

A HISTORY OF BANKING IN LAMAR COUNTY, TEXAS

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By

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## PREFACE

The opportunity to present some facts of history regarding the banks of Lamar County has indeed been a pleasure to me. The earliest days of my recollection go back to the time when, as a small boy, much of my time was spent in playing in the bank where my father was working. My father was employed by this bank for more than fifteen years, and later my association at various times with this bank and its successor for seven years gave me much additional insight and interest in the history of this bank and of the other banks in Lamar County. To my father much credit must be given for the information in this summary of the banking history of Lamar County.

At times it has been difficult to obtain information regarding some of the banks, and in one instance no information could be obtained from any source, including the agency which issued the charter. Very few of the banks that have been chartered are in existence, and the records of the non-existent banks were destroyed many years ago.

The Department of Banking of the State of Texas was able to give only meager information, and even the Comptroller of the Currency at Washington, D.C. destroys many valuable banking records after a lapse of ten years.

Fortunately many contacts were made with people who were familiar with the activities of many of these banks, and with their help a summary was made of the activities of the bank that they had been connected with. These people were Mr. John H. Moore, Mr. Tom Jeffus, and Mr. J. R. Westbrook, who supplied information for the banks of Roxton; Mr. W. R. Justiss of Howland; Mr. J. Q. O'Connor, who furnished information for the three banks that had been located at Petty; Mr. J. C. Hathaway, who furnished the information for the Brookston bank; Mr. Frank R. Crain, who supplied the information for the Pattonville bank; Mr. J. W. Abels of Blossom; my former co-worker and good friend, Mr. D. C. Chambers of Paris, who supplied the information for two banks in Blossom and for two banks in Paris; and my father, Mr. H. M. Norris, who helped in a general way and in particular with the banks at Blossom.



Mr. Fred Hoopes, of the Mercantile National Bank of Dallas, gave permission to use a 1909 Banker's Directory, the oldest edition found available. The Federal Reserve Bank of Dallas also permitted the use of their library.

The Department of Banking of the State of Texas and the Comptroller of the Currency at Washington, D. C. furnished the official list of the chartered banks of the county.

Judge A. W. Neville, Miss Maude Neville, and Mr. W. N. Furey, Jr. of the Paris News staff gave valuable assistance and also made available the files of the Paris News.

To Dr. Monroe S. Carroll, Chairman of the School of Business of Baylor University, I wish to express my sincere appreciation for his inspiration, for his suggestions regarding the subject, and for the close association with him during my graduate work at Baylor.

To Professor Neil S. Foster, of the School of Business at Baylor University, much credit is due for his many suggestions, for the corrections suggested, and for his inspiration while writing

this thesis.

It is my sincere hope that some good will come from this preservation of the facts regarding the banks of Lamar County, facts which were fast disappearing from the records and from the memory of those associated with the banks.

Wilson Norris

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## CHAPTER I

### INTRODUCTION

It was not until several years after the battle of San Jacinto, April 21, 1836, that it was decided definitely that the area composing Lamar County was a part of the Republic of Texas. For some twenty years before the battle and for about three years afterwards, this territory was claimed by the Territory of Arkansas, and the officials of that Territory collected the taxes, administered the laws, and exercised general jurisdiction.<sup>1</sup>

It is evident that the history of Lamar County will necessarily include part of the history of Red River County. This was for a period of about four years, or until the time that Lamar County was created out of Red River County.

During the days of the early settlers banks were unknown in this section of the country. It is true that banking was known in the older sections

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<sup>1</sup>Neville, A. W., The History of Lamar County, Texas (Paris: The North Texas Publishing Co., 1937), p. 5.

of the United States, but in the new country it was impossible to make any provision for banking of any sort. Trade was carried on with merchants and with commission houses. These bought the products that the people sought to sell and paid for them in specie or in trade or barter as we term it. In support of this we find the following advertisement in the Northern Standard, a newspaper published in Clarksville, Texas, on July 15, 1848: "Cash paid for hides and peltries. The subscriber will pay six cents per pound for sound dry hides and nine cents per pound for good peltries; and one dollar each for heavy coaten bear skins, delivered to any shipping point between Fort Towson and the Raft; or on the Sulphur as high up as Charles Moore's landing, until the first of May next. I shall run the steamer Belle of Illinois from the Raft to Fort Towson and the Captain of the Boat will pay for the above whenever they shall be delivered to the Boat. James B. Gilmer, Coshatta Bluffs, Dec. 4th. 1847." Like advertisements could be found for other products. In some issues of the early papers quotations were carried on the market at Shreveport and at New

Orleans. The merchants exchanged the products bought or exchanged from the people for these necessities and brought them back up the river on the return trip from the sale of the products. In this way trade was carried on, and the people lived and prospered. By 1830 small patches of cotton began to be raised for home use.<sup>2</sup> The cotton was separated from the seed by hand and was carded and spun into cloth by hand. This did not encourage the planting of much cotton until the invention of the cotton gin. In 1850 the first United States census was taken in Texas. At that time the population of Lamar County was placed at 3,978, with 1,085 slaves.<sup>3</sup> The improved land was placed at 15,000 acres. The value of real estate was \$310,567, and the value of personal property was \$439,545, making a total of \$750,112. The real estate consisted of land, and the personal property consisted of Negroes, horses, cattle, sheep,

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<sup>2</sup>Clark, Pat B., The History of Clarksville and Old Red River County (Dallas: Mathis, Van Nort and Co., 1937), p. 57.

<sup>3</sup>Neville, op. cit., p. 64.

etc. The number of cattle at this time was 14,483 head, and five years later the cattle had decreased by nearly 2,000 head, and the slaves had increased by 211.<sup>4</sup> In 1856 Lamar County was one of the two heaviest wheat producing counties in the state, with 150,000 bushels.<sup>5</sup> Today wheat is almost an unknown crop in this county.

The census of 1860 gave the population of Lamar County as 10,136, including 2,833 slaves. The improved land at this time was listed at 33,000 acres. The value of the real estate on the tax assessor's books was \$1,802,630, and the personal property was valued at \$1,863,670. This was only a fifty per cent valuation, thus giving the county a real or true value of \$6,110,500. There was some traffic in Negroes at this time, and one large transaction involving Negroes was the sale by John McDonna to Colonel R. M. Jones of Choctaw Nation of farms at Shawneetown and the Israel Fulsom place in the Nation,

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<sup>4</sup>Richardson, T. C., East Texas, Its History and Its Makers (New York: Lewis Historical Publishing Co., 1940), p. 1072.

<sup>5</sup>Ibid.



all equipment including a gin, work stock, furniture, cattle, hogs, and fifty-six Negro men, women, and children for \$20,000. Jones paid \$5,000 in cash and gave notes at one, two, and three years for the balance.<sup>6</sup> Also in 1849 Cyrus K. Holman and wife, owing John R. Craddock \$350 in borrowed money, gave Jacob Long a deed of trust to a Negro girl named Ellen, fourteen years old, as security, and the girl was to live with Craddock and work with him as interest on the note.<sup>7</sup>

During the Civil War printing press money was about the only kind of current in Lamar County. If the Confederate States printed any money smaller than five dollars, it was not in circulation in Lamar County, so the County printed what they called change bills. These were printed in all denominations from twenty-five cents to five dollars. In 1862 \$14,000 of these change bills were printed, and in 1863, \$5,000 more were printed. These were used in meeting the needs of indigent families and the

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<sup>6</sup>Neville, op. cit., p. 106.

<sup>7</sup>Ibid.

soldiers.

Some few people had some gold and silver coins, but they were carefully hidden until an emergency called for their expenditure. Henry Moore, county clerk during most of the war, in testifying in a suit to cancel a deed some years later said, "There was no specie in circulation in Lamar County in 1863. Occasionally a dollar could be raised to buy a pound of coffee." When asked what kind of money was in circulation, he replied that Confederate money was generally used and that he knew of no transaction in property calling for the payment in specie at that time.<sup>8</sup>

The County had not as yet provided any safe for the keeping of money and valuables, and in 1866 the County lost \$2,339.92 and 44/45 when the safe in Wright and Gibbon's store was burglarized. The total loss to the burglars was about \$4,000, but the amount named was the money that had been left with Wright and Gibbons for safekeeping. Wright

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<sup>8</sup>Ibid., p. 126.

and Gibbons, the record says, was a reputable firm and allowed many of their friends to use their safe in this manner. The court, therefore, instructed the officer in charge to credit his books with the amount of the County money that was stolen and recommended to the legislature that they do the same for the state money. This was done by the Twelfth Legislature in a special act on November 1, 1871, more than five years after the burglary. One cannot help but wonder how the amount could include 44/45 of one cent, but that is the record.<sup>9</sup>

For many years after the war many people believed that the Confederate money would be redeemed, and they saved what they had and bought more at great discounts, but even today the bills are not valuable because they are so numerous. Their value at that time is best illustrated by the story told about John Taul, operator of a restaurant and saloon in Paris. Wood Shearon, a prominent citizen, asked John Taul if he would buy Confederate money and at

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<sup>9</sup>Ibid., p. 138.

what price. Taul replied that he would buy it and at a price of \$2.50 a hundred. The next day Shearon appeared with \$30,000 in Confederate money. Taul called his young son and told him to weigh the bundles. "Why?," asked Shearon. Taul replied, "So I can tell how much to pay you. My price is \$2.50 per hundred pounds. I am using it to paper a room or two."<sup>10</sup>

By this time cotton had become the main cash crop in place of hides and furs. The average price for cotton from 1840 to 1849 was 7.5 cents; from 1850 to 1859 it was 11.8 cents; and from 1860 to 1869 the average price was 51.6 cents.<sup>11</sup> During the latter period cotton and other products were marketed in Jefferson, Texas. The ox teams could make the trip to Jefferson and return in about three weeks. During this time the agricultural situation around Jefferson was disorganized, but the other counties were swinging into full production and were dependent on Jefferson, both for a market for

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<sup>10</sup>Ibid., p. 141.

<sup>11</sup>Clark, op. cit., pp. 57-59.

their produce and for the manufactured goods from the outside world. In 1869-70 about 75,000 bales of cotton were shipped, aggregating in value about \$6,000,000 in gold. The return trade in merchandise and articles of necessity for the interior amounting to as large a sum, made the actual commerce of the city, in round numbers, not less than \$12,000,000 in specie. Farmers had seen enough of Confederate money and United States "greenbacks" then selling at a discount, so they insisted on hard money. When the sale was made it was customary to give the seller a gallon jug of whiskey.<sup>12</sup> For the year ending September 1, 1872, there were 226 steamboat arrivals, and the exports from Jefferson were 76,328 bales of cotton, 84,762 dry hides, 18,471 "green" hides, 87,623 pounds of wool, 48,210 peltries, 5,381 cattle, 821 sheep, 121,000 feet of lumber, and 9,721 bushels of bois d'arc seed. The bois d'arc seed were used for planting hedges to be used for fences.

In a directory of this time entitled Jefferson Directory and Annual Trade Guide we find that

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<sup>12</sup>Richardson, op. cit., pp. 1106-1107.

there were seven auctioneers, eighteen commercial merchandisers, four dealers in hides, one wholesale liquor dealer, four wagon yards, three livery stables, four blacksmiths, two wheel-wrights and carriage makers, fourteen attorneys, one dentist, ten physicians, and seven drug stores.<sup>13</sup>

The first artificial gas lighting in Texas, the first artificial ice manufactured in Texas (some say in the world), and the first beer brewed in Texas are all claimed by Jefferson as "firsts."

All of this is given to show the extensive trade that was carried on by this center, and until the coming of the railroads to Paris and Lamar County this trade territory was the principal outlet for the business of the country. It was also from Jefferson that the County secured its goods from the outside world. The road that was used at that time for the ox teams is still today known as the "Jefferson Road."

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<sup>13</sup>Paris Morning News, January 12, 1936.

## CHAPTER II

### EARLY LAMAR COUNTY BANKS

While the State Constitutions of 1861 and 1866 prohibited the organization of corporations with banking powers, there appears to have been a strong sentiment in the State for the creation of a State banking system. The Reconstruction Government in 1869 rewrote the constitution of the State and omitted the clause of the previous constitutions prohibiting the incorporation of banks. The framers of the 1869 constitution did, however, insert the following clause in the constitution: "In no case shall the Legislature have power to issue treasury warrants, treasury notes, or paper of any description intended to circulate as money."<sup>1</sup> Therefore, between 1870 and 1873, inclusive, a large number of State banks were created by special charter. The Legislature had not yet enacted a general banking

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<sup>1</sup>Carlson, Avery L., A Monetary and Banking History of Texas (Dallas: Texas Publication House, Inc., 1930), p. 31.

law, and thus when a group decided to incorporate a State bank they had to secure from the Legislature a special charter for the bank. A large number of banks were incorporated or created in this manner; however, only eight of these opened for business. Apparently the others were unable to raise the minimum capital necessary to begin business.

In 1871 the Legislature provided for the incorporation of savings banks under the general regulations enacted in 1871, but this did not become effective until amendments in 1874 for constitutional reasons. Thereafter State banks in Texas were chartered by the Secretary of State under the general banking law of April 23, 1874. Ten banks were brought into existence under this general banking law of 1874, and of these ten, two were located in Paris.<sup>2</sup>

Before the establishment of these two banks, however, other private banks had been located in Paris. These banks had been located and established in the early seventies while reconstruction was yet being done by the military authorities. The first

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<sup>2</sup>Ibid., pp. 31-35.



bank to be established in Lamar County was that of a private banking firm under the name of Smith and Company, composed of I. M. Smith and C. W. Mertz.<sup>3</sup> These two men came to Paris from some of the northern states and established this private bank after locating in Paris. This firm began business in a little brick house on Clarksville Street that Dr. P. W. Birmingham had built and used for his office. Since the private banks were not required to make reports, we are unable to find any published statement of the condition of this bank. Evidently the business was a prosperous one, for soon after this some of the local citizens decided to open and operate a bank using local capital. In July, 1872, J. W. Broad, Travis G. Wright, S. E. Clement, W. B. Aikin, and L. H. Williams entered into a partnership agreement with the purpose of operating a bank. They subscribed \$50,000 to be paid in United States currency or its equivalent. They agreed to operate for a period of five years unless

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<sup>3</sup>Neville, op. cit., p. 166.

a majority decided to discontinue before that time and gave six months notice. Thus the Paris Exchange Bank began operation on September 1, 1872, in a small building on the west side of North Main or Boggy Street, as it was then named.<sup>4</sup> At that time the president and cashier was S. E. Clement; L. H. Williams was vice-president; and the above named partners in the agreement were the stockholders, so to speak. we find among the partners in this bank two or three men who had considerable influence on the history of Lamar County.

The first of these was Dr. S. E. Clement. Dr. Simon E. Clement was of scotch extraction. He was born in Virginia, but his father moved to Tennessee while he was still a small child. Dr. Clement arrived in the old Red River District in 1843 after he had received both his literary and medical education. His industry and thrift soon placed him at the head of the well-to-do in Red River County. In 1850 he came to Paris and at once took a leading part in all public enterprises that promised good

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<sup>4</sup>Ibid.

for the city. Before coming to Paris he had accumulated considerable wealth which he was anxious to invest. Finally he gave up the practice of medicine and devoted all of his time to his personal and financial affairs. No person who knew Dr. Clement ever questioned his integrity for a single moment. At the beginning of the trouble between the North and the South Dr. Clement saw that war was inevitable, so he wrote all of his northern creditors to forward their claims to his New Orleans bankers for payment, although some of the accounts were far from due. At the same time he forwarded funds to New Orleans to cover these payments. Some of these claims did not reach New Orleans before the war started, and he lost his deposits for these amounts when the accounts were confiscated following the capture of New Orleans by the Federal forces. When the war was over he paid all of those who were not paid at the outbreak, which meant double payment, in effect, for some of them.

He was a friend of General Sam Houston and entertained him on the occasions he visited in Paris. He also knew Davey Crockett and heard the old back-

woodsman speak on several occasions back in the old Volunteer State before he came to Texas.

Paris had few citizens who contributed more than Dr. Clement to the welfare of the community. He was loyal to his church, a friend to every worthwhile enterprise, and died rich in the respect and confidence of all who knew him.<sup>5</sup>

John W. Broad was another one of the men in the Paris Exchange Bank who was very prominent in the affairs of the city and county. John W. Broad was a native of Scotland. He was born at Galashiels in 1826 and came to Louisiana when a youth. In 1850 he declared his intention of becoming a citizen of the United States and in 1860 completed his application for citizenship. He came to Paris in 1854 and opened a small business on the north side of the square. During the war he went into the service of the Confederate Army and was detailed to set up and operate in Lamar County some of the new cotton carding machines that had just been invented. In 1873

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<sup>5</sup>McCuiston, Ed. H., Loose Leaves of Lamar County History (Not Published), pp. 205-207.

Mr. Broad gave Lamar County the east half of the block in which the county court house now stands. In the same year he gave the city of Paris a lot on North Main Street on which to build a municipal market house. In 1876 he made a gift of the right of way for the Texas and Pacific Railroad through his land in the south part of the city. During this time Mr. Broad had built up a large business and had accumulated considerable property. He died in 1877 in the prime of his life, a most respected and valued citizen.<sup>6</sup>

Another one of the very old settlers and prominent men of the county who was one of the partners in the Paris Exchange Bank was Travis G. Wright. Travis G. Wright, son of Clayborn Wright, was born in Tennessee and came to Texas with his father in 1816. He was one of the earliest commercial navigators of Red River and made his first financial success trading in New Orleans. He would load his keel boat with hides, furs, beeswax, and other products and float them down the river to New

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<sup>6</sup>Neville, op. cit., pp. 124-125.

Orleans and exchange his cargo for cash or merchandise for his store at Jonesboro. This trip would take several months, but time was not valuable in those days.<sup>7</sup> Travis Wright was sent to Kentucky to school but did not stay long. While still at Jonesboro he was a member of the convention which wrote the constitution of Arkansas. At the same time his brother, George Wright, who lived in the same house, was elected as a representative of Red River County in the First Congress of the Republic of Texas. This was at the time that this territory was claimed by both Texas and Arkansas. Some time later he moved to Kiomitia plantation and there had what was known as Wright's Landing. Here he had a store in partnership with a man named Ashbrook, and he and some Indians operated a ferry across Red River.

When his brother, George Wright, left the river Travis bought the Kiomitia plantation and developed it into one of the finest properties in the State of Texas.

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<sup>7</sup>Ibid., pp. 80-81.

In 1856 the Legislature of the State of Texas granted a charter to Travis G. Wright and his associates for the Memphis and El Paso and Pacific Railroad. Actually this was a renewal of a charter issued earlier for the same road. The original was issued to George Wright, the brother of Travis Wright, and associates. The company had many ambitions but ran into many difficulties. They could find no way to transport the iron needed for the rails until other railroads were built to connect to their beginning. However, much surveying was done, and finally the Memphis and El Paso and Pacific and the Southern Pacific, as it was called, were consolidated, and the Texas and Pacific Railroad was the result.<sup>8</sup>

Travis Wright continued to devote his time to the management of his plantation and to his mercantile business in Paris. He died at Kiomitia in 1875.<sup>9</sup>

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<sup>8</sup>Ibid., pp. 89-93.

<sup>9</sup>Clark, op. cit., p. 103.

The Paris Exchange Bank continued to operate, and soon the bank bought a lot on the north side of the square, the third house from the east end of the block. There a two story brick building was erected. The bank used the second floor for the banking quarters and rented the lower floor to a druggist.

On May 16, 1874, the first of the two banks previously referred to which were chartered under the general banking law of April 23, 1874, was chartered. This bank was promoted by I. M. Smith and C. W. Mertz. The original incorporators were: I. M. Smith, J. N. Adams, Alex Cate, T. G. Wright, W. H. Hooks, S. B. Maxey, S. J. Wright, C. W. Mertz, and H. W. Lightfoot. The president of the bank at this time was J. N. Adams, and C. W. Mertz was cashier. The authorized capital stock was \$250,000. Apparently only \$75,000 of this amount was paid in at the time of opening, for in an article written for the Paris News J. F. McReynolds states that the capital of the new bank was \$75,000. On April 11, 1880, the charter was amended to reduce the authorized capital from \$250,000 to \$100,000, and again on July 16, 1884, another amendment was filed increasing the



authorized capital back to the original \$250,000.<sup>10</sup> Probably the greatest amount that ever was paid in was \$200,000, for in an advertisement in the Paris Daily News on July 27, 1887, the bank advertised that its authorized capital stock was \$250,000, and \$200,000 was paid up. At the time of this advertisement John Martin was president, W. B. Aikin was vice-president, H. A. Bland was cashier, and J. F. McMurry was assistant cashier. The directors were S. J. Wright, O. C. Connor, J. F. McMurry, John Martin, D. D. Porter, D. H. Scott, General S. B. Maxey, H. A. Bland, and W. B. Aikin.

The bank was very ambitious in its banking field, for on October 10, 1879, the bank advertised in the Paris Weekly Banner that it made collections, received deposits, did a general banking business, and would draw drafts on the principal cities of the United States, Germany, Switzerland, England, France, Sweden, Norway, Denmark, Holland, Belgium, Russia, Italy, and Spain.

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<sup>10</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, April 26, 1945.

The second State bank to be organized in Paris, and the fifth of ten to be organized under the general banking law of 1874 was the Paris Exchange Bank.<sup>11</sup> This was an outgrowth of the original Paris Exchange Bank, which was organized as a partnership in 1872. The charter for the State bank was issued January 2, 1875, and the authorized capital stock was \$300,000. The original incorporators were W. B. Aikin, S. E. Clement, L. H. Williams, John W. Broad, and W. B. Wright.

On December 31, 1878, the charter was amended to reduce the authorized capital stock from \$300,000 to \$240,000, and again on December 30, 1882, the authorized capital stock was further reduced to \$100,000.

There seems to be some confusion in various records as to the name of the predecessor to the Paris Exchange Bank. In writing of this bank, John F. McReynolds, an early Paris banker, calls it the Exchange Bank. In his History of Lamar County, A. W. Neville calls the bank the Paris Exchange Bank.

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<sup>11</sup>Carlson, op. cit., p. 35.

Regardless of the name used by the first bank, it is a matter of official record that the Paris Exchange Bank did take over the business of the former partnership bank. The Paris Exchange Bank continued to use the banking quarters of the former bank, which was in a brick building on the north side of the square, the third building from the east end of the block. The first floor of the building was occupied by the Reuss and Behrens Drug store and the second floor was used for the banking quarters.

Thus we have two banks operating in Paris in these early years, and they were the only two banks operating in the county. As an illustration of the many perils that confronted these early banks and bankers, we repeat the story of the attempted robbery of I. M. Smith of the Farmers and Merchants Bank. When the great financial panic of the early seventies stopped railroad building, the Texas and Pacific Railroad stopped building their line ten miles west of Paris. It was necessary to travel by stage from Brookston, the end of the line, to Paris. In October of 1874 Mr. Smith and his wife went to Kansas

City to get some money for the bank's operations. They returned to Texas and reached Brookston on October seventh. The stage left Brookston that night about eight o'clock, and when the stage reached Pine Creek, which was a few miles from Paris, it was stopped by three men on horses. There were six passengers in the stage, and when they realized that it was a hold-up, Smith tucked the money, about \$4,000, under the bottom of his wife's dress skirt and also handed her his gold watch. The robbers were too gallant to search the woman, and the money was saved.<sup>12</sup>

The building of the Farmers and Merchants Bank was destroyed in the great fire of 1877. This fire on August 31, 1877, destroyed more than three-fourths of the business section of Paris and a number of residences. The building of the Paris Exchange Bank was destroyed; however, within less than a week after the fire the bank had made plans for the erection of a new bank building on the south side of the square at the east end, the spot where

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<sup>12</sup>Neville, op. cit., p. 167.

the fire started. A newspaper at that time stated that "the Paris Exchange Bank will build on the southeast corner of the square, fifty-four feet by seventy-seven feet, nearly fifty feet high, and the design by architect Wilson is said to be grand."

This same paper stated that the damage to the Farmers and Merchants Bank was about \$12,000 and that the insurance was about \$6,000. It also said that the vault of the Farmers and Merchants Bank stood the "racket" and preserved everything deposited therein. Another paragraph said that the Farmers and Merchants Bank has moved to the Berry and Parrish corner on the north side of the square and is now ready for business.<sup>13</sup>

The city quickly recovered from the effects of the fire for in the Paris Daily Press of September 16, 1878, we find a short sketch of the manufacturing and business interests of a "fast growing city." In this list we find three newspapers, gas works, street railway, court house, three mills, nine churches, twelve schools, three hotels, two

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<sup>13</sup>Paris Morning News, July 28, 1929.

furniture factories, one planing mill, eight dry goods stores, four wholesale grocers, several retail grocers, three drug stores, one millinery store, three hardware stores, one cigar manufacturer, two banks, three watchmakers and jewelers, and two livery stables.

Both of the banks acted as a depository for some of the public funds, for in the Texas Tribune of May 1, 1884, we find a report of a committee to examine the affairs of the county, and in this report it was indicated that \$40,815.51 of the funds of the county were deposited in the Paris Exchange Bank, and \$13,785.15 of the funds were deposited in the Farmers and Merchants Bank. The only other deposit of the county funds was made in the American Exchange National Bank of New York, and the small amount of \$201.00 was deposited there.

During this period another bank was chartered on March 8, 1876. Very little is known of this bank except that the four original incorporators were M. Fort, "Mr." Joseph, William F. Gill, and Joseph K. Bywaters. The authorized capital stock was

\$100,000, and apparently the institution was a loan and brokerage company without general banking powers. No reports were made to the State by this bank, and there is nothing in the records of the State to indicate when the charter of the association was finally dissolved.<sup>14</sup> Nothing can be found in the old newspapers or other historical documents in regard to this bank. Evidently its activities were very limited and probably functioned only a short time. It is possible that this bank is one of the sixteen banks chartered under the banking act of 1874 that never opened for business.<sup>15</sup>

Doubtless these State banks, both in Lamar County and in the State in general, rendered a valuable service to the people of Texas during the last quarter of the nineteenth century. The official reports indicate that their deposits were relatively large and that they made extensive loans. They usually kept large cash reserves. At this time

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<sup>14</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, April 26, 1945.

<sup>15</sup>Carlson, op. cit., p. 36.

the law made no rules for the conduct of the banking business, and the State exercised little or no supervision over them. However, most of the early banks were managed by conservative bankers. It is unfortunate for students of financial history that more detailed reports of the State banks in Texas of this period have not been preserved. At this time the interest rates were unrestricted by law, and the banks charged such rates as they saw fit. These institutions, scattered over Texas, flourished before the days of the adding machines, typewriters, comptometers, electric lights, and other banking conveniences. Their books were kept and balances prepared in the handwriting of the bookkeepers. Banking was a personal matter between the banker and the customer. Loans were made largely on the basis of the character and the necessities of the borrower. The ideals, the services, and the policies followed by these bankers under the first State banking system in Texas provide valuable examples which the more modern bankers might well imitate. Their experiences should be preserved for posterity. The founding of the first State banking system in Texas has been one of the forgotten chapters



in American history.<sup>16</sup>

The first national bank to be organized in Lamar County was the First National Bank of Paris. This bank was granted charter number 3638 on February 19, 1887. The capital stock was set at \$50,000. At the time the bank was chartered George F. Hicks was President, W. J. McDonald was Cashier, and R. F. Scott was Vice-President. The directors were as follows: F. R. Fenet, Jack Gordon, George F. Hicks, A. G. Hubbard, W. J. McDonald, W. S. Moore, E. Reuss, and R. F. Scott.<sup>17</sup>

This organization brings to our attention two men who probably have had more influence on the banking history of Lamar County than any other two men that we can find. These two men are W. J. McDonald and R. F. Scott. Both of these men served at one time or another as president of the First National Bank of Paris.

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<sup>16</sup>Ibid., pp. 37-38.

<sup>17</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D. C., January 8, 1943.

W. J. McDonald was born in Lamar County, December 21, 1844. His father, Dr. H. G. McDonald, came to Lamar County when it was still a part of Red River County and about the time that George Wright bought a store and dwelling on the land that afterwards became the city of Paris. As a youth of nineteen, W. J. McDonald in 1863 enrolled in the famous old McKenzie College near Clarksville, Texas. After time out for service in the Civil War, he returned to the school to finish his studies. After this McDonald practiced law with Judge Turner in Sulphur Springs, and in 1870 he went to Mt. Pleasant to practice law. In the eighties he went to Clarksville to practice law with Captain Marshall Simms. McDonald worked hard and saved his money, and even before he came to Clarksville he invested his money in the warrants of Red River County, which in the early seventies were selling for ten cents on the dollar. In buying this almost worthless paper he laid the foundation for his fortune, for at a later date these warrants were redeemed. His theory was "Money is power; make it work for you." In 1885 he organized the Citizens Bank of Clarksville, a private

institution owned jointly by three brothers, W. J., J. T., and H. D. McDonald. In March of 1887 he came to Paris and organized the First National Bank and was its president until 1907, when the Paris National Bank was merged with the First National Bank. He also retained his interest in the Clarksville Bank and also established in 1889 the Delta Bank in Cooper, another private bank.

An associate in these enterprises said of McDonald, "It was his theory that deposits in banks were demand debts which were due by the bank to the depositors as creditors and required that they always stay above the legal reserve."

Astronomy was among the subjects that McDonald studied at McKenzie College, and he also continued this study in a limited way in later years. He will always be remembered through the years to come as the donor to the University of Texas of the McDonald Observatory located in the Davis Mountains of West Texas. Mr. McDonald passed away in a Paris hospital February 8, 1926.<sup>18</sup>

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<sup>18</sup>Paris Morning News, January 11, 1937.

The other outstanding banker referred to was Rufus F. Scott. He was born January 19, 1848, in Red River County. He attended schools at Starksville, Blossom, and Stone's Chapel, near Clarksville in Red River County. After a period of service in the Confederate Army he hauled freight to and from Jefferson with a wagon and mules. For this he received about \$75.00 for each trip, and it took about two weeks to make the round trip. After owning small stores in Starksville and Sylvan he moved to Paris about the time that the Texas and Pacific Railroad reached there. In about ten years he was the owner of a large wholesale grocery company. His first salesman was E. G. (Sorg) Scales, the man who later made a fortune when he cornered the cotton market on the New York Cotton Exchange. Other enterprises engaged in were a wholesale drug company, ranching, real estate, railroad, gold mine, and a local board of trade.

His first connection with a bank was in 1887 when the First National Bank of Paris was organized and he was a stockholder and director. Ten years

later he bought the stock of the Paris Exchange Bank from the Clement family and chartered the Paris National Bank with himself as president and H. A. Clement as cashier. Later in 1907 when the original charter of the First National Bank expired several of the men in this bank withdrew, and then R. F. Scott engineered a merger with the Paris National Bank under the new charter of the First National Bank, and he became the president of the bank and held the position until his death. He was also a director in other banks in Lamar County. Mr. Scott passed away at his home on November 30, 1932.<sup>19</sup>

The First National Bank has been in the same location since the time of its organization. It was located at the northwest corner of the square in a building at that time owned by Charles Capell. Before the fire of 1877 a hotel was located at this place, first known as the Newby House and later as the Clay House. In the early days the stages coming

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<sup>19</sup>Dinner Horn, December 1, 1932.

from Clarksville and Bonham stopped there, and the hotel held itself forth as a place of entertainment and rest for man and beast, for it had a commodious stable at the rear of the hotel. After the fire of 1877 Charles Capell purchased the lot on which the Clay House had been located and also another lot lying north of this, and in this he built a two story brick house in which he had a family grocery store, with the second floor being divided into offices. Later Mr. Capell sold the grocery store but retained ownership of the building. When the First National Bank was organized he rented the first floor to the bank for their banking quarters.

During the first ten years of the bank's existence there was no change in the officers of the bank. In 1897 George F. Hicks was again elected president; J. F. McReynolds was elected cashier, and W. R. Woods was elected assistant cashier. In 1898 W. J. McDonald was elected president, and the other officers were continued until the renewal of the bank charter in 1907.<sup>20</sup>

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<sup>20</sup>Paris Morning News, January 11, 1937.

The second national bank to be organized in Lamar County was the City National Bank of Paris. The City National Bank was issued charter number 4411 on September 2, 1890, with a capital of \$100,000. At the time of the organization Frank Fitzhugh was president, and Thomas J. Record was cashier. The directors were William E. Dailey, Frank Fitzhugh, Sheldon D. Hall, Mordecai J. Hathaway, Henry H. Kirkpatrick, Brice W. Lewis, Victor M. Locke, Nathaniel H. Ragland, and Thomas J. Record. Other officers were William E. Dailey, vice-president; S. D. Hall, vice-president; B. W. Lewis, vice-president; S. W. Dickson, assistant cashier; and T. G. Henley, bookkeeper.<sup>21</sup>

The first place of business for the City National Bank was about midway of the north side of the square, the former location of the Paris Exchange Bank. The bank continued doing business at this location until the building was destroyed by fire in 1916.

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<sup>21</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D. C., January 8, 1943.

The third national bank to be organized in Lamar County was the Paris National Bank of Paris. The Paris National Bank was granted charter number 5079 on July 6, 1897. The capital of the bank was \$100,000. At the time the bank was chartered R. F. Scott was president, and H. A. Clement was cashier. The directors were A. H. Bywaters, H. A. Clement, S. H. Hancock, J. N. House, and R. F. Scott. With the organization of this bank one of the earlier banks in Paris passed out of existence. R. F. Scott, of whom we have written earlier, bought from the Clement family the majority of the stock of the Paris Exchange Bank. Under Mr. Scott's leadership the bank was converted from a state bank to the national banking system with Mr. Scott as president. The Paris National Bank occupied the banking quarters of the Paris Exchange Bank until Mr. Scott's four story brick building was completed at the north-east corner of the square at which time the bank was moved to that location.

The absorption of the Paris Exchange Bank by the Paris National Bank marked the end of the



state banks in Lamar County until the constitutional amendment in 1905. The Farmers and Merchants Bank had failed prior to this time. There is some confusion concerning the closing date of this bank.

Carlson in his Monetary and Banking History of Texas gives the closing date as March, 1896. In an article written for the Paris Morning News, J. F. McReynolds gives the closing date as March 23, 1897. The records of the Secretary of State indicate that the charter was surrendered on May 17, 1899, and there is no official record as to the reason for the surrender or forfeiture of the charter for this bank. This clearly indicates the utter lack of control that the State exercised over the early State banks. Reports were not absolutely required, although some banks did make regular reports. Probably the majority did not make regular reports, and some made none at all. As a further indication of the absence of reports to the State, there is no indication in the State records that the Paris Exchange Bank was absorbed by the Paris National Bank. The official record shows that after the stock of the Paris Exchange Bank was reduced

to \$100,000 on December 30, 1882, it was again increased to \$300,000 on April 2, 1903, and on this same day the name of the Association was changed to Paris Bank and Trust Company, and the place of business was changed from Paris to Beaumont, Texas. It also indicates that the bank apparently continued to do business in Beaumont until the cancellation of its charter, although a third change of name, to Texas Banking and Investment Company, was accomplished by a charter amendment on January 11, 1911.<sup>22</sup> The records of the Secretary of State also indicate that the charter granted to the Paris Exchange Bank was cancelled by limitation on the twenty-third of April, 1924, this being fifty years from the effective date of the legislative act under which the corporation was formed. Evidently the charter was not surrendered when the Paris National Bank absorbed the business of the Paris Exchange Bank and was later transferred as indicated on the State records.

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<sup>22</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, April 26, 1945.

Thus we come to the turn of the century with three banks operating in Lamar County, all three being located in Paris. The three banks were the First National Bank, the City National Bank, and the Paris National Bank. The State banks chartered under the State banking law of 1874 had all ceased to exist. The towns outside of Paris had not availed themselves of the opportunity to charter any banks. The only private bank outside of Paris, so far as the records show, operated in Blossom prior to 1900. Almost nothing is known about this bank other than it was known as "Major Crutchfield's Bank." It seems that Major Crutchfield had a general mercantile business in Blossom and that in one part of the store he had a place set aside for the bank. Nothing is known about the financial condition of the bank, but evidently the bank carried on an extensive business in the community. It was located in a building about the middle of the block of business establishments. Major Crutchfield was a respected business man of the community and served the needs well until the organization of other banks in the county and community.

Another business that helped to carry on banking transactions, although in no sense was it considered a bank, was the R. V. Womack Mercantile Company of Blossom. This was a general merchandise company and was the leading store for the eastern half of the county. This concern made payments for cotton bought in the community, cashed checks on banks in other towns, received money for safe-keeping, and in this way it carried on a limited banking activity. For many years people drove their wagons for ten, twenty, or probably thirty miles to trade at this store.

Too much cannot be said of the courage and skill of these pioneer bankers. They carried on their banking business under many dangerous conditions and at great peril. During these early years of banking the country was sparsely settled, and the activities of the Lamar County bankers extended over several Texas counties and a large part of the Indian Territory. Cotton, wool, hides, wheat, and cattle were the principal trading commodities, and these, except cattle, had to be freighted to the

river ports by ox drawn wagons. The cattle were driven over trails, either for shipment or to the western plains.

New Orleans was the principal market for these products of Texas and Indian Territory. The shipments were accumulated in Jefferson for shipment to New Orleans. The outcome of the drafts drawn on the commission merchants in New Orleans was in doubt for weeks and perhaps months. Cash with which to operate was difficult to secure as it had to be brought overland, either by stage or private conveyance.

The pioneer bankers deserve as much credit for their pioneering as do the early settlers for their efforts in establishing settlements.

## CHAPTER III

### LAMAR COUNTY BANKS FROM 1900 TO 1932

We enter this period with three banks operating in Lamar County, all national banks. The banks were the First National Bank of Paris, the City National Bank of Paris, and the Paris National Bank of Paris. The period closed with five banks in operation. Twenty-two banks were chartered during this period, ten of which were national banks, and twelve were state banks. Eleven of the state banks ceased to exist for some reason, and six of the national banks that were organized during this period closed, consolidated, or merged. Two of the banks that were operating when we opened this period ceased to exist through failure or merger. It was truly a period of rapid turnover in bank organization.

With the exception of a few banks organized under the State banking law of 1874, state banks were prohibited in Texas. This had been true even back to the days of the Republic of Texas. By an amendment to the constitution of the State of Texas

in 1905, state banks were permitted. The minimum capital of these banks was placed at \$10,000, where the banks were located in towns of less than 2,500 people, \$25,000 for towns of 2,500 to 10,000 people, and in cities of 10,000 to 20,000 the minimum capital was \$100,000. Also in 1900 the Congress of the United States provided for the organization of national banks with a capital of \$25,000 instead of \$50,000, which had been the minimum since the system was created in 1863.

The organization of a system of state banks and the lowering of the minimum capital of the national banks enabled many of the smaller communities to organize both national and state banks, where it had been practically impossible before.

Also in 1909 the legislature passed an insurance scheme for the protection of the depositors in the State banks. It was known as the Depositor's Guaranty system. It later developed that the scheme was very undesirable as an effort to protect the depositors of the State banks, for the cost to the member banks was more than they could bear, and it

caused wholesale desertions of the State banking system and probably was the underlying cause of many of the failures of the State banks. In January, 1927, the Legislature recognized the utter failure of the deposit insurance scheme which had been set up seventeen years before by repealing the entire law. Thus was revealed and terminated the outstanding weakness in the Texas State banking system.<sup>1</sup>

In the discussion of the banks in this period we shall discuss each bank separately and carry its history through the year 1932. This will be a life history of all but five of the banks that were in operation during this period, for of the twenty-eight banks that have received charters to be located in Lamar County only five remained in existence at the end of the period, and no new charters have been issued since the year 1931. We shall also include in the discussion the private banks that were in operation during the period.

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<sup>1</sup>Carlson, op. cit., p. 65.



### First National Bank of Paris

As has been indicated before, the First National Bank received its charter in 1887. In 1900 W. J. McDonald was president of the bank, J. F. McReynolds was cashier, and W. R. Woods was assistant cashier. The capital of the bank was rather small for the business it conducted, and the bank was able to pay high dividends and also to build up a very high surplus. During these years the bank paid dividends of twelve per cent, and on two years they paid twenty-five per cent dividends. In addition to this they were able to build up a surplus to the point where a hundred dollar share of stock was worth eleven hundred dollars, and the bank was the second strongest in the United States in respect of the proportion of surplus to capital.

The original charter was granted for a period of twenty years, and when the time for renewal came it was decided to increase the capital of the bank to \$300,000. The old stockholders were

given an opportunity to buy the new stock, but many new stockholders were added. About this time the bank declared a dividend of five hundred per cent and also another dividend of two hundred eighty per cent, and much of this went for the purchase of new stock.

Also at this time J. F. McReynolds and W. R. Woods resigned from the bank to organize another bank, and John S. Baker was elected cashier, and John A. Monroe was elected assistant cashier.

In this same year, March 6, 1907, the directors called a meeting of stockholders to be held on April eighth to consider the consolidation with the Paris National Bank, which was headed by R. F. Scott and was doing business in the Scott building on the northeast corner of the square. The stockholders signed waivers of the thirty days notice of the called meeting, and on March 13, 1907, they approved the merger. The Paris National Bank was moved to the First National Bank, and R. F. Scott became president of the First National Bank, and A. G. Hubbard was elected cashier. Mr. Scott continued

as president of the bank until his death in 1932.

In 1915 the bank decided to build a new bank building. In 1893 the bank had purchased the lot and building in which it had been doing its banking business. In 1909 the bank purchased the lot immediately west of the bank, and on these lots the new building was constructed. While the work of construction was being done the bank moved to a building on the west side of the square. The new bank building was a six story reinforced concrete building with the upper floors arranged for office space. In the great fire of 1916 the bank building was damaged, but only the woodwork needed replacing, and this was done soon after the fire. On December 31, 1928, the First National Bank took over part of the assets and all deposit accounts of the Lamar State Bank and Trust Company. This gave the First National Bank total resources of \$4,569,951.32, deposits of \$3,854,492.78, and cash and bonds and commercial paper totaling \$2,913,629.39. This made the First National Bank one of the largest in this section of the state. At the end of 1932 the First National Bank had resources of \$2,990,609.96, deposits

of \$1,974,399.77, capital stock of \$300,000, and surplus of \$100,000. At this time J. M. Caviness was cashier, and William Milling was president.<sup>2</sup>

City National Bank, Paris, Texas

This bank, chartered in 1890, was still located on the north side of the square in Paris in 1900. By 1909 the City National Bank had increased its surplus and profits account until it had a total of \$265,000 in the capital and surplus accounts. The early bank correspondents were the National Park Bank of New York and the Continental National Bank of Chicago.

The Texas Bank Directory of 1909 gives the deposits at \$1,500,000. The total resources were not carried by the directory; neither were other liabilities given.

The bank continued business in the location on the north side of the square until the building was destroyed by fire in 1916, which also destroyed

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<sup>2</sup>Paris Morning News, January 11, 1937.

the buildings of all the other banks in Paris. After this fire the City National Bank purchased a lot at the west end of the south side of the square and there erected a very fine bank home. The lower floor of the building was used by the bank for its banking quarters, and the upper floors were rented for offices, mainly by the doctors in Paris.

By this time the capital stock of the bank had been increased from \$100,000 to \$200,000, and the bank also had a surplus of \$178,808.46 at the close of 1916. Deposits at this time were \$1,655,347.52, and the total resources were \$2,235,850.23.

By 1920 the surplus and profits of the bank had increased until they reached a total of \$237,116.33, but in October of 1924 the surplus and profit account showed a balance of only \$1,331.54, a decrease of almost \$236,000 in less than four years. Evidently the great decrease came from excessive losses which had been realized by the bank and which had been charged to surplus by the bank examiners. The bank was unable to carry on its business, and on January 6, 1925, it closed its doors.

The last published statement that the bank issued was on October 10, 1924, and at that time the deposits were \$937,840.42, total resources \$1,454,771.96, and surplus as previously indicated. At this time A. P. Park was president of the bank, and Neville Brooks was cashier. The directors were Dr. L. P. McCuistion, A. P. Park, John B. Hamman, W. H. Atkinson, George Griffiths, J. W. Williams, Sam W. Hearon, S. H. Hancock, C. P. Johnson, H. P. Mayer, and J. A. McGill.<sup>3</sup>

The Liberty National Bank of Paris was organized to take over the assets and liabilities of the City National Bank, thus saving the depositors from any loss on their deposit accounts. The charter for the Liberty National Bank was issued March 3, 1925.

#### Paris National Bank of Paris

The Paris National Bank, chartered in 1897, was doing business at the R. F. Scott building at the turn of the century. This building was located

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<sup>3</sup>The Dinner Horn, October 12, 1924.

on the northeast side of the square. R. F. Scott was president of the bank and continued as president until the bank was merged with the First National Bank in 1907. This merger was discussed in connection with the First National Bank.

### First National Bank of Petty

The seventh bank to be organized in Lamar County, the fourth national bank to be organized, and the first bank to be located outside of Paris, was the First National Bank of Petty. Petty is located west of Paris on the Texas and Pacific Railway. Petty was incorporated as a town in May, 1888.

The First National Bank of Petty was granted charter number 5569 on September 4, 1900, with a capital of \$28,000. The first president was J. M. Petty, and the first cashier was S. J. Spotts. The directors were W. H. Fielding, L. V. Law, J. M. Petty, N. F. Rutherford, T. J. Record, S. J. Spotts, and W. W. Vauter.<sup>4</sup>

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<sup>4</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D.C., January 8, 1943.

The bank opened for business in its own brick building which was constructed for this purpose and with new fixtures purchased for the bank. J. M. Petty, the president of the new bank, was responsible for the organization of the bank and continued to have an active part in the management of the bank. Others who were active at various times in the management of the bank were Lewis Clark, T. J. Record, and W. H. Fielding.

No record is available of dividend payments, for all records of earnings and dividend payments are destroyed by the Treasury Department after ten years time by the authority of the Acts of Congress.<sup>5</sup> Mr. J. Q. O'Connor of Petty, however, states that the bank did pay several dividends, but the amounts are not known. The average rate of interest charged by the bank during its lifetime was nine per cent. The bank did not purchase posting machines for its work.

During the panic of 1907 the bank did not suspend payments on checks given by its depositors.

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<sup>5</sup>Letter from C. B. Upham, Deputy Comptroller of the Currency, Treasury Department, Washington, D. C., January 8, 1943.



They had plenty of cash on hand to carry on during the time that they could not secure additional cash. The bank had one small fire loss in 1901 when the north wall of the bank building was damaged. The loss amounted to about six hundred dollars.

The bank, during a period of several months, lost small amounts of money through theft or embezzlement. The loss was small, however, and did not affect the operation of the bank in any way.

The bank had about fifty safe deposit boxes that it rented to its customers for an annual charge of two dollars. The average number of employees of the bank was two, and loans were made in the proportion of ninety per cent to farmers and ten per cent for all other purposes.

The principal bank correspondents were the City National Bank of Paris, the First National Bank of Dallas, and the National Bank of Commerce of St. Louis. In 1909 the bank had a surplus of \$16,000 and deposits of \$67,000. The resources were not listed in the bank directory of that year.

The bank voted to go into voluntary liquidation on January 14, 1914. The depositors were paid one hundred per cent, and the payment was made to them in one payment. No assessment was made on the stockholders, and the liquidation was handled by the board of directors.<sup>6</sup>

#### Paris Loan and Trust Company

This was a private loan business owned and operated by Hudson P. Ellis and Captain J. W. Hardison, with Captain Hardison acting as cashier. The business was located on the south side of Bonham Street and in the business section near the square. This was in the latter part of 1901 or the early part of 1902.<sup>7</sup> This private loan business was the forerunner of the First State Bank of Paris.

#### First National Bank of Roxton

The eighth bank to be organized and the fifth national bank in Lamar County was the First

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<sup>6</sup>Information from J. Q. O'Connor, Petty, Texas, by questionnaire.

<sup>7</sup>Paris Morning News, July 28, 1929.

National Bank of Roxton. Roxton is located in the southwest part of the county on the Santa Fe Railroad. When the Santa Fe built its road to Paris Roxton had to move a little to the west to be on the road, but the town increased in size rapidly after that time.

Charter number 5710 was granted to the First National Bank of Roxton on February 12, 1901, and the bank had a capital at that time of \$30,000. The first president of the bank was A. H. Bywaters, and Walter Bywaters was the first cashier. The original directors were A. H. Bywaters, J. K. Bywaters, Walter Bywaters, C. R. Caldwell, S. N. Compton, M. D. Maness, R. F. Scott, F. W. Underwood, and W. D. Wilkins.<sup>8</sup>

The bank was organized to care for the banking needs of the community, and A. H. Bywaters was instrumental in securing the charter for this bank at that time. The bank did not own the building in which it opened for business and apparently does not

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<sup>8</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D. C., January 8, 1943.

at the present time. The first location of the bank was in a brick building in the A. H. Bywaters business block. Later the bank moved two doors south in the same business block. The first fixtures used by the bank were second hand fixtures, but in 1908 the bank purchased new mahogany and marble fixtures.

As was usual for the banks in the early part of the century, this bank earned very adequate dividends, and from 1905 until 1914 it paid twenty per cent annual dividends. Since that time, however, the dividends have not been as regular; neither have they been as large.

The average interest rate charged by the bank since organization has been ten per cent. The bank has loaned about ninety per cent of its total loans to farmers, five per cent to merchants, and five per cent for miscellaneous loans.

When it has been necessary for the bank to borrow money it has usually borrowed from its New York correspondents, its Dallas correspondents, and from the Federal Reserve Bank.

The principal correspondents of the bank have been the Hanover National Bank of New York, the American Exchange National Bank of Dallas, First National Bank in Dallas, and the First National Bank of Paris.

The bank has had no unusual losses resulting from panics, fraud, theft, or robbery. During the panic of 1907 when many banks limited withdrawals, this bank did not place any limit to the amount of money that its customers could withdraw, and this confidence in its customers was well placed, for only one person withdrew his balance from the bank in this critical period.

When first operated the bank used two employees, but since 1910 the bank has always used three employees, these being the cashier, assistant cashier, and a bookkeeper.

The bank has about a hundred safe deposit boxes which it furnished to its customers without charge.

In 1925 the bank took over the business of the Roxton State Bank which had been operating since 1909. In this transaction the depositors of the

Roxton State Bank were paid in full, and all other liabilities were paid, but the stockholders lost the value of their stock. At the close of 1932 this bank was one of three banks in the county that was still operating under its original charter.<sup>9</sup>

#### First National Bank of Blossom

The ninth bank to be organized in the county and the sixth national bank was the First National Bank of Blossom. Blossom is located about ten miles east of Paris on the Texas and Pacific Railroad. It was the first town to be incorporated after Paris. This was in 1886, and the name at that time was Blossom Prairie. A post office had been established even before 1856. The population in 1890 was six hundred ninety-five, and it has varied up and down from that figure since that time.

The First National Bank of Blossom was granted charter number 5733 on March 5, 1901, with a capital of \$25,000. At the time the charter was granted R. V. Womack was president, and J. D. Norwood

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<sup>9</sup>Information from J. P. Maxwell, Roxton, Texas, by questionnaire.

was cashier. The directors were W. C. Cassell, A. M. Haraway, F. M. Lenoir, J. F. McReynolds, J. D. Norwood, J. R. Westbrook, and R. V. Womack.<sup>10</sup> R. V. Womack was the individual most active in the organization of the bank. The bank was located in the south part of the town in a building owned by R. V. Womack Mercantile Company. The bank was in the north end of the building, and the grocery department of R. V. Womack Mercantile Company was in the south end of the building. The bank continued using this as its banking quarters until 1910, when a two story brick building on the north side of the railroad was erected. At the same time new fixtures were bought for the bank. The bank was very prosperous in its early years. In 1911 it paid a hundred per cent stock dividend and sold \$10,000 additional stock to bring the capital stock up to \$60,000. At this time the bank started paying twenty per cent annual dividends and continued this until 1920. From 1900 to 1920 most of the banks in

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<sup>10</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D. C., January 8, 1943.

Lamar County made excellent profits. There were many reasons for this. Losses in loans were negligible during this period, and interest rates were high. From 1920 on for many years people began to speculate, and many times they borrowed money from the banks for their speculation. Many who had farms paid for would borrow money on them to buy more land; prices went higher and higher until much of the black land in Lamar County was selling for three hundred dollars per acre. The great price decline in 1921, 1922, and 1923 caused many to lose their life savings, caused great losses to the banks because borrowers could not repay their loans, and many banks could never recover from the effects of this, although they continued to exist for several years. The beginning of the downfall began back in 1922 with the depression following World War I. This was probably true with the First National Bank in Blossom.

In 1912 the bank purchased bookkeeping machines for posting. Before this time the bank had been using the old Boston ledger for its records.



It was indeed a tiresome job to enter the items in the old Boston ledger with pen and ink and carry all customer balances forward from day to day, even though no transaction had been entered on the account. The statements that were prepared then were prepared with pen and ink and took much additional time. The posting machines were a great blessing to the banks or rather to the employees of the banks.

In 1915 or 1916 the west wall of the bank building was damaged by fire when the entire business block west of the bank burned. The damage amounted to about \$2,000.

The bank had safe deposit boxes for its customers but made no charge for the rental as was the custom of the smaller banks at that time.

In the early years the bank only used two employees; from 1911 to 1920 it used four, and in later years only three. It was customary in the rush season while cotton was selling to employ others.

In 1916 the First National Bank took over the assets and liabilities of the First State Bank of Blossom. In this transaction the depositors of the First State Bank were paid in full, and payment was also made to the stockholders of the First State Bank, a very unusual happening when one bank merges with another, at least among the banks of Lamar County.

The principal correspondents of the bank were the Seaboard National Bank of New York, the Third National Bank of St. Louis, City National Bank of Dallas, First National Bank of St. Louis, First National Bank of Paris, and the American National Bank of Paris. Before the establishment of the Federal Reserve Bank the bank borrowed money from these correspondents when necessary, and after the establishment of the Federal Reserve Bank all borrowing was from it.

In the depression years following 1920 the bank sustained losses that it could not overcome and finally was forced to close its doors early in January of 1927. At the time of closing R. V.

Womack was president, A. P. Black was cashier, and George Johnson was assistant cashier. The Blossom National Bank was organized to assume the liabilities and take over the assets; thus the depositors lost nothing, but the stockholders lost the value of their stock.<sup>11</sup>

#### First National Bank of Deport

The tenth bank to be organized in the county and the seventh national bank was the First National Bank of Deport.

Deport is situated in the southeast part of the county on the Paris and Mount Pleasant Railroad. At one time Deport was the terminus of another railroad with Blossom the beginning point. This road was known as the O.R. and T. railroad, some twelve miles long. The train could not turn around so it ran to Deport and then backed to Blossom. The road was abandoned when the Paris and Mount Pleasant began operation.<sup>12</sup>

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<sup>11</sup> Information from H. M. Norris, Blossom, Texas, by questionnaire.

<sup>12</sup> Paris Morning News, July 28, 1929.

Deport was incorporated as a town in 1911. In 1890 Deport had a population of 274, in 1930 a population of 819, and now it is probably some larger than that.

The First National Bank of Deport was chartered September 30, 1902, with a capital of \$25,000. The charter number was 6430. At the time the bank was chartered I. W. Teague was president, and J. H. Moore was cashier. The directors were James W. Carpenter, Nathan Grant, C. J. Moore, J. H. Moore, I. W. Teague, J. R. Westbrook, and J. T. Woodard.<sup>13</sup> As stated by John H. Moore, son of J. H. Moore, the first cashier, the bank was organized to serve the community and for private profit. The bank was located in a brick building that it owned in the south part of the business section. The bank fixtures were those common to the banks of that day. The bank building was built when the bank was organized and was rebuilt in 1910.

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<sup>13</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D.C., January 8, 1943.

The individual most active in the organization of the bank was Dr. J. H. Moore, its first cashier and later its president. He was more active in the management of the bank than any other person until his death, and since that time J. B. Griffin has been in active charge. Mrs. J. H. Moore has been president of the bank since the death of her husband. This bank has been a most conservative bank. For years the bank kept cash on hand in an amount about equal to the deposits, and at the same time it earned substantial profits. The bank paid its first dividend in 1907, and this was a ten per cent dividend. Since that time they have always paid an annual dividend of eight to ten per cent. That in itself is almost a record--nearly forty consecutive annual dividends. The bank in 1910 increased its capital stock from \$25,000 to \$50,000. The interest charges by this bank were those usually charged by other banks. The rate was usually ten per cent. The bank maintained safe deposit boxes for the convenience of customers. They had about a hundred of these boxes.

The average number of employees through the life of the bank has been three. Loans have been made to farmers, stockmen, merchants, and miscellaneous outlets. The percentages were about seventy-five per cent to farmers, ten per cent to merchants, ten per cent to stockmen, and five per cent for miscellaneous loans. The bank has had no unusual losses such as from "kiting" checks and embezzlement. The bank correspondents were the Dallas National Bank of Dallas, Republic National Bank of Dallas, and the First National Bank of Paris, Texas.

In 1937 the bank suffered a loss of \$2,000 from fire. The bank building itself was damaged to some extent, but the greater part of the loss was to two buildings that the bank owned.

The bank was in a strong financial position at the close of the period under discussion (1932).<sup>14</sup>

#### Lamar Savings Bank of Paris

This was a private organization, organized

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<sup>14</sup>Information from John H. Moore, Deport, Texas, by questionnaire.

September 5, 1904, by the following men: A. M. Vandalingham, J. W. Ritchie, Fred Manton, J. E. Evans, E. B. Lowery, E. R. Alexander, H. L. Baker, A. B. Mahew, and W. J. Reed. This bank was organized as a means of promoting savings among its customers. Its banking quarters consisted of a desk in the City National Bank building. Here it operated until August 15, 1913, when it consolidated with the Guaranty State Bank and Trust Company of Paris and changed the name to the Lamar State Bank and Trust Company.<sup>15</sup>

#### First State Bank of Paris

The eleventh bank to be chartered in Lamar County and the first state bank in the county to be chartered under the State banking law of 1905 was the First State Bank of Paris. This bank was given charter number 139 and was chartered on November 3, 1906.<sup>16</sup> The first president of the bank

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<sup>15</sup>Paris Morning News, July 28, 1929.

<sup>16</sup>Letter from H. A. Jamison, Deputy Commissioner, Department of Banking, State of Texas, December 6, 1943.

was Hudson P. Ellis, and the cashier was J. W. Hardison. This bank absorbed the business of the Paris Loan and Trust Company, which was a private loan business. The capital of the bank was \$100,000, and the first directors were Hudson P. Ellis, J. T. Conway, J. W. Wood, J. D. McMillan, C. H. Noyes, W. L. Caviness, J. M. Hooks, D. S. Hammond, J. R. Wilson, J. W. Hardison, William L. Jones, and J. S. Patrick.<sup>17</sup>

The first place of business for this bank was the southeast corner of the square, the location of the old Paris Exchange Bank. Later the bank moved to the northeast corner of the square in the quarters made vacant by the Paris National Bank when it merged with the First National Bank. Here the bank continued doing business until the great fire of 1916. In the intervening time the capital of the bank had been increased to \$150,000. After the destruction of the buildings around the square by the fire in 1916 the First State Bank bought a lot at the end of the east side of the square and there constructed its

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<sup>17</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.



bank building. Soon after this time the total resources of the bank reached almost \$2,000,000.

The bank closed in the early part of 1926 and was placed in receivership on May 26, 1926. On December 31, 1925, the bank had deposits of \$1,120,596.17. The losses in the bank were heavy, and the receiver was able to pay only approximately forty per cent of the deposit liabilities through liquidating dividends.<sup>18</sup> Attempts were made to indict the president and cashier of the bank under the State banking laws, but all the efforts failed to effect an indictment. The loss to the citizens of Lamar County was great and came at a time when they could ill afford a loss, for in the year 1926 Lamar County made an almost complete crop failure.

The loss to depositors in this bank is the only record of depositor's losses in any state bank in Lamar County. All but one of the state banks have closed, but this is the only bank in which the depositors suffered any loss.

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<sup>18</sup>Ibid.

No record can be given of the dividend payments by this bank or any of the other state banks in Lamar County, for the State Banking Department does not have any information in regard to the payments to stockholders in the form of annual dividends.<sup>19</sup> It seems strange that the State Banking Department would not keep records of annual dividend payments, but such is the case.

#### American National Bank of Paris

This bank was the twelfth bank to be organized in Lamar County and the eighth national bank to receive a charter. The bank was organized during the time that the First National Bank of Paris was renewing its charter in 1907. Because of some disagreement among the officers of the First National Bank, some of them resigned and organized the American National Bank. Those resigning were J. F. McReynolds and W. R. Wood.

Charter number 8542 was granted the American National Bank on February 12, 1907. The first president was J. F. McReynolds, the vice-president was

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<sup>19</sup>Ibid.

W. R. Wood, and the cashier was W. T. Ridley. The original directors were F. H. Bailey, E. S. Connor, William Frank, B. W. Griffith, J. F. McReynolds, H. F. Tinnin, A. T. Wright, W. R. Wood, and M. L. Woolridge.<sup>20</sup>

The bank opened for business on February 16, 1907, in a small building on North Main Street in almost the exact spot where one of the first banks in the county was located. The capital stock of the bank at that time was \$150,000. The bank continued doing business from this same location for a few months while banking quarters were being prepared in the building at the extreme east end of the north side of the square. In 1916 this building was destroyed by the great fire of that year, and the bank then built its own building about the middle of the east side of the square.

After the death of J. F. McReynolds, W. T. Ridley was elected president. Mr. Ridley continued as president until his death a few years later.

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<sup>20</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D.C., January 8, 1943.

Mr. Ridley passed away suddenly while working at his desk after closing hours for the bank. S. L. Bedford was then elected president of the bank and retained this position until the closing of the bank in 1931.

The capital stock of this bank remained the same from organization until it closed. The total resources in 1916 amounted to \$1,851,583.64, in 1920 the total was \$2,400,505.77, and the last report the bank prepared gave the total resources as \$1,631,579.61.

The surplus and profits in 1916 amounted to \$153,872.08, in 1920 they amounted to \$238,223.39, in 1925 they were \$200,237.90, and the last statement showed the amount to be \$50,683.16. The deposits were \$1,119,259.35 when the bank closed.

On the last day this bank operated one of the large depositors walked up to one of the tellers and withdrew several thousand dollars of his balance there. Many other people were in the bank transacting business, and when this person withdrew this money, others did the same thing, starting a run on the bank. All of this happened not long before closing time for the

bank. The bank continued payments until the regular closing time and then closed for the day. That night the directors voted to place the bank in receivership. Incidentally, the person that started the run was required to place his money back in the bank since he was a director in the bank and had knowledge of the condition of the bank.

In the Dinner Horn of February 5, 1931, the following article appeared with reference to the bank's closing: "The affairs of the American National Bank are in the hands of the Comptroller of the Currency by order of the board of directors of the bank, according to a notice posted on the door of the institution by G. T. Witt, National Bank Examiner in charge. At the time of closing the officers of the bank were S. L. Bedford, president, E. A. Dodson, vice-president, B. L. Billingsley, cashier, and B. K. Lee, assistant cashier. As a matter of precaution against all emergencies the Federal Reserve Bank of Dallas sent \$300,000 by airplane for use of the other Paris banks."

As an indication of the manner in which some people receive the news of a bank failure we find

in the same issue of the Dinner Horn the following:

"A woman, when she heard of the closing of the American National Bank, died. Lula Bells, a negro woman, suffered a stroke and died shortly after. Information obtained from neighbors was that she inherited a sum of money several months ago and had deposited the money in the bank."

Efforts were made to reorganize the bank. Other plans were made to pay fifty per cent of the deposits through the other Paris banks, and another plan was to reorganize the Liberty National Bank of Paris and include part of the old business of the American National Bank in the new bank. All of these plans failed to materialize, and a receiver was appointed on March 9, 1931.

The receivership was terminated December 26, 1940. Dividend payment to depositors amounted to 46.86 per cent.<sup>21</sup>

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<sup>21</sup>Letter from C. B. Upham, Deputy Comptroller of the Currency, Treasury Department, Washington, D.C., January 8, 1943.

### First State Bank of Deport

The second bank in Lamar County chartered under the Banking Law of 1905, and the thirteenth bank in the county was the First State Bank of Deport. The bank was the second one to be established in Deport. Charter number 436 was granted the bank on March 12, 1909. The original capital stock was \$30,000, and the first directors were G. I. Terrell, J. D. Swinson, William Eudy, R. Isbell, W. H. Barnard, J. R. Westbrook, E. O. Thompson, J. T. Threadgill, Robert Holt, V. C. Oliver, F. M. Bishop, J. W. Cunningham, J. A. Fagan, Calvin Marshall, and J. E. Westbrook.<sup>22</sup> The bank opened for business on March 20, 1909. The first president of the bank was G. I. Terrell, and the first cashier was C. L. Cunningham. G. I. Terrell and R. Isbell devoted more time to the organization of this bank than any of the other directors. The bank was located in the central part of the business

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<sup>22</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

district and owned the building in which it was located, which was constructed of brick. The early fixtures were wooden fixtures but were modern for the time. In 1920 the bank constructed a new brick building at the same location of the old one. At the same time new marble fixtures were bought.

The bank paid dividends during most of the first years, and the dividends ranged from four per cent to twenty per cent. The bank charged ten per cent on its loans until about 1916, at which time the average rate was reduced to eight per cent, and this average rate was continued until the bank closed in 1926.

The correspondent banks were the Hanover National Bank of New York, City National Bank of Dallas, Dallas Bank and Trust Company of Dallas, First National Bank of Paris, and the City National Bank of Paris.

The bank furnished its customers one hundred safe deposit boxes for which it made no charge. The average number of employees of the bank was three.



Of the total loans about seventy per cent were made to farmers, about fifteen per cent to stockmen, ten per cent to merchants, and five per cent to various people.

In 1916 the bank bought posting machines to replace the older method of bookkeeping.

Because of losses during the depression years following the first World War, and because of assessments of \$35,000 by the old State Guaranty Fund, the bank was forced to close its doors on December 31, 1926. The Deport State Bank was immediately organized to take over the assets and liabilities of the First State Bank, and the new bank paid all liabilities and all depositors one hundred per cent.<sup>23</sup>

#### Roxton State Bank of Roxton

The Roxton State Bank was the fourteenth bank in the county and the third bank organized under the 1905 banking law. It was the second

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<sup>23</sup>Information from Tom Jeffus, Deport, Texas, by questionnaire.

bank in Roxton. The bank was chartered November 15, 1909, charter number 555, and opened for business on December 6, 1909. The first directors were S. E. Warner, Phil E. Hawkins, E. O. Johnston, F. W. Underwood, and J. A. Underwood. The preceding list is the official list from the records of the Department of Banking for the State of Texas.<sup>24</sup> J. P. Maxwell of Roxton gives the following list as the first board of directors: Walter Bywaters, A. H. Bywaters, M. H. Maness, J. P. Maxwell, E. J. Hunter, P. E. Hawkins, and J. A. Underwood. Probably the first were listed for the purposes of incorporation, and the other members were elected after the bank secured its charter.

Two groups were attempting to organize a bank in Roxton at the same time. While the unsuccessful group was working on a stockholders list, the officers and other stockholders of the First National Bank of Roxton quietly perfected plans for the organization of the Roxton State Bank. One man, A. H. Bywaters, furnished the money for the capital stock, and Walter Bywaters,

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<sup>24</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

with this money in his grip and with the necessary papers, went to Austin and secured the charter. The first notice that the public had of the bank was when they read in the paper that the Roxton State Bank had been chartered. The other group, badly chagrined, dropped their plans, and the promoter, a fly-by-night operator, left the community forever.

The capital of the bank was \$25,000. During the early history of the bank a few ten per cent dividends were paid on this stock.

The bank owned the building in which it was located, and the fixtures were second hand fixtures purchased from a bank in Wolfe City, Texas. The bank furnished its customers safe deposit boxes free of charge. The average number of employees throughout the life of the bank was two.

The principal bank correspondents were the First National Bank of Paris, the First National Bank of Fort Worth, Texas, Seaboard National Bank of New York, and the National Bank of Commerce

of St. Louis. When it was necessary to borrow money the bank borrowed from the Seaboard National Bank of New York.

Of the bank's loans about ninety per cent were made to farmers, five per cent to merchants, and five per cent miscellaneous. The average rate of interest charged was ten per cent.

The bank did not buy any bookkeeping machines for its posting and used the old Boston ledger for its records.

As previously stated, the officers and stockholders of this bank were principally those of the First National Bank of Roxton. By 1925 the directors decided that it was unwise to operate two banks in a community of this size, so on March 25, 1925, they voted to consolidate this bank with the First National Bank of Roxton. The depositors and other liabilities were paid in full, but the stockholders lost their investment in stock.<sup>25</sup>

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<sup>25</sup>Information from J. P. Maxwell, Roxton, Texas, by questionnaire.

## First State Bank of Blossom

The First State Bank of Blossom was the fifteenth bank in the county, the fourth bank organized under the State Banking Law of 1905 in the county, and was the second bank to be organized in Blossom. Charter number 606 was granted this bank on February 18, 1910. The amount of the capital stock was \$22,000, and the first board of directors consisted of the following members: Dr. F. M. Lenoir, Dr. W. J. Patton, Dr. J. S. Marshall, R. F. Scott, J. G. Barnett, L. T. Reasoner, and J. M. Isham.<sup>26</sup>

The bank was located in the center of the business block on the north side of the railroad. The bank owned the building in which it was located, and it was a one story brick building. The fixtures were second hand, having been purchased from one of the banks in Paris.

The average rate of interest charged by this bank was ten per cent. The bank paid some dividends

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<sup>26</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

during its existence, but the amounts are not available. The bank did not buy any posting machines for use in bookkeeping.

The bank made about ninety per cent of its loans to farmers and the rest of the loans were for miscellaneous purposes.

J. D. Norwood, who was the first cashier of the First National Bank of Blossom, was also cashier of this bank and at the same time was a director of the First National Bank.

On June 6, 1916, the First State Bank was absorbed by the First National Bank of Blossom. All liabilities and deposits were paid by the First National Bank, and some payment was also made to the stockholders of the First State Bank.<sup>27</sup>

#### Howland State Bank of Howland

The sixteenth bank in Lamar County, the fifth in the county under the 1905 State Banking Law, and the only bank ever organized in Howland

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<sup>27</sup>Information from J. W. Abels, Blossom, Texas, by questionnaire.

was the Howland State Bank. Charter number 680 was granted this bank on November 2, 1910, and the capital stock of the bank was \$10,000, the minimum allowed by the state. The original directors were W. R. Justiss, D. B. Shelton, F. L. Sims, G. H. Denton, and W. R. Wood. The president of the bank was D. B. Shelton, and the cashier was W. R. Justiss. The bank commenced business on December 5, 1910.<sup>28</sup>

The bank owned the building in which it was located. The building was of brick construction and was located on the west side of the Midland railroad and in about the center of the business block. In 1911 the bank rebuilt this building, and at the same time the bank bought new fixtures.

The bank made about ninety per cent of its loans to farmers and about ten per cent to merchants. Any borrowing on the part of the bank was from its correspondents. These were the First National Bank

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<sup>28</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

of St. Louis, City National Bank of Dallas, and the American National Bank of Paris.

The bank charged about twelve per cent interest during its early years, and later the average interest rate was about eight per cent. In 1913 the bank bought posting machines for the book-keeping work. The average number of employees of the bank was two.<sup>29</sup>

The bank, after nineteen years of operation, found that the smaller communities could not support banks, and on December 31, 1929, the bank transferred its assets and liabilities to the American National Bank of Paris. All liabilities and depositors were paid in full on the transaction. The American National Bank issued a welcome to the depositors of the Howland State Bank through the Paris Morning News on January 1, 1930, and also instructed them to draw their checks on the American National Bank for the deposits they had in the Howland State Bank.

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<sup>29</sup> Information from W. R. Justiss, Howland, Texas, by questionnaire.



### Lamar State Bank and Trust Company of Paris

The Lamar State Bank and Trust Company was chartered under the name of the Guaranty State Bank and Trust Company, but since the original name was used for only two years and the latter name for fifteen years, we shall discuss the bank under the title of the Lamar State Bank and Trust Company.

The charter to the Guaranty State Bank and Trust Company was issued on May 3, 1911, the charter number being 749. The capital stock at that time was \$50,000, and the original directors were Worth Duncan, Rube S. Wills, R. H. Young, J. R. Wilson, R. E. Duval, J. L. Leverett, E. L. Kimball, A. J. Rush, and J. M. Barr. Worth Duncan was the first president of the bank, J. R. Wilson was vice-president, and S. M. Henderson was cashier. The bank operated under this name until August 25, 1913, at which time the charter was amended to change the name of the bank to the Lamar State Bank and Trust Company. At this time the

capital stock of the bank was increased to \$150,000, and H. L. Baker was elected president, D. C. Humphreys, G. F. Simmons, and R. H. Young were elected vice-presidents, and Morris Fleming was elected cashier.<sup>30</sup>

The bank was located in the old Paris Exchange Bank building at the southeast corner of the square. This building was destroyed like the others in the fire of 1916. The bank rebuilt at the same location after the fire, and the same location was used throughout the life of the bank.

In 1916 the total resources of the bank amounted to \$1,014,350.75, surplus and profits to \$25,172.65, and the deposits totaled \$839,178.10. In 1920 the surplus and profits reached a high for the bank of \$66,826.12. In 1925 the total resources were \$1,779,173.74, and the deposits were \$1,516,047.42.

In December, 1928, the bank evidently not earning sufficient profits, decided to go out of business. The bank was not in an insolvent condition,

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<sup>30</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

however, for in the merger with the First National Bank of Paris the latter bank only took part of the assets of the Lamar State Bank and Trust Company and assumed all of the liabilities. Thus, the stockholders of the bank received part payment for their stock, and the deposits were assumed in full by the First National Bank.

The combined resources of the two banks amounted to almost four and one-half million dollars and made one of the largest banks in that section of the State at that time.

#### First State Bank of Pattonville

The eighteenth bank in Lamar County, the seventh bank organized under the 1905 State Banking Law, and the only bank ever located in Pattonville, was the First State Bank of Pattonville. Pattonville is a small community located between Deport and Paris on the Paris and Mount Pleasant Railroad.

Charter number 771 was issued for this bank on June 30, 1911. The bank commenced business on October 6, 1911. The original capital stock was

\$15,000, and the original directors were S. A. McCuistion, J. A. McWhorter, N. D. Hammonds, Charles Edmunson, J. T. Bennett, R. F. Pettit, and Neville Brooks. Neville Brooks, of the City National Bank of Paris, did most of the work connected with the organization of this bank. During the early years of the bank S. A. McCuistion was president, and N. D. Hammond was cashier. Later J. A. Monroe was elected president, and Frank Crain was elected cashier. Mr. Crain continued as cashier until the bank was liquidated.

The bank was located in its own thirty by eighty feet brick building in the business block and adjoining the business of Dr. S. A. McCuistion. The fixtures were modern fixtures at that time.

The bank paid a total of twenty-eight per cent in dividends during its existence. These were paid as follows: 1917: four per cent; 1918: five per cent; 1919: eight per cent; 1923: six per cent; 1924: five per cent; total: twenty-eight per cent. The average interest rate charged by the bank was ten per cent.

The bank in 1918 purchased posting machines for the bookkeeping work, using the Boston ledger until that time.

The principal bank correspondents were the First National Bank of Paris, Liberty National Bank of Paris, Republic National Bank of Dallas, and the Security National Bank of Dallas.

The bank did not have any safe deposit boxes for its customers but did not object to caring for the bonds that the customers left with it for safe-keeping.

During the early years of the bank only one employee was employed, but during the last four or five years two were used.

Ninety per cent of the loans were made to farmers, about three per cent to stockmen, and seven per cent were made to merchants.

Mr. Crain, in describing some of the experiences of the small town banker, states that the bank cashier did everything for the bank's customers from taking care of their government bonds to measuring and ordering trusses for those who needed them. On other occasions it was almost necessary to

fight to protect one's self when an overdraft was not honored.

This bank served the community well, but with the building of good roads, the agricultural products were carried to Paris and other places, causing a loss of business to the town. The directors of the bank, foreseeing a decline of business for the bank, voted to liquidate the bank while they had sufficient cash on hand to pay all claims against the bank. This was done in the latter part of 1925. Ed. H. McCuistion, president of the bank, was appointed liquidating agent, and the payment to the depositors was made in one payment, and they received one hundred per cent of their deposits. The official closing date of the bank was January 31, 1926.<sup>31</sup>

#### Citizens State Bank of Petty

The second bank to be organized in Petty, the nineteenth organized bank in the county, and

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<sup>31</sup>Information from Frank R. Crain, Paris, Texas, by questionnaire.

the eighth state bank under the 1905 Banking Law was the Citizens State Bank of Petty. This bank was in existence a shorter time than any other bank in the county. The bank was granted charter number 919 on February 21, 1913, with a capital of \$50,000. The first directors were A. Collier, R. O. Bradshaw, Jack K. Adams, T. B. Savage, J. C. Dawson, W. H. Adams, J. H. Mann, I. M. Thompson, and H. T. Stewart.<sup>32</sup> A. Collier was president of the bank, and Jack K. Adams was the cashier. Jack K. Adams was the most active person in the organization of the bank. The bank opened for business on April 21, 1913.

The bank used the same building that had been used previously by the First National Bank of Petty, and this building was purchased by the Citizens State Bank.

The bank's correspondents were the First National Bank of Paris and the Dallas National Bank of Dallas. The bank made an annual charge of two

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<sup>32</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

dollars for the use of the safe deposit boxes it rented to its customers.

Most of the loans made were made to farmers, only ten per cent being loaned for other purposes. The average interest charges on these loans was nine per cent.

The bank used posting machines for the book-keeping work.

On October 21, 1914, the bank was granted a charter to convert to a national bank. The closing date of the bank was November 18, 1914. In the conversion the depositors were paid one hundred per cent of their deposit accounts.<sup>33</sup>

The last statement available for this bank was on September 12, 1914, and at that time the total resources were \$143,975.50, the surplus and undivided profits account was \$8,051.79, and the deposits were \$40,746.20.

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<sup>33</sup> Information from J. Q. O'Connor, Petty, Texas, by questionnaire.



## Brookston State Bank of Brookston

The twentieth organized bank in Lamar County, the ninth state bank under the 1905 State Banking Law, and the only bank ever located in Brookston was the Brookston State Bank. Charter number 954 was granted this bank on June 19, 1913, with a capital stock of \$10,000. The first directors were B. Temple, J. C. Hathaway, M. L. Smiley, T. L. McClure, J. R. Harmon, E. R. Hunter, and Dr. L. B. Stephens.<sup>34</sup> B. Temple was president of the bank during all its existence. J. C. Hathaway was the first cashier of the bank and remained in this position until 1921 when H. H. Russell was elected cashier.

The bank was organized to care for the needs of the community and also because at that time there was sufficient business in the community for the bank to exist and earn substantial profits. Brookston is

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<sup>34</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

located in a very good farming section and also at the time the bank was established it had the largest hay market in the State of Texas. The bank was located in its own brick building and had for its fixtures the regular marble base bank fixtures. This building was constructed by the bank when it first organized.

The bank earned large profits during its existence, and from organization until 1921 the bank paid to the stockholders one hundred per cent in dividends. The capital of the bank was increased during this same period from \$10,000 to \$25,000. The capital was increased by \$5,000 three different times. The statement at the end of 1918 shows the capital at \$15,000; the statement at the end of 1919 shows the capital at \$20,000; and at the end of 1921 it was \$25,000.

Ninety per cent of the loans were made to farmers, five per cent to stockmen, two per cent to merchants, and three per cent for miscellaneous loans. The interest charged by this bank averaged ten per cent during all the years.

The bank's correspondents were the Seaboard National Bank of New York, the City National Bank of Dallas, the Republic National Bank of Dallas, and the First National Bank of Paris.

The bank furnished free of charge one hundred fifty safe deposit boxes for the use of its customers. The bank used three employees during its early years, but later it used only two.

The misconceptions that some people have regarding the operation of a bank can be illustrated by an incident in connection with the organization work of this bank. Someone connected with the organization approached a citizen of the Maxey community near Brookston with the idea of selling him stock in the bank. The reply was, "I have been thinking about this, but since you will have only \$10,000 to work with (referring, of course, to the capital stock), I can't see how you will have any profits left for the stockholders after you pay the hired hands."

The bank did not become insolvent but decided to liquidate because of the constant drain on its

resources by the operation of the State Guaranty Fund and because the smaller communities were losing their businesses due to the construction of hard surfaced roads. The bank voted to close on December 1, 1928, and in the voluntary liquidation the depositors were paid the total amount of their deposits in one payment.<sup>35</sup>

#### Citizens National Bank of Petty

This bank was the third and last bank to have been organized in Petty, the twenty-first bank in the county, and the ninth bank to be chartered under the national banking system. Charter number 10647 was granted to this bank on October 21, 1914, with a capital stock of \$50,000 and with the following directors: Jack K. Adams, W. H. Adams, J. J. Beville, A. Collier, J. H. Mann, H. G. Maness, J. Q. O'Connor, T. B. Savage, and H. T. Stewart. The first president was A. Collier, and the first cashier was Jack J. Adams. This bank

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<sup>35</sup>Information from J. C. Hathaway, Paris, Texas, by questionnaire.

was a conversion of the Citizens State Bank of Petty, and Mr. J. Q. O'Connor, one of the directors, states that no new stock was sold in the conversion but merely an exchange of shares.

The bank was located in the same building in which the other two banks in Petty had been located. However, six years later the bank built a new brick building and at the same time bought a new set of marble fixtures for the bank. In 1925 the building and fixtures were carried on the books at \$22,000.

During the early years of the bank's existence it was able to pay ten per cent annual dividends, but as usual with the smaller banks of the county, it was forced to discontinue this with the beginning of the depression in the early twenties.

The average rate of interest charged by the bank was nine per cent. Most of the loans of the bank were made to farmers, these being about ninety per cent of the loans, the remaining part being miscellaneous loans.

The Seaboard National Bank of New York, the Drovers National Bank of Kansas City, the City National Bank of Dallas, the Republic National Bank of Dallas, and the First National Bank of Paris were some of the correspondent banks. These banks were the sources of the borrowed money for the bank.

The bank owned about one hundred fifty safe deposit boxes that it rented to its customers for an annual charge of two dollars to four dollars.

The bank used three employees in doing the work of the bank, these being the cashier, assistant cashier, and the bookkeeper.

In 1917 the bank was robbed by bank robbers. The loss to the bank was about \$8,000. Naturally, this created a great deal of excitement and resulted in the apprehension of some innocent people who happened to be driving the same kind of car that was used by the bank robbers. They were soon released and later the real robbers were captured and later convicted. This is the only recorded incident of an armed bank robbery in Lamar County.

Because of bad crops in the county and also because of the effects of the depression, the bank was forced to close its doors on October 26, 1926.<sup>36</sup> A receiver was appointed for the bank on November 24, 1926, and the bank was liquidated under the direction of the Comptroller of the Currency. The receivership was terminated on September 3, 1931, and the receiver paid fifty-one per cent in liquidating dividends.<sup>37</sup>

#### Farmers State Bank of Blossom

This bank was the twenty-second bank to be organized in the county, the tenth bank under the 1905 State Banking Law, and the third bank in the town of Blossom.

The bank was organized to serve the needs of the community and as an investment for the stockholders. Charter number 1184 was issued this bank on June 11, 1919, with a capital of \$30,000 and directors as follows: W. J. Chester, G. H. Mont-

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<sup>36</sup>Information from J. Q. O'Connor, Petty, Texas, by questionnaire.

<sup>37</sup>Letter from C. B. Upham, Deputy Comptroller of the Currency, Treasury Department, July 2, 1945.

gomery, D. W. Williams, D. Wayne Williams, B. P. Nations, E. T. Nations, and N. B. Crawford. W. J. Chester was president of the bank, and G. H. Montgomery was cashier.

The bank opened for business in its own brick building located in about the center of the business block of the town. The bank had no fixtures when it first opened for business. The new fixtures which had been purchased had not arrived, so the bank used tables and planks until the new fixtures did arrive. The fixtures bought were mahogany fixtures of the usual bank design. The building and fixtures were carried on the books at \$5,700.

The bank was able to pay an eight per cent dividend for three years out of the six years of its existence.

The average interest rate charged by the bank was ten per cent. About ninety per cent of the loans of the bank were made to farmers, and about ten per cent were made to merchants.



The bank owned about fifty safe deposit boxes that it furnished its customers free of charge.

The bank used the Federal Reserve Bank as a source of the money that was necessary for it to borrow.

The Security National Bank of Dallas, the First National Bank of Paris, the City National Bank of Paris, and the First State Bank of Paris were some of the bank's correspondents.

The banking hours were from eight o'clock in the morning until four o'clock in the afternoon, but in the summer time when business was not brisk, the employees of the bank would run the clock up thirty minutes in order that they might go to Paris to see the ball games that started at four o'clock.

The assessments under the Guaranty System were so great that the bank's stockholders voted to change the national banking system, and on November 3, 1925, they secured a charter from the Comptroller of the Currency for the conversion,

thus ending the life of the Farmers State Bank.<sup>38</sup>

Red River Valley Trust Company of Paris

This bank, organized under the State Banking Law of 1905, was not a bank of deposit as were all of the other banks in Lamar County. It was organized for the purpose of making loans on real estate and to operate in the capacity of trustee. It was closely allied with the First National Bank of Paris and was located in the rear of the First National Bank, although fronting on the street leading north at the west side of the Plaza, or public square.

Charter number 1271 was granted this bank on April 6, 1920, with a capital stock of \$500,000 and with the following directors: R. F. Scott, R. S. Bywaters, J. A. Underwood, S. W. Williams, James A. Smith, F. R. Fenet, Albert E. Sweeney, C. G. Shull, William Milling, W. C. Clark, Maury Robertson, Edgar Hunter, R. F. Scott, Jr., W. H. Atkinson, A. M. Graves, R. J. Easley, S. H. Hancock, J. S.

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<sup>38</sup> Information from D. C. Chambers, Paris, Texas, by questionnaire.

Ownby, O. E. McBath, L. L. Hardison, R. J. Murphy, J. N. House, H. S. Bettes, W. F. Gill, and H. G. Maness.<sup>39</sup>

The statements issued by the bank indicate that most of the money available to loan was from the capital stock of the bank, for only small amounts of trust funds were turned over to the bank, the amount in 1927 being \$23,760.90, the largest amount in the last few years of the bank's existence. The statements also indicate that the bank was forced to acquire much of the real estate upon which it made loans, for in the statement at the end of 1928 the real estate was \$194,589.70. This was probably the underlying cause of the liquidation of the bank. The charter for the bank was surrendered on December 30, 1929. No record is available of the amount of liquidating dividends to the stockholders.

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<sup>39</sup>Letter from E. F. Williams, Chief Clerk, Department of Banking, State of Texas, June 19, 1945.

### Liberty National Bank of Paris

The Liberty National Bank of Paris was organized for the purpose of taking over the assets and liabilities of the City National Bank which had closed a short time before. J. M. Cecil, the cashier of the new bank, was the individual most active in the organization of the bank. Charter number 12651 was granted this bank on March 3, 1925, and the bank opened for business on March 9, 1925. The directors of the bank were James M. Cecil, John B. Hamman, W. A. Hutchinson, C. P. Johnson, H. P. Mayer, Ed. H. McCuistion, C. M. McWherter, A. P. Park, B. Temple, J. L. Van Dyke, and J. W. Williams. Ed. H. McCuistion was president of the new bank. The charter gave the bank a capital of \$150,000. This bank was the tenth national bank in the county and the twenty-fourth chartered bank for the county. The bank was located in the same building in which the old City National Bank was located, and the new bank used the same furniture and fixtures. The only change that was

apparent to the public was the change in name.

The bank was well received by the customers of the bank, and on the opening morning a large number of depositors were waiting to deposit their money, and by noon \$100,000 in deposits had been received, and withdrawals, including checks held up by the other banks since the closing of the City National Bank only amounted to \$52,164.98.<sup>40</sup>

The principal bank correspondents of the bank were the Chase National Bank of New York and the First National Bank in Dallas.

The bank continued to operate for a few years, paying some dividends, but also realizing some losses, probably carried over from the old City National Bank. The attempted reorganization of the bank along with that of the closed American National Bank also hastened the reorganization of the Liberty National Bank, and on April 17, 1931, a new charter was granted for a new bank, and the Liberty National Bank of Paris was succeeded by the Liberty National Bank in Paris. The old Liberty

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<sup>40</sup>Dinner Horn, March 9, 1925.

National did not close its doors--the new bank simply took over the business of the old bank without any suspension of operations or inconvenience to the public. It is very likely that many people in Paris do not yet know of the change in the bank.<sup>41</sup>

#### Farmers National Bank of Blossom

This bank was a conversion of the Farmers State Bank of Blossom from the state banking system to the national banking system. The principal object of this conversion was to relieve the State Bank of the assessments of the State Guaranty Fund. Charter number 12843 was granted the new bank on November 3, 1925, and the change was immediate without any suspension of operations. The capital of the new bank was \$30,000, and the directors were as follows: W. J. Chester, D. C. Chambers, N. B. Crawford, G. H. Montgomery, E. T. Nation, D. W. Williams, and Wayne Williams. W. J. Chester was

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<sup>41</sup>Information from D. C. Chambers, Paris, Texas, by questionnaire.

president, and G. H. Montgomery was cashier.

The bank was located in the same building in which the Farmers State Bank was located, and the same furniture and fixtures were used.

The bank continued its operations and policies, which were essentially those of the Farmers State Bank, for two years and eight days, at which time enough of the assets of the bank were sold to the Blossom National Bank of Blossom to enable the latter bank to assume all of the obligations of the Farmers National Bank. The transfer was made on November 11, 1927.<sup>42</sup>

#### The Blossom National Bank of Blossom

This bank was organized for the purpose of taking over the assets and liabilities of the First National Bank of Blossom which had closed early in January of 1927. Charter number 13052 was granted the Blossom National Bank on March 24, 1927, and the capital stock of the bank was \$30,000.

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<sup>42</sup> Information from D. C. Chambers, Paris, Texas, by questionnaire.

The first directors were T. B. Bryan, J. D. Dickey, F. G. Johnson, G. B. Lowrance, J. I. McWilliams, C. R. Rheudasil, T. W. Rheudasil, A. G. Rodgers, and J. A. Womack. The president of the bank was F. G. Johnson, the cashier was George Johnson, and the assistant cashier was Wilson Norris.<sup>43</sup>

The bank was located in the old First National Bank Building, and the same furniture and fixtures were used.

In November of 1927 the bank absorbed the Farmers National Bank of Blossom, and soon after that time George Johnson resigned as cashier, and D. C. Chambers was elected cashier. Mr. Chambers was formerly cashier of the Farmers National Bank.

The bank paid one small dividend, which was done more to please the stockholders than from any practical business viewpoint.

As many of the other small communities discovered, it was impossible for a small community to support adequately a bank, and the directors of this

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<sup>43</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D. C., January 8, 1943.



bank voted to place it in voluntary liquidation early in 1931, and a receiver was appointed for the bank on March 17, 1931. The receivership was terminated on November 30, 1935, and the receiver paid 68.95 per cent in liquidating dividends, which was 17.95 higher than was paid by any other bank, either state or national, that was placed in receivership in Lamar County.<sup>44</sup>

#### Deport State Bank of Deport

This was the twelfth and last state bank chartered in the county and was the twenty-seventh bank to be chartered in the county. Charter number 1516 was granted this bank on April 20, 1927, with a capital of \$28,000. The first president of the bank was J. R. Hutchison, and the first cashier was Joe Grant. The first directors were J. R. Hutchison, Jr., J. A. Guest, J. R. Westbrook, Joe Grant, and Tom Jeffus.

The bank was organized for the purpose of taking over the assets and liabilities of the First

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<sup>44</sup>Letter from C. B. Upham, Deputy Comptroller of the Currency, Treasury Department, July 2, 1945.

State Bank of Deport that had closed on December 31, 1926. In taking subscriptions for the new capital stock the stockholders were required to pay twice the value of the share of the stock, and the extra amount was placed in the surplus account. In this manner the bank began operations with a capital of \$28,000 and a surplus of \$28,000. The old First State Bank had a capital of \$100,000, and even this was a reduction in the net worth of the bank.

The bank has been earning sufficient profits to pay regular dividends since 1928 at the rate of five per cent. The average rate of interest charged by the bank has been eight per cent. The loans of the bank have been made to farmers, stockmen, and to merchants, about eighty-five per cent being made to farmers, five per cent to stockmen, and ten per cent to merchants.

The bank has been using the building, furniture, and fixtures of the old First State Bank.

The principal bank correspondents have been the Mercantile National Bank at Dallas, the Republic

National Bank at Dallas, the Liberty National Bank of Paris, and the First National Bank of Paris.

This bank was one of the five banks in operation at the end of 1932, and this in itself is a testimonial to those who operated it, for most of the smaller banks had passed out of existence at that time, even those which began operating as a reorganization of some closed bank.<sup>45</sup>

#### Liberty National Bank in Paris

The Liberty National Bank in Paris was a reorganization of the Liberty National Bank of Paris. Charter number 13541 was issued the Liberty National Bank in Paris on April 17, 1931, and the capital stock of the bank was \$100,000. The first directors were James M. Cecil, W. C. Clark, Alf A. Edwards, Norris Fleming, Claud Ferguson, W. A. Hutchison, Ed. H. McCuistion, H. P. Mayer, and R. F. Scott, Jr. Ed. H. McCuistion was president, and James M. Cecil was cashier.<sup>46</sup>

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<sup>45</sup>Information from J. R. Westbrook, Deport, Texas, by questionnaire.

<sup>46</sup>Letter from L. H. Sedlacek, Deputy Comptroller of the Currency, Treasury Department, Washington, D. C., January 8, 1943.

This bank was the last bank to be chartered in Lamar County, was the thirteenth national bank in the county, and the twenty-eighth chartered bank for the county.

As has been indicated before, the public knew very little of the change and about the only publicity given the event was an announcement by James M. Cecil, in the daily newspapers of Paris, stating that a new charter had been granted for a new Liberty National Bank in Paris and that the Liberty National Bank was now operating under the new charter. The customers did not even need to change the name of the bank on the checks that they were using, but the bank did make the necessary changes on the forms they used and issued.

At the end of 1932 the total resources of the bank amounted to \$586,803.77, and the deposits totaled \$432,386.98. Both of these items represented the low mark for the bank, for they were always higher before that time and have been much higher since that time. This decrease was largely due to

the depression at that time.<sup>47</sup>

### Summary

The period from 1900 to 1932 was a period of active bank organization, merger, consolidation, reorganization, and liquidation. The stockholders of many of the banks organized during the period lost the value of their investment when the banks closed, but the depositors suffered losses in only four of the banks, these being the First State Bank of Paris, the American National Bank of Paris, the Citizens National Bank of Petty, and the Blossom National Bank of Blossom. The First State Bank of Paris, with deposits of approximately \$1,000,000 when it closed, paid about forty per cent through liquidating dividends. The American National Bank of Paris, with deposits of \$1,119,259.35 as of its last published statement, paid 46.86 per cent in liquidating dividends. The Citizens National Bank of Petty, with deposits of something over \$100,000,

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<sup>47</sup>Information from D. C. Chambers, Paris, Texas, by questionnaire.

paid fifty-one per cent in liquidating dividends. The Blossom National Bank of Blossom, with deposits of approximately \$60,000, paid 68.95 per cent in liquidating dividends. Thus, the loss to the bank depositors in the county has been something over \$1,000,000, and the loss to the stockholders in the various banks has probably been a little more than this amount, although exact figures are not available.

The decline in the number of banks in the county has been of value in that the banking operations in the county have been concentrated in the few that have been left, and these can probably operate better and more conservatively than would be possible if we had many banks in the county.

Many have claimed that the failure of the banks in the smaller communities has ruined the communities, but the reverse is probably true--it is likely that the decline of the smaller communities ruined the banks in the communities. Lamar County has been no exception to this though; it merely followed the pattern that the country as a

whole set during these years. The number of banks organized and the number of bank failures in the county has been about the average for the other counties of the state.

## CHAPTER IV

### BANKING IN LAMAR COUNTY FROM 1932 TO 1945

At the beginning of this period we find that we have five banks operating in Lamar County, these being the First National Bank of Paris, the Liberty National Bank in Paris, the First National Bank of Roxton, the First National Bank of Deport, and the Deport State Bank of Deport. Three of these banks were operating under their original charter, these being the First National Bank of Paris, the First National Bank of Roxton, and the First National Bank of Deport. The Liberty National Bank in Paris was a reorganization of the old City National Bank of Paris and of the Liberty National Bank of Paris. The Deport State Bank of Deport was a reorganization of the First State Bank of Deport. All five of these banks were still operating on June 30, 1945.

Only two events have happened during this period that have influenced the banks to any extent. The first of these was the banking holiday of 1933, and the other was the inflationary period beginning



with the preparation for World War II.

During the first few days of March, 1933, the banks of Lamar County, Texas, and the nation as a whole were put to a very severe test. Banks were failing in many parts of the United States; many of the states were declaring banking holidays; and on March 3, 1933, Mrs. Miriam Ferguson declared a five day banking holiday for the State of Texas. On March 5, 1933, President Roosevelt declared a banking holiday for the entire United States. Following this national banking holiday it was necessary for banks to be examined by the state and national banking authorities before they would be permitted to reopen.

During these days required for the examination of so many banks many local hardships were encountered, and each community or county attempted to care for its own needs. In Lamar County the Lamar County Chamber of Commerce issued \$25,000 in scrip to be used as a medium of exchange until some of the banks could reopen. The security for the scrip was checks on the local banks. The banks

agreed to give these checks preference when the banks did reopen and also advised with the committee regarding deposits in the banks sufficient to cover the checks given for the scrip. This scrip was put into the trade channels on March 8, 1933. In addition to the scrip, many of the stores that ordinarily did not sell on open account permitted their customers to charge their purchases. The public utilities accepted checks on local banks in payment of their bills. The industrial plants issued their salary checks in small amounts in order that they might circulate as a medium of exchange. The local picture shows, however, operated on a cash basis.

Only one bank in Lamar County experienced any difficulty in reopening following the holiday. By March 17, 1933, all of the banks in the county had reopened with the exception of the First National Bank of Paris, the largest bank in the county. This bank was required to raise \$100,000 from local sources to purchase undesirable paper from the bank. This was quickly done by the customers of the bank, and

after this was done the Reconstruction Finance Corporation invested \$150,000 in preferred stock in the bank. After these requirements were met the bank was permitted to open, and on March 29, 1933, the bank reopened for business.

At the end of 1944 fifty per cent of the \$100,000 subscription for the First National Bank of Paris had been refunded to those who participated. This was done by collections out of the paper purchased.

Instead of creating a feeling of suspicion on the part of the public, the closing and examination of the banks and the subsequent reopening seemed to create a feeling of confidence. Although the effects of the depression were felt for some time after this, the deposits in the banks of the county started increasing following the holiday.

Another event that helped to create confidence in the banks was the insuring of the deposits up to \$2,500 by the Federal Deposit Insurance Corporation on January 1, 1934. All five banks in Lamar County participated in the guarantee. This

guarantee has since been increased to \$5,000 by the Federal Deposit Insurance Corporation.

The banks continued their normal business operations until 1941 when the federal government began the operation of many defense plants, announced that Camp Maxey would be built near Paris, and also announced the building of an airport near Paris, later to be called Cox Field.

Many millions of dollars were spent on Camp Maxey and on Cox Field. With the coming of the tens of thousands of soldiers and their families to a city with a normal population of around 20,000 it can not well be imagined what an upheaval it caused, both to the banks and to business and the community as a whole.

The banks and all other business firms had great difficulty in securing and retaining adequate personnel, and in 1945 they are still having the same difficulty.

The turnover in employees in the banks has been greater than at any other period in the banking history.

The inflation resulting from World War II has caused a great increase in the deposits of all five of the banks in Lamar County. Those responsible for the management of all five of the banks have not forgotten the lessons learned during World War I and are carrying very large reserves of cash and quick assets to care for any emergency that might arise. All of the banks are carrying a reserve of from eighty per cent of deposits to more than one hundred per cent in one bank. This reduces the earning power of the bank, but at the same time it creates a very sound bank and one that will have the confidence of the public, a thing that has been lacking many times in the past.

We offer on the following pages the last available statements of each of the five banks in Lamar County.

First National Bank of Deport  
June 30, 1945

Assets

Loans and Discounts	\$145,476.96
Stock Federal Reserve Bank	2,600.00
Banking House--Furniture and Fixtures	3,000.00
Other Real Estate	1.00
Cash, Bonds, Call Loans	396,842.83
	<u>\$554,920.79</u>

Liabilities

Capital	\$ 50,000.00
Surplus and Profits	42,166.56
Deposits	462,754.23
	<u>\$554,920.79</u>

First National Bank of Roxton  
March 20, 1945

Assets

Loans and Discounts	\$ 55,603.41
Furniture and Fixtures	1,000.00
Other Real Estate	1.00
Bonds, Stocks, Call Loans, and Cash	599,228.61
	<u>\$655,833.02</u>

Liabilities

Capital Stock Common	\$ 25,000.00
Capital Stock Preferred	25,000.00
Undivided Profits	6,133.98
Preferred Stock Retirement Fund	2,500.00
Deposits	597,199.04
	<u>\$655,833.02</u>

First National Bank of Paris  
June 30, 1945

Assets

Loans and Discounts	\$2,123,782.01
Banking House and Fixtures	110,000.00
Other Real Estate Owned	8.00
Other Assets	8,133.30
Bonds, Securities, and Cash	8,046,417.73
	<u>\$10,288,341.04</u>

Liabilities

Capital Stock	\$ 250,000.00
Surplus	110,000.00
Undivided Profits	42,960.36
Reserves	56,000.00
Deposits	9,829,380.68
	<u>\$10,288,341.04</u>

Liberty National Bank in Paris  
June 30, 1945

Assets

Loans and Discounts	\$1,419,973.09
Banking House--Furniture and Fixtures	75,000.00
Other Assets	12,325.75
Bonds, Stocks, Call Loans and Cash	7,658,870.55
	<u>\$9,166,169.39</u>

Liabilities

Capital Stock	100,000.00
Surplus	100,000.00
Undivided Profits	80,843.00
Reserves for Contingencies	6,963.82
Deposits	8,878,362.57
	<u>\$9,166,169.39</u>

Deport State Bank of Deport  
June 30, 1945

Assets

Loans and Discounts	\$ 96,505.16
Banking House	3,750.00
Furniture and Fixtures	1.00
Other Real Estate	3.00
Other Assets	10.00
Customers Bonds Deposited	2,150.00
Cash, Bonds, Call Loans	455,311.57
	<u>\$557,730.73</u>

Liabilities

Capital Stock	28,000.00
Surplus and Profits	29,507.13
Dividends Unpaid	43.00
Customers Bonds Deposited	2,150.00
Deposits	498,030.60
	<u>\$557,730.73</u>

It is to be hoped that the day of trial and error has passed in the banking history of Lamar County. It is very doubtful if the national government or the state government will permit any additional banks to be organized in the county in the future, so let us hope that the five banks we now have will always adequately, wisely, and faithfully serve the banking needs of Lamar County.



REPRESENTATIVE STATEMENTS OF  
THE LAMAR COUNTY BANKS

## Farmers and Merchants Bank of Paris

(Not available)

## Paris Exchange Bank of Paris

(Not available)

## Bank of Lamar of Paris

(Not available)

## Paris National Bank of Paris

(Not available)

City National Bank of Paris  
December 29, 1920

## Assets

Loans and Discounts	\$1,529,231.62
Overdrafts	6,204.19
U. S. Gov't Securities	271,000.00
Other Bonds	102,500.00
Stock Federal Reserve Bank	12,000.00
Banking House	175,000.00
Furniture and Fixtures	16,875.00
Redemption Fund	10,000.00
Interest Earned	10,100.00
Cash and Exchange	269,605.09
	<u>\$2,402,415.90</u>

## Liabilities

Capital Stock	\$ 200,000.00
Surplus and Profits	237,116.33
Interest Not Earned	6,000.00
Circulating Notes	189,200.00
Deposits	1,770,099.57
	<u>\$2,402,415.90</u>

First National Bank of Petty  
1909

## Assets

(Not available)

## Liabilities

Capital Stock	\$28,000.00
Surplus and Profits	16,000.00
Deposits	67,000.00

First National Bank of Roxton  
December 31, 1928

## Assets

Loans and Discounts	\$192,040.56
Overdrafts	365.66
Other Bonds and Stocks	3,357.46
Furniture and Fixtures	2,180.52
Other Real Estate	25,845.65
U. S. Bonds	20,000.00
Redemption Fund	1,000.00
Cash and Exchange	176,475.02
	<hr/>
	\$421,264.87

## Liabilities

Capital Stock	\$ 30,000.00
Surplus and Profits	40,038.87
Circulating Notes	20,000.00
Deposits	331,226.00
	<hr/>
	\$421,264.87

First National Bank of Blossom  
December 31, 1924

Assets

Loans and Discounts	\$206,018.92
Overdrafts	335.11
U. S. Bonds	15,000.00
Other Bonds and Stocks	2,050.00
Banking House-Furniture and Fixtures	10,700.00
Other Real Estate	13,340.00
Redemption Fund	750.00
Cash and Exchange	61,583.92
	<u>\$309,777.95</u>

Liabilities

Capital Stock	\$ 60,000.00
Surplus and Profits	5,851.48
Circulation	15,000.00
Deposits	228,926.47
	<u>\$309,777.95</u>

First National Bank of Deport  
1930 Banker's Directory  
(In even dollars)

Assets

Loans and Discounts	\$229,730.00
U. S. Bonds	74,500.00
Miscellaneous	10,000.00
Cash and Exchange	140,430.00

Liabilities

Capital Stock	\$ 50,000.00
Surplus and Profits	48,460.00
Other Liabilities	23,650.00
Deposits	332,560.00

**First State Bank of Paris**  
December 31, 1925

Assets

Loans and Discounts	\$ 586,877.02
Loans Secured by Real Estate	228,016.14
Overdrafts	19,149.36
Bonds and Stocks	7,500.00
Customer's Bonds	40,500.00
Banking House	61,418.53
Other Real Estate	44,053.20
Furniture and Fixtures	17,539.16
Interest Depositors Guaranty Fund	21,399.00
Assessment Depositors Guaranty Fund	39,662.39
Other Resources	1,819.24
Cash and Exchange	307,404.44
	<u>\$1,374,888.48</u>

Liabilities

Capital Stock	\$ 150,000.00
Surplus and Profits	60,692.93
Cashiers Checks	3,549.38
Customer's Bonds	40,050.00
Deposits	1,120,596.17
	<u>\$1,374,888.48</u>

**First State Bank of Deport**  
1925 Bankers Directory  
(In even thousands)

Assets

Loans and Discounts	\$284,000.00
Miscellaneous	41,000.00
Cash and Exchange	24,000.00
	<u>\$349,000.00</u>

## First State Bank of Deport (Continued)

## Liabilities

Capital Stock	\$100,000.00
Surplus and Profits	21,000.00
Deposits	<u>228,000.00</u>
	\$349,000.00

American National Bank of Paris  
December 31, 1925

## Assets

Loans and Discounts	\$1,246,991.77
U. S. Bonds	345,550.00
Other Bonds and Securities	133,810.00
Stock Federal Reserve Bank	9,000.00
Banking House-Furniture and Fixtures	79,372.00
Other Real Estate	11,500.00
Cash and Exchange	<u>632,745.37</u>
	\$2,458,969.14

## Liabilities

Capital Stock	\$ 150,000.00
Surplus and Profits	200,237.90
Circulation	100,000.00
Deposits	<u>2,008,731.24</u>
	\$2,458,969.14

Roxton State Bank of Roxton  
1920 Bankers Directory  
(All items not given)

## Assets

Loand and Discounts	\$215,090.00
Cash and Exchange	132,740.00

## Roxton State Bank of Roxton (Continued)

## Liabilities

Capital Stock	\$ 25,000.00
Surplus and Profits	32,620.00
Deposits	312,510.00

First State Bank of Blossom  
September 12, 1914

## Assets

Loans and Discounts	\$53,480.16
Loans Secured by Real Estate	100.00
Banking House	2,586.00
Furniture and Fixtures	1,868.00
Interest Depositors Guaranty Fund	728.23
Assessment Depositors Guaranty Fund	113.56
Cash and Exchange	<u>11, 529.13</u>
	\$70,405.08

## Liabilities

Capital Stock	\$22,000.00
Surplus and Profits	4,996.26
Bills Payable	5,000.00
Deposits	<u>38,408.82</u>
	\$70,405.08

Howland State Bank of Howland  
December 31, 1925

## Assets

Loans and Discounts	\$41,744.25
Overdrafts	150.30
Bonds and Other Securities	5,000.00
Banking House	2,400.00
Other Real Estate	1,241.00
Furniture and Fixtures	1,400.00
Interest Depositors Guaranty Fund	2,316.93
Assessment Depositors Guaranty Fund	1,057.34
Cash and Exchange	40,698.92
	<u>\$96,008.84</u>

## Liabilities

Capital Stock	\$10,000.00
Surplus and Profits	16,303.38
Dividends Unpaid	1,200.00
Cashiers Checks	202.90
Other Liabilities	441.82
Deposits	67,860.74
	<u>\$96,008.84</u>

Lamar State Bank and Trust Company of Paris  
December 31, 1925

## Assets

Loans and Discounts	\$ 852,773.86
Bonds and Stocks	4,900.00
Stock Federal Reserve Bank	6,200.00
Furniture and Fixtures	9,400.00
Real Estate	30,442.55
Interest Depositors Guaranty Fund	44,910.53
U. S. Securities	201,673.50
Cash and Exchange	628,873.30
	<u>\$1,779,173.74</u>



Lamar State Bank and Trust Company of Paris  
(Continued)

Liabilities

Capital Stock	\$ 150,000.00
Surplus and Profits	42,576.32
Customers Liberty Bonds	70,550.00
Deposits	<u>1,516,047.42</u>
	\$1,779,173.74

First State Bank of Pattonville  
December 31, 1925

Assets

Loans and Discounts	\$10,205.26
Overdrafts	489.35
Bonds and Other Securities	23,000.00
Customers Bonds	3,450.00
Banking House	1,750.00
Other Real Estate	235.00
Furniture and Fixtures	1,500.00
Interest Depositors Guaranty Fund	992.51
Assessment Depositors Guaranty Fund	1,800.00
Other Resources	35.00
Cash and Exchange	<u>13,809.05</u>
	\$57,266.17

Liabilities

Capital Stock	\$15,000.00
Surplus and Profits	4,176.28
Cashiers Checks	6.16
Customers Bonds	3,450.00
Deposits	<u>34,633.73</u>
	\$57,266.17

Citizens State Bank of Petty  
September 12, 1914

Assets

Loans and Discounts	\$115,086.50
Loans Secured by Real Estate	5,254.66
Overdrafts	2.11
Banking House	2,250.00
Furniture and Fixtures	1,850.00
Interest Depositors Guaranty Fund	1,500.00
Assessment Depositors Guaranty Fund	97.63
Cash and Exchange	17,934.60
	<u>\$143,975.50</u>

Liabilities

Capital Stock	\$ 50,000.00
Surplus and Profits	8,051.79
Bills Payable	40,000.00
Deposits	45,923.71
	<u>\$143,975.50</u>

Brookston State Bank of Brookston  
December 31, 1925

Assets

Loans and Discounts	\$ 90,360.21
Overdrafts	73.71
Bonds and Securities	850.00
Customers Bonds	6,950.00
Banking House	2,650.00
Other Real Estate	10,000.00
Furniture and Fixtures	2,200.00
Interest Depositors Guaranty Fund	2,588.99
Assessment Depositors Guaranty Fund	5,345.13
Acceptances	21,912.09
Cash and Exchange	42,211.47
	<u>\$185,141.60</u>

## Brookston State Bank of Brookston (Continued)

## Liabilities

Capital Stock	\$ 25,000.00
Surplus and Profits	11,000.00
Dividend Unpaid	2,500.00
Cashiers Checks	133.13
Customers Bonds	6,950.00
Deposits	<u>139,558.47</u>
	\$185,141.60

Citizens National Bank of Petty  
December 31, 1918

## Assets

Loans and Discounts	\$216,497.46
Banking House-Furniture and Fixtures	3,500.00
Stock Federal Reserve Bank	1,350.00
U. S. Certificate of Deposit	10,000.00
U. S. Liberty Bonds	74,650.00
U. S. Saving Certificates	2,056.77
Interest Earned	2,616.84
Cash and Exchange	<u>54,851.24</u>
	\$365,522.31

## Liabilities

Capital Stock	\$ 37,000.00
Surplus and Profits	14,980.65
Reserves for taxes	534.92
Interest Collected in Advance	548.30
Bills Payable	73,000.00
Deposits	<u>239,458.44</u>
	\$365,522.31

Farmers State Bank of Blossom  
December 31, 1924

## Assets

Loans and Discounts	\$ 54,155.68
Banking House	5,700.00
Other Real Estate	6,500.00
Furniture and Fixtures	3,800.00
Interest Depositors Guaranty Fund	1,836.54
Assessment Depositors Guaranty Fund	2,680.60
Acceptances	21,094.93
Cash and Exchange	80,918.81
	<u>\$176,686.50</u>

## Liabilities

Capital Stock	\$ 30,000.00
Surplus and Profits	2,598.36
Cashiers Checks	279.05
Reserve for Taxes	546.58
Deposits	143,262.57
	<u>\$176,686.50</u>

Red River Valley and Trust Company of Paris  
December 31, 1928

## Assets

Loans on Real Estate	\$214,519.94
Loans and Discounts	62,656.35
Bonds and Other Securities	1,483.33
Furniture and Fixtures	3,000.00
Real Estate	194,589.70
Funds Advanced on Real Estate	58,532.10
Cash and Exchange	41,961.90
	<u>\$576,743.32</u>

Red River Valley and Trust Company of Paris  
(Continued)

Liabilities

Capital Stock	\$500,000.00
Surplus and Profits	25,436.24
Dividends Unpaid	25,000.00
Trust Funds	16,307.08
Contingent Liability	<u>10,000.00</u>
	\$576,743.32

Liberty National Bank of Paris  
December 31, 1930

Assets

Loans and Discounts	\$336,541.96
U. S. and Other Bonds	163,806.66
Banking House-Furniture and Fixtures	125,000.00
Other Real Estate	30,500.00
Commercial Loans	40,000.00
Demand Loans	31,587.92
Cash and Exchange	<u>105,036.28</u>
	\$832,472.82

Liabilities

Capital Stock	\$150,000.00
Surplus and Profits	7,659.88
Deposits	<u>674,812.94</u>
	\$832,472.82

Farmers National Bank of Blossom  
December 31, 1926

Assets

Loans and Discounts	\$66,513.43
Bonds and Other Securities	2,513.39
Banking House	5,700.00
Furniture and Fixtures	3,800.00
Cash and Exchange	<u>12,323.56</u>
	\$97,350.93

Liabilities

Capital Stock	\$30,000.00
Surplus and Profits	645.60
Cashiers Checks	192.00
Deposits	<u>66,517.83</u>
	\$97,350.93

Blossom National Bank of Blossom  
December 31, 1927

Assets

Loans and Discounts	\$123,104.41
Overdrafts	758.97
Bonds and Other Securities	2,400.00
Banking House	7,500.00
Furniture and Fixtures	3,200.00
Other Real Estate	13,321.55
Other Assets	1,817.00
Cash and Exchange	<u>49,742.75</u>
	\$202,244.68

Liabilities

Capital Stock	\$ 30,000.00
Surplus and Profits	4,893.45
Deposits	<u>167,351.23</u>
	\$202,244.68

Deport State Bank of Deport  
1935 Bankers Directory  
(In even thousands and  
all items not listed)

Assets

Loans and Discounts	\$120,000.00
Miscellaneous	25,000.00
Cash and Exchange	14,000.00

Liabilities

Capital Stock	\$ 28,000.00
Surplus and Profits	28,000.00
Reserves	16,000.00
Deposits	113,000.00

First National Bank of Paris  
December 31, 1925

Assets

Loans and Discounts	\$1,977,764.04
U. S. Bonds and Other Securities	616,502.55
Banking House-Furniture and Fixtures	163,500.00
Other Real Estate	106,340.19
Cash and Exchange	1,291,249.99
	<hr/>
	\$4,155,249.99

Liabilities

Capital Stock	\$ 300,000.00
Surplus and Profits	116,064.55
Reserve for Taxes	11,351.82
Circulation	295,800.00
Deposits	3,432,033.62
	<hr/>
	\$4,155,249.99

Liberty National Bank in Paris  
December 30, 1939

Assets

Loans and Discounts	\$ 740,085.47
Stock Federal Reserve Bank	4,500.00
Other Bonds and Securities	1,005.00
Banking House	75,000.00
Furniture and Fixtures	10,000.00
Other Real Estate	10,147.27
U. S. Bonds	74,500.00
State and County Bonds	156,496.92
Cash and Exchange	<u>967,155.61</u>
	\$2,038,890.27

Liabilities

Capital Stock	\$ 100,000.00
Surplus and Profits	51,797.07
Reserves	5,000.00
Cashiers Checks	17,880.92
Deposits	<u>1,864,212.28</u>
	\$2,038,890.27



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 Mr. Frank R. Crain  
 Mr. J. C. Hathaway  
 Mr. Tom Jeffus  
 Mr. J. P. Maxwell  
 Mr. John H. Moore  
 Mr. H. M. Norris  
 Mr. J. Q. O'Connor  
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