



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

Interview with James D. and Kirk Pittman
First National Bank of Seiling
Seiling, OK, 6/23/2011
Interviewer: Michael J. Hightower
Audio taped and transcribed by MJH

MJH: It is Thursday, June 23, 2011, and I am at the First National Bank of Seiling with the Pittmans to hear about their experiences and their family's history in banking in Dewey in northwestern Oklahoma. So, thank both of you so much, and just to make sure I get your names, they are Kirk and Jim...

Jim?

JK: James D. They call me Jim.

MJH: Jim? Okay. If you want to just pick up where you started... Tell me the foundation story for this bank, and your family history in banking.

JK: My grandfather was a school teacher, originally, and he worked up to be the county superintendant of Woodward County. In 1917, he talked to a banker at Woodward—they were on a train trip to Oklahoma City that went from Woodward to Wichita, Kansas and then on to Oklahoma City. They were talking about the banking business, and the bank at Seiling was for sale. My grandfather became interested in it, and in 1918 he moved to Seiling and became chairman of the board and president of the Seiling State Bank. And he operated that for several years. In 1926, they built a new building about a half a block from where the previous building was, and built the building in 1925. And then in 1934, there was a bank across the street, the First National Bank, and he bought them out, and assumed their name. And so it has been at this location since that time.

We've had a building project in 1981, and again in 2010. It's approximately six thousand square feet now. We started out in the building in 1925 with twenty-five feet by fifty feet.

KK: Tell a little bit about Bill Sr.: Did he work here, maybe some in high school?

JK: My dad, who was W.H. Pittman, started in high school in 1926 and worked his way through the officers and became president in the seventies and chairman of the board in 1967.

KK: He was graduated from high school in 1926, (right?) and W.L., who was his dad, said, "If you want to college, do you want us to sell the bank and you can just go to college, or

would you rather stay here and work in the bank?" And that was kind of, to me...History was a big determining point. He decided he'd like to stay here at the bank...

JK: He was here seventy-two years, at the bank. He died at the age of ninety.

MJH: Okay, and that was your dad, W.H.?

JK: That was W.H.

KP: Yeah, he worked here seventy-two years. He was here on a Friday, and passed away on Sunday or Monday. But he worked up to the day...

MJH: What are some anecdotes from his life? What is, sort of, your take-away from your dad's career as a banker? Any particular milestones? He was here during the Depression...?

JP: Back in the thirties and forties, we only had a total of five employees. And I think in the early part of the 1950s we reached \$1 million in deposits. We were the biggest bank in Dewey County, and we went through the eighties when a lot of banks closed, and our deposits increased by \$10 million, basically.

MJH: While everybody else was having big-time trouble, you increased by \$10 million.

JP: That was the biggest growth we had.

MJH: Why is that?

JP: Well, we were conservative, and we only—and I'm just going by memory—I think we charged off five loans in ten years.

KP: All these other banks were failing or being bought, and people were moving their money to our bank, because of its conservative nature. That got around.

How about the story about when the banks closed and...Well, two stories. One is about when the bank closed in...

JP: 1933...

KP: 1933, and W.L. kind of kept the community going.

JP: He made change for the local businesses.

KP: Tell that story, and then also maybe about the bank robbery.

JP: It was in 1935. That's the only time we have been robbed. They ended up catching all three bank robbers. One of them was kind of a killer, and they sent them to prison. I think one of them was killed in prison.

MJH: This was in 1935?

JP: 1935. In February 1935.

MJH: So there you have an article about it?

JP: Yes, they're taken from newspaper articles.

MJH: I'll shoot a copy of those. Was it on horseback? Car?

JP: It was in a car. But the one that was really mean, he was wounded, and so he was the driver of the car, so he didn't come into the bank, thank goodness. They were capable of killing people.

KP: They came in and robbed the bank, and then they went north out of town and crossed over the river...

JP: Well, they left here and ended up in Leedy, and kidnapped the doctor there, and then they let him out—I forgot where, I'll have to refresh my memory—but they did let him go, and they did catch him north of Chester, which is five miles from here.

MJH: Good color. You mentioned 1933.

KP: Tell him about when the bank closed, and then W.L. kind of kept on... They had a banking moratorium there...

JP: They closed all the banks in the nation. We were closed about, around two weeks, something like that, fourteen to seventeen days.

KP: He went ahead and conducted—well, he didn't really conduct business, but he... How about the story about the scrip?

JP: David knows about that. I'm rally fuzzy on that.

KP: David's had people come in and talk to him about that. My brother, he's on vacation right now, but we need to get this story, just an interesting story, about—his name is David Pittman—about when the bank was closed. He made change, but then he also made—they kind of issued some scrip...

JP: I don't remember that part.

KP: I don't know if David's got one, or saw one, but they did scrip between merchants in town, and then, when the bank opened back up, then they redeemed that scrip, and that kind of kept business going during that time.

MJH: Some banks did that. They did that in 1907, too, if you go back to an earlier fiasco. But banks issued their own scrip, and merchants accepted it, and made do.

Maybe [David] could summarize details and shoot me an email... We could do it that way.

KP: Okay.

MJH: So what else about W.L.'s days? What is the main economy around here? What is the lending base? How stable has that been over the years?

JP: Mostly agriculture. And we are fortunate to have what is considered the northwest crossroads of Oklahoma. Our highways bring a lot of people through, and it's helped our town tremendously. But it's mostly agriculture-related.

MJH: Wheat, cattle?

JP: Yes. We do have some oil and gas activity in this area. That has helped our economy tremendously.

MJH: I am intrigued by the eighties, because I have done a lot of work on the whole Penn Square Bank fiasco, and the fall-out from that. Tell me about your bank's experience during those days: the big run-up in the seventies, and the demise...

JP: We were very conservative. Our income was really good during those ten years when a lot of banks were just the opposite. You know, they struggled and so forth. That was our biggest growth, percentage-wise, that we have ever had.

MJH: That had to be really unusual. Were there other banks that had similar experiences?

KP: Not really. At that time—wasn't that when those ratings came out, we were, like...

JP: ...the top fifty in the nation.

MJH: We were thirty-third, according to Bowers Financial, we were number thirty-three bank in the nation as far as the safest banks at the time. I don't remember if they had Oklahoma rated or not, but yeah, it was, definitely, the conservative philosophy, and people... The surrounding banks were having some problems, and people were moving their business to our bank. That's one thing, to me, not so much anymore, but back in that time, we had a lot of customers from out of town, which most banks did not have. I mean, we had people from Woodward and Fairview and around—Canton—that were banking here instead of banking at their own bank. To me, that was due to faith in the bank, and the faith people had in our family, at that time.

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MJH: And so you stayed conservative. I suppose that means you didn't get swept up in the oil and gas mania.

KP/ Yes.

JP:

MJH: What does conservative mean?

KP: Our loan deposit ratio is, you know, ten percent, or something, at that time. On the flip side of that, we had a lot more jumbo CDs. People at a \$100,000 or excess, than pretty well any bank around. At times we'd get criticized, of course, for being too conservative, but also, if you compared it, we just had a lot more big accounts than what these other banks did. And that was just due to...At that time, I don't know what our capital was, but it was probably between fifteen and twenty percent, which was pretty unusual for banks at all, in the eighties.

MJH: And you say fifteen, twenty percent of...

KP: Assets. Our capital was substantial, relatively speaking, at that point in time.

JP: My grandfather and my dad went through the Depression. They didn't make a lot of money, but they didn't lose a lot. Times were tough, and that's probably the reason they were conservative, because of those lean years in the dust bowl period.

KP: And David, he's better at those stories, but I can remember him talking about W.L. and W.H. going out on these collection trips, like when somebody owned machinery or cattle or something like that, and Bill Sr. talking about that he did not like doing that, and once they kind of got through that, he made up his mind that he wasn't going to experience that again. But he has some stories about that.

JP: My grandfather kind of had a background in agriculture. He grew up on a farm. So he knew what it was like, and then in 1940, he started buying some pasture land in Major County, and he bought a little over three thousand acres of land, and he raised polled Hereford cattle. So he took an interest in cattle.

KP: He started an insurance company somewhere back in there too.

JP: He had an insurance with the bank, which was not unusual. My dad was an insurance agent for forty or fifty years.

MJH: What was the name of that company?

JP: They called it Pittman Insurance Company. It's a local agency. They had about five or six companies that they wrote for.

KP: It's probably in that book, but W.L. came here to Oklahoma, northwest Oklahoma, because of his health. And that's kind of how he got down here from...Quincy, Illinois?

JP: Northeast part of Missouri, which is close to Quincy, Illinois. And he did, at a young age, work for the post office department in Chicago. Because of the smoke and everything, he got sick, and he went to five different doctors, and they said he was going to die, as a young man. One doctor said, well, if he would take a certain medicine—he said, "I've never dared to give it to anybody yet"—and he recommended northwest Oklahoma for his health, because the air would be better. That's how he ended up in northwest Oklahoma. And he went to school at Alva and got his teacher's certificate.

KP: Something interesting to me was that he walked about ten miles a day...

JP: When he was eighty years old, he walked ten miles...

KP: And he was riding his horse. He lived to be ninety-two. He outlived his doctors.

MJH: And he died in...

JP: 1967.

KP: I guess our family, in the fifties sometime, when we completely bought out the other shareholders, so there are no other shareholders.

JP: A hundred percent family owned.

MJH: Is that rare, do you think? Do you know other banks that are completely family owned?

JP: The bank at Waurika might be family owned. I'm not sure if they have a hundred percent or not.

MJH: The Stewarts?

JP: That would be...Pryor Wade.

MJH: I'm thinking of south of Duncan...Isn't there a Waurika down there?

Digression to location of town...

So basically, for one family to own a hundred percent of the shares is pretty rare.

KP: Pretty rare, and especially as closely held as our bank is. It's just immediate family, which is pretty rare—I don't know of any other banks...

MJH: You and your brother David...

JP: My mother is chairman emeritus.

KP: She's 101.

MJH: No kidding! What's her name?

JP: Kitty. And then she had two sons—myself and Bill Pittman, Jr. He's in the bank. He's executive vice president. And then I have four children, and all of them are directors. Kirk is the oldest, and then David, and then Shantel—she lives in Oklahoma City—and my youngest one, twin daughters, is Rhonda, and her married name is Unser, and they live in San Antonio.

MJH: You and David are here at the bank...

KP: Yeah, and Bill Pittman, Jr. is also here, so there are four of us here. And then actually, my two children are working out at the teller line right now, so they would be fifth generation in this bank.

MJH: What are their names?

KP: That's Brock Pittman and Veronique. They work here in the summertime.

JP: Brock's in college and Alec [Veronique] is in high school.

MJH: Brock's at OSU, right?

Banter and laughter...

JP: Charlotte is Kirk's wife, and she's a director.

All of our shareholders are directors.

MJH: And Bill...

JP: Yes, William Henry (sp?) Pittman, Jr.

KP: He has no children.

MJH: Okay, he has no children...I think I can make sense of that. That is really interesting. So a board meeting is a family reunion.

KP: It's all family, that's right!

JP: They used to joke about having our board meeting at the breakfast table!

Laughter...

MJH: So you weathered the eighties in great shape. How about post 1980? There were huge changes: non-bank banks coming in and rearranging the landscape; branching and multi-bank holding companies; technology that has changed everything. What has been this bank's experience in the post eighties? Are there any milestones, any big challenges or opportunities that have opened up?

KP: To me, we have just continued to focus on our community. We haven't had a branch. I guess another thing that is a huge asset to our bank is that most of our employees have been here twenty-plus years. We've got an employee working right now that's been here thirty-five years. We have very little turnover in our employees, and that has definitely been a big help for us and for us retaining our customers.

But yeah, especially in light of this Dodd-Frank bill that just passed, I think it's going to continue to be a challenge. The biggest challenge right now is compliance—trying to comply with all these new regulations, and I think it's going to force a further consolidation of community banks. It's just difficult to weather all the compliance...

Technology wise, it's... We've been able to keep up with online banking, and having ATM debit cards, and that kind of stuff. We're fortunate that there's no other competition. We're the only bank in Dewey County. There are other banks, but they are not headquartered in Dewey County. We're the only bank headquartered in Dewey County.

JP: We're the oldest bank headquartered in Dewey County.

KP: That's right, we're the oldest bank in Dewey County.

MJH: That raises a question: Are you active in the OBA and also the Community Bankers Association?

KP: Yes.

MJH: And what does being a community banker mean? What does it mean to you to be a community banker? It sounds like that is what you style yourself as.

JP: Locally owned and locally operated. We feel like we've got plenty of work to do just keeping up, and that's one reason we haven't expanded to go to another branch. Then you don't know who you're really dealing with. Here, we feel like we know our customers personally. They're not just a number. We know where they live, and know about them. And they have been very loyal. We've had a lot of loyal customers.

KP: Banking is certainly taking care of your customers, and giving back to your community, and putting them first. We did have another bank that came in 1982, and it failed in 1987, and we bought it. I guess the last bank before that would have been in 1934, when

MJH: What bank came in the eighties?

KP: Community National Bank, and I guess that ownership was kind of out of Cherokee, Oklahoma, with a few local owners. You know, they got in at absolutely the worst time, because they got in right when things started going downhill.

MJH: 1982-87?

KP: Yeah, they only lasted five years before they were closed.

MJH: By the FDIC?

KP: Yeah, it was an FDIC closure. Now Penn Square went under in July, and they started in September.

MJH: Really?

KP: Yeah, they started up a new bank in September—after Penn Square.

MJH: Of course, that's in hindsight...

KP: Of course...before it happened, before Penn Square, they were—More than likely, if they'd have started five years earlier or five years later, they might would have made it. But they started in absolutely the worst time they could have. It worked out for us, because it eliminated the competition.

MJH: So did you bid on the bank, then, and but it?

KP: Yes, we bought the assets of the bank.

MJH: That's kind of interesting. I heard a great story from David Rainbolt about going to a bid in Weatherford. He said he was prepared to buy some bank for a million and a half, but he got worried when, through happenstance, he heard that nobody else had shown up to bid. So he took out a piece of paper and wrote "fifty thousand" on it, and caused a big ruckus because, sure enough, nobody showed up. I guess the FDIC guy was just blown out that his bid was so low. He wound up walking away with it for maybe, three fifty. It's just a great story, from the day when you could, I guess, buy some assets for pretty little money.

KP: He saved himself a lot money, didn't he?

MJH: He was a hero that day!

KP: You mentioned community banking. I am a past chairman of Community Bankers of Oklahoma., in '05-06. Currently I am on the OBA board, right now.

MJH: CBAO?

KP: CBAO, yeah.

MJH: I pitched this little project to a board meeting a couple of months ago, maybe March? The CBAO, community bankers, met in Oklahoma City.

KP: Yes, you met in March. I was having elbow surgery, I didn't make that.

MJH: I met Mick George there—I saw him, I didn't actually meet him—and a few other folks, but it was just kind of a sea of people. But I think I got some good leads out of it—it took me to Waynoka.

But you're also on the board of the OBA?

KP: Yes.

MJH: I saw Roger Beverage two days ago. Good guy.

KP: He's done a lot for Oklahoma.

MJH: He has. He's a passionate...very passionate about what he does.

You were starting to talk about the Dodd-Frank challenge...

KP: Yeah, there's two thousand and one pages of one pages of regulation, and two hundred and thirty new regs that are going to come out of that legislation. It's already starting to impact community banks and rural Oklahoma, and then there is real estate lending. Now you've got to escrow your insurance and taxes, and you also have to have three year tax returns, and bank statements, and credit forms...It used to be—I went to a meeting about a year and a half ago with the ICBA, and we in a room with a group of Federal Reserve regulators, and we tried to make the argument that, if we don't sell our loans, and we keep those loans in our portfolio, we shouldn't have to comply with these new rules. And what was amazing to me was, there were thirty bankers in that room, and all of us kept part of our real estate loans in our portfolio, some banks sold their loans, a portion of their loans, but everybody kept some of them, and the regulators couldn't believe that we didn't sell *all* of our loans. They had never heard of the fact that we kept some loans in our portfolios. That was just surprising to me. That's what community banking is all about—keeping that local, and taking care of your customers.

And they came out with new appraisal guidelines and rules. And now they're doing this debit interchange, which I think is going to hurt the ability of community banks to offer debit cards. Down the road, what it looks like is going to happen is Wal-Mart and some of these big box stores will just say, "Well, we're not going to accept First National Bank of Seiling debit cards. We're only going to take Bank of America cards, Wells Fargo, those types." They will be able to put down the little banks. It certainly looks like it. I would hope not, but it looks like it is just the intent of Congress and the regulators to consolidate the banking industry. A lot of regulation sure is, I believe, going to have that effect.

MJH: So the debit interchange—what is that?

- KP: That's the Durbin Amendment. And that's going to have a big impact on community banking throughout the nation.
- MJH: What, exactly, is that going to do—the debit interchange?
- KP: They're setting the fees that we can charge for those cards—debit cards—and then also I just believe it's going to allow the big companies like Wal-Mart to pick and choose what cards they are going to accept and not accept. If Bank of America can do that transaction for two cents and it costs them three cents to go through the First National Bank of Seiling, they going to say, "Well, we're not going to pay more to do business with the Bank of Seiling when I can do it for less with Bank of America, so we're just not going to take your card." I think it's going to be difficult. But, I don't even know... Well, they haven't written all the regs that's going to come out of Dodd-Frank. But it's going to be difficult to comply with for a small bank. We've got thirteen people employed, not including ourselves, but you already have to hire—we do, and most banks do—an outside consultant. You try to keep up with people like Bob McCormack to help us keep up on new regulations that are coming down the pike. It's continually going to get more expensive to try to comply with those types of things.
- MJH: Do you feel that the Congressional delegation has been helpful in the process?
- KP: The Oklahoma delegation has certainly been behind community banking for Oklahoma. I feel like they have done a good job, and they understand the needs of community banks and the importance they play in the economy, and the role in rural communities. If Bank of America was out here, they wouldn't be interested in making a fifteen-thousand-dollar loan to the lawn mowers guys, you know, that's got the—I know a lawn mower company down the street. And they understand that you have to have community banks. But you get out of—back East, stuff like that, and people don't understand the role that community banks have, I don't think, in rural America. A lot of small towns that don't have community banks feel like they're just drying up, because there's no place for those people to do business.
- MJH: What do you think the motivation was behind that legislation? I have heard some describe it as, you know, Congress had to do something after 2008 and went after the wrong target, and that you all were targeted, but you didn't have anything to do with causing all this. What is your take on that?
- KP: I think that's exactly right. Community banks did not cause those problems, It was the mortgage brokers. I mean, we saw it right here in Seiling. They were making a fifty-thousand-dollar loan on a home in Seiling—Travelers Insurance, loaning in Seiling, Oklahoma, a big company, and the house wasn't worth more than \$20,000. But they were making a fifty-thousand-dollar loan on a property in Seiling, and they didn't understand the market in Seiling, and had no business lending in Seiling. But I think that's right. Community bankers... We were just lumped in with banking in general, and got sucked into this deal, but had nothing to do with causing this problem.

But we're getting to pay for it. Raising the FDIC insurance, and having to comply with all these new regulations, but...

MJH: Jim, do you have anything to add—past, present, or future?

JP: I can't really think of anything offhand. My mother's 101, and I'm 76 years old, and my brother is 78, and we're kind of at the tail end of our careers. Kirk and David—they're getting their experience, and so they carry on after we're gone. It makes a person feel pretty good about the future, anyway.

MJH: Can you single out any one or two things that you think have been the most significant changes in the banking business in your career?

JP: Well, it seems like the biggest change is technology that has happened in the last ten years. It's so much different than it used to be. The older you get, the harder it is to make that change. The younger people pick it up a lot faster than the older generation, anyway. It's a fact that it's here, and you've just got to live with it.

MJH: Do you see it at all as a blessing and a curse? Any time you get something, you give up something. Do you have any sense of that?

JP: You feel like you don't quite have your hands...you know what's going on, like you do when you were much smaller. You knew everything that was going on. And now, you don't know all the story of transactions, and so forth. People come in, and I'm back here, and I don't see them, and don't get to speak to them, and that sort of thing.

MJH: So do you kind of miss some of the customer contact?

JP: Yes, unhuh.

KP: At our old bank, before we completed this, our offices were just right next to the lobby. And my dad's office was also next to the lobby, but as people came in and out, you know, we could wave at them, or talk to them, and they'd stop in our offices just all the time. And now, we are removed, and there is a little bit less customer contact than there used to be. But we were definitely out of space, and we had to do something, so...It's good, you can get more done, because you have less people in there visiting with you, that aren't actually conducting business. But on the other hand, that personal relationship is certainly what built the bank, and keeps the bank going, so you've got to have that.

Of course, we're members of Lion's Club, and involved in the church, and have a _____ progress foundation, you know, we've got a lot of...My dad's involved in the...what is it, we've got an airport trust, and a bunch of different things that kind of keep us interested, as much as we can. And of course, in a small town, you've got to attend all the ball games and all that kind of stuff. So, that personal touch certainly helps the bank...

JP: We've got a good school system, and we've got a hospital, which is real unusual for a town this size. So we're very fortunate.

MJH: Is it a growing town, or kind of holding its own...?

KP: Actually, we've kind of lost some population, but there's a lot of good things going on. To me, the outlook is better now than it's been—I moved back here in 1990—and it looks better now than it has since I've been here. Gore (?) Nitrogen moved to town, and they're employing close to forty people. And then we're on schedule to get a new hospital built here on the edge of town—a nineteen-bed hospital. Then they're putting a wind farm in between Seiling and Canton. It's supposed to be ninety-eight wind towers. And then we've got a lot of drilling going on right now. So really, the economy is better in Seiling than it has been in a long, long time.

Of course, the ag economy is hurt due to this drought, like everybody out here in western Oklahoma. But even so, the ag economy overall is not bad, so I feel like, looking to the future, really, I am encouraged. Ten years ago, I don't think I could have said that. But now...And we're also supposed to get a four lane all the way from Woodward down to the Geary—to I-40. So they're supposed to complete that at some point, and we'll have a four lane all the way up through here. That will help our community also.

MJH: You mentioned wind farms. Has that become a pretty strong driver around here?

KP: It sure has. That brings a lot of people in, and we've got people staying in our RV parks right now, and eating in the restaurants and stuff. That's been a big boost to the economy.

JP: We're fortunate that our economy is much better here than it is in other states. Oklahoma is not impacted like they are in New York and Florida and Nevada. In fact, there's ads in the paper—"jobs available." They're looking for people.

MJH: A lot to be grateful for.

KP / That's right. You bet.

KP:

End