

= Free State of Galveston =

The Free State of Galveston ( sometimes referred to as the Republic of Galveston Island ) was a whimsical name given to the coastal city of Galveston in the U.S. state of Texas during the early @-@ to @-@ mid @-@ 20th century . Today , the term is sometimes used to describe the culture and history of that era .

During the Roaring Twenties , Galveston Island emerged as a popular resort town , attracting celebrities from around the country . Gambling , illegal liquor , and other vice @-@ oriented businesses were a major part of tourism . The Free State moniker embodied a belief held by many locals that Galveston was beyond what they perceived were repressive mores and laws of Texas and the United States . Two major figures of the era were the organized @-@ crime bosses Sam and Rosario Maceo , who ran the chief casinos and clubs on the island and were heavily involved in the government and the tourism industry . The success of vice on the island , despite being illegal , was enabled by lax attitudes in the society and the government , both on the island and in the county . In one of the more famous examples of this , a state committee , investigating gambling at the fabled Balinese Room , was told by the local sheriff that he had not raided the establishment because it was a " private club " and because he was not a " member " .

Much of this period represented a high point in Galveston 's economy . It is sometimes referred to as the " open era " or the " wide @-@ open era " because the business owners and the community made little effort to hide the illegal vice activities . The tourist industry spawned by the illegal businesses helped to offset Galveston 's decline as a commercial and shipping center following a devastating hurricane in 1900 . However , crackdowns against gambling and prostitution in Texas during the mid @-@ 20th century made these businesses increasingly difficult to sustain . By the 1950s , this era of Galveston 's history had ended .

= = Background = =

The island of Galveston , which lies on the Gulf of Mexico , held one of the first major settlements in the eastern part of what is now Texas . During the mid @-@ to @-@ late @-@ 19th century , it became the largest city in the state . Galveston was also an important national commercial center and one of the busiest seaports in the United States , as the Port of Galveston was able to capitalize on Texas ' rapid rise in the cotton trade . Though nearby Houston was emerging as an important city in its own right , Galveston was the state 's cultural and economic center at the time . Vices such as prostitution and gambling , which were common throughout Texas during the 19th century , continued to be tolerated to various degrees on the island in the early 20th century .

The 1900 Galveston hurricane was an unparalleled disaster . According to some estimates 6 @,@ 000 people died on the island , in addition to thousands more on the Gulf Coast and along the shores of the bay . Immediately after the hurricane , Galveston worked to revive itself as a port and an entertainment center , including the construction of tourist destinations such as the Hotel Galvez , which opened in 1911 . In the same year , the Galveston ? Houston Electric Railway opened and became recognized as the fastest interurban rail system in the country . Galveston 's port was also rebuilt quickly , and by 1912 had become the second @-@ leading exporter in the nation , behind New York . Nevertheless , after the 1900 storm and another in 1915 , many avoided investing in the island .

Galveston had been a major port of entry for Texas and the West during the 19th century , and a new wave of immigration came through the port in the early 20th century . In contrast to the heavily German immigration of the 19th century , the new arrivals in Galveston were Greeks , Italians , Russian Jews ( part of the Galveston Movement ) , and others who came to settle in many parts of the country , including some who remained on the island itself . Of particular note are the Sicilian immigrants who formed a significant community in Galveston County , as well as the nearby city of Brazoria .

The opening of the Houston Ship Channel in 1915 further challenged the port city . Houston and Texas City , as well as other ports , rapidly overtook Galveston as leading ports and commercial

centers ; by 1930 map makers were showing Houston as the major city on the Texas coast , instead of Galveston . Cotton shipping , which Galveston had thoroughly dominated on a worldwide level , began migrating to other ports in Texas and on the West Coast .

As Galveston 's traditional economy declined , Texas ' oil boom began in 1901 , with oil wells and refineries constructed throughout the state . Galveston 's direct role in this boom was minimal as investors avoided building pipelines and refineries on the island itself ( though for a time oil was shipped through the island ) . Nevertheless , wealth brought on by the boom transformed nearby Houston , Texas City , Goose Creek ( modern Baytown ) , and other communities . Houston in particular became home to a large community of wealthy businessmen and investors . Galveston became even more tourism @-@ focused as the city sought to attract these nearby nouveau riche . Still , in the first two decades after the 1900 storm , the city 's economy struggled to recover .

= = Prohibition and the Maceos = =

During the early 20th century , reform movements in the United States ( the so @-@ called Progressive movement ) made most forms of gambling illegal in most communities . Gambling continued illegally in many places , though , creating new opportunities for criminal enterprises . The 18th Amendment to the U.S. Constitution , ratified in 1919 , outlawed the manufacture , transportation , importation , and sale of alcoholic beverages and initiated the Prohibition era . The new law was widely unpopular , and bootlegging became rampant . Galveston 's already lax social attitudes allowed this , as well as brothels and other illegal businesses , to blossom in the city . These institutions were so accepted that at one point , the city required health inspections for prostitutes to ensure the safety of their clients .

At the beginning of Prohibition , two main gangs divided the city : the Beach Gang led by Ollie Quinn , and the Downtown Gang led by Johnny Jack Nounes . Though the gangs largely kept to themselves , shootouts and gang @-@ related killings were not unheard of . Rum @-@ running became big business ; liquor was imported from overseas and distributed throughout the city , the state , and other parts of the country . A rum row ( a line of booze @-@ laden ships from Cuba , Jamaica , and the Bahamas ) became a fixture approximately 35 miles ( 56 km ) beyond the coastline where smaller boats fetched the goods and brought them to shore . Quinn was the leading figure in Galveston 's vice market . Quinn 's partner Dutch Voight is often referred to as the " father " of organized gambling on the island because he established organized poker games in 1910 . Quinn 's main casino , the Deluxe Club , was an island landmark .

It was at this time that the Maceo family became important to Galveston 's history . The family had immigrated from Palermo , Sicily , to Louisiana in 1901 . Two brothers , Rosario ( Rose ) and Salvatore ( Sam ) Maceo , trained as barbers and moved to Galveston shortly before World War I to start their business . As Prohibition took hold the brothers began to give their customers gifts of ( low @-@ quality ) wine that they were able to smuggle . As their customers became more interested in the liquor , the Maceos gradually became more serious bootleggers . They allied themselves with the Beach Gang , opened a " cold drink place " ( i.e. , speakeasy ) , and invested in the gang 's gambling operations .

Eventually the Maceos , with Quinn , opened the Hollywood Dinner Club , at the time the most elegant night club on the Gulf Coast . The club featured crystal chandeliers , a massive dance floor , and even air conditioning ( a new technology at the time ; the Hollywood was the first club in the nation to use it ) . Because of Sam 's smooth personality he became the face of the nightclub . Guy Lombardo performed for the club 's opening , and Sam attracted a steady stream of celebrity performers thereafter . The club even hosted one of the nation 's first remote radio broadcasts , and featured Ben Bernie 's orchestra , which was introduced by a young Walter Cronkite . The club , the first venue in the nation to offer high @-@ class gaming , dining , and entertainment under one roof , was unique at the time .

A crackdown by federal law enforcement led to the arrests of the leaders of the city 's gangs , which allowed the Maceo brothers to gain control of the island 's underworld . The Maceos gradually invested in numerous clubs and other entertainment ventures in the city involving gambling and

bootlegging . Their other big venture , besides the Hollywood , was a club and casino called Maceo 's Grotto ( later renamed the Balinese Room ) which opened in 1929 . The Maceos soon controlled most of the gambling and liquor on the island . Their wealth and Sam 's ability to deal with influential figures allowed them to exert increasing influence over other businesses and the government of the island . They established strong relationships with respectable business leaders such as the Moodys , the Sealys , and the Kempners . The Maceos ' influence on the island lasted for nearly three decades . To compensate for the sometimes @-@ ineffectual police force and judicial system on the island , Rose organized a group of vigilantes known as the Night Riders to keep the peace . Area residents considered the island and their homes entirely safe in spite of rampant criminal activity ; the Maceos protected the citizens of the island in many ways , such as limiting how much locals were allowed to gamble at the casinos , donating heavily to local charities , and investing in community development .

The Maceo empire soon extended beyond Galveston and gradually expanded throughout Galveston County . Investments in oil speculation helped to diversify the Maceos ' portfolio and add to their wealth . Law enforcement sources accused them of running the narcotics trade as far north as Dallas , though some sources claim that they were not involved in narcotics at all .

= = Economy = =

Like much of the country , and particularly Texas , Galveston boomed in the 1920s . Even the Great Depression did not stop Galveston 's run of prosperity . Despite the financial ruin that faced much of the country during the Depression , not a single Galveston bank failed and unemployment was almost unheard of . Key business sectors in Galveston during the Free State era were casinos and prostitution , in addition to many legitimate businesses . During much of the period , the vice industries provided the majority of employment . Two families held particular prominence on the island during this era : the Moodys controlled the largest legitimate interests , and the Maceos controlled the largest criminal enterprises . Both families were wealthy with business empires that extended beyond the island .

= = = Legitimate businesses = = =

As the island rebuilt from the 1900 storm , legitimate business interests attempted to expand the economy by rebuilding tourism and further diversifying from shipping . Important non @-@ entertainment businesses included insurance , hotels , banks , shipping , and commercial fishing . The medical and nursing schools , as well as the hospitals of the University of Texas Medical Branch were a stable sector on the island throughout the 20th century . The Moody family built one of the largest hotel empires in the U.S. , and their American National Insurance Company ( ANICO ) was so successful that it actually grew ? tremendously ? during the Depression .

In the entertainment sector various ploys were used to attract tourists . In 1920 an annual beauty contest , named the Pageant of Pulchritude in 1926 , was started in Galveston by C.E. Barfield , manager of a local amusement park owned by the Maceos . The contest was part of Splash Day , the kick @-@ off of the summer tourist season each year , and became the first international beauty contest , attracting participants from England , Russia , Turkey , and many other nations until its demise in 1932 . This contest is said to have served as a model for the modern Miss America pageant and others . At its height the pageant tripled the island 's population the weekend it ran . Even after the international contest 's closing , Splash Day was revived in various forms and continued to attract tourists . Other annual events included an extravagant Mardi Gras celebration in spring .

Much of Galveston 's success as a tourist destination was the result of E. Sid Holliday , who became the publicity and convention director of the Galveston Chamber of Commerce in 1925 and later became its head . The Chamber helped promote the legitimate face of Galveston 's tourism and business community ( though it cooperated heavily with the criminal enterprises ) . Legitimate amusements such as a Ferris wheel and a roller coaster , in addition to the beaches and up @-@

scale shopping districts ( notably the Strand ) drew visitors , including those less interested in the city 's illegal attractions . One of the most spectacular efforts by the Chamber , though not one of the city 's greatest successes , was the Pleasure Pier ( originally known as the Brantly Harris Recreational Pier ) . This huge pier ( later converted to the Flagship Hotel ) , built in the 1940s and used by the military until the end of the war , featured restaurants , rides , and an amphitheater .

A significant contributor to the economy up through the 1940s was the military . Fort Crockett , the Army Air Base at Scholes Field , the Navy Section Base on Pelican Island , Camp Wallace and the blimp base at Hitchcock all helped pump money into the local economy , as did military shipments at the port and shipbuilding . The soldiers and sailors were a steady stream of customers for area businesses .

= = = Vice businesses = = =

Casinos offering illegal gambling and drinking were the largest tourist draws on the island . Though the Maceos operated the island 's biggest casinos , they generally were very tolerant of competing clubs and casinos , provided their owners understood and respected the Maceos ' authority . By the 1930s Seawall Boulevard was filled with lavish casinos ; other areas of town also had pockets of gambling . The red @-@ light district , centered on Postoffice Street and kept entirely separate from the nightclubs and other entertainment venues , was so successful that the island for a time had the highest concentration of prostitutes in the world . The financial success of these vice industries attracted mobsters such as New York 's Albert Anastasia and Chicago 's Al Capone , who tried to enter Galveston 's market without success . Capone 's enforcer Frank Nitti , in fact , had been a former partner of Galveston Downtown Gang leader Jack Nounes before the Maceo era .

Galveston became a major port of entry for illegal liquor from Mexico and Canada , shipped through the Caribbean and distributed from the island throughout Texas and to other destinations . Galveston became the primary supplier for Houston , Dallas , Denver , St. Louis and Omaha . This traffic helped to offset the gradual loss of shipping traffic in the cotton and sulfur trade .

The major legitimate businesses on the island , such as banking and hotels , were able to thrive in large part because of the illegal activities . Though many of these business leaders steered clear of direct involvement in the business affairs of the Maceos and the gangs , their relationships were hardly antagonistic . Some , such as financier , hotelier , and insurance executive William Lewis Moody , Jr . , actually welcomed illegal gambling because it brought tourists who filled up his hotels . He was even known to make loans to the Maceos ' syndicate .

The Free State economy was not confined simply to the island but extended through much of Galveston County . Throughout the county there were substantial casino operations developed by the Fertitta , Salvato and Maceo families , including the casino districts in Kemah ( featuring the Chili Bowl and White House casinos among others ) and Dickinson ( featuring the Silver Moon and the Dickinson Social Club ) . Houstonians often humorously referred to the Galveston County line as the " Maceo @-@ Dickinson line " ( a pun referring to the Mason @-@ Dixon line ) .

The vice activities on the island and in the county were not unique in Texas . San Antonio had perhaps the second most infamous red @-@ light district in the early 20th century and most major cities in the state had significant vice activities at least until mid @-@ century . During the Open Era Galveston 's vice industries dominated , while most other areas of the state were at times forced to crack down on vice due to public pressure .

= = Culture = =

= = = Society = = =

The city 's permissive attitude was not confined to gangs , politicians and elite businessmen . The citizenry in general took pride in the traditional Galveston approach to freedom . A notable example of this occurred at a political rally where one candidate openly blasted the " hoodlums " running

illegal activities . His opponent then addressed the crowd as " my fellow hoodlums " , which helped guarantee his victory in the election . Even decades later in 1993 when Vic C. Maceo , cousin of Sam and Rose , opened fire on a local who he believed owed him money , the incident was viewed by many in the community with nostalgia recalling the Free State era .

Though other parts of Texas and the United States sometimes tolerated prostitution , gambling and violations of liquor laws ( e.g. Dallas is said to have had 27 casinos and numerous brothels during World War II ) , these communities usually at least made a pretense of trying to enforce vice laws . In Galveston , vice was conducted openly ; according to a 1993 Texas Monthly article by author Gary Cartwright , " Galveston 's red @-@ light district may have been the only one in the country that thrived with the blessings of both city hall and the Catholic church . "

High society in the city regularly attracted some of the biggest names in the entertainment business , from Frank Sinatra to Phil Harris . The clubs were regularly visited by famous Houstonians such as Howard Hughes , Diamond Jim West , and Glenn McCarthy .

Galveston 's attitudes toward race were at times unique in the region . The strict segregationist attitudes prevalent in many parts of the U.S. were not always as stark in Galveston 's society as in some other parts of Texas . One of the most striking examples of this was the gradual establishment of biracial labor unions of waterfront workers beginning in the 19th century , although eventually this alliance fell victim to segregationist influence . Racist ideology was always an ever @-@ present factor in the city , however , as evinced by the name of the group which ran the Mardi Gras , the Kotton Karnival Kids ( KKK , the same initials as the Ku Klux Klan ) .

= = = Arts = = =

The city had numerous venues for the arts , including the State Theater ( today the Grand Opera House ) , which featured vaudeville acts in addition to motion pictures . Less formally , entertainment could be found at the Balinese Room , Hollywood Dinner Club , and other clubs featuring musical performances by major entertainers . Additionally for many years the city held free concerts on the beach by major orchestras and other performers . The entertainment venues regularly attracted some of the biggest names in the entertainment business , including Frank Sinatra , Sammy Davis Jr . , Guy Lombardo , Jack Benny , Gene Autry , Phil Silvers , Jane Russell , George Burns , Duke Ellington , and Bob Hope .

= = Government and law enforcement = =

After experimenting with a commission government following the 1900 hurricane , Galveston adopted the council @-@ manager system in the 1960 . At the beginning of Prohibition the city council originally opposed gambling and vice ; though the council members were tolerant of small @-@ scale activities which had always been a part of the city , they were more concerned about organized crime . As the Maceos reorganized vice in the city and made these businesses more respectable , the council became far more accepting of the criminal enterprises , particularly as they became linchpins of the local economy .

Law enforcement at the county level , and to some degree at the state level , became notoriously tolerant of the illegal activities in Galveston , in no small part because of the prosperity they generated , and the bribery and influence peddled by the Maceos . The city police very early on became entirely complicit .

Galveston County Sheriff Frank Biaggne served from 1933 to 1957 and was known for largely disregarding the mainstream illegal activities on the island . When a state committee investigating illegal activities on the island asked the sherriff about his reluctance to raid the Balinese Room , he replied only that it was a " private club " and he was not a " member " . The county attorney and the local police commissioner were similarly complicit ( Commissioner Johnston once bragged about being on the payroll of 46 brothels ) . According to a former Texas Ranger , a local justice of the peace would readily issue search warrants for local clubs to the Rangers , but would immediately telephone the owners to warn them .

Law enforcement 's corrupt attitude generally was not at the expense of the people . Apart from the economic benefits provided by the Maceos , these bosses provided a high degree of protection to the island 's citizens . When serious crimes were committed the local police would sometimes contact the Maceos to have the matter dealt with . However , the island was not completely peaceful ; threats at the point of a gun were a common means for the Maceo gang to ensure control . Though the average citizen was relatively safe , gangland slayings of potential rivals did take place on occasion .

= = End of an era = =

= = = Maceos move on = = =

The heyday of the Free State was over by the 1940s . Because of conflicts with the United States Treasury , the Hollywood Dinner Club was shut down in the late 1930s . The local clubs found it increasingly difficult to attract major entertainment figures . Gambling had been legalized in Nevada in 1931 and this distinct advantage over Galveston , and other illegal gambling centers , gradually lured mob figures such as New York City 's Bugsy Siegel to Las Vegas . The competition created by the up @-@ and @-@ coming entertainment center in the desert substantially challenged the island on the Gulf . Still , even during its later years , the Balinese Room was able to attract the likes of Tony Bennett and Peggy Lee , among others . And as late as 1950 the annual income of the Maceo empire was reportedly \$ 3 @. @ 84 million ( \$ 37 @. @ 7 million in today 's terms ) .

By the late 1940s corruption in Texas at the state and county level was in decline , while pressure against vice across the state and across the nation was on the rise . Even San Antonio 's famed Sporting District , once one of the nation 's largest red @-@ light districts , was shut down in 1941 . As state investigations of the Maceos ' activities became more serious , Sam and Rose began plans to move their empire to Nevada . The Maceos became major investors in the Desert Inn , which was the largest and most elaborate casino resort on the Las Vegas Strip when it opened in 1950 . Moe Dalitz ( who opened the Desert Inn ) and Sam Maceo had long been allies and business partners . The Las Vegas project 's financing was largely facilitated by the Maceos and Moodys through ANICO ( which loaned millions to known mob figures ) . Sam and Rose Maceo transferred controlling interest of most of their Galveston empire to a new group dominated by the Fertitta family , with investments coming from business interests around the island . The Fertitta group never wielded the influence that the Maceos had . Sam Maceo died in 1951 and Rose in 1954 .

= = = Free State ends = = =

During the 1950s more dangerous criminal elements took advantage of Galveston 's lax law enforcement and the absence of the Maceo brothers ' influence . Non @-@ vice crime increased in the city . The New Orleans crime syndicate , headed by Carlos Marcello , ran guns to Cuba through the island . Fugitives such as suspected JFK plotter David Ferrie used Galveston as a safe haven .

By the 1950s gambling and prostitution were being actively repressed in most parts of Texas . In 1953 , the police commissioner , Walter L. Johnston , under pressure from local citizens groups concerned about moral decline and high rates of venereal disease , shut down the red @-@ light district . However , the mayoral victory of George Roy Clough , a supporter of regulated vice , led to the district 's being re @-@ established in 1955 . That year Galveston was labeled by national anti @-@ prostitution groups as the " worst spot in the nation as far as prostitution is concerned " .

Paul Hopkins won the 1956 election for sheriff and set about shutting down the island 's illegal activities once and for all . One of the first successful busts of the gambling industry was an undercover operation by Texas Ranger Clint Peoples at the Balinese Room . In 1957 State Attorney General Will Wilson and Department of Public Safety head Homer Garrison ( with help from former FBI special agent Jim Simpson ) began a massive campaign of raids that wrecked the gambling and prostitution industry on the island , along with liquor imports . Forty @-@ seven clubs , brothels ,

and other vice establishments were reportedly closed , and 2 @, @ 000 slot machines were destroyed . Though officials said they destroyed all of the city 's gaming equipment , some locals including R.S. Maceo , nephew of Sam and Rose , claimed that most of the equipment was shipped to Las Vegas before authorities ever discovered it .

= = = Aftermath = = =

As the vice industries crashed , so did tourism , and the rest of the Galveston economy declined with it . The economy stagnated during the 1950s , and after 1957 the Free State was effectively gone . Fort Crockett , which had been used as an Army recreation center following the war , was shut down in 1955 . Many of the island 's most important entertainment business leaders left the city and set up shop in Las Vegas . Neither the economy nor the culture of the city were the same afterward . Civic leaders made several failed attempts at new ventures , including the Oleander Bowl football tournament ( 1948 ) and the Pelican Island bridge ( 1956 ) for access to a new industrial park , which never materialized . The city 's television station , KGUL , moved to Houston in 1959 ; the telephone company headquarters and many other businesses relocated off the island as well . To make matters worse , some of the island 's attractions were destroyed by Hurricane Carla in 1961 and never rebuilt .

The economy continued in muted form . The Splash Day celebrations restarted , drawing tourists to the coast . Many hotels , banks , and some insurance companies remained as did the medical and nursing schools , as well as the hospitals . Efforts at historical preservation ( notably including those of George P. Mitchell ) gradually helped to re @-@ establish the island 's tourism industry , though in a very different form from the past . Nonbinding referenda were put forward in the 1980s regarding legalization of casinos in the city but were defeated by the voters each time , demonstrating the changes in the city since the bygone era ( though an informal poll in 2008 indicated this sentiment may be changing ) .

= = In popular culture = =

Though this era in Galveston 's history has not received a great deal of attention in popular culture , there has been some popular fiction and true crime story @-@ telling centered on the era . Some notable examples include the novels *Under the Skin* by James Blake , *No Greater Deception : A True Texas Story* by Sydney Dotson , *Galveston* by Suzanne Morris , and *Overlords* by Matt Braun , as well as the anthology *Lone Star Sleuths : An Anthology of Texas Crime Fiction* by Bill Davis , et al . Galveston 's Balinese Room was also the subject of a 1975 song by rock band ZZ Top .

*Galveston , The Musical !* opened in 2003 at Galveston 's Strand Theatre and in 2011 at The Hobby Center in Houston ; the musical theater production centers on the arrival of the Maceo Brothers , who created their own empire that sustained Galveston during this period of the island 's history .