

## **BILLIE SOL ESTES**

### **Swindler and con man**

**BORN:** January 10, 1925; near Clyde, Texas

**MAJOR OFFENSES:** Swindling, fraud, interstate transportation of securities taken by fraud, and conspiracy

**ACTIVE:** 1950's-1960's

**LOCALE:** West Texas and Washington, D.C.

**SENTENCE:** Eight years in prison for swindling, reversed by the U.S. Supreme Court; fifteen years for mail fraud and conspiracy, upheld by the Supreme Court

### **EARLY LIFE**

Born in 1925 near Clyde, Texas, Billie Sol Estes (BIHL-ee sahl EHS-teez) grew up on his family farm. His financial genius was revealed at an early age. While still in high school, he borrowed thirty-five hundred dollars from a local bank to buy government surplus grain to sell for profit. After he married in 1946, he moved to his own farm near Pecos, Texas. When electricity costs for irrigation pumps rose excessively, he formed a company providing natural gas-powered pumps to farmers. Then Estes started a business distributing cheap anhydrous ammonia fertilizer. By 1952, he was a millionaire and was named one of the Outstanding Young Men of the Year by the U.S. Junior Chamber of Commerce.

### **CRIMINAL CAREER**

In the late 1950's, the U.S. Department of Agriculture established allotments and quotas for cotton farmers in order to control production. To offset resulting business losses, Estes turned his fertilizer business into a multimillion-dollar scam. In 1958 he owed \$550,000 to Commercial Solvents of New York for fertilizer. Estes made a deal with the firm to defer the debt and lend him \$350,000, plus \$225,000 to build storage facilities. He used money from fertilizer sales to build grain storage facilities, then collected storage fees under federal price-support programs. He assigned the fees to Commercial Solvents to get more fertilizer for distribution. He undercut the prices of competitors until they went bankrupt, then bought the failed firms' assets cheaply and absorbed their businesses. In 1959-1961, Commercial Solvents collected \$7,000,000 in grain storage fees paid to Estes by the federal government.

Estes, however, still owed Commercial Solvents \$5,700,000. He devised another scheme involving anhydrous ammonia storage tanks. He persuaded a Texas tank manufacturer to let area farmers buy nonexistent tanks, sign bogus mortgages on them, then lease them to Estes. Estes collected \$30 million in loans and storage fees and used nonexistent storage tanks and fake mortgages as collateral to borrow an additional \$22 million from finance companies in Chicago and New York.

Still in debt in 1960, Estes began yet another scheme using cotton allotments and the eminent domain exception for farmers whose lands were taken by government for public projects. Estes persuaded displaced farmers in Texas, Oklahoma, Alabama, and Georgia to buy Texas farmland from him, transfer their cotton allotments to the new land, and lease the lands and allotments to Estes. The lease default clause virtually ensured that Estes' initial fifty-dollar-per-acre lease payment would effectively transfer ownership of three thousand acres of land and allotments to Estes. He then used nonexistent cotton crops as collateral for bank loans and claimed subsidies from the government for growing and storing the nonexistent cotton. The Agriculture Department finally investigated the deals and found them to



*Billie Sol Estes, as depicted on the cover of Time in 1962.*  
(Courtesy, Time, Inc.)