# Oklahoma Bank and

# Commerce History Project

*a program of the Oklahoma Historical Society*

**Interview with Roger Beverage**
**Oklahoma Bankers Association**
**Oklahoma City, OK, 6/21/2011**
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**Audio taped and transcribed by MJH**

MJH: It is Tuesday, June 21st, 2011, and I am at the Oklahoma Bankers Association office in Oklahoma City, visiting with Roger Beverage about his experience at the OBA. So thank you for inviting me in. I'd just like for you to start, maybe, with your predecessor and kind of work your way up to the present.

RB: Well, Michael, as I told you, the ones that I know personally were Joe Gilliland, who I believe, served from roughly 1964 to about 1979 or '80. Joe was here through the sixties and seventies, and was replaced by Bob Harris, who was my best friend. Bob had been at the Nebraska Bankers Association, and then went to work for a bank in Lincoln, Nebraska, and then moved down here in—I think it was the summer of 1980, served through 1987, when he went to the Texas Bankers Association. And then I was hired in March of 1988 to replace Bob, and I've been here for twenty-three plus years.

When Joe was here, Oklahoma was a huge unit banking state. And that continues to be the case when Bob came. Bob got here just in time for Penn Square, and spent a lot of time on television and giving interviews by the local media about what the failure of Penn Square meant. He was famous for emphasizing that the FDIC insurance system really works. Unfortunately, that was the first time we've had nationwide to really defend the FDIC system, because we hadn't had many bank failures, and certainly none of the magnitude of Penn Square. But I remember seeing Bob being ribbed a couple of times in a couple of speeches that he gave, and seeing some clips of his media interviews where he emphasized that, as long as you have your money within the insured limits, you have nothing to worry about. He was instrumental, I think, in reassuring Oklahomans that nothing is safer than money in their bank.

We continued to have problems throughout the eighties. As you know, the real estate bust and the oil bust and the agricultural bust caused all the central state banks, from the Canadian border through Texas, to have some real problems, and Oklahoma was no exception. I think, in the ten year period from Penn Square to 1992, they closed some one hundred and twenty banks in Oklahoma, something like that. There was pretty massive consolidation. At one point, there were five hundred and fifty plus charters in the state; today there are roughly two hundred and thirty-nine bank charters.

MJH: Today, there are two hundred and thirty-nine?

RB: Something like that—I think that's what the FDIC shows.

The eighties were a time when the s & l crisis came and manifested itself, and basically took out that entire industry across the country, and in Oklahoma I think there are something like six savings and loan charters left that are thrift charters. Something like that.

MJH: To what extent was the OBA involved in that? I know that's another industry, but it's related.

RB: In the old days—and this wasn't changed until about 1996 or 1998, I forget which date is accurate—but the OBA would only allow commercial banks to be members, not savings and loans or savings banks or anything else. That was changed in 1996 or '98, one of those two years, to allow thrifts to become members. And now we have, oh, three or four thrifts that are members, as I recall it. Not all of them have decided to join. They continue to belong to the Heartland Community Bankers, which is a consolidated savings and loan trade group from Colorado, Kansas, and Oklahoma. And they are headquartered in Topeka, Kansas. Which is a little different, but we don't have much to do with them. I mean, we get along with them; we just don't see them very much down at the state capitol.

But the eighties were tough duty for anybody in the banking business. A lot of people lost their banks; a lot of people lost their jobs. And historically, it wiped out a large portion of management. If you'll remember correctly, taking out a hundred and twenty or so banks also took out much of the senior management. So some of the younger bankers in Oklahoma learned how to become CEOs very, very quickly, as they moved on up. I think it's stood the industry in good stead, because it helped a lot of them to understand the basics of banking and why you could never get very far away from those basics if you were going to be successful.

One of the things that, of course, happened was the federal government responded with FIDICIA and FIRREA (sp?), FIRREA first and FIDICIA second, having to do with the FDIC fund and so on and so forth—assessments, rebuilding the fund, merging the old thrift fund into the bank insurance fund, and all under the control of the FDIC. Those were interesting legislative fights and battles that we had. We continued to be a state that was predominantly unit banking, until about 1999, when we were not successful in extending a law that had to do with branching by federally chartered—I'm sorry, state charted savings and loans. When we had a prohibition against that, we weren't able to extend that prohibition. Under the Mississippi case, the old law was that a state chartered bank could branch to the extent that its counterparts in the thrift industry could branch, and since we were unable to extend that prohibition for state chartered thrifts, then there was no prohibition, and we were able to, banks were then able to branch on a *de novo* basis in Oklahoma. I think that was 1999. And that really changed the landscape at the legislature. It used to be pretty contentious as we tried to talk about branch banking or interstate banking, even at the federal level, which was 1994—the Regal-Neal Interstate

Branching Act. We were able to put a limitation in Oklahoma that said, if you were going to come into Oklahoma, you had to buy your way in—you had to buy a charter. You couldn't *de novo* your way in. And that, incidentally—that requirement was just eliminated in Dodd-Frank, that was just passed a year or so ago. So now, anyone can come to Oklahoma, on a *de novo* basis, and anybody in Oklahoma can go anywhere on a *de novo* basis, if they so choose. And there have been—there has been quite a bit of expansion of branching in Oklahoma. We have fewer charters now, but we have probably 1,500 locations, which has really been a dramatic increase—a threefold increase since the mid-eighties in the number of locations that are about the state, most heavily dominated in the metropolitan areas, Oklahoma City and Tulsa.

MJH: Two hundred and thirty-nine charters, and…

RB: Fifteen hundred locations, right.

So it's been an interesting time here in Oklahoma. After the s & l collapse, the industry gradually got back on its feet, but it has taken a pretty severe beating, as I am sure you can imagine. Real estate prices, oil prices, all of those tied together…But it took about five years to get back on its feet. And then it's been pretty solid, really, ever since. The most recent recession—Oklahoma banks never went up very high in terms of their lending experiences. They didn't try any new or fancy stuff; they were pretty much by the book. And that pretty well describes Oklahoma banking today. They are pretty much by the book, pretty conservative—a good group of young bankers who have matured into a fine group of leaders. And I say that, not trying to solicit anything from the bankers, but just simply to tell you what has been my observation as I have watched many of these people grow up and mature in the industry. There's a reason you have solid banks, and it's usually attributable directly to management. And our banks in Oklahoma are as well managed as any in the country. Now, we're still a small bank state. I think our median size is somewhere in the eighty-five to ninety million dollar range. We don't have any really big banks. We do have branches—J.P. Morgan Chase, and branches of Bank of America in Oklahoma. But even the Bank of Oklahoma, just the Oklahoma part, is still considered to be a community bank by national standards—less than ten billion dollars.

MJH: Community banks…

RB: Yes, that's the measure that Dodd-Frank used. And so that's the one we have kind of glommed onto. Now, some would argue that the proper measure is a billion dollars, but Dodd-Frank used the measure of ten billion, so that's the one I'm using here. We don't have a bank in Oklahoma, that's based in Oklahoma, that's bigger than that. Now, you could take the Bank of Oklahoma and put them together in the other states in which they operate, under BOK Financial—yes, they're a lot bigger. So is MidFirst. But just the Oklahoma presence, is what I'm talking about, if that makes sense.

MJH: BOK, then…

RB: It's about twenty-three billion.

MJH: And it operates in which states?

RB: Seven states: Oklahoma, Texas, Arkansas, Kansas, Colorado, Arizona, and I think New Mexico—all the surrounding Southwest states.

MJH: And in the other states, does the signage read “Bank of Oklahoma”?

RB: No, it’s Bank of Texas and Bank of Colorado, that sort of thing—Bank of Kansas…But they are all owned by BOKF, BOK Financial. I believe I’m correct. I mean, I don’t pretend to be an expert on how BOK is structured. But that’s my understanding of how they are held together. And they are a pretty big operation. And they’re big here in Oklahoma, too. Still, by every standard, they’re a community bank under the most recent legislative test. And I think it’s good for us to remember, that’s what helps to make Oklahoma a little bit of a unique place, because our community banking system is so strong, and serves virtually every community in the state. We’re not dominated by one bank’s presence. That’s led to great competition, and it’s led to great service and community involvement.

MJH: I know there’s a Community Bankers Association as well. Do you work pretty closely with those guys?

RB: Well, we try to. There, you get into a discussion of one trade association versus another, and you’re talking about somebody’s job when you do that. The Community Bankers was born, as I understand it, out of the divisions over branch banking, and even after branch banking went away, the Community Bankers Association is still around, it’s still viable. To be honest with you, I don’t see them a lot down at the state capitol, but I hear of them and I see them at other fora, if you will. I don’t go out of my way to work against them. Usually, I try to do whatever I can to make sure we’re singing out of the same hymnal, because we all represent the same banks.

Dodd-Frank got a little bit confusing. I know there are members of our Oklahoma delegation, because there were issues on which there was a difference of opinion between the Independent Community Bankers Association—the national trade group, with which the CBAO is affiliated—and the American Bankers Association, with whom we are affiliated. There were differences about Dodd-Frank. Ultimately, it passed, and the independent bankers were more in the category of being in favor of it, whereas the ABA and the OBA were adamantly opposed to it—not more than, adamantly opposed to it. And the reason I am being a little vague about the ICBA position is because it depended on what issue you were talking about, as to whether they were for it or against it. But I know that their head guy, Ken Fine (sp?), was out there at the signing—when the bill was signed. The ABA was not. And they usually don’t invite people to a bill signing unless they are supportive.

MJH: When was that signed?

RB: July 21, 2010, I believe, is correct. Almost a year ago.

MJH: Is there a way to generalize about the OBA's position on the legislation, in the year since it passed?

RB: On Dodd-Frank?

MJH: Yes.

RB: Yeah, I think there is. We can generalize about…The OBA maintained a continuous position of opposing the passage of Dodd-Frank because of what we believed, at the time—and by we, I mean the board of directors, and our government relations council, and our officers—we believed at the time would impose an inordinate amount of cost on community banks, which is virtually our entire membership, with the exception of J.P. Morgan Chase and Bank of America. But at the same time, it would also impose inordinate costs on those two giant banks. And so virtually every bank that is a member of the OBA, we felt would be disadvantaged by Dodd-Frank. That's why our delegation—we argued for our delegation to oppose the bill, which they did, at every opportunity. There was not one time when any one member of the delegation voted *other than* the OBA's position on Dodd-Frank. And there aren't a lot of states that can make that statement.

Now, that having been said, Dodd-Frank is the law of the land, and we have to plan for its implementation, as distasteful as that implementation is probably going to be. And I start specifically with the Consumers Financial Protection Bureau. That's going to be a *huge* cost for community banks across the country, because it will impose—it will have the power, as it is now structured, to be involved in virtually every aspect of a bank's relationship with its customers. It will have the opportunity to oversee that relationship from virtually any angle it so chooses. We're still talking kind of in generalities here because we haven't seen the first rule or regulation from the new bureau. It isn't official yet—it isn't official for another month. It takes a year, and the trigger date when everything transfers to the new bureau is July 21st. Now, it's supposed to have a director in place by then, but it doesn't look like we're going to have one. So there is a lot of question about what the new bureau is going to be able to do legally without a director firmly in place.

And it's a little bit of an unusual structure, because it's just one director. It's not a board or a commission. It's one director that's in charge of the bureau. It's really unprecedented, if you stop and think about it.

The bureau is going to take over every consumer regulation except the Community Reinvestment Act, and it will examine large banks and non-banks. The regular credential examiners at FDIC, state banking departments, OCC, will examine for Consumer Protection Bureau purposes, all community banks—those under ten billion.

MJH: That's an enormous bureaucracy!

RB: Oh yeah, it is! It's dramatic.

MJH: So will there be offices in different states?

RB: Well, I assume so. I assume they will have to have, kind of like the FDIC, and the Fed, and the OCC, where they have regional offices located around the country. But so far, I don't know the answer to that. I haven't seen any grand plan. I haven't seen any schematic of how it's going to be ultimately implemented. And it probably will be gradually rolled out over the next three to five years, as it gets up and running. But the first thing they've got to do is get a director, and they're having a little trouble figuring out who that's going to be. The person that's been in charge of basically building the Bureau is Elizabeth Warren, who is a native Oklahoman, graduated from Northwest Classen High School here in the City, came to the Bureau from the ranks of being a Harvard law professor. The Bureau was essentially her idea, and we've developed quite a good working relationship, as a matter of fact, with her.

MJH: That helps a little bit…

RB: Well, I think it will help a little bit. I mean, the reason we have worked so hard to build a relationship with her is because the Bureau is reality. And so, if you assume that's true, which I do, we're not going to get legislation passed to repeal it, not with this president. He's not going to sign a bill that repeals the Bureau of Financial Protection. And that assumes we could get the bill through the House or the Senate, and I'm not sure we could do that. But even if we could, he wouldn't sign the bill, and we sure as hell aren't going to get it through the House or the Senate with a veto-proof majority. So I'm assuming that the Bureau is here, at least for awhile, until the 2012 elections. And then, we may have a different ballgame. But until then, I have to work within the confines of what the laws are. And so our efforts toward building a relationship with Elizabeth Warren and Elizabeth Vale (sp?), who is also involved with the Bureau on the community bank front, specifically—Ms. Vale heads up the community bank section—we've been trying to work with her, work with both of them, and make suggestions about things that they could be considering while they're building the Bureau. For example, we've done things like prepared a memorandum of conflicting definitions of banking terms, and asked them that, when they're writing the new rules, to simplify these definitions and make them consistent. "Business day" is a good example. That's defined about three different ways, depending on which federal regulation you're reading. And even if we could just get one definition that would applicable across the board, that would be a huge thing for community banks, to just have to deal with one definition. And that memorandum that we sent was about five pages long. So there's more than just one definition. There are several.

MJH: That sure has been a theme. People I have talked to are really dreading this legislation going into effect.

RB: Well, we had a financial crisis in 2008 that really began to take root and really manifested itself after the Lehman Brothers bankruptcy. But now that financial crisis has, in my opinion, been replaced by a regulatory crisis. We have so many…It's like we're waiting for the tsunami of new rules and regulations that are arising out of Dodd-Frank, and most community bankers are sitting there, not knowing what to do about it, for sure. I mean, there's nothing *to* do, right now, because we're still waiting for the regulations to be drafted, proposed for comment, and finalized, and there will be two hundred and fifty to three hundred new sets of rule makings just arising out of Dodd-Frank alone. And for a small bank that doesn't have a separate compliance law firm on retainer, the potential for confusion is great. And that is part of what's going on right now around the country as community banks have tended to hunker down and try to get some perspective on what they can anticipate going forward.

And it's not just the Consumer Bureau, although that's a large part of it. It's rules from the Fed, and the FDIC; it's rules about derivatives; it's rules about every aspect of banking that are coming out of Washington. And it has a lot of people in the banking business thinking about whether they want to stay in the business, unfortunately.

MJH: I went over to Chandler to meet with Ben Walkingstick…

RB: Yeah, Ben's a perfect example.

MJH: I got there the week that he sold out, the week they changed the signage.

RB: Right. Right. And Ben's a perfect example. He's a great banker. His bank is a great bank. But he's just had it. And BancFirst, which is one of the best banks in Oklahoma history, has stepped into the breach and acquired, I think it's now up to four, banks just since the law was signed last July. Well, that's pretty dramatic evidence that good bankers are selling to get the *hell* out of the business while the gettin's good.

I worry about what Dodd-Frank means in terms of potential consolidation for the industry going forward. Michael, when you stop and think that our median size bank is so small, how are these guys going to cope and compete with that?

MJH: All kinds of compliance costs…

RB: How are they going to do that? Where are they going to get the revenue to do that? We're doing what we can to help here. For example, on that point, we used to have two lawyers on staff whose sole mission was to help bankers deal with compliance and legal-related issues. We outsource that function to Mary Beth Guard, who is somebody else that you might want to talk to at some point. She's been around for a long time, and is very, very knowledgeable and bright. Mary Beth Guard: G-U-A-R-D.

MJH: Where would I find her?

RB: She just lives down the street, but I can give you her phone number…It is 472-1646—I'm sorry, 272-1646. Tell who you are, and tell her that I recommended that you talk to her. She's our general counsel, and when we outsourced our legal function, we doubled the size of our staff at no additional outlay of money from our standpoint. That's a service that we provide for bankers at no charge. It helps them stay in compliance; it helps to answer legal questions of a generic, general nature. We don't get specific and represent one institution or anything like that. But we talk about generic issues and compliance issues, and one of the responses this association has had to Dodd-Frank has [been] to outsource our legal department to double the size of our staff.

Those are some of the things that a lot of state associations are thinking about doing—maybe not outsourcing their staff, but making more compliance services available for roughly the same dollar amount, if that's at all possible. I've told the compliance kids—*compliance kids!*—the compliance students in our schools that, jokingly, job security is not something they are going to have to worry about, because their jobs are pretty well set out there over the next several years, as we try to make sense out of what all these new rules and regulations are going to mean. And they're up against some timelines. The transfer date, for example, of new power and authority from existing regulators to the new Consumer Bureau is a month from today. And they're not ready to absorb all that's going to be required when that transfer takes place. I think there's going to be a lot of room for error, unfortunately, and it's going to cause a lot of frustration and confusion among bankers, as we continue to go forward in the wake of Dodd-Frank.

It's the single most significant piece of legislation I've seen in my lifetime.

MJH: That's a big statement.

RB: It's huge. That goes back to Gramlich-Briley (sp?), that goes back to FIDDUCIA and FIRREA (sp), and all the importance of those bills; Regal-Neal Interstate and Branching Act, Sarbanes-Oxley, and all of those that we lived through. Dodd-Frank is far and away the most overreaching piece of federal legislation that I have ever seen. And it will have a dramatic impact on Main Street America, just simply because of the cost that it's going to impose on community banks.

MJH: What do you see as the prime motivation for this piece of legislation? Why did it happen?

RB: I think, in the wake of the financial meltdown, Washington's reaction—and that's what it was, a reaction—was to do *something*. And I think many democrats, and people who wanted to rein in banking and provide more consumer protections than they have been able to give in the past, saw this as their opportunity. And so we came up with 2,319 pages of legislation that was kind of like a Christmas tree for consumer advocates, because banks were, and to an extent, still are, *persona non grata* around the dinner table. By many in Congress, we get lumped into the same bag, or the same category, as Wall Street investment banks, and we end up—those of us in the community banking business—end up taking on a lot of excess baggage that we don't deserve. And I can certainly say that with respect to the membership that I work for. They have been saddled with a bevy of new requirements that are going to, unfortunately, drive many of them out of the business. I think there are three kinds of bankers out there today: there are bankers who are looking to sell; there are bankers who are looking to just simply get out; and there are bankers out there who are looking to buy. There is a group out there of folks looking to expand their reach in their local markets, and there are plenty of smaller banks out there that might make that more possible, because some of the smaller banks are not going to be able to cope with everything that is going to come at them, just as a result of the Consumer Bureau, if nothing else. And that doesn't take into consideration the federal banking regulators—the FDIC, the Fed, folks like that.

MJH: So 2,319 pages…

RB: That's the overall size of it. Do you think anything can possible go wrong?

*Laughter…*

You think about whatever…The Federal Reserve Act, about a hundred years ago, created the Federal Reserve, and that was what, about thirty pages, something like that?

MJH: I was in the First National Bank of Pawhuska, meeting with Frederick, and hanging in the lobby was—I think this was under Woodrow Wilson—the first income tax form. And it was framed, it was like, three pages: What did you make, and what did you spend?

*Laughter…*

RB: That is kind of amazing.

I think we'll look back on Dodd-Frank and say, in five to ten years, that it was one of the major events in the evolution of banking. Banking is changing fundamentally, because of the pressures and the costs associated with it. All you have to do is look at the income line trend over time, and you'll see that the bigs are getting bigger and the smalls are having a little bit more difficulty, and they control less and less of the asset base in this country. I don't know for sure what the numbers are, but roughly forty-nine hundred banks only control eleven percent of the banking industry's assets, something like that. And that's a large percentage of the *numbers* of banks, but it's not much of a percentage of its *asset* control. The nation's top nineteen banks control about seventy-five percent of the assets. Many of the larger banks have simply gotten larger since the financial crisis took place.

MJH: It's an opportunity, though, for BancFirst and MidFirst…

RB: Oh, sure, sure. Those are smart people! Those are good bankers! They already have—BancFirst, for example, has already demonstrated, it has feelers out for good deals, and they're finding them. And as I said before, without trying to blow too much smoke at the Rainbolts, that's the finest organization around, or one of the finest, anyway. They don't do dumb things. And they have been very successful. All you have to do is look at where they have been since they came to Oklahoma City, and then expanded out from that. That was one piece of legislation that we helped pass, where they could come into Oklahoma City and then become BancFirst, which they did in about 1991 or '92.

MJH: Or '89?

RB: Was it ’89? Shortly after I got here…

MJH: Yes, that was their first annual report, as BancFirst. And then there was their ever, when it was United Community Corporation.

*Looked at United Community Corporation / BancFirst annual reports that MJH picked up at BancFirst after interview w/ David Rainbolt that morning (June 21)…*

MJH: I’ve got some homework to do.

RB: I haven’t seen this. This is great.

MJH: Well, it hasn’t been in circulation for awhile. They had some extras over there. Do you want to copy some of that?

RB: No, that’s fine. That’s a nice historical piece. It really is.

MJH: I think there were sixteen banks…

*Digression to BancFirst story, from rambling assortment of banks to powerhouse…*

RB: It’s a heck of a story. It’s a great story.

MJH: Some of it’s over my head, but you can certainly get the idea, that they had all these individual holding companies…

RB: And they brought them all into Oklahoma City, where there wasn’t a presence, and they consolidated them all into BancFirst—which became BancFirst.

MJH: And that really was a phantom bank.

RB: Yeah, it was!

MJH: Which I think I understand, but they had to create that…

RB: They created a phantom bank, and the pulled everything into it, here in the City. And it was kind of just the reverse of going out. That’s what branching is usually perceived as doing: You go from Oklahoma City out into the smaller areas. BancFirst created a phantom bank and brought the out-state presence into Oklahoma City. And that’s how it was formed. And they had to pass legislation to do that—to allow the creation of that phantom bank. We were involved in that shortly after I got here. I don’t know if it was ’89…But I remember the process of going for it. We were, as an association, side by side with BancFirst, trying to help them get it passed. I remember that. They did the lion’s share of the work, it was their deal, but we certainly were out there trying to help them get it done.

MJH: It was ingenious.

RB: It was ingenious...

MJH: And to do it in the middle of the horrific crisis of the eighties…

RB: Absolutely! If you think about the timing of it...The First National had just gone down a couple or three years before that, and that was before my time here, but I know that was a *big deal*, when that happened. The association has seen a lot of ups and downs, and a lot of interesting things, but nothing as challenging as I think Dodd-Frank is going to be.

MJH: It sounds like, as far as your agenda goes for the foreseeable future, it's really going to be trying to get your membership up to speed with the new legislation, and help them with compliance…

RB: Well, trying to mitigate the adverse impact of Dodd-Frank to the fullest extent that we can. For example, that's why I've been working so closely with Elizabeth Warren, trying to get a relationship built with her so that I'll be able to pick up the phone, which I do now, and say, "Ms. Warren, we've got an issue here in Oklahoma, and I'm sure we're not unique. Can I talk to you about it?" And instead of ignoring me or not taking my call, she'll say, "Sure."

MJH: That counts for a lot, having the era of…

RB: If you've got the ear of the person who is making the key decisions, that's a big deal. So, that's why we've been working so hard with Ms. Warren, because we believe firmly that the Consumer Bureau is going to be one of the more important federal bureaucracies that was ever created insofar as banking is concerned.

Let's see, what else can I tell you?

MJH: That's exactly the kind of thing I am looking for. In terms of…In addition to your main challenge, what sort of opportunities do you see out there? Maybe, to grow the membership…

RB: Well, we've got most of the banks now. I mean, there are only about four non-members. MidFirst is not a member, for example.

MJH: I thought, for awhile there—I actually wrote a book on MidFirst, I don't know if you've had a chance to see that—and most of it wound up being about their ancestry. George is a great guy—I wrote about the post-Revolutionary War frontier, Kentucky, and Pennsylvania. It's really interesting, but not that much of it wound up being on MidFirst.

RB: He's an interesting fellow—a very, very bright man, and entertaining. But he just has chosen not to join. Other than that, there are about three, maybe four smaller banks that are not members. But everybody else is a member.

MJH: I was thinking maybe I could bend Jeff's ear, but I had a hard time getting his attention.

RB: Yeah, you do have a hard time getting Jeff's attention, unfortunately. And that's not just me saying that. I don't know the man. I've met him one time, but everybody tells me, "Beverage, don't waste your time, 'cause you're never going to get him on the phone. And you sure as hell aren't going to get an appointment with him. Not *you*!"

MJH: If you do, you might not get in his office. Frankly, I got stood up two or three times. And I wasn't even asking for anything but his story. I didn't want money…

RB: I know, and that's the problem that everybody tells me that I'm facing. So I've just kind of thought, "Well, okay." And some you win, and some you don't, you know, and if I'm not going to win that one, I'm not going to waste time and membership assets going after him, or resources. It doesn't make any sense, if they're not interested. I really don't understand why they aren't, but…Because we can hurt them in the legislature, and we have, but I just don't understand why they wouldn't seek the same things that some of the other larger banks seek, which is, we can run interference for them, at the same time, and we can make something that looks like it's pro-J.P. Morgan Chase into a banking issue, just because we're involved in it. And we do that a lot. And we count J.P. Morgan Chase and Bank of America as our proud members, and we're proud to have them. And I know a lot of community bankers who think, "Well, they're just Wall Street firms," and that sort of thing, but you know, they participate, they play, they attend meetings, they come and make their views known, just like any other member bank, and they don't get any special slack cut for them because they're J.P. Morgan Chase or Bank of America. They're two very aggressive and involved member banks, and we are very responsive to aggressive, involved member banks, no matter what size they are.

MJH: I have always been a big fan—I actually worked for three years for the Tulsa Chamber, as communications director. Did you know Jay Clemens?

RB: I know the name, yeah.

MJH: He's a good guy, and he was president when I was there, and of course there were various chairmen. Being on the inside like that, I came to realize how valuable these organizations can be for their members.

RB: We have some great discussions that are led by the folks from Chase and Bank of America in our government relations meetings. Bank of Oklahoma is another example. Boy, they have just come alive here in the last three or four years, with their involvement with the association. They have just been phenomenal. And it's like you said, they have so much to offer to the industry. Their leadership is second to none, really. And they have given a lot of these issues a lot of thought—things that, maybe, some of the smaller banks haven't had time to do. And that's helpful when it comes to discussing what positions we're going to take with respect to a Dodd-Frank, for example. Of course, that was a little easier, but there were elements of it that the banking industry was kind of divided on.

But the association has run fairly smoothly. We try to be representative of our member banks. We listen, we don't have any preconceived ideas that we're just for one segment or the other. We're all community banks, in Oklahoma. They all are. I just have the privilege of working for them. But the community banks are the lifeblood of this state's economic success. And they're really the lifeblood of the nation's economic success. And that's what worries me the most about Dodd-Frank, is that our banks would be so tied up in regulatory compliance issues, that they will get away from their main function, which is to provide loans for small businesses. And if that doesn't happen, we don't have a whole lot of economic recovery, or if we do have economic recovery, it will be kind of like you see it now—a very slow pace, very catch-as-catch can, if you will, nothing steady, no steady growth, no improvement that's dramatic. It will just be slow, very, very slow and small. And I don't think that's what the country needs right now. I think they need a bigger economic boost, given what they have come through. I see a lot of that as being directly attributable to community banks, and how they handle themselves, how they perform and are allowed to perform. And if they're worrying about a bevy or tsunami of new rules and regulations about to break over their bow, they're not going to be looking at lending very seriously.

MJH: Can't help your customers…

RB: No! If you're putting out fires with regulations, and you know, the jammers come through and they hold your feet to the fire, as they're supposed to do—I get that—but at the same time, there's got to be some…Somebody's got to be saying, "Haven't we done enough of the compliance stuff?" I mean, really, how important is some of this stuff, and isn't it more important to look at safety and soundness issues and encourage bankers to start making loans and moving forward to advance the economy? Rather than worrying about "i"s dotted and "t"s crossed, it just seems to me that…Some compliance is required, I get that, but there ought to be more focus on letting banks be free to do what they do best, which is help their customers borrow money and succeed. Everybody wins when a customer repays that loan. The customer wins, the bank wins, the community wins. So the more of that we can have, it seems to me, the better off we are. And I don't see that happening when you're worried about crossing "I"s and crossing "t"s. I don't see anybody winning in that deal, except the examiners. And that doesn't make any sense to me.

And I am an old bank regulator. I used to be director of banking in another state. I kind of know what it looks like from both sides of the desk. I don't know if that gives me much credibility, but it gives me a little bit. When I can look at some of the stuff I see going on now, and just simply an older reaction to getting behind. When the focus from 9/11 to about 2007 was on anti-money laundering and financing terrorism, and very little attention was paid to safety and soundness by examiners. When everything blew up in 2007 and 2008, all that other shit went out the window, and here we go--now we're going to zero in on all this stuff that we *should* have been zeroed in on, and you've got people shaking their fingers at the examiners and the regulators, and so the regulators are now, "By golly, it's not going to happen again on my watch!" And that's part of what's going on out there. And the federal regulators will deny that's happening, but I've seen it too often to believe it's otherwise. Every time you get caught in a recession-like situation, like we have been in, like we were in the eighties, we were in the early part of this decade, or the first decade, and we are now, you're going to have overreaction by banking regulators. Happens every time!

MJH: I guess we shouldn't be surprised.

RB: No, not surprised, just disappointed. And my fear is, what does it mean for Oklahomans? At the end of the day, if bankers are not permitted to do what they do best, which is take care of their customers, what does that mean for Oklahoma and the prosperity of our state? And what does it mean for our kids, and our families? I mean, I'm older—*old*, not older, *old*—I'm worried about what happens to my kids and my grandkids, going forward. And, if you don't let bankers, good bankers, which we are blessed with in Oklahoma—and I say that, again, not trying to curry favor, but just look at the record, and you will see a band of very strong banks in Oklahoma. And if we would just let them be bankers, this state will prosper. It will continue to grow, it will continue to improve, communities will continue to blossom, and people will continue to prosper. And banking is at the heart of that.

I really didn't understand that, Michael, until I actually closed some banks, and I saw what happened to the communities in which they were involved. I saw good businesses, and family farms, close down and go away, just kind of evaporate. It was at that point in my career that I realized how important community banks really are to local communities. And even in Oklahoma City, it's a big city, but we've got, not hundreds, but a lot of community banks who take care of this city. And it's the same thing in Tulsa, same thing in Bartlesville, same thing in Lawton, and Norman, or Edmond, or wherever, and it isn't any different than it is in Gotebo or Cordell or any place like that. Or Seiling. You'll find Seiling the same way, when you talk to Kirk Pittman. He's a great guy. His family…When I first came here, his grandfather was the one that I met, W.H. Pittman, I think that was right. He was a grand gentleman. But he took care of his customers, and he took care of his community, which is what Kirk's dad did, and that's what Kirk is doing. And that story is replicated across Oklahoma. It's not just—I'm not just picking on Kirk. He's just one example of how it is replicated across this state. And it happens because of the nature of how community bankers work, and what makes them successful. I mean, they get it! They understand it! Just let them be community bankers, and this state will be just fine!

But this overreaction to something that didn't even begin with community banks, you know…Community banks didn't make any of those crazy loans on real estate, speculative real estate. They were trying to do things the old fashioned way. They made loans based on the credibility of the borrower, and whether he or she was going to be able to repay the loan. That's how they get paid. They didn't get paid on that fancy stuff that some of the folks in California and Arizona and Nevada and Florida invented.

I've probably gone on and told you more than you wanted to know, but I feel very strongly about this industry, and I am very defensive of it.

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