



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

Interview with George and Nancy Records, MidFirst Bank

Originally interviewed for privately published family history,

***Frontier Families* (launch date Monday, 1/12/09)**

Records home, 1510 Guilford Lane, OKC, 6/4/09

Interviewed and audio taped by Michael J. Hightower

(Transcription not verbatim)

NR: She and George have 3 children: Kathryn Claire Ryan (husband Tim) of Denver; George Jeffrey Records, Jr.; and Martha Ellen Rainaldi (husband Rich) of Denver.

All grew up on 1510 Guilford Lane in OKC. Kathryn born in Shreveport when George was in Air Force. Other 2 born at Presbyterian Hospital in OKC. Kathryn (b. 1957), Jeff (b. 1959) and Martha (b. 1964). Nancy's one sibling was Martha Jane Johnston, died 2002.

Nancy's father was Willard Ross Johnston, married to Nancy Kathryn Pratt (b. 1898). The Pratts had moved to Shawnee from Mississippi. Kathryn born in town south of Oxford. Her father was at one time sheriff there. He lived w/ Nancy when she was growing up. Died in 1947.

Both of Nancy's parents had 5 siblings. Eventually all the siblings moved to Oklahoma. Nancy's mother died shortly after 6th child was born.

They came to Oklahoma because they had an uncle named Jimmy Griffin of Muskogee. There are still lots of Griffins in Muskogee. He was in business there, they went to see him about a job in early teens. (Mother graduated from high school in Shawnee.) Jimmy Griffin directed the brothers (his nephews) to go to Shawnee. They worked for a shoe store that they eventually bought. That was their life work. It's still there—somebody bought it from them.

MJH: Had they been retailers before?

NR: No, they were just kids. They hadn't grown up, they hadn't gone to college. Mother went to a little bit of college. Two years, including Ada Normal and OU, where she was a Pi Phi. She and Willard Ross were married in 1923.

Willard Ross Johnston was born in Tecumseh in 1896. They moved to Shawnee b/c railroad came through. They helped build that town.

Willard was always a banker. It wound up being State National Bank. It's all in that interview. [See un sourced interview] It's all about how he made 2 runs. Stepped over line in first run, went back to Kansas and made second run...

Willard became County Clerk. When railroad came through he started working w/ banker (Maxey) and moved to Shawnee. There were 3 different bank names, and the last one was State National Bank. My mother always kept her account there.

“My mother always kept her account there, b/c even after they lived over here for a long time, they always covered her overdrafts.”

Moved to OKC after Willard died in 1939. My dad's brothers had already moved to OKC and started mortgage company.

MJH: How did they decide on a mortgage business?

NR: It was new. Banks had always loaned money. This was not a bank...

MJH: So this was before WWII. So which family members were in mortgage business?

NR: It was just my father and grandfather. Uncle Paul and Uncle Bill did other things. Uncle Paul worked at a Ford agency, and I don't know about Uncle Bill. He was the youngest one—only 25 in 1939.

Willard and Kathryn were also big in Presbyterian Church, started the First Presbyterian Church in Shawnee, over a saloon. He thought saloons were the worst thing that anyone had to deal with.

MJH: What do you recall about WWII era?

NR: In WWI, my dad went in the Navy. His college years were interrupted by 1 – 2 years in Navy. I don't think he ever got out of the Navy Yard in Chicago. When WWII came along, the younger brother was in. That was William E. Johnston (b. 1914). Very eligible age for military. I think he was enlisted man in Navy.

Paul X. Johnston's son, John W. “Jack” Johnston, was an Air Force bombardier.

Daddy's sister (Katherine ?) had husband who was in Cebees (?) as a contractor. Built airstrips in Pacific Islands.

MJH: How about your memories of WWI period?

NR: Moved to OKC in May 1939. Very young, just starting Kindergarten. Moved around, rented for about a year, then built house in Crown Heights. I remember rationing... We weren't as connected as George's family. They were living on military bases. We were in middle of country...

“Daddy liked to go fishing in Colorado, but we couldn’t travel. We didn’t have gas, didn’t have tires, but I guess we got to go to Colorado some way, train or bus. That was close to the little town we’d go to. We just stayed in a motel there, and daddy walked down to the Gunnison River and fish. One day he talked the mailman into letting him ride with him, to Lake City, which was very illegal. So he got to ride over there and fish in the Lake City waters.”

MJH: What do you remember about the business?

NR: I don’t recall much, except we used to travel back East and Daddy would make calls on savings banks.

Break to check recorder, shift to George.

GR: Willard (Ross’ father), after he proved claim in Pottawatomie County, moved to Tecumseh, worked as City Clerk, then went to work for bank. Railroad built a yard in Shawnee. Willard mover over there because he figured that would be more prosperous town. He worked for First National Bank of Shawnee. He was Cashier. Then he formed the State National Bank. Over the years, he either formed or owned several banks over in that area—Tecumseh, Asher, Seminole...He had 8 – 10 banks, one as far east as Weleetka.

“We discovered awhile back that he had an interest in the First National Bank of Geary, which is west of here [OKC] about 50 miles. That’s kind of interesting, b/c a friend of mine and I bought that bank years ago and discovered that he had been one of the owners back in the twenties.”

They built up State National Bank in Shawnee. That was back in the days when, if you were a stockholder in a bank, you had double jeopardy. When the bank holiday came along in the 1930s, all the banks were lost except State National Bank of Weleetka.

After banks were closed, Ross Johnston, Nancy’s Dad, went around to small towns and bought defaulted bonds for pennies on the dollar. In those days, it was common practice to finance street paving by assessment bonds, sometimes called paving bonds. So if you lived on Guilford Lane and it was a dirt street and you wanted it paved, you got your neighbors together to agree on an assessment for the cost of paving the street. If the cost was \$10,000, neighbors would get their proportional share of the assessment, depending on how many feet of street frontage they had. They’d pay their share of assessment until bonds were paid off. Those bonds would be sold to a bank or somebody, and the proceeds of the sale would be used to pay the contractor to pave the street.

When the Depression came along, a lot of those bonds went into default. Collateral on the bonds were the home lots. If bond went into default and owner of bond foreclosed on the bond, he ended up owning the lots on the street.

Such bonds during the Depression were selling at very deep discounts.

“Ross knew all these small towns. He knew which ones would survive and which ones would be able to pay off the bonds. So he bought the bonds for a song and wound up getting his feet back under him. He also bought defaulted bonds of the Muskogee Street Railway Company, the streetcar system in Muskogee. They had gone into default on their bonds, and he ended up collecting those bonds some years later.”

In the late thirties, when Federal Housing Administration started—originally called Home Owners Loan Corporation (HOLC), which became Federal Housing Administration—began issuing charters to mortgage lenders who were authorized to originate government-guaranteed home loans. Ross formed the W. R. Johnston Company in Shawnee (don’t recall exact year), then moved to OKC. Worked w/ his brothers, Bill and Paul.

“They built it up into the largest mortgage company in Oklahoma. They made FHA and VA loans, Title I home improvement loans.”

In 1953, they sold company to T. J. Bettes and Company, Houston, TX.

“At that time, W. R. Johnston Company was servicing a little over \$100 million in real estate loans, which in those days was a lot of loans. Nowadays it’s runoff, somewhat. You’d get that in a week.” [Laughter]

MJH: Times have changed.

GR: When they were operating that mortgage company, they also had a lumber yard, a sash and door company, a construction company, and did a lot of real estate development, particularly in OKC, some in Tulsa.

George shifted to his own experiences

GR: Nancy and I married in 1955. I got out of college and the Service in 1960. We moved back to OKC, and in 1963...

Back up a bit. In 1960, Ross bought a half interest in a mortgage company here in OKC called Midland Mortgage Company. I came back and went into business w/ Ross and did some real estate developing and management, and then Ross and I bought out his partners. That’s when I became president of Midland Mortgage Company. September 1963. Ross was chairman, and I was president.

The company grew from there. We got into the banking business in 1974 – 75 when we bought the Northwest Bank at 22nd and North May Ave.

In 1980 – 81, we bought charter for newly organized Saving and Loan Association in Stillwell. It was called the Adair County Savings and Loan.

MJH: Betty Rodgers-Johnson told me about that. Explain...

GR: Up until the time that charter was issued, there was a restriction in Oklahoma on savings and loans being owned by individuals. The only provision under the law was for mutual associations. So there were no shareholders, just mutuals. Law was changed, but they still had the mutual mentality. But there was provision in the law that organizers of a new stockholder-owned savings and loan association...founding stockholder could only own 10% of the stock when it was issued.

“But the law was silent on anybody else that came along and bought those people out. All I wanted was the charter. I didn’t care about the business, all I wanted was the charter. I could open branches around the state, which banks couldn’t do in those days. This was a unit banking state. Banks were not allowed to open branches. They just had one location. There was no restriction on a savings and loan association. Nobody had ever exploited that restriction.”

“I went to those people over in Stillwell who had chartered this thing, and their initial capitalization for the savings and loan was \$500,000. I made them an offer: the day their charter was issued, I’d give them \$1 million for their charter. So they doubled their money the day they opened up. They were tickled to death, and I got what I wanted, and I only had to pay a \$500,000 premium.”

Name changed to MidFirst Bank, and moved to OKC. Subsequently sold that little branch in Stillwell.

MJH: Fits w/ Betty Rodgers-Johnson’s story...board meetings in Stillwell.

GR: We had to go over there awhile. In those days you had to have Board of Directors meeting once a month. We’d fly over to Siloam Springs, AR, drive down to Stillwell, then have that meeting and get it over with, then fly back to OKC. Once charter moved to OKC, we didn’t have to go to Stillwell any more.

Digression to Nancy’s questions about settlement of OK

NR: Willard [Johnston] had come west from Salem on the train. It’s all in this interview...I know you have it. And here’s the obituary of Martha Wilson Johnston who died at 100 in 1891 (1791 – 1891)... This is just a write-up that my cousin’s son wrote for that reunion we had, based on all these things put together. It’s a story...

George started making trips to his office to print 3 documents:

“A Brief Biography of Willard Johnston, 1863 – 1939”;

“Death at One Hundred”;

Untitled autobiographical account from Willard Johnston, April 12, 1932

Nancy talked about documents – I have copies.

GR: “Ross (Nancy’s father) told me a story about the bank over in Tecumseh. I think the guy’s name was Cash Cade who ran that bank. This was when Pretty Boy Floyd was running around the state robbing banks. This bank in Tecumseh that Ross owned had one of those old ball-type safes in the front window, the kind that looked like a great big bowling ball. It was inoperative, it was broken. But it was a handsome-looking safe, so they just put it in the front window for decoration. They kept the money in the vault in the back of the bank. Pretty Boy Floyd came into town and went to the bank and demanded all their money. So the manager of the bank gave them all the money in the vault [Maria: “I’m done...Bye...”]. And then he said, ‘I want all of the money out of that safe in the window.’ And this guy, Cash Cade, said that it was an old broken safe and there wasn’t anything in it. He didn’t even know how to get in it. Apparently Pretty Boy Floyd stuck his gun in this guy’s ear and said, ‘You’ve got 30 seconds to get that safe open.’ He convinced him that he wasn’t going to be able to get it open, so Pretty Boy Floyd took off. Then Cade got on the train to Shawnee, walked in Ross’ office, gave him the keys to the bank, and never set foot in a bank again.”

Laughter

Founder of Midland Mortgage Company was a home builder by the name of Frank Sanford. And the guy who ran Longbell (?) Lumber Company here...The Longbell Lumber Company used to finance home builders, They’d lend them the money to build houses and sold them their lumber. These two guys formed Midland Mortgage Company. They made the loans to home builders that Longbell [Lumber Company] was financing (I don’t know this for sure, but I’ve always suspected that the owners of Longbell, headquartered in Kansas City, discovered that this guy had this business on the side down there and made him sell it. I think that’s when Ross and his partners bought them out. Bought [Midland Mortgage] from those people.

That was in 1959 – 1960, when Ross bought Midland Mortgage Company from the founders. The mortgage company started there in the Hightower Building in 1950 and was there until 1973. In 1971 I bought the Kerr – Mac Building from Kerr – McGee. That building was originally the Petroleum Building, on southeast corner of Robert S. Kerr and Robinson.

NR: That’s where Conolley’s (?) was.

GR: Kerr – McGee bought that building after WWII. The building was 50 by 100 feet (50 feet wide and 100 feet deep—100 feet on Robinson and 50 feet on Robert S. Kerr). They bought the 50 feet immediately east of the building, then added another—it was originally an 18-story building—18 stories to match the 18 stories that were there. So the building became 100 by 100 feet, or thereabout. Then they put a penthouse on top for mechanical equipment. On top of that penthouse they built a 6,500-square-foot penthouse apartment for Senator Kerr. Beautiful—floor to ceiling windows, great 360-degree panorama of all OKC. But Senator Kerr died before he could move in, so Dean McGee used that for his offices.

So we bought it in 1971, and when Kerr – McGee was building the new Kerr – McGee Building downtown...when they moved over there, we moved into the Kerr – Mac Building and renamed it the Midland Center...We bought it in 1971 and moved in 1973.

We bought this building out on the expressway [Broadway Extension] in 1990 – 91, moved in 1992 – 1993. We sold that building downtown around 1980. But we remained there for 10 years after we sold it.

MJH: What was catalyst for growth?

GR: We got our feet wet in the banking business in 1975 or thereabouts when we bought the Northwest Bank [at 22nd and North May Ave]. Then, we bought that savings and loan charter I told you about. About that time, I bought the Oklahoma National Bank in Chickasha. They were in financial trouble, so I got a good buy on it, and cleaned it up. Subsequently, I merged it into MidFirst Bank, 7 or 8 years later. Then Clarence Wright and I bought the First National Bank of Edmond, owned it for 7 or 8 years and sold it to the Liberty Bank. _____ Bauman and I bought the First National Bank in Geary [see above] –I don't know when that was, back there in the 80s sometime. We owned it for 5 years, I guess.

These were just kind of one-off deals, they didn't have anything to do w/ the mortgage company or MidFirst Bank. They were just kind of one-off deals.

Clarence and I formed the People's National Bank out here on 23rd Street and operated it for about 10 years.

MJH: Who was Clarence Wright?

GR: He was a banker in Yukon. He had the Yukon National Bank.

MJH: What is the future of the bank?

GR: We plan to keep on growing the bank, as opportunities arise. Right now there's going to be...We're not going to be doing much expanding for the next 2 or 3 years, until this economy gets turned around, and we get some of the problem loans worked out that we've got right now.

MJH: How would you describe the core business?

GR: The core business, for the last 10 years, has been retail banking through branches, with a big component of wholesale banking, using federal home loan bank borrowings and federal fund sales for liabilities investing in securities—various bonds and mortgages and things like that.

MJH: How many branches do you have?

GR: Right now we have probably 55—about 50 in Oklahoma and 5 in Arizona. By the end of this year [2009] we'll have 12 in Arizona. We're opening up almost one a month out there now.

MJH: Why Arizona?

GR: Well, we just figure it's a good growth state. It was at the time, but then the economy got bad. We'd pretty well saturated Oklahoma. The sad story is that there's no growth in these small towns where we have branches. We have branches in Anadarko, Altus, Cordell, Shawnee, Woodward, Guymon... There's just no growth there. Every time there's a funeral, there's just one less depositor. There's no future outside of the metropolitan areas—Oklahoma City and Tulsa. The branches during the last 10 or 15 years that we've opened have been entirely in Oklahoma City and Tulsa. We pretty well got Oklahoma City saturated. We have the largest deposit base of any bank in the Oklahoma City area. We continue to open branches in Tulsa, but at some point we're going to get saturated up there too. So we needed to go someplace else to continue our growth. As our capital grows, we need to find other places to employ the capital.

MJH: Do you see shutting down any of those branches in smaller towns?

GR: **I don't want to put this in the book**—it's kind of internal—but we'll probably sell off some of those banks. They finally get to where they're marginally profitable. But some of the local competition will be tickled to death to buy them, just to get us out of the market.

MJH: How has your core business changed over the years?

GR: The big difference is, when we started out, we didn't have much capital, which restricted us on the size of the loans we could make and how far afield we could go. We started out with—I don't know what the capital of the Northwest Bank was at the time we bought it, I could look it up—I guess it was probably a half million dollars, or less. The total assets were only \$25 million. Capital might have been \$200,000 (?). Now, our capital's \$1,100,000,000. You can't keep making little \$5,000 - \$10,000 loans with that kind of capital base. You'd have to have a whole town full of people just to take care of it.

We're getting into bigger, more complicated loans. That's been the big change—the scale of the business.

MJH: OK known for boom-and-bust economy. How did that affect you, particularly in early years?

GR: The thing that saved us... We started out in the mortgage business, and we had to mark our inventory to market every night before we'd go to bed. This gave us some discipline about what we were doing. When we got into the banking business, since all of our experience was in real estate finance, we stayed pretty much with real estate finance. That was the biggest emphasis in our lending operation. Fortunately, the real estate business here in Oklahoma stayed pretty good until the oil bust back in the 1970s. We were in good shape, b/c most of our loans were FHA and VA – guaranteed. When all these other banks started going broke—as you'll recall, 8 of the 10 largest banks in the state failed—

but a lot of smaller banks failed too. We ended up buying a lot of those branches around the state. That's how we ended up in places like Woodward and Guymon and Anadarko and Cordell and Altus and Mustang and Shawnee, is we bought those from the regulators for pennies. That was the big acceleration of our growth.

We bought a lot of branches here in Oklahoma City and some in Tulsa in the [same way].

MJH: I suppose a lot of those banks had energy portfolios on their books.

GR: Yes, they did have energy portfolios. We didn't buy those. We didn't buy their loans. All we bought was the real estate and took over the deposit liability.

MJH: You can pick and choose what to buy?

GR: Yes, you bid on them, they auction these things off. On some we were successful bidders, and on others we weren't. We wound up with quite a few that we were successful bidders on.

MJH: Were there other banks making competitive bids?

GR: Yes, there were other banks...

Meanwhile, Nancy was looking for mistakes in Johnston papers...

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