



## Oklahoma Bank and Commerce History Project

*a program of the Oklahoma Historical Society*

### **Interview with Jim Bowles**

**Original interview for historical project under the direction of  
David Rainbolt – *Loyal to Oklahoma: A History of the BancFirst Corp.*  
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**Interviewer: Michael J. Hightower**

**Audio taped and transcribed by MJH**

MJH: It is Tuesday, April 10, 2012, and I am in Jim Bowles' office in Shawnee, Oklahoma to discuss his history in the banking business and participation in the early days of BancFirst. And that is my introduction. So thank you so much for inviting me in here today. If you want to just begin wherever you feel comfortable. Just tell me your story.

JB: Okay. I was raised on a farm in rural Oklahoma, pretty much in the western part of the state—Major County—and went to school in a little town, Ames, Oklahoma. It's about thirty miles southwest of Enid, just on the edge of Major County. Upon graduation from high school, I attended Oklahoma State University for a couple of years. And I am just burned out on school, so I decided to be a farmer and a rancher, for about a five year period, and I ended up marrying my wife, Karen. After that point in time, we finally got ahead enough, and I said, "I want to go back to school." So we went back to college, and I got a degree in accounting. I was about 29 years old, I guess, when I graduated from college, finally, with a bachelor's degree.

I was living in the little town of Konawa, and my wife was working for a drilling contractor by the name of Burwell Bates. Burwell owned a company called Johnson and Bates Drilling Company. Burwell became my mentor. He really taught me more about business, basic business, than anyone at that early point in my career. And Burwell was a partner with Gene Rainbolt in what was then the Federal National Bank in Shawnee.

I was working for a CPA firm in Ada, Oklahoma—Jack Fenten and Company, CPA.

MJH: How do you spell that? Jack...?

JB: Fenten—F-E-N-T-E-N.

Jack's passed away now, and I don't know if his children...I think he had one son who was thinking about taking that firm over, but I'm not sure. In any event, Burwell was the one who introduced me to Gene Rainbolt. And we visited from time to time. Burwell and Gene were attempting to buy a bank in Konawa. It was a bank that was in financial stress. And this was in 1969. In 1969, Congress had passed the—what did they call that?—the

Regulation D Act. I believe it was called the Regulation D Act. Basically, what this amounted to was, you could have a one-bank holding company, with small group ownership. Prior to that time—and this law would actually go into effect January 1<sup>st</sup>, 1970—prior to that time, a corporation that owns another corporation, or entities of that nature, with, I can't remember now, but I believe it's like, 25 or less, shareholders, was called a personal holding company. And the penalty there was, the tax rate was 95 percent. Nobody's going to do that!

*Laughter...*

The purpose of this Regulation D—it was going to be administered and regulated by the Federal Reserve—was to allow individuals, or an individual, to form a corporation, a closely held corporation, and that corporation then could purchase up to 100 percent of the bank stock in a commercial bank. This passed—we knew it was complete—and it wouldn't take effect until January 1<sup>st</sup> of 1970. Therefore, in 1969, you could form a one-bank holding company, just form a corporation, go buy your bank—you didn't have to ask anybody anything. There was no approval. And on January 1<sup>st</sup>, you would be grandfathered in. So there was a beautiful window to do something like that. After January 1970, you had to get permission from the Fed to do that. So you had an application process, and it was more expensive.

That's how I got acquainted with Gene Rainbolt. I was telling Burwell, that's what they could consider to buy their little bank in Konawa. Gene at that time was dealing with some large law firm in Oklahoma City. I don't remember which one it was, but I think it was probably, at that time, the Crowe Dunlevy firm. And they apparently weren't aware of this, at that time. So he really didn't take my suggestion very seriously, but he did ask those people about it. They researched and came back and said, absolutely, you can do that. So Gene had an interest in, I think, because of Burwell, getting better acquainted with me and seeing if I wanted to go to work for him.

Unbeknownst to me, at that time—I didn't know much, really, about banking—general business, I was comfortable with, but I didn't have a lot of knowledge about banking. I also was not aware, really, of all Gene was doing. What he really wanted me to do, when he hired me—I went to work for Gene on May 1<sup>st</sup> of 1971—and what Gene wanted me to do was create a set of books and records for him, and for any of the little entities that he had at that time. He had one or two little small corporations, and maybe a partnership or two, and then his personal books. He just didn't have any books and records—your typical small businessman that doesn't have that good a personal record. He had a lot of information, but it wasn't really put together. So that, basically, was my first job with him—to create books and records to document where he was.

At that time, he had controlling interest in what was called the Federal National Bank of Shawnee, and he had just sold most of his interest in the First American Bank of Purcell. And then, he and Burwell had just bought that little bank in Konawa, and recapitalized it. Interestingly enough, the way they did that bank in Konawa: They each put a small amount of capital in an Oklahoma corporation, and then personally borrowed the money, personally guaranteed the money, so the corporation could borrow the money to buy the

bank and recapitalize it. Therefore, the dividends from the bank, for the corporation, were tax free, which lets the earnings from the bank pay off the debt.

MJH: So he and Burwell Bates...

JB: They were partners. They were fifty-fifty on that Konawa bank.

MJH: They completed that purchase...

JB: That purchase, I think, was done in 1969. I'm positive...It could have been late '68, but I am pretty sure it was 1969, because that's when—they did it without having to have an application. They just formed a corporation, and they were grandfathered in.

So after that, getting settled in and getting his books and records rolling...Of course, Gene wanted me to learn the banking business with him. And we spent a lot of time together. I was amazed at how antiquated the accounting systems at small banks. It was almost astounding. Now, the Federal National Bank, which was a larger bank at that time—it wasn't a huge bank—and it was sophisticated and well run. They had had it long enough, and Les Greathouse was the president at that time, of Federal National, and he was a very competent and capable fellow to run that bank. But the little bank in Konawa—we had to do a complete revision of the accounting system.

Right after I got involved with Gene—he already had that bank, and they had most of the accounting issues pretty well resolved. I had very little to do with that one, except help set up budgets for them. But then we, almost immediately—and I think this was in 1971—yeah, I know it was, it was sometime in late '71—Gene...And I don't remember who all was involved in it, but we ended up acquiring the First National Bank of Madill. Then he got involved, at about the same time, with a fellow by the name of Robert Earl Young. Robert Earl lived in Idabel, and he had a bank in Idabel and then another one in Broken Bow. So on December 31<sup>st</sup> of '71, Gene wanted the banks in Idabel, Broken Bow, Madill, and the bank in Purcell that he came out of—he wanted those converted to a full accrual system. Before that, they were not on an accrual accounting basis. They were more antiquated. Fact is, some of those banks probably never really ever even knew whether they made money or not!

*Laughter...*

Their accounting systems were so poor! They used—a lot of those little banks used what was called the Boston ledger system, and they only closed their books twice a year: June 30th and December 31st. But you have to remember, that in 1971, we didn't have electronic calculators. I can remember, because Burwell Bates had an electronic calculator, that had a screen on it. And it would multiply, divide, add, and subtract, and do square roots. I was fascinated with that thing. I think it was called a Commodore, or something like that, I'm not sure.

MJH: I remember when those came out, and you couldn't bring them into math class! I was at Casady at that time, and the teachers said, "No!"

*Laughter...*

JB: I sat for the CPA exam, and we weren't allowed to have anything other than a stubby pencil, you know. Now, I think, they take calculators in...

Anyway, we converted those banks, and there were four of them.

MJH: Idabel, Broken Bow...

JB: Idabel, Broken Bow, Purcell, and Madill. In this period of banking, most all of the banks—in fact, all of the banks we got involved with—you had a mainframe computer system in a larger bank somewhere, and in this case, the Federal National Bank here in Shawnee, that Gene had. They had put in a big, mainframe computer system. So they did the processing for demand deposits, and also all time deposits, such as CDs and savings and passbooks, etc., etc. They also had a loan program that would calculate everything for installment loans or consumer type credits and commercial loans. Back in those days, a consumer loan was generally put together with what we called "add-on interest." And so, basically, what it amounted to, was you'd quote a loan—the banker would quote a loan—at 6 percent, but all of the interest was added into the front of the loan. So at true APR, it was more like 12 percent. And to calculate the interest on that by hand was almost impossible. I mean, it was difficult. But with a computer system, you obviously, then, can figure out what your yield is on that type of security. And you can also give a disclosure quote on what the true APR is, and the percentage rate for the borrower. So by using that type of paperwork, you could convert these banks to full accrual systems, where they really knew how much money they were making each month, and how much they were paying out each month. And of course, obviously, they know what their expenses are. So we set up a complete accrual system in all of these little banks.

A big problem we had, we wanted budgets and forecasts, and we wanted for the banks to be able to compare that data each month at their board reports with their directors. These little banks had never heard of a budget...

*Laughter...*

...let alone a comprehensive board report each month. So we developed—or I did—I developed a budgeting system for small commercial banks. Now, the Federal National Bank already had theirs. They were big enough, and they had enough personnel, and were sophisticated enough, that they could do their own thing. But these little rural banks couldn't do that. They didn't have an automated system to do this with, so it had to be manual. So basically, I sat down, and created a manual budgeting process, so that the banker could figure out how to do this. And we just literally taught classes, and went about going on with that.

At this point in time, we had gotten big enough that I just couldn't do this by myself any longer. So we started putting people together, and we created a company called Thunderbird Financial Group—Thunderbird Corp, it was a corporation. And Gene and I owned that together.

MJH: When was that created?

JB: Oh, Thunderbird Financial? Oh, we did that, actually, back in 1971. That was to house me. As we put personnel on...In fact, I think my first employee in the company who was more than just a secretary was a young lady by the name of Claudia Kiker. And Claudia—she retired from the Rainbolt organization, I think, recently. She's a CPA. She completed college while she was working for us, and got her license through us.

MJH: Can you spell her name?

JB: K-I-K-E-R. She had been working for the Internal Revenue Service when we picked her up. A bright and capable young lady.

MJH: So in the early days, it was just the two of you.

JB: Yes, it was just the two of us in that early period.

And then, we started adding banks, acquiring them. Mostly, they were banks that were distressed. We had an extremely good relationship with banking regulators, because we were about the only organization that was able to take a small bank and turn it around in a rapid succession. When we took over a small bank, we didn't go in and fire everybody. Obviously, you had to replace your top guy—the president of your bank. We'd pick up someone who we were confident could handle that, and then we would spend time training those employees that were already there, because they were in the community, and everybody knows them. So you spend time with them, and as that developed, we had to have more personnel. So we added a CPA by the name of David Huebert. I think he retired from Gene's organization. It's H-U-E-B-E-R-T. I picked up a guy named Bill Lyon—L-Y-O-N—who was a former bank examiner, and then he had commercial experience. And another guy by the name of Frank Durkee—D-U-R-K-E-E. Frank's deceased. He retired with Gene. He ran a couple of different banks for Gene after he left the Thunderbird outfit.

In any event, we had quite an organization. Out people were either former bank presidents or former examiners, or CPAs, and there were several others who were involved in all of it. But these were kind of the key people that actually formed the nuts and bolts of that organization.

MJH: So Claudia Kiker, David Huebert, Bill Lyon, and Frank Durkee...

JB: That was kind of the nucleus. Of course, later, I did have a lady by the name of Mary Walton. She was our, kind of the "Mother Mary" of the organization. She's the one who

kept our expense accounts straight and held us to task if she thought we were out of line, that type of thing. I have to mention her. She is also deceased.

MJH: Walton—W-A-L-T-O-N.

JB: Yeah. That's kind of the nucleus of that part of the organization. But we had the ability to just go take a bank and, in a relatively short period of time, turn that completely around. Now, have they talked to you about the Leo Winters issue?

MJH: Let's see...Was that when Gene was the state highway commissioner?

JB: Well, that was...Gene became a state highway commissioner under David Hall's administration.

MJH: Yes. But I don't really know...

JB: Okay, well, Leo Winters was the state treasurer. This is kind of an interesting story. Rainbolt may not want this published, I don't know!

*Laughter...*

Throw it out there, and...To me, it's really an interesting sideline, and it caused him a lot of frustration. He was under investigation when I went to work for him, and I didn't realize that.

MJH: Gene was?

JB: Yeah, Gene. David—you've got to remember, in '71, David was a kid. But anyway, what it was...Prior to Leo Winters...I can't remember, but I think Leo...I think Leo was elected state treasurer in '68. 1968. And what they did, to get him elected...Before that period, the state treasurer...About all of the state money was kept either in the First National Bank of Oklahoma City, or Liberty National Bank of Oklahoma City. The Vose family had the First National, and I think, what was it—the Humphreys had the Liberty? I believe that's about right. But in any event, all the money was just controlled right there, by those two bigger banks in Oklahoma City. Well, Leo wanted to run for state treasurer, and he had gotten with Gene Rainbolt and some other bankers, and he told them, he said, "I'll tell you what: You guys get me some campaign money so I can actually make a run at this, and what I will do, I will put state money in your banks, proportionately, to the amount of money you contribute," which of course is just as illegal as can be.

Well, anyway, they did that. They went around getting these things created. Federal National had an executive vice president by the name of Ben Smith, and Ben was an old correspondent banker, is what he really was. Ben went everywhere promoting this thing, collecting money for Leo Winters.

The big banks got all upset because they could see what was happening. It leaked out. You know, when you have that many people involved, obviously, nothing is a secret. So the FBI became involved, looking at this thing from an interstate commerce violation issue, I gather. This frightened Leo. Leo got elected—he won his election. So this investigation continued. Leo became concerned about that, and so he got with these bankers, and he said, “Listen, there’s not going to be any free money. We’ll still put the money in your banks, but you’re going to have to pay for it.”

Back then, the Fed pretty much set the rates. Anything under \$100,000, the interest rates were set by the Federal Reserve System. Basically, what Leo did was use that as a guideline for what he charged them on a commercial line, because on a commercial line you could set the rate at anything you wanted to. Anyway, he kept the rates at a reasonable level, but still—at a rate that he could justify. So that went on.

Well, a grand jury was called—a federal grand jury—and Leo was indicted, and Gene Rainbolt was indicted, and Ben Smith was indicted. Ben... Well, Gene got out of the deal. I don’t remember how, but Gene was released. This was when he was state highway commissioner for a short period of time, because David Hall had been elected, and appointed him. When he got indicted with Leo’s deal, why, he had to step off of the highway commission.

Leo’s case went to trial, and he was really the only one that went to trial. And he was exonerated. And let me tell you why he was exonerated. It was very clear, at that trial. Senator Gene Stipe was his lawyer. And Senator Stipe was a colorful fellow. In any event, they had prepared a chart showing the amount of interest income that had been earned during the tenure of Leo Winters. At that time—he got reelected while he was indicted. But I think, it was like, a five-year period. And in that five-year period, Leo Winters had made \$85 million more for the state of Oklahoma than all state treasurers since statehood combined. And when the jury sat and looked at that chart, they were so angry with the predecessors, that they didn’t care what Leo had done to get elected. They loved him!

*Laughter...*

There is no doubt in my mind that’s why he was exonerated!

MJH: So that chart was actually shown in court.

JB: Yeah. They had that big chart, and I’m pretty sure it was \$85 million more for the state, in that period of time, than all state treasurers combined. It was pretty funny!

During that period of time, when Gene was indicted, though, our relationship with the regulators had become a little different issue. There was a fellow named Mike Doman, who was the regional administrator of national banks in Dallas. And he called me into his office, and in no uncertain terms, told me I would not be managing those banks.

MJH: Doman?

JB: Doman—D-O-M-A-N, I believe. Michael Doman. He was regional administrator of national banks. I don't remember how many banks we had at that time. Of course, this was the same guy that always wanted us involved when he had a bank in trouble! It was just one of those issues that was...CYA, you know. But the state banking department—they'd always worked with us. They didn't have a problem with us, even with Gene's issue. He couldn't...Gene had to step just completely out of the picture, at that point.

MJH: So this would have been, early 1970s?

JB: Yeah, this would have been about '73, as I remember. '73 – '74, right in there. So it was an interesting event.

MJH: That's what I have understood from Les Greathouse, too. Gene had a reputation for being a turnaround specialist in the state. I guess that would have been the case by, what, early 70s?

JB: Oh yeah, I think we'd developed that reputation strong by 1972 or 1973. Yeah. And once we got the Thunderbird organization really operable, where we had some personnel to make things happen...We wrote loan policies, personnel policies, investment policies, all the bank policies for all these small banks, through that Thunderbird Company. We did the training for the people, kept them up, and created the budgeting systems, and the board report systems, so that they'd have a more sophisticated financial report for their boards each month. And then we examined the banks every so often. We built our own examinations and categorized loan loss, calculated loan loss reserves, etc. etc.

MJH: During this period when you first began acquiring these banks, and there were getting to be quite a few of them, there are two things I am wondering about: (1) First, what was it like to work with and for Gene?...

JB: Well, in the early days, it was just he and I. I attended all the board meetings with him. You know, we...I'd create a format for, say, budgeting, and then we'd go over it and over it and over it and over it until it satisfied him and it satisfied me. So, you know, there was about a three-year period there where we almost lived together. This was from '71 until about '75. He was basically teaching me the banking system, and I was bringing to it some accounting responsibilities. So it was really a tight and close relationship at that point in time.

MJH: The other thing I am wondering is, when you were buying these banks and going to these towns, what was the perception of your group? I mean, the regulators were glad to see you show up.

JB: Generally, by being able to keep most all of your personnel, it was favorable. Typically, it was very favorable. But the competitor didn't like it that well. In the banking community, some banks actually were a little bit frightened of us, because we brought a whole new approach to the system. And basically, it was accountability. And also, we—Gene always had a philosophy of, you've got to have a marketing approach. Banking is no different than any other business entity. You must get your product marketed, and let



people know you want to be involved with them. So a lot of time was spent with that bank president. He was the key factor to take care of those type of things. But you have to remember, Michael, that, in banking, that teller that sets out at the window, for most people, that's their banker. That's the only person they really get involved with, unless they're a loan customer, and they have an account officer that they're dealing with. That girl out there—she is the banker. And if she's a local girl and grew up in town, and you've got her happy, and she feels like she knows what she's doing, and she's trained, and she's pleasant, then everybody likes what you're doing.

MJH: Do you remember any particular anecdotes or anything of Gene working with, maybe, the tellers? Les told me some pretty good stories from Federal National, but how did you see that concern evident in Gene?

JB: Well, first of all, you have to remember, we're not talking about a guy that's doing this out of great love. He's doing this because he wants his banks to be successful. Let's not forget for a minute: Gene can be pretty ruthless. Basically, he didn't spend much time with tellers and operations. His time was spent with the execs and loan officers. During a board meeting, he spent a lot of time going over operational numbers. He spent a lot of time going over loans and past dues, particularly, why something wasn't being done on this, that, and the other. He had a tremendous ability to remember what had happened in a prior meeting, you know. With just a few notes, he could pretty well catch himself up to what was going on.

Basically, you were talking about the early days. He and I went to board meeting after board meeting after board meeting. That's all we did. After he got indicted, why then, of course, he couldn't go to those board meetings. I went to them all. By that time, he had me trained well enough that I could keep up pretty well, and of course, then, when I got in , obviously, he and I spent a lot of time going over whatever I had gleaned from that particular situation.

As we developed the company, though, these other guys started doing all of that. They started attending board meetings. By the early eighties, I think we had 42 banks, commercial banks, and we either owned them or managed them. You start running out of capital. Gene was wanting to expand, continually buy and expand and take over, and you just start running out of capital. So we started what we called a syndication, where we, in effect, did a private offering on each bank, and we sold interests in each one of these little banks. And it worked fairly well. It was tough. We went through some periods where, golly, you just wondered if you were going to be able to make your interest payments, you know, on the loans!

Each bank had its own one-bank holding company, and there was a loan inside each one of those one-bank holding companies that financed the acquisition and re-capitalization of the bank. So that had to be serviced. And in order to fund the Thunderbird Financial Corp., which was the managing company—we called it a consulting company, but truly, it was a management company—we charged the banks fees for those services. That's how we generated funds in Thunderbird.

We had some fairly antiquated banking laws that we just had to work around. Bank regulators knew we were managing these banks. There was no doubt in the minds. And they liked it, because they were operating well.

MJH: My understanding is that it was a very unique system. Were there others around the country?

JB: There was nobody else doing this. There were some smaller attempts at copying what we were doing, but no one was able to do what we were doing. We were it.

Probably the most dramatic incident—and I don't remember the year this happened, Michael—but we had a bank in Tahlequah, Oklahoma, and we had a pretty good sized crew at that time. I don't remember—this nucleus of people that I told you about was the guts of it—that bank caught on fire, about ten o'clock at night. And it completely destroyed...It burnt to the ground. And we had a young bank president who was capable. I don't remember that boy's name at this time. But he called Bill Lyon. Bill gathered the rest of our Thunderbird boys in Tahlequah. He didn't call me. I had been on another job somewhere, doing something, I don't remember why, and he knew I was getting in late, back into Shawnee, so he didn't bother to call me. But those guys—Of course, the record keeping stuff in the vault was okay, but they rented a building down the street—a vacant building down the street—got the telephone people and the utility people out—and set up communication systems and lighting, and cleaned that place up, and got a teller system put in. They set up a manual system, and opened that bank at nine o'clock the next morning, in a new building.

MJH: That's pretty dramatic!

JB: Very dramatic. I got a call from Bill the next morning, about seven o'clock, to tell me what had happened. I was just in awe. The newspaper in Muskogee called me, and wanted me to talk to them about the fire and the bank burning down.

I told them, and I said, "Well, why don't you call the bank and talk to the president of the bank. I really don't have a lot of information."

And they said, "You don't understand. The bank burned down."

I said, "Well, I know it did, but they're open for business."

She said, "No, it burned clear down!"

And I said, "I understand, but they've got a building down the street, they're into it, and their telephone line works, and just call their regular number and talk to the president. He's there!"

And the lady said, "Oh. Well, I think you just went to page five."

And I said, “Well, I think this is a better story than you had!”

*Laughter...*

MJH: They were looking for a disaster, but you fixed it!

JB: Anyway, I was pretty impressed with that particular situation.

MJH: I don't suppose you have any clippings on file...

JB: No, I don't have anything left.

MJH: If I can pin down that date, I can probably get the story.

JB: They'll have something in Tahlequah. If talk to someone, the Tahlequah bank, I know, will have pictures of that.

MJH: Jay may have something...

JB: We had an in-house attorney who was mad at us. We're pretty sure he was wanting to set the thing on fire!

*Laughter...*

They knew it was arson.

MJH: How long was Thunderbird actually in operation before it sort of morphed into United Community Corporation?

JB: From 1971 til—I left in 1984. David came back. He had gotten out of college, had his MBA, and had spent some time at Republic Bank, and so he was—Gene was wanting him to take over. We had a securities company that Gene and I owned in Oklahoma City called the Woolsey Company. W-O-O-L-S-E-Y. It was having some difficulties, and Gene wanted to go up and take that over, and let David take over Thunderbird Financial. Of course, he bought me out of the company at that point. But that was 1984. Now, they went ahead and operated Thunderbird until multi-holding company legislation passed in Oklahoma, and I don't remember the year that was. But whatever that year was, they renamed things BancFirst, and created a multi-holding company with all these little banks going into it. And then, branch banking after that became law, and those banks were converted to branches. That evolution is something David would have to talk to you about.

MJH: I've got a pretty good handle on that. But you know, some of the early days...What you're telling me now is fabulous stuff.

JB: You know, it was amazing! In many of these little towns, like McLoud, for example. Gene acquired McLoud with some other fellows...

*Brief interruption from office worker...*

MJH: So the McLoud bank?

JB: Yeah, the McLoud bank, when it was acquired...The building they were in was in such poor shape, so deteriorated, that there were actually holes in the floor. When you stepped down, you hit the dirt! That's how bad it was! And their accounting system was just awful. I can't even describe it to you. It was just awful. Everybody worked out of one teller box. There was no separation, absolutely no financial security whatsoever. It was just unreal. Of course, the first thing we had to do, we had to get a bank president in. And we had to set up a system for them, and train them, get them turned around. And we immediately started building a building, got a new building built.

That's one of the things that we did in most of the small communities, is relatively soon, we made sure we had a new facility built, with drive-by facilities...That always left a good taste in the local community's mouth. It was a good marketing vehicle.

Did anyone ever talk to you about Coy Evert, and the great scandal in our banking system?

MJH: I don't know that name yet.

JB: Okay, let me give you that story.

MJH: Coy...

JB: Evert, Coy Evert: E-V-E-R-T, I think is right. Coy—I'm trying to remember the year this happened. It has to be late seventies or early eighties. I'm going to say it was about 1980 or '81. Coy...Well, it could have been '79. It probably started in '79. Coy started this through his church. He was a member of the Church of Christ here in Shawnee—I think the Northridge Church of Christ. And he was purportedly buying oil leases and re-selling them at very attractive prices. So what he was doing, then, was selling participations in his endeavors to buy leases and re-sell them. Of course, this expanded beyond the church fairly quick.

MJH: So he was selling to congregants...

JB: Well, yeah. And if you'll remember, in that period of time, inflation was just crazy. Interest rates—the prime rate, I think, hit twenty-one percent at one time. So you can imagine...So anyway, he was claiming to be able to return yields of a hundred percent, a hundred and fifty percent, numbers like that. The first time I learned of this, was, my CPA and a guy I had working for me, David Huebert, brought the package to me, and David had invested in this, and was telling me...He had already participated, and made quite a little bit of money out of it, and then went back in again for another tour.

I looked at it and said, "David, that's a Ponzi scheme!"

And he was really offended, and he said, "No, it's not."

And I said, “Well, tell me, why would he want to do this? Why would he—if this is that good a deal, why is he not at a commercial bank borrowing money?”

He said, “Well, interest rates are high.”

I said, “They’re not that high!”

MJH: There’s a lot of room in there!

JB: Well, he said he wanted to share it with his friends, and I was not a friend of his. Something’s wrong with that thing. And I never heard another word about it. I just assumed David got out of it, and it went away.

Gene Rainbolt was in Italy, on a holiday. In fact, he became ill while he was there, and was hospitalized for a period. While he was gone, this Coy Evert had a girlfriend by the name of Ramona McGuffey. She was married to another—a Mr. McGuffey, I can’t think of McGuffey’s name. In any event, she was our proof operator at the big bank, at Federal National. When Coy was running this money through the bank—it all went through Federal National Bank—but if he had money that wouldn’t quite clear, Ramona would carry it over into what’s called “outstanding items,” and basically, it’s a float. She’d let it float until these other checks came in, and then it would clear. So no one ever had a suspicion that we had a problem.

Well, Greathouse had a pretty good security system set up, and people were forced to take vacations. And McGuffey was forced to take a vacation, and Coy had \$7 million worth of checks hit the bank, and they wouldn’t clear!

That’s when Les Greathouse realized that something was crazy. Now, he was suspicious of Coy, because there were some people that came into the bank wanting to borrow money to invest in his scheme. Les was just so concerned about it—he wouldn’t loan them money on it. They even had CDs, and he wouldn’t loan them money against their own CDs to get into it. I remember people got very angry with him, with Les, and threatened to take their money out of the bank. And Les said, “I’m sorry. In good conscience, I can’t do this.”

And finally the guy—it was an older couple, and the older fellow said... Well, they left the bank. And that night he got to thinking about it, and he said, “You know, that guy’s trying to tell us something.”

MJH: Okay, Les was trying to tell them something.

JB: Yeah. Basically, what Les was trying to him them was, it was a scheme, in my opinion, and you need to stay out of it. He couldn’t really say that.

Well, of course, when the \$7 million hit, you know, there we were. We started looking at it, and what we figured out: Ben Smith, our vice chairman of the board of our holding

company of Federal National, was a partner with Coy Evert, and helped him sell this stuff. And one of my former employees, who was our investment man—gosh, what was that guy's name? I can't even think of his name right now—he was a partner. There were three of those fellows, plus, a whole bunch of our bank presidents and loan officers in all of our banks were investors in this thing, including my CPA guy that I had! And when we figured that out, we just said, "Holy crap!"

MJH: How did all that get resolved?

JB: Les...I called a meeting. I got the major law firms in Oklahoma City to meet with Les and I so we could go talk about this, and get their ideas on what to do, because I felt like that any investor would look at it and say, "That's a Rainbolt deal." So the main thing was to get these law firms, where at least the major players weren't going to sue us. So we basically created a conflict of interest with the major law firms. So then we put together a little cartel of them, headed up by an attorney by the name of Bruce Day. Bruce, then, helped us, basically, go to the banking regulators and explain to them what had happened, as I recall, in a formal written paper. Of course, it didn't help anything with Rainbolt being in Italy at the time!

*Laughter...*

But there were people who actually lost their life savings over this. It was just an awful thing. The whole thing collapsed, and Coy went to prison. Ben got out of it. He got out of the deal. I think that pretty well eliminated...About that time, his tenure with Gene ended, and the other fellow—I don't know, I've just got a Freudian block, I don't remember his name, even now—but he, of course, was already out of the system, and I don't know whatever happened to him. It was just an awful mess! My own family doctor was an investor in this thing, and he had made money!

*Laughter...*

He was in on the early end of the scheme, so the early end guys had to get most of their profits back and try to bail out the little guys a little bit. But it was an awful mess.

MJH: Those were the days of the big boom, so everybody was...

JB: Yeah, it was the oil deal, you know. But that's a piece of history that's just interesting.

MJH: It's interesting, and I'll bet you it's pretty much lost. I have a friend who teaches bank history for the OBA, and he asks for a show of hands—and these are professionals who are students in continuing education, these are not kids—of those who remember Penn Square, and nobody raises their hand.

JB: Wow.

MJH: We have short memories.

So you left in '84. Do you have any general impressions of what that ride was like from '71 to '84?

**End of Side A. Turned tape to Side B and continued...**

JB: It was exciting! You're controlling a lot of money, you've created a lot of jobs, you're doing things that, you feel like, are good, overall. Not all of it's fun, obviously. Business is business, sometimes. But, you know, Michael, I felt like we, back in those days, made a major conversion of the banking system in Oklahoma. So many of our banks back then were, you know, operated by third generation family members who weren't that well trained and...And it was really kind of a mess. It is an evolution. No question about that.

MJH: That's a marvelous story.

JB: It was interesting. I was very proud of the Thunderbird organization. It was quite capable. One other thing that Gene and I did: We felt like the manual system we had for budgeting and forecasting and reporting—we wanted to see that automated. During this period of time, you know, desktop personal computers came about. We were using those little Tandy, Texas Instrument—I can't remember what those things were called—but they were the early systems. The little banks couldn't afford to pay the mainframe banks the expense of budgeting and forecasting for them. The price was just too high. So we put together a little company—I don't remember now what we called it. Thunderbird...Data, or something like that.

MJH: I think I've heard—Thunderbird Information System...

JB: Something like that. But in any event, we hired a couple of guys out of Tulsa. One of them had a masters in accounting. Both of them were certified. The other one was a software guy, but both of them were developers, software developers. And we had them to take our manual system and automate it, and also take out board reports and automate them. And we ended up with so darn much money invested in that darn thing, and we ended up...I finally got it sold to Mercantile Bank in Dallas. There was a bank called Mercantile Bank in Dallas, and it was called MBank at the time we got this done. And they had a big data processing system, and so they bought that whole system from Gene and I.

MJH: That's kind of interesting...

JB: We didn't make any money out of the deal. We just barely got out of it! But we ended up with a system...

MJH: It was an entrepreneurial deal that you parlayed, and didn't lose money...

JB: Yeah. We came out of it okay, but it had gotten to be too big of a burden, and we weren't good at marketing it. We weren't very good at selling what we had. I think if we had have been better marketers, that could have been a real boon! I don't know how MBank came out with it. They had a lot more little banks that they dealt with.

MJH: MBank eventually cratered...

JB: It cratered in the eighties, about the same time as Republic and all of those did, you know.

MJH: David was describing that. Now, he was with Republic, before he came up here, right?

JB: Yeah. You know, the Penn Square Bank collapsed, and all of a sudden everything started collapsing. It was just awful.

MJH: That's another chapter...

JB: And you know, Gene lost some banks. Not many, but he lost some banks. One was just pure fraud. That was a little bank in Comanche, Oklahoma. Had a bank officer that had absconded with enough funds that it literally put the bank in a position where it wasn't possible to try to rescue it. He lost a bank at Carmen, Oklahoma. Let's see, there was a little bank at Temple. I think he lost it.

MJH: When you say lost, you mean there were no buyers?

JB: Yeah. Close 'em up and walk away.

MJH: These are some tremendous stories. I've got enough to go on for awhile, but I don't want to cut you short either.

JB: That's it!

MJH: If I come up with holes in this thing, can I get hold of you?

JB: Sure, sure!

*Turned off tape recorder, turned it on to capture colorful story on Ralph McCalmont...*

JB: This is color. Well, Ralph came from Fort Worth. City National Bank of Fort Worth, I believe it was. Ralph's a pilot. He just went through a messy divorce, and he was so broke, he couldn't rub two nickels together.

*Laughter...*

He flew into Shawnee and picked up an old car—a Ford or something—to get around. Most of the places he needed to go, he crawled in that airplane, and that's the way he got around. Anyway, Gene didn't really have a place for him at that time, so he put him up in Thunderbird with me. We were working on some different things at that time, but the main thing Ralph was going to do was put together the acquisition of the First National Bank of Guthrie, and then go over and run that. He was in my office looking out the window, and it was raining—just a nasty old day.



I looked at him, and I said, “Ralph, what are you thinking?”  
And he said, “I’m thinking, I wonder what in the heck ever made me come here in the first place!”

*Laughter...*

You talk about a guy that just looked forlorn! I said, “Well I tell you, I think I need to take you home with me and feed you a good hot meal!” So Ralph went home with me, and had dinner with my family. I kind of got his spirits picked back up. You talk about a guy that was down! He was down!

MJH: I can believe that, from the stories he’s told. He’s a died-in-the-wool Texan, so I think he felt a little strange about coming north of the Red River. He’s told me his preacher stories, his seminary days, and so forth. He had a really interesting route.

JB: Yeah, he did. He did. But Ralph’s a good guy, and always did a good job. I was always very comfortable with Ralph. He didn’t work with my outfit very long. In the eighties, the late seventies and early eighties, when you had the oil boom and the inflation fiasco that was just awful, Ralph started helping with some of the problem banks, because you just had problems. Things were so financially difficult that almost anyone that was in business doing anything was having financial difficulties. It was a tough period. It was a real tough period. Just surviving it was—you had to be careful.

MJH: Those were dark days. Remember the *Daily Oklahoman*’s tally of failed banks. They had their little form, and every few days, every week or two, there would be another fallen bank.

JB: I can remember wondering how in the world you were going to make an interest payment. And sometimes, you had to rob Peter to pay Paul. Some of those periods were just a little difficult, but most of it all washed, one way or another.

MJH: So, do you think you chose the right career, and you had a good ride?

JB: Yeah!

MJH: What do you do now?

JB: I’m basically semi-retired. My wife and I own an apartment complex here in town. That, and some other investments. I try to stay as low profile as possible anymore! Shawnee, for me, is a very good community. It’s small enough to have a small-town atmosphere, but it’s large enough to lead a private life, and you’re close enough to Oklahoma City and / or Tulsa if there are other things you need. And you’re only forty-five minutes from an international airport. Plus, we have an excellent airport here in town, with Jet Port. And the Expo Center brings in a lot of interesting things. It’s a neat town.

MJH: Everybody describes Shawnee in the 1960s as a pretty sleepy place, but I guess when Gene got here, he was the catalyst for a lot of economic development.

JB: He did a lot of things. And quite frankly, that's a problem today. We don't have a local banker anymore. All of our banks are branches.

MJH: What happened to Federal National? Is it still a stand-alone, or...

JB: No, it's a branch of BancFirst. They call their branch managers presidents, but they are really branch managers. BancFirst is the entity in Oklahoma City, and all of the satellite entities scattered around the country are branches.

MJH: I talked to Roger Beverage at the OBA, and interviewed him, and he described it as a "phantom bank." He said it's really like branching in reverse. They brought all these centralized functions, but nobody will let you call it a "headquarters." It's a "banking center." They have a certain way of describing it so that nobody feels like there's a boss in Oklahoma City. Everybody has autonomy in the smaller towns.

JB: They have tried to create that, but that's BS!

*Laughter...*

That's marketing! That's all in the world that is, Michael, that's marketing! I promise you—Certainly, small credits and small transactions, those have the...complexion of whatever entity they are in. But any credit of any size, or any investment of any size: the home office is going to dictate what happens. And when policy is set, that policy isn't going to be in the local community. That policy is set in Oklahoma City. It used to be set in Shawnee, Oklahoma.

*Laughter...*

MJH: Those are some great stories!

**End**