The Sun.

FORTIETH YEAR. NEW YORK, THURSDAY, DECEMBER 5, 1872. PRICE TWO CENTS.

THE DIAMOND FRAUD.

The Greatest Swindle Ever Exposed in America.

HOW THE FIELDS WERE SALTED.

The Sharpest Men in California Lose Nearly $2,000,000.

INDIGNATION IN SAN FRANCISCO.

Prominent New Yorkers out of Pocket to the Extent of $750,000.

OFFICIAL REPORTS OF SCIENTIFIC MEN.

Disappearance of the Men who First Found the Jewels.

From the San Francisco Bulletin, Nov. 26.

The diamond excitement commenced in this city in August last. Two men, Slack and Arnold, had some months previously represented to parties in this city, Lent, Harpending and others, that they had discovered an extensive diamond field, and asked that an agent be selected to visit the ground, the discoverers being willing to sell an interest. The agent returned, and brought quite a number of valuable stones. A company was formed, and a limited number of shares disposed of to men of wealth. The public at large were not permitted to purchase, nor were the newspapers allowed to publish the facts concerning the locality of the mines. Contradictory stories were told as to their location, the general impression being that the fields were in Arizona.

CAPITALISTS INVEST.

Henry Janin, a mining expert, with a small party, went to the diggings early in the spring, and washed out a ton and a half of gravel. The work was done by Slack and Arnold, assisted by other members of the company, who worked where directed by the two discoverers. A large number of precious stones were found, some of which were brought here and subsequently taken to New York city, where they were tested, and Mr. Janin made a very favorable report to the stockholders. After this report was made, Wm. C. Ralston and other capitalists invested in the stock. Mr. Ralston was chosen Treasurer, and other prominent members were Milton S. Latham, Albert Gansl, George D. Roberts, William F. Babcock, Thomas H. Selby, Louis Sloss, William M. Lent, Maurice Dore, and A. Harpending of this city; and Sam Barlow and George B. McClellan of New York.

JANIN'S REPORT.

Mr. Janin's report as to the value of the stones was made mainly on the results reached by the diamond expert of Tiffany & Co. of New York. The expert, Mr. Magauran, visited San Francisco and tested some of the stones in possession of the company here. Being the diamond inspector employed by the New York Custom House, and the author of articles on precious stones in the *American Encyclopedia*, etc., he is considered the best authority in the United States. He took some of the stones with him to New York, and soon after that Mr. Janin's report was published.

"SALTED."

The impression was permitted to go to the public that the mines were in Arizona. George D. Roberts, however, denied that that was the place. He admitted to the reporters that the field was small, and that all the stones were taken from one locality. A party, accompanied by Roberts, went to the place in September, and were followed by Berry and McClelland, two old Californians, who have been mining in Utah. They ascertained that the field was less than thirty miles from Bridger, on the Union Pacific Railroad. In November Berry and McClelland went to the place and remained several days. Berry found everything arranged for the commencement of work in the spring, the claims being staked off and marked by the locators. The weather was very cold, and there was some snow on the ground, but the party managed to obtain in three days enough diamonds to pay all their expenses, and leave a margin. An examination of the stones showed a close resemblance to African diamonds of not very good quality. Mr. Berry came to San Francisco with his "find," and the matter coming to the ears of the owners created considerable excitement, especially the report that the fields were "salted." This suspicion had already been raised by reports in the London *Times* concerning large purchases of rough diamonds by two men, supposed to be Americans, several months previous. L. Keller & Co. sold several lots to these men, also 1,100 carats to another American, mostly of rough diamonds of an inferior description. Their statement to the *Times* was that the purchasers were evidently unacquainted with precious stones; they purchasing without reference to size, weight, or quality, the lot including diamonds, rubies, emeralds, &c., of the value of over $15,000.

The fact that the precious stones were all found in one spot pointed out by Slack and Arnold, and were of various kinds, indicating diverse origin, together with the suspicious circumstance detailed by the London *Times*, led to an investigation, and the services of Clarence King, the geologist, were secured. Mr. King, in company with Gen. Colton and a small party, proceeded to the fields, and an examination of the country was made, the result of which, so near as can be ascertained, was a conviction on the part of Mr. King that the diamonds were scattered in the locality where found for purposes of deception. His opinion is based on the fact that the geology of the district is not that of a diamond-bearing region, and from the further fact that the various stones found could not all have originated in the same locality. The collection includes specimens peculiar to the Cape of Good Hope, others evidently of Indian origin, and rubies, diamonds, sapphires, emeralds, &c., of such diverse character as to render it beyond belief that they were the product of any one locality. This, taken in connection with the fact that the region itself is not one indicating the existence of precious stones, seems to put the question of fraud beyond a doubt.

A STOCKHOLDER'S STATEMENT.

From a gentleman who is in the secret of those who have suffered, and who is himself one of the losers, we have the following comprehensive account of the great diamond swindle:

The first discovery, as alleged, was made by one Philip Arnold. He made a contract with Harpending for the sale of the discovery. Harpending transferred an interest in that contract to Wm. M. Lent. The first payment to Arnold was $100,000. This money was advanced by Lent. The property now underwent various subdivisions—the bulk of it centuring in Lent, who paid about $350,000. Other interests were sold to various parties, so that the result was that Arnold and his confederates, whoever they were, netted about $650,000. By subsequent sale of a portion of Lent's interest he got back a part of his money, and now stands loser of about $160,000.

The diamond fields discovered by Arnold, after having been prospected by Henry Janin, under Arnold's supervision, yielded about $15,000 to $20,000 worth of gems. Upon this prospect Janin's report to Messrs. Barlow and Gen. McClellan was based. It is now reported that Arnold took Janin over a few acres of the land, and that Arnold chose the spots for digging while Janin looked on. Upon Janin's report and the receipt of the jewels the San Francisco and New York Mining and Commercial Company was organized, with a capital of $10,000,000. A portion of this stock was taken in San Francisco at the rate of $40 per share, with the agreement of all subscribers that the stock should remain in the hands of W. C. Ralston, and should not be sold or put upon the market until the value of the property should be thoroughly ascertained.

Another prospecting party, headed by George L. Roberts, who appears to have been one of the purchasers from the discoverer, visited the field. This party did a good deal of surveying and locating, but spent, it is rumored, only an hour in hunting jewels, and left the field bringing away several hundred carats of diamonds. The brevity of this search, and the comparatively small results, aroused suspicion of the extent if not the genuineness of the alleged discoveries, and another party was despatched, whose examination and report have not yet been made public. Enough is known to warrant the assertion that future explorations will develop no diamonds or other gems.

Arnold, the discoverer, is a native of Kentucky, and is now supposed to be in that State, though it is more than likely he will prove to be like the pea under the thimble-rigger's cap—"now you see it, and now you don't."

The swindle was probably suggested by the discovery of the mineral known as itacolumite in Green River District, which mineral is usually found in diamondiferous countries, though it is frequently found, as in the present instance, without the important adjunct of diamonds.

How the Great Fraud was Exposed.

From the San Francisco Chronicle, Nov. 25.

J. F. Berry, who arrived here night before last, has been one of the principal agents in ferreting out the great fraud. Mr. Berry is a diamond expert and mining operator of considerable celebrity on this coast. Lately he has resided in Salt Lake, from which point he has been carrying on extensive operations in the Utah mines. Soon after the diamond fever broke out, Mr. Berry and George Hearst, who has been working with him, determined to find the location of the Lent-Harpending claim. To this end they worked like beavers, sending men out in all directions for information which would put them on the scent. They sent a man to Washington to get copies of maps which had been filed there by the locators in order to secure a patent to their claims. In this last they were not successful, but they got some information which helped them immensely. They also sent men to Lent and others in this city, who, by a judicious system of pumping, succeeded in getting now and then a hint as to the location.

FOLLOWING THE ROBERTS PARTY.

Finally, when the Roberts party visited the location a few weeks ago, Berry and another man boldly followed them, and then the cat was out of the bag. Berry now having acquired the information, lay on his oars for a while. About the 1st of November, Berry, a man named McClelland, and another fitted themselves out to visit the claim. They left Salt Lake fully equipped and armed to the teeth. Taking the cars they went to Bridger, on the Union Pacific Railroad, and from there struck right into the wilderness. They did not have far to travel. The great diamond fields were only 30 miles from the railroad! A few hours' ride on horses brought them to the base of a range of mountains which are in full sight from the car windows at Bridger. To cross the mountain took but two hours, and when they got to the base on the opposite side they found themselves right in the diamond fields. There were the claims, all staked off and marked, and everything fixed for the commencing of digging operations in the spring.

THE GREAT FRAUD DISCOVERED.

Berry and his party remained two or three days on the ground. During this time, and after a somewhat protracted search, they picked up quite a number of small diamonds. Berry himself picked up twenty-six of the stones. Something in the appearance of the stones as they came from the gravel, and the nature of the gravel itself, soon convinced Berry that he was on the track of a gigantic fraud. The stones seemed to him like old acquaintances. He is a diamond expert, and is quite familiar with the appearance of rough stones from all parts of the world. He at once recognized the stones as African or Cape of Good Hope diamonds of rather inferior quality. To his practised eye it was apparent—at first sight, almost—that the claim had been salted with not only Cape but with Rio Janeiro stones, for there are some of the latter in the collection they obtained.

The Berry party returned to Salt Lake by way of Green River station without further ado, and at once started for San Francisco.

THE APPEARANCE OF THE GROUND.

The weather was intensely cold on the ground. Mr. Berry had his nose frostbitten, and all three men suffered severely. The ground on the hillsides adjacent was slightly covered with snow, but not enough to impede their search for the stones which had been hid in the gravel. The place is in a little valley, as Janin describes it in his report. Mr. Berry says he saw a fine seam of coal cropping out of the hillside, and what is more valuable, a deposit of pure alum three or four inches deep, all of which he thinks will make the claim worth something aside from the diamond "salt."

AFTER THE REST OF THE "SALT."

Last night Mr. Berry received a despatch from Mr. McClelland, one of the men who went in with him, that he and a small party were to leave for the scene to-day to pick up whatever may be left of the African diamonds used to salt the claim. By the time they get through there will be probably only now and then a stray Hottentot left. Berry says that to the best of his knowledge there have been diamonds taken out to the value of $15,000. He says the stones have all been comparatively small, off color, and not of great value; hence the enormous number of "carats" alleged to have been taken do not represent a very large amount of money.

AN EFFORT TO ARREST THE SWINDLERS.

It is understood vigorous efforts will be made forthwith to arrest and bring to justice the perpetrators of this gigantic swindle, although it is extremely doubtful whether they will be successful. The parties sought have had ample time to get away. It is said they are in Kentucky.

OFFICIAL REPORTS.

The First Evidences of the Fraud—The Salting Overdone—Too Many Different Kinds of Precious Stones Found—Janin Acknowledges he was Sold.

OFFICE OF THE SAN FRANCISCO AND NEW YORK MINING AND COMMERCIAL COMPANY, NOV. 25, 1872.

At a meeting of the Board of Trustees of this company held this day, Gen. D. D. Colton, the Manager, appeared, accompanied by Messrs. Clarence King and Henry Janin, when the following reports were made, which were ordered by the board to be published in the daily papers of this city:

CLARENCE KING'S REPORT.

SAN FRANCISCO, Nov. 11, 1872.

To the Board of Directors of the San Francisco and New York Mining and Commercial Company.

I have hastened to San Francisco to lay before you the startling fact that the new diamond fields upon which are based such large investment and such brilliant hope are utterly valueless, and yourselves and your engineer, Henry Janin, the victims of an unparalleled fraud. Having convinced you verbally that my investigations have been made upon no other than your own ground, I beg herewith to give a brief statement of my mode of study and its unanswerable results. Feeling that so marvellous a deposit as the dimond fields must not exist within the official limits of the geological exploration of the fortieth parallel unknown and unstudied by us, I availed myself of the intimate knowledge possessed by the gentlemen of my corps, not only of Colorado and Wyoming, but the trail of every party travelling there, and was enabled to find the spot without difficulty, reaching there on Nov. 2.

After examining the camp ground, water, notices, and general features of the diamond mesa, I next traced the boundaries of your claims, and then began in earnest to study the distribution and mode of occurrence of the precious stones.

Our first day was devoted to the sandstone table rock, at the head of Ruby Gulch, where about all the stones collected by your parties have been gathered; and had our critical work ended with the close of this one day, we should have left the ground confident believers in the genuineness and value of the fields. My suspicions were, however, aroused, early in the second day's work, and I at once determined to make an exhaustive series of "prospects," of which the following are the results:

THE RESULT OF PROSPECTING.

1. A nearly uniform numerical ratio exists between the rubies and diamonds.

2. The gems in nine cases out of ten lie directly upon the hard surface of rock or in indurated crust of soil. In the exceptional cases where I found them in crevices, there was always ample evidence that the sand or soil had been disturbed and broken up within a year.

3. With the diamonds and rubies occur quartz pebbles of varied sizes and concretions of iron and containing crystaline particles of quartz, which are found freely mingled with the soil from surface and bed rock; hence, if the gems were a natural deposit, being of a specific gravity intermediate between the quartz and iron concretions, they must also have settled through the earth to the bed rock. I therefore selected ground on and immediately about Table Rock, where the top was more or less strewn with the so-called rubies, carefully shovelled off the surface inch of ground and gravel, and examined it by means of sieves and pan—washing all the material down to the bed rock. About thirty of these tests were made, encircling Table Rock, and in no instance was a ruby or diamond found.

WHAT WAS FOUND IN RUBY GULCH.

4. Ruby Gulch, leading directly from Table Rock to Arnold Creek, and, by necessity, receiving the wash of the gems, leaving a surface of sandstone, was found to be extremely rich in rubies at its head; but this richness, instead of continuing down the bed, as if genuine it inevitably must, proved to exist only in ground directly at the foot of Table Rock, where the soil was clearly disturbed, mixed, and smoothed over. I sank a series of four pits to bed rock down the gulch at intervals, excavating probably a couple of tons of material; and although, as in every other instance, quartz and iron concretions were distributed throughout all the gulch soil,

NOT A RUBY OR DIAMOND WAS FOUND.

5. In the top of Table Rock, and in the midst of thickly sown rubies are certain crevices not opened by your parties; they are filled with soil and pebbles, and more or less overgrown with grass, sage brush, and small cactus plants. We carefully removed the top inch, dug out the whole crack, finding no trace of diamonds or even rubies. In the crevices, which bore unmistakable evidence of having been tampered with, we never failed to find rubies, and often small diamonds.

6. Upon raised, dome-like portions of Table Rock rubies and diamonds lay upon the summits and inclined sides in positions where the storms of one or two winters must inevitably have dislodged them, and where, moreover, they were unaccompanied by quartz or concretions.

THE WONDERFUL ANT HILLS.

7. An exhaustive examination of the rock material itself with a field microscope revealed no grain, however minute, of either gem.

8. In the ravines and upon the mesa are numerous ant hills, built of small pebbles minced by the ants, and which we found to bear rubies on their surface. A still closer examination showed artificial holes, broken horizontally with some stick or small implement through the natural crust of the mound—holes easily distinguished from the natural avenues made by the insects themselves. When traced to their end each artificial hole held one or two rubies. Moreover, about these "salted" hills were the old storm-worn footprints of a man. Many outside ant hills were studied, but there were neither artificial holes piercing them, rubies within or without, nor human tracks.

NATURE'S STOREHOUSE OF JEWELS.

9. I discovered on the table three small emeralds. Summing up the minerals, this rock has produced four distinct types of diamonds, Oriental rubies, garnets, spinals, sapphires, emeralds, and amethysts—an association of minerals I believe of impossible occurrence in nature.

10. When altogether satisfied that the gems had been "salted" on and about the table, our party set out upon a series of outside prospects, which were carried on over all the mesa and its flanking cañons, until the absolute valuelessness of the property was finally ascertained.

The result of these ten links of proof are:

That the gems exist in positions where nature alone could never have placed them.

That they do not exist where, had the occurrence been genuine, the inevitable laws of nature must have carried them.

Finally, that some designing hand has "salted" them with deliberate fraudulent intent.

THE WORK OF NO COMMON SWINDLER.

Furthermore, this is the work of no common swindler, but of one who has known enough to select a spot where every geological parallelism added a fresh probability of honesty.

The selection of geological locality is so astonishingly considered, the "salting" itself so cunning and artful, the condition of all conditions so fatally well done, I can feel no surprise that even so trustworthy and cautious an engineer as Mr. Janin should have brought home the belief he did, especially, when, as his report states, he was not allowed to prospect exhaustively; nor do I wonder that you and a party of ten men brought back a confirmation of Mr. Janin's opinion, since they, too, were hurried from the ground without actually testing it.

I should add that on the evening of Wednesday, Nov. 5, when leaving the ground for the last time, I met Mr. J. F. Berry of Salt Lake, who had arrived with a prospecting party. I honestly expressed my conviction to him, detailed minutely my mode of investigation, and ended by urging him to remain and satisfy himself by personal examination, since he seemed to accept my result without question.

A sense of my duty as a public officer has impelled me to come directly and frankly to you, gentlemen. In answer to your request that I accompany Gen. Colton back to the ground, while he and his party investigate for themselves, I place myself, my camp, men, and outfit at his disposal for two weeks, believing that in so doing I shall act as my chief, Major-Gen. A. A. Humphreys, would order, were it possible, at this sudden emergency, to communicate with him. I am, with respect, gentlemen, your obedient servant,

CLARENCE KING,
United States Geologist.

Gen. Colton's Report

To the Board of Directors of the San Francisco and New York Mining and Commercial Company.

GENTLEMEN: On the first of the present month I was tendered by your body the position of general manager of your company, under circumstances so liberal and flattering that I accepted the appointment, and proceeded at once to acquaint myself with the affairs and property of the company.

On the 11th inst., information having been received from Clarence King, United States Geologist, in charge of the survey of the fourth parallel, from which it became probable that a great fraud had been perpetrated upon your stockholders, I immediately proceeded, under the earnest solicitation of your Executive Committee, to the purported diamond fields. My party was made up of Clarence King, who most generously consented to accompany the expedition, and Henry Janin, who had previously visited the ground and reported on its value, John W. Bost, ex-Surveyor-General of this State, and E. M. Fry—the last two gentlemen having been on the ground with what is known as the "Roberts party."

IN THE DIAMOND FIELDS.

We proceeded by rail to Black Butte Station, on the Union Pacific Railroad in Wyoming Territory. There taking riding animals we reached the ground on the 18th, it being in the Territory of Colorado, in a due south direction from Black Butte Station, and not to exceed fifty miles therefrom. The locality is perfectly easy of access in good weather, being situated on high table land, on the north side of a pine-clad mountain plain, to be seen in three hours' ride from our starting point. As all the gentlemen with me were familiar with the ground, we lost no time, and at once proceeded to prospect the property. At the head of what was designated on Mr. Janin's map and report as Ruby Gulch I found a bare, solid table of sandstone about 320 feet long by 150 feet wide, cut up more or less by crevices, most of them emptying into Ruby Gulch, which runs parallel with the west face of the rock. On this table, as I am informed by Messrs. Bost and Fry, the Roberts party found the diamonds they brought to your company.

TESTING THE DIRT.

At the head of Ruby Gulch, and close by the edge of the rock, Mr. Janin pointed to places where most of the dirt was taken from which were washed the large number of diamonds and rubies taken by Gen. Dodge, Janin, Harpending, and Arnold to New York, and afterward brought to San Francisco. We proceeded at once to test the dirt in Ruby Gulch, and after making fifty-six different tests of the most thorough and careful nature, from surface to bedrock, the day closed on us without our having found a diamond or ruby outside the limits of the bare rock first described; whereas, on the table rock, visible to the naked eye, were many small rubies and a few small, worthless diamonds, which had been overlooked by previous parties. On the second day Gen. Bost and Mr. Fry devoted their time to various tests of the property, particularly in opening on this rock two crevices which showed unmistakable evidences of not having been tampered with.

NO DIAMONDS NOR RUBIES.

The result was they found no diamonds nor rubies, there or elsewhere, during the whole day, outside the previously described points where the first stones were found. In the mean time Mr. Janin and myself proceeded first to the point on Diamond Creek where Arnold and others did their diamond washing. We found the gravel they had thrown away, and in testing it discovered some small rubies, and found some of the same stones on several ant hills near the trail they had travelled while there. We then proceeded on the eastern line of Mr. Janin's and Slack's survey of the original location, going north; found all the stakes; and Mr. Janin, as we reached these, identified all the old prospect holes on the line, from which he took the dirt, with Mr. Arnold, and he found diamonds and rubies as set forth in his first report. We made five separate, distinct, and careful tests of the dirt in and about each hole,

MAKING OVER THIRTY TESTS,

and never, in one instance, found a diamond or ruby. We also dug new holes near his old ones and found nothing. In fact, after making numerous tests—ninety-three in all, in different places on the 160 acres of the original location, we never, in a single instance, found a diamond or ruby. And to show you the correctness of our tests, I placed several times a very small ruby in the dirt each gentleman worked, and in every instance they found the stone, believing it a genuine find until I informed them otherwise. It further demonstrated how easy it was for one person even, who had the entire confidence of his associates, to commit numerous frauds on the various members of his party without their suspecting it.

THE SALTING.

Among other places I examined was a point of rocks near by and overlooking the place where Mr. Janin and others did the washing of the dirt that produced the precious stones brought to California in August last. On this point I found some rubies scattered over the bare rock, where, in my opinion, it would have been as impossible for Nature to have deposited them as for a person in San Francisco to toss a marble in the air and have it fall on Bunker Hill Monument.

All these investigations forced upon my mind the irresistible conclusion that the general assortment of precious stones found on the ground were not placed there by bounteous Nature, but were strewn by the designing hand of one whose supply was only sufficient to place a limited number in the most conspicuous places, where the eye of a coming expert would most readily discover them.

A PROFITABLE HOUR'S WALK.

The previous party, after returning from the ground, related that in one hour's walk they had picked up 285 diamonds. It is understood these were all found in the locality before described. If so, it is to be regretted that they did not, in the eight days they were on the ground, spend one hour more in prospecting other portions of the 3,000 acres they surveyed. In which event I feel certain that the second hour's labor would not have produced a single precious stone, leading necessarily to such further investigation as would have demonstrated that the diamonds that party found were all confined to the narrow limits of this small, barren, yet prolific spot, which fact would have prevented, in this city at least, many unfortunate complications.

THE PROPERTY VALUELESS.

Believe me, gentlemen, I was not unmindful of the great responsibility of carrying out the expedition, and of making this report, which pronounces to-day a property absolutely valueless, having, when I left home, a cash value of many millions of dollars. The honor of this board and the interests of the community demanded an immediate examination of the property without a moment's delay, and before any intimation could be given of our movements. It was not a journey to be coveted; for no mere pecuniary consideration, I am satisfied, would have induced any member of our party to undergo all the hardships and perils of such a trip in the mountains at this season of the year, camping and sleeping in the open air, surrounded much of the time by snow, with the thermometer 15 to 20 degrees below zero.

In behalf of myself and the gentlemen who accompanied me, whose names are already given, the only remuneration we ask at your hands for undergoing the hardships of this journey is that you will spare neither time, money, nor skill in finding out the guilty parties to this unparalleled fraud, and bringing them to speedy justice. The good name of the State and the credit of our mining interests demand it.

PUTTING AN END TO THE MYSTERY.

I have taken the liberty in this report of announcing the location of the so-called diamond fields of Arizona, from the fact that I consider it high time the alluring fascination of secresy and mystery be stripped from this diamond excitement, and the world brought to understand that if there be any such immense deposits of *precious* stones as this present excitement has led them to believe the deposit is yet to be found, as it is my honest belief to this time no new or rich discovery has been made in the section of country this mysterious whisper has pointed to.

In the few days I have been connected with the management of your company it is impossible for me to give you the least information as to who are the guilty parties in putting this fraud upon the world, but the unimpeachable integrity of every member of your board is a sufficient guarantee that this investigation will be so thoroughly conducted by you as to do justice to all parties concerned.

Trusting my course in this matter may meet the approval of your body, I remain,

Very respectfully, DAVID D. COLTON.
SAN FRANCISCO, Nov. 25, 1872.

AN ENDORSEMENT.

SAN FRANCISCO, Nov. 25, 1872.

Having read the report of Gen. Colton as the result of his investigation on the property of the New York Mining and Commercial Company, we cheerfully indorse the same as being the result of our personal investigations on the ground with him, believing the report to be a correct statement of our expedition.

JOHN W. BOST,
E. M. FRY.

Mr. Janin's Report.

The following is the report of Superintendent Henry Janin, whose first report of the condition of the diamond fields was regarded as positive evidence of the genuineness of the discovery:

SAN FRANCISCO, Nov. 25, 1872.

To the Trustees of the New York and San Francisco Mining and Commercial Company.

GENTLEMEN: On the night of the 10th inst. Mr. Clarence King, United States Geologist in charge of the fortieth parallel survey, made us the startling announcement that he had found and closely investigated our supposed diamond fields, and that his conclusions proved conclusively that a stupendous fraud had been perpetrated upon us. Mr. King himself agreed to forego his intention of giving immediate publicity to his detection of the fraud, until we could send in a party to reinvestigate the whole field. With equal kindness he consented to immediately report the fatiguing trip from which he had but just retruned and to give us the benefit of his information and investigations. Our party returned last night, we have examined all the points tested by Mr. King, and have made other additional tests, all of which go to prove that he was right in his conclusion that the ground is absolutely worthless and not diamond bearing, and that it has been made the field of

AN INGENIOUS AND INFAMOUS FRAUD.

In company with Gen. Colton I repeated the tests made by me on the occasion of my first visit, at points a third of a mile distant from the "discovery" point. Where I had previously found and reported diamonds and rubies, innumerable tests showed the ground to be absolutely barren, showing that the gems found were placed in the various samples of ground taken between the time they were collected and the time they were washed. These tests were made in company with one of the original and supposed discoverers.

We had no sieves, with which one man may make his tests alone and unassisted, and were obliged to make the tests by the slow and laborious process of digging the gravel, packing the same on horseback to water and there washing it in gold pans. Under these conditions assistance became necessary. Along these outside lines we found, as before, several ant-hills with rubies on their sides. One was found, similarly prepared, which I had never before seen. Careful and thorough tests from the extreme bottom of these hills and from the ground around them showed the gravel to be absolutely barren, and proves that the rubies on them

WERE FRAUDULENTLY PLACED THERE,

with the expectation that these points being on the line of survey would be examined, with the correct calculation that the occurrence of gems under such conditions would be considered proof conclusive that the occurrence was a natural one.

It was upon one of these ant-hills that I found, on my first visit, a diamond, so placed as to appear to be clearly the work of nature. The same remarks apply to the ant-hills found below the sandstone bluff, and in the gulch running with the bluff. Here the hills were richer in rubies, and yielded me diamonds in my previous washings. Similar tests proved that these ant-hills also had been prepared for inspection. The same evidence of careful preparation can be detected wherever rubies or diamonds are found. In company with Gen. Colton I prospected the tailings of my old washings, and found rubies. Opposite this point is

AN OUTCROP OF CONGLOMERATE,

distant 200 yards from the "discovery" point, and forming a part of the same bluff. My attention was several times called to this point on my first visit, as having furnished good prospects on previous occasions. I did not then examine this place, as I did not wish to act upon any hints or suggestions as to the points I should examine. On this trip, however, recalling these suggestions, I examined this bluff and found rubies on the top of the same, and on the large rock, under such conditions that they must have been placed there. It further proved that a line of rubies were sprinkled from this point for one hundred yards toward the discovery. Repeated tests proved that these occurrences were superficial and artificial. As for the gulch which drains the bluff, and which under honest conditions of the occurrence of diamonds, where it would naturally be found extremely rich, the pits sunk by Mr. King, and re-tested by me

PROVED THE SOIL TO BE BARREN.

Rubies and diamonds were found down to the edge of the gulch, and then stopped. At the very head of the so-called "Ruby gulch" Mr. King gathered from one sieveful of gravel forty-two rubies.

We gathered diamonds and rubies from the lace piece of sandstone above, as has been done by every party visiting the ground. Here, too, the conditions of fraud are numerous and irresistible. Since I professionally examined and endorsed this supposed discovery the responsibility of investments made subsequent to my report, and the consequent losses of course rest upon me. In partial explanation of the apparent ease with which

I WAS BEFOOLED

I must be allowed to go back to the time when I first heard of this affair, and when my services were engaged. In the latter part of last May I was in New York, and was called upon by two gentlemen of this city, both at present large shareholders in the enterprise, and with their own means largely engaged in the same.

They laid the story before me and silenced the incredibility which it naturally excited by the statement that they themselves had investigated the matter closely, that they were assured by the two original prospectors, and believed that two trips had already been made by them to these fields at long intervals, and that each trip had resulted in the production of large values in precious stones, although their work was done hastily and with rude implements. These gentlemen named the banks, one in this city and one in New York, in which the two lots of gems were deposited, assured me that they had full faith in the statements of the prospectors, and finally informed me that as a result of their investigations, and of their consequent faith in the integrity and value of the discovery, they themselves had

PURCHASED A LARGE JOINT INTEREST

at high figures. This last statement I investigated and verified. One of these two gentlemen subsequently accompanied me to the fields and shared my favorable opinion. While discounting very largely in my own mind the statement of the prospectors, as quoted by me, they still left me firmly impressed with the belief that such large sums had been obtained from this ground as to preclude any suspicion of salting. Diamonds and rubies, both in the rough and polished state, were shown to me, and in good faith, as coming from these fields. The diamonds were, many of them, of considerable value, and were ranked as a high average quality by New York lapidaries. The diamonds picked up by the last expeditions are

MOSTLY SMALL AND WORTHLESS,

and are the refuse of what were obtained by the earlier expeditions.

On my way out I was told in great detail the story and adventures of the two so-productive trips. I looked upon my investigation as undertaken not to determine the fact of the discovery, but to ascertain approximately the extent and value of the same.

Having thus good grounds for believing in the honesty and productiveness of the discovery I was ill prepared to become

A VICTIM TO THE FRAUD

which I have since discovered was so carefully prepared for whatever engineer should be selected to make the examination. Had I been allowed more time, as I desired, in which to make my investigation, it is probable that I would have detected the fraud. At the same time it is possible that the same salting game might have been kept up and my good opinion of the property have been not only confirmed but increased. With the lights before them, finding diamonds so readily, and considering they did no outside prospecting, it is not surprising that the ten members of the Roberts party confirmed my erroneous report.

A further explanation of the mistaken opinions of myself and others is found in the patient, ingenious, and audacious nature of the fraud.

Very truly, your obedient servant,
(Signed) HENRY JANIN.

Additional Particulars of the Monstrous Swindle—How Janin was Roped into the Conspiracy—Harpending and Dodge Openly Accused of Complicity in the Fraud.

From the San Francisco Chronicle, Nov. 27.

The diamond question continued to be discussed in business circles yesterday. The standing of Roberts, Harpending, Rubery, Dodge, Lent, Arnold, Slack, and other persons who have been identified with the great excitement formed the chief topics of discussion. Roberts appeared as usual upon the boulevard, arrayed in his ordinary suit of gray. A confident smile played across his features as friend after friend came up, and addressed him with some jocular remark about the sudden collapse of his great diamond schemes. Harpending's black eyes shone with a sinister lustre; otherwise he seemed entirely at his ease. Mr. Roberts expressed his entire concurrence in the reports of King and Janin as to the salting process, but inclines to the theory that Arnold has a valuable find in the vicinity. The fact that King reports the country thereabouts as geologically diamond bearing strengthens his belief. Many were the comments passed upon the King and Janin reports. It was thought strange that Janin could be hoodwinked and led about by Arnold, when King instantly discovered peculiarities which set him on his guard and led to the discovery of the gigantic swindle, and the mutual admiration evinced in these reports—King for Janin and Janin for King—caused some comment. Notwithstanding Janin's candid avowal of

THE WAY IN WHICH HE WAS FOOLED,

he has lost the confidence of many who went their bottom pile on him. All experts will make errors of judgment, but Janin does not seem to have exercised any judgment whatever. Instead of examining the reports of others with a view to their verification, he allowed the same persons to do all the examination, while he looked on and said "All right." Janin made no attempt at examination himself, but followed the beaten track laid out by Arnold.

Some amusement was created on the street early in the morning by the appearance of a wagon in which was seated an individual vending the "Original Diamond Tooth Paste." He cried it out with vociferous voice, and answered all inquiries as to whether it was "Harpending's best" with ready wit. There were but few purchasers, however, no one seeming to care for diamonds in any way, shape, or form—much less as tooth powder or tooth washes.

WHO ARE THE SALTERS?

The question most frequently asked on the street was: "Well, who is the chief salter?" Many different answers were given. Among others, an operator remarked that he thought "the Brothertons were at the bottom of the whole affair, and it was a wonder the newspapers didn't interview those worthies." An expert said that it was singular the thing hadn't been discovered before, from the fact that the salters overreached themselves in the salting process. The Arnold party, it will be remembered, brought back diamonds, rubies, amethysts, emeralds, garnets, spinals, topazes, and we don't know how many other jewels. Their "find" was like the inexhaustible bottle—turn out any thing that was wanted at a moment's notice. Now, said the expert, anybody who knows anything about geology must have known that these stones couldn't be found together. Diamonds are pure carbon, and what would have formed pure carbon would have consumed the other stones. It is said that a letter was yesterday received by Mr. Goldsmith from a firm in Amsterdam, throwing cold water on the diamond question because of the finding of so many different stones. The trouble with our California sharps, from Janin down to Gillette, seems to have been that they presumed that diamonds existed, and it was only a question how many carets could be found in a square foot of gravel.

It seems very strange that if Roberts and others interested with him were cognizant of

THE SALTING PROCESS

they should have taken such extraordinary measures to secure title to their field. It is well known that the mineral laws were amended at their suggestion so as to include diamond fields under the words, "other valuable or mineral deposits." If they had desired simply to get up a swindle and get rid of their stock, they would not have troubled themselves so much about title. It makes very little difference now who holds the title. It is not very probable that the diamond fields will be worked in the spring, unless some inquisitive fellow wants to see how many diamonds are left out of the original salt. Investigations are progressing to discover the salters and their confederates. It was stated yesterday that Arnold was on his way back to California. It is not very likely that Arnold, Slack, or any other man, against whom suspicion is directed, will willingly put himself within the reach of investigation. If they could be made to disgorge their ill-gotten gains, it would be some satisfaction to the capitalists who to-day regret the loss of their diamond venture; but it wouldn't mend matters so far as California's reputation for sharp practice is concerned. The story has gone forth, and is being discussed to-day in every European centre, in English, German, French, Spanish, and in every known and unknown language. California's fame may not have been very extended heretofore. Travellers tell us that they don't know much about California in Europe. There need be no fear but what this diamond story will spread far enough to make California famous, or infamous, according to the view which will be taken of the plot.

THE RAMIFICATIONS OF THE JOB.

Now that the whole thing has been officially declared a fraud, it is quite interesting to know how the job was put up and all about it. Janin, perhaps, is not criminally to blame, although his reputation as a geologist and mining engineer will have received a blow by this from which it will be hard for him to recover. His first connection with the affair seems to have been in New York last spring, where he was approached by Harpending, Gen. Dodge, and Arnold, the "discoverer" of the wonderful Golconda. They told him that Arnold and Slack had made two trips to the diamond fields, securing in the first instance a bag of precious stones valued at $1,000,000, which had been sealed and deposited in the Bank of California; and in the second, a bag of gems valued at $250,000, the latter being deposited in the banking house of Wm. B. Duncan & Co. in New York.

WHAT TIFFANY TOLD JANIN.

Besides all this, Janin was taken to the private residence of Tiffany, the great New York jeweller, who told him in presence of Sam Barlow, Gen. McClellan, and other parties that the estimated value of the gems in Duncan's bank was $150,000. This statement, emanating as it did from so reliable a source, could not fail to disarm whatever suspicion there was in Janin's mind, and the consequence was he was most effectually roped in. Harpending and Dodge told Janin that Arnold received $100,000 for his first trip, and by sundry plausible statements they induced Janin to visit the diamond fields. These gentlemen promised Janin that he should have two weeks to examine the ground and investigate its geological formation, and when he reached the spot they kept him employed in surveying and making mining laws for a whole week. Soon after, when he began to prospect, Dodge and Harpending hurried him away, against the promise, and had him make his first report in New York, in which he says:

HOW JANIN WAS HURRIED AWAY.

I had only time to gather samples from those portions of the 160-acre block of ground which are marked on the accompanying plat. At each one of the points numbered diamonds or rubies were found, as per enclosed samples. These points were over one-third of a mile distant from the original discovery, and show a very large area to be diamond and ruby bearing. The samples were taken from the surface. It is probable that at a greater depth larger diamonds would be found. The amount of prospecting done was insignificant, and does not enable me to form a judgment as to the extent or limits either of the very rich or only moderately rich grounds. I have already shown that it requires only one half-acre of the very rich ground to repay the purchase money, and also that if the whole 160 acre tract will produce gravel of an average value of 1 per cent. of the value of the one and a half tons washed ($5,000 per ton) it would furnish an immense value in diamonds and rubies. I consider this a wonderfully rich discovery, and one that will prove extremely profitable. That while I did not have time enough to make investigations which would have answered very important questions, I do not doubt that further prospecting will result in finding diamonds over a greater area than is as yet proved to be diamond bearing; and finally, that I consider any investment of $40 per share, or at the rate of $4,000,000 for the whole property, a safe and attractive one.

BEN BUTLER TAKES A HAND.

While Janin was being induced to join the enterprise and to make a professional survey of the ground, the projectors of the scheme were at work in a new direction. Gen. Sam Barlow set a ball in motion to secure a United States patent to the tract, and also legislation directly looking to the development of the diamond mines. He drew up the celebrated "Placer Mining bill" and gave it into the hands of that immaculate legislator, Gen. Benjamin F. Butler of Massachusetts, to engineer through Congress. Ben's wonderful sagacity and a thousand shares of the Lent-Harpending diamond stock, to him in hand paid, enabled him to see the great advantage this bill would be to the country, and he finally secured its passage without difficulty. Gen. Butler's stock is not worth much just now, but then that is not his fault.

WHAT JANIN GOT FOR HIS SERVICES.

Before Janin went in the first time he was paid $2,500 for his services by the company. This was a mere professional fee, and is not believed to have been intended to secure a favorable report. Besides the $2,500, he was given the privilege of purchasing 1,000 shares of the stock at $10 a share in currency, which he did purchase in New York after his return from the fields. This stock he at once sent to San Francisco and sold at its full value—$40 a share, in gold—thus clearing over $30,000 by the transaction. Whatever suspicion of the integrity or lack of confidence in the professional ability of Janin may grow out of this matter, it is evident he has been made the dupe of others. His reputation though has suffered a blow from which he can scarcely hope to recover, and for which $30,000 is hardly an adequate recompense.

WHO ARE STRONGLY SUSPECTED.

Next to Arnold, of whose guilt there can hardly be a reasonable doubt, Harpending and Gen. Dodge are the most strongly suspected of complicity in the fraud. Harpending and Dodge were both in New York, as we have related, when they secured the services of Janin. Nay more, Harpending was in London when the stones were said to have been purchased there of Pittar, Levison & Co., and Keller, the diamond men. These facts, in connection with other things which have come to light, have caused a grave suspicion to fall upon both these persons. Gen. Dodge was perhaps ignorant of the fraud in the beginning, but it is now believed that he knew of the sell long before the *exposé* by Clarence King, and improved the opportunity to get all his money back that he put into it. He was heard to say here before he went East that when Gen. Colton came back he would bring bad news, and soon after left for the East, as is believed, to see Arnold and get his money back before the thing should explode. A photograph of Harpending was sent a week ago to London to Pittar, Levison & Co. for identification as the man who purchased the brilliants. If they identify Harpending as one of the purchasers things may be made warm for him.

THE HARD-HEARTED GEOLOGIST.

Clarence King, United States Geologist, whose researches on this coast have won for him an enviable reputation among scientific men, not long since made an official investigation of the belt of country in which the alleged diamond fields were located, and when the news of the discovery had been thoroughly disseminated and the question was assuming a serious aspect, he determined that he would make an official visit to the fields on his own account and without the knowledge of any of the interested parties. He entered the diamond fields with one of his surveying parties, known as the Fort Bridger Division, and made a careful estimate of the country. After satisfying himself that the whole thing was a fraud, he hastened to San Francisco to lay his astounding discovery before the directors. He knew no one of them personally, and did not know where any of them lived. He did know Janin, and him he hunted up the very night he arrived here. Janin was in bed at the time, but King waked him up and conveyed the disagreeable information. Janin would not believe him at first, but the goelogist sat down and before morning convinced him.

Next day they went together and saw Mr. Ralston. This gentleman poo-pooned the idea that there was fraud, but he finally consented to permit King to make a report. Then the latter made the report which was printed yesterday, and which it will be seen bears date Nov. 11.

THE BUBBLE BURST.

The report was so comprehensive, so convincing, that the directors' faces turned white when they heard it read. They at once resolved to ferret the thing out, and for that purpose Gen. Colton's expedition was fitted out, and Mr. King kindly consented to accompany it with Mr. Janin. The whole matter was kept strictly private, not even the principal shareholders knowing anything of it. The only persons that knew of the explosion were King, Janin, Ralston, Lent, and Colton, with the two who accompanied him on his trip, Gen. Bost, and E. M. Fry. The feelings of Messrs. Ralston and Lent during the absence of Colton's party may be better imagined than described. They had King's report in their hands, and they knew if that was verified they were out together nearly $500,000! Yet they kept their own counsel, and it is even said that Lent was quite cheerful.

THE LOCATION OF THE FIELD.

The diamond field is located near Vermilion Creek, forty-five miles from Black Butte Station, directly on one of the prominent geodetic stations of the Geological Survey. It is at the north base of a pine-clad ridge that runs east and west, north of Brown's Hole, and is in Colorado Territory, eight miles south of the Wyoming line. At this point is a *mesa* about 7,500 feet high, gently sloping to the north, and cut by cañons five or six hundred feet deep, which carry off the drainage of the pine ridge into Vermilion creek. This *mesa* has a comparatively smooth surface, which is broken only by two masses of sandstone, which rise above its level. Some of the valleys near this spot are charming in appearance and abound in the finest of game, such as deer, elk, grizzlies, &c., though the climate, save in sheltered spots, is not one of the finest in the world. The summers are cool and the winters very cold, and hurricanes sweep over the country about two-thirds of the year. The diamond field is not located in an Indian country, though the straggling Utes occasionally pass over and near it. These Indians are nominally at peace, and would not trouble white men unless a good opportunity offered.

THE GOLDEN VISIONS.

The hopes of the diamond men seem to have been without limit. The property of the company was so large and its value so enormous that they had resolved, for its better security and to keep out all prospecters, to divide it up into eighteen different tracts of 160 acres each. These tracts were to be given to eighteen different companies on the most favorable terms. Each company was to organize with a capital of $10,000,000, divided into 100,000 shares of $100 each. Half of this stock was to be retained by the parent company, and the other half issued and paid for out of the proceeds of the ground. In other words, each of the eighteen companies were to pay $5,000,000 to the parent company, but all payments were to be made from the proceeds of the diggings. So all the capital required by the young companies was $5,000 or $10,000, enough to fit out ten men and set them to work, which last was one of the conditions imposed upon them by the parent company.

HOW THE GUDGEONS TOOK THE HOOK.

These terms were considered so favorable that it was not a question of how they should dispose of these 160-acre tracts, but who they should let in. They wanted good men, and the parent company were very chary of their selections. The applications were innumerable, but it was finally agreed that each of the following named gentlemen should be permitted to organize a company and take possession of a 160-acre tract: Gen. John T. Miller, Lloyd Tevis, Chas. Freeman, H. B. Wakelee, the druggist; Col. J. D. Fay, J. W. Gashwiler, John F. Casselli, B. F. Sherwood, J. J. Wilmerding, S. B. Boswell, A. G. Kinsey, and Mr. Lightner, brother of the Raymond & Ely superintendent. The Original Diamond Mining Company, in consideration that they had a claim adjoining the Harpending tract, were also to be allowed one of the locations. The second choice—the parent company reserving the first choice, of course—of all the tracts was to be given to a company organized by Gen. Bost, John R. Boyd, E. M. Fry, Gillette, and others, the party who went in with George Roberts on the "assuring" expedition. In gratitude for their services on that occasion the parent company were to give them one-half of all they took out, and they were to pay nothing whatever for the claim.

MR LATHAM'S HONOR.

Gen. Colton was among the last of our wealthy men to get into the company. As was narrated in his conversation on Monday with a *Chronicle* reporter, he got in on the 3d of November by purchasing from Mr. Latham five hundred shares of the stock for $20,000. Yesterday, when the official announcement was made that the whole thing was a swindle, Mr. Latham came to Gen. Colton and handed him back his $20,000, with the remark that he could not conscientiously keep the money, for when it was paid him in good faith Clarence King was even then busily working out the fraud. Such an instance of honorable dealing as this is worthy of especial mention in these days of financial scheming and business shrewdness.

Some Account of the Men Charged with Originating the Swindle.

From the San Francisco Chronicle, Nov. 26.

California street was very much excited yesterday. The stock board was not excited upon the question of legitimate mines, but the members talked diamond stock. Financiers and bankers, brokers and merchants, clerks and book-keepers—all discussed the question of "bilk or no bilk" from their respective standpoints. And as William M. Lent or George D. Roberts or Harpending appeared upon the street, they were followed by a number of eager eyes, who looked as though they wanted to see how many diamonds each carried in his vest pocket. It is needless to say that neither of these gentlemen appeared entirely at ease yesterday as they passed along, the observed of all observers. Lent's hair seemed a shade grayer; Roberts' eyes were quick in their movements and glanced nervously around; Harpending clutched his cane with a feeling of insecurity, his dark orbs glistening with uncertain excitement—and a crowd of lesser diamond operators moved along the street interviewed at every step by curious persons. Here Col. M. G. Gillette was the cynosure of observing eyes. The Colonel yesterday was

BY NO MEANS EXUBERANT,

and yet no one doubts that he told the truth exactly as it appeared to him at the time. Until his dying day he will never know how they could have "salted" the roots of a cedar tree wherein he found several diamonds. To another or more scientific mind it might have appeared strange that diamonds were found in so undiamond like a locality. Toward noon quite a crowd of expectant observers stationed themselves in the vicinity of the Bank of California, where it was thought the meeting of the Directors of the once big company would meet. Soon they congregated, each coming with lowering brow, compressed lips, and a general air of supreme indignation quite foreign to their usual amiable countenances. There came Gen. D. D. Colton, the chief expert, who went to the fields two weeks since with King, the geologist, and others. Colton looked as if he knew a thing or two and meant to impart some of his ideas to others, while W. C. Ralston moved about nervously. It wasn't

ALL HEADS AND NO TAILS

to them. The only gentleman who looked quite *au naturel* was Henry Janin. His eyes had been opened on his second trip, and he had evidently concluded to go back on himself as quietly as possible.

When the small board of brokers met yesterday morning one of the operators created a sensation by calling up the "New York and London Commercial Company," and offering the stock at a low figure. Jack McKenty offered $1 per share. In the big board Charlie Stoutenborough offered some of the stock, seller 90, but no one bid therefor. The stock couldn't very well have been given away. It would be impossible to give any adequate idea of all that was said on the subject of diamonds in general, and those of the Roberts Company in particular, yesterday. A *Chronicle* reporter took particular pains to count, and noted 18,765 persons who had "all along declared that the reported diamond discoveries were bilks and swindles." And how oracular they became in discussing the subject! What learning they exhibited! How could diamonds be found in such geological formations? only thirty miles from the railroad—bosh! And then they set about to designate the Swindler-in-Chief—the Grand Salter of the Plains. Arnold and Slack were generally designated as the salters, because they reported the grand discoveries. With them Janin had examined the fields. They washed out the diamonds while Henry Janin stood by picking his teeth and saying "Good." So the common sentiment of the people concluded that Arnold and Slack had done the dirty work. But

WHOSE BRAINS SUGGESTED THE GRAND SCHEME?

Whose prolific mind concocted the details of the plot? Who went to London and purchased the rough diamonds? Who furnished the capital for the purchase of the "carats?" Who enlisted the interest of the San Francisco capitalists who engaged in the scheme? All these questions were more frequently asked than answered. The general current of suspicion ran against Harpending and Rubery. Both of these operators were connected with the pirate Chapman several years since, and it was thought that Rubery had furnished the brainwork of the plot, while the more active mind of Harpending suggested the details and carried them to a successful termination. The names of Roberts and Lent were occasionally mentioned in this connection, but those who really believed that they were connected with the swindle were not quite so numerous. Roberts was chiefly blamed because of the mastery which Harpending seemed to possess over his mind. One gentleman who knows both well, remarked, "Roberts is too honest. The boys pull the wool over his eyes easily. They used to do it up in Grass Valley; for while Roberts has a big head and plenty of brains, he is too sanguine and confiding to be smart. Harpending threw diamond dust in Roberts's eyes, and Roberts was blinded."

ARNOLD,

the man with the dyed whiskers and blue eyes, made his appearance in San Francisco a few days after the Roberts party returned with what seemed to them the indubitable proof of the existence of diamonds. His object in coming was to receive his share of the plunder which which had been deposited to the credit of Harpending in the Bank of California. Having placed the money on special deposit, he left the State with his certificates of deposit and has not since been seen. It was rumored that long before he received the reward of his doubtful enterprise he had presented his wife with a large number of diamonds, and there are some people here who indulge in a peculiar theory in consequence. They say Arnold really found diamonds *somewhere*; with these diamonds he salted the New York Company's claim, and reported it to Roberts and Harpending, who sent him out to hunt for precious stones.

ARNOLD STILL OWNS HIS OWN FIND

and can take therefrom all the diamonds he wants. Among others who were reticent was Harpending. When informed that developments showed the whole thing was a swindle, he declared he wouldn't believe it until convinced by the evidence of his own eyes; that he proposed going there in the spring and seeing for himself. He then put the following question: "Suppose that Clarence King says that owing to the geological formation of the ground diamonds cannot in the nature of things be found; and suppose Henry Janin now makes a report saying that he was mistaken in his first report, and that there are no diamonds there, what would you say?" Harpending vouchsafed no answer to this question. Alfred Rubery acted as pilot to George Roberts when he "went in" to the supposed diamond fields a few months since. He had been left originally on the field to watch and wait. But it was lonely work, and thinking the diamonds wouldn't run away, he took a *pasear* to San Francisco. He says: "I never had

A CENT'S INTEREST

in the company. Having nothing else to do I went with Harpending and Arnold to the ground. Thinking it was all right, I took up a claim for myself—but beyond this I own nothing there. If there was any salting it can't be proved by me. And yet all this business will find its way to London and be published in the *Times*, and my name connected with it, and all for nothing." Mr. Rubery appears to be a very innocent young gentleman, and were it not that innocence, like beauty, is only skin-deep, he would receive more general sympathy. It was very difficult to find anybody yesterday who ever owned any diamond stock or had ever been promised any. It was either, "Never had any," or "I sold out a month ago." John Rosenfeld, the popular Harbor Commissioner, invested $20,000, "for luck, you know," and was the only one who took the matter philosophically, and didn't get his mad up. It was known that Gen. Gashwiler had put in about $50,000, but good authority was found in his absence for the statement that he had cleaned up some of his "diamond plunder" before the collapse. He ventured his money entirely upon the strength of

JANIN'S CONFIDENTIAL ADVICES.

Up to within a short time ago Janin was reported to have been a purchaser of the stock. Other reports are to the effect that he long since sold his 1,000 shares at bedrock prices. Public sentiment seemed to conclude that, after all, those who had been the favored few, let in by special privilege, could stand it very well. They are all rich and well-to-do, and say $600,000 (15,000 shares at $40) scattered among twenty or thirty of these cannot do much harm.

How Gen. Colton was Roped In.

From the San Francisco Chronicle, Nov. 26.

Gen. D. D. Colton last night gave a *Chronicle* reporter the history of his connection with the Diamond Company. He said that he was first invited to join by Milton S. Latham, who had 1,000 shares of the stock, and offered him one-half of it. Said Gen. Colton: "Latham and I talked the matter over, and finally I said, 'Let me see who are in it?' I counted on my fingers Roberts, Harpending, Arnold, Lent—no, I guess I don't want any stock, Latham!'"

Reporter—That looks as if you had but little confidence in the projectors of the enterprise.

Gen. Colton—Well, I didn't have much. I knew Harpending to be a wild, reckless fellow, and, to tell you the truth, I didn't want to have anything to do with them.

Reporter—How did you finally get in, General?

Gen. Colton—Well, you know, I'm pretty heavily interested in railroads, and enjoyed pretty good facilities to get to the ground, and as I was a disinterested party, Ralston, Latham and some of them wanted me to go to the fields. So I got ready and went up the road, but just as I was about to strike into the diamond country I got a telegram from Roberts telling me to come back. Roberts said he and his party had just returned from the fields, bringing an abundance of diamonds—quite enough to satisfy everybody. His report was on the whole so favorable that I gave up the idea of going in and came back to the city. I wish now I'd gone in, for [laughing] I haven't near as much faith in Roberts's report now as I had.

Reporter—Did you buy in, then?

Gen. Colton—Yes. After Roberts got back Latham says to me, "Now, Colton, don't you want some of that stock?" I said, "Yes," and on the 3d of this month I gave my check for $20,000 for 500 shares of the stock.

Reporter—Then the company reorganized, didn't it?

Gen. Colton—Yes. There was an executive committee formed of Louis Sloss, Latham, and Maurice Dore, with Mr. Ralston as a kind of an advisory member. I was appointed general superintendent of the company. After that I got an inkling that the whole thing was a fraud from Clarence King, and then I made up my mind to ferret it out.

Reporter—And you went right up there?

Gen. Colton—Yes, but kept the matter very quiet. There were only four of us, Mr. King, Mr. Bost, E. N. Fry and myself. The only persons in San Francisco that knew our errand were Ralston and Latham.

Reporter—Well, now, General, whom do you suspect of having put the job up?

Gen. Colton (with a deep sigh and a shrug of the shoulders)—That is just what we are going to try and find out. I don't believe that Arnold and Slack did the job without help.

Reporter—Will there be an effort made to punish the guilty parties?

Gen. Colton—Yes, indeed; there will be no effort spared to that end.

SUSPICIONS OF HARPENDING.

One fact is pointed to as being very suspicious in regard to the connection of Harpending with the affair, namely, that he was in London at the time the diamond brokers of that city reported the remarkable sale of rough gems to have taken place. Another is, that from the inception of the movement Harpending acted as the financial agent of Arnold and conducted all his negotiations until a very recent date.

Gen. George S. Dodge is also entitled to the floor in regard to his connection with the affair. He was among the first who visited the ground, having gone there with Arnold, Slack, Harpending, and Rubery long before Janin ever saw the place. He therefore occupies a rather prominent position as one of the sponsors for the arrangement. And since Arnold's last departure from this city Gen. Dodge has been his confidential agent. So great was Arnold's confidence in the

Continued on Second Page.