



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

Interview with Bruce Benbrook
Stock Exchange Bank of Woodward, 8/24/2010
Interviewer: Michael J. Hightower
Audio taped and transcribed by MJH

MJH: It is Tuesday, August 24, 2010, and I am in Woodward speaking with Bruce Benbrook at the Stock Exchange Bank of Woodward. And thank you for...

What I would like you to do, in a sort of stream of consciousness, if you will, is to explain to me how your family got into this business, going back to your grandfather, and give me a narrative history of the early days of the bank.

BB: I am pleased to, Michael. Our bank started January 3, 1903, in Fargo, Oklahoma. At that time it was called Oleta, Indian Territory. It was later named Fargo, Oklahoma, which is a small community 15 miles directly west of Woodward. The first day of business, they had 36 deposits, and the largest deposit was \$375.00, and the smallest deposit was 25 cents. The bank was off and running.

My grandfather became cashier of the bank in 1912. His name was A.M. Benbrook, and he had moved from Arkansas to come to this part of Oklahoma. On October 13, 1922 he was named the bank's president. From 1922 until now, there has been a Benbrook that has been president of this bank. My grandfather served as president from 1922 to 1959, and then my father Temple Benbrook served as president of this bank from 1959 to 1981, and myself, Bruce Benbrook, has been chairman and president of the bank since 1981. So our bank has now been in existence for 107 years. We moved from Fargo to Woodward in 1939. The Stock Exchange Bank of Fargo and Sharon State Bank, which is a small community ten miles south of Woodward, merged in 1939 and came to Woodward to form the Stock Exchange Bank. It opened on June 13, 1939.

The bank at that time had one location in downtown Woodward. The headquarters of the bank moved twice, and in 1983 we moved to our present location. Since that time, our bank has not expanded outside the Woodward city limits. We have two branches: one in the south part of Woodward, and one in the west part of Woodward. We have now grown to about \$175 million in deposits and approximately \$23 million in capital. But we have been located in northwest Oklahoma since 1903, and in Woodward since 1939.

As I said, I am the third generation, and have been president of the bank since my father passed away in 1981. Since 1922—A.M. Benbrook, my grandfather, was president, and in 1959, my father, Temple Benbrook, became president, and I did in 1981.

MJH: What were some of the milestones in the bank. Going back to the founding up to the present, were there any events—national, state, local—that stand out in your mind as seminal events in the history of the bank?

BB: I think that, from my historical perspective, certainly the early eighties... I can remember being a young man, I think I was 28 years old, when I got the word that Penn Square Bank had failed. And I remember, there is no question, in my career and in my 33 years with the bank, that there's no question that that stands out—I said 33 years, and I started with the bank in 1977, so I guess that would be right—there's no question... I had no idea what that was going to do to our community and our bank and the banking industry as a whole. We got through it, and tried to focus on servicing our customers, taking care of our people, and getting through those times. '82, '83, '84, '85, '86, without question, stand out in my mind as a five-year period that was one of the most difficult that certainly I have seen in my lifetime, and to get through those... Hearing stories about my grandfather, and how he dealt with trying to get the Stock Exchange Bank of Fargo through the Depression, and some of those stories were passed down to me about the truth in banking practices and all the things that he did to make sure the bank would remain stable. There were numerous, numerous banks—I don't know the exact number, but obviously throughout the country, in the state and in this area—that failed, but the Stock Exchange Bank survived that Depression and got through. And several years later, in the early eighties, when we lost numerous banks and financial institutions in Woodward and throughout the state of Oklahoma, the Stock Exchange Bank of Woodward survived that and came through and became one of the stronger banks in the state of Oklahoma. I always try to remember that when I think about the difficult days of the early eighties, I remember what my grandfather had to go through during the Depression, and making sure that the bank made it through, and stayed open, and he did. There were many banks in that time—the story has been told to me several times—that actually tried to shut their doors, and literally wouldn't, but the Stock Exchange Bank stayed open and took care of their customers, and was able to avoid any serious runs on the bank and survived, and became stronger for it. So I always remember that. I think that focus of taking care of your local people and serving your community, and the bank will survive and become stronger for it.

MJH: In terms of your business—loans, and so forth—how do you explain your success when others failed?

BB: I think we have been prudent, and I guess you could say conservative in some respects, but we have tried to take care of our local people. We try to focus on customers that we know; we haven't branched outside of Woodward; we stayed focused on serving Woodward and northwest Oklahoma. And I think that's the key to our success. Many financial institutions have gotten away from their origins and their roots in serving their communities, and tried to go to other areas, but we have stayed focused on dealing with the good people of Woodward and northwest Oklahoma, and stayed focused on taking care of their needs and their concerns. Over time, I think it has certainly paid off for us, and we have been beneficiaries... Plus, the other part of it is, being in northwest Oklahoma, there's a great work ethic, and the quality of the people who work hard and

will do anything they can to pay you back...And I think that has also been a big part of it. We just have a great quality of hard-working people in northwest Oklahoma.

MJH: What are the majority of your loans in. Agriculture? Oil and gas?

BB: One of the big changes in the years that I have been in the bank is that—in fact, back in the history of the bank, the name “Stock Exchange Bank” obviously came from, at the time, probably a 90 percent agrarian economy—and certainly that has changed. Agriculture still plays a very vital role in our area, but the percentage of the agriculture loans has gone down at least 50 percent in the last 30 years. Our economy is more diversified. We have, in northwest Oklahoma, obviously the oil and gas industry, the wind energy industry, some other things that are new to the economy, and have made a change for us. So agriculture still plays a major role, but not near what it was 50 years ago, even 20 years ago. So that mix has changed a great deal.

MJH: Tell me about wind energy.

BB: It has been tremendous for northwest Oklahoma. It's been tremendous. The opportunities for us to take care of the wind and the companies that are out here are good, and they are involved in the community, they support the community...And our land owners have gotten great opportunities to take part of their land and get a tremendous income stream off of using just one acre of their land for one of those towers. It's been tremendous; it's been great. Northwest Oklahoma is kind of considered one of the wind capitals of the country right now. We literally have had—I think we have 5 right now, we have more on the way—wind farms. I just kicked off a deal the other day with 66 turbines. It's a new one, and we've got several. And of course, the one you drove by, you probably saw coming into town, if you looked over to the south, that wind farm will power, in 2011, the University of Oklahoma. It's called the OU Spirit Farm. The energy from 5 miles from our office is going, in 2011—that you passed on the way, and saw those transmission lines—OG&E is buying that power, and it goes to a location, I think around Piedmont, it's in that area, but that's going to power the University of Oklahoma—all the energy for the University of Oklahoma, 5 miles south of here, basically from Woodward, Oklahoma. Interesting!

MJH: And that replaces...coal?

BB: It's just an alternative energy that is clean, obviously, and is a great opportunity for our area, because we have been fortunate enough to be kind of a central location for oil and gas. I don't know if you would say that we're replacing...It's an opportunity for clean energy, and it's an opportunity for us to take advantage of the wind out here. And it's been great! And the land owners have been excited about it and certainly economically, it's a tremendous benefit. The one that just started here, started back in June, when it was dedicated, they had 150 employees through December. The project is \$380 million, 66 turbines. And the benefit to the landowners—I'm probably telling you more than you want to know, but it's really interesting...

MJH: No, no...

BB: They give these guys—we probably have four or five different—one over here...I think we have five, and there are more looking, coming to this area. What they do is they put in, and of course they put these big towers up, and they're like 15 feet tall, and they come in, and they are not dissimilar to an oil and gas lease, but they'll give you a dollar an acre for 3 years or something, whatever it is, but basically to look and see, and they put these little towers up. Of course, everybody and their dog wants to make sure they get it...It's almost like a little weather tower. And then they come in and literally...If they like what they see, they come in, and they sign you up for a 30-year lease. The first one that came to town—and they take one acre, and it's not much, and obviously they pay damages, \$5,000 a year, the first one they had—then it's kind of evolved. The last one that came in, the landowners, if you get lucky...I've got customers that have like 10, and of course with a hundred and sixty acres, I know some that have got 3 or 4—and the last one they did...Different companies will do different things. It's kind of like oil companies, everybody's got a different twist...3/16, overrides, all that good stuff...The last one that came in, and their deal was, you are guaranteed, if they land one on your property, it takes up one acre, you get \$4,000 a year, and then you share—you get 3 ½ percent of megawatts or kilowatts, I don't profess to understand that—they show you on the deal that you should get from \$8,000 to \$12,000 a year.

MJH: That's a nice little income...

BB displayed map to show location of wind farms

BB: This is the OU wind farm here, and this is our new one...But anyway, this is kind of interesting. These things, this last one, is 262 feet tall. Think about that. That's almost the size of a football field. That's how tall this thing is. Basically it's 26 stories That's almost as tall as the Devon Tower in Oklahoma City, or whatever. But that's how these crazy things work.

MJH: Where are these things manufactured?

BB: Siemens is one of the biggest companies in the world. But most of them are manufactured overseas. Everybody and their dog is trying...We're trying to get them to locate...There's another area besides Woodward, called Sweetwater, Texas. We literally are kind of a consultant, for the community...They literally re-formed their town down there—Sweetwater is down in West Texas. Most of the manufacturing is done overseas, and Siemens is the manufacturer. This is a company that operates the deal, and Dulaney is the company that builds these things. They have 150 employees and it's just wonderful for the community. They stay in the motels, they eat in the restaurants, they rent the apartments, they stay in the mobile home parks. The last one they started in June and they'll be done December 1. It's interesting. They analyze—and the people that are there, they're just sick, they missed it—but that's how they do it. But the OU farm, it is in place, and the transmission lines—it's called the OU Wind Farm. It's an interesting business. The great...there are small...I shouldn't say small...There are groups, the

environmentalists think it affects the birds, and there's a small group of that, but the people around here, you don't hear these people complaining. But that's how it works, and it's interesting.

MJH: Sounds like a new frontier.

BB: No question. It's exactly right. We have transitioned from...There's no question that oil and gas is our backbone in this area, there's no question. It still is, and will be. But the wind energy thing has just been a tremendous boost to this area. It has helped us. It has just been a tremendous boost to our local economy. And for years to come. You sign 30-year leases...But that's no different from an oil rig laying on your deal. As far as the downside...GE Capital financed this last deal. Here in the *Wall Street Journal* is Woodward, Oklahoma is this wind farm project, and that's just wonderful. GE's involved, and they don't just make loans to everybody... These guys are big players. They are involved in this stuff.

MJH: Would you say that this has changed the culture of the area? Has it changed your customer base?

BB: Yes, I think it has. The energy industry, as strong as it has been over the last 30 years, and now the wind energy, it brings a lot of people to town who may not have been Oklahomans, from other parts of the country. So it does kind of change the mix in your community. It makes us much more diversified. No question. A lot of these people—one young man who has been living here, he won't been living here long, but he's lived here about a year, from Niagara Falls, New York. He's been in Woodward for a year. He wouldn't be here otherwise. His company's out of Boston. Siemens...I don't know. They're an international deal. And Dulaney is a big construction company, with offices in Chicago and LA...But it does make an interesting mix, there no question, it brings diversity to our community.

MJH: I am glad to get all that, because that's a whole different subject...Going back to Penn Square: Can you recreate what it was like—and you were here, right?

BB: Oh, gosh, yes...

MJH: Can you recreate or describe what it was like when that bombshell hit, what those first few days or weeks were like?

BB: From my perspective...My father passed away in December 1981, and here I am, 28 or 29 years old, and July 5th of '82...the reason I remember that date, like an anniversary...Here I am, July 5th of '82, I'll never forget, I was sitting in a restaurant, I got word of that. For the first month or two, I don't think I realized the impact of it, or where we were headed. I truly did not. Of course we heard all the stories—Bill was a friend of mine, I'd known old Bill Patterson—Bill's family, we've known them forever. Mother lived....and all that. I knew all the people, all the people involved, It was an

interesting time to...Back that up...His family was here. Bill's family was here, but Bill was not from here.

I knew some of the people, but I didn't realize the impact that it was going to have.

MJH: What were some of the first big signs?

BB: Twelve months after that, we started to see the oil and gas thing slow down...

Do me a favor. Take Bill Patterson part out...That maybe could be taken wrong...I love Bill...

Anyway, the first six months after the bank failed, the impact was...I'd say, within the next six months after Penn Square we started feeling the impact, in the oil and gas... Money started tightening up for the big drilling companies, and obviously all the service companies around here that did work for them, and were part of our core economy, and it started slowing down...Subsequently the real estate market started slowing down, and everything...For six to twelve months after that happened, we started seeing the impact. When it hit, it hit in a hurry.

MJH: So do you attribute your success to the fact that you didn't try to branch out to much...

BB: We tried to focus right here. And obviously those next four years were extremely difficult. There's no question that they were the most difficult in my career. We got through it and survived. There's no question: it was difficult. We had to be prudent, and certainly be conservative in our thinking. When things fell down, they fell in a hurry.

MJH: Bringing things up to the present—and talking about wind farms really feeds into it—tell me about your opportunities and challenges now. On the one hand, you have these great local opportunities—wind farm industry and so forth—but then you have these macro challenges.

BB: I think the greatest challenge from a community banker's standpoint is the global economy. There are so many people in the banking industry (in parentheses)...it's a different world. To compete, we have to be able to provide the products and services that the biggest banks in the country do because they can provide it to our customers over the Internet and numerous other ways. The biggest challenge is there is so much competition out there, you have to do a good job, you have to be cognizant of the competition, but at the same time, you have to make good, sound banking decisions, and at the same time, provide all the products and services that the larger financial institutions in the country do. There's no question there is going to be a change.

And the other element of that is we continue to get more and more regulations out of Washington that make it extremely difficult for community banks. For us to compete with the large banks in the country—which we're going to have to do, because they are in our marketplace. They may not have a structure in our community, but they are in our

marketplace. They are part of our competitive base. It is an extreme challenge for a community bank, to make it work. We are the only bank in Woodward that's headquartered here. I guess there are seven.

MJH: Is BancFirst here?

BB: No, we don't have BancFirst. We have First American, Central Alva, Central Enid, MidFirst Bank, Bank of Western Oklahoma, and us. Am I missing one?

MJH: What do you think is driving these regulations?

BB: Certainly, my perspective comes from the community bank perspective. I would tell you that some of the large banks on the East and West Coasts, that in my opinion strayed from the banking mission, and got in serious trouble, helped these regulations come about because they had so many problems that people felt like they needed more regulations on some of those people. Some of the things they did—I'm an ardent defender of the banking industry—but I think they put us in this position. Some of the larger organizations on the East and West Coasts have caused the community banks to have to deal with volumes and volumes of new regulations and expense that we have to pass on to our customers. I think, without question, the larger financial institutions...The banks, because they are into everything, they are not just banks, but they are into everything, but they are the ones that had to get the government bailout money; they are the ones that took that bailout money and then proceeded to pay out huge bonuses to the people...And that didn't set well with a lot of people in Washington. And the community banks...Unfortunately, we are suffering the consequences of what I call the megabanks, and that's the term I use, the megabanks, around the country, and we are paying for that now. We are paying for their activities.

MJH: Talk to me about technology. Evolving technology. There are benefits and efficiencies, and the downside—the loss of face-to-face contact. What is your experience here?

BB: We want to provide the technology that the biggest banks in the country do. We have to provide the online banking...all those things. Otherwise, we can't compete. At the same time, as a community bank, as long as I am president of this bank, we will have somebody answering the phones, and we will have somebody that you can speak to. And will always provide that customer service. There's no question that technology means that you will not have as many employees in the future, but for a community bank to survive and prosper, we have to provide that service. And we will. We have to have the technology, there's no question, and like every other financial institution, we have had to invest a lot of money in the technology to make it competitive, and provide our customers with the ability to bank from home and do all those things. But we have to have the ability to have the same capabilities that Bank of America, Chase, or any of the others—the megabanks. At the same time, the difference is, we'll provide the community service, we'll be there to support the community, and we'll be able to provide face-to-face help. We'll answer the phone! And you'll talk to a live person! And we will greet you at the door! That means a lot. For community banks to survive against these major banks, you

have to do those things, and provide that extra amount of service, or you just won't be successful.

MJH: Do you think that your customers, particularly younger ones who have grown up with all this technology, demand the same level of customer service, or do you think they have acclimated...

BB: You would hope they would, but I think that, as years go by, the younger and younger people get more and more used to not going in a bank. They never go. They have a paycheck automatically deposited, they go to ATMs, they do their banking at home... I think that's a legitimate issue, I think that changes every year that goes by. The older customers, they still love to come in and visit with you and say "hey." They love to make a trip to the bank and visit with people. But like I said, the younger generation, every year that goes by, I think that's less and less of a factor.

MJH: Has correspondent banking been an important part of your business? Historically and currently, do you work with the big-city banks?

BB: Yes, we always have relationships with large institutions that can provide services that we don't... It's not cost effective for us to have an international department and a wire transfer department... Yes, we will continue to do that in situations where it makes sense for us to provide customer service, so that we can use correspondent banks. There's no question. There's still a need for that, for us, and I think there will be.

MJH: What are some of the major ones? Liberty...

BB: They're out of it now. From the Oklahoma standpoint, Bank of Oklahoma, and The Banker's Bank—it has grown... The Banker's Bank has grown off the charts in the last 20 years, well, 15 to 20.

MJH: I'll have to get some information on that.

BB: Oh gosh, there are... Bank of Oklahoma is still very active and is one of the largest institutions, and then there's The Banker's Bank, not just in Oklahoma but around the country, where community banks have gone together and formed bankers... That's what the one in Oklahoma City is. It's owned by the community banks throughout the state, and they provide services. Basically it's a correspondent bank, and that's all it is. They don't have a teller line... It just provide services for banks.

MJH: Where is this?

BB: Well, they just moved about a year ago. You know where St. Martin's (?) is, old Charlie Givens' deal... They went into the old Oak Tree Mortgage Building... Right next door, with the big oak tree symbol on it. That's where they are... When you're going down May Avenue...

Details about location

But it's owned by...The correspondent business...there's still a need for that service.

MJH: Anything else you'd like to round out our conversation? Is it still a fun business?

BB: Yes, I've always said, as long as I still like to...our family bank can compete with the biggest bank and provide the same quality of service and products, I'll stay in the business. When it gets to that point when it's just overwhelming, and you couldn't compete, then certainly I would get out. But I still enjoy it. I still enjoy seeing us lend money to people who succeed, I still enjoy buying the school bonds, working with the school to build a new school. We just helped build a new jail. Our bank stepped up and we bought the bonds so we could provide the loan for the city to build a new convention center. When you're doing those sorts of things in a community, you get a great satisfaction. Individual customers, and certainly the others—the schools, the county, the city, or whatever—succeed, and make progress. As long as we can continue to make a difference in a positive growth of our community, then I'll certainly be there doing that.

MJH: Is there another generation of Benbrooks coming up?

Looked at photos of children

BB: This one's a sophomore at OSU, and that one's a sophomore at Woodward High School. So I don't know! Quite a ways to go. I got a late start in numerous ways, so I think I may be the oldest father in Woodward High School. But I'm hanging in there, though. Tell me about what you have family wise...

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