

*The legendary Calouste Gulbenkian built a world-class fortune from oil royalties in the Middle East. Don Simmons is doing the same thing in Africa.*

## Mr. Two Percent

By Jonathan Greenberg

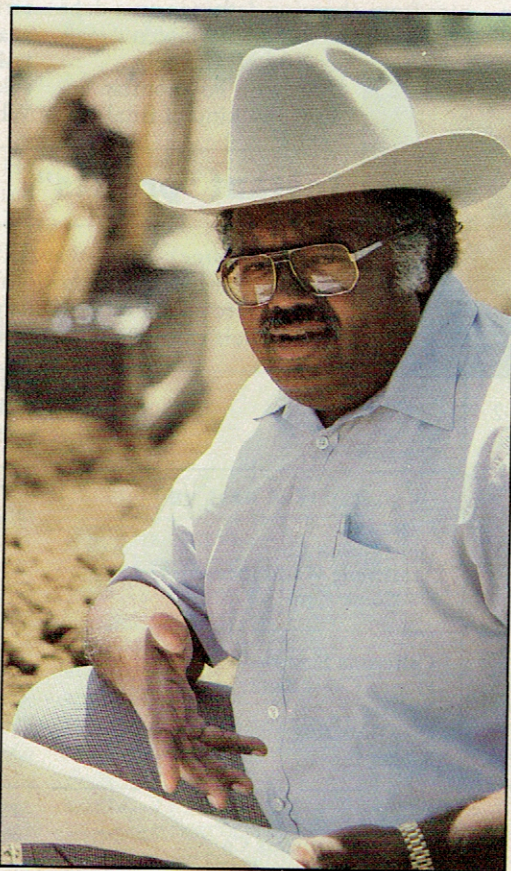
**T**HE YEAR WAS 1963, and it was Jake Simmons Jr.'s first trip to Nigeria. The American ambassador told Simmons his business venture was hopeless: The major oil companies were so deeply entrenched that new concessions were unthinkable. Undeterred, Simmons visited the Nigerian oil minister, who had never seen a black American oilman. "All concessions are taken," the minister said, perhaps with a smile. "But new ones are coming up soon."

Jake Simmons negotiated his first successful foreign contract a few months later. It was the start of an international relationship that now ranks Simmons as perhaps the leading independent American oil trader in West Africa. Although his income never approached that of the legendary "Mr. Five Percent," Calouste Gulbenkian, who tied up acreage throughout the Middle East in the Twenties, Simmons operated in a similar manner. In return for an override rumored to be about 2%, he negotiated leases in large tracts of unexplored, oil-rich foreign territories. And, as with Gulbenkian, it may be some time before the true value of Simmons' holdings becomes clear.

Jake Simmons Jr., wildcatter, lease broker, oil trader and outspoken black businessman, died last March at the age of 80 in his hometown of Muskogee, Okla. His thriving oil operations, however, continue. For the past 12 years Simmons' youngest son, Donald, now 47, has spent most of his time in Nigeria, Ghana,

Kenya and the Ivory Coast, both managing and expanding the family's oil interests.

Tall and robust, Don Simmons is largely a one-man operation. After all, it's difficult to do business in a part of the world where bribery, payoffs and tribal customs prevail. The 20 years of contacts he and his father have nurtured allow him to negotiate amiably where the Seven Sisters fear to tread.



Oil trader Don Simmons

**"I'm going to Africa to make money."**

In return for their override percentages, the Simmons family has won concessions on over 7 million acres for the likes of Occidental, Phillips, Signal Cos. and Standard Oil of Indiana.

Just how much of West Africa's production is a result of Simmons-negotiated contracts is a tightly guarded secret. Until now the family has never talked publicly about business activities, but the Simmons family is clearly among the nation's most successful entrepreneurs. Their Gili-Gili concession negotiated for Phillips Petroleum, for example, has produced some 5,000 barrels daily in Nigeria since 1980. And Don Simmons indicates that Gili-Gili is not his largest concession. There are probably many more such wells across West Africa.

These days, Don Simmons may be of the right race in the right place at the right time, but blind chance didn't put him there. Paraphrasing Booker T. Washington, Simmons notes, "You have to judge a person's success not necessarily by where he is, but where he came from."

Don Simmons' father, Jake Jr., was part Creek Indian and was raised on the family's 840-acre ranch. He went to college at Alabama's Tuskegee Institute, graduated in 1919 and became an oil lease broker. At a time when contracts were less significant than a man's word, he earned a reputation as honest and trustworthy. He also won respect in his industry—at that time among the most conservative in the South. "How in hell can a black man stay in bed in the morning when white men rule the world?" Simmons would ask his sons.

During the Depression he left Oklahoma to do business in the rough-and-tumble region of east Texas. Blacks owned land there, but few had the connections to produce oil. Jake found a white lawyer willing to defend their interests and a wealthy oilman willing to buy their leases. He peddled black oil leases around the territory and received percentages and commissions. Simmons used the money from lease trading to drill for oil around Muskogee. After numerous dry holes, he struck oil in 1949 and made his first million. "He was probably one of the most outstanding people in Oklahoma," recalls Edwin Van den Bark, senior vice president of Phillips Petroleum. "He was able to do business in the white man's field be-



fore the civil rights movement."

While he was succeeding in business, however, Simmons wasn't oblivious to discrimination. In the 1930s he took one of the earliest equal education cases to the Supreme Court. By the early 1950s, he was head of the Oklahoma NAACP—an organization that then received about as much sympathy from many Americans as the Communist Party. There were the usual threats of violence, and today Don Simmons says he remembers seeing a pistol close at hand whenever his father was at home.

Eventually Simmons became an important power in Oklahoma. Democratic politicians wooed him; some even tried to buy his influence. He was said to be able to sway the votes of 10,000 blacks. At his funeral, packed with local officials, Governor George Nigh eulogized him.

Despite his accomplishments, Jake was never able to win a seat on the Muskogee city council or on the board of any of the town's banks.

These days Don Simmons faces the burden common to the sons of successful men—with an ironic twist. Being black was a handicap to his father, but it is an asset to him. "The obstacles Dad faced don't exist for me," he explains. "There are lots of Americans in the oil business in Africa, but none of my race. I'm in a unique position because of the color of my skin."

After his father's death Don returned from Ghana to Muskogee. He lives in a large but not lavish home with his wife and three daughters. He drives a Mercedes 380 or an AMC Jeep and pumps his own gas at self-service stations. Simmons has a thorough knowledge of local geology, so he has been drilling on the family ranch. He struck oil or gas on all three of his first wells, and domestic production should yield his family over \$1 million annually within the year.

Don owns Simmons Royalty Co. with his mother, sister and two elder brothers—successful in other fields. Jake Simmons III, 57, was a vice president at Amerada Hess until President Reagan appointed him Interstate Commerce Commissioner a few months ago. Kenneth, 49, is a prominent city planner and associate professor of architecture at the University of California at Berkeley. "My father used to say he wasn't raising bootblacks, he was raising presidents," says Simmons, who himself holds a degree from Oklahoma State University.

Simmons' African experience, of course, is a priceless asset, and he

weighs his words carefully when discussing it. During a Nigerian coup in the Sixties, for example, a soldier put a rifle to his head and pulled him out of his car. A local friend who was a passenger told him to get back in or he would be shot. He did, and the soldier moved on. Simmons' alleged offense: blowing his horn near the governor's mansion. "All that goes with the territory," he shrugs. "If people ask me how things are over there, I'd just say, 'Not as bad as Northern Ireland.'"

The Simmons family's African activities have won the respect of many government officials. "I was impressed that an American black was in the oil industry," says Yusuff Maitama-Sule, the Nigerian ambassador to the U.N. who was minister of lands and mines when Jake Simmons got his first concession. "He was an honest businessman determined to do an honest job and get an honest profit."

Simmons believes that offshore West Africa will eventually yield as much oil as the North Sea and that someday West Africa can fill much of

America's oil import needs. "Nigeria is our real friend in the world—they're the only country that didn't cut us off in the '73 embargo," he explains. He also feels that if the U.S. wants to remain on good terms with black African nations it must oppose apartheid more vigorously. "We've got to bring about a change before it gets pushed with a gun down the throat of the Western world," he warns.

Simmons' views on domestic affairs are more conservative. Though a Democrat, he scorns eastern "liberals" and their programs. Simmons favors tax-free enterprise zones for ghetto areas and an emphasis on spreading the capitalist ethic among blacks.

However, he is far more businessman than social reformer. Simmons may form a public offering in the future. "I have the basis for building a very large, visible oil company," he says. "I remember back in 1973 when a woman interviewed me for Voice of America. I said, 'I'm going to Africa for one reason: to make money.' She was shocked out of her pants." ■

*Harold Geneen's strategy, so apt for the Sixties, appears to be the wrong strategy for the Eighties. Can Rand Araskog devise a new one? And in time?*

## What might have been

By Jean A. Briggs

**T**HE SCENE: the Park Avenue headquarters of International Telephone & Telegraph in Manhattan. One cold day last March, the 54 members of the planning and marketing staff of ITT's telecommunications division were summoned to a meeting. "Some of you have done an extraordinary job. Most of you have done all right," said Frederick W. Gibbs, ITT's 50-year-old executive vice president of telecommunications. "But I'm disbanding the department. I'll leave you in the hands of personnel." Gibbs turned and left the room.

Such scenes have been common-

place recently, but this one had special poignancy. This particular department thought itself the vanguard of ITT's new vigor in its oldest but neglected business, telecommunications. The blow was unexpected.

Telecommunications was the company's only business when Harold Geneen took it over in 1959. Last year, after hundreds of acquisitions and dozens of divestitures, telecommunications still accounted for 25% of sales and 23% of earnings. But the profitability of the business has been declining for the past ten years, and return on sales has dropped from nearly 7% in 1972 to just over 3% last year.