

## WHEN BANKS PAID THEIR TABS

By J. B. Leftwich

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When an old-time county bank failed, one banker even traded in his own Model T to cover deposits

I recently read that the Resolution Trust Corp., the federal agency dealing with multibillion dollar savings and loan fiasco, will cost taxpayers a few billion itself as it filters through the financial mess.

This brought to mind the Bank of Buffalo Valley, the smallest in 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.

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 Smith County farm of several hundred acres which bordered the Caney Fork River. The tourist rest stop on Interstate 40 near the river and west of the Buffalo Valley exit is built on a site that once was a part of his farm.

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

Buffalo Valley was an important small station for Tennessee Central Railway. Large numbers of livestock were shipped from the stock pens which 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.

But travel and shipping by rail dwindled with 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.

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.

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

In contrast with what was to happen, let us move forward to the future and look at the failures in recent years of savings and loan institutions and a plethora of commercial banks, leaving this nation having to cover hundreds of billions of dollars in the 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 though 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.

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

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