

STAYING PUT

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The Trust Company of Vermont was founded 13 years ago when eight of us left the Vermont National Bank after its merger with Chittenden Bank. As a result of changes in the banking laws, principally after 1997, banks focused on mergers and consolidations, and our future as employees was threatened. Our response was to form our own company to enable us to remain employed and stay in our communities. We wanted to stay put.

Frank Capra's "It's a Wonderful Life" introduced



me to the concept of staying put in a town like Bedford Falls.

I was only fifteen.

This classic was not well known in the

50's when I first fell in love with this "then" little known movie. When released in 1946, its future potential was not evident in the box office and I suspect that, were it not for a clerical error in 1974 when the copyright was not renewed, the movie would not be the classic that it became¹. The public stations started showing the film freely and often.

The movie is complicated for some. Most see it as uplifting. Some see it as dark. Some see Bailey's Bedford Falls as mythical. One writer in Salon felt that the real Bedford Falls, with or without Bailey², was a terrifying Pottersville, and yet another commentator in Salon declared "Pottersville *rocks!*", adding, "The gauzy, Currier-and-Ives veil Capra drapes over Bedford Falls has prevented viewers from grasping what a tiresome and, frankly, toxic environment it is."³



"It's a Wonderful Life" is a tale of a savings-and-loan manager, George Bailey, who spends his life giving up his big dreams for

the good of his town, Bedford Falls, as we see him in flashback. In the present, he is broken and suicidal over his absent minded Uncle Billy having misplaced \$8,000, found and hidden by the town Banker, Henry Potter, a man motivated solely by money. Fortunately, George's guardian angel arrives just in time, shows George how much he benefited the people in town and saved Bedford Falls from transitioning to the Potter-created Pottersville. The movie ends with a happy George, Mary his wife, his children, the town folks, and 200 million viewers. We have written this synopsis for the ten people in Vermont who have not seen the movie.

George Bailey ~ James Stewart

Mary Hatch ~ Donna Reed

Henry F. Potter ~ Lionel Barrymore

Uncle Billy Bailey ~ Thomas Mitchell

I suppose when something or someone becomes popular, two sides eventually emerge. Perhaps small towns of lore can be suffocating or narrow-minded and movies can have hidden political agendas. In 1947, an FBI memo questioned a "communist" motive when the movie attempted to malign the upper class (Potter).

I think one scene that resonated for me was Peter Bailey's attempt to transfer the Bailey Savings and Loan to his son, George.



Pop: I know it's soon to talk about it.

George: Oh, now Pop, I couldn't. I couldn't face being cooped up for the rest of my life in a shabby little office...Oh, I'm sorry Pop, I didn't mean that, but this business of nickels and dimes and spending all your life trying to figure out how to save three cents on a length of pipe...I'd go crazy. I want to do something big and something important.

Pop: You know, George, I feel that in a small way we are doing something important. Satisfying a fundamental urge. It's deep in the race for a man to want his own roof and walls and fireplace, and we're helping him get those things in our shabby little office.

George Bailey did not want to stay put. I didn't either, at first. Growing up on Long Island in a tract development surrounded by shopping centers, I thought "Bedford Falls" rocked. I felt I was living in Pottersville, and I was not going to stay put. I planned on finding a Bedford Falls, surrounded by farms instead of malls, and then I would stay put.

So I went looking for Bedford Falls. My goal was also to find Mary Hatch, have four kids and a Victorian, and I would stay put. I also wanted to work for

someone like George Bailey. I did not understand the difference between a Bank and a Savings and Loan, nor did I want to become a banker. Fate took its course and I started working in a trust department at the Vermont National Bank. Many of the bankers I met were like Bailey and not Potter. Trust staff are not bankers. They are investment managers. As a trust officer, I continued the process of draining the money away from the community; from the Baileys who wanted to loan money locally.

Our Trust Department was on the second floor. The bankers were on the first floor. Customers who stayed on the first floor tended to invest in CD's and their money stood a good chance of staying in the community. Visit us on the second floor, and their money would flow to GE, IBM and many other corporations, and the money flowed nationally and globally.

That was then. That is also now.

The goal of our managers is to make money for our clients. Their focus is global and, often, on the model of consumerism and sustainability of resources.

And now many of the banks are no longer local. Fortunately, many bankers still reside in our towns and they are critical to the communities that we live in. The communities that are important to us.

One of our goals is to support the economic well-being of our towns. Will the Trust Company of Vermont be creative enough to continue to meet the retirement needs of our clients, using our traditional model, enhanced by investing locally? Time will tell.

In our evaluation, local equity investment will be difficult and complex. Federal and state laws are hurdles facing most local start-ups. Vermont is no

exception. Fixed income, on the other hand, has been tested and easy to integrate. We have good results with the Vermont Community Loan Fund but our managers still do not introduce this program unless the client has shown a willingness to integrate some local investments.

So we are a work in process. Our clients, on the other hand, can make choices. Perhaps some might feel that we are part of a process that sustains Pottersville. Let us know if you would like to invest locally and we will try to support you.

Our staff of 25 reside in towns throughout Vermont. Perhaps they have chosen their Bedford Falls. I chose Brattleboro as my Bedford Falls. And I worry sometimes that Bedford Falls will disappear. Since my arrival several farms have been replaced by shopping centers.

My principal concern now is the Brooks House which has long dominated Brattleboro's downtown.



The Brooks House fire last year threatened our town. Will we become Pottersville?



We need bankers to save Brooks House. We are optimistic that they will show up as Bailey. (Potter is probably a hedge fund trader specializing in "sub-prime mortgages.")



I think I have followed my plan implemented so many years ago:

- ✓ I'm in Bedford Falls, yes, although Brattleboro might not qualify as a Currier-and-Ives setting;
- ✓ Mary Hatch, yes, a bit shorter than Donna Reed but then again I am shorter than Jimmy Stewart;
- ✓ a Victorian, actually Folk Victorian, a bit smaller and probably made from a kit; and
- ✓ two children instead of four, but then again college is very expensive.

Last but not least, I polled the investment managers in our company. I asked which character from the movie I most resembled. Alas, they chose Uncle Billy.



1. In 1993, Republic Pictures, relied on a 1990 U.S. Supreme Court ruling to enforce its claim to the copyright. While the film's copyright had not been renewed, Republic still owned derivative copyrights such as the music score. *It's a Wonderful Life* is now only licensed to NBC.

2. Cohen, Richard. "It's a Wonderful Life": The most terrifying movie ever. *Salon.com*, December 24, 2010.

3. Kamiya, Gary. "All hail Pottersville!" *Salon.com*, December 22, 2001