



Oklahoma Bank and Commerce History Project

a program of the Oklahoma Historical Society

Interview with Matt Jackson and Linda Christensen

Bank of the West

Thomas, OK, 8/17/2011

Interviewer: Michael J. Hightower

Audio taped and transcribed by MJH

MJH: It is Wednesday, August 17, 2011, and I am speaking with Matt Jackson, who is president of the Bank of the West in Thomas, Oklahoma. I want to thank you for taking some time today to visit with me. What I would like for you to do to start with a review of the history of the bank, as you know it—I know you can't go all that deep, but start where you can. And then, as we come up toward the present, you can tell me about your own career in banking, and particularly the ag credit aspect.

MJ: Okay. I haven't been with this bank for a long period of time—a little over three years, but I will kind of you the summary, the brief summary, of the history of this bank. It was First American Bank. That was up until October 19, 1984, when the FDIC stepped in and took over the bank—actually shut them down on a Friday afternoon, put them into receivership. And it's my understanding that that day, plans were already in the works for a new group of investors to purchase the bank, buy out, and have the option to retain the good loans that they wanted to keep and then the remaining loans would go back to the FDIC. The new bank, which was the Bank of Thomas, opened up—do you have that piece of paper I gave you?—it was the Bank of Thomas, and it opened up that next Monday, which would have been October 22nd. I think my date is right there. And the directors of that bank, at that time, were Larry Dobbins, Steve Caldwell, C.B. Graft, Don McNeil, and Tommy Williams. There may have been one or two other guys involved in that. I can get you some those as well. Bryce Coe, and there were a couple of other guys in there as well.

Anyway, later that year, they hired a gentleman that was also a farm credit grad named Ritchie Johnston. Hired him at the end of that year, 1984, I believe it was in December. And they immediately started going after, or trying to develop new customers, in ag—ag was one of their primary focuses in their portfolio. And Ritchie had a lot of customers from the farm credit system. And the farm credit system was struggling at the time, mainly the PCA. They were collecting on a lot of their loans, and really getting pushed hard. Their credit quality was in bad shape, and they were in bad shape as a whole. So when Ritchie made the move, he brought a lot of his customers along with him.

MJH: What does PCA stand for?

MJ: Production Credit Association. It's part of the Farm Credit System. There's PCA and there's Federal Home Loan Banks—or, not Federal Home Loan Banks, Federal Land Banks. And what PCA did was short-term lending—cattle operating, that type of stuff. And then the Federal Land Bank is obviously the real estate side of it. And Ritchie worked for the PCA. And so when he came over, he brought a lot of those operating loans along with him. And then also, he was a local guy. He was from Custer City. He actually started making loans a lot of loans to some of the people he'd known for years and years and years. They grew the bank quickly, in the first few years. I need to have him probably talk to you at some point. It probably wouldn't hurt for you to just call him on the phone, and visit with him a little bit about some of those years, you know, maybe from the eighties to the mid-nineties. That probably wouldn't hurt, if you'd just call him and visit with him a little bit about that. Because he could probably describe a little bit of their ups and downs...

Anyway, probably in that, during that time frame, they merged with some banks, they purchased some banks, and some of those were a bank in...Some the owners were involved in not just the Bank of Thomas, but also, like, a bank down in Cordell, and a bank in Weatherford, and there were some different owners, and you know how that goes—some of the owners wanted to go in different directions, and so they began buying out some of the owners, or, you know, splitting shares, and that kind of stuff. What they ended up with was this bank here in Thomas, which has always been the headquarters; a bank in Clinton; and then also a bank in Leedey. I think for a while they were managing those banks as separate entities. And then they made the decision to go ahead and merge all those banks and create Bank of the West.

MJH: When was that merger?

MJ: That would have been, probably, early nineties. And that's another thing I'd have to probably do a little bit more research for you. But I'm pretty sure that's when it was. Actually, I can get that information before you leave today. I've got that in a file.

Then, they had an opportunity where they felt like they had a lot of deposits that they weren't utilizing, and they wanted to find a way to put some of those to work. They just didn't feel the loan demand was quite as high out here in western Oklahoma as they would like for it to be. So, in around 2000, they opened an office in Oklahoma City—kind of just a loan production type office. And C.B.'s son, Channing Graft, and then they also got another loan officer from Stillwater National, who had a relationship with Bob McNeil. We opened an office in Oklahoma City, right there around Gallardia. And they started making some new loans in that area. And that's been a profitable venture for the bank. So we added that office in 2001, probably, that time frame, it would have been in there sometime. That's been a good venture for the bank, and continues to be.

MJH: Let's just go back a little bit. What were the reasons for the American Bank—It was American State Bank? Why did it fail?

MJ: Yes. It says it here that they had extinguished their capital, due to, write-downs in some of their loans. So some of their loans went substandard, they probably were required to write them off by the Banking Department, at that time. I'm sure, because of that, they probably extinguished their reserves, and extinguished their capital as well. And it just became insolvent at that time.

MJH: You might not know this, but I wonder if they were involved in energy loans, in particular?

MJ: Could have been. You know, that was about '82 through '85 time frame, was whenever Penn Square—the Penn Square deal, and just as a whole, you saw a lot of drops in real estate values, a lot of banks back then had gotten carried away in lending strictly on the increase in valuation of assets, and not worrying about income. You've probably seen that in that book, *Belly Up*, and some of those other books that talk about Penn Square. There was some wild stuff going on back then.

MJH: I'm sure glad we've learned our lesson!

MJ: I don't know...

Laughter

I think we have. Well, I wasn't around back then. I was still in school. But I have heard a lot of the stories.

MJH: The Penn Square fiasco—Phillip Zweig's book that you talked about, Mark Singer's book—and I've done a lot of, kind of original research. I've done some interviews with people who were very much, you know, in banking at that time. You can't make it up!

MJ: I have the book, *Belly Up*, but a buddy of mine came by two weeks ago and we were talking about it, and he said, "I never read that," so I loaned it to him. So he's reading it right now. But I read it cover-to-cover one time, and I've read different parts of it five or six different times, because I get such a kick out of it.

So where was I at? You know, from 2004, they had a lot of tenure in this bank as far as...Ritchie Johnston, Emmett Graft, Leon Maple—some of those guys—Harry Harn—they've just been a part of the bank since 1984. They've been around for a long time. At that time, I was working at the farm credit office. I started there in 2001. Actually, I did my first internship in '98, and got hired on there in the beginning 2001.

MJH: Was that when you graduated from OSU?

MJ: That's when I graduated from OSU. I graduated in the fall of 2000. In 2008, I visited with C.B., and he thought I would have a good opportunity to come work here at the bank with this group of owners, and I had some opportunities to move up quickly, and in...I'm

having a hard time thinking of when that was...That's kind of sad. I can't even remember the exact date that I was made president.

MJH: Trust me, it gets worse.

MJ: I believe it's been...since March of this year?

MJH: So you were originally, then...

MJ: Chief lending officer. I came in as chief lending officer in...June of 2008, was when I started. I'm pretty sure that's right. And then after two years, Ritchie retired earlier this year.

MJH: So you weren't really many months into it...

MJ: Good grief, I'm going to have to ask Linda...

Muffled conversation, Linda Christensen came into Matt's office...

MJH: So you became president in March 2010.

MJ: Yes. Wow, time goes fast, doesn't it?

MJH: Yes, and the bad news is, it even gets faster.

MJ: It even goes faster after that...So in March of 2010, I'm sorry, Ritchie—the reason I couldn't say it is, I didn't think it had been that long. In March of 2010, Ritchie resigned as president, and that next month I took over as president.

MJH: Okay, Ritchie Johnston?

MJ: Ritchie Johnston, with a "t."

When I was at farm credit, I had primary operating type loans, and also we merged with a land bank, so I had a fairly decent size portfolio of operating type lending, and also some real estate—farm real estate lending as well.

MJH: Where were you?

MJ: I was at the Clinton office.

Linda Christensen returned, small talk of Matt's tenure as president, laughter...

If it wasn't for her...She's amazing. She's been here...I think she worked for three years when it was First American Bank, so she was here the day they walked in and closed the door. You ought to actually probably be interviewing *her* about how all that worked,

because she was here the day they walked in and locked all the doors, and gave her a piece of paper to read.

MJ: Gosh! Can we call her in and ask her about it?

MJ: Sure!

Small talk as Linda Christensen joined interview. She started working at the bank in November 1981.

MJH: After a brief pause, we have Linda Christensen, who is assistant cashier for the Bank of the West in Thomas, and she is going to describe what it was like on October 19, 1984, when the American State Bank was closed down. Thank you very much.

LC: It was very scary, but at that time, I have to say, it was very exciting too! We were all concerned of course—did we have a job, were we going to have a job? Once the FDIC actually walked in and locked the door, and...

MJ: What time of day was it?

...officially explained what was going on. Obviously, somehow it leaked, somewhere, and we were getting phone calls, after lunch, and prior to the FDIC actually locking the doors and saying, "You're done. We're taking over."

The media was already outside the door. They had posted a notice. And then they began to segregate: vault; cash; tellers; bookkeepers. I was working in loans then, too, and they took control of the loans. They put them under guard, and moved them into a little office beside my desk. And we were told, "You can only ask for the documents you needed, and we'll decide whether or not you get to have it or not, to work with it!"

Laughter

They informed us of what was going on, pulled all of us into an office, and informed us that we would probably have new owners, if everything went well, by that evening. And we did.

MJ: It was that day?

LC: It was that day. And they requested that we volunteer to work over the weekend, which I think everyone did. I don't think anyone refused. We didn't know if we were going to get paid or not, because we didn't know if we still had a job. We had owners, but we didn't know if we would get hired.

That was as soon as possible, and I really do not recall if that was Friday evening or Saturday, when the new owners did walk in. And they went to each one of us, and explained whether or not we would have a job, which we all did, everyone, and who was involved in the loans...

- MJ: Yes, because there were some fraud issues going on.
- LC: There certainly were. Yes. And...
- MJ: And it probably would be documented in some of those old FDIC papers that were put together.
- LC: And then there were court proceedings, as well.
- MJH: Generally speaking, what was the nature of the fraud? Do you remember?
- LC: You know, details? I'd hate to say, because I'm not a hundred percent sure. It was a different person and his vice presidents or EDT were involved in one thing and another, a vice president actually involved in personal property fraud going on. But it was discovered, and so he was gone.
- MJ: Fraudulent loans put together...
- LC: I think he was actually hiding away—had a loan that was basically not booked. But funds were moving around. And then went to prison. I really think most of it was bank money used for personal gain, as well as, I believe there were some credit issues that never appeared—off balance sheet item on a call report...
- MJ: You're not going to put any of that stuff in your paper, or anything like that, because I mean, none of it is really...
- MJH: No...
- LC: I mean, we were interviewed. The FDIC came in, and they did pick certain people—I happened to be one of them, because I worked closely with...
- MJ: There were some fraudulent issues there.
- LC: And they were asking questions, and they wanted to know what we knew. And thank goodness, most of us didn't really...
- MJ: Did you ever have to testify?
- LC: I did not have to testify in court, because I could not say specifically, "I *know* this happened."
- MJ: Had you been here three years? Is that right?
- LC: Yeah, I came in November of '81.
- MJ: That's what I thought. I told Mike, Michael, it was three years. And had Freda...

LC: No...

MJ: No, she was not here. But had Charlotte been here longer?

LC: Yes...I don't know how much longer.

Small talk about employee tenure...

MJ: You know, Leon might be another guy you might want to call, just to visit with. I've got his contact information. He was a loan officer here.

Discussion of Leon...

MJH: In terms of the closing, then...This transpired on a Friday, you came in over the weekend.

LC: I was a lot younger then. And I enjoyed the excitement. I enjoyed the learning process. I enjoyed watching what they did, and how they did it, and how you close banks, how you reopen banks. What do you do? Who purchases what asset? I got to be in on that, especially with the loan side of it. "We're going to purchase this one, we're not going to purchase that..."

MJ: This one here's going to go back to the FDIC. Yeah.

MJH: Literally, just going through...

LC: It was kind of the owners going through one loan at a time.

MJH: One loan at a time?

LC: Because the owners were kind of, basically, local, and grew up in the area. A lot of my friends were here...We were asked about that too. "What do you think? Are they performing?" But it was good we already had loan officers in place, but they needed us as well...

Employees asked about quality of loans, because they were familiar with bank customers...

MJH: What was your position back then?

LC: It was...I can't remember if I was still a loan secretary, or if I was a cashier...I think I was still just considered a ____.

MJ: But don't let her fool you: she runs the whole thing. All I do is sit over here in the corner office, because she does everything else.

Laughter and banter...

MJH: It sounds, then... Would you describe it now, or a few days later, as a pretty seamless transition?

LC: Yes, it was. It was. And the FDIC was wonderful, I have to say. They made it easy on us. Everything was so segregated. I had no clue, most of the time, what was going on with the teller line, because I was so involved in the loan portfolio, and what was going on, and what was there, and making sure everything was balanced.

MJ: They pretty well shut down the flow of money that went from one side to the other.

LC: Yes, they pretty much did. No entries were made, no entries for deposits, nothing was done about blame—it was, “Let’s make sure, okay, is the cash in balance? Are the loans? Do you have a portfolio that matches what’s on our data statement, and does that data statement match what they can find, basically?”

MJ: It would have been a valuable experience for every loan officer to go through, every president to go through.

LC: It was a valuable experience, I think, for everyone.

MJH: I know they brought in some of their own folks, like two or three or four people came in?

LC: Oh, more like twenty. There were a lot. There were probably four or five people just in loans.

MJH: Okay, so all these people were allocated to different parts of the bank? How did that work?

LC: It really was. Like the teller line was kind of segregated. Both of the teller lines were right there together, anyway. Bookkeeping was a totally different part of the building, anyway, so they were kind of segregated. Loans, they actually, physically, moved all loans into an office that was not being used. That was next to my desk, in the old building. You asked permission to go in, told them what you needed, and why. I don’t think I—I was never refused access to loans.

They maintained their presence, in the bank, for awhile.

MJH: What did your customers think about that? I mean, was it an obvious presence?

LC: Yes, it was. But they knew what was going on, anyway. It was fairly a fairly smooth transition, even for our customers—they kind of knew what was going on. Until we started getting phone calls, we could ask questions prior to the FDIC actually locking the door and saying, “We now own this bank.” That’s when they gave us statements to read on the phone.

MJH: Wow...

LC: We were not supposed to do this, but I told Matt just the other day, the very first phone call I took—we had just finished our media, and it was *the* first phone call, actually, that employees were allowed to answer, and so I heard from my mother!

Laughter

And she wanted to know what was going on. And I was reading her this statement, and there was a gentleman standing right beside me. She was like, “What’s going on? What’s going on?” So I read it again, and I looked at the guy and I said, “This is my mother,” and I said, “I’m sorry!” And I said, “Mom, I cannot discuss this.” I said, “When I can, I’ll call you.” And she was fine with that. Of course, customers wanted to ask, but you know, we just had to explain that this is what we needed to do right now, and we would explain what was going on later.

MJH: Is it safe to say that your customers pretty much took it in stride?

LC: They pretty much did. At that time, Charlotte was here. Charlotte would know how much money left this bank...

MJ: ...as far as deposits?

LC: ...as far as people being a little touchy about the whole thing.

MJ: You might write Charlotte Taylor on your list too. He’s going to do some calling, too, ‘cause I want him to talk to Ritchie a little bit. See, Ritchie wasn’t here when it happened, but he came in...

LC: He didn’t come in until January.

MJ: They actually hired him in December—see some of those newspaper clippings—and he started, I believe, January 2, of 1985. So he’s going to call Ritchie and ask a few questions, mainly from that point forward. Let me probably talk about it, too.

Okay, so it was just, Bank of Thomas... And then, the owners also bought the bank in Clinton, about the same time.

LC: A few years later...

MJ: ’88? And then they also were involved in a bank in Clinton and Weatherford. Or was that just Steve?

LC: That was just Steve. Steve had—part ownership, but not all, I really don’t know what the percentage was—Leedey, and Weatherford.

MJ: I thought there was one in Cordell. He talked about that one in Cordell.

LC: I think Cordell came along later. I think it did.

MJ: Oh, it did? And then, was it in the nineties that they bought Leedey? Was it that late? It was the nineties, wasn't it?

LC: Yes.

MJ: In the early nineties, they bought the Leedey office. And then, after that, maybe mid-nineties, was when they consolidated and became Bank of the West.

LC: Actually, I really think they chartered, or requested a name change, after they purchased Thomas...

MJ: Okay, so...

LC: Because they did not the Bank of Thomas to ____, they requested a name change.

MJ: The Bank of the West—okay, there you go, there you go. So it was when Thomas and Clinton got together that...

LC: So, we ran it as Bank of the West for about four years. And I really don't remember if they... They knew they were purchasing Clinton, and prior to that being finalized, I don't remember if they were making the name change prior to that, so as soon as they took over, it would be the Bank of the West. I don't really remember Clinton operating under...

MJ: That might be, if you visit with Ritchie a little bit—he can give you exact years on those things.

MJH: Was that purchased from the Thurmond family, by any chance? Does that ring a bell? A friend of mine from high school was from a banking family in Leedey...

LC: That I don't remember.

Garbled, no recognition of Thurmond family, Matt looked for documents, recommended again that I talk to Ritchie Johnston...

MJ: Anything else from Linda?

Garbled, small talk about Linda's long career, technological changes...

LC: The thing that has not changed is in a small community, community banks and customer service being the number one priority... When I went to First National, customer service, that's what we had to sell. That doesn't mean anything—community banks have pretty much gone. But that's kind of one thing that has not changed since 1975, when I started in banking.

MJH: Community service...

LC: Serving customers—that's what we have to offer. I think that's our biggest selling point.

MJH: Were you at First National Bank, but not in Oklahoma City...

LC: No, here. I started at First National Bank under Ritchie Johnston.

More small talk about technological changes...

MJH: Thank you...

MJ: Thanks Linda, I appreciate your help. I told him, I've just been sitting here for three years now, a little over three years, so I'm still...

Laughter...Discussed children...

LC: Been around awhile. And it's still fun.

MJ: We've got a great place to work here—a good time, good people, and good owners. Great place. We're very fortunate.

Small talk about Linda's value, Matt's dependence on her...

LC: It's been great working here.

MJH: So the FDIC closing—that would have been the most exciting moment...

LC: Yes...

MJ: Did you find out that day who the new owners were?

LC: I'm pretty sure it was that evening...

Discussed people involved in closure, details...

MJ: Thank you, Linda!

MJH: Thank you Linda.

LC: I appreciate what you're doing.

MJH: It's a fun job. It's not like a job. It's kind of like—I'm going up to Guymon, Boise City tomorrow, then somehow make my way back to Beaver, by way of Texhoma.

LC: Oh wow.

MJH: It made sense at the time....Thank you much.

MJ: What else do you need from me? Do you want me to have Ritchie contact you? Do you want to contact C.B? What do you want to do?

MJH: Let me get...Charlotte Taylor, you mentioned her.

MJ: She retired, actually, and she enjoyed working here so much, and we got to where—in the summer, we get kind of short-handed, and she was in here one day, and some of the ladies in the back had mentioned having her come and work part-time. And when I mentioned it to her, she jumped right on board. She enjoyed the environment here, and everybody that works here. She comes back, I think she works maybe, Tuesday, Wednesday, Thursday afternoons, something like that, part-time...But anyway, she was here full-time, there, through the early eighties, and if you'll call some afternoon, whenever you're working on your story, just call.

Ritchie is a little harder to get a hold of. And what you might want to do, with Ritchie, is shoot him an email, on certain questions you may have. Let me give you his email address. It's just the same as mine: Ritchie.johnston@thebankofthewest.com.

Then C.B. Graft: You may want to call and just visit with him. I'll tell him. He's the chairman of our board, and one of the original guys...If you have some questions for him, he'd give you good information; he'd remember it all quite vividly. His office number is (580) 323-1516. And then it's extension number 1.

And if you go look at the safe...

MJH: I'm really curious about that safe. I have seen some pretty neat ones around...

MJ: I hope you can find us some good information, not only for what you're doing, but for us. We want to be able to put a little plaque above it that says, "This safe was built in 190—whatever, and sold to such-and-such, and ended up at the Bank of the West in Thomas, and refurbished by C.B. and Tricia Graft, and on loan here at the Bank of the West. Something just real brief like that. And hoping you find some good information on the trail.

Discussion about safe and OHS exhibit...

MJH: Thank you.

End