



## Oklahoma Bank and Commerce History Project

*a program of the Oklahoma Historical Society*

**Interview with Homer Paul,  
Retired, Citizens Security Bank of Bixby  
OHS recording studio, 4/20/2010  
Interviewer: Michael J. Hightower  
Videographer: Lanita Austin**

MJH: Introduction. Please provide a brief account of your life w/ a focus on your banking career.

HP: I grew up in Paul's Valley. My great-great grandfather was Smith Paul. I am 1/16 Chickasaw and serve on the Board of Directors of Chickasaw Nation Industries. I attended Pauls Valley High School and graduated from OU in 1954. I then spent 2 years in the Marine Corps and served in Japan and Korea. I graduated from OU law school in 1959. There was little demand for lawyers, so I scouted for other opportunities.

I eventually accepted a position with Liberty Bank and remained there for 16 years. I worked in the trust department, business development, and commercial loans.

In 1975, I participated in chartering the Nichols Hills Bank at 6400 Avondale Drive in OKC. We started from scratch. It was a tough process, particularly in terms of the feasibility studies conducted to see if a new bank was needed in that area. I found that the spirit of entrepreneurship was alive and well. The people I worked with were hard-working, and we kept to a philosophy of conservative banking. The start-up phase lasted into 1977.

I remained with Nichols Hills Bank for 12 years. By the end of my tenure there, our assets were \$90 million.

I then went to Bixby, where I was CEO of Citizens Security Bank. It was a troubled bank. I remained there for 15 years. It was a real challenge. The owner died, and there were no family members interested in taking it on. So I partnered with the Mabrey family of Okmulgee. That partnership was very successful and lasted for 10 years. In 2004, the Mabrey family bought my controlling shares of the bank.

When I arrived in Bixby, the bank's assets were about \$75 million. When I retired in 2004, the assets were \$200 million. We had banks in Glenpool, Broken Arrow, and south Tulsa. Acquisition of the Bixby bank was a natural fit for the Mabrey family as they owned several banks in the area as part of their Okmulgee operation.

All of my banking opportunities were great personal experiences, and they were successful business ventures.

MJH: Do you think your career was typical of banking careers in Oklahoma?

HP: Not really. I was fortunate to have three very different experiences: diverse positions in a large bank (Liberty); a start-up (Nichols Hills Bank); and turning around a troubled bank (Citizens Security Bank).

MJH: What were some of the milestones in your career?

HP: In 1980-81, I served as President of the Oklahoma Bankers Association (OBA). There was a great deal of controversy at that time. Oklahoma was a unit banking state, and many small banks were afraid that branching would destroy them. "There was a fear that out-of-towners would not have the dedication and commitment to their communities that had always distinguished small, community banks. There was also a fear that Tulsa and Oklahoma City would take over the market."

But Oklahoma is fortunate to have a strong work ethic and effective leadership.

As President and CEO of the Nichols Hills Bank and then Citizens Security Bank, I had opportunities to do things for my communities as well as for my shareholders. "It's really a chicken-and-egg issue: when you serve your bank, you are also serving your community, and vice versa."

MJH: What were some of the challenges, perhaps even crises, that stand out in your memory?

HP: There were many challenges, but if you rely on your instincts and training and hire good people, you can get through them.

Penn Square Bank was very close to Nichols Hills Bank, and when bankers became hungry for energy loans, there was a great deal of pressure for my bank to follow Penn Square's lead and expand our loan portfolio into energy. Some of my directors put pressure on me, and this was difficult.

When Penn Square Bank failed, Nichols Hills Bank was in a position to take on depositors from the failed bank. In a single week, our assets went from \$25 million to \$40 million. The downside was that we were undercapitalized and had to raise additional capital very quickly.

"Incidentally, I have always believed that the regulators were premature in closing Penn Square Bank. But I think they thought that they had no choice."

MJH: Who were your primary borrowers at Nichols Hills Bank?

HP: We made loans to small businesses and on real estate deals. “We maintained a diverse loan portfolio and stayed away from energy loans because, frankly, we didn’t know enough about energy. That proved to be a good strategy, particularly during the 1980s. I always valued group judgment, and I sought input from the objective credit analyses of ‘the green eyeshade guys’ to make sure our judgment was never clouded.”

MJH: Tell me something about your career with Liberty Bank.

HP: I was fortunate to have outstanding training in diverse fields at Liberty, including trusts, business development, correspondent banking, and commercial loans. I learned a great deal about credit analysis. I also traveled around the state and had opportunities to see first-hand what works and what doesn’t.

“I learned that there is no way to train for true leadership. Mainly, you can’t be bull-headed about things. You need to listen and follow your instincts.”

MJH: How about your experience in Bixby?

HP: That was very different from my other two banking experiences. George Brown was the Chairman of the Board of Citizens Security Bank. When I started there, Bixby was a sleepy little town south of Tulsa. Now, of course, there’s a four-lane highway running into Bixby from Tulsa.

The bank was troubled with bad real estate and agricultural loans, much like many other banks in Oklahoma. These were the result of bad decisions and the economy. The bank’s customer base was the same as always, but land values had declined, and borrowers were over extended.

“It was a difficult culture to step into. George Brown wanted to change, but at the same time, it was hard for him to change. I made changes in staffing and placed more focus on planning.”

I also integrated the bank into the community by serving on the boards of various organizations, including the Bixby Chamber of Commerce. Then I did the same thing in Tulsa. I served on the Metropolitan Tulsa Chamber of Commerce (now Tulsa Metro Chamber) Executive Committee and boards of the fairgrounds, Jenks Aquarium, and Boy Scouts. I knew that they needed representation from outlying communities. I encouraged my employees to do the same thing.

At one point I encouraged the law firm, Moyers & Martin of Tulsa, to open an office in Bixby, and they did.

MJH: What do you see as some of the key dynamics in Oklahoma that work against economic development?

HP: “Well, there has always been the competition between Tulsa and Oklahoma City, and between small towns and the urban areas. At one time I thought I could be a peace maker between the two big cities because of my experiences in each of them. I was active in the rotary club and chambers of commerce. I made some headway, but not enough.”

Oklahoma has trouble competing for business with other states. Obviously, unity between the cities would help, but it is hard to make it happen.

“There are some examples of successful collaboration between Tulsa and Oklahoma City: the Kerr McClellan Navigation Channel and Tinker Field come to mind. But there has always been a sense of paranoia that blocks collaboration, and the competition for business is just too intense.”

MJH: What do you see as Oklahoma’s challenges and opportunities?

HP: “Oklahoma is a wonderful state with wonderful people. I do think there are too many banks and branches. I understand it: Banks are under pressure to be where their customers are. But we simply cannot support as many banks as we have.”

In terms of the national scene, I am very distressed by what I see. Bailouts and poor judgment have caused some real problems. But I also believe there will always be room for the entrepreneurial spirit, primarily in community banks.

“In Oklahoma as well as the rest of the country, we have lost sight of the fact that with the opportunity to succeed comes the risk of failure. I don’t believe in the ‘too big to fail’ policy. Failure needs to be on the radar screen. There will always be a risk-reward factor, no matter what we do.”

“There seems to be a sense that everyone is entitled to succeed. It’s a generational as well as a cultural problem. So we’re spending ourselves into bankruptcy.”

MJH: Have you thought of a career in politics?

HP: Some of my family members have been in politics. My father, Homer Paul, Sr., was from Pauls Valley. He served six years in the House of Representatives, and sixteen years in the Senate, where he rose to the position of Senator ProTem. He died at the age of 44 in 1949 from a fall in his barn. He wound up with a blood clot in his leg and died of phlebitis. At the time, I was a junior at Pauls Valley High School, and my brother was a freshman at OU.

Over the years, I have been encouraged to follow suit. But I have always preferred business. I enjoy being around business people and their energy.

“I also think that elected leaders get a bad rap. The electorate needs to be more proactive in getting the right people into office. As for me, I prefer to exert whatever influence I can as a business person rather than wind up on the front page as an elected official.”

MJH: Thank you.

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