# PRUDENT WESTERN COMMUNITY BANK, HECKUVA VIEW, VETERAN STAFF

Winnebago banker rolls into Ouray, Colo., and a bank based in former saloon

Dennis Reece, president at Ouray, Colo.’s Citizens State Bank, has an enviable view from the bank’s offices of the countryside surrounding the old town. It’s steeped in western history. The bank’s current headquarters used to be a saloon.

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New to this blog? After he hung up his president hat, bank chairman Larry and Mary Ann decided to sell their house, buy a Winnebago, and see more of America. They are now blogging about what they see about banking for ABA Banking Journal. Read more about the Mariks in “Chairman of the Open Road.”

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The southwestern Colorado community of Ouray, aptly nicknamed the “Switzerland of America.” lies at 7,792 feet among the rugged but staggeringly beautiful San Juans. Two-thirds of the original Victorian structures, lovingly restored by current owners, still survive so Ouray is a charming town set amidst the grandeur of nature.

In the late 1800s, this area attracted miners in search of silver and gold. Mining here meant underground, hard-rock mining. In 1978, the Idarado mine was the last to close. Among other minerals, the mine contained silver and gold, but during World War II large quantities of lead and zinc were mined.

In 1876, when Ouray was incorporated, there were 400 citizens, but by 1880, the population had grown to 2,600. Today, there are 800 permanent residents, but that number swells each summer as vacationers and outdoor enthusiasts come to experience and explore.

The preferred mode of transportation is by jeep or motorcycle. Possessing neither of these, we hiked. …to Box Canyon Falls, to Cascade Falls, and much of the Perimeter Trail. On one of our strolls through the charming downtown, we discovered $83 million-assets Citizens State Bank.

Winnebago banker Larry Marik striding a catwalk through one of the Ouray area’s natural wonders.

Bank with roots as deep as a mine

Dennis E. Reece, President, dressed in the standard laid-back Ouray attire welcomed us into his office. Dennis was originally from Telluride but gained much of his banking experience in Leadville. He has been in Ouray since 1987. Dennis sits on the state banking commission and usually attends by phone. It has become too expensive to fly to Denver once a month for the meetings. The commission is concerned with mergers and acquisitions and new charters.

Citizens State Bank’s roots in Ouray go back to 1913. On June 20 of that year, the Ouray Herald carried a story announcing the formation of a new bank to be named The Home State Bank, and the Certificate of Incorporation was filed on July 10, 1913. Two previous local banks had failed, one due to the Silver Crisis of 1893, so it is commendable that these local citizens had the courage to try once again.

The balcony President Reece stood on in our opening photo can be seen on the left of the bank’s headquarters. The bank and the town are surrounded by mountains.

On August 18, 1913, the Ouray Herald announced “NEW BANK OPENS IN TEN DAYS.” But the name

had changed. The new bank was not to be called the Home State Bank; instead it was to be called Citizens State Bank. The newspaper’s article stated that “the capitalization was increased from ten to fifteen thousand.”

The bank opened for business on 11 days later, in leased space in the Beaumont Hotel. Five years later, the lease had expired, and the bank purchased the two-story brick office block which at the time of purchase housed a saloon. Since the building had served as a saloon, a considerable amount of remodeling was necessary.

Banking “shakeout” on streets of Ouray

There was one other bank in Ouray, the Miners and Merchants Bank. In 1919, Citizens State Bank directors attempted unsuccessfully to purchase it. But three years later, the directors of Miners and Merchants Bank announced their plans to close. The following announcement was placed in the paper.

“For some years it has been evident that Ouray can best be served by a single bank, but because of our long association with the San Juan, we have been reluctant to sever connections with our many old and valued friends in Ouray, whose loyalty past and present has been sincerely appreciated.

“But the fact that we have been obliged regretfully to accept Mr. Charles F. Jordan’s resignation as Cashier so that he may be free to move to a lower altitude required by Mrs. Jordan’s health, has forced us to again consider the advisability of continuing to operate the Miners and Merchants Bank and to decide to liquidate this bank by the first of July, which will give our customers ample time to rearrange their affairs.

“We urge our customers to establish new banking connections to arrange their accounts and discharge their obligations to us as soon as they can conveniently.”

• THE MINERS AND MERCHANTS BANK OF OURAY •

With the closing of Miners and Merchants Bank, the Citizens State Bank became the only bank in Ouray, and for a long time served as the only bank. In 1933 it came under the FDIC.

Citizens State Bank is still privately owned with assets of 86.5 million. Its main office is still in the former saloon in Ouray, but it also has branches in Naturita, Ridgeway, and Silverton. Dennis asked us to stop in to visit the Silverton Branch to take a look at the antique vault door. We did just that the day we took the narrow gauge railroad from Durango to Silverton.

All banks require liquidity, but Citizens State Bank can truthfully say that much of its history has been spent in a bar. That is, early in its history the bank took over a saloon’s space. The original saloon appears above.

As this old photo of the branch interior shows, the architecture was pretty similar way back when, but the service apparently became much less formal.

“We have our own niche for customers. We rarely change personnel. Some of our employees have been with us for 25 or 30 years.,” Dennis said. “We make decisions here. If someone can’t make a payment for a couple of weeks because of something happening in their lives, we work it out.”

Most of the loans in Ouray are commercial real estate. “We require a minimum 25% down on every loan we do,” Dennis says. “We’ve only had two foreclosures in the 24 years I’ve been here.”

The bank enjoys something of a geographical niche, too.

“Ouray is pretty much an international community,” said Dennis. “There are lots of doctors and upper echelon military people here. Ice climbing is getting big, and lots of those people are now buying homes. There are a few homes available but not a flood of them like other places.”

With recreation being an area mainstay, what better item for a local cause to raffle than a Jeep?

We asked Dennis about the economies in the other bank locations. Silverton is mainly shop owners and tourists; Ridgeway is cattle ranching and tourism; Naturita is cattle ranching, uranium mining, and some tourism.

Regulatory relations in mountain country

The FDIC is Citizens regulatory agency. “I’ve told the regulators more than once, it’s (the regulations) out of control. They agree with me,” Dennis says. “Our team comes from Denver. It’s pretty stable; maybe a trainee or two, but it’s the same lead people. We’re pretty consistent. We get lots of compliments from our examiners about compliance and procedures.”

(Mind you, Ouray isn’t a bad place to visit, even if you have to be there to conduct a bank exam, in the right season.)

We asked Dennis about the customer debit card fee. He said, “I’ll be watching that. We’ll discuss it at the next board meeting, but we probably won’t do anything for awhile.”

Bank employee Jessica Frigetto and Citizens State Bank share some roots, she and Dennis Reece, president, told the Winnebago crew. That black-and-white photo on the wall, identical to the one shown earlier in this story, shows her great, great grandfather, David Boyd, who was the bank’s first cashier. The lower black-and-white photo shows Wilma Potter, her great grandmother, and the bank’s first woman teller.

Winnebago touring in God’s country

Dennis said that Citizens State does all of its processing in-house because the roads don’t make couriers practical in the winter. We learned why, through research and personal experience.

In doing some extra research for this installment, we happened upon a blog by PK and Dalton about the Million Dollar Highway:

“The pass is known for being treacherous in the wintertime due to the steep 8% grade (slope) on the north side facing Ouray, though the entire road is paved. At times, (while driving) you may look out your window, if you’re Cliffside, and see no road but only the valley 1,000 plus feet below you. Many switchbacks and tight spots add to the difficulty. Roadside monuments mark where cars, trucks, semis, and snowplows have plunged off the road, resulting in death.”

(Read more of the blog here.)

We’re glad we didn’t read this until after we traveled from Ouray to Silverton in 60+ feet of motor home and tow, which, by the way, doesn’t do hairpins very well.

(Did we mention--there are no guardrails? That’s to facilitate snow removal in the winter.)

The 23.4 miles took us roughly 3.5 hours, but in the few times that we were able to take our eyes off the road, we can assure you that it was breathtakingly beautiful. Fortunately for you, we haven’t included all 700 shots of aspens that Mary Ann took.

Snug bank in the San Juans

Citizens is 98 years old this year and a mainstay in the community. As we soaked in Ouray’s hot springs pool, looking up at the beautiful San Juans that surround Ouray, we couldn’t help agreeing with Dennis that this indeed would be the perfect place to be a banker.

Strong banks build strong communities.

Keep your eyes open for Larry and Mary Ann Marik and their huge Winnebago Journey. If they come to your bank, you just might wind up as their next blog.