

The Great Colorado Diamond Rush

by Dennis Payton Knight

Philip Arnold was a hatter's apprentice from Kentucky who fought in the Mexican-American war and learned the prospector's craft in the 1849 California gold rush before he went home to Kentucky to start a farm and family. In 1870 he teamed up with an older cousin, John Slack, and went to Colorado to join in yet another gold rush. Together, they created a different buzz, the colorful, if short-lived, Diamond Rush.

The cousins acquired some industrial-grade diamonds from a friend who worked for a diamond drill bit company and mixed them with rubies, sapphires and garnets they bought from Indians in Arizona. They took that booty to San Francisco to show to local businessmen, including the founder of the Bank of California, William Ralston.

A group including Ralston made an offer to invest in Slack and Arnold's mining enterprise with a down payment of \$50,000. With that, Arnold and Slack went to England and Amsterdam to purchase more raw gems, some of which they sent to Ralston's group to further salt their interest.

Ralston then sent samples to Charles Lewis Tiffany in New York. Tiffany over-valued the stones at \$150,000 and joined the original investors, bringing in other prominent men such as George McClellan and Horace Greeley. With another \$100,000 the cousins returned to London and bought even more gems to keep the interest primed.

When the investors sought to visit their mine, Arnold and Slack seeded a bonanza of uncut diamonds and gems in Moffat County, Colorado near what is now appropriately called Diamond Mountain. Then they met the investors in Saint Louis and brought them by train to Rawlins, Wyoming.

To make the secret site seem remote, hard to reach, and a true discovery, the grifters led the group for four days on horseback on a deliberately confusing route before finally landing at their field of diamonds and sapphires. They invited the investors to dig for themselves, and soon an abundance of raw gemstones was gathered. With that bedazzling proof, the group eagerly bought Arnold and Slack out for \$660,000.

In October 1872 the Department of the Interior sent geologist Clarence King to inspect the site. He deduced the various stones had been formed under different geologic conditions and would never have been found together in a single deposit. Ralston and his group of investors thus learned they had been swindled in what the San Francisco Chronicle called "the most gigantic and barefaced swindle of the age."

Slack went to St. Louis, got into the casket business, and died in 1895. Arnold sunk his money into farmland in Kentucky which he put in his wife's name and became a prominent banker. In 1878 he was wounded in a gunfight by another town banker and died of pneumonia six months later at the age of 49.

There are still diamonds to be found in Colorado and I will take you to them if you happen to

have a spare million.