

Madness in Muenster

For a few years in the '60s, one North Texas town hosted a fairy tale stranger than The Beverly Hillbillies.

Margaret Medders' final departure from the tiny North Texas town of Muenster on an unseasonably warm day last January was a far cry from her ostentatious arrival 50 years earlier.

As the wind blew through the cemetery just east of Sacred Heart Catholic Church, about two dozen mourners — a handful of relatives estranged and otherwise, a few long-suffering friends, and the simply curious — watched as Margaret was laid to rest in the ground made soggy by rain the day before, alongside two of her three husbands and two of her eight children.

Five decades earlier, the crowds had been just as curious but exponentially larger, when the Medderses brought their six-year circus and soap opera to this small, conservative, heavily German Catholic burg. Their run ended with lawsuits, jail terms, and recriminations, but it started with Cadillacs, champagne, and diamonds. Along the way, a whole lot of farmers, ranchers, and merchants in the flat, near-treeless Red River Valley got fitted for tuxedos, introduced to the civil rights movement, and taken to the cleaners. A president, a governor, and famous entertainers came to visit. And all of it flowed from the head-spinning arrival of Margaret and her second husband, Ernest Medders, that strange Tennessee couple with all those kids — and all that money. Especially the money.

Ernest, 52, was a dark, slender, 6-foot-plus man who looked like a cross between Johnny Cash and comic cowboy actor Slim Pickens, in horn-rimmed glasses. Ernest was a slow talker, a third-grade dropout who could neither read nor write and apparently suffered from dyslexia, an affliction that few had even heard of in the 1960s. Back in Tennessee he'd been a mechanic's assistant. When he moved to Texas, he developed a taste for alligator boots, Western-style suits, and cowboy hats with the side brims pointed almost straight up in a sort of rodeo clown fashion.

His wife was eight years younger and clearly the brains of the outfit. At 5' 2" and 125 pounds, Margaret was matronly and plain. She could go from kind, motherly, and gracious one minute to cold, insulting, and demanding the next, the mood swings fueled by what family members say was manic depression.

Mostly what Margaret was, though, was in charge — and woe unto those who underestimated her. She knew what she wanted and wasn't shy in going about getting it. What Margaret wanted was simply the best of everything. If she had little idea at first what actually constituted "the best," she knew enough to pay good money to those who did.

The Medderses' combination of unsophisticated backgrounds and apparently unlimited funds drew comparisons to the 1960s television sitcom *The Beverly Hillbillies*. "These people had nothing on the Clampetts," said one long-time Muenster resident who did business with the family and went to their parties. The couple built a house that was a veritable mansion by Muenster standards, complete with a cement pond, and flew in fancy stuff from Neiman Marcus in Dallas for their parties and Margaret's wardrobe.

Rumor around town was that their wealth was based on oil. But in the fictional Clampett story, the oil was real. As it turned out, with the real Medders family, it was the oil that was fictional. The only gusher they had tapped into was OPM — \$3 million of other people's money. Stranger still, most of the money came from an order of nuns in Indiana.

The Medderses began their run of conspicuous consumption in 1961 — a lifestyle, as documented later by the Associated Press, both foreign and off-putting to many of their new neighbors.

They began by buying a piece of property on the edge of town and hiring a local contractor to build a two-story colonial-style 8,000-square-foot residence with seven bedrooms and seven full bathrooms, one of them outfitted with a bidet — something most folks in Muenster at the time wouldn't have known whether to use for spitting, drinking, or, well, whatever. They filled the house with new furniture and had wide, colorful beds of chrysanthemums and other flowers planted along the circular driveway.

During their first few weeks in town, the Medderses leased several vehicles, including a maroon Cadillac Coupe de Ville for Margaret, with personalized license plates that read "Mrs MM."

And while Ernest may have looked goofy in his dude ranch duds, no one could say he was all hat, no cattle. The Medderses became overnight ranchers. Shortly after the house was finished, they began buying championship-quality livestock. With the help of Margaret's son Eugene Riggs, they developed successful breeding programs for Appaloosa horses and Angus cattle.

The huge main barn, also constructed from scratch and at considerable expense, doubled as a party and banquet hall, equipped with air-conditioning, a kitchen, an office, a removable wooden dance floor, and a crystal chandelier. The structure could seat up to 1,000 guests for the couple's frequent, lavish celebrations.

A swimming pool, cabana, and guest house followed. They kept buying land, eventually putting together about 1,200 acres, to which they gave the grand moniker of Colonial Acres. Others affectionately referred to it as Baghdad on the Prairie — back when Baghdad denoted exoticism, not an unpopular war.



Gov. John Connally pets one of the Medderses' prize horses. Courtesy June and Charles Bartusch

Food and drink for the champagne buffets and other parties were flown in by helicopter from the Dallas Sheraton Hotel. Decorations were courtesy of Neiman Marcus, where Margaret had a \$350,000 charge account. A few years later, in her ghost-written vanity press autobiography, Margaret would describe herself as “the fashion arbiter of North Texas.” Neiman staffers routinely piled stacks of clothes into the backs of limousines and drove them to Muenster, where Margaret would pick the garments and accessories she wanted and send the rest back.

Entertainers included Guy Lombardo and His Royal Canadians, Ike and Tina Turner, and The Beach Boys. The attire was black ties and evening gowns. In addition to never-ending buffets, open bars were a given. No expense was spared.

Guest lists for the legendary parties included the likes of President Lyndon Johnson and Gov. John Connally, drawn no doubt by the couple's generous campaign contributions. Psychic Jeane Dixon attended, along with swells from the society pages of Dallas and Fort Worth and a handful of Muenster citizens deemed worthy. Invitations were highly coveted, and those who didn't receive them were left with hard feelings.

In Dallas, the Medderses purchased a house across the street from the exclusive Hockaday girls school as a residence for their daughters while they were enrolled there. For one New Year's Eve party, the couple rented a seven-coach train to ferry their daughters' friends to Gainesville and then bused them the rest of the way to Muenster.

Back at the ranch, Margaret took swimming lessons, and they built a cabana to go with the pool, although its purpose had to be explained to the contractor.

“They had been the poorest of poor people,” recalled Betty Henscheid, whose husband was one of those who did construction work for the Medders family. “But they came down here, and they tried to live the rich good life. ... It was fur coats and satin nights.

All their parties were black tie. And I guarantee you, she didn't know what a black tie was before she got here. It was just unreal.”

Before she got here, hospital whites were more in Margaret Medders' line than furs and fashion.

In the 1950s, Margaret was married to a man named Riggs, mother to four children, and working at St. Joseph's Hospital in Memphis, Tenn. — the same hospital where the Rev. Dr. Martin Luther King Jr. would be brought in 1968 after he was felled by a sniper's bullet. The hospital was run by the ironically named Poor Sisters of Saint Francis Seraph of the Perpetual Adoration, Inc. of Mishawaka, Ind. According to the nuns' website, the order was formed in 1875 when their “foundress,” Mother Maria Theresia Bonzel, traveled to the Fort Wayne area. The website includes no mention of any Medders or Muenster or Spindletop money.

“We serve the Church through Perpetual Adoration, education, healthcare and other ecclesial apostolates,” reads their mission statement. “Our mission, like that of St. Francis and Mother Maria Theresia, is to pray as Jesus prayed — intensely, personally, communally — to become a living prayer.”

After her divorce from Riggs, Margaret fell so far into poverty that she resorted to putting her kids up for adoption. A newspaper report tells how she placed the children at St. Joseph's so she could be near them while she worked, but that could not be confirmed.

Ernest was a retired mechanic for Gulf Oil. He sold fruits and vegetables out of his station wagon on Tennessee roadsides to make ends meet, so his marriage to Margaret didn't do much for their finances. Despite having had to give up her older children, Margaret proceeded to have four more children with Ernest.

But in 1961, the Medderses' life changed forever. According to later court testimony, that year Ernest had a fateful encounter with W.T. Weir, an attorney from Philadelphia, Miss., who oddly had made it his life's work to investigate the history of the Spindletop oil fortune and its heirs.

Ernest met Weir after responding to an advertisement in a Tuscaloosa, Ala., newspaper seeking heirs of Ruben Medders, Ernest's great-uncle. Ruben Medders was the brother-in-law of William Pelham Humphries who, in 1835 — prior to Texas' war of independence from Mexico — had been granted a parcel of land near Beaumont by the Mexican government.

More than 60 years later, Anthony F. Lucas hit the billion-dollar gusher in East Texas that would become known as Spindletop. Humphries' continued ownership of Spindletop land was greatly disputed, but Weir told Ernest that, as an heir of Ruben

Medders, he had a claim to some portion of \$16 billion. The couple picked up everything, including the children who'd been put up for adoption, and moved to Texas.

Almost overnight the Medderses had people lining up to extend them credit. The couple initially borrowed \$20,000 (for a down payment on their Muenster home) from the Catholic monks at Subiaco Abbey in Arkansas. A spokesman for the monks told *Fort Worth Weekly* that, in their case, Ernest and Margaret repaid the loan promptly.



June Bartusch and husband Charles now own the house that Margaret and Ernest Medders built in Muenster. Robert Hart

According to her later courtroom testimony, Margaret told the nuns with whom she worked that she and Ernest needed money to pursue the riches through the legal system. Margaret testified that Ernest promised that, if the sisters financed the legal fight, he would give their order \$10 million of his newly spied inheritance.

After that, the nuns began funneling money to the Medderses on a regular basis. It was on the advice of the Sisters that the family pulled up stakes and moved to Muenster, a town dominated by Catholicism. Before that, according to one Muenster businessman, the couple hadn't even been Catholics.

“The Medders were originally Baptists, so they needed to impress these nuns,” said Rufus Henscheid. “They converted to Catholicism and started looking for a good Catholic town. So where’s a good Catholic town? Well, at the time Muenster was about 90 percent Catholic.” In Muenster, the couple, like almost everyone else in town, attended Sacred Heart Catholic Church.

According to a 1967 story in the *Gainesville Register*, Margaret testified in a bankruptcy court hearing in Sherman that she and her husband had received a series of loans from the Catholic order in the form of checks “in the neighborhood of \$50,000 to \$75,000 per month” between 1962 through 1966.

Where did that money come from? And what — other than dollar signs in their eyes — could have possessed the nuns to make such loans, underwriting what was clearly an outlandish lifestyle as well as a legal fight?

Neither they nor anyone else in the Catholic Church has ever commented on their reasoning, other than to say that the nuns thought the Medderses were sincere in believing the oil money would come. The whole Medders scandal seems to have been expunged from the records — and even, apparently, the memories — of the Catholic church in Indiana.

In Muenster, the nuns’ money was floating more boats than Ernest and Margaret’s. Some folks liked the couple; others just liked their money and resented their flamboyant and high-handed ways. At least one town resident knew that it was the Sisters’ money rather than oil proceeds that, in the short term, was underwriting the Medders phenomenon.

It wasn’t resentment over who was invited or not invited to their soirees that led to the Medderses’ downfall, however. It was one man’s irritation with their Democratic politics.

John Pagel’s desk is up half a flight of stairs at the rear of Community Lumber’s main building on Highway 82, in the center of Muenster. The smell of freshly cut wood fills the air, just as it must have when his father Jerome ran the company and, for a few years in the 60s, built buildings for and a friendship with the Medderses.

A medium-sized, slender, sun-tanned man of 68, his dark hair going gray, John Pagel at first said he didn’t know much about Muenster’s most infamous former residents. But once he started talking, the memories and laughter rolled out.

John was just 17 when that particular circus hit town. And if Jerome Pagel wasn’t the first local that the Medderses got to know, he may have gotten to know them the best.

“When they came to town, we [helped them get] everything they wanted,” John Pagel said. “They wanted a water well; we built them a water well. ... The next thing was that

they needed a place to live. We got them a place to live. The next thing was, 'build us a house.' ”

So Jerome built their house, one that John figures would cost \$1 million today. After that, Ernest and Margaret started filling it with possessions and party guests.

For the first event, the couple invited the entire community. “They wanted to have an open house and have the community introduced to them,” Pagel said. “And they decked the whole house out with new furniture. Booked a champagne brunch and champagne bar, My brother Dick and I and one of our friends were the bartenders. They had these big old magnums of champagne, serving it in these crystal glasses.”

He and his friends smuggled some of the bubbly out to a car, but as it turned out they didn't need to.

“She had made us dress up in coats and ties, and that wasn't our thing,” Pagel recalled. “So, five o'clock came along, and the housewarming had come to an end. Mrs. Medders hugged us, had her arms around us like we were her little chicks. And she said, 'Now, boys, don't you tell your dad, but why don't you take three or four magnums of this champagne?' So when we got out to the car, we had more champagne than we knew what to do with.”

Jerome Pagel also built horse and cattle barns for them, including the one that doubled as a party palace. “It made a hell of a dance floor,” his son recalled. “It was a dirt floor, but they had a portable wood floor [brought in] for dances and dinners.” He remembers LBJ's helicopter landing out at Colonial Acres.

Although Jerome Pagel would eventually end his business relationship with the couple, he was one of those who became lifelong friends with Ernest and Margaret. Their popularity with others in Muenster increased as the local guest list for their parties grew.

“There wasn't a tuxedo owned in the whole community before they came,” John said. But if you wanted to go to the Medders parties, “You had to dress the part. So there were a lot of people who went out and bought tuxedos so they could make the parties.



John Pagel, inside the Medders cutting-horse arena: “Margaret ... met her match” in Jerome Pagel. Robert Hart

“I think everybody thought they were kind of hillbilly country bumpkins, you know,” he said. “But they could put up with that” in return for the good times.

The good times extended far beyond the parties. The Medderses were a boon to many local businesses and workers. Although she became a favorite customer at Neiman Marcus in Dallas, Margaret also shopped for clothes in Muenster’s best stores. There was liquor and food and livestock feed to buy. Plus, the couple hired honest-to-God cowboys to help them in their ranching enterprise. And ironically, they also drilled 18 oil and gas wells on their 1,200 acres, so roughnecks were in demand. The money spread all across town.

John said that, in addition to the roles of friend and builder, his father also occasionally acted as chauffeur to the quirky couple. Jerome drove the Medderses to places like Mexico City for a visit to the Basilica de Guadalupe, on a trip out west, and even to Mishawaka, Ind.

That last one wasn’t a pleasure trip. Ernest and Margaret were having trouble paying the bill for his construction work — one of the first signs that things weren’t quite what they seemed.

“Sometimes Medders wouldn’t have the check,” John said. “And my dad would say, ‘Well, let’s go get in the car and go get it.’ And I think there was a time or two when there was a question about whether or not there was going to be any more money. And I think that was one of the occasions when they went back up to Indiana to assure [the nuns] that the [oil] money” was on its way.

Jerome also had major disagreements with the couple from time to time. Margaret “was just pushy,” John said. “She would demand something, and [Jerome] would tell her no. They would sit across the table and cuss each other like two dogs.

“She was set in her ways,” the younger Pagel said. “She would say, ‘I’ve got money, and I want to have it my way.’ And Dad would say, ‘No, you can’t have that. You can’t do it like that, and we’re going to do it the right way.’ Or, at least, his way.

“Margaret was pretty demanding. But she met her match when she met Jerome Pagel.”

His father even kicked Ernest and Margaret out of their own car once, on a trip to Fort Worth.

“He made them walk,” John said, still chuckling over the memory. “I don’t know how they got home. They had gotten into it over some detail about the house. He said, ‘All right, if you don’t like what’s going on, just get out.’ And they got out.

“But that was their relationship. It was sort of like a marriage, so to speak. You fuss. You fight. You get back together.”

John Pagel is one of those who remains convinced that the Medderses were legitimate heirs to the Spindletop money — or, at worst, that they *believed* they were.

“They had the nuns convinced that the money had been set aside in escrow accounts until the proper division orders had been placed,” John said. “They may have had a legitimate claim. Either that or they were duped by some attorneys who convinced them that that money was theirs.”

A devout Catholic, John Pagel also places some of the blame for the debacle on the Poor Sister themselves.

“They were showing as much greed as everybody else around here was,” he said. “And if I could get \$10 million for a [\$2 million] loan, I’d think about it too.”

For 32 years, Rufus Henscheid ran the Muenster Building Center, and when the Medderses stopped doing business with Jerome Pagel, they turned to Henscheid. A tall, muscular man with red hair, Henscheid looks like he knows his way around a two-by-

four. Both he and his wife Betty, a small attractive brunette, could pass for 15 years younger than their 80ish ages.

They knew Ernest and Margaret professionally and socially and at Sacred Heart. But Rufus takes a darker view of the couple than John Pagel does.

Like Pagel, they found Margaret's overbearing ways and the couple's wasteful lifestyle, with its ice sculptures and lime trees, hard to take.

But what most bugged Rufus, as well as some of his Republican friends, was the couple's liberal politics. Ernest and Margaret were Democrats; they wore their politics on their sleeve and gave large sums of money to the Democratic Party.

They attended White House dinners and were even escorted to one function by Secretary of State Dean Rusk. They flew on *Air Force One*. A star-struck Ernest had a trophy case full of Democratic Party mementos, including a pair of cufflinks given to him by LBJ.

Additionally, like many in the Democratic Party, the Medderses were backers of the civil rights movement that was spreading through the United States in the early 1960s. Indeed, they were the first people in Muenster to hire blacks for their household staff, a fact that did not go over well in an almost completely white town. Even today, blacks hardly register in demographic breakdowns of Muenster's population.

The Medderses' efforts to desegregate the city were met with resistance. Signs including the "N" word popped up in their front yard overnight. And each morning Margaret would march defiantly out into the yard and pull them up.

That defiance and the Democratic leanings particularly irked the late A.V. Grant, an attorney and staunch Republican.

"He hated the word *Democrat*," Rufus Henscheid said. "That's why he couldn't stand those Medders. And he started looking into [their background]. He wanted to know really if they were fakes He said he just didn't see how [their story] could be true."

In 1966, after talking with some banker friends in Sherman, Grant found what he figured was the smoking gun.



The Medderses built a pool, then added a cabana and guest house — and Margaret took swimming lessons. Robert Hart

He learned that, instead of being oil barons, the Medderses were receiving large monthly sums of money from the Poor Sisters. What's more, he found out that there was no oil money in escrow and that the nuns wouldn't be getting \$10 million from Ernest and Margaret then or later.

However, before dropping a dime on the couple, Grant gave the news to Henscheid, who remembers the lawyer visiting him at a construction site.

“He came up there, and he said, ‘Say, do the Medders owe you any money? I know they are doing business with you.’ And I said, ‘Oh, yeah. They owe us quite a bit,’ ” Henscheid recalled.

“And Grant said, ‘Well, I’m going to recommend that you better get your money — fast. ... I found out they’re fakes.’ ”

“Turns out, he really did me a favor, because we were one of the biggest creditors the Medders had,” Henscheid said.

The couple owed his company a little more than \$40,000. Henscheid began calling them repeatedly. When that didn't work, he started showing up at their house. Eventually, he said, they began leaving their German shepherd watchdog in their front yard. Undeterred, he parked outside the Medders house and called them from the ahead-of-its-day mobile phone that took up half the cab of his pickup truck. Finally they let him in.

“Old Ernest listened to me,” Henscheid said. “And he would say, ‘Margaret we’ve got to get him paid. We’ve got to get that money to him.’ ”

By then, Grant had talked to the nuns, and the Catholic money spigot had been turned off. Only after Margaret convinced officials at Muenster State Bank — who had not yet

gotten word of the family's financial problems — to loan her \$50,000 did Henscheid get paid. Others weren't so lucky. In all about 200 creditors, large and small, eventually filed claims worth more than \$2 million against the couple in bankruptcy court. They would eventually recoup about 12 cents on the dollar.

Others lost their jobs, including Virginia Herr, who had worked as the family's secretary. The couple's Dallas attorney came in one day "and told me things were fixing to go under," she said. Soon the family started selling off livestock and letting employees go.

All the while, she said, Ernest and Margaret were acting like nothing was wrong.

"They were innocent," she said, laughing at her own tongue-in-cheek comment. "But I think they were conning from the beginning."

Henscheid agrees with only half of that. "I still don't believe Ernest had anything to do with a possible scam of the nuns," he said. "Margaret, however, is a different story."

"Hey, ho! Let's go!"

That was the bark of the auctioneer as the Medders property and possessions went on the auction block in May 1967, according to a *Dallas Times-Herald* story. The reporter described a carnival-like scene, with members of a nearby riding club in full cowboy attire directing the traffic that stretched bumper to bumper for 13 miles.

The cattle, the horses, most of the cars, the personal mementos all went. The only thing the Medderses managed to keep was their house, which they had declared as a homestead. The auction brought in \$500,000, nowhere close to what they needed to pay off their creditors, which included banks, department stores, hotels, a dance school, a piano store, liquor stores, florists, feed mills, and a Dallas radio station where, one holiday season, the Medderses had bought air time to wish all their friends a Merry Christmas.

And there was the claim for \$975,000 by the Poor Sisters of Mishawaka. Asked why the nuns weren't seeking the full \$2 million, their attorney said that they felt sorry for other creditors, especially the smaller ones.

Associated Press reporter Bill Simmons, in a November 1974 retrospective article, wrote, "After the bubble burst, a spokesman for the order said it was [the nuns'] belief that the Medders had acted in good faith. Over the years the order has declined to make any other comment about what happened."

Word of the Medderses' financial predicament had begun making its way through the community and the legal system several months before the auction. Their first

courtroom battle came in the form of a challenge by the widow of Ernest's late brother, who claimed that she too was entitled to a portion of the Spindletop fortune.

On the witness stand, Ernest admitted that there had never been any oil money. Instead, according to the *Gainesville Register*, Ernest disclosed that he and Margaret had been receiving monthly loans from the Poor Sisters for almost four years, totaling close to \$2 million. After being cut off by the nuns, Ernest said, he and his wife then borrowed close to \$1 million more from area banks.

The couple's legal troubles didn't end with the bankruptcy and the widow's lawsuit. Twice they were charged with felony theft by check. Twice the juries came back with hung verdicts.

Despite it all, the Medderses seemed to still be in as much denial as the nuns. In a bit of spectacularly circular reasoning, the couple placed the blame for their problems on the nuns and the bankers.

"When [the Sisters] gave us the money, that's proof that they believed [in the couple's claim to the Spindletop money]," said Margaret in the 1974 interview with the Associated Press. "It helped make *us* believe. We knew they were smarter, that they knew more than we did, so we thought it must really be real" or all those smart people wouldn't have been offering them lines of credit.

But it wasn't real, of course. During the early 1960s, their attorney, Weir (now deceased), pursued the Medders claim through the Texas civil court system. Time and again, their claim was denied. Finally, on Oct. 11, 1965, the U.S. Supreme Court dismissed the Medders case. But as their attorney continued to search for other paths to the funds, the couple spent like drunken sailors for another two years. Even after the Supreme Court decision, from Neiman Marcus alone they bought a \$75,000 mink coat, a \$65,000 diamond necklace, and a \$87,000 diamond ring.

The Medderses' demise caused all sorts of financial pain for people from Muenster to Mishawaka. But perhaps the saddest trail of damage was to the couple's children.

"It was only after I started looking back on things that I realized that Gene was manic-depressive," said Candice Riggs Reed about her late ex-husband, Eugene Riggs, Margaret's oldest son.

After it all fell apart, Riggs and her husband moved to Dallas. There Gene, who had studied cattle breeding at the University of Tennessee, was forced to take a job at a meat packing plant. Riggs said the job sent Gene into a deep depression and that he developed a severe drinking problem before she left him.

Likewise, Prof. Ron Melugin said his late ex-wife Cathy Medders, Margaret and Ernest's daughter, also suffered from depression following her family's financial collapse. The *Weekly* attempted to contact the surviving Medders children without success.

Melugin said the bankruptcy didn't affect his former mother-in-law's grandiose ways. For example, his and Cathy's wedding took place just as the Medderses' problems were coming to light. Despite all the allegations about having taken the nuns for a couple of million dollars, Margaret was still able to convince the bishop of the Fort Worth diocese to perform the service.

Ernest and Margaret moved to Gainesville for a short time, then relocated to a country club estate in Brownsville. Where did they get the money? No one in the family is sure. But in the words of Margaret following one bankruptcy hearing, "We're not destitute."

Steve Riggs, 44, the son of Gene and Candice Riggs, recalls times when his family would help support his grandmother's continuing delusions of grandeur, even when his parents barely had enough to live on.

"We were living in this little house, and Mom and Dad would say, 'We're going to visit Grandma at the Fairmont Hotel,' " recalled Riggs. "And she would tell you these fantastic stories. And if you got a present from Grandma, you never knew if you were going to get to keep it. But she was an interesting person."

Ernest Medders died in Brownsville in 1975 from an apparent heart attack, and Margaret lived on in her fantasy world. Melugin recalled Margaret flying into Denton once while he and Cathy lived there. She was with a man whom she was trying to talk into joining a coal-mining venture.

On another occasion, Melugin said, Margaret entertained actor Chill Wills, who was interested in making a movie about the Medderses, in which he would play Ernest. Melugin said that Margaret had already slapped a Paramount Studios bumper sticker on the Cadillac that she still had. "But Margaret didn't like that idea. She thought Robert Mitchum should have the role of Ernest."

Hollywood also came calling in the person of small-time producer Sol Fielding. But during a trip to Los Angeles to meet with Fielding, Margaret was accused of stealing an American Express card, which she then used to pay her and Fielding's hotel expenses around the country.

Those charges were eventually dropped. But Margaret's luck finally ran out in 1976 when she was accused of stiffing the Fairmont Hotel in Dallas on a \$16,000 bill. Since she had already pleaded guilty and received probation for yet a third hot check charge, this time Margaret was sentenced to five years in prison.

In her usual fashion, Margaret made the best of the situation. She began writing a prison newsletter. Somehow the publication came to the attention of a prisoner in

Louisiana, former Baptist preacher Nathan Orr, who had been convicted of killing his wife while he was intoxicated.

The two started exchanging letters while they were still incarcerated. Shortly after both were released in 1979, the two penitentiary pen pals married. When Nathan died in 2002 one day shy of his 69th birthday, he was buried in the family plot with Ernest at Sacred Heart Cemetery.

The house in Muenster is now owned by another family. Most of "Colonial Acres" has been sold off.

Sister Rose Agnes, historian for the Poor Sisters in Mishawaka, told the *Weekly* that she was unfamiliar with the Medders scandal. So did spokespersons for the Catholic dioceses of both Fort Wayne-South Bend, which oversees the Poor Sisters, and Memphis, where the nuns operated St. Joseph's Hospital. That hospital, one of a half-dozen that the Sisters operated, no longer exists, having been absorbed by a Baptist healthcare system in 1997. And there's no mention of the Medderses in a history of the order written by a nun and published in 2009.

This past January, following a brief, low-key service at a Muenster funeral home, Margaret Medders joined Ernest and Nathan and two of the children in the cemetery. There was no mass.

Author, journalist, and former altar boy Steve McVicker lives in Houston. The Medderses are the focus of his next book.

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Phony Millionaires Spend Themselves Into Poorhouse

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By Barte Haile

A Gainesville jury tried to decide on June 30, 1967 whether Ernest and Margaret Medders were a couple of folksy con artists or bumbling bumpkins caught up in an incredible charade.

The strange saga began in 1961 in Memphis, Tennessee, where the impoverished parents struggled to support ten children. Ernest was a four-grade dropout, who worked days as a mechanic's helper and peddled vegetables out of his station wagon on the weekends. Margaret, a practical nurse, pulled 16-hour shifts at a local hospital.

Then one day an attorney informed Ernest that he and his many kinfolks were among the 3,000 plaintiffs in a class-action lawsuit challenging a petroleum company for the rights to a Texas oilfield. At stake was an estimated \$500 million in royalties.

In their ignorance and desperation, the wishful thinkers jumped to a preposterous conclusion. They convinced themselves the suit would succeed and that every last cent would go to Ernest.

The jubilant nurse naturally shared the wonderful news with co-workers. In no time flat, the Medderses' good fortune was the talk of the hospital, which happened to be run by a religious order called the Poor Sisters of St. Francis Seraph of the Perpetual Adoration.

The Sisters were, in fact, far from poor and always on the lookout for well-heeled benefactors. Viewing the Medderses as potential contributors, the order lent them money to cover household expenses and legal fees.

When the generous loans started to exceed \$60,000 a month, Ernest and Margaret moved to North Texas. They purchased a 185-acre farm near the small community of Muenster and built a 15-room residence. The total tab for the new homestead was a whopping \$307,000.

Margaret enrolled her daughters in Hockaday, an exclusive girls' school in Dallas. To spare the little darlings the indignity of dormitory life and to improve their social standing, she presented them with a \$40,000 home away from home.

By 1965 Margaret was eager to rub elbows with the high-rollers of Big D society. She threw a party for a thousand people in their brand-new rodeo-size barn dubbed "the coliseum."

A slick public relations specialist hired for the occasion smooth-talked the Dallas media into covering what he billed as the social event of the year. For once his hype proved to be no exaggeration.

Guests within a hundred-mile radius came in buses, while others flew chartered airplanes to Gainesville and completed the trip by helicopter. Guy Lombardo and his band provided the musical entertainment for the truly memorable night.

The spectacular shindig opened a lot of doors for the ecstatic hosts, most notably the one leading to the pinnacle of power. Following visits by Congressman Graham Purcell, Gov. John Connally and Attorney General Waggoner Carr plus substantial donations to the Democratic Party, the Medderses attended a presidential ball in Houston on April 28, 1966.

At the personal invitation of President Lyndon Johnson, the couple went to Washington six days later for a reception at the White House. Since LBJ was returning to Texas the next morning, he asked the dazzled duo to accompany him on Air Force One.

Soon after the Potomac adventure, the Poor Sisters finally turned off the tap. However, the publicity shy nuns hesitated to press criminal charges even though Ernest and Margaret had taken them for a two-million-dollar ride.

The Medderses might still have made it had they come to their senses. The long-shot lawsuit had been thrown out of court the previous year, but they could have lived comfortably on the income from their cattle business.

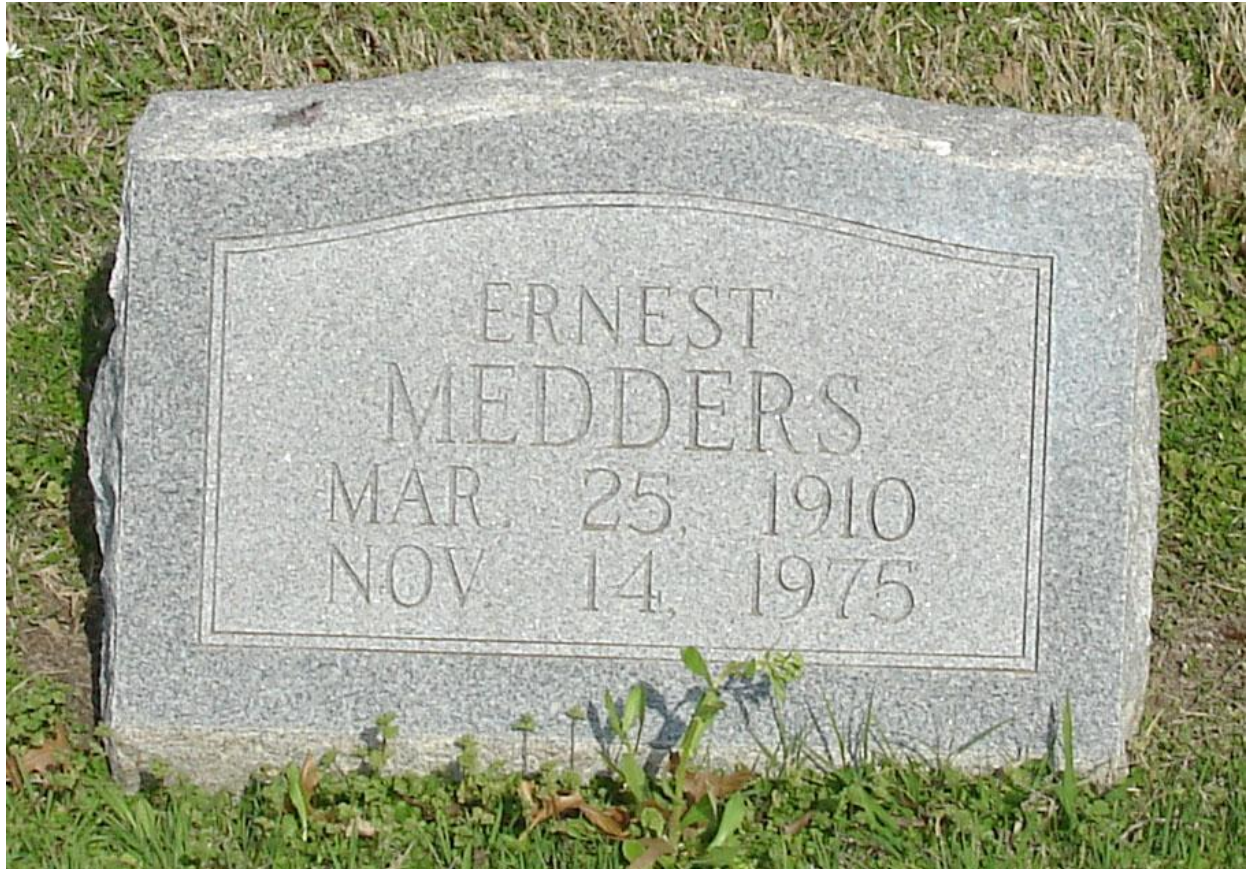
Stubbornly refusing to give up their millionaire masquerade, Ernest and Margaret borrowed \$730,000 from obliging banks in Muenster, Wichita Falls and Memphis. They shot the whole wad on lavish parties, including one for psychic Jeane Dixon, and in a matter of months wound up flat broke.

Meanwhile, Ernest's relatives suspected he had taken off with the entire pot at the end of the rainbow. Upset over his apparent refusal to share the proceeds from the lawsuit, they sued to force him to reveal the source of his income.

Ernest candidly confessed in open court that his ship had never come in and the \$500-million bonanza had been lost at sea. For five fantastic years, his clan had lived high on the hog off other people's money, namely the Poor Sisters and a bunch of gullible bankers.

Ernest and Margaret Medders eventually lost everything except their freedom. No jury had the stomach for putting them behind bars, and bankruptcy enabled them to give creditors the brush-off.

The Medderses resurfaced in Memphis in 1973. In the last chapter of their bizarre rags-to-riches-to-rags story, they were surviving on Social Security.



Birth: Mar. 25, 1910
Death: Nov. 14, 1975
Brownsville
Cameron County
Texas, USA

Married to Margaret Smiddy Riggs. Father of two children by a previous marriage, four born of this marriage, Ella Catherine, Frank Ernest, Mary Margaret, and Sarah, and step-father to Betty, Polly, John and Gene Riggs. Thought to be an heir to the Spindletop fortune of his great uncle Ruben Medders, Ernest and his wife took loans from many charitable organizations to set up house in Muenster, Texas. After two years, it was discovered that there was no inheritance and he was forced to declare bankruptcy.

Family links:

Spouse:

[Margaret Smiddy Riggs Medders Orr \(1918 - ____\)*](#)

Children:

[Eugene Riggs \(1945 - 1989\)*](#)

Ella Catherine *Medders* Mason (1950 - 2000)*

*[Calculated relationship](#)

Burial:

[Sacred Heart Cemetery](#)

Muenster

Cooke County

Texas, USA

Plot: Section B, Row 3, Plot 3

Created by: [loresann](#)

Record added: Mar 25, 2009

Find A Grave Memorial# 35109049

*



Birth: Jan. 26, 1918

Death: unknown

Married to Ernest Medders. Mother of 8 children, Betty, Polly, John and Gene Riggs, and Ella Catherine, Frank Ernest, Mary Margaret, and Sarah Medders and step-mother of two other children.

Family links:

Spouses:

[Ernest Medders \(1910 - 1975\)](#)

[James Nathan Orr \(1933 - 2002\)*](#)

Children:

[Eugene Riggs \(1945 - 1989\)*](#)

[Ella Catherine *Medders* Mason \(1950 - 2000\)*](#)

*[Calculated relationship](#)

Burial:

[Sacred Heart Cemetery](#)

Muenster
Cooke County
Texas, USA
Plot: Section B, Row 3, Plot 4

Created by: [loresann](#)
Record added: Mar 25, 2009
Find A Grave Memorial# 35109226
