Russell Kettell

*Russell Kettell: A Career with Golden West Financial*

The Marion and Herbert Sandler Oral History Project

Interviews conducted by
Martin Meeker
in 2018

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Russ Kettell
Russell Kettell was an employee of Golden West Financial from 1972 through 2006, when the savings and loan was sold to Wachovia. During those several decades, Kettell held a number of positions, becoming president of Golden West in 1993. In this interview, Mr. Kettell discusses his education at the University of Chicago; his early years at Golden West, when he began to work closely with Herb and Marion Sandler; the savings and loan crisis of the 1980s, deregulation, and other challenges faced by the thrift industry; and the sale of Golden West to Wachovia in 2006.
Birth in 1944 and growing up in Boston — Family life in Nahant, Massachusetts — Graduating from Middlebury College in 1966 — Switching from math major to economics midway through undergraduate studies — Preferring applications of math in economics over traditional study of math — Trouble enlisting in navy due to health — Being drafted into the army during Vietnam War in 1967 — Staying in capitol of Saigon and lack of bloodshed there — Reaction to deaths of President Kennedy and Martin Luther King Jr. — Working for UPS before starting business school at the University of Chicago — Involvement in business to encourage young voters in Southern California in 1972 — Starting job at Golden West Financial — Specifics of working in financial reporting — Reputation of Herb and Marion Sandler in early years of company — Working closely with Herb Sandler — Learning how to handle distribution of authority with the Sandlers — Describing work of financial planning group — Addressing newly developing volatility of the savings and loan sector in 1980s

Balance of lending and buying in a high-interest lending environment — Origin of sweep accounts — Changes in how Sandlers ran company amidst savings and loan crisis — Effects of deregulation in 1980s — Promotion to president of holding company in late 1980s — Dynamics of leadership team with Herb and Marion Sandler and Jim Judd — Differences between Sandlers at home and workplace — Concerns over sale of Golden West to Wachovia in 2006 — Rise of mortgage banking loans — Value of Golden West sale to various people — Legacy over 40 years at Golden West firm — Fostering of social connections and business connections — Time needed to create a successful company
Project History: the Marion and Herb Sandler Oral History Project

Herb Sandler and Marion Osher Sandler formed one of the most remarkable partnerships in the histories of American business and philanthropy—and, if their friends and associates would have a say in things, in the living memory of marriage writ large. This oral history project documents the lives of Herb and Marion Sandler through their shared pursuits in raising a family, serving as co-CEOs for the savings and loan Golden West Financial, and establishing a remarkably influential philanthropy in the Sandler Foundation. This project consists of eighteen unique oral history interviews, at the center of which is a 24-hour life history interview with Herb Sandler.

Marion Osher Sandler was born October 17, 1930, in Biddeford, Maine, to Samuel and Leah Osher. She was the youngest of five children; all of her siblings were brothers and all went on to distinguished careers in medicine and business. She attended Wellesley as an undergraduate where she was elected into Phi Beta Kappa. Her first postgraduate job was as an assistant buyer with Bloomingdale’s in Manhattan, but she left in pursuit of more lofty goals. She took a job on Wall Street, in the process becoming only the second woman on Wall Street to hold a non-clerical position. She started with Dominick & Dominick in its executive training program and then moved to Oppenheimer and Company where she worked as a highly respected analyst. While building an impressive career on Wall Street, she earned her MBA at New York University.

Herb Sandler was born on November 16, 1931 in New York City. He was the second of two children and remained very close to his brother, Leonard, throughout his life. He grew up in subsidized housing in Manhattan’s Lower East Side neighborhood of Two Bridges. Both his father and brother were attorneys (and both were judges too), so after graduating from City College, he went for his law degree at Columbia. He practiced law both in private practice and for the Waterfront Commission of New York Harbor where he worked on organized crime cases. While still living with his parents at Knickerbocker Village, he engaged in community development work with the local settlement house network, Two Bridges Neighborhood Council. At Two Bridges he was exposed to the work of Episcopal Bishop Bill Wendt, who inspired his burgeoning commitment to social justice.

Given their long and successful careers in business, philanthropy, and marriage, Herb and Marion’s story of how they met has taken on somewhat mythic proportions. Many people interviewed for this project tell the story. Even if the facts don’t all align in these stories, one central feature is shared by all: Marion was a force of nature, self-confident, smart, and, in Herb’s words, “sweet, without pretentions.” Herb, however, always thought of himself as unremarkable, just one of the guys. So when he first met Marion, he wasn’t prepared for this special woman to be actually interested in dating him. The courtship happened reasonably quickly despite some personal issues that needed to be addressed (which Herb discusses in his interview) and introducing one another to their respective families (but, as Herb notes, not to seek approval!).
Within a few years of marriage, Marion was bumping up against the glass ceiling on Wall Street, recognizing that she would not be making partner status any time soon. While working as an analyst, however, she learned that great opportunity for profit existed in the savings and loan sector, which was filled with bloat and inefficiency as well as lack of financial sophistication and incompetence among the executives. They decided to find an investment opportunity in California and, with the help of Marion's brothers (especially Barney), purchased a tiny two-branch thrift in Oakland, California: Golden West Savings and Loan.

Golden West—which later operated under the retail brand of World Savings—grew by leaps and bounds, in part through acquisition of many regional thrifts and in part through astute research leading to organic expansion into new geographic areas. The remarkable history of Golden West is revealed in great detail in many of the interviews in this project, but most particularly in the interviews with Herb Sandler, Steve Daetz, Russ Kettell, and Mike Roster, all of whom worked at the institution. The savings and loan was marked by key attributes during the forty-three years in which it was run by the Sandlers. Perhaps most important among these is the fact that over that period of time the company was profitable all but two years. This is even more remarkable when considering just how volatile banking was in that era, for there were liquidity crises, deregulation schemes, skyrocketing interest rates, financial recessions, housing recessions, and the savings and loan crisis of the 1980s, in which the entire sector was nearly obliterated through risky or foolish decisions made by Congress, regulators, and managements. Through all of this, however, Golden West delivered consistent returns to their investors. Indeed, the average annual growth in earnings per share over 40 years was 19 percent, a figure that made Golden West second only to Warren Buffett’s Berkshire Hathaway, and the second best record in American corporate history.

Golden West is also remembered for making loans to communities that had been subject to racially and economically restrictive redlining practices. Thus, the Sandlers played a role in opening up the dream of home ownership to more Americans. In the offices too, Herb and Marion made a point of opening positions to women, such as branch manager and loan officer, previously held only by men. And, by the mid-1990s, Golden West began appointing more women and people of color to its board of directors, which already was presided over by Marion Sandler, one of the longest-serving female CEOs of a major company in American history. The Sandlers sold Golden West to Wachovia in 2006. The interviews tell the story of the sale, but at least one major reason for the decision was the fact that the Sandlers were spending a greater percentage of their time in philanthropic work.

One of the first real forays by the Sandlers into philanthropic work came in the wake of the passing of Herb’s brother Leonard in 1988. Herb recalls his brother with great respect and fondness and the historical record shows him to be a just and principled attorney and jurist. Leonard was dedicated to human rights, so after his passing, the Sandlers created a fellowship in his honor at Human Rights Watch. After this, the Sandlers giving grew rapidly in their areas of greatest interest: human rights, civil rights, and medical research. They stepped up to become major donors to Human Rights Watch and, after the arrival of Anthony Romero in 2001, to the American Civil Liberties Union.
The Sandler Foundation’s sponsorship of medical research demonstrates their unique, creative, entrepreneurial, and sometimes controversial approach to philanthropic work. With the American Asthma Foundation, which they founded, the goal was to disrupt existing research patterns and to interest scientists beyond the narrow confines of pulmonology to investigate the disease and to produce new basic research about it. Check out the interview with Bill Seaman for more on this initiative. The Program for Breakthrough Biomedical Research at the University of California, San Francisco likewise seeks out highly-qualified researchers who are willing to engage in high-risk research projects. The interview with program director Keith Yamamoto highlights the impacts and the future promise of the research supported by the Sandlers. The Sandler Fellows program at UCSF selects recent graduate school graduates of unusual promise and provides them with a great deal of independence to pursue their own research agenda, rather than serve as assistants in established labs. Joe DeRisi was one of the first Sandler Fellows and, in his interview, he describes the remarkable work he has accomplished while at UCSF as a fellow and, now, as faculty member who heads his own esteemed lab.

The list of projects, programs, and agencies either supported or started by the Sandlers runs too long to list here, but at least two are worth mentioning for these endeavors have produced impacts wide and far: the Center for American Progress and ProPublica. The Center for American Progress had its origins in Herb Sandler’s recognition that there was a need for a liberal policy think tank that could compete in the marketplace of ideas with groups such as the conservative Heritage Foundation and the American Enterprise Institute. The Sandlers researched existing groups and met with many well-connected and highly capable individuals until they forged a partnership with John Podesta, who had served as chief of staff under President Bill Clinton. The Center for American Progress has since grown by leaps and bounds and is now recognized for being just what it set out to be.

The same is also true with ProPublica. The Sandlers had noticed the decline of traditional print journalism in the wake of the internet and lamented what this meant for the state of investigative journalism, which typically requires a meaningful investment of time and money. After spending much time doing due diligence—another Sandler hallmark—and meeting with key players, including Paul Steiger of the Wall Street Journal, they took the leap and established a not-for-profit investigative journalism outfit, which they named ProPublica. ProPublica not only has won several Pulitzer Prizes, it has played a critical role in supporting our democratic institutions by holding leaders accountable to the public. Moreover, the Sandler Foundation is now a minority sponsor of the work of ProPublica, meaning that others have recognized the value of this organization and stepped forward to ensure its continued success. Herb Sandler’s interview as well as several other interviews describe many of the other initiatives created and/or supported by the foundation, including: the Center for Responsible Lending, Oceana, Center on Budget and Policy Priorities, Learning Policy Institute, and more.
A few interviewees shared the idea that when it comes to Herb and Marion Sandler there are actually three people involved: Marion Sandler, Herb Sandler, and “Herb and Marion.” The later creation is a kind of mind-meld between the two which was capable of expressing opinions, making decisions, and forging a united front in the ambitious projects that they accomplished. I think this makes great sense because I find it difficult to fathom that two individuals alone could do what they did. Because Marion Sandler passed away in 2012, I was not able to interview her, but I am confident in my belief that a very large part of her survives in Herb’s love of “Herb and Marion,” which he summons when it is time to make important decisions. And let us not forget that in the midst of all of this work they raised two accomplished children, each of whom make important contributions to the foundation and beyond. Moreover, the Sandlers have developed many meaningful friendships (see the interviews with Tom Laqueur and Ronnie Caplane), some of which have spanned the decades.

The eighteen interviews of the Herb and Marion Sandler oral history project, then, are several projects in one. It is a personal, life history of a remarkable woman and her mate and life partner; it is a substantive history of banking and of the fate of the savings and loan institution in the United States; and it is an examination of the current world of high-stakes philanthropy in our country at a time when the desire to do good has never been more needed and the importance of doing that job skillfully never more necessary.

Martin Meeker, Charles B. Faulhaber Director, Oral History Center, UC Berkeley
List of Interviews of the Marion and Herbert Sandler Oral History Project

Ronnie Caplane, “Ronnie Caplane: On Friendship with Marion and Herb.”


Joseph DeRisi, “Joe DeRisi: From Sandler Fellow to UCSF Professor of Biochemistry.”

Stephen Hauser, “Stephen Hauser: Establishing the Sandler Neurosciences Center at UCSF.”


Thomas Laqueur, “Tom Laqueur: On the Meaning of Friendship.”

Bernard Osher, “Barney Osher: On Marion Osher Sandler.”

John Podesta, “John Podesta: Building Infrastructure for Progressive Politics with the Center for American Progress.”

Anthony Romero, “Anthony Romero: Leadership of the American Civil Liberties Union in Times of Crisis.”

Michael Roster, “Michael Roster: Attorney and Golden West Financial General Counsel.”


Herbert Sandler, “Herbert Sandler: A Life with Marion Osher Sandler in Business and Philanthropy.”

James Sandler, “Jim Sandler: Commitment to the Environment in the Sandler Foundation.”

Susan Sandler, “Susan Sandler: The Sandler Family and Philanthropy.”


Paul Steiger, “Paul Steiger: Business Reporting and the Creation of ProPublica.”


Keith Yamamoto, “Keith Yamamoto: The Sandler Foundation and the Program in Breakthrough Biomedical Research at UCSF.”
Interview 1: March 14, 2018

01-00:00:00
Meeker: is March 14, 2018. This is Martin Meeker interviewing Russ Kettell for the Herb and Marion Sandler Oral History Project. We are here at Mr. Kettell’s home in San Francisco, and this is interview session number one. All of our interviews begin the same way, and that is you can tell me your name, and date and place of birth?

01-00:00:30
Kettell: Yeah, my name’s Russell Kettell, and my birth was February 2, 1944, Ground Hog Day. What was the last one?

01-00:00:45
Meeker: Where were you born?

01-00:00:43

01-00:00:46
Meeker: Is that where you were raised?

01-00:00:48
Kettell: Yeah, I was raised in Massachusetts and was there until after Chicago. I met my wife in Chicago, and when we graduated in 1971, we came here instead of—and not back there.

01-00:01:09
Meeker: Can you tell me a little bit about the family that you were born into?

01-00:01:11
Kettell: My father and mother were in different places. My mother grew up in Kentucky, and my father grew up outside of Boston in Lexington/Belmont. So they got married, I think in 1937, and moved—by the time I came along, they had moved to a town called Nahant, which is on the North Shore outside of Boston. It’s basically an island. We lived there—I lived there until I—well, really all the time up through when I was in the army in Vietnam in ’67 and ’68, and when I came back from that I think I spent maybe eight or nine months working for UPS, and then I went off to [University of] Chicago business school. So I had two brothers, both younger than I am, both still alive today, and we still have a good time with each other. In fact, I was just back there a couple of weeks ago.

01-00:02:33
Meeker: What are their names?

01-00:02:33
Kettell: The oldest one is Charles Kettell, Charlie Kettell, and the youngest one is Henry Kettell.
Meeker: What kind of work did your father do?

Kettell: My father was a banker. He worked for Boston Safe Deposit and Trust Company, from probably the early thirties up till—I don’t know when— the mid-seventies. He also was a director of a savings and loan, or a savings bank—I guess they called them that in the East Coast. And that’s kind of the only thing that I knew about a savings and loan, before I ended up where I ended up.

Meeker: Did your mother work outside of the home?

Kettell: My mom worked as a nurse before they had kids, and they were living in Boston. There was one kid before me who, unfortunately, died at about six months old. Once all of that happened, they moved down to Nahant, and we lived in three different places on the same little dinky island.

Meeker: So she was a homemaker for that period of time?

Kettell: So she was a homemaker. She also worked at Mass General—she was, I can’t remember exactly what she did, but she was there for probably twenty years, once she got everybody out of the house, all of the kids out of the house into college, or whatever, then she declared that she was going back to work. [laughing]

Meeker: Tell me about your schooling. Did you go to public schools?

Kettell: I went to public school up through sixth grade, I guess. And then I went to a private school called Middlesex, in Concord, Mass., and that was where I did my high school and everything, and I graduated from there in 1962.

Meeker: What college did you go to?

Kettell: And I went to Middlebury College from there, and I graduated from there in 1966. That was probably my first pass to talk about economics. I mean, I started taking economics—actually after not a very good start in college, I decided to go to economics. And I actually did quite well, which was a surprise to me and a surprise to my professor. [laughing]

Meeker: Did you consider yourself a pretty good student in high school?
Kettell: No, no not really. I don’t think I tried as hard as I could have or should have, but I certainly enjoyed my time there, so I don’t know if that’s what you would call it. But it’s interesting—I look back at things, and my work ethic wasn’t very good when I was in school, and that’s all the way through private—through Middlesex and probably the first two and a half years at Middlebury. For whatever reason, I got a better work ethic and I did very well my last year and a half. That was a surprise to me, like I said earlier—a surprise to me and a surprise to my professor.

I’m going to keep going on the track here—once I got out of Middlebury, graduated, then I was available for the draft.

Meeker: Well, before we get to your military service, which I want to ask you about, I’m curious: what do you attribute this change to, in your commitment to your studies, halfway through your undergraduate career?

Kettell: Actually, I think I was a major in math for a couple of years, and it didn’t fit with me. And I think it was in the last semester of the second year, I took an economics course and I really liked it. And so for that next two years, pretty much, I worked pretty hard and I enjoyed it. It was fun.

Meeker: And you changed majors?

Kettell: Yeah, I changed from math to economics, which was very hard to do because I’d gone too far. The professor told me, “I’m going to let you do this, but I’m telling you it’s very, very hard starting like this. You’re too late.” And so I worked harder, and again, it was enjoyable!

Meeker: Have you reflected on what was it about economics that you found interesting and enjoyable?

Kettell: You know, I don’t really know, but it was, I guess, working with the data. This is way before computers. It was data that I could play with. It was like math, but it wasn’t math—it was economics. And it just really caught my fancy, and it was probably the first time that I’d done really well in school. When I was in the first, second, third grade and all that, I did great. But again, that was easy back in those days.

Meeker: Economics can be seen, maybe, as just applied math, like math in the real world.
Right. It is, but there’s something to it, at least that was for me, it was—and I never really thought about well, I’m going to do economics, and then I’m going to become an economist, or I’m going to use it to go to work someplace in a particular thing. It was just—it was enjoyable. I kind of stumbled into it, I guess, and it worked out very well for me in college. And the professor was, like I say, he was really surprised. We had comprehensive exams back in those days, and I did very, very well in those, and he was, again, really shocked.

Meeker: Do you recall the name of this professor?

Kettell: [David K.] “D.K.” Smith. He was a professor there, and he was very helpful for me, and he was incredibly kind to let me major in that.

Meeker: Were you considering this might result in a career in banking as you’re wrapping up your undergraduate career?

Kettell: No. I didn’t—I really had no interest in banking. I don’t think I ever even thought about a bank. I had to have a checking account, I remember that. I had a savings account too. But really no interest—no interest in that. And again, like I said, my father was a director for this savings bank for years. Once in a while he’d talk about it, but it wasn’t particularly intriguing to me.

Meeker: So in, I guess, ’67 you were called up to serve in the military?

Kettell: Yeah.

Meeker: And you said that you had enlisted, is that right?

Kettell: No, no. I had high blood pressure. And when I applied to, I think, the navy, to do [Officer] Candidate School, I was washed out from that because of my blood pressure. Once you get into the draft pool, they don’t care.

Meeker: Ah, interesting. So you wanted to enlist, but you were only eligible for the draft.

Kettell: Yeah, well, I wasn’t enlisting. I was applying to [Officer] Candidate School, and that—a lot of my friends did that. Actually, I was in ROTC for the first two years in Middlebury. It was mandatory at the time, and that was, again,
that’s really where I get the high blood pressure problem, and they said, “You can’t do this.” But again the navy wouldn’t let me do it either.

01-00:12:25
Meeker: What branch were you drafted into?

01-00:12:27
Kettell: Just the army.

01-00:12:27
Meeker: Just the army.

01-00:12:27
Kettell: Just a draftee, basically.

01-00:12:32
Meeker: Did you go overseas?

01-00:12:31
Kettell: Yeah.

01-00:12:32
Meeker: Where did you go?

01-00:12:33
Kettell: Where do you think?

01-00:12:36
Meeker: Vietnam? [laughter]

01-00:12:36
Kettell: Yeah, that’s the only place anybody went back in those days.

01-00:12:38
Meeker: Right, right. How was your experience there?

01-00:12:42
Kettell: I was lucky. I was in intelligence, and I worked in Saigon in the major headquarters there, either the US or the Vietnamese. And so nothing really happened there. I lived out in the outside on the Saigon River with—that’s where our compound was, and that was a little touchier, but basically, nothing ever happened to me.

01-00:13:21
Meeker: You didn’t see any direct combat then.

01-00:13:24
Kettell: Well, we had the Tet Offensive, that was the only thing. Saigon, in that day, in that time, was really just—people were flooding into Saigon because of all the fighting going on out in the field. Mostly, they wanted to feed themselves, so they were hard workers. They were a lot of fun—the kids were a lot of fun, and the people were generally nice. You never knew if they were regular or
Viet Cong, but basically, there’s ten million people there, and they all just got along. The Tet Offensive was basically the only thing that happened. I go back and I think about that. We all did, all the people—we all did a lot of stupid things, where if really there had been any problems in our area we’d just get shot. I never carried a gun except once. And I went to the air force canteen for lunch, and somebody stole my gun. So I had to grab somebody else’s and clean it up, and I got in trouble at the end when I left, because the gun I had was different than the one I started with, but they didn’t do anything to me.

Meeker: How long was your term of service?

Kettell: I was in and out in nineteen months. That was thirteen in Vietnam, and six in basic training and specialist training.

Meeker: Did you say you met your wife before that?

Kettell: No, after I got back from Vietnam, I wasn’t sure what I was going to do, so I applied to Chicago and Wharton, and that was in probably in, like in September or October. I got accepted to Chicago, but starting the next year. So I worked at UPS for whatever, ten or eleven months.

Meeker: Did you have any exposure to or influence by the social tumult that was happening in the homeland when you came back from the war?

Kettell: It wasn’t just when I came back; it was when we were there. We were all shocked by the things that happened. It’s really tough when you’re away like that to have—you find out that somebody, Bobby Kennedy got killed and Martin Luther King got killed, and it’s just like—what’s going on there? To tell you the truth, when I got back, I didn’t see that things were all that much different. There was a lot of protesting going on, and clearly, a lot of people didn’t like the war. But most of the time, even if they didn’t like it, it’s not like I was ostracized or something. I came back and it wasn’t an issue. And actually, in UPS there were a lot of guys that came back from the war who worked there, because it was a good—it was a good place to work. In this case, back in those days, UPS had—they didn’t have all this digital stuff to do it with. People had to move the packages around.

Meeker: So you went back to the Boston area?

Kettell: Yeah, I went back to the Boston area, went back home, and I got into Chicago, but not until he following fall. So I worked for UPS, and I started out
unloading trucks. Then I got loaded trucks, and then—they had a huge carousel that runs around, and so I used to be—that was called pick-off, and it was an incredible amount of work—really, I lost twenty-five pounds right off the bat. But I got used to it, and there were actually a number of people from Vietnam that were there because they were the right age and UPS needed people.

Meeker: Were you talking about your Vietnam experiences with these other gentlemen?

Kettell: A little, but not much. Most of them really didn’t want to talk about it, although—well, I don’t know. I don’t know if, to say, most—but some would talk about it more about the fun things you did when you were there. And then there was one guy, he came back in, and he’d been up in II Corps, and he was a mess. He got into the trucks and he could unload an unbelievable amount of packages. He brought the whole place to a halt. It was amazing. But he was trying to live through and get back to normal, and that’s what they all were doing, you know, and all of us. But again, I was lucky. I wasn’t in danger at any time. As far as I know I wasn’t.

Meeker: What inspired you to apply to business school?

Kettell: I was thinking about what am I going to do next? And I wrote my economics professor and asked him about what he thought I might do, and he said, “Well, business school.” And he said, “Chicago, Wharton,” really lots of other ones, but he said those two were very good, and I ought to be able to get into one of them, and he was going to write a reference for me—and he must have written a hell of a good one.

Meeker: Did you get into both Wharton and Chicago?

Kettell: No, I didn’t get into Wharton, which really disappointed my father, because he wanted me to be East Coast, but I’m glad I went to Chicago. It was a really good school. And I worked—that was one where I worked a lot harder than I did when I was in school, or for the first two and a half years of college. So I wasn’t a super student there, but I did fine.

Meeker: Was that a two-year program?

Kettell: Yeah.
Meeker: Were there any pivotal experiences or things that you learned while there that helped set you up for career that you had?

Kettell: You know, well, it must have had some connection with what I ended up doing, but I can’t really think of anything going through there. When I got out, I was interested in getting a job. My wife Carol and I were out here and we needed to get jobs before we got married. So I think that the economics part of it—there’s micro and macro, and I think I liked the micro the better of the two. Basically, that’s a good thing to have when you go to work for a business.

Meeker: So what then came first, Golden West or moving out west?

Kettell: Moving out west was first. After we got out of school, when we graduated, we drove out here and I looked around for jobs here for a while and couldn’t find anything. This was in 1971, I think.

Meeker: There was a recession at that time.

Kettell: Yeah, there was a recession, yeah. So I went back to Boston for a while and looked there. And then—Herb [Sandler] always gets a kick out of this one—Carol’s sister was living in Los Angeles. And she had a friend, and the friend and his brother were trying to start a business called—it was called My Lord Vote Movement.

Meeker: I’m sorry, the business was called—?

Kettell: My Lord Vote Movement. I hope Carol doesn’t hear that. [laughing] The voting age was changed to eighteen in 1972. It was a startup someplace that said we’re going to do something to promote the vote, and they gave pieces of it to each. And so we had paper products, I think cloth products, stuff like that. So we dreamed up all sorts of different things with—basically that were about getting out, the eighteen-year-old vote.

Meeker: So this was to encourage participation in the process?

Kettell: I think they thought it would be a good way to make a buck. The people who owned the—you call it the holding company, they gave pieces of it to people like us who were doing things—a huge amount of things that were done all over the country. But the guys I was working with were into—by the time we
got it going they went off and they rented a house on Route One there, and I can’t remember the name of the town, but it’s a very swank condo with stuff like—

01-00:25:13
Meeker:  
Oh, Malibu or—?

01-00:25:15
Kettell: Yeah, I think it was Malibu. You’re right. So eventually that kind of fizzled, so I came back up to Northern California and stayed with my wife’s parents in Stockton. I had two jobs that I had offered: one with Golden West, and one with a developer who was starting something down in the Peninsula. The guy who was at Golden West who I was going to work for and who interviewed [me] told me right away, “Okay, you’ve got the job.” This is on a Friday, he says, “You’ve got the job. When can you start?” And I said, “Let me think about it a little bit,” because I had the other job too. And the other people—I called and asked them, and they wanted me to go to LA to go through some kind of exam or something, and I said—I’m not going to do that. So I called the Golden West guy, Joe Nishimura, and I called him back and I said, “Okay, I’ll do it.” And he said, “When can you start?” I said, “I’ll be there Monday morning.” [laughing] So that’s how I got in, that’s how I started getting myself in Golden West.

01-00:26:50
Meeker:  
What was the position you were hired into?

01-00:26:53
Kettell: The focus was on forecasting. Forecasting, not trying to be a regular economist forecaster. This is really more: “okay, what are we doing?” “What are we doing, how are we doing?” “Should we be doing things differently?”. So the guy who had left, who had been doing it, left me sort of high and dry. And so I had to figure out—and this is back in—it was called Remote Computing. It was a system that you could input things into, and we could think—well, how much loans are you getting, how much savings are you getting, what are the costs in the rest of it and how much expenses are—and you put it in, and you can make a forecast for a year. I was never into computers. That was one of the things that I was just one year early, I think, in Chicago. If I’d been there the next—maybe even half that year, I would have had to take computer things, and I just wasn’t—I wasn’t interesting in the computers, particularly.

01-00:28:24
Meeker:  
Were you working with punch cards and all of that—?

01-00:28:27
Kettell: I did punch cards in Vietnam, but no, it’s an online, I’m going to say it’s not really online. You plug it into the telephone, and you can do pretty much everything, at least at that time. And so you could make inputs, and you could make changes. You could run it, and you could play with it and run it, and
Oral History Center, The Bancroft Library, University of California Berkeley

another one—that kind of thing. The beauty of it was, for me, is I didn’t know anything about savings and loans, and once you get into this then you’ve got to learn everything about the economics of the business and the risks. And so that’s a natural. I really got a kick out of it.

When I first started, I was in Oakland, and I used to get up in the morning and get there by seven thirty or eight, but then I’d stay till like nine, ten, eleven at night—because it was fun! It was fun, and it was also—I was learning, so it took more time. So it was an interesting start for me.

Meeker: One of the stories that Herb likes to tell about Marion is that she was on Wall Street, and she was an analyst and she looked at the savings and loan industry and came to the conclusion that one, if you do it the right way it’s easy to make money; and two, most people weren’t doing it the right way.

Kettell: Yeah.

Meeker: Did you find the industry to be fairly easy to learn once you got the basics?

Kettell: Yeah, it’s a long time ago, but it was pretty easy to learn. I had to do other things besides forecasting. I had to do reports, and those were also an adventure to have to learn how to do all those and not make mistakes.

Meeker: Financial reporting.

Kettell: Yeah, financial reporting. I remember a couple of things going to Herb and he’d call me up and he’d say, “Well, you know, you have these mistakes here. And I said, “Oh God.” And there was a guy there named Rob Campbell, who was in the accounting department, and I was given to him to learn how not to make mistakes with the financial reporting. He was a pro, and he was very good. And I stopped making mistakes.

Meeker: When, in your tenure there, did you meet Herb and then Marion?

Kettell: I was trying to think about that. Probably, I got there in the beginning of June of 1972, and Herb and Marion—I think were on a vacation at that time. I think probably by September I started doing things with Herb, particularly in the forecasting, because the accounting part of it, and the reports once they—I’d be doing some, but I wasn’t the one who took them to Herb and discussed them, and things like that. Basically, I was really a low man on the totem pole. You know, that helped a lot with the forecasting, because once I got it going, then I would go through it with Herb. I was the one that got to go through it
with Herb. And that was a lot of fun for me—and of course I called him Mr. Sandler at the time. So I think I probably started right around in the fourth quarter of 1972, and I met him. This was on the building at Broadway and Twentieth, so I was down on—I can’t remember what floor I was on, probably the third floor or something like that—fourth floor, that’s what it was. Herb and Marion were up in their suites in the top of the tenth floor there. So for me to hop on the elevator and go up to the tenth floor—boy. So first of all people would say, “Wow, where are you going?” And I said, “Well, I’ve got to go see Mr. Sandler.” “Whoo!”

So it was a unique opportunity, and the company was really small at that time. It had been going for probably ten years—ten years, yeah. But it was still relatively small for the amount of branches and how much loans we did, and things like that. So but I got to get into the nuts and bolts of things really early. How do you make this business do what we want it to do? What are our opportunities and what are the things that—it was pretty simple business, like Marion said. She really hit it. You take savings at one rate, and you make real estate loans at another rate. And if you keep your costs down, then that’s the thing that makes you special in the business. And so most of the other companies really didn’t worry about their expenses. And as a result, they really didn’t do all that well.

01-00:35:09
Meeker: During these early years, what kind of reputation did Herb and Marion, or Mr. and Mrs. Sandler, have in the company overall?

01-00:35:20
Kettell: I think they were both perceived as the bosses. They were the bosses. People were a little scared of them. I started off scared, but I got over it quickly. Herb was terrific to work with—and we haven’t talked about Marion yet, but it was the same kind of thing. But mostly, I think people who worked there didn’t really have any, or much, contact with the Sandlers, and that’s my impression. Just the environment was busy, busy, busy, and the expectations were high. It was just—Herb and Marion—they could have been on the fiftieth floor, or something. It was like that. [laughing]

01-00:36:37
Meeker: And they were both understood to be the equal top bosses, right?

01-00:36:42
Kettell: Yeah, they were. They were the two people who owned and ran the company, and that was the perception. Let me talk about Marion a little bit, because my time with Herb—I was hired to do this forecasting, which was Herb’s pet project, I guess. And he was very easy to work with, for me—demanding, but easy. I started that right away. With Marion, she was on the marketing and savings side mostly, and that was a part of the business that I didn’t really see, so I don’t think I really met her for maybe six/nine months, something like
that. I’m sure I saw her and everything, and said hello. But I never really had
to work with her, and when I did, it was in newer things.

What was good for me was both Herb and Marion let me into their—the
things that they were doing. And they let me in with the loan people, they let
me in with the savings people, the financial people. When Rich Crane—he
and I were pretty much the finance people by 1975 or so. Ultimately, what I
accomplished over the years was to learn the business and be able to figure
out ways to make it better. And it really happened—part of it was me, and big
part of it was Herb, and part of it was Marion. We got together over the years
in really figuring out how to manage the company and the things that we had
to do to make it successful. And then I got into working with the investment
people that came in to talk about the company, and so all those things—so I
got, over a period starting in 1972, and I just—I got into more and more
things. It was so much fun! I had such a good time.

Meeker: Well, how do you, when you move from the point of hearing about Herb and
Marion’s reputation, most employees not seeing them and maybe being a little
intimidated by them, to the point of working alongside him, in particular,
close with Herb. How did he strike you? What were some of his qualities that
you started to observe?

Kettell: Well, he was very open. He could tell I was nervous and really helped me get
over that, in the early part, the early couple of years. They were—well, Herb,
in particular—again, his reputation was he’s the boss, and Marion’s the boss,
and they’re the ones who are making this go.

[side conversation deleted]

Herb was very easy to get to know. He’s not my [immediate] boss. My boss is
down here somewhere. He just made it very easy, and he loved to talk about
the forecasting, loved to talk on the reports, and we got along very well. The
same kind of thing with Marion. Once I got started with her—she was a little
different. She was tougher to get to know, but once you got to know her, she
was really open and fun to work with.

Meeker: How did you typically work alongside Marion? What kind of project?

Kettell: So Marion one of the things I had to do was get the budget together. So my
first time I did it, I kind of picked up what the prior person had done and I
started going into it. And then I started sending out little—I don’t know, I
guess it was memos back in those days. And Marion was one of them, so
when I was getting into marketing, talking about the marketing budget, and I
was—here I am; I’m just a worker here. And then Marion—and I’m giving
her all this stuff and telling her what she should be doing. [laughing] And she was a little taken aback by that, I think. And I didn’t mean it that way, I said, “Well, gee, how do I get this information out?” She has to make a contribution to this. Or she might take it and give it to somebody else, and I work with them—or it could be the other way around. If I ruffled feathers for one of her employees, and it went to Marion, she’d try to taper me down a little bit.

01-00:44:11
Meeker: Well, how did that all play out then? Did you come to a point of figuring out the right way to interact?

01-00:44:17
Kettell: Well, you know, part of it with Marion was just getting to know her over the time. And I didn’t see her as much. I didn’t do as much. I did a lot with Herb. Maybe when I first started going up there, going up to the tenth floor—that’s what we called everything. When you go to the tenth floor, if I’d go to see Herb, I’d do that very often—sometimes more than once a day, sometimes several times a day. So I got to know him sooner, and it wasn’t until later on that I started really working with Marion. She pulled me into the savings area and the marketing area, and it was one thing when all of the savings rates were fixed. The savings thing wasn’t all that interesting. It was the marketing things—and I didn’t know anything about marketing, and I was told I didn’t know anything about marketing, for a long time. [laughing] Once the deregulation started taking place in the late seventies and the early eighties, the game changed, and all of a sudden we had to worry about what rates are we going to pay on savings? And what’s it going to do to us? So of course, the savings people want to pay the highest rate possible, and that doesn’t necessarily fit with what the loan people want to do. They want to get as low a rate as possible, and you can’t do that. So it was—it was just a longer time with Marion. So one of the things is, that happened, was they decided to have an offsite meeting, a meeting for a day, and we did it at Barney Osher’s house over in Marin. There was probably half a dozen of us, my boss Lou Helvey—and I can’t remember—God, who was the other one? Oh, I know, there was a guy that Herb or Marion, or both, hired from Harvard who was a—God, I can’t remember his name. But they hired him, and he was supposed to be a real whiz, and he got into everything. But he jumped into everything, and he didn’t get to really know anybody, and he really wasn’t very good at the end of the day—and he didn’t last very long. He lasted a year or two.

01-00:47:30
Meeker: He was like an internal management consultant?

01-00:47:33
Kettell: Yeah, an internal management consultant. That’s exactly—so, I think his name was Tyler Coman. Anyway, it doesn’t matter. But it was interesting, because I did work with him, and when he came in I knew a lot more about what was going on, obviously, than he did. Part of the thing that happened is he wasn’t going to absorb what was there. He was going to tell everybody
what to do without really knowing what he was doing. And that was one of the things I saw, is I said—you can’t operate like that. You have to know the people. It’s very important.

And again, on both of their accounts, Herb encouraged me to work with the loan people and learn about loans with the loan people, and go out—I used to go out on house visits and all sorts of things with the head of the loan department and other people there. And Marion was the same. Sometimes she’d take me along when she visited the savings branches. She got me in to the people that I needed to know, and I became part of them. It wasn’t just us. It was really the company itself. They provided an environment where people could work together, pretty well. It was both of them, in their areas and just in general, particularly for me—I could talk to anybody I wanted to. I could do anything I wanted to in those areas. It was exciting for me, because I learned a lot. The business was so simple and so small—and then we got a lot bigger. Not like they do today. But we got a lot bigger the first ten years I was there. And then we just kept getting bigger and bigger, and broader, nationwide rather than just California. And it just made it exciting for everybody.

Meeker: Was there a clear ladder of mobility for you in your career at Golden West?

Kettell: I don’t necessarily—well, probably. I know Herb had one. But I don’t know that—when I got to the point, or until I got to the point where I was really—I jumped up some—he was, I got there in December of ’72, and in 1975 Rich Crane had been the treasurer, and that—treasurer went to me, and Rich was doing other things. And so they made me the treasurer for I think it was the savings and loan, which I was really surprised at. That was a nice jump for me. And then once from there, I started building a financial planning group, and again, probably more urging on the part of Herb and Marion to get a group together. We’re getting bigger, we’ve got to be more sophisticated. You’re going to need more people in here. You can’t do all this yourself. And so they were a big help on that.

Meeker: What kind of work did the financial planning group do? What was your product?

Kettell: Well, the forecast side of it was the main thing that we did, produced in that group. But they did all sorts of analysis for the lending people and savings people as well. I’m trying to think how big it got. Probably over the years it got up to twelve/thirteen people, and they did all sorts of very good work, and pretty much anything to do with what happens if we do this kind of thing. One of our guys was very computer-oriented, and he got into the whole system. He was trying to analyze loans and delinquencies, and things, in Colorado. [laughing] And he ended up—he would run it overnight, and it got so big that
all of a sudden the ISD people were coming in and saying, “Wait a minute. You can’t do this. You’re taking the whole system down!” But that’s just a real aside.

But the interesting thing was, what this guy found out about the loans in Colorado, was that a lot of the loans—this is a company that we bought in 1982. But when we bought it, they had loans, and then we started making loans. Oh gosh, Colorado went through a bad time in the early 1980s, and a lot of loan defaults and people moved out of Colorado. It was that kind of thing. So the loan department said, “Oh no, it’s all the loans that we got from,” whatever the company was. That’s a problem. And then when Ron dug into it, it turned out—well, it’s not just their loans. It’s also the loans we’re making. So that brings something to light that was not clear, and we reacted to that and were more careful with the loans that we were doing.

Well, that kind of leads into my next question, and that is, looking back at the annual reports, the first couple of years, number of years that you were there, there was a fairly clear and almost predictable trajectory of growth in the size of the business, and in value per share and all that kind of stuff. By the late 1970s—and certainly into the early 1980s—a lot more volatility starts to happen. So in the late seventies you’re getting double-digit inflation—is that right? Yeah. And also increase in interest rates that you were going to have to pay out to people who were putting deposits, with not necessarily the same growth in the interest in the loan rates.

Initially, I remember having talked with Herb about the problem with having savings rates that can go up, and the cost of the funds can go up, but our loan interest rates are fixed.

So one of the things I did, I tried, what happens—I think this is back in maybe 1975-1976. What happens when the savings rates go up, and with all these fixed rate loans we have, and of course what comes out is—well, I’ll tell you what happens! It’s not good. [laughing] So we started working on that well ahead.
Again, we had a lot of discussions. I know we had a financial planning committee, and Herb and Marion were on that, and I was in it, and David Welch, who was our Wall Street guy, was in it. I don’t remember—maybe one or two other people. Maybe Rich Crane was in there for a little while. So we started talking about what are we going to do with these things? How are we going to cope if interest rates go up? So we had a lot of talking about that, and it was an awful lot of around [and around]. I remember Marion really didn’t want to—she didn’t want to change any savings rates. In other words, we always had paid the highest rates that we could for the deposits. [After] a lot of discussion, and we started slowing down the loans that we were doing, and we started lengthening the advances we got from the [Federal] Home Loan Bank, because we could borrow money at a fixed rate for two or three years.

So we had done a lot before things actually went bad. In the summer of 1978 the regulators allowed us to pay a six month T-bill rate, so all of a sudden we had six month savings that was tied to the market, and we weren’t used to that. So we did fewer loans and built up our liquidity. It slowed things down; it slowed the growth down. We got criticized for it. The Federal Home Loan Bank didn’t like that we were doing this. I think we had some—it wasn’t looked upon well. The Home Loan Bank System, the regulators and the rest of it, they didn’t like it at all.

01-01:00:43
Meeker: They didn’t like the fact that you were—?

01-01:00:44
Kettell: They didn’t like the idea that we weren’t lending as much as we could. I don’t think they could see what was coming. We’d been going along, and the spread moves around a little bit, but not that much. And all of a sudden, we could see that gee, if the interest rates go up too much, we’re really going to have a problem. So we started borrowing more advances and making even fewer loans and building liquidity, and that didn’t make us any friends in the loan department—or anywhere! Nobody really liked that.

And the thing that was neat is Herb and Marion were willing to prepare for the worst. So growth is going to slow down if we do this, and how do you feel about that? Nobody likes that. The loan people want to make as many loans as they can, and the savings people want to do that too. And so it was a tricky situation. But they understood it, and we were allowed to make the changes that really saved us from what happened when the interest rates went up. And we had a lot of liquidity. They didn’t like that. I mean the Federal Home Loan Bank and even people in Congress. We were going against the grain here. And once we got going with it and rates started rising, then it was a lot easier, and we actually had to, at some point we stopped lending entirely.

01-01:02:56
Meeker: It was easier because it was clear that you were in an untenable position in some regular—?
Yeah, because we’d done a lot of work to see what happens if interest rates go up, and you can do any kind of simulation you want, and it’s clear that if interest rates go up too much, then you have a problem. And once we got into that [David Welch, who was a market guy]—we figured out okay, we’re going to do more advances with fixed rates and sort of stabilize the liabilities. And we’re going to do less lending so if you have money and interest rates go up on the asset side, then you’re going to have more revenues. But if you don’t have anything like that, then the revenues stay the same. So that was a lot of fun, actually, because we started it and—that you could see the deregulation coming, and it really was brutal once it passed through.

Another concern that we had, was if the interest rates go up and they’re higher than the savings rate, what happens? Savings flow out and you have disintermediation, and I think that happened in 1966, so I wasn’t there, but I think it was pretty brutal, everybody—it’s pretty hard when money’s going out the door and you say—wait a minute! What do I do about this? The Home Loan Bank helped you, and whatever—like I said, I wasn’t there. But this time, the Home Loan Bank was much more aggressive about making their loans, their advances to us, and so we were very aggressive in taking out—and we took out forward commitments from them and various—sort of hedging things that we did.

So when we got criticized because we weren’t making any loans or enough loans, then we bought Ginnie Mae mortgage-backed securities. And that’s something that was new, that had been developed in the early seventies. The good thing about them was they were backed by the government, so it’s like a treasury bond. And when we got these, and then it turned out that they were good assets for collateral, so we could borrow money at very good rates. We were just in a much better situation than anybody going into that period.

There was one other thing—there was what we called a sweep account, and that was a loophole in the regulations. You could make a reverse repurchase agreement with Wall Street with just what we did, with a million dollars at a crack, and you could do that for a customer. I read that someplace. I read about it. So Carol’s sister was back in New York, so I had her go into Chase Manhattan and get all the paperwork and send it out to me. And I got this thing and I said, “Oh God we can make an account that’s just as safe as savings, but we don’t have any interest-rate limits on it.” So and here we had all these Ginnie Maes, all these federal securities. I remember I had to take that to Marion. I think I showed it to Herb first, and he said, “We ought to talk to Marion about that.” And she looked at this—“Oh, this is really flaky.” I said, “No, it’s not. It’s not flaky. It’s in the regulations. It’s not a problem.”

There was a director named Bill McKee, who was a lawyer, who was a very good friend of theirs. So we ran it by Bill and he said, “Well, you can do it.” So we tried it. Marion let us try it a little bit. And we called it our secured
money plan, so what it does is if you put the—you have a savings account, we can take money out of the savings account and put the money into this sweep account, and it’ll pay a higher interest rate. But if you want your money back account, the money gets swept back the other way. And so it was a sweep—the tagline was: We Sweep While You Sleep. [laughter] I don’t know where Marion got that one from.

Meeker: So the idea for this account was to give—?

Kettell: It was to give us an edge with customers who wanted a higher: And of course, by the time you got to the height of the interest rates, the prime was up at 20 percent or something like that, and we had—we were able to offer much higher rates, so we got, all of a sudden, a lot of deposits in. So we were able to make some spread money on that. As things got worse and worse, that product was a great help, and it got up to—I don’t know, I think $1.5 billion. We used to have millions and billions back there, and now we have billions and trillions.

Meeker: So, in essence, these sweep accounts and then investing in corporate CDs—?

Kettell: Well, no. So in other words, what we were mostly concerned about is that the market rates were high enough so that people would take their savings out and put it in market rates, buy treasury bills or money market funds. The worry there is that you’re going to run out of money. You can’t run out of money. So one way to get it was the Federal Home Loan Bank, but they limited it. We did a lot with them, but it was limited. But we didn’t have any direct access to the open market from a bank. There was no place to get money, really. And then all of a sudden, we had a way to, with the Ginnie Maes. We could go and do it with Wall Street, and then after that we could do the same thing with Main Street.

So we were in a much better position than most of these other S&Ls—probably than all of them, once you work through the deregulation and get to the end of the eighties and had the savings and loan crisis and all that. We just barely made it. Herb’s goal, and my goal—we were going to be the last one to go down, if that’s going to happen. [laughing] And it wasn’t all that far.

Meeker: You know, during these trying years, particularly in the early eighties and then, of course, there was the savings and loan crisis, which didn’t hurt Golden West nearly as much as some others.

Kettell: Yeah, it hurt, but nowhere near as much as most of the rest.
Meeker: Were Herb and Marion called on by Golden West employees and the community at large to be a different kind of leaders? I suspect it’s a much more fun job being a leader when you have increasing profits and stability and everyone’s happy. It requires a different kind of performance when things are much more difficult and uncertain. Did you notice a change in the way in which they engaged with the company, for instance?

Kettell: Off the top of my head I don’t remember anything specific. But let’s take Herb with the loan guys. They stopped making loans, and that was a very trying time. And Marion put them to work in the field with the savings, and whatever—we put ’em to work. So it was very trying. It was a very scary time. And I’m sure that the employees, in general, were nervous about it. With the people that Marion and Herb related to every day, I think they all understood that we were— As a matter of fact, I think what I do remember is, again—remember I said Herb wanted us to be the last man standing? That’s what we were all fighting for. We got through that very well, and I think all of us were scared. And there was a lot of talk that would go on, but you know, it wasn’t as trying as, it wasn’t as trying a time as I remember. I think people were pretty confident. We always had more net worth than our competitors, and we had much better operation. There were no loan losses during that period for us, no real estate loan losses. So people understood that we were a stronger company. And I think that’s—a lot of what Herb and Marion and I too—I was also with the investors, when we’d talk to them, it’s the same kind of thing. There was a lot more talking with people.

Meeker: It sounds like you were able to pretty successfully read the tea leaves in advance of the rate crisis of the late seventies. What was that—disintermediation—was that the phrase?

Kettell: Disintermediation. Yeah, that was—that’s a big one, yeah.

Meeker: Were you able to similarly predict the S&L crisis to see what impact deregulation might have on other players in the industry?

Kettell: Oh God! You know, so when they deregulated the asset side of the business, all of a sudden people could, the companies could do anything they wanted with the money. And also, with large accounts—that got up to $100,000 with FSLIC insurance, so basically, what they created was something where a company could get as much money as they wanted, Fly by Night S&L can get as much money as they wanted, and they could do whatever they wanted with it—and they did.
And we looked at that, we saw that going on, and one of the things that Herb started, probably in the second half of the seventies—he started paying more attention working with the groups of savings and loan people, companies in California and elsewhere, around the country, and then also with the Federal Home Loan Bank, the Treasury, and also with Congress, just—we could see these things coming. We tried very hard to make changes, particularly Herb. He started going back to Washington a lot more, and I’d go with him sometimes. It was clear that this, what had happened the deregulation been done without enough thought. And so we were trying to fix that, but all of the other ones, all the other savings and loans just loved it. And they wanted to do all these new things, and they thought they could do something. They thought they could get into a new business and do what banks do.

01-01:19:16
Meeker: Real estate development.

01-01:19:17
Kettell: Yeah, well real estate development, but just different kinds of assets. God, they’d started putting money into hotels, they’d buy racehorses. It was crazy. And the regulators just didn’t move. Somehow, I guess basically they got a look at each side of things, and it depends who makes the most noise. We were kind of by ourselves—against the others, and that made it a lot more difficult. We, I think we tried one thing—we hired a guy from Citibank. And we started to go into automobile lending, and we tried it for a year or two maybe. And it just wasn’t our thing, and so we got rid of it. I think that’s the only thing that we did, the only thing that we tried.

01-01:20:36
Meeker: When you and Herb were going back to DC, what kind of people were you meeting with?

01-01:20:42
Kettell: I’m trying to think of the senator who had—well, anyway, I really don’t know. There was another person that worked with Herb, Dirk Adams. He did more things in Washington. He did the political circuit with Herb in Washington. One of the things we were fighting for was higher capital. It turned out, when we had the financial crisis in the early eighties, that the net worths were way, way short. And we had been talking about that with the regulators for quite a while, and then once it happened and became very clear, we got back on it and tried to make them fix things. The problem was that whatever it is that we thought should be done was too hard for the others to do it, so basically it would put them out of business. So the regulators are at a rock and a hard place. And so we went on our own path with much higher capital.

01-01:22:12
Meeker: Given that the others couldn’t do what they needed to do meant that they would be forever in a precarious position.
Kettell: Yeah. A lot of them, you know, they kind of doubled down on things to try to save themselves. And it turned out to be a pretty good-sized chunk of losses that the taxpayers had to eat.

Meeker: According to the legislation that was passed, the surviving S&Ls had to make greater contributions, I understand, to—?

Kettell: Yeah, right. That’s right. It went up too.

Meeker: And so you guys ended up paying part of the bill as well.

Kettell: Right, yeah. We paid more, and we definitely didn’t like that. But I think that’s, again, that’s the politicians that worked us over, or the regulators. I don’t remember which.

Meeker: I understand that you were part of the four-person leadership team for Golden West, which was Herb and Marion, Jim Judd, and you.

Kettell: Jim Judd, yeah.

Meeker: What was your title by the end of this?

Kettell: Sometime in the late eighties, I think, I became president of the savings and loan, and Jim—is that right? No, Jim was the president of the savings and loan, and I was president of the holding company. I ran the financing side and Jim was really the operation side of things. He headed armies! [laughing] He had them all. But it was, I guess, it was—what did you call it, an operation—?

Meeker: Like a leadership team.

Kettell: A leadership team. So that word, I don’t remember.

Meeker: Okay. I think that’s just my description of it.

Kettell: Yeah, but I think they were, at that point Herb and Marion were trying to get help, I think, by adding us to the team—I don’t know whether it made any difference for the people in the company, per se, but it certainly helped Wall Street to have a bigger group. And we, all of us used to go, the four of us—or
at least Herb and I and Marion would go most of the time. Jim would go sometimes. But we’d go to conferences and put on presentations, and that kind of thing, which I think it was—it really helped Wall Street see us as a strong profitable and growing company.

Meeker: Did they have the impression that you guys were just literally a mom-and-pop organization? Was that part of the problem?

Kettell: No, everybody always called it mom and pop. They always—hey, they’re stuck with that one!

Meeker: And you have a mom and a pop, right? [laughing]

Kettell: Yeah, but it wasn’t that, it’s just investors want to see more of the company, and they want to see more people. I was going with Herb and Marion a lot, but sometimes Herb and I would go by ourselves. And that was—I think it really helped the Wall Street people, because they were slow—well, I think Herb was ready to put me into that early on. Marion was—maybe held back a little bit on me, which was—there was nothing wrong with that.

But she worked hard with me on writing, for example. There were various things that we had to do. If you’re going to make a presentation, you have to do a good job. Herb had his view on how it ought to work, and Marion sometimes would work it over. But mostly, Herb and I would get the thoughts together, and then Marion would help me put it together on a presentation. I’m not any good at that, but she just worked her heart out on me, and it was fun. I think she was frustrated sometimes that I just couldn’t write as well as she could. But she was a hell of a good writer, and that’s not my forte. So Marion was a little tough on me sometimes, but I learned more, I learned. I got better at it, and I got better at it—and one of the things that, as I did that and then she kind of let me get into the marketing with the marketing people and do more things with them, so she started getting a little more confidence in me.

I think Herb always—he and I were good friends. We both really wanted to excel in the company. And Marion kept an eye on us!

Meeker: [laughing] Okay.

Kettell: Just to make sure that we weren’t out of line, that we weren’t talking too much to ourselves in anything. She was really good at that.
Meeker: Was there any particular issue or presentation where you thought that her weighing in really had a positive impact, that you can recall?

Kettell: Gee, I can’t—too long ago.

Meeker: Okay.

Kettell: But she was there, and she helped me a lot. And one of the reasons, when I went to Middlesex School I had to spend—this is way back—I had to stay an extra year. I had started young, because my uncle had worked there, and that was his last—when I started, it was his last year, and they wanted me to be there when he was. But by the time I got to the graduation, the headmaster took me aside and said, “Okay, you’re going to have to—you need to take another year.” [laughing] And much of it was my writing and English skills. So that’s where—Marion had a hard one to work with! But she was so good at it.

One of the other things that is—just sort of remembering about them. Herb’s a tennis player, or was a tennis player. One time we, I think four of us from the office played tennis, played doubles a few times. And Herb found out that we were playing tennis, and he said, “Where are you playing?” And I told him. He says, “That’s real close to my house.” And he said, “Can’t you come—do you want to come and play here?” “Oh, sure!” So we started playing there—

Meeker: You started playing at their house?

Kettell: At their house, yeah. And pretty much regularly, and we did it with some people in the office, and in Home Loan Bank there were a couple of guys there. And it was kind of the first time of it’s a non-business thing. And we played tennis and we got to a point where it wasn’t just work, it was, there was—it was friends and fun to do things. And it was enjoyable for the people in the company who were doing it.

And then we used to have these off-site meetings. We did quite a number of those. And sometimes we’d have them at their house, and that was another thing that was more—all of a sudden we’re going to Herb and Marion’s house and we’re going to—so we were playing tennis, and then we were over having these meetings trying to sort things out. And Marion would feed us. The cutest one—because I’m going to have it for dinner tonight, is taco salad. Marion had her taco salad. The first time we ever had it, she fixed it at the table and everybody had their helpings—and I loved it! And I probably had three helpings, or something like that. [laughter] And she just said, “Wow! That
good, huh?” And it was fun, because she said, “Well, I’ve got the recipe for you and everything.” And we’ve been having taco salads ever since.

Were they profoundly different away from the office than they were there?

Oh, they could be, yeah. So one would be, in a situation like that where we were just having dinner or having lunch or something with them, Marion could be really funny and very—I don’t know, fun to be around. And the other one would be in New York. We’d go to do presentations there. And Herb and Marion—that’s where they’d met and gotten married and everything. And when we went there, they were like a couple of kids. We walked everywhere, and they’d horse around. They took me to fancy restaurants and everything, and it was a lot of fun. When they were by themselves, I was somebody who could be with them. I’m probably the only one—well, Jim Judd might have seen it too. But Herb and Marion by themselves, thinking, chit-chatting and talking about the old days and stuff like that. It was really, really nice. I have a lot of fond memories of those trips to New York and the things, with Herb and Marion, whether it be at the house or whether we’re out to dinner somewhere or whatever. They were a lot of fun to be around.

You know, I saw one video of them giving a presentation. I think it was for, maybe, stockholders or something like that, some large group of people, and they were on stage together. And they did this kind of—routine, in which Marion was sort of the straight man, and Herb was kind of the comedic relief. Is that something that they would do? Did they have a persona interacting with groups of people like that?

Yeah. I don’t remember why, but they went to some congressional hearing kind of, somewhere with Congress, and we were trying to—we wanted to do something, and people weren’t liking it. And so Herb and Marion, they brought in a bucket of water to make a point and when they got their opportunity to speak up, they said this is—they take the bucket of water and poured it into another bucket. I cannot remember exactly why—it was just to make their point. And it was a pretty racy thing to do! But they were open to doing things like that. That’s probably the first time that happened. [laughing]

Why don’t you tell me about the sale of Golden West. Was this on the table amongst the four of you? Was this something that was presented to you after the decision had been made? How did you get brought into the process?

So in early 2006, Jim and I went up—and we met with Herb and Marion once a week, or whatever. And we went to one of those kinds of meetings, and Herb and Marion dropped that on us. And Jim and I were—really surprised.
We all talked about it a little bit, and then we went our separate ways. And Jim and I got out of there and I go, “Wow! What is this?” And that was probably the first time—well, it was definitely the first time that I’d heard about it. I don’t know how much Herb has told you about this, but they had really started this back in 2005. I don’t know—probably in the summer of 2005, something like that. And they hired Lehman Brothers to do whatever it is they do, to show the company, but on the quiet. And I think Herb and Marion were—they were very worried about what we were going to say, how we were going to do it. I think—so I get to look back, and I think there were two things going on. Number one is I think they started to get worried about what was happening in the economy and in the financial institution group.

01-01:40:06
Meeker: So, for example the aggressive work that Countrywide [Financial Corporation] was doing?

01-01:40:08
Kettell: Oh, Countrywide—so what had happened in the early 2000s is the business started to change. We were a traditional portfolio lender; that was our whole business model, and it had done very, very well. It had not been all that great for most of the other institutions, and so they all started to take up mortgage banking. Mortgage banking is a way to get more money upfront, and so instead of getting a loan and earning a spread on it for however long it lasts, you make the loan and you basically sell it to somebody else right away. And the amount of loan volume that was being done was just staggering. So they had started—they’re seeing this and just—the other side of it, this is me not them necessarily, but there was—I think Bernanke called it the global glut. And there was a global glut going on, even in the late nineties.

01-01:41:47
Meeker: A global glut of—?

01-01:41:48
Kettell: Of money. So in other words, China was growing—all of a sudden there’s just more money. So there’s more money than there are assets to invest in. So what are you to do? The biggest market in the country is mortgages. Wall Street went crazy for assets. So the biggest market in the world in the US mortgage market. So they got into it, and lenders could make huge amounts of loans and securitize them and sell them, and they’re making money doing that. And if you looked at the increase in the mortgage market, the outstanding mortgages, it was a trillion dollars a year from 2002 to 2007, so that just fed the mortgage bankers, and it fed the securitizations that sopped up the excess money. You know, when you start to do that, when you push too much, there’s too much money, then the quality of the assets goes down. We never really discussed that, that particular thing, but we knew it was going on. We knew that there was just way too much of this. And Countrywide was a mortgage banker, and their volumes were staggering, the amount of loans that they made. So there was unease there.
So I think Herb and Marion sensed that, and I’ve never really talked to them about it. I’ve never really talked to them about the sale that much. But it was clear all of us were worried about what was going on with our business, and so at some point they decided okay, we’d better do something. And the other thing was that they were ramping up the foundations activities. I think Herb’s doctor told him one or the other. And probably Marion told him it was one or the other too! [laughter] But it was a surprise. And the initial things—we thought that somebody would buy us right away, but they just—there wasn’t much activity, and we expected somebody would buy us, or I think they expected somebody would buy us quickly, and it didn’t happen.

So after we had our meeting and we found out that they’d been doing this, then I think Lehman Brothers worked a little harder, maybe worked a little harder, and all of a sudden Wachovia was interested. And they came out, the CEO and the financial guy came out, and we had a meeting here. And then we went back there a few times, and all of a sudden they were just dying to buy us. And it went forward. I don’t know if it turned out Wachovia was not as good as we’d expected. I think our view, really all the time, was banks were really not very good at what they did. They did a lot, and they were tough and they were big and they had a lot of money and everything—but at the end of the day, they weren’t anything like us. And that made the Wachovia acquisition a little tougher. They started out, and it looked great. And then as time went on, and after we were acquired and the rest of it, it was not a very good place. But again, I don’t think it was much different than any of the other banks. They all had their problems.

01-01:47:30
Meeker: Do you think it was a good deal for people in Golden West, in the end?

01-01:47:39
Kettell: So employees who owned stock—Herb and Marion and many other employees owned a lot of stock. So that was good for them. But many employees weren’t all that happy. I remember having to tell my market guy that Wachovia had bought us, and he was very upset. There were a lot of people who really weren’t wild about it. Herb and Marion did everything they could to take care of employees at all levels. That helped cushion the change. On the other hand, if you look to what happened to other S&Ls then, what would have happened to us? And what would that have done to the people who worked at Golden West? So in my mind, it was the right thing to do for employees and the shareholders. It was a tough thing to do for the employees. But it probably would have happened—if we hadn’t done something, we probably would have had a tough time. Countrywide, with the ARMs, they learned how to make them, package them, and sell them, and make five or six points, compared to a normal mortgage banker that is lucky if they get a point out of it. So they got into the ARMs business in a heavy, heavy way, in just a huge, huge way. And their pricing was crazy, and that’s another thing. I’ve forgotten about that. We were a fixed-rate lender for years, and then the 1980s
crisis happened and we made it through there, and we got the ARMs to pass the regulators, and they were good loans and people loved them. And that lasted for a long time. And then all of a sudden Countrywide, in 2002, started to contaminate the whole thing, and I think they were aware of that as well. So at the end of the day, our business model was uprooted.

The venom against that loan was scary, and that’s another thing, I think. I think Herb and Marion were thinking about—okay, what’s going to happen with all of this and with Countrywide. Then the other savings and loans started to do the same thing. And once it got there, I think they recognized something. They recognized it before I did, or I didn’t see—I knew it was going on and I knew it was a problem, but I didn’t see it as a—it might cause the company to just lose its business. And that’s scary. And I do think, personally, I think that we wouldn’t have been able to get through it on our own. We wouldn’t have been able to make ARMs anymore. The venom against it was just—people (regulators, media, Congress, etc.) were all over it. They were projecting all this stuff, and that all these loans are going to blow up and everything, and of course it didn’t happen. But there was an awful lot of it, enough that we would have been—I think we would have been bought by somebody else later on.

Meeker: Probably for a lot less.

Kettell: Yeah, oh, definitely for a lot less.

Meeker: Well, why don’t we wrap up.

Kettell: Okay.

Meeker: Do you have any final thoughts that you’d like to add, reflecting on your time with Golden West and your relationship with Herb and Marion in that context?

Kettell: Well, I think that they started something way back in the early sixties, and built it over what—forty years, forty-plus years—into something that was far bigger and more profitable and everything than we ever dreamed of. And it was a fantastic business, and we really had it down pat, and it could have gone on—I don’t know if forever, but it could have gone on a lot longer. And it basically got contaminated by Countrywide and the mortgage bankers and Wall Street. But we had an awfully good time, all of us. And that’s not just from me. We used to have these things called President’s Clubs, where we would go to—I don’t know, go to some resort someplace and have a good time as a group for two or three days.
Meeker: And that would be all the S&Ls around the area?

Kettell: No, no, no, that’s just us.

Meeker: No. Oh, okay.

Kettell: Us doing that, because you’re trying to get the employees to get to know each other better, and it’s so open like that. It was just the way Herb and Marion did it. That, you know, you tried to get people working together. They want to play together, work together, they want to enjoy themselves and work like hell and make this thing happen—and it did. I look back at it and I am a little teary even. It was quite an operation, and Herb and Marion were quite an operation. Herb and Marion—they were the guiding principles, but as time went on, it was more and more handed down, handed off, and they were both—they were wonderful people to work for. I mean, I figure I’m about as lucky as [you] get. They were—not just Herb and Marion, but that’s the people I worked with—but all of the people who worked for me and that I was involved with at Golden West, really loads and loads of really nice, wonderful, hard-working people. And like I say, I felt bad for them initially, when we sold to Wachovia, but as time passed, it was definitely the right thing to do for the shareholders and for anybody who owned stock. It’s just too bad that Wachovia wasn’t as good as we expected. But again, I loved Herb and Marion. I loved them both. They’re—I was really upset that Marion—she had such an awful time with her health. It was so unfair.

Meeker: Right. I’ve definitely asked about that in other interviews and documented the pretty severe health challenges that she had. Yeah, she did have a hard go of it, particularly in her last few years.

Kettell: There were a couple of times, maybe almost a year when she got sick and she had to stay home. By that time I was involved with the marketing people, and we worked a lot of that on our own. And she hated it! She hated not being there. But it was just unfair that she should have to carry that much load.

Meeker: Have you had an opportunity to spend much time with Herb, and Marion when she was around, after the sale?

Kettell: Not as much, because when we sold, when the deal was done, Herb and Marion were supposed to be still there, and at a minimum for consulting, and they wanted to be involved—and Wachovia just pushed them out. Wachovia pushed out so many people. They had a recipe of what they did with
companies they acquired, and that’s what they did to us. And it was not nice, for a lot of people. And that’s too bad. I just wish that didn’t have to happen.

01-01:58:27
Meeker: Do you have any final thoughts?

01-01:58:32
Kettell: Well, I think I’ve—like I said—I stumbled in, and I told you that I turned the job down when I got it, and I was lucky enough that the other guys tried to take me down for a psych test or something down in LA. [laughter] And if you ever see a point in your life where you turned a particular direction and had it come out right, it couldn’t have been better than me—there’s no way it could have been better. It’s quite a place, quite a group of people. Quite a company for thirty-something years for me. I never would have guessed. It’s the only job I ever had.

01-01:59:22
Meeker: That’s amazing.

01-01:59:22
Kettell: Yeah. The only real job I ever had. So anyway—

01-01:59:24
Meeker: That and throwing boxes for UPS. [laughing]

01-01:59:31
Kettell: Yeah, well that was—yeah, throwing boxes. But a real job—it’s so amazing today. Herb and I talk about it once in a while. We spent forty years creating this, and succeeding and growing and everything. And the companies today—they want to do everything in a couple of years! It’s crazy. But I don’t know how they have any fun doing it.

01-02:00:06
Meeker: Yeah, right! [laughter] Well, why don’t we stop, okay?

01-02:00:10
Kettell: Okay.

01-02:00:11
Meeker: All right. Thank you, very much.

[End of Interview]