking relationships surged immediately following the war, but quickly reached a plateau, while savings account production increased at a consistent pace from 1944 through 1949. Notably, a drop in average account balances accompanied the sizeable post-war increase in checking account units, which rose in number from 70,646 to 84,216 between 1945 and 1946.²⁴⁸ Average account balances remained relatively stable between 1946 and 1949, as did the number of open checking accounts, indicating a relatively flat demand for such accounts during that period. Though the number of savings accounts held at Valley National grew in a stable manner during this period, the average balance maintained in such accounts dropped from a high of \$867 in 1946 to \$680 in 1949, equating to a decrease of nearly twenty-two percent.²⁴⁹ Were it not for a twenty-five percent increase in government deposits in 1948, year-over-year deposit growth would have been an anemic \$28,183.19 over the 1947 deposit total of \$224,270,570.93, equating to growth of just over one-tenth of a percent as

²⁴⁸ Though both the number of checking accounts held and the total checking deposit balance held at Valley National increased between December 31, 1945 and December 31, 1946, the average balance held dropped from \$1,868 to \$1,746. "President's Annual Report to the Stockholders," 1950, 15, VNB Collection; "President's Annual Report to the Stockholders," 1947, 15, VNB Collection.

²⁴⁹ "President's Annual Report to the Stockholders," 1950, 15, VNB Collection.

opposed to actual recorded growth of two and three-quarters of a percent.²⁵⁰

Decreases in checking, savings, and government deposit totals in 1949 led Valley National to declare its first year of zero deposit growth since Bimson assumed the presidency in 1933, and placed significant restraints on bank dividends and lending capability. Further complicating the matter, national personal consumption rates continued to rise during this period, thus fueling consumer borrowing demand.²⁵¹ Indeed, in the Phoenix market, loan demand “soaked up all available local funds,” as characterized by banking historians Lynne Doti and Larry Schweikart.²⁵²

Given the consistent loan demand of the period, the situation required immediate and sustained attention. By 1948, the need to stockpile capital funds received mention in the Valley National annual report, in which Walter Bimson acknowledged a “very penurious” dividend policy intended to grow the corporate capital fund account. In the same

²⁵⁰ The reason for the sizeable increase in government deposits is not addressed in the 1949 annual report. However, following an increase in certain interest rate categories in late 1947, the federal government periodically supplied additional reserves to the banking system in an effort to ensure overall rate stability. This action may account for the dramatic increase in government deposits recorded in 1948. “President’s Annual Report to the Stockholders,” 1949, 16, VNB Collection; Hickman, 66.

²⁵¹ A slight nationwide economic contraction did occur during the years 1948 and 1949. However, personal income statistics remained relatively stable during this correction period, and personal savings rates increased throughout 1948. Economist Bert Hickman attributed the economic blip to a readjustment of business inventories and construction activities following the surge of 1946-1948. Bank deposit figures were likely impacted by the fact that as incomes remained relatively stable, consumer consumption demand continued to increase, thus drawing down bank balances. “President’s Annual Report to the Stockholders,” 1950, 1, VNB Collection; Hickman, 69-75.

²⁵² Doti, “Financing the Postwar,” 185.

section, Bimson cited a forecasted stabilization in deposit and loan demand, warranting hope that the bank's "capital position would soon become more comfortable."²⁵³ However, 1949 brought increased questions relating to loan volume, capital accounts, and potential institutional risk.

In February 1949, the Deputy Comptroller of the Currency sent a letter informing bank leadership of his concern regarding lending volume and reserves insufficient to cover potential loan losses. In a detailed reply, Bimson outlined the overall fiscal health of the institution and countered specific examples of risk provided in the original letter, though he did write that "a general reduction in loan volume" was a "desirable aim."²⁵⁴ While the amount of loans outstanding at the end of 1949 was considerably lower than the amount of loans outstanding one year prior, the amount of loans made or renewed in 1949 equaled average total deposits held throughout the year, revealing an ongoing struggle to attract deposit business sufficient to comfortably meet lending needs.²⁵⁵ By early 1950, the need for a larger deposit base was dire.

Though the bank capital fund had been pronounced "eminently 'respectable'" given prevailing circumstances in the 1950 annual report, at \$11,320,377.13 in capital funds versus \$224,875,937.36 of deposits, the five percent ratio of capital to deposits remained lower than the pre-war

²⁵³ "President's Annual Report to the Stockholders," 1949, 4, VNB Collection.

²⁵⁴ Walter Bimson to Deputy Comptroller of the Currency J. L. Robertson, February 16, 1949, file 441, VNB Collection.

²⁵⁵ "President's Annual Report to the Stockholders," 1950, 5, 19, VNB Collection.

ratio of 7.2 percent.²⁵⁶ In addition to the limited dividends mentioned by Bimson in the 1948 annual report, growing the capital account balance to a five percent ratio had also required implementing or raising service charges on many accounts and other products, and floating two additional common stock offerings valued at a total of \$2.5 million between 1943 and 1950.²⁵⁷ New divisions such as the foreign department, founded in 1944 to provide international accounts receivable collection, currency exchange services, and letters of credit to firms engaged in cross-border trade, also assisted in growing the capital account balance. The foreign department “built up a substantial volume of earnings” by 1947, and its success through 1949 merited another special mention in the 1950 annual report.²⁵⁸ Nonetheless, generating deposit volume sufficient to meet loan demand remained a troubling issue for the bank.

The need for additional deposits prompted Walter Bimson to include an unprecedented plea for business in the 1950 annual report. Presented as a means of aiding the economic development of the state, Bimson informed readers that, “In order to maintain, and increase, our volume of loans and thus continue to provide the life-blood for a growing

²⁵⁶ The pre-war ratio of 7.2 percent was recorded on December 31, 1940, the final full pre-war year. *Ibid.*, 4.

²⁵⁷ “Schedule of Interest Changes,” July 1, 1933 - June 24, 1970, file 122, VNB Collection; “President’s Annual Report to the Stockholders,” 1949, 3, VNB Collection; “President’s Annual Report to the Stockholders,” 1950, 4, VNB Collection.

²⁵⁸ “President’s Annual Report to the Stockholders,” 1945, 4, VNB Collection; “President’s Annual Report to the Stockholders,” 1948, 7, VNB Collection; “President’s Annual Report to the Stockholders,” 1950, 7, VNB Collection.

Arizona, it goes without saying that we must also continue to enlarge our volume of deposits.” He continued by reminding the reading audience that, “it is to the direct financial advantage of all who live or do business in Arizona to increase their funds on deposit with us.” After announcing a planned ad campaign designed to underscore the large-scale economic significance of banking with the institution through the slogan, “Your Dollars Are Working For You, When Deposited In The Valley National Bank,” Bimson reiterated the importance of banking with Valley National. Imploring, if not pressuring, those reading the report to patronize the bank, he closed the section by stating, “Since this is also a matter of personal interest to stockholders as well as our staff members, both of these groups are urged to participate actively in this campaign.”²⁵⁹ For the marketplace outside of those reading the annual report, the company debuted new mass-market deposit products that year.

²⁵⁹ The plea for additional deposit business found in the 1950 report was repeated in the 1951 report, in which Bimson reminded readers, “We cordially invite, and urge, each stockholder not only to make personal use of the bank’s services, whenever possible, but to ask their friends and relatives to do likewise.” Bimson also used the 1951 annual report as a forum to express his gratitude to businesses that had increased their deposits over the course of 1950. In recognition of this trend, Bimson stated, “In surveying the record results of the past year, I wish to make special mention of the large number of business concerns that have increased their deposit balances with us or in other ways evidenced a greater measure of interest in Arizona’s financial needs. In publicizing Arizona’s growing capital requirements, both long and short term, I am pleased to report that we have reached many receptive ears. Sincere thanks to those who have listened to our story, and especially to those with sufficient foresight to realize the ultimate advantage, to them, of actively contributing to Arizona’s economic development.” “President’s Annual Report to the Stockholders,” 1950, 5-6, VNB Collection; “President’s Annual Report to the Stockholders,” January 16, 1951, 5, 10, file 1031A, VNB Collection.

The bank introduced a “Christmas Club” savings account in 1950. This goal-oriented savings program required customers to make fifty consecutive weeks of deposits in order to reach a stated savings target and receive a one percent bonus.²⁶⁰ Though likely a very low margin product, if not a loss leader, such accounts did generate new deposit activity and provided a reliable supply of funds for a short-term period. The “Special Checking Account” was another low-margin product first offered in 1950. Unique in its lack of service charges and minimum balance requirements, this account was promoted as a product “for persons having a limited need for bank checking accounts,” and a “means of broadening [Valley National’s] scope of service, bringing the safety and convenience of a checking account within the reach of thousands.”²⁶¹ Additional small balance accounts introduced during this period include the “Baby’s Bank Book” passbook savings account offered to new parents, the success of which was featured by passbook printing company John Rosen Advertising Reminders in a 1953 *Banking* advertisement.²⁶² The limited yield potential of products such as the Special Checking Account,

²⁶⁰ “Bank to Offer Savings Plan,” *Arizona Republic*, June 19, 1950.

²⁶¹ “Valley Bank To Start New Checking Plan,” *Arizona Republic*, September 17, 1950.

²⁶² The “Baby’s Bank Book” was a white vinylite clad booklet bearing the Valley National eagle logo. In addition to containing register pages for account activity entries typically found in passbooks, the booklet included prompts for information such as birth weight and height, gifts received at birth, etc. “Help Yourself to New Accounts,” *Banking*, January 1953, 13; “Know any BABIES? Here’s the ideal gift for baby (and parents!),” *Arizona Courier-Journal*, October 28, 1952, 2.

Christmas Club savings account, and Baby's Bank Book account is consistent with Walter Bimson's 1950 annual report description of the value of drawing new deposits.

Explaining,

deposits turn over, on the average, once every month- or twelve times a year. Much of this activity, of course, produces little or no direct income for the bank, being primarily an accommodation or convenience to the residents and businesses of the state. However, the ready flow of money and credit is necessary to the economic health and growth of every community. This, in turn, makes it possible for the bank to operate safely and profitably,²⁶³

Bimson walked stockholders through the necessity of maintaining and growing a healthy deposit base. Operating safely includes maintaining a strong capital fund, a task cited as "a continuous management problem" in the 1951 annual report. Indeed, ensuring a capital fund balance commensurate to the amount of deposits held and loans extended posed a challenge for the bank throughout the subject period. Official word that the "capital position should be reasonably comfortable from this point on" was finally given in early 1954, capping a decade of struggles and limitations.²⁶⁴ Although dire in nature, the challenges faced by the bank

²⁶³ "President's Annual Report to the Stockholders," 1950, 5-6, VNB Collection.

²⁶⁴ "President's Annual Report to the Stockholders," 1951, 4, VNB Collection; "President's Annual Report to the Stockholders," January 19, 1954, 5, file 1031B, VNB Collection.

during this period were masked by the generally positive, albeit somewhat deceptive, production results posted throughout the immediate post-war years.

With the exception of 1949, year-over-year deposit totals increased throughout the subject period. The total number of open accounts grew significantly year-over-year without exception, though new checking account production was inconsistent year-over-year. The average checking account balance recorded throughout the period remained relatively stable, with the end of 1952 average balance of \$1,827 slightly lower than the average end of 1945 balance of \$1,868. After peaking at an \$867 average balance in 1946, average savings account balances dropped considerably, and, with the exception of a slight increase between 1951 and 1952, consistently. By the end of the subject period, the average savings account carried a balance of \$656, a figure twenty-four percent lower than the 1946 high. Thus, while the number of accounts held at Valley National grew from 84,040 on January 1, 1944 to 209,856 on December 31, 1952, the relative value of each account declined throughout the period, reducing the already limited margin potential of most deposit products and hampering bank lending capabilities.²⁶⁵ Therefore, the much-touted growth in deposit account numbers and deposit dollar totals in the immediate post-war period does not represent

²⁶⁵ "President's Annual Report to the Stockholders," January 20, 1953, 13, file 1031A, VNB Collection.

an unmitigated success. As average balances decreased, deposit operations grew less profitable and compelled bank leadership to devote more resources to the solicitation and retention of an increasing number of low-balance accounts. Restrained lending ability further impacted profit potential, and likely influenced the loan product types embraced by the bank during this period.

Loan products consistently contributed more to annual revenues than any other operational category, averaging approximately two-thirds of gross income recorded in each year of the period of study.²⁶⁶ Though constrained by funding limitations, Valley National lending operations grew at a dizzying pace in the immediate post-war years, quickly outpacing the volume and return of significant wartime lending to the federal government. By the end of 1945, Arizona banks held a total of \$202.1 million in government securities, an increase of 1,200 percent from the 1939 total.²⁶⁷ Of this total, Valley National held \$103,019,285, a figure more than twice as large as all other loan categories combined. Within the span of one year, the gulf between government security holdings and dollars extended for all other loan types shrank dramatically, with government loan totals decreasing to \$93,122,054 compared to consumer and corporate lending activity increasing from \$48,585,429.21 to \$78,351,199.28. By the end of 1947, other lending category volume

²⁶⁶ "President's Annual Report to the Stockholders," 1954, 16, VNB Collection.

²⁶⁷ Schweikart, *A History*, 108.

totalled \$108,818,488.93, surpassing government security holdings totaling \$66,949,550. The 1948 annual report attributed the reduction in government debt holdings to increasing statewide loan demand.²⁶⁸ Initially, a large percentage of the loans issued with funds formerly dedicated to government securities were government agency-backed mortgages, thus continuing a Valley National practice originating in the mid-1930s.²⁶⁹

²⁶⁸ “President’s Annual Report to the Stockholders,” 1946, 8-9, VNB Collection; “President’s Annual Report to the Stockholders,” 1947, 11-12, VNB Collection; “President’s Annual Report to the Stockholders,” 1948, 3, VNB Collection.

²⁶⁹ Prior to Executive Order 11063 (November 20, 1962), the Equal Credit Opportunity Act of 1974, as amended in 1976, and the Community Reinvestment Act of 1977, financial institutions issued loans without laws explicitly mandating equitable treatment for all applicants and communities. Accordingly, questions relating to subject period Valley National mortgagor demographics and whether the bank or individuals in its employ engaged in discriminatory lending practices are important, though such questions prove difficult, if not impossible, to answer definitively. In the Phoenix market, as well as many others across the nation, minorities seeking to purchase homes and vacant land encountered resistance from home sellers and real estate agents attempting to prevent non-Anglos from acquiring property in predominantly Anglo neighborhoods. Although the United States Supreme Court ruling in *Shelley v. Kraemer*, 334 U.S. 1 (1948) prohibited racially restrictive covenants, many Phoenix homeowners and real estate agents remained steadfast in their opposition to allowing minority buyers to enter Anglo neighborhoods for years to come. This “de facto segregation” of post-war Phoenix is chronicled in Bradford Luckingham’s *Phoenix and Minorities in Phoenix*, Matthew Whitaker’s *Race Work*, and two ethnic property historic context reports issued by the Phoenix Historic Preservation Office titled *Hispanic Historic Property Survey* and *African American Historic Property Survey*. Local banks are alleged to have been complicit in the effort to maintain existing geographic racial divisions as a result of perceived bias in their real estate lending operations. Refusing to issue loans to borrowers residing in areas known to have significant minority populations was common throughout the United States before, during, and after the period of study. Popularly known as redlining, the practice is described by *Crabgrass Frontier* author Kenneth Jackson as “the arbitrary decisions of government and private financial institutions not to lend in certain neighborhoods because of general characteristics of the neighborhood rather than of the particular property to be mortgaged.” Many scholars attribute the institutionalization of racially discriminatory lending practices to the federal Home Owners’ Loan Corporation and its appraisal maps issued in the 1930s and 1940s. These maps, which were used by many lending institutions as tools to determine the value of proposed mortgage collateral, assigned different areas within a city letter grades ranging from A to D based upon factors including the presence of minority residents. The Phoenix appraisal map characterized neighborhoods with significant minority populations as “hazardous areas,” thus establishing or reinforcing a perception of areas such as south Phoenix being unworthy of bank attention. Unfortunately, very few subject period Valley National loan records exist, thus limiting the possibility of making a determination as to whether the

Though known for liberal lending policies, as judged by number of loans issued and dollar value of said loans, a key plank of Valley National post-war lending strategy relied upon conservative, government-backed loan programs. Throughout the war, the bank carried a large number of Federal Housing Administration-guaranteed real estate loans. This lending

institution engaged in discriminatory lending practices. The select group of loan records held in the VNB Collection does not pertain to mortgage lending. Rather, the collection houses a listing of a small number of loans to large commercial firms and several dozen records relating to loans made to Tolleson-area farmers. While a review of records filed with Arizona county recorders would reveal who received mortgages from Valley National, such a search would not provide information related to mortgage applications denied by the bank. As such, the specifics of who did not receive loans from the bank during the period of study may be lost to history, thereby posing serious challenges to a researcher seeking to ascertain whether the institution or individual bank employees engaged in redlining. However, regardless of what can be determined based upon information contained in remaining records, it is undeniable that subject period loan applicants who possessed the means to live in Anglo neighborhoods but were unable to do so because of discriminatory attitudes or practices on the part of bankers, real estate agents, government agencies, or others were victims of discrimination. Accordingly, the question of whether subject period Valley National mortgage lending programs were inherently discriminatory is an important issue, if one that may never be fully addressed due to a paucity of sources. U.S. Department of Housing and Urban Development, "Executive Order 11063 – HUD," U.S. Department of Housing and Urban Development, http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/EXO11063 (accessed September 30, 2011); Oliver G. Wood, Jr., *Commercial Banking: Practice and Policy* (New York: D. Van Nostrand Company, 1978), 238; Schweikart, *Encyclopedia*, 64; Bob Bolin, Sara Grineski, and Timothy Collins, "The Geography of Despair: Environmental Racism and the Making of South Phoenix, Arizona, USA," *Human Ecology Review* 12, No. 2 (2005): 158-165; Luckingham, *Phoenix*, 168-176; Bradford Luckingham, *Minorities in Phoenix: A Profile of Mexican American, Chinese American and African American Communities in Phoenix, 1860-1992* (Tucson: University of Arizona Press, 1994), 47-48, 166-167; Matthew Whitaker, *Race Work: The Rise of the Civil Rights Movement in the Urban West* (Lincoln: University of Nebraska Press, 2005), 101-112, 204; David R. Dean and Jean A. Reynolds, *Hispanic Historic Property Survey* (Phoenix: City of Phoenix Historic Preservation Office, 2006), 70-76; David R. Dean and Jean A. Reynolds, *African American Historic Property Survey* (Phoenix: City of Phoenix Historic Preservation Office, 2004), 33-42; Kenneth T. Jackson, *Crabgrass Frontier: The Suburbanization of the United States* (New York: Oxford University Press, 1985), 195-203, 362n26; C. Lowell Harriss, *History and Policies of the Home Owners' Loan Corporation* (New York: National Bureau of Economic Research, 1951), 2; Ira J. Goldstein, "Methods for Identifying Lenders for Investigation Under the Fair Housing Act," in *Mortgage Lending, Racial Discrimination, and Federal Policy*, ed. John Goering and Ron Wienk (Washington, D.C.: The Urban Institute Press, 1996), 506-509; David Listokin and Stephen Casey, *Mortgage Lending and Race: Conceptual and Analytical Perspectives of the Urban Financing Problem* (Rutgers, N.J.: Rutgers University Center for Urban Policy Research, 1980), 3-4; Amy E. Hillier, "Redlining and the Home Owners' Loan Corporation" (PhD diss., University of Pennsylvania, 2001), 79-98.

category accounted for ninety-three percent of outstanding Valley National real estate loans in 1942, and over ninety-five percent of outstanding real estate loans in 1944.²⁷⁰ Authorized by the National Housing Act of 1934, FHA-insured new construction mortgages, or Title II loans, were attainable and affordable for customers, and a relatively secure product category for financial institutions. This type of loan required a minimum borrower down payment of twenty percent and offered a twenty-year amortization term, which was an unusually lengthy repayment period at that time.²⁷¹ Once disbursed, lending institutions could sell FHA-backed loans on the secondary market to the federal Reconstruction Finance Corporation Mortgage Corporation (RFCMC) or the Federal National Mortgage Association (Fannie Mae), thus further limiting risk and allowing for new loan origination. FHA-insured loans could also be marketed to private firms on the secondary market, though that marketplace expanded and contracted in response to prevailing economic conditions more swiftly than the government agency marketplace.²⁷² Following passage of the GI Bill, Veterans Administration-insured mortgages, or VA loans, added to the mix of government-backed products offered by lenders.

²⁷⁰ “President’s Annual Report to the Stockholders,” January 12, 1943, 10, file 1030A, VNB Collection; “President’s Annual Report to the Stockholders,” 1945, 10, VNB Collection.

²⁷¹ Kristen C. Pumo, “The Home Builders Association of Central Arizona and the FHA: Phoenix Residential Housing Construction, 1920-1970” (master’s thesis, Arizona State University, 2002), 28.

²⁷² Saulnier, 57, 81.

VA loans were issued with a fifty percent government guaranty to a maximum amount of \$4,000, a four percent interest rate, twenty-five amortization terms, and a more liberal loan-to-value ratio than FHA loans.²⁷³ The favorable borrowing terms associated with this loan product generated strong initial interest. In the 1945 annual report, Walter Bimson cited the fact that “applicants are coming in daily asking for the accommodations they are told are available to them under this legislation” as evidence of the potential demand for VA loans, though he acknowledged that lending volume was likely to be low until Congress reworked specific provisions of the program.²⁷⁴ This prediction proved correct both nationally and locally as VA loans accounted for only three percent of mortgages issued nationwide in 1945, and just over one percent of mortgages held by the bank at the end of that year.²⁷⁵ However, Valley National VA loan production spiked in 1946 and 1947, rising from \$99,633.85 in 1945 to \$8,974,599.33 in 1947.²⁷⁶ This volume increase, however, was to be short-lived.

²⁷³ Department of Veterans Affairs, “Legislative History of VA Loans;” McMillan, 101; Saulnier, 81, 195.

²⁷⁴ Congress did rework the program in 1945, upping the maximum guarantee amount to \$4,000 from the \$2,000 figure allowed in the 1944 legislation, extending the amortization period from twenty to twenty-five years, and increasing the original two year window of product availability to ten years. “President’s Annual Report to the Stockholders,” 1945, 4-5, VNB Collection; Department of Veterans Affairs, “Legislative History of VA Loans;” McMillan, 101.

²⁷⁵ “President’s Annual Report to the Stockholders,” 1946, 9, VNB Collection.

²⁷⁶ “President’s Annual Report to the Stockholders,” 1948, 20, VNB Collection.

The RFCMC was dissolved in June of 1947, eliminating the federal agency secondary market for VA loans until Fannie Mae began purchasing such loans on July 1, 1948.²⁷⁷ The resulting absence of a reliable secondary market slowed VA loan origination. During the same period, interest rates on conventional mortgage products increased to a level higher than the maximum legal VA loan rate of four percent, further hampering VA loan availability as many banks opted to pursue higher margin lending opportunities.²⁷⁸ Both factors likely served to limit the potential of this promising government-backed product.

Accordingly, after a rapid and significant increase of \$8,965,060, or nearly 9,000 percent, in outstanding VA loan totals between the end of 1945 and the end of 1948, Valley National year-end outstanding VA loan totals dropped each remaining year of the subject period, with the exception of 1951. This trend is inconsistent with total outstanding real estate loan figures reported by the bank, which increased every year from 1944 to 1953.²⁷⁹ The 1948 annual report marks the last mention of the GI Bank found in the corporate archives, indicating that both the GI department and the institutional emphasis on VA loans may have been dropped due to interest rate concerns, secondary market difficulties, or a

²⁷⁷ Saulnier, 81.

²⁷⁸ Hickman, 67.

²⁷⁹ "President's Annual Report to the Stockholders," 1954, 19, VNB Collection.

combination of the aforementioned reasons.²⁸⁰ However, the decline in VA loan volume does not indicate an overall decline in loan demand on the part of veterans and other clients. Instead, true to Leggett's wartime predictions regarding peacetime lending volume, people could and did borrow vast sums in the immediate postwar years.

As was the case nationwide, much of this lending volume involved federally insured mortgage products. Overall, the amount of government-backed lending programs increased in volume from 2.2 percent of national gross domestic product in 1945 to 3.8 percent of gross domestic product in 1953. The resulting impact of federal loan programs on the national housing market was significant. During the subject period, approximately forty percent of all new single and double family home construction nationwide was financed by FHA or VA loans. This figure was likely much greater in communities such as Phoenix and Tucson as metropolitan areas recorded higher percentages of government-backed loan usage than smaller towns, which tended to demonstrate a preference for conventional mortgages.²⁸¹ Markets such as Phoenix provided ample potential for mortgage lending. Between 1940 and 1950, the number of housing units in Maricopa County alone rose from 54,358 to 108,162, an increase of ninety-nine percent.²⁸² In order to meet the borrowing needs of

²⁸⁰ "President's Annual Report to the Stockholders," 1948, 3, VNB Collection.

²⁸¹ Klebaner, *American Commercial Banking*, 245; Saulnier, 52, 55.

²⁸² Pumo, 48.

the newcomers purchasing these homes, Valley National management embraced the stability of FHA loans.

Bank leaders trumpeted the high ratio of relatively safe government-backed loans carried by the institution in annual reports and external correspondence regarding corporate strategy and share valuation. In a 1953 letter to Connecticut investment analyst Arthur W. Frank, Jr., Walter Bimson explained, “Practically the only real estate loans made by our bank are FHA insured loans. These loans have two distinct advantages. They are more readily saleable than conventional loans and they are classified by the examiners as non-risk loans.”²⁸³ By the end of the subject period, the bank’s emphasis on FHA loans was clear as such loans accounted for seventy-four percent of all outstanding real estate loans, though true FHA loan volume was likely significantly higher as the bank sold an average of fifty percent of FHA loans issued annually on the secondary market.²⁸⁴ However, as a result of competitive forces and regulatory restraints, Valley National likely issued far fewer FHA loans than desired given the salability and security of this loan type.

Regulatory lending ratios such as the federal requirement that real estate loans not exceed sixty percent of time deposits held by an institution limited loan production by restraining capacity throughout the

²⁸³ Walter Bimson to Arthur W. Frank, Jr., August 17, 1953, file 442, VNB Collection.

²⁸⁴ Outstanding FHA loans totaled \$24,975,012 versus a total outstanding real estate loan balance of \$33,696,873 on December 31, 1953. “President’s Annual Report to the Stockholders,” 1954, 19, VNB Collection.

period of study. Acknowledging such challenges in the 1953 annual report, Walter Bimson informed shareholders that a significant portion of mortgage loans issued by the bank had been sold “to out-of-state investors in order to keep within legal loaning limits.” Efforts to cap outstanding loan amounts also included a 1949 effort at lending restraint discussed in a letter between Walter Bimson and Frank, in which Bimson stated the bank “purposely restricted new loans” in order to reduce its loans to deposits ratio, as outstanding loans equaled fifty-two percent of total deposits held at the end of 1948. This ratio exceeded the fifty percent goal mentioned by Bimson in the 1950 annual report.²⁸⁵ However, even if generating deposit volume and capital account balances sufficient to meet all loan demands did not present an issue, growing competition from other commercial banks and new entities executing more efficient business models alone likely would have hamstrung Valley National lending operations.

In the immediate post-war years, the First National Bank of Arizona and the Bank of Douglas both expanded aggressively, with First National growing throughout the state and the Bank of Douglas focusing on the Phoenix area. The Phoenix presence of the Bank of Douglas posed a particular competitive challenge in the largest market in Arizona as that

²⁸⁵ In the sentence following the announcement of mortgage sales to out-of-state investors, the practice of selling loans was presented as a means of aiding the state, as, “By this process, we are instrumental in obtaining substantial amounts of long term capital from outside sources to assist in the development of our state.” Doti, “Financing the Postwar,” 187; “President’s Annual Report to the Stockholders,” 1953, 5-6, VNB Collection; W. Bimson to Frank, August 17, 1953, VNB Collection; “President’s Annual Report to the Stockholders,” 1950, 5, VNB Collection.

institution held a state charter as opposed to a national charter. This charter status allowed that bank more liberal lending allowances than those permitted for nationally chartered banks such as Valley National.²⁸⁶ Savings and loans also sought a share of the Arizona mortgage market, though their impact was rather nominal. Two savings and loans were in operation in Phoenix in 1946, with the number increasing to five by 1953. Combined, these institutions provided \$23 million of mortgages in 1953. This aggregate amount is less than the same year mortgage holdings of the A. B. Robbs Agencies, a Valley National competitor using a new and innovative business model to generate significant mortgage loan totals during this period.²⁸⁷

This new model had been foreseen by Herbert Leggett as early as 1945, when he cautioned Walter Bimson, “insurance companies are getting more and more into the banking business.”²⁸⁸ In the 1954 annual report, Walter Bimson informed shareholders that “savings banks and insurance companies in New York and New England” had been purchasing Valley National mortgage loans on the secondary market since at least the late 1930s.²⁸⁹ One of these East Coast insurance firms gained

²⁸⁶ By the late 1940s, the Bank of Douglas moved their headquarters to Phoenix, thus bolstering their presence in the financial capital of the state. Schweikart, *A History*, 117-119; Doti, “Financing the Postwar,” 184-185.

²⁸⁷ Doti, “Financing the Postwar,” 184-185.

²⁸⁸ Leggett to W. Bimson, April 16, 1945, file 509, VNB Collection.

²⁸⁹ “President’s Annual Report to the Stockholders,” 1954, 3, VNB Collection.

a direct conduit to the Arizona mortgage market in the immediate post-war years, thus changing the local mortgage landscape.

In 1947, insurance provider National Life of Vermont designated Phoenix insurance broker A. B. Robbs, Jr. its Arizona correspondent, granting him authority to broker National Life-funded mortgage loans to local borrowers through the A. B. Robbs Agencies. This business arrangement provided National Life direct access to the booming Arizona mortgage market. As Robbs' company closed loans funded with outside capital and was not chartered as a bank, it did not need to seek depositors or comply with required capital account ratios, allowing for minimal startup and operational expenses and ensuring a healthy margin on each transaction brokered. In exchange for processing and closing mortgages, the firm received a two percent origination fee from borrowers, a one-time fee of three percent of loan proceeds on VA loans or four percent on FHA loans, and an annual fee of one-half of a percent of loan value for servicing the loans. Additional revenue was generated through a joint venture company aimed at meeting borrowers' insurance needs.²⁹⁰ This lucrative structure operated efficiently and effectively for the Robbs Agencies and National Life.

²⁹⁰ The A. B. Robbs Agencies began operating under the name A. B. Robbs Trust Company in 1958. The firm opened Continental National Bank, a commercial banking endeavor, in 1964. Doti, *Banking in the American West*, 159; Schweikart, *That Quality Image*, 1-9, 11; Doti "Financing the Postwar," 179.

Between 1947 and 1950, the Robbs Agencies originated and serviced more than \$12 million in mortgages on behalf of National Life.²⁹¹ Though a small amount compared to the volume posted by Valley National, the differing business models likely ensured Robbs a far higher margin on each transaction. By 1950, Robbs Agencies gained an FHA charter, allowing it to act independently of National Life and locate additional sources of loan funding. Institutions working with Robbs eventually grew to include sizeable East Coast insurance firms such as Travelers, John Hancock, and Paul Revere, as well as many New York-based banks.²⁹² Robbs Agencies business was likely aided by a long-strained relationship between Phoenix homebuilders and the “abrasive and opinionated” lead Valley National loan officer.²⁹³ Indeed, even longtime Valley National client Del Webb, a bank board member from 1951 onward, obtained financing through the Robbs Agencies.²⁹⁴ By the end of 1953, Robbs serviced over \$30 million of mortgages for secondary market investors, though the amount sold through that date is likely much larger.²⁹⁵ Given the profitability, volume potential, and relative ease of

²⁹¹ Doti, *Banking in the American West*, 159.

²⁹² Schweikart, *That Quality Image*, 5-6.

²⁹³ *Ibid.*, 6; Doti, “Financing the Postwar,” 182.

²⁹⁴ Larry Schweikart, “Financing the Urban Frontier: Entrepreneurial Creativity and Western Cities, 1945-1975,” *Urban Studies* 26 (1): 180.

²⁹⁵ Many questions exist regarding the actual volume of loan production at the A. B. Robbs Agencies. Throughout the subject period, the Robbs firm was privately held, with Robbs, Jr. and his parents A. B. Robbs, Sr. and Beulah Robbs sharing ownership through 1952, and Robbs, Jr. gaining one-hundred percent ownership in 1953. As a

result, the company was not required to produce an annual report for public distribution, thus precluding future researchers from reviewing most annual performance data from this period. The issue of limited documentation is compounded by the fact that the company is no longer in existence, having been purchased by JPMorgan Chase in 1987. Larry Schweikart's book entitled *That Quality Image: The History of Continental Bank* does provide information relating to the activities of the company in the late 1940s and early 1950s. However, this information does not substitute for the detail found in most annual reports. The primary unanswered question is one of volume and ranking. Sources such as Schweikart's chapter entitled "A Record of Revitalization: Financial Leadership in Phoenix" found in G. Wesley Johnson's *Phoenix in the Twentieth Century: Essays in Community History* cite Robbs as the leading mortgage lender in Arizona by 1953. Specifically, Schweikart writes: "in 1953 [Robbs] had 30 million dollars' worth of mortgages and had long surpassed mighty Valley Bank as the leading mortgage lender in the state." A 1989 *Pacific Historical Review* article co-authored by Schweikart and Lynne Pierson Doti claims, "in 1953 the Robbs Company alone loaned \$30 million." However, the information is presented slightly differently in *That Quality Image*, which reads: "By 1953 these secondary market sources had purchased over \$30,000,000 worth of mortgages," seemingly indicating that the total value of all mortgages purchased from Robbs through 1953 totaled \$30 million. This information is presented in a passage discussing secondary market investors secured by Robbs after obtaining an FHA charter in 1950. Thus, it is possible that this figure refers to the value of loans funded from 1950 through 1953. However, the \$30 million figure may also be derived from a table of outstanding Robbs Agencies loan values as of December 31, 1953 copied from the A. B. Robbs ledger and included in *That Quality Image*. On this table, National Life of Vermont is listed as owning \$2,798,776.64 in outstanding mortgages. However, between 1947 and 1950, Robbs originated over \$12,000,000 in mortgage loans on behalf on National Life. Therefore, given the lengthy amortization terms of FHA and VA loans, this figure may represent the amount sold to National Life by Robbs after obtaining a charter in 1950, or the amount of loans closed for National Life in 1953, but is unlikely to represent the total value of outstanding loans closed for National Life since 1947. If ranking is to be based on outstanding balances as of the end of 1953, Valley National triumphs over Robbs with \$33,099,623 in real estate loans outstanding. When including Valley National originated-loans sold on the secondary market but still serviced by the bank, by the end of 1953, Valley National was servicing \$73,286,039 worth of real estate loans. It is important to note that the Robbs business model called for all loans to be sold, thereby avoiding holding any notes in the company portfolio. If Robbs did, in fact, originate \$30 million worth of loans in 1953, they may have bested Valley National. In the 1954 annual report, Walter Bimson announced the sale of \$14,462,000 worth of mortgages over the course of 1953, and stated, "Since we started making FHA loans seventeen years ago, we have disposed of approximately 50% of our loans in this way." If the \$14,462,000 figure represents half of all real estate loans issued in 1953, then the full amount issued that year totaled \$28,924,000, or over \$1 million less than the \$30 million cited for Robbs. However, if Bimson was referring solely to the percentage of FHA loans sold on the secondary market, and not the percentage of *all* real estate loans sold, it is possible that Valley National produced more than Robbs. Schweikart, *That Quality Image*, 3-9; "Chase to Buy Arizona Bank," *New York Times*, October 18, 1985; Schweikart, "A Record of Revitalization," 133; Doti, "Financing the Postwar," 185; "President's Annual Report to the Stockholders," 1954, 3, VNB Collection.

operation associated with this business model, outfits such as the Robbs Agencies posed a clear threat to the lending divisions of large commercial banks such as Valley National.

FHA loans, though low risk, required a long-term capital commitment when retained in bank portfolios and offered relatively small margins due to low average rates and government insurance premium costs. Although Valley National recorded few losses associated with FHA loans, ongoing loan funding challenges, relatively low rates of return compared to other lending products, a 1949 real estate market plateau, and increased competition from other banks and non-banks such as the Robbs Agencies ultimately reduced the appeal and volume of such loans. This decreased emphasis on FHA loans was consistent with an industry wide decline in real estate lending of all types, resulting in banks being outpaced by other mortgage providers after 1950.²⁹⁶ Nationwide, banks even limited participation in the government-backed mortgage programs once coveted for their stability and salability. Between 1946 and 1965, the banking industry share of such loans declined from thirty-seven percent to twelve and one-half percent.²⁹⁷ Faced with numerous real estate loan-related challenges, overall Valley National mortgage lending leveled off by the end of the subject period, with the amount of outstanding real estate loans carried by Valley National declining from \$37,505,058 to

²⁹⁶ Doti, "Financing the Postwar," 187-188.

²⁹⁷ Klebaner, *American Commercial Banking*, 205.

\$33,696,873 between the end of 1951 and the end of 1953.²⁹⁸ Competitive challenges of a different nature frustrated Valley National commercial lending efforts during the immediate post-war period.

With the exception of agricultural loans, which remained a strong segment of bank business throughout the immediate post-war period, business lending was constrained by both capital limitations and, to a more limited degree, direct loan programs offered to businesses by federal agencies.²⁹⁹ The Reconstruction Finance Corporation (RFC) was the primary federal agency in competition with banks for business loans during this period.³⁰⁰ Created in 1932 primarily to aid banks struggling with bad assets, the RFC was granted expanded lending authority throughout the 1930s and 1940s in order to meet the needs of essential war-related

²⁹⁸ "President's Annual Report to the Stockholders," 1954, 19, VNB Collection.

²⁹⁹ Actual Valley National agricultural loan volume is unavailable for most years as only the outstanding dollar amount as of year-end was typically included in annual reports of the period. However, by the end of 1953, the outstanding value of agricultural loans, including loans on livestock, crops, farm commodities, farm machinery, and other loans to farmers and ranchers, totaled \$24,952,594.53, or 18.7 percent of all outstanding VNB loans. Outstanding installment loan value totaled \$46,201,438.85, total outstanding real estate loans held in the bank portfolio totaled \$33,696,872.81, and outstanding commercial loan balances totaled \$22,887,550.39. The fifth lending category, collateral loans secured by stocks, bonds, government securities, and other such assets, totaled just \$5,361,165.99. By nature, agricultural loans were relatively short-term products, with crop loans typically due upon harvest and livestock loans often maturing within one year. In 1953, Walter Bimson advised investment analyst Arthur Frank, Jr. that Arizona farming had likely reached capacity as land was becoming limited and water supply challenges constrained further development. Nonetheless, agriculture remained an important component of the state economy throughout the subject period. Even in booming Maricopa County, agriculture accounted for the largest sector of the local economy until 1955. "President's Annual Report to the Stockholders," 1954, 19, VNB Collection; Walter Bimson to Frank, August 17, 1953, VNB Collection; McCoy, 254.

³⁰⁰ The Reconstruction Finance Corporation, Federal Reserve Banks, and the Export-Import Bank all made direct loans to businesses during this period. The RFC lent funds at the highest volume, followed by the Export-Import Bank, then the Federal Reserve Banks. Saulnier, 70-71.

industries.³⁰¹ Though many direct loans issued by the RFC may not have been approved by commercial banks due to credit risk factors, RFC interest rates often averaged below commercial banking rates, thereby enticing even businesses with strong financials to seek RFC funding. The RFC did offer loan guaranty programs, though the low interest rates and two percent bank premium associated with such loans likely limited their appeal and use.³⁰² In general, direct government lending, though particularly the RFC program, was wildly unpopular within the banking community.

Many bankers, including Bimson, viewed the RFC and other government agencies running direct lending programs as improperly competing with private sector banking enterprises. Given the favorable borrowing terms associated with such programs, their offerings undoubtedly presented a significant challenge to commercial bank business lending operations, though the true impact is debatable. Nonetheless, the furor of the banking community and others concerned about perceived governmental interference in the private market eventually led to action at the federal level. Congressional committees investigated alleged improprieties at the RFC, and President Truman appointed Walter Bimson to the Department of Commerce Small Business Advisory Board, which discussed alternatives to the programs then in

³⁰¹ Ibid., 189, 421-423.

³⁰² Ibid., 71-74.

operation. A plan drafted by the group that came to be known nationally as the “Bimson Plan” eventually served as the framework for the Small Business Administration, which succeeded the RFC in late 1953.³⁰³

³⁰³ By the late 1940s, several members of Congress expressed concerns relating to government competition with private lenders. Allegations that the RFC issued loans to business associates of agency insiders, as well as to non-essential businesses such as night clubs, movie theaters, casinos, and a snake farm led Senator J. William Fulbright of Arkansas to initiate an investigation. The resulting report, entitled “Favoritism and Influence,” was regarded by many as the death knell for the beleaguered agency. Bimson served as the only banker on the twenty-three member Small Business Advisory Board. The report issued by this body presented both the RFC and the Federal Reserve Banks industrial loan programs unfavorably, citing inefficiency and other issues. Indeed, the body concluded, “many borrowers refuse to subject themselves to the ordeal of trying to get a loan from either agency,” though the banking industry clearly felt the competition of these agencies sufficient to object to their continued operation. Bimson assisted in drafting the Small Business Act of 1950, sometimes known as the Bimson Plan, which would have created a federal business loan insurance program in place of widespread direct lending. Various versions of the plan would have insured between ninety to ninety-five percent of eligible loans, capped at a maximum institutional coverage of ten percent of all such loans. Banks would have paid a maximum coverage premium of one and one-half percent. A component of the bill likely as appealing to bankers as the concept of government-insured versus direct loans was the provision allowing banks and insurance companies to form joint investment concerns not subject to Federal Reserve oversight. If allowed, this measure would have allowed banks to circumvent the capital issues that severely limited their lending ability during this period. Reaction in the banking community was mixed. Though many supported the idea of limiting direct government lending, others questioned the need for any government involvement. In a 1950 *Changing Times* (now *Kiplinger's Personal Finance*) article entitled “Bankers Going Socialist, Too?,” Louisville Trust Company president Earl Muir warned that government lending- both direct loans and loan guaranties- “appears to be another foundation stone in the building of a socialist state.” In the same issue, Everett D. Reese, president of the Park National Bank of Ohio, opined, “Where there is a potential profit, there should be a potential loss,” concluding, “I do believe that private industry and banking can work together and accomplish more than they will be able to if the government continues its expansion into business.” The Small Business Act of 1950 (S. 3625) did not become law. Following its defeat, Bimson expressed his belief that the ideas in the bill “aroused considerable opposition, not because they were ineffective or unsound, but because they involved the use of a government agency and government money to get them started.” He then suggested that banks and insurance firms work together to provide insured loans to businesses, which he viewed as an alternative to government involvement altogether. The Small Business Act of 1953 (P.L. 83-163), which incorporated many of the provisions found in the 1950 plan, did become law, having been signed by President Truman on July 30, 1953. This act abolished the RFC and created the Small Business Administration (SBA), which is still in operation today. RFC lending authority expired on September 28, 1953. SBA lending began slowly, with only \$5,000,000 in loans outstanding by mid-1954. During the hearings for the 1953 bill, representatives of the American Bankers Association testified in opposition to the creation of a new agency, but in support of abolishing the RFC. Saulnier, 218, 400, 425-426; Parris, 14, 21, 25; “U.S. Insured Loans Small Lines’ Aim,” *New York Times*, December 7, 1949, 49; Schweikart, *A History*, 123; Walter Bimson, “A

However, it is unlikely that federal direct lending programs posed the level of threat indicated by many in the banking industry. While RFC loan terms were difficult to match, post-war capital challenges, salability concerns, and product profitability considerations also likely factored into the volume of business loans provided by banks such as Valley National.

RFC loans tended to be larger than business loans issued by commercial banks. In 1946, the average commercial bank business loan totaled \$27,000, though the majority such loans were far smaller. RFC loans issued between 1935 and 1951 averaged \$70,000, and industrial loans issued by the Federal Reserve Banks averaged \$175,000 through 1950.³⁰⁴ By early 1945, most commercial loans carried on Valley National books had been issued to small businesses. At that time, the bank was “actively soliciting loans to small businesses, for reconversion and other

Plan for Aiding Small Business: Condensation of Proposal to Small Business Advisory Committee of the Department of Commerce and Presented to the Joint Committee on the Economic Report,” *Northwestern Banker*, February 1950, 16-17, 54-55; Senate Committee on Banking and Currency, *Small Business Act of 1950: Hearings on S. 529, S. 2943, S. 2947, S. 2975, S. 3386, and S. 3625, Bills to Make Capital and Credit Available for Financing Small Business, Part 1*, 91st Cong., 2nd sess., 1950, 55; Herbert E. Dougall, “Government Financial Aid to Small Business: Summary and Conclusions,” *Journal of Finance* 6 (June 1951): 158-159; “Small Business Loans, Government Insured: The Idea is Gaining Ground,” *Changing Times*, April 1950, 29; “Bimson Plan for Business Aid Explained,” *Arizona Republic*, March 3, 1950; Walter Bimson, “Small Business Loan Insurance Plan Would Aid Bank Earnings,” *American Banker*, December 16, 1949; “Bimson-Miller Loan Plan Put to Congress,” *Arizona Republic*, December 7, 1949; “Bimson Loan Plan Draws Split Reaction,” *Phoenix Gazette*, May 6, 1950; Earl R. Muir, “Bankers Going Socialist, Too?,” *Changing Times*, June 1950, 25; Everett D. Reese, “Banks and Small Business,” *Changing Times*, June 1950, 48; Klebaner, *American Commercial Banking*, 198; “Bimson Urges Plan for Small Business,” *Phoenix Gazette*, October 6, 1950; George F. Break, *Federal Lending and Economic Stability* (Washington, DC: Brookings Institution, 1965), 91-92.

³⁰⁴ Saulnier, 71.

purposes, now, as well as in the [post] war period.”³⁰⁵ Demand for such loans was anticipated to be significant following the war. During the war years, many one-man businesses closed as a result of material restrictions or the owner being called to war, allowing for tremendous peacetime opportunities in fields lacking strong competition. Business failure statistics further underscore post-war small enterprise prospects. By 1944, business failures were exceedingly rare, averaging approximately one hundred per month nationwide. This figure indicates that restrictions on materials and consumption ensured that primarily essential industries remained in operation at that point, leaving significant opportunities for post-war entrepreneurs and bankers.³⁰⁶ However, while Valley National was quick to capitalize on business lending opportunities in the years immediately following the war, commercial loan volume and relative significance soon declined.

The bank ended 1944 with \$7,434,737.59 worth of outstanding business loans. By the end of 1945, the amount of business loans outstanding increased to \$13,262,580.71. In addition to extending credit directly to businesses, the bank also participated to a limited degree in state and regional banking credit pools designed to meet large or

³⁰⁵ “President’s Annual Report to the Stockholders,” 1945, 4, VNB Collection.

³⁰⁶ Saulnier, 173-174; “Credit Conditions,” May 7, 1945, file 509, VNB Collection.

potentially risky commercial credit requests.³⁰⁷ Outstanding Valley National business loans reached a subject period high of \$33,269,516.43 by December 1948, then dropped by nearly one-third the following year. Though some recovery was made in 1950, dollar volume remained in the low to mid-\$20 million range through 1953. As a percentage of total loan dollars outstanding, Valley National commercial lending decreased in relative significance from a subject period high of 36.7 percent of all loans held by the institution at the end of 1946 to 15.9 percent by the beginning of 1953. However, national figures reflect a net increase in bank credit to businesses for each year but 1949.³⁰⁸ Thus, it seems likely that the funding limitations plaguing Valley National during this period impacted not only mortgage lending ability, but also business lending capacity.

³⁰⁷ The American Bankers Association put forth the idea of bank-run business credit pools in 1944 as a goal of its Post-War Credit Commission for Small Business. Leggett viewed such pools as an opportunity for the banking industry to maintain a strong lending presence in the face of government and insurance firm competition. Beginning in 1945, Valley National participated in a \$1,000,000 credit pool run by Arizona banks, and contributed \$1,000,000 to a Pacific region pool. Such pools were widespread immediately following the war, with forty-eight regional pools offering \$670 million in financing by early 1946. "Post-War Credit Commission for Small Business," *Banking*, May 1944, 21; Leggett to Walter Bimson, April 16, 1945, VNB Collection; "President's Annual Report to the Stockholders," 1945, 4, VNB Collection; Saulnier, 217.

³⁰⁸ Percentage of total outstanding loan dollars figures obtained from "Loans as of..." tables printed in the 1945 and 1946 VNB annual reports, and the "Distribution of Loans" tables printed in the 1947-1953 VNB annual reports. "President's Annual Report to the Stockholders," 1945, 10, VNB Collection; "President's Annual Report to the Stockholders," 1946, 9, VNB Collection; "President's Annual Report to the Stockholders," 1947, 12, VNB Collection; "President's Annual Report to the Stockholders," 1948, 10, VNB Collection; "President's Annual Report to the Stockholders," 1949, 15, VNB Collection; "President's Annual Report to the Stockholders," 1950, 12, VNB Collection; "President's Annual Report to the Stockholders," 1951, 12, VNB Collection; "President's Annual Report to the Stockholders," January 15, 1952, 21, file 1031A, VNB Collection; "President's Annual Report to the Stockholders," 1953, 21, VNB Collection. National bank credit information taken from "Corporate Business" line of "Table 33- Bank Credit, A. Annual changes, in billions of dollars" found in *Flow of Funds*, 188.

Given the general increase in business lending nationwide and the stated desire of Bimson and Leggett to pursue small business loans, the plateau in dollar amounts outstanding and the decline in category significance when measured in percentage terms appears illogical. However, if viewed through the context of prioritization of limited lending capacity, the trend is rational. Faced with competition from government direct lending programs, a lack of secondary market buyers for commercial loans, and limited amounts of capital available to fulfill all manners of loan requests, Valley National commercial lending arguably presented a greater challenge than residential lending. However, lending was and is an essential component of bank profitability. Deposit operations, in addition to being the “convenience to the residents and businesses of the state” described by Bimson in the 1950 annual report, existed to fund bank loan and investment programs.³⁰⁹ As subject period commercial bank revenue and profitability were driven primarily by lending operations, identifying and executing a practicable lending strategy was essential. In the case of Valley National, this strategy relied on a product first offered by the bank in the mid-1930s.

Valley National had offered installment loans, or short-term extensions of credit granted at relatively high rates to low-to-middle income borrowers for the purchase of consumer goods or other needs

³⁰⁹ “President’s Annual Report to the Stockholders,” 1950, 5, VNB Collection.

since 1936.³¹⁰ The bank also extended installment credit to small businessmen and farmers seeking to purchase equipment or cover other business expenses.³¹¹ Compared to government-backed mortgage rates in the range of four to five percent throughout the subject period, the eight percent installment loan rate allowed by Arizona law provided a higher yielding option for the limited funds available for lending operations in the immediate post-war years.³¹² Thus, the continuation of installment lending operations provided the bank an appealing means of generating significant revenue through a high demand, comparatively low dollar loan product issued with relatively short maturity periods, thus ensuring greater flexibility for limited lending funds than longer term loan products.

In the same 1944 memo to Walter Bimson in which he pronounced post-war loan predictions to be “grossly underestimated by most ‘authorities,’” Leggett issued an optimistic prediction relating to Valley National installment lending volume. Citing an increased money supply,

³¹⁰ The term installment loan technically refers to any loan repaid over a pre-determined length of time through regular principal and interest payments. As such, purchase mortgages may be referred to as installment loans. For the purposes of this project, the term is used to refer to loans offered through the VNB Installment Loan Department, which included FHA Title I home improvement loans secured by previously purchased residences, automobile loans, and other installment loans, which could be secured or unsecured. Purchase money mortgages and mortgage refinances are not considered installment loans for the purpose of this study as these loans types were offered through a different VNB channel. Carl Bimson, *Transformation*, 21.

³¹¹ The bulk of VNB installment loans were made to individuals, but the flexibility of the product allowed for its use across lines of business. Walter Bimson acknowledged this in the 1953 annual report, in which he said, “While most of these loans are to individuals, this department also extends credit to many small businesses and assists in the financing of farm and industrial equipment.” “President’s Annual Report to the Stockholders,” 1953, 6, VNB Collection.

³¹² Schweikart, *A History*, 106.

historically low interest rates, and his perception that, “People have a lot of ‘wants’,” Leggett called for a possible tripling of installment lending between the beginning of 1944 and the end of 1946. His prediction was borne out by market demand, which resulted in a 1946 installment loan year-end total of \$10,968,137, or more than triple the December 31, 1943 outstanding total of \$2,860,202.08.³¹³

Both individual consumers and entrepreneurs sought installment loans, with young newlywed couples of the period likely using installment financing to purchase durable goods and other household items, and small business owners relying upon installment lending to acquire the tools and equipment necessary for business success.³¹⁴ Indeed, as declared by Walter Bimson in the 1950 annual report, short-term installment lending, which was “usefully serving the great mass of people with modest incomes, [had] become almost an institution in the American scheme of living.”³¹⁵ This “institution,” embraced by Valley National prior to adoption by most other commercial banks, was a clear opportunity for the company in the post-war period. In a time when the long-term, capital intense, relatively low return nature of mortgage and commercial loans

³¹³ Leggett predicted that installment lending totals may reach \$10,000,000 by the end of 1946, as opposed to the December 31, 1943 total of \$2,860,202.08. In the memo, Leggett erroneously cited the 1943 year-end total as \$2,600,000. “President’s Annual Report to the Stockholders,” 1945, 18, VNB Collection; “RE: THE OUTLOOK FOR BANK LOANS,” September 9, 1944, VNB Collection.

³¹⁴ Hickman, 250-251; “President’s Annual Report to the Stockholders,” 1953, 6, VNB Collection.

³¹⁵ “President’s Annual Report to the Stockholders,” 1950, 6, VNB Collection.

challenged the viability of such products, the short-term, high return nature of the installment lending market presented an appeal to profit-minded Valley National executives. Further adding to the appeal of this loan category was its protected nature, ensuring limited competition for the bank.

Through at least July 1952, Arizona was one of just three states that had not liberalized the original terms of the Uniform Small Loan Law of 1916, meaning that consumer finance companies operating in the state could not lend more than \$300 per borrower, though commercial banks were allowed to do so.³¹⁶ In the period between 1916 and 1953, inflationary pressures had reduced the purchasing power of \$300 by nearly sixty percent, thus requiring a minimum legal limit of \$735 just to maintain parity with the original value of the 1916 consumer finance company loan cap.³¹⁷ This outdated law alone likely directed post-war borrowers to Valley National and other commercial banks given the reduced economic impact of consumer finance company loans. By the end of 1952, the average amount of a Valley National installment loan exceeded \$688, or more than twice the maximum allowable loan amount

³¹⁶ Clyde William Phelps, "Consumer Finance Company Charges: II," *Journal of Marketing* 17 (July 1952): 36.

³¹⁷ Difference in purchasing power obtained through use of the U.S. Department of Labor Bureau of Labor Statistics online CPI Inflation Calculator. Calculation run: \$300 in 1916 has the same purchasing power as X in 1953. Bureau of Labor Statistics, "Inflation Calculator: Bureau of Labor Statistics," Bureau of Labor Statistics, http://www.bls.gov/data/inflation_calculator.htm (accessed July 31, 2011).

of a finance company operating in Arizona, but less than state-mandated \$1,000 cap on commercial bank installment loans.³¹⁸

Installment lending, particularly that of Valley National, has been credited with providing the financing for an eighty percent increase in statewide air conditioning unit sales between 1940 and 1951, as well as the rapidly increasing car ownership rates recorded during the period.³¹⁹ In addition to the large demand for installment loans to be used for the purchase of such products, the installment lending category held value as a relatively recession-proof area of operations. During the post-war period, as is the case during all eras, the national economy expanded and contracted, impacting disposable personal income and the purchase of services and durable and nondurable goods. However, despite fluctuating economic indicators throughout the subject period, Valley National installment lending increased in both dollar amount of new loans issued and dollar amount of loans outstanding at year-end for each full year of the period of study.³²⁰ In addition to strong demand, installment loans also

³¹⁸ Valley National issued 105,323 installment loans in 1952 totaling \$72,526,200. Total amount divided by number of loans equals \$688.607426677. "President's Annual Report to the Stockholders," 1953, 18, VNB Collection; Schweikart, *A History*, 106.

³¹⁹ Schweikart, *A History*, 115, 159.

³²⁰ The amount of new installment loans issued grew consistently from a total of \$7,032,189 in 1944 to \$72,526,200 in 1952, the last full year of the study. The amount of new installment credit issued in 1953 dropped to \$70,042,641, marking the first such decline of the post-war period. The amount of year-end outstanding installment credit also increased consistently in the post-war years, from \$2,860,202 on December 31, 1943 to \$44,552,461 at the end of 1952. Though 1953 installment lending activity decreased, the dollar value of installment loans outstanding at the end of year increased from the 1952 year-end total, reaching \$46,201,439. Hickman, 24-25, 260; "President's Annual Report to the Stockholders," 1954, 20, VNB Collection.

offered the bank stability and profitability as a result of short contract terms, low average default rates, and yields higher than those available through government-secured mortgage or commercial lending options.

The contract term of Valley National installment loans averaged just seven months, permitting for greater flexibility in adjusting loan volume to capital availability than longer-term mortgage or commercial loans.³²¹ This short principal repayment period also helped to protect the bank from rate spread risk, as short-term installment loans were more likely to return a rate of interest comparable to prevailing market conditions, whereas extended term fixed-rate loans entailed the potential for lost revenue should the bank find itself in an increasing rate environment. Despite a customer base of modest means and contract collateral far more difficult to seize than real estate, Valley National installment loan losses remained exceedingly low throughout the subject period. Indeed, during the 1940s, the bank lost just thirteen one-hundredths of a percent on installment lending, while the loss rate from the beginning of the program through 1952 was just one-eighth of one percent.³²² Bimson attributed the low delinquency rates to a rigorous applicant appraisal process, stating, “The soundness of these appraisals is indicated by the very low rate of delinquency on the part of our customers and the negligible amount of

³²¹ “President’s Annual Report to the Stockholders,” 1953, 6, VNB Collection.

³²² “VOLUME OF LOANS AND LOSSES,” ca. 1950, file 496, VNB Collection; “President’s Annual Report to the Stockholders,” 1953, 6, VNB Collection.

losses experienced by this department.”³²³ Though the rates of default through the 1940s exceeded the three ten-thousandths of one percent rate of loss associated with real estate loans during that period, the higher rates assessed for installment loans likely compensated for the increased risk profile of this loan type.³²⁴

By nature, installment lending is a higher risk activity than financing real estate or commercial equipment. In addition to lacking government guaranties for all installment products but FHA-insured Title I home improvement loans, the collateral used to secure installment contracts other than automobile loans is often small and easily concealable. As such, the possibility of full or partial reimbursement of bad debt through repossession is often negligible. Additionally, the more pressing financial circumstances of many installment loan borrowers further complicates the overall risk equation. Accordingly, installment loan rates are typically higher than rates offered on more stable loan categories. Though no records of installment lending rates assessed by Valley National or other commercial banks during the period of study have been located, several historical sources citing the more costly nature of commercial bank installment loan products during this period do verify the higher rate

³²³ “President’s Annual Report to the Stockholders,” 1948, 4, VNB Collection.

³²⁴ “VOLUME OF LOANS AND LOSSES,” ca. 1950, VNB Collection.

structure of such loans.³²⁵ In addition to higher interest rates, installment loans issued for automobile purchases and other consumer activities aside from FHA Title I-related home repairs did not require bank payment of an annual insurance premium to a federal loan insurance fund, thus further increasing installment lending profit margins. As a result, installment loans were the preferred method of revenue generation for the bank during the subject period. The short-term nature of the loan category made installment lending a viable practice as it allowed the bank flexibility with regard to available capital and protected the institution from long-term interest rate risk. Though a low-dollar, high-volume product category, such loans were also high margin offerings, further incenting the bank to aggressively pursue installment lending. This loan type, used to fuel economic growth through consumer spending on durable and nondurable goods, was also the most attainable and accessible loan product offered through the bank, making it an appealing option to customers seeking to purchase goods and services in the booming post-war economy, and

³²⁵ Arizona law allowed for a maximum rate of eight percent, but no VNB Collection sources document the actual installment lending rates offered during the subject period. Issues of *Federal Reserve Charts on Bank Credit, Money Rates, and Business* and the *Federal Reserve Bulletin* from the subject period also lack documentation of installment loan rates offered by commercial banks. Generally, such rates are unavailable for years prior to 1972, when truth-in-lending laws required bank disclosure of such rates. Chapman, 50; Sidney Homer and Richard Sylla, *A History of Interest Rates* (New Brunswick, NJ: Rutgers University Press, 1996), 426. For information regarding the higher rates of return on commercial bank installment loans of the period, see Reavis Cox, *The Economics of Instalment Buying* (New York: Ronald Press Company, 1948), 310, 345-346; Homer, 424-428; Chapman, 22-23, 37, 166-171, 188-189; Marshall, 36; Wallace P. Mors, "Commercial Banks and Competitive Trends in Consumer Instalment Financing," *The Journal of Business of the University of Chicago* 21 (July 1948): 133-167.

further solidifying its importance as a key plank in an ongoing drive to grow Valley National market share, revenue, and profitability.

Overall, the institutional focus on driving growth across performance metrics during the immediate post-war years required a strong retail orientation in order to increase deposit account numbers and balances as a key step in meeting community borrowing needs. Though the goal of attaining account unit and balance growth was achieved, this accomplishment required an increasing level of work and a decreased margin on deposit account operations as low balance account types were offered as a means of generating the deposit volume necessary to fund an overwhelming volume of loan requests. Given the struggle to raise deposit levels sufficient to those required to meet the credit needs of the growing market, the immediate post-war years cannot be regarded as entirely successful for the bank from the standpoint of deposit and loan operations.

Though deposit volume, loan volume, revenue, and net profits generally increased throughout the subject period, shortcomings in attracting new deposit dollars at a pace equivalent to community loan demand undoubtedly limited the growth and profitability of the institution by negatively impacting lending capabilities. Further, the institution was hampered by regulatory restraints and both public and private competition. FHA and VA loans, both stable albeit relatively low yield products, required long-term capital commitments and a deposit volume greater

than that found at Valley National during the late 1940s and early 1950s. With the advent of savings and loans, established commercial banks from elsewhere in the state entering the Phoenix market, and loan brokers such as A. B. Robbs, Jr. funneling East Coast insurance company funds into the residential loan market to issue mortgages free of commercial bank deposit requirements, the potential of such products was severely limited. While agricultural loans remained an important component of Valley National lending operations throughout the period, their absolute and relative value declined by the mid-1950s, consistent with Walter Bimson's 1953 appraisal of the future of Arizona agriculture.

Business lending proved challenging for the institution due to governmental competition and an inability to fulfill large-dollar loan requests. Although Bimson worked to lay the legal foundation for more limited direct government lending and greater commercial bank business lending through proposed government loan guaranty programs, the impact of this effort was not realized during the period of study. Thus, the installment loan program initiated by Carl Bimson in 1936 proved critical to the success and growth of the institution in the immediate post-war years. This high volume, low dollar, short term loan category returned generous profits and allowed the bank to maintain and build upon its standing as the largest bank in the state and region by providing the funds necessary to pursue an aggressive branching and acquisition campaign designed to

further solidify the status and profitability of Valley National during the subject period and in the years to follow.

CHAPTER 5

GROWING WITH THE STATE: BRANCHING AND ACQUISITION AS A MEANS OF EXPANDING MARKET SHARE

Given Arizona's terrific post-war economic and population booms, Valley National leaders needed to grow the bank's geographic footprint in concert with their efforts to aggressively promote the institution and draw in new borrowers and depositors through market-appropriate product offerings. Only by expanding to meet the needs of a growing customer base could company management hope to maintain and grow their position as the dominant financial institution in the state. Ranked as the largest bank in Arizona since 1934 and the largest bank in the Rocky Mountain West as of 1945, Valley National appeared secure in its position within the state financial landscape. However, in 1932, the institution had surrendered the top ranking to a competitor as the result of a trying economy.³²⁶

Though post-war economic prospects appeared far more promising than the calamitous years of the early 1930s, during the period of rapid growth following World War II, the bank was susceptible to losing market share to competitors, whether newly established or deep-rooted. Indeed, at the close of the war, only four banking offices existed within Phoenix

³²⁶ The Valley Bank and Trust purchased Consolidated National on November 21, 1934. However, the Office of the Comptroller of the Currency had not approved the sale by the time the transaction was completed. The institutions officially merged following Valley National's receipt of a national charter on February 11, 1935. Schweikart, *A History*, 102; Gutowsky, *Arizona Banking*, 20; Hopkins, 239-244.

city limits while just two operated within Tucson proper. Of these six locations, only two were Valley National branches; one in Phoenix and one in Tucson.³²⁷ In such an environment, a failure to keep up with growing demand for banking centers could stunt institutional growth and present tremendous opportunities to competitors. Arizona's liberal bank branching laws and surging post-war population growth only compounded such opportunity, thereby creating potential for competitors to open new branches, expand their footprint, and capture market share.

Arizona banking statutes allowed for branching so long as the applicant institution met minimum capital requirements and the new location would be of "public convenience and advantage."³²⁸ In addition to permissive branching standards, Arizona banks benefitted from a post-war population surge that led to an underserved market, as measured by state population per bank office. In 1946, Arizona averaged 14,518 residents per branch, far surpassing the nationwide average of 8,949 residents per bank office in states permitting branching.³²⁹ This relatively open competitive landscape prompted Valley National rivals such as the First National Bank of Arizona and the Bank of Douglas to expand aggressively in an attempt to grow market share.

³²⁷ "President's Annual Report to the Stockholders," 1952, 6, VNB Collection.

³²⁸ Butt, 2, 25.

³²⁹ Marshall, 30.

First National, owned by multi-state bank holding company Transamerica, had been the second largest bank in Arizona since the mid-1930s. As early as 1937, the institution boasted two offices in Phoenix proper.³³⁰ Backed by the significant resources and connections of Bank of America-affiliated Transamerica, the bank posed a significant competitive threat to Valley National.

Formerly limited in operation to Southern Arizona, the Frank Brophy-owned Bank of Douglas expanded into the lucrative Phoenix market in 1945. This move proved highly beneficial for the bank, which grew its deposits from \$15,000,000 to \$25,000,000 within the span of two years. Given the fact that statewide deposit growth for all banks increased by just twenty-five percent between 1945 and 1950, it is clear that the Bank of Douglas had zeroed in on the epicenter of Arizona's post-war growth. A rapid growth of population and commerce allowed the bank to open an office at Central and Camelback Avenues in the then far northern reaches of Phoenix in 1947. The company relocated its headquarters from Douglas to Phoenix in 1948, further demonstrating its commitment to the booming capital city.³³¹

³³⁰ Multi-state bank holding company Transamerica was established in 1928 by Bank of America founder A. P. Giannini. The corporation served as a holding company through which Giannini controlled Bank of America, the First National Bank of Arizona, and forty-five other institutions throughout California, Oregon, Washington, and Nevada acquired through 1948. Federal Reserve Bank of San Francisco, *Investigation*, 66; Doti, *Banking in the American West*, 171-172; Phil C. Neal, "The Clayton Act and the Transamerica Case," *Stanford Law Review* 5 (February 1953): 180, 191-192.

³³¹ The Phoenix location selected for the relocated Bank of Douglas headquarters was 44 West Monroe, less than one block from Valley National's main office in the

While Valley National deposits increased every year of the subject period with the exception of 1949, its overall market share displayed a general, albeit slight, downward trend due to growing competition in its key market.³³² In addition to the strong focus on promotion and product development demonstrated by bank leaders during this period, the clear remedy to this dilution of market share was geographic expansion. This expansion to meet the needs of a growing population and economy, whether accomplished by branching, acquisition, or both, was critical to retaining and growing the bank's industry ranking, institutional profitability, and shareholder value.

Valley National leaders strongly embraced the idea of expansion, and placed particular emphasis on the importance of branching. According to Walter Bimson, branching brought value and stability to the bank and the state economy by incorporating "diversification and flexibility of operation" into the company business model. Continuing, Bimson stated, "Each of our offices, no matter how small, has behind it the rather considerable resources of our entire system. A small local bank in a small community can seldom provide the variety of services, the specialized

Professional Building. The building that housed the Bank of Douglas headquarters has since been demolished, and a new high-rise apartment tower named 44 Monroe has been erected in its place. The Bank of Douglas changed its name to The Arizona Bank on July 15, 1959. Hait, 126-128, 133, 138, 141, 183-184; Federal Reserve Bank of San Francisco, *Investigation*, 7, 54; Gutowsky, *Arizona Banking*, 22; J. Craig Anderson, "Downtown Phoenix condos to be converted into apartments," *Arizona Republic*, January 4, 2011, <http://www.azcentral.com/business/realestate/articles/2011/01/04/20110104-downtown-phoenix-condos-converted-into-apartments-44-monroe.html> (accessed September 12, 2011).

³³² Federal Reserve Bank of San Francisco, *Investigation*, 50.

information or the loaning capacity that a larger organization like ours does.” Emphasizing the value of branching to state economies, he stressed that the seven states experiencing the greatest levels of post-war growth also allowed for full or partial branch banking.³³³ Purdue University economics professor Rollin Thomas echoed Bimson’s branching claims in *Modern Banking*, a 1946 text in which he highlighted diversification of risk, standardization of interest rates, and greater accessibility to banking services when measured by the size of local populations served by each branch. Addressing branching concerns, Thomas pointed out higher staff turnover rates, a funneling of funds away from rural communities in favor of larger markets, and market dominance issues as potential downsides of branch banking, though he deemphasized his list of potential drawbacks as “hardly sufficient to constitute a serious criticism of branch banking.”³³⁴ Valley National leadership clearly perceived branching as a means of bringing value to both the institution and the community, as demonstrated by Bimson’s defense of the practice. However, the bank faced serious hurdles in its attempt to expand through branching.

Expansion by means of *de novo* offices can result in opportunities for deposit and loan growth, greater institutional name recognition, and

³³³ Regarding state growth and branch banking, Bimson said, “it is more than coincidence, in our opinion, that six of the seven states which lead the nation in growth are branch banking states, while the seventh (Florida) has a type of chain banking possessing some of the same advantages.” “President’s Annual Report to the Stockholders,” 1951, 9, VNB Collection.

³³⁴ Rollin G. Thomas, *Modern Banking* (New York: Prentice Hall, Inc., 1946), 401-404.

retention or growth of market share. However, expansion into developing areas can result in delayed returns due to an inadequate customer base and the possibility of real estate and installment loan demand exceeding deposit volume in such communities. Given the existing regulatory challenges relating to Valley National loan-to-deposit ratios, such expansion was unlikely to have been viewed favorably by bank regulators. Furthermore, as leaders of a nationally-chartered institution subject to the branching regulations of the Federal Reserve Bank, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, Valley National management contended with hurdles not encountered by all competitors.³³⁵ As an example, the rapidly growing Bank of Douglas operated under more accommodating state mandated reserve requirements and was not subject to the branching approval processes of the Office of the Comptroller of the Currency or the Federal Reserve Bank, of which it was not a member.³³⁶ As a bank holding a national charter

³³⁵ When established in 1913, the Federal Reserve did not permit member banks holding national charters to branch in states allowing the practice, though it did allow member banks holding state charters to do so. This restriction was lifted following passage of the Banking Act of 1933. The Office of the Comptroller of the Currency had allowed national banks to branch where allowed by state law since 1927. The Banking Act of 1935 enabled Federal Deposit Insurance Corporation-insured banks to branch where legally permissible under state law. Ross M. Robertson, *The Comptroller and Bank Supervision: A Historical Appraisal* (Washington, D.C.: Office of the Comptroller of the Currency, 1968), 104-105; Butt, 2.

³³⁶ The Office of the Comptroller of the Currency oversees banks holding a national charter. State-chartered banks apply for new branches through their state banking supervisor. The Federal Reserve required member institutions to maintain twelve percent of demand deposits and five percent of time deposits as reserves. These funds were required to be held as vault cash or on deposit with the Federal Reserve. Non-Federal Reserve member banks holding an Arizona charter were required to hold just ten percent of demand deposits and four percent of time deposits in reserves, which could be

issued by the Office of the Comptroller of the Currency, a membership in the Federal Reserve System, and a Federal Deposit Insurance Corporation insurance certificate, Valley National was subject to oversight and branching approval from all three federal supervisory agencies. Though the Federal Reserve raised questions regarding Valley National lending practices during the immediate post-war era, the longstanding resistance to widespread branching held by the Comptroller's office would prove to be the greatest hindrance to Valley National *de novo* expansion in the years following World War II.³³⁷

Competitor acquisition served as an alternative to addressing post-war business needs through *de novo* expansion alone. Given the many potential barriers to organic growth faced by the institution, this business strategy received much consideration from bank management. By acquiring or merging with competitor institutions, Valley National would instantaneously increase its market share, gain pre-existing banking offices, and boost deposit figures.³³⁸ However, the rewards associated with

held as vault cash or deposited with a correspondent bank. The lower reserve requirements arguably presented a competitive advantage for state-chartered institutions as regulations encumbered smaller percentages of overall deposits, and likely explains why all state-chartered banks but Southern Arizona Bank chose to forgo Federal Reserve membership during this period. Major B. Foster, Raymond Rodgers, Jules I. Bogen, and Marcus Nadler, *Money and Banking* (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1953), 309; Robertson, 132; Marshall, 23; Bridenstine, 253-254.

³³⁷ Office of the Comptroller of the Currency, *Office of the Comptroller of the Currency: A Short History* (Washington, D.C.: Office of the Comptroller of the Currency, 2011), 15; "The Comptroller's Policies on Branch Banks: 'Unwise, Unneeded Branch Growth Can Only Lead to Grave Future Problems'," 1952, 7, file 1151, VNB Collection; Walter Bimson to Carl Hayden, February 13, 1951, file 496, VNB Collection.

³³⁸ Marshall, 11.

this practice are often accompanied by a troubling set of risks. In addition to the inherent risks of acquiring an under-vetted loan portfolio or attempting to rebrand a well-known and long-established competitor firm, Valley National also had to consider possible antitrust issues. The threat of regulatory action relating to limiting market competitiveness likely loomed large in the minds of bank leaders as they followed the travails of Transamerica, which faced regulatory scrutiny resulting from questions of acquisition-related market control during this period.³³⁹ Nonetheless, in the

³³⁹ In 1945, the Federal Reserve attempted to persuade the Department of Justice to file suit against Transamerica for violations of antitrust laws, though Attorney General Thomas Clark declined to do so. In 1948, at which time Transamerica owned twenty-three percent of Bank of America and majority interests in forty-six other banks, the Federal Reserve formally charged the company with antitrust law violations. This process resulted in an April 1, 1952 Federal Reserve Board determination that Transamerica had violated Section 7 of the Clayton Antitrust Act of 1914, which deals with holding companies. The Board instructed Transamerica to engage in a divestiture of all bank holdings aside from Bank of America as interlocking directorates and other factors ensured a continuing influence in the operations of that bank. However, by the time the decision was rendered, Transamerica owned just 5.8 percent of Bank of America stock, which Transamerica subsequently sold in October of 1952. On May 27, 1952, Transamerica filed an appeal in the federal Court of Appeals for the Third Circuit. This case, titled *Transamerica v. Board of Governors*, 206 F.2d 163 (3rd Cir. 1953), resulted in a ruling in favor of Transamerica as the judges determined that the acquisitions made by the company had not resulted in a lessening of competition, among other findings. Following this decision, Transamerica resumed acquiring competitor institutions throughout the Western United States. VNB Collection documents reveal that Walter Bimson and other Valley National executives monitored the Transamerica proceedings very closely, as evidenced by related news clippings, incoming correspondence from colleagues, and a copy of the recommended Federal Reserve Board decision prepared on June 13, 1951 and received in Bimson's office on June 23, 1951. Valley National leadership likely found the case to be of interest given their past and potential future acquisitions, as well as the fact that Transamerica attorneys alleged that Valley National engaged in anticompetitive behavior that was overlooked by government regulators as a result of continued Reconstruction Finance Company preferred stock holdings in the institution. Doti, *Banking in the American West*, 171-172; Neal, 180, 191-192; "Transamerica Sells Rest of Bank Shares," *New York Times*, October 21, 1952; Federal Reserve Bank of San Francisco, *Investigation*, 303-304; Walter Oppenheim to Eugene S. Lee, February 9, 1949, file 441, VNB Collection; "United States of America Before the Board of Governors of the Federal Reserve System," June 13, 1951, file 1150, VNB Collection; "Discrimination Charged by Transamerica Counsel," *Los Angeles Times*, February 9, 1949; "Hearing Snag Met by Transamerica," *New York Times*, February 9, 1949.

years of growth following the war, Valley National management recognized the need to expand its office network in order to maintain and grow market share and other key metrics. Accordingly, during the subject period, Valley National aggressively pursued an expansionary strategy involving both *de novo* branches and competitor acquisitions.

The bank branched to the extent allowed by regulators, with a particular emphasis on the greater Phoenix area, where nine of the thirteen subject period *de novo* branches were opened.³⁴⁰ Though some of these branches served then-existing residential areas, many location decisions were farsighted bets based upon predicted geographic growth patterns and population trends. As Valley National management eventually encountered difficulties in expanding through *de novo* offices, the company also worked to maintain and grow market share through competitor acquisition. Immediately following the war, the corporation purchased the First National Bank of Nogales (1945) and the First National Bank of Winslow (1946), both of which operated outside of existing Valley National markets.³⁴¹ However, in what would prove to be the boldest move made by bank leaders during the period of study, Valley National acquired a non-majority interest in the Bank of Douglas, a direct

³⁴⁰ The term “greater Phoenix area” is intended to mean areas then within Phoenix city limits, since annexed by Phoenix, or cities now generally understood to be within the “Valley of the Sun.” Including the 1946 branch in Wickenburg, ten of the thirteen *de novo* locations were located in Maricopa County. The three remaining branches were located in Tucson. Branch List, March 6, 1959, VNB Collection.

³⁴¹ “President’s Annual Report to the Stockholders,” 1946, 3, VNB Collection; “President’s Annual Report to the Stockholders,” 1947, 8, VNB Collection.

and rapidly growing competitor, in 1952.³⁴² Though likely to result in unwanted regulatory attention, this purchase did allow Valley National to greatly increase its control, albeit indirectly, of the Arizona banking market. Altogether, the branching and acquisition efforts employed by the bank during the immediate post-war years did serve to maintain and grow its deposit base, lending opportunities, profitability, and industry ranking throughout the subject period and beyond. Its non-majority ownership of rival Bank of Douglas increased its overall market share and served as an effective tool to maintain its lead over the First National Bank of Arizona, the Transamerica-owned longtime second-largest bank in the state.³⁴³ Thus, while costly and damaging regulatory action related to its acquisition activities would emerge following the period of study, during the immediate post-war years, branching and acquisition served as the most measurably effective component of the three pronged Valley National business strategy comprised of marketing, market-appropriate product offerings, and geographic expansion.

The expansion component of this three-pronged strategy commenced rather modestly. Responding to the needs of Goodyear Tire and Rubber Company employees, as well as farmers in the small southwestern Maricopa County communities of Avondale, Cashion,

³⁴² "VNB Employee Fund Buys Bank of Douglas Stock," *Phoenix Gazette*, March 11, 1952; Federal Reserve Bank of San Francisco, *Investigation*, 320.

³⁴³ Federal Reserve Bank of San Francisco, *Investigation*, 66.

Coldwater, Perryville, and Tolleson, the bank opened its first new branch since 1937 in Litchfield Park on December 18, 1944.³⁴⁴ The siting of branches in existing underserved communities outside of growing metropolitan areas was continued with the opening of *de novo* offices in Wickenburg and Tolleson on April 29 and November 1, 1946, respectively.³⁴⁵ It is likely that the Litchfield Park, Wickenburg, and Tolleson offices were catch-up facilities as Depression-era spending constraints and wartime material restrictions may have limited expansion to these communities when first warranted. The fact that the Litchfield Park office was opened in a building provided by the Goodyear Tire and Rubber Company, the Wickenburg branch was opened in a remodeled saloon, and the Tolleson facility was opened in a surplus Quonset hut reinforces the probability of material shortages impacting bank growth.³⁴⁶ The utilization of previously constructed buildings continued with the 1946 opening of a second Phoenix location in an old house.

³⁴⁴ Though the bank established wartime “banking facilities” at Davis-Monthan and Marana Army Air Fields in the Tucson area, the Kingman Gunnery School, and Williams Field in southeastern Maricopa County “at the request of the War Department,” these offices were not counted as branches in Valley National records. The extent of services offered at these locations is unknown, though it is likely that these facilities conducted only basic transactions. “President’s Annual Report to the Stockholders,” 1945, 3, 7, VNB Collection.

³⁴⁵ Wickenburg, a town in northwestern Maricopa County, was and is outside of the Phoenix metropolitan area. Tolleson, though now on the western edge of the Phoenix metro area, was then described as a community ten miles west of Phoenix. Branch List, March 6, 1959, VNB Collection; “President’s Annual Report to the Stockholders,” 1947, 8, VNB Collection.

³⁴⁶ “President’s Annual Report to the Stockholders,” 1945, 3, VNB Collection; Hopkins, ill. following 264; “President’s Annual Report to the Stockholders,” 1947, 8, VNB Collection.

Established in a repurposed house on the northwest corner of First and Willetta Streets, the new Phoenix branch demonstrated a move away from downtown as the commercial core, and also highlighted the ability of bank planners to adapt to shifting population and commerce trends. Characterized as the “first ‘neighborhood’ bank in the City of Phoenix” in the 1947 annual report, the Willetta office was opened in advance of a northward development pattern that would unfold over the coming decade, though the downtown presence of the bank was bolstered in 1947 with a new office in the Security Building.³⁴⁷ Addressing the new strategy of placing branches in formerly outlying areas in his January 1947 message to shareholders, Walter Bimson stated,

Metropolitan Phoenix, with an estimated population of better than 175,000, appears to be entering an era of decentralization, and it is likely that other outlying offices will prove desirable as time goes on. With more than 60,000 deposit accounts in the Home Office and with downtown parking getting steadily worse, we are keenly aware of the need for additional bank facilities in Phoenix.³⁴⁸

Accordingly, future expansions were based upon population growth and commercial development predictions.

The bank opened an office in the growing community of Sunnyslope on November 1, 1948. Though this area has long since been annexed by Phoenix, the town was then described as being a town some eight miles north of the Professional Building. However, it was cited as

³⁴⁷ “President’s Annual Report to the Stockholders,” 1947, 8, VNB Collection; Branch List, March 6, 1959, VNB Collection.

³⁴⁸ “President’s Annual Report to the Stockholders,” 1947, 8, VNB Collection.

“the fastest growing residential community in Arizona, with a population already estimated at about 8,000,” thus justifying this otherwise potentially questionable expansion.³⁴⁹ Less than two months after the Sunnyslope dedication, the bank opened a branch west of downtown Phoenix at 1820 West Van Buren Street. This expansion, intended to “provide a great convenience to the industrial and business firms in the western section of the city as well as to the government departments and residential population of that area,” underscored the newfound institutional commitment to growth in the rapidly decentralizing capital city.³⁵⁰ The following year brought a permanent banking center to Williams Air Force Base and a second Tucson office. The Tucson branch, housed in rented quarters near the University of Arizona campus, demonstrated further commitment to the idea of preserving and growing market share through geographic expansion as it was the first Valley National office opened in the Tucson market since the 1934 acquisition of Consolidated National.³⁵¹

³⁴⁹ Sunnyslope was annexed by the City of Phoenix in 1959, eleven years after the bank opened its first office in the area. The 1948 office was established in rented quarters, followed by a newly-built replacement on August 11, 1952. “President’s Annual Report to the Stockholders,” 1949, 7, VNB Collection; König, 32; Branch List, March 6, 1959, VNB Collection.

³⁵⁰ The West Van Buren branch opened on December 20, 1948. “Opening Today, Monday, December 20, 1948,” *Arizona Republic*, December 20, 1948; Branch List, March 6, 1959, VNB Collection; “President’s Annual Report to the Stockholders,” 1949, 7, VNB Collection.

³⁵¹ The new Williams Air Force Base office was listed in bank records as a branch. As such, the bank assigned it a branch number and recorded its initial date of operations on branch lists maintained by the company, thus differentiating it from whatever manner of temporary facility the bank maintained on the base during the war at the behest of defense authorities. The 1949 Tucson branch, located at 812 N. Tyndall Avenue, was opened in a rented space near the University of Arizona campus. However,

This strategy was pursued most aggressively in 1951, when the bank opened three *de novo* branches in the Phoenix and Tucson areas.

On September 15, 1951, the company dedicated two new Phoenix offices. The first of these two branches, located in an old house at 2124 East Van Buren Street, was intended to capture business in an “extensive commercial, industrial and residential area previously devoid of local banking facilities.” The second new office was built on the north side of Indian School Road just west of Central Avenue, an area directly in the path of post-war suburban and commercial growth. The value of this site was correctly identified by bank leaders, including Walter Bimson, who pronounced the location “destined, in our opinion, to become the hub of one of the most rapidly developing commercial areas in the city.” Similar growth expectations drove the decision to open a third Tucson location on East Broadway Boulevard. This branch, sited to the east of both the downtown area and the University of Arizona campus, was “designed to cover the rapidly developing residential and commercial area in east Tucson and, in addition, the new industrial section to the southeast.”³⁵²

a new bank-owned building was soon constructed in its place at 947 North Park Avenue. The new building opened for business on August 11, 1952, and, as of October 2011, is still standing and in use as a Chase branch. Branch List, March 6, 1959, VNB Collection; “Total Loans, Williams Air Force Base (119),” 1976, file 1120, VNB Collection; “President’s Annual Report to the Stockholders,” 1949, 7, VNB Collection; *1950 Tucson ConSurvey Directory* (Columbus, OH: Baldwin ConSurvey Company, 1950), 27; “President’s Annual Report to the Stockholders,” 1950, 7, VNB Collection.

³⁵² The Indian School Road branch, known internally as the Indian-Central office, was located at 110 West Indian School Road. Predictions of rapid growth in the area proved prescient, as demonstrated by a June 1952 *Arizona Republic* article announcing an expansion to the branch intended “to accommodate [its] growing needs.” The site is now a vacant lot. The Broadway office was built at 3033 East Broadway, at the northwest

The final *de novo* branch of the subject period continued the trend of predicting and responding to future growth patterns. Opened in South Tucson on November 17, 1952, the office at 1818 South Sixth Avenue was touted as a demonstration of bank “confidence in the industrial future of the Tucson area.”³⁵³

When judged by deposit dollar volume and loan business, the post-war *de novo* branch component of the company expansion strategy was highly successful. Over the course of the subject period, total deposits held by the bank increased from \$117,735,053 to \$305,104,125, equaling an increase of \$187,369,072, or 159 percent. Of this figure, at least \$43,472,508.80, or more than thirty-one percent, was held at one of the thirteen *de novo* branches opened between 1944 and 1952.³⁵⁴ As the

corner of Broadway Boulevard and Country Club Road. As of October 2011, this building stands and is in use as a Chase branch. Branch List, March 6, 1959, VNB Collection; “President’s Annual Report to the Stockholders,” 1952, 6-7, VNB Collection; “Bank Branch To Be Enlarged,” *Arizona Republic*, June 5, 1952.

³⁵³ The 1952 South Tucson banking center still stands, and is in use as a Chase banking center. Branch List, March 6, 1959; “President’s Mid-Year Annual Report to the Stockholders of the Valley National Bank,” July 8, 1952, 2, file 1031A, VNB Collection; *1953 Tucson City Directory* (Tucson: City Directory Service, Inc., 1952), under “Banks” heading in classified section; “President’s Annual Report to the Stockholders,” 1953, inside back cover, VNB Collection.

³⁵⁴ “At least \$43,472,508.80” is used because no figures are available for the Williams Air Force Base branch. The document listing year-by-year deposit totals used for this section was compiled in 1976, by which time it seems the Williams office had been consolidated with the Chandler office for recordkeeping purposes. Though still listed on the sheet as a separate branch, no deposit or loan figures specific to Williams are included as they were incorporated into the Chandler branch totals without detail relating to office of origination. Therefore, with no available sources outlining subject period deposit or loan volume at the Williams branch, the \$43,427,508.80 is as accurate a total for the immediate post-war *de novo* branches as is possible with the available data. End of 1943 and end of 1952 deposit totals were used for calculating the increase in total Valley National deposits. “President’s Annual Report to the Stockholders,” 1953, 12, VNB Collection; “Valley National Bank Total Deposits,” June 24, 1976, file 1120, VNB Collection.

source of nearly one-third of the deposit growth experienced by the bank in the immediate post-war years, these *de novo* locations were of tremendous value to the company as a source of funds needed to sate the high loan demand of the day. Furthermore, though the *de novo* centers held over \$43 million in deposits by the end of 1952, they carried outstanding loans totaling just \$12,186,320.74, or twenty-eight percent of their deposit holdings. As such, the new centers served to strengthen overall bank loan-to-deposit ratios due to their rapid deposit growth and relatively low lending totals.

Notably, highly lucrative installment lending accounted for \$9,011,951.01 of the \$12,186,320.74 in loans carried by the new offices as of year-end 1952. Thus, 73.95% of *de novo* lending as measured by the amount outstanding on December 31, 1952 was in the form of high-yield, short-term debt.³⁵⁵ This figure, totaling over twenty percent of total installment loan dollars outstanding at the end of the subject period, likely equated to a healthy contribution to the company bottom line. In addition, the *de novo* geographic expansion carried out by Valley National during this period arguably limited the growth of its competitors. After opening offices in developing areas, the bank was able to harness the name recognition and positive reputation built through advertising, industry ranking, and other factors to draw clients into the new banking centers to

³⁵⁵ As per footnote 354, the loan figures cited do not include totals from the Williams Air Force Base branch. "President's Annual Report to the Stockholders," 1953, 12, VNB Collection; "Total Loans," 1976, file 1119, VNB Collection.

open deposit accounts, seek loans, or conduct other banking business. In doing so, Valley National effectively retained its market share and increased deposit volume, loan business, and overall profitability. However, while the branching component of the bank expansion strategy was successful when measured by market share retention, deposit growth, loan volume, and revenue, growth through *de novo* branches alone proved difficult given the strenuous regulatory resistance faced by the company.

Though Arizona banking laws allowed for unlimited branch banking so long as new locations served a clear public need and were fully capitalized, Valley National executives faced resistance on the federal level. As an Office of the Comptroller of the Currency-chartered, Federal Deposit Insurance Corporation-covered, Federal Reserve member bank, the institution was required to gain the permission of the aforementioned federal regulatory agencies prior to opening new offices.³⁵⁶ While the Federal Reserve Bank of San Francisco did express concerns relating to Valley National lending practices and reserves ratios during the subject period, no documentation has been found outlining Federal Reserve resistance to company expansion. Similarly, no records documenting Federal Deposit Insurance Corporation disapproval have been located. However, the bank did struggle with the Office of the Comptroller of the Currency over the question of branching.

³⁵⁶ Butt, 2.

Preston Delano, who strongly preferred unit banking to branch banking, served as Comptroller of the Currency throughout the subject period.³⁵⁷ Concerned about risks to the American banking system stemming from the growth and lending practices of large national banks, Delano advocated tirelessly for tighter lending controls and limiting the size of branch banks and banking chains.³⁵⁸ He believed large banking chains to be “threatening the self-sufficiency” of non-metropolitan communities and a danger to banks claiming resources of \$500,000 or less, which he considered the “guardian outposts of our financial system.” Delano voiced similar disapproval on the topic of bank holding companies, of which he stated, “In some places they have done a good job but on balance I would say that the evils have outweighed the good.”³⁵⁹ Deputy

³⁵⁷ Delano, a distant cousin of President Franklin Roosevelt, served as Comptroller of the Currency from October 24, 1938 until his resignation on February 15, 1953, making him the longest serving Comptroller in history. He passed away in Washington, D.C. on August 31, 1961. Office of the Comptroller of the Currency, “OCC: Preston Delano,” Office of the Comptroller of the Currency, <http://www.occ.treas.gov/about/who-we-are/leadership/past-comptrollers/comptroller-preston-delano.html> (accessed September 15, 2011); “New Controller of Currency Takes Office,” *New York Times*, October 25, 1938; S. Oliver Goodman, “Delano Quits As Comptroller After 14 Years,” *Washington Post*, February 7, 1953; “Preston Delano, Ex-Treasury Aide: Former Controller of the Currency Dies at 75,” *New York Times*, September 1, 1961.

³⁵⁸ Branching and chain banking both allow for expansion beyond unit bank status, though the means of achieving this growth differs. According to economist Rollin G. Thomas, “a branch system is one single bank incorporated under a single charter, answerable to a single supervisory authority, and all the branches of which are subject to direct central control,” whereas chain banking involves “various degrees of common stock ownership, ranging all the way from identical ownership represented by trusteeing stock of one bank for the benefit of the stockholders of another, to the loose, informal control arising from interlocking directorates.” Thomas, 401-405.

³⁵⁹ “Big Banking Chains Opposed by Delano: Controller of Currency Says Their Creation Threatens Small Communities,” *New York Times*, September 18, 1943; “Holding Companies for Banks Assayed: Delano Tells Senate Quiz Some Did Good But on

Comptroller L. A. Jennings reiterated Delano's leanings toward unit banking in a 1952 talk entitled "The Comptroller's Policies on Branch Banks: 'Unwise, Unneeded Branch Growth Can Only Lead to Future Problems.'" In this speech, Jennings stated, "I know of no exception to the rule in the Comptroller's office that the establishment of a unit bank, if it is warranted by the facts, always takes precedence over the authorization of a branch." In the same talk, Jennings emphasized the importance of branch applicants possessing capital and deposits sufficient to cover known risks.³⁶⁰ Over the course of the subject period, Valley National faced challenges from the Comptroller relating to both of the aforementioned topics; competition and fiscal stability.

As early as February 1949, the Office of the Comptroller questioned Valley National lending practices. In response to their concerns, Walter Bimson informed Deputy Comptroller J. L. Robertson by letter that examiner statements of risk relating to certain loans issued by the bank were "demonstrably untrue." Continuing, Bimson wrote, "Your implication that any portion of our capital is in any way impaired is a grave

Balance Evils Outweigh Good," *New York Times*, March 24, 1950; "Delano Seeks Curb on Bank Holding Firms," *Washington Post*, September 25, 1946.

³⁶⁰ This passage is underlined in red pencil on the copy of this speech held in the VNB Collection, demonstrating its perceived significance to the reader. While the speech transcript is housed in the general bank management files found in Series 9, which deals with "Bank Management, Operations, and Services 1920-1985," and not Walter Bimson's personal files, the neat red underlining is consistent with markings found on many documents in Bimson's files. As such, it is possible that Bimson himself reviewed this transcript and noted the strong preference toward unit banking highlighted by Jennings. "The Comptroller's Policies on Branch Banks: 'Unwise, Unneeded Branch Growth Can Only Lead to Future Problems,'" October 1952, 4, 7, VNB Collection.

injustice.”³⁶¹ Whether or not concerns regarding the bank’s loan risks and reserves ratios were justified, Bimson perceived the agency to be irrationally biased when considering Valley National expansion plans. In 1951, Bimson outlined his frustrations with the Comptroller in a lengthy letter to Carl Hayden, Arizona’s senior United States Senator.

In addition to providing a point-for-point rebuttal of the Comptroller’s concerns regarding Valley National maintaining too little capital and the bank’s size compared to other institutions in the state banking market, this letter allowed Bimson to formally register his many grievances with the Comptroller. Chief among these complaints was Bimson’s perception that the Comptroller’s “prejudiced point of view leads him to prefer small independent banks, although these small independent banks may not be as useful to the communities they serve as a larger and better-managed branch bank.” Bimson also stated his belief that the Comptroller’s resistance to branching was “encouraging weakness rather than strength in the American banking system,” and alleged that the “bias against branch banks is a new one in the department that arose during Mr. Delano’s regime and only after the Independent Bankers Association became politically powerful.” In closing, Bimson quoted extensively from a talk he delivered to Valley National managers the month prior entitled “Branch Banking Aids Frontier Development.” In this speech, he emphasized the economic value of branching and the higher likelihood of

³⁶¹ Walter Bimson to Deputy Comptroller J. L. Robertson, February 16, 1949, VNB Collection.

small bank failures.³⁶² While the inclusion of portions of the speech made for a compelling end to his argument in favor of branching, no explicit request for intervention was made of Hayden, possibly indicating that bank management had already decided upon an expansion strategy designed to achieve geographic growth and market share retention through means other than *de novo* branching.

Given the tremendous growth opportunities in an underserved market such as that which existed in post-war Arizona, as measured by the large number of residents per banking office, opening new facilities in developing areas was essential to maintaining and growing institutional market share. During this time, established competitors such as the First National Bank of Arizona and growing rivals such as the Bank of Douglas were expanding rapidly in the high-growth Maricopa and Pima County markets, as were new institutions such as the Phoenix-based Farmers and Stockmens Bank.³⁶³ While rival banking firms were capturing valuable deposits, vying for loan business, and competing for Valley National

³⁶² Bimson opened the letter by asserting, "For three years we have been refused every request made of the Comptroller's Office. He has refused requests for the establishment of new branches. He has refused requests to pay stock dividends. He has rejected plans we have proposed to provide \$5 million of additional capital." However, at a minimum, the statement regarding branch requests seems to be an exaggeration as the bank had opened four *de novo* offices within the prior three years (Sunnyslope, West Van Buren, Williams Air Force Base, and North Tyndall in Tucson). The VNB Collection does not contain a letter from Hayden in response to Bimson's correspondence. Walter Bimson to Carl Hayden, February 13, 1951, VNB Collection; Branch List, March 6, 1959, VNB Collection.

³⁶³ Farmers and Stockmens Bank was founded in Phoenix in 1950, and was acquired by the Bank of Douglas in 1957. Federal Reserve Bank of San Francisco, *Investigation*, 30-31, 66; Hait, 126-128; Gutowsky, *Arizona Banking*, 23; Schweikart, *A History*, 137-138.

market share, innovators such as A. B. Robbs, Jr. were employing more efficient business models to maximize lending profits and increase mortgage production, thereby further jeopardizing Valley National market share, revenue, and profitability. Confronted with multiple competitive challenges and a regulatory environment perceived by bank executives as hostile to *de novo* expansion, the company faced a serious dilemma. While the bank had gained valuable deposits and high-margin loan accounts through post-war branching, its market share, revenue, and profitability were at risk if branching constraints further stifled expansion into developing areas. Given the regulatory roadblocks to *de novo* branching, acquiring competitor institutions as an alternative to organic market growth appealed to company management. However, this strategy was associated with numerous potential regulatory challenges.

Valley National had acquired competitors in the past. In 1923, the bank purchased the struggling First National Bank of Glendale and merged its sole banking office into the Valley Bank and Trust system.³⁶⁴ During the difficult years of the Depression, the bank gained a foothold in the Tucson market with its 1934 purchase of the Consolidated National Bank, a unit bank which was also merged into the Valley National branch network. In both cases, the bank acquired offices in areas not then served by the institution. Valley National continued the practice of purchasing

³⁶⁴ The sale was completed in late 1923, but the bank was not rebranded as a Valley Bank and Trust branch until February 1, 1924. Hopkins, 175-176; Branch List, March 6, 1959, VNB Collection.

banks operating outside of its existing markets in 1945 and 1946, when the company purchased the First National Bank of Nogales and the First National Bank of Winslow.³⁶⁵ All of the aforementioned transactions brought clear value to the bank, and each was carried out without regulatory resistance as the acquired institutions were not direct market competitors and generally served to bolster the Valley National balance sheet as a result of low loan-to-deposit ratios.

The 1934 purchase of Consolidated National allowed the company to reclaim the position of largest bank in the state, and resulted in an immediate profit for bank shareholders following the sale of securities held by Consolidated.³⁶⁶ The 1945 acquisition of the First National Bank of Nogales, characterized by Bimson as a transaction that would “enable [the bank] to serve more adequately [its] growing list of customers located in Mexico, to play a useful part in the growing commerce between the United States and Mexico, and to offer [its] diversified services to the people of the Nogales trade area,” resulted in an immediate deposit gain of \$6,679,345.33. As the Nogales institution carried only \$1,527,001.07 in loans, an amount totaling just 22.86 percent of its deposit base, the

³⁶⁵ The First National Bank of Nogales was purchased on October 1, 1945. The First National Bank of Winslow was acquired on July 22, 1946. Branch List, March 6, 1959, VNB Collection; Federal Reserve Bank of San Francisco, *Investigation*, 42; Schweikart, *A History*, 124.

³⁶⁶ As a condition of purchase, Valley Bank and Trust acquired securities held by Consolidated that were then believed to be worthless. However, these holdings increased in value shortly after the transaction, and were sold by bank leaders at a profit sufficient to cover the full price paid for Consolidated and leave a \$15,000 profit. Hopkins, 243-244.

purchase provided Valley National an expanded deposit pool to satisfy loan-to-reserves ratio requirements or meet growing post-war loan demands.³⁶⁷ The 1946 Winslow purchase yielded similar benefits. Described by Bimson as “strategically located to serve the rapidly growing communities of northeastern Arizona, heretofore not covered” by Valley National, and significant as Winslow was “an important division point on the Santa Fe Railroad and [was] generally regarded as the largest town in northern Arizona,” the transaction expanded the bank geographically and brought in \$3,822,657.60 in deposits against just \$490,113.89 in outstanding loans.³⁶⁸ However, given the limited number of banks in operation throughout the state during the subject period and the even smaller number of competitor institutions operating in markets without an existing Valley National presence, bank leaders were faced with a scarcity of acquisition targets likely to be deemed acceptable by supervisory authorities. The field of candidate banks operating offices in existing Valley National markets proved even more limited.

The First National Bank of Arizona had long been the second-largest bank in the state.³⁶⁹ In addition to proving undesirable as an

³⁶⁷ “President’s Annual Report to the Stockholders,” 1946, 3, VNB Collection; “Banks Purchased by The Valley National Bank since 1932,” March 12, 1949, file 169, VNB Collection.

³⁶⁸ “President’s Annual Report to the Stockholders,” 1947, 8, VNB Collection; “Banks Purchased by The Valley National Bank since 1932,” March 12, 1949, VNB Collection.

³⁶⁹ Federal Reserve Bank of San Francisco, *Investigation*, 66.

acquisition target due to the regulatory scrutiny that would likely result from the merger of the two largest institutions in the state, the First National held a federal charter. As such, it was also subject to oversight from the Comptroller of the Currency, thereby reducing its appeal as a candidate for merger. Furthermore, Transamerica owned First National. Though the multi-state holding company was in the midst of antitrust proceedings, it is highly unlikely that Transamerica leaders would have agreed to the sale of the second largest bank in Arizona, then one of the fastest growing states in the nation.³⁷⁰ The Southern Arizona Bank, a state-chartered institution then operating exclusively in the Tucson market, held approximately eleven percent of Arizona bank deposits and ranked as the third largest bank in the state. However, when Lewis Douglas purchased the bank in 1949, he announced his intention to maintain the institution “as a home owned bank for Tucson,” thus leaving the Bank of Douglas as the only viable acquisition target of note.³⁷¹

Mining magnate J. S. “Rawhide” Douglas and other southeastern Arizona businessmen founded the state-chartered Bank of Douglas in the

³⁷⁰ “Arizona Hailed Fastest Growing State In U.S.,” *Arizona Republic*, October 7, 1952.

³⁷¹ Lewis Douglas, then the U.S. Ambassador to the United Kingdom, had previously served as Arizona’s sole Congressman and as an official in the administration of Franklin Roosevelt. He was the son of J. S. “Rawhide” Douglas, co-founder of the Bank of Bisbee and the Bank of Douglas. Federal Reserve Bank of San Francisco, *Investigation*, 74; “Deposits of Arizona Banks – In Millions of Dollars, Growth Record of Banks in Existence on December 31, 1954,” 1955, file 1110, VNB Collection; Schweikart, *A History*, 118; Hait, 83; “J. S. Douglas Dies; Mining Executive: Father of Envoy to Britain Had Been Leader in Field – Founded 2 Arizona Banks,” *New York Times*, January 3, 1949.

eponymous copper mining community of Douglas in 1902. The company acquired and merged with the Bank of Bisbee, also founded by Douglas and his partners, in 1935.³⁷² Following its 1945 expansion into the Phoenix market, the bank opened a branch in Scottsdale and at least two offices in both Phoenix and Tucson. Success in the booming Maricopa and Pima County markets allowed the bank to double its deposit base from \$15 million to \$30 million between 1945 and 1949, and boosted its ranking among banks nationwide from the 1,570th largest bank in the country in 1945 to the 428th largest by 1951.³⁷³ In addition to its rapid post-war growth rates, the Bank of Douglas was similar to Valley National in other respects.

The Bank of Douglas was owned and managed by Frank C. Brophy, a strong-willed personality who valued innovative and effective advertising, emphasized the importance of branch architecture and atmosphere, and sometimes clashed with regulators with whom he disagreed, much like Valley National president Walter Bimson.³⁷⁴ However,

³⁷² The Bank of Bisbee opened on February 19, 1900. Aside from Douglas, the incorporators included J. B. Angius, Billie Brophy, Mike Cunningham, and Ben Williams. The Bank of Douglas opened on June 19, 1902. Hait, 21-22, 32, 91-103; Federal Reserve Bank of San Francisco, *Investigation*, 54; "J. S. Douglas Dies; Mining Executive: Father of Envoy to Britain Had Been Leader in Field – Founded 2 Arizona Banks."

³⁷³ Hait, 126-151; Federal Reserve Bank of San Francisco, *Investigation*, 58.

³⁷⁴ Brophy, the son of Bank of Bisbee and Bank of Douglas co-founder Billie Brophy, gained majority ownership in the Bank of Douglas in 1935 after buying out the holdings of J. S. Douglas. In an attempt to promote the then-small bank, Brophy commissioned a series of ads featuring Western history vignettes. These ads were well received and highly effective, prompting the institution to release a printed compilation of the pieces entitled *Essays in Advertising*. He also placed importance on banking office aesthetics, as demonstrated by his participation in the design of branch interiors and his

while similar to Valley National in some respects, the Bank of Douglas was markedly different in several key aspects of operation. Notably, the institution worked to limit lending volume to just twenty-five percent of total deposit holdings and waited until the early 1950s to initiate an installment lending program, providing a clear contrast to the high-volume lending program of Valley National.³⁷⁵ The Bank of Douglas also focused on opening new branches in higher income areas, as opposed to the broader expansion strategy demonstrated by Valley National. This emphasis on relatively affluent areas, which was likely made possible by the bank's relatively low loan-to-deposit ratio and the associated lack of pressure to generate deposit volume through low-minimum-balance account offerings, resulted in higher-income depositors and an average account balance \$150 greater than that recorded at Valley National.³⁷⁶ Further enhancing its appeal as an acquisition target, the bank retained a strong presence and

selection of a standard paint color for Bank of Douglas buildings that came to be known as "Brophy pink." His interactions with bank regulators and other authority figures were sometimes contentious. Notably, in 1951, he began employing armored cars known as "Bankmobiles" as mobile branches that traveled the state each week on a six-day deposit pick-up schedule. Though similar in nature to Bimson's 'bootleg' bank branches of the 1930s, the Bankmobile program proved less successful in gaining regulatory approval, and was ended on January 15, 1953. Brophy also stubbornly refused to join the bank Federal Reserve System, continuing the resistance to the agency initiated by J. S. Douglas and Brophy's father in 1913. Hait, 79, 93-103, 130, 139, 159; "Douglas Bank to Open Unit in Scottsdale," *Arizona Republic*, December 19, 1948; Schweikart, *A History*, 128-129.

³⁷⁵ Hait, 150-151.

³⁷⁶ In 1956, Federal Reserve Bank of San Francisco investigators concluded that Valley National "consistently followed the policy, it would appear from its history, of moving into the more rapidly areas as soon as possible, whether by purchase or by opening a new office." Federal Reserve Bank of San Francisco, *Investigation*, 42, 57; Hait, 152.

deposit base in Cochise County. Home to the Bisbee copper industry and the Fort Huachuca Army base, Cochise County ranked as the third largest deposit market in the state by the end of the 1940s.³⁷⁷ However, the seemingly desirable rapid post-war geographic expansion and impressive deposit growth rate charted by the Bank of Douglas presented owner Frank Brophy with significant challenges.

As the majority shareholder, Brophy faced an expansion-related capital strain. State banking laws mandated that reserves be in place for new offices prior to approval of the branch application. As the Bank of Douglas often met this requirement by issuing new stock, Brophy was forced to subscribe to each share offering if he wished to maintain or grow his stake in the company. As the bank continued to expand, Brophy found the constant need for capital infusions and the increasing number of shareholders unappealing. By 1949, unspecified regulatory pressures believed by Brophy to have resulted from complaints lodged by “local banks who might not view with too much magnanimity the rapid growth of

³⁷⁷ As of December 31, 1947, Maricopa County bank offices held \$186,534,000 in deposits, or 52.6 percent of the state total, Pima County banks held \$74,749,000, or 21.1 percent of the total, and Cochise County banks held \$21,111,000, or 5.9 percent of the total. These figures include both time and demand deposits, but exclude governmental and interbank deposits, which were housed primarily in Phoenix-area banks. Valley National established a Cochise County presence when it purchased the Bank of Willcox on June 13, 1936. The bank expanded its Cochise County operations with its March 18, 1937 acquisition of the First National Bank of Douglas. However, as of year-end 1947, these offices housed only \$6,665,616.83 of the \$21,111,000 in total deposits held in Cochise County (excluding government funds and interbank deposits). Fort Huachuca closed in 1947, but was reactivated in 1951 in response to Korean War-related troop level increases. “President’s Annual Report to the Stockholders,” 1949, 8, VNB Collection; “Banks Purchased by The Valley National Bank since 1932,” March 12, 1949, VNB Collection; Branch List, March 6, 1959, VNB Collection; “Valley National Bank Total Deposits,” June 24, 1976, 36, 40, VNB Collection; “The Modern Era: 1950-2000,” *Huachuca Illustrated: A Magazine of the Fort Huachuca Museum* 10 (1999): 3-11.

The Bank of Douglas” brought further frustration, and likely contributed to his decision to sell his stake in the bank. Perhaps in an effort to showcase the value of his holdings and thereby elicit a buyout offer, Brophy asked Walter Bimson to assign a team of Valley National employees the task of studying Bank of Douglas operations in 1951.³⁷⁸ While Bimson did agree to undertake a study of Bank of Douglas operations, the possibility of purchasing the firm presented many significant challenges.

From a regulatory standpoint, if Valley National purchased the Bank of Douglas and merged the institution into its existing branch system, it risked intensifying Comptroller concerns regarding its dominance of the Arizona banking market.³⁷⁹ Furthermore, merging with the Bank of Douglas would also mean Comptroller oversight of what had been a state-chartered institution. Accordingly, it is unlikely that such a decision would have mitigated the branch permit approval difficulties then faced by Valley National. Thus, while acquiring and merging with Brophy’s institution would result in a deposit infusion accompanied by a relatively small loan portfolio, thereby supplying much-needed deposit funds with which the bank could meet the strong loan demands of the period, the potential

³⁷⁸ Through 1945, bank ownership was held by a group of approximately thirteen shareholders. As a result of new stock offerings intended to fund new branch locations, the number of stockholders increased to eighteen by the end of 1946, sixty-one by the end of 1948, and ninety-six by mid-1949. It is possible that the regulatory challenges faced by Brophy involved the Federal Deposit Insurance Corporation. In *A History of Banking in Arizona*, Schweikart cites a letter between Brophy and Lewis Douglas in which Brophy mentions experiencing difficulty with the F.D.I.C. regarding obtaining a permit for a Tucson branch. Butt, 25; Hait, 141-153; Schweikart, *A History*, 119-120.

³⁷⁹ Gutowsky, *Arizona Banking*, 23.

regulatory risks outweighed the immediate rewards. However, a second option for expanding Valley National market control by means of acquiring Brophy's ownership stake in the Bank of Douglas did exist, though it carried a different and potentially more significant set of risks.

If bank leaders wished to acquire Brophy's interest while circumventing Comptroller jurisdiction over Bank of Douglas business practices and future branching decisions, they could do so by completing the transaction using an entity legally distinct from Valley National Bank, such as a holding company or a bank-directed investment fund. However, in order to maintain control of the purchased institution, such an entity would likely be led by a board of directors comprised of Valley National insiders. As such, regulatory authorities might interpret the arrangement as violating provisions of the Clayton Antitrust Act of 1914. One of several pieces of early twentieth-century legislation intended to curb anticompetitive business practices, the Clayton Act prohibited full or partial buyouts that might "substantially lessen competition between the corporation whose stock is so acquired and the corporation making the acquisition," and also outlawed interlocking bank directorates.³⁸⁰ The

³⁸⁰ An interlocking directorate is defined as a "director or other officer or employee" of a bank serving in the same capacity at another bank. Robertson, 232; "Rules on Clayton Act: Reserve Board Instructs Banks on Interlocking Directors," *New York Times*, July 11, 1916; Federal Reserve Board, *Interlocking Bank Directorates Under the Clayton Act: Regulations of the Federal Reserve Board and Text of Section 8 of the Clayton Act* (Washington, D.C., 1928), 2-4.

Clayton Act served as the legal basis for the Federal Reserve-initiated antitrust proceedings against Transamerica in 1948.³⁸¹

Bank leaders were clearly aware of the Transamerica case, as evidenced by the many news clippings and other documents housed in the Valley National Bank Collection files, and were also cognizant of existing Comptroller concerns of market dominance, as mentioned in correspondence between Bimson and Carl Hayden. Nonetheless, Valley National management surely understood the potential value of acquiring the Bank of Douglas, an institution then ranked as the fourth-largest and fastest growing bank in the Arizona market, and one not subject to Comptroller oversight due to its state-issued charter.³⁸² Accordingly, when Frank Brophy offered Walter Bimson the opportunity to purchase his stake in the Bank of Douglas sometime in late 1951 or early 1952, Bimson accepted. In March of 1952, the trustees of The Valley National Bank Profit-Sharing Fund acquired forty percent of the Bank of Douglas, thus

³⁸¹ Doti, *Banking in the American West*, 171; Robertson, 156.

³⁸² The Bank of Douglas was the fourth-largest bank in the state based upon deposit totals from 1946 through the end of the subject period. The fastest-growing designation is based upon subject period deposit growth percentage. Walter Oppenheim to Eugene S. Lee, February 9, 1949, VNB Collection; "United States of America Before the Board of Governors of the Federal Reserve System," June 13, 1951, VNB Collection; "Discrimination Charged by Transamerica Counsel," *Los Angeles Times*, February 9, 1949; "Hearing Snag Met by Transamerica," *New York Times*, February 9, 1949; Walter Bimson to Carl Hayden, February 13, 1951, VNB Collection; "Deposits of Arizona Banks – In Millions of Dollars, Growth Record of Banks in Existence on December 31, 1954," 1955, VNB Collection; "Pioneer-Minded Bank of Douglas Still Mixing Historical Flavor With Financial Growth," *Western Banker*, November 1954, 250; "Giant Valley Bank Gets Even Bigger by Swallowing Fastest Growing Rival," *Wall Street Journal*, March 9, 1953.

gaining a sizeable interest in a direct competitor while managing to avoid direct Valley National ownership of the shares.³⁸³

Initially, the size of the purchase was publicly acknowledged only as a “substantial block of stock.” In addressing the matter with the press, Carl Bimson emphasized that the fund did not own a majority stake in the Bank of Douglas and insisted that company leaders had “no intention of merging the interests of the Valley bank with those of the Douglas bank.”³⁸⁴ However, in a 1980 interview with historian Larry Schweikart, Carl Bimson stated that Valley National leaders used the profit plan as a “holding vehicle” until a more formal and legally defensible arrangement could be made. Period correspondence between Brophy and Southern Arizona Bank president Lewis Douglas outlining Brophy’s intention to sell

³⁸³ Officially known as the Profit-Sharing Plan for Employees of the Valley National Bank, the employee profit sharing fund was established in September of 1944. Bank leaders created the fund as a mechanism for providing bank employees extra compensation in the form of tax-deferred retirement savings during a period of government-imposed salary restrictions. The plan required no employee contributions. Rather, the bank deposited an amount up to the equivalent of fifteen percent of its total payroll each year net profits exceeded \$400,000. Contributions were made from funds remaining after payment of dividends on preferred and common stock and needed contributions to bank reserve accounts. Employees were vested in the plan after a minimum of five years of service, at which point they were eligible for a one-time, lump sum payment from the fund upon retirement, disability, or death. Several sources list the plan as having been established in 1943, while others state 1944 as the date of creation. The fund was legally established on September 20, 1944. The 1943 date sometimes cited is likely explained by the decision of the bank board to recognize employment from January 1, 1943 onward in the vesting equation. Draft of *Financing the Frontier, Volume Two: The Bimson Period, 1933 ----*, by Ernest J. Hopkins, November 5, 1962, file 922, chapter 10, page 19, VNB Collection; “VNB Employee Fund Buys Bank of Douglas Stock”; Federal Reserve Bank of San Francisco, *Investigation*, 43, 320; “Profit-Sharing Plan for Employees of the Valley National Bank, Effective September 20, 1944,” October 1, 1944, file 1189, VNB Collection; “President’s Annual Report to the Stockholders,” 1945, 5, VNB Collection; “Profits for the Staff,” *Banking*, June 1957, 170; VNB Press Release, March 9, 1956, file 201, VNB Collection; VNB Press Release, March 24, 1958, file 202, VNB Collection.

³⁸⁴ “VNB Employee Fund Buys Bank of Douglas Stock.”

fifty-one percent of the bank supports the veracity of Bimson's 1980 recollection.³⁸⁵ Though the employee retirement plan had held a relatively small number of Bank of Douglas shares as an investment since 1950, and by 1951 held smaller ownership stakes in the Bank of Flagstaff and the First State Bank of Arizona at Mesa, the purchase of approximately forty percent of a competitor institution was unlikely to be construed by authorities or other observers as strictly an investment decision.³⁸⁶ As the Bank of Douglas was competitive with Valley National in the Phoenix, Tucson, and Douglas markets, the Office of the Comptroller quickly

³⁸⁵ According to Schweikart, Brophy may have initially offered his shares to Southern Arizona Bank president Lewis Douglas, the son of former Bank of Douglas co-owner and Brophy business partner "Rawhide" Jimmie Douglas. Ironically, Walter Bimson attempted to broker a merger of the Bank of Douglas and the Southern Arizona Bank in August of 1955, by which time Valley National-affiliated interests had acquired majority ownership of the Bank of Douglas. However, none of the many scenarios presented in an exchange of letters between Bimson, Brophy, and Douglas came to pass. On November 29, 1955, Transamerica purchased ninety-eight percent of Southern Arizona Bank stock, thus further consolidating the state banking market. Schweikart, *A History*, 124; Multiple letters between Walter Bimson, Frank Brophy, and Lewis Douglas, August 1955, file 522, VNB Collection; Federal Reserve Bank of San Francisco, *Investigation*, 73; "Transamerica Corp. Makes Bid for Bank," *New York Times*, November 19, 1955; "Transamerica Adds Bank," *New York Times*, November 30, 1955.

³⁸⁶ Exact figures vary depending upon the source consulted, but the initial profit sharing plan ownership stakes in the Bank of Flagstaff and the First State Bank of Arizona were approximately thirteen and twenty-five percent, respectively. The Bank of Flagstaff opened in 1951, and the profit sharing plan acquired an ownership stake at the time of opening or shortly thereafter. Valley National senior lending officer Glenn C. Taylor sat on the board of the Bank of Flagstaff, as did Valley National cashier James Dismuke. The Bank of Flagstaff merged with Valley National in 1957. The First State Bank of Arizona was founded in October of 1951. First State Bank management relied partly on Valley National capital for its operations. Glenn C. Taylor later served as president of the First State Bank. The First State Bank merged with the Bank of Douglas in 1955. Gutowsky, *Arizona Banking*, 23; A. R. Gutowsky, "Arizona Commercial Banking: A Historical Sketch," *Arizona Business Bulletin* 13, October 1966: 7; "VNB Employee Fund Buys Bank of Douglas Stock"; Draft of *Financing the Frontier, Volume Two: The Bimson Period, 1933 ----*, by Ernest J. Hopkins, November 5, 1962, chapter 10, page 19, VNB Collection; Schweikart, *A History*, 124-126; Federal Reserve Bank of San Francisco, *Investigation*, 27, 43-44, 55; Platt Cline, *Mountain Town: Flagstaff's First Century* (Flagstaff: Northland Publishing Company, 1994), 387.

objected to the bank profit plan holding a stake in the Bank of Douglas.³⁸⁷

Deputy Comptroller Jennings emphasized the official disapproval of the recent stock purchase in a June 27, 1952 letter to Walter Bimson.

In this letter, Jennings informed Bimson that the Comptroller's office believed a merger between Valley National and the Bank of Douglas to be "the logical and natural solution" to the issue as merging the banks would clarify the ownership in the minds of the public and "estop any criticism of 'divided interests'," stemming from "ownership of the Bank of Douglas by the Plan." Jennings then reminded Bimson that, "not anything in our discussions nor in this letter did or does give our sanction to the acquisition of practical control ownership of the Bank of Douglas by the Profit Sharing Plan for Employees of the Valley National Bank." The letter ended with an invitation to submit additional suggestions, "all leading, of course, to a change in ownership of the aforementioned holdings in the Bank of Douglas."³⁸⁸

While a merger would bring the Bank of Douglas under the jurisdiction of federal regulators, thus largely satisfying the Comptroller,

³⁸⁷ Only the two Yuma branches of the Bank of Douglas operated without in-market competition from Valley National. Federal Reserve Bank of San Francisco, *Investigation*, 43.

³⁸⁸ Though not specifically addressed in the letter, the Comptroller's office likely disapproved of the plan holding Bank of Flagstaff and First State Bank stock given Valley National's direct competition with First State in Mesa and the presence of Valley National employees on the Bank of Flagstaff board. It is also likely that the Comptroller questioned the independence of the profit plan trustees as a provision in the profit plan trust agreement stated, "The Trustees shall serve at the pleasure of the Board of Directors of the Bank and shall be subject to removal at any time by said Board of Directors." L. A. Jennings to Walter Bimson, June 27, 1952, file 1151, VNB Collection; "Profit-Sharing Plan for Employees of the Valley National Bank, Effective September 20, 1944," October 1, 1944, 14, VNB Collection.

such a move would likely result in continued branching limitations for Valley National. However, maintaining the Bank of Douglas as a separate, state-chartered bank would allow for indirect control of a significant portion of the state banking market through ownership of a firm that was rapidly growing and experienced less difficulty expanding geographically. Indirect control would also permit the bank to present a plausible argument against potential allegations of anticompetitive practices.³⁸⁹ Additionally, indirect control of the Bank of Douglas prevented its acquisition by the Southern Arizona Bank or Transamerica, thereby protecting Valley National market share and influence relative to other firms in the marketplace in a manner potentially perceived by company executives as less likely to incur regulatory scrutiny. Accordingly, Bimson soon notified Jennings of Valley National's intention to form a holding company to which the bank profit sharing plan would transfer ownership of its stakes in the Bank of Douglas, First State Bank, and the Bank of Flagstaff.³⁹⁰

The creation of this new company would lead to significant legal issues for the bank in the period following Walter Bimson's resignation from the bank presidency on January 20, 1953.³⁹¹ However, during the

³⁸⁹ Walter Bimson was very concerned with the possibility of Valley National being labeled monopolistic, and is said to have objected to a merger for that reason. Gutowsky, *Arizona Banking*, 23.

³⁹⁰ Hait, 162.

³⁹¹ The Valley National profit sharing plan eventually transferred ownership of its shares in the Bank of Douglas, the Bank of Flagstaff, and the First State Bank at Mesa to a holding company known as the Arizona Bancorporation, which was founded on January 21, 1953. In addition to holdings in competitor institutions, the bank also transferred

ownership of the Professional Building to the Bancorporation. In exchange, the initial 200,000 shares of Bancorporation stock were split between the profit sharing plan and Valley National shareholders, with the plan receiving 23,792.8 shares and stockholders receiving one share of Bancorporation stock for every five shares of Valley National owned. The official transfer of assets took place on April 1, 1953. While individual stockholders owned the overwhelming majority of Bancorporation shares, the Valley National-controlled profit sharing plan retained a sizeable stake, thus raising questions of operational independence. However, more significant questions of operational control relate to the individuals selected for Bancorporation's management team. On May 6, 1953, Walter Bimson, then Valley National chairman of the board, assumed the role of Bancorporation president. Carl Bimson, then president of Valley National, was named a vice president of the Bancorporation. Leslie A. Wood, a Valley National vice president, and Earl Bimson, Valley National acting controller and son of Walter Bimson, were selected for the roles of Bancorporation vice president and secretary-treasurer, respectively. Earl Bimson was assisted by Valley National assistant controller R. G. Housman, who was selected to serve as assistant secretary-treasurer of the Bancorporation. Bancorporation board members also held strong ties to Valley National. In addition to serving as executive officers, Walter Bimson, Carl Bimson, and Leslie Wood also held board positions. Other Bancorporation directors included Valley National Insurance Company president C. W. Bond and Valley National board members R. E. Brunneau, E. S. Lee, J. Earl Peterson, and Raymond Rubicam. Other Bancorporation directors included Frank Snell, a prominent Phoenix attorney and friend of Walter Bimson, and former Bank of Douglas owner Frank C. Brophy. In response to alleged Valley National control of the Bancorporation and Transamerica's operations in the state, the Federal Reserve Bank of San Francisco investigated the question of market dominance in the Arizona banking industry in 1956, one year after the Bancorporation gained majority ownership of the Bank of Douglas and two years after the company purchased one-hundred percent of the Buckeye Valley Bank. This investigation resulted in a report entitled *Investigation of Banking in Arizona*. In this report, investigators cited "an infiltration of VNB personnel into the Bank of Douglas organization," and "subtle changes in the management policy of [the Bank of Douglas], both of which are difficult to explain unless the Valley National Bank and the Arizona Bancorporation are pursuing an identical purpose." In the eyes of the investigators, this purpose was to serve "as a corporate affiliate used in part for the purpose of buying and holding bank stock on behalf of the Valley National Bank." Investigators then stated their belief that Bancorporation ownership of a majority stake in the Bank of Douglas "[violated] the Clayton Act because competition [was] or [would] be substantially lessened in three Arizona markets," and emphasized that the Bancorporation "[had] continuously violated Section 7" of the Clayton Act, which relates to interlocking directorates. However, the investigators determined that the Federal Reserve could take little action to remedy the situation under the laws of the time, as "Board action is apparently limited to ordering divestment of stock. In the case of the Valley National Bank's control of the Bank of Douglas, such relief may not be entirely satisfactory. Close contact between the two banks may continue because of the presence of former Valley employees in important positions in the Bank of Douglas. Even if the new ownership desires a management change a successor group of similar caliber may not be available." In December of 1962, the Department of Justice filed an antitrust suit against Valley National, the Arizona Bancorporation, and The Arizona Bank (formerly the Bank of Douglas). This suit was settled by consent decree on November 23, 1966. Under the terms of the settlement, Valley National officers and executives and the Valley National profit sharing plan were required to sell their holdings in the Bancorporation within five years, the bank was prohibited from acquiring other Arizona banks for a period of fifteen years, and the practice of placing Valley National insiders on the Bancorporation board was ended. Signal Oil of Los Angeles purchased

subject period and immediately thereafter, the acquisition of a sizeable ownership stake in the Bank of Douglas benefitted Valley National by preventing the Transamerica-owned First National Bank of Arizona or the Southern Arizona Bank, the second and third largest institutions in the state, from expanding their footprint, customer base, or reputation through the purchase of the fourth-largest bank in Arizona. Though held indirectly and not representing a majority stake in any institution, the Bank of Douglas, Bank of Flagstaff, and First State Bank shares acquired by the profit sharing plan allowed Valley National employees, and later shareholders, to benefit financially from the operations of competitor banks. Finally, the resulting interbank relationships provided Valley National with sources to which loan inquiries originating in non-competitive markets throughout the state could be directed without losing all

the Bancorporation in 1967. In 1985, The Arizona Bank was purchased by California-based Security Pacific, which was then purchased by Bank of America in 1992. Maricopa County Recorder's Office, "Articles of Incorporation of Arizona Bancorporation," Maricopa County Recorder's Office, <http://recorder.maricopa.gov/recdocdata/GetRecDataDetail.aspx?Rec=19530002347> (accessed October 1, 2011); Maricopa County Recorder's Office, Professional Building Deed, Maricopa County Recorder's Office, <http://recorder.maricopa.gov/recdocdata/GetRecDataDetail.aspx?Rec=19530035536> (accessed October 1, 2011); VNB Press Release, April 1, 1953, file 442, VNB Collection; Maricopa County Recorder's Office, Stock Transfer Form, Maricopa County Recorder's Office, <http://156.42.40.50/UnOfficialDocs/pdf/19530023634.pdf> (accessed October 1, 2011); Federal Reserve Bank of San Francisco, *Investigation*, ii, 44-45, 56, 325-326, 358-366; "Carl Bimson in Valley Bank Presidency," *Phoenix Gazette*, January 20, 1953; VNB Press Release, May 6, 1953, file 201, VNB Collection; "President's Annual Report to the Stockholders," 1953, inside back cover, VNB Collection; "President's Annual Report to the Stockholders," 1954, inside back cover, VNB Collection; Hait, 163-164, 176-179; Schweikart, *A History*, 136; Gutowsky, *Arizona Banking*, 29-30; "Banks' 'Relationship' Struck by Government," *Los Angeles Times*, December 29, 1962; VNB Press Release, December 16, 1966, file 597, VNB Collection; "Justice Department Settles Antitrust Suit Against Three Firms," *Wall Street Journal*, December 20, 1966; "Mergers: The Acquisition Front," *TIME Magazine*, May 19, 1967; Jeff Rowe and Kathleen A. Hughes, "Security Pacific Agrees to Buy Banking Firm – Los Angeles Based Firm Will Pay \$480 Million For Arizona Bancwest," *Wall Street Journal*, August 21, 1985; Tom Furlong, "Security Pacific: A History," *Los Angeles Times*, April 22, 1992.

associated income or growing the market share of a direct competitor.³⁹²

As such, the results of subject period mergers, competitor stock acquisitions, and *de novo* expansion clearly demonstrate the value of the branching and acquisition component of Valley National's post-war operations strategy.

Branching alone expanded the bank's retail presence from nineteen to thirty-two banking centers by the end of the subject period, and brought in a total of at least \$43,472,508.80 in deposits, an amount equal to more than thirty-one percent of study period deposit growth.³⁹³ Furthermore, deposits held at new branches were offset by just \$12,186,320.74 in outstanding loans, a *de novo* loan-to-deposit ratio of twenty-eight percent. The relatively low volume of loans issued by new branches helped the bank to reduce the high loan-to-deposit ratio of its Professional Building home office location, which measured nearly fifty-three percent at the end of 1952. *De novo* branch lending was of particular value to the institution as almost seventy-four percent of loans issued by new branches were high-margin, short-term installment loans, thus

³⁹² Valley National referred loans to the Bank of Douglas and the Bank of Flagstaff when applicants resided in non-competitive areas serviced by those firms. In response to Federal Reserve Bank investigators probing the competitiveness of the state banking market in 1956, Valley National staff cited the referral of eight loans to the Bank of Flagstaff as evidence of its practice of not competing with banks in markets without a Valley National presence. However, given the relationship between the institutions and the fact that Valley National merged the Bank of Flagstaff into its corporate structure just one year later, the referrals did little to demonstrate a desire to foster competition. Federal Reserve Bank of San Francisco, *Investigation*, 43, 57.

³⁹³ Branch List, March 6, 1959, VNB Collection; "Valley National Bank Total Deposits," June 24, 1976, VNB Collection.

increasing bank profitability and capital turnover rates.³⁹⁴ Branching to the full extent permitted by regulatory authorities also allowed the bank to mitigate the impact of competitor institution expansion by ensuring that existing and potential new customers in developing areas had easy access to Valley National locations. Similar deposit gains and geographic expansion benefits were gained through mergers with the First National Bank of Nogales and the First National Bank of Winslow, both of which helped the institution to grow its footprint and reduce its overall loan-to-deposit ratio. Finally, acquiring minority ownership stakes in several competitor banks allowed Valley National to protect its market share relative to competitors such as First National while circumventing regulatory challenges with respect to *de novo* expansion. Acquisition also permitted the institution and its shareholders to reap some revenue from transactions steered to banks in which it held a minority stake.

The combined effectiveness of subject period branching and acquisition warrants recognition as the most measurable and significant component of Valley National post-war strategy. While promotional efforts were necessary to draw in customers and maintain or increase brand recognition, and market-appropriate product offerings were essential to meeting customer banking needs and driving institutional profitability, without offices in locations convenient to the growing post-war population,

³⁹⁴ As based on 1952 year-end deposit and outstanding loan totals. "Valley National Bank Total Deposits," June 24, 1976, VNB Collection; "Total Loans," 1976, VNB Collection.

the bank may have lost revenue and market share to competitors, thereby mitigating the effectiveness of promotional efforts and targeted product offerings. As such, branching and acquisition served as the most effective and quantifiable component of the three-pronged post-war strategy to maintain and grow Valley National market share, profitability, and shareholder value.

CHAPTER 6

CONCLUSION

As Valley National leaders such as Walter Bimson, Carl Bimson, Herbert Leggett, and others looked toward the post-war period, they began a process of “thinking and planning for the future.”³⁹⁵ By 1945, the company was not only the largest bank in the state of Arizona, but also the largest in the eight-state Rocky Mountain region. While this ranking ensured the institution a tremendous advantage in the pursuit of post-war business, it did not guarantee ongoing profitability or continued market dominance. Despite many rosy predictions relating to a peacetime expansion of Arizona’s population and economy, the exact pattern and degree of post-war growth in the state remained uncertain. Furthermore, the potential growth of existing competitors such as First National, the Bank of Douglas, and Southern Arizona Bank posed a threat to the company, as did the prospect of new competitors likely to emerge if the optimistic predictions regarding post-war opportunity materialized. Accordingly, Valley National management worked to craft a post-war operation plan to ensure that the bank continued to succeed in the years following World War II. The key components of this plan were an emphasis on advertising, market-appropriate product offerings, and expansion through branching and acquisition.

³⁹⁵ Leggett to Walter Bimson, January 10, 1945, VNB Collection.

Overall, the business strategies employed by the bank in the immediate post-war years proved successful, though some notable challenges and failures do color the story of Valley National operations during the subject period. Despite aggressive promotional efforts, market-sensitive product development, and geographic expansion intended to place new Valley National locations in areas of residential and commercial development, average deposit account balances declined throughout the subject period. As this trend was paired with an increasing number of active deposit accounts resulting from population-related growth in the bank's customer base and an expansion of the deposit customer market as a result of offering low-minimum balance accounts designed for those not accustomed to utilizing commercial bank services, it is indicative of an ongoing struggle to fulfill reserve requirements and meet loan funding demands. Although the shift toward a mass-market deposit account clientele did allow the bank to meet these demands and requirements while growing its deposit base every year but 1949, the low-minimum-balance offerings likely served to significantly reduce the level of profitability directly associated with bank deposit operations. In addition to necessitating low-margin deposit account offerings, if not some accounts resulting in a loss, the issue of deposit generation also hampered lending capabilities.

Throughout the subject period, Valley National faced challenges related to its lending operations. The institution was plagued by a deposit

base insufficient to meet all funding demands, challenged by the relatively low yields associated with Federal Housing Administration and Veterans Administration-guaranteed loans, and constrained in its commercial lending efforts by government programs offering large businesses high-dollar loans at rates more competitive than those available from commercial banks. When paired with the introduction of more efficient business models by individuals such as A. B. Robbs, Jr., the bank's failure to attract deposits at a rate sufficient to meet lending demands contributed to a surrender of mortgage market share. While the inability to fund large business loans stymied commercial lending operations, the 1950 defeat of the Bimson Plan ensured that the bank would remain a relatively minor player in the high-dollar business loan market for years to come. Branching and acquisition decisions also impacted the bank and its growth into the following chapter of its history.

During the immediate post-war years, the bank encountered resistance to its branching efforts from Comptroller of the Currency Preston Delano and faced growing competition from existing and newly established competitors. In response to these pressures, bank leaders pursued a path of protecting market share through acquiring interests in other institutions. However, given the bank's industry ranking, the questions of market dominance posed by the Comptroller's office, and the antitrust litigation then embroiling Transamerica, purchasing stakes in competitor institutions may be judged as an imprudent course of action.

While the immediate impact of such purchases reduced or eliminated the possibility of Transamerica acquiring the Bank of Douglas, the Bank of Flagstaff, or the First State Bank, and served to expand Valley National's effective market share, the bank's subject period acquisition activities prompted a 1956 Federal Reserve Bank investigation and a 1962 antitrust lawsuit. However, the long-term negative impact of these acquisitions was partially offset by the strong market ranking and financial position enjoyed by the bank as a result of subject period business practices.

When measured in terms of market share retention, impact on bank revenue and profitability, and shareholder value as determined by stock price and the total value of individual stock holdings when factoring in subject period stock splits, the bank's immediate post-war operational strategy featuring a three-pronged focus on advertising, market-appropriate product offerings, and expansion through branching and acquisition proved to be a success.

Prior to the end of the war, Herbert Leggett advised that "any initiative and ingenuity... must be directed to the selling end of the business," and informed Walter Bimson that marketing teams would be "the most important department" in any post-war business.³⁹⁶ In the years immediately following World War II, Valley National leaders heeded Leggett's suggestions by fully embracing both traditional and innovative advertising techniques and public relations strategies to promote the bank,

³⁹⁶ Leggett to Walter Bimson, January 10, 1945, VNB Collection; Leggett to Walter Bimson, June 26, 1944, VNB Collection.

announce its offerings and growth, and highlight, if not amplify, its accomplishments. The numerous press releases of G. E. Arnold, the clever ad copy penned by Mert Reade, the valuable information compiled and presented by Herbert Leggett, and the boastful speeches of Walter and Carl Bimson resulted in numerous newspaper and magazine articles featuring the bank and won the company widespread attention.

Arizona Progress and *Arizona Statistical Review* were well-circulated and served to associate the bank with Arizona's growth and prosperity in the minds of business leaders and other readers throughout the state and nation. Stories highlighting the bank's frontier origins, its successful installment lending program, its wartime "300 Club" program, and its rapid growth and advancement in nationwide size rankings reinforced the perception of Valley National as a powerhouse in the banking industry. Finally, the post-war branch architecture championed by Walter Bimson served to garner additional attention from the media and general public, whether as a result of its nostalgic tribute to idealized notions of the Old West, as was the case with the Wickenburg branch, or in response to details such as lobby art or the use of professional color consultants such as Gustave Plochere. Combined, the varied aspects of bank promotional strategy won recognition from the press and public notice, thereby maintaining the attention of potential customers.

This audience, whether existing clients or potential new customers, was further lured by the development of market-appropriate deposit and

loan products. In mid-1944, Leggett predicted that post-war savings rates would drop to near zero percent, which, in turn, would complicate Valley National lending efforts.³⁹⁷ In an attempt to drive deposit growth, the bank offered deposit accounts such as the “Special Checking Account,” and the “Baby’s Bank Book” and “Christmas Club” savings plans, all of which were low-balance products designed increase deposit totals by making banking accessible to mass-market consumers. In turn, many of the deposit dollars held in these accounts were lent out to customers seeking to borrow funds.

During the war, Leggett characterized the post-war consumer borrowing predictions issued by many experts as “grossly underestimated,” and reminded bank leaders that “When people can borrow, they do borrow.”³⁹⁸ His assertions regarding consumer loan demand proved correct. When paired with the declining savings rates of the period, increased loan demand severely strained Valley National lending operations. In response, bank leaders shifted lending priorities away from low-margin, government-insured real estate loans to high-margin, short-term, relatively low-dollar installment loans, thereby increasing profitability while alleviating capital demands. The bank expanded the market for these deposit and loan products through an

³⁹⁷ Leggett to Walter Bimson, June 26, 1944, VNB Collection.

³⁹⁸ Ibid.

aggressive branching and acquisition program, which also allowed the company to grow its effective market share.

Walter Bimson strongly believed that large banks with broad geographic footprints were inherently more stable than their smaller competitors. When discussing branching with others, he highlighted the “diversification and flexibility of operation” allowed by branching, and emphasized that “a small local bank can seldom provide the variety of services, the specialized information or the loaning capacity that a larger organization like [Valley National did].”³⁹⁹ Accordingly, while Valley National entered the subject period with nineteen branches, it ended the immediate post-war years with thirty-four branches and minority ownership stakes in three competitors.

The thirteen *de novo* branches established during the period generated substantial deposit volume and more limited, albeit highly lucrative, lending volume. The acquisition of the First National Bank of Nogales and the First National Bank of Winslow resulted in an immediate increase in the firm’s deposit base and a geographic expansion into new markets deemed strategically valuable by Valley National executives. While mergers and *de novo* expansion bolstered deposit totals, presented opportunities for installment lending, and helped to retain market share, the purchase of minority interests in the Bank of Douglas, the Bank of Flagstaff, and the First State Bank at Mesa allowed Valley National to

³⁹⁹ “President’s Annual Report to the Stockholders,” 1951, 9, VNB Collection.

indirectly increase its overall market share while preventing Transamerica from expanding its influence in the state banking market. The combined successes resulting from bank efforts in the areas of advertising, product development, and geographic expansion translated to an effective increase in state market share, an increase in annual revenues and profits, and an marked increase in share value over the course of the subject period.

From the beginning of 1944 to the end of 1952, Valley National experienced a decrease in actual market share, as measured by the percentage of total Arizona deposit dollars held by the bank. Holding 49.4 percent of total deposits at the end of the period versus the 51.3 percent of total deposits it held at the beginning of 1944, the bank experienced a percentage decline similar to that of First National, its largest competitor. First National held 21.2 percent of Arizona bank deposits at the end of the subject period, compared to the 23.2 percent held by the institution at the beginning of 1944. Only two Arizona banks in existence at the beginning of the subject period increased their directly-held share of deposit holdings by the end of the immediate post-war years; Southern Arizona Bank and the Bank of Douglas, which increased from 10.4 percent to 11.5 percent and 3 percent to 8.4 percent, respectively. Farmers and Stockmens, the Bank of Flagstaff, and the First State Bank at Mesa, all institutions established during the period of study, held 2.6 percent of state deposits by the end of the immediate post-war years. However, while Valley

National lost direct control of a small percentage of the state banking market, its non-majority ownership stakes in the Bank of Douglas, the Bank of Flagstaff, and the First State Bank allowed control, albeit indirect, of 58.9 percent of Arizona deposits by the end of the subject period. This amount equaled nearly three times the total deposit holdings of First National, which controlled 21.2 percent of the state deposit market by the end of the period of study.⁴⁰⁰ Furthermore, though the percentage of deposits held by the bank declined, the dollar amount of deposits held by Valley National increased substantially, jumping from \$117,735,053.21 to \$305,104,124.85 over the course of the subject period.⁴⁰¹ The significant increase in the bank's deposit base funded its lending operations, which contributed greatly to revenue generation and institutional profitability.

Valley National gross income increased every year of the subject period, while the bank's net earnings increased every year with the exception of 1949. Although the bank's customer base increased substantially during this period, presumably aiding in revenue growth trends, factors such as tax rates, employee costs, branch construction expenses, and reduced deposit account margins associated with the drive to increase deposits through low-dollar account offerings exerted downward pressure on bank profitability. Over the course of the subject

⁴⁰⁰ "Percentage Distribution of Arizona Bank Deposits," 1955, file 1110, VNB Collection.

⁴⁰¹ Deposit Totals List, 1933-1955, 1956, file 1110, VNB Collection.

period, employee salary costs rose by 491 percent, climbing from \$875,388 at the beginning of 1944 to \$4,298,475 by the end of the study period.⁴⁰² Tax obligations also increased significantly during this period. While taxes accounted for just 36.3 percent of 1944 earnings, by the end of the subject period, the bank's tax burden had increased to 55.1 percent of earnings.⁴⁰³ However, the shrewd focus on high-margin, low-dollar, short-term installment lending helped to counteract rising costs and the reduced margins associated with low-balance deposit accounts. Throughout the subject period, loan income accounted for approximately two-thirds of Valley National revenue. As such, increasing the margins realized from lending operations significantly impacted bank profitability.

Over the course of the period of study, the average rate of return recorded on Valley National loans increased from 5.29 percent to 6.07 percent.⁴⁰⁴ The 6.07 percent rate of return on loans received by the bank at the end of the subject period exceeded the prevailing average mortgage rate of 5.03 percent by more than a full point, underscoring the importance of higher-margin installment lending. Furthermore, while ending the period with a average rate of return on loans greater than six percent, the institution paid no interest on checking deposits, one percent interest on savings deposits, and a rate ranging from fifty basis points to two percent

⁴⁰² "Salaries and Other Expenses," 1955, file 1110, VNB Collection.

⁴⁰³ "Earnings and Taxes," 1955, file 1110, VNB Collection.

⁴⁰⁴ "EARNINGS RATIOS of the VALLEY NATIONAL BANK," 1955, file 1110, VNB Collection.

on funds borrowed from the Federal Reserve.⁴⁰⁵ When measured within the context of rate spreads on funds costing the bank up to two percent interest, yielding a full point or more of return above prevailing mortgage rates on funds lent to consumers translated to significant earnings for the company. This favorable rate spread, as well as other actions such as the implementation of a limited slate of service charges and the establishment of a foreign department to capture revenue related to cross-border trade, greatly impacted bank revenues and profitability.

During the first year of the subject period, the bank generated revenues of \$3,103,208, while the institution grossed \$12,417,258 in the final full year of the subject period. Net earnings recorded by the bank also increased, though not to the same degree as gross income. In 1944, the bank netted \$755,411. By the end of the period, net earnings increased to \$1,560,663.⁴⁰⁶ Overall, the percentage of net earnings to gross income declined throughout the subject period, likely owing primarily to the aforementioned increases in tax obligations, employee costs, and branch construction expenditures. Nonetheless, Valley National management did achieve revenue growth each year of the subject period, and recorded

⁴⁰⁵ The discount rate decreased from one percent to fifty basis points on October 30, 1942. It rose to one percent on April 25, 1946, then increased to 1.25 percent on January 12, 1948, 1.5 percent on August 13, 1948, 1.75 percent on August 21, 1950, and two percent on January 16, 1953. Homer, 422; "Interest on Savings Deposits," n.d., file 1121, VNB Collection; "Schedule of Interest Changes," July 1, 1933 - June 24, 1970, VNB Collection; Board of Governors of the Federal Reserve System, "Discount Rate Changes: Historical Dates of Changes and Rates," Federal Reserve System, <http://research.stlouisfed.org/fred2/data/DISCOUNT.txt> (accessed September 30, 2011).

⁴⁰⁶ "EARNINGS RATIOS of the VALLEY NATIONAL BANK," 1955, VNB Collection.

increasing net earnings every year but 1949. The general upward trends in bank gross income and net earnings were also reflected in Valley National share prices, which increased in value significantly over the course of the subject period.

At the beginning of the subject period, Valley National stock traded at \$4.25 per share. By the end of the period, despite a vast increase in the number of shares outstanding resulting from efforts to raise capital through stock offerings and the use of shares as dividends, bank stock sold for \$19 per share. An individual holding a round lot of one-hundred shares valued at \$425 at the beginning of the subject period would have ended the study period with 312.5 shares valued at \$5,937.50 if he or she did not participate in any of the stock offerings of the immediate post-war years.⁴⁰⁷ Thus, when measured in terms of effective market share, as determined by deposits controlled directly by the bank and those controlled indirectly in an effort to prevent their acquisition by competitors, increasing revenue and net earnings, and share price and overall subject period investment appreciation, the three-pronged business strategy

⁴⁰⁷ The stated values take into account the increase of holdings resulting from the use of bank stock as dividend payments, but not shares accumulated during the several subscriptions offered to shareholders between 1944 and 1953. Determining the total value of the stake of a shareholder who chose to subscribe to additional offerings is difficult as annual reports do not list a purchase limit for the 1944 or 1945 offerings. Therefore, it is impossible to calculate the number of shares one may have purchased, thus precluding a calculation of an end-of-period valuation for such a scenario. "President's Annual Report to the Stockholders," 1945, 3, VNB Collection; "President's Annual Report to the Stockholders," 1946, 2, VNB Collection; "President's Annual Report to the Stockholders," 1949, 5, VNB Collection; "VALLEY NATIONAL BANK – Report of Stock Ownership," August 27, 1958, file 442, VNB Collection.

utilized by Valley National leaders in the immediate post-war period must be judged as successful.

Valley National Bank Historical Overview, January 1953 to 1992

Carl Bimson succeeded his brother Walter as president of the bank on January 20, 1953.⁴⁰⁸ That year brought a mild nationwide economic recession and the incorporation of the Arizona Bancorporation, a holding company created by bank leadership to assume ownership of the Bank of Douglas.⁴⁰⁹ Throughout the remainder of the 1950s, Valley National continued to acquire competitor institutions and open *de novo* facilities to the extent allowed by regulators. However, the size and structure of the company attracted federal attention after the passage of the federal Bank Holding Company Act of 1956. A 1956 Federal Reserve investigation into the level of competition present in the Arizona banking market was followed by a 1962 federal antitrust suit that lingered on until 1966.⁴¹⁰ During this period of litigation, new competitors emerged, and bank leaders focused much of their attention on the federal lawsuit, causing the bank to enter a “lethargic period.”⁴¹¹

Thus, the final chapter of Valley National history begins with the settlement of the federal antitrust suit and the exit of both Walter and Carl

⁴⁰⁸ Schweikart, *Encyclopedia*, 30.

⁴⁰⁹ Wilson, 54; Schweikart, *A History*, 124-125; Hait, 186.

⁴¹⁰ Schweikart, *A History*, 132-137.

⁴¹¹ Schweikart, *Encyclopedia*, 30.

Bimson from active management roles.⁴¹² During this period, the bank continued to expand, albeit in more measured terms than it had in past decades.⁴¹³ Slowed growth and the challenging economic environment of the mid-to-late 1970s further contributed to the more measured growth patterns experienced by the bank. By the 1980s, growing competition from in-state and out-of-state financial institutions created additional challenges for the company. Though Valley National remained the largest bank in the state throughout the 1980s, it was no longer the most profitable.⁴¹⁴ In 1985, Arizona lawmakers passed legislation allowing interstate banking, prompting the sale of numerous Arizona banks to out-of-state competitors.⁴¹⁵ As other local institutions were purchased by out-of-state entities, Valley National remained independent, being “too big and expensive to buy, but not big enough to compete in the event of full interstate banking.”⁴¹⁶ Suffering from ever-growing competition and losses resulting from the struggling local real estate market, Valley National was

⁴¹² Walter and Carl Bimson both retired from their positions on the Valley National board of directors in December of 1970. VNB Press Release, December, 16, 1970, file 204, VNB Collection; Walter Bimson to Board of Directors, December 15, 1970, file 451, VNB Collection; “Bimson to Retire at Year End,” *Arizona Republic*, December 16, 1970.

⁴¹³ Schweikart, *Encyclopedia*, 30.

⁴¹⁴ Doti, *Banking in the American West*, 235.

⁴¹⁵ VanderMeer, *Phoenix Rising*, 83.

⁴¹⁶ Doti, *Banking in the American West*, 235.

acquired by Ohio-based Banc One Corporation in 1992, thus closing the books on the last large Arizona-based bank.⁴¹⁷

Study Limitations

This study relied primarily upon information found in the Valley National Bank Collection, subject period newspaper and magazine articles, and secondary sources. While the information available in these sources proved sufficient for the purposes of this project, some resources that may have been of use were unavailable for review. Notably, the Valley National Bank Collection does not include minutes from bank board meetings. This source would have been of great value in determining the rationale behind the business practices of the study period. Also, the passage of nearly six decades since the end of the subject period has ensured that most or all bank executives that served during the late 1940s and early 1950s have passed away, thus precluding oral interviews. While the Phoenix History Project did interview Walter and Carl Bimson in the 1970s, the transcripts of these conversations proved to be of little value while conducting this study as the topics discussed were of little relation to the subject period operations of the bank. Other resources relating specifically to the bank or more generally to the banking industry were not consulted for this study due to financial limitations or time constraints.

Such sources include the Preston Delano Collection at the Truman Library

⁴¹⁷ JPMorgan Chase acquired Bank One in 2004. Schweikart, "A Record of Revitalization," 135; Michael Quint, "Norwest Acquiring Citibank-Arizona," *The New York Times*, February 4, 1993; Andrew Ross Sorkin and Landon Thomas, Jr., "J. P. Morgan Chase to Acquire Bank One in \$58 Billion Deal," *New York Times*, January 14, 2004.

in Independence, Missouri, National Archives records covering the subject period policies and operations of the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, and the holdings of the Federal Reserve Bank of San Francisco research library.

Future Study Opportunities

This study has focused on the business strategies employed by Valley National during the immediate post-war years in an attempt to determine how the institution built upon its pre-war successes in the immediate post-war period. Market share, revenue and profitability, and share price were used as metrics to gauge the effectiveness of the bank's subject period business practices. With the exception of *Financing the Frontier* and *Transformation in the Desert*, both of which lack independence and the benefit of long-range hindsight, no study focusing exclusively on Valley National has been undertaken prior to this effort. Larry Schweikart's *A History of Banking in Arizona* provides extensive coverage of the bank, but does so within the context of the larger state banking markets. Books such as Bradford Luckingham's *Phoenix*, Bill Collin's *The Emerging Metropolis*, and Philip VanderMeer's *Desert Visions* mention the bank and its leaders in larger discussions relating to the economic and cultural growth of the Phoenix area, but do not focus on its operational strategies and their associated outcomes. As such, this thesis fills a void in the literature relating to Valley National Bank. However, much work remains to be done.

While the immediate post-war business practices of the institution have been examined in this study, questions relating to many associated topics provide opportunities for future scholarship. Potential studies that may build upon the work presented in this thesis and other literature relating to the bank and its market include an examination of the impact of Valley National promotional efforts on Arizona's post-war growth, the impact of the bank and its leaders on the civic development of Phoenix and the state of Arizona, or the business practices of the institution in the years following this study. There is also a need for biographies of bank leaders such as Walter Bimson, Carl Bimson, and Herbert Leggett, as no such works yet exist. Finally, opportunities exist for projects examining the legal and social implications of subject period Valley National actions. Such studies might seek to answer the question of whether the bank or individual employees of the institution engaged in discriminatory lending practices, and if so, what impact such practices had on individual applicants or the larger community. The question of market dominance and the impact of the 1962 antitrust lawsuit on both the bank and the banking industry might prove of value to scholars as many banking industry antitrust studies focus solely on the 1948 Transamerica case, thus leaving the Valley National litigation available as a topic for further inquiry.

Given the size of the bank and its impact on the state economy, many other potential study questions may also be examined. Future

inquiries relating to Valley National, whether addressing topics outlined above or focusing on questions not listed, will serve to bolster the body of literature relating to the institution, thereby providing a valuable pool of contextual resources for scholars studying the history of the bank, the Phoenix area, the state of Arizona, or the banking industry.

REFERENCES

- 1950 *Tucson ConSurvey Directory*. Columbus, OH: Baldwin ConSurvey Company, 1950.
- 1953 *Tucson City Directory*. Tucson: City Directory Service, Inc., 1952.
- "A Comparative Glance at Three New Banks." *Architectural Record*, April 1951.
- Ackerman, Paul. "Bank Rolls Hot for Air Segs." *Billboard*, July 6, 1946.
- Addresses of Carl A. Bimson, Valley National Bank, Phoenix, Arizona and Past President, American Bankers Association, 1935-1968. Arizona Historical Foundation, Tempe, AZ.
- American Institute of Banking. *Bank Public Relations and Marketing*. Homewood, IL: Richard D. Irwin, Inc., 1967.
- "And How It Grew: Valley National Bank of Arizona Reflects the Enterprise of Its President in Annual Report Detailing 13 Years of History." *Business Week*, February 17, 1945.
- Arizona Courier-Journal*.
- Arizona Department of Banking. *Banking Laws of Arizona Enacted During the First Special Session of the Fifth Legislature*. Phoenix, 1922.
- Arizona Office of the Governor. *Governor's Message to the Eleventh Legislature*. Phoenix, 1933.
- Arizona Publisher*.
- Arizona Republic*.
- "Arizona's First Woman Banker." *Western Banker*, May 1971.
- Arizona State Legislature. *Acts, Resolutions and Memorials of the Regular Session Eleventh Legislature of the State of Arizona 1933*. Phoenix, 1933.
- Arizona Times*.

“Articles of Incorporation of Arizona Bancorporation.” Maricopa County Recorder’s Office, <http://recorder.maricopa.gov/recdocdata/GetRecDataDetail.aspx?Rec=19530002347> (accessed October 1, 2011).

“Autoists Do Banking From Their Cars.” *Popular Mechanics*, July 1930.

Bakersfield Californian.

“Bank Advertising.” *TIME Magazine*, June 9, 1924.

Bank of America. “Our Heritage.” Bank of America, <http://message.bankofamerica.com/heritage/#/ourheritage> (accessed May 10, 2011).

Beaty, John Y. *Bank Advertising and Publicity*. Cambridge, MA: Bankers Publishing Company, 1954.

Belfoure, Charles. *Monuments to Money: The Architecture of American Banks*. Jefferson, NC: McFarland and Company, 2005.

Bernstein, Blanche. *The Pattern of Consumer Debt, 1935-1936: A Statistical Analysis*. New York: National Bureau of Economic Research, 1940.

Bimson, Carl. *Transformation in the Desert: The Story of Arizona’s Valley National Bank*. New York: The Newcomen Society, 1962.

Bimson, Walter. “A Plan for Aiding Small Business: Condensation of Proposal to Small Business Advisory Committee of the Department of Commerce and Presented to the Joint Committee on the Economic Report.” *Northwestern Banker*, February 1950.

———. *Louis D. Ricketts (1859-1940): Mining Engineer, Geologist, Banker, Industrialist, and Builder of Arizona*. New York: The Newcomen Society, 1949.

———. “Small Business Loan Insurance Plan Would Aid Bank Earnings.” *American Banker*, December 16, 1949.

Board of Governors of the Federal Reserve System. “Discount Rate Changes: Historical Dates of Changes and Rates.” Federal Reserve System, <http://research.stlouisfed.org/fred2/data/DISCOUNT.txt> (accessed September 30, 2011).

- . *Flow of Funds in the United States, 1939-1953*. New York: Greenwood Press, 1968.
- . “FRB: TARP Program Information.” Federal Reserve System, <http://www.federalreserve.gov/bankinfo/tarpinfo.htm> (accessed May 10, 2011).
- “Bold Departure from Traditional Bank Design.” *Architectural Record*, October 1948.
- Bolin, Bob, Sara Grineski, and Timothy Collins. “The Geography of Despair: Environmental Racism and the Making of South Phoenix, Arizona, USA.” *Human Ecology Review* 12, No. 2, 2005: 156-168.
- Break, George F. *Federal Lending and Economic Stability*. Washington, DC: Brookings Institution, 1965.
- Bridenstine, Donald. “Commercial Banking in Arizona – Past and Present.” PhD diss., University of Southern California, 1958.
- Brophy, Frank. *The Story of the Bank of Douglas*. Phoenix: Bank of Douglas, 1955.
- Bureau of Labor Statistics. “Inflation Calculator: Bureau of Labor Statistics.” Bureau of Labor Statistics, http://www.bls.gov/data/inflation_calculator.htm (accessed July 31, 2011).
- Business Journal*.
- Butt, Paul D. *Branch Banking and Economic Growth in Arizona and New Mexico*. Albuquerque: University of New Mexico Bureau of Business Research, 1960.
- Calder, Lendol. *Financing the American Dream: A Cultural History of Consumer Credit*. Princeton, N.J.: Princeton University Press, 1999.
- Casa Grande Dispatch*.
- Chapman, John. *Commercial Banks and Consumer Installment Credit*. New York: National Bureau of Economic Research, 1940.
- City of Phoenix. “DDO- Downtown Office & Commercial.” City of Phoenix, <http://www.phoenix.gov/ECONDEV/prjsoffic.html> (accessed May 14, 2011).

- City of Phoenix Historic Preservation Office. *Midcentury Marvels: Commercial Architecture of Phoenix, 1945-1975*. Phoenix: City of Phoenix, 2010.
- Cleveland, Harold van B. and Thomas F. Huertas. *Citibank, 1812-1970*. Cambridge: Harvard University Press, 1985.
- Cline, Platt. *Mountain Town: Flagstaff's First Century*. Flagstaff: Northland Publishing Company, 1994.
- Collins, William. *The Emerging Metropolis: Phoenix, 1944-1973* (Phoenix: Arizona State Parks Board, 2005
- . *The New Deal in Arizona*. Phoenix: Arizona State Parks Board, 1999.
- Cox, Reavis. *The Economics of Instalment Buying*. New York: Ronald Press Company, 1948.
- Datus, Jay. "On Art in Banks." *Arizona Architect*, October 1959.
- Dean, David R. and Jean A. Reynolds. *African American Historic Property Survey*. Phoenix: City of Phoenix Historic Preservation Office, 2004.
- . *Hispanic Historic Property Survey*. Phoenix: City of Phoenix Historic Preservation Office, 2006.
- Dedera, Don. "Walter Reed Bimson: Arizona's Indispensable Man: Compleat Banker." *Arizona Highways*, April 1973.
- Department of Veterans Affairs. "Legislative History of VA Loans." Department of Veterans Affairs, <http://www.benefits.va.gov/homeloans/docs/history.pdf> (accessed July 19, 2011).
- Dorigo, Gabriela Beatriz. "The Modernist Branch Bank: An Appropriate Response to the Phoenix Urban Condition." Master's thesis, Arizona State University, 2004.
- Doti, Lynne Pierson and Larry Schweikart. *Banking in the American West: From the Gold Rush to Deregulation*. Norman, OK: University of Oklahoma Press, 1991.

- . “Financing the Postwar Housing Boom in Phoenix and Los Angeles, 1945-1960.” *Pacific Historical Review* 58, May 1989: 173-194.
- Dougall, Herbert E. “Government Financial Aid to Small Business: Summary and Conclusions.” *Journal of Finance* 6, June 1951: 157-160.
- “Drive-Ins: Banks, Theaters, Restaurants.” *Architectural Record*, August 1950.
- Eccles, Marriner S. *Beckoning Frontiers: Public and Personal Recollections*. New York: Alfred A. Knopf, 1951.
- Elmore, James, ed. *A Guide to the Architecture of Metro Phoenix*. Phoenix: Phoenix Publishing, 1983.
- Federal Deposit Insurance Corporation. “Bank One, Arizona, National Association.” Federal Deposit Insurance Corporation, <http://www2.fdic.gov/idasp/confirmation.asp?incert1=15025&instname=The+Vall+National+Bank> (accessed May 1, 2010).
- Federal Reserve Bank of Boston. “Closed for the Holiday: The Bank Holiday of 1933.” Federal Reserve Bank of Boston, <http://www.bos.frb.org/about/pubs/closed.pdf> (accessed May 1, 2010).
- Federal Reserve Bank of San Francisco. “About the Fed.” Federal Reserve Bank of San Francisco, <http://www.frbsf.org/publications/federalreserve/fedinbrief/keyfacts.html#> (accessed July 21, 2011).
- . Federal Reserve Bank of San Francisco. *Investigation of Banking in Arizona: Report to the Board of Governors of the Federal Reserve System, Prepared by the Federal Reserve Bank of San Francisco, November 23, 1956*. San Francisco: Federal Reserve Bank of San Francisco, 1956.
- . *Men, Money, and the West: Economic and Financial Developments in the Twelfth Federal Reserve District, 1914-1964*. San Francisco: Federal Reserve Bank of San Francisco, 1965.
- Federal Reserve Board. *Federal Reserve Bulletin, August 1933*. Washington, D.C.: Government Printing Office, 1933.

- . *Interlocking Bank Directorates Under the Clayton Act: Regulations of the Federal Reserve Board and Text of Section 8 of the Clayton Act*. Washington, D.C., 1928.
- Foster, Major B., Raymond Rodgers, Jules I. Bogen, and Marcus Nadler. *Money and Banking*. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1953.
- Fox, Stephen. *The Mirror Makers: A History of American Advertising and Its Creators*. New York: William Morrow and Company, 1984.
- Fradkin, Philip and Andy Anderson. *Stagecoach: Wells Fargo and the American West: Wells Fargo and the Rise of the American Financial Services Industry*. New York: Simon & Schuster Source, 2002.
- Freeman, C. Maclaren. *A Bank's Best Asset*. Washington, D.C.: Federal Banking Service, Inc., 1919.
- Gander, J. B. "A Ten-Point Checklist for Better Bank Quarters: Suggestions Based on the Author's 40 Years of Experience in Building or Modernizing 3,000 Financial Institutions." *Burroughs Clearing House*, February 1953.
- Germain, Richard. *Dollars Through the Doors: A Pre-1930 History of Bank Marketing in America*. Westport, CT: Greenwood Press, 1996.
- Gill, Brendan. Introduction to *Money Matters: A Critical Look at Bank Architecture*, edited by Joel Stine and Caroline Levine. New York: McGraw-Hill, 1990.
- Goldstein, Ira J. "Methods for Identifying Lenders for Investigation Under the Fair Housing Act." In *Mortgage Lending, Racial Discrimination, and Federal Policy*, edited by John Goering and Ron Wienk, 505-529. Washington, D.C.: The Urban Institute Press, 1996.
- Gutowsky, A. R. *Arizona Banking*. Tempe: Arizona State University Bureau of Business Research and Services, 1967.
- . "Arizona Commercial Banking: A Historical Sketch." *Arizona Business Bulletin* 13, October 1966: 3-9.
- Hait, Pam. *The Arizona Bank: Arizona's Story*. Phoenix: The Arizona Bank, 1987.

- Harriss, C. Lowell. *History and Policies of the Home Owners' Loan Corporation*. New York: National Bureau of Economic Research, 1951.
- Hauser, Philip M. "Wartime Population Changes and Postwar Prospects." *The Journal of Marketing* 8, no. 3 (January 1944): 238-248.
- Hazeltine, Sherman. *100 Years of Banking at First National Bank of Arizona*. Phoenix: First National Bank of Arizona, 1977.
- "Help Yourself to New Accounts." *Banking*, January 1953.
- Hickman, Bert G. *Growth and Stability of the Postwar Economy*. Washington, D.C.: Brookings Institution, 1960.
- Hillier, Amy E. "Redlining and the Home Owners' Loan Corporation." PhD diss., University of Pennsylvania, 2001.
- "History and Architecture." *The Westward Phoenix: An Exploration of a Historical Landmark*, <http://cronkitezine.asu.edu/specialprojects/westwardho/history%20&%20arch/history.html> (accessed June 1, 2011).
- Hoffman, Paul G. "Planning for Postwar Opportunity." *The Journal of Marketing* 8, no. 1 (July 1943): 33-40.
- Homer, Sidney and Richard Sylla. *A History of Interest Rates*. New Brunswick, NJ: Rutgers University Press, 1996.
- Hopkins, Ernest J. *Financing the Frontier: A Fifty Year History of the Valley National Bank*. Phoenix: The Arizona Printers, Inc., 1950.
- Hughes, Paul. *Bank Notes*. Phoenix: Phoenician Books, 1971.
- Jackson, Kenneth T. *Crabgrass Frontier: The Suburbanization of the United States*. New York: Oxford University Press, 1985.
- James, Marquis and Bessie. *Biography of a Bank: The Story of Bank of America, N.T. & S.A., 1904-1953*. San Francisco: Bank of America, 1982.
- Jervey, Jr., William. "When the Banks Closed: Arizona's Bank Holiday of 1933." *Arizona and the West* 10 (Summer 1968): 127-152.

- Johnson, G. Wesley, ed., *Phoenix in the Twentieth Century: Essays in Community History* (Norman, OK: University of Oklahoma Press, 1993).
- Joint Congressional Committee on Inaugural Ceremonies. "Inauguration of the President: Facts & Firsts." United States Senate, <http://inaugural.senate.gov/history/factsandfirsts/index.cfm> (accessed May 21, 2011).
- JPMorgan Chase and Company. "The History of JPMorgan Chase & Co.: 200 Years of Leadership in Banking." JPMorgan Chase and Company, [http://www.jpmorgan.com/cm/BlobServer?blobtable=Document &blobcol=urlblob&blobkey=name &blobheader=application/pdf&blobwhere=jpmc/about/history/shorthistory.pdf](http://www.jpmorgan.com/cm/BlobServer?blobtable=Document&blobcol=urlblob&blobkey=name&blobheader=application/pdf&blobwhere=jpmc/about/history/shorthistory.pdf) (accessed May 10, 2011).
- . "The History of Our Firm." JPMorgan Chase and Company, <http://www.jpmorganchase.com/corporate/About-JPMC/jpmorgan-history.htm> (accessed March 15, 2011).
- Kiewe, Amos. *FDR's First Fireside Chat: Public Confidence and the Banking Crisis*. College Station: Texas A&M University Press, 2007.
- Klebaner, Benjamin J. *American Commercial Banking: A History*. Boston: Twayne Publishers, 1990.
- . *Commercial Banking in the United States: A History*. Hinsdale, IL: The Dryden Press, 1974.
- Konig, Michael. "Phoenix in the 1950s: Urban Growth in the 'Sunbelt'." *Arizona and the West* 24, Spring 1982: 19-38.
- LaVoie, Robin. "Guide to MS 44: Valley National Bank Collection, 1898-1992." Tempe: Arizona Historical Society, 2003.
- Lindquist, Robert. *The Bank and Its Publics: Philosophy and Technique of Bank Public Relations*. New York: Harper and Brothers, 1956.
- Listokin, David and Stephen Casey. *Mortgage Lending and Race: Conceptual and Analytical Perspectives of the Urban Financing Problem*. Rutgers, N.J.: Rutgers University Center for Urban Policy Research, 1980.
- Los Angeles Times*.

Lubbock Evening Avalanche-Herald.

Luby, Bill. "The Big Four U.S. Banks." *Daily Markets*,
<http://www.dailymarkets.com/stock/2008/11/18/the-big-four-us-banks/> (accessed May 15, 2011).

Luckingham, Bradford. *Minorities in Phoenix: A Profile of Mexican American, Chinese American and African American Communities in Phoenix, 1860-1992*. Tucson: University of Arizona Press, 1994.

———. *Phoenix: The History of a Southwestern Metropolis*. Tucson: University of Arizona Press, 1989.

———. "The American Southwest: An Urban View." *The Western Historical Quarterly* 15, July 1984: 261-280.

MacGregor, T. D. *Bank Advertising Plans: A Book of Practical Suggestions*. New York: The Banker's Publishing Company, 1913.

———. *Two Thousand Points for Financial Advertising*. New York: The Bankers Publishing Company, 1915.

Malburn, William. *What Happened to Our Banks*. Indianapolis: Bobbs-Merrill Company, 1934.

Marshall, Robert H. *Commercial Banking in Arizona: Structure and Performance Since World War II*. Tucson: University of Arizona Division of Economic and Business Research, 1966.

Marvell, Thomas. *The Federal Home Loan Bank Board*. New York: Frederick A. Preager, 1969.

Mawn, Geoffrey. "Phoenix, Arizona: Central City of the Southwest, 1870-1920." PhD diss., Arizona State University, 1979.

McCoy, Matthew Gann. "Desert Metropolis: Image Building and the Growth of Phoenix, 1940-1965." Master's thesis, Arizona State University, 2000.

McMillan, James E., ed. *The Ernest W. McFarland Papers: The United States Senate Years, 1940-1952*. Prescott, AZ: Sharlot Hall Museum Press, 1995.

Meltzer, Allan H. *A History of the Federal Reserve: Volume I, 1913-1951*. Chicago: University of Chicago Press, 2003.

- Mergers: The Acquisition Front." *TIME Magazine*, May 19, 1967.
- Monroe, Keith. "Bank Knight in Arizona." *American Magazine*, November 1945.
- . "Bank Knight in Arizona." *Reader's Digest*, January 1946.
- Morgan, Neil. *Westward Tilt: The American West Today*. New York: Random House, 1963.
- Mors, Wallace P. "Commercial Banks and Competitive Trends in Consumer Instalment Financing." *The Journal of Business of the University of Chicago* 21, July 1948: 133-167.
- MS 30: Phoenix History Project Collection, 1974-1985. Arizona Historical Society, Tempe, AZ.
- MS44: Valley National Bank Collection, 1898-1992. Arizona Historical Society, Tempe, AZ.
- Muir, Earl R. "Bankers Going Socialist, Too?" *Changing Times*, June 1950.
- Nash, Gerald. *The American West Transformed: The Impact of the Second World War*. Bloomington, IN: Indiana University Press, 1985.
- . "Planning for the Postwar City: The Urban West in World War II." *Arizona and the West* 27, no. 2 (Summer 1985): 99-112.
- Neal, Phil C. "The Clayton Act and the Transamerica Case." *Stanford Law Review* 5, February 1953: 179-232.
- Nebgen, Mark. *United Bank of Arizona: A Pacesetter for a Quarter Century: A History of United Bank of Arizona*. Phoenix: s.n., 1985.
- Newman, William H. "Basic Objectives Which Shape the Character of a Company." *The Journal of Business of the University of Chicago* 26, no. 4 (October 1953): 211-223.
- New York Times*.
- Niebur, Jay Edward. "The Social and Economic Effect of the Great Depression on Phoenix, Arizona, 1929-1934" (master's thesis, Arizona State University, 1967).

- “Not Afraid of Being Different... Whimsy, Humor Help Arizona Bank to Grow.” *Advertising Age*, July 6, 1959.
- O'Connor, J.F.T. *The Banking Crisis and Recovery Under the Roosevelt Administration*. Chicago: Callaghan and Company, 1938.
- Office of the Comptroller of the Currency. “OCC: Preston Delano.” Office of the Comptroller of the Currency, <http://www.occ.treas.gov/about/who-we-are/leadership/past-comptrollers/comptroller-preston-delano.html> (accessed September 15, 2011).
- . *Office of the Comptroller of the Currency: A Short History*. Washington, D.C.: Office of the Comptroller of the Currency, 2011.
- Parris, Addison W. *The Small Business Administration*. New York: Frederick A. Praeger, 1968.
- Pfeiffer, Bruce Brooks. *Treasures of Taliesin: Seventy-Six Unbuilt Designs*. Carbondale, IL: Southern Illinois University Press, 1985.
- Phelps, Clyde William. “Consumer Finance Company Charges: II.” *Journal of Marketing* 17, July 1952: 22-36.
- Phoenix Gazette*.
- “Pioneer-Minded Bank of Douglas Still Mixing Historical Flavor With Financial Growth.” *Western Banker*, November 1954.
- “Post-War Credit Commission for Small Business.” *Banking*, May 1944.
- “Professional Building Deed.” Maricopa County Recorder’s Office, <http://recorder.maricopa.gov/recdocdata/GetRecDataDetail.aspx?Rec=19530035536> (accessed October 1, 2011).
- “Progressing with Arizona- Statement of Condition.” *Banking*, February 1953.
- Pumo, Kristen C. “The Home Builders Association of Central Arizona and the FHA: Phoenix Residential Housing Construction, 1920-1970.” Master’s thesis, Arizona State University, 2002.
- Ramenofsky, Elizabeth. *From Charcoal to Banking: The I. E. Solomons of Arizona*. Tucson: Westernlore Press, 1984.

- Reese, Everett D. "Banks and Small Business." *Changing Times*, June 1950.
- Reiner, Donna Jean. "Follow the Money: Identifying the Custom Architecturally Designed Branch Bank." Master's thesis, Goucher College, 2009.
- Reuters*.
- Robertson, Ross M. *The Comptroller and Bank Supervision: A Historical Appraisal*. Washington, D.C.: Office of the Comptroller of the Currency, 1968.
- Rothbard, Murray N. *A History of Money and Banking in the United States: The Colonial Era to World War II*. Auburn, AL: Ludwig von Mises Institute, 2005.
- Russell, Horace. "U.S. Veterans May Borrow \$25 Billions." *Finance*, July 1944.
- SAND*.
- Saulnier, R. J., Harold G. Halcrow, and Neil H. Jacoby. *Federal Lending and Loan Insurance*. Princeton: Princeton University Press, 1958.
- Schweikart, Larry. *A History of Banking in Arizona*. Tucson: University of Arizona Press, 1982.
- . "A Record of Revitalization: Financial Leadership in Phoenix." In *Phoenix in the Twentieth Century: Essays in Community History*, edited by G. Wesley Johnson, Jr., 123-135. Norman, OK: University of Oklahoma Press, 1993.
- , ed. *Banking in the West*. Manhattan, KS: Sunflower University Press, 1984.
- . "Brophy vs. Douglas: A Case Study in Frontier Corporate Control." In *Banking in the West*, edited by Larry Schweikart, 49-55. Manhattan, KS: Sunflower University Press, 1984.
- , ed. *Encyclopedia of American Business History and Biography: Banking and Finance, 1913-1989*. New York: Brucoli Clark Layman, Inc., 1990.

- . “Financing the Urban Frontier: Entrepreneurial Creativity and Western Cities, 1945-1975.” *Urban Studies* 26 (1): 177-186.
- . *That Quality Image: The History of Continental Bank*. Taipan, N.Y.: Custombook, 1987.
- Scottsdale Daily Progress*.
- “Small Business Loans, Government Insured: The Idea is Gaining Ground.” *Changing Times*, April 1950.
- Smith, George David and Laurence E. Steadman. “Present Value of Corporate History.” *Harvard Business Review* (November-December 1981): 164-173.
- Smith, Perry Coke. “What Bankers Want of Their Buildings.” *Architectural Record*, March 1945.
- Southtown Economist*.
- “Stock Transfer Form.” Maricopa County Recorder’s Office, <http://156.42.40.50/UnOfficialDocs/pdf/19530023634.pdf> (accessed October 1, 2011).
- Stocker, Joseph. “Portrait of a Bank: Financing America’s Most Flourishing Frontier.” *Arizona Highways*, November 1956.
- “The Modern Era: 1950-2000.” *Huachuca Illustrated: A Magazine of the Fort Huachuca Museum* 10, 1999: 3-30.
- “The New Look Takes Over the Banks.” *Business Week*, December 13, 1947.
- Thomas, Rollin G. *Modern Banking*. New York: Prentice Hall, Inc., 1946.
- Tyler, Norman, Ted J. Ligibel, and Ilene R. Tyler. *Historic Preservation: An Introduction to Its History, Principles, and Practice*. New York: W. W. Norton and Company, 2009.
- UMB Financial. “Our History,” UMB Financial, <https://www.umb.com/AboutUMB/CompanyInformation/OurHistory/000213> (accessed June 21, 2011).
- “Unit Drive-In.” *Burroughs Clearing House*, February 1953.

- United States Census Bureau. "Resident Population and Apportionment of the U. S. House of Representatives." United States Census Bureau, <http://www.census.gov/dmd/www/resapport/states/arizona.pdf> (accessed August 6, 2011).
- United States Department of Housing and Urban Development. "Executive Order 11063 – HUD." United States Department of Housing and Urban Development, http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/EXO11063 (accessed September 30, 2011).
- United States Senate. "Senate Leaders: Ernest McFarland, "Father of the GI Bill." United States Senate, http://www.senate.gov/artandhistory/history/common/generic/People_Leaders_McFarland.htm (accessed October 5, 2011).
- United States Senate Committee on Banking and Currency. *Small Business Act of 1950: Hearings on S. 529, S. 2943, S. 2947, S. 2975, S. 3386, and S. 3625, Bills to Make Capital and Credit Available for Financing Small Business, Part 1*, 91st Cong., 2nd sess., 1950.
- Upham, Cyril and Edwin Lamke. *Closed and Distressed Banks: A Study in Public Administration*. Washington, D.C.: Brookings Institution, 1934.
- VanderMeer, Philip. *Desert Visions and the Making of Phoenix*. Albuquerque: University of New Mexico Press, 2010.
- . *Phoenix Rising: The Making of a Desert Metropolis*. Carlsbad, CA: Heritage Media Corporation, 2002.
- Wade, Michael S. *The Bitter Issue: The Right to Work Law in Arizona*. Tucson: Arizona Historical Society, 1976.
- Wall Street Journal*.
- Washington Post*.
- Wedding, Nugent. "Advertising and Public Relations." *The Journal of Business of the University of Chicago* 23, no. 3 (July 1950): 173-181.
- Wells, Donald. *The Federal Reserve System: A History*. London: McFarland and Company, 2004.

- “What They’re Doing Today.” *Advertising Age*, June 2, 1958.
- Wheelock, David. “Regulation, Market Structure, and the Bank Failures of the Great Depression.” *Federal Reserve Bank of St. Louis Review* (March/April 1995): 27-38.
- Whitaker, Matthew. *Race Work: The Rise of the Civil Rights Movement in the Urban West*. Lincoln: University of Nebraska Press, 2005.
- Wicker, Elmus. *The Banking Panics of the Great Depression*. Cambridge: Cambridge University Press, 1996.
- Wilkinson, J. C. “Planning a Bank to Make Friends.” *Banking*, April 1945.
- Wilson, John David. *The Chase: The Chase Manhattan Bank, N.A., 1945-1985*. Boston: Harvard Business School Press, 1986.
- Wood, James Playsted. “Raymond Rubicam.” *The Journal of Marketing* 26, April 1962: 77-79.
- Wood, Jr., Oliver G. *Commercial Banking: Practice and Policy*. New York: D. Van Nostrand Company, 1978.
- Zarbin, Earl. *All the Time a Newspaper: The First 100 Years of the Arizona Republic*. Phoenix: Phoenix Newspapers, Inc., 1990.