



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

**Interview with Jimmy Webster
City National Bank of Guymon
Guymon, OK, 8/18/2011
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Audio taped and transcribed by MJH**

MJH: It is Thursday, August 18, 2011, and I am visiting with Jimmy Webster at City National Bank in Guymon, Oklahoma. And I want to thank you, on pretty short notice, for inviting me here to visit with you.

JW: No problem.

MJH: So if you'd like, you might start by telling me a little bit about your history with the bank, and then maybe work into the history of bank itself.

JW: I have been with the bank for about twenty-five years. I'm from eastern Oklahoma, I'm from the Sapulpa area, and I've been out here since 1980, so I don't have an extended history here. This bank was established when this was a territory. The Panhandle was one county, and it was originally called the Beaver County Bank. The whole Panhandle was Beaver County, and when they divided it into three counties, they had to change the name, and that's when they came up with City National Bank. I think it's the oldest bank in Texas County. We've been in three different locations. We basically serve the local area with banking services.

MJH: Where were those three locations? Were they all in Guymon?

JW: Yes, they were all in Guymon. One was further down Main Street, and then the one was in the building across from the courthouse, and then this building.

MJH: And so you came here from Sapulpa?

JW: Yes.

MJH: I lived in Tulsa for twenty years or so, so we were neighbors. So what brought you out to Guymon?

JW: In the eighties, I worked for the Gene Rainbolt organization in Shawnee. He used to buy problem banks, and I helped him work with that. The Bank of the Panhandle had some problems, and I came out and helped him fix those, and then

six years later I moved here, to City National Bank, to help him with some problems they had here, and then I decided not to leave past that point.

MJH: That's interesting. I know Gene. In fact, I was visiting with David last week. Great guy. Super organization.

JW: Yes, they've done well.

MJH: They don't have a location here, do they?

JW: No.

MJH: Any in the Panhandle? Beaver?

JW: No. The closest one was over by Shattuck, in that general area. I've forgotten the name—Vici, or something, but I'm not sure they have it now. I think they got rid of it.

MJH: So tell me a little bit about your bank—what markets you serve, who are your customers, who have they been historically...

JW: We're basically just a general bank, as most banks are out here. We service ag customers, small business, personal...about anything. Business is limited, so we try to serve any market that we can. We have gotten into the home lending business more so here lately, and that has been a good business for us.

MJH: So residential...

JW: Yes, residential loans...

MJH: So when you came here, that would have been 19...

JW: I came to Guymon in 1980. And that was with the Bank of the Panhandle. That was for three years.

Someone came in JW's office w/ calendars w/ historic photos, gave me several...

The person you should visit with here, probably more than anybody, is Gerald Dixon. He's written an historical book about himself, and others, and kind of his life history here. But he's been here forever, and he loves historical things, and he's familiar with a lot of areas around here.

MJH: D-I-X-O-N?

JW: D-I-X-O-N, Gerald Dixon. His office is just a block down the street.

Man: He's across from the courthouse.

JW: Oh yeah, he moved. I'm sorry, he's across from the courthouse, the other way.

MJH: Is he an attorney then?

JW: No, he deals in oil leases; he's a farmer.

Man: He wanted to be a jockey.

MJH: A jockey?

Man: Yeah, he's got a lot of history. And he loves to tell it.

MJH: I'm already piling up reasons to come back!

Laughter...

Man: Gerald's a very interesting fellow.

MJH: Thanks for the calendars.

Man: Yeah, and if you want more, they've probably got them copied down there.
Stansfield Printing.

MJH: Stansfield Printing, okay. So, what I was going to ask: What was the economy like there, what was the banking industry like, in particular, when you first came here, and how has it changed since then?

JW: Guymon, and Texas County—I think, at one time, Texas County had the highest per capita income of any county in the state. There was not...*answered phone*...At one time, it was very sparsely populated. As you know, all three counties are. And there weren't many people here, but the people who were here were doing quite well in farming and various things that they did. It was a very reserved lifestyle—not much change, not much activity. My wife taught school, and she might have one or two new students a year, and lose one or two students a year. And then when Seaboard moved in, that changed the whole world, with the... You know, the normal turnover for a packing plant is a hundred percent a year.

MJH: Because the jobs are so hard?

JW: Yeah, and people come up here to work and then go back home. So while the community grows, the stability of the community changed.

MJH: Is that S-E-A-B-O-R-D?

JW: Seaboard: S-E-A-B-O-A-R-D.

MJH: And they are based in...

JW: Well, this particular unit is based out of the Kansas City area.

MJH: And they came in—mid-eighties?

JW: I can't say for sure. They've been here several years—ten or twelve years.

MJH: Oh, it's been that recent, more like the nineties.

JW: Yeah. Have you ever seen that report on Seaboard? I'll see if I can find it.

MJH: So you say it's been pretty conservative; things didn't change much...

JW: It was pretty laid back, pretty stable, not much going on. And then of course, it's changed, and we have a lot more activity, a lot more people in and out, a larger Hispanic population. It's basically changed the whole atmosphere of Guymon. And I'm not saying bad or good. It's just changed it.

MJH: So more itinerants...

JW: Yeah...At one point, you could go in a restaurant, and you would know eighty percent of the people in there. Now you go in, and you know twenty percent. That's the type of change...Even the management at Seaboard changes a great deal.

MJH: And they primarily process hogs?

JW: They kill a thousand hogs an hour.

MJH: Exclusively hogs?

JW: Yes.

MJH: What has Seaboard done in terms of banking? Have they been a benefit to the banking community, and for City National in particular?

JW: Yeah, they have certainly added people, and if you add customers, that is certainly going to be an advantage. And they have certainly done that.

Long pause...

MJH: So they have been here, probably ten or twelve years...

JW: At least ten or twelve years.

MJH: You mentioned a minute ago something else I didn't realize: Texas County has the highest per capita income, or close to it.

JW: You'd have to verify that, but I believe at one time that was true. And one of the reasons was, there were so few people here...

MJH: I guess, other than Hooked and Texhoma, there really aren't any other communities...And those communities aren't nearly the size of Guymon.

JW: No.

MJH: Guymon is probably, what, 10,000 in population?

JW: We're closer to twelve or fourteen [thousand] now.

MJH: It sounds like you're saying that the changes have been for the best, for the most part.

JW: Well, it caused a lot of strain on the school district, and the utilities. With that influx of people, it's naturally going to have the good and the bad.

MJH: Would you say that there were social disruptions?

JW: Not really. Not really. It's changed the social make-up of the community, but there have been no major problems that I am aware of.

MJH: What is the, if any—obviously, this is a rather remote area, I mean, it takes five or six hours to get here from the capital—what sort of effect has that had on the banking business, would you say? The remoteness: does that make it a rather unique place to do banking?

JW: Well, at one time, it was hard to get, you know, like your cash registered, your checks in and out, and shipped out, and things like that, but now, with electronics, it's all done electronically, so it's actually not caused a problem. We don't really...If you think about it, in Guymon, we get no Oklahoma newspapers, no Oklahoma City TV stations, so all of our news comes out of Amarillo, Texas.

MJH: That's really the *de facto* capital, isn't it?

JW: Yeah. So we're really kind of disconnected from Oklahoma City, simply because of a lack of information. I take the *Daily Oklahoman* by digital, on the computer, but I don't always read it like I should.

JW answered phone...

MJH: I remember, living in Tulsa, at one point there was a movement to secede from the state and form a separate political entity out here, like northeastern New Mexico...Maybe that was kind of silly, I don't know...

JW: Yeah, that was just, I think, talk...People in Amarillo, in the Panhandle, talk the same thing, but they always feel that they send more tax money down state than they get back. I don't really think that's true, if you really looked at the numbers. Because of our sparser population, I think probably in road and various other types of taxes, we probably do okay. But there's a fierce independence.

MJH: Tell me about that fierce independence.

JW: They always have been remote. They have to rely on themselves. And they just feel that they are very independent of anything. They don't like any government intervention in anything.

MJH: So how does that translate to your business?

JW: Well, you know, most of the people are very good customers, and you really don't have to worry a great deal about them. Banking in eastern Oklahoma—consumer banking in eastern Oklahoma—is a very different that consumer banking in the Panhandle.

MJH: Tell me about that.

JW: Most of the people out here, while there aren't that many of them, they are very responsible, and most of them take care of their responsibilities. And their employment is steady, and it's just a different attitude toward banking.

MJH: That's interesting. So fierce independence—that translates into politics, I guess it translates into employment, all kinds of things. Interesting. Were you in the banking business in eastern Oklahoma?

JW: Yes.

MJH: And then you went into the Rainbolt organization, and then you wound up here.

With that fierce independence, what would you say the effect is of some of these rules coming out since 2008, on Panhandle banking?

JW: The government is probably going to force consolidation in the smaller banks, because it's almost impossible for us to be able to cover the overhead and comply with all the regulations. A lot of banks don't make home loans any more because they can't—they're not sure how to complete the paperwork, and if they mess it up, they're liable to get *fined*. So it's just a tremendous amount of liability.

- It's just changing. And with the overhead, with the compliance problems—I'm the president of a bank, and I spend fifty percent of my time on things that are of no value to the bank, and of no value to the customers, just trying to comply with the regulations.
- MJH: That's got to be frustrating.
- JW: It is very frustrating.
- MJH: Do you see that getting more and more...
- JW: It's getting worse. The Dodd-Frank Bill still has, like, two hundred more regulations coming out. It is almost impossible to comply with everything.
- MJH: Something that was a big watershed in banking—the Penn Square Bank fiasco. What were the repercussions of that for this institution?
- JW: We didn't feel much of that out here. I was actually in Oklahoma City the weekend they closed the bank, so I remember it quite well. But it—I think really, as bankers, it made us realize how vulnerable we could be if one bad apple... And you know, Penn Square was blamed for a lot of things, but oil prices were the main ingredient in that problem, and when they fell, it took everything down with it.
- MJH: Was this bank very heavily involved in energy then?
- JW: No. No. Most of the oil production out here is owned by the major companies, and so we don't have a lot of independent type of oil people. We have a lot of royalty owners, but not a lot of production by independents.
- MJH: Maybe having a lot of royalty owners, and not that many people—is that one reason why per capita income is [so high]?
- JW: Exactly. Yeah. We're sitting on one of the largest natural gas reserves in the United States.
- MJH: Which field is that? It's not the Anadarko, is it?
- JW: No, [it's the] Hugoton. And then of course, we're sitting on one of the largest water supplies in the United States: the Ogallala Aquifer. I can't pronounce it, but you know what I'm saying.
- MJH: That's depleting pretty quickly, isn't it?
- JW: Well, that depends on the area. Some are; some are not. But a tremendous amount of that water is sucked out for corn irrigation, and that eventually, probably, will be a big challenge.

MJH: As heavily dependent as this area is on agriculture—and now, in this historic drought, I hope this is not the new norm, I'm sure everybody hopes that—but do you see changes coming to agriculture because of that?

JW: Oh yes, without a doubt. If we don't have any grass, we're not going to have any cattle. I mean, that's pretty obvious. And, I think with the drought, we're going to see some type of... You know, Texas has water regulations, Kansas has water regulations; Oklahoma does not.

MJH: Really? I didn't know that. Regulations in terms of...

JW: Consumption use, in relationship to what you do. Kansas is very regulated; Texas is regulated; Oklahoma is not. If you own it, you could pump all of it you want.

MJH: Well, there aren't really any main rivers that come through here. I'll tell you what: the ones I saw coming up here weren't even rivers.

JW: Yeah. I've been here since 1980, and I have never seen the water in the Beaver River run. But there's a tremendous supply of water. And the other thing that might save the water supply is very deep, three hundred or four hundred feet, and if the cost of energy gets to the point where it's not economically feasible to pump the water, that could change one thing; or, if corn prices were to drop—but right now corn prices have shot up, so it is a viable product.

MJH: So I guess the main ag industries, while we're talking about agriculture, would be the Seaboard plant...

JW: Well, Seaboard is an ag product, but it's a manufacturing [plant]. They have confined hog units—you've seen those buildings all out through here, six or seven of those buildings together—those are confined hog units. What this area—probably a large percentage of the cattle killed in the United States, fifty, sixty, maybe even seventy percent of the cattle killed in the United States, are killed within a hundred and twenty-five mile radius of Guymon. See, that takes in Hereford, Amarillo, Dumas, and then goes up into Kansas—Liberal, Garden City, Dodge City—and all those feedlots are out here. Have you been to a feedlot yet?

MJH: Hmmm.

JW: Alright, all those feedlots are out here because the cattle will gain weight more efficiently here because of our weather. Low humidity; they will gain more efficiently in this environment, and that's a very, very important part of finishing cattle. [We are] centrally located in the United States; no real pollution problems, because our average rainfall is so low, and it's flat, so we don't have a lot of pollution problems; so this is an ideal place to grow cattle and slaughter them, and sell them. That's why Seaboard is here. Pigs will be much more efficient here too, because of this. Technically, if you read about all the chickens that die in Arkansas

when it gets so humid—well see, that probably would not happen here, because it would not get that humid. So that why there's production here.

MJH: My family used to be in the cattle business in Haskell County, and we'd ship our cattle up to Iowa, to some of the feedlots up there. Some of them would go to the Oklahoma City Stockyards.

JW: Well, they used to go up to Iowa simply because of the corn supply, but now they come here. We have—you've seen these coal trains, with a hundred carloads of coal? We have corn trains. We get corn trains in here with a hundred carloads of corn, from Iowa, that's used in the feedlots in this area. There are two places here that can unload a hundred carloads of corn.

MJH: Really?

JW: Yeah.

MJH: Where are those? In Guymon?

JW: No, no, one of them's north of here a little bit, and that was a Seaboard operation. The other one's in Hereford. But all these feedlots are all through here. Go over to the Chamber and look at the map. They used to have a map of all the feedlots. It's interesting to look at.

MJH: The Chamber office is on...

JW: Highway 3, going out of town.

MJH: Okay, I might check that. So cattle, then, I guess, wheat—is that a big crop? What are some of the biggest crops?

JW: Wheat, corn, and milo, and then we grow a little bit of hay, alfalfa, and that sort of thing, but that has to be irrigated.

MJH: So wheat, corn, and milo would be just dry land farming?

JW: No, no, there's hardly any... You have to irrigate corn. And then, wheat—most of that is irrigated. They do have dry land wheat, but like this year, there was no production. And milo is irrigated. Corn—basically, when you grow corn, you turn the sprinkler on when you plant it, and you turn it off when you harvest it. So it takes a lot of water.

MJH: So, what percentage of your loans, do you suppose, go to agriculture?

JW: Ours are probably twenty percent or twenty-five percent. Ours are low. Some of the banks are much higher than that.

MJH: So you have found a market in real estate?

JW: We concentrate more in the housing and real estate markets. And we would love...of course, as the farmers continue to consolidate, the number of opportunities continue to drop.

MJH: Sure. What do you think some of your biggest challenges and opportunities are going to be? I guess your biggest challenge is trying to figure out how to comply with all these regulations.

JW: The biggest challenge for the bank right now is regulation. And then, competition is the second biggest problem. We can't be everything to everybody at no cost. And that's the role that we have been put into to some extent. Banks actually lose money on, probably, seventy percent of our customers. It's very true. The break-even on a, say, checking accounts is probably \$2,500 to \$3,000 average balance. If they're below that, you're not making any money on the service that you provide. A functional cost analysis ten years ago said it cost about \$25.00 a month to provide a family checking account. With teller overhead, bookkeeping—and so, we can't be everything to everybody. We're going to have to get our overhead in alignment.

And then the competition is another problem. People are, what we say, cherry-picking our business. The automobile industry is making most of the car loans now. The government has put the federal farm agencies into lending cheaper than we can. And all of these things are slowly taking away a lot of our business.

MJH: So really, I guess, would you call those “non-bank banks?”

JW: Right. Right.

MJH: So, what's your weapon to compete?

JW: Well, I think the thing that a bank's got to do is, we've got to recognize our overhead, and manage our overhead, and try to deal with prosperous customers. We just can't deal with the masses, and continue to make money off a few people. We've got to deal with people who we make money off of.

MJH: In terms of competition, is technology...

JW: Oh yes, technology has been a tremendous help. This is a \$170 million bank, and way back when I started in this business, we used to have one employee per million, and then the standard was two employees per million, and now we're a \$170 million bank, and we have thirty-two employees. And that all has to do with technology.

MJH: I've never heard of that ratio before.

JW: Yeah, that was the old ratio way back when, forty years ago.

MJH: Okay, forty years ago: one person per million.

JW: Per million. Then it went to two per million. Now, of course, it's nowhere near that.

MJH: So I guess you offer all the bells and whistles in terms of online banking...

JW: Yeah, with technology, you can do all of that. We don't have mobile banking, but we have all the other bells and whistles, and with technology, that's easy for a smaller bank to do.

MJH: Any guesses as to where the industry is headed in, say, the next three to five years?

JW: Unless something is done to relieve some of the regulatory pressures, I think you're going to see mass consolidation of the banking industry. If you were fortunate enough...I only work here at the bank—I don't own the bank. But if I did own the bank, and I was getting ready to retire, I would sell the bank, if I had no family, and the only people that would buy the bank would be the larger banks, who turn them into branches. So you're going to see consolidation. It's just like the car...We used to have four, five, six new dealerships here in town. Now we're down to one. But banks will continue to consolidate, as everything else has. It's kind of the "Wal-Mart emphasis" in the community banks. Wal-Mart came in, and if you can think you can put a 50,000 square foot store in a small town, that seemed crazy to me, but what they did, is they went in and took the best products, the high volume products, out of the hardware and the automotive, and they consolidated those into one store, and it has worked for them. Of course, it put all the other people out of business.

MJH: A lot of empty store fronts...

JW: Yeah. And the banks will see the consolidation too, as they go forth.

MJH: So you have two branches. Is that right?

JW: We have no branches. We bought the old First National Bank, which is right down the street from us. It sold, became a branch, and then we bought that branch and consolidated it into our bank, and closed that one. And that's what you see happening...

MJH: Steve Baggerly was telling me about a succession crisis over there. Nobody was quite sure...I guess they lost a lot of customers in the late eighties, early nineties?

JW: Oh, at the First National? Yeah, that's true, they got in some trouble, and I think brought in the wrong clean-up person. While he saved the bank, he maybe destroyed it at the same time. But they had no succession planning, and the

individual that owned the majority of the bank, they just finally sold it. And it changed hands three or four times.

MJH: So now, I guess there's this one, Bank of the Panhandle, and Texhoma—I'm going to see Paul Freeman. And MidFirst has a branch here...

JW: MidFirst has a branch here. That was out of the old Homestead Savings and Loan. MidFirst was formed to take advantage of the savings and loan crisis in the eighties. They bought a lot of failed savings and loans, and put that together, and they had a branch here. And that's why they're here. And they also put a branch in the Wal-Mart, which made no sense to me. And then, Paul Freeman... We would like to put a branch somewhere, but we don't know where to put one, because there are no people out here. Paul Freeman, you know, being in Texhoma, he put a branch in Goodwell, which is a very small town, but he also put a branch here. And over time, that will probably work fine for him. They're good bankers. But there's no—you've got to go where the people are. If there are no people, it's hard to find a branch!

The biggest problem we're also finding in the banking industry is the over expansion of branches. People are branching—banks want to grow and get more business, get larger, so they can compete, so they look at branching. But branching is pretty expensive.

MJH: That's what I understand. So do you see a lot of consolidation coming, with all these branches?

JW: Yes, I do.

MJH: Has MidFirst been much competition?

JW: They're extremely—they're some of the most competitive people in the world, on deposits. Not lending, but on deposits. They have kind of a network that collects deposits, and most of those are realized out of Oklahoma City. They do make loans here, and they are competitive. They pay some of the most competitive deposit rates in the state.

MJH: That's interesting. I know George Records. In fact, I was visiting with him a few days ago. Great guy.

JW: Yeah. That's a very well run organization.

MJH: Any other thoughts on past, present, or future? Is it still a fun business?

JW: Not as it used to be. Like I say, I spend fifty percent of my time trying to understand stuff that I need to do, or we need to get done. I'm very fortunate that I have two or three people here to help me in that area, or it would really be a challenge.

MJH: Do you know Bob McCormack in Duncan?

JW: Yeah.

MJH: I really enjoyed visiting with him. But he was saying that he helps a lot of banks out with compliance issues, and so forth, and particularly some of the smaller ones that don't really have the personnel to handle it. But you've got people right here...

JW: I'm fortunate to have a couple of good people that can read and understand it. And you have to follow up on that thing—you have to follow up, you have to check everything. It's a constant series of checks and balances. And it's very expensive.

MJH: Alright. I am good with that. It was good of you to invite me in here.

After interview, JW gave me two reports, and we discussed his "80/20 rule": eighty percent of business comes from twenty percent of customers.

End