



UNC  
SCHOOL OF LAW

NORTH CAROLINA  
BANKING INSTITUTE

---

Volume 5 | Issue 1

Article 20

---

2001

# McColl's Revolution: The Triumph of the South

Frances Clement

Follow this and additional works at: <http://scholarship.law.unc.edu/ncbi>



Part of the [Banking and Finance Law Commons](#)

---

## Recommended Citation

Frances Clement, *McColl's Revolution: The Triumph of the South*, 5 N.C. BANKING INST. 549 (2001).

Available at: <http://scholarship.law.unc.edu/ncbi/vol5/iss1/20>

This Book Review is brought to you for free and open access by Carolina Law Scholarship Repository. It has been accepted for inclusion in North Carolina Banking Institute by an authorized administrator of Carolina Law Scholarship Repository. For more information, please contact [law\\_repository@unc.edu](mailto:law_repository@unc.edu).

## McCull's Revolution: The Triumph of the South A Book Review of *McCull: The Man with America's Money* by Ross Yockey

### I. INTRODUCTION

Ross Yockey's biography allows Hugh McColl to add yet another trophy to the wall as further testimony of McColl's extraordinary vision and leadership.<sup>1</sup> McColl, however, did not intend this biography merely to extol his achievements, but to give America a picture of his true character broader than the typical military caricature.<sup>2</sup> McColl and Joe Martin, one of McColl's most trusted aides and main image consultant, originated the idea of his biography.<sup>3</sup> Thus, McColl, tired of journalism's pasquinades, authorized Yockey to write a biography depicting McColl's values, leadership, and enjoyment of shaking things up.<sup>4</sup> Martin found Yockey, and McColl agreed that Yockey was the person to write his biography, perhaps because he was "never part of the business press," whom McColl avoided.<sup>5</sup> Yockey had first met and

---

1. See ROSS YOCKEY, *MCCOLL: THE MAN WITH AMERICA'S MONEY* 571-72 (1999). Yockey describes various tributes to McColl that are framed and mounted or encased around the conference room, including awards acclaiming his commitment to family through the corporation, his efforts for diversity throughout the bank, as well as headlines of the various mergers and acquisitions accomplished through the years. *Id.*

2. See *id.* at 618. In 1997 McColl agreed to let Yockey interview him for a biography and said that "[he]'d like people to see that I'm not just a one-sided, flat character." *Id.* (internal quotations omitted). McColl actually spent only two years in the Marine Corps. *Id.* It is interesting that McColl wanted to get away from the ex-marine image, but Yockey continually spins out military metaphors, and McColl consistently portrays this image in public. McColl has done no interviews concerning Yockey's biography, so his opinion of the image Yockey created remains unknown. Barry Flynn, *McCull Biography Portrays Victor in Epic Banking Battle*, ORLANDO SENTINEL, Oct 9, 1999, at C1, available at LEXIS, Busfin Library, ORSENT File. Yockey has noted that McColl wanted to maintain a tough public persona while at the same time reveal his more complicated private side. See Steve Cocheo, *The Complete McColl*, ABA BANKING J. Sept. 1999, at 7.

3. Flynn, *supra* note 2, at C1.

4. See YOCKEY, *supra* note 1, at 618-19.

5. Cocheo, *supra* note 2, at 7. See also, YOCKEY, *supra* note 1, at 305. The business community perceived McColl as "pushy" and "arrogant." *Id.*

interviewed McColl in 1992 while working on the Museum of the New South's exhibit on banking.<sup>6</sup> McColl met Yockey again and remembered his name in connection with the biography Yockey had written on conductor Zubin Mehta.<sup>7</sup> To his credit, Yockey has a distinguished newspaper and journalism background, including novels and magazine articles as well as the biographies of Zubin Mehta and Andre Previn.<sup>8</sup>

Reviews of *McColl* range from the blasé to the excited.<sup>9</sup> *The St. Petersburg Times* called McColl "immodest," "ambitious," "eccentric," "merger-driven," and focused on Florida's importance and contribution to NationsBank and its eventual merger with BankAmerica.<sup>10</sup> Lucien Salvant, writing for *Mortgage Banking*, found Yockey's narrative "riveting" and a "page-turner."<sup>11</sup> Salvant enjoyed the play-by-plays of McColl's merger and acquisition deals, and found Yockey's insights into McColl's psyche fascinating.<sup>12</sup> Other reviewers, while still impressed with Yockey's accomplishment, deemed the 636-page biography so long that "the book plods."<sup>13</sup> Barry Flynn of the *Orlando Sentinel* staff notes that Yockey's *McColl* retains the familiar image "of a man who talks in incessant military metaphors and passes out crystal hand grenades as recognition of good work."<sup>14</sup>

While each of these reviews rings true, they somehow miss the mark. The play-by-plays of mergers and buy-outs are sometimes exciting and sometimes dull. Military imagery and metaphors appear as frequently as team jargon. But *McColl* is not just about the growth of a bank; it is about the growth of a man.

---

6. See YOCKEY, *supra* note 1, at 625.

7. *Id.* McColl owned a copy of Yockey's biography on Zubin Mehta, autographed by the conductor himself. *Id.*

8. Ross Yockey, *Hugh McColl: Seasoned Banker*, MORTGAGE BANKING, Dec. 1, 1999, at 63. Previn is also a conductor. *Id.*

9. Compare Barry Flynn, *McColl Biography Portrays Victor in Epic Banking Battle*, ORLANDO SENTINEL, Oct. 9, 1999, at C1, with Lucien Salvant, *McColl: The Man vs. the Myth*, MORTGAGE BANKING, Apr. 1, 2000, at 113.

10. Jeff Harrington, *McColl Biography Has Florida Feel*, ST. PETERSBURG TIMES, Oct. 2, 1999, at 1E, available at LEXIS, Busfin Library, STPETE File.

11. Salvant, *supra* note 9, at 113.

12. *Id.*

13. Dean Foust, *Rebel Banker*, BUS. WK., Nov. 15, 1999, at 24D, available at LEXIS, Busfin Library, BUSWK File.

14. Flynn, *supra* note 2, at C1.

Yockey skillfully depicts how family and history shaped a man who not only dared to envision himself as the head of the biggest bank in the nation, but achieved that dream.<sup>15</sup> This review will examine McColl's leadership qualities and how they were formed.<sup>16</sup> Next it will discuss how McColl laid the groundwork for interstate banking, especially through significant acquisitions in Texas and Florida.<sup>17</sup> Finally, it will focus on the largest and possibly final merger of McColl's career, and why McColl remained in charge after the merger between his NationsBank and David Coulter's BankAmerica.<sup>18</sup>

## II. LEADERSHIP

### A. *In General*

The Marine Corps occupied only two years of McColl's life, but the lessons learned there would remain with him.<sup>19</sup> During his Marine experience McColl discovered the "value of human life."<sup>20</sup> By working closely with diverse groups of people, McColl realized that race does not affect one's capabilities.<sup>21</sup> His mother and sister contributed to his view that he should not judge people by their gender.<sup>22</sup> What mattered, McColl discovered, was one's ability to perform.<sup>23</sup> These realizations helped McColl build a successful and

---

15. See YOCKEY, *supra* note 1, at 621-24.

16. See *infra* notes 19-139 and accompanying text.

17. See *infra* notes 140-206 and accompanying text.

18. See *infra* notes 207-230 and accompanying text.

19. See YOCKEY, *supra* note 1, at 618-19.

20. *Id.* at 618. McColl took what he learned in the Marines about people and applied it to the world at large. *Id.*

21. *Id.* The Marines taught McColl to judge people's actions, not their physical appearance, because results matter. *Id.* at 60

22. *Id.* at 618-19. For instance, Hugh saw his sister, Frances, transform herself from the independent free-spirit he looked up to into a woman trying to conform to societal expectations. See *id.* at 69. Frances ended up a depressed alcoholic and spent many years institutionalized beginning in the early 1960s. *Id.* at 384. She died at home in 1990. *Id.* at 408. Yockey slates Frances, or Pal as McColl called her, as McColl's role model and "the person who showed him what leadership was all about." *Id.* at 69. Frances's troubles showed McColl that "some women needed careers, the same as some men did." *Id.*

23. See *id.* at 618.

diverse company.<sup>24</sup>

This section of the book not only explains McColl's penchant for military metaphors, but also evinces the significant role learning has in developing leadership skills.<sup>25</sup> McColl acquired the skills that would take him through life and allow him to realize his dreams from his family, from the military, from his superiors and his subordinates, from the history he had studied (especially about the American Civil War), and his past experiences.<sup>26</sup> Yockey notes that the Marines enabled McColl to articulate what he learned from being part of a team and to apply those lessons to the rest of his life.<sup>27</sup>

In Yockey's biography, McColl embodies two significant qualities of leadership: loyalty and action. These two categories encompass other traits important to leadership, including unity, integrity, risk, trust, confidence, aggressiveness, productivity, problem solving, anticipation, competitiveness, and adaptability. From day one, Hugh McColl was quick to learn about the driving force of competitiveness in the banking industry.<sup>28</sup> The mantra of American Commercial,<sup>29</sup> and of Addison Reese, American

24. *Id.*

25. *See supra* notes 19-23 and accompanying text.

26. *See infra* notes 58, 59, 109 and accompanying text. McColl especially enjoyed reading about the history of the Civil War and often compared himself to his favorite heroes, such as Stonewall Jackson. *See YOCKEY, supra* note 1, at 220-21.

27. YOCKEY, *supra* note 1, at 618-19.

28. *See id.* at 15.

29. *Id.* at 14-15. McColl had come to work at American Commercial through his father's insistence. *Id.* Although McColl had a degree in finance and banking from the University of North Carolina at Chapel Hill, McColl had not expressed any real desire to go into banking. *Id.* After spending two years in the Marines, McColl had gone home to work for his father's farm; however, his father infamously told him, "You're not smart enough to be a farmer, boy. You'd better be a banker." *Id.* at 14. *See id.* at 29-30. Even more daunting to McColl, his father had to call the president of American Commercial to secure his position in the training program. *Id.* at 15, 31. Despite these initial setbacks, McColl began formulating a strategy to succeed, (although he originally thought that if his father wanted him to do well, he should have procured a job for him from Wachovia instead). *Id.* at 16. Because McColl knew some of the history of American Commercial from his father's dinner conversations about banking, he decided to use this information to his advantage and to learn more about the history of the bank to see if this was where he wanted to work, where he wanted to succeed, and whether it was the right team for him to join. *See id.* at 17-18. History would give him a vantage point from which to observe and weigh out this company's strengths and weaknesses. *See id.*

Commercial's president, was "beat Wachovia."<sup>30</sup>

Yet before McColl could become subsumed by the competitiveness between the two banks, McColl focused on the competition within his bank.<sup>31</sup> Since McColl saw himself as the underdog, he devised strategies to make himself stand out from the other trainees.<sup>32</sup> Despite his initial frustration, McColl decided to "outthink" his fellow trainees and take bigger risks.<sup>33</sup> During training, instead of only watching other employees, McColl took a job in each department, such as keeping books, or working as a note teller in the Note Department.<sup>34</sup> By working with the people in the various departments, McColl won respect from the bank's employees and developed important relationships with them.<sup>35</sup> Particularly, he found a mentor in Benny Shaw.<sup>36</sup> Shaw helped acquaint McColl with people at the bank, and McColl maintained his connections even after moving from one department in the bank to another.<sup>37</sup> These basic principles of competitiveness and loyalty would lay the groundwork for McColl's successes as he planned to move up the ranks.

---

30. *Id.* at 15. At the time, Wachovia was the biggest bank in North Carolina. *See id.* at 20. Wachovia took advantage of the liberal North Carolina banking laws, which did not limit bank operations by county, so Wachovia had branches in almost every county in North Carolina. *Id.* As a result, "Wachovia controlled one dollar out of every five in North Carolina banks." *Id.* Moreover, the state government of North Carolina banked with Wachovia, so new charters and branches were easily granted to Wachovia, allowing it to become recognized as the "most important bank in the Southeast." *Id.*

31. *See id.* at 27. McColl views the bank as a "battlefield." *Id.*

32. *See* YOCKEY, *supra* note 1, at 27-28. The bank recruited the other trainees from Davidson, Wake Forest, the University of North Carolina at Chapel Hill, and Duke. *Id.* at 14-15. McColl was just out of the Marines and had not been recruited. *Id.* at 13-15.

33. *Id.* at 27.

34. *Id.* at 27-28.

35. *Id.* at 28. McColl thought that these friendships and alliances would help him more in his career at the bank than becoming friends with the Personnel Department would, because the people employed in each department were the ones who actually did the work. *Id.* As a result, McColl made it a point to maintain and further develop these relationships even after he had moved onto another department. *Id.*

36. *See id.* at 23-25. Benny Shaw managed the Proof Transit Department and was McColl's supervisor during his training there. *Id.* at 23-24. Shaw showed McColl how the bank worked and how important it is to develop relationships with people in the bank. *See id.* at 25.

37. *Id.* at 28.

*B. Building Trust and Taking Risks*

McColl's initial hard work freed him from the training program early.<sup>38</sup> He became a correspondent banker, which further instilled in him the importance of dealing with people and customers.<sup>39</sup> During this time McColl continued to learn from the different departments by visiting them each week when he was not traveling.<sup>40</sup> McColl also learned how to be a "customer man."<sup>41</sup> This entailed employing aggressiveness, confidence, and taking action.<sup>42</sup> For example, one of the most important connections McColl would make came from a deal where he exercised these characteristics in full force to help land a customer and to get the

---

38. YOCKEY, *supra* note 1, at 34. Although McColl left the training program seventeen months early (the typical program was thirty months), he remained dissatisfied with his job, believing himself to be sidetracked and his hard work ignored. *Id.* He went to his father for sympathy and advice and instead was given a lesson in loyalty and work ethics. *Id.*

39. *Id.* at 37. A correspondent banker made loans and collected checks from the smaller banks, to whom larger banks such as North Carolina National Bank (NCNB) loaned money to cover the remaining amount of the loan, since "[s]tate-chartered banks could make no individual loan that was greater than fifteen percent of the bank's total capital." *Id.* A small bank would loan as much as it could to an individual or business and then get an "upstream" bank to cover the rest of the loan. *Id.* Banks from the north, especially those in New York, threatened to dominate this aspect of banking, because it was a perceived "money center," unless banks such as NCNB could develop the right relationships and provide the right service for these small banks. *Id.* McColl worked hard as a correspondent banker to help NCNB beat the competition. *See id.* at 38. He developed relationships with bankers throughout South Carolina (his territory), such as Hootie Johnson of Columbia's State Bank and Trust, and provided customers with loans on the spot. *Id.* at 38-40. Correspondent banking developed from the Reconstruction Era after the Civil War. *Id.* at 37. Originally the upstream banks did not do business directly with the customer, but in 1962 Addison Reese formed a new division of the bank, the National Division of NCNB, whose main function was correspondent banking and whose customers were not just small banks, but corporations, manufacturers, and other businesses. *Id.* at 40.

40. *Id.* at 37. When McColl was not traveling in his capacity as a correspondent banker, he would act as though he were still a trainee and visit different bank departments, a habit that would become very valuable to McColl during the course of his career, gaining him respect and loyalty. *Id.*

41. *Id.* at 37.

42. *Id.* Jack Ruth taught McColl the importance of responding quickly and of rendering a decisive opinion. *See id.* McColl was never willing to take what he was given as the entire lesson. Instead, he took what he learned and applied it, usually taking that lesson one step or more further than his mentor or partner was willing to go. This enabled McColl to place himself in front of the competition and earned him a reputation for taking risks and getting the deal done. *See id.* at 41.

bank out of trouble.<sup>43</sup> When the call from his boss, Pat Calhoun, came during his afternoon off, McColl did not question the need for immediate action.<sup>44</sup> Instead, he jumped into his car and drove to Columbia to help Hootie Johnson save Bankers Trust of South Carolina.<sup>45</sup> Bankers Trust had loaned money to a car dealer who had sold cars without reporting the sales to his creditors.<sup>46</sup> The other banks that had loaned the dealer money were ready to foreclose on their loans and bankrupt the dealer.<sup>47</sup> Johnson and Bankers Trust could not advance the dealer any more money than the fifteen percent maximum of its capital it had already invested.<sup>48</sup> McColl found unencumbered assets of the dealer for collateral and formed a deal with Bankers Trust that NCNB would buy the loans from the other banks, provided that Bankers Trust kept their loans to the dealer.<sup>49</sup> Using his confidence and decisiveness, McColl saved the situation and gained the loyalty and respect of Hootie Johnson, an alliance which would help him later.<sup>50</sup> Even more important to McColl's superiors was that their bank, NCNB, had been able to take action and resolve a situation, which Johnson thought Wachovia would have been reluctant to do.<sup>51</sup>

This reciprocal risk-trust relationship formed a strong foundation for building loyalty, not only between McColl and his

---

43. *See id.* at 44.

44. YOCKEY, *supra* note 1, at 43-44.

45. *Id.* at 44. W.W. "Hootie" Johnson was the heir apparent chair of Columbia, South Carolina's State Bank and Trust. *Id.* at 39. This bank developed from the Bank of Greenwood, established by Johnson's father in 1943. *Id.*

46. *Id.*

47. *Id.* at 39.

48. *Id.* *See also supra* note 39 and accompanying text.

49. YOCKEY, *supra* note 1, at 45.

50. *See id.*

51. *See id.* at 44. In 1960 American Commercial Bank merged with Security National of Greensboro to form North Carolina National Bank. *Id.* at 31. This merger was important to the bank because Greensboro was a national bank, governed by the Comptroller of the Currency and not under state charter and regulations as American Commercial was; thus, the new bank became less limited in its possibilities for expansion and became a stronger competitor in the race to beat Wachovia. *See id.* at 31-32. Yockey implies that Johnson believed Wachovia, being known as the more conservative bank, would be hesitant to respond to his situation and unwilling to take a risk. *See id.* at 44. Moreover, Johnson probably knew that mention of Wachovia would spur McColl's competitiveness and drive him into action. *See id.*



customer, but also between McColl and his superiors at the bank.<sup>52</sup> The more the bank trusted McColl, the more risks he could take, as long as he produced results.<sup>53</sup> McColl gained confidence from the trust his superiors, such as Pat Calhoun, put in him.<sup>54</sup> This confidence enabled McColl to get the deals. As McColl's reputation as an aggressive risk-taker grew, more customers came to NCNB for loans.<sup>55</sup> The results from McColl's "risk and trust" method gave NCNB an aggressive and competitive image, consistent with CEO Addison Reese's vision for the bank in its quest to beat Wachovia.<sup>56</sup>

McColl learned the importance of risk and trust not only through his own business dealings, but also from his family.<sup>57</sup> Hugh McColl's great-grandfather, Duncan Donald McColl, was deemed a great risk taker who did not follow the ordinary rules, but took risks by acting upon his instincts.<sup>58</sup> He risked his own life

---

52. *See id.* at 61-63.

53. *See id.* at 108.

54. *See supra* notes 43-50 and accompanying text. Pat Calhoun, who had come from the Greensboro side of the NCNB merger, was the head of the National Division of NCNB and, therefore, McColl's boss. YOCKEY, *supra* note 1, at 40. Calhoun became executive vice president of the National Division under Reese, but was never slated as one of Reese's potential successors. *Id.* at 98-99.

55. YOCKEY, *supra* note 1, at 109-110.

56. *Id.* at 110.

57. *See id.* at 108.

58. *See id.* Duncan Donald McColl was the "McColl family hero," as well as Hugh McColl's personal hero. *Id.* at 4, 6. Duncan Donald McColl was a volunteer in North Carolina's First Heavy Artillery Battalion of the Confederacy led by General Joseph Johnston in the Civil War. *Id.* at 7. He fought at Bentonville, North Carolina in Lee's last attempt to stop Sherman's army before it could join with Grant's. *Id.* Duncan was shot, and his parents were told that he was dead. *Id.* But Duncan Donald McColl did not die and lived to become "a hero on the battlefield of commerce." *Id.* (internal quotations omitted). After the Civil War, Duncan returned to Bennettsville and filled the void of leadership he found in the chaos there. *Id.* at 79. In 1884 Duncan formed and helped capitalize the South Carolina & Pacific Railway Company, of which he later became president. *Id.* at 80. The railroad began in Bennettsville and went up to Fayetteville, North Carolina, and from there South Carolina cotton could reach the port of Wilmington, North Carolina. *Id.* The railroad later expanded towards Charleston. *Id.* With all these developments, Duncan Donald McColl saw a need for a bank in Marlboro County. *Id.* at 81. In 1866, he built the Bank of Marlboro, of which McColl was president, CEO, and COO. *Id.* From his success in the bank, Duncan was able to invest capital and to influence the community to build a cotton mill and generate more revenue for Marlboro County. *Id.* Duncan also focused his attention on getting investors to build a cotton mill in Bennettsville, which they did -- provided that Duncan became president of the mill; eventually, that mill and his other three cotton mills merged

for the sake of others, who “later entrusted him with their future.”<sup>59</sup> Similarly, McColl used his knowledge and understanding of banking and his customers’ needs to sense good loans, and thus implementing his instincts to take perceived risks.<sup>60</sup> Because McColl’s superiors trusted these abilities, they entrusted him with the future of the bank.<sup>61</sup>

### C. Team Work

McColl also used his intuition to gain loyalty and trust from his subordinates.<sup>62</sup> As McColl moved up the corporate ladder, he had more chances to display his leadership skills.<sup>63</sup> Within the company, McColl best displayed these skills when building his team.<sup>64</sup> The same intuition that enabled him to sense a good loan allowed McColl to identify those whom he wanted on his team.

---

into a million dollar corporation. *Id.* at 82. Duncan Donald McColl’s son, Duncan Donald Jr. wrote an essay about his father, describing his character and leadership qualities: “Mr. McColl disregarded the ordinary rules of business and, acting only upon his keen nature, loaned money without security . . . .” *Id.* (internal quotations omitted). Successful businesses grew from these loans, because Duncan gave them “financial assistance . . . when they had no security to offer, save what appeared to the keen discerning eye of Mr. McColl as industry, character and a determination to succeed.” *Id.* at 82-83 (internal quotations omitted). Hugh McColl seems to have emulated his great-grandfather, taking risks and striving to build great and successful businesses. *See id.* at 108.

59. YOCKEY, *supra* note 1, at 108. Donald Duncan had fought one of the last battles in the Civil War and then had survived and helped rebuild the South, displaying great leadership. *See supra* note 58 and accompanying text. Yockey also attributes McColl’s propensity to take chances to his mother, who risked graduating college by taking a forbidden ride in an airplane. *See YOCKEY, supra* note 1, at 108. Frances Carroll attended Winthrop Female College in Rock Hill, South Carolina. *Id.* at 87. An airplane “buzzed” Frances and her friends as they were walking across a campus field. *Id.* The pilot landed the plane and asked the women if they wanted a ride. *Id.* Frances, who had never been in an airplane before, could not resist the offer. *Id.* at 87-88. Despite the rule prohibiting students to leave campus, Frances took the ride in the airplane. *Id.* at 88. At the end of her senior year, Winthrop Female College denied Frances the privilege of delivering the valedictory address; they did allow her to graduate at the bottom of her class. *Id.* In 1993, McColl agreed to speak to the Winthrop business school, but only if the university would acknowledge his mother as valedictorian of her class, which it did. *Id.* at 484.

60. *See YOCKEY, supra* note 1, at 107.

61. *See id.* at 107-10.

62. *See, e.g., id.* at 323. *See also, infra* notes 146-51 and accompanying text.

63. *See, e.g., YOCKEY, supra* note 1, at 323. *See also infra* notes 146-51 and accompanying text (describing McColl’s conquest of the Texas banking industry).

64. *See, e.g., YOCKEY, supra* note 1, at 145-49.

Tom Storrs revamped the bank's training program, allowing the trainees to work under supervision on their first day and providing additional training through classroom instruction.<sup>65</sup> McColl became even more interested in recruiting after the implementation of this new Promotion Qualification program and spent much time teaching in the classroom.<sup>66</sup> McColl's motive for spending so much on training employees arose from his desire to handpick the people he wanted on his team.<sup>67</sup> He learned from his past experiences in college and on teams that "you could win at any game . . . if you understood the people you were playing against and if you picked the right people to play with."<sup>68</sup> People wanted to be on McColl's team because they trusted him and saw that he led the company and cared about people.<sup>69</sup>

Some of McColl's great successes with both customers and

---

65. *Id.* at 144. The training program was formerly known as the "Sheep-Dip" program in which the trainees circulated around different departments and learned by observation. *Id.* at 14. Tom Storrs, an economics PhD from Harvard, was the manager of Charlotte's Federal Reserve branch, having been appointed there a year earlier after working at the main Federal Reserve Bank in Richmond, when in 1960 Addison Reese recruited him to run the NCNB branch in Greensboro. *Id.* at 33-34. From this early point, Addison Reese perceived Storrs as someone who might run NCNB someday. *Id.* at 33. During the power shifts at NCNB, and the speculation about who would become Reese's successor, Storrs, although a favorite of Reese's, was not a favorite of the board, since he was an outsider, and therefore Reese did not initially raise Storrs to the level of Executive Vice-President (EVP), even though his job had the same capacity as one of the EVPs. *Id.* at 97-99. Instead, Reese made Storrs a senior vice-president, one level down from EVP. *Id.* at 99. When Herbert Wayne, the EVP in charge of the Charlotte region, died, Reese elevated Storrs to executive vice-president for administration, in charge of both Greensboro and Charlotte. *Id.* at 99-100. When Reese became chairman and CEO of NCNB in 1967, the board also made Tom Storrs vice chairman, which created doubt about who would later succeed Reese as CEO. *Id.* at 112. On January 1, 1974 Tom Storrs became "chairman of the holding company, chairman of the executive committee of the bank, and CEO of both entities." *Id.* at 193. At this time McColl became president of NCNB. *Id.*

66. *Id.* at 144-45. With the implementation of the new program, the old sheep dip name disappeared and the new trainees became unofficially designated as moles. *Id.* at 145. McColl took a special interest in one mole, Ed Dolby, a young, African-American they hired from Shaw University in Raleigh, North Carolina. *Id.* Yockey shows how McColl teaches Dolby to really see a balance sheet and that people, not numbers, are important. *See id.* McColl also reassures Dolby of his future in the company during a cocktail party. *Id.* at 146. Yockey tries to limn McColl as a colorblind prophet foretelling the future of the company, but here, as elsewhere when women appear, McColl appears more paternalistic than anything.

67. *Id.* at 149.

68. *Id.*

69. *Id.* at 149-50.

trainees grew from his ability to develop relationships.<sup>70</sup> He applied his relationship philosophy of trust and caring about people to both his customers and his team members.<sup>71</sup> To achieve unity, McColl saw these people not merely as customers or employees, but as friends.<sup>72</sup> As these friendships and relationships developed, McColl had opportunities to see his team take charge in difficult situations as he needed, expected, and trusted them to do.<sup>73</sup>

In particular, McColl's friendship and business relationship with C.D. "Dick" Spangler, Jr. provided NCNB with significant opportunities.<sup>74</sup> In 1972, Dick Spangler came to McColl, because he believed that the Bank of North Carolina was going to fail.<sup>75</sup> McColl helped to devise a plan where Spangler ousted the board and executives and replaced them with recruits and other executives furnished by NCNB.<sup>76</sup> NCNB also advanced the Bank of North Carolina a substantial loan.<sup>77</sup> This loan ensured that when McColl needed someone to help him with a situation,

---

70. See YOCKEY, *supra* note 1, at 174.

71. See *id.* at 174-75.

72. *Id.* at 175. McColl spent time developing these friendships outside of work, even vacationing with customers with whom he became close over the years and those with whom he worked. See *id.* For example, in 1973, McColl spent his vacation rafting on the Colorado River with Jerry Richardson, a Hardee's franchise owner. McColl had become friends with in the course of his bank loaning Richardson money. *Id.* McColl even sat on Hardee's board of directors. *Id.*

73. See *id.* at 211. McColl's team manages to pull through for the bank and their leader, one example, is the Salomon Brothers fiasco of 1974. *Id.* Salomon Brothers was NCNB's new investment banking partner. *Id.* During the fourth of July weekend, Salomon Brothers warned NCNB that they had no market for their commercial paper. *Id.* As a result, Salomon Brothers increased the bank's interest rate to twenty-five percent and made their commercial paper payable when due instead of allowing it to roll over. *Id.* It became due four days after NCNB learned of their new obligations. *Id.* Thus, NCNB needed money to secure their commercial paper, and since all American banks would be closed for the holiday, McColl devised a plan to let his London team raise the money, an amount of about \$40 million, which was successful. See *id.* at 211-15.

74. *Id.* at 176. Spangler's family owned the Selwyn Village apartments where he and McColl lived, in 1972. *Id.* Spangler's father originally owned a construction business, but started the Bank of North Carolina in Jacksonville when he became dissatisfied with other banks in the area. *Id.* By 1972, Dick Spangler was on the board of his father's bank in Raleigh. *Id.*

75. *Id.*

76. YOCKEY, *supra* note 1, at 176.

77. *Id.* at 177. NCNB lent the Bank of North Carolina more than \$10 million to help them get back on their feet. *Id.*

Spangler would be there.<sup>78</sup> In 1974, Spangler helped McColl to resuscitate Blythe Brothers Construction when they were on the verge of bankruptcy by buying property from them.<sup>79</sup> In 1982, McColl learned that Spangler was negotiating a merger with First Union.<sup>80</sup> McColl, mindful that NCNB had rescued the Bank of North Carolina ten years earlier, immediately flew to the mountains of West Virginia where Spangler was on vacation to negotiate his own deal.<sup>81</sup> McColl believed that their relationship required Spangler to give NCNB the opportunity to buy his interest in the bank.<sup>82</sup> McColl arrived at the resort and did not leave until he reached a deal with Spangler.<sup>83</sup>

Their relationship worked the other way around as well. In 1990, when NCNB faced financial difficulty, Spangler invested \$100 million in NCNB stock, becoming the largest shareholder with eight million shares.<sup>84</sup> Despite NCNB's losses and falling earnings, Spangler showed McColl that people trusted him.<sup>85</sup>

---

78. *See id.* NCNB built their success on this philosophy of getting businesses and individuals so involved with the bank that it became difficult for them to go elsewhere. *Id.*

79. *Id.* at 212-13.

80. *Id.* at 275.

81. *Id.* McColl appeared deeply offended by this infidelity and called Spangler at 2:00 am to tell him he'd be there at 9:00 am. *Id.*

82. YOCKEY, *supra* note 1, at 275.

83. *Id.* In 1982, this became the largest bank merger in North Carolina history with NCNB giving about two million shares of NCNB stock, worth around \$32 million, for Spangler's Bank of North Carolina interest. *Id.* at 276.

84. *Id.* at 419. Spangler believed in the future of NCNB. *Id.* at 418. He had become more involved with McColl since their first transactions, and served on the NCNB Executive Committee until he became president of the University of North Carolina at Chapel Hill. *Id.* Spangler's wife, Meredith was elected to NCNB's board of directors in 1986. *Id.*

85. *Id.* at 419.

D. *McColl's Quest for the Top*

McColl developed these relationships with one view in mind: to run the bank.<sup>86</sup> In 1962, Addison Reese was both grooming Tom Storrs to succeed him and looking for young leaders to follow Storrs.<sup>87</sup> McColl emerged as one of the potential candidates for future president of the bank.<sup>88</sup> Yet McColl doubted his ability to attain that position, because he faced other competitors, especially Luther Hodges, Jr.<sup>89</sup> Instead of giving up on his ambitions, McColl rose to the challenge and developed his own team to help him accomplish his goals.<sup>90</sup> His team included people such as Benny Shaw and Bob Kirby.<sup>91</sup> In formulating his plans, McColl foresaw the providence of keeping Hodges as an ally and made sure to include Hodges in his group.<sup>92</sup>

In 1964, Addison Reese and Tom Storrs, chose twenty-four young executives to groom as the future leaders of NCNB, and thus created the Information and Advisory Panel.<sup>93</sup> These twenty-four became known as "the Young Turks."<sup>94</sup> Hodges and McColl emerged as the dominant members of this elite group.<sup>95</sup> At meetings, the two men sat on opposite sides of the table and approached the present discussion from different points of view.<sup>96</sup> Despite their growing rivalry, McColl and Hodges remained friendly.<sup>97</sup> Together they discussed plans for when they would be

---

86. *See id.* at 72.

87. *Id.* at 52.

88. YOCKEY, *supra* note 1, at 52.

89. *Id.* at 52 and 64. McColl believed that Reese expressly recruited Hodges, who had attended the University of North Carolina with McColl, to prepare him to take over after Reese and Storrs had both retired. *Id.* at 52-53. Hodges graduated with distinction from UNC, received his M.B.A. from Harvard, carried himself with authority, and his father was the former governor of North Carolina. *Id.* at 53.

90. *Id.* at 54.

91. *Id.* Bob Kirby had trained McColl. *Id.* at 54-55. *See also supra*, notes 35-36 and 61-72 and accompanying text.

92. YOCKEY, *supra* note 1, at 55. McColl invited Hodges to join him, Shaw, and Kirby in their golf, tennis, and card games. *Id.*

93. *Id.* at 71.

94. *Id.*

95. *Id.*

96. *Id.* at 72.

97. *Id.*

in charge of the bank.<sup>98</sup> In private, McColl believed that Hodges would eventually run the bank.<sup>99</sup>

Not yet ready to concede, McColl strove to make himself outstanding.<sup>100</sup> First, McColl implemented a faster check clearing system by organizing an overnight delivery service to bring checks from their correspondent banks in South Carolina to Charlotte.<sup>101</sup> Second, McColl realized that Storrs and Hodges did not have a close bond.<sup>102</sup> If Storrs did gain control of the bank after Reese, his promotion could affect McColl's career.<sup>103</sup> McColl, always loyal, made sure to afford Storrs the same respect he showed Reese and Calhoun.<sup>104</sup>

Although McColl and Storrs respected one another, they had different leadership styles.<sup>105</sup> Storrs admired McColl's ability, but worried that McColl was too "brash."<sup>106</sup> Storrs believed that the leader should not get too close to the troops, because closeness makes it difficult for the leading officer to order his troops to do their jobs or go into battle.<sup>107</sup> McColl, on the other hand, wanted "to enjoy the enthusiastic support of his crew."<sup>108</sup> Yockey views this contrast as an important difference, for McColl attributes much of his success to knowing so many people working for the bank and knowing what and how they did their jobs.<sup>109</sup> Moreover,

---

98. YOCKEY, *supra* note 1, at 72.

99. *Id.* at 73. McColl believed that one day Hodges would become CEO, and McColl would become president of the bank. *Id.* at 96.

100. *Id.*

101. *Id.* at 73-74. By processing the checks overnight, the bank could post them in the correspondent bank's account before the start of business the next day. *Id.*

102. *Id.* at 102.

103. *Id.* at 102-03.

104. YOCKEY, *supra* note 1, at 102.

105. *See id.* at 107-08.

106. *Id.*

107. *Id.* at 220.

108. *Id.*

109. *See id.* at 220-21. McColl was known for his management-by-walking-around style. *Id.* McColl enjoyed reading books about military history rather than books about business, especially those about the Civil War in which his great-grandfather had fought. *See id.* Stonewall Jackson was a favorite character of McColl's because he did not don an officer's uniform that would have distinguished him from the troops. *Id.* McColl identified with Jackson and his philosophies and learned from him that "the information a commanding officer needed most could come only from the troops." *Id.* McColl had learned this during his first month in training for the Marines. *Id.* He also learned that an officer never orders his troops "to go anywhere

when working on important projects, Storrs would make decisions before his team had a chance to pose questions and options.<sup>110</sup> McColl would explore all options and listen to any questions and suggestions in his quest for the best solution for the bank.<sup>111</sup>

McColl further realized the value of his close leadership style when he saw that certain arm's length business transactions, such as loans for cars and mobile homes with uncertain credit checks, created problems for the bank.<sup>112</sup> In one instance, Luther Hodges initiated a plan to approve loans for customers who had jobs with a steady income and could repay the loans.<sup>113</sup> This seemed like an especially important development in 1973, because mortgage rates rose so quickly that the North Carolina legislature passed a law capping interest rates at eight percent on first home mortgages of fifty thousand dollars or less.<sup>114</sup> When the prime rate rose to over eight percent, other banks stopped lending money on these mortgages, which hurt lower income families, essentially preventing them from buying homes.<sup>115</sup> So, NCNB Mortgage offered loans at eight percent interest for a limited time and when interest rates declined, the bank planned to sell the loans at a

---

he wouldn't lead them." *Id.* He discerned the importance of taking care of his troops and of being one with them, carrying the burden at the same time he asks them to carry it. *Id.* Do this, McColl learned, and they will trust you with their lives and the truth. *Id.*

110. YOCKEY, *supra* note 1, at 258.

111. *Id.* Joe Martin enjoyed working on McColl's team, because he made finding the answers a game from which they developed their plan of action. *Id.* Martin found McColl unexpectedly "patient, sensitive, cooperative, encouraging." *Id.* (quoting Martin). Martin also liked the way McColl further encouraged his teammates and garnered their support by praising his workers in front of the team, and reprimanding them only in private. *Id.* at 265-66.

112. *Id.* at 218.

113. *Id.* at 191. Hodges developed this program with the advertising slogan "Your Name is Your Collateral" to draw new customers into NCNB and to beat Wachovia in domestic deposits. *Id.* Luther Hodges became McColl's chief source of concern and source of fear that he would not succeed and fulfill his ambitions, since he believed that Addison Reese had recruited Hodges to take over the company. *Id.* at 52-53. McColl and Hodges appeared as the dominant competitors for future leadership of NCNB. *See id.* at 71-73, 95-96, 121, 195, 223. However, as tension grew at the bank in the mid-1970s, Hodges began to doubt his position and decided to go into politics. *Id.* at 238-41.

114. *Id.* at 191-92.

115. *Id.* at 192. At this point the prime mortgage rate was around 10.5%, which Hodges believed was as high as it would go. *Id.*



profit.<sup>116</sup>

One of the main problems with Hodges's liberal lending scheme was that the bank made too many loans for the purchase of mobile homes, treating them like real estate.<sup>117</sup> Problems arose when the falling economy caused worker lay-offs in several North Carolina manufacturing plants.<sup>118</sup> When the plant workers lost their jobs, many left their mobile homes and moved in with other family members and left their loans unpaid.<sup>119</sup> NCNB quickly realized that the " 'collateral of the mobile home was always less than the notes outstanding,' " and no market for mobile homes existed at that time.<sup>120</sup> McColl realized that lack of information about the mobile home dealers whom they were financing led the bank to overlook substantial risks.<sup>121</sup> Thus, the bank stopped buying paper from mobile home dealers and other businesses they were unsure of, such as automobile dealers.<sup>122</sup>

McColl realized the problem was not only with the arm's length business practices, but also with Hodges's handling of his subordinates.<sup>123</sup> McColl did not think that Hodges, because of his management style, received accurate reports from his loan managers.<sup>124</sup> This reaffirmed McColl's belief that close relationships between a leader and his followers, as between the bank and its customers, begat success.<sup>125</sup> In 1974, losses for the bank continued, with more than six million dollars in losses from Hodges's consumer department.<sup>126</sup> By 1976 the bank had begun to

---

116. YOCKEY, *supra* note 1, at 192. Initially this plan worked to NCNB's advantage, bringing in over six million dollars in loan applications at the end of the first week and over thirty-three million dollars at the end of six weeks. *Id.* By 1974, the prime mortgage rate fell to 9.5%, and NCNB stopped their 8% mortgage program. *Id.* at 200. Instead of falling below eight percent as Hodges and NCNB had predicted, the interest rates rose again up to almost 10% and then reached 12% and rising. *Id.* at 200, 215-16. NCNB was losing money on consumer lending for the first time. *Id.* at 216.

117. *Id.* at 216.

118. *Id.*

119. *Id.*

120. *Id.*

121. *Id.* at 217.

122. YOCKEY, *supra* note 1, at 218.

123. *See id.* at 208.

124. *Id.*

125. *See supra* notes 61-84 and accompanying text.

126. YOCKEY, *supra* note 1, at 223. *See also id.* at 237. During the mid 1970s

recover, but Storrs blamed Hodges for the damage done.<sup>127</sup> Storrs gave McColl and Dougherty raises, but not Hodges.<sup>128</sup> Hodges realized that Storrs's action signified the stagnation of his career at the bank and thus decided to pursue his political ambitions.<sup>129</sup>

With Hodges gone, McColl deemed his future position as leader of the bank more secure.<sup>130</sup> Bill Dougherty remained the only apparent competition, but McColl refused to perceive Dougherty as a serious threat.<sup>131</sup> Without increasing Dougherty's responsibilities, Storrs turned Banking Group I over to McColl and gave Hodges' former department, the North Carolina banking operations, to Buddy Kemp.<sup>132</sup>

Although the competition was dwindling, Storrs remained uncommitted to claiming McColl as his successor.<sup>133</sup> Storrs prepared evaluations of the top contenders for the executive committee of the board to examine and weigh their options.<sup>134</sup> McColl appeared on the list, but still needed to "prove himself" to Storrs.<sup>135</sup> Despite their differences and though they did not agree

---

problems with the aggressive loans NCNB had made in the 1960s appeared. *Id.* at 230-31. Instead of limiting financing to real estate development in the construction phase, NCNB, through its subsidiary companies, had begun financing for all phases of real estate development in its real estate investment trusts (REITs). *Id.* at 132-33 and 230-31. During the recession of the 1970s the real estate market began dropping and NCNB was in danger of losing its investors. *Id.* at 231. To solve this problem, McColl developed work-out teams to prevent the clients of NCNB's non-banking subsidiaries, its REITs, from defaulting on their loans. *Id.* at 232. McColl picked his work-out teams and their captains carefully, choosing Jim Berry and Francis "Buddy" Kemp to head the other two teams. *Id.* at 232-33. Often these work-outs became very intense situations in which one was not certain that NCNB would not lose money. See YOCKEY, *supra* note 1, at 236-37. During these situations, Storrs would remain reserved, which sometimes led to concerns that he was not fully disclosing important information to the Board. *Id.* at 237. McColl, on the other hand, sometimes lost control of his emotions and, relying on his intuition, would say exactly how he felt and what he thought about the situation. *Id.* This was one of the greatest differences between Storrs and McColl. *Id.*

127. *Id.* at 238.

128. *Id.* at 240.

129. *Id.* at 238-41. Hodges left NCNB in June, 1977 and ran unsuccessfully for the United States Senate against Jesse Helms. *Id.* at 241, 243.

130. *See id.* at 241.

131. *Id.* *See infra* note 138.

132. YOCKEY, *supra* note 1, at 241.

133. *Id.*

134. *Id.* at 244.

135. *Id.*

on the best way to reach their goals, McColl and Storrs got along well together, because they both wanted the company to progress in the same direction.<sup>136</sup> Storrs respected McColl for taking action and getting results, whether or not he agreed with his style.<sup>137</sup> In April of 1981, Storrs promoted McColl to chief operating officer of the holding company, NCNB Corporation, and kept McColl as president of the bank.<sup>138</sup> Thus, when Tom Storrs retired on September 1, 1983, Hugh McColl, "the last man standing," became chairman and CEO of NCNB.<sup>139</sup>

### III. THE ROAD TO THE MERGER

After Hugh McColl became CEO of NCNB, his leadership qualities became more sharply defined.<sup>140</sup> Trust and family were especially important to McColl during these years.<sup>141</sup> More and more McColl showed that people count. He placed people he trusted in the top corporate positions.<sup>142</sup> Contracts did not govern

136. *Id.* at 251. Yockey cites several differences between Storrs and McColl: Storrs restrained his emotions while McColl relied on them. *Id.* at 237. McColl took action and got results; he was an "offensive-minded player in a defensive industry." *Id.* at 252. Storrs was a planner, thinker, and strategist. *Id.* at 251.

137. *Id.* at 251.

138. YOCKEY, *supra* note 1, at 253. Storrs awarded McColl this new title, although it had little actual responsibility, to show McColl's position in the company and raise him above Bill Dougherty, the president of the holding company. *Id.* Thus, on April 1, 1981, when this title became effective, Hugh McColl "became the heir apparent to NCNB Corporation and North Carolina National Bank." *Id.* at 254. Tension appeared between McColl and Dougherty, because they disagreed on many issues concerning the bank, and were both contenders for Storrs's successor; furthermore, McColl did not trust him and felt that there was room for only one of them at NCNB. *See id.* at 112, 121, 142, 194, 208-09, 241, 253-54. Dougherty was originally hired to revamp the accounting system with new computers and became president of NCNB corporation at the same time Hodges and McColl received their promotions as chairman of the board of the bank and president of NCNB respectively. *Id.* at 111, 193. McColl fired Dougherty in August, 1981. *Id.* at 268-69. Dougherty's main contribution was the purchase of an Orlando bank called the Trust Company of Florida. *Id.* at 171. *See infra* notes 167-77 and accompanying text.

139. YOCKEY, *supra* note 1, at 285.

140. *See, e.g., infra* notes 146-52 and accompanying text.

141. *See* YOCKEY, *supra* note 1, at 383. As McColl gets older he reflects more on the importance of family and recognizes that his best and earliest lessons in trust were learned from his family. Learning that her oldest son had told her a lie, McColl's mother told him, "Truth, trust, family, Hugh McColl. Be true to these and nothing else will matter. Your family is counting on you." *Id.*

142. *Id.* at 287. McColl placed James Hance, who handled NCNB's account at

employment at NCNB; instead employment was based on trust and responsibility.<sup>143</sup> McColl trusted people to work for the bank's success and to take responsibility for their actions, and in turn they trusted him.<sup>144</sup> By giving his employees such authority, by challenging them and showing them that they contributed to the company, McColl helped the bank grow.<sup>145</sup>

In one instance, McColl and his team tried to establish NCNB in Texas by taking over First Republic.<sup>146</sup> McColl doubted whether NCNB could beat other, larger banks in the competition.<sup>147</sup> However, McColl did not doubt his team, as he recognized that his "people were his most important assets," and they would form a plan to acquire the Texas bank.<sup>148</sup> Instead McColl began to question himself.<sup>149</sup> When McColl told Chuck Cooley that they needed Storrs to strategize, Cooley disagreed and felt that he along with Joe Martin, Tim Hartman, and Bill McGee

---

Price-Waterhouse, in charge of certain acquisitions until Timothy Hartman became the bank's CFO. *Id.* Buddy Kemp became president of NCNB Corporation. *Id.* at 301. Jim Thompson became vice chairman. *Id.* Hootie Johnson became the executive committee chairman. *Id.* Ken Lewis became the Florida Group Executive. *Id.*

143. *Id.* at 287. Timothy Hartman, McColl's new chief financial officer for NCNB, liked how no one at the company, including McColl, had a contract. *Id.* He was impressed that the employees were proud of their work and their company and that the executives all held stock, which motivated them to succeed. *Id.*

144. *Id.* at 288.

145. *Id.* McColl perceived his training recruits as "by far [his] greatest contribution to the growth of the company." *Id.* (internal quotations omitted). By challenging them, McColl helped the recruits develop as the company developed and grew in new directions. *Id.* Because he worked with his employees, McColl was better able to develop these relationships and place those whom he had trained and trusted in positions of responsibility. *Id.* See *supra* note 68 and accompanying text.

146. YOCKEY, *supra* note 1, at 323.

147. *Id.*

148. *Id.* at 319. One of McColl's greatest assets was not only his people, but the fact that he recognized their significance. See *id.* McColl did not perceive himself as a banker, but as a business man. *Id.* This is an important distinction for McColl, because to him banks focused on their operations and not their people, which overlooked and undervalued the individual. *Id.* These banks limited individual contribution, stunting growth potential, and viewed their assets in terms of stocks, clients, and deposits, not their people. *Id.* Because McColl recognized his people as his assets, he encouraged them to face challenges, to think outside the box, voice their opinions, and to help them and the company reach their potentials. See *id.*

149. *Id.* at 323. This was McColl's first time as planner, before his role had been limited to negotiator while Storrs did most of the planning. *Id.*

could handle the planning.<sup>150</sup> McColl recognized a strong trust with his team and knew that this was his chance to take responsibility and run the bank.<sup>151</sup> So together, McColl and his team developed a plan for the long, drawn out battle that eventually won them Texas.<sup>152</sup>

NCNB's foray into Texas proved a major step in the direction of becoming a nationwide bank. NCNB's interest in Texas began in the mid-1980s when Texas faced an economic crisis from falling oil prices, which left many banks with huge financial losses.<sup>153</sup> In 1986, McColl received a call from Jerry Finger, the controlling stockholder of Charter Bank, asking NCNB to bail out Charter.<sup>154</sup> McColl, relying on information from Frank Gentry that this was a good investment, agreed to help Charter and began looking for bigger Texan banks to buy.<sup>155</sup> In October of 1987, McColl had another opportunity for expansion into Texas when the FDIC asked NCNB to help another Houston bank, Western Bank.<sup>156</sup> Instead of NCNB putting its funds directly into Western, McColl wanted the FDIC to allow Charter to buy Western.<sup>157</sup> Recognizing that the FDIC would be reluctant to agree to this deal, McColl sent Frank Gentry and Paul Polking down to Texas to negotiate.<sup>158</sup> Polking and Gentry returned with a deal in which NCNB put another \$7 million into Charter and gained controlling interest, so Charter became strong enough to buy out Western

---

150. *Id.* Chuck Cooley was the head of Personnel and admired McColl's leadership style. *See id.* at 149-50.

151. *Id.* at 324.

152. YOCKEY, *supra* note 1, at 324. McColl and his team developed the "XYZ Task Force" to deal with the Texas operation. *See id.* at 325.

153. *Id.* at 306-07. Crude oil provided a major source of income to many Texans and as its price fell, many individuals and businesses were unable to pay their loans, which left the banks with substantial losses, especially since many of these loans were for real estate. *Id.* at 307.

154. *Id.* at 306. Charter Bank was a Houston bank which was about to fail unless another bank could bail it out. *Id.* Finger asked McColl for about \$6 million, giving NCNB twenty-five percent of Charter's stock. *Id.*

155. *Id.* at 308-09.

156. *Id.* at 312. The FDIC acknowledged that NCNB had saved Charter Bank and wanted it to do the same for Western. *Id.*

157. *Id.*

158. YOCKEY, *supra* note 1, at 312. Paul Polking, described as NCNB's "top legal mind," had a significant role in the bank's major acquisitions, including the Trust Company of Florida in Orlando. *See id.* at 249, 312.

without the FDIC objecting.<sup>159</sup>

Now that NCNB had control over Charter, McColl wanted to acquire the largest bank in Texas.<sup>160</sup> In 1988, McColl learned that the FDIC was bailing out another Texan bank, First RepublicBank.<sup>161</sup> Instead of allowing the FDIC to bail out First Republic and then letting a large bank take over First Republic, McColl pursued a different route through the FDIC to get his bank in Texas.<sup>162</sup> McColl did not want NCNB to buy the failed bank after the FDIC had taken over; he wanted NCNB and the FDIC to act as partners.<sup>163</sup> The first plan involved the FDIC taking the bad loans from First Republic as losses, and then allowing NCNB to invest a substantial sum of money into the new First Republic.<sup>164</sup> Tim Hartman devised another plan to buy First Republic using tax write-offs to convert First Republic's bad loans into losses for the new bank, which would give the new bank tax benefits, perhaps enough to offset NCNB's investment.<sup>165</sup> The XYZ Task Force, as the Texas takeover team called themselves, struggled through negotiations with the FDIC, nearly bowing out a couple of times, before finally learning that the FDIC would allow NCNB to take over the failed First RepublicBank of Texas, on July 29, 1988.<sup>166</sup>

This unprecedented entry into Texas contributed significantly to NCNB's interstate expansion, just as its foray into Florida had almost a decade earlier.<sup>167</sup> In 1978, state and federal

---

159. *Id.* at 313-14. McColl liked this plan, even though the deal involved a \$13 million risk for NCNB, because it reminded him of his entry and subsequent successes with Florida. *Id.*

160. *Id.* at 315-17.

161. *Id.* at 316. In March 1988, John Mack, NCNB's corporate treasurer, informed McColl that the largest bank in Texas, formed from the merger of two failing banks RepublicBank Corp. and InterFirst Corp., was asking the federal government for help. *Id.* at 315-16.

162. *See id.* 318-20.

163. *Id.* at 320. In a traditional bailout, NCNB would have to get permission to buy the failed bank after the FDIC's attempt to rescue it. *Id.*

164. YOCKEY, *supra* note 1, at 320.

165. *Id.* Hartman, NCNB's chief financial officer, wanted to implement a "G Reorganization." *Id.* at 320-22.

166. *See id.* at 323-53.

167. *See id.* at 358, 364.

laws made interstate banking seem impossible.<sup>168</sup> NCNB's goal was to find a loophole around these laws and to expand across state lines before other banks.<sup>169</sup> To achieve that end, McColl developed a task force, dubbed the Interstate Banking Group (IBG).<sup>170</sup> The IBG targeted Florida.<sup>171</sup> In 1972, NCNB bought The Trust Company of Florida in Orlando.<sup>172</sup> In 1974, Florida enacted legislation to stop out-of-state banks from coming into Florida.<sup>173</sup> NCNB, however, could remain in Florida, because its ownership of The Trust Company of Florida grandfathered it from the application of the 1974 Florida statute.<sup>174</sup> Paul Polking found "a 'unique legal authority'" that allowed NCNB through The Trust Company of Florida to "legally buy a bank in any Florida county."<sup>175</sup> In June of 1981, NCNB Corporation had a contract to buy First National Bank of Lake City, if the Federal Reserve Board approved.<sup>176</sup> Florida, therefore, became a major theater for NCNB's interstate expansion.<sup>177</sup>

However, while McColl focused on expanding his company, he did not ignore the Charlotte community.<sup>178</sup> McColl struggled with the business community, because the media

---

168. *Id.* at 245. The 1927 McFadden Act gave the states power to regulate interstate branch banking. *Id.* Under the Douglas Amendment to the 1956 Bank Holding Company Act, a bank in one state could not acquire a bank in another state, unless the laws of that state permitted it. *Id.* Most states took advantage of these laws to protect their banks from large New York and California banks. *Id.*

169. *Id.* at 245-46.

170. YOCKEY, *supra* note 1, at 249. IBG included strategist Gentry, lawyer Paul Polking, marketing vice president Winston Poole, marketing specialist Ken Reynolds, government relations officer Mark Leggett, and Joe Martin. *Id.*

171. *Id.* at 249-50.

172. *Id.* at 171. Storrs was out of town when Bill Dougherty informed McColl and Hodges that they could buy this trust company at cost from Pittsburgh National Bank, not because the Florida bank was failing, but because the CEO of Pittsburgh had not asked his board permission to buy it. *Id.*

173. *Id.* at 223-24.

174. *Id.*

175. *Id.* at 255. The IBG had originally decided to buy a limited-service Morris Plan bank, still allowed in Florida, that was a "hybrid, part credit union, part finance company, which sold investment shares to the public, then used that money to make consumer loans." *Id.* at 249. Polking's loophole would allow NCNB to buy a full-service bank in Florida. *Id.* at 255.

176. YOCKEY, *supra* note 1, at 263-65.

177. *See id.* at 267-68, 288.

178. *See id.* at 289-90.

portrayed him as “aggressive,” “pushy,” and “brash.”<sup>179</sup> This image concerned him, because it undermined his real capabilities and concerns.<sup>180</sup> To overcome this harsh image, McColl strove to highlight his other achievements, especially those involving the community and social responsibility.<sup>181</sup> He addressed the local Rotary Club, pushing for better public school systems.<sup>182</sup> Following McColl’s speech, the bank made a two-million dollar “commitment to the Southern Regional Education Board for training of educational leadership” and encouraged employees to volunteer in schools by giving them two hours per week of paid time for that purpose.<sup>183</sup> NCNB had already invested heavily in the community, refinancing mortgages to renovate homes in run down areas and building new homes, and planned more projects in other underdeveloped neighborhoods.<sup>184</sup> McColl reinvested in the community, because he believed that “a bank could thrive only in a thriving city.”<sup>185</sup>

As McColl worked on developing a “thriving city,” he was also cultivating a thriving company.<sup>186</sup> McColl showed the media and the world that he did not perceive his social responsibility as limited to the outside world, but that it pertained to the growth of the bank as well.<sup>187</sup> McColl took pride in the number of women in his company and encouraged them to obtain top managerial positions.<sup>188</sup> To help women advance at NCNB, McColl and his team developed the “Select Time” concept, which provided

---

179. *Id.* at 304-05.

180. *See id.* Although McColl had his own ambitions, his main concern was his customers. *Id.*

181. *Id.* at 386.

182. YOCKEY, *supra* note 1, at 386. McColl’s speech generated headlines across the South, reading “Our Schools Are Not Good Enough,” and calling McColl a “champion of public schoolchildren.” *Id.*

183. *Id.*

184. *Id.* These programs were not limited to the poor; for instance one project made a certain area richer, whereas another project focused on relocating neighborhoods of mostly African-Americans to make way for businesses and companies. *Id.* at 270. McColl saw these projects as a way to integrate African-American and white neighborhoods and to reinvest the money he was making into his own community. *See id.*

185. *Id.* at 386.

186. *See id.* at 386-87.

187. *See id.*

188. YOCKEY, *supra* note 1, at 387.



greater flexibility for working mothers and proved to increase their productivity.<sup>189</sup> McColl also started a company-subsidized day care for bank employees in response to the increasing costs of day care.<sup>190</sup>

McColl enjoyed the press he and NCNB received from these innovations; however, he sometimes thought that the media missed his point.<sup>191</sup> The media focused on how NCNB was increasing its productivity, whereas McColl intended the locus of his efforts to lie in “addressing the needs of the people he cared about.”<sup>192</sup> McColl wanted to show the world that good leadership came from getting quality people to follow you, which happens by caring about the needs of the people in the company.<sup>193</sup> As a result, McColl developed a productive and successful company with diverse and loyal employees.<sup>194</sup>

While McColl focused on the internal growth of NCNB, he still pursued his goal of becoming the largest bank in America.<sup>195</sup> To that end McColl bought more banks and honed his negotiating skills.<sup>196</sup> For instance, when McColl was working towards a deal with Bennett Brown to merge C&S/Sovran with NCNB, he and his advisors realized that McColl needed to reform his image to appear less aggressive to secure the deal.<sup>197</sup> From the beginning this merger developed differently from the other takeovers McColl

---

189. *Id.* Select time allowed a working mother to choose her work hours, whether it was taking a day off in the week or working reduced hours each day, “whatever it took to balance the needs of the home with the needs of the company.” *Id.*

190. *Id.* at 388.

191. *Id.* at 388. *Working Mother* magazine named NCNB as one of its top sixty employers for working women. *Id.* The *Wall Street Journal* noted the success of the company’s day care program and its effects on productivity. *Id.*

192. *Id.*

193. *Id.* at 538. *See also id.* at 388.

194. *See* YOCKEY, *supra* note 1, at 386-89.

195. *See id.* at 421-22.

196. *See id.* at 429. In 1991, Martin and Cooley coached McColl on his approach to Bennett Brown to secure a deal in which NCNB would buy C&S/Sovran, Bennett Brown’s bank, which had recently merged and was having problems integrating Brown’s C&S bank, headquartered in Atlanta, with Sovran, headquartered in Norfolk. *Id.* at 425 and 429.

197. *Id.* at 429. McColl said that he would do whatever was necessary to get this deal, because he thought that “[t]his was the merger his bank needed if it was to grow.” *Id.*

had engineered.<sup>198</sup> McColl had to work out a plan where he and Brown would be equals in the merged bank and McColl had to allow Brown to move towards the deal at his own pace.<sup>199</sup> McColl's patience succeeded; Brown and C&S/Sovran's board approved the merger.<sup>200</sup>

After the merger with C&S/Sovran took effect, NCNB was about to become the second largest bank in the nation, and Hugh McColl finally agreed with his advisors to change the name of the bank.<sup>201</sup> About two years before, Joe Martin had approached McColl with the idea of changing NCNB's name to NationsBank, because since the expansion of NCNB throughout the nation, the initials had no real significance to any of the branches.<sup>202</sup> Although Martin knew McColl would resist the idea, he proposed the name change.<sup>203</sup> While McColl was not anxious to take that step, he knew that, with this merger on the horizon, and the distinction of becoming the third largest bank in America in view, Brown and the board would appreciate the new name.<sup>204</sup> In addition, McColl could use the name change for leverage to convince them of the merger's equality.<sup>205</sup> Thus NCNB became NationsBank and Hugh

---

198. *See id.* McColl had tried and failed to acquire C&S once before, in 1989. *See id.* at 372-80. McColl felt empowered by his successes in Florida and Texas and refused to believe that Brown did not want to merge his bank with NCNB. *Id.* at 373. McColl made the mistakes in this deal by not using his advisors and by pursuing Brown's bank too aggressively. *Id.* Brown viewed McColl as "ruthless and terrible" and refused to do business with him. *Id.* at 375. After McColl made the announcement that NCNB was giving up trying to acquire C&S, Bennet Brown celebrated in Atlanta, holding up a stuffed tiger, choking it, swinging it around his head, and letting it go sailing into the crowd while casting aspersions at Hugh McColl: "Here's the tiger Hugh McColl!" and "Let's go for a sail, Mr. Tiger!" *Id.* at 379-80. A very different and gracious McColl, coached by Cooley, Martin, and his wife Jane, approached Brown in 1992. *See id.* at 429-33.

199. *Id.* at 429-30.

200. YOCKEY, *supra* note 1, at 453. *See id.* at 445-48. McColl and Brown meet at Litchfield Beach (location of McColl's vacation home) to discuss the potential merger and to satisfy Brown's concerns about his role in the bank after the merger and the impact the merger would have on his people. *Id.*

201. *See id.* at 436-38. Actually, after the merger NCNB would become the third largest bank in America, because New York Chemical Bank bought Manufacturers Hanover Trust, creating the second largest bank, which would be much bigger than the merged NCNB and C&S/Sovran. *Id.* at 444.

202. *Id.* at 436.

203. *Id.* at 437.

204. *Id.* at 441.

205. *Id.* at 441, 451.

McColl became CEO of the new company.<sup>206</sup>

#### IV. THE MERGER: NATIONSBANK AND BANKAMERICA

Initially McColl envisioned his bank as becoming the “dominant financial institution from Baltimore to Miami.”<sup>207</sup> In 1997, McColl expressed his plan for NationsBank to be “the preeminent financial institution in this country.”<sup>208</sup> As NationsBank continued to grow, McColl and his team explored the possibility of expanding to California.<sup>209</sup> At one point, BankAmerica appeared ready to discuss the possibility of a merger between equals; in reality, however, Wall Street was striving to engineer a deal between these two powerful banks.<sup>210</sup> In March of 1995, Hugh McColl received notice that Richard Rosenberg, the CEO of BankAmerica, wanted to talk to him in San Francisco.<sup>211</sup> McColl soon discovered that Rosenberg did not want to sell BankAmerica to McColl, and Rosenberg learned that McColl did not want to sell NationsBank to Rosenberg.<sup>212</sup> A few months later, McColl and Rosenberg met again, but still disagreed.<sup>213</sup> The deal would not go through.<sup>214</sup>

In 1997, as McColl reflected on his last few years as CEO of NationsBank, he believed that he had taken the bank as far as it would go under his leadership.<sup>215</sup> He trusted that he had laid a

---

206. YOCKEY, *supra* note 1, at 453.

207. *Id.* at 486.

208. *Id.*

209. *Id.* at 476. McColl foresaw that the growing markets were on the West Coast and that he wanted his bank “to gain a presence in large, growing markets.” *Id.* McColl doubted his ability to achieve this goal before his projected retirement in 2000. *Id.* at 477.

210. *Id.* at 489. Merrill Lynch was talking up the deal to both banks, trying to persuade each that the other wanted the merger. *Id.*

211. *Id.*

212. YOCKEY, *supra* note 1, at 490. *See also, id.* at 3-11.

213. *See id.* at 492-93. Rosenberg wanted to move the headquarters of the new, merged bank to Chicago. *Id.* Rosenberg’s plan also left out many important members of McColl’s team and as the ultimate insult placed a BankAmerica executive as McColl’s successor. *Id.* at 492-94. Yockey reproduces a memo which McColl wrote, describing the deal with BankAmerica and what it would take for McColl to agree to that deal. *See id.* at 494-95.

214. *Id.*

215. *Id.* at 531-34.

strong foundation for his successor to achieve a coast-to-coast bank, one that could be the largest bank in America.<sup>216</sup> However, McColl's team thought that the board would allow McColl one more merger before he retired.<sup>217</sup> In 1998, McColl found the shifting positions of NationsBank and BankAmerica suitable for that merger.<sup>218</sup> After extensive negotiations with David Coulter, Rosenberg's successor, McColl, displaying the patience he had learned from past experiences, reached a deal.<sup>219</sup> Thus, after many problems and delays, on October 1, 1998, Bank of America became America's largest and first coast-to-coast bank.<sup>220</sup>

During the news conference announcing the merger, one reporter asked how they had decided who would become chairman.<sup>221</sup> McColl jokingly responded that they picked the oldest person, who would retire fastest.<sup>222</sup> Coulter responded that he could "learn a great deal from Hugh McColl, and [he was] looking forward to it."<sup>223</sup> The reality of the situation, however, appears probable from each bank's financial standing.<sup>224</sup> Despite these outward appearances of camaraderie, McColl and Coulter held significantly different views, which foreshadowed Coulter's early resignation.<sup>225</sup> First, McColl and Coulter had a "major falling

---

216. *Id.*

217. *See id.* at 536.

218. YOCKEY, *supra* note 1, at 541. For 1997, NationsBank posted earnings at \$1.2 billion, which was fifty percent more than BankAmerica's. *Id.* When BankAmerica had tried to buy NationsBank in 1995, its earnings exceeded NationsBank's by almost the same amount. *Id.*

219. *Id.* at 550-56. McColl and Coulter reached an understanding that the headquarters would be located in Charlotte. *Id.* at 559. The corporate name of the holding company would be BankAmerica Corporation, but the bank's commercial name remained undecided. *Id.* The board of directors would be split eleven-nine between NationsBank and BankAmerica, respectively. *Id.* at 559-60.

220. *Id.* at 612. Tension grew between NationsBank and BankAmerica and a great deal of litigation especially concerning misrepresentation, was filed. *Id.* at 577. As a result of these problems, Yockey did not have access to McColl. *Id.*

221. *Id.* at 575-76.

222. *Id.* at 576.

223. *Id.*

224. *See* YOCKEY, *supra* note 1, at 541. The financial positions of the two banks had virtually switched from the positions they held in 1995 when Rosenberg tried to buy out McColl's NationsBank. *Id.* BankAmerica's problems continued, reporting losses from Russian investments and from equity investments. *Id.* at 596-97.

225. *See id.* at 591. Yockey's book lacks detail about the unwinding of the good will between BankAmerica and NationsBank, because McColl became reticent about

out” in Vienna, increasing tension between the two leaders.<sup>226</sup> In 1998, BankAmerica suffered huge losses due to Coulter’s lack of risk-management, which jeopardized his future with Bank of America.<sup>227</sup> Thus, on October 20, 1998, David Coulter announced his resignation.<sup>228</sup> Former BankAmerica CFO Mike O’Neill also left, leaving the board in McColl’s favor.<sup>229</sup> At the first annual shareholders meeting of Bank of America, the board asked McColl to stay with the bank until 2002.<sup>230</sup>

## V. CONCLUSION

Circumstances alone did not create the new Bank of America’s leader: McColl surfaced as leader, because he was a leader. McColl had firm ideas, rooted in his philosophy that teamwork generates success, about conducting business.<sup>231</sup> McColl believed that “facts are king,” that you “say what you think” and believe it, and that once a decision is made everyone follows with their full support.<sup>232</sup> In conducting his business, McColl recognized that he had great power over the financial status of individuals, corporations, and the government, and that along with this immense power came responsibility.<sup>233</sup> Because of the great responsibility involved with this power, McColl “had to learn to handle it judiciously,”<sup>234</sup> always being aware of the needs and

---

the merger, leaving Yockey to assemble an account mainly from newspapers. *See id.* at 577.

226. *Id.* at 589-90. As a result of this meeting, Coulter wanted to break the deal, because he believed that this would not be a merger of equals and that many BankAmerica associates would lose their jobs. *Id.*

227. *Id.* at 594-95. *See also, id.* at 613. BankAmerica suffered from losses in Russia and from the mismanagement of a hedge fund, an unsecured loan in the amount of \$1.4 billion to D.E. Shaw Company. *Id.* at 594-95.

228. *Id.* at 616. On October 16, 1998, Hootie Johnson met with Coulter to convince him to resign. *Id.*

229. *Id.* at 621-22.

230. YOCKEY, *supra* note 1, at 622. Four other BankAmerica board members left, and NationsBank directors filled these vacancies. Barry Rehfeld, *The Toughest Job in America? B of A’s McColl is Keeping It*, AM. BANKER, Dec. 13, 2000, at 17.

231. *See* YOCKEY, *supra* note 1, at 591.

232. *Id.*

233. *Id.* at 603.

234. *Id.*

concerns of the customers.<sup>235</sup> McColl realized that to understand the customers, one must not only maintain a management by walking around style, but must also have a diverse company to communicate with all people.<sup>236</sup> Thus, by building trusting relationships, committing to teamwork, focusing on diversity and community responsibility, and emphasizing the need to take action and risks, McColl developed a successful company that became the largest bank in America.<sup>237</sup> By adhering to his belief, gleaned from childhood lessons, that loyalty and trust are the key components to successful leadership, McColl achieved his vision.<sup>238</sup>

When Hugh McColl retires on April 25, 2001, the future of Bank of America will lie in the hands of his successor Ken Lewis, currently president and chief operating officer.<sup>239</sup> Lewis faces the challenge of keeping this nationwide bank successful.<sup>240</sup> Before announcing his retirement, McColl had planned to offset Bank of America's economic difficulties by focusing on the needs of his customers to attract more business and encourage consistent growth.<sup>241</sup> While some doubted that McColl would succeed, others continued to believe that "McColl will triumph in the end."<sup>242</sup> Dick Spangler, the bank's largest individual shareholder, manifested his confidence in McColl by stating that he has not and does not

---

235. *Id.* at 604. For McColl, the "customer is the defining element." *Id.* at 574.

236. *Id.* at 581. McColl believed that the merger with BankAmerica would produce one of the most diverse banks in the world. *Id.* He saw the diversity of BankAmerica's company with employees who could communicate with clients in the Asian market in their own languages, including Mandarin, Cantonese, and Vietnamese. *Id.*

237. *See supra* notes 52-61, 62-85, 178-195 and accompanying text.

238. *See supra* note 141 and accompanying text.

239. Irwin Speizer, *McColl Makes it Official*, NEWS AND OBSERVER, Jan. 25, 2001, at 1D. This appointment confirms Yockey's speculation that Ken Lewis became McColl's heir apparent after Coulter left. YOCKEY, *supra* note 1, at 622.

240. Rehfeld, *supra* note 230, at 1. Rehfeld notes that "instead of having built the biggest and best bank in the country, [McColl] leads a struggling giant with \$685 billion of assets that is suddenly taking a turn for the worse." *Id.*

241. *See id.* at 4. Bank of America's earnings are down, its stock is at a four year-low, and the state of the economy does not bode well for consumer, commercial, and investment banking. *Id.* Bank of America is increasing advertising, promoting its technologically advanced "banking facilities and e-commerce, expanding its brokerage corps, increasing money market account rates, and offering a broader range of products and services to businesses and individuals than can be offered effectively elsewhere." *Id.*

242. *Id.* at 17.

intend to sell any of his shares of Bank of America stock.<sup>243</sup> Spangler asserted that one has to look beyond the past two years and to examine history to judge whether the bank will succeed.<sup>244</sup> McColl manifested that same confidence in Lewis, stating “[h]e has now been in charge for 15 months. . . [h]e is demanding, and he is a smarter and tougher – and probably a better – businessman than I am.”<sup>245</sup>

FRANCES CLEMENT

---

243. *Id.* at 5.

244. *Id.*

245. Speizer, *supra* note 239, at 4D (internal quotations omitted).