

FEDS CAN LEARN A LESSON FROM THE FALL OF BUFFALO VALLEY BANK

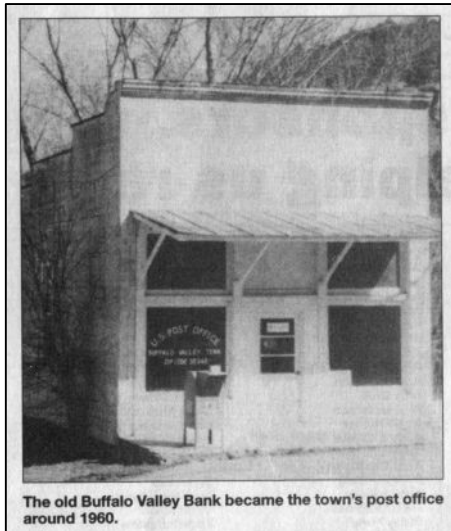
by J. B. Leftwich

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I read recently in *The Tennessean* that the Resolution Trust Corporation, the federal agency dealing with multi-billion dollar savings and loan fiasco, will cost the taxpayers a few billion itself as it filters through the financial mess.



The old Buffalo Valley Bank became the town's post office around 1960.

This brought to mind the Bank of Buffalo Valley, the smallest in Putnam County at the time, which failed in 1926. Its failure cost the taxpayers nothing.

The Bank of Buffalo Valley was established in 1912 with a capital of \$5,100. The first officers were J. P. Nichols as president, W. W. Jared as vice president, and W. T. Travis as cashier. Jared and Nichols were successful traders and businessmen at the time.

The first published statement showed that as of June 30, 1913, the Bank of Buffalo Valley had assets of \$26,500 and deposits of \$21,000.

In 1919, Dr. Samuel Denton became president of the bank. Dr. Denton may have been the most respected citizen in the history of Buffalo Valley. He drove a Model T Ford,

officiated at births and sat at bedsides during illnesses. He ushered my mother into this world in 1899 and, 20 years later, delivered me.

Dr. Denton's role in the story of the bank is highly significant.

Jim E. Evans was a prosperous and successful farmer at the time, operating a farm of several hundred acres in Smith County and bordering the Caney Fork River. The tourist rest stop on Interstate 40 near the river and just west of the Buffalo Valley exit is built on the site that once was a part of his farm.

Jim Evans' role in this story also is highly significant.

At time of the bank's birth, Buffalo Valley was a thriving farming and commercial town. There were as many as five general stores, a drug store, two blacksmith shops, a gristmill, a tobacco warehouse and a farm produce business.

Buffalo Valley was an important small station for the Tennessee Central Railway. Large numbers of livestock were shipped from the stock pens that dominated the village. Tennessee Central owned four houses near the station, homes of its railroad workers known then as "section hands."

The role of the railroad was significant.

Travel and shipping by rail dwindled with the construction of U. S. Highway 70 and the growing number of trucks and automobiles. At one time, the little town had its own Oldsmobile dealership.

And with the growing number of road vehicles eroding the railroad's business and decreasing trade at the general stores, commerce in the village declined, presaging the failure of the bank.

On April 1, 1926, the Bank of Buffalo Valley closed its doors forever.

In contrast with what was to happen, let us move back to the future and look at the failures of the savings and loans institutions and a plethora of commercial banks in recent years, leaving this nation saddled with hundreds of billions of dollars obligated to cover accounts of insured depositors.

In 1926, there were no federal agencies to cover deposits. But the depositors lost not one penny. Jim Evans and Dr. Denton considered those deposits as their own personal responsibility and each depositor was paid in full.

Dr. Denton even traded his car to Tom Amonett to satisfy the bank's obligation to its depositor. According to retired banker John Henry Denny of Cookeville, who did the research for this column, Tom Amonett drove the car only once – into his garage and through the rear end.

Later, the community made up money and bought the doctor a Model A. Ford, but he never quite mastered the gear shift, and it is said he used only one forward gear.

According to Leland Bradley of Lancaster, just across the river from Buffalo Valley, Jim Evans, Bradley's uncle, and Dr. Denton made an heroic effort to save the bank. They borrowed, and subsequently repaid, \$30,000 from a Nashville bank to add capital to the Buffalo Valley bank.

This was a noble but futile gesture that failed to flag the downward spin of the community's economy, which was destined never to recover.

The little bank building, for decades home of the Buffalo Valley post office, still stands – a monument to an age of personal responsibility and integrity.

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"Cumberland Tales," created by Calvin Dickinson and Michael Birdwell, welcomes any tale of this region's history. For more information, contact Calvin Dickinson at edickinson@tntech.edu or Michael Birdwell at birdie@tntech.edu

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J. B. Leftwich & his wife Jo Doris
Picture courtesy of J. B. Leftwich