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Hudson City Bancorp

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Introduction

Hudson City Bancorp stands as a compelling chapter in the annals of American financial history. Established in the 19th century and at one point the largest savings bank in New Jersey, its journey mirrors the transformation of the American economy, urban landscapes, and the ever-evolving world of banking. This book chronicles the story of Hudson City Bancorp from its modest origins through its ascendance as a major regional institution and, ultimately, its integration into the fabric of a larger American bank holding company.

The roots of Hudson City trace back to 1868 in a then-small New Jersey community. Over the ensuing decades, the institution demonstrated remarkable soundness and adaptability, navigating economic upheavals like the Great Depression and periods of rapid postwar growth. Its history is one of thoughtful leadership and prudent management, marked by strategic expansions, notable mergers and acquisitions, and a steadfast commitment to serving its communities. The bank's leadership, particularly during times of economic turbulence, distinguished Hudson City as a resilient and adaptive company—a reputation that earned it accolades during both regional booms and national crises.

Yet, the trajectory of Hudson City Bancorp was not one of uninterrupted ascent. The 21st century brought transformative challenges to the banking industry: a string of economic downturns, dramatic shifts in regulatory environments, and the far-reaching impacts of the 2008 financial crisis. Hudson City's conservative approach to lending initially positioned it as an exemplar of stability while competitors faltered. However, prolonged low interest rates and evolving market dynamics revealed vulnerabilities even among the most prudent actors, culminating in financial strains and significant shifts in business strategy.

Leadership transitions and regulatory pressures further shaped Hudson City Bancorp's journey. Its public reorganization, landmark stock offerings, and eventual inclusion in the S&P 500 reflected its prominence and ambition, while later scrutiny over fair lending practices exposed the bank to new social and legal challenges. The subsequent acquisition by M&T Bank—a process marked by unprecedented regulatory delays—signaled the end of Hudson City as an independent institution, but also the continuation of its legacy within a broader financial organization.

This book aims to provide a comprehensive view of Hudson City Bancorp's nearly 150-year history, situating its experience within the larger contexts of American banking evolution, urban development, regulatory change, and shifting economic tides. Through detailed examination of its growth, setbacks, community impact, and

eventual merger, readers are invited to consider not only the story of a single institution but also the broader mechanisms that shape corporate destiny in the financial sector.

As we trace the rise, transformation, and integration of Hudson City Bancorp, this history offers insight into both the promise and the inherent volatility of American banking. The lessons drawn from Hudson City's story extend far beyond the borders of New Jersey and the boardrooms of financial executives, providing valuable perspective for anyone seeking to understand the past, present, and future of the American financial landscape.

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CHAPTER ONE: The Founding of Hudson City Savings Bank (1868-1900)

The story of Hudson City Bancorp, an institution that would grow to become a significant force in regional American banking, begins in the mid-19th century, a time of profound change and burgeoning opportunity across the United States. It was an era when local communities, driven by a spirit of self-reliance and progress, often established their own financial institutions to serve the specific needs of their residents. Against this backdrop, on March 27, 1868, the New Jersey Legislature granted a charter for the establishment of Hudson City Savings Bank.

The bank set up its initial operations in the burgeoning, albeit then-small, community of Hudson City, New Jersey. This location, a testament to the local focus of such early savings institutions, was chosen to cater directly to the financial requirements of the city's inhabitants. The concept of a savings bank at this time was often rooted in community welfare, providing a secure place for individuals, particularly those of modest means, to deposit their earnings and accumulate savings.

Leading this new endeavor as its first president was Garrett D. Van Reipen, a figure who held considerable standing in the community, having also served as Hudson City's first mayor. His dual role underscored the deep connections between nascent financial institutions and the civic leadership dedicated to fostering local prosperity. Van Reipen's involvement would have lent immediate credibility and a sense of rootedness to the fledgling bank.

The choice of Hudson City as the bank's home, however, proved to be somewhat transient in a rapidly developing New Jersey. By the early 1870s, Hudson City itself, along with neighboring Bergen City, underwent a significant transformation, being annexed by Jersey City. This consolidation brought Hudson City Savings Bank under the umbrella of a much larger, more established urban center. While the physical location remained, the municipal identity shifted, placing the bank within the dynamic landscape of what was becoming the second-largest city in New Jersey. This expansion of Jersey City was a common occurrence in the post-Civil War era, as urban centers absorbed surrounding towns to accommodate growing populations and industrial development.

Despite these shifts in municipal boundaries, Hudson City Savings Bank demonstrated remarkable resilience and a steady trajectory of growth throughout its early decades. The late 19th century was a period of both economic expansion and occasional volatility, but the bank managed to navigate these currents with a prudent hand. By

the close of the 19th century, roughly thirty years after its founding, the bank had successfully accumulated assets and deposits exceeding \$1 million. This figure, while perhaps modest by today's standards, represented a substantial achievement for a local savings institution of that era, signaling its increasing stability and the trust it had garnered from its depositors.

The success of mutual savings banks like Hudson City Savings Bank during this period can be attributed to several factors. There was often a distinct lack of competition for the deposits of small savers, as commercial banks typically focused on larger accounts and business transactions. Furthermore, these institutions thrived on the rapid industrial and economic growth of the areas they served, which provided a steady stream of new depositors and opportunities for local investment. Their reputation for providing a high level of safety for deposited funds was also a significant draw, a critical factor for individuals wary of less regulated financial ventures.

As the 19th century drew to a close, Hudson City Savings Bank had firmly established itself as a reliable financial cornerstone within its community, even as that community's official designation had changed. The foundation laid during these formative years, characterized by local leadership, a focus on savings, and a cautious approach to growth, would serve as the bedrock for its future expansion and evolution. The bank's early journey reflected a common narrative among many American financial institutions of the time, born from local needs and steadily growing in tandem with the communities they served.

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