



## Oklahoma Bank and Commerce History Project

*a program of the Oklahoma Historical Society*

**Interview with Lindel Pettigrew**  
**Chickasha Bank and Trust Company**  
**Chickasha, OK, 8/15/2011**  
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**Audio taped and transcribed by MJH**

MJH: It is Monday, August 15, 2011, and I am with Lindel Pettigrew at the Chickasha Bank and Trust Company in Chickasha, Oklahoma. And I want to thank you for taking some time out of your Monday morning, in particular—I know that's a busy time—to visit with me some. We were just beginning to talk about your celebrating your fiftieth anniversary in banking. So, why don't you go back and tell me about how you got into it in particular, and then maybe we can work into specific things about this bank and its branches.

LP: Well, I got into banking kind of by accident. I grew up in a small town in Alex, Oklahoma, which is about fourteen miles southeast of Chickasha, where we are at. I always admired our hometown banker. His son was president of Fidelity Bank in Oklahoma City—Grady Harris, Jr.—and so that kind of attracted me. So after high school, I moved to Oklahoma City, in February of 1961, and was able to get a job at Fidelity Bank in Oklahoma City. I started there as a messenger boy and later worked in the Auditing Department, and then in the Consumer Loan Department. So I was there until about November of 1962, and moved out to Community National Bank at Northwest 39<sup>th</sup> and McArthur, and spent the next ten years of my life in the Warr Acres / Bethany area. But it was there that I learned so much about banking. Community National was a new charter in 1961, and so kind of being on the ground floor of that, and working in the Operations Department, learned a lot about banking.

And in about 1965, I moved over to the loan side, and started collecting delinquent loans, and ultimately became a lender myself. And that's where I really found the greatest joy in banking—on the lending side—and being able to work with people, and know and understand their situations, and problems they were facing, and in a lot of cases, provide maybe an answer to help them accomplish the goals they wanted to accomplish. I have always believed that banking is a two-way street: you need a good banker, but you need a good customer too. So having a good, open line of communication with your borrower and your lender is really important.

To me, there has been a lot of personal satisfaction from those relationships over the years. Now, we're here in 2011, and as I mentioned earlier, I'm in my fiftieth year in

banking, and it's been so good to me and my family. To maybe back up just a minute, in 1972, a group of people in Chickasha, Oklahoma, decided to apply for a new bank charter. Being from this area, and knowing some of these people, I got the opportunity to come here and be the first president of this bank. And I've been here ever since.

The bank actually opened for business in March of 1973. This has been a great community to work in and to raise our family in and to live here. We have all the benefits of a small community, but we are so close to Oklahoma City and the metro that it is easy to get there.

MJH: What were the factors that led your group to believe that a new bank was needed here? Why 1973?

LP: Back in those days, banks had to really prove their feasibility to the regulators to be able to obtain a new charter. And so we felt like Chickasha had grown to a point—and at that point, there were two existing banks—that it, Chickasha and Grady County, would support another financial institution. So we had the University of Oklahoma do a feasibility study to back our thoughts up. And ultimately, the regulators agreed with us, so we were granted a new charter.

Now it's interesting: In the Depression years, prior to the Depression, there were five banks in Chickasha. And only two survived the Depression. I think one or two of them consolidated into the surviving bank, and maybe one of them was closed during that time. So from the thirties until 1970, there had only been two financial institutions here.

MJH: So you charted the new bank in '72. You were president from day one?

LP: Yes.

MJH: Who were some of the other principals?

LP: The original chairman of our board was a gentleman named Charles Allen, who was president of \_\_\_\_ Mortgage Company at the time. They had a rather large mortgage operation and headquarters here in Chickasha. But they pretty much operated on a statewide basis. There was a gentleman named Joe Moseley, who was the vice chairman of the board, initially. Joe and his son John had Moseley Finance and Insurance Company here in Chickasha. And then there was a number of other people involved: Lloyd \_\_\_, a gentleman from Duncan, was one of our original investors; Ross McNeil, who was the principle the owner of \_\_\_\_ Mortgage Company was also involved. Originally, we had seventeen directors, which is kind of a large group. But we were really interested in seeing that the influence of our bank was spread throughout this community, and we tried to choose those individuals that had, you know, a different group of friends and a circle of influence, you know, that they could all bring. And it worked very well.

MJH: Did you see a particular niche for yourself? Any particular kind of lending or customer base?

LP: Initially, we probably were more a consumer lender. But as time went on, we got more into commercial lending and to agricultural lending. Today, because of the percentage of our loan portfolio that is in agricultural loans, we are actually designated as an ag bank by the regulators. But we still do a lot of real estate lending. We love to do residential construction lending. And then we have a mortgage company that is a subsidiary of the bank that does a lot of \_\_\_ lending on real estate. So it's a kind of nice thing to have—to be able to work those loans from construction all the way through to completion.

We have tried our best to support our trade area. To give you an example of that, today about eighty percent of our assets are in loans. That's a little higher than normal. That has been as high as ninety percent. But you know, in the state of the economy that we have been operating over the last few years, our gross loans have declined.

MJH: How soon after you were established did you start setting up these branches?

LP: We actually...We talked a little bit earlier, we were still a unit bank state, in 1972. I guess it was actually in the early nineties when the branch banking law was passed. We were fortunate to have an opportunity to be involved in that. And so, we actually established our first branch in 2001...I'm sorry, let me back up. We actually acquired the Cement bank in 1998. And so it was actually our first branch. Then, in 2001, we established our first *de novo* branch, and that was in Blanchard, Oklahoma. Then, in 2003, we opened another *de novo* branch in Apache, Oklahoma. And then in late 2004, we opened a *de novo* branch in Tuttle. So we have a total of five locations. And they are doing very well, at this point. I think we have a great market, a great trade territory. We are actually in three counties—Grady, McClain, and Caddo. So we've got...In Grady County, we have Chickasha and Tuttle. In McClain County, it's Blanchard, of course. And Cement and Apache are both in Caddo County. So our trade territory is defined as those three counties.

MJH: And when you say you are fortunate to have such a good trade territory, what makes it so good?

LP: I think it's well diversified. We have commercial; we have ag; we have consumer. But then, a big supporting factor to our economy in our trade territory is the oil and gas industry. We have lots of customers who are mineral owners. So over the years, those minerals have produced a lot of lease income and a lot of production income. It has really kept our economy stable.

MJH: Speaking of that, what was this bank's experience in the late seventies and early eighties—a boom followed by a bust.

LP: We had unprecedented growth from '73 until about 1982. As you know, there were a number of banks that were closed, beginning in 1982. And throughout the rest of the eighties, because of the economic conditions, we suffered quite a few problems ourselves, and had a lot of loan losses, primarily triggered by the fact that we lost fifty percent of the value of real estate. And then, combined with the factor that, when you had to foreclose a piece of property, there just wasn't a buyer. And that's what is different

about today than the eighties. There are buyers out there today, so you can turn those properties, you know, fairly quickly. In the eighties, that just was not the case. Of course, our main base in Chickasha—we probably lost about three thousand in population during the last half of the eighties. People who were willing to drive to work in the metro and also in Lawton—a lot of those people moved closer to their work. But then, we had a number of oil field service companies that were operating out of Chickasha here that simply closed their operations down. And so the loss of jobs was a big factor.

MJH: Let me ask you to go back a little bit. I happen to be working on a section right now on Fidelity Bank, so let's backtrack just a little bit. What can you tell me about Grady Harris.

LP: In my opinion, Grady Harris, Jr., was one of the brightest young bankers back in the sixties around. When I went to work at Fidelity Bank, to give you an idea of size, today our bank here in Chickasha is about \$180 million in total assets. Fidelity Bank was \$48 million in total assets, in 1961. Grady had been working at another Oklahoma City Bank and came over there and really put a number of programs in place that started Fidelity Bank to move. One of those programs that I think was very successful was the executive training program. Although I did not participate in that program, if you look at the number of bankers that came out of that program and went on to be presidents of banks in the state, it's tremendous.

MJH: And that was his brainchild?

LP: Yes. And then, you know, he had a more aggressive style of banking. He loved to make loans, and obviously, that's what makes an economy grow, you know, if you have active lenders. Grady died at a very early age of lung cancer. Had he lived, I think things would have been different at Fidelity Bank.

MJH: How so?

LP: Well, I just think his management style, you know, would have taken that bank on to certainly, bigger and better things.

MJH: Did you know—a guy I went to high school with his grandson—Hunter.

LP: Oh, did you?

MJH: I totally lost track of him.

LP: Actually, that was Grady Jr.'s son, Grady Sr.'s grandson. I've lost track of him too. I don't know where he might be.

MJH: Did you have much experience with Jack Conn?

LP: I didn't have a lot of experience with Jack. I knew him, of course. Fidelity Bank was our first correspondent bank, when we opened the Chickasha Bank and Trust. So we knew a lot of those people, certainly on a professional basis.

MJH: You opened this up in '72, so that's when you began your correspondence...

LP: Right.

MJH: Tell me a bit about that relationship.

LP: That was great relationship. We actually used them to clear all of our items. They provided that service. They also provided the bank stock loans, when we bought the initial stock to form this bank. And then we would sell them loan participations. And they provided other services to us, as well as those. We had a great relationship.

MJH: Going back to the boom and bust of the eighties: What brought you through that, when so many banks didn't.

LP: I've always said that the good Lord and good friends got us through those times. I think God gave us the perseverance to withstand the pressures of those times. And good friends gave us the encouragement, and also helped us, ultimately, to put some additional capital in the bank, which we did in 1991. And so, it was a combination of those. But those were some really dark days, in the late eighties. We're very grateful, and feel fortunate, that we made it through those times.

MJH: Was there any particular relationship with Penn Square Bank that sort of lit the fuse on that whole era?

LP: We did not have any relationship with Penn Square. I knew Bill Jennings. Bill had worked at Fidelity Bank. When they first started their oil and gas lending department, I was skeptical, because I saw some of the deals that they were doing, and just knew that I did not want to be a part of that. In hindsight, I think that was a good decision. I always hated to see what happened to Penn Square Bank. And I really think that the regulators could have handled Penn Square Bank differently, and the ultimate outcome may have been different. Because they closed Penn Square Bank, that also took down Continental Chicago. It almost took down Seafirst in Seattle. It almost took down Chase, in New York. I think—again, hindsight is wonderful, had Penn Square Bank been propped up by the government, I think the economic downturn of the eighties would not have been near as severe as it turned out to be. Now I'm sure there are regulators that would disagree with me on that. But they ultimately did prop up other financial institutions, you know, and it made things much easier.

MJH: I heard some of the same sentiment expressed toward the First National Bank—that regulators had an agenda, and they were going to pursue it.

LP: When they first started closing banks back there, I made the comment to some of our directors one day, the day they close the First National Bank of Oklahoma City, I'm going to know that we're really in trouble. Well, they closed it in 1986, I believe. I was shocked and surprised, you know. And I've heard stories about the relationship that the ownership of that bank had with the regulators that might have caused some of that, but I don't know that for a fact.

MJH: There are all kinds of stories flying around. That was a big one.

So you weathered that storm. Were you involved at all in the move to branch banking?

LP: Yes, we were. I had a friend, an attorney, Marion Bauman, whom you may know, and Marion had represented many banks in the state of Oklahoma over the years. And it became apparent—we were one of only two remaining unit bank states. It became apparent that branch banking needed to be passed in Oklahoma. So a group of bankers met, and we all contributed to the hiring of some lobbyists. And in that next session of the legislature, branch banking was passed in Oklahoma. And it certainly changed the landscape of banking. Obviously, it let the large, out-of-state banks come in. But some of those banks were already here, because they had acquired failed banks. But I think it let a lot of banks expand, and \_\_\_, and that sort of thing, which I think we really needed

MJH: I know there arose a controversy between the OBA and the Community Bankers Association. I have talked to Roger Beverage and the president of the CBAO. Have you been particularly involved with either of those associations?

LP: I've been involved with OBA for fifty years. In the last...I was a member—we were members, I shouldn't say "I"—we were members of the Community Bankers Association for a short period of time. I guess the difference was there, OBA supported change, and the community bankers did not want to change anything. That's really what prompted the move to organize a group to try to pass branch banking.

MJH: I know Gene and David Rainbolt were in thick of it. Did you do much work with them?

LP: I didn't do a lot of work directly with them. They had representatives that were in this group, when we formed that group, and I don't remember exactly. I want to say there were twelve or fifteen banks that were participating in that group. It might have been a few more than that. It's been a few years ago.

But Gene and David have been as successful as anybody in this state in expanding and growing their bank. And they have a fine bank.

MJH: I know that David spent a lot of time at the legislature. They really had to get branch banking through.

So you were with the OBA and supportive of branch banking, and it certainly came through. Tell me a little bit about your own experience with branching. Were there other communities that you were looking at besides Cement and Apache and different places?

LP: When we initially started talking about branching, and we studied what others had done, we determined that we didn't think we could be successful with a branch that was greater than fifty miles from the home office. At this point, the furthest branch we have is Apache, which is thirty miles from the home office. And because...Technology has developed, and develops more every day. But early on, with those branches, we had to actually have a messenger that made a daily run to each of those branches to pick up clearings, to pick up loan files, to deliver loan files back. And so there was quite a bit of effort that was expended. And then just the pure management: I like to be out in our branches, and you know, if you get some distance involved, it certainly makes it more difficult.

A friend of mine has a term: "**You need to inspect what you expect.**"

And so, over the years, we have tried to do that. But we have been very fortunate to be able to hire some branch managers that do a great job for us. That helps a lot.

MJH: Did you have your eye on those particular communities early on?

LP: Yes, we did. Obviously, Blanchard and Tuttle, because of their close proximity to Oklahoma City. The population that was moving out of Oklahoma City and into those areas was what really attracted us there. There were lots of new homes built, and so we were able to participate in that construction process. And then a fair amount of permanent lending. And then, you know, commercial businesses have somewhat followed that.

The Apache branch, of course, is in ag country, and we do a lot of ag lending. That's kind of what attracted us there.

Cement was an acquisition, and it has served us well. The Cement community has been good to us, and hopefully we have been good to all of the communities that we are in, and we try to do that. We try to be involved, be sure our people are involved, provide financial support for the activities that are going on in those towns, and charitable events, and that sort of thing. We really do like to be involved in the communities that we are in.

MJH: You mentioned something that I am really interested in—technology. Of course, it brings everybody closer together, and you don't have to have messengers driving up and down Highway 81 and that sort of thing. What has been your experience with the onslaught of technology—ATMs and online banking. To what extent has that been helpful and enabled you to grow, and to what extent has it had, maybe, some other effects?

LP: We do have an ATM network. I think a lot of people have the misconception that an ATM network should be a profit center, and it's really not. It's a way to deliver your services to your customers—a convenience factor. And so, we really have...Only a few

of our ATM locations are actually profitable. But like I say, it's a way to deliver your services. That's what really entices you to that.

Then you move on in to automated banking and online banking, and that sort of thing. And you know, initially, that was received kind of slow by the public. One of the first things that we did was to say, we would do the check images rather than your cancelled checks back. And a lot of people initially said, no, if you're going to do that, then we're going to go somewhere that they'll give us our cancelled checks back. Well, after they received a couple of months worth of images, though—I mean, that went away pretty fast, because they could see readily that the images were much easier to store, and much easier to look at, than having to keep the cancelled checks. Then we moved, of course, into online banking. And, again, that took off a little bit slow. But today, it's moving rapidly, and particularly with the younger generation. They don't want a paper statement. They want online banking. They want a debit card. And today, they can do a lot of their banking services with their telephone. And that's going to expand even farther as we go. I'm sure you've seen some of the TV ads where the phone, they take a picture of the check and it deposits into their account. That currently is a standard thing.

There's a product called remote capture. One of the things that helped us get away from the messengers, and travel every day, is that, electronically, we can transfer the images of those checks from our branches to our home office, so we don't have to worry about actually transporting the items anymore. And we are now starting to use that with customers. When you've got a customer that is in a little bit of a remote location, and they don't want to drive fifteen miles or twenty miles to the bank and back, they can use remote capture to deposit their checks into their account.

MJH: Are you experiencing any negative effects from the technology?

LP: The only negative that we see today, from all of this, is the debit card, and the amount of fraud that's involved in debit cards. When the rules were originally written for debit cards, it places the risk on the bank instead of the merchant. And so, you know, if you use your debit card at a merchant, they don't have to turn that transaction in immediately. Most of them do, but it could be two, three, four, five days later before that transaction hits. Well, the account may be overdrawn by the time that transaction hits. But we have to pay that. And so we deal with it daily. And then you've always got stolen cards and those kinds of things. So we have people that deal with that daily. We have a software package that sends up a red flag when we see certain things happening—that alerts us that there could be problems. But we still have losses. Hopefully, we'll see some changes in those rules and regulations on debit charges as we go down the road.

MJH: I'd like to fast forward to the current, with some of the regulations that are coming out. People are talking about Dodd-Frank as the freight train coming down the road. What is your experience?

LP: We're just beginning to feel the effects of it now. Dodd-Frank, I think, was 2,300 pages. The regulations are going to be over 3,000 pages that go with that. I think the Fed—I

don't remember exactly how many direct assignments that they have coming out of Dodd-Frank, but they are numerous. Dodd-Frank also created the new Consumer Finance Protection Agency, and that agency is just now starting to come online and issue regulations. The danger we see about that is the director of the Consumer Finance Protection Agency has rule-making authority with no oversight board. It's hard to know what will ultimately come from that.

MJH: I guess it goes into effect a year from now? What is the timing?

LP: I believe—and I don't remember the exact implementation date—but I think we're already under it.

MJH: Okay, maybe it was July.

LP: I think that's right.

MJH: Do you see that as having an effect on the way you do business, going forward?

LP: In my opinion, ultimately for the consumer, it's going to cost them more money. There seems to be a lot of talk about concern for the consumer. But every time I get a new regulation, I've got to make whatever adjustments I have to make in our operations, and I am going to pass that cost on to the consumer. And so, it's hard to know what some of these people in Washington are thinking when they pass some of these laws. So, we've had an overdraft protection plan, as an example, for a number of years. And it's worked well. Dodd-Frank put some limitations on overdraft protection plans. And so, that's going to reduce our income potential, later, which means that we're going to look at all of our fees, and we're going to have to make adjustments in all of those other fees to make up for that. You know, when you look at a bank, and you talk about profit margins, a lot of people think banks are made of money. But today, a profitable bank will average between one and a half and two percent return on assets. That's a pretty thin margin. And from that, you've got to cover all your loan losses, losses on the debit cards that we talked about a while ago, and still be able to try to pay a respectable dividend to your shareholders.

That's something that we battle every day, and it just seems like every time you turn around, there's someone nipping away at our profit. The regulators—and we have a great relationship with the regulators, and I don't mean to say this critically—but they have no concern about how much overhead that they put on the banks. Everything you do these days, you've got to have a policy, you've got to have audits, you've got to...you know. It really does make it somewhat difficult.

MJH: In your fifty-year career—and congratulations—are there any particular milestones that stick out? Are there any particular events that were particularly challenging during that time period? What were some of the milestones during that period?

LP: Obviously, the eighties that we talked about, certainly was a milestones, and had a lot of negative connotations to it. Once we got into the nineties, the economy improved

significantly, and all banks, basically, from the early nineties through today, went into a growth and expansion period and improved profits. Obviously, the financial meltdown in 2008 has changed a lot of things.

MJH: What, specifically?

LP: When Lehman Brothers was closed; when TARP was put in place by the government; and the bailout package, and the cost of that, has certainly been a factor that banks have dealt with. And I guess the thing I don't like about it is—when you heard that story, it was, "The banks were bad." Well, it was the investment banks that were really the bad guys, not the commercial banks, but we seem to always get lumped in together, you know, when that is discussed.

MJH: You've been unjustly targeted.

LP: Right. Now the positive milestones: Our bank has had good growth, and good profits over these years. Working with the staff that we have has been an absolute joy and a privilege. We have about eighty employees now. Seeing other people grow and develop and gain experience in our industry has been a real plus. So all in all, as I have said, banking has been very good to me and my family, and I still enjoy coming to work every day, because I still learn something every day.

MJH: It's still fun?

LP: It's still fun.

MJ: Any other thoughts on challenges or opportunities in the next fifty years?

*Laughter*

LP: Well, obviously, there's going to come a time that I'm going to let someone else worry about it. But you know, I think the future still is good for banking, although it's going to be totally different as we move on down the road. It has to change. I heard a gentleman about a week ago say that computers as we know them today will totally change in the next five to ten years. So obviously, there's a lot of expense involved with technology, but we will have to make those changes and spend those monies in order to continue to do business. Hopefully, we can still eke out a profit margin that will satisfy investors and the regulators.

MJH: Very good. Any other thoughts on past, present, or future?

LP: No, I don't think so.

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