

County's strongest bank was no match for Depression

By Rebekah Davis
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A country song from back in the day declares that "somebody told us Wall Street fell, but we were so poor that we couldn't tell."

That may have been true for much of the South, and for many in Limestone County, but for Farmers and Merchants Bank in downtown Athens, Black Tuesday was the beginning of the end for what had been considered one of the country's most stable banks.

B.R. Holbrook and J.N. Howard of Tennessee opened Farmers and Merchants Bank on April Fool's Day, 1909, in the lower floor of the McDaniel Building on the corner of Marion and Washington Streets.

By 1911, the bank had a capital stock of \$60,000 and deposits of \$130,000, and it went on to become the first million-dollar bank in Limestone County. In July 1917, Farmers and Merchants Bank moved to 123 S. Marion St., next door to Ben Jaffe's department store.

As the decade passed, scraps from the local paper painted a picture of a booming business:

- Jan. 11, 1925 – Farmers & Merchants gave a handsome dividend.
- Sept. 17, 1925 – F&M fosters love: Allen Beasley and Pansy Tibbets married on Sept. 9. Both the bride and the groom had worked at F&M Bank.
- Jan. 5, 1928 – The past year had been the most prosperous in the history of F&M Bank.
- April 11, 1929 – The largest bank in the county was F&M, and they had opened an Elkmont branch as well.

Then came Oct. 29, 1929, and the Wall Street crash that sparked the Great Depression. As banks across the country failed, and then banks closer to home shut their doors, it still seemed possible that F&M would hold steady.

That is, until Monday morning, Dec. 14, 1931, when F&M Bank failed to open its doors. The bank's failure sparked a mass meeting the next day at the courthouse, where the crowd clamored to re-open that bank. After all, the people of Limestone County had deposited half a million dollars into F&M Bank, money that was now in frozen loans and real estate that had depreciated heavily. There wasn't much hope that any money would come to the depositors, and the newspaper editor stated that, for the first time in years, he was unable to write a check for any amount.

F&M's closing devastated many in Limestone. A news article of Oct. 12, 1933, featured German native Adolph Boeswetter, who had moved to Limestone 50 years before, built his home and raised four daughters and one son here. Now widowed, he had lost all his money in the bank's failure.

But this story has a hero: Harry Taft, liquidating agent for F&M. On June 14, 1934, he announced that the property of F&M bank would be sold on June 26. The auction included 25 farms, 8 dwellings and 10 business lots, and it apparently was successful: On Jan. 3, 1935, Taft announced that depositors would be paid a 10 percent dividend. The bank had paid all its outstanding notes, and Taft had moved his office from the back of the old bank building to the front.

He had barely settled into his new office when F&M took another hit: Fire broke out in the five-and-dime store on the east side of the square, and the extreme cold and ice prevented firemen from fighting the fire efficiently. The fire caused \$100,000 in damage, and among the stores destroyed were the old F&M building, where Taft still had his office. However, J.E. Gray, L.N. Gilbert and W. Van Gilbert, who had bought the building in June 1934 for \$17,500, planned to rebuild on the corner.

The final chapter of F&M Bank is one of success amid failure: On Aug. 5, 1937, Taft announced that the final dividend of the Farmers & Merchants bank was to be distributed in the fall. At 20 percent, it was double what F&M had originally said it could pay its depositors.

The Farmers and Merchants Bank never did open again, but it still holds a place in Limestone's history as a bank that did what it took to honor its debts, long before the era of the government bailout.

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Established: 1980

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