



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

**Interview with George Kaiser and Stan Lybarger
Bank of Oklahoma, Tulsa, OK 8/2/2012**

Interviewer: Michael J. Hightower

No audio tape per GK request; notes taken by MJH

Main topics to discuss:

- Brief bios of each
- Milestones in BOK history
- Experience (direct or indirect) w/ PSB and 1980s depression
- Tulsa and regional economy
- Opportunities?
- Post 2008 challenges?
- How would you describe
 - BOK core mission
 - How BOK is unique in terms of Tulsa, Oklahoma, and nation

MJH impressions

- Monolithic
- Tight security
- Seems to be lots of wasted / underused space
- Quiet, except for gurgling fountain in 9th floor lobby
- Very proficient and courteous staff
- Virtually no traffic in lobby

SL: 39th year w/ BOK. Only job he has ever had. Recruited by Eugene Swearingen. SL is from Kansas City. January 1974: start date at BOK.

[Brief bio of Swearingen: Eugene Laurel Swearingen was involved with Oklahoma higher education for more than fifty years, serving as professor and administrator at three institutions and as board member of the Oklahoma State Regents for Higher Education. He first joined Oklahoma State University's faculty in 1948 as Professor of Economics, then served OSU as a dean and as vice president. He was president of the University of Tulsa in 1967-1968, and resigned to become president of the Bank of Oklahoma. In 1982, he became Chair of Entrepreneurship at Oral Roberts University, and held that chair until his death in 2002. Swearingen was a member of the Oklahoma Hall of Fame and was inducted into the Oklahoma Higher Education Hall of Fame in 2003. Oklahoma Higher Education Heritage Society, <http://www.ohehs.org/hof/eugenewearingen.html>]

Kansas City banks were very conservative. Big name in Kansas City: Kemper. Big name in San Antonio: Frost. CEOs of big banks.

\$5 – 100 billion banks were middle-market banks. Most were far removed from family involvement. 1991-2007: Most families sold out. In 6 or more states, there were few middle-market banks. BOK is one of the few middle-market banks left. All other middle-market banks in Oklahoma are sold / gone. First Tulsa, Liberty (J. P. Morgan): Banks of Mid-America. Bank One.

GK: He was interested in Liberty Bank. That seemed to be his best choice as a bank to buy. He bought Fidelity. First National Bank of OKC was also choice.

SL: He was interested in banking industry and sinking roots in a community. Did not want to be transferred with large company. He wanted to become part of a community.

Some discussion of Len Eaton, in the late 1970s. He was interested in recruiting talent from big-city banks. Eugene Swearingen wanted to modernize, establish retirement program. Joe Williams did a great deal of recruiting.

Big hitters were recruited to modernize. He brought in MBAs. He used this group as core group. Long history of training. Continuous program for 43 years. Lifeblood of organization. This all began in the late 1960s.

SL found Tulsa to be “friendly and open.” When he bought groceries, he began conversations w/ shoppers. That was odd and would never happen in Kansas City.

SL had opportunity to build bank, community. BOK has always been involved in Tulsa.

GK: He joined bank board in 1980. At that time and into the mid-1980s, there were changes in tax laws to respond to 2 basic disasters in state economy: real estate and energy. January-February 1986: oil prices went from \$35 to a low of \$20. Historic decline in oil prices.

GK learned quickly. He was chair of auditing and examining committee. “Loan portfolio was a lot better than he expected. Morale too.”

GK is a lifelong Oklahoman. He has always valued community banking concept.

Late 1980s (1989): He resigned from the board of directors.

June 6, 1991: Bank was recapitalized. BOK got going faster than banks in Colorado, Oklahoma, Louisiana, and Texas. BOK had good management, was recapitalized, and could chase business.

As of date of interview, BOK was \$26 billion bank.

1992: Continental Federal Savings and Loan. GK and SL got the Federal Reserve to waive rules and allowed the BOK to acquire it. "This isn't a hill you have to climb. It's a wall." The Federal Reserve response to BOK's offer. BOK went to Washington, DC to pursue this possibility. The Federal Reserve required lots of persuasion.

Then, BOK acquired Sooner Federal Savings and Loan.

BOK made more acquisitions from Jim Robinson. Seven banks. Each was free-standing banks in suburban Tulsa.

BOK experienced huge growth in the early 1990s.

There were platforms for growth in Texas and Oklahoma.

SL wanted to focus on wholesale and retail banking.

SL: Our market share got very high, and market opportunities were diminishing.

1996-97: BOK acquired 2 banks in Dallas. There were more acquisitions in Dallas and Houston.

TransFund: BOK was behind ATMs. Len Eaton was particularly interested in TransFund in 1977. The first ATM at 71st and Yale was seen as a branch. But circuit court in Denver ruled that it was not a branch. TransFund was 100 percent owned by BOK Financial. This became 7th to 8th largest bank in the U.S.

BOK hired the same architect who designed the Twin Trade Towers (108 stories). BOK is ½ the size, w/ 54 stories. Original plans called for 2 BOK buildings.

Late 1990s: BOK found opportunity in Albuquerque and acquired 16 branches. BOK became the fourth largest bank in Albuquerque, where government, Indian tribes, jewelry, and tourism were leading economic sectors.

SL: "It was opportunistic. It came about suddenly and we diverted from Texas."

BOK became increasingly known for its retail franchise. But, BOK did not have as much affinity with Albuquerque as it did with Dallas and Houston. BOK has always been strong in oil and gas industry. Sinclair, Williams, etc.

Late 1990s: BOK moved into Denver and Arizona markets. Bank of Arizona:

BOK started a bank from scratch, de novo, in Kansas City. BOK already had customers and businesses in Kansas City.

SL: "We had the ability to do that. We didn't know we could establish a de novo bank."

GK: He spoke about expansion into other markets, notably Texas, as “sourdough starters.” Texas, Albuquerque, Arkansas, etc. BOK had some connections in markets where it expanded.

SL: BOK has recruited heavily from J. P. Morgan, Chase Bank, etc. BOK includes many small commercial banks. Over time, BOK has recruited local talent to small institutions. “We wanted banks that could stand toe-to-toe and compete.”

Big banks have lost their connection to customers.

GK’s slogan: “Large bank services with commercial bank responses.”

BOK breezed through downturn of 2008. According to SL, BOK is the largest traditional bank that did not take TARP money.

2010: BOK returned to record earnings. It is the largest bank in the U.S. with record earnings. As of December 31, 2011, BOK was ranked number one among peer banks. Why?

- Good fortune. Oklahoma suffered less in downturn than East Coast.
- Bankers remembered the downturn of the 1980s. “Banks that went through that didn’t repeat the mistakes of that time.”
- BOK retained the discipline and policies characteristic of larger banks, but remained close to customers.

SL: “It’s been fun.”

BOK started with a single dimension to focus on commercial customers. But it became multi-dimensional.

GK: Oklahoma City was the poorest of markets in the state. Classic quote: Len Eaton sent Stan Lybarger to Oklahoma City “to bail out the Augean stables.”

SL: “We completely avoided the Penn Square situation.”

Some discussion of BOK’s acquisition of Rooney bank in Muskogee.

Concluded interview with discussion of Penn Square Bank. GL and SL agreed that experiences in those days helped them to avoid trauma of 2008.

End