



Oklahoma Bank and

Commerce History Project

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Interview with Bill Crawford and Gib Gibson

Frederick and Lawton banks

Waterford Hotel, Oklahoma City, OK, 4/28/14

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Audio taped and transcribed by MJH

MJH: It is Monday, April 28, 2014, and I am at the Waterford Hotel with Bill Crawford and Gib Gibson to discuss their experiences and adventures in Oklahoma banking. I appreciate your meeting me early in the morning to do this. Bill, why don't I start with you? I would like for you to explain how you got into the banking business to begin with, maybe discuss your family connections, if there are those, and then tell me about banking in Frederick, Oklahoma. And I would like to hear about your stint at the OBA.

BC: My dad was named Charlie Crawford. He was a legendary, trusted banker, who believed in community banks. I drifted around a little bit, did this and that, went to school at three different places, and ended up in Lawton, where my dad, myself, and some other people founded, in 1960, the Sheridan Bank. I was there for four or five years, and then went to work for Dolph Montgomery at City National Bank in Lawton, and worked with him until 1970.

I really had no intention of going back to Frederick at all, but my dad had a heart attack, and so...I went to Frederick—I thought it would be a temporary stay, and it ended up being a lifelong stay.

MJH: Could spell his name for me—Dolph...

BC: Dolph Montgomery. You interview Roma Lee [Porter].

MJH: I did.

BC: That's her dad.

MJH: That's her dad. Okay. I knew the name Montgomery rang a bell.

BC: It's her dad.

MJH: D-O...

BC: D-O-L-P-H. ___ Randolph. Needless to say, from what you know, he's quite an educator. I've been in the banking business, and I learned several things from him.

When I was in Lawton, I became friends with Gib Gibson. And then he and I started, founded Citizens Bank in Lawton, in, what 1975?

GG: It was in May, I believe.

MJH: You were in the beer business at that time.

GG: I was in the beer business.

BC: Gib and I were on a hunting trip, and he developed gout. Now, he was still practicing dentistry, and running the business, I guess.

GG: Really, I had gotten out of dentistry in 1969, and got in the beer business in 1970.

MJH: So I guess you were looking for a line of work that would keep you off your feet a little bit more.

GG: Yes. So we had ten southern counties. Anheuser-Busch, Miller, Falstaff, Lone Star—that's when you could have a lot of different brands.

MJH: So you had a distributorship that went as far as, Altus in the west, maybe...

GG: Altus, Duncan...Ten counties.

MJH: So you were doing that...

BC: That's when I lived in Lawton, and talked him into going straight! I talked him into going into the banking business, and told him how easy it was, how much fun he could have, and this and that. So anyway, we were both drinking, probably...

Laughter...

MJH: A beer distributorship kind of lends itself to that kind of thing.

BC: So, Citizens Bank...I was still in Frederick all this time, and Gib was pretty well running the bank. I had the credentials to be the CEO to start with, because they didn't want to give a beer distributor and dentist a CEO license. Anyway, I ended up with that for a few years, and retained the bank in Frederick.

Then we went on a growth spurt, and in Frederick, we bought a bank in Hobart, Anadarko, and expanded that franchise.

MJH: Was that before branching, or...

BC: Now, after branching.

MJH: Tell me what banking in that area was like in the late 70s and early 80s. I remember talking to Roma Lee, and she said that they never really got into energy lending.

BC: That was a fortunate thing. Frederick, of course, is an agricultural community. The other banks that we acquired were in agricultural communities. During that period of time, Oklahoma weather, you know, there were droughts, and exceptional things of that nature. Banking was difficult. Then we hit the eighties. Well, away you go!

Laughter...

Everything continued to speculate. I got involved with the Oklahoma Bankers Association, and worked with that for several years.

MJH: When were you president?

BC: When did Penn Square fail? 1980, '81?

MJH: 1982. July 1982.

BC: 1982 and 1983.

MJH: Tell me about that experience. What was that like, heading that organization at that time.

GG: Actually, I went out of office about that time, and Ed Keller—Have you talked to Ed?

MJH: No, I haven't. He's on my radar.

BC: He took over the presidency in, I think, May of that year, before Penn Square failed. Then Gordon Greer. Until then, Bob Harris was head of the Oklahoma Bankers Association, at that time. We were called into Oklahoma City, and explained by the FDIC, FBI, and anyone else you can think of, that they were going to fail the bank.

MJH: So you knew before...Oh. So that would have been within weeks of the failure.

BC: Right.

MJH: So who was in that particular meeting? You, and Gordon Greer...

BC: Keller, and Bob Harris.

MJH: And that would have been with the FDIC, primarily?

BC: I figured there was every regulator in the world. I didn't know there was any missing. [Unclear] I was from a small town—Frederick, Oklahoma—and I didn't know much about what went on.

Laughter...

Anyway, that made a lasting impression, and the aftershock of Penn Square was...

MJH: What was the purpose of that meeting?

BC: Just to give the overlay, give us a heads up on what was going to happen. Nothing, other than that.

MJH: Okay. You really weren't expecting any fallout from the other banks?

David Rainbolt told me the story that Gene sent him to an auction, shortly before Penn Square went down, and that Sid Carroll, from the comptroller's office...

BC: That's right.

MJH: He was going to auction off assets, but he came into the room and said, "You know what? You can go home." That must have been about the same time...

BC: That was all before the closure.

During that period of time, southwestern Oklahoma, in the small community that we were in, Tillman County, there were 6 banks, and 3 banks failed.

MJH: That would have been shortly after Penn Square Bank failed?

BC: Shortly after Penn Square Bank failed.

MJH: I'm sure the specifics varied, but why? Did they have too many energy loans?

BC: Participations. Some of them were [participating] in oil industry [loans] in Oklahoma City, both with First National and Penn Square. First National Bank, of which we were [part owners?], purchased the National Bank of Frederick, which was our competitor. And I'll tell you what the price was, at that time—we paid \$10,000 for their assets: the building, the whole...

MJH: Is that right?

BC: Yes, because nobody wanted it.

MJH: So, you were with First National Bank [of Frederick]. That was your family's bank.

BC: Right.

MJH: And you were going to buy the National Bank of Frederick...

BC: ...from the OCC.

MJH: From the OCC.

BC: You have to realize, now, that nobody wanted to buy that bank. I mean, my goodness...

MJH: So, would you say that the First National [Bank of Frederick] was positioned to be one of the stronger banks?

BC: Sure. Yes, stronger... We had the big shareholders, and we had the capital to go ahead and acquire the bank. And of course, our assets... It devastated the community, to see the bank fail.

MJH: Your bank was stronger and better capitalized because you stayed out of some of the high-risk [loans]?

BC: I think it was because of my dad.

Laughter...

He kept us on a straight and narrow path. He had passed away by this time, but anyhow, he had a strong belief in capital. He thought that you shouldn't make a loan outside of fifty miles from the home territory, because you didn't understand. And to some degree, there is some validity to that!

MJH: And his name was Charlie?

BC: Charlie. He was a legendary businessman, a legendary community banker. He always put the community first, then customers, and then the bank. He was very conservative. He grew up in a small bank in [Grandfield?] during the Depression. He worked for the FDIC as a liquidator, and he was a _____?

He had deep values about lending. It was always on a personal basis, in those days.

MJH: A lot of handshakes, and...

BC: He was very wise...

MJH: When did he die?

BC: 1980.

Actually, I was involved in the founding of three financial institutions in Lawton: The Sheridan Bank, Citizens Bank, and ____.

MJH: I might be getting a little bit ahead, but I would like to ask you about the s&l business. At the end of the 80s...

BC: The timing was not good.

Laughter...

We thought—both of us—the s&l business was the way to go! The regulations were more beneficial to s&ls than they were to banks. We retained our bank and...

GG: In 1982, I think it was. I think that was about right.

BC: Probably not the best time!

Laughter...

MJH: It's all easier to see in hindsight. I wouldn't beat yourself up!

So, that was your introduction to the banking business, really, was through s&ls. Or no, actually, you had been involved since 1975.

GG: In 1975, we started Citizens Bank. But when Bill was on the board of City National Bank, Dolph Montgomery put me on the board of that bank, and I served for five years [on the board of] City National Bank.

MJH: Was Roma Lee [Porter] with the bank at that point?

GG: Her dad [Dolph Montgomery] was the one who was running it. She wasn't involved.

MJH: So she wasn't involved early on.

GG: To explain Dolph Montgomery, I bought a lot next to him for us to build a house on, and paid him \$15,000 for it. And he said, "Anybody that would spend that kind of money on a lot ought to be on a bank board!" And that's how I met him. And [Bill] Crawford was there, and told him that he knew me, and so I went on that board for five years.

MJH: During the 1980s...you were in a position to buy weaker banks. And then there was the s&l crisis. What was that like? When did you recognize that, maybe, the economy wasn't that all that great for getting into the s&l business?

BC: Shortly after we chartered the s&l!

GG: I think by the time we got it started, s&l's just started bankrupting.

BC: But regulations, you have to remember, back before, were more favorable to s&l's than they were to banks.

GG: S&l's weren't going under until banks went under.

MJH: Actually, that's how George Records got his start. He went up to Stilwell and bought a little [s&l] charter.

BC: Well, we started in Chickasha, in a mortgage company.

MJH: Oh, you did?

BC: T. J. Bettis in Chickasha was part of Watermark. And they started in Chickasha. The charter that we had was from Sterling, Oklahoma—an s&l charter, First Commercial Savings and Loan.

MJH: So it wasn't too long after you got in the s&l business that you began to see trouble in that industry. What were your first indications of that?

BC / When they'd go under! When they started failing!

GG:

GG: We never had any problems with our buyers, because it...

BC: The spread—interest spread—was 21 points. And we had loans at 5 percent and were paying 18 percent. It didn't add up!

Laughter...

Anyway, that's pretty well my story. And Gib and I have been partners and friends forever.

I served on the Federal Reserve Board, Kansas City branch, during all this.

MJH: You did? Tell me about that. How did you get that gig?

BC: I have no idea. I was one of the few small, rural banks that was still on the street, and they needed a country bumpkin. I was a member of the Oklahoma City board, and so, I served 9 years on that.

MJH: What years was that?

BC: The late eighties and early nineties. Mostly nineties. They kept reappointing me because—it wasn't because of talent—nobody else would do it.

Laughter...

GG: Bank was a dirty, four-letter word!

MJH: Some of them had recovered by the early 1990s.

BC: Sure, but we've seen it when it was a highly regulated industry to an unregulated industry to a failed industry to a recovered industry. It's been an interesting track. It really has.

MJH: What is your clearest memory of the whole regulation battle? I know that, through the 1980s, you the Reagan years of deregulation.

BC: When I started in the business, it was highly regulated. You could pay 2 percent on savings, or something of that nature. The savings and loans did not have that. And so, that certainly went in the direction of the savings and loans, because you didn't have those restrictions.

MJH: Were there quite a few bankers who made that switch?

BC: We never did switch. We chartered a new one. I don't know of any. Do you, Gib?

GG: I was just sitting here, trying to think. I never thought of that question.

BC: I don't think so.

GG: I don't think that bankers got into the s&l business.

MJH: Did you hang onto that s&l? Whatever happened?

GG: We merged it into the bank, later on, in about 1996.

BC: 1995 or '96.

GG: 1995 or '96, before we sold...

MJH: I was talking to my brother. Actually, he used to work around the corner at Stillwater. He's with Arvest now. He described how Stillwater, later Bank SNB, back in the 70s and early 80s, and the way they got into so many markets, was that they bought Continental Savings and Loan branches.

GG: Is that the one I was on the board of?

BC: Continental was Bill Alexander.

GG: The one that failed, and they put me on that board—remember that s&l board? Do you remember that s&l board?

BC: That was out of Ponca City.

GG: Heartland failed.

BC: It was after Ponca City. [David Beard?]

GG: Yeah, David Beard was Heartland.

BC: You were on the board of the failed...

MJH: I know that was one way that banks got into the s&l branches...So I guess that's what you did, was merge the assets of the s&l, and put them into Citizens Bank.

BC: Citizens Bank started out with a national charter, and then transferred to a state charter ...

GG: ...two or three years later. Specifically, it was Citizens National Bank and then it became Citizens Bank.

MJH: So you changed the charter. Was that a common thing to do back then?

BC: Yes. Very common. The State Banking Department developed into a well regarded regulator. And it was simpler to do business with. You didn't have to go through... You know, it's a direct shot from Lawton to Oklahoma City, and you didn't have to go to Oklahoma City, and then Dallas, and then to Washington. But a number of banks—I don't know how many—but under the leadership of Commissioner Thompson...

GG: National banks were going through so many failures, and legislative problems, and what have you, that it was easier to go local and get [a state charter].

MJH: What were some of the challenges and opportunities in the business? Would you say that your biggest challenges grew out of the depression of the eighties?

BC: We were not involved in the energy business.

GG: I'll have to tell the story: I tried to hire an energy lender, but I couldn't get one hired. They were all busy, working for other banks. So, fortunately, I didn't get one hired!

Laughter...

BC: Do you remember when they looked at oil deals based on ninety-dollar oil?

GG: Oh, yeah! \$90!

MJH: Tell me about that. I have seen those figures. Oil was going to \$90, \$100.

BC: That was back in the eighties. We saw a loan package, and they were forecasting ninety-dollar oil.

GG: And that's why loaning money to these companies was a wise thing to do, because oil was going to be \$90 a barrel.

BC: But it was at \$25 for a long time!

Laughter...

It's been interesting. The banking business, and naturally, a community bank—you know, it's sad to see the transition away from community banking and small community banks, where you know the people.

MJH: Tell me what community banking means to you. What is that all about?

BC: I think Lawton is the same way Frederick is—very based in the community, most of the loans went to the community.

GG: Your directors, and your ownership—it was owned by local people.

BC: Bankers are a leader in the community—civic clubs, fund raisers, football, or whatever ball. They are the backbone of the community. I lived there, was raised there, and cared deeply about the community. Lawton, when we started, wasn't anything but local community banks, really.

MJH: Does the military base play much of a role in your banking business.

GG: The military was very important to the Lawton / Fort Sill community. Of course, Fort Sill started before Lawton was a community. It started in the 1800s, and it was there before Lawton. Lawton came after that. But the military has been a very important part. Not as much so now. Lawton has—as Bill and I were talking yesterday—Lawton is the third largest metropolitan area in the state. Oklahoma City, Tulsa, and Lawton. Norman is a larger city, but it is considered in the Oklahoma City metropolitan area. So Lawton kind of serves for southwest Oklahoma, and provides a lot of things: shopping, theaters, auto dealerships, and what have you, for southwest Oklahoma. Lawton, going west—the population really thins out. And kids that do go off to school, go off to college, don't come back so much.

MJH: I'm sure you find that in Frederick.

BC: Very much so. Tillman County, Greer County, Harmon [County]—all of those. You educate your kids, and they leave! So it's an ever declining population, that will not recover, in southwest Oklahoma. Northwest Oklahoma has the energy business, but

southwest Oklahoma, Frederick and that area, is all about agriculture, with little or no energy. So, it's in decline.

MJH: So that would be just south of the Anadarko Basin.

BC: The Wichita Mountains kind of divides the whole south.

MJH: I love those mountains.

Digression to discussion of Wichita Mountains, Meers, Holy City...

BC: And Medicine Park has done well.

MJH: What's going on there? It seems that there's a revival.

GG: Motorcyclists from Dallas / Fort Worth—and not Hell's Angels, but physicians and lawyers that have motorcycles ride up to Medicine Park.

MJH: It's a neat little community.

GG: There [used to be] drugs and such, but it has been cleaned up.

MJH: What do you see in the regulatory climate? I have talked to a lot of folks about the regulations coming down after 2008.

BC: If you're just thinking of community banks, regulations have just become an obstacle that I'm not sure can be overcome. I think that, because of how it all operates, it practically eliminates community owned banks, because the regulations that are coming down...

We own another small bank, or I do, in [Greenfield?], and we just completed a bank. The regulatory climate doesn't have anything to do with safety and soundness. It was all based on regulations, the downside of the Dodd-Frank Act, and small banks cannot afford that. You have to distinguish between a forty-, fifty-million-dollar bank and the megabanks. These regulations have trickled down to where we don't have the staff—and no other small bank does—to be able to comply with all the disclosure requirements.

MJH: What do you see happening over the next ten to fifteen years to banks of your size?

BC: What I see is going to happen is, most of the small banks are going to sell or merge. When you lose a bank in a town like [Greenfield?]...it's a tremendous loss. It's a very difficult issue. The cost of regulations placed on the small banks is just astronomical.

Unclear...some discussion of difficulty of offering mortgage loans in small towns...

MJH: Paul Freeman, in Texhoma, up near Guymon, was telling me that he had completely gotten out of the mortgage business.

GG: We're going the direction of Canada.

BC: It's really devastating to a community, to lose a community bank.

MJH: Do you see BancFirst, or MidFirst...Of course, they're probably not going to serve those small, rural markets.

BC: No.

MJH: How about technology?

BC: I think there's probably a niche. People like ____ can come in and buy smaller banks, from out of state, and could probably build a fairly extensive network.

Most of the problem with community banks—it's not asset quality, it's regulation quality. In my opinion. Don't you think?

GG: Probably so.

MJH: So what you perceive, then, is that this trend is going to continue.

BC: I think it's going to. When that happens, then the grocery stores eventually fail, the hardware store will [fail]...

MJH: Downtowns get more and more hollowed out.

BC: More and more hollow. Of course, on the flip side, Lawton, and communities like that, within the general radius of this town, do well, because things open up. When I came from Frederick, there were six automobile dealerships. Now, there are none.

MJH: In Frederick?

BC: Yes, and now there's none. There were ____; now there's one.

MJH: What has been your experience with technology? Banks, large and small, are not getting as many customers as they used to, because there are more things online.

BC: Most communities banks are not really affected with technology. We also have data processing...

GG: Remember ATMs?

BC: I remember dad: He always disliked drive-in windows at a bank, because it removed him from the customer. Because when you go through the drive-in, you don't see the people inside the bank. If someone's upset, you'd never know it until they move their account. If they walk in the front door, normally, they would say something to someone.

MJH: Do you have a drive-in at the First National Bank of Frederick?

BC: Oh yes, sure, had to, but [Dad] always disliked them because of that reason.

MJH: So we know what [Charlie] would think about online banking!

Laughter...

So, any particular milestone throughout your banking careers? We have talked about the obvious ones, but are there any others, and other personalities that you had the doog fortune to deal with?

BC: Lawton is full of interesting personalities.

MJH: I'm sure it was. Actually, I have a great-grandfather from Altus, who was one of the town founders.

GG: The Hightower Building?

MJH: Right. His son married into the Johnson family. My great-grandfather [Frank Johnson] named that building "Hightower" because of his son-in-law.

My great-grandfather was down there, in Fraser, when it was flooded out, and they had to haul the buildings to higher ground, and that's where Altus came from.

Small talk about Hightowers in Altus...

BC: Johnson Hightower is your...

MJH: He's my brother.

BC: Okay. I don't know him well. I have just met him.

MJH: He's the most gregarious guy you've ever met. He has been in the banking business since 1978. He's now with Arvest [Bank].

Small talk about G. P. Johnson Hightower as outstanding person and banker...

GG: One of things that I remember—Bill and I hired this fellow, and we were thinking about expanding, maybe buying other banks, or maybe putting in branches. This fellow came in—and I'm sure you remember it too, Bill—and he said that what you want to look for is communities that have a higher education learning facility, and are on the interstate system. He said, "You need at least one of those for the community to grow. If they don't have that, it doesn't mean that it's a bad community; but it doesn't have the opportunity to grow." I still remember that: Higher education learning facilities and an interstate system. See, western Oklahoma doesn't have a north-south interstate system, whereas

eastern Oklahoma does, and that's why eastern Oklahoma is doing so much better than western Oklahoma. Tulsa; you've got the interstate system that goes through Tulsa, Oklahoma City, down to Lawton.

It's kind of interesting. I always remember what he said. I would have never thought about it. I can't remember the fellow's name. But if you can see that, it makes a little sense.

MJH: In the old days, if the railroads passed you by, you were out of luck.

GG: Western Oklahoma—I have been told that there are as many as 10 to 15 counties in western Oklahoma that are smaller now than they were at statehood (in 1907), in population.

BC: I believe that. I believe that totally.

MJH: I have heard more than that.

GG: The farmer doesn't live on the farm anymore. He drives back and forth. He doesn't live on the farm.

BC: Talking about technology—all the tractors now have GPS, and he just sits there and presses a button.

GG: And the kids used to walk to school, and you had one-room school houses. Now you don't have that anymore. So, western Oklahoma is...tough. And northwest [Oklahoma] is really, probably tougher, in some respects, than southwest [Oklahoma].

BC: They have the energy business.

GG: They have the energy business, but it doesn't take a lot of people for the energy business.

MJH: You see all the wind farms up in that direction, around Woodward and south of there. That's become big business in that area.

BC: But it just doesn't take the manpower.

MJH: This has been good!

GG: We haven't talked about wells in a long time, have we?

MJH: More adventures?

BC: So your book is coming out when?

End