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Richmond Fed career: 1957-1999

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INTERVIEWER: So what was your very first, uh, very first job?

BOSTIAN: Uh, back then the titles in the examining department, as it was called, started out with like junior assistant examiner and then assistant examiner, senior assistant and examiner – it was kind of a ladder. And I think new hires are called junior assistant examiner. That's what I got hired at.

INTERVIEWER: And what year was that?

BOSTIAN: Oh, it was probably '58 or something like that. At the end of '58. I think I got out of the Army in late '58. Stopped here on the way back. Um, forgotten the month, could have been November, December.

INTERVIEWER: Now do you remember that first day on the job?

BOSTIAN: Somehow or another I think I almost do. It's like they didn't have anything for me to do. [Laughs] That was in the days of IBM electric typewriters, you know, not computers.

INTERVIEWER: Were you in the building ...

BOSTIAN: That was in the building at Ninth and Main.

INTERVIEWER: Right.

BOSTIAN: And they had a typing pool and so I think the first day, uh, back then, you know, they didn't have computers and word processors like they do today. So they had IBMs and, you know, mistakes were terrible and they didn't want them to go out, a lot of pages in examination reports that

went out and a lot of numbers in them, etc. And so they needed somebody to read back with the typist, read the numbers and stuff on the pages, make sure they had the right ones in there.

INTERVIEWER: So you were sort of proofing as...

BOSTIAN: The first day I remember oh, I'm not sure I'm going to like this job. [Laughs] Because I think I was reading with the typing pool.

INTERVIEWER: Reading the numbers.

BOSTIAN: You learn something.

INTERVIEWER: At the very least I suppose you learned what the forms looked like, that you would soon be...

BOSTIAN: Yeah.

INTERVIEWER: So then did you hit the road as an examiner?

BOSTIAN: Yeah, they had a training program. It was a school up in Washington that you'd go to and then they – pretty much hands-on training for a while. And, uh, you did hit the road right often, especially if you were assistant examiner. Examiners were a little more fortunate, when I got to be in charge of exams, the typical routine was that it'd take a week for most small banks to conduct the examination. And then you're in the office for a week, writing that report up and finishing it up. So the on-the-road travel wasn't quite as strenuous. But if you were assistant examiner, you could be in West Virginia one week and South Carolina the next week.

INTERVIEWER: Oh, did you have a specific territory or did you just go wherever?

BOSTIAN: The Fifth District.

INTERVIEWER: Okay, so the whole thing. Do you have any sort of war stories from those days, your most memorable experiences on the road or anything?

BOSTIAN: From the days of back being an assistant, I'm not sure I can remember any war stories. I think I do remember doing things like being told, although it wasn't scheduled, to be some place at 8:00 Monday morning, and it was way out in the western part of the state, because some bank had failed. And it was sold out over the weekend, to another bank, and they wanted – there was some fraud and it was a state member bank and

that sort of thing and they wanted people in there to get their hands around the thing.

**[00:04:08]**

INTERVIEWER: So did you head down there?

BOSTIAN: Yeah, you had to, over the weekend.

INTERVIEWER: And spent your weekend going over the books.

BOSTIAN: Yeah. So that sort of thing. Sometimes your routine wasn't all that routine.

INTERVIEWER: I wouldn't think so, with all the different personalities and everything. And so how long did you actually work in the examining...

BOSTIAN: I was always in the bank supervision field. You know, at some point. Senior examiner, and then promoted to examining officer. Work sort of evolved to where I was in the office pretty much most of the time, except for meetings with bankers, a few examinations I've had to go out on and things like that.

INTERVIEWER: Now at some point you took time out to get a graduate degree at the Wharton School.

BOSTIAN: Yes. That was in I guess '61, '62. Went back to school for a couple of years.

INTERVIEWER: And then you also spent time at the Board.

BOSTIAN: Uh, yeah, that was, uh, something they did with a few people every now and then, would send – the Board would get people from Reserve Banks and utilize them. I think I was working on applications and that sort of thing up at the Board.

INTERVIEWER: And when you say applications...

BOSTIAN: I mean things that state member banks or bank holding companies had to file for Board of Governors' approval.

INTERVIEWER: Okay. So how long were you up there?

BOSTIAN: I think it was six months, best I remember.

INTERVIEWER: So you went from examiner, and basically climbed that ladder and...

BOSTIAN: Basically just climbed the ladder. Didn't leave.

INTERVIEWER: And can you talk a little bit about the various – at some point you were supervising several different business lines, I guess at different times hopefully, or maybe they were all in the same time, but when your management responsibilities really began to grow.

BOSTIAN: Uh, within the department I did work a lot with bank holding companies. As you call – uh, as far as the Federal Reserve's supervisory functions concerned over the years, in terms of examining banks, it, uh, generally was limited to state banks that were members of the Federal Reserve System. Uh, and most of the larger banks, of course, were national banks.

But then the bank holding company vehicle came along and banks found it advantageous to establish holding companies, um, that would let them participate in some peripheral activities or in the case of Virginia, for example, it let them expand in a manner that was otherwise prohibited, uh, by the statutes in Virginia, so that you couldn't, for example, branch throughout the state. In North Carolina, you could, for example, most of the larger banks were national banks. They operated all through the states. In Virginia you couldn't do that. You could branch like in contiguous counties, uh, they used a holding company vehicle to, uh, expand through affiliation of ownership with other banks throughout the state. And that process, for some of the larger banks, uh, under supervision of the Federal Reserve, in the sense that we had responsibility to the bank holding company.

We had responsibility for, uh, approval of applications for bank holding companies to engage in various activities and non-bank or bank-related activities, uh, as well as to acquire additional banks in the state or wherever they could by law. And so the bank holding company area was one that I had a lot of responsibility for and it kind of grew in the Fifth District. And the larger national banks, like Bank of America now, back then NCNB, or Wachovia, but others had a bank holding company involved in the organization. We had responsibility for that.

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INTERVIEWER: So you really seem to have come along in an interesting time. Your career

spanned an incredible several decades in banking.

BOSTIAN: Uh, yeah, in sort of a way, I was here a long time. [Laughs] So bound to get some interesting things...

INTERVIEWER: Can you think of some specific ways that the whole business of supervision and regulation changed over that time?

BOSTIAN: It really has changed, uh, because as I said before, uh, Federal Reserve, uh, back in early part of my career, sort of had responsibility for state member banks and some international corporations called hedge corporations. And most of the state member banks were relatively small, but over time, uh, through the holding company organization, they became much more involved with larger banking organizations. And, uh, the nature of supervision changed, the focus of it. It shifted to the – that's where the risk is for the System, uh, with the...

INTERVIEWER: With the bank holding companies.

BOSTIAN: For the banking system, as well as System – the emphasis, uh, moved away from the smaller individual bank to the, uh, the larger organizations and the systemic risk that was involved in the banking system.

INTERVIEWER: Can you remember any specific procedures or policies? There must have been hundreds, so you may not be able to highlight just one, but, um, just any specifics that really, um, were put in place to cope with that, whether it was a different sort of application, disclosure kinds of things, or the personnel? You know, I would imagine you probably sent out teams to these banks rather than an individual.

BOSTIAN: Uh, yeah, well, most examinations do involve a team of examiners. Uh, and – but as evolved over time, is a much more constant presence in some of the larger organizations. Um, I didn't particularly like the idea of resident examiners, but that's sort of the way that the Federal Reserve has moved.

Uh, from time to time we had studied the idea of opening an office of supervision in Charlotte. And we never could quite justify – there weren't that many state member banks down that way. And then about the time that, uh, NCNB and Bank of America, uh, got together, we decided it was time.

INTERVIEWER: That was in the early 1990s?

BOSTIAN: And so we opened up an office, bank supervision, at the Charlotte branch. And so they were pretty much – much more hands-on. They were involved in the larger organizations on a much more frequent basis than the typical examination of a smaller bank, that you examine it for a week or so, week or two, and come back and everything's okay and don't see them for a long time. Uh, but in the case of organizations like Bank of America, uh, Wachovia, that sort of thing, you had examiners in Charlotte who spent a good deal of time in those organizations on a continuing basis.

**[00:12:40]**

INTERVIEWER: I guess in banking there probably always are going to be exciting times. But you certainly were here during some difficult times of the '80s, the early '80s, the interest rate spikes, the S&L crisis.

BOSTIAN: S&L crisis.

INTERVIEWER: And what can you recall from those?

BOSTIAN: Not too much except, uh, it's things like that that you're sort of glad you can forget, you know what I mean? Long hours in the war room, which was, uh...

INTERVIEWER: Where was that?

BOSTIAN: In this building – I guess, early '80s, it was in this building, uh, I think on the 23rd floor. Uh, over on the downtown expressway side of the building.

That was a place where the centralized headquarters, so to speak, for handling it. And then, of course, we had people in Baltimore as well, but, uh, I remember Bob Black spending a lot of time in that room with us.

INTERVIEWER: And was that during the interest rate spikes or during the S&L crisis?

BOSTIAN: That was the S&L crisis.

INTERVIEWER: And of course, prior to that, there had been the Maryland S&L crisis.

BOSTIAN: That was what I was referring to, yeah, sorry.

INTERVIEWER: That was what you were referring to. And then we had the national debacle.

BOSTIAN: Then we had the national...

INTERVIEWER: So it was more intense with the Maryland one then, it sounds like.

BOSTIAN: It was a – it was on our, uh, face, so to speak. You know. The rest of it, your savings and loan crisis, you think of Texas and California and those localities.

INTERVIEWER: This one was right at home.

BOSTIAN: This was at – Maryland, uh, savings and loan crisis was definitely at home.

INTERVIEWER: And what was the main – what were your duties at that time? I mean, you all were monitoring...

BOSTIAN: We were monitoring and also lending money. Uh, I remember – the discount and credit got involved in that. Some place in my career, and I've forgotten where, but, uh, I had responsibility for discount and credit as well as supervision.

INTERVIEWER: So at the same time. It probably emerged out of that experience – well, that must have been quite...

BOSTIAN: I think it was after that that – I don't know whether it was after that, that I had responsibility for discount and credit, but it was – a good while in my career I did discount and credit and bank supervision, reported to the same person.

INTERVIEWER: Now were there changes to supervision and regulation in the wake of that crisis? I mean, probably you were always tweaking the process.

BOSTIAN: Yeah, things were constantly changing. I don't know that there were any specific changes. If there were, I can't recall. Uh, it was like savings and loans, you know, weren't really our responsibility. And so – until they had a crisis, and then we kind of got into the fray. And so I'm not sure on an ongoing basis that we had to make adjustments because we weren't...

INTERVIEWER: Because you weren't...

BOSTIAN: It wasn't our responsibility to begin with. Except when the thing blew up.

INTERVIEWER: And then it was a matter of the liquidity provision...

BOSTIAN: Yeah.

**[00:16:24]**

INTERVIEWER: That's pretty neat. Because I was going to ask you what you felt like one of your – or more – of your most enduring legacies were.

BOSTIAN: I don't know that I've got any particular legacy. I think that, uh, looking back though, I do feel like I contributed some to the process of bank holding companies expanding in the District. Whether that's for good or bad, but, uh, I was sort of the focal point for bankers in the District, who were utilizing that vehicle, uh...

INTERVIEWER: From the beginning.

BOSTIAN: From the beginning. And, uh, I think we did it on a basis that was consistent with the law and what we were supposed to be doing, but at the same time I think we were trying to be, uh, not exactly helpful to bankers, but at least not, uh, adversarial, so to speak. You know, that's what you want to do, this is the way you do it.

INTERVIEWER: Neutral, but in developing a process...

BOSTIAN: I think, for example, Bob Black always had a – very much a bank relations kind of outlook on things. And I think as far as bank holding companies were concerned, I tried to keep that little aspect of it in mind. Whether that was for good or bad, I don't know. I think we've got a pretty strong bank holding company organization in the Fifth District. In terms of supervision.

INTERVIEWER: And regulation. Yeah, to develop a process for a new – what was essentially a new entity.

Is there anything else you'd like for people to know, other people who are going to be looking at this over the years?

BOSTIAN: Uh, I think looking back, uh, I believe working for the Federal Reserve was a very satisfying career. There're places that probably pay more, but this was a place that, uh, was challenging, uh, rewarding, uh, and, uh, a very interesting place to be. Sort of felt like there was always something different going on and you're close to an organization that I think over





the years has had a lot of respect in the country for what it does. The integrity that it's had. And I certainly hope that, uh, you know, we preserve that and that it continues to be an organization with a great deal of respect for what it does.

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