



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

**Interview with Bill Jordan, Kelly Jordan, Laura Miller, and Jerry Fowler
Farmers State Bank of Quinton
Quinton, OK, 10/24/2011**

Interviewer: Michael J. Hightower

Audio taped and transcribed by MJH

MJH: It is Monday, October 24, 2011, and I am at Farmers State Bank in Quinton with...And I am going to ask the principals here to introduce themselves and tell me what their positions are...

BJ: I am Bill Jordan, and I am chairman of the board. I am pretty much retired, and I have been here since January of 1968.

KJ: I am Kelly Jordan, and I am public and employee relations director. I have been here for a little over nine years now.

MJH: What did you do before?

KJ: I was a physical education teacher and coached basketball. And I am a director, on the board.

LM: I am Laura Miller, and I joined the bank as a bookkeeper in 1972. I slowly worked my way up to executive vice president, and I have been on the board since '86. I am still working, but less hours, and less responsibility, I guess.

MJH: Except for him.

Pointed to Bill Jordan.

LM: He says I can't leave the bank until after he's gone!

JF: She may be the only customer left! I think I'm her only customer!

Laughter

MJH: And you would be Jerry Fowler.

JF: I am Jerry Fowler, and I joined the bank board in about 1965 and I retired off of it forty-one years later, and I am...I don't know what I do.

LM: Good timin' cowboy!

MJH: You're a jack of all trades...

JF: ...a master of none! That's the old saying!

MJH: Bill, why don't you start, and tell me how the Jordan family got into this business.

BJ: Well, the way we got started, I married a girl from Chandler, Oklahoma, and her dad was a banker. We got married just before I got out of OSU, and I had a two-year active duty obligation with the United States Army. This was prior to Vietnam. I went to Fort Benning, Georgia in '64 and '65, and I was getting ready to re-up and stay in the Army and go to Vietnam, and my wife wasn't very happy about that. Her father came down and talked me into going to work for him at Sulphur, Oklahoma, at the First National Bank there in Sulphur. I wasn't really too high on the idea, so I told him, and he said, "Well, come try it for a year or two and see if you like it." So I went to work for him.

He was a good father-in-law and a good banker.

MJH: And what was his name?

BJ: Glen Key. K-E-Y. He was a good guy, but we didn't always see eye-to-eye on everything. And so when I got out and started looking for another job, after I'd worked there for two years...

MJH: And this was in Chandler?

BJ: No, this was in Sulphur. And I started looking for a job. And he found out through the grapevine that this little bank in Quinton was for sale. He also had another son-in-law in the bank, by the name of Mike Smith, and he had a son there by the name of Bill Key. And we came over, and I looked at this bank, and of course I didn't have any money, and Mike didn't have any money, and he helped us borrow the money from the First National Bank in Oklahoma City, from a guy named Haskell McLean. Haskell was a vice president in the correspondent bank department in Oklahoma City, and he loaned us money to buy the stock, originally. And that was in November of '67.

In...sometime in 1970, we organized a new bank in Poteau, Oklahoma. Mike Smith went to Poteau to run that bank, and I became president of the bank in '70, and have been here ever since.

Then in '81...In '81, we purchased all of Glen Key's stock...Let's see, we bought Mike's stock in '85?

LM: '89?

BJ: '89? And then Bill's in '92. And right now we, the Jordan family, owns about ninety-five percent of the stock. The only other stock is owned by my brother, and Laura.

And my son became president of the bank in '93?

LM: He came back to the bank in '94. And in '96, we set up the branch in Whitefield, and he moved over there as branch manager. But he wasn't named president until 2003.

BJ: And when did Kelly come over here?

LM: 2002. August 2002. Kelly joined the bank and was elected to the board at the same time.

Garbled...Reference to concise history of bank – see files

It also mentions when we bought the Red Oak branch. It was our first branch, and it was the first in the state after the branching laws changed. We did that in 1983.

BJ: Penn Square was the first bank closed, and then right after Penn Square, Red Oak was closed, and we had the opportunity to buy that from the FDIC and make that a branch.

MJH: Okay. 1982 would have been a little early for branching...

LM: The laws actually changed, which allowed us to purchase and operate as a branch. You couldn't do a branch *de novo*, but you could purchase an existing [bank].

MJH: Tell me, since you brought up Penn Square, what memories do you have from that fiasco, and how did it affect your bank, if at all, and how did it change banking in general? Anybody chime in.

BJ: Really, it didn't have any effect on our bank, *per se*, but it was at a time when the oil bust had really started. Penn Square happened to be one of the first ones that went down. It had a big impact, I think, on banking in general in Oklahoma, because it was the first bank that had failed in a long time. I don't remember exactly—in those prior years, I don't remember a bank failing in Oklahoma, at least in my time. I think it had some effects on a lot of banks in Oklahoma, just because of the fact that they had a lot of participation loans that they had purchased from Penn Square.

MJH: Were you aware at all of any changes in banking culture, or lending practices, that affected you here in Quinton?

BJ: I think as a result of that, we got a lot more conservative. But being a small, community bank, we weren't really big enough to be involved in the oil and gas loans, at that particular time.

LM: We experienced some rough times during the eighties, but it wasn't the oil industry. It was ag—agricultural, cattle prices, and real estate values dropped. We had a lot of loan losses. And we were very conservative for awhile there. In fact, our loan to deposit ratio was up to thirty (?) percent. Everybody was tightening their belts.

BJ: Everybody quit borrowing money.

JF: She got real tight on me!

Laughter...

I remember those times! I remember those times! It got real personal!

Laughter...

MJH: What were your experiences with the regulators? Did they come down...?

LM: That was hard, very hard. There again, it was the first bank to do this, so it was new for the FDIC—a liquidation team, to come in, that we dealt with. And it was new for us.

BJ: They were from New York.

LM: Yes, a lot of Eastern, FDIC people, that we were dealing with, for months. They basically took the assets, and other than fixtures and equipment and building and what have you—all of that had to change hands. But what took the longest, of course, were the loans—to review those, and to make sure we were buying what we thought we were buying. They started out with, maybe, \$8 million in loans, and we probably bought less than \$2 million of those.

But it was very hard, dealing with that regulatory chain. And they moved their offices to McAlester and accepted all of our mail. They were writing the rules as they went, and this was what they felt like. So they did have control of most of the assets, so they wanted to see those. But we had the deposits, and a lot of those deposits were delayed. We had to make sure we were going to McAlester every day to get that mail as soon as we could, and we had to wait on them. They wanted to make sure it wasn't for them, for their access. At the same time, we were trying to review and purchase what we could, and sell it, and be done with it. But we had ten employees that we knew nothing about...

We opened the next day. It was a Friday afternoon, when they were closed by the state banking department.

MJH: What was the name of the bank?

LM: Red Oak—Red Oak Bank. That's it. It was the Red Oak Bank.

BJ: We were kind of the guinea pig, because that was the first—that followed Penn Square. We were the guinea pig. The state banking department and the FDIC learned a lot from what we had to go through, and then, between 1983 and '89, they closed about a hundred and ten banks in Oklahoma. That was a tough... There were about five hundred banks in Oklahoma. And they closed—I can't remember the exact number, but I think it was a hundred and ten banks. It was a tough, tough time. Every Friday, you would dread opening up the paper because they closed another bank. I mean, for two or three years...

MJH: I remember some of those lists—you might remember the *Daily Oklahoman* kept that tally going, with a map of the state and little dots on the latest failures, and so forth. What were some others in this area, say from McAlester to Stigler, maybe a thirty or forty mile radius?

BJ: They closed on of the banks in...

JF: They closed one of those in McAlester...

Garbled, several people talked at once...

MJH: So what was it like, working with these FDIC folks, with their office in McAlester, and they're intercepting your mail... When was this?

LM: The end of '83 and the beginning of '84.

MJH: So you finalized the purchase in, like, '84?

LM: No, '83. Well, yeah—we took over running the bank as of December 16, 17... They closed it on December 16 at 3:00. We stayed all night, and opened the branch Saturday morning as Farmers State Bank, as the Red Oak Branch of Farmers State Bank. And then, from there, we continued to purchase assets from the liquidators.

MJH: What were their personalities like? What was it like to work with these guys?

LM: There were arguments! I never saw the likes of Bill Jordan arguing with regulators like he did then! And we wrote letters to the regional office, because there again, they were making some mistakes, and we wanted them to know, how, like, the mail reception and all those things were inconveniencing customers, and that we had to deal with. I was out looking for space in Wilburton when they chose to rent, at our expense, offices in McAlester.

BJ: They didn't even ask us what we thought about it. They just did it. And see, it was in the fine print—it was in an agreement that we signed on Friday, that we would have to furnish them space. It just said "furnish them space"; it didn't say we

would have to pay the rent on a new building. But when it came down to the nitty-gritty, we had to pay all that expense.

LM: There was not space in the bank.

BJ: They didn't even talk to us about it. I still remember that meeting in Oklahoma City. Before I left there that afternoon, there was a guy wearing a white hat. Well, after we had all these problems with them, I went to the state bank commissioner, the FDIC administrator in Dallas, and the regional administrator, and I said, "Those white hats they've been wearing are picking up a lot of coal dust."

LM: There were a lot of things...Even in the cash items: We had accepted, and they had turned over to us, and it was only discovered later, that some of those cash items were months old. They had been retained daily, for months, which meant that there were losses on cash items. We couldn't collect them. We couldn't return them. If you had a cash-out return item, a cash item, you acted on that immediately, within twenty-four hours. We had some old checks. Things like that...They said, "You accepted them on the day that we transferred...closed the facility, basically, and any things like that, cash, a cash item...But until we looked at it and discovered what we had accepted, they would not take them back!"

Laughter...

It was pretty hard-nosed! But like I said, they set the rules, and I think they were wrong on how it would be.

BJ: Well, they were Yankees, and we weren't used to that. And another thing they tried to pull on us, we had several small real estate loans. I don't remember exactly the dollar amount, but we had several small real estate loans. After we got into 'em, and started working those files, we realized that they didn't have any documentation. They had a note and a mortgage, but they had no title opinion and no insurance...The FDIC, of course, they were looking at it too, and they realized that they were paying a high rate of interest—those customers were paying a high rate of interest—on those loans, above market rate. And they said, "Okay, you're going to have to pay a premium. We're going to sell you these, but you're going to have to pay a premium. We're not going to give them to you at book value, of what they were on the bank's books at that time."

We said, "Well, we're not going to pay it!" And they said, "Well, we'll just take them and sell them on the secondary market."

And I said, "Well, that's fine, just take them and sell them on the secondary market." Because I knew they couldn't sell them on the secondary market. And they knew too, that they couldn't! But they were just trying to pull the wool over

- our eyes. They just thought they had some country bankers, and they would just pull the wool over our eyes.
- JF: You didn't want them anyway, did you?
- Laughter...*
- BJ: We did buy a few of them.
- MJH: You made it through that trying period, and then you were in the doldrums of the eighties after that. What has been your main customer base? Mainly agriculture? A little of everything?
- BJ: Just a little bit of everything. Mainly agricultural. We have always cattle loans, small cow-calf operations. Mainly consumer loans...
- LM: Consumer real estate loans. Those community loans that don't always fit a particular market. That's kind of been our bread and butter over the years.
- BJ: We have a lot of small, mom-and-pop grocery stores, restaurants... Things like that...
- LM: We set up a variable rate real estate program years ago, before many of the other area banks could even attempt it. Because of the disclosure and regulation requirements... It wasn't an easy product to initiate or even maintain, with all the compliance issues. But we did. We were one of the first, I think, or a leader in that area, anyway, and so we did a lot of real estate mortgages.
- BJ: And especially out on the lake, because both of the banks in Eufaula wouldn't make a construction loan. They would not make a construction loan. So we just kind of got in there and started making construction loans. To do that was risky, but still, yet, you've got to know who you are dealing with.
- MJH: So the lake, is that still a big part of your business?
- BJ/ Oh yes. Second homes, small business...
- LM:
- MJH: How would you describe your demographic? Are there a lot of retirement homes? What would you say some of the main businesses are in the area?
- BJ: Oil and gas production. We have a lot of people that are employed in natural gas production in this area.
- MJH: Of course, natural gas prices are so low now...

BJ: Jerry's been involved in natural gas production.

JF: I've been in it for forty-one years. We have a natural gas company right here, next door.

Laughter...

MJH: What is the name of that company?

JF: Choctaw Gas Company. I've worked for that for forty-one years, and was president for, I think, twenty-one years. So I haven't really been a redneck for all my life, I don't guess!

Laughter...

Just since I retired!

MJH: So, what kind of business are you in? Are you a distributor?

JF: No, we're drill oil and gas wells. We get the leases and drill the wells.

MJH: And is it closed?

JF: It's still going right now. My daughter and son-in-law are running it. When I retired, we sold it and I retired. That's when I became a redneck!

Laughter...

MJH: In the nineties... What sort of milestones have there been? Penn Square, buying Red Oak. Tell me about getting into the Stigler market. When did that happen?

BJ: Branch banking came in... Branch banking laws came in the early nineties. I can't remember the exact date. Well, I guess the branching laws really changed in '83. But you still couldn't branch into a community that already had a bank. You could branch, for a time, into an incorporated community, if it didn't have a bank. And then sometime in the nineties, branching laws changed, and you could branch wherever you wanted to—Oklahoma, or Texas, or Kansas, or Arkansas. So, first we went to Whitefield, before they changed. We went to Whitefield because they were an incorporated city. Well, we helped them get incorporated. And then, once they changed the law, we decided we'd better off if moved to Stigler, and that's what we did.

MJH: So did you have the facility in Whitefield for awhile?

BJ: Yes, but we closed it.

LM: In '96, so we had it for five years...

MJH: So Stigler opened in '96?

LM: It's a Haskell County branch. We opened in Whitefield in '96. And then, within that five years we were there, the branching laws changed, and we moved to Stigler.

BJ: And that was in 2000?

LM: I think it was 2001...I think it was 2001 when we moved our branch, and sold the building.

MJH: So then, there are three locations: headquarters here, a branch in Red Oak, and a branch in Stigler. What do those branches bring to you?

BJ: A lot!

LM: Some of the information I will give you is to show where we were in '67, and then I just did ten-year increments. In '97, which was right after that branch in Whitefield...we almost doubled in size.

MJH: Really?

LM: Red Oak is pretty stable, but it's kind of a growing area...

It's in Latimer County, near Wilburton.

MJH: So what kind of community, and market is that for you?

BJ: Of course, there's a lot of natural gas, in that area. I guess there are strip mines, and coal...

JF: Yeah, there still mining coal, and there's natural gas...And real estate is pretty big.

BJ: But deposits have been relatively the same. They really haven't grown or decreased...

LM: It's just been stable. It hasn't grown that much at all.

MJH: Are you beginning to feel any effects from the new legislation since '08? The Dodd-Frank bill...

LM: It's kept us busy, to say the least.

BJ: There's lots of paperwork.

LM: Paperwork, system changes, form changes, disclosure changes...

- BJ: Dodd-Frank is not all bad, but it's not all good either, as far as our bank goes. They did increase the FDIC limit from a hundred to a hundred and fifty thousand...But, they have added a lot of...as far as the real estate loans, it's very, very difficult for a small bank like us to continue in the real estate business.
- MJH: Do you feel like that is kind of fading out, then?
- BJ: I don't think we can afford to faze that out, just because of the fact that that's kind of our bread and butter.
- MJH: Who is your competition? I guess there's no competition in Stigler or Red Oak.
- BJ: Well, there are two other banks in Stigler. Then, there are three banks in Eufaula.
- LM: Two banks in Wilburton. Then there's the Internet...
- MJH: Tell me about technology. You have your website...How has that helped you, and how has that hurt you? How has it changed you?
- LM: Well, the electronic operations, I think—processing checks and bank statements—all of that, I think, has been very beneficial to the bank. It's allowed us to offer deposit products for customers to choose that kind of electronic delivery, and we can pay a better interest rate...
- BJ: I will say that, since I have been involved in the bank, we have stayed abreast of the technology. It's not been easy, and it's been very expensive, but we have also stressed education. I know we were one of the first banks in our area to have computers. The first computers...I mean, even before the McAlester banks.
- LM: That was in the mid-seventies. A partial, correspondent type...
- MJH: Seems like I have heard three different things: you were guinea pigs with the FDIC; variable rate real estate loans; and you were one of the first ones to computerize. Why is that?
- BJ: I can very well remember Jerry's father-in-law telling me one day, when we were in the old building, "Well, Bill, how...?" I mean, he was used to coming in the front door, and he'd walk back to the bookkeeping department, and he'd pull his ledger sheet out to see what his balance was. And when I told him we were going to be going to computers, it just blew his mind. He said, "That won't work. The First National Bank of McAlester tried to do that, and they couldn't make it work. How do you think you can make it work?" I said, "Well, we are!"

Laughter...

JF: Well now, he's the one who put the stock together to sell, and his family. His name was Martin Coblentz, and he adjoined y'all down around Brookings. Coblentz is east of y'all, and he's the one that put that stock together, and he was the president, I think, at one time. There was an older guy that was running it, named ____ Ross, he died. And he had enough stock...He was president, and he put enough family stock together to sell to Bill's father-in-law, Glen. And he was my father-in-law.

[References to "y'all"—Hightower family once owned ranch and farmland in east central Oklahoma. As a young man circa 1960, Jerry Fowler worked for Michael J. Hightower's father, Frank J. Hightower, at Farafield Farms near McCurtain.]

So we go way back, you know.

MJH: That's a great story. What do you remember about him? What kind of guy was he?

JF: Who was that?

MJH: He would be your father-in-law.

JF: Martin Coblentz?

Laughter...

JF: Alright! He was always good to me! He might not have been very good to Bill Jordan sometimes, in the banking business, like I say. He didn't really like a whole lot of change. He never did change to computers in the gas company. He done everything by hand, for years and years and years, when he probably should have already went to computers.

MJH: Do you find that quite a few of your customers are resistant?

BJ: They have been resistant, at time, but you know, they have adapted to it quite well. It's kind of surprising. We've had some problems.

MJH: How about you [Jerry]? Are you all over online banking?

Laughter...

JF: Well, my son-in-law got out of college in the early eighties, and put everything at the gas company over to computers. But I don't even know how to turn one on at all!

Laughter...

I use a debit card, and that's about it. When I have trouble, I call my banker. He takes care of it!

BJ: He can use his cell phone. But he can't get a text message.

JF: When I turned cowboy, I don't use computers.

MJH: I've ridden with a lot of guys, and they've got these little pouches on their saddles.

JF: I don't have one of those. I just barely can use a cell phone at all.

MJH: A friend of mine says, they know where I live, and if they want to talk to me, they can come over and see me.

JF: If it wasn't for Laura and Debbie, he couldn't do it either!

Laughter...

LM: One of my first memories of Martin Coblentz—he wore overalls...

JF: OshKosh B'Gosh overalls...

LM: ...overalls, and he always had a stogie in the side of his mouth. He might have smoked it earlier, but he wouldn't smoke it in the bank, but he would have it there to chew on. I think the first time I met him, he walked straight to the back—I was a bookkeeper—and we used to give out little Chicklets, at the drive-in window. He took two boxes of them. I really didn't know him. Even though he didn't have any interest in the bank—well, his family did—but I guess he felt some attachment to the bank. I went and asked Bill, "I've got this big guy out here, and..."

Laughter...

Little square pieces of gum...

MJH: I guess it's good you weren't giving away a safe!

LM: But he didn't do that for very long! I think that was my first memory of him.

BJ: I had to tell him...He'd come in like he still owned the bank, and he'd walk back there where we posted the ledgers for the accounts, and it was right behind the teller line, so anybody could come in there at the teller line and see him come back there. Of course, he was just looking at his account, but still yet, he'd have to thumb through there. So customers would get the idea, well, he's looking at my account. I said, "Martin, that just looks bad. You've gotta quit doing that." Well, he didn't like that very much!

Laughter...

Another thing I remember: When we first purchased the bank, I walked in the safe deposit vault, and they had all these safe deposit boxes up there, and they had a piece of plywood up on one side there, and all these safe deposit keys were hanging up there. So I asked one of the bank employees what those keys were for. And they said, "Well, those are for customers who don't want to take their keys with them."

I about died, because, you know, we would have access to all those boxes, and if we wanted to get in one, we'd just take it down. So I could see all those law suits coming in, you know, because we had the keys hanging up! So it didn't take us long to get rid of all those keys.

LM: In my first years, they still had little places in the vault, like cubbyholes, where they could put personal things, like their keys or papers. One of my jobs was to contact all these people and ask if they'd either pick that up or rent a safe deposit box. But it was a mess. It was still going on after I came, and that was in the mid-seventies. Talk about changing people's habits!

BJ: That was in the late sixties.

LM: The cubbyholes were still there when I came, in 1972.

MJH: Those are great stories...

Anything about bank robberies?

Small talk about bank robberies, dim memories. Back in 1960s, during the night, never got into the bank...before Bill Jordan bought bank...

LM: In February 1996, there were two armed men that came in early in the morning, right when the bank opened. And they took our employees into one room, and robbed the bank. But they were caught within hours, and arrested, both of them. But they had automatic weapons. Bill's brother, James, was the branch manager, and we'd moved into a new bank, a new building, in '85, just a couple of years after we had bought that branch. He was there, and it was pretty scary. But we recovered everything and they were caught quickly, but it was a scary time.

BJ: What I remember about that too, was that they had to keep that money. We recovered all the cash, but we didn't get it back. The FBI kept it for evidence for, it seems like, six months. It was quite awhile before we got it back. And they showed up at the bank one day to give us that money, and the girls down there wouldn't count it. They were there when it was robbed, and they didn't want anything to do with it. They didn't want to count it. I think Laura and Sharon had to drive down to Red Oak to count the money to receive it back from the FDIC.

LM: We had counselors come in and visit with our employees during that time. It was our first, but we did all we could to not have them quit and run off—to make sure they'd come back to work. They were real funny about that. I think we just volunteered, more or less...

Details on post-robbery...

But one of the things, too, I remember, is that these two men had to make some form of restitution. When they were in prison, we'd get a check about every three months from them. It might be a hundred dollars or so. But we gave that to the staff, to do whatever they wanted to—go out to eat, or buy some clothes, whatever.

BJ: They were in prison for fifteen years.

MJH: When was this bank originally started?

LM: April 17, 1908.

MJH: And is it Martin Coblentz?

JF: C-O-B-L-E-N-T-Z.

Yeah. He used to carry the money every Friday from the McAlester bank to this bank. If he didn't have the keys to the bank, he'd have to call one of them boys, to let him get in the bank, and let him give them the money. Every Friday, he'd go to McAlester and pick up that money. That's when he'd go to McAlester to buy his supplies. And he'd carry it back in his pick-up to this bank for years...He'd carry it in the pick-up or whatever he was driving...

Small talk...

He done that every Friday for years and years.

BJ: Interesting story too: We build this building in 1980. Of course, it was brand new, and we had moved all the furniture the week before. And we had moved the safe deposit boxes and vault cash on Friday. And then when we came down to finish the clean up work and everybody moved into their offices, we realized the vault door wouldn't open.

Laughter...

I though the guys had set the time lock wrong. But they assured me that they didn't. They had two of them that had checked the time lock. And we waited all day Saturday, and we finally called the company, told them we've got a problem. Well, they couldn't get in it either. We had to go rent a jack hammer and put a

hole in the back of the wall big enough for me to crawl through. It took us most of Saturday night. And we made the biggest mess!

JF: Well, with a jack hammer, you can imagine the dust that it created!

LM: We had some plastic draped over the area where they were working, but it was still a mess.

Laughter...

We had to come back Sunday evening and set up up for business.

BJ: And then they spent all day Sunday patching holes!

Laughter...

MJH: In the old days, they'd use nitroglycerine and get it all done at once. I've read more stories. That was the typical M.O.—guys would come, plant some nitro, and boom!

Small talk about nitro...Discussed difficulty of construction...

LM: In the thirties, there were two banks in Quinton: First National Bank of Quinton, and then Farmers State Bank. In the thirties, we bought their assets and moved into this corner building, just east of this one, and we were there for fifty years before we moved into this one.

MJH: I saw some of the old pictures out there.

LM: Yeah. And they combined the assets of the two banks in the thirties.

MJH: Do you have any sort of clipping files? Has anyone maintained any kind of scrapbook?

LM: No. We've got a few pictures. We weren't sure how much you might want. The first little wood frame building; and then the building we moved into, and were at for so long. And we've got a hundred-year calendar. We did an anniversary calendar.

Small talk about photos, looked at photos and images of banknotes...

End