

The Great Diamond Hoax

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THE LATTER HALF of the nineteenth century was a time when Easterners believed that every coyote hole in the Arizona territory was a potential gold or silver mine. Promotional brochures showed oceangoing ore vessels plodding up Arizona rivers, such as the Hassayampa, that rarely ran above ground.

Of all the schemes during the late nineteenth century, none was more bizarre than that perpetrated by a couple of Kentucky grifters back in 1872. Philip Arnold and John Slack got their hands on a large number of flawed, industrial-quality, or otherwise inexpensive gems and began a quest to find a greedy but unwise investor. California was chosen to unleash their scheme.

Arnold and Slack, whose names conjure up thoughts of a vaudeville team, approached their “pigeon,” the great banker William Ralston, in San Francisco. With dramatic flair, they emptied a sack of diamonds and other precious gems onto his desk and, having acquired his undivided attention, proceeded to stage a great argument about whether they should share their secret and accept financing from outsiders. Soon, the erstwhile skeptical banker was begging for the opportunity to provide

money to develop the huge diamond field “somewhere” in northeastern Arizona. He enlisted a well-known mining man named George Roberts and financed another expedition into the area. The two swindlers returned three months later in tattered clothing, looking like they’d been ridden hard and put away wet. They spun harrowing tales of Apache attacks. They also produced a sack full of diamonds. Ralston sent the gems to an East Coast merchant who pronounced them genuine. Of course they were genuine—Arnold and Slack had purchased them with some of the money Ralston had given them.

Tiffany & Co. of New York became interested in the gems and sent out an engineer, Henry Janin, to examine the diamond field. This presented a slight problem for the two con men. They had to create a diamond field. They found a remote mesa in southern Colorado and spread a large selection of gems throughout a small area.

Actually, different varieties of precious stones rarely occur in the same surroundings, and that should have been enough to expose the hoax. Henry Janin was, in fact, one of the foremost mining engineers in the United



States to inspect the site. Janin's reputation would give the scheme a degree of respectability.

However, Janin had no previous experience with gemstones, and so he became an unwitting partner in the scheme. He was escorted to the site in theatrical secrecy and, using his report, the two con artists coaxed large sums of money from interested prospects, including Tiffany & Co., the Rothschilds, and the Bank of California. Bank president Ralston estimated the value to be worth at least \$50 million. A \$10 million corporation was formed to exploit the field, and Tiffany & Co. bought out Arnold and Slack's interests for \$660,000.

As word spread about the diamond field, treasure hunters were eagerly scouring the deserts for di-

amonds and other precious jewels. Obviously, the promoters wanted to keep the exact location of the diamonds as vague as possible. Reports from so-called experts claimed the field to be somewhere in the vicinity of Fort Defiance, Canyon de Chelly, or the Hopi Mesas. Eventually, it wound up in Wyoming.

Clarence W. King of the U.S. Geological Survey became suspicious of the scheme, located the salted mesa, and wrote a withering exposé in 1872. Not only did he note that rubies and diamonds are not found together in nature but also that none of the stones was recovered from natural surroundings. His suspicions were said to have been first confirmed when he found a diamond with a jeweler's facet already polished upon it.

When the hoax was uncovered, Arnold and Slack had vanished after clearing a tidy sum from the scheme. Arnold opened a bank, and Slack became an undertaker and casketmaker. Fraud suits were filed but were settled out of court, and the grifters kept most of their ill-gotten gains. Apparently, the Old West had a degree of respect for creative con men. 

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