

CHAPTER TWENTY-TWO  
My Banking Career  
First Interstate of Lea County  
(Hobbs, New Mexico 1981-1987)

I'd like to start this chapter in a different manner than those preceding. After all, here I am now commencing my career as "CHIEF EXECUTIVE OFFICER" of a commercial bank. In this role I'm expected to "Establish the Vision" for my company. Then, find a way to make it happen. (Remember this as we journey together through the turbulent time period of the nineteen eighties).

Its one thing in the present to have a well run bank and yet another to interpret change so as to continue rewarding stockholders for investing in a well-run company. So, before reviewing Hobbs and the well-performing First Interstate Bank of Lea County, let's first analyze the larger picture of the economic and political times of the early 1980's.

Commercial banking during the era 1945-1965 can be likened to the old slogan for the Dr. Pepper soft drink of 10, 2 & 4, i.e. take a bottle of that drink at those hours. While the slogan for banks could have been 9, 3 & 3, i.e. open at 9 close at 3 and pay 3% interest on savings deposits. We were a very regulated industry, and these controls by their very nature insulated us from the individual bank failures of the 1930's. However, times began to change in the 1970's as the U.S. Government began to deregulate our industry.

Financial markets ballooned during the 1970's with deregulation of the entire financial services industry of which we commercial banks were just one segment. New sources of credit and capital become available and our segmented industry lost a lot of its competitive position. Corporate America increasingly turned to alternative venues and lower-cost more efficient money sources such as commercial paper and asset securitization; while depositors switched away from interest free checking accounts to the securities industry and its interest payments on NOW Accounts, Jumbo Certificates of Deposit, Money Market Accounts, and still further outside the industry to Financial Planning outlets.

Individual banks responded by expanding their investments geographically plus lending to developing countries; energy and energy servicing companies; to real estate and land development companies and company leveraged buyouts. These new products and services were made possible by both technological breakthroughs and economies of scale. Most bankers believed that all of these risks could be managed through both good and bad times.

Now, here we were at October, 1980. Our country was experiencing double digit inflation of 13% and we were beginning to slip into what would become the major recession of 1980-81 in both the commercial real estate and energy areas. In April of 1980 the nominal price of oil was \$40.00 a barrel, but high inflation made this equivalent to over \$100 a barrel when adjusted to late 2011 dollars. At these prices the Permian Basin Oilfields of southwest Texas and southeast New Mexico were producing at record levels as measured by the weekly tally of drilling rigs in operation.

This was the setting as I stepped onto the stage. Once again I preceded Dolly to Hobbs in the physical move. I initially stayed at the Hobbs Motor Inn and received a new Buick as my bank car. Dolly and I had selected the residence of J.W. Neal's cousin, who had left Lea County as a superior court judge to assume an appellate judge position in Santa Fe. This house at 1934 N. McKinley contained between 2 to 3,000 of living space around an indoor pool. Much too grand by our standards, especially for just two empty nesters; but Hobbs was at the tail end of an oil boom and very few homes were available. We invested our cash equity from Phoenix plus the pledge of a note receivable from the sale of a housing lot at Lake Wildwood in California; add to this a hefty 16% 1st mortgage and then an 18% second mortgage. As the saying goes "we owed our lives to the company store".

Bruce continued at Sacramento State University and wondered why his parents couldn't afford to keep him in a car. In truth we did well to provide a living allowance and a small motor scooter for him to get about.

Now go along with me on my first day as "chief executive officer". Many of the directors were there to welcome me aboard. I'll soon introduce them, but gradually to this story line so as not to bore my readers now with a lengthy litany. More important to the immediate scene was the senior management group:

Charles Robinson – Senior vice President & Chief Credit Officer. About 40 years old. Lifetime resident of Hobbs. Athlete and big man on campus at Hobbs High School. Liked by everyone and a mainstay at the Hobbs Country Club.

Dick Scott – Senior Vice President & Cashier. About 50 years old. Long time resident of Hobbs but originally from the west coast. Very, very resistant to change. Thru his delaying efforts we were among the last of the 23 FIB banks to still run a decentralized operations center. "If it ain't broke don't fix it" was the credo of Dick and also the other senior management group.

Larry Wilcutt – Vice President & Marketing. About 55 years old. A short-timer here at Hobbs and with FIB. Most of career with outside credit checking agencies. He wanted desperately to please the boss.

Billy Johnson – Vice President & Branches. Late Forties. Hobbs native. His son a sophomore at Hobbs High and on its state championship football team and also played basketball. Bill lived to support his son and Hobbs High.

Joanne Adkins – Vice President & Personnel Officer in a newly created position. This function formerly was blended into the Cashier's Dept.

The bank operated truly as an independent bank with almost no local recognition of ownership control from the holding company in Los Angeles, California. This, at least in 1981 was tolerated due to the scanty holding company organizational force and the huge success of Hobbs. Hobbs was breaking all earnings records within the holding company group, but there were suspicions in Los Angeles as to portfolio credit quality and also concern for the lack of conformity to centralized holding company operation mandates. George Rothell, president of the holding company, asked me to chair the senior loan committee in Hobbs at its weekly meetings, and to push for closing our operations center at Hobbs and converting to the regional processing center in Denver, Colorado.

Now to introduce a couple of Board Members:

Bob Summers – About 65 and Publisher of the Hobbs News Sun, our local newspaper. One neat, astute individual! He and I hit it off immediately and with Bob's support in the old behind the scenes smoked filled rooms we could do almost anything. He was a Democrat in the fiscally conservative state of New Mexico. Today (2011), Bob would be a Republican. He had tremendous statewide and national political contacts.

J.W. Neal – About 50. In private law practice and also the Bank's Attorney. Born and raised in nearby Carlsbad, New Mexico. A football hero while at the University of Texas. Owned and piloted his own plane. We were to develop a very close personal and working relationship; Summers treated J.W. as he would the son he never had.

John Gilkey – The former bank President remaining in Hobbs until December 31, 1981, but I replaced him as CEO at the November 1981 Board Meeting.

Everything numerical about the Lea County affiliate was record breaking when measured against the other twenty-two FIB affiliate banks. Dick Scott presented the monthly financial review to our board of directors. He in stature reminded me of the movie character actor Edward G. Robinson of the 1930's and 40's – short in stature, overweight and gruff in both his verbal and body language.

I've attached as an exhibit to this chapter the consolidated Balance Sheet and Income Statement for 1981 and 1982. The bank earned \$2,276,000 in 1981 before security transactions which was a 1.41% return on average assets and 22.16% on average equity.

Industry goals for good performance were respectively 1.0% and 15.0%. (Remember to look back to these high water marks of this exhibit as the next few years unfold in this narrative!)

I chaired the weekly loan approval meeting. My predecessors Gilkey and Leon Harmon had not. It didn't take me long to draw two conclusions:

The bank was making too many high risk industrial finance type term loans against the pledge of rather ancient oil field equipment. Also, with little effort to obtain valid value appraisals or to conservatively limit our rates of loan advances to pledged equipment values.

We were making loans based upon character with but little or no real credit analysis to validate cash flow and repayment sources. Too many were unsecured loans.

Remember back in the 1960's while I was at Crescent City and Eureka that we could have made plenty of these high risk term loans secured by heavy duty and single purpose logging equipment, but did not as a matter of policy. I had been taught and it was drummed into me that these loans were for industrial finance companies who could charge huge interest rates, which would be rated as usurious to a commercial bank such as First Interstate. The theory... high rates enable one to absorb losses from high risk loans... lower interest yields are matched with low risk loans.

Our loan officers lived in a "good old boy" atmosphere. So, as the worldwide oil market began to collapse commencing in 1982 we were positioned historically to ride along with all of our regional New Mexico and West Texas competitors into a state of virtual chaos.

A little aside to identify the historical evolution of our geographic area. Lea County in the extreme southeast corner of New Mexico is bordered by the State of Texas to both the east and also the south. The area was originally ranch land. Millions of years ago it was covered by an inland sea thereby creating the Permian Basin Oil Field. The discovery of oil during the 1920's led to a wild west style development of this industry. The town of Lovington in northern Lea County was the original town site in Lea County and county seat. There the Lea County State Bank was formed in 1929. Hobbs, twelve miles to the south of Lovington, came into existence to house the servicing businesses for the oil field developments. Hobbs existed earlier as a saloon and travel stop for wagons traveling east to west in the latter part of the nineteenth century. By the mid 1930's Hobbs had become the business center for Lea County and the Lea County State Bank relocated its headquarters from Lovington to a new two story building on Broadway Street in Hobbs, leaving a branch office in Lovington. At that time the streets of Hobbs were still unpaved. At the commencement of WWII a B-17 bomber air training base was built in northwest Hobbs and the town blossomed.

Immediately following WWII, Transamerica Corp, the holding company of Bank of America in San Francisco, began purchasing small banks throughout the eleven western states. Lea County State Bank along with four other New Mexico small State banks were acquired by Transamerica during this expansion. Then a change in federal law required their divestiture in early 1961. A new Holding Company called First America Corporation was formed (later called Western Bancorp). This company received 23 individual banks in the eleven western states of California, Oregon, Washington, Idaho, Montana, Colorado, Wyoming, Utah, Nevada, Arizona and New Mexico. Some were large, such as the California affiliate United California bank with 200 statewide branches; while others were small, such as the banks in Idaho and Montana. Some of these eleven states permitted branching within the state, e.g. California, Utah, Oregon and Washington. Others permitted branching, but only within the county of a bank's main office as was the case with the state of New Mexico and Lea County.

By the mid 1970's the larger oil servicing companies were headquartered 100 miles from Hobbs in Midland-Odessa, Texas, but all had branch operations in Hobbs. However, fifty years of drilling had removed the easy-to-get-to oil and by 1981 recovery efforts were quite expensive utilizing what's called "tertiary efforts" of water, hydrogen and chemicals to pump oil. Forty dollar a barrel oil justified these expensive recovery efforts, but the rapid industry recession which commenced in 1983 saw prices reduced to \$10 a barrel and local operations all but shut down. The Permian basin oil fields were being capped and closed to further recovery efforts... signs of things to come as the Quigleys arrived in Hobbs in 1981.

Now back to the fall of 1981. The November weather was perfect. Hobbs at elevation 1,750 ft. is on the high plateau area at the eastern bench of the Rocky Mountains. It is a four season climate with rapid changes of weather and at times heavy winds. The oil servicing companies had self-built an 18 hole golf course and upon our arrival had just finished the expansion and remodeling of the club house. This Hobbs Country Club was the focal point in Lea County for customer entertainment and social events. I played regularly on Saturday and Dolly joined me on most Sundays. As an aside, I was to score my very first hole-in-one on hole #7 at the Hobbs Course on 3-27-82. A perfect Four Iron with a New Aviator Orange ball. Hobbs supported a public Junior College and a small 200 student private college, The College of the Southwest.

I periodically attended regional seminars conducted by the American Bankers' Association in Miami, Florida, Austin, Texas, Atlanta, Georgia and the West Coast. Thru these efforts I met Wayne Johnson, a young operations consultant from Georgia, Jerry Turk, a sales consultant from Georgia and I furthered my contacts with Don Dougherty, the Personnel Consultant from Phoenix, Arizona. These contacts were to later assist me

in changing the culture and operating practices at Hobbs. I believe in retrospect that these changes helped with the restructuring and thereby ultimate capability of our bank in surviving the catastrophic economic events destined to hit us in 1985 and beyond. I truly became a “change agent”, while facing the challenges in Hobbs.

The bank developed a sales culture through my direction, commencing in 1982. We also closed our data processing facility and transferred the function to the holding company’s centralized facility in Denver, Colorado. We closed two of our seven branches and reorganized our lending functions for control and better utilization of personnel.

The oil market collapsed during 1983-85 and Moncor Bank our \$250 million asset principal local competitor was closed in 1984 by the Federal Deposit Insurance Corp. (FDIC). We actually experienced the event of little old ladies hand carrying bags of currency two blocks up Broadway Street from the Moncor Bank to our bank; not trusting the cash transfer system and trying in order to get established with us before the rumored closing of Moncor. We had to setup card tables in the main office lobby to handle these added new account situations. Our bank’s assets grew from \$167 million in late 1981 to about \$225 million following the close of Moncor.

By 1983 I had removed Charlie Robinson as head of our credit function and through a nationwide executive search effort brought in Dick Niedling, Executive Vice President, as his replacement. Dick was from the Boatmen’s Bank in St. Louis, Mo. and came to us with positive credentials.

Also, that year I asked Dick Scott to accept early retirement... no matter how he promised he just couldn’t commit to run the Management Services (Operations, Facilities, Purchasing, Auditing) Function to my satisfaction. We were frequently out of balance and I didn’t have his management support.

I appointed Joanne Adkins to replace Scott and matters greatly improved. Joan Tucker formerly of the Southwest College joined the bank as a consultant and later replaced Adkins in Personnel (Human Resources). Gail Gonzalez moved from the Compensation Department of our affiliate bank in Phoenix, Arizona and became Joan’s assistant. We tried other operational changes in an ongoing attempt to redirect the bank’s culture. We would survive the industry changes brought on by the Financial Reforms of the 1980’s with a different outlook and team effort. The old days of 10-3-3 (remember Dr. Pepper?) were gone forever.

We became hobbled by the dual thrusts after 1984 of the oilfield collapse and the burgeoning problems with commercial real estate credits. Our New Mexico affiliate banks in Albuquerque, Roswell and Santa Fe participated one with the other in larger loan participations, e.g. four banks taking \$500,000 each in a \$2.0 million loan in Santa

Fe, N.M.. In retrospect we were at the mercy of the originating bank's (let's say Santa Fe) credit culture. Did they really do their credit analysis homework? We were to see individual situations where the "good old boy" mentality still existed. Also, we were encouraged by our holding company to share in real estate participations with First Interstate's Real Estate subsidiary in Los Angeles. We were to realize some huge problem situations with some of their regional organizations in the troubled area of high rise commercial projects in Houston, Texas.

Dolly and I enjoyed our earlier years in Hobbs. Chris Deguara was born in Sacramento, California during May 1982 and we thereby became grandparents for the first time. We entertained frequently, went on frequent mini-trips, and visited with our children in California. By now Bruce had graduated from college and then on his own joined the First Interstate Banking Group; first with our California affiliate and later with our Roswell, New Mexico affiliate located just 100 miles from Hobbs. Susan, Sam and Chris were to move from Sacramento, Ca. to Hobbs, N.M. in 1983. Sam was hired by Joanne Adkins as a bankwide maintenance manager and it was delightful to have grandson Chris in close proximity. Kevin had married a German girl, Evie and she joined him in Hobbs. Then in September, 1985 Bruce married Paula Lewis, a college classmate from Chico, Ca. and she joined him in Roswell. Looking back one must be relatively young (I was 56 in 1985) to cope with all we were involved with almost constantly during the period 1983-1987. The Lord does provide, as Dolly and I enjoyed excellent health and the companionship and support of each other.

Joe Pinola, our Holding Company Chairman in Los Angeles had a vision to create a National Diversified Financial Services Company. He had started with our unique charter for the 1980's of being able to do business within eleven separate western states. This old carryover permit from the Transamerica era of the 1950's was a good starter, but in retrospect for a regional bank not a national firm. With the benefit of hindsight the west coast in the 1980's was too far removed geographically from the money centers of Wall Street and Europe. Joe also neglected to develop the culture of a national leader. Throughout my tenure at First Interstate my continuing education and molding in the mode of a "change agent" was matched by very few of my peers. They just kept doing things the way they had always been done. Finally, First Interstate Bancorp did not have the capital base with which to support grandiose national dreams; but more about this later.

Joe Pinola moved the Holding Company into foreign credit markets and broad new domestic involvements such as:

- 1974 First Interstate Mortgage Co.
- 1979 First Interstate Venture Capital Corporation
- 1980 Regional Operations Centers
- 1983 First Interstate Discount Brokerage
- 1984 Bank Franchising in Colorado, Texas and Oklahoma
- 1984 First Interstate Card Affiliate
- 1984 First Interstate Merchant Banking (London & Illinois)
- 1984 Equipment Leasing – Commercial Alliance N.Y.
- 1986 Broadened mortgages with acquisition – Republic Realty Mortgage of TX
- 1986 Acquired First National & Trust – Oklahoma City, Oklahoma
- 1987 Acquired Allied Bancshares Bank in Houston, Texas

Joe also was to lead the march in 1986/87 towards an attempt at an unfriendly takeover of Bank of America. Thankfully his attempt failed.

The savings and loans industry as well as that of commercial banks, such as mine were to experience a period of near collapse commencing in the mid 1980's caused by bad commercial real estate and land development loans. About 3,000 institutions were closed by the regulators, and the Federal Deposit Insurance Corporation (FDIC) had to be recapitalized. For awhile a separate organization, the Resolution Trust Corporation (RTC) was in place to manage repossessed banks and savings and loans. It was later to be folded back into the FDIC.

First Interstate Bancorp in 1984 was just beginning to see the unraveling of its smaller banks i.e. the so-called Rocky Mountain Group comprising about twelve of its twenty-three banks. Hobbs and its oil economy would soon join the pack.

George Rothell lost his job in early 1986 as president of our holding company. He was demoted to the presidency of our Utah affiliate in Salt Lake City, succeeding Leon Harmon, who would retire. Ed Carson would move from the presidency of our Arizona Affiliate to replace Rothell in Los Angeles as president of First Interstate Bancorp.

A couple of my observations: Leon Harmon had been president of my Lea County Bank for a number of years prior to 1980. He was in my opinion ill equipped for the unregulated banking environment emerging in the 1980's. Rothell as the president of



First Interstate Bancorp had numerous similar type presidents managing the smaller affiliates. Rothell was not a “shake-them-up-type” of individual and probably doomed to failure in his Bancorp position. Carson was someone I knew quite well. With the benefit of hindsight he just couldn’t or wouldn’t listen to my analysis of the oil patch’s problems of the times... Ed would ultimately be replaced by Bill Siart in the early 90’s and the whole First Interstate Organization would be merged into Wells Fargo Bank in 1996. Wells Fargo itself would later be acquired by Norwest Bank in Minnesota and the name Norwest was changed to Wells Fargo. Much about all of this a little later in this chronology.

It was the practice of Bancorp to have each of the 23 subsidiary banks make a next year profit plan presentation to both the holding company president and controller each December. My third such annual visit was with Rothell and his controller, Jim Burns in December 1984. I was accompanied to this meeting in Los Angeles by Larry Wilcutt who at the time was my Planning Officer. Our presentation at best was poorly prepared for an audience accustomed to the past performance of FILC... Our economy had turned and my bank earnings were trending downward. Nationally we were in a major recession, as Paul Vocker the then head of the Federal Reserve Bank brutally increased interest rates to break the double digit inflation and the 10.8% peak unemployment rate... The oil bubble broke, oil prices crashed from \$40 to less than \$10 per barrel and the domestic energy market plummeted. Looking back, I’m shocked. Ray Jallo headed a first class Economic Department at First Interstate Bancorp, yet his knowledge and feeling for the energy industry was shallow at best... So despite all of my management changes, branch cutbacks and expense controls FILC’s earnings disappeared.

At first, during 1984, I thought these problems appeared unique to FILC and our poorly structured loan portfolio, but I observed by early 1985 that a couple of the Rocky Mountain affiliates of BANCORP had suffered such large earnings and thereby capital losses that they had to be recapitalized by BANCORP. The whole bloody Rocky Mountain area from Montana to New Mexico was being impacted by the collapse of the worldwide energy market... This, plus a developing national recession in the Commercial real estate market was to ultimately bring on the Savings and Loan Banking crisis of the late 1980’s resulting in the need for the FDIC and FSLIC closing of 3,000 banks and savings and loans, and the bailout with U.S. Congressional assistance by recapitalization of the FDIC to the tune of \$160 billion dollars.

By mid 1985 Bancorp realized that it had to add centralized loan workout staff in Los Angeles to aid its troubled affiliates. Jim Large from New York was brought in as a loan workout specialist. Also, by now Ed Carson was in place as Bancorp CEO in Los

Angeles. He asked Jim Large and an assistant I'll call Jim Simons to start with my bank. We were to commence in earnest during the third quarter of 1986.

This, then was the commencement of the "FILC Workout Period". However, before reviewing particulars I'd like to go back and touch upon some of the positive events for the Robert Quigleys in the 1982-85 time period.

1982 will be remembered by Dolly and myself as a period of pride and self satisfaction. Hobbs was good to us. We delighted in our new (to us) home in Hobbs. Dolly fell in love with the indoor swimming pool and I became a fixture on the golf course at the Hobbs Country Club. We traded the bank's Buick for a new Cadillac and enjoyed making regional car trips to Albuquerque and Santa Fe in New Mexico and Austin, Texas where I began to attend the seminars given by the Sheshunoff Consulting Groups, and infrequently to California.

The Sam Deguaras were with us in Hobbs and so were Kevin and Evie Quigley. Kevin worked at K-Mart, Evie at Furrs Cafeteria. Kevin obtained his Associate of Arts Degree from New Mexico Junior College; unfortunately, he and Evie would move to Albuquerque in 1985, divorce and go their separate ways.

Bruce graduated from Sacramento State University in 1982. On his own he decided upon a banking career with First Interstate of California. He worked at the Marysville and Susanville Branches in my old northern California branch area. He met Paula Lewis from Chico, California while at Sac State. Bruce was to transfer to the First Interstate affiliate FIB-Roswell in Roswell, New Mexico, about 100 miles from Hobbs. Roswell was one of the four separate independent banks which our BANCORP owned in New Mexico. John Hemmings, one of the Assistant Divisional Vice Presidents under me while I served in Arizona had transferred to Roswell as chief credit officer and would later become its President and Bruce's boss. Bruce and Paula would marry in Chico, California in September 1983. So, our family, at least for awhile was "together" in New Mexico.

I had assembled a new corporate family at FILC. Gail Gonzalez, a sparkling young lady from First Interstate Bank in Phoenix accepted my offer to place her in our new Human Relations (HR) Dept. Gail was smart, loyal and a hard worker. Her husband, Bob, was a consumer officer in Phoenix. I had him start a separate consumer loan department in Hobbs. However, it would turn out that he was ill-prepared for this chore. Joan Tucker, a teacher at the local College of the southwest became our Personnel Director. She took over from Joanne Adkins. Joanne had previously served in Operations under Dick Scott, so I had her replace Dick who then retired.

In 1983 I had conducted a formal nationwide search for a new chief credit officer to replace Charlie Robinson. I selected Dick Niedling, a Vice President of the Boatman's Bank in St. Louis, Mo. Finally, I was to hire Ron Humphreys, CPA from my competitor the Moncor Bank. He became our Chief Financial Officer to replace Larry Wilcutt and Larry was moved over to marketing; a much better fit for his background and personality.

Back to the personal side. Dolly and I drove to Los Angeles each April for the annual meeting of First Interstate Bancorp. This was usually a party filled three day event around the one morning business meeting. I relished the opportunity of becoming better acquainted with the senior officers of the holding company as well as my peer group CEO's. We also got to El Paso, Texas about twice yearly to visit with our large correspondent bank, El Paso National Bank, owned by Texas Commerce Bankshares of Houston, Texas. Their CEO, Gene Upshaw was a wonderful gentleman. He would later become President of their holding company in Houston, Texas prior to that organization's failure in the late 1980's along with most of the other large Texas Bank Holding Companies.

Well, back to the operations of my bank. We were well capitalized as we entered 1984. In the banking business there are few things more important than the capital held by an institution (bank) to cushion against losses. At its essence, it is what prevents a run on the bank. FILC enjoyed hugely successful earnings years in the period 1978 thru 1984. Our returns on average assets and average equity led the 23 banks in the First Interstate System. We paid out 25-38% of earnings in dividends to BANCORP and the balance went to Capital which grew at an average rate of 15% yearly. Total equity capital topped \$12 million by 1983, and this would be our positive "hole card" as we faced the credit challenges of late 1985 onward.

The Permian basin (58 counties in southwest Texas and southeast New Mexico) during 1983 was producing about 20% of the nation's domestic crude oil. However, by late 1985 production was down dramatically as the per barrel price of crude oil tumbled from \$40 to \$10 a barrel... The Permian Basin was old (40th year) and recovery was in a tertiary stage using expensive priming techniques with hydrogen and chemicals. The weekly tabulation of drilling rigs (seeking new sources) was down to 275 compared with 520 in 1982... Remember, the Permian Basin described a territory reaching out from Hobbs with a circular radius of about 200 miles into southwestern New Mexico, west Texas and the southern Texas panhandle to El Paso, Texas. A large territory relying upon essentially a single industry source... oil and gas.

FILC grew to over \$200 million in assets after the failure of our competitor, Moncor. Under Jim Large's direction we utilized our holding company's weak loan disclosure system called WB-90 (Western Bancorp 90 days) about mid 1985. Initial results were

startingly negative, so we had to commence allocating a sizeable amount of our income to a reserve for possible loan losses. In a word we were in trouble and went on to record an earnings loss for 1985. My 11-12-85 written report presented in person to Rothell is enclosed for more detailed reading. I felt that we still hadn't achieved the culture of "full disclosure" of our problem credits. Lending officers left to the honor system just weren't fully forthcoming with problem credits in their individual portfolios. I made a further change and hired Gene Uhlrich from the Sheshunoff Co. in Austin, Texas. Gene was an experienced lender and he for the moment gave Dick Niedling some much needed support in the lending arena. Our real estate portfolio became a disaster. We had a few large for us commercial real estate projects go bad. I then replaced our real estate manager with an experienced lender from Texas.

We in Lea County were lucky. Jim Large had started with our bank after helping to recapitalize two of our smaller banks. We cooperated 100%... Many of the other Rocky Mountain affiliates were to drag their feet. Their culture was still steadfast "individualism". Looking back if we still had Charles Robinson, Dick Scott, et al, I doubt that we would have survived this period.

Jim Large persuaded me to initially do the following three things during late 1985 and early 1986:

Draft a weak loan identification program with honest disclosure as to credit quality and the dollar degree of individual loan risk. In other words put on a bank examiner's hat and be honest.

Create two banks with separate loan portfolios: the "A" Bank with weak credits and the "B" Bank with our best credits. Create and follow clear and conservative loan policies for the "B" Bank.

Cut back lending authorizations. For example our "House Limit" for a maximum bank loan dropped from \$1.2 million to \$400 thousand. Anything larger than the latter had to be reviewed and approved by BANCORP thru Jim Large's department in Los Angeles.

Jim Large helped me to design a format for the "Weak Loan Identification Process". It worked! I was also able later to use it with great success in future assignments at Fresno Bank of Commerce (California) and the Bank of Fresno (California). More about this later.

The next change resulted in the creation of an internal "Special Assets Department" (SAD). This was accomplished by late 1985. This department at its peak effort worked with real sad (pun intended) loan situations and created many "off balance sheet" situations by charging off a credit as a "loss" and then shadowing it until the economy

improved and we were able to claim a “recovery” or addition by adding it back to our bank’s balance sheet and capital.

The whole program worked because I did not let pride get in the way. One-by-one our BANCORP affiliates, including Ed Carson’s former Phoenix affiliate and the large California affiliate had their noses rubbed in the dirt so to speak by the shocking recession of the late 1980’s and early 1990’s.

Well, by December 1986 I had my first annual forecasting turn in Los Angeles with Ed Carson. By now I had gone to the outside and had hired Ron Humphries, a young CPA as my Finance Person. He and I made what I now look back on as a rather brilliant overview presenting our forecast under the two umbrellas of “OPEC TIGHT & OPEC LOOSE”. OPEC being the acronym for the Arab controlled oil cartel named “Oil Producing Energy Control”. The whole forecast centered around the treatment of my bank’s remaining \$12 million capital base. This forecast dated 7-14-86 is attached as an Appendix to this narrative as reading for the more interested analyst.

We were examined by the FDIC (Feds) during 1986. This was their first exam of my bank during my tenure. The State Banking Department had examined the bank once or twice since my arrival in late 1986. The Feds classified a large number of loans and we were placed under a “Memorandum of Understanding”... hence, Jim Large’s involvement with us. With his guidance and our efforts we began to work our way back to better risk and fiscal health. I should add that there remained no place for the good-old-boys approaches of the past.

At times our Board of Directors couldn’t comprehend the need or desire for active involvement by the Holding Company from Los Angeles. J.W. Neal and Bob Summers felt that I was personally being underpaid at about \$100,000 plus a bonus, not currently received. They asked to meet with Rothell in mid 1986 during one of Rothell’s trips to Albuquerque and thru their intercession my salary was raised to \$110,000. I was also added to a special very senior officer bonus plan paid as deferred income subject to the performance of the Holding Company and not specifically my bank. During the Hobbs era I periodically received stock options for First Interstate Bancorp stock which we converted over time to cash for retirement planning.

Not everything was negative. Dolly and I were to host the New Mexico Trunk Showings for the New Mexico States candidates in the U.S. Miss America Pageant during the summers of 1984 and 1985. Our beautiful home with the indoor pool was a knockout setting for the cocktail reception as Miss New Mexico changed and showed her complete contest wardrobe donated by merchants in Albuquerque, Hobbs and Las Cruces.

Two other altering events. I was approached during this time period by two executive search teams (headhunters)... the first for a presidency in Mexico City, Mexico for which I flew to California to interview unsuccessfully and the second by an agent representing the Fresno Bank of Commerce in Fresno, California. This latter was a loan troubled commercial bank not unlike FILC and its needs were a perfect fit for someone such as myself armed with the loan workout program taught to me by Jim Large. More about this opportunity at the conclusion of this Hobbs chapter.

The second altering event (perhaps an overstatement) began to emerge in 1983. At that time my bank had a Trust Department under the able administration of Jim Hill. However, we were unable to sell personal investments because of the restrictions of the 1933 U.S. Glass Stegall Act. I responded to an ad in the Wall Street Journal placed by Certified Financial Planner Charles Kaczmarek of Houston, Texas. He was offering to work on referrals from banks and had created an attractive personal investment program for banking customers which would provide some fee income to a cooperating bank. Charles explained that we were too far from Houston (about 650 miles) so he referred me to Lee Pennington of Pennington and Bass in Lubbock, Texas (100 miles away). Pennington had done some work for El Paso National Bank (Texas Commerce Bankshares), our correspondent. One thing led to another and thru our Trust Department we offered contracts (mutually agreeable) and meeting space to assist in personal financial planning. The program went well. (In an index to this chronicle I have placed an article from the October 1984 national magazine "Financial Planning"). Our bank's contact was Bill Whorton, a former banker and close personal associate of Pennington. Dolly and I became personal customers of Pennington and Bass and commenced an investment program targeted to position us for retirement by 1994. Unfortunately, the threatened tax changes in 1987 to eliminate investment loopholes for tax saving loomed, so we hurriedly in 1986 made two separate \$25,000 investments in a San Joaquin Valley, California agricultural limited partnership. It turned out to be a disaster and we and many other west Texans and Southeastern New Mexicans lost our original investment and incurred substantive tax assessments for disallowed tax deductions plus interest.

The negative oil and gas economy gradually threatened each and every one of FIB's thirteen Rocky Mountain Banks. This plus the beginning collapse of the national commercial real estate market would place First Interstate Bancorp in dire straights by the late 80's and early 90's. More about this as I transition to our next physical move in the following chapter.

Earlier I briefly introduced a small group of our bank's directors. The balance of Gary Blocker, Hal Fenner, Robert Kerby, Trent Stradley, Bill Waldrop and Larry Squires stayed and supported our bank through the difficult operating period of 1985-86. I

personally enjoyed their backing and involvement in all aspects of our changing relationships with the holding company and bank regulators.

At the height of my involvement with Jim Large in Hobbs I flew to Los Angeles for a one-on-one personal visit with Ed Carson. We discussed our horrid economy, the planned downsizing of my bank, the possible cutback of Dick Niedling's position, that of Dick Scott and the requested early retirement of Larry Wilcutt (I was doing everything I could to cut costs and change the bank's culture). We discussed the future of my bank post recession. I had sensed a building reservation in Ed over the last 10 months. I asked if there were any "hidden agendas" between us. He said "no", but volunteered two impressions from our time together in Phoenix during 1980-81. Positive – I wanted to become a CEO and Carson supported – hence Hobbs. Negative – He didn't see me as his replacement in Phoenix. Ed then went on to add that he was disappointed at my budget review (1986) last December. He wanted me to push "the CEO dream" role. He just refused to believe that our economy was as poor as that presented by me. Be all of this as it may both Ed and I were to come together in reality as the next few months unfolded.

Now back to my directors. They were not used to bank regulators visiting with them at the Audit Committee Level or for that matter someone such as Jim Large cutting such an authoritative swath in "their bank". It was easier for me, since my banking eye teeth were cut in layers of back office types in California. However, the straw that broke the camel's back was Ed Carson's decision in September, 1986 to reorganize the holding company's four separate New Mexican banks into a loosely structured "confederation" at the CEO (Chief Executive Officer) level. Bill Clifford, the Chairman of our Albuquerque affiliate would head this coordinated group. I by late spring of 1987, as CEO of FILC would report to Bill and not directly to Ed Carson. Bill and I knew each other since we had been promoted to Vice Presidents at the old United California Bank on the same date in 1965. A copy of Bill's letter announcing this change and dated September 15, 1986 is in the appendix. Ed Carson had flown out from Los Angeles to meet individually with the four affected banks in order to review this program. We were by now all operating under the same lead name of "First Interstate", so the idea made sense not only as a marketing ploy, but also with the potential for senior staff savings at the administrative level and assurance that the bank's would be operating in lock step conformity, i.e. same policies, same methodologies and same message. I told Ed that, considering the old cultures to which most of our affiliates still subscribed, and the operating and loan losses being sustained throughout New Mexico and the Rocky Mountains, that the plan made good sense; but not for me personally!

In thinking about Bancorp, I'm reminded of the following statement attributed to Mark Fields (Ford Motor Corp): "Culture eats strategy for breakfast. You can have the best

plan in the world, and if the culture isn't going to happen the plan is going to die on the vine". We had been changing the culture in Hobbs since my arrival in 1981. The question now was could we change the plan? I couldn't under a "confederation", since I saw the reporting to Bill Clifford as a big step backwards to United California Bank Days. I would no longer in reality be a CEO and my Board of Directors understood my personal dilemma. Unfortunately, they (directors) were to shortly resist all authoritative reporting to Albuquerque. For them it was a matter of pride and loss of authority tracing back to the Lea County State Bank Days of 1929, when the bank and board ran their own community bank. However, about four months prior I had made a preliminary response to the Wall Street Journal advertisement seeking a proven small bank CEO with loan workout experience in Fresno, California. My response had brought an invitation to visit with the Holding Company of that bank, which I did in late February. My visit was with Elmer (Bud) Richter, the President of Fresno Bank of Commerce's (FBOC) holding company, "Western Commercial". That holding company also owned one other small bank in Merced, California. The president in Merced, Marty Michaeletz was formerly one of my managers when I was the Branch Administrator for United California Bank in the San Joaquin Valley.

I felt comfortable with Richter, the bank, Board Members and, of course, I knew the Fresno market. I had served in Fresno as a UCB manager in the late 60's and as their area administrator in the '76-'80 time period. The Sacramento and San Joaquin Valleys of California were the closest thing to home that I can relate to over my work life...

I accepted the offer from Fresno. My salary would be \$120,000 with no bonus, since they were under Federal Regulatory constraints. They wanted me by May 1, 1987.

I then made another trip to Los Angeles to visit with Ed Carson and announce my plans. Ed was not surprised with my announcement of early retirement from the First Interstate System. I do believe that he was relieved so that he could select my replacement who would report to Bill Clifford as a prerequisite of the job. On the other side he was genuinely pleased with my cooperative effort to date and the obvious positive contributions to the First Interstate System over almost 30 years. Ed did ask that I stay until April 30th. He shortly named my assistant, Gene Uhlrich to succeed me. Gene and I worked closely with Jim Large and Albuquerque to provide for my seamless departure.

On the personal side. First, Sean Deguara. This mighty-mite was born to Susan in Hobbs on February 10, 1987. While not premature, he was not well, and the Deacon ministered the Sacrament of Baptism (conditional) and Sacrament of Healing to our grandchild. Under Susan and Sam's watchful eyes he soon progressed and we were to enjoy him at home for the balance of our time in Hobbs. Second, Alma Quigley. We lost my mother, Alma, on 12/17/86. She fell in her apartment, broke her hip and died the



same day in the hospital of pneumonia. J.W. Neal loaned me his plane and pilot. We made my transfer to national air lines and I was back in Connecticut for Dad that same day. So, I lost my original compass who lived to be 82 yrs of age. My heart was broken. I was to take Dad back to Hobbs and he lived the balance of his life near us in assisted living homes.

This narrative is written as a reflection, i.e. looking back. So all events are not in strict chronological order. Bruce and Paula Lewis married in Chico, California on September 14, 1985. Dolly and I hosted the bachelor party and very much enjoyed meeting the Lewis clan and enjoying their hospitality. Bruce and Paula then started their married life in Roswell, New Mexico where Bruce was employed by our affiliate bank. They were to shortly move to Phoenix, Arizona where Bruce worked for an affiliate of Citicorp and for a brief period with a friend's business in patio construction.

The old bank gang in Hobbs was rapidly changing and perhaps the last two members were myself, and later Gene Uhlrich, who would leave Hobbs in January, 1989 to become the president and CEO of the Visalia Community Bank in Visalia, California. Gene was replaced by Sam Spencer who had been managing the commercial loan division of our affiliate in Albuquerque, New Mexico.

First Interstate Bancorp thru Jim Large's programs was bringing their four New Mexico affiliates back to profitability by 1988-89. I had been led to believe by Gene Uhlrich that our bank in Lea County led the way and completed the transition without the need for recapitalization by the Holding Company.

However, Bancorp under Joe Pinola was to continue its expansion plans by acquisitions. In 1987 they acquired Allied Bancshares, Inc. in Houston, Texas. Prior to this move not a single person contacted me from Los Angeles with respect to the oil and gas market in Texas... and, it was in shambles. I have inserted in the appendix an American Banker newspaper article from their October 20, 1988 edition citing the \$214 million third quarter 1988 operating loss of our Holding Company largely related to loan write offs at its new Texas subsidiary... All of this on top of Bancorp writing off \$556.2 million for all of 1987... this I judge to replenish the loan loss reserves of the various affiliates arising out of disclosures by Jim Large's (WB-90) work efforts.

Bancorp disposed of three of its four New Mexico banks (Albuquerque, my Lea County Bank and Roswell) in a \$52 million sale to United New Mexico Financial Corp in 1990. My footprints mark the dust of but five and a half years of the time period of the Lea County State Bank (incidentally that was the original name in 1929) and it has been so known since the sale in 1990. However, I can't fathom a more involved time period, and I truly believe that my presence helped to preserve this bank.

My retirement party from First Interstate Bancorporation was held on April 20, 1987 in Hobbs, New Mexico. Ed Carson, Jim Large and Jerry Shott (EVP Human Resources) of the Bancorp flew out from Los Angeles in the Corporate jet. A good time was had by all and I have a delightful VCR tape for old memories.

Dolly and I would list our home for sale with Velma Makin, who had sold us this residence in 1981... The difference, of course, was the depressed economic times versus the boom period in 1981. We had re-roofed, replaced the heat pump, redid the pool mechanicals, repainted, etc.. Over the years we have sold many properties and even in poor times at least one buyer came to the party in the vicinity of our asking price. Velma suggested asking \$175,000. The property was listed in April. I had to depart for Fresno, so Dolly remained behind to baby sit the indoor pool... couldn't leave an empty house and trust humidity... Well, time passed and absolutely nothing in the form of an offer. Finally, on July 22nd an "exchange offer". A young couple, the Bell's, offered an exchange with their small residence and an investment townhouse... We took the deal. The small house was to sell almost immediately, we didn't get out from under the townhouse until August 1991... Our ultimate total loss would be \$83,000... However, the real rub was that the Bell's had a family argument and thru Velma Makin informed us on August 20, 1987 (while our movers were packing us up) that they weren't going through with the deal. I was over from California where we had already purchased a condominium in Fresno. Dolly, myself and Tommy Parker, a young attorney from J.W. Neal's law office, were eating lunch in a small café across from the J.W. Neal's office. We were exploring possible options of suing the Bell's. We had never eaten in this café before. Talk about "Divine Guidance". Mrs. Bell's father, unknown to us, was sitting at the next table. He introduced himself and we included him in the discussion. He knew me by reputation as the local banker. He asked us to sit tight for one hour and he volunteered to intercede which he did. We were contacted by Velma and the deal went over for closing to the title company. We stayed at the Hobbs Motor Inn and left for Fresno the following morning.

Well, Hobbs was now truly in our rear view mirror.

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### REPRISAL

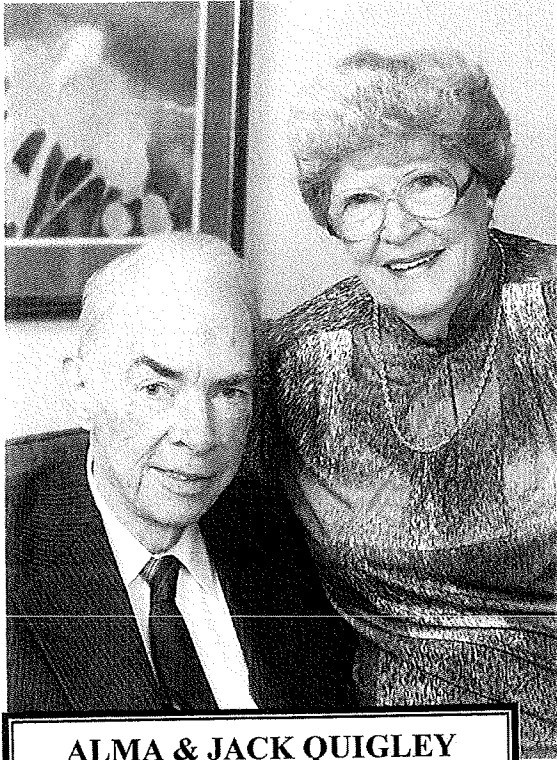
*Hobbs became a test tube case of banking built upon a sales culture, expense control and centralized processing. We made superb changes up to and including 1985; however the pre-existing troubled loan portfolio, coupled with a single industry, oil, nearly did us in. We did survive, and with the assistance of Jim Large, created a systematic approach to*

*handling an “A” and “B” bank. Hobbs survived without needing additional capitalization and was sold for value in early 1990 as part of a package as First Interstate Bancorp reduced its presence to a bank in Santa Fe and sold Hobbs (Lea County), Roswell and Albuquerque.*

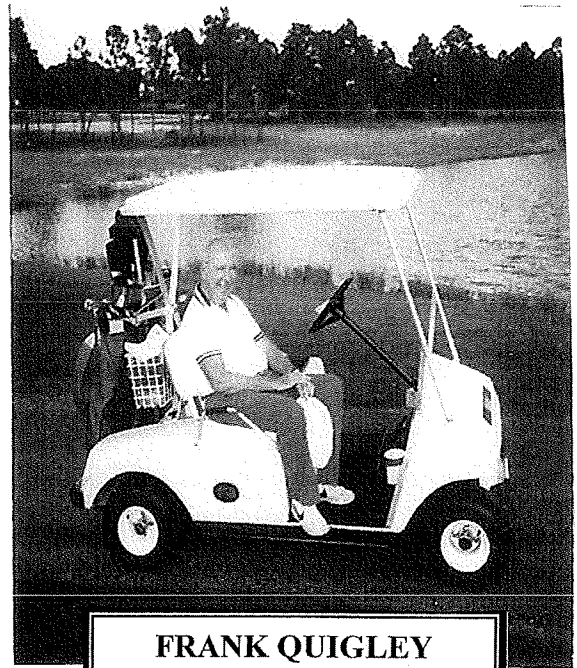
*Ed Carson had shared with me that a CEO’s job was to balance the interest of all three constituent groups of a corporation, namely: shareholders, employees and customers. We did succeed in creating such a culture in Hobbs by 1987. Also, I would carry this lesson and experience over to Fresno at the Bank of Commerce and still later at Oak Valley Community Bank in Oakdale, California.*



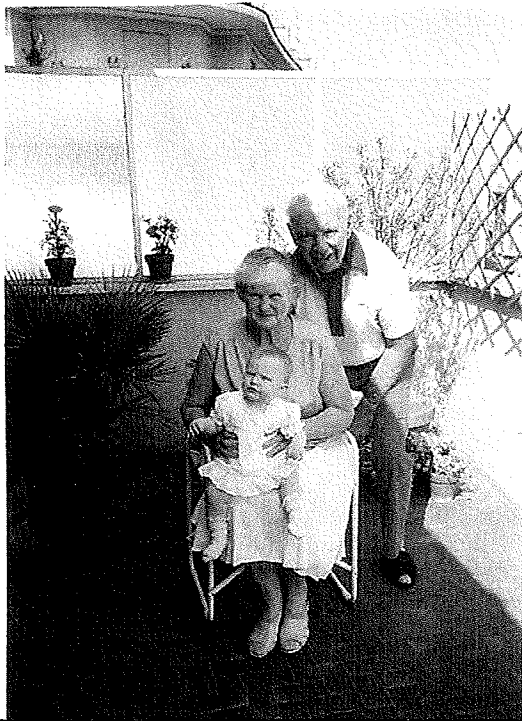
**ROBERT C. QUIGLEY**  
**PRESIDENT & CHIEF EXECUTIVE OFFICER**



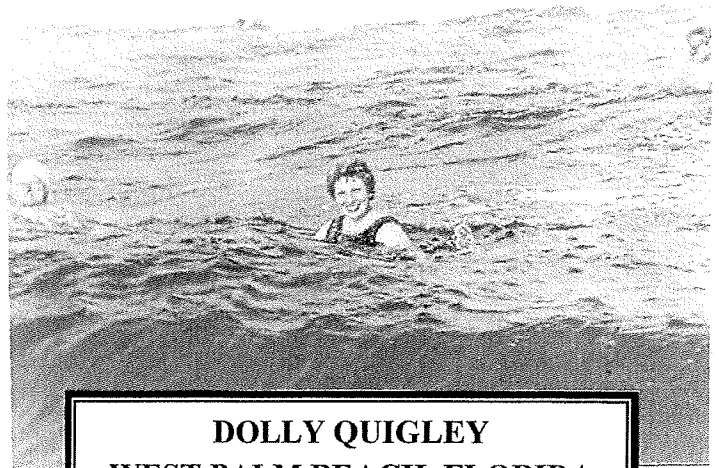
**ALMA & JACK QUIGLEY  
VISITING HOBBS IN 1983**



**FRANK QUIGLEY  
JUNE 1, 1985**



**BETTY & FRANK QUIGLEY,  
FRANCESCA CAPELLINI  
(9 MONTHS) JUNE 1, 1985**



**DOLLY QUIGLEY  
WEST PALM BEACH, FLORIDA**



**RECESSION ENDING?** — First Interstate Bank President Bob Quigley, right, and the bank's economic forecaster, Kenneth Ackbarali from the California office, examine an improved economic outlook for 1983.  
—Staff Photo by John Chadwick

**ARTICLES AND PICTURES COURTESY OF THE  
HOBBS NEWS-SUN NEWSPAPER**

NEWS SUN 4-27-85

## *Bank Chief Addresses Business Students*

By SID BARRETT  
Office of Public Affairs  
Robert Quigley, president and chief executive officer of First Interstate Bank of Lea County, spoke Monday at College of the Southwest before a group of Business students and interested citizens at the monthly Business Master's Symposium.

Quigley, a 30-year veteran of the banking business, summarized the numerous changes that have occurred in banking since "the great depression" indicating that the field of banking is not the "blue blood" career that it once was.

He noted that the banking business during the years that followed the depression through the 60's was in, what he termed, "a comfort zone," in which banks often succeeded in spite of themselves with fairly stable state and federal regulations pertaining to 3 basic areas — restrictions in geographic location, restrictions in types of services, and restricted rates that could be paid on deposits.

The energy shocks of the 70's, the

cycling of the OPEC surplus monies in search for markets in which to invest, and new policies on the part of the Federal Reserve system, coupled with emerging high interest rates, has led to the deregulation of the banking industry and numerous changes.

Specifically, in 1980, the Depository and Institutions Deregulatory and Control Act, permitted banks to pay interest on checking accounts and saving deposits. As interest payments to consumers in these categories skyrocketed, unfortunately the rates for banks borrowing money also climbed rapidly, and rates that banks could charge consumers on loans in many states were still kept low as restricted by state laws. Banks found themselves caught between a rock and a hard place, so to speak. They, therefore, had to find other ways to make money.

Banks began charging more fees for non-interest bearing services, such as, service charges for deposits and fees for setting up loans and trusts. A factor which also directly

helped banks, but hurt savings and loan institutions, was the partial deregulation of interest paid to consumers on bank savings accounts. This allowed banks to compete more readily with other savings and loan institutions. By 1986, Quigley states, this area will be completely deregulated causing a considerable impact.

Quigley stated that a new rising threat to the banking industry is being issued by retail businesses such as Sears and American Express, who are providing investment programs to consumers, "which by all appearances," resemble checking accounts. He projected that in the 1990's we will see these businesses with their numerous outlets, "looking like banks," providing services that previously have been identified strictly with the banking industry. Quigley emphasized that the banking industry, therefore, will have to stress efficiency and productivity in order to compete.

Briefly, his personal advice to those preparing to enter banking and

management was: Know yourself. Know your management style. Be prepared. Take charge if that is your place. Don't be afraid to be different. When leading, let those lead, participate. Don't stop learning. Don't be afraid to be critical. Take advantage of opportunities. Know when to quit.



NEWS SUN  
1-26-84

**BOB & DOLLY QUIGLEY  
TUMBLEWEED CLASSIC  
LABOR DAY 1984**

**GLIMPING THE FINANCIAL FUTURE** — First Interstate Bank Executive Vice President Richard Niedling, economist Ken Ackbarali and President Bob Quigley glance

through the bank's 1984-85 economic forecast. Ackbarali yesterday predicted increased inflation will be a issue in 1984-85.  
—Staff Photo by Bob Smith

*Blackwelders  
HCC Titlists*

The father-daughter team of Jesse and Missy Blackwelder overcame a two-point deficit Sunday to capture the championship in the eighth annual Tumbleweed Twosome golf tournament at the Hobbs Country Club. The Blackwelders, trailing Ronnie and Sherry Aldridge of Lamesa, Texas, 101-99 after Saturday's round, collected 106 points yesterday for 205 total points and a 10-point cushion over the Aldridges, who wound up second.

"That 106 points is really something," HCC Pro Fred Bond said of the Blackwelders' score yesterday. "Even par for both players would be 108 points, so that kind of tells you how well they played."

The 60-team tournament features an unusual scoring system in which an eagle counts 5 points, a birdie, 4; par, 3; bogey, 2; and double bogey, 1. A hole-in-one is 25 points.

Roy Hopper used one of those 25-point shots — the first hole-in-one in the history of the Tumbleweed Twosome — as he and his wife, Marilyn, came from behind to win the first flight honors in dramatic fashion. Hopper's ace yesterday came on the No. 2 hole and was the next-to-last hole in the Hoppers' round.

"We had an excellent tournament," Bond said. "There was some good scoring, the golf course was in good shape and the weather cooperated. Everyone had a good time."

Results of this weekend's Tumbleweed Twosome at HCC:

**Fifth Flight** — 1. (tie) Rusty and Thelma Sutton, Odessa and Bob and Dolly Quigley, Hobbs, both 59; 2. Lolis and Phyllis Schaeffer, Odessa, 58; 4. Bobby Caton and Jean Boone, Hobbs, 57.

**SPECIAL EVENTS**

**High Point Individuals** — Saturday: Charles Weatherby, Odessa, 70; Sherry Aldridge, Lamesa, 78. Sunday: Roy Hopper, Hobbs, 68; Missy Blackwelder, Hobbs, 74.

**Long Drive** — Jerry Thomas, Odessa; Missy Blackwelder, Hobbs.

**Closest to Pin** — Saturday: Ronnie Aldridge, Lamesa; Kay Doss, Carlsbad. Sunday: Ronnie Aldridge, Lamesa; John E. Wright, Odessa.

**Longest Put** — Saturday: Bill Ivy, Hobbs; John E. Wright, Odessa. Sunday: Clyde Ivie, Hobbs; Chrystal Fouche, Odessa.



**WESTERN AUTOMATIC TELLERING** — Miss New Mexico Trina Collins is the first customer at First Interstate Bank of Lea County's new automatic teller machine at its Hobbs-Lovington Highway branch. Miss New Mexico

broke the ribbon held by bank President Robert Quigley and sales manager Frankie Allen. Miss New Mexico's horse was furnished by Zia Equestrian Stables. NEWS SUN 1-22-84  
— Staff Photos by John Chadwick

**PICTURES COURTESY OF THE  
HOBBS NEWS-SUN NEWSPAPER**

See one of these  
 First Interstate Bank  
 Loan Officers about  
 a Simple Interest  
 Loan.



Lois Alves  
 Manager  
 Main Office



Pete Cuellar  
 Loan Officer  
 Main Office



Robert C. Dunn  
 Manager  
 Lovington Office



Martha Stoneham  
 Loan Officer  
 Lovington Office



Pat Pipal  
 Loan Officer  
 Main Office



Mark Hamer  
 Loan Officer  
 Main Office



Robert Floyd  
 Loan Officer  
 Lovington Office



Sarah Swisher  
 Manager  
 Eunice Office



Jim Walker  
 Manager  
 Jal Office



Loreta Crenshaw  
 Loan Officer  
 Jal Office



Barbara McWilliams  
 Manager  
 Broadmoor Office

A Simple Interest Loan from First Interstate Bank is smart and easy because you pay interest only on the amount you actually owe and only for the time you actually owe it. And there's no penalty for early payoffs.

It's also very fair because if for some reason, your payment is late, you pay NO late charges—you simply pay interest on your existing balance for the extra days.

For more information contact any First Interstate Bank Loan Officer.



Kala Massey  
 Loan Officer  
 Broadmoor Office



Julio Mireles  
 Manager  
 Bel Aire Office



Joy Hutchins  
 Loan Officer  
 Bel Aire Office

**KEY STAFF MEMBERS  
 FIRST INTERSTATE BANK  
 LEA COUNTY**



## CSW Elects Three New Trustees

Three new members were elected to the College of the Southwest board of trustees and members whose terms were expiring were re-elected. Officers for the coming year were elected and 10 to be trustees were selected members of the CSW Executive Committee.

New members elected are Mike Fisher, president of Liberty National Bank; Robert Quigley, president of First Interstate Bank, and Randolph Scott, president of Southern Union Refining. The three will serve five-year terms.

Fisher, a native of Gary, Ind., holds a Bachelor of Business Administration degree from Midwestern State University and has attended banking schools at the University of Oklahoma, Rutgers University, and Houston.

Married and the father of one child, Fisher has been with Liberty National Bank since 1979 when he joined the bank as president and director. Prior to joining LNB, Fisher was associated with several banks in Wichita Falls, Texas.

Fisher is a veteran of the United States Air Force. He is a member of the board of directors of the New Mexico Bankers Association where he serves on the Budget Committee, the Nominations Committee, and as chairman of the Commercial Lending Division. He also is a board member of the Hobbs Boys Club and the New Mexico School of Banking. Most recently, he was appointed by the governor to a two-year term on the New Mexico State Board of Finance.

Quigley came to Hobbs in 1981 as president and chief executive officer of First Interstate Bank of Lea County. He is a graduate of



MIKE FISHER

Stanford University with a Master of Business Administration degree in business.

Quigley has more than 20 years experience in the First Interstate Bank system. He has had assignments as assistant cashier, assistant manager, vice president and senior vice president in banks in California and Arizona. Prior to coming to Hobbs he was senior vice president for First Interstate Bank of Arizona in Phoenix.

Quigley is married, the father of three children, and a veteran of the U.S. Navy. He is a member of the Hobbs Rotary Club.

Scott is a native of Artesia. He holds a master of science degree in analytical chemistry from New Mexico State University.

Scott served in the military for 20 years as an officer in the United States Navy and United States Army in assignments involving nuclear weapons, missile and ammunition maintenance and supply and weapons research and



ROBERT QUIGLEY

development. He retired from the U.S. Army in 1979 with the rank of major.

Scott joined Southern Union Refining Company in 1977 as chief chemist. He was promoted to executive vice president in 1980 and appointed president and chief operating officer in 1982. He is currently a member of the Hobbs Rotary Club and serves as a director of the Lea County Industrial Development Board.

Scott is married and the father of three children.

Re-elected to five-year terms on the board are Ben Alexander, Tom Cammack, Daisy Clayton, R.M. Moran and Thelma Webber.

Board officers for the coming year will be Don Maddox, chairman; Cecil Brown, vice chairman; Charley Smith, secretary; and C.C. Matthews Jr., treasurer.

Executive committee members are Alexander, Brown, Mrs. Clayton, Roger Gray, Mike Hartgraves, Maddox, Matthews, Moran, Smith, and Mrs.



RANDOLPH SCOTT

Webber. Matthews will chair the group.

## First Interstate To Get New President

Robert C. Quigley of Phoenix will assume the presidency of First Interstate Bank of Lea County effective Jan. 1.

His election as successor to John N. Gilkey, who retires Jan. 1 after 35 years in banking — 21 of them with First Interstate and its predecessor, New Mexico Bank & Trust Co. — was announced today by First Interstate Bancorp in Los Angeles.

Quigley comes from First Interstate Bank of Arizona where he has been senior vice president in charge of retail banking for the institution's 153 offices statewide. His 21 years within First Interstate also include management posts in branch operations, commercial loan administration and regional branch administration.

Quigley joined the First Interstate system in 1960 as assistant cashier. He was named assistant branch manager in 1961 and became branch manager in 1962; he was promoted to vice president in 1965 and became senior vice president in 1976.

He entered banking at the

### First Interstate • • •

Phoenix Country Club and the Arizona Club. His hobbies include golf, reading, bridge and travel.

He is 52 years old, married and has three children.

Gilkey joined First Interstate Bank of Lea County as assistant cashier in 1960. He became an assistant vice president in 1963 and later that year was promoted to vice president



ROBERT C. QUIGLEY  
...from Phoenix

Northern Trust Co. in Chicago in 1957 after earning his master of business administration degree in finance from the Graduate School of Business at Stanford University.

He had earlier earned his bachelor's degree from New York University.

Quigley is a member of the

(Continued on Page 5)

and branch manager. He was elected senior vice president in 1969 and executive vice president in 1979.

In August 1981, Gilkey replaced Leon G. Harmon as president and chief executive officer, a post the latter held for 18 years prior to his transfer to similar responsibilities at First Interstate Bank of Utah, Salt Lake City.

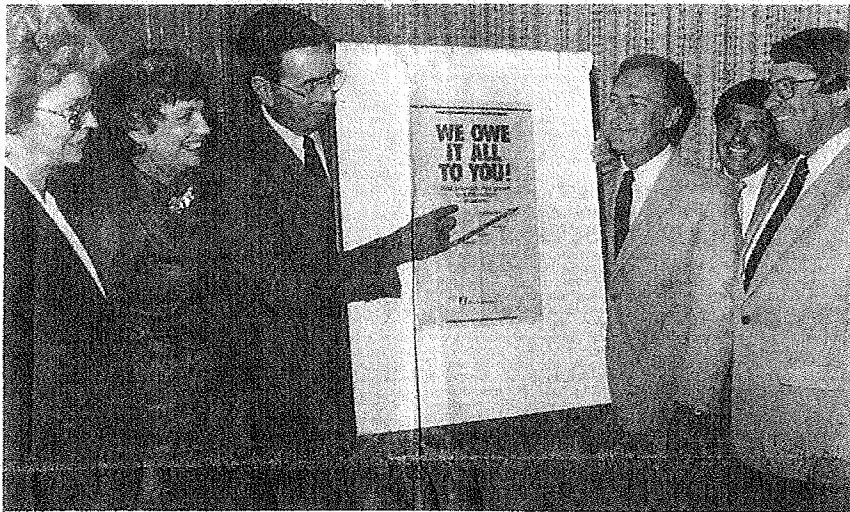
ARTICLES COURTESY OF THE  
HOBBS NEWS-SUN NEWSPAPER



Bob Quigley, president of First Interstate Bank and Sam, the official mascot of the 1984 Summer Olympic Games invite you to the

# GRAND OPENING

of the N. Grimes Branch March 5-March 9.



**GROWING ASSETS** — First Interstate Bank of Lea County officials chart their organization's growth, which recently topped \$200 million in assets. From left are Vice Presidents Mauri Su Evans and Lois Alves; bank

President Robert Quigley; Executive Vice President Dick Niedling and Vice Presidents Gene Ulrich and Forest Evans.

— Staff Photo by Bob Smith

## PICTURES COURTESY OF THE HOBBS NEWS-SUN NEWSPAPER



**TOUGH COMPETITORS** — Members of the College of the Southwest's Students in Free Enterprise team that won second in national competition are: (front) Jacque D'Apointi, Lauri Allen, Judi Sears and Kyle Shepard, (back)

Karen Mikus, Linda Holland, Doug Power, Bob Quigley who is president of the SIFE Business Advisory Board, SIFE Advisor Joan Tucker, Nancy Nix, Jack Gregory and Sharon Murray.

— Staff Photo by Bob Smith



Bob Smith/News-Sun Photo

**HONORED** for service is First Interstate Bank President Robert Quigley, second from left, with his wife Dolly, who will retire from the organization May 1 after 27 years. Presenting him with a plaque from the bank's board of

directors is Director Robert L. Summers. At left is attorney J.W. Neal, one of about 135 friends and employees who feted the Quigleys last night at Hobbs Country Club.



**OLYMPIC GOLD** — First Interstate Bank President Bob Quigley and Miss New Mexico Trini Collins, who will represent the bank at the Olympics beginning this Saturday in Los

Angeles, admire a proof set of silver and gold coins commemorating the international sports event. The coins, sold to help finance the Olympics, are available through banks.

— Staff Photo by Bob Smith

4-1-82

## Quigley Outlines Banking Changes

First Interstate Bank of Lea County President Robert Quigley discussed the changes in banking before the Trade Development Council this week.

He predicted that branch banks as a way of growth will peak around 1985 and that the popular drive-ins will peak not long after that in 1986.

He described the reluctance of the public to accept the Automatic Teller Machines. He noted the difficulty in getting ATMs before the public. People found it hard to get used to the machines and to operate them. He also noted that these machines do break down and cards do get stuck in them. To the amusement of his audience he described his own reluctance to become familiar with the operation of the machine.

Even these, he said, will be peaking in the late 1980s or early 1990s, Quigley predicted. Before this, however, he predicted that they will become regional and national. Card holders will be able to use their plastic cards on a national basis to get money on a 24-hour-a-day, seven-day-a-week basis.

Next will follow telephone and television banking, with customers able to do their banking without leaving

home. Arizona is already trying this. He said that today's youth, already familiar with the computer through the use of TV games, such as those made by Atari, will accept TV banking readily.

Another change in banking that Quigley discussed was the evolution from relatively inexpensive money for the banks to loan today with the relatively expensive money.

Quigley told the merchants that banks must stay alert to different types of markets and be prepared to organize to serve these markets.

ARTICLES AND PICTURES COURTESY OF THE  
HOBBS NEWS-SUN NEWSPAPER

<b>FIRST INTERSTATE BANK OF LEA COUNTY</b> <b>1982 FINANCIAL REPORT</b>
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First Interstate Bank of Lea County

## Balance Sheet

	December 31 1982	December 31 1981
<b>ASSETS</b>		
Cash and Due From Banks .....	\$ 15,128,432	\$ 12,322,167
U.S. Treasury and Agencies .....	\$ 19,327,296	\$ 22,793,902
State and Political Subdivisions .....	25,055,018	25,054,241
Other .....	95,000	321,598
Total Investment Securities .....	\$ 44,477,314	\$ 48,169,741
Federal Funds Sold and Securities Purchased		
Under Agreements to Resell .....	-0-	-0-
Loans .....	\$123,476,272	\$104,741,300
Less: Unearned Discounts .....	3,829,026	3,896,897
Allowance for Loan Losses .....	1,177,645	1,153,834
Net Loans .....	\$118,469,601	\$ 99,690,569
Bank Premises and Equipment (net) .....	4,447,118	2,932,546
Other Assets .....	4,243,068	3,988,125
	<u>\$186,765,533</u>	<u>\$167,103,148</u>
<b>LIABILITIES</b>		
<b>Deposits</b>		
Demand .....	\$ 48,743,842	\$ 49,043,895
Demand - NOW .....	7,101,381	5,370,780
Savings .....	11,209,215	12,153,464
Savings - Market Interest .....	8,418,933	-0-
Other Time .....	89,666,376	83,306,245
Total Deposits .....	\$165,139,747	\$149,874,384
Federal Funds Purchased and Securities sold		
Under Agreements to Repurchase .....	2,950,000	1,642,188
Accounts Payable and Accrued Liabilities .....	4,141,912	2,808,327
Notes, Debentures and Mortgages .....	1,300,000	1,500,000
<b>Stockholders' Equity</b>		
Capital Stock .....	\$ 2,431,000	\$ 2,431,000
Surplus .....	6,500,000	5,000,000
Undivided Profits .....	4,302,874	3,847,249
Total Stockholders' Equity .....	<u>\$ 13,233,874</u>	<u>\$ 11,278,249</u>
	<u>\$186,765,533</u>	<u>\$167,103,148</u>

**THIS MEMO MOTIVATED MY  
EARLY RETIREMENT**

September 3, 1986

NEW MEXICAN REORGANIZATION

Mr. Edward M. Carson, President of First Interstate Bancorp, today announced a restructuring of the Bancorp's banking activities in New Mexico as part of an overall plan designed to increase our capabilities in this important market.

Under the plan, Mr. D. W. Clifford will assume overall responsibility for the performance of the banks in New Mexico. He will remain as Chairman and Chief Executive Officer of the Albuquerque bank; however, Mr. James Clark, President, will become Chief Operating Officer and assume responsibilities for its day-to-day activities.

The four banks, Albuquerque, Santa Fe, Roswell, and Lea County, will coordinate their activities under a structure which can best be described as a "confederation" with shared goals and objectives.

The relationship between the banks will be at the CEO level, however, functional interfaces in several areas, such as credit administration, will develop over time wherever they prove useful.

The exact nature of the relationship may vary from bank to bank based on individual needs and opportunities. Details will be worked out between the CEOs.

Implementation will begin with Roswell in September, Santa Fe is scheduled for the end of the year, and Lea County will follow early in 1987.

In making the announcement, Mr. Carson pointed out that we are determined to win our share of New Mexico's significant future potential. He said, "We believe that success requires a state-wide image, coordinated strategies, a uniform approach to the market and shared expertise."

Mr. Carson stressed the importance of continuing to fully serve the special needs of each community where we now do business. He pointed out that for this reason we must insure that our activities continue to be guided by our Banks' local Boards and management. Their roles will not be diminished. Their ability to fulfill their mission will, on the other hand, be enhanced.

He further noted that the expected improvement in our performance in New Mexico would increase opportunities for all staff members.

CHAPTER TWENTY-THREE  
My Banking Career  
Fresno Bank of Commerce  
(Fresno, California 1987-1989)

A group of San Joaquin Valley businessmen in July 1980 formed Western Commercial Inc. as a new state chartered bank holding company. This entity initially managed one bank, the Fresno Bank of Commerce (FBOC). It operated from an owned single two story location in the Fresno Airport Industrial Park. It subsequently purchased Continental Bank, a small community bank on Shaw Avenue in Fresno and merged it into the Fresno Bank of commerce as a second branch.

Western Commercial then opened a Leasing Company in 1982, which later developed lease credit problems and became dormant after 1985.

Western Commercial next opened a Mortgage Company in 1983. This activity was subsequently transferred in 1988 at my recommendation into FBOC as a department.

Then in 1984 Western Commercial opened a second bank, Merced Bank of Commerce, in Merced, Ca. about 80 miles north of Fresno. Merced Bank of Commerce was a small (\$43 million in assets) bank, operated quite conservatively by Marty Michaeletz. Marty was the former long-term manager of United California's (UCB) Merced office. I was his boss while regional administrator at UCB from 1976-80.

FBOC operated aggressively as a so-called business bank. It was well capitalized, but lacked not only a geographic delivery system, but a wide-spread source of smaller and inexpensive deposits to create a satisfactory spread in the bank's net interest margin. Its loan efforts were centered in real estate construction and payment at maturity business credits. Ralph Peters was FBOC's President & CEO from 1984-87. It had grown to \$118 million in assets, but by early 1987 had developed a sizeable problem loan portfolio. The banking regulators placed the bank under regulatory constraint called "a memorandum of understanding". The holding company board in late 1986 dismissed Peters and asked Stan Tollman, a consultant to search nationwide for his replacement. Hence, my arrival on the scene as President and Chief Executive Officer.

At this juncture, I don't see much gained by asking my readers to follow along with detailed remembrances from Fresno... Instead, I'll place Dolly and myself on the scene, describe (briefly) the match of FBOC's needs with my by now change agent talents and then share with you selected passages of my written comments to the Western Commercial's annual Stockholders Meeting held on August 22,1989.

We purchased a delightful 20 yr. old condominium apartment adjacent to the Sunnyside Country Club in the south part of Fresno and not too distant to my new job location. These units were originally built as luxury rental apartments in the late 1960's by a then customer of my Fresno Main Office of UCB. They were more recently converted to condominiums. We completely redecorated and redid the landscaping of our private, but small rear yard. The place was a dream! The bank bought me a membership in the adjacent old guard (1911) Sunnyside Country Club. You will remember that 20 years earlier we lived in the newer northern part of Fresno and I belonged at the time to the then new (1965) San Joaquin Country Club.

Life settled in at our new diggins. We felt as if we "were home". We left Susan, Sam, Chris and Sean in Hobbs, but they were to return to Sacramento, California in 1989. Kevin was in Albuquerque and later Santa Fe in this pre-Nadine period. Bruce and Paula would move to Phoenix, Arizona and later Sacramento... so, we really were empty nesters.

Dolly and I began to aggressively look around for a retirement locale. We visited Florida twice while in Hobbs and later from Fresno. We were seriously considering the west coast of Florida from Tampa Bay south to Naples. However, our interests really jelled with family around the Sacramento area of California. We were to return from one of our Florida trips, go directly to Sacramento and finally purchased in 1988 a lot in the gate guarded new golfing community of Rancho Murieta near Sacramento, Ca.. We later in 1989 selected architect and contractor to build our ultimate dream retirement home in Rancho Murieta. The actual construction period was February of 1990 to February 1991. More about this later.

During this period I worked with two personal financial planners (first Lubbock, Texas and later Sacramento) to personally prepare for retirement. I had signed on at Fresno to: (1) cleanup the bank's loan portfolio, (2) re-establish earnings and then dividends to Western Commercial, and (3) prepare the bank and thereby the holding company for further acquisitions or a merger of equals within five years. I would then be 63 years old and ready for retirement.

We did accomplish the credit cleanup and re-establishment of earnings... All the while I worked well day-to-day with Bud Richter the chairman of our holding company. Bud (about 62) was the retired chairman of the local Pepsi-Cola Bottling Co.. This family business was originally started by his father. Bud and other Board Members were extremely supportive as boosters to the athletic department at Fresno State University. Lew Herwaldt was actually FBOC's Chairman. He sort of delegated all bank involvement to Bud. Bud was non-banker who hand wrote all of his notes and then read his talks. He was extremely attentive to planning and detail. I on the other hand handled

many matters off the cuff from experience, so we did have challenges from time-to-time... However, and I must underscore this, Bud always was a supporter and appreciative of the successful programs implemented at FBOC during 1987-89.

One more point and then the 1987-89 summary presented to stockholders. I was watching Monday night football on December 19, 1988. I received a telephone call from Bud Richter, requesting that we meet at the local hotel bar for an important discussion. Well, talk about intrigue! First, Bud doesn't drink and second, we had only said goodbye at the office three hours ago. Bud and John Brocks, President and CEO of The Bank of Fresno were alone in the hotel lounge. Bank of Fresno was the largest independent bank in Fresno and rumored to have loan problems of its own. Initially, I couldn't fathom the purpose or timing of such a get together. Bud and John got right to the point. The Board of Directors of the two holding companies were in agreement to merge as equals into a new holding company to be called ValliCorp Holdings, Inc.. Patrick MonPere from Fresno Bancorp (local haberdasher) would be Chairman and John Brocks its President. The regulators (State/FDIC) in preliminary conferences with Bud and John wanted me to play some sort of a short-term role in the credit cleanup of both of these banks plus drafting credit policies and establishing sources with San Joaquin Valley-wide community banks to participate our larger loans.

By now you, my readers, have read enough to understand that life's journey is along many paths... some good and some troubled. I was literally floored, and for these reasons: First, these negotiations had been going on for months (maybe years) without bringing me into their confidence; second, this whole event was 2-3 years earlier than expected; and third, the stacking of leadership appeared to be anything but a merger of equals. However, the die was cast and I was a team player. Our goal was to accomplish the merger within six months... In actuality the merger would be accomplished by December 1, 1989. My role during this period was: first to manage my bank; second continue to oversee the cleanup of FBOC's loan portfolio; third to conduct a due diligence review of Bank of Fresno's loan portfolio; and fourth to continue to act as FBOC's and then later ValliCorp's principal contact for credit purposes with the State Banking Department, the FDIC and ultimately the Comptroller of the Currency.

We worked long and hard throughout the spring and early summer of 1989. John Brocks and I formed a good working relationship. He came to respect my credit background and I worked well with his credit staff and Board of Directors; in particular Pat Ryan, a cotton farmer who headed bank of Fresno's director loan committee...

We arrived at the moment of seeking our approval of the Stockholders of Western Commercial to the merger. Said public meeting was held on the evening of August 22, 1989. My presentation was in the form of a two year summary of events leading to



management's and our Board's recommendation to approve the merger. These follow essentially in the form delivered with some editing to avoid redundancy with topics previously covered in this journal:

“My first contact with Fresno Bank of Commerce was by telephone conversation with Bud Richter in February 1987. At that time he (Richter) was searching for a candidate to turn the performance of this bank around and to prepare it for the positive events of interstate banking in 1991. The bank had just gone through a very tough regulatory examination which was explained in the 1986 annual report of Western Commercial. You will recall that credit quality was the principal concern of FBOC at that time. That and the correlated lack of earnings.

Our bank was placed under regulatory constraint by a Joint Memorandum of Understanding with the FDIC and California State Banking Department. Their specific requirements were for management changes, the upgrading of asset quality, the re-analysis and creation, where needed, of new credit and operating policies and procedures, and the provision of additional loan loss reserves.

Shortly after the regulatory examination of 1986, Bud Richter assumed the day-to-day responsibilities as president and CEO of Western Commercial, the holding company. He conducted a nationwide search for an experienced CEO of a like-sized bank to FBOC who was familiar with the Fresno area and the San Joaquin Valley. Although in Hobbs, New Mexico, at that time, most of my thirty years of banking experience were in California with a heavy concentration in Fresno and the San Joaquin Valley. I accepted the challenge and, after a short orientation period, established the following strategies and action plans for FBOC:

- First, to build a new management team with some of the remaining players but mostly new faces. Within 30 months, few of the pre-1987 faces remain in our lending and customer contact teams.
- Second, to divide our efforts into two banks, namely, the “A” bank, or the good bank, and the “B” bank, or problem bank. Dewey Hamilton was hired as Senior VP from one of the large statewide banks and charged with addressing the policies and procedures issue and create a solid “A” bank under his leadership as bank wide credit administrator. The emphasis would be to project FBOC as Fresno's leading community business bank. Dewey's new crew has replaced poorer assets which have left the bank, been collected or charged off. Today we have a proven portfolio of good asset-based loans actively monitored by professionals. This emphasis will continue in the new bank. The “B” bank continued under Ed Farnam, Senior VP in charge of the Special Assets Department. This department was beefed up with specialists for roughly a two-

year assignment of identifying problem credits and addressing resolution to, hopefully, the satisfaction of both the borrower and bank. Problem assets are down from \$13.5 million to \$4.8 million and continuing to shrink in size. We will continue to utilize this proven system to address any workout problems in the new Bank of Fresno.

- Pam White was hired from a local major savings and loan and as our Consumer Loan Vice President. This represents a new department in 1988. Outstanding totals have grown from \$500,000 to \$11.5 million in the first year. Totals are continuing to grow at \$1.0 – 1.5 million monthly. Pam also has managed our new affinity card Visa programs and also handled merchant service programs within the bank. However, the card program has not met our original growth expectations and will shortly be sold as a continuing function to an outside vendor yet to be named.
- We elevated Dave Hooston, Senior VP, to the Chief Financial Officer position of the bank and holding company. Dave has upgraded our accounting systems and in 1988 introduced the first comprehensive planning program to this bank. This was repeated in 1989. He has been heavily involved with the approval and planning process in the proposed merger.
- Hal Ashe, Senior VP continued as Cashier of the bank, coordinating our conversion to a new inhouse computer system in 1987. His experience has been particularly helpful in managing the upgrading of our operations and accounting systems along with the creation of an inhouse auditing function for the first time in 1988.
- Jim Nash, Senior VP, came from retirement as president of a large local savings and loan in January 1988 and helped us bring our then separate secondary market Mortgage Company into the bank as a separate operating division. During 1988, this was combined with the bank's construction activity to form a separate profit center. However, after 15 months, management has determined that the monthly break-even volume for this secondary mortgage operation was too large to warrant the sizeable investment of salaries and other resources over the cyclical real estate periods. Accordingly, the secondary marketing efforts were discontinued during the early part of 1989. Evelyn Holliman, Vice President, continues as the department manager following Jim Nash's retirement at the end of March 1989. The department continues as the construction loan activity for FBOC and will continue to do so following the proposed merger.
- Lynn Eilefson, Vice President, joined us a year ago as Director of Marketing and Business Development. He has formalized the planning and product development process and has specialized in creating an outside calling program for deposit acquisition. He has done an excellent job under the circumstances of heavy

competition with high rates from the savings and loans and independent bank markets. Our positive liquidity has been greatly supported by his department's efforts. Lynn will continue in his present capacity following the proposed merger.

Well, what have we accomplished which will be helpful to ValliCorp and the new Bank of Fresno?

- First, we have built a successful problem loan workout team which can be utilized in the new bank.
- Secondly, we have assembled a strong team of lending talent in the instance of myself, Hamilton and White which will be carried over to the new Bank of Fresno. I will be the Chief Credit Officer of the holding company, Hamilton will be in charge of commercial lending and White will oversee Consumer Lending in that organization.
- We have established an excellent rapport with the State Banking Department, FDIC and the Federal Reserve. The constraints of the Memorandum of Understanding were removed by the regulators on June 15, 1989. This represents recognition for the establishment of procedures and controls, the sizeable reduction of classified assets and the establishment of more normal levels for loan loss reserves and other credit quality barometers such as levels of non-accrual loans, OREO, and past due loans.
- We have established a rapport since last December between FBOC and the Bank of Fresno which is perhaps unique in the annals of mergers. As a result, on the contemplated merger date of December 1, 1989 we will have in place new policies and procedures and a group of experts who are comfortable with each other, the environment and the tasks at hand.
- FBOC has actually returned to the position of earning money from operations. The results are hidden by the extraordinary expenses sustained since last December and associated with the contemplated merger, however, we believe that current performance levels would be in the neighborhood of \$500,000 annualized."

The merger of our two holding companies into the new ValliCorp was finalized on November 30, 1989. The Bank of Fresno would have 9 branches in the greater Fresno Market and the Merced Bank of Commerce one branch in Merced. Assets would total \$363 million with \$228 million in loans.

We were on the road to improving loan quality in both of the prior Fresno Banks. The Regulatory Joint Memorandum of Understanding levied on Fresno Bank of Commerce in 1987 was removed in June, 1989.

John Brocks hired me as Executive Vice President for Loan Policy and Merger Acquisitions. I was to work for ValliCorp with instructions to write bank-wide loan policies, oversee the ongoing approval of all major credits and to initiate loan participations with other community banks in the San Joaquin Valley. I had contacts with the Bank of the Sierras in Porterville, The Visalia Community Bank in Visalia, County Bank of Merced and the Pacific Valley and Modesto Banking Corp in Modesto. These were all independent banks within the boundaries of the San Joaquin Valley.

My existing salary at Bank of Commerce was \$127,000 plus bonus, car and country club... However, neither John or I saw the new position as a full-time or for that matter long time assignment given my age and growing temptation to repeat the past two years working for myself as an independent contractor; or if you will as a consultant. Don Dougherty was after me to break-out on my own and a new friend, bank consultant Dave Gaber from San Francisco was a frequent visitor with me in Fresno.

Well, all of this activity set more things in motion. Dolly and I immediately (fall 1989) got started on the plans for a house in Rancho Murieta (near Sacramento). We had originally envisioned employment in Fresno at the most thru 1992 and here it was only late 1989. We hired a contractor in Fair Oaks (Sacramento suburb) and he in turn referred us to an architect in Rancho Cordova, Ca. (another Sacramento suburb). Our beautiful new house was designed, constructed and finished by February, 1991. The total cost including land of \$250,000. This doesn't sound like a lot by 2011 prices but it was a palace back then. To finance this we borrowed \$75,000 and paid cash for the balance from First Interstate deferred contracts of \$58,000 (Hobbs 1982-86), \$27,500 (Hobbs 1983-87), a 401(k) and other savings. I was drawing \$33,000 from First Interstate in retirement all of which was going into investments. By the way Hobbs was good to us in that I was also able to take a golden parachute deferred bonus of \$27,850 in 1990... The culmination of all of this was a cash equity of \$175,000 in our planned retirement house.

John Brocks and I got along very well. His Bank of Fresno had all sorts of restructured loans, which did not past muster when exposed to our WB-90 loan disclosure process. So, we had two problem banks merged at \$330 million in assets... the regulators really were happy to have me on board in my Loan Policy Role.

The bank rented a small apartment for me in Fresno. At the bank I formed a senior loan committee with myself as Committee Chairman and Mike Ryan from the Board as a Board liaison. We met each Monday afternoon to review new or renewal credit requests and to overview existing credits most of which were newly disclosed through the WB-90 process. These loans were all presented by the respective bank handling officers. We played hard ball as had been done at Fresno Bank of Commerce and also in Hobbs, N.M..

It's amazing how rapidly our loans improved thru proper structuring, collateralization and close supervision.

Life was fine, but it wasn't complete with the constant separation from Dolly. So, I visited with John and requested converting my position to a part-time three day a week arrangement. The bank would reduce my salary to \$60,000 plus a car allowance plus the Fresno apartment. I would also participate in a senior management annual incentive program. The bank also installed a fax machine in my home and I had a remote phone (predecessor to cell) installed in my car. The weekly agenda and loan write-ups for the Monday PM loan meeting were faxed to me in Sacramento. I then prepared at home for Mondays.

My principal contact on the Board of Directors was their Loan Representative, Michael Ryan. He was a rancher and an absolute gentleman whom I greatly admired. I spent about four months writing a complete loan policy manual for The Bank of Fresno. I also monitored the activities of the Special Assets (workout) Department which reported directly to me. I would return by car to Rancho Murieta on Wednesday afternoon.

I very much enjoyed my dual life, but ongoing it was unfair to Dolly... So, in retrospect I believe that my Guardian Angel intervened on a Sunday evening in September, 1990. Dave Gaber, my friend and banking consultant from San Francisco, reached me by telephone at Rancho Murieta. Seems he was representing a community bank under organization in Oakdale, California looking for a replacement CEO. Oakdale is a small bedroom community just east of Modesto (90 miles south of Sacramento) and at the base of the foothills to the Sierra Mountains. UCB had a large agricultural office there for which I had been regional branch administrator during the period 1976-80. Dave Gaber, already had a CEO approved by the regulators for this de novo (new) bank, but this CEO was seriously injured in an automobile accident. Dave asked if I had any recommendations. I begged off until the next morning. My later pitch to Dolly: I know the market and a lot of the local businessmen. Virgil Thompson (a friend) had managed this branch for UCB and is retired nearby on his wife's family ranch. Finally, wouldn't starting a new bank be a great way to end a career!!! I called Dave Gaber on Monday morning and told him I had a great candidate... me!!! He got excited and promised to check right away with Romain Schonhoff, a retired CPA and leader of the new bank's organizing group. I drove to Fresno that day for my weekly senior loan meeting with Bank of Fresno. Gaber did get back by late Monday afternoon. The organizers were interested and I was setup for a meeting in Oakdale the following Sunday with Gaber and six of the nine bank organizers.

The Oakdale meeting was a dream in personalities. I'll pick this up in the next chapter. I accepted their offer, went back to Fresno and visited with a most understanding John

Brocks. His letter to our staff is enclosed as an exhibit. My last day in Fresno was October 9, 1990, but I already was doing some part time work in Oakdale.

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## REPRISAL

*The Fresno Bank of Commerce really afforded me the complete Community Banker Experience. There was no large Holding Company such as First Interstate Bancorp to act as an ultimate safety net. Also, I had a bank with all sorts of problems for me to address from my first day with them. Management and outside directors needed both the direction and leadership of a change agent. My comments herein delivered at the 8/22/89 annual meeting serve well to summarize my involvement leading up to the "merger of equals" with the Bank of Fresno.*

*I was disappointed to be left out of the que leading up to the mergers. Thankfully, I really was needed by both of the merging entities and the merger went well, as did the follow-up with the varying groups of bank regulators.*

*Another fairly new-to-me banking consultant, Dave Gaber was to present my next opportunity to me and on the home front Dolly and I were building our dream castle for retirement in Rancho Murieta, just outside of Sacramento, California.*

# New Mexican is new Bank of Commerce chief

By SHIRLEY ARMBRUSTER  
Bee business writer

Directors of the Fresno Bank of Commerce have named New Mexico banker Robert C. Quigley as president and chief executive officer.

Quigley, 57, will begin his duties May 1. He succeeds Ralph Peters, who held the post for three years. The bank announced earlier this month that Peters' contract was not renewed.

For the last six years, Quigley has been chairman, president and chief executive officer of the First Interstate Bank of Lea County in Hobbs, N.M. The \$165 million bank, part of the Los Angeles-based First Interstate Bank system, has seven branches and 140 employees. It has \$100 million in loans and \$130 million in deposits.

Although wholly owned by First Interstate Bancorp, Quigley's bank is locally managed. The board includes eight outside directors.

Fresno Bank of Commerce, the major subsidiary of Western Commercial holding company, has 61 employees at two branches. It has assets of \$118 million, loans of \$77 million and deposits of \$104 million.

The bank lost nearly \$1.3 million last year, primarily because of problem loans. It was the second straight year of losses.

Quigley, a native of New York, has spent most of his career with First Interstate and much of it in California.

From 1967-70 he was the vice president and manager of the Fresno Main Branch of First Interstate. He then moved to Sacramento for three years as regional administrator in charge of 50 branches between Bakersfield and the Oregon border.

In 1980-81 he was senior vice president of First Interstate Bank of Arizona, in charge of a 165-branch statewide system. He was promoted to CEO in New Mexico in 1981.

Quigley said that Lea County, dependent on oil and gas production, has had serious economic problems since 1983.



**ROBERT C. QUIGLEY**  
— Will start May 1

The four-bank community of Hobbs had one bank failure in 1985 and another is imminent, he said. First Interstate had a record year in 1982, but has since been forced to focus on survival, he said.

"We have lost money, but our strategies have protected [First Interstate] Bancorp's investment and we have survived as the dominant bank in our market," he said.

Quigley is a trustee of College of the Southwest and a director of the Industrial Development Corp. of Lea County, a non-profit company to attract industry to the area.

He earned a bachelor's degree from New York University in 1951 and a master's of business administration from Stanford University in 1957. He was a Navy lieutenant from 1951-55.

Quigley started his banking career in 1957 at The Northern Trust Co. in Chicago. He joined the First Interstate system in 1960 as an assistant branch manager in Sacramento.

Quigley said he and his wife, Dorothy, will live in Fresno and eventually retire in the San Joaquin Valley.



**Fresno Bank of Commerce**  
A WESTERN COMMERCIAL COMPANY

ROBERT C. QUIGLEY  
President & CEO

4995 E. Clinton Ave. / Fresno, CA 93727 / (209) 252-8711

Western Commercial  
A BANK HOLDING COMPANY

April 26, 1988



Bob Quigley  
President and CEO  
Fresno Bank of Commerce

Dear Bob:

May I personally thank you for the tremendous effort you have made to FBOC during these past six months. The presentations on our Goals to the Western Commercial Board of Directors yesterday brought into understandable perspective the real business plan for FBOC that you have helped to develop.

We now have in FBOC the people, the vision, the plan and the commitment to restore respectability to our Company. Thank you for your willingness to be a team player and leader in making this happen.

When I address the shareholders on May 16th, I know that our Company can count on you to help achieve these goals, if humanly possible, provided you are given the tools you require. While we have a reasonable and aggressive challenge to fulfill in 1988, I believe with respectful confidence in you and your abilities to help lead us to accomplish our goals.

Thank you again for your efforts in the preparation and delivery of the 1988 Goals to MBOC and the WC Board of Directors. You made a fine presentation and I am proud of you.

Sincerely,

  
Bud Richter



4995 E. Clinton Ave / Fresno, California 93727 / (209) 252-8711  
MAILING ADDRESS — P.O. Box 8060 / Fresno, California 93747





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## Bank of Fresno

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May 23, 1989

Dear Fresno Bank of Commerce,  
Merced Bank of Commerce, and  
Bank of Fresno employees:

As our merger progresses ever closer to reality, it is with great confidence in our future that I wish to take this time to explain the various roles Bob Quigley will have in our new organization.

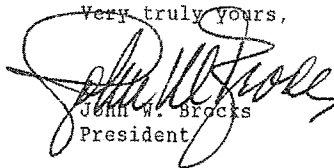
As many of you may know, Bob, as President of Fresno Bank of Commerce, has lead a total restructuring of the credit extension and resolution process. The results have been remarkable and the company is once again profitable.

I am pleased to announced that Bob has consented to assume a Senior Management role in the following areas:

- A. Bob will be responsible to develop and implement a credit policy for all ValliCorp subsidiaries.
- B. Bob will oversee the management and resolution of all criticized loans within the merged Bank of Fresno.
- C. Bob will implement a problem loan identification system within the combined Bank of Fresno.

I am personally delighted that Bob will be managing these responsibilities.

Very truly yours,



John W. Brooks  
President

JWB:nd

P.O. Box 5493 • Fresno, California 93755-5493

# DIRECTORS AND OFFICERS

NOVEMBER 30, 1989

## ValliCorpHoldings, Inc. Directors

**Patrick J. Mon Pere**, Chairman of the Board; President, Patrick James, Inc.

**Elmer Bud Richter**, Vice Chairman of the Board; Director of Investor Relations; Retired Chairman of the Board of Pepsi Cola Bottling Company of Fresno

**Larry A. Shehadey**, Vice Chairman of the Board; Owner, Producer's Dairy

**John W. Brocks, Jr.**, President & Chief Executive Officer, ValliCorp Holdings, Inc. and Bank of Fresno

**Robert E. Duncan**, Chairman of the Board of Duncan Enterprises

**Peter J. Fluetsch**, President and General Manager, Fluetsch and Busby, Insurance Agency

**Louis H. Herwaldt**, President, Lou Herwaldt Oldsmobile

**Edward M. Kashian**, Real Estate Broker

**James H. Kayian**, Owner, High and Mighty Farms and AR-KAY Vineyards

**Donald J. Peracchi**, Chairman of the Board and President of NAC Corporation

**Alan H. Pierrot**, M.D., Orthopedic Surgeon

**Michael J. Ryan, Jr.**, Real Estate Broker/Investor

**Charles L. Tingey**, President, Charles Tingey Associates, Inc.

## Officers

**John W. Brocks, Jr.**, President and Chief Executive Officer



**Robert C. Quigley**, Executive Vice President/Senior Credit Policy and Review Officer

**David E. Hooston**, Senior Vice President and Chief Financial Officer

**Diane L. Decker**, Vice President/Investor Relations and Corporate Secretary

## Bank of Fresno Directors

**Louis H. Herwaldt**, Chairman of the Board; President, Lou Herwaldt Oldsmobile

**Michael J. Ryan, Jr.**, Vice Chairman of the Board; Real Estate Broker/Investor

**John W. Brocks, Jr.**, President & Chief Executive Officer, ValliCorp Holdings, Inc. and Bank of Fresno

**Robert E. Duncan**, Chairman of the Board of Duncan Enterprises

**Harold H. Haak**, Ph.D., President of California State University, Fresno

**Robert A. Henke**, President, Robert A. Henke, an accountancy corporation

**Herbert A. Kaprielian**, President, Kings Canyon Fruit Sales Corporation

**James Kourafas**, President, Truck Dispatch Service, Inc. and American Truck Dispatch

**Michael S. Mathiesen**, Senior Vice President, Dean Witter Reynolds, Inc.

**Donald J. Peracchi**, Chairman of the Board and President of NAC Corporation

**Elmer Bud Richter**, Director of Investor Relations, ValliCorp Holdings, Inc.; Retired Chairman of the Board of Pepsi Cola Bottling Company of Fresno

**Kevin N. Tweed**, Real Estate Developer/Investor

## Spalding G. Wathen, Realtor & Developer Officers

**John W. Brocks, Jr.**, President and Chief Executive Officer

**Harold R. Ashe, Jr.**, Executive Vice President/Operations

**Donald J. Fish**, Executive Vice President/Loan Administration

**Gail L. Salanitro**, Executive Vice President/Retail Division

**David E. Hooston**, Senior Vice President and Chief Financial Officer

## Merced Bank of Commerce, N.A. Directors

**Peter J. Fluetsch**, Chairman of the Board; President and General Manager, Fluetsch and Busby, Insurance Agency

**Donald J. Stewart**, Vice Chairman of the Board; President, Sierra Beverage Co.; Delta Brands, Inc.

**Robert E. McAuley**, Secretary; Retired President of McAuley Motors, Inc.; General Manager of Montgomery Farms

**Martin P. Michaletz**, President and Chief Executive Officer

**Gordon R. Clark**, President, G.R. Clark, Inc.

**Clayton J. Clausen**, Vice President, Unisource Inc.

**C. Donald Kunkel**, Owner/President, 7-Up Distributing of Merced

**Emery G. Nielsen**, Partner, Temple and Company Certified Public Accountants

**Ray C. Veldhuis**, Owner, P.H. Ranch, Inc.

## John D. Wainwright, Real Estate Developer Officers

**Martin P. Michaletz**, President and Chief Executive Officer



VALLICORP DIRECTORS - Standing (l. to R): Edward M. Kashian; Louis H. Herwaldt; Robert E. Duncan; John W. Brocks, Jr., Pres. & CEO.; James H. Kayian; Peter J. Fluetsch; Michael J. Ryan, Jr.; Elmer Bud Richter. Seated (l. to R): Charles L. Tingey; Patrick J. Mon Pere; Chairman of the Board; Alan H. Pierrot; Larry A. Shehadey; Donald J. Peracchi.



VALLICORP OFFICERS - Standing (l. to R): Robert C. Quigley, Exec. VP/Sr. Credit Policy and Review Officer; Sally Noble, VP/ Human Resources; Diane L. Decker, VP/Investor Relations; David E. Hooston, Sr. VP/CFO. Seated (l. to R): John W. Brocks, Jr., Pres. and CEO.; Elmer Bud Richter, Director of Investor Relations.



## Bank of Fresno

MEMO TO: To All Employees

DATE: 9/20/90

COPIES TO:

FROM: John W. Brocks

---

SUBJECT: Resignation Robert C. Quigley

It is with mixed feelings that I announce the resignation of Robert C. Quigley from ValliCorp Holdings, Inc. and Bank of Fresno, effective on October 5, 1990.

I am pleased, however, to announce that Bob has accepted an offer to open a new bank as President and Chief Executive Officer, which is a great opportunity for Bob. This proposed bank is located in Oakdale, California, a small community east of Modesto. Bob feels that the challenge of a new bank and the lifestyle opportunities afforded in Oakdale are extremely attractive.

Bob joined Fresno Bank of Commerce in May of 1987 as President and CEO. At that time, one of his major roles was to improve the loan portfolio and establish loan policies and procedures. It was through his diligence and knowledge in this area that FBOC's portfolio was greatly improved. Bob also played an integral part in the consolidation of Bank of Fresno and Fresno Bank of Commerce. Since the merger, he has helped to implement those same lending practices and policies into the Bank of Fresno system. It is, in part, through his efforts that we have a very clean portfolio and very low loan losses.

Over the last ten months, Bob has served the Company as Executive Vice President/Senior Credit Policy and Review Officer and has established a new niche market in loan participations with other local banks. This has been a valuable contribution to the Company.

ValliCorp Holdings, Inc. and Bank of Fresno will certainly feel the loss of such a knowledgeable and fine person.

Please join us at a reception to honor Bob on Thursday, October 4, at the Airport Branch. We will commence the reception at 5:00 p.m.

CHAPTER TWENTY-FOUR  
My Banking Career  
Oak Valley Community Bank  
(Oakdale, CA 1990-1991)

Today was Monday October 12, 1990, my 47<sup>th</sup> wedding anniversary. I arrived in Oakdale after a leisurely 85 mile drive from Sacramento and checked into the then new Ramada Inn.

Dave Gaber (consultant) and the nine bank organizers had rented a small storefront office at 730 East F Street as the in-organization site of the future “Oak Valley Community Bank” (“Oak Valley”). My first week was to be one of principally getting-my-feet-wet, so to speak. I toured Oakdale, met our organizers and begin to prepare a plan to: (1) organize a bank from scratch, 2) seek regulator approval, 3) select a site, and 4) hire a staff.

Here I was, metaphorically speaking with brush and paint in hand and a blank canvas. I won't bore you my readers with the details, but we had a zillion things to do. We?, well Raymond (Ray) Esslinger and myself were the sole employees of our bank to be. He had previously been hired by the banker from Yreka, Ca. originally hired as CEO to form Oak Valley, but was sidelined by injuries from an auto accident. He and Ray knew each other while working together at the statewide Crocker Bank, prior to that bank's acquisition by Wells Fargo Bank. Ray was a former branch manager who didn't survive the merger when 5,700 jobs were eliminated as well as seventy domestic branches. Ray's specialty was commercial and consumer loans, so he was brought into Oakdale to be second in command and in charge of lending.

My blank canvas began to take shape with Dave Gaber's help. We were hoping to put together an organization in about four months, i.e. select an office site, hire a staff, sell \$3.5 million in common stock, write lending, operating and administrative policies and above all seek and be approved with a charter by the California State Banking Department (State), the Federal Reserve (Fed) and the Federal Deposit Insurance Corp (FDIC).

Our market area was a series of small agricultural communities located in the great San Joaquin Valley at the western base of the Sierra Nevada Mountains. The communities were Oakdale, Waterford, Riverbank, Escalon and Knights Ferry. I remember old United California Bank marketing this area from their Oakdale Branch with but a single prime competitor, i.e. the Bank of America. It was now up to us to convince the Banking Regulators that this region could also support a small regional independent bank in this

rather static banking market. Our applications would contain a detailed marketing plan with emphasis upon small business and retail banking.

Dolly and I in February of 1990 had just moved to our newly constructed home near Sacramento, Ca. in the beautiful 36 hole golf and gate guarded community of Rancho Murieta. At the time I was also separately renting an apartment in Fresno, Ca. while finishing my assignment as a loan consultant to the ValliCorp Holding Company in Fresno.

I had left Fresno on 10/9/90 to commence my new endeavour in Oakdale. I then rented an apartment at 1985 Ponderosa Dr. in Oakdale and commuted the 80 miles on weekends back to Rancho Murieta.

Ray worked on the regulatory applications with the assistance of Dave Gaber. They did an excellent job and we received the State's approval in late November, subject to selling our stock and receiving Federal Reserve and FDIC approvals.

I centered my activities with site location and the marketing plans for the sale of the \$3.5 million stock offering.

Julie Haidlen, the wife of our director Tom Haidlen had a local decorating business. She was to help me lease a shell building at 125N 3<sup>rd</sup> St. Our architect worked with the landlord and he built about a six thousand square foot bank to our specifications. My years of administering bank branches in three western states helped us to design a very workable floor plan with two private offices, an easily approachable new accounts area, a walk-in vault and an outside walk-up night depository. Parking was adequate and we were easily accessible to the highway linking Modesto, the San Francisco Bay area and Sonora in the western Sierras.

Gaber and myself were simultaneously drafting a \$3.0 to \$4.0 million stock sale program. Our directors were to invest \$100,000 apiece and Ray and I each \$10,000. The balance at \$10 per share would be sold to individuals and businesses throughout our market area. We planned a 90 day sale period to culminate in January and hoped to open by February of 1991.

At the height of our activities Dave Gaber was killed in a tragic car accident on the San Francisco Golden Gate Bridge... He was the linch-pin or key to our activities. He knew the players at the Regulatory Agencies and with his backing we had some credence. He also knew the legal and bond contacts we would need to pull-off the initial stock offering... Well, sometimes your guardian angel hops in from nowhere. At our rural community coffee klatches, where we gave our spiel and attempted to lineup interest in our soon-to-be stock offering, a small almost gnomish fellow appeared at meeting-after-

meeting. He would later introduce himself as R.W. (I believe in recollection “Rick” Steiner of Pleasant Hill (San Francisco Bay area). He did the type of thing that Gaber had done for small Community Banks and Savings and Loan Associations. We listened and bought his message. He recommended changing our Oak Tree emblem to the beautiful and green colored tree, got us listed in the Dahlgren Reports (see appendix) and arranged for us to work with Sutro & Co. for our stock sale.

I remember December, January and February as months of real work. About three community sales meetings each week over coffee and cake to make our stock sale pitch. We became quite proficient at the public appeal meetings. My life-long public speaking experience helped immensely. Stock purchasers were referred to Sutro & Co. and we slowly climbed the scale to \$3.0 million, but boy, was the last \$500,000 to the \$3.5 million goal hard! Throughout our organizers (directors) were heavily involved. We had some difficulties as the Federal Reserve had some past misinformation about me... probably easily understandable given the junk credits I worked with in Hobbs, N.M. and more recently in Fresno, Ca.. Roger Schrimp, our Modesto director was a first rate attorney. He helped me in face-to-face visits with the Federal Reserve in San Francisco to break thru the log jam. We received their approval of me and then the bank in February 1991. The bank’s approval from the Federal Deposit Insurance Corp followed shortly thereafter as a matter of course.

We did sell almost \$3.5 million in common stock. Ray and I wrote all of the required bank policies. We hired Denise Tillery as our bank Cashier, Virgil Thompson as Marketing Officer and three others as tellers, new accounts clerk and secretary.

Our nine directors brought to the bank a diverse background throughout our marketing territory. They were: Robert (Bob) Bruncker, an Oakdale cattle rancher; James (Jay) Gilbert, a grain storage executive from Oakdale; Tom Haidlen, the Oakdale Ford dealer; Barry Jett, manager of a local family fire truck manufacturer; Arne Knudsen, an Oakdale agriculture processor; Romain Schonhoff, Modesto CPA; Roger Schrimp, Modesto Attorney; Richard Vaughan, Waterford agricultural bulb grower, Gil Wymond, owner-operator of five Burger King fast food stores and myself as President and Chief Executive Officer (C.E.O.). This group exclusive of me had been attempting for years to form a local bank and were now on the brink of achieving their goal.

The nine outside directors separately chaired and filled the necessary committees with which to work with the regulators. We had a real community Board representing Oakdale, Modesto, Waterford, Riverbank and Knights Ferry. They also represented agriculture (growers, processors and suppliers); accounting; law; auto/truck sales and service and franchise food service. It was a distinct pleasure to serve as their initial president and chief executive officer (CEO).

Around Christmas, 1990 it became apparent that Dolly and I would both have to move and reside in Oakdale to pull off the image of heading a community bank. Dear readers, you are aware of the love and planning that we two gypsies had put into selecting, designing and then building our beautiful house in Rancho Murieta. This was to be ultimately our retirement castle!!.. Don't forget that by now I was already sixty-one years old. Dolly and I discussed this at great length. She did not want to move permanently to Oakdale, but would consider an alternative. We had visited Florida, in both 1979 and 1982 while scouting overall out options for retirement and finally decided to build at Rancho Murieta... So, now, we made the decision to sell in Rancho Murieta and move to Oakdale into my existing rental apartment at 1985 Ponderosa Dr. We would then begin to evaluate the Florida opportunities over the next few years. We listed our Rancho Murieta home in February 1991 and sold to a couple moving from New York... just one year to the month after moving in. Poor Dolly!!! Our Rancho Murieta property was to be a once-in-a-lifetime experience. We had purchased a vacant lot, designed a house, obtained permits, contracted with a custom builder and built a beautiful home. Our total investment of \$250,000 turned out to be the 1991 sales price... In today's (2011) market probably a \$600,000 residence... So, this in one respect was to be our high water mark in a lifetime of purchasing and selling our private residences. More about this later on.

Dolly did move to Oakdale after the February sale at Rancho Murieta. Prior to that she was here for most of our sales gatherings and was a terrific aide.

The bank building was finished and furnished on schedule. It was beautiful and a positive addition to the Oakdale working community. We were poised for our grand opening on May 28,1991.

One last review of the economic times of 1991 and then onward with Oak Valley Community Bank. Our country was in the late phases of a traumatic recession. Three thousand banks and thrifts had failed in the preceding 10 years. We were coming out of a period of double digit inflation. Banks and thrifts were learning about mismatches in their investments, i.e. borrowing (deposit maturities) short and lending long. More about this and the newly coined investment anomaly called "Derivatives" as we unravel the future in this chronology.

I asked Joseph Shubert of Ernst & Young (accountants) in Fresno to be our outside accounting firm. The internal actual book-keeping was provided by wire hook up to a subsidiary of City National Bank, our correspondent bank in Los Angeles... we were taking advantage of the wonderful new world of electronic services by telephone... something unheard of prior to the 1980's!

We opened our doors on May 28, 1991 with the concept of providing “old fashioned banking. Bob Stewart of the R.L. Stewart Insurance Agency was our first customer. He had been a big booster in the events leading up to our opening. Bob was a personal friend of Virgil Thompson.

To be honest, I had progressed with larger organizations to the point of principally “overseeing” the actual work performed by others; so the “hands on approach” took me back about thirty years in my working career. At the same time it was fun. Ray and I were the sole lenders. I formed a rapport with the Modesto Office of the Federal Farmers Home Administration (FNMA) and commenced using their loan guarantee program in starting a new dairy operation and a couple of seasonal orchard loans in almonds. At the time the Hershey Chocolate Plant in Oakdale (since closed) bought from numerous almond growers in the area.

We were determined to avoid the exposure of mismatching our investments (loans) and the supporting borrowings to us (deposits). A friend in Booker, Texas had lost a wonderful community bank by financing a burgeoning long maturity loan portfolio with large (Jumbo) short maturity certificates of deposit (CD’s). As the economy collapsed in the late 1980’s, the CD’s were cashed in and the bank, facing a liquidity crisis, failed.

Our goal, therefore, was to attract so-called “core deposits”, i.e. checking and saving in amounts less than \$100,000 each and to sell long-term loans and attract government guarantees, e.g. FNMA and Small Business Administration.

It’s more than a little scary to start a new business. You start with some seed money to cover startup expenses, make and follow a plan and then lose money as you reach to obtain enough loans and deposits to “break-even”. Our goal for this monthly break-even was late 1993. In actuality the bank was to achieve monthly profitability by December 1992. This was in reality some record of accomplishment!!

I could put my reading audience to sleep by reciting the monthly achievements of a startup bank. Much goes in to this effort to achieve. First, monthly profitability and ultimately annual and ongoing fiscal success. Unfortunately, I didn’t retain a financial statement at opening day. A simplistic remembrance can be garnered from notes to the 12-31-91 first year statement. We had accumulated a “loss” of \$295,782 from the date of incorporation on June 12, 1990 through the commencement of bank operations on May 28, 1991. Then operating losses of \$373,099 were sustained during the period May 28, 1991 to December 31, 1991 and an additional \$254,775 to December 31, 1992. My handy calculator totals this as \$923,656 or about one-fourth of our starting capital from our stock sale... Total assets were \$12.5 million on 12/31/91 and \$22.9 million by the end of 1992 (21 months after opening).



My file subsequently reports that assets grew to \$100 million in 1998... This marvelous growth was due in large part to the vision of my successor as CEO, Ron Martin in merging two small banks in the mountains east of Oakdale into OVCB and opening new (de novo) offices in Modesto and Stockton. More about this in a few pages, but first the early 1992 decision of the Quigleys.

I by now (late 1991), had accomplished what I had set out to do. First, an orderly departure from Fresno and the merger. Second, the organization, approval and successful startup of Oak Valley Community Bank. I was now 63 years old and wanted out of day-to-day operations. My lifelong love of golf assisted in luring me to take another look at Florida. I had been there three times; first, to evaluate a Citicorp Personnel Program while at United Calif. Bank in 1976, second with Bruce and Kevin in 1978 and finally with Dolly in the early 80's. We liked what we saw, so went back in late 1991 for a serious reconnoiter.

Uncle Frank Quigley had died in 1991. He and aunt Betty had previously visited with us in Fort Meyers, Fl. We asked Betty to join us in the further exploration of Florida's west coast from southern Naples to Tampa in the north. Florida had sustained a major real estate recession in the late 1980's. Our previous favorite near Fort Meyers had never gotten off the ground, in fact only nine of the eighteen golf holes were built (remember in an earlier chapter my requesting a copy of the "Covenants, Conditions & Restrictions" (C.C. & R's), which in small print alluded to the right of nine instead of 18 holes of golf at the developer's choice... This time we kept returning to Sun City Center, a community of single level garden condominiums located 27 miles south of Tampa, Fl. A Chicago developer, Hoffman, had taken this partially developed community from an earlier bankruptcy sale and was developing a delightful gate-guarded community around the three nine-hole courses... After many days of look-see we noted that we kept coming back to Sun City Center and zeroed in on a delightful two-bedroom one story condominium. Our choice had been finished for another party with many upgrades. We purchased 642 McDaniel on 11-7-91 for \$98,000, installed rollup hurricane shutters and were prepared to leave it unoccupied for perhaps a year, awaiting our final retirement move. As we flew west to Oakdale we were to ask ourselves and commit to "why not now?".

So, upon our return to Oakdale I informed a shocked group of directors at their Oct 15, 1991 Board Meeting of our decision. From the beginning I had indicated that my commitment was short-term, i.e. organize, startup, find a successor and leave. Somehow in life, particularly when things are going well, original intents are forgotten or at least down-played...

The success of our bank had attracted banking consultants of various types; all eager to further assist. Dave Alford, Principal of the Alford Dahl Group, stood out and we gave him the opportunity. He organized a first-rate professional head hunter operation to look for my successor. We found him in the image of Ron Martin. Ron lived in Chico, California about 100 miles north of Sacramento in the great Sacramento Valley. Ron, was in his 40's and the successful C.E.O. of a small savings and loan in Chico. He was an accountant who had progressed through the finance side of administration with prior experience in a large Savings & Loan in Sacramento. He penciled out well and instantly developed a rapport with our directors. He was their unanimous choice to succeed me. We decided upon March 31, 1992 as the transfer of leadership date with me available for one year from that date by phone in Florida.

Today (2011) Ron is positioning himself for retirement. He currently heads an Oak Valley Community Bank of about \$300 million in total assets. It has expanded by merger and new (de novo) office development into Modesto, Stockton, Sonora, Turlock and various locations throughout the eastern slope of the Sierra's.

Ron's selection and arrival went better than expected. I was able to move-up my retirement date to March 17, 1992. We then prepared to make the big lifetime move to retirement and Florida.

Before retirement let me bring my readers up-to-date concerning family and personal matters. Dolly and I had left my Dad in an Assisted Living Home in Fresno when we moved to Rancho Murieta near Sacramento in 1991. I visited with him regularly as we decided he would not receive the same level of care in Oakdale. By then (1991) dad at 86 was quite out of day-to-date events. When visited the conversation was always initiated by the visitor. Dad had become quite frail and even forgetful about reading, his prime passion throughout life.

Brother Bill had lost his wife, Pat, in a horrible house fire in 1991. By now (late 1991) his house was repaired and Bill volunteered to take Dad back to Connecticut to live with Bill's daughter, Morna and her child at Dad's repaired home. Morna took care of Dad for a little less than a year. Shortly after our April move to Florida, Dad died on May 10, 1992. I flew from Florida to Conn. for the funeral and helped to close Dad's affairs. Our father helped Bill and I to achieve what success we had in life. His selfless toil in two jobs throughout the great depression and world war two permitted us our education and to receive the benefit throughout of his scholastic guidance. I dearly loved my wonderful father.

Our children migrated during this era back to California. Bruce and Paula left Roswell, New Mexico and ultimately returned to Sacramento, Calif. after a brief stay in Phoenix,

Arizona. Bruce worked for Stockman's Bank, a local community bank just starting out like my Oak Valley Community Bank. Paula started a management career with Seven Eleven Corporation. Later, in Sacramento Bruce got into the personal investment side of banking; a new and burgeoning field. He would eventually leave to work for AIG (American International Group) and this continues to this day. Sam Deguara established a career with the City of Sacramento and Susan with El Dorado County in Placerville, Calif. Kevin Quigley married Nadine Gutierrez in Santa Fe, New Mexico. She established a career with the Citicorp's retail banking arm, first in Santa Fe and later Albuquerque. Kevin finished his junior college education in Hobbs, N.M., tried the retail side of business with K-Mart and others; but finally struck gold when he became a Corrections Officer (CO) with the New Mexico Penitentiary System.

Dolly and I purchased a new 1992 Ford Explorer SUV from our Director's Ford Store in Oakdale. We fitted it out for our move to Sun City Center, Florida. Well, we all experience this if we live and work long enough, i.e. ... RETIREMENT!

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## REPRISAL

*Mission accomplished! My experiences over a lifetime and contacts made afforded me the opportunity of building a successful community bank from scratch. Wouldn't this have pleased Slim Quilter way back in Stanford days as a case method project?*

*My work life began way back in Lincoln, Nebraska with paper routes, magazine sales, and caddying at the Lincoln Country Club. As I progressed as a youngster, I had my Social Security Card at age fourteen and worked steadily while in high school and college. I really entered the work force at age twenty-two in the U.S. Navy. I couldn't have attended graduate school at Stanford without two part-time jobs to add to my Dolly's librarian job at Dalmo Victor. Then there was thirty-five years in banking. So, you see that the work ethic was well engrained in yours truly. Now to retire and do nothing was unthinkable. You'll see as you read on that both Dolly and myself were busy-busy-busy in retirement on a pro-bono basis to always help others. We were to be well taken care of during the years ahead.*

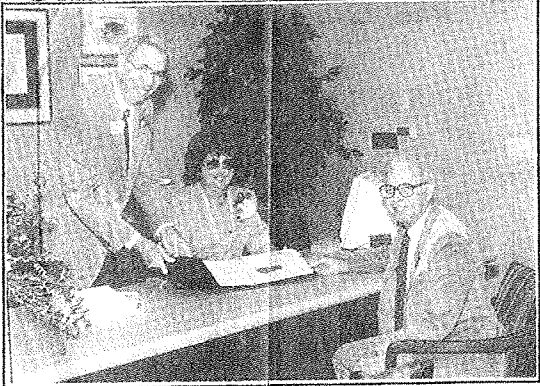


**BOB & DOLLY AND SELECT  
DIRECTORS FROM THE NEW  
OAK VALLEY COMMUNITY BANK  
1991**



**OAK VALLEY COMMUNITY BANK**


Now Open



Bob Quigley,  
President and  
Chief Executive  
Officer and  
Beverly Goodner,  
Customer Service  
Representative  
of Oak Valley  
Community Bank  
welcome the bank's  
first customer...  
Bob Stewart of  
R.L. Stewart  
Insurance Agency  
of Oakdale

*We're Your Community Bank. Come visit our new  
offices and find out for yourself what makes  
Oak Valley Community Bank the right bank for you.*

125 N. Third Avenue  
Oakdale \* 848-2265

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**OAK VALLEY COMMUNITY BANK**

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ROBERT C. QUIGLEY  
PRESIDENT & CHIEF EXECUTIVE OFFICER

March 17, 1992

The Board of Directors  
Oak Valley Community Bank  
125 North Third Avenue  
Oakdale, CA 95361

Re: Resignation of Robert C. Quigley as Director,  
President & CEO of OVCB

Gentlemen:

At the Board Meeting on October 15, 1991 I informed you of my decision to resign as Director, President & Chief Executive Officer of Oak Valley Community Bank. Actually, my announcement was intended to provide six months notice so that the Bank could undertake an orderly replacement program.

This letter will reconfirm my intent to resign the aforementioned position effective immediately. This has been made possible by your selection of Ronald C. Martin as my replacement. He will be voted upon this afternoon as my successor. I will remain to assist him through March 31, 1992, but not as an officer of the bank. It is my intent to execute a consulting contract with the Bank for one year at a nominal fee, and to assist Ron Martin full-time in that capacity April 1 through 20 and then on an "as available" basis from my home base in Sun City Center, Florida.

This has been the crowning achievement to a thirty-five year career; actually creating and establishing the base for a commercial bank! I have enjoyed the personal and business relationship with each director, the management group and staff members. I would have liked to see this through to the break-even point, but believe the full-time involvement would only prove detrimental to my personal health.

I wish all of you the best and continued success.

Kindest personal regards,

Sincerely,

*Bob*

Robert C. Quigley  
RCQ/bh

cc: RCQs personnel file  
Barry Jett

# Ribbon cutting



Oak Valley Community Bank celebrated its official opening Friday, May 31. Pictured (l to r) are: Senior Vice President Ramon Esslinger, President and CEO Bob Quigley, Founder and Director Barry Jett, Chamber of Commerce President John Rowell, Mayor Elmo Garcia, and Vice President Virgil Thompson.



**OAK VALLEY COMMUNITY BANK**

IN ORGANIZATION

**ROBERT C. QUIGLEY**  
President & Chief Executive Officer

730 EAST F ST., SUITE F • OAKDALE, CA 95361 • (209) 848-2265

# Oak Valley Community Bank

## Balance Sheet

December 31, 1991

<b>FIRST ANNUAL REPORT AFTER 7 MONTHS OF OPERATION</b>
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<b>Assets</b>	
Cash and non-interest bearing deposits in other banks	\$ 683,599
Federal funds sold	<u>900,000</u>
Total cash and cash equivalents	1,583,599
Time deposits in other financial institutions	100,000
Investment securities (approximate market value of \$4,238,949)	4,124,204
Loans:	
Real estate	3,983,136
Commercial	1,594,442
Installment and other	<u>538,382</u>
Total loans	6,115,960
Less:	
Allowance for loan losses	<u>62,100</u>
Net loans	6,053,860
Bank premises and equipment, net	416,110
Other assets	<u>212,776</u>
	<u><u>\$12,490,549</u></u>
 <b>Liabilities and Shareholders' Equity</b>	
Liabilities:	
Deposits:	
Non-interest bearing demand	\$ 1,204,112
Interest bearing:	
Savings and Negotiable Orders of Withdrawal	3,696,022
Time, under \$100,000	2,228,937
Time, \$100,000 and over	<u>2,478,329</u>
Total deposits	9,607,400
Accounts payable and accrued expenses	<u>69,499</u>
Total liabilities	9,676,899
 Shareholders' equity:	
Preferred stock, no par value; 10,000,000 shares authorized, none issued or outstanding	
Common stock, no par value; 10,000,000 shares authorized, 353,793 shares issued and outstanding	2,833,596
Additional paid-in capital	648,935
Accumulated deficit	<u>(668,881)</u>
Total shareholders' equity	<u><u>2,813,650</u></u>
	<u><u>\$12,490,549</u></u>

See accompanying notes.

CHAPTER TWENTY-FIVE  
My Life's Journal  
Retirement  
(1992-2010 & Beyond)

You, my readers are already prepared for the fact that Dolly and I retired in April 1992 and this Journal, started on that date in Florida, and now (September 2010) has reached a holding status... I will add subsequent chapters as supplements, maybe on an annual review basis. Also you should know that the Robert Quigleys have had a difficult time zeroing in on a retirement locale and particular life style. Dolly and I have moved constantly all of our lives. Almost, as if, three years have gone by so let's pack the car and moving crates. In part this is due to our tremendous combined energy output. We rise early on a daily basis and retire early... We by choice are busy, busy each day. Dolly has always been the homemaker and Bob is free with his volunteer work; almost to the level pre-retirement. Also, in retirement we have been physically active... thank the Lord for Bob's interest in golf. Three days a week until the most recent move, but even the one to two times per week on regulation-size courses. We have always been active in practicing our faith. Bob has enjoyed the opportunities of working with the Finance Committees of Del Webb's retirement communities in California, Arizona and Florida. He chaired a special committee in Sun City Roseville, Ca. which organized the policies, practices and systems of the 180 personnel Recreation Management System. The overall Del Webb Organization sat in on our working sessions and adopted many of the policies and practices for their nation-wide senior retirement communities. A copy of this "Sun City Roseville – 2000" is included in an attached Appendix.

More recently Bob was a Board Member & Treasurer of our \$3.5 million annual budget Homeowner's Assoc. (219 condo units) and worked with their paid management staff of eighty FTE (full-time equivalent).

So, dear readers I don't see the benefit of dragging our retirement years out further, except to comment that the 18 years have been fun and we continue to enjoy good health and are so fortunate... We moved so much in our working life and through such periods of economic uncertainties that we never really were positioned to plan for retirement. We did cover the big bases, but never amassed the big home equity increases realized by many of our peers and subordinates at work who stayed put. Maybe, in part it was offset by a higher wage scale to retirement and the fortunate position of receiving a fixed annual income for life (defined benefit program), which covers both Dolly and myself. The negative is that it's not indexed for inflation and until two years ago that was some negative!!!



Finally, some important catchup dates and reference: Earlier chapters welcomed grand babies Christopher and Sean Deguara. Deric Quigley joined the Bruce/Paula household on October 3, 1992 and his sister, Molly Jane on March 31, 1998. We have only had contact during periodic California visits; however, our recent permanent return to Sacramento (May 2010) affords the opportunity of permanent catchup. Deric is now a college freshman and Molly's in junior high. Our son, Kevin, married Nadine Gutierrez on May 15, 1993. They welcomed darling Shaylene on Aug 2, 1997. She is presently an eighth grader. Her brother Brandon, joined the crowd on April 11, 2001. We visit Albuquerque and the Kevin Quigleys each fall and are currently looking forward to the October 2010 trip.

Who says it isn't a small world? Brother Bill has nurtured his childhood friendship and relationship with Walter Murphy. Walter remains a terrific golfer as is my brother, Bill. Walter shared two updates with me when we last played golf together in Florida. First, he updated me on sister Joan. Remember my crush as a high school senior and college freshie? Joan married a judge in Akron, Ohio, had four sons and died in 2000. Walter's wife, also Joan, was a classmate of my brother Danny at Blessed Sacrament Parochial School in Washington, D.C.

I have missed many events and the personalities involved. However, when you start playing catch-up with unrecorded remembrances, that's what happens. Remember, this throughout has been my story from my viewpoint, aimed to not embellish. I have really enjoyed this exercise and who in reality wouldn't? Free wheel for a moment about your life and your remembrances. I do so love my family, both near and extended. In summarizing, I ran across a real neat word and its definition... More than anything this is the challenge to not only religion but many other guiding principles:

#### FAITH

*A firm belief in something for which there is no proof.*

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Robert C. Quigley  
September 2011



## **Sun City Roseville 2000**

By Bob Quigley, Chairperson, Management Implementation Committee

Sun City Roseville Community Association (SCRCA) was chartered March 14, 1994, by the Del Webb Corporation. Since inception it has operated under the direction of a Board of Directors and been administered by a paid, professional staff. The developer, until a majority resident Board of Directors was installed last August, controlled SCRCA.

The transition planning process of 1998 was a resident directed effort to assess the positives and negatives of our community, much like a due diligence review performed in business attendant with a proposed acquisition. Following this effort, the Board created a study committee to consider the future administrative choices for our Association. After evaluating the alternatives of: 1) remaining with the Del Webb Management Company, 2) selecting a local or national professional management co., or 3) assuming ourselves the management function with the existing professional staff and executive director, the Board chose the latter and formed a Management Implementation Committee (MIC) to accomplish this change by December 31, 1999.

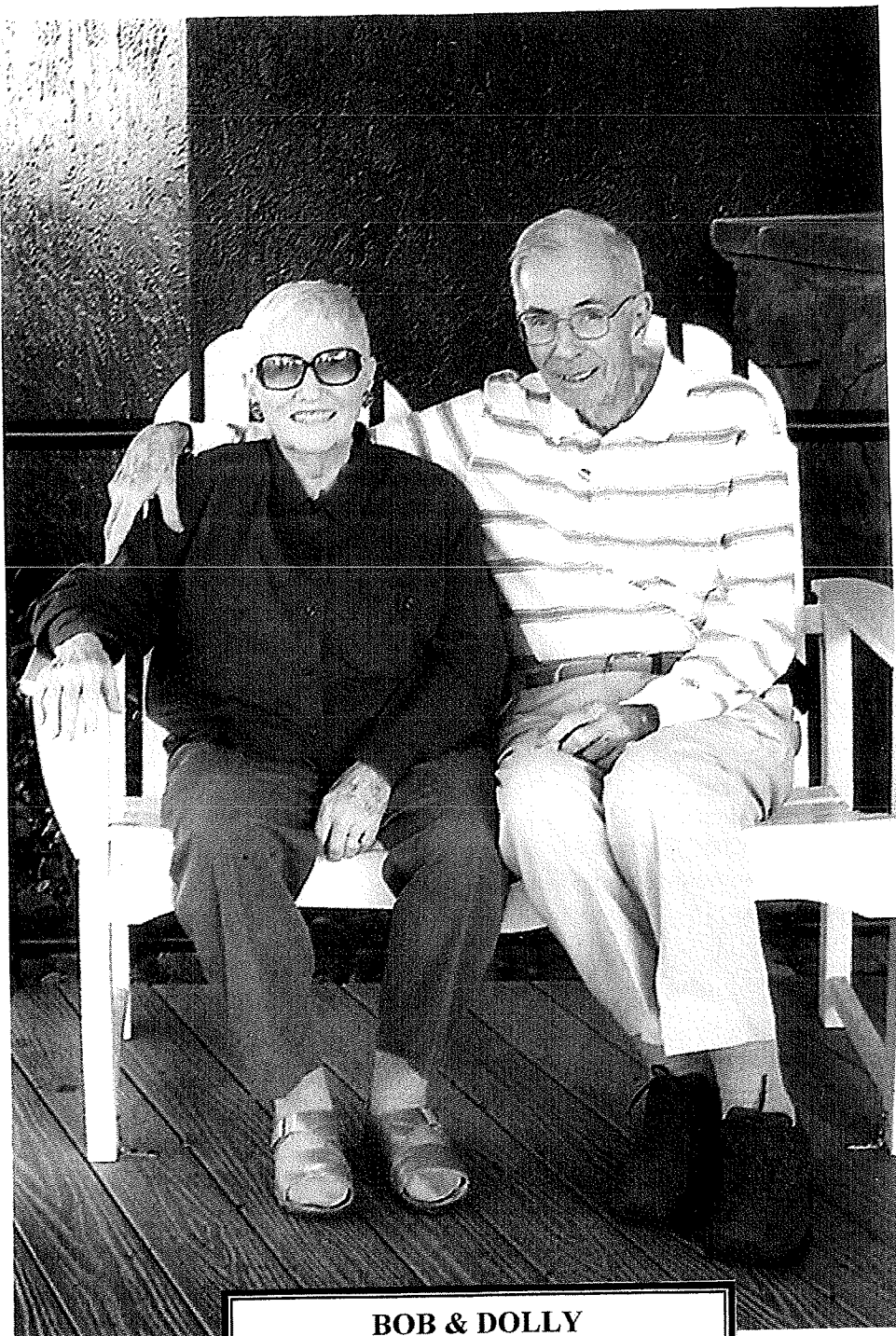
I was selected to chair MIC and formed a committee made up of 13 of our residents. We commenced weekly public meetings in early July and have completed our task by December 31, 1999, on time, on budget and with full disclosure to the Board and resident community. The latter will be accomplished at an open resident forum in the Lodge Ballroom on January 14<sup>th</sup>.

Our assignments were many and the work was principally accomplished through the efforts of sub-committees. My overall committee brought a myriad of professional talents to bear and where necessary, we utilized outside professionals.

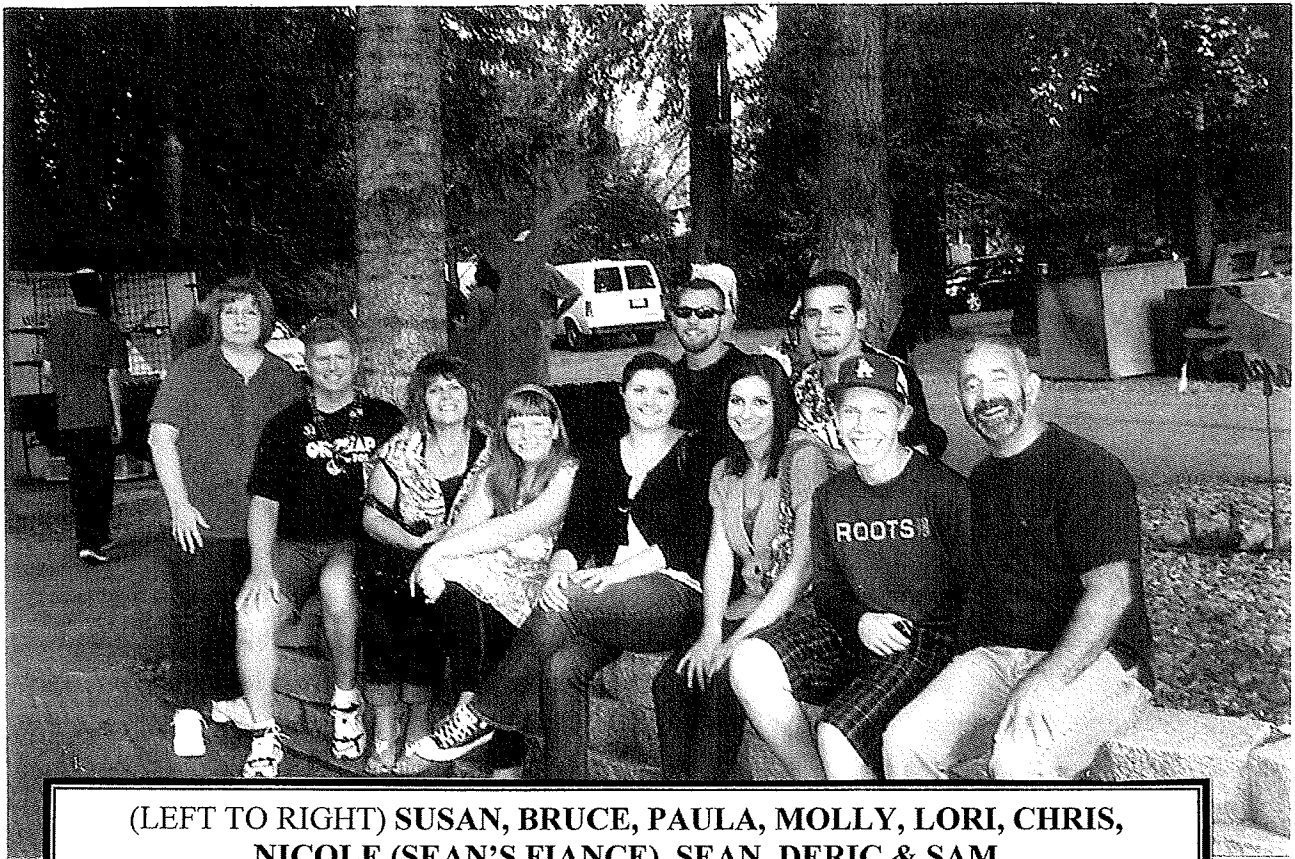
We met three goals:

1. The conversion in all aspects was fairly invisible to employees. At our recent benefits sign up many employees expressed their appreciation for the variety of programs offered to them. The number of signups for the 401(K) retirement program exceeds the number who subscribed through the Del Webb program.
2. The total benefits program costs approximates 24% of gross salaries, which is an industry standard. Our existing fiscal budget covers this large expense category including worker's compensation insurance.
3. Containment of one time MIC costs for consultant, start up H.R. costs and supplies at \$35,625. We have separately indicated to the Board where other YTD budget savings can be utilized to cover these costs.

**SIX MONTHS SUMMARY OF A SUBCOMMITTEE PROJECT  
AT SUN CITY, ROSEVILLE, CA  
DECEMBER 1999**



**BOB & DOLLY  
57<sup>TH</sup> WEDDING ANNIVERSARY  
OCTOBER 12, 2010**



**(LEFT TO RIGHT) SUSAN, BRUCE, PAULA, MOLLY, LORI, CHRIS,  
NICOLE (SEAN'S FIANCE), SEAN, DERIC & SAM  
APPLE HILL 2009**



**(LEFT TO RIGHT) SEAN, NICOLE, SAM, SUSAN, NADINE, BOB, BRANDON,  
PAULA, KEVIN, SHAYLENE, BRUCE, MOLLY, DERIC  
JUNE 2012**

## EPILOGUE

This Journal was started in October, 1992 as a handwritten effort under the guidance of Frank Thomas. Frank was a retired English teacher living in Sun City Center, Florida. This journalistic attempt was ongoing and its drafting survived subsequent moves by the Quigleys to Arizona in 1995, Sacramento, CA in 1997; back to Florida in 2000; once again to Arizona in 2005 and finally to Sacramento in May, 2010. Home at last!

Both Dolly and I enjoyed good health for our age group as we passed through our sixties and then seventies. At all times, we lived in Del Webb active retirement communities and immensely enjoyed the lifestyle. However, by 2010 we realized that we were missing an important part of our lives by only visiting with our children and grandchildren once a year. True, we immensely enjoyed these 7-10 day stays, but wanted more. Also, we were slowing down as we entered our eighties.

We sold our condominium at the El Dorado in Sun City, Arizona, in May 2010. We received our asking price and this slight miracle, i.e., a sale itself and for value was to us more than slight. The major real estate recession of 2008 and beyond had stopped most sales at El Dorado. The individual condominium owners remained responsible for the food and maintenance fee of \$2,000 + monthly and most owners converted their condominiums to rentals.

We returned to Sacramento as renters in the senior retirement community of Carefree Living. So, we were now poised to face the twilight phase of our 57 years together with family. But, God had alternate plans for the Robert Quigleys.

Remember our son Robbie's visit to the circus in 1969, just prior to his death? Well, I finally got Dolly back to Ringling Brother's Circus on September 9, 2010. It was held at the ARCO Convention Center; not far from us in northern Sacramento. Dolly experienced an extreme shortness of breath walking from the car. She had to use the VIP courtesy golf cart to navigate both to and from the auditorium. This from a gal who to this point loved to walk on daily workouts. I next brought her to the hospital emergency room. She underwent extensive tests lasting all day. The diagnosis, subject to confirmation by a bone marrow test, was "Myelodysplastic Syndrome". People with these syndromes have a risk of the disease progressing to "Acute Myeloid Leukemia (AML)", which is a fatal bone marrow malignancy. Dolly was assigned to a wonderful oncologist, Jesse Adams. Dr. Adams met with her on September 22, 2010, to perform the necessary bone marrow test. By coincidence, we then both met with Dr. Adams on October 12<sup>th</sup>, our 57<sup>th</sup> wedding anniversary to hear his test results. He very gently confirmed that Dolly's disease had already advanced to the AML stage. The prognosis: near-term death

unless countered by a successful bone marrow replacement. Even then at her advanced age and in total isolation at the hospital the expectations for positive results would be slim at best... The only alternative would be palliative care at home under the overall direction of a Kaiser Hospice Unit. She, we, asked many questions of Doctor Adams and elected for the palliative care (defined as care at home to delay the inevitable, while keeping the patient pain-free and as comfortable as possible).

Our Hospice Team was Dr. Adams, Nurse Ardys Schimmel, myself, daughter Susan Deguara and son Bruce Quigley. We commenced around the clock care of Dolly at home. This would last for seven weeks until Dolly left us early in the morning of November 30<sup>th</sup>. I couldn't have made it without the selfless help of my two children. Their mother received from them the best hour-to-hour help because it was motivated by love. At times emotions ruled, but our team worked to successfully deliver the palliative care at the highest level.

Dolly was able to use her walker to get around the apartment. She also was able to host enjoyable visits with son, Kevin, and family (Albuquerque) as well as her six grandchildren. Father Kaniseli of our Divine Mercy Parish had become a personal friend on the golf course. He delivered the Sacrament for the Sick, and heard her confession prior to giving my darling Holy Communion.

All of the visits, while taxing, became a source of strength to Dolly. They were wonderful to behold. I must add that I have never met anyone as brave as my Dolly, and as spiritually prepared by Father Kaniseli for life's end and beyond. She and our blessed youngster, Robbie, will surely be waiting for me in Heaven.

Dolly was to finally leave us at 2:30 AM on the morning of November 30, 2010. Just prior to the end, she awoke to look at me and I was able to say goodbye. My heart was broken!

Kevin flew from Albuquerque for the funeral and on December 8<sup>th</sup> Dolly was buried in our crypt at the Sacramento Valley National Cemetery near Dixon, California.

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## REPRISAL

*My story throughout has been replete with details, including this final epilogue. My Journal was to officially end with Chapter 25; however, the Lord intended a different ending detailed in this epilogue.*

*I finished the Journal through the twenty-five chapters by mid-September, 2010. Dolly proofed the entire 25 chapters as written and corrected.*

*This Journal would never have been written, typed and ultimately distributed to family without Dolly's encouragement over fifteen years. It would seem proper to now conclude this effort with its dedication to Dorothea Agnes Quigley; wife and helpmate through 57½ years of a wonderful Christian marriage. I so loved my girl!*

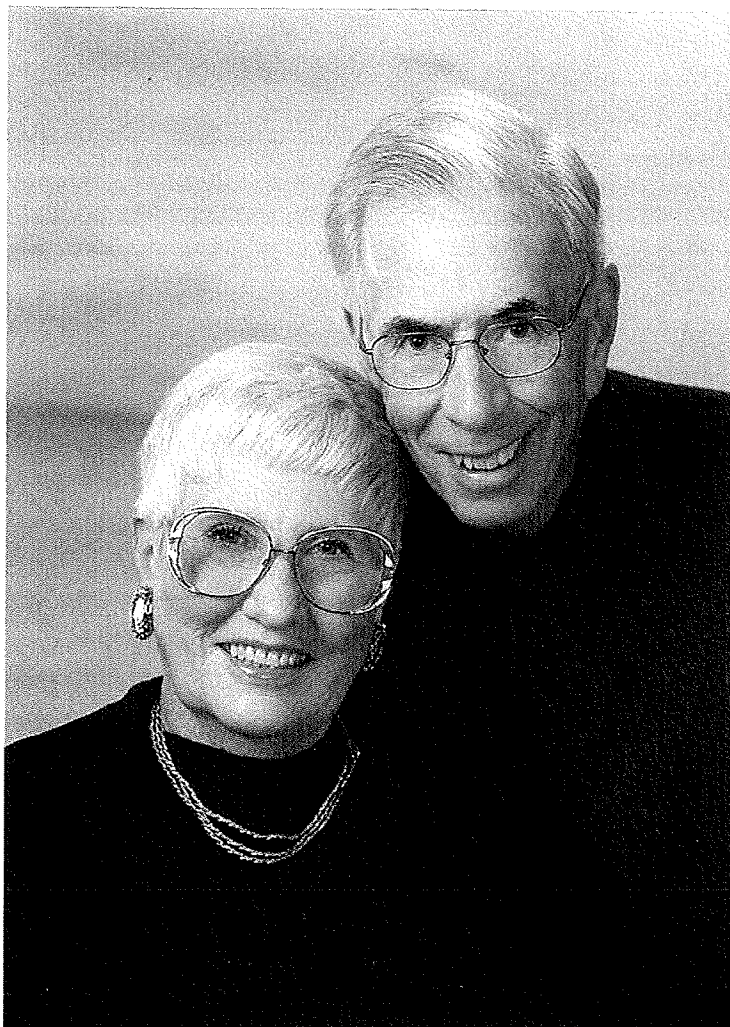
*My children have been wonderful throughout. I can't imagine my successfully handling this loss and change in lifestyle at age 81 (two years ago) in Sun City, Arizona. I'm here in Sacramento with family and we share our interwoven lives weekly, if not more frequently. Bruce, Susan and Kevin, your Mom would be proud and pleased as to how well you are taking care of Dad.*

*After four months, I moved in early 2011 into a Senior Retirement Community (Independent Living). This facility, Golden Pond, takes care of about 50 singles like me and sees that we receive wholesome meals and some follow-up help if needed because of life's frailties. I still drive, play golf and visit with my two families here in Sacramento. Kevin and family are visiting me annually from Albuquerque. Susan Deguara (daughter) is helping me to string this Journal together. A fellow parishioner (Linda Terra) at my new parish, St. John Vianney, has typed the Journal.*

*About a month ago I received the blessed news that Chris and Lori Deguara are expecting their first child, my first great-grandchild, in March 2013.....another chapter of love begins.*

*My hope is that initially all my close relatives, both in California, New York and Virginia, read this Journal. Further, that it become sort of a coffee table source for one man's impression of a family's evolvment over a healthy slice of the time span of this wonderful country. God bless America!*

**BOB & DOLLY QUIGLEY**  
**50<sup>TH</sup> ANNIVERSARY PICTURE**  
**10/12/1953 – 10/12/03**





# THE FAMILY CIRCUS®

By Bill Keane

