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Independent Record

SPECIAL INTERNET PREVIEW

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FDIC forces bank switch

by Jonathan Green

The besieged Bank of Wyoming was closed Friday and re-opened Saturday as a branch of Central Bank & Trust Co. of Lander.

About 80 employees and contractors from the Federal Deposit Insurance Corporation (FDIC) descended on the bank at 5 p.m., according to Richard Schmalzer, regional FDIC ombudsman.

Additional people on scene included Central Bank officers and staff. Plainclothes private security guards from Jackson were patrolling the area.

Schmalzer said FDIC employees boarded outside of Thermopolis to avoid causing suspicion leading up to the closure.

Deposits in the bank were available during and since the seizure. ATMs and internet banking services are available, and customers may continue using checks drawn on their accounts.

Bill Von Holtum, president and chairman of the board of Central Trust Company, said the process of moving accounts will probably occur around year-end.

Central Trust Company is the holding company for Cen-

tral Bank & Trust in Wyoming. Central Trust Co. also owns Central Bank and Grand Marais State Bank in Minnesota.

Bank president Carl L. Huhnke, originally of Worland, is married to Ann Ryan, the daughter of Tom and Viola Ryan of Thermopolis. (Von Holtum is president and chairman of the holding company, not the bank.)

Bank of Wyoming customers need to claim their deposits. A claim may be established by depositing or withdrawing funds, filing a new signature card or change of address form, or contacting the bank.

Those with assets at Bank of Wyoming not purchased by Central Bank must contact the FDIC by Jan. 10, 2011.

In the final press release from Bank of Wyoming, president Darrel Small said, "Through the FDIC being appointed the receiver of the assets and liabilities of the bank, a stronger financial entity will emerge, one that will serve the community of Thermopolis and Hot Springs County with a full array of financial services."

The closure marks the first failure of an FDIC-insured insti-

tution in Wyoming since Westland Federal Savings and Loan Association in Rawlins was shut on July 26, 1991. It is the 53rd bank failure in the United States this year.

Quick changeover

Crews worked through the weekend to re-brand Bank of Wyoming as a branch of Central Bank.

Von Holtum said, "Our goal (in purchasing the bank) was to prevent the dislocation" of the local economy.

He recalled the "hard closure" of Yellowstone State Bank in Lander in 1985 as a "most disruptive" event.

While Central Bank has grown, with branches in Riverton, Ft. Washakie and Cheyenne, this is its first takeover of a failed bank.

Von Holtum said, "This is my first rodeo."

The Thermopolis bank lobby was busy Monday. Numerous FDIC employees continued working in the building.

Van Holtum said the process, while tumultuous, was turning into an "incredibly positive experience," which he attributed to bank employees.

"I couldn't have imagined

(the takeover) could have gone so well."

He said a representative of FDIC contacted his bank July 1 to inquire about any interest in purchasing Bank of Wyoming.

Schmalzer said Central Bank was one of six institutions to bid on Bank of Wyoming. The FDIC sent feelers out to 253, and Central Bank's was the "least costly" for FDIC.

Some assets declined

Central Bank purchased about \$55 million of Bank of Wyoming's assets, which were estimated at \$70 million on June 30, according to FDIC figures. Von Holtum said Central Bank purchased all of Bank of Wyoming's deposits and "virtually all Wyoming loans."

Central Bank in Thermopolis will be doing business with "eight-two" people, Von Holtum said, referring to the first two digits of local ZIP codes. (Thermopolis is 82443, while Worland is 82401 and Riverton is 82501.)

A May 18 fact sheet on Bank of Wyoming indicated total assets of \$94 million and total deposits of \$80 million. FDIC indicated deposits had dropped to \$67 million by June 30.

Central Bank declined to purchase about \$8 million in brokered deposits. A July 3 article in the New York Times described brokered deposits as "hot money," channeled by "out-of-state brokers who deliver billions of dollars in bulk deposits."

The author of the article, Eric Lipton, wrote such deposits carry a high cost. "To lure the money from brokers, banks typically had to offer unusually high rates. That, in turn, often led them to make ever riskier loans, leaving them vulnerable when the economy collapsed."

The FDIC said in a release it "will pay the brokers directly for the amount of their funds. Customers who placed money with brokers should contact them directly for more information about the status of their deposits."

Asked if the takeover meant the end of such dealings, Von Holtum answered, "You've got that right!"

He said Central is a more conservative bank than most and it will be "business as usual," while pointing out "Lori (Shay), Kent (Cordingly) and Don (Churchill) are still here making loans."

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Carrying the Bank of Wyoming charter, a lone FDIC employee exits the entrance of the bank at 5:31 p.m., turning east along the sidewalk. —Jonathan Green photo

Friday gatherings open 2009 All-class Reunion

by Cindy Glasson

Several hundred Hot Springs County High School alumni will be in town this weekend for the annual all school reunion.

Each of the classes will have a mixer on Friday evening at various venues in town.

Registration will begin at 1 p.m. Saturday at the VFW at 302 Broadway.

Dinner on Saturday will be at different restaurants around the county for each of the classes, followed by a dance at the VFW starting at 9 p.m.

The all-class picnic will be held at the Kiwanis shelter in

Hot Springs State Park on Sunday starting at noon. Attendees must be pre-registered to eat at the picnic.

Jeb Schenck will be taking class photographs during dinner on Saturday night. The class photos will be available for purchase at the all-class picnic on Sunday.

The schedule of class gatherings includes:

1944: Saturday, Eagles Club 5:30 p.m.

1949: Friday, Jones home, 366 Buffalo Creek road; Saturday, Eagles club, 6 p.m.

1954: Friday, Seaton home,

1334 O'dell, 6 p.m.; Saturday, Lil Wrangler, 6 p.m.

1959: Friday, VFW Club, 5:30 p.m.; Saturday, VFW Club 5 p.m.

1964: Friday, Eagles Club, 7 p.m.; Saturday, VFW Club, 6 p.m.

1969: Friday, Candy Jack park, 6 p.m.; Shorty's, 6 p.m.

1979: Friday, Jackman home, 210 Highway 120, 6 p.m.; Saturday, Butch's place 6:30 p.m.

1989: Friday, Day's Inn; Saturday, Pumpernicks, 6:30 p.m.

1999: Friday, Horse shoe pits, state park, 7 p.m.; Saturday, Shero home, 301 Horse Shoe Court, 6 p.m.

Questions may be directed to Mary King at 864-3668 or Delores Loughlin at 921-2095.



Steve and Donna Nally welcome those on the Hot Springs County Resource Tour to Wyoming Whiskey in Kirby on Thursday. —Pat Schmidt photo

Resource tour participants learn the fine art of making bourbon at Wyoming Whiskey in Kirby

by Jonathan Green

Workers putting the finishing touches on the facilities of Wyoming Whiskey in Kirby were interrupted intermittently last Thursday as Steve and Donna Nally led resource tour participants through the distillery.

The plant, which began distillation Monday, should produce about 1,000 barrels of whiskey a year, or about 212,000 bottles of bourbon. (The barrels hold 53 gallons.)

And, Donna Nally assured those gathered, it will be bourbon!

Bourbon doesn't necessarily mean made in Kentucky, and not all whiskey made there is bourbon. Instead, bourbon must be domestically produced, be made mostly of corn and not be filtered for color or flavor.

The Nallys have a long history in the distillation business. Steve worked for over three decades at the Makers Mark distillery in Kentucky, including time as master distiller. Donna worked for nearly 30 years as a public relations specialist.

Steve will spend as long as it takes to nail down the particular recipe for the spirits, which will be unique.

Wyoming goods drive nearly the entire project. Only the copper still and plumbing, stainless steel vats and charred white oak barrels were imported, as facilities do not exist here for them.

Corn and wheat, the two main ingredients, are from Wyoming, although that never worried the Nallys.

They were concerned about acquiring

malted barley from Wyoming, which will make up about 14% of the initial stew.

The malted barley they first found was used for beer, formulated to different specifications than those of bourbon distillation.

But they found a supplier in Montana. And then they discovered that supplier got its barley from... Riverton? Donna told those on the tour most of the malted barley in Kentucky also comes from Wyoming.

The process of making bourbon in Kirby looked straightforward to the casual observer (but Donna has been giving these tours for some time now). The details will determine its character.

The proportions of ingredients (corn, wheat and barley) are the first question. Then there is the consideration of cooking everything together: how long, how hot?

From there, into the still, where the alcohol is vaporized off and collected for barreling.

Bourbon aging is an art and Steve has found himself working with a different palate in Wyoming. Differences in high and low temperatures, and the shorter summer here will mandate some timing differences.

Another concern is whether the lack of humidity in Wyoming will cause the barrels to dry out too much while they are waiting to be filled.

The first barrels will go on top of the ricks, a latticework six rows tall. In the summer the heat in the warehouse will rise to the top of the building, where the youngest bourbon

is maturing, causing the liquor to expand into the wood of the barrels.

After some time in the heat, the barrels are rotated down a level, making room for new product. The seasons also affect the process.

In cooler times the bourbon contracts back into the barrel, retaining the color and flavor of the white oak. The process continues until the bourbon in the barrel is properly aged.

"It'll be good and ready when it's 'good and ready,'" Donna said.

Unless the Wyoming climate significantly changes the timing of the process, it should be five to six years for the typical product to age. Some might be held longer.

Some might be released earlier, as Steve is nailing down the specifics.

(Sadly, the resource tour was informed the key to testing bourbon is spitting it out.)

The barrels are used only once, for making bourbon anyway. Donna said the used barrels might be useful for wine makers or Scotch distillers. Or they might be found around the county as planters.

The Wyoming Whiskey Distillery, owned by the Mead family of Jackson, will employ three or four in addition to the Nallys. Additional staff may be needed during bottling. The Nallys said the product will be a rarefied whiskey with no analog in Kentucky, or elsewhere.

The ribbon cutting for the new distillery will be at 3 p.m. Saturday.



Billie Jo Norsworthy displays fabric wall art created with felt produced from her flock of sheep. For more on highlights from the Hot Springs County Resource Tour on Thursday, turn to page 17. —Pat Schmidt photo