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A Heritage of Three Centuries

Texas Banks & Texas Rangers



Texas Rangers Red Arnold and Dudley White investigate a bank robbery on September 23, 1954.

Byron A. Johnson

Executive Director, Texas Ranger Hall of Fame and Museum

Two legends were born in the remote Mexican province of Texas (Tejas) in the 1820s: western banking and the Texas Rangers. The first chartered bank west of the Mississippi was opened in 1822 in San Antonio. The Texas Rangers, founded in 1823 when Texas was a Mexican province, is the oldest statewide law enforcement agency in the nation. Across three centuries and under five flags, Texas banks and Texas Rangers have been the cornerstones of our commerce and public safety. The Texas Bankers Association and the Independent Bankers Association of Texas have recently endorsed an effort to preserve this shared heritage for future generations.

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The first immigrants came to Texas from the American South and Anglo-German Europe at the invitation of the Mexican government. Banking was long established in these areas, and there was an immediate demand for such services. They were used to being where banking was long established and coinage and redeemable currency were plentiful.

Texas, however, was a primitive frontier with a barter economy. The newly formed Mexican financial system was in chaos, banks were nonexistent, and there was precious little Spanish, Mexican or US coinage in circulation. Transactions were in agricultural produce, hides, livestock, and land. Banknotes redeemable in silver coin had not reached the province.

As with banking, there was no law enforcement or military protection in Texas. Despite devastating raids by hostile tribes, the Mexican government assigned few soldiers to the province, and they were there primarily to prevent appropriation of Texas by the United States. Without a constabulary or militia, Indian raids and criminal acts between settlers went largely unchallenged. It fell to Provincial Governor of Texas José Felix Trespalacios and his land agent Stephen F. Austin to lay the foundations of commerce and law enforcement in Texas.

The Birth of Banking and the Texas Rangers

Banking in the West was born during October of 1822, followed a few months later by the formation of the Texas Rangers. Governor Trespalacios realized that without money to support an economy, Texas would never be more than an isolated frontier—the Siberia, so to speak, of Mexico. He stretched his authority and formed the Banco Nacional de Texas (National Bank of Texas) in San Antonio, which has been called the first chartered bank west of the Mississippi. The operation was simple: four soldiers were assigned to hand print stacks of banknotes with a redeemable face value of 12,000 silver pesos (roughly 750 pounds of silver), and members of the San Antonio town council served as the bank board.

These first bank notes were enthusiastically accepted by citizens who used them to pay private and public debts. Unfortunately, the central Mexican government soon caught wind of the operation and balked at the unauthorized obligations. After lengthy negotiations, Mexico City agreed to redeem the script. The Banco Nacional de Texas, the first bank in the Texas and the West, soon folded.

Efforts to establish a monetized economy added to the need for law enforcement and civil defense. In 1823, Governor Trespalacios gave his land agent Stephen F. Austin the authority to oversee the recruitment of Texas Rangers to provide a militia for “the common defense.” This citizen-militia did their best, often against great odds, to stave off raids and provide rudimentary law enforcement in Mexican-claimed lands that stretched, on paper at least, from the Gulf Coast to Wyoming. In reality, the Rangers operated solely in the immigrant colonies within Texas. Lacking coinage, currency, or script, Austin reverted to the barter economy and paid the Rangers in land.

Texas Bankers, Texas Rangers, and the Revolution

Modern Texas exists, in part, because of the efforts of Texas banks and the Texas Rangers. The funding and supplies that fed the Texas Revolution flowed through the strategically located port of Galveston. That city had become a seat of maritime commerce and agricultural trade, and it boasted the second bank in Texas, the Banco de Comercio y Agricultura (Bank of Commerce and Agriculture), which operated from 1835 to 1859. Its principals, Samuel May Williams and Thomas F. McKinney, covertly arranged loans to finance the Revolution and, later, the perennially

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broke Republic of Texas. In an act outside of the realm of today's banking, McKinney went further: he secured letters of marque and became a pirate in the eyes of Mexico, capturing ships and supplies for the Revolution

During the Texas Revolution, the Texas Rangers ceased to be a Mexican force and became an irregular cavalry that functioned as a home guard for the revolutionary forces. They helped defend the Alamo to the last man and fought a rear guard action, the Runaway Scrape, by protecting retreating colonists from the Mexican Army. From the victory at San Jacinto until statehood, Texas Rangers were the primary protectors of the Republic of Texas.

Banks and the Wild West

Few banks were established during the period from statehood until the end of the Civil War, but national and private commercial banks rapidly multiplied afterwards as development led to the establishment of a thriving cattle industry, farms, and railroads. This led to an increase in bank robberies and burglaries and also influenced a transformation of the Texas Rangers.

By the 1870s, the Texas Rangers were no longer needed as "Indian fighters" or a militia. Instead, they became frontier lawmen in 1874, reorganized into companies as the Frontier Battalion and the Special Force. They were the only law for many frontier Texas towns and were constantly on the move, dispatched by horse and railroad to wherever they were needed, much like the fictional *Lone Ranger*. Their reports were often written on general store and hotel stationary or telegraphed to the adjutant general at the state capitol. Heading off or chasing bank robbers was a common duty, and Rangers were even entrusted with the security of the Texas Treasury in Austin.

Among the many crimes involving banks during this Wild West era were the attempted bank robbery in Round Rock by Sam Bass in 1878 and the Wichita Falls robbery of 1896. Sam Bass was an unremarkable twenty-six-year-old drifter with a baby face. He had worked as a wagon freighter, cowboy, and ranch hand with stints robbing stagecoaches and travelers near mining districts. Roaming through Texas, Kansas, and South Dakota, he failed to make his mark and squandered most of his money.

Whether by design or dumb luck, things changed for Sam Bass in September of 1877. He wound up in Nebraska and recruited a small gang to rob a Union Pacific passenger train near Big Spring. His targets were probably the purses of a few travelers and a payroll or two. Instead, he hit the mother lode—a shipment of three thousand \$20 gold pieces fresh from the San Francisco mint en route to the National Bank of Commerce in New York.

Sixty thousand dollars was a lot of money in the 1870s; today it would be the equivalent of \$1.2 million, or \$3 million to \$4 million as bullion at current gold prices. No-account Sam Bass was now national news and the most wanted man in the West.

Splitting their take, the outlaws headed in different directions. Unfortunately for them, they did not count on the conspicuous nature of their haul. Brand-new \$20 gold pieces from the San Francisco mint stood out, and the details of the robbery were common knowledge. One train robber tried to deposit his split in a Missouri bank, where a local lawman figured it out and arrested him. Soon most of the gang members were captured or killed.

Bass was smart enough to know he was "hot" and left for Texas disguised as a farmer. He gathered a new gang and began holding up stages and trains in the Dallas-Fort Worth area. This



Sam Bass, train robber and outlaw



\$20 gold piece from Sam Bass train robbery now in the Texas Ranger Research Center in Waco.

time his luck had run out, and the crimes brought as little as \$11 and also attracted the unwelcome attention of the Texas Rangers. As the net around him grew tighter, Bass planned to enter Mexico or South America and make his escape, to be financed by a string of Texas bank robberies.

An informant notified Major John B. Jones, the Texas Rangers commander, that Bass and three men were headed south to Round Rock to rob their first bank. Jones sent the few available Rangers to the town, where they soon recognized Bass. A legendary gun battle in the street put an end to Sam Bass's impact on banking. Today, the Texas Ranger Research Center in Waco preserves one of the \$20 gold pieces that Bass allegedly spent on his way south to Round Rock.

The Economy and Mother Nature Spawn More Bank Robbers

When Sam Bass went on his criminal spree, newcomers were moving to Texas in unprecedented numbers. Most of the US was in the grip of an economic depression due to disastrous national gold and silver policies, overbuilding by railroads, and foreign market collapses. This led to a deflation rate of up to 25% and ushered in what has been called the "long depression" between 1873 and 1879.

Texas avoided much of the economic turmoil of the 1870s because its economy was based on the staples of agriculture and ranching, and loans were collateralized by vast amounts of arable farm and grazing land. To many, Texas looked like the promised land. Unfortunately, Mother Nature had other ideas.

Texas was hit by the worst drought in memory from 1884 to 1886 as grass burned under the incessant heat and cattle died of thirst. Without modern irrigation it was hopeless, and a large number of farmers gave up and left. The farmers and ranchers who decided to stick it out were rewarded by hell literally freezing over during the winter of 1886. Rain had not come, but snow did. A vast blizzard blanketed the Great Plains, turning it into a deep freeze. An estimated 75% of the livestock from Nebraska to northern Texas died on the range and so did the great open-range cattle era. Three pillars of the

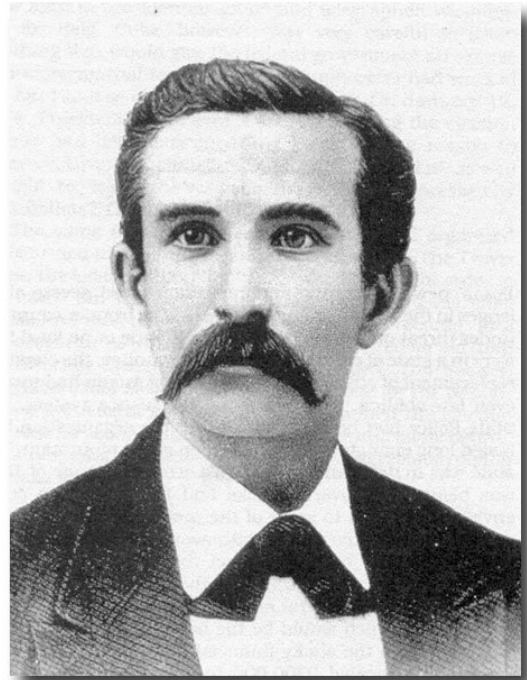


Texas economy—cattle, crops, and land value—were dealt a staggering blow.

With the cattle industry crippled and many farms closed, unemployed cowboys and farm hands roamed the state, often getting into trouble. Undesirables from other areas also drifted in looking for criminal opportunities. Major targets were community banks, which sat on prominent street corners like beacons and were the pride of their towns. Bank robbery in Texas became a common occurrence for the next fifty years.

To lobby for banking interests, the Texas Bankers Association was formed in 1885. It addressed issues such as escalating crimes against banks, unstable interest rates, deposit insurance, and the revision of the creation of a state-chartered banking system. To tackle the crime spree, banks and the Texas Rangers began to work together at an unprecedented level.

One example of this alliance occurred in Wichita Falls, Texas, when two down-on-their-luck drifters decided to graduate to the big time. Foster Crawford was a ne'er-do-well itinerant cowboy who recruited a young protégé named "Kid" Lewis. In 1896, they decided that bank robbery might be easier than a futile search for farm and ranch work.



John B. Jones
Texas Ranger Commander

At about 2:30 pm on Tuesday, February 25, 1896, Crawford and Lewis entered the City National Bank in Wichita Falls, blocking the front and rear doors. Things quickly got out of hand when they demanded money and were refused. As they began pistol-whipping a bookkeeper, cashier Frank Dorsey reached for a pistol to resist, and Kid Lewis killed him. On the way out, the robbers scooped up \$410 from the cash drawers, wounded the bank vice-president, and rode out of town at breakneck speed.

Unfortunately for Crawford and Lewis, cashier Dorsey had been one of the most popular men of Wichita Falls. Able-bodied citizens almost fell over one another volunteering for a posse. On the way out of town, someone telegraphed the Texas Rangers and the outraged mob gave chase on foot and horseback.

The outlaws rode one set of horses into the ground, stole plow animals out from under a farmer and, finally exhausted, stopped in a dense thicket by a lake. Since the citizens were not enthusiastic about fording water and entering dense brush at twilight, they considered the risk and opted to wait for Texas Rangers.

Diverted by the adjutant general, forty-four-year-old Texas Ranger Captain Bill McDonald and men from Company B arrived in Wichita Falls that evening by train. Borrowing horses, they rode and walked sixteen miles, normally a day's ride, to where the robbers were hiding. Captain McDonald was already a legend in the Rangers, later described as brave enough to "charge Hell with a bucket of water." He was in none too good a mood as his borrowed mount had stumbled and

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dumped the normally well-dressed McDonald in the mud along the way.

Conferring with the posse in the dark, McDonald and two Rangers waded on foot into the icy lake. It was about ten o'clock. Sighting the bank robbers by moonlight, McDonald shouted, "Throw up your hands, or I will bore a hole in you that will let the moon shine in!" After being diverted from other duties, dumped in the mud, and forced to wade in freezing water, McDonald clearly had little patience. It was a long ride back to town as well.

Crawford apparently recognized McDonald, and the criminals decided to surrender rather than risk a gunfight with three deadly marksmen. The Rangers transported the men back to Wichita Falls that evening without a shot being fired.

What Crawford and Lewis did not expect was to go from being at odds with the Rangers to being at the mercy of the townspeople. Bank cashier Dorsey's funeral the next day coincided with the booking of Crawford and Lewis. Tempers flared, and it was obvious that a lynching was likely. The Rangers guarded the two prisoners for a time, but they were urgently needed elsewhere. Leaving presumably trustworthy men in charge, the tired Rangers left for assignment in El Paso. Shortly thereafter, a mob overpowered the jailers and had their revenge. The lynching haunted Captain McDonald for years afterward, but in the end there was little he could do. It was a no-win situation for the Rangers: had they stayed, they might have had to fight the townspeople to protect the rights of killers.



**Captain Bill McDonald,
legendary Texas Ranger**

New Century and New Challenges

The new century brought an end to the Wild West, but not to lawlessness, a fair portion of which was directed at banks. National prohibition spawned bootlegging and organized crime along the Texas border and in the piney woods of East Texas. The discovery of oil in Beaumont in 1901 brought enormous wealth and thirty years of lawless boomtowns such as Beaumont, Tyler, and Borger, which were full of con artists and thieves. The Great Depression and massive unemployment led to roving gangs of criminals. Texas banks had an especially challenging time as high unemployment and an unstable economy after World War I led to increased robberies. A new generation of high-tech, motorized bandits focused on small-town banks, and they came armed with World War I Army surplus automatic weapons and explosives. Instead of horses with a twenty-mile range, these robbers used the new high-speed, long-distance Fords, Chevys, and Dodges capable of crossing state lines in a day. Most pursuits were futile due to a lack of reliable long-distance communications, severely limited manpower, and jurisdictional issues.

The Texas Bankers Association found that, on the rare occasions when criminals were actually apprehended, they were not prosecuted; if prosecuted, they were not convicted; and if convicted, they escaped custody. Bankers were tired of years of ruinous robberies by well-equipped criminals



who always seemed one step ahead of the law. Contrary to Hollywood's perception, bank robbers were not heroes to the bank customers of the Roaring '20s and 1930s, who were not fond of watching their life savings disappear down the road or of being shot during a robbery.

In 1926, the Texas Bankers Association had had enough and announced the controversial Dead Bank Robbers Reward Program. Member banks posted a plain-talk poster revealing their frustration and anger:

\$5,000 REWARD

DEAD BANK ROBBERS WANTED

\$5,000 CASH WILL BE PAID

FOR EACH BANK ROBBER KILLED

WHILE ROBBING A TEXAS BANK

The Texas Bankers Association offers a standing reward of \$5,000 for each dead bank robber, killed while in the act of robbing a member bank in Texas. No limit as to place of killing ~ in the banking house, as the robber or robbers leave the bank, as they climb into their car, ten or twenty miles down the road as they flee, or while resisting a posse giving chase. This reward applies to night attacks as well as daylight holdups.

The Association will not give one cent for live robbers. They rarely are identified, more rarely convicted, and most rarely kept in the penitentiary when sent there ~all of which operations are troublesome and costly.

But the Association is prepared to pay for any number of dead Bank Robbers, killed while robbing its member banks, at \$5,000 a piece.

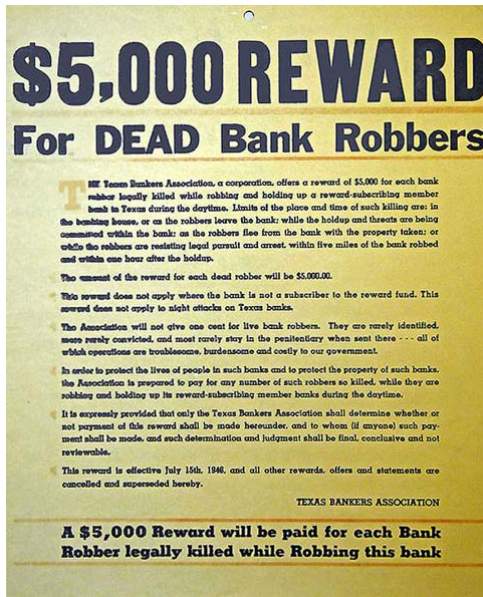
\$5,000 in cash will be paid for the killing of any robber while robbing
THIS BANK

\$5,000 for each Dead Robber ~ not one cent for a hundred live ones!

The program attracted national publicity, and rewards were claimed for the killing of robbers and nighttime burglars at Stanton, Odessa, Rankin, and Cisco. Strangely though, the number of robberies did not decrease, and the circumstances of some of the killings seemed odd.

This pattern attracted the attention of one Captain Frank Augustus Hamer of the Texas Rangers. He was a tall, heavysset, bull of a man already recognized statewide as an old-school law enforcer

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Poster from the Dead Bank Robbers Reward Program

reward ring masquerading as bounty hunting. He discovered that the ringleaders approached petty criminals and drunks with an offer to participate in a bank burglary or robbery. Shady police officers were recruited to pull the trigger, claim the reward, and split it with the rest of the conspirators. At \$5,000, which was the equivalent of a year’s good wages per dead robber, the incentive was there.

Hamer approached the Bankers Association about revising or rescinding the reward program, but he was snubbed. After years of robberies, no one was interested in the fates of petty criminals who, after all, were killed in the act of committing a bank robbery. The public was not concerned either since it was their money at risk. No grand jury in the Texas was willing to indict any of the suspected leaders of the “murder machine.”

Captain Hamer decided to take the issue to the court of public opinion and wage a media war, something unheard of in 1928. He handed a prepared statement to the press pool at the state capitol that ran in every major paper in the country. Indictments and convictions followed, and the Bankers Association reluctantly revised, but did not withdraw, its cash reward program. It remained in effect until 1964.

Frank Hamer served with distinction as a Texas Ranger until 1932. He was recalled several times as a specially commissioned officer to deal with problems that required his unique touch. Although at odds with bankers over the dead robbers program, he rendered service to them far more often. On one occasion, he ended the careers of a pair who racked up an estimated ten to fifteen bank robberies—Bonnie and Clyde.

Preserving and Sharing this History

These are just a few of the many stories in which Texas Rangers and banks have collaborated to protect the financial assets of Texas citizens. Recognizing this, the Texas Association of Bankers

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and the Independent Bankers Association of Texas have endorsed an effort to preserve this history through the renovation of the Texas Ranger Research Center.

Opened in 1976, the Texas Ranger Research Center is located at the landmark Texas Ranger Hall of Fame and Museum in Waco on I-35. It is the state-designated repository of the famed law enforcement agency and offers services as well as educational and preservation programs to an international audience of more than 500,000 persons a year.

The Center preserves official records, Ranger service rolls, historic documents, photographs, books, and ephemera. Its holdings include such items as republic of Texas currency, a \$20 gold piece from Sam Bass's train robbery, and a Texas Bankers Association dead robbers poster. These collections span three centuries and are a heritage for present and future generations of Texans.

In recognition of this treasure, the Texas Legislature has designated the Center as the Official Repository for the Texas Rangers in 1998. After thirty years of service, the modest 1,000–square-foot facility requires renovation as its irreplaceable historical collections are growing and its worldwide audience is expanding.

The family of Tobin and Ambassador Anne Armstrong, whose family history includes Texas Rangers and people from the banking and the cattle industries, is chairing a drive to expand and remodel the Research Center. The renovated facility will be named in honor of the distinguished couple.

The Texas Bankers Association Board has graciously invited member banks to participate in honoring this heritage by contributing to the completion of this worthwhile project. Detailed information is available by contacting the Bankers Committee, Armstrong Texas Ranger Research Center, PO Box 2570, Waco, TX 76702-2570, or phoning 254-750-8631.



Texas Banks & Texas Rangers

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