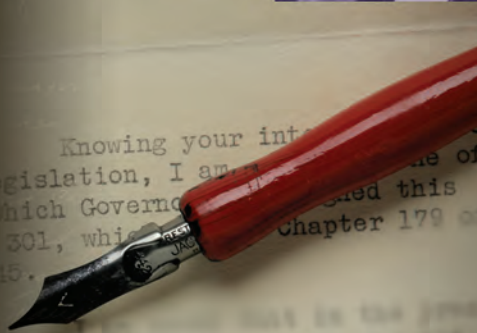
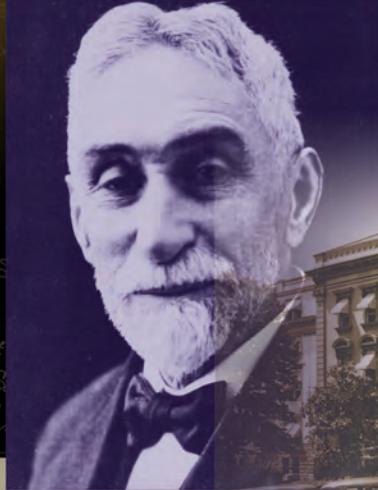


The League Leader

SPRING 2008

NEW JERSEY LEAGUE OF COMMUNITY BANKERS



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Special Anniversary Edition

Celebrating a Century

The images of yesterdays 100 years past are filled with grainy black and white photos and faded sepia tones, impressions of crowded city streets, dark offices and stern men with top hats and stiff collars. These snapshots in time tell far too little of the bustle of the day or the passions of the men and women who lived them.

Yet the vibrancy of 1908 is easy to imagine. The year begins with a 700-pound ball of wood and iron lit by 100 25-watt incandescent light bulbs dropping for the first time in Times Square to mark the New Year. A few days later a rainbow of colors awakens as the sun rises over the Grand Canyon, the nation's newest official monument.

The year sees youth served with the foundation of the Boy Scout movement; crime battled with creation of the Federal Bureau of Investigation (as the Office of the Chief Examiner); and automation advanced with the first Model T automobile rolling off the production line.

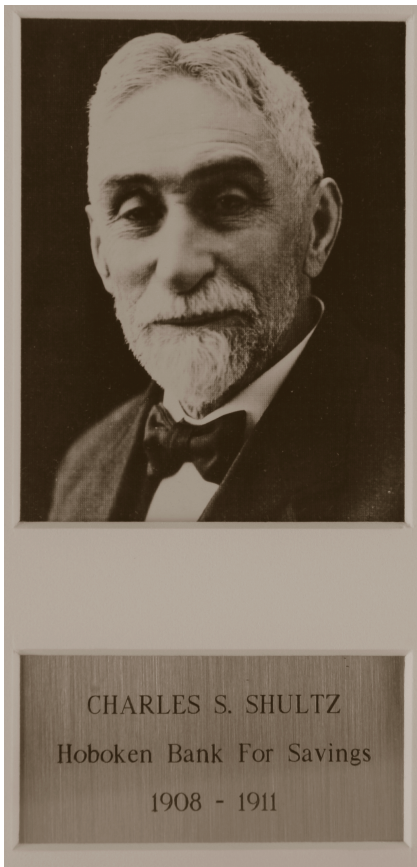
There is elation — the Chicago Cubs win the World Series (for the last time); administration — William Howard Taft defeats William Jennings Bryan for the Presidency; and adventure — Butch Cassidy and the Sundance kid are killed by Bolivian soldiers — or are they?

All the while commerce continues at a rapid pace as the United States furthers its expansion from isolated nation to world player.

A Call to Order

On June 25, 1908, "Representatives of sixteen savings banks of New Jersey... organized the New Jersey Savings Banks Association, with the object of obtaining proper consideration of all legislative

action affecting savings banks and the discussion of all subjects relating to the general welfare of those institutions in the state," as reported in the newspaper the next day. Of note was the new group's decision to "go it alone" in rejecting an offer to join the New Jersey Bankers Association.



Nearly one year later to the day — June 23, 1909 — a similar unification took place in Atlantic City with the formation of the New Jersey Building and Loan League. Of particular importance to that group was pending legislation in Washington that would have levied a

disastrous tax on building and loan associations, from which the League eventually was successful in its petition to exempt B&Ls.

The 1908-1909 period was an important and opportune time for association and collective action in the banking and trust industries. The Panic of 1907, or Bankers' Panic, followed a 50 percent crash in the stock market in 1906 and caused a run on many banks and trusts the following year. Historical accounts attribute the panic, in large part, to questionable speculation tactics by the Knickerbocker Trust Company in New York, which subsequently collapsed under a run on deposits.

The Panic of 1907 led to enactment of the Federal Reserve Act and eventually the Federal Reserve System, but also shook public confidence in the banking industry in general and trusts in particular.

The time was ripe for a call to order.

Building a Future a Sixpence at a Time

The progression toward collectivism among building and loan associations and savings banks was a natural step in a process that took foot in the previous centuries.

Building and loan associations began as building societies, the first forming in Birmingham, England, in 1774. Building societies were created to pool the contributions of members to finance homeownership for each. When each member owned a home, the society was concluded, or terminated. Eventually terminating building societies gave way to permanent associations that would accept new members as existing participants secured homes.