

TRADITION



Rudolph E. Reichert
(1927-1936)

Rudolph E. Reichert's term as Commissioner spanned just over nine years and he served under four Governors — in succession, Republican Governors Fred W. Green and William M. Brucker, Democratic Governor William A. Comstock, and Republican Governor Frank D. Fitzgerald. First appointed by Governor Green on January 21, 1927, Commissioner Reichert resigned on February 15, 1936.

Born in Dexter, Michigan in 1887, Rudolph Reichert graduated from Ann Arbor High School in 1904. His long and distinguished career on the Michigan financial scene began in August 1904 as a messenger in the Farmers & Mechanics Bank of Ann Arbor. He became a bookkeeper at the bank in 1910. Later the same year, Mr. Reichert moved to the German-American Savings Bank in Ann Arbor where he started as a teller. Advancing quickly, in 1912 he was elected to the board of directors of the bank, and in 1914 he was appointed assistant cashier. The German-American Savings Bank merged with State Savings Bank of Ann Arbor in 1916. In 1925, Mr. Reichert was elected to the board of directors of the bank and promoted to cashier.

During his tenure as Commissioner, Rudolph Reichert drafted the reorganization banking law (1933 Public Act No. 32) which also was adopted by several other states. He was president of the National Association of Supervisors of State Banks in 1934. Commissioner Reichert collaborated in writing the act that established the Federal Deposit Insurance Corporation. After his service as Commissioner, beginning in 1943, Mr. Reichert served six years as director of the Detroit Branch of the Federal Reserve Bank of Chicago. In 1944, he was elected president of the Michigan Bankers Association. He also was a member of the advisory board of the Reconstruction Finance Corporation for nearly the entire duration of its existence. He was chairman of the war loan committee for the Second Congressional District from 1941 until 1946 and state chairman of the Treasury Savings Bonds Association of the American Bankers Association from 1946 until 1953. Mr. Reichert was appointed chairman of the committee on federal legislation and was a member of the Research Council of the American Bankers Association. From 1917 to 1922, he served Ann Arbor as president of the City Council, and from 1948 to 1956 as chairman of the Police Commission.

As Commissioner, Mr. Reichert witnessed the unfolding of events that, in time, would pose enormous challenges, culminating in the infamous "bank holiday" in 1933. This was historically significant for it was in

Michigan that the bank holiday began. The book, *28 DAYS A History of the Banking Crisis*, describes the setting: “February 14 (Tuesday). In the early morning hours of St. Valentine’s Day, William A. Comstock, Democratic Governor of Michigan, left a conference of Federal and State officials and banking leaders at Detroit and motored to the state capital at Lansing. Shortly thereafter, he issued a proclamation of ominous import to the banking structure of the nation, a proclamation which had the immediate effect of paralyzing the \$1,500,000,000 bank deposits of one of the country’s most important industrial States. Acting on his executive authority, the Governor proclaimed an eight-day public holiday for all of Michigan’s financial institutions. The result was to close 550 national and State banks holding the funds of 900,000 depositors.” (C.C. Colt and N.S. Keith, *28 DAYS A History of the Banking Crisis*, p. 6.) Just three days later, efforts were underway in Lansing to enact remedial legislation prior to the expiration of the bank holiday. While the Senate passed a resolution conferring “dictatorial powers on the Governor to regulate banking affairs during the emergency,” the House was reluctant to take such a bold step. Meanwhile, some bankers were becoming increasingly assertive. “At a meeting in Grand Rapids, sixty out-of-the-city bankers adopted a resolution not to reopen their banks at the end of the holiday unless adequate legislation to protect banks and their depositors had been enacted before that time. It was pointed out that many of the out-of-the-city banks had not been able to extend much relief to their depositors, since a large part of their liquid funds were on deposit with Detroit banks and hence subject to the 5% withdrawal restriction in effect there. In Upper Michigan, however, in the Minneapolis Federal Reserve District, many banks had disregarded the Governor’s holiday order and continued open for business.” *Ibid.*, pp. 15-16.

In many important ways, the events surrounding the bank holiday were unprecedented and would dramatically reshape the face of banking regulation in this country.

At the beginning of his term as Commissioner, Rudolph Reichert oversaw a State Banking Department which, at year-end 1927, had regulatory jurisdiction over 616 state banking institutions (589 state-chartered banks, 5 industrial banks, and 22 trust companies) with total resources of over \$1.709 billion, 131 small loan agencies, and 13 credit unions. As of December 31, 1927, there were 18 closed receiverships and 5 active receiverships dating from the organization of the Department in 1889. As of September 29, 1931, the total assets of the 459 state-chartered banks and 8 industrial banks stood at over \$1.245 billion, representing a nearly 27.2 per cent decline from year-end 1927. More ominously, at year-end 1931, there were 18 closed receiverships, while the number of active receiverships had risen to 74. On October 25, 1933, the total assets of the 262 state-chartered banks and 6 industrial banks had fallen to \$349,928,027. As of December 31, 1933, the Banking Department supervised 276 state-chartered banks, 6 industrial banks, 12 trust companies, 43 credit unions, and 195 small loan agencies (the higher number of state-chartered banks existing at year-end 1933 was due to several banks being approved for reopening).

Unquestionably, Rudolph E. Reichert earned a well-deserved reputation as a lifelong banker in Michigan. What stands out in his remarkable career, however, was his able service during the greatest banking crisis in our state’s and nation’s history. Mr. Reichert was elected chairman of the board of City Bank, Detroit in 1953 (later City National Bank of Detroit), where he closed out his banking career. Rudolph Reichert passed away in 1965.