



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

**Interview with John and Carlisle Mabrey
Citizens Security Bank of Bixby
Bixby, OK, 10/24/2011**

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Audio taped and transcribed by MJH**

MJH: It is Monday, October 24, 2011, and I am with John and Carlisle Mabrey in Bixby, Oklahoma, Citizens Security Bank, visiting with them about their family's history in banking and about this particular bank.

CM: Let me give you a history of our family.

Our family got started with the bank in Okmulgee, which is Citizens Security Bank there. And then we got involved with the bank in Bixby back in '94. Then in 2004, we folded those two charters together, into the Bixby bank. So the Bixby bank is actually the surviving charter. So our history is really more with the Okmulgee bank.

The Brown family chartered Citizens Security Bank in 1924. So you've really kind of got two banks. The history of the Okmulgee bank and the history of this one. We're probably not as well versed in the history of the Bixby bank. There are some survivors of the Brown family who are around.

Now Okmulgee—and some of these dates are not exact—but our great grandfather, G.W. Mabrey...

JM: ...George Washington Mabrey

CM: Yeah! He came to Oklahoma from Arkansas in the late 1800s, I suppose, and partnered with a fellow named Baker. And they put in a kind of mercantile store, a general store...

JM: Thomas Jefferson Baker. T.J. Baker. G.W. Mabrey and T.J. Baker started it!

Laughter...

CM: That bank was chartered in the early 1900s or something, and G.W. Mabrey was on that board of directors. And then his son, Carlisle Mabrey, went to work in the early 1900s. That's a photograph of him in the teller cage in the lobby of the Okmulgee bank, at a young age, probably in his twenties.

MJH: Is that something that could be reproduced or scanned, do you think?

CM: We have the original photograph from which that was made...

JM: It covered a whole wall. My sister, Marilyn, has a framed photograph in her office.

Discussion of photo of Carlisle in teller cage...

CM: We found it when we remodeled the old Okmulgee bank in the eighties, I guess. There was tons of stuff, mostly just paper, old ledger books, and that sort of thing...We found that photograph and sent it off to Kodak or somebody. Covered the whole wall.

Carlisle Mabrey got involved in the cotton gin business there in Okmulgee.

MJH: And that's G.W.'s son, right?

CM: G.W.'s son.

MJH: Your grandfather.

CM: Yes, Carlisle Mabrey was our granddad.

And they owned about ten percent of that bank at that time, in the early 1900s. And that ten percent ownership stayed in the family. So G.W. was on the board for a while, and then Carlisle Mabrey went on the board, but he was in the cotton gin business. He was chairman of that bank, probably, in the forties and fifties. He closed his cotton gin in about 1956 or '57, something like that, and he died in 1963.

So none of them were active in the management of the bank. They were on the board. And then our father, Carlisle Mabrey Jr., went to work in the bank as a loan officer in about 1961, and worked there as a lender until...In May of 1966, I started law school that fall, that's when I graduated from OU. So he had inherited ten percent of the bank from his father, and he went to Liberty Bank in Oklahoma City and borrowed the money to buy...

JM: He bought...

CM: He bought about another sixty to sixty-five percent of the bank at that time. My mom remembers signing. It was \$830,000.00, or something like that. She remembers meeting at the building there and signing that note. That was in 1966. I finished law school, went into Air Force JAG, and I came back to the bank in January of 1972. Our brother Bruce had come back about six months prior to that, and he's three years younger than I am. Bruce and I both went to work at the bank in the early seventies—late '71, early '72.

MJH: How many siblings do you have?

CM: I'm the eldest, and John's the youngest. And then sandwiched between is Bruce, who's three years younger than I am, and our sister Marilyn, who is five years younger than I am. All four of us are here in the bank.

JM: I am cashier and trust officer.

CM: I came back as executive vice president in 1972. And then Dad made me president in 1976. And then we...And we bought another ten percent of the stock at some point. And then in about 1978, we had paid off that note, and had signed a contract to buy the bank in Weleetka—Weleetka State Bank. And John, who graduated from OU, was a bank examiner for the comptroller of the currency at that time. And so John left there and came to work for us. And you went in as president of Weleetka State Bank, right?

JM: No. He made Sparks president. I went down there and worked as a loan officer in Weleetka.

CM: That was what? '78, early '79?

JM: July of '79.

MJH: Why Weleetka?

CM: Well, we had paid for the bank in Okmulgee at that time, and just decided to look around for some other small banks to buy, and small enough that we could afford. The fellow that owned the Weleetka State Bank, Bob Carroll—I knew him, and my father knew him. We found out that the bank was for sale. In fact, he had actually had somebody else who had agreed to buy with another group. And I went down and talked to him. And he said, "Carlisle, I'd really prefer to sell it to you guys," if you will pay the same price." We agreed to do that, and Dad—he kept track of the bank, but he liked to go to Mexico and go fishing. He pulled a boat down there. This was in June of '78, I guess, when we signed the contract. Probably June of '78.

So he's in Mexico, and you had to call him on a pay phone.

Laughter, something about a convenience store or motel...

John and his wife were down there with him. So I called Dad, and I said, "Dad, we've got a contract, if we want it, to buy the bank in Weleetka." I think a million one was the purchase price. And you kind of had to know Dad. He said, "By God, I'm not agreeing to buy a bank from down here in Mexico! I'm not going to do it down here that soon, without looking at it!"

I said, "Well, you know Bob Carroll, you've known him a long time, and they have a good, clean bank."

He said, "I'm still not going to do it!"

I said, “I’ll tell you what: Why don’t you call me tomorrow (because he had to go to that convenience store)?” And I said, “Why don’t you call me tomorrow at the same time? Think about it overnight, and then call me back.”

So he called me back the next day, and he said, “I thought about it, and that’s okay!”

Dad had to kind of sit on something for a little while, you know? And he said, “Go ahead!”

So I called Bob Carroll, and I had worked at Crowe Dunlevy in Oklahoma City, and it just so happened that Marion Bauman, who I had worked with there—Marion is older than I am—was Bob Carroll’s attorney. And I knew Marion. I told Bob, “Get that Marion to draw an agreement for both of us.” So he did.

MJH: And could you spell his name?

CM: Bob Carroll: C-A-R-R-O-L-L.

So we closed on that, and they came back, and John went to work there. And then, that was going fine, and then the bank in Haskell came up for sale in 1981.

JM: First Bank of Haskell.

CM: And it was owned by a fellow named Harold French. And Dad had actually tried to buy that bank in Haskell when he was working in Okmulgee, before he bought the Okmulgee bank. He thought he had a deal, but Harold French knew them too, and Harold French came in and bought it. So now, it’s about fifteen years later, I guess, Harold was there during that period of time, and it was for sale. We went over there and approached him. And there had been some bankers from Muskogee who were trying to buy it, but Harold didn’t much want to sell it to them. So we went over and talked to him in his office, and Dad and I did, and Harold had his price, and it was kind of high, but we thought it was okay, and he said, “You’ve also got to buy my house.” I think the bank price was maybe a million-five, or something, and we had to buy his house for seventy-five thousand. Dad said, “There isn’t a house in Haskell worth seventy-five thousand!”

We went back in the board room, and Dad says, “That’s just too much for a bank. I’m just not going to buy his house.”

I said, “Well, okay.” And I said, “Dad, that’s a lot, but it’s worth it. It’s a good bank, and we can do well with it.” So he kind of calmed down, and we went back in and talked to Harold and agreed to do it. So we signed a contract to buy that bank in, I’m going to say, ’81. And then John, once again, went over there. John was kind of the guy we sent out to the banks we bought!

Laughter...

JM: And I would work back in Okmulgee between times.

CM: You were in Haskell for how long?

JM: About a year, less than a year.

CM: So we bought that bank. And then, in '83, I guess it was, the bank in Wetumka came up for sale.

JM: The Bank of Commerce of Commerce in Wetumka.

CM: Wetumka is in Hughes County, and Weleetka is in Okfuskee County. But Wetumka is ten miles south of Weleetka. So when John was down in Weleetka, he was familiar with that bank, and kind of got those two...

JM: They were brothers-in-law.

CM: Brothers-in-law owned that bank.

MJH: Who were they?

JM/

CM: Cloyce and Bill Lewis. C-L-O-Y-C-E. They married sisters.

MJH: So, at this point, just to make sure I've got it straight: You bought controlling interest in the Okmulgee bank in 1966; and the first acquisition after that would have been the Weleetka bank, in '79...

JM: I worked for the comptroller until July of '79.

MJH: Okay. Then from there to Haskell in '81; and Wetumka in '83.

CM: John negotiated that deal with Bill and Phyllis (?), because he knew them. I don't know the details of that. But you met with them.

JM: Yeah.

CM: And Bob Carroll knew them, of course.

JM: Bob Carroll ended up coming back to work for us. He was president of our bank in Wetumka.

CM: We bought it in '83. And when did Bob come to work there for us?

JM: Right after we signed. He was our first president.

CM: He'd been out of banking for about five years, I guess.

MJH: Let's pause here for a minute. Tell me about your dad. He was...

CM: Carlisle Jr. Dad went to the University of Oklahoma, and was a Phi Gam down there. His sophomore year—at the end of his sophomore year, we got involved in World War II. And went to summer school at Colorado. But he joined the Air Force, like a lot of people. It was actually the Army Air Corps then, probably in about '43, I'd guess. And went in as a navigator in a B-17. Nineteen years old, and was stationed in England, and flew thirty missions on a B-17 over Germany. He bombed the ball bearing factories, among other things. He was nineteen when he joined, probably twenty, maybe twenty-one years old when he was flying these missions. It was in 1944 when he flew his thirty missions, flew about all that year, I guess. And he was...

JM: Fifty percent of the people on B-17s—fifty percent of the people that flew were killed.

CM: The casualty rate on B-17s was phenomenal.

I was born on May 6, 1944. And so dad left—I was six weeks old, Mom said, when he left to go to England. She remembers taking me and his mom on a train to Dyersburg, Tennessee—that was the last time she saw him.

This is kind of an interesting aside: My name was actually George Stephen Mabrey, on my birth certificate. When Dad left, Mom changed my name to William Carlisle Mabrey III.

Laughter...

She didn't know if Dad would survive or not. That might have played into it...

MJH: So he came back to Okmulgee after the war...

CM: He came back after the war, and of course was married. And he went to work for a cotton gin in Henryetta, Oklahoma, as a bookkeeper, about 1945. He did not have a college degree; he had a couple of years at OU. He worked there for a while, and then in 1947—I'm sure with the help of his father—he put in a John Deere tractor company in Okmulgee. He ran that from 1947 to 1957—about ten years. Then, as there was less farming going on in Okmulgee County and surrounding counties during that period of time...

JM: They were growing a lot of cotton around here. A lot of that equipment was for cotton. But it kind of went away.

CM: And there was a National Harvester dealer who had been in business longer than Dad, more entrenched, and it ended up not being enough business for both dealerships. So Dad sold out. He just closed it down and sold the place, inventory and all that. With about four

or five of the directors—and Dad was on the board at that time, of Citizens National Bank—and with about four or five or six other directors, they put in a small loan company in 1957, called Creek Finance Company. He ran that for four years, until he went to work in the bank. And they sold that...He ran that for about four or five years, sold that, and went to work in the bank.

MJH: So the loan company wasn't really part of the bank?

CM: No, it was separate. Five or six of the directors, you a lot of it. It makes you think of payday loans—just a small finance company. Cars and that kind of stuff. Just small loans.

MJH: So once he sold that—he ran the loan company for four or five years...

CM: And then, his father...The cotton gin always dealt in credit. A lot of times, he would finance the farmers themselves, if they couldn't go to the bank and get some money. He might finance receipts in the spring, and they would bring their cotton in the fall and ginned it, and he got his money back then.

So Dad had some familiarity with the finance business. And he carried accounts in the implement business. He had some familiarity in managing credit, so to speak.

JM: And he was pretty conservative, too.

MJH: So by the early sixties, then, he would have been working full time at the bank.

CM: His dad died in 1963, my freshman year in college.

MJH: So he was a conservative guy, had all kinds of life experiences, from combat to cotton gins and everything in between. Are there any particular bank-related stories that you can remember from him? Maybe not necessarily bank stories, but just business experiences...

JM: He always liked to hunt, and fish.

MJH: Hence the fishing trip to Mexico.

JM/

CM: Yeah!

CM: He was about six three, a tall, angular guy. He was a very strict disciplinarian with kids, when I was growing up. There wasn't any abuse. We got our fair share of whippings with the belt, that kind of thing. He let you know exactly...

JM: He really kind of liked being a mechanic. With the John Deere dealership, he'd go out to farms and ranches, and work on equipment. He wasn't a real socialite type of person. He was more reserved.

MJH: What are most of the loans at the bank in Okmulgee? Are they mainly agricultural loans?

CM: Mainly. He made a fair number of agricultural loans, and maybe about a fourth of our portfolio was tied to the oil and gas industry, one way or another: some oil and gas production loans, service and equipment, tubing, rods, that sort of thing.

JM: We have all kinds of consumer loans.

CM: Home loans.

And Dad was kind of one story...Dad hardly ever had any loan losses at all. He treated the loans very well, was very strict. We had one individual who was a really good customer, who had a furniture store there. And I remember sitting in the office with him one day, and he was probably about our best customer—we'd never lose any money on him. I was in the office with him. And Dad always wanted to secure a loan with collateral, and then get even more collateral. He could never have too much collateral. So he was talking to that individual, and he wanted him to put up some more real estate, and so forth, for his furniture store. And the individual said, "Carlisle, I've done a lot of business with you, and I've always paid you back and never had any problem, I keep good deposits. You're just asking too much, and I'm just not going to do it."

Dad said, "Well, that's the way it's got to be. This way, or we just can't do it."

So the customer got up and walked out. And Dad turned to me and said, "Do you think I was too hard on him?" And I said, "Dad, I think you were. He's as good a guy as we have. The other bank's right across the street. He's a good operator, and all he has to do is walk across the street, and they'll give him exactly what he's asking for, and they will not require that collateral."

And he said, "You're right! Why don't you go get him?" So I went to the front door, literally, and got him. I won't give you his name. It might embarrass him. And I said, "Why don't you come in the bank? Dad wants to visit with you some more."

Laughter...

I brought him back in the bank, and Dad said, "I really don't need that much. You're a great customer, and we'll do it the way you wanted it done." And he's still a customer to this day at this bank. He's about the same age as my dad.

That was Dad's nature. He was just...

MJH: When would that have been?

CM: That was when I was at the bank, and I came back in '72. That was probably about 1975, '76, somewhere along in there. I was pretty young still. I was probably about thirty-one, and Dad was about fifty, fifty-one.

MJH: That's a very telling story. I like that.

Laughter...

Tell me a little bit about the three branches—Weleetka, Wetumka, and Haskell. Was there a common thread in all those.

JM: We also bought the bank in Morris. That came later, in '91 or so. But they were all one-bank towns—smaller communities where everybody knew everybody. There was a lot of loyalty there.

CM: They were very similar operations to what we were doing. They were just smaller.

JM: At that time, you know there were no branches. The law... You had to have separate charters.

CM: You couldn't branch into those towns.

MJH: So the only way to do it was to buy a bank. What was the one in Morris?

CM/

JM: Morris State Bank.

CM: 1991. We'd known the family for a long time that owned it: Kenneth Greer. His son Gordon Greer was president of Liberty Bank at that time. Kenneth Greer was the owner. He and my father were about the same age, maybe a little bit older. We had talked to him before, and said, "Kenneth, if you ever want to sell..." And Morris is five miles east of Okmulgee. And so, I told Kenneth—my dad died in '91—so we told Kenneth, "If you ever decide to sell your bank, we'd like to buy it." So I was sitting there in the office, and—Dad died in August '91, so this was just a couple of months after that, Dad was not alive—so I was sitting in my office, and Kenneth came in, and he said, "Carlisle, you said if I ever decided to sell our bank, that you wanted to buy it. We're going to sell it, and we'd rather sell it to you than anybody. Here's the price!"

JM: It was all about personal relationships.

CM: So they had it looked at, and priced it, and I said, "Kenneth, that sounds reasonable to me." So I talked to John, and Bruce, and Marilyn at that time, and my mother. He didn't shop it to anybody else. He said, "Here's the price. If you want to buy it, I'll sell it to you." So we bought it.

And those guys that owned those banks for a long time—they were concerned about their customers. They were careful about who they sold it to. They wanted to sell it to somebody that, they felt like, would do right by the town, and do right by their customers, and continue to make loans in that community, not just use it as a deposit base and loan the money somewhere else.

JM: That was important to the sellers. All of them.

CM: All of them, and Kenneth in particular. So anyway, we agreed to do that. Typically, you sign an agreement, and you have a period of time to go into the bank and look at it, check their loan portfolio and make sure...And that's what we did with Kenneth.

MJH: So clearly, the Okmulgee bank had a reputation for emphasizing personal relationships. And also, would you say, as a community bank?

CM: I think so. And being pretty solid.

JM: High integrity.

CM: All of us live in Okmulgee—Bruce, John, Marilyn, and I. We're all active in the community. I guess I was mayor of Okmulgee at that time.

MJH: When was that?

CM: 1986-1995. In fact, I served on a committee to try to find a mayor, in 1985. There were about five of us on the committee. And we went to about half a dozen people—nobody would do it. I mean, small-town politics can get...We couldn't find anybody to do it. Finally, one of them turned to me. I had been president of the junior class, and president of the student council in high school and stuff. And he said, "Carlisle, why don't you do it?" I said, "Nobody wants a banker as their mayor. I don't think anybody can get him elected!" But nobody else would do it, so I agreed to run as mayor.

I drew an opponent, and he was a guy that worked at the Pizza Hut there in town, young guy who'd been in town about three or four months, was all. I did win, but I didn't win by much. I mean, considering that he was hardly known by anybody...I did win, and then about thirty days after the election, he was fired from the pizza place, or something like that! But I got elected, and then served two more three-year terms.

MJH: What was it like to have a banker serve as mayor?

JM: You always have your "aginners." There was a group of aginners that would just kind of heckle and...They said our family was controlling everything. But he was just volunteering, just because nobody else would. It's not like we wanted to control the town or anything. He wanted the town to grow. That was a good way to do that. But everybody was suspicious, you know. But we were just trying to do the right thing.

CM: They were well meaning. They just were very suspicious of government. They'd been to city council meetings for a number of years, and were always complaining about the lakes, or the streets, or whatever. They had one guy who was kind of the leading spokesman.

The first meeting when I was mayor—and the precious mayor was Paul Brown, who I had been in high school with—and Paul tended to argue with those guys when they showed up. He wanted to combat them. So when I showed up, I remember this one guy got up, and I just let him talk, let him say what he wanted to say. And he got up, and he was a bright guy, but he didn't have a lot of common sense, and he talked and talked and talked, and finally wore himself out. And I said, "Thanks, I appreciate it." And he never came back. Once I kind of let them talk and nobody fought with them, they just kind of went away. They were still there, but they weren't as vociferous.

JM: We used to have to have policemen in the city council meetings.

CM: My nine years ended up being kind of uneventful, in a way. Once that group subsided a little bit, we had a good city council. One guy was a plumber, one guy was an electrician. We had a fellow, black gentleman, who had been a football coach. Okmulgee was segregated when I grew up, and he was a contemporary of my dad. I'd known his for a long time. He was on there—well educated, good guy and reasonable. And another guy from East Central...We had really good five councilmen, including the mayor. We had a good city council for about nine years. Things went along pretty well.

MJH: You were fairly close to Tulsa. How did that come into play?

CM: It didn't affect us much. We would cooperate on industrial prospects, and that sort of thing. Tulsa might have some companies look at them that, really, were too small for Tulsa, didn't quite fit them, and they would send them down to us. And then the State of Oklahoma, Secretary of Commerce, would send us prospects. In the 70s, 80s, 90s, we were able to get some companies in there that built some pretty nice plants and stuff. Both of them are still active, but Okmulgee is a small town.

JM: Twenty percent of the workers drive to Tulsa every day.

MJH: I used to live off of 75 south of Tulsa, and I wondered, "Where are all those people coming from?"

Laughter...

What were your banking interests with the Creek Nation? Was that a big part of your business?

CM: Yeah. Actually, my father...Claude Cox was the chief of the Creek Indian Nation in the 70s, when we first went there. He had a brother, Porter Cox, who was actually in World War II with my father. So Dad had known the Cox family, and there was a local attorney there, James Ryan, who brought the lawsuit that brought the Creeks and a lot of the other Indian tribes into some money. I think it involved the land underneath the Arkansas River. The government had never compensated them for that river, and really, they still owned the river bed. He got a pretty good sized judgment out of that, which gave the Creek Nation some money. So I think that's kind of what got them going economically.

JM: They were pretty organized.

CM: And so, because of Dad's relationship with Chief Cox, they opened some accounts with us, and we made them some loans from time to time, until they got, maybe, a BIA grant, money, that sort of thing. And then, of course, the gaming stuff really made a huge difference for them. And we might have had some loans early on, and that got bigger and bigger, and that's pretty much done well on a national basis.

The Creek Nation is, I'm sure, the single largest employer in Okmulgee now. In the 70s, they didn't even have an office, before Claude Cox and James Ryan got together.

MJH: Let's bring the story up to the big dividing line of the Penn Square Bank fiasco. How did that play out in your bank in particular, and this part of the state? Did it have a big impact on your bank?

JM: I was a bank examiner in 1979.

CM: He was actually in Penn Square Bank when it failed.

MJH: Tell me about that.

CM had to take phone call...

JM: It was a loosely run, and managed organization, as of 1979. They were about an eighty-million-dollar bank at that time. When they failed, two years later, they were \$450 million, or something. They grew, obviously, too fast. They had good policies and procedures in place. They just weren't following them. They had good loan policies, but they just didn't pay attention to them.

MJH: Did you have any memories of the players—Bill Patterson, Beep Jennings? Did you work directly with those guys?

JM: Yes, and we'd kind of been family friends with Beep Jennings, also. One of Bill Patterson's secretaries had a \$60,000 unsecured loan. She'd used the money to buy a Mercedes. I asked, "Why didn't you take the Mercedes as collateral?" And he said, "Well, she's going to pay the loan back, so we really don't need the collateral."

MJH: And that was sort of representative of the management style?

JM: Yes.

MJH: And you were working out of the Dallas office?

JM: Oklahoma City.

MJH: Was Clifton Poole in charge Dallas?

JM: Yeah.

MJH: So were you working there when it closed down?

JM: No. That was about two years earlier. But it was really obvious that they were not well managed.

MJH: So you were in the bank for...

JM: About six weeks, in '79. While we were there—I've told this story—their office was in Penn Square Mall. And we left on a weekend. And we came back in the following Monday, and they had cut a wall out and drove a Mercedes in the lobby, and put the wall back up. And it was a deal where, if you deposited a million dollars, for five years, you could have that Rolls Royce.

That's while the examiners were there! Instead of interest, they would give you a Rolls Royce. That was crazy!

Laughter...

MJH: Did you talk to anybody about that?

JM: Yeah. But back then, everything was so rosy, and everything was going so good...We would write up the report and send it to Dallas, but they wouldn't really do much about it. Everything was going along so good. They should have, obviously.

We had a regional manager, and he reported to Dallas.

MJH: The Rolls Royce story!

JM: They did it while the examiners were there! They could have waited two weeks, and we wouldn't have known about it.

MJH: When it actually failed, then, how was the Okmulgee bank positioned? Were there participations?

CM: No, they had a guy they put on the road, to try and sell participations. I can't remember the guy's name now. He came by the bank. We knew nothing about Penn Square and the some of people that were running that. We knew that we did not want to be involved. I was kind of curious, just to see what kind of stuff they were selling. So I got the guy to show me several of their oil and gas loans. To us, large: I'm going to say, maybe, in excess of a million dollars. That was a big loan to us. Our limit then was probably \$300,000. They had some loans to some guys that I had known at OU—they loaned them in excess of a million dollars. I remembered them from school, and I thought, "I'd have a hard time making that guy a car loan!" Just from what I knew about him.

I think most of those participations were sold out of state. I don't think many Oklahoma banks—I could be wrong...

JM: There were a few...

CM: I remember First Continental of Chicago, and SeaFirst—a lot of the big banks out of state, who were not very sophisticated on oil and gas loans. I think they wound up buying a lot of that stuff. They were gunslingers!

MJH: Actually, that's true. So many people I have talked to have said, "I knew what was going on..." Everyone suffered as a result of the downturn in the economy, which is what I wanted to ask you about next. There was no avoiding that.

CM: We were fortunate, I guess. Of course, Dad, you know, was a conservative lender, and so we were fortunate from that standpoint. I am sure we had some problems too. Real estate prices went down, oil and gas prices went down. But I remember, we had one customer—when did Penn Square fail? '81, or '82?

MJH: July 4, 1982.

CM: I remember one particular oil and gas customer I had—I think we had loaned him about \$200,000 on his production, on his oil and gas leases—and the price of oil had been going up. And he went to a pretty well known bank in Tulsa, and they looked at the same leases, and I think they loaned him two or three times that amount. Four, five, six hundred thousand, something like that. And I visited with Dad, and Dad said, "I just don't think those leases will support that, because those prices will go back down."

We had two guys on our board who had been in the oil and gas business for a long time, and they were the same way. They had been through ups and downs, and they were conservative themselves. And they said, "Carlisle, we just think people are going to get in trouble." So I turned him down, and he went to Tulsa and borrowed whatever it was, four or five or six hundred thousand on those same leases. When the downturn came, he lost everything.

I'm going to say, Dad's conservatism, along with our board, the older folks on our board, who had been through some ups and downs, kept us from getting into serious trouble. What's the deal? The conservatives keep their heads when everybody else around you is losing theirs...That's kind of the way it was!

Laughter...

You're kind of the ones sitting around wondering, "Are we the only dumb guys around?" We're not doing this, and there was pressure to do it. You just got pressured. You know, emotionally?

JM: Emotionally...

CM: A lot of people were making a lot of money, making those kinds of loans. And then, two or three years later, a lot of them were not around. So I'm going to say, Dad, and that generation, and some guys similar to him on our board, probably *kept* us out of trouble. If it had been just up to probably us young guys, we might have been with the rest of them!

Laughter...

MJH: Why don't you move forward to where this bank came from, and how that all came about? Milestones between the late 1980s and the 1990s.

CM: Okay. Really, the Morris bank in '91, was the last one we bought. And then in '94, Homer Paul, who was president of Citizens Security Bank here in Bixby, and the Brown family—they owned this bank, and owned the Arkansas Valley Bank in Broken Arrow—the Brown family owned those two banks. Homer was at this one. George Brown had been the president and CEO and run this bank. And it had gotten in trouble in, I guess, the late eighties. And so the Brown family brought Homer in, I think, 1989, as president, to kind of save the bank, in effect, I think. And so Homer did that. And I think had made...the asset quality...I think George had turned it over to somebody else, maybe, and loans got made that shouldn't have been made, and they were in trouble. They had large losses. They had enough capital to survive it. Homer came in and put a more conservative lending in place. He kept a lot of the same...The bank survived and stabilized.

JM: He was downtown.

CM: They had just the one office. And then he was able to...And then George died at some point in there, between '89 and '94. I think maybe it was around '93, after Homer had been here several years. And so George's widow and...

JM: I guess George had just the one daughter?

CM: George's widow Wanda, and then they had a daughter, Georgiana, who were one the board. Anyway, they struck an agreement with Homer to sell the bank to Homer. And there were maybe a couple of other board members who had stock, but it was primarily the Brown family. They controlled it.

And so Homer needed a partner to come in and help buy it. I think he talked to other people too. We'd known Homer, and he had known Dad, and I had been on the OBA board with Homer. Homer had served as president of the Oklahoma Bankers Association.

JM: He needed kind of a money partner to get the deal done.

CM: So he talked to us, and to make a long story short, we ended up with an agreement. His agreement was to buy eighty percent of the bank stock, and we signed an agreement with him where we each bought forty percent, essentially. And then, we had a ten-year contract with him, after ten years, with an option to buy his forty percent—to buy him

out. We had our banks paid for, so we were able to borrow the money to actually put the cash into the deal. Homer didn't do that. He didn't have any cash. He needed an equity partner, and that's the function we served. So we partnered with him in '94, bought the bank from the Brown family, and then Homer ran it from '94 to 2004.

JM: We were on the board.

CM: John and I were on the board, representing the Mabrey family, and Homer was on it, and then we had two other outside directors: Jack ___, lawyer here in town, well respected; and then Jack Givens, who is also a lawyer here. And so that was the board. Homer ran it for about ten years. And then we exercised our option to buy him out in 2004. And we bought the rest of the bank. And in the intervening years...

JM: We ended up with a hundred percent.

CM: And in the intervening ten years, Homer had also agreed to help us buy the twenty percent that we didn't own. And so we ended up buying essentially a hundred percent of the bank in 2004. And that's when we became active in the management of the bank. I came up here—I guess we merged them that fall.

JM: No, it took a little longer than that.

CM: I guess I served as president of both banks for awhile. In 2004, John and I both became active.

JM / We probably merged in early 2006.

CM:

CM: We ran them as separate banks for awhile, and then merged them. And the Bixby charter was the surviving charter.

JM: It was twice the size of the bank in Okmulgee.

CM: It was a bigger bank. So this is where we do our expansion efforts. It made sense to make this...

JM: In Okmulgee, we had put a branch in Muskogee.

MJH: And you still have an ownership in Weleetka, and Wetumka, and Haskell...

JM: We have merged all of them except the Morris State Bank. So they are all Citizens Security Bank branches.

MJH: All but the Morris State Bank. Is there any reason for that?

JM: Oh, it's just because it's close to Okmulgee, and it's kind of a third choice for people. In Okmulgee, there's another bank in town, and then us, and then the Morris State Bank. We have people banking in Morris because they don't like us! They don't know that we even own the bank!

MJH: It's kind of transparent, with people going in and making their deposits...

CM: It's always been well run, and we've got a good team there. And we actually talked to the people that run it for us, one of them has since retired, and they prefer to keep it with an independent charter. Maybe they have two charters. You never know what might happen.

Small talk and laughter...

MJH: Thinking in terms of the present: what are some of the opportunities and challenges in this strange time of 2011, post-2008? Are there any...

JM: We have always been pretty conservative, but still, you know, when you go through a downturn, we've got some businesses that are having problems, just because their business is down. But we are doing pretty well. We had our best year ever, earnings-wise, last year. I was just looking at the newspaper this morning—*The Tulsa Business Journal*—and...

Let me go get that.

MJH: That might be interesting, something I could copy.

Pause...

What I was asking [John] was about the opportunities and challenges at this particular time, and what you think about current banking laws that are being showered on you, and that kind of thing.

CM: Texas and Oklahoma have been kind of fortunate, because the oil and gas business has really kind of insulated us, I think, to some extent. Then, also, as has been true in Oklahoma all along—we never get the big run-up in real estate prices that the East Coast, West Coast, and Arizona get, and so when they come down, they never come as far. I think we're in a less risky environment, in that sense.

You hear on the radio, and on TV, and read the newspapers, and everybody thinks that they'll come back, but it's going to take awhile. Things got pumped up so much, in the 2000s, that it's kind of a false economy.

One of the things, to me, that made it possible, was, since '90, Congress relaxed the rules on Fannie Mae and Freddie Mac, and home loans. Of course, when I first came out of the Air Force, in the fifties, you had to make a twenty percent down payment to buy a home. And then it went to fifteen, and then ten, and then five, and then, the law allowed people

to come in and buy a home with no down payment. And they had what they called “no-doc loans”...The thing that I see—typically, about sixty-four percent of the people in the country with home ownership, sixty-four or sixty-five percent, relaxing those down payment rules, and rules were that you didn’t have to substantiate even their income or where they worked, kicked that home ownership from sixty-five percent to about seventy-one percent. So about six percent of people are in homes that really, shouldn’t have been. They would have been better off renting.

Five percent—that’s a lot of homes! And so, sure enough, as time went on, those folks could not afford to make their payments that their mortgage bankers had set them up for, and those homes went on the market. So it takes a lot to work through that inventory.

Then we had all the crazy stuff with derivatives and credit default swaps, all that sort of stuff.

MJH: What is your take on all that?

CM: Of course, greed has been around forever. What’s funny, is that—and ___, who has just retired from president of the Tenth District, he’s really been a good ___, I think...The regulators—and this is just my opinion—were not examining those banks, or Goldman Sachs, or whatever it was, and let them leverage everything up, and then the regulators... All I know, I’ve read about six or seven books, and looked into that. It appears that the regulators didn’t understand the business—didn’t understand the ramifications, and how interconnected the big investment firms are, here and around the world.

MJH: As a former regulator, what’s your take on that?

JM: Oh, it’s crazy! We had a home loan in Wetumka. It was a \$12,000 home loan, and we were foreclosing on it. I’m thinking, “It’s only worth about eight or nine.” And they refinanced with one of these deals in Tulsa for \$45,000. So here’s a \$9,000 home that I thought was worth \$9,000, and they got a \$45,000 loan.

MJH: So then they spent the rest...

CM: It’s my opinion, that if they had clamped down on that stuff early on, we would not have gotten nearly that big. There are some business guys that are making a ton of money on it...

JM: They’re making campaign contributions...

CM: But then a lot of regulations have come out, out of that stuff, impact us...I mean, we never played in that ball game. We had no part in it.

JM: Now we’re subjected to these onerous regulations that make it difficult to comply.

MJH: Are you finding it expensive, in terms of personnel and so forth, more and more directed toward...

CM: We have to have more people working for us to make sure we are complying with all those regulations that didn't exist before. You can't afford to be out of compliance.

JM: And we were doing it right anyway!

CM: You have kind of what you call non-conforming loans, and higher priced mortgages, and a lot of loans that we would make traditionally in Weleetka and Wetumka and smaller places, big mortgage companies won't come in there. We'd make those loans, they'd pay a little higher rate, we'd take a little more risk in it. Well now, they've made it almost impossible to make those loans, because of the cost involved and the risk you run if you don't comply with all the new regulations.

JM: And they tell you what rates you can charge.

CM: It's had the opposite effect of what they hoped. I think it's kind of withdrawn lenders from those markets. Community banks that would have done it...

MJH: So who is left?

JM: Some go to these finance companies that charge higher rates that are more onerous.

CM: We're trying to...

SIDE B

I think we'll be back in that market eventually. It just makes it more expensive and tougher. We've essentially been out of that market for eighteen months because it's just too complicated to comply with it, too costly for right now.

MJH: It sounds as though a lot of this has really backfired.

JM: Yes.

MJH: They tried to help the small consumer, or protect them, and they wind up doing the exact opposite.

CM: Yeah. It's the law of unintended consequences.

Referred to document that John found...

CM: We're the tenth largest bank, which for a family-owned bank—American Heritage is a family bank also...

MJH: Where is that?

JM: Sapulpa. The Berry family.

CM: I'll tell you something interesting about the Berry family. They're related, on the mother's side, to Beep Jennings, who was president of Penn Square when it failed. If you could get them to tell you any stories about Uncle Beep, they could...

JM: They may not want to!

Laughter...

CM: They're a good family. They run a good bank.

MJH: They're on my list.

CM: Yeah, Guy and Bill.

MJH: Any other...That's a good hour! That's a terrific amount of color, and fact. Are there any other things that you want to...

JM: Carlisle has two sons working here at the bank: Carlisle IV, he's our IT person; and then Scott Mabrey, who is our metro region president, which is over—he supervises those market presidents in Broken Arrow and Jenks and South Tulsa and Glenpool and here in Bixby. And then I have a daughter, Katie Mabrey, who is kind of our ecommerce or consumer vice president—that's the website, and bill pay, and all that electronic stuff. And then our brother Bruce has a son who is a loan officer in Okmulgee.

MJH: So there, we're talking...Let me track the generations. The founder would be their great-great grandfather.

CM/

JM: Yeah, two greats.

MJH: That's huge longevity.

CM: Yeah, it is. Twenty years ago, before any of us had kids in the bank, Bruce and John and Marilyn and I sat down with a family consultant and, kind of like a family constitution—put rules in place...

JM: ...employment policies...

CM: ...for the next generation to come in: educational requirements, years of working someplace else, so that they know, just because they're a Mabrey, they're not necessarily going to get a job here.

JM: Three years, somewhere else—not on an hourly basis.

MJH: Does it have to be in banking?

JM: No, it doesn't matter.

CM: Something so that, if they come, they can bring something to the bank to help improve policies and procedures.

MJH: And you all had the foresight to do that twenty years ago?

CM: Yeah. We worked with planning consultants down through the years, for thirty years, probably, and it probably came from one of them, maybe, that we do estate planning.

JM: I started getting a newsletter about family businesses, I called them—the group that put out that newsletter—and talked to them about it, and they recommended a consultant that was on their staff.

CM: I think we had this in place even prior to that, back when Frank ___ was here.

JM: Yeah.

CM: Because Carlisle's oldest son is forty-two, and we put it in place when he was about fourteen...before we had anybody who had skin in the game, so to speak.

Phone rang, CM had to take call...

MJH: So Carlisle's two sons, Carlisle IV and Scott; your daughter, Katie—K-A-T-I-E?

JM: Yes.

MJH: And Bruce's son is...

JM: Mark.

MJH: Okay that's the one I missed. And he does...

JM: He's a loan officer in Okmulgee.

MJH: That's exactly it! How many places can you go where you've got five generations involved.

JM: Most businesses don't make it to the second generation.

MJH: Exactly. I had one of those myself! Anything else? I've taken a good chunk of time, and I appreciate it...

End