



## Oklahoma Bank and Commerce History Project

*a program of the Oklahoma Historical Society*

### Interview with Joel Champlin

**First National Bank and Trust Co. of Enid; Champlin Refinery**

**Enid, OK, 4/27/2011**

**Interviewer: Michael J. Hightower**

**Audio taped and transcribed by MJH**

MJH: It is Wednesday, April 27, 2011, and I am in the home of Joel Champlin in Enid, Oklahoma, to discuss his family's history in banking and commerce in northwest Oklahoma. I want to thank you for inviting me into your home. You were beginning to tell me about H.H. and the migration story, so if you want to just take it from there...

JC: Sure. He was one of five brothers. And they had a sister who died at an early age. And they were born just outside of Rockford, Illinois. They were part of the migration after the Civil War that moved to the West. They moved to a smaller town in Kansas, but then eventually what's now McPherson, Kansas. His father was injured at the Battle of Shiloh, and he had a permanent disability in his arm, and really struggled and had a lot of \_\_\_\_\_. Both of his brothers were killed in the Civil War.

MJH: This was H.H.'s father.

JC: H.H.'s father. His uncles were both killed—both of those were killed. He graduated from McPherson High School, and he went to what ultimately became the Wichita School of Business. He got a business degree there, and then he went back to McPherson and worked for a bank. It was McPherson State Bank. The story is, he was trying to save money and he actually lived in the back of the bank and slept in a cot. He said that the greatest thing that he ever did was, he, over the course of about five years, saved \$500 on pretty slim wages—I think he was getting between \$50 and \$60 a month. He managed to save that kind of money over five years. What he said was, that became his staple for the future. Everything else that he did after that was all because he had saved that money.

MJH: Working at a bank in McPherson.

JC: As a teller. He was a teller. And so he knew that the land run was going to happen, and he and—there's a little bit of a discrepancy about exactly what he did—but it looks like he went to...They had the Oklahoma land run, which was in...Was that in '89? I think it was. So they did that, and he went down to Kingfisher, and he put together—I don't know when the first prefab building was then, but he put together, kind of the size of a little building, and loaded it on a flatbed, and then he bought shovels and flour, just kind of the dry goods, hardware type things, that he knew settlers were going to need. He

actually didn't go—the day after the land run, he came up, and at that time it was Government Springs, and they had staked out where they thought the town was going to be, and he picked one of the places that was staked out, and he set it all up, and he started a hardware store. He sold the things that he just thought settlers were going to need.

Actually, the bank came later on. And the story I've been told is that, on the prairie, the way banking kind of came about was that a farmer, if he had to go into town, or sometimes he might have to go to another farm site, but he would leave his house unattended sometimes, and he didn't want to have his money just sitting around. But the people who had businesses in town, and because certain people had experience in banking, they would set up—and they just slept there, they didn't have a home, they slept there, and sometimes there was a tent or a store or building, but they would sleep in the back there. And he set up a little bank, and that's kind of how he got started.

I'll have to get you which bank, but there were several different startups of banks. It was a pretty big deal, you know from your reading. Banks were a pretty fundamental thing that they needed. They also tended to be—they found out about business things that were going on before anybody else. And so a banker would be—if you wanted to start a business, that's who you would want to go talk to. A lot of times, you would be a partner with him, as well as financing. So it was more than just a place where you kept your money.

MJH: Do you know what the name of the hardware store was?

JC: Champlin Hardware.

MJH: This would have been between, say, 1889 and the Cherokee Strip run?

JC: In '93 was the land run here, and so between '93 and...At some point in there, he—before the end of the century—he became ill and had to sell his bank, so the one he helped found, he had to sell his interest in it, and I believe that he taken \_\_\_\_'s stock, but it's not really a hundred percent clear exactly what happened. And he went back to McPherson, and then about two years later came back, and he purchased a different bank. And in a lot of cases he had partners, and he ultimately bought those partners out. He was—the Territorial Congress—he was a member of that. He was on the first school board, for quite a while; he did a lot of those kind of things, civic things that helped the community to get going.

MJH: Wasn't he was pretty good friends—or got to know Alfalfa Bill Murray at the Constitutional Convention?

JC: They were definitely *not* good friends. That was much later. So, Oklahoma became a state, and his banking and hardware business—his hardware store became the largest hardware store, and arguably the largest merchant in Enid, and his bank was solid. They said you could go by, and every day you would see him sitting out on a step to the bank—there would be a step—and people would go by and he'd talk to them. He was very accessible. He believed in thrift, hard work, and integrity. He felt like...He would do

anything for somebody who had those characteristics. If you didn't, he wouldn't give you the time of day. He had no time for it. He was an avowed enemy of alcohol and tobacco. That doesn't mean—my grandfather, on the other hand, would love the stuff. He was...He probably didn't a hundred percent appreciate...But his son, you know, imbibed. But he, himself, never, ever, partook of alcohol or tobacco.

And he had—I don't know if you've ever seen it—you can still buy it today, it's a little pamphlet that you could give out to people. They'd say, "What do you think the secret to success is?" And he made up, and it's called *The Richest Man in Babylon*. Have you ever heard of that? You can go to Amazon.com, I just looked this up the other day, and it was written back in the 1800s, and a lot of—some banks, but usually like, insurance companies, would give them out and have stamped on it...I actually have one, and you can get it with all this other stuff, but I'll find it. It's a story of a young man that's trying to get ahead. He finally gets to talk, and he says, "What does that man do? He's the luckiest man in town." And he told the story. The basic rules...And he always says...Like the first one is, "Pay yourself first. When you get your check, pay yourself first." And he goes, "But I get all of it." He goes, "No you don't. If you have rent, you give that to your landlord. If you have a mortgage, you give that to the bank. If you have bills, if you have...All those things go to other people. The only thing that is truly yours is your savings." Take at least ten percent out and pay yourself. Put it in savings. And then you can do whatever you want with the rest of it. And so, at any rate, it had a lot of common sense things like that. That's what he believed in.

So he built his bank, and the way...A lot of people want to know, well, how did he get in the oil business? But he really was a banker. He didn't believe in...A lot of people think the oil business is just huge risk takers. And there certainly was that. But he believed in taking prudent risk, especially if you are using technology, because Champlin Refining Company was all about the technology. He was a very early adopter. Rather than experiment with things, he would buy something that somebody else already had going. And he believed in the totally integrated thing.

What happened was, a man named Beggs—they had a ranch near what is now Covington—they came into town, and he was looking to find someone to buy a lease. And he was in negotiations—Henry Sinclair...What was the name of his company? Marathon? Something like that—but he was in the process of drilling what was called Hoyt Number One. That whole Garber field, Covington-Garber field, came in with the Hoyt Number One. And he, they would just look for an incline, a big surface feature, and they had found an oil seep, and so they kind of felt like they had a good chance of finding oil there. So he had leased up all this acreage around that. But this Beggs lease had expired. They hadn't drilled it yet. And H.H...And so he said, "No, I want, in addition to the royalty interest that I would get, I want a bonus payment, which was pretty unheard of at the time. I mean, people didn't do that very often. Now it's very common, where the mineral owner gets an actual cash payment—a signing lease. But that was pretty uncommon then. And so he came into town, and he was looking for someone, and they said, "Well, the person you need to talk to is..." And so they steered him over to H.H.

Champlin. He said, "Come on to my office." And they talked, and he said, "Okay." And they signed the lease, and gave him the payment.

This was in 1916. He wasn't sure if he was going to do it. So they, he and his wife, Airy, got in the car. This all came out. It's actually in testimony. The IRS...A suit later on...If you're successful, you're always going to have to defend yourself. Later on, the suit by Henry Sinclair—the U.S. Tax Commission, I think, whatever it was called at that time...There were different laws for different ways you could own something. I'll tell you about the gist of that lawsuit in a minute. But they drove out there—and this was actually Airy's testimony—she said, "We drove out there, and we looked at it, and on the way back, she said, 'Well, I think it's pretty risky.' And the driller says we will have to go and drill as far as maybe three or four thousand feet," which was an expensive one—a long way! She said, "Well, I have a little bit of money," and some people said it was her cookie money. The different stories are, like, he cut the lease at midnight, he showed up at the guy's door...It wasn't like that. So she had cookie jar money, and she told the driller to keep drilling. He said, "I'll tell you what. You put in half the money—put in what you have, I'll put in the rest of it, and we'll be fifty-fifty partners." Which was actually unheard of at that time.

MJH: And Airy was...

JC: Airy was his wife.

MJH: How do you spell that?

JC: A-i-r-y. Airy was the wife: Noble Champlin. She was a Noble.

MJH: The wife was a Noble?

JC: The wife. They were fifty-fifty partners. And it came in about Christmas Day. And the rest is kind of, as they say, history. In two years, they were probably worth, maybe, ten to twelve million, within just a short period of time. It was just a huge deal. Not as big as the Cushing field or some of the others, but—or the Oklahoma City—but it was good. It came in, and he immediately started drilling it out. He came in, there were some little still refineries that he purchased from a man named Boley (?), and converted that into what ultimately became the Champlin Refinery. Then he built pipelines. So he produced it, he had his own pipeline to get it here, he had his own refinery, he had his own trucks, and ultimately his own gas stations to sell it. He believed that if you could control your prices, and be totally integrated, that's where you would make your largest profit.

MJH: And that was very unusual.

JC: That was very unusual. Very unusual. So the company stayed on the leading edge of technology. They had this \_\_\_\_ oil, that you sometimes see the yellow signs. If you ever see one...For some reason, they are fairly valuable. But it was known as the highest technology in oil. It was more than just...And they would do ads and things saying it's

more than just oil; it's a technical product. And this refinery was pretty technically forward. I have a video that I digitized, and it shows all the steps that they go through. Even back then, it was more technical than you think.

The Depression came, and things got pretty bad. And along the way, they found so much oil across the area that the price of oil just tanked. So the government wanted to step in and prop the price up. H.H. didn't want to do that, because he said, "What comes along with that is always control on both sides. Once you're regulated, you're always regulated." So he fought it, all the way along. He'd probably gone before the U.S. Supreme Court as many times as anybody that I am aware of. I have a lot of friends who are lawyers who say, "Yeah, we studied this case, we studied that case." There were several times where he went...And sure enough, they said okay, we're going to keep the price of oil up. That only made the oversupply situation worse. So they had price supports, and that just made the oversupply situation even worse. They said, "Okay, we're going to..." That's where allowances—allowables—came into play. The deal was, it was a conservation bill that said, we're not going to waste this resource. We're going to conserve. They said every producer needs to cut back, and then, the refineries will only make the gasoline that can be sold. And so everybody just supplies their percentage, based on production at a certain point—then you get your "allowable."

Still today, there are allowables; it's still out there. And this is exactly what he was afraid of, because what he said was, "My refinery can take all that I make. I don't have an oversupply or an undersupply problem. I manage my own conservation." So his feeling was that he should be excluded from all that. At any rate, he ultimately lost that. Of course, he was a bog investor in the Oklahoma City field, and some other fields. Financially, it hurt a lot of people.

Fast forward to the bank holiday, which was in 1933. You've probably read a little bit about it. Alfalfa Bill Murray was the populist governor, and he is the only person who ever called out the Oklahoma Guard, and he did it twice. The first time was when they built the bridge neat Durant, the one across the Red River. Texas was supposed to pay half of it. Oklahoma built the bridge, and then Texas was going to pay half. Well, they never paid their half. So he sent troops down there and said, "You have to prove you're from Oklahoma to use the bridge. Everybody else has to go around." So that was the first reason.

The second reason, he had declared in Oklahoma...Well, the First National Bank—at that time it was called the First National Bank of Enid—it had had its run, and no banks cashed checks on hand. He actually sent a plane up to Kansas City and got money from the Federal Reserve, and it was probably, if you want to know the truth, probably an oil company that had been on deposit that he brought over, and then he allowed...And who knows how, but the run was over, and he said, This is the peoples' money, and if they want it..." And people said, "Okay, I'll just leave it in then. I just wanted to make sure I could get it if I needed it." So their run really never occurred, and he was leaving it as a pretty strong marketing tool: "Your money is safe here, and any time you want it..."

They were a federal charter bank. You probably already know about it. That was a big issue. You know, there were state banks and then there were federal banks. A lot of people were very untrusting of the Federal Reserve system, and the way that whole thing was set up. When Governor Murray declared a bank holiday, he stayed open, and he said, "The state doesn't have any say over us, because we have a federal charter." But Murray said, "No, you can't be..." He called out the Guard. There were stations here. I'm trying to remember the name of it. In the book, *Building for Rugged Individuals* (?), there's a pretty good...Everybody knew, and they knew that the next morning, that they were going to shut the bank down. So everybody kind of came around there, was hanging around outside to see what would happen. Everybody goes to work in the bank. The Guard comes in and says, "Mr. Champlin, you're going to have to...They had a cup of coffee together, and then they said, "Okay, you ready?"

They go out, and he makes a... "Well, you're going to have to get your guys to carry me out." You know, they were dragging him out. So they go out, and he says, "Okay, everybody, you can go home. The state's in charge. The government's in charge, so everybody can just go home. We'll be open, you can have your money as soon as the state will let it..." So that's how it got closed. And I think it only lasted, what, three days? Something like that. And then it opened back up. He got a lot of P.R. mileage out of it. It must have been good!

MJH: That's a great story.

JC: They had another case where the Interstate Commerce wanted to regulate pipelines. A lot of times, the story about the bank holiday gets confused with that one. In that one, H.H., or Herbert then, was very active in fighting against interstate commerce. It was going to regulate pipelines, and he felt like his pipelines were not...His own produce, product from his own wells to his own refineries—it was part of his business. It was work in progress. It has nothing to do with interstate commerce. You know, the original interstate commerce, where they applied it, it was watermelon farmers in Oklahoma that said, "We don't sell watermelons to Texans, so why would you control our prices?" They said, "They might end up..."

And the Interstate Commerce Commission went nuts. There was a deal in Montana, where Montana is trying to build their own guns...only to be used in Montana. They're going to try and get out of all the regulation, and let Montanans be able to have guns, regardless of what the federal government does. And a lot of people say, well, that's going to fail too, because...But on the other hand, should [the federal government] really be in that business. You can make arguments both ways.

But anyway, I think in this case, H.H. felt, well, even if they do regulate the pipelines that go across state bounds, or between...they mingle everybody's oil, and it go through several pipelines. That's one thing. But this just...it has a terminus at both ends. But there were the pipelines, and we're going to regulate it...

He [Governor Murray] signed it, and he took the pen, and he said, "Here, take this up to Herb, up in Enid. After the banking holiday..."

He had called and tried to get Herb to agree. The story is that he had threatened he was going to take state money out of the bank, and Herb's reply was, "Tell me where to send it. You don't tell me how to run my bank."

So, at any rate, they developed an animosity toward each other. He also had a very strong animosity toward Roosevelt. People have different ideas on where that came from. But he felt very strongly that Hoover, what he needed to do, was—and it's funny, because the quote is actually, "We've been on a spending, debt, investment orgy, and now it's time to pay the piper, and we have to cut back our spending..."

MJH: Sounds familiar...

JC: Yes, it sounds like what we need to be doing now. And of course, that is actually what FDR ran on. He said he was going to do that. He kind of ran on austerity. We're going to trim the government back. We're going to do these things. A group of business people went to visit FDR, and got his promise that that is what he was going to do. And other people say, well, maybe it was that, but it was also, he promised he was going to rein in and get control of the Interstate Commerce Commission, which was the thing that basically controlled prices for everybody. Of course, he didn't do either. The Interstate Commerce Commission got worse. And of course, a lot of those programs were actually Hoover programs. All the...FDA...Actually, the Hoover programs were things that he thought about, but were things that he decided not to do, because everybody was saying, you need to stop spending so much. And then, FDR just went nuts! It's kind of a parallel to today. And H.H., in his will, he wrote—and this is another thing: When a lot of people study holographic wills, which means a will written in your own handwriting, that's one of the ones that they will...The reason that they study it is because the last paragraph is, "As I leave this world," something along those lines, I've got the actual... "I hope I left the world a little better than I found it. I had my average number of sorrows, but I probably had more than average good times and joy, and I bear no ill will. But of course, I must be honest, Franklin Delano Roosevelt...But I hope no one bears ill will against me," or something like that. But he actually mentioned him! But he wasn't the only one.

My great-grandfather on the other side, he was a doctor in St. John, Kansas. He said, "This house runs on Central Standard Time." He was not a believer in daylight savings time. To be honest, I'm really not either. I think it's an incredible waste of time and effort. But I do know why certain industrial parts of the country use it...I understand the point of it, but I think we've gone way past that...

MJH: What were some of the banking milestones, in particular, after H.H. died? Did your grandfather go into the banking business too?

JC: You know, the bank was—there was a guy named...he ran it for a lot of years...were several different people, but I think it was...And you know, this is all documented, but he

pretty much ran it. Really, the problem...H.H. had the second generation problem. There was a son-in-law...One of the son-in-laws kind of proved—and he was plenty smart—and I don't want to create any ill will here, but Doyle Cotton, Sr. He did some things that maybe showed that he...He was plenty smart, he could certainly run the business, but he wasn't looking out for everybody. He was looking out for his interests more than other people's interests...And so they end up saying ...Well, we're not going to do anything, but you're out!

So he left, and he started Cotton Exploration, and—what was the name of his drilling company...?

MJH: What was his relationship to H.H.?

JC: Doyle was his [H.H. Champlin] son-in-law. Doyle, Sr.

And then my other aunt—her husband was a great, fun guy named David Oven. He was a little rough. They finally said, "Look, if you're going to come down and use that kind of language, you're really not welcome down here." And they had other people that ran other things. My grandfather—you know, he was certainly involved, I'm not saying that they weren't—but when the patriarch died, I can tell you, just from my own experience, it's very difficult. You can think that it's all going to work out, but...

So, about the time that they were trying to decide how they were going to continue to run it, and everybody's like, "Well, just give me mine," there was nobody that was going to...And even if my grandfather—and he probably was willing to do it...

MJH: What was his name?

JC: Joe Champlin.

MJH: Okay, Joe Champlin. You've got an "I" in your name.

JC: I have an "l." Lots of people say, he had an "l," and he dropped it, because he wanted a more common name. Because they had a son—it was actually at my grandfather's funeral, I was probably ten or eleven, and right after, there was a little grave right next to my...And his name was Joel Edwards Champlin, which is my name, and that would have been one of my uncles. Turns out I was named after him, but I didn't know about him.. So I was like, "What's this?"

But they had an offer, and it was actually kind of complicated, because there was a Chicago group, which was this group of investors. They made an offer, and they purchased it. And...

MJH: They purchased the bank?

JC: No, the family kept the bank. The family kept the bank. They purchased Champlin Refining Company. And then, ultimately, it went to the \_\_\_\_\_ Corporation and then the Chicago group bought it back, at one point—the late sixties, I think it was, maybe the early seventies. And then, ultimately, it was purchased by the Union Pacific Railroad. They moved the headquarters, first they moved the headquarters to Fort Worth, and then subsequently they moved them down to Houston.

*Garbled...*

...I mean, it's more than just what was Champlin. A lot of the stuff they're in is still held by the title of Champlin Refining Company, or Champlin Petroleum Company. I get calls from people saying, "I think we own a well..." And I say, "I don't think so..."

*Laughter*

So, at any rate, they bought it, and the gas stations and the pipeline were sold, this refinery was closed down, the gas stations were sold, first to Fina, then maybe a few to BP for awhile. Now, it's all owned by Citgo. And I actually got a call from—and this was maybe twelve years ago, something like that—a guy called me, and he wanted to sell me the name, Champlin Refining Company. He said, "I actually own the trademark." He wanted some ungodly amount for it. I had no interest in Champlin Refining. Turns out, he was from Venezuela, and he was trying to sell me...

MJH: It kind of happened in stages, it sounds like.

JC: Well, the family pulled out in, I think it was 1954. And so...And the bank did pretty well. And the bank got caught, overexposed, in the downturn at the beginning of the eighties. Probably, there were several things. They had purchased a bank in Fairview, and to be perfectly frank, those people completely lied about their assets. And of course, you don't have a lot of recourse when you buy a bank. And you would have thought they would have done better due diligence. I think there was a lot more trust back then, than there is now.

MJH: And when did they buy that one?

JC: That was '81, something like that. Maybe even '80. And it turned out, a whole lot of those assets were not what they were...And it was known. Clearly, it was a situation where they lied.

And then, obviously, things were really tough around here. I mean, the bottom fell out of the oil business, oil prices got as low as eight dollars a barrel. Everything around here depended on the oil business at that time. In addition, some things started happening. First National Bank developed, over time, a real tight relationship with Liberty Bank. There was a stock loan sold to Liberty...There were a lot of things that were done to Liberty Bank. At that time, Liberty started...they were in kind of a dispute with the FDIC. The first place it really showed up was at a meeting. And I've just been told this. I don't know how much of this is appropriate for a public...I'll tell you, and you come up

with a way...Because at the same time, my dad had a lot of other capital demands. He was in real estate, he owned a lot of buildings, and shopping centers, things like that, apartment complexes. He had a lot of investments. He had a big property up in Colorado. And of course the oil business. And the banks were calling in loans everywhere they could, because they just needed to get loans back in. And one of the things that is really...If you look at America, it is probably the lowest per capita in borrowing, and it is because a lot of people have been—their families have told stories about how you can't really trust the banks.

So what happened was that, even though, clearly, the wells were good, the loans were covered, but they had just some development loans—they called them. And then the loans that weren't going to be good...And then the other thing that really kind of ticked him off was when, a good deal comes through, somebody sells something, does it go to your good customer? No, it went to the one that was on the ropes, who needed it to keep paying on their loan, because they were going to go under. In fact, there was a time when Devon wasn't looking so good, and they were really a good customer, and they were getting a lot of stuff—my dad got one buying opportunity that we didn't get.

So that was hitting. And he just made a decision—because at that time, banking was not looking like a very...There was so much pressure from investments. They were allowing...Banks still had to stay under banking rules, but investment companies...They still had checking accounts and all the credit cards, and all that. Banks couldn't participate in that, but yet, they could participate...And nobody seemed to care that they were FDIC backed. So banks were just the unprofitable deal.

And so he just decided that he was not going to put any of his family's, kids' money, anybody's money, into furthering the capital for a bank. The intent was *never* to allow us to fail. His story was that they got him in a meeting, and the Liberty guys and the FDIC guys started...The Liberty guys were there because they had a stock loan, I think, and they got into it in the meeting, and they said, "You don't know what the hell you're doing anyway," and they said it was some twenty-something kid that was with the FDIC. And he said, "Fine, we'll just shut you down." Dad said, "Excuse me, but it is actually my bank." And they said, "Fine, we're shutting you down."

MJH: And this was, like, '84?

JC: About that. And of course, this was the only the bank shut down where a hundred percent of the depositors got their money back. It was a sad day, it really was. A lot of people that could have helped out—and I don't know, my dad was the type that probably would have turned them down. And I'm sure he called people ahead of time and said, "You need to get your money out of there."

MJH: What was your dad's name again?

JC: H.H. But they called him Bud. It's kind of funny—he was named, there was a son that Herb, my great-grandfather, had had, who lived to be about twenty-one. He had a

congenital heart problem. And he wasn't really expected to—his name was H.H. And he was kind of allowed to do whatever. He had pet monkeys, and he could kind of do whatever he wanted. Then he died when he was twenty-one. And so my dad was named after him.

MJH: What was your relationship with Herb and Dean Oven?

JC: Herb was my dad's first cousin. Remember I mentioned David Oven? David was Herb's father.

MJH: They were friends when I lived in Tulsa.

JC: Yeah, great people.

MJH: Did you ever work in the bank?

JC: No. I graduated from college in '82. I actually got an intern position at MBank in Dallas, and then they failed. And so I ended up not going the banking route. And I talked to my dad about Liberty, but you see, this stuff was starting to happen, and he encouraged me to not go into banking.

MJH: My brother got into it.

JC: Yeah, it was a mess! But that doesn't mean that it would have been a bad career. I ended up getting into real estate, which has had its ups and downs. I'd say banking is a little more stable than that!

MJH: Do you have any particular stories—because this was such a big bang—about the Penn Square debacle? Were there any specific links up here?

JC: No, no, to be honest—I do have a friend...For whatever reason, there was not a lot...There were a lot of people that were drilling up here, because the Sooner Trend was here. That was a good one for them to drill, because, to be perfectly honest, it's similar to these tight shale formations where you're going to get s hit every time. The question is, how much money you're going to make off of it. Between all the water you have, and how tight it is...And so the Sooner trend is kind of that way.

Now, if they'd had hundred-dollar oil, that would have been a different deal. So, a friend of mine went in, and he had kind of a friend who was a geologist, and he went into...Patterson...

MJH: Bill Patterson.

JC: Yeah, Bill Patterson's office, and he's sitting in there, and he said, "All these big wigs were there, and..." Is it Continental Bank?

MJH: Yes.

JC: And he said, "I saw people that were...Well, these guys have got to be solid, because... I go in there, and said, I'll probably need...it would be nice to have five hundred thousand, but I could probably get started on a hundred thousand. And Bill Patterson said, 'Son, you can't do shit with five hundred thousand. How about five million? What could you do with that?'

And he said, "Here I am, and I didn't have a dime, and this guy was willing to loan me five million, and I'm just a kid out of college!" And he said, "I said no. It scared me. Anybody who would loan me that was crazy."

MJH: And this was a friend of yours who was trying to get funding.

JC: Yes, he does oil and gas in Cleveland County now.

MJH: So he's fresh out of college, and winds up in Bill Patterson's office...

JC: And I have some friends who said that the amazing thing about Patterson was that he would go, go, go all the time. One New Years, they took a jet, and they started in New York, and they partied, and they flew to Chicago, and then they flew to Denver, and then they flew to...And he was drinking Champagne out of cowboy boots, and he was putting them back on. So he was just a fun guy, incredible amount of energy, go-go-go the whole time. It was not like anything he had ever experienced.

MJH: So the guy you're talking about is another friend of yours?

JC: Yes. There's a local story here, and I knew him because, first he delivered flowers for a funeral home. I think he's a little bit older than I am. And then, he worked in a flower shop, and he went to my dad's office, and he had a business plan to start an oil company. And his name was Jerry Sturgis. And he said, "Jerry, I like your business plan. I think you can do this. But you don't need a bank. What you need are some investors, and then you can come to the bank."

A bank doesn't loan equity. You've got to build your company. So you need investors, and they're going to take some...

He was furious at Dad, and he said, "I've been told that this is a good deal."

[Dad said], "You just don't understand what banks do."

He took the exact same, no changes, no additional equity, and took it down to Penn Square, and got funded, ultimately, to the tune of about \$2 billion. I remember seeing him—the house that Harold Ham owned in Enid was built by Jerry Sturgis. A lot of people say that, you know, he's the person who defaulted on more money than anybody in Oklahoma. Jerry Sturgis. And so...I was reading the *Wall Street Journal*, and I saw

Jerry Sturgis' picture. And I said, "Is that the same guy?" I had met him when he was delivering flowers.

MJH: He's a legend.

JC: He ended up being, pretty much...I don't know what he does now. A lot of these guys squirreled away stuff. There were guys—they were the original cocaine cowboys. They were the guys that—one of them, he signed over an investor check to a drug dealer. Do you remember that?

MJH: It wasn't Bob Helper? Or Appleby...

JC: No, it was...I'll think of it here in a minute. I was over at Grand Lake. And sure enough, we're at a party, and there were a whole bunch of boats, and this guy with a great big...

MJH: It wasn't Carl Swan?

JC: I knew Carl Swan. I managed his building...And like...Dick Boggart, and Carl Swan, and I knew Jernigan, Steve, and all those guys that were gambling...It was a different time. It's funny—We had a group, and we'd go to lunch and at that time, Aubrey was a primarily a land man. And everybody would talk about the story about how he got somebody drunk and got some information out of them, and then top leased them, or corner shot...I mean, everybody had a...And our deal was, if you bring up Aubrey McClendon, you have to buy lunch!

*Laughter...*

You know, "Did you know what Aubrey did?" To his credit, you know, he worked hard, as hard as all get out. He's always been driven to be successful. I mean...

MJH: He's on the right track, that's for sure.

JC: Yeah, except you just need to stay away from...his margin debt...

*Digression – Aubrey McClendon's debt...garbled...laughter...energy politics...natural gas...*

MJH: This is exactly the kind of thing I am looking for!

End