# INTRODUCTION

**It can always be worse, my dad would say, though I didn't used** to believe him.

*How could it be worse?*

Believe me. It can be worse in ways you can never imagine.

When someone spirals or gets in trouble, it's natural to judge them and look down on them from your high horse, wondering how they could have fallen so far.

I'm not sure I understood this until it happened to me. Shaun R. Hayes, former banker, multimillionaire, and convicted felon—BOP Register number 45783-044.

I have no reason to look down on anyone anymore. My journey has forever changed me.

Anybody who thinks they're somehow better, more principled, or more virtuous is lying to themself.

A lawyer once wrote a book estimating that the average professional commits three felonies a day, and I think that's probably accurate. It was for me, anyway, during the years I spent operating in the gray, using loopholes and moral ambiguities to achieve astronomical success.

It reminds me of the plane flights a buddy and I would take to visit one of our operations. My friend Rich, a pilot, would fly the plane and I would sit in the co-pilot seat next to him. During the first few trips when Rich asked me to fly the plane, I said no. But on a cold February day, he asked again, and under his guidance I begrudgingly took over the controls.

I focused on keeping the plane exactly in line with the instruments in front of me. But after about 20 minutes, Rich wanted to take over again.

"In another five minutes, we'll be in restricted airspace over a large military base," he told me. *Oops.* While I thought I was flying on a perfectly straight line, I was a little bit off track—and being a little bit off track over time took me far away from my intended path.

Such was the case with my moral compass. Throughout my decades in banking, I thought I was doing the right things and staying true to the line of black and white. But little by little, my ethical decisions took me in the wrong direction, and it ended up costing me my family, my friends, my fortune, and my freedom.

Nothing is what you think it is until you're on the other side. And then you get a whole different kind of education.

# CHAPTER 1
# GOOD CONSERVATIVE BANKING

**On my first day in banking, I showed up late.**

It was June 1, 1982, the Tuesday after Memorial Day. I was fresh out of college and itching to work at United Missouri Bank (UMB), a huge downtown bank in Kansas City. I was the first generation of participants in the bank's new training program.

I showed up at nine a.m. sharp to UMB's headquarters wearing a light gray three-button Brooks Brothers suit with a red repp tie and a pair of cordovan wingtips. UMB's headquarters were located at the corner of 10th Street and Grand Avenue—the R.A. Long Building and the city's oldest skyscraper. I'd visited the day earlier and saw the hours posted in the window. Little did I know that time was for *customers.* Employees were expected to be there earlier.

In less-than-ideal circumstances, I got to meet the head of HR eight seconds into my banking career.

"Mr. Hayes, what are you doing here at nine o'clock?" Mr. Anderson scowled.

"That's what the sign on the door says."

It wasn't like they sent you a letter and said, "Show up on the first of June at 7:50 a.m. and enter through the security door. Tell them you want to go to the ninth floor to the personnel department." At least, they didn't send that letter to me. I guess I was just expected to figure it out.

It was an inauspicious start to a journey that would take me to the highest of highs and lowest of lows. Yet, despite these ups and downs, there's a solid reason I chose to work in this profession—cold, hard cash. I wanted to be a millionaire. Back then that was a lot of money, especially for a kid from Thayer, Missouri, a town with a population under 2,000 in the Ozark Foothills. Thayer was 270 miles away from Kansas City and 220 miles away from St. Louis. And because St. Louis was a little bit closer and bit nearer to my beloved Cardinals baseball team, I always felt a strong connection to St. Louis.

In high school, I was successful in sports and was the student body vice president and president. In college, I was interfraternity council president. I wanted to lead. I wanted to win. That hunger and drive served me well—for a while, anyway.

Banking was a curious career. My parents didn't have much use for banks. As small business owners, they stored their cash in three safes. My dad had a safe in his office that had to be four feet tall and a good 30 inches deep. You couldn't move it. My mother had a safe in the bathroom closet next to the towels and then a small one in her bedroom closet. My dad always kept $2,000 to $3,000 in his pocket. My mom kept money in her shoes. The last thing they were going to do was let the IRS know what they really made.

To my parents, money was something to hold onto and stash away, not something to give to a bank. People used credit cards for everything, and my parents taught me at a young age not to charge things that were disposable, like groceries.

As my father would tell me, “It’s all about cashflow, Shaun.” Needless to say, my parents weren’t pushing me into a career in banking.

A professor of mine at the University of Missouri, Dr. Walter Johnson, encouraged my career path. With his shaggy salt and pepper hair sloping over the sides of his head, he looked like a guy who stuck his tongue in a light socket.

“Shaun, you should interview with a bank,” he told me. “What’s going on is monumental.”

At that time, a massive tectonic shift was happening in banking. By the 1980s, the small business owner had more access to credit, and there was a shift toward sales. The silk-stocking banking of the time period that was based on relationships and personal connections with other bankers came with a haughty attitude—*let’s meet up after the ABA in San Francisco and go to wine country*. When we needed a car, we’d grab a Chevy Caprice from the carpool.

The customer-banker relationship was built on information and power. Your local banker knew everything about you. A person's dreams and wishes, goals, and opportunities were in their banker's hands, and the banker said yes or no based on personal preference.

A banker was a god. That sounded great to me.

Banks were a hub of activity, a hum of waiting lines and forms and tellers and meetings. Banking today is so much different. Who runs your local bank? I'm sure most people don't know and never even thought of it. Everything's a credit card, a debit card, a credit score, and an automation. Walking into a bank today—which isn't a regular thing for most people due to apps and ATM machines—feels like stepping inside a McDonald's or Chick-fil-A, with a menu of offerings and quick service.

I applied for a job at UMB, had one interview, and immediately got a second interview that involved the company's senior management.

"What's your best marketing tool?" I asked.

"Being good conservative bankers," they said. I understood what that meant: you can't lose money you don't lend. Conservative banking wound up being a smart, safe approach during the 1980s and early 1990s—a period of volatility that saw more than 1,600 commercial and savings banks fail.

My first position paid $18,000 per year—one of the highest salaries of anyone in my fraternity. The training program picked up when I was hired. It typically took 18 to 30 months to become an officer. The program felt a little bit like basic training in the military—if the military were a cushy office job. It was a standard yes sir, no sir, follow orders kind of job. Some trainees succeeded, while others fell behind. After it was all said and done, maybe you got lucky and were transferred somewhere and came back with a title.

A week or two into the program, I faced a moment of truth. A management training company from Chicago sat us down to take a test. The first question asked was an ethical one.

"Have you stolen anything from this company?"

*No*, I wrote. I read the question literally. Other than being late, I'd done nothing wrong. Confused, I raised my hand and the instructor from the training firm came over. "Your answer is incorrect," the instructor said. I had only been there a week. *I hadn't stolen anything, not even a pencil.* If I had known any better, I would have already loaded up a half a dozen legal pads and a box of pens!

"Everyone has to answer this question 'yes.' Because you have stolen from this company." I was flabbergasted.

"I don't understand," I said. When you're in business for yourself, like my parents were, you approach things differently. But as I look back, the answer was absolutely yes—we steal time, and data, and so many other things that don't feel like stealing but technically are. That question represented the first of many ethical challenges I would face during my banking career.

Even though I joined UMB without a lot of banking experience, I got up to speed quickly. As a management trainee of the bank's holding company—the first one hired by United Missouri Bancshares—I trained in the lead bank and at a unit bank (what would be called a branch today).

The role meant I was associated with the lead bank on the corporate side. I went to bank-wide loan meetings, and then afterward, the leadership group would have a different conversation about strategy and the bigger picture.

They would explain why they were or weren't buying banks and negotiating deals. I had exposure to two agendas—the Kansas City bank agenda and running the parent company. I sped through the program and became an officer in 16 months, which allowed me to eat in the corporate dining room. For $2.20, you could get soup, salad, an entrée, dessert, drink, and attend monthly officer's meetings to hear what was going on with the company.

The building alone was a good reason for people to visit. It dated to 1906 and was inlaid with walnut and mahogany. With millions of dollars in artwork by painter Thomas Hart Benton hanging on the walls, it felt like a museum.

Banking was also very patriarchal. Women would come in for loan applications and have to answer sexist and demeaning questions like "Can you drive a car?" Banking wasn't thought to attract the best and the brightest. Back then, as the saying went, all bankers needed to know was 3-6-3—pay 3% on deposits, charge 6% interest on loans, and see you at the golf course at 3 p.m. I found that employees were either sharp thinkers or they got the job through their parents' connections.

We were required to wear our suitcoats in the office no matter the temperature. In Kansas City during the summer inside an aging building, it got *hot*. My brother-in-law Larry Snedeker, a successful lawyer, lent me some of his dress clothes to help until I could afford my own.

It was the era of regional banks before chains gobbled everything up. Commerce. United Missouri. First National. Mark Twain. At 22, 23, and 24, I sat in rooms with people who were buying banks. They were 30 or 40 years older than me, and I listened to them doing business with EF Hutton, VF Corporation, and these large Kansas City companies that I'd read about as a kid.

Two of my mentors were Mr. Huwalt (who was the vice chairman of United Missouri Bancshares, a.k.a. the mothership) and Bill Bolt. Mr. Huwalt would take the time to ask me question after question—so many, in fact, that I'd often think something over and change my mind. Bill, meanwhile, was more direct. "Do you not get it, Hayes? The answer is seven." A number of the trainees ended up presidents of large organizations, and I happen to think that the training we endured is the reason why.

Being ingrained in every operation at UMB provided a strong foundation for my career. It taught me how business got done and turned out to be the education of a lifetime. In Kansas City, if you needed to do a $15 million loan to these companies, you might pick up the phone and call someone at National Bank in Detroit. Banking back then was based on traditions and relationships—especially in a big little town like Kansas City.

Everybody seemed to be the child of a banker or the founder of a company that the bank wanted to buy. In Kansas City, there was one name—Kemper—that was the biggest of all. The family has been a force in banking since the early 1900s, following the path of William Thorton Kemper, Sr. who guided Commerce Bank. One of his sons, James, led Commerce for decades, while another son, Rufus Crosby Kemper Sr., became president of City Center Bank, which later became UMB.

Rufus's son, R. Crosby Kemper Jr., carried forward the family legacy as president of UMB when I worked there. Mr. Kemper, as I called him, was larger than life. Though he stood 6'7" and was a bear of a man, he behaved like a perfect gentleman to me and acted as an important mentor.

If we were meeting someone for a business lunch, he would say, "Shaun, let's show them a little house." That meant we were going to feed someone well. If we saw someone in a restaurant who did business with us, Crosby would send them an appetizer or a bottle of wine. Mr. Kemper had lots of little Crosbyisms. Another one was "Let's take him out on the *paw-tio*," instead of patio. With each interaction and conversation, he taught me how to win people over and to be the biggest person in the room.

You could not *not* like Crosby. But he wasn't living in the same reality I was. Mr. Kemper didn't walk around in borrowed suits. He was born into wealth. His grandfather started the company, and Crosby carried the pressure of not screwing it up. I didn't have those same concerns. I could operate freely without worrying about protecting a legacy or namesake. It was fascinating for this kid from Thayer to get a peek into Crosby's world.

While Mr. Kemper could be nurturing, he also had a temper. For him, quiet was nonexistent. If he got angry, anything within his grasp or under his shoes was in trouble. Once, he kicked through a floorboard of a Seville.

UMB owned a bank called City Bank located in a development called Crown Center, and the bank's teller area was shaped like a football. Instead of the typical teller lines, customers could line up in about eight directions. I worked as the junior management lieutenant at City Bank. In a meeting with Mr. Kemper, he asked if anything went wrong over the past week.

As the gofer, I was tasked with giving him the update.

"Mr. Kemper, we lost $18,000 at City Bank on Friday."

He was immediately livid, his face turning crimson. "How did we lose $18,000?"

"Well, Mr. Kemper, when a teller was in the football and needed cash, they needed $18,000 at teller window 14. So, the cash teller put it in a trash bag, and the cash was supposed to be mingled (added with the other cash). Instead, the cleaner took off with the $18,000 in a trash bag." It was strange having to explain that to the head of the bank.

He especially hated dealing with real estate loans. UMB did not make real estate loans on properties that were non-owner occupied—Kemper found them too risky. If it was a real estate loan, chances were he wouldn't approve it.

He issued a memo on December 7, 1981—the 40th anniversary of the Pearl Harbor attack—and famously railed against real estate loans.

Crosby personally approved all of the bank's real estate loans. You could lend a business $10 million by yourself, but if someone wanted $1,000 for a piece of real estate, you had to talk to Mr. Kemper. The same loan that was approved on Monday could get turned down on Friday just because.

A civic leader once told *The Kansas City Times* that Crosby "has a way with people, a cross between intimidation and invitation." Mr. Kemper had his hand in everything—fundraising, development, politics, and organizations like the Kansas City Symphony. He was vacationing in Chatham for the summer and called in one day to check in on things. "What's going on Kansas City?" he asked.

"You know the president of United Telephone? There was a large article with photos in *The Kansas City Times* this morning about how he helped the symphony." It was like a hush fell over the poolroom before Leroy Brown started fighting.

Crosby was irate. He had spent a lot of money and effort keeping the symphony afloat and had given every symphony employee $2,000 the previous fall. They all came in and cashed them because they needed the money. And now someone else was getting a piece of the glory.

"Read the story," he said.

I unfolded the paper and read the multi-page article over speakerphone. "Mr. Henson got involved with the symphony not because of his knowledge of classical music—which he admits is limited—but because of his fundraising and organizational abilities."

I had to pause in between Crosby's screaming. It took me an hour and 15 minutes to finish reading the article aloud. I was soaking wet in sweat. We had loans from all over the state of Missouri we needed to approve. And guess how many loans we approved that day?

Zero.

Another time, I got a call from Crosby's secretary. "Mr. Kemper wants to see you, Shaun, and you need to bring the shareholder list." I wasn't even in shareholder relations. I took this huge binder weighing about 20 pounds into Crosby's office.

"We've got a loan to Mr. Gibson. And I noticed they were in your 'problem asset' report that came through this week. We need to talk about that, Shaun."

"Yes sir, Mr. Kemper."

"Mr. Gibson has about 12,000 shares of our stock. You think you can make that loan look any better, son?" We were willing to extend goodwill toward favored customers while still avoiding risks that could put the business in jeopardy.

Things don't work like this today, as everything is more scientific. It was a different culture and a different world then, and if someone had a million-dollar investment, we did what was needed to keep them on the good list.

UMB taught me how to do things the right way, by the book. In fact, I didn't have a chance *not* to do things the right way back then. If I had strayed from their path, I would have been finished in banking before I turned 25. They drilled their process and taught me how to diminish risk. They taught me how to be a good conservative banker. For a long time, those lessons proved to be a North Star for me.

After I became an officer, I started thinking more deeply about the path I wanted to take with my career. I could stay in Kansas City and work my way up, and in 15 or 20 years, I could become a senior executive. But I would never be CEO since I didn't have the right last name. If I went to St. Louis, on the other hand, I could start building and establishing my own name. I could become somebody much faster. And that's what I decided to do.