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S. B. Elkins: Business in New Mexico's Early Banking Era, 1873-1875

ELIZABETH ROGERS

Stephen B. Elkins has been one of the most mysterious characters of his era, despite a public life of over forty years. During his early career he was essential to the sale of at least one land grant of nearly two million acres and became president of the Territory's largest company. He launched New Mexico's first bank. He served two consecutive terms as Delegate to Congress from New Mexico. He acquired substantial wealth in the Territory. He remained president of the First National Bank of Santa Fe for thirteen years while residing in the East for ten of those years. Very little has been written, however, of Elkins's life or the extent of his influence.

There appear to be several reasons for this curious phenomenon. First, Elkins's rapid rise to power occurred amidst several events of a controversial nature. Second, evidence concerning the facts of several of his later business schemes was destroyed or mangled in poorly conducted investigations during his lifetime.¹ The conduct and evidence of these investigations is extremely difficult to trace today. The stringent requirements of scholarship make examination of his life nearly impossible. Third, one of New Mexico's primary historians, Ralph E. Twitchell, was a business associate of Elkins and not an objective critic of the man or the public official. Fourth, his career had at least three phases, each involving residency in different locations.

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It is important to note that Elkins's personality earned him the reputation of "manager" of events and people and caused him to be dubbed "Smooth Steve" as early as his first race for Congressional Delegate.² In this regard, three friends from his college years remained his staunch allies throughout his lifetime. These friends and associates were Thomas Catron, Henry Waldo, and Richard Kerns. In Elkins's era, successful coalitions were crucial to the operation of versatile business enterprise. Elkins's correspondence and business connections with these men can be traced throughout his lifetime.

Elkins did not seem to favor a close examination of his career and did not provide evidence to refute the charges of fraud which haunted him throughout his life. Oscar Lambert, Elkins's biographer, offers a purely "commemorative" account of his life, authorized by Elkins's family. Lambert's account of Elkins's career was the only one available until 1976 when John A. Williams published *West Virginia and the Captains of Industry*. This book recounts the joint careers of Elkins and his father-in-law, Henry Gassaway Davis.³

The controversial events leading up to Elkins's bid for New Mexico Congressional Delegate includes: his defense of William Rynerson in the murder trial of Chief Justice John Slough, 1868, the sale of the Maxwell Grant, 1870, and his part in the legislative rebellion, 1871. There are other notable events during these years for Elkins as well. He brought Thomas Catron to New Mexico and sponsored his career. In January 1869, Catron succeeded Attorney General Merrill Ashurst, who tried Rynerson in the celebrated 1868 trial. Twice Elkins resigned offices due to business or political conflicts.⁴ The events prior to 1872 are not the subject of this essay, but serve to introduce Elkins, who had already made a considerable fortune and established strong loyalties, as well as enemies, in public life.

A close examination of Elkins's early period in New Mexico offers several revealing incidents which might establish more light on the subject than has been shed over many years. It is an interesting study to focus on Elkins as a businessman in the last two years of his residence in New Mexico.

The economic survival of the territory depended upon the five or six military forts that employed numerous civilians. An agricultural economy prevailed, although New Mexico struggled to develop a mineral base as well. Large ranches and established merchants supplied the forts with provisions and several Indian reservations received some provisions locally. Business and government were intricately linked. The primary objective of the Territory was to spur the advent of rail service and compete favorably for business against Texas on its southern border and Colorado to the north.

Miguel A. Otero, whose son was later governor of New Mexico, member of the Board of Directors of the Maxwell Land Grant & Railway Company, and associate of Elkins, agreed to become the agent for the Atchison, Topeka & Santa Fe Railroad in September 1873. Otero was recruited for the service of acquiring a needed right-of-way in New Mexico.⁵ This same month marked a significant financial transaction between Jerome Chaffee, Colorado Congressional Delegate, and Elkins, then New Mexico Congressional Delegate. These local events also coincided with a national financial crisis which delayed the advance of western railroad building for several years. That September marked the failure of the Jay Cooke banking firm after which, for four months, the government released \$26 million in greenbacks to support the nation's faltering economy.

In 1873 Elkins's career had three phases. He was president of the First National Bank of Santa Fe, president of the Maxwell Land Grant & Railway Company, and the leading public official of the Territory. He was a Republican when the national administration was Republican. The Grant administration during these years became synonymous with scandal and Elkins later became a central figure in one of those scandals, the Star Route Mail Frauds.⁶

A broad look at the success of banking would be helpful. Otero, in an account of his early career, relates his observations on banking as former cashier of the San Miguel National Bank of Las Vegas, founded in 1876. He explains how the banking business prospered in 1881, before usury laws were enacted in the Territory. The prevailing rate of interest was at eighteen percent with an additional charge of ten percent commission if it was necessary to rediscount paper in New York. Profits from loans, he claimed, were enormous "in buying and selling cattle, sheep and horses . . . so those who engaged in that line of business were quite willing to allow the banks to take a good share of their profits."⁷ Of course, more than one bank made competition for the more favorable rate a factor.

During the month of the banking crisis, on 26 September 1873, there was also a telegram from Denver to Elkins, as bank president, requesting issue of a letter certifying that fifteen thousand dollars in gold be made payable to Martin B. Hayes, secretary to Jerome Chaffee of Denver, when a government patent was granted on the Santa Rita copper mine in Grant County, New Mexico. The request contained the statement that the money would not be demanded for at least one year and the First National Bank of Denver would guarantee its payment to Elkins's bank when the demand was made.⁸

The requested letter certifying payment of fifteen thousand dollars to Hayes upon receipt of the patent under title of conveyance for the mine was attached to the request. Finally, at a later date, the documents were marked "Pd" on the request, "Cancelled and filed Oct. 14, 1881, Wm. Griffin, Cashier" on the letter attached to it. The letter was signed "S. B. Elkins, Prest.," co-signed "S. B. Wheelock, A. Cashier."⁹

The transaction represents a deviation in the bank's professed policy of granting no loans during the current financial crisis.¹⁰ Of course, this was not a loan, only a guarantee, and not to be cashed for at least one year. There was no clear explanation why a guarantee from the First National Bank of Denver would not be as suitable for such a transaction. The document raises several issues of interest concerning the granting of patents by the government, the exercise of interest of the involved parties in influencing government to act on their behalf, and the method of the transaction itself.

Both Elkins and Chaffee were presidents of the First National Banks of Denver and Santa Fe and were also delegates to Congress from their respective areas. The heirs to the Santa Rita copper mine were residents of Mexico, and the reason for the request of a patent was that the property was regarded as a land grant.

In September 1873 the Santa Fe Railroad had reached Granada, Colorado and the Denver & Rio Grande Railroad's terminus was at Pueblo, Colorado.¹¹ The two rivals faced the Arkansas River with a mere 180 mile distance between them.¹² Raton Pass was nearer the Denver & Rio Grande than the Santa Fe, and their Colorado Springs resort development and coal mining interests at Pueblo concerned them more than the southern mountain pass.¹³ When the economic crisis occurred, most railroad construction was severely curtailed. The Santa Fe, however, spurred on by its cattle transportation business, began laying track for the Pueblo and Arkansas Valley Railroad in the mid-1870s.¹⁴ The Denver & Rio Grande Railroad did not resume building until 1876.

Meanwhile, in November 1872, a combination of Santa Fe Railroad and Maxwell Land Grant Company officials formed the Arkansas Valley & Cimarron Railway Company on the Maxwell Company's land.¹⁵ Former Denver & Rio Grande civil engineer Ray Morley, employed by the Maxwell Company in 1872, was hired by the Santa Fe Railroad in 1876 to help build the Santa Fe's New Mexico link.¹⁶

New Mexico residents' concerns with railroad development were reflected in the news of 1874 and 1875. People expected their Congressional representative to be working on obtaining a railroad for the Territory. When Elkins's mother-in-law arrived to take her grandchildren to Missouri with her, compensating for the loss of their mother who died in

1872, the *Santa Fe New Mexican* announced that, "after a short visit with old friends . . . Mr. Elkins will devote the major portion of his time before the sitting of Congress to looking after the railroad interests of New Mexico."¹⁷

After a visit from officials of the Denver & Rio Grande Railroad later the same month, the sympathy of official wisdom for a direct eastern outlet was expressed in the same newspaper. "Doubtless, many of our people would much rather see the Kansas Pacific, or the Atchison Topeka & Santa Fe extend their line into New Mexico."¹⁸ The article then adds that the Kansas Pacific, deeply in debt, could not continue. As before mentioned, the Arkansas Valley & Cimarron Railway Company was already building its local link for the Santa Fe connection.

In 1875 the paper announced the wedding of Elkins to Hallie Davis of Maryland, daughter of a senator from West Virginia. This wedding trip to Europe would include seeing "what he can do toward having a railroad completed into New Mexico at an early date."¹⁹

The perennial wool market and growing cattle trade were supported by bank loans, a new convenience. Incorporations of the period included the Consolidated Land, Cattle Raising & Wool Growing Corporation (CLCR&WGC), formed out of the Pablo Montoya Grant in 1872 by Elkins and sold to an English investor, Wilson Waddingham.²⁰ The contract for the sale of the CLCR&WGC was dated 15 December 1873 and newly named the U. S. Land & Colonization Company.²¹

At the time a grant owner generally received one-third of the value of sheep per head and a supplemental thirty percent on any sales made on that land.²² Cattle were valued at around \$8 to \$15 per head.²³ Pelts and furs were shipped to eastern markets. Grain and lumber mills increased with a steadily growing population. However, the large mercantile houses' business diminished as the numbers of military forts decreased and the railroads brought competition to a more settled frontier.

During this same period letters were exchanged which indicate at least one of Elkins's antagonists and the manner in which he handled such people. These letters also indicate how Elkins's legal partner, Catron, acted as a middleman in such matters, and in one instance, to Catron's regret.

Elkins wrote Vicente St. Vrain on 2 May 1874, that he had received St. Vrain's letter in Washington as Congressional Delegate and that the writer

did the proper thing in writing to me. I am the representative of the whole people and no party and I serve my political enemy as readily as I do my warmest political friend and you need never have any hesitancy in writing me fully and freely on all subjects being assured I will serve you to the best of my ability. I will introduce a bill on Monday.²⁴

The letter is a response to Vincent St. Vrain on a resolution of a judgment in his favor.

This was indeed business. The U. S. Congress passed on all matters of importance to the Territory and the St. Vrains were merchants, dependent upon a whim of Congress for settlements of their accounts in trade with the military posts of the region. A partial list of St. Vrain's unpaid bills on account due from the government confirms a backlog of at least sixteen bills and claims. These were requested between the 28th and 42nd Congresses.²⁵ Some of these items were confirmations of land grants. One item requests authority to bring suit in U. S. court on a confirmation of land title in New Mexico. Most claims, however, were reimbursements of amounts of judgments and payment for provisions furnished to troops.

On 6 May 1874, Elkins presented two items as petitions before the Congress, one for Vicente St. Vrain of Mora, New Mexico, "administrator for Ceran St. Vrain, deceased, to be reimbursed for freight paid pursuant to orders from the Quartermaster's Dept., to the Committee on War Claims."²⁶

The previous letter acknowledges an old enmity which goes back to two incidents, the first of which had to do with a court case in 1871 in which Elkins represented a Mrs. Huntington in suit against William Moore, a Santa Fe merchant. Its particulars are complex, but Moore was required to put up an unusually steep bond in order to appeal the case. Ceran St. Vrain and other Las Vegas and Mora residents helped Moore meet the requirements.²⁷ Later, at the time of the legislative rebellion in December 1871, Ceran St. Vrain and other Mora and San Miguel County residents accosted their representative, Pasqual Baca, having heard he had succumbed to bribery in the matter of his vote. Baca pointed to Elkins as the one offering the bribe, according to a later account.²⁸

A letter from Catron to the same Vicente St. Vrain, dated 13 September 1874, four months after Elkins's 2 May letter, states:

Your letter is at hand and I assure you I am more than surprised that you did not receive *currency*, I distinctly wrote to Elkins to send it and while at Cimarron he telegraphed me which he must send *currency* or certificate of deposit, and I answered him *currency*, and was informed had done so. I hope you have had no inconvenience in the matter. I will make any loss good that you may suffer.²⁹

A similarity between the latter incident and the matter of Martin Hayes acting for Jerome Chaffee comes to mind in the Santa Rita copper mine purchase. Legal partners and secretaries may have frequently acted on behalf of their associates, which confuses the record when directions do not exist. The puzzling disparity between the extensive land holdings of Catron in 1893 and the later diminished settlement of his estate may be explained by the indications of these incidents.³⁰

During 1874 Elkins met with William Blackmore, an English attorney, arranging for Blackmore's purchase of several interests in the 850,000 acre Mora Grant, an interest of which Blackmore acquired in 1871 from Colonel Samuel Smoot.³¹ Actually, Elkins had obtained substantial amounts of the grant through a secret group of men, including Smoot, which he had organized.³² However, he had to petition the district court at Mora for authority to divide the grant and determine his own lands.³³ Elkins, Catron, Smoot, Captain E. N. Darling, and T. Rush Spencer, the latter two official U. S. Surveyors in New Mexico, banded together to gain control of the Mora Grant in November 1870. Smoot broke the pact for unknown reasons in 1872. In 1873 Waddingham was attempting to sell the CLCR&WGC to Blackmore.³⁴ Elkins's petition was still pending in 1877. Despite repeated requests by Blackmore for immediate action from Elkins, the investor's letters went unanswered.³⁵

Blackmore, international attorney, former partner of William Gilpin in the Sangre de Cristo Grant and major investor in the Denver & Rio Grande Railroad, remained enthusiastic about his western ventures through 1875, despite these delays in the land transfers. Elkins met Blackmore and his partner, J. G. Potter, in London that spring with Elkins's new bride on their European tour. Several years later, in 1878, Blackmore committed suicide as a result of the debts he incurred in western investment ventures of the era.³⁶

The Maxwell Land Grant & Railway Company took out a second mortgage on their property in November 1872, while Elkins was president. The second mortgage covered a final payment to Lucien Maxwell for an \$87,500 balance owed him on final release of his holdings in October 1870 to the English firm.³⁷ The amount may have also covered some of the expenses of the local railroad under construction. The railroad from Colorado, however, had still not entered New Mexico in 1875 and the company's funds were exhausted. The firm secured bankruptcy from a friendly judge, and Catron later exercised a lateral move to buy the firm in 1877.³⁸ Elkins's brother and another surveyor contracted to survey the Maxwell Grant for a land patent which they prepared in short order in 1877, the patent issued in 1879.³⁹

Elkins's speech before Congress in favor of statehood for New Mexico occurred 21 May 1874 and undoubtedly occupied much of his time in preparation. At the same time, his social activities must have increased due to the new acquaintances he made in Congress and on its fringe as a result of his marriage in April 1875. Elkins remained bank president for thirteen years, until 1883. There is every indication that he functioned harmoniously with his colleagues during the eleven years of his absence as bank president. The bank thrived during this time, a remarkable feat considering the difficulty of long-distance communication. Elkins's diplomacy was renowned, despite his slip in identifying himself with the bloody shirt faction in Congress and turning the southern minority against New Mexico's 1874 bid for statehood.⁴⁰

Known for his careful organization and meticulous planning, Elkins was the consummate modern businessman. Clearly generous and considerate with his friends, he was a dangerous and aggressive enemy. He cultivated friends and allies who would serve his purposes such as William Griffin, First National Bank of Santa Fe cashier and later president. Griffin was a surveyor of the Maxwell Grant and had served in the U. S. Depository at Santa Fe before the war ended. Elkins's friendship with Will Rynerson included defending him in a celebrated murder trial. The quarrel, which resulted in Chief Justice Slough's death, began with Rynerson's election to the legislature. Slough questioned the legitimacy of that election to which Rynerson countered with a formal denunciation of the Chief Justice in the Assembly. Slough then made incendiary remarks concerning Rynerson's courage and honor. Rynerson was the first non-Mexican to be elected to the legislative council.⁴¹

The matter of Rynerson, who held claims on at least two mines in the Pinos Altos vicinity with his brother, brings up another factor concerning business in the region at the time. Rynerson was one of the California Column of the United States Army mustering out in New Mexico in 1865 and settling in the Territory. The ex-soldier, at nearly seven feet tall, was a commanding presence among men who greatly valued physical prowess. He was quick to assume leadership and determined to become an attorney. His circle of acquaintance was broad among the ex-soldiers then settling in the area. Despite the taint of killing a chief justice in a reputed duel, he resumed an active political role. The powerful influence of Rynerson's association with the business faction of ex-soldiers may have supported Elkins's defense in the case.

Lucien Maxwell left no record of how he regarded Elkins as a negotiator or as an ally, even as a competitor. How the two men managed the merger of their banks in 1871 is a matter of speculation. It is clear, however, from all accounts that Elkins's superior wisdom in choosing New Mexicans and Santa Feans to serve with him as bank officers and direc-

tors was a most favorable maneuver. He carefully selected influential Democrats as well as Republicans in the same manner he replaced himself in his law firm with a personable Democrat, his old friend, Henry Waldo.

The variety of competing coalitions and their relative success as businessmen in the early banking era can be measured by the quality, quantity, and secure rootedness of their associations. The Elkins's faction won control of the First National Bank of Santa Fe because it was a bipartisan league of native New Mexicans and easterners.

Maxwell was absent during most of the organization of the first bank and had associations with several Coloradoans. Elkins, on the other hand, was firmly attached to the Republican administration. He wedded his national connections to popular support in New Mexico. Elkins combined experienced businessmen with reliable native New Mexican agriculturists. He therefore trained and cultivated an acceptable coalition. This mutual accommodation of interest in financial gain eventually became known as the Santa Fe Ring.

Again, Elkins's personality as a negotiator, friend, mediator, and supporter, contrasts with his occasional lapses of patience, his poor value of community, his social ambition, and his search for wealth and power.

NOTES

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13. *Ibid.*, 2:171, 182.
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