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Robert C. Jackson

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HUNTINGTON, WEST VIRGINIA 25701

REVIEW RELEASE

I, Robert C. Jackson, have reviewed
my oral history interview made on June 22, 1984 and with
(date)
my signature below give permission for the use of my interview
as agreed upon in the release agreement.

Jan 30, 1985
(date)

Robert C. Jackson
(signature)

ADDRESS:

Bank of Milton
1041 Church Street
Milton, WV 25541

BANK OF MILTON

AN INTERVIEW WITH: Robert C. Jackson

CONDUCTED BY: Robert D. Sawrey

June 22, 1984

TAPE 2

TRANSCRIBED BY: Jacqueline Dingess

TYPED BY: Sally Keaton

CWVBP-147

RS: Today we will be interviewing Robert C. Jackson, ah, assistant Vice-President, Bank of Milton. Ah, today is June 22, 1984 and we are at the, the Bank in Milton, the bank (the bank).

The first question I would like to ask today concerns your, ah, personal background. Ah, I guess I'm assuming that you're a Milton person (Yes.) and would you care

RJ: Mmm, okay. My personal background. I was born and raised in Milton, some 33 years now, ah, educated in Milton schools, and, ah, went one year to marshall University and then I finished my B. B. A. at the U. of K, why it's business administration _____. Ah, from there I went to law school at W. V. U. and decided I didn't want to do that. Then I went to Florida. (laughs) I left Morgantown for Florida and, ah, (laughs) at that point I decided I would exercise my musical talents and went for two years at Marshall University in music. And was encouraged to pursue that. Went on to New York, for a period of three years and then we decided it was time to have the family. My wife had reached the age of 30, so that's when we came home. We had a son and wh__ needed medical insurance. (laughs) So here we are today, 5 years later.

RS: Mmm, okay, so, (coughs)

RJ: I am from a banking family. My grandfather was a banker, my father was a banker and wh, I didn't think I'd like it because of what I saw in the home. I'd never saw the, the inside of the bank picture. I only saw it affected our family life and for that reason I thought I'd stay away from it.

RS: Would you like to elaborate on that a little bit?

RJ: It, ah, is a small town and the banker is often the target for not every, we're a small rural community most people here are blue-collar workers at best. And in the 50s at least that's the way it was

the 50s and 60s; we were considered to be rich people, even though we weren't. But that's, we guarded the money, you know, we had access to all the 7 million it was at that time. (coughs) When I was growing up, ah, my dad would turn so and so down for a loan and I went to school with that boy, you know, his dad told him what happened, hate the Jackson. Then he carried it out for his dad. That was one way they could get at us. You know. Even though they might not be able to touch our stuff, position, they could oxtercise us, in that manner. So, it was difficult, I didn't have a lot of friends I was always sort of, you know, at arms length. Because I was the president's grandson, and the cashier's son, and, ah,

RS: Did those same pressures operate on your brother?

RJ: Yeah, mmm hmm.

RS: And he felt them roughly (mmm hmm) the same way?

RJ: No. He's a different type personality. He's an 'I don't give a damn' type), on the outside. I'm sure he was impacted as much inwardly as I have been. But he, ah, he shows it in a different way.

RS: So, did he consider the staying in the bank from the beginning?

RJ: As, as, as much as, as much as I know about his inner workings I, he, ah, he went to Morris Harvey College, it was at that time. And, ah, got an accounting degree and always planned to come to the bank, work summers at the bank. And he knew it was a good gain. And he didn't care what people thought, as long as, you know, he had a good job.

RS: And it was fairly far from your mind to end up back in the Bank of Milton?

RJ: Oh, I, I thought, I said that I'd never be there.

RS: And did you ever work here?

RJ: Mmmm. I wasn't allowed to because I said (laughs) I'd never work here. So they never, but Drew always said he'd work here, so he got the summer

job here.

RS: Oh, okay.

RJ: There's about five years difference between my brother and I, in ages.

RS: And so you, what kind of a musician were you?

RJ: I sing.

RS: And you we, gone to New York (Mmm hmm) to be in (Opera) in Opera. (Mmm hmm) Wow! That isn't your basic banker back-ground is it? (laughs) (No, no. -laughs) Okay. So you came back here five years ago (Mmm hmm) and where'd they put you to work?

RJ: Well, ah, they (laughs) they pu, they didn't know what to do with me. They put me to work with Katherine Winthra, she's our cashier. And, ah, I learned the management, (coughs) the funds, management, investment side of the bank. Ah, compliance is a big deal in banking these days. There's a lot that has to be done to comply with the consumer protection laws that have been placed on banks, since Burt Lance and all that fiasco. Ah, it basically started with, you know, started with the McFaden Act back after the depression when banks failed and banks more or less have been regulated by the government. And, ah, that's what I did I read the laws. Cause I do have that type of mind or whatever. I can read and implement. So, I read these laws and was responsible for complying with them, for the Bank of Milton. And from that, ah, what did I do? Just learned, you know, a teller. I was a teller on weekends. So, ah, it all came together in about two or three years.

RS: And did you also say you were put somewhat in charge or at least supposed to be learning about investing the banks money?

RJ: Huh uh. In other words, figuring out what our surplus is for that given day and investing it in what's called fed-funds and that's, ah, immediately available money in other words, ah, you can lock up money in a loan for three years, a mortgage loan 15 years, you can lock it

up in a treasury note with the government and you supposedly can get your money there in seven days, that's one of the most liquid investment that a bank has. And then the most liquid is called fed-funds and that's the overnight market and you get your money, you have the availability the next morning, meanwhile you can invest it at a good rate overnight.

RS: So your job was to make sure that there wasn't money sitting around (right) doing nothing?

RJ: Right. Keep it earning interest.

RS: Okay. And have you then grown within that realm or taken on more responsibility?

RJ: Well, ah, Katherine has been here, you know, that was her job. And, ah, I did not take it away from her. So, you know what I mean?

RS: Is she still here?

RJ: She's still here. (Okay) She likes doing it.

RS: Would she, just to digress here for a minute, ah, obviously being a cashier or head cashier or whatever the term was, it's not unusual for a woman to hold that position, probably nationwide. On the other hand it's not necessarily totally common. I mean that was a position your father held, right? for quite a while?

RJ: It is not common.

RS: Ah, how long did she have it, ah, had, ah, I mean how long did it take her to get there and why her and other stuff?

RJ: Katherine came here probably in 1947 the late 40s and a high school graduate from Milton High School. Ah, she is a person who pleases people, she knows how to please people plus she's real smart. And, ah, she's progressed, she's, anything she was ever asked to do she did. And she learned how to do it. And after a while the management saw that she did it well and didn't have to be watched and, ah, she at

one point, ah, did all of our mortgage loans and she was a teller first too, of course. And then she, as my father became president then he had to give up his duties as cashier, which was investing, ah, these funds. So she took that on, at that point.

RS: So she's had that quite a while?

RJ: I'd say 10 years now. She's been cashier probably 10 years. But the best thing is she's the first woman to be named to Board of Directors in the Bank of Milton.

RS: Oh well. How long ago did that happen?

RJ: Well, probably about 4 years ago. (Mmm hmm) Since I've been here.

RS: Has she gone to all these wonderful banking institute kinds of things or whatever?

RJ: She's a member of National Association of Bank Women, NABW. You mean is she going to schools? (Yeah) Not to much, no. (Okay) Her knowledge is of the Bank of Milton and how it works, ah, by being involved in the mortgage loan department she knows all about deeds of trust and, ah, title information on cars and how everything works for the Bank of Milton to be secured.

RS: Mmm, okay. Ah, what part of the business is your brother responsible for?

RJ: Loans, he makes. (coughs) He is the vice-president _____ is in charge of the loan department.

RS: And does he have like, ah, maybe a, ah, whole mortgage guy under him.

RJ: Yeah, in a typ, in a larger institution perhaps he would. Drew does most of it, okay. (laughs) Katherine is capable of, we all have a limit of like 5,000 non-secured, okay, at that point it goes before what's called the discount committee and they have to approve it. It's generally above 5,00 I guess for a mortgage of some sort on that property (coughs) and, ah, there are two other loan officers, well 3-4 if you count my dad and me.

RS: So, what you're saying is basically somebody comes in off the street who knows you he can come to you and make the loan (That's right) somebody who knows your brother that works fine. So if they want to deal

RJ: Katherine, there's a relationship there, that's fine (O.K.) We're a small town, a hometown bank and, ah, you can not, ah, have a specialist in this type of environment everybody has to be able to wear any hat. I can run the proof machine, which is quite involved. I don't guess you can appreciate that but, ah, that's every transaction that comes into the bank goes through that machine and is pictured and in, microencoded so that our, ah, computer can read what needs to be done with that check. Ah, it's a special magnetic encoding that's put on it by the machine and it also balances everything tellers, cash all the general ledger items from the banks general ledger, all of the batches that are going to our processes that night, all of the batches that are going on, ah, checks that are not on the Bank of Milton that has to go through the Federal Reserve that night and be dispersed to the various banks where they be, need to come home to, ah, th, that's downstairs, you know. Banking is a lot of things and in a small environment if you plan to, you know, manage that back someday you pretty much how it all works to get it to come together.

RS: Were you lost when you got here? N, not mentally or emotionally, I mean trying to make a contribution?

RJ: When I first came here my dad's desk was piled high as it probably is right now (laughs) with all sorts of trade publications and, ah, I just went over and got 'em all and brought in this room here and just proceeded to pile through them. I told myself I was trying to come up with our educated point of view and that's what I attempted

to do my first 2 or 3 months. And from there I got more into the compliance end of it the fellow that was doing that left and so around May I started in on that and, ah, I've been instrumental in bringing the past 5 years in the banking industry has been well enough change deregulation, ah, more and more things have come at banks that are new and different from banking as it used to be the 80 years that the Bank of Mil, the 75 years that the Bank of Milton had been here. And there was nobody in the bank that could read and impliment and I've been the fellow that's been doing that. And that alone has kept us busy. Individual retirement accounts, pricing your old checking service charges that never existed in this bank. Up until NOW accounts came into being what 3 or 4 years ago now. Ah, we had to, you know, all of the sudden we were charging people for checking account. On Milton you didn't have to pay for that and, ah, the new bank up the street wouldn't chargin, they just opened there doors in May and we started service charges like in December and, ah, you know, it was, it was quite a, a thing so we had to position ourselves in a way not to lose our good customers and still at the same time to start earning some income off the people that weren't paying their way, that did not maintain a balance in their checking account, and the result was that we lost some 1500 accounts most of them to the new bank and, ah, we grew more than we'd ever grown before and, ah, we made more money (laughs) we had know how to. (coughs)

RS: By accounts do you mean just demand accounts (Right) or people who normally came in and, ah, got loans to went up there?

RJ: Ah, we didn't, ah, we lost some bad loans up there too (Mmm hmm) People that, ah, didn't, ah, pay to well.

RS: So you're not bleeding over it?

RJ: We were, it worked but beautifully an, and the end of the story just

came in today. That's the piece of paper I was just handing him and he was asking about. Ah, they are now raising their ser, they since institute service charges comparable to ours, the competition. And today I got word that they're raising their's above ours. So now we're going to have to raise ours or we are gonna get all these lousy accounts back. Since they _____ balance, perhaps we should edit that. (laughs)

RS: Slightly more risky accounts, huh? (Yeah, whatever.) Ah, th, we'll change the subject, I mean we'll stay with the subject that you brought up. It's a little bit out of order but, how did you know that you, that it was time to start charging demand accounts?

RJ: Because NOW accounts were a demand account, okay, and never before had a bank been able to pay interest on a checking account. Now all of a sudden negotiable order of withdrawal was turning on the horizon. It had been experimented with in the New England states and legislation made it open up to the whole United States January 1 of such and such year. In, wanta say 79 maybe it was 80, ah, and I forget the question (laughs)

RS: Well th, the mo, motive (Oh, okay) the motive wasn't then for the

RJ: So you said at that time we were going as we estimated, ah, according to New England 30% of their demand accounts to NOW accounts switched. So we took our demand accounts multiplied by 30% multiplied by 5 and a quarter percent interest and saw an additional 90,000 of expense nu, in that year. So in, or, ah, and we went to several conferences, ah, one was sponsored by the West Virginia Bankers Association and presented by a man who had gone through the New England experience and aid, you know, you're gonna have to start charging guys you can't give it away any longer. (So) You go to the store buy a piece of bread ya gotta pay a dollar. Ya know if you come to the bank and want a

in the reigns on what you can do. Well also came up if you had a \$1,000 and a regular five and a quarter pass book that we'd give you a free checking account. Mmm, we did not charge anyone 65 years or older, cause we figured they were on a fixed income. We don't want to rassel 'em anymore.

RS: Okay, ah, do you have personnel responsibilities?

RJ: Yes, I interview everyone who wants a job.

RS: Had a lot of folk lately! Didn't mean that to be a joke.

RJ: (laughs) Not so much lately as a year or so ago it seemed to be a lot more in the field. We have a hard time finding anyone who's had prior banking experience, mmm, in this area yeah.

RS: What, do you basically hire at the teller level and then promote up?

RJ: Yeah. That's about all we can do. We're not a big institution you know, 25 employees, ah, and most of those ranks are filled with Jackson's. (laughs) There's not alot a (Does your wife work, were you suggesting) I wish she were (laughs) What we do I look for someone who is pretty, okay, nice to look at, not pretty, a pleasant smile, a person who smiles easily, a person who, who can talk without any hangups, is at ease with themselves and who has seemingly some innate intelligence and, ah, that's what we go with (High school diploma?) High school diploma. Ah, if we get anyone in with banking experience we usually hire them, if the price is right.

RS: Do you have any technical way of determining who's doing a good job for you and who isn't?

RJ: It's all subjective, no no. (Let's say everyone) No, I'm talking on the lower ranks, I mean, you know, we, ah, on the loan platform if someone's making bad loans that comes to light, yes, and, ah, in the bookkeeping department, you know, it, ah, you know, ah, if the proof lady doesn't know what she's doing that comes to light by the end of

checking account your gonna have to pay for that service.

RS: But you never felt compelled to do an internal study where you discovered that to process a single check cost you 3 cents and it was time to charge for that. It didn't work like that?

RJ: It didn't work like that. It didn't work like that, no. We were, okay at that point and time a typical checking account, considering teller, data processing, everything involved in handling that account was put at about \$70 a year, industry average. We figured we were in the (you just go along with) rather than another sour (somebody) somebody that was real expensive we'd just say okay guys, it's around \$70. So that meant okay on a checking account at that point we figured our actual tax return was 9%, mmmkay, this was when rates were up a little bit, a lot and, ah, so. A person who maintain's an average balance of \$100 okay, and were able to make the return after tax return amount percent on that average 100 that's \$9 we made on that account that year. Meanwhile it cost us \$70 so we were in the hole \$61 so we put service charges on those low balance accounts, not anything that helps to bring it up to that \$70 not even a break-even point, because competition didn't allow that, they weren't charging anything. But we did institute a 4 - 3 - 2 - 1 dollar service charge. Based on whether your account was 100 or less, 200 or less, 300 or less, or 400 or less, then got the dollar the least amount of service charge for the most amount of money; above \$400 we didn't service charge. Well it became a

RS: So your maximum service charge at that time was \$4 a month?

RJ: Right and we did not institute a project charge, you know, you can see, you can do all these beautiful things and then you have to look and see what competition doing. And if they're not you have to pull

the day, your out of balance, ah, by the teller no that's hard to tell.

(Do you) You just have to watch them.

RS: Do you do across the board raises or do you . . .

RJ: Ah huh. We do not do a merit raise here (Okay) I'm not saying I'm for that, but that's the way it is.

RS: Well it, it would seem to follow from what you said before. (Ah huh) Could you talk a little bit about the decision making process in this bank, ummm, let's say theoretical situation ah, one of your tellers come to you one day and says we really need another drive through stall, (Ah huh) what would happen from there before you would decide yes or no on the drive through stall?

RJ: That's hard to work with.

RS: Was that a bad example?

RJ: That's a bad example. (Okay) What if, ah, what's a problem that came to light, ah, Okay. We just got new uniforms, okay. We spent \$90 each for jackets, okay, and nobody's wearing them. Cause it's hot (cough) so I sat down and I wrote a dress code for the first time. And, ah, then took it to dad, and he agreed that we spent \$90 for jackets and you're gonna wear 'em. So, w, but, ah, b, b, b okay, we did just redo our drive-in facility okay, we were having a lot of breakdowns on that the teller commented _____ over a period of time it got worse and worse there were more service calls on it and , ah, finally, I think maybe a salesman was in at some point on some other matter and dad asked him, you know, how long does a drive in facility last, and ours had lasted longer than that. I think at that point it was fully depreciated on our _____ and he made the decision. Ah, he will talk it over with two of the directors that, umm, not hat they hold the most stock, ah, I, I guess he'll test the waters, ah, dad has a good repore with he board of directors they trust his judgement.

I mean you know we're making really good money here and he's credited with that accomplishment and, ah, when things are going that way I guess you know you let the man do what he thinks is right, he's doing a good job. If we weren't making the money we're making, I'm s,sure, sure there would be a lot more checks in controls, but evidently somethings right. And if it's not broke don't fix it.

RS: The shoulder that your father or theoretically whoever's on _____ (Whoever's on what?) Whoever is occupying in that presidential chair, if they're doing a good job (Okay) would be left alone (okay) to where the board currently functions (Ah huh) Okay, ah, could you discuss the profit that you just mentioned in general terms (ah huh). I'm not pressing you to say how much money you're making whatever it means (ah huh) public document, ah, but (I have to look myself) how are you doing it? (How?) Yeah. And what do you judge it against?

RJ: We are lucky we, there're other industry norms for our peer group you know, ah, similar back, a, a peer group made up of banks of similar size and similar geographic locals, okay. That' what you judge it against. Ah, the other thing is an industry 1.5 earnings on our, our asset is, ah, is the ration that, okay earning asset the ration and if it's a 1.5 or better you're considered to be in the top 10% of the performance wise on earnings. We are 1.5 earning to asset or better than that for several years now. How do we do it? One thing we were very fortunate, and we build this building in 1965. First Huntington built theirs when? Two or three years ago! Kanawha Valley built some grand whatever a few years ago, Security a lot of the banks you know, built these huge structures when rates were incredible and, ah, real estate was incredible, and it cost money. Ah, our overhead expense is low, okay, ah, we also live in a rural community. A lot of our people like passbook savings, that has just recently raised from 5¼

to 5½. It wasn't a substantial jump. Ah, (cough) we have, ah, I don't know the percentage (laughs) for you historians. Divide 7,600,000 by 35,000,000, okay, that's the percent. What's that work out to 35, about 20%. Okay, ah, our money is in 5¼ a good 5 million a day is free. I mean other than the data processing cost or whatever. B, but we don't have to pay interest on it. We have to data processing on all of our money, in essence, but we don't have to pay any interest on about 5 million dollars a day. Ah, and in checking accounts there's another 5 million or so in capital you know that we're not paying interest on. Sure we have to pay a dividend but, ah, mmm, ah, stretch the imagination you know, comparable with today's interest rates. That's why we make a lot of money. ((laughs) I see what you're saying there.) W, our customers are not as sophisticated or if they are sophisticated they are not as concerned with the almighty dollar as perhaps in a more urban area.

RS: Okay, and you're saying it's not costing you 10% to get money to loan it 12 or 13?

RJ: That's right. Our average money cost now runs you know around 7, 7½.

RS: What's your average loan run?

RJ: A return right now, a loan it's probably around 13.

RS: Is that figure in the 7% mortgages now in it's 20th year?

RJ: You and dad talking about 7% mortgages?

RS: No, no, no, no. I mea, I mean the one that was handed out 20 years ago. Are guys sti, is that figured in that 13% okay, okay, okay you gave me what I wa, what my mind was thinking. Okay, ah, in that 6% difference or is that obviously healthy? It must be fairly good by banking standards (Ah huh) okay. (Ah huh, ah huh) Okay (Yes, very profitable (laughs)) Ah. let's see here. Got a, a couple questions on loans themselves. That is, what types of loans would this bank

most like to make, what kinds would it least like to make, is it making those kinds, ah,

RJ: Then we would most like to make 30 day loans to big secure, well, founded industries you know, the reason I say that you know, every 30 days you can reprice that loan. You're not locked in. We had most of our loans in mortgages up until 3 years ago when the bottom fell, ah, we were, we were having to pay 'em, ah, makes me want a cigarette even as I speak (laughs) so something came out called the balloon rate, ummm, a balloon mortgage and that's what we've did to sort of counteract what's happening w, we were stuck with a percent mortgage loan in our backs okay and meanwhile we were having to pay rates and the teams 15, 16. Money market was at 16 for 6 months one time, I mean the 6 month rate was at 16. Ah, so now we make all of our mortgages with a three year balloon payment and that means on the 36th payment all of the principle becomes due and its refinanced at a rate and effect then to give us some security as well as the customer some security, at least for 3 years he knows what his payment's gonna be.

RS: On all your mortgages, are they

RJ: On all our home mortgages, 1st mortgages and 2nd mortgages. (Oh.) Some banks you know have, ah, one rate for 3 years and higher rate for a five year balloon. They make variable rate mortgages where your payment can go up and you saw, I guess on the news what that was doing to some places out in California. Ah, I don't know it was like they contracted for maybe a \$900 payment and it was \$1400 now or something. I don't know.

RS: Startling. If I understand the variable rate things there payed to prime plus whatever, whatever (Right) and there's a, there's a maximum it (Right) it can jump, it can go each time is what by, ah, law a similar, ah, situation with yours?

RJ: Whit what we're doing with balloons?

RS: Yeah.

RJ: Well we're not, no. I see what you're saying. Can their payment no, no. We're saying at the end of three years that we can finance it at whatever rate, there's no restrictions on that. (mumble) In West Virginia 18 is the maximum, so they do have that restriction on it. You can't go above what is the legal lending rate.

RS: You know, when you, a minute ago when you said that you'd like a nice short term loan like 30 days, umm, is that a banker saying he expects the long term (No, that's just me.) for the rate to go up?

RJ: No. That is a bankers thing that he does not know whether rates are going up or down. Therefore he does not. It, it could, you know. It could go into a situation which is in his favor. But it could go the other way too. So the best thing to do is to take the middle of the road position okay. And give yourself the ability to reprice every 30 days (cough) just stay current with the market. Did that make sense?

RS: Th, that makes sense. No, would your father have felt the same way when he was 40? I mean having not lived through all this nonsense that you and I have lived through in the last 10 years or 5 years (mumble) I guess what I'm saying is when he was a middle-aged banker.

RJ: Mmm huh. I'm a middle-aged banker (laughs). I guess.

RS: Ah, and could have loaned money at say 7 percent for 30 years. Would have drueled at that, said boy that's great we ca, we know we're gonna get that for 30 years.

RJ: Ah, probably so. I mean we're assuming rates were probably 5 or 4 or something like that.

RS: Okay, yeah. Not having gone through (Mmm hmm) mmm, okay _____ (I never thought of it.) What kind of loans are the most unacceptable now? Motorcycles (laughs)

RJ: Yeah. Unsecured loans to someone who doesn't own property. You know, signature loan when he has nothing that you can collect on if he were to leave the country.

RS: And I am assuming the fact that you put those in the category of least desirable means that

RJ: You don't make 'em. I don't, no, not unless I know the family real well. The husband, I might ask 'em. I probably wouldn't make it without a cosigner, let's put it that way (There are) _____ on property.
(laughs)

RS: There are no state or federal regulation about the amounts of unsecured loans you can make, that's your hazard (Mmm huh, mm huh) Okay. Ah, let's see here (cough) What are some of the pluses and minuses of being a small town bank? Probably going through more

RJ: Less overhead.

RS: I think your father mentioned p, people work for less money (Mmm hmmm) people who might just as solid

RJ: That's right, they don't have to travel.

RS: From now on I'll let you answer the questions.

RJ: Pluses and minuses of being a small town bank. Okay. Pluses, well in terms of what we have to offer, we can offer, I know you, you know, Hi John. there not just number here, umm you know we do know our customers. Ah, the flip side of that is that a lot of the professional people who are now moving into this area do not perceive a small town bank as being able to handle their needs. Okay. But they think they have to go to First Huntington for instance. To get the level of expertise that they require. Ah, so consequently you know we're not getting them. Ah, not a plus of being a small town bank (yawn), (laughs) I don't know, turn if off and let me think, ah.

RS: That's alright, if we've got a gap in here the secretary will go over it.

RJ: Okay. We know our customers, ah, that's good in, when you cash a check, one of the, the first things a teller should know, ah, one of the first rules of being a teller is know your endorserer okay, and, ah, in a small town you can know, you can feel relatively safe about cashing a check, okay. Ah, we have never, knock on wood, had a bank robbery, ah, I sort of went into it before, ah, our people are not as concerned with finances, okay. They want to save a place for their money, they want to be able to get a loan when they need it. As far as money market funds and treasury bill rates and you know, deregulation, they don't care about that you know, they're going to church Sunday and Wednesday night, ah,

RS: So you're not really saying that you're in a position to profit from their indifference but you come pretty close to saying that. It's easier to make a little bit more money fr, from the banks point of view and not quit that competitive (Mmm hmm) aggressive (Mmm hmm) stuff where people shout (That's right) for those things like they would in Huntington or better yet Columbus, Cincinnati. (Mmm hmm) Okay. We did touch on that already, where you get your money cheaper, okay.

RJ: On our c.b. rates we're paying pretty much what Huntington's paying or Charleston we keep abreast of that and we have pretty much met that (okay) toward that money we'll walk because those are people that are working in Huntington and Charleston and have access to that. Th, those rates that they can find in those banks, ah, you know, we do have to do that. But what I'm saying is, I guess that term human enersure people that have always had their money in the pass book and, ah, it, it has been likened to a pasifyer by some banking experts that pass book and, ah, they're gonna die and their sons and daughters don't even live around here anymore so that's not good but for the time being its, it seems to be working. (laughs)

RS: Well you know, what you just said reminds me of my in-laws who re,
my father-in-law retired sold his house and bought a, ah, 190,200 thousand
dollar condom nium (Mmm hmm) and m, my mother-in-law who know nothing
about finance was disappointed because they could not write a check.
(Mmm hmm) (sigh, laughs) If you could write a check for somehting
there's something seriously, seriously wrong (laughs) with your financial
system (laugh) in there lady. Ah, she was disturbed that they didn't
sell a little stock or something to move the assetts around. Okay.

RJ: I was thinking of something when you were saying that, ah, one of the
minuses in a small town is that we don't have a lot of industry. We
don't have a demand for 30 day laons, commercial type loans that you
can get a market rate on. We, ah, our main demand here is for cars
and mortgages, 1st, 2nd mortgages, home equity loans. We do a lot
of little 300 dollar loans on 12 months. The interest on those what
probably 18 or 20 dollars. It cost us 750 in computer expenses. You
know. Some banks won't even make loans at that level. (Mmm hmm) But
we have to, to serve our customers.

RS: So those are almost good will loans. (Mmm hmm)

RJ: At Christmastime you should see the number of 300 dollar loans that
go through this bank. (coughs)

RS: What about if we go from the minuses of small town banking to some
of the problems that you have. Either personal problems in terms of
being a banker or problems the, this bank has dealing with the state
of West Virginia or dealing with the FED's or dealing with your customers?

RJ: The problems of being a banker. Well I don't have a lot of friends.
(laughs) Maybe I'm just not a nice guy. No, I'm a white collar worker
in a blue collar community, okay. (Okay, okay) I was educated at
the University of Kentucky. Most people stopped at Milton High School.

Ah, I like, I think there's more to experience in life than going to church. God is certainly a very central part of my life but he's not eh, there is more to do in my life than to, t, than to simply be involved in church activities. Okay. A social life in this community pretty much revolves around the church okay. My social life does not revolve around the church although my religious life might, you know, ah, ah, I think so much of what this community does is good in that sense but, ah, I don't have a lot in common with (Small town America?) mm hmm, (But you live here?) Mmm, I live in _____ West Virginia, smaller town America, okay. (laughs) Yeah, I live cause I can make a living here and my wife doesn't have to work and it's tight. We don't have a fine home or a fine car or anything else but she does have these years with her children at home and that could only be provided here. Any place else we'd lived she'd be working too.

RS: Why don't we talk about her for a minute. (Okay) We should have done that before. Who is she?

RJ: She is Marie (laughs) Jackson. She is from Providence, Rhode Island. We met in Florida. She has come to a small town from a big city.

RS: When you said you went to Florida, you didn't mean you like you went to Gainesville or Tallahassee to law school?

RJ: Oh no. I went to Fort Lauderdale to play. (Oh yeah) Yeah.

RS: And she did too (Yes.) and you played?

RJ: (laughs) And we played together. And we got married, and we came back to reality. And found out, hey, playing was a lot more fun. (laughs) So we've made it so far. Ten years. Five of it here.

RS: Is she a professional?

RJ: Not. No. She was an executive secretary for the United Artist Corporation when we lived in New York. She had medical insurance. (laughs) So when she had our first child you know, she lost those benefits and

that's when we came home. (Oh.) To get medical insurance.

RS: Boy, what marvelous reason for coming back to almost heaven. Ah, But does she want to stay home? I'm sure this has no business (Yeah) being on the tape (yeah) but

RJ: Yes she does. She does, she wants this time with the kids.

RS: But does she want to stay for the next 20 years? (No, no.) Okay.

The reason this is on tape is because we're trying to create a body of tapes that not only will have interest to the business historian but also maybe to social demographers and liberal arts in the family of history of whatever. (Mmm hmm.) So sometimes I ask off the wall questions. (That's alright) Umm, how about problems that revolve around, ah, West Virginia in general. Economic climate, business climate, those kinds of things.

RJ: Okay, okay. Past dues are at an all time high at the Bank of Milton. (Is that right?) That's right. That's scary. We have, ah, and not just because of the general economic climate in West Virginia, okay. Ah, people are out of work, people have no hopes for work. Ah, I mean my neighbor, ah, both of two of my neighbors, okay. I mean I'm tlaking ones right beside me, ones right across the street from me, you know. They're both out of work. Fifty year old man he'll never work again, ah, it's all over the place. Ah, you ask about the, ah, economic climate in West Virginia but even more so in Milton, ah, I think and I don't know how to say it. Most people in Milton are over 65 years of age, let's put it that way. Ah, our people are leaving this area to find jobs. Ahk, the people that I went to high school with, I do business today in this bank with one person that I graduate with and really no, all of my so-called friends in high school are someplace else. People that were, were educated have left.

RS: And yet the banks balance sheet just soars year after year after year.

(Mmm hmm) And yet, I mena, and yet again both you and your father sound notouriously pessimistic (Mmm hmm) from what I can see good reasons.

RJ: Well you can see anything coming in here. The B&O tax, the tax situation in west Virginia doesn't encourage new industry. A few years ago you cna name all th, the places that closed down in Huntington. What, Armco Steele, is that right? Or American Car and Foundry, Utowel? I don't know what all the name, you know, businesses that have been here for 40 years that are never gonna be here again. And meanwhile we've got a lot of blue collar workers that, you know, are not gonna be put into some other type of job. What are they doing?

RS: How then does, ah, a bank survive?

RJ: I don't know. (laughs) A vice president at First Huntington who has been in all parts of the United States said off the cuff to me one day you know, eventually in 20 years I figured they'll just walk through the door and throw away the key. This was in the mist of all these places closing down. Ah, I was a little frightened. I don't know who all is going to listen to this tape and how soon but, ah, as I said most of our money is old. That's typical in a bank. But in our bank our money is older than [in] most banks, and, ah, it is dying and the kids aren't here to inherit it. Ah, it's gonna go to some other city and, ah,

RS: The next thing I've got on the list here is challenges. (Mmm hmm) Obviously we're talking about the big challenge (Yes, survival(laugh)). You are, is the bank making any plans? Ah, is anybody studing any, anything, is, is anybody working diligently with the chamber of commerce, say hey you guys go and find somebody and we've got 8 million dollars we'll loosen up for them. ou find them, you arrange somebody to give them, ah, sewer and a rail siding and we'll arrange the financing. (No. Anything like that goin on? (No.) Is it conceivable to move

in a direction like that or is it just a waste of energy?

RJ: I am told so, because West Virginia's tax structure, until somethings done abut that we're, we're stuck.

RS: And some of these, ah, organizations that you belong to, ah, and, ah, paid dues to, is it, is it fair to assume that they are doing some heavy duty lobbying?

RJ: Most of the things that we belong to are outside the state of West Virginia, is that what you mean? Like america Bankers Association, Independent Bankers of America.

RS: Those kind of people are lobbying in Washington. (right) No, besides lobbying for the Bank of Milton in Charleston.

RJ: I don't think so. there's a West Virginia's Bankers Association but so far all they've been lobbying for is to get branch banking passed. You know. That was effected during the last legislature.

RS: That's worth talking about for a minute here. (No) Surely the Bank of Milton didn't ask them to lobby for a branck banking (We did not) and one would assume that the majority of the members numerically, maybe not in terms of power, but numericlaly are small town bankers in that organ, organization. (Mmm hmm) How then do they (How do we do it?) Yeah, why go on?

RJ: (laughs) I don't know I think you have to, (Okay) Department of Banking, well, we're against it but it's here. So far it has not impacted Milton. We have been talked with about merging, ah, now that this law has been passed, they really don't need to merge with us they can build a branch, which is quite expensive and they probably won't do. Ah, you know. They say in five years that it's all gonna be branches anyway or some big guy from New York so I don't know, ah, I think this bank as it is has a good 20 years left in it, without having to merge with anybody or without being eaten up by anybody. I think we can effectively compete

with any one coming that would come into our market area, for the next 20 years. I mean, ah, (cough) unless something drastic that I, ah, ah, do that's just beyond the power of comprehension. Our people are loyal to people that we have. They've build their houses through this bank, they've educated their children, th, this bank has always been their bank. They're not gonna take kindly to anybody coming in to this area and, ah, I think we're healthy enough that we could play rates for awhile, more so than somebody coming into the area. That we could meet 'em in the rates they're willing to pay. The rates the willing tooan, ah, I don't think they could be as flexible as we can be really, and, ah, that coupled with the fact that our customers community members are proud of the fact that this is the Bank of Milton and they know the people here and they can get what they want here and they can be accorded the degree of respect they demand here. Chase Manhattan's back here across the street would not know who their grandfather was or care to know. I know and I like their grandfather further more you know. There's that type of relationship that I think would be hard to beat. Plus, (laughs) I figure if things get bad I can run the proof machine and my brother can take deposits and make loans. You know. (laughs) We can pay our salaries.

RS: A 2 pers on operation. I think we're about out of time here. Mmm. Is there anything that you can think of that I haven't asked. That is pertinent to what it is that you do to make a living and this whole group does and what it means to the community here?

RJ: It is a bank, where decisions are made here, by people who are their neighbors. That live and go to church and work with them and have known their family for generations. It, it doesn't get bumped to the office in Charleston for the decision or the New York or wherever it's

finally gonna be one day. It's made right here with people they know and live with and have to live with after the decision is made so there is tht sense of independence. Tht I don't think people would want to give up readily.

RS: Okay. I think I'm about ready to turn the machine off. (Good.) Thank you very much (Mmm hmm) I appreciate it. [End of tape]