

THE STORY OF BANKS AND BANKING
ACTIVITY IN OXFORD THROUGH THE YEARS

A CONTRIBUTION TO THE CELEBRATION
OF OXFORD'S SESQUICENTENNIAL 1987

*Will Lewis
Oxford Miss
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EARLY BANK HISTORY

Although the aim of this paper is to give a presentation of the course of banking in Oxford only, particularly that of the early days which have passed beyond the memory of most of us, it is well to sketch briefly the history of banking as a whole, this to serve as a background for local bank history.

Banking is primarily the business of dealing in money and instruments of credit, of accepting deposits subject to withdrawal and of making loans. Every good encyclopedia will inform us that, in simple form, banking was practiced in the temples of ancient Egypt, Babylon and Greece, which loaned at high rates of interest against the gold and silver deposited for safe-keeping; that a highly developed system of private banking existed as early as 600 B. C.; that the first modern type bank was the Bank of Venice, in 1171; and that the first bank established in the United States was the Bank of North America, in Philadelphia in 1781. Banking developed rapidly in the 18th and 19th centuries, accompanying the expansion of industry and trade.

The first banking institution in Mississippi was the Bank of Mississippi, chartered by the territorial legislature in 1809. Located in Natchez, it was a privately financed and controlled bank organized to serve the needs of a growing plantation economy centered in the Natchez area. The charter was granted on a 25 year basis, the legislature pledging not to establish another bank as long as the charter was in effect.

However in 1830 the legislature violated this pledge and set up the Planters Bank as the fiscal agent of the state. The first stock offering was for 2 million dollars which the state bought with an issue of 5%

bonds. In 1832 the Bank of Mississippi closed out its business, after an honorable and successful operation. The incorporation of the Planters Bank was the beginning of unsound banking in Mississippi.

Nicholas Biddle's Bank of the United States of Philadelphia, Pa., had considered establishing a branch in Mississippi as early as 1825, with the support of the Whigs. Mississippi Governor Brandon, a Democrat, opposing, recommended the establishment of the Planters Bank. It must be said the bank prospered until the panic of 1837. During the period 1830-1837 banks were organized and established all over the state with the sanction of the governor and the legislature. There was no regulation, no supervision. Railroads and other institutions received banking privileges. There was rapid growth of wildcat banking.

To cope with the panic of 1837 the Union Bank of Mississippi was chartered as a state-operated bank in that year. The capital of 15 million dollars was to be raised by the sale of state bonds secured by mortgages on the property of the bank stockholders, backed by full credit of the state. The central office was to be in Jackson, with 8 regional branches scattered over the state. All this was approved by two successive legislatures and governors. The first issue of bonds was for 5 million dollars at 5% and was bought by Nicholas Biddle. The sale was celebrated with great rejoicing in the state. Little did the people think of this sale of bonds as the first link in a chain of events that would lead to shackling the welfare of the state and the bringing on of repudiation and dishonor.

Of special Oxford interest it can be noted that Oxford citizen Jacob Thompson vigorously fought the establishment of both the Planters Bank and the Union Bank on the basis of his belief that the banks were basically insecure, warning the people against buying the bonds.

From the day of its opening reckless management doomed the Union Bank to failure. In 1840 Governor McNutt pointed out the deplorable condition of banks generally, especially the Union Bank. He recommended its immediate liquidation and the calling in and cancellation of the 5 million dollars state bonds. He further pointed out that the Mississippi Railroad Company, the Planters Bank and the Union Bank all were insolvent. Assets of these were reported to be 67 million, he said, but 48 million were worthless. The Governor urged repudiation of the Union Bank bonds. Intelligent and responsible citizens of the state were distressed, feeling that the good faith of the state was sacred and must be preserved, but these people were not in the majority. The next governor, Governor Tucker, as he came into office, accepting a mandate from the people immediately advocated repudiation. The famous (or infamous) resolution to repudiate was adopted by the legislature on February 18, 1842.

These bonds had passed into the hands of investors far and wide, mostly, into the hands of European investors. For years earnest efforts were made to right this wrong. In 1853 the High Court of Appeals of the United States held that nothing could absolve the State of Mississippi from liability assumed in the act of chartering the Union Bank. This

decision was nullified by a vote of the people, repudiating the Planters Bank bonds as well as the Union Bank bonds.

To this date these bonds have not been redeemed. The Mississippi Constitution of 1890 expressly forbids redemption.

The failure of the Union Bank resulted in almost total collapse of the state banking structure. Millions in deposits were forever lost; millions in loans were never paid. The people suffered for years from the lack of proper banking and business facilities. Any complete history of Mississippi will acquaint us with these facts. A few banks survived, notably the Britton & Koontz Bank of Natchez. This bank deserves special recognition. The following is quoted from a brief history the bank itself prepared in 1975.

The names Britton and Koontz have been by-words in Mississippi banking since 1836.

Britton & Koontz was founded as a private banking firm by William A. Britton, George M. Koontz and Audley C. Britton, who consolidated their interests by organizing the Britton & Koontz Bank in 1866. After the death of Mr. George M. Koontz and Mr. A. C. Britton in 1895 and '96 respectively, the firm was incorporated as Britton & Koontz Bank with Mr. R. F. Learned as President.

In 1933 during the time of national stress, Britton & Koontz Bank was judiciously reorganized with Mr. A. B. Learned as President and under the name of Britton & Koontz National Bank in Natchez. The present bank, Britton & Koontz First National Bank, is a direct outgrowth of the original Britton & Koontz interests.

Summary: Britton & Koontz operated continuously as a private bank from 1836 to 1866, as a state bank from 1866 to 1933, and as a national bank from 1933 to the present date.

After the Civil War numerous private banks and a few state banks were established. Until 1863 all banks in the United States, excepting private banks, were chartered for operation by the respective states, but without regulation or supervision. Private banks could open and operate at will. In many states banking degenerated into wildcat operations, due to laxity and abuse. In particular, the multiplicity of state bank notes, allowed in some states, caused great confusion and loss. To correct these conditions the United States Congress in 1863 passed the National Bank Act which provided for a system chartered by the Federal Government. These national banks, subject to regulation and supervision by the Federal Government, were given authority to issue bank notes to circulate freely as money, while state banks, denied the privilege in the future, were heavily taxed on all state bank notes issued earlier.

This for a time threatened to bring the state chartered banking system to an end. But the state system quickly rallied because of new laws permitting the charging of exchange rates on bank transactions. To illustrate, in 1876 the Bank of Oxford reported that 40% of all its income for that year came from exchange charges. An attractive feature of state banking as compared to national banking was that state banks generally were not required to have as large a capital structure. Also they were subject to less restrictive government control. National banks

had to carry annually one tenth of net profits into surplus until the surplus equaled 20% of capital. This was not required of state banks. The Bank of Oxford, as it appears on the record of the first eight years of its existence, declared dividends exactly equal to its total earnings. In its ninth year it passed only \$170 to surplus, in its tenth year \$949. State banks soon exceeded national banks in number.

There still was in Mississippi no regulation of state banks. An 1888 state law required them to publish reports in their local papers and to send such reports to the state auditor. The general attitude was not to interfere with banks and businesses, but to let them strictly alone. Not until 1906 were any banking laws passed and these were not strictly enforced.

The oldest state bank in Mississippi is the Bank of Holly Springs, chartered by the legislature as Holly Springs Savings and Insurance on October 18, 1866. The second oldest is the Bank of Oxford, chartered by the legislature on February 1, 1872. These dates are taken from the Mississippi Banking Association Directory of 1981. The oldest operating national bank in the state, as shown by the same directory, is the First Columbus National Bank (1852); the second oldest is the First National Bank of West Point (1872). As there were no national banks chartered until 1863, the Columbus bank earlier must have operated in some other form, possibly as a state bank or a private bank. In 1883 there were 21 private banks, 9 state banks and 2 national banks in the state. In 1900, 16

years later, there were 5 private banks, 92 state banks and 12 national banks.

PRIVATE BANKS

Mention was made in the preceding section of the presence of private banks in the state. These were private in the sense that they were owned outright by individuals or partnerships with no capital stock or bonds issued and with no investment or financial assistance by the state, and apparently without any interference, regulation or supervision by the state.

Such banks flourished from 1840 to 1900. It may surprise many to learn that such private banking concerns existed. However they were helpful, even vitally necessary, in those years in providing financial services, in a small way perhaps, to small new towns and communities.

The earliest private bank in Lafayette County was organized at Wyatt about 1840 by Angus Gillis and Thomas A. Allen who apparently did a big business, flooding the county with "shin-plasters", so called, which were a form of IOU or personal specie of Gillis & Allen, circulating as a trading medium in the community and redeemable at will by presentation at their banking quarters. The banking company was rated stable and sound.

In his paper, "Extinct Towns in Mississippi", Franklin L. Riley, an early Professor of History at The University of Mississippi, a prolific and dedicated writer of Mississippi history, tells us all about the town of

Wyatt, the people and their activities. Here is a brief paragraph.

Wyatt, a town located 13 miles from Oxford on the Tallahatchie River, was the product of the flush times of the 1830s. When the town was first located it was thought that it would prove to be the head of navigation on the Tallahatchie river. It was settled before either Oxford or Holly Springs, and it is said that its promoters and early settlers were hopeful that it would become the chief town of North Mississippi. Some of its most enthusiastic advocates dreamed of it coming to rival Memphis as a trading point. The panic of 1837 hit it a hard blow but the town rallied and recovered as most of the new towns in Mississippi did. It was the coming of the railroad to North Mississippi in the 1850s that hit Wyatt a harder blow and removed all reason for its continued existence as a river port, that of handling the movement of the planters' cotton down the Tallahatchie River to the New Orleans market. The railroad could do it better.

The names of Mr. Gillis and of Mr. Allen appear on the earliest Lafayette County records and indicate they were pioneer settlers in the county. Mr. Gillis was awarded in 1838 a private cattle brand by the county, allowing his cattle to roam in open country.

In 1842 the Memphis Appeal, forerunner of the Commercial Appeal, carried this paragraph.

The proprietors of the Tallachatchie Bridge at Wyatt, Miss., respectfully inform the public that they have at great labor and expense rebuilt the bridge and levee to afford safe passage in all weather. The roads from Holly Springs to Oxford have been measured by the county surveyor and the one going through Wyatt is found to be much more level and only 3 1/4 miles longer. We have also reduced our toll rates to correspond to the ferries. Signed: Thomas Allen and Angus Gillis, propeieters.

-1860 paper

In 18**60** the Oxford Intelligencer carried this small advertisement:

"Avent and Lyles, Private Bankers, Northwest corner of the Square."

Mr. W. F. Avent was known as a prominent and wealthy citizen. On the roll of Lafayette County land owners in 1859 he is listed as owner of 4700 acres of land which in that year produced 5000 bushels of corn and 278 bales of cotton. Yet a letter exists written by Jacob Thompson in Washington in 1860 to his friend James M. Howry in Oxford deploring the bankruptcy of his friend W. F. Avent. Just before the war Avent built a fine home, now burned, which was known in more recent times as the James Stone house, just across the railroad tracks on the north side of Oxford.

In spite of the reported bankruptcy we find the following advertisement in the March 13, 1861, issue of the Intelligencer.

W. F. Avent's (note the former name of Lyles is missing) Exchange, Deposit and Collection Office, Northwest Corner of the Square, Oxford, Miss. Exchange bought and sold on all Eastern Cities, Memphis, Charleston, New Orleans, St. Louis, Louisville and Cincinnati.

*bank
failed
later*

One more note of interest about Mr. Avent. In 1870 when Jacob Thompson was granted amnesty by the United States Congress, allowing him freedom from any charge of complicity in the assassination of Abraham Lincoln and allowing him to return home from his voluntary exile in Europe, he was met at the Oxford railroad station by a cheering crowd, placed in a buggy drawn by university students and carried to a gala celebration at the home of Mr. Avent.

One other private bank in Oxford holds unusual interest. In the Oxford Falcon of November 17, 1871 and again of January 5, 1872, we find the following advertisement.

Banking House of Archibald, Howry and Company, Northwest Corner of the Square, Oxford, Miss. W. L. Archibald and Charles B. Howry, Proprietors, Judge James M. Howry, Cashier. Only authorized dealers in Gold and Silver, Bonds, County Warrants, Script, Railroad Stock and State Warrants in Lafayette County. Special attention given to the purchase and sale of Bridge and School Warrants, State Script and Railroad Stock, and to the purchase of solvent negotiable paper. Will buy & sell exchange.

During the same month of January 1872, as mentioned above, these two men, Archibald & Howry, secured a charter from the State Legislature to establish the Bank of Oxford.

Archibald built the house which we in late days have known as the Kate Skipwith house. Charles Howry built the house on North Lamar which we have known lately as Fiddlers' Folly. Howry was a lawyer and was never active in the Bank of Oxford. He later was a Judge in the U. S. Court of Claims in Washington and still later was Assistant Attorney General of the United States in the second administration of President Cleveland. His father James M. Howry in the 1840s built the house on University Avenue we have known as the Anna Purser House. Born in Virginia in 1804, James M. Howry was one of the earliest settlers in Oxford. Always called Judge, he was not even a lawyer. He was one of the four Oxford citizens who were members of the original thirteen

state-wide Trustees of The University of Mississippi, the other three being John Newton Waddell, A. H. Pegues and Jacob Thompson.

THE SOUTHERN BANK OF OXFORD

This a mystery bank. Was it truly a bank chartered by the state legislature? Or was it a local private bank of the sort mentioned in the preceding section?

One thing we know. Under date of December 31, 1877, the minutes of the Bank of Oxford carry this notation.

At this time the Bank of Oxford bought out the Southern Bank of Oxford owned by Charles Roberts and Bem Price, paying for this banking house, charter, and safe, \$5,000 which was \$1,500 more than they were worth.

The mention of charter suggests that it was an institution sanctioned by the state legislature, but there is no evidence that it was more than a local privately owned bank, beginning business shortly before the date it sold out. There exists no record of incorporation; no stockholders ledger has been found. An interesting cash book, with beginning date of 1876, has been found in the Archives of The University of Mississippi Library. From it we learn that the Bank of Oxford did not purchase the outstanding bills receivable of the Southern Bank, but did undertake the task of collecting them, remitting proceeds to Bem Price personally. From this it is easily assumed that the Southern Bank was indeed a privately owned bank, a partnership of Charles Roberts and Bem Price. These two men were outstandingly prominent and influential citizens of Oxford for

many years. Charles Roberts, born in England, built the first store building on the Square (about 1869) after the Yankees burned the center of the town in 1864. This building is the substantial two story brick structure on the southwest corner of the Square, and was occupied early by the firm of Roberts and Doyle as a dry goods emporium. Roberts for a time owned a fine residence on North Lamar, selling it to Bem Price who named it Ammadelle for his wife. Bem Price was a native of Lafayette County's Yocona Community. His father was Washington Price, one of the earliest settlers in the county, prominent and wealthy. Bem Price became identified with the Bank of Oxford as Cashier, shortly after its purchase of the Southern Bank, serving in that capacity until his death in 1903.

The Bank of Oxford moved into the building on the south side of Square bought from the Southern Bank and has occupied that spot, with additions, until the present day. Previously it had occupied the location on the northwest corner of the Square, the former location of the private bankers Archibald & Howry, the principals in organizing the Bank of Oxford in 1872.

BANK OF OXFORD, 1872

Before we consider the history of the Bank of Oxford let us review briefly the conditions that prevailed in the community prior to the establishment of the bank. An act of the state legislature on February 9, 1836, made provision for the formation of 12 new counties, Lafayette County among them, arising from the Chickasaw Indian Cession. (These

counties at a later date were re-formed into 24 counties.) Oxford was incorporated as a town one year later, becoming the county seat of Lafayette County. In 1864 in the last year of the war, Union soldiers completely destroyed by fire the business district of the town, the County Courthouse and many fine nearby residences. Only one store building on the Square did not burn. As the result of the lengthy war Oxford and Lafayette County, like all Southern communities, recovered slowly and painfully. However, the rebuilding of the Square proceeded faster than might have been expected. By 1871 the County Courthouse and many of the buildings had been rebuilt, more modern and more substantial. It was the farming economy and family life that suffered so dreadfully.

The Bank of Oxford was organized on February 1, 1872, under a charter granted by a special act of the legislature of the State of Mississippi, fixing Capital Stock at a minimum of \$33,333.33 and a maximum of \$100,000.00. The following named parties deposited the amounts opposite their names as capital and received stock certificates:

W. L. Archibald	\$	8,333.33
C. B. Howry		8,333.33
S. Owens, Jr. and brother		
A. T. Owens		8,333.33
William A. West		8,333.33
	\$	<u>33,333.33</u>

W. L. Archibald was elected President without salary; William A. West was elected Cashier at a salary of \$1,000 per year. Mr. Archibald was owner of Archibald, Jackson and Co., a vendor of grocery and plantation supplies. The Owens brothers were owners of a dry goods store. William A. West was a former sheriff of Lafayette County.

The income reported was substantial when compared in terms of return on capital, 33 1/3% the first year of operation and an average of 18.6% over the first 10 years as recorded in minute books of the bank.

Below is offered a comparison of figures for the first year's operation and those exactly 100 years later. Let us be sure to account for inflation, which from U. S. Government's calculation, amounted to 500%.

February 1, 1872-January 31, 1873

Income	\$	65,698.01
Expense		<u>14,198.99</u>
Net Income	\$	<u>51,499.02</u>
Profit		<u>78.40%</u>

February 1, 1972-January 31, 1973

Income	\$	1,352,812.66
Expense		<u>1,036,970.16</u>
Net Income	\$	<u>315,842.48</u>
Profit		<u>23.00%</u>

Over the next 46 years the Bank of Oxford weathered the recession of the early 1880s, the yellow fever epidemic of 1898, the financial panic of 1906, the coming of the boll weevil to Lafayette County in 1914 and the first World War (1914-1918). It was not until 1918 that signs of trouble appeared, when a group of long time patrons of the bank, mainly business men and college professors, unhappy with the policies of the bank at that time, pulled out and organized a new bank in

town. The major complaint was that excessive and improper loans were being made, particularly to favored planter friends.

The executive officer at the time was James Stone, Sr., prominent lawyer, General Counsel of the Illinois Central Railroad, with personal planting interests in Panola County. His law firm, James Stone and Sons, occupied as their office the pre-war building one block off the northwest corner of the Square. The Freeland law firm occupies this building at this time. The home of General Stone, as he was widely addressed, was the old Avent house, previously mentioned, now burned.

Mr. Stone's enthusiastic and abiding interest was the development of an improved agricultural program in this county. He worked hard at it and deserves much praise, but the times did not co-operate. The period of the 1920s was a time of speculation and inflation. The affairs of the bank progressively deteriorated. On December 30, 1930, the bank failed. Many other banks were failing in the state and across the nation. The Bank of Oxford was one of the early ones. Without doubt one contributing factor was a large loss in a loan made to J. A. Smallwood in 1929. Mr. Smallwood was Cashier of the local Guaranty Bank and Trust Company. The loan was made in the name of and for the benefit of his bank which itself was in a failing condition, and indeed did fail in October 1930. At the time of the Bank of Oxford's closing it carried on its books \$50,000 as an asset under Bills Receivable, Other Banks. Some of the prominent officers of the bank at the time were F. L. Linker, James Stone, L. E. Oldham and George F. Heard. The State Banking Department sent L. E. Watson to

serve as Receiver and Liquidating Agent of these two failed banks. Not a thought was given to trying to revive the Guaranty Bank, but an effort was made in early 1931 to reorganize and reconstitute the Bank of Oxford. L. E. Watson was named President, S. M. Sneed, Vice President and G. F. Heard, Cashier. A capital structure of \$70,000 was set up. The only assets were outstanding loans carried over from the old bank, which were still considered collectible, including \$18,000 of the old Guaranty Bank loan. The plan did not work out and was shortly abandoned.

When Franklin Delano Roosevelt took office as President in 1933, he faced a national banking crisis of major proportions. Immediately, as we know, he decreed a national bank holiday. Every bank in the country, national banks and state banks, solvent banks and insolvent banks, were to be closed for a period of 12 days, after which each bank, one by one, could be re-opened on the basis of strict requirements and conditions laid down by federal and state laws. The First National Bank of Oxford was certified for re-opening in short order. It never had been in trouble. And to the delight, and probably to the surprise, of many old friends the Bank of Oxford, too, was certified on May 4, 1933 for re-opening on the following basis. A capitalization of \$35,000 was set up, \$30,000 in 600 shares of common stock of \$50 denominations and \$5,000 in surplus. Preferred stock totalling \$20,000 was issued and bought by the Reconstruction Finance Corporation. (This preferred stock was fully retired by 1952). The \$35,000 was raised by requiring each person having

a claim against the old bank to accept against his share of liquidating dividends stock in an amount proportionate to his claim. This resulted in hundreds of claimants receiving fractional shares of stock expressed in dollars. Many found this hard to understand, especially when it was stated that it took \$58.33 in fractional shares to qualify for one full share (\$50.00 for the face amount of the certificate and \$8.33 set aside for surplus). Some were afraid they might be subject to the double liability of holders of bank stock, which once was legal but in fact had been repealed by law in 1930. At any rate the claimants accepted these fractional certificates even though they didn't like them.

And so the Bank of Oxford was permitted to get going again.

G. F. Heard was named President, and J. K. Meadow, Vice President. These two with J. B. Brown, H. E. Denton and Grady Guyton constituted the board of directors. Deposits up to \$10,000 were guaranteed by the Federal Deposit Insurance Corporation. By 1936, 3 years later, it became plain the reorganized bank was a success. Some merchants began accepting the fractional shares of stock in trade, other began discounting them for cash. Those who accumulated these shares realized in time a large paper profit. Note the amounts of loans, capital stock, and deposits of the Bank of Oxford as of the end of the periods indicated.

<u>At the end of:</u>	<u>Loans</u>	<u>Capital Stock</u>	<u>Deposits</u>
Year 1936 \$	92,000	\$ 81,166	\$ 499,218
Year 1946	584,000	179,992	2,522,999
Year 1955	975,000	313,317	3,745,691
Year 1972	14,062,000	1,426,193	18,748,518
Oct. 1973	18,012,000	1,921,842	24,624,441

On October 23, 1973 the following made up the Board of Directors:

Will Lewis, Sr., Chairman
Frank E. Cooper, President
B. O. Elliott, Sr.
Scott Black
J. Roland Adams

This large and fast build up was in a way an embarrassment of riches as a deficiency in the capital structure began to develop. Although the bank had been building up its surplus substantially the increase had not been enough to establish a proper ratio of capital to loans and capital to deposits. More capital stock was needed. This could be provided in either of two ways. More stock could be sold to the public generally or the bank could ally itself to another bank that possessed a surplus of capital. The Board of Directors decided that a stock sale could not be successfully promoted. The public would remember that the Bank of Oxford had failed about 50 years earlier with losses to the stockholders of that time. They would remember too those fractional shares of the 1930-1940 period which were never easily understood.

In 1972 the Bank of Clarksdale, one of the most substantial and respected banks in Mississippi, suggested to the Bank of Oxford that it consider a merger. After a year's study the Board of Directors of the Bank of Oxford concluded that such a merger was the best solution to its capital problem, and on November 23, 1973, with stockholders' approval became a part of the Bank of Clarksdale System.

There was an exchange of stock, 4 shares of Oxford's to 5 shares of Clarksdale's. Before the merger the book value of Oxford stock was

\$29.68 per share; after the merger the book value of Clarksdale stock was \$36.18 per share. The Bank of Clarksdale offered to pay \$60 cash per share, for a limited time, to any and all who wanted to sell. The 5 directors of the Bank of Oxford were added to the board of the Bank of Clarksdale.

On January 1, 1980, the Bank of Clarksdale System assumed the name United Southern Bank.

UNITED SOUTHERN BANK (From a recent brochure)

<u>FINANCIAL HIGHLIGHTS</u>	<u>1985</u>	<u>1984</u>
<u>At Year End</u>		
Total Assets	\$ 309,625,549	\$ 297,376,561
Total Deposits	277,100,457	268,750,041
Net Loans	152,951,990	163,264,387
Stockholders' Equity	25,977,822	22,207,534
<u>For the Year</u>		
Net Interest Income	11,367,396	9,708,191
Net Income	4,201,370	3,601,108
<u>Per Share</u>		
Net Income	9.35	7.42
Dividends Paid	1.50	1.35
<u>Returns</u>		
On Stockholders' Equity	16.95	15.67
On Assets	1.39%	1.26%

The United Southern Bank was chartered in 1900 as the Bank of Clarksdale and on January 1, 1980 assumed its present name. The United Southern Bank is a commercial bank with trust powers, and offers a wide spectrum of services, ranging from checking and savings accounts to loans.

The bank maintains business operations in twelve cities in Northwest Mississippi, with corporate headquarters at Clarksdale. This banking complex serves a variety of economics which are influenced by industry,

agriculture and goods and services to individual customers. In Oxford two branches of the main operation are maintained, on University Avenue, East and on Jackson Avenue, West.

MERCHANTS & FARMERS BANK, 1889

This bank was established in 1889 with a capital stock subscription of \$75,000.00. The President was Charles Roberts, a leading merchant of Oxford, the same man mentioned here as connected with the Southern Bank of Oxford in the 1870s. Other officers were B. T. Kimbrough and Herman Wohlleben, men of high standing in professional and mercantile circles. Kimbrough, an attorney, is listed in Dun & Bradstreet in 1903 as President of the bank. Wohlleben was a German, born in Ohio, who came to Oxford as a young man in 1857 just in time to be caught up for service with the Confederate States Army. He served with Thompson's Calvary in Missouri in 1861, with Van Dorn's Raiders at Holly Springs in 1862, and in other ways. After the war he became a dealer and maker of carriages, buggies and wagons. He was an alderman for 4 terms, and a substantial owner of real estate in the town and in the county. He had other banking interests in Texas.

An appeal was made to the Mississippi Banking Department for information about this bank but none was available. The records of the time had been bundled up and consigned to the basement of the Old Capitol Building. Between the ravages of rats and seeping water they had been destroyed.

The bank failed in 1914. Will D. Porter was the chief executive officer at the time. It was widely said that failure was due to the arrival of the boll weevil in Lafayette County. The boll weevil, originating in Central America or Mexico, was slowly moving north. By 1892 it had crossed the Rio Grande into Texas; by 1914 it was here. No doubt this was a contributing factor in the bank's failure but surely not the only one.

The bank was located in the Thompson Building on the northeast corner of the ground floor from 1889 to 1914.

NOTE. Another Merchants and Farmers Bank is located in Oxford at this writing (1986), the parent bank of the Oxford Bank & Trust Co. (See story).

FIRST NATIONAL BANK, 1910

The First National Bank is the only nationally chartered bank Oxford has ever had; it is the only home-owned, home controlled, independent bank in town, and what is most important and impressive it is the only one of Oxford's banks which came through the banking crisis of the early 1930s intact. In those difficult and troubled times it alone held up the financial honor, stability and integrity of Oxford's banks. It deserves and has received much praise for this accomplishment.

The First National Bank has always been a conservatively and safely managed bank. Sometimes criticized by outsiders as being tough, the policies followed have been proven correct policies for tough times,

enabling the bank to maintain leadership in providing financial services for the community through the years good and bad. It has had a succession of strong presidents and directors.

The bank opened for business with a federal charter in 1910 in the building on the northeast corner of the Square presently occupied by Duvall's. This building was built, owned and occupied in 1889 by two lawyers, J. W. T. Falkner and C. B. Howry, as their separate offices, one lawyer up-stairs, the other down-stairs. J. W. T. Falkner was the grand-father of the eminent Oxford writer William Faulkner. Howry has been described earlier as one of the founders of the Bank of Oxford (1872).

The first Board of Directors of the First National Bank were Rev. A. B. Morris, J. C. Hartsfield, P. B. Furr, J. T. Wilson, J. W. T. Falkner, T. W. Avent, William Huston, A. C. Graham, O. B. Boone, H. L. Davis, J. A. Parks, C. B. White, H. D. Rikard, C. A. McCharen, E. D. Nichols and J. S. Locke. J. W. T. Falkner was elected President, O. B. Boone, Cashier, and J. E. Avent, bookkeeper.

The bank showed resources of \$110,000 in January 1911 only a few months after opening. Through the years it has enjoyed consistent and spectacular growth.

In 1920 the resources were over \$	450,000
In 1940	over 1,000,000
In 1950	over 3,000,000
In 1960	over 6,000,000
In 1963	over 9,000,000
In 1975	over 23,000,000
In 1980	over 40,000,000
In 1985	over 52,000,000

About 1920 the bank moved from its original location to the former banking quarters of the old Merchants and Farmers Bank, located a block to the west on the same side of the Square, on the northeast corner of the building called the Colonial Hotel then, the Thompson Building now. The bank occupied this site for 42 years. During that period it enjoyed the leadership of two successive presidents who have become legends in the community, J. A. Parks, 1920-1951 and Christopher Longest, 1951-1962.

In 1963 the bank moved into its fine new quarters, still on the north side of the Square, just across North Lamar.

At this date 1986, the Board of Directors are as follows:

E. Russell Blair
William R. Gottshall, President and CEO
John Leslie
Cary McCormick
Barry P. McIntosh
Elton L. McIntosh
Brent Nickle
William H. Tate
Fred Taylor, Chairman
Leslie Tubb

The bank maintains three branch offices in Oxford, on North Lamar, on South Lamar and on Jackson Avenue, West.

GUARANTY BANK & TRUST CO., 1918

As mentioned earlier, in 1918 a group of long time customers of the Bank of Oxford, becoming unhappy with the way the bank was being run, pulled out and organized a new bank in town, the Guaranty Bank & Trust Co. The new bank was capitalized at \$25,000.00. It opened for

business on April 1, 1918, in a double store-front location west of the Bank of Oxford where Marchbank's Insurance Agency and Aston Holley's Pharmacy are now found, paying \$4,000.00 for the property.

A. A. Graham of Blue Mountain was elected President, David G. Neilson, Vice President, S. H. Logan, Cashier, and T. H. Somerville, Trust-Officer. These men were named Directors.

By June 30, 1919, H. M. Faser had become President. On that date deposits were listed at \$137,000; and total resources at \$195,000. By December 31, 1921, we find E. D. Beanland, President, E. G. H. Tankersley, Vice President, and C. H. Roach, Cashier. The deposits on that date were \$106,000, and total resources \$147,000. In 1925 E. G. H. Tankersley had become President, David G. Neilson, Vice President for the second time. The directors in addition to Tankersley and Neilson were E. D. Beanland, J. B. Brown, H. M. Faser, and D. B. Jones. By June 30, 1929, we find David G. Neilson, President, Ray R. Ramey, Vice President, J. A. Smallwood, Cashier, L. C. Andrews and Herman D. Webster, directors. At the time deposits were \$253,000 and total resources \$377,000.

In 1930 the directors, D. G. Neilson, Will Lewis, Ray R. Ramey and Herman D. Webster, found reason to believe their fellow director, J. A. Smallwood, was involved in the cotton futures market. The Comptroller of Banks was notified. He at once sent an examiner, L. E. Watson. It was discovered that Mr. Smallwood, as Cashier of the bank, was heavily short in his funds. The Comptroller of the Bank at once

ordered the bank closed and a notice to that effect posted on the front door. A year before Smallwood had borrowed a large sum of money from the Bank of Oxford in the name of and for the benefit of the Guaranty Bank & Trust Co., which had not been paid, and which was instrumental to a degree in bringing the Bank of Oxford to failure less than 90 days after the Guaranty Bank's closing.

Smallwood was indicted, convicted and sentenced to Parchman, where he died shortly afterward.

OXFORD BANK & TRUST CO., newest bank in Oxford, 1973

On September 19, 1973, the charter for The First State Bank & Trust Company of Oxford was approved by the Secretary of State of Mississippi. The incorporators included G. A. Gafford, Dr. J. P. McLaurin, Donald A. Waller, E. L. Hooker, M. F. Lynch, Thomas W. Avent, T. H. Freeland, III, Dr. William C. Baker, and Dr. L. G. Hopkins. The initial amount of capital stock totaled \$150,000.00 divided into 15,000 shares at the par value of \$10.00 per share.

The general nature of its business was to be banking; receiving deposits; buying, selling and discounting notes, bills and other evidences of debt, domestic and foreign; dealing in such bullion, currency and coins as may be authorized by law; issuing notes, and loaning money on real estate and personal property.

The First Annual Stockholders' meeting was held at the Holiday Inn on Monday, May 6, 1974. This meeting was for the purpose of

stockholders' approval of the Charter of the Bank, election of Directors, approval of actions taken by the incorporators of the Bank; namely the adoption of the by-laws; the increase of capital stock from \$300,000.00 to \$750,000.00; and changing the name of the bank from "First State Bank" to "Oxford Bank & Trust Company", the selection and purchase of a temporary site and quarters for the Bank; and the filing of the application for deposit insurance. All actions and amendments were officially approved at the board meeting and the following Directors were elected to the Board: Thomas W. Avent, William C. Baker, Arnold W. Carothers, G. A. Gafford, Pat W. Haley, E. L. Hooker, L. G. Hopkins, Sidney F. Johnson, M. F. Lynch, J. P. McLaurin, Bernie L. Smith, III, John H. Vaught, and Donald A. Waller.

This Board of Directors then met and elected as officers: M. F. Lynch, Chairman of the Board; G. A. Gafford, Secretary; and Bernie L. Smith, III, President and Chief Executive Officer.

Oxford Bank & Trust Company opened its doors for business on May 27, 1974, with total deposits of \$1,677,865.00 and total assets of \$2,433,003.30. The bank office was a temporary building and was located on the Square at its present location.

On November 10, 1975, Oxford Bank & Trust Company moved its temporary building to Eastgate Shopping Center, so that construction of its permanent main office could begin. This new building was completed and opened its doors for business on November 8, 1976. Later a second branch was added at Oakwood Plaze Shopping Center.

Oxford Bank & Trust Company continued to grow and on January 29, 1983, merged with Merchants & Farmers Bank of Kosciusko, Mississippi. Total deposits and assets of Oxford Bank & Trust Company at the time of the merger were \$19,367,171.12 and \$19,806,703.41 respectively, making Merchants & Farmers' total deposits of \$124,487,810.16 and total assets \$137,931,493.40. The advisory Board of Directors of Oxford Bank & Trust Company was named as follows: Thomas W. Avent, William C. Baker, Arnold W. Carothers, G. A. Gafford, Pat W. Haley, E. L. Hooker, L. G. Hopkins, Sidney F. Johnson, M. F. Lynch, J. P. McLaurin, Bernie L. Smith, III, John H. Vaught, and Donald A. Waller. Officers of the Bank were as follows: Bernie L. Smith, III, President; Hugh C. Wiley, Vice President; Reggie L. Holley, Vice President; Dot Denton, Business Development Officer; and Barbara S. Murff, Operations Officer.

Since the merger in 1983, Oxford Bank & Trust Company and Merchants & Farmers Bank have continued to grow. This growth saw the addition of a new computer system and ATM in Oxford and branches in Ridgeland and Canton for the Merchants & Farmers System.

In November 1985, J. Richard Doty was named as President of Oxford Bank & Trust Company. On December 31, 1985, total deposits for Oxford Bank & Trust Company were \$22,493,145.94 and total deposits and total assets for Merchants & Farmers Bank were \$191,486,000 and \$208,716,000 respectively.

On July 1, 1986, the name was changed from Oxford Bank & Trust Company to Merchants & Farmers Bank.

Note: This report was written and submitted by the bank upon invitation.

BANK OF ABBEVILLE

This bank is a branch of the Bank of Holly Springs, and was established at Abbeville on February 12, 1975, with Sherwin Haynie as branch manager. John Roy of Abbeville is a director on the board of Bank of Holly Springs.

On December 31, 1985, the deposits of this branch were \$4,500,000.00.

DEPOSITS IN LAFAYETTE COUNTY BANKS

On December 30, 1985, total deposits were as follows:

United Southern Bank (Oxford only) \$	78,335,000
First National Bank	47,418,000
Merchants & Farmers Bank (O.B.& T. only)	22,493,000
Bank of Abbeville	4,500,000
	\$ <u>152,746,000</u>

Demand Deposits, estimated	17%
Time and Savings Deposits, estimated	83%

SAVINGS AND LOAN ASSOCIATION IN OXFORD, 1986

Depositors Savings
Fidelity Federal Savings Bank
Security Savings and Loan

CHANGE IN BANKING LAWS

On April 14, 1986, Governor Bill Allain, signed into law a new bill effective July 1, 1986, permitting statewide banking, first by merger or purchase of banks and later by establishing new branches. The measure also permits interstate banking in the four states bordering Mississippi in 1988 and allows regional banking in 1990. Under present law Mississippi banks can open new offices only within 100 miles from the main office. That distance will expand by 50 miles a year until 1989, when all mileage limitations disappear. In 1990 Mississippi will be open to regional banking in 18 Southern states.

Mississippi legislators and many Mississippi bankers see mergers as the way of banking in the future, small banks merging with big banks, and big banks with bigger banks. With present day deregulations, competition and developing technology in banking, some see small banks merging with larger banks as their best hope to survive and prosper.

Is bigger better? Time will tell.

Will Lewis

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ANNUAL STATEMENTS of the respective banks, where available