

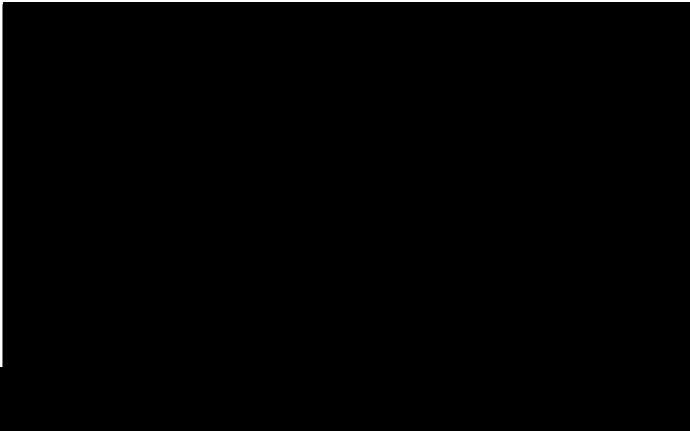
THE EFFECT OF THE GILDED AGE ON THE CARSON CITY MINT

by

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A THESIS

Approved:



Approved:



THE EFFECT OF THE GILDED AGE
ON THE CARSON CITY MINT

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ABSTRACT

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Purpose

The purpose of this study has been to trace the history of the Carson City Mint in the last three decades of the nineteenth century, with special attention to causes that brought suspension of the minting operation in 1893. The founding of the mint, the problems and scandals, and its final demise had some relationship to the major political and social developments of the time, especially the crucial issue of silver coinage.

Methods

The methods used to obtain material for this study were: (1) examination of correspondence from the Carson mint; (2) examination of the Congressional Record and U. S. District Court documents; (3) examination of Nevada newspapers and periodicals; and (4) examination of various secondary sources.

Findings

The evidence presented in this study suggests the following conclusions:

1. The general misconception was that the Carson City Mint closed because of a lack of bullion from the Comstock Lode, but the Comstock Lode still was excavating much gold and silver when the mint operations were suspended.

2. The Bland-Allison Act of 1878 directed the Secretary of Treasury to purchase monthly not less than two million dollars' and not more than four million dollars' worth of silver for coinage into dollars. This act should have greatly increased the volume of coinage at the Carson mint; however, the mint production decreased during the years of 1879, 1880, 1881, 1885, and 1889, and no coins were struck as the mint was temporarily closed during the years of 1886, 1887, and 1888.

3. Nevada legislators suggested to Congress an increase in the size of the branch mint of Carson and a solution to the problem of limited coinage, drafts, excess coins and silver bars being sent to the San Francisco Mint. This legislation was dismissed as Congress believed that the increase would benefit only the mining interests at the expense of the taxpayers.

4. Local citizens and mining interests lost faith in the branch mint of Carson when their deposits and assays were not properly supervised and safeguarded from employee theft.

5. Four separate thefts were discovered in a period of five years.

6. The case of \$80,000 in silver minted in 1893 without authorization remains a puzzle as investigation failed to reveal who coined the bullion.

7. Staff jobs at the branch mint of Carson were choice "plums" to be handed out to deserving members of the political party in power. The same condition applied to other mints but none seemingly experienced the mismanagement of the mint operations as much as the Carson City Mint.

8. The closing of the Carson City Mint was probably related to major silver-purchase legislation and national politics in general, and in particular to President Grover Cleveland.

9. The suspension of the Carson City minting operation and the loss of patronage alienated the Nevada Democratic party from President Grover Cleveland.

Approved:



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CHAPTER I

INTRODUCTION

The last three decades of the nineteenth century, often called the Gilded Age, witnessed in the United States a relentless movement toward social and sectional schism in American politics. This movement culminated in the Populist uprising which captured the Democratic party in 1896 and changed the sectional voting patterns and party alignments among the electorate. It is the purpose of this study to examine one event in this period, the causes that brought suspension of the minting operation at Carson City in 1893. The founding of the mint, the problems and scandals, and its final demise had some relationship to the major political and social developments of the time, especially the crucial issue of silver coinage.

During the Civil War, two mints in the southern states, New Orleans and Charlotte, were suspended by Congress.¹ To provide for the coinage needs of the United States at that time, Congress approved the establishment of two mints located in the West, Carson City and Dallas City. The Carson

¹Annual Report of the Director of the Mint to the Secretary of the Treasury for the Fiscal Year Ended June 30, 1887, Treasury Department Document Number 1054, (Washington: Government Printing Office, 1887), p. 87.

mint from its beginning was a necessary extension of the mint service of the United States as a convenience to the mining interest of the interior of the Pacific Coast.²

It was the mining interest that coalesced the Populist party and effected a complete sectional schism with one emotional issue. The westerners found that issue in silver. The coinage of silver became an issue during the 1870's. In the Coinage Act of 1873, Congress had voted to stop coining silver dollars because of a shortage of silver. Within a few years, however, many silver mines were discovered in the West. Mine owners demanded the coinage of silver. The silver mine operators secured the passage of the Bland-Allison Act in 1878, which authorized the Secretary of Treasury to buy two to four million dollars worth of silver monthly for coinage, but the government's administration of the Act did not prove satisfactory to them. By 1890 the situation had changed. The westerners had become convinced that their enemy was the constriction of the money supply, the remedy for which was unlimited coinage of silver. A Populist manifesto of 1895 claimed that "every artifice known to the secret cabals of the international gold ring are being made use

²United States Congress, House of Representatives, Committee of Ways and Means, Branch Mint in Nevada Territory, 37th Congress, 3rd Session, report No. 17, January 26, 1863 (Washington: Government Printing Office, 1863), p. 1.

of to deal a blow to the prosperity of the people"3
A compromise between silver and gold interests, the Sherman Silver Purchase Act, was passed in 1890. Congress authorized the purchase of four and one-half million ounces of silver a month, almost all the silver produced in the United States; however, the act satisfied no one.

It was against this background that Grover Cleveland, a civil-service reformer, was elected to the Presidency in 1892, amidst a strong Populist showing. His problems were compounded by an incipient depression. He had little sympathy for the West and none for silver. There were two United States mints operating in the West. Only one was near the Comstock Lode and the recent Colorado silver discoveries. It was located in Carson City, Nevada. In May, 1893, two months after Cleveland took office, its minting activities were permanently ended. This study will examine the reasons for, and significance of, this action.

³Frank L. McVey, The Populist Movement (New York: Mac-Millan Company, 1896), pp. 201-2.

CHAPTER II

THE FOUNDING OF THE CARSON CITY MINT

The House of Representatives, on June 2, 1862, requested Salmon P. Chase, then Secretary of the Treasury, to furnish any information he might have as to the expediency or necessity of establishing a branch of the mint of the United States in the Territory of Nevada.¹ At this time all statistical information concerning mining, especially of gold and silver, was kept at the United States Mint in Philadelphia. Secretary Chase accordingly asked James Pollock, then Director of the Mint at Philadelphia, for any information he had on the subject.

On June 19, 1862, Director Pollock submitted his report. The principal mines worked in Nevada, he said, were located in Carson Valley about 300 miles northeast of San Francisco. The deposits of gold and silver bullion at the mint branches during 1861 had amounted, as nearly as could be estimated, to about \$500,000. There were no means of ascertaining what the probable increase in production, if any, would be in the future. Pollock said,

¹The Congressional Globe, Establishment of the Carson City Mint, House of Representatives, 37th Congress, 2nd Session, June 2, 1862, (Washington, 1862), p. 2496.

The expense of establishing a branch mint in the Territory of Nevada and of keeping it in operation afterwards would be very heavy, and considering that the Branch Mint at San Francisco was within reasonable distance of the mines of Nevada the proposed measure was not important as a convenience to the mining interests, nor would it tend to increase the production of the precious metals.²

Moreover, Pollock reported, it was inexpedient and unnecessary to increase the number of minting establishments--inexpedient because the certainty of maintaining accurately the legal standard of fineness and weight of the coinage was diminished by dividing the operation and responsibility, and unnecessary because the mints already in operation and the branch authorized for Denver afforded every facility and convenience to the mining regions of the United States and to the public at large.

Apparently the Committee of Ways and Means of the House of Representatives did not agree with Pollock. Congressman John L. Stratton of New Jersey indicated there was an urgent necessity for a branch mint in the Territory of Nevada. Congressman Stratton located the mineral resources as stretching from the Washoe, in the southwestern part of Nevada, across the Territory from west to east and extending in northerly and southerly directions from the great central discoveries

²James Pollock to Salmon P. Chase, June 19, 1862, Records of the Bureau of the Mint, RG 104 (National Archives). Letters hereafter cited are in the same record group unless otherwise noted.

of Washoe. The principal clusters of gold and silver discoveries were in the counties of Washoe, Storey, Lynn, and Ormsby, surrounding Carson City, the capital of the Territory. Stratton estimated that there were 140 mills in operation in Nevada during August of 1862, and he presumed that the number had probably increased to 200 at the time of his report. Stratton concluded there was a necessity for the establishment of a mint in a region so central and so rich in the precious metals.³

Stratton also pointed out the tremendous expense of transportation from the location of the mines to San Francisco. He said the cost of transportation to the mills averaged about \$30,000 per month for the mine operators. There were two exceptions, however: The mines of "Gould, Curry, & Co.," and the "Ophir Company," each spending \$1,000,000 a month for transportation to have the gold and silver milled. Stratton cited a report made in October, 1862, by T. D. Judah, chief engineer of the Central Pacific railroad, which gave the estimated revenue of the road and showed the extent of transportation of metals and other goods in Nevada Territory:

³United States Congress, House of Representatives, Committee of Ways and Means, Branch Mint in Nevada Territory, 37th Congress, 3rd Session, report No. 17, January 26, 1863 (Washington: Government Printing Office, 1863), pp. 1-3.

Actual count of travel on the Placerville wagon road to Washoe and Nevada Territory for eight weeks, ending October 10, 1862:

Number of stages bound up	169
Number of stages bound down	171
Number of buggies bound up	61
Number of buggies bound down	46
Number of stage passengers up	1,287
Number of stage passengers down	785
Number of travellers, other than stage passenger, up-riders, footmen and buggies	1,288
Number of travellers etc., down	2,508
Loose stock of all kinds up	573
Loose stock of all kinds down	434
Number of teams bound up	5,142
Number of teams bound down	4,464
Number of animals in teams up	22,728
Number of animals in teams down	22,803
Number of pounds of freight up	19,386,200
Number of pounds of freight down ⁴

The report went on to show that eighteen days were required for the average trip from the mines to San Francisco. The number of teamsters required was 2,772 and the number of animals, 14,652. The price of freight was seven to eight cents per pound. Estimating the freight over the Placerville Road to be 120 tons per day at an average price of six cents per pound, Judah found the cost of freight alone to amount to \$5,256,000. A four-horse or four-mule team, which made the trip, paid \$22.75 for tolls; a six-horse or mule team paid \$30.00 for tolls. The average time was eighteen days, the tolls were \$25.00 per trip, and the sum

⁴Ibid.

of \$693.00 was paid for tolls by freight teams. Congressman John L. Stratton learned that Wells, Fargo Express had brought from the mines to San Francisco 200,000 pounds of silver bullion during 1862. The value, of course, was not known, as gold was mixed with it, but a safe estimate of \$30.00 per pound would total \$6,000,000. It was projected by Wells, Fargo & Co. that this amount would double for the year 1863 and in 1866 would reach \$25,000,000. The metal taken to the San Francisco Mint was beyond its capacity by reason of the new discoveries. It was believed that either a large appropriation must be made to increase the size of the mint at San Francisco or a new mint would have to be established to meet the need of the Pacific coast and the interior country. Because of transportation costs Congressman Stratton recommended a new mint.⁵

On March 3, 1863, Stratton recommended that Congress pass a bill authorizing a branch of the United States mint to be established at Carson City. Before the passage of House Bill No. 663, Senator Milton S. Latham of California had to defend the proposed legislation over the strong objections of Senators William Morris Davis of Pennsylvania, Samuel C. Fessenden of Maine, and Henry B. Anthony of Rhode Island. Senator Fessenden, Chairman of the Committee of Finance, was particularly

⁵Ibid., p. 4.

concerned that the Secretary of Treasury had not recommended that a mint be established in Nevada. Senator Fessenden also questioned the accuracy of the sources of information of the Committee of Ways and Means. Fessenden commented as follows:

We may have outside opinion. It is very easy to go to this gentlemen and that, this official and that official, and obtain their opinions in favor of a proposition. I have no doubt the people of Nevada wish it; I have no doubt it would be very considerable convenience to them, but still the question returns, whether it is proper legislation, which involves the expenditure of an large amount of money, without being in possession of the facts to enable us to form an opinion.⁶

Senator Milton S. Latham defended the resolution, citing the elaborate report by the Committee of Ways and Means of the House of Representatives. Included in the findings of Congressman Stratton were figures that estimated the yield of gold and silver in Nevada Territory to be \$2,000,000 per month. Senator Latham personally expressed belief that the monthly yield was nearer \$3,000,000 than \$2,000,000.

Latham again referred to Stratton when he said that transporting the bullion from the mines of Nevada to the branch mint of San Francisco, which was the nearest point where the gold and silver could be deposited for coinage, cost the miners the equivalent to five to six per cent tax.

⁶The Congressional Globe, Senate, Branch Mint in Nevada, 37th Congress, 3rd Session, March 3, 1863 (Washington, 1863), p. 1489.

Return shipments were received in about thirty days, with an additional cost of two per cent for carrying the coins back, making an actual total tax of about seven per cent on the gold and silver production of the Territory of Nevada. Senator Latham pointed out a specific statement in the report:

The transportation of silver is still more expensive. The bullion used in commerce can be shipped abroad in that shape as well, if not better, than in coin. The coinage of the amount that would find its way out of the Territory in payment of supplies and transportation, it is believed, will reach at least one-half of a million per annum.⁷

The Senator concluded that the increased yield of gold and silver combined with the heavy expense on the producers and the necessity of keeping the bullion in the United States should be sufficient inducements for Congress to order the establishment of the Carson City Mint.

The first step in establishing the mint was taken when Secretary Chase subsequently commissioned H. P. Bennett, delegate at large from Colorado Territory, to make a survey and secure a location for a branch mint at Carson City, Nevada. In October, 1863, Bennett submitted his impressions of the area. Carson City, he said, was located between the Carson River and the eastern base of the Sierra Nevada Mountain in Eagle Valley. Carson City was the county seat of Ormsby County and the capital of the Nevada Territory and

⁷Ibid.

would probably become the capital of the future state. In size it was the second largest town in the Territory and numbered about 2,500 inhabitants.⁸

After a careful and diligent inquiry and examination of the town and surroundings Bennett selected a most desirable site, block number sixty-five. It was his conviction that this site would eventually be in the very heart of the town. The area selected encompassed one entire block, which was valued at approximately \$2,000. There was an abundance of pure water obtainable from wells eight to twelve feet deep and plenty of fine building stone within eight miles in a marble quarry which was of good quality, readily accessible and easily worked.

Accordingly, Hugh McCulloch, the United States Secretary of the Treasury, on December 27, 1865, authorized a committee of three Nevada citizens to check on the availability of securing block number sixty-five for the location of the branch mint of Carson City. The committee consisted of Abe Curry, founder of Carson City, F. Rice, and John Mills. Curry helped facilitate the work of the commissioners by donating the very block recommended by H. P. Bennett on July 13, 1865. The authority for the acceptance of the property

⁸Walter Thompson, "Mint Head Frowns on Carson City," Coin World, (April 20, 1962), p. 32.

was contained in an act of Congress approved on February 23, 1865. The building was to face east on Carson Street, and was bounded on the south by Robinson, on the west by Curry, and on the north by Caroline Streets.⁹

McCulloch, who had recently become Secretary of Treasury, was deeply interested in having the mint in Carson City. His reason was that Carson City, the capital of Nevada, would be the permanent center of government. President Abraham Lincoln had granted Nevada statehood by proclamation in October, 1864, and Carson City was the center of federal and state agencies. But more important was the proximity of Carson City to the fabulous Comstock Lode and to other surrounding Nevada and California mining fields. Carson City was only fifteen miles from Virginia City, location of the Comstock Lode. Also Carson City was but a short distance from Grass Valley and Nevada City, important gold producing districts in eastern California.

The Comstock Lode, covering an area of only four square miles, ranked as the richest mining district ever discovered in the world, including Cripple Creek, Colorado, or Black Hills, North Dakota. Its wealth was the foundation of famous California fortunes, including that of James Graham Fair,

⁹H. M. Budd, "Carson City Mint," Numismatist, (August, 1945), pp. 814-815.

who derived his wealth from the Consolidated Virginia Mine, Adolph Heinrich Joseph Sutro, who built the Sutro Tunnel from the Carson River to the Comstock Lode as a means of transporting men and materials to and from the mines more efficiently, and John William Mackey, a common miner who struck a fortune in the Big Bonanza Mine. According to the records of the United States Geological Survey, in an extensive report prepared by Eliot Lord, the Comstock Lode at the end of the 1870's had produced \$305,000,000 of gold and silver bullion.¹⁰

But in spite of the apparent need for the mint at Carson City, there were delays. Three years after Congress had ordered the establishment of the mint, there had been no appropriations made for building it. On April 30, 1866, the legislature of Nevada sent a resolution to the House of Representatives demanding the speedy establishment of the branch mint since the continued delay entailed great loss and inconvenience to the people of Nevada.¹¹

On July 13, 1866, the three commissioners--Abe Curry, F. Rice, and John Mills--received the authorization to

¹⁰Ibid., p. 816.

¹¹United States Congress, House of Representatives, Committee of Ways and Means, Resolution of the Legislature of Nevada to Increase the Size and Capacity of the Branch Mint of Carson City, 39th Congress, 1st Session, Mis. Doc. No. 102, April 30, 1866 (Washington: Government Printing Office, 1866), p. 1.

proceed with the construction of the mint. Senator William Morris Stewart of Nevada steered the appropriation bill through Congress.¹² On September 24, 1866, the Grand Masonic Lodge of Nevada laid and dedicated the corner stone. The occasion was marked by merriment. Among the speakers were Colonel Robert Taylor, Senator James Warren Nye, and Senator William Morris Stewart.¹³

During the building of the mint, the legislature of Nevada again sent a resolution to Congress. This resolution asked that the size and capacity of the mint under construction be increased. The Senate was informed that the production of bullion in Nevada for the year 1866 was \$18,000,000. The projected bullion figure for 1867 was \$22,000,000. With increased facilities, a lower rate of investment for capital, and a removal of the heavy percentage of loss in converting bullion, the amount of bullion production would be almost boundless. The burden of changing bullion into coin and merchantable bars cost the miners one per cent to the assayer for melting; three per cent to the assayer or banker for discounting; one-half per cent for government mintage; one and one-half per cent for freight and insurance to San Francisco,

¹²Effie Mona Mack, Nevada's Age of Silver (Glendale, California: Arthur H. Clark Company, 1935), p. 451.

¹³Myron Angel, Reproduction of Thompson and West's History of Nevada, 1881 (Berkley, California: Howell-North, 1958), p. 557.

and the same amount for freight and insurance on the return of the coin. The Government, the legislature declared, could relieve the miners of this burden if the branch mint were increased in size and capacity to enable it to part and refine all the bullion produced in Nevada. The miners would save not less than three per cent and the government would lose nothing.¹⁴

Congress refused to enlarge the mint and construction went on as planned. It was on December 15, 1868, that Abe Curry, superintendent of construction, wrote the Director of the Mint, Henry Richard Linderman, as follows:

I will have the mint building completed and ready for the machinery except the chimney stack, it was so late before I got the brick that I thought it advisable not to lay any brick until frost disappears in the spring.¹⁵

Curry later was appointed the first superintendent of the mint.¹⁶ On August 9, 1869, Superintendent Curry reported the difficulty of finding an assayer and melter and refiner. He hoped there would be no further delay:

This mint will be ready for operations by the first premise provided the officers above

¹⁴United States Congress, Senate, Resolution of the Legislature of Nevada to Increase the Size and Capacity of the Branch Mint of Carson City, 39th Congress, 2nd Session, Mis. Doc. No. 52, March 1, 1867 (Washington: Government Printing Office, 1867), p. 1-2.

¹⁵Abe Curry to Henry Richard Linderman, December 15, 1868.

¹⁶Nevada State Journal, December 13, 1953.

named can be appointed and be ready for duty. There is great anxiety among the people here to see this branch in operation.¹⁷

September 1, 1869, found the branch mint not operating as Curry had planned and a few days later, on September 8, 1869, he sent a letter to the new Director of the Mint, James Pollock:

There is a large amount of bullion now waiting to be coined [Curry wrote] some \$200,000 in gold and silver about equally divided. The parties are anxious to have it coined but do not propose to send it here until we are ready to commence coinage.¹⁸

In November Superintendent Curry was still waiting for the assayer and the melter and refiner to be appointed. The dies for silver quarters, half dollars, and whole dollars were received but none for dimes or any gold coins.

T. M. Luther had been appointed melter and refiner, but Luther refused to accept the position. His refusal was due to the prosperity of the region at that time, since he was making \$1,000 per month from his own business in White Pine. The salary for melter and refiner was \$2,500 per year. The same condition existed with clerks sent from the East. Superintendent Curry said, "It is simply impossible to replace them here and they can command better salaries in this region than those allowed by government."¹⁹

¹⁷Abe Curry to James Pollock, August 9, 1869.

¹⁸Abe Curry to James Pollock, September 8, 1869.

¹⁹Abe Curry to James Pollock, November 29, 1869.

Finally, on January 8, 1870, almost eight years after Congress authorized the establishment of the mint, the doors were opened and operations started. Abe Curry declared, "We have commenced receiving bullion this a.m. and hope to be in successful operation within a very few days."²⁰

But the Carson City Mint soon found itself in difficulties. Despite the fact that it was only fourteen miles from the mines, substantially the whole product of Comstock continued to be shipped to San Francisco. The large producers of gold and silver bullion in Nevada found it advantageous to continue to ship to San Francisco because in return for bullion a draft was issued which then was available for supplies and general use. San Francisco offered superior private refineries for separating of the bullion as well as the mint. Of most importance were the facilities of a ready market for silver bars over and above the limited demand for coinage.²¹

San Francisco offered other advantages over Carson. If the amount of bullion brought by the miners exceeded the minting capacity at Carson, the excess bullion had to be transported to San Francisco. Because of inflated prices in

²⁰Abe Curry to James Pollock, January 6, 1869.

²¹"The Carson City Mint," The Numismatic Scrapbook Magazine, (April, 1952), pp. 305-306.

the mining area, higher prices were demanded for bullion delivered to Carson than to San Francisco, and the rates charged by the express company for transportation to return the silver dollars were higher from Carson than from San Francisco.²² If the coin exceeded the depositor's local requirements, the excess had to be forwarded to a bank in San Francisco. Or if the mint at Carson could not purchase the depositor's excess silver bars, they had to be shipped to the San Francisco bullion market. The result of this situation was that the production of big mines went to San Francisco.

For a second time the legislature of Nevada asked Congress to increase the capacity of the branch mint at Carson City. On February 27, 1875, the Senate received the following information and request: the annual product of gold and silver bullion in Nevada in 1875 was over \$30,000,000 and there was every reason to believe that the production of 1876 would exceed that of 1875. The annual capacity of the Carson mint, however, was \$3,600,000 in gold and \$2,400,000 in silver. The mint could triple its capacity for coinage if \$200,000

²²Annual Report of the Director of the Mint to the Secretary of the Treasury for the Fiscal Year Ended June 30, 1879, No Treasury Department Document Number, (Washington: Government Printing Office, 1879), p. 8.

for alteration and enlargement of the building was provided.²³ The increased capacity of the Carson mint would have given the mining interests a domestic market for quick return of their bullion, and an enlarged mint could afford to purchase the surplus silver bars. Also the mint would materially aid in mining development as drafts for purchase of mining equipment could be made available at a larger mint. The conditions of distribution of coin from the Carson City Mint operated so narrowly as to limit its output. This explains why the bulk of the coins with the Carson City "CC" mint mark were struck in such small numbers.

For the first few years, coinage of silver dollars at Carson City was limited; then the Coinage Act of February 13, 1873, authorized the Trade Dollar but completely failed to provide for the standard Silver Dollar.²⁴ The Bland-Allison Act of February 28, 1878, however, directed the Secretary of the Treasury to purchase not less than two million dollars worth and not more than four million dollars worth of silver bullion per month and to coin the bullion into

²³United States Congress, Senate, Memorial of the Legislature of Nevada to Increase the Capacity of the Branch Mint at Carson and Increase Compensation of the Persons Employed Therein, 43rd Congress, 2nd Session, Mis. Doc. No. 118, February 27, 1875 (Washington: Government Printing Office, 1875), pp. 1-2.

²⁴The trade dollar was an overweight, subsidiary coin which could be purchased from the mint for 378 grains of silver, plus the coining charge.

silver dollars. This act should have greatly increased the number of silver dollars minted at Carson. The number of silver dollars did increase tremendously in 1878 as shown in the chart on the following page, but this increase was temporary. On July 14, 1890, the Sherman Silver Purchase Act was passed, obligating the United States Treasury to buy four and one-half million ounces of silver each month, almost twice as much as under the Bland-Allison Act.²⁵

Acting under the authority of the Sherman Silver Purchase Act, the Treasury began to buy silver in large quantities. The mineowners were delighted, for they now had a sure market for almost the entire output of their mines. This act, too, should have greatly increased the number of silver dollars minted at the Carson mint. The following chart indicates that increases occurred in the coinage of silver dollars in 1878, 1882, 1883, and 1890. In comparison to the combined mints of Philadelphia, San Francisco, and New Orleans the amount, however, was a trifle. Philadelphia was located 2,200 miles, San Francisco 300 miles and New Orleans 1,900 miles from the largest contributor of silver, the Comstock Lode in Nevada. Carson City was located 14 miles from the Comstock Lode.

²⁵Arthur Nussbaum, A History of the Dollar (New York: Columbia Press, 1957), p. 138.

COINAGE OF THE MINTS OF THE UNITED STATES

Philadelphia, New Orleans San Francisco		Carson City
Year	Silver Dollars	Silver Dollars
1870	1,355,793.50	12,462.00
1871	3,102,662.30	1,376.00
1872	2,501,338.50	3,150.00
1873	4,022,447.60	2,300.00
1874	6,851,776.70	-
1875	15,347,893.00	Trade Dollars -
1876	24,503,307.50	-
1877	28,393,045.50	-
1878	26,306,850.00	2,212,000.00
1879	26,813,776.00	756,000.00
1880	26,820,693.75	591,000.00
1881	27,644,163.75	296,000.00
1882	26,835,132.00	1,138,000.00
1883	28,042,968.45	1,204,000.00
1884	27,398,866.15	1,136,000.00
1885	28,734,176.20	228,000.00
1886	32,086,709.90	-
1887	35,972,383.00	Mint closed -
1888	33,025,606.45	-
1889	35,146,683.15	350,000.00
1890	36,893,867.20	2,309,041.00
1891	25,900,856.00	1,618,000.00
1892	11,289,078.00	1,352,000.00
1893	8,125,797.30	677,000.00 ²⁶

The years of 1886, 1887, and 1888 are of particular interest. Owing to the difficulty in procuring silver bullion for delivery at reasonable rates, the Carson mint was closed.

²⁶W. A. Shaw, The History of Currency, 1252-1896 (New York: Augustus M. Kelley, 1967), p. 266.

The production of mines of Nevada from 1860 to 1886 is shown in the following chart. This chart reveals the actual period of maximum production, 1876, and the decline of bullion production in Nevada.

PRODUCTION OF THE MINES OF NEVADA FROM 1860 TO 1886

Year	Total
1860	\$ 100,000.00
1861	2,275,000.00
1862	6,500,000.00
1863	12,500,000.00
1864	16,000,000.00
1865	16,800,000.00
1866	16,500,000.00
1867	20,000,000.00
1868	14,000,000.00
1869	14,000,000.00
1870	16,000,000.00
1871	22,500,000.00
1872	25,500,000.00
1873	35,250,000.00
1874	35,450,000.00
1875	40,478,000.00
1876	41,750,934.00
1877	44,000,000.00
1878	47,676,864.00
1879	21,560,000.00
1880	15,700,000.00
1881	9,310,000.00
1882	8,750,000.00
1883	7,950,000.00
1884	9,100,000.00
1885	9,100,000.00
1886	8,090,000.00 ²⁷

²⁷Annual Report of the Director of the Mint to the Secretary of the Treasury for the Fiscal Year Ended June 30, 1887, Treasury Department Doc. No. 1054, (Washington: Government Printing Office, 1887), p. 91.

Although the Nevada production of bullion gradually was declining when the Carson mint closed in 1893, there was enough bullion produced to supply the needs of the branch mint.²⁸

The closing of the branch mint of Carson City was a puzzling event. The mint was but fourteen miles from the Comstock Lode and close to other surrounding Nevada and California mining activities. Reports from the United States Geological Survey indicated the supply of bullion was extensive. The production chart seemed to prove that although maximum production was reached in 1878, and a decline occurred each year thereafter, there was enough bullion produced to supply the needs of the branch mint. The belief that the mint closed because of lack of bullion from the Comstock Lode seems to be unfounded.

It is even stranger that the Carson mint was temporarily closed during the years of 1886, 1887, and 1888. The Bland-Allison Act of 1878 directed the Secretary of Treasury to purchase large sums of silver each month and to coin the silver into dollars. The act should have greatly increased the volume of work carried out at the Carson mint. While in operation, the mint decreased its production during the years

²⁸Las Vegas Review Journal, March 5, 1961, p. 45.

1879, 1880, 1881, 1885, and 1889. The coins were being struck as shown by the coinage chart--but not in the Carson mint.

The legislature of Nevada tried to provide a solution to the problems of making drafts available, increasing facilities for coinage of bullion, and providing depositors with an opportunity to sell excess coins or silver bars. It recommended that Congress spend \$200,000 to triple the capacity of the mint. This resolution was given little consideration at a time when the annual production of bullion in Nevada had not even reached the maximum. The Government did not consider it necessary to increase the capacity of the mint. Consequently, the capacity of the mint affected the suspension of minting activities.

The closing of the branch mint of Carson would not have been necessary had proper legislation been enacted to increase its size and had the mint been allowed to coin its share of silver dollars as the other mints were doing.

CHAPTER III

SCANDALOUS BUSINESS

Corruption characterized the Gilded Age. A certain degree of moral and ethical laxity was tolerated and encouraged in business and politics. That corruption infiltrated the operations of the Carson City Mint is not surprising. Nor is it surprising that reformers and enemies of the mint would protest. But it is surprising that, given the tenor of the times, suspicion of corruption could be offered as justification for closing the minting operations, which is what transpired.

Two years after the minting operations closed, scandal rocked both Carson and Reno when a government inventory at Carson City showed a shortage of bullion in the vault at the branch mint, now used only for an assay office. The local citizens and those with mining interests in the area displayed great excitement as the search began for the lost bullion and for the culprits responsible.

The first hint of a shortage came on February 13, 1895, when the superintendent, Jewett W. Adams, received an official statement from Hirsch Harris, the melter and refiner, stating that approximately 3,000 standard ounces of gold bullion were

missing.¹ The superintendent immediately required that all bullion in the department of the melter and refiner be reweighed and the accounts checked a second time with care. The clean-up of the refinery revealed the same results, a shortage of 3,000 standard ounces of gold bullion.²

On February 15, 1895, Adams, enclosing the letter of the melter and refiner, informed the Bureau of the Mint of the apparent loss. In his letter Adams requested that some competent person be sent from the Department of the Treasury to investigate the matter.³ R. E. Preston, Director of the Mint, announced to Adams in a confidential letter on February 23:

Your letter of the 15th instant, inclosing a copy of a letter from the melter and refiner, has been received, and I regret to hear such bad reports. As soon as a suitable person can be found who is competent to make this investigation he will be sent to Carson without delay.⁴

Preston selected Andrew Mason, Superintendent of the United States Assay Office of New York, to make the investigation. Adams had already told Preston how the shortage

¹A melter and refiner at the mint reduces the bullion to a liquid state and then refines the liquid to a purified state.

²Hirsch Harris to Jewett W. Adams, February 13, 1895, Records of the Bureau of the Mint, RG 104 (National Archives). Letters hereafter cited are in the same record group unless otherwise noted.

³Jewett W. Adams to R. E. Preston, February 15, 1895.

⁴R. E. Preston to Jewett W. Adams, February 23, 1895.

was discovered. He reported to R. E. Preston in the letter of February 15, that a shortage was discovered by the melter and refiner of the Carson mint. In a letter from Harris to Adams, a copy of which was sent to Mason, Adams learned that the melter and refiner had discovered 3,000 standard ounces of gold bullion missing on January 18, 1895.⁵ A clean-up of the refinery under the supervision of Adams confirmed the shortage. Harris said the shortage could have occurred in only one of two ways. Either an employee had stolen the bullion or the amount of gold and silver turned over to Adams from the preceding Superintendent, Theodore R. Hofer, was not the amount indicated in the assay and audit.

Both Preston and Mason agreed that the investigation be confined to the technical operation of the refinery only, and that the habits, associates, and finances of the employees be investigated by a person detailed by the United States Secret Service. Special Agent A. L. Gallagher was given the task. He was to work closely with Mason, and the Carson City Mint was to afford every facility for their use.⁶

Upon his arrival on March 15, 1895, Mason met with Gallagher to discuss the case. Gallagher had been in Carson

⁵Jewett W. Adams to R. E. Preston, February 15, 1895.

⁶R. E. Preston to Andrew Mason, March 5, 1895.

for several days making inquiries and observations outside the mint. Mason learned from Gallagher that Hirsch Harris became melter and refiner on June 1, 1894, at the same time Jewett W. Adams became superintendent. The melts of gold and silver bullion remained in the hands of E. B. Zabriskie until June 1. On that date they were transferred to Harris at the same weight and fineness at which they had been credited to Zabriskie in closing the account. The deposits received by Hirsch Harris were turned over to Adams from month to month. These deposits balanced with the amounts received from depositors. Separating and refining operations were conducted in the usual way. John T. Jones, assistant melter and refiner during the previous four years, continued in that position and actively looked after the operations of the department. The products of these operations, the fine gold and fine silver melts, were delivered to the mint superintendent as usual.⁷

The sulphuric-acid process had been used in separating gold from silver until December 4, 1894. From December 5, 1894, until January 3, 1895, the nitric-sulphuric process was used upon a large quantity of bullion containing a generous proportion of base metal. The gold procured from this

⁷Andrew Mason to R. E. Preston, November 7, 1896.

process was kept by itself, not mixed with the gold from any previous workings of bullion by the sulphuric-acid process. When the gold was melted, it weighed 8,981.352 ounces of standard gold instead of the 10,432.629 ounces which the raw bullion weighing 57,132.40 ounces ought to have yielded, according to calculations based on the recorded weight and fineness of its constituent melts. Hirsch Harris was alarmed at this shortage of 1,514.277 ounces and quickly proceeded to have the "slum" cleaned out and the amount of gold in it exactly determined.⁸ About 700 ounces of standard gold was found in the "slum" so that if it had all been credited to that operation, there would still have been a shortage of about 800 ounces of standard gold. Since the washing of the gold in that process was done with great care, obviously only a very limited portion of the "slum" gold came from that process. The matter was promptly reported to Adams from Harris. The remaining unseparated bullion melts and deposits were reweighed, and the exact amount of gold in them determined. When the amount of gold from the balance of accounts due was deducted from the various residues and gatherings discovered, there appeared a confirmed deficit of about 3,000 ounces of standard gold after the clean-up of the department.⁹ At

⁸"Slum" is the particles caught in a leaded tank resulting from the washing of fine gold sponge.

⁹Andrew Mason to R. E. Preston, November 7, 1896.

that time, the melter and refiner made to the superintendent a formal official announcement of the shortage by letter.¹⁰

Shortly after the conference with Gallagher, Mason took charge of the melter and refiner's department, ordering a general clean-up and the reweighing of all the gold and silver bullion in that department. This clean-up of the melter and refiner's department would mark the third such clean-up in three months.

During the investigation Andrew Mason, while reassaying certain melts, discovered a melt recorded as "silver purchase number 164," received November 7, 1892, weighing 2,133.30 ounces and stamped .482½ fineness of gold, and .500 of silver. On reassay, it was found that this melt contained only .019½ gold and .946 silver. The melt actually contained only 46.221 standard ounces of gold and 2,242.33 standard ounces of silver. This difference or shortage in gold was 1,097.464 standard ounces, a deficit in gold of \$20,417.93, and the difference in silver amounted to a gain or surplus of 1,057.17 standard ounces.¹¹

In the settlement of June, 1893, Hofer examined the record of the delivery of bullion by the melter and refiner, Zabriskie. From the examination it seemed clear that the melt had been made toward the close of the delivery. From

¹⁰Hirsch Harris to Jewett W. Adams, February 13, 1895.

¹¹Andrew Mason to R. E. Preston, November 7, 1896.

its position on the list of melts, it appeared that the previously unknown deficiency had been made up or covered by "silver purchase number 164" just in time to make the melter and refiner's settlement seem a satisfactory one. This theft could only have taken place through and with the knowledge and authority of the assistant melter and refiner, John T. Jones. Mason found that Jones had been the active manager of the department when Zabriskie had been more or less an invalid and was absent a great deal of the time. The shortage of gold thus increased to \$75,549.75, accounting for 1,097.464 ounces of standard gold valued at \$20,417.93 which Andrew Mason had located on reassay. Harris discovered that 3,000 ounces of standard gold valued at \$55,131.82, was missing. Jones must have been able to cover up the theft of the accounts by other spurious melts; at the last moment, however, he failed to conceal the 3,000 ounces of standard gold that might have prevented the investigation.¹²

Strangely enough, on the next day after the spurious melt "silver purchase number 164" was discovered, Adams received other scandalous information from Reno, Nevada. James H. Heney, a silver dissolver and an employee in the separating room from December 1, 1891, to June 30, 1893, had in August

¹²Ibid.

delivered to Reno Nevada Reduction Works fine gold worth over \$20,000. His mint connection was unknown in Reno. Subsequently, Heney sold to the Selby Smelting and Lead Company of San Francisco, California, fine gold valued at \$23,000.¹³

The Carson City Appeal editor, Sam Davis, apparently following the movements of Mason and Gallagher, became aware of the suspected shortages. An editorial was written devoted to theft of deposits by mint employees. Andrew Mason was attempting to keep the investigation quiet, but after the newspaper story, rumors grew daily. Mason ultimately announced what became known as the "notorious" melt scandal.¹⁴

The San Francisco Examiner became interested in the story. It had always considered Virginia City and the mining interests as almost its own. The Examiner reported that former Carson City Mint employees were departing hastily for the East. The story was largely a figment of the imagination by the editor, who apparently was seeking increased circulation of the newspaper.¹⁵

In an editorial in the Carson City Appeal, Sam Davis directed the attention of newspaper readers to the United

¹³Ibid.

¹⁴Carson City Appeal, March 19, 1895.

¹⁵San Francisco Examiner, April 5, 1895.

States District Attorney, Charles Jones, for not having arrested James H. Heney for the thievery.¹⁶

Before the arrest of John T. Jones or James H. Heney, 10¼ pounds of crude silver amalgam were found on June 4, 1895. This silver was hidden in the stable of William J. Pickler, deposit melter of the mint. The bullion was discovered when Flo Steward, Pickler's roommate, became frightened of possible involvement and informed the police. The amalgam was immediately taken to the branch mint and assayed and found to be worth approximately \$150. William Pickler, seemingly surprised, was unable to account satisfactorily for the bullion and was arrested. The United States Commissioner held Pickler on a \$1,000 bond. The trial revealed that the bullion had been taken from the mint before melting, a loss to the depositors and not to the Government. The amalgam had never been entered into the accounts of the mint and consequently could have no connection with any other shortage. Pickler was indicted, but two days later on July 7, he died. Death was attributed to "heart disease" but there were many who hinted that Pickler knew too much and had not died from natural causes.¹⁷

¹⁶Carson City Appeal, April 9, 1895.

¹⁷Las Vegas Review Journal, March 5, 1961.

After a complete investigation by Mason, the evidence collected was deemed sufficient by the United States District Attorney, Charles Jones, to justify the arrest of John T. Jones, assistant melter and refiner, and James H. Heney, formerly silver dissolver in the refinery. The arrest of Heney came after a prolonged flight and close pursuit by two members of the United States Secret Service, A. L. Gallagher and N. R. Harris, under the direction of Charles Grant, Director of Secret Service Division, Chicago.¹⁸ After examination before the United States Commissioner, Jones and Heney were held for the action of the grand jury, the bond of Jones being fixed at \$25,000 and that of Heney at \$15,000. The grand jury convened on August 19, 1895, and found a true bill against both parties, and their trial was set for November 11, 1895.

James Heney's case was heard first. The defense argument for Heney was that the spurious melt had been made in February or March, 1895, by Hirsch Harris, the melter and refiner, thereby fixing the guilt of shortage not on Heney but on Harris. The defense claimed that the original "silver purchase melt number 164" had been delivered in settlement in June, 1893, to the superintendent, Theodore R. Hofer, and then transferred from him to Adams in June, 1894, with balanced accounts. Two transactions had occurred involving

¹⁸New York Times, April 6, 1895, p. 1.

"silver purchase melt number 164," and each time there had been no shortage in the accounts noted. No gold could have been stolen from the mint by anyone previous to June, 1894. Any gold that Heney might have disposed of at the Reno Nevada Reduction Works came from other legitimate sources. The defense concluded that the alleged shortage actually existed in February, 1895, and arose from losses in the separating room because the new employees lacked experience. An expert witness was brought from San Francisco to testify that there was a possibility that the missing gold might have been dissolved as a result of the use of impure acids. A large quantity of gold was treated with sulphuric acid and was delivered in a sulphate of copper solution to an ore-working establishment while another large quantity of gold was treated by the nitric-sulphuric process, and some was accidentally flushed into the sewer. Samples from various parts of the sewer were sent to the same expert for assay, and they were reported to be rich in gold.¹⁹ Adjoining the mint, however, soil samples of a potato patch revealed that the dirt contained enough gold to amount to nine dollars to the ton.

The prosecution countered first by showing that the soil of the potato patch ran this rich in only a few spots,

¹⁹U. S. v James Heney, U. S. District Court, Nevada, Docket #822, Federal Records Center, G. S. A., San Francisco, December 21, 1895.

indicating that the ground has been "salted."²⁰ The government then produced evidence that the consolidation records kept in the melter and refiner's department had a number of pages carefully removed, presumably to hide the fact of the use of the original melt "silver purchase number 164" in the separating room. It was found that the record of bullion sent to the separating room in July, 1894, showed that it was composed entirely of melts received in the transfer of June, 1894, and that there was a large deficit of about 1,300 ounces of standard gold from the workings of that month. The bullion received on deposit during the term of the present melter and refiner, Hirsch Harris, was treated, and the return of gold was satisfactory. That being the case, Harris could not possibly be guilty of the shortage. When the fiscal year ended, June, 1893, a deficit of 2,200 to 2,900 ounces of standard gold was shown by the prosecutor. This loss occurred when the bullion was sent to Heney and returned as fine gold from the separating room. The account was not balanced as it had been in previous years.²¹

The jury failed to agree, and a new trial was ordered for December 2, 1895. Meantime, another lot of bullion was separated, using the acids that were supposed to be impure,

²⁰Las Vegas Review Journal, March 5, 1961.

²¹Andrew Mason to R. E. Preston, November 7, 1896.

both nitric and sulphuric, in precisely the same way by the same men, and the calculated amount of gold in the bullion was obtained. Not a trace of gold was found in any of the solutions when carefully tested. This was presented with the evidence from the first trial, the missing consolidation record pages and the disposal of gold by James Heney at the Reno Nevada Reduction Works.²²

At the new trial, evidence was produced that Heney had been seen carrying sacks, like those used at the mint, to Reno. This testimony was given by Joe Langevain. In August, 1893, James Heney hired a vehicle from Langevain to be driven at night by Langevain's son from Carson to Reno. The vehicle stopped on the outskirts of Carson to take two bags of "shot," that is, fine gold, from their place of concealment. This was damaging evidence to Heney but not as severe as the blow the defense suffered when the prosecution also had Joe Langevain reveal that the defendant paid Langevain \$450 to send his son to Canada and \$450 to hide and avoid a subpoena forcing Joe Langevain to appear at the previous trial. Langevain lived up to the agreement and did not return until the first trial was over. Barney Brule, Carson City's night policeman, was implicated as the payoff man. James Heney

²²U. S. v James Heney, U. S. District Court, Nevada, Docket #822, December 21, 1895.

was convicted on December 21 and sentenced on December 24 to serve eight years, and fined \$5,000. Barney Brule got a three-month sentence and a \$250 fine.²³

The trial of John T. Jones was postponed until March 2, 1896. An identification of the other spurious melts that had been used, in addition to "silver purchase number 164" that had been carried over to 1895, was impossible, owing to the omission of many pages of the consolidation book. The gross amount of bullion sent to the separating room was placed in the general record.²⁴

The jury failed to agree, and on March 19, 1896, the jury was discharged. John T. Jones's second trial was fixed for April 20, 1896. During the interval of one month, a careful comparison of the bullion accounts for the year ending June, 1891, was made. Jones was assistant melter and refiner at the time. Tracing the individual history of every bullion melt, Andrew Mason found that two melts had been received as deposits on April 20, 1891, and reported as follows:

SILVER PURCHASE	WEIGHT OUNCES	GOLD FINENESS	SILVER FINENESS	STANDARD GOLD OUNCES	STANDARD SILVER OUNCES
No. 523	3,811.40	0.054	0.937	228.684	3,968.09
No. 524	3,856.10	.055	.937	235.650	4,014.62

²³Las Vegas Review Journal, March 5, 1961.

²⁴U. S. v John T. Jones, U. S. District Court, Nevada, Docket #820, Federal Records Center, G. S. A., San Francisco, May 2, 1896.

These two melts had been sent to the separating room on April 27 and 28, respectively, and treated were nevertheless among the melts returned in the settlement of June, 1891. After having been redelivered to the melter and refiner at the close of the settlement, the melts were recorded as having been separated again in July, 1891. In the year ending June, 1892, the following melts were received as deposits in April:

SILVER PURCHASE	WEIGHT OUNCES	GOLD FINENESS	SILVER FINENESS	STANDARD GOLD OUNCES	STANDARD SILVER OUNCES
No. 437	5,726.80	0.108	0.884	687.216	5,624.99
No. 462	5,669.30	.093½	.899	588.977	5,663.00

These were sent to the separating room in May, and appear among the melts delivered to the superintendent in the June settlement.

In the consolidation record the number originally entered 437 and 462 had been roughly erased and the number "Ex. 37" and "Ex. 67" written over them, respectively, obviously for concealment, as no such numbers appeared on the assayer's record.²⁵

Although the eleven months ending May, 1894, had previously been examined by a similar method, the records were checked again. Andrew Mason discovered for a second time that two melts had undergone the same strange experience:

FINE BAR DEPOSIT	WEIGHT OUNCES	GOLD FINENESS	SILVER FINENESS	STANDARD GOLD OUNCES	STANDARD SILVER OUNCES
No. 47	1,266.80	0.475½	0.501	669.292	705.18
No. 76	1,380.60	.245½	.705	376.597	1,081.47

²⁵Andrew Mason to R. E. Preston, November 7, 1896.

The two melts had been received as deposits on January 5, and February 5, and were sent to the separating room on February 3 and March 13, respectively, while they were subsequently delivered to the superintendent in the settlement of May, 1894. The numbers "Fine bar deposits 47 and 76" in the consolidation record had been erased imperfectly and "Ex. 04" and "Ex. 17" written over them respectively; evidently, as in the year 1892, for concealment.²⁶

These two melts were used in making up the bullion mixture treated by the nitric-sulphuric process in December, 1894, and January, 1895. Their spurious character accounts for the 1,000 ounces of standard gold shortage more clearly than by its exit through one pipe into the sewer and by another in a sulphate of copper to an ore-working establishment. All the original entries of these melts were in the handwriting of John T. Jones, and the new number over the carelessly-erased ones was likewise written in the same hand. These additional facts from the records showed conclusively that the melter and refiner's department had been turned into a regular department of thievery. As there should have been a surplus of gold resulting from fraction-gains in fineness during the five years of about \$25,000, the total amount stolen was probably \$100,000.²⁷ Jones's explanation for sudden financial success in 1891 and afterwards was disproven when bankers and brokers showed a loss

²⁶Ibid.

²⁷U. S. v John T. Jones, U. S. District Court, Nevada, Docket #820, May 2, 1896.

instead of a large gain in his accounts. Jones's salary at the mint was \$125 per month, and he was spending \$500 to \$600 per month.²⁸ With the new evidence added to that presented at the first trial, the second jury pronounced a verdict of guilty for John T. Jones on May 2, 1896, after considering the case but a few minutes. On May 4, 1896, Jones was sentenced to eight years' imprisonment and fined \$5,000.

The next scandal occurred when it was discovered that there was \$80,000 in newly-minted dollars, all dated 1893 and all bearing the "CC" mint in the Nevada State Treasury. The Secretary of Treasury announced that there was "no free 1893 dollars," that is, coins not held in the United States mints for redemption of silver certificates. The poor minting job on some of the dollars indicated they were made in a hurry and undoubtedly coined privately, and without authorization. But certainly the coins were not counterfeit. Since silver was worth only sixty-two cents an ounce as bullion, but one dollar and twenty-nine cents an ounce when coined, it seemed obvious that somebody had profited to the amount of approximately \$67,000.²⁹ The case of \$80,000 remained unsolved. The local newspaper prodded the United States District Attorney, Charles Jones, to "do something."

²⁸New York Times, April 6, 1895, p. 1.

²⁹U. S. v Henry Piper, U. S. District Court, Nevada, Docket #821, Federal Records Center, G. S. A., San Francisco, March 25, 1896.

In January, 1896, it was announced in Washington that the Carson mint was not included among those resuming the coinage of silver. District Attorney Jones, having to "do something," had Henry Piper arrested and charged with the theft of amalgam estimated as worth from \$1 to \$50. It was generally known that the mint officials had long been aware of Piper's petty speculation and virtually condoned it. But Charles Jones needed a conviction to call off the "wolves," local newspaper editors. The judge virtually apologized when Piper was fined \$300.³⁰

Between 1891 and 1896 four scandals occurred at the branch mint of Carson City. Four men were arrested: Heney, Pickler, Jones, and Piper. They were each brought to trial, convicted, and sentenced. Three of the culprits paid for their crimes while the fourth died shortly after conviction. The four scandals influenced governmental officials to continue suspension of minting activities at the mint.

The local citizens and mining interests lost faith in an institution where their deposits and assays were not properly supervised and safe-guarded from employee theft. Four thefts were discovered in a period of five years. During this period of time the mint accounts had been checked

³⁰Las Vegas Review Journal, March 5, 1961.

several times. The auditor and the superintendent had done a poor job of examining the records, or the shortages would have been noticed sooner. After the discovery of the thefts in two of the four cases, the government's evidence was not sufficiently conclusive at the first trial. Conviction resulted only after a second trial of both James Heney and John T. Jones. Proper preparation of these cases would have eliminated the second trial and would have assured the depositors that employee theft would result in speedy conviction. The attitude of the mint officials in condoning Piper's small theft was inconceivable. The first responsibility of any bank, depository, assay office, or mint was to protect the customers' funds. For the court to have apologized for passing sentence on a man proven guilty of a crime by his peers is equally inconceivable. The court's duty was to administer justice as prescribed by the law. The failure to recover but \$150 of more than \$100,000 of the funds missing did not impress the local citizens and mining interests. Lastly, the unsolved case of \$80,000 minted with the "CC" mark, in 1893, remained a puzzle. The investigation conducted by Andrew Mason failed to find any connection between the shortages and privately-minted silver dollars. The Carson City Mint was undoubtedly scandal-ridden. The suspicion of scandalous activities almost certainly

influenced the decision of President Cleveland, a noted reformer in his early political life, to discontinue minting activities, and it served as a logical justification for the action.

CHAPTER IV

POLITICAL PLAYTOY

With the rise of professional politicians came the "spoils system," which is the practice of appointing men to office on the basis of party service and party loyalty. Andrew Jackson was the first President who made wholesale removals of jobholders in order to appoint his followers to office. Jackson's removal of men from office set a precedent for more removals by later Presidents. In later administrations the spoils system led to a wholesale turnover of federal appointees whenever the Presidency changed from one party to another. After the Civil War, Carl Schurz, a reformer in charge of the Department of the Interior, led a movement to end the spoils system. It was not until a rejected office seeker assassinated President James Garfield in 1881 that the country became especially aroused about the spoils system. In 1883 Congress passed the Pendleton Act, setting up a Civil Service Commission. This impartial body was to test and rate applicants for classified federal jobs, hence developing a merit system. Only one-tenth of the federal employees at the time, however, was affected; mint positions were not included as part of the merit system.

Nevada's branch mint in Carson had many staff jobs to be handed out to deserving members of whichever political party was in power. These political appointments permitted incompetent men to hold office and mismanage the operations of the mint while capable, experienced officials were discharged for political reasons. The spoils system was the political handmaiden of the Gilded Age of corruption.

Even before the Carson mint was opened in 1870, men were seeking political appointments. One such office seeker was John Cradlebaugh, former District Judge of Utah Territory, Union veteran, and candidate for United States Senator from Nevada in 1863. Cradlebaugh wrote President Abraham Lincoln asking that he be nominated for superintendent of the branch mint of Carson City. He said:

Loss of speech by gunshot wound through the tongue and throat received in the assault on the forts of Vicksburg prevents me from successfully following my profession. The same injuries had much to do with defeating me in my aspirations to the United States Senate at the late election here. The public being lead to believe that in the present emergency it was necessary that Nevada should be represented by talkists. I think this desire on the part of the public has been fully gratified in the selections made. Although I cannot talk very well I think I could fill the position of Superintendent of the Branch Mint of this State in a satisfactory manner, and would feel highly gratified if you would give it to me.

I cannot make this application through our senators having been a candidate against them and I wish no position if it requires their influence to get it. They cannot and will not resist my

confirmation if you favor me with the appointment. I have written to Hon. N. H. Swayne of the Supreme Bench, he knows me personally and I have no doubt will endorse me in every respect. Post Master General Dennison also knows me as well as Chief Justice Chase.¹

John Cradlebaugh did not have knowledge of mining, chemistry, or machinery. His former occupations had not adequately prepared him for the position of superintendent of the Carson mint. Cradlebaugh's application was rejected not because of his lack of knowledge or experience of the job, however, but because there were no appropriations made by the federal government for the building of the branch mint in Carson at this time.

Most applicants had men of influential position suggest their appointment. Senatorial recommendations were particularly important since any nomination by the President had to be approved by the Senate. The President usually made sure before submitting a nomination to the Senate, especially nominations for appointments located in a state, that the nominee would not be persona non grata to his party's Senator or Senators from the state involved.² A senatorial request for appointment, therefore, almost guaranteed the

¹John Cradlebaugh to Abraham Lincoln, January 5, 1864, Records of the Bureau of the Mint, RG 56, General Records of the Department of the Treasury. Letters hereafter cited are in the same record group unless otherwise noted.

²James Burns and Jack Peltason, Government by the People, (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1958), pp. 403-404.

suggested party's nomination by the Senate. George Boutwell, Secretary of the Treasury, received the following endorsement for three men by Nevada's Senators, James Nye and William Stewart:

We beg leave to recommend and request that the following appointments be made to fill vacancies now existing in the Branch Mint of the U. S. at Carson City, Nevada.

Superintendent	Abraham Curry
Assayer	D. W. Balch
Melter and refiner	Squire Hilcheth

All the parties above named are competent men to perform the duties of these positions, and all active of these positions, and all active Republicans. The places are vacant and we respectfully urge immediate action.³

The occupations of Abraham Curry, D. W. Balch, and Squire Hilcheth were not mentioned in the request by the Senators. The qualifications of these men would remain a mystery unless Secretary Boutwell undertook an investigation which would disclose their abilities; yet the letter did mention the political preference of all three men, active Republicans. With the government under the control of a Republican President, Ulysses Grant, the nomination and appointment of these three men was almost a certainty.

Senators James Nye and William Stewart of Nevada were also Republicans. James Nye was a product of the spoils

³James Nye and William Stewart to George Boutwell, March 30, 1869.

system himself; moreover, Nye was from New York and had been selected for patronage reasons. On March 22, 1861, Abraham Lincoln commissioned James Nye Territorial Governor of Nevada. It seems that Nye, a former Whig political leader in New York, had stumped the West for Lincoln in the 1860 election and was rewarded for his services.⁴ In 1864 Governor Nye ran for United States Senate and was elected.⁵ William Stewart began his career as a lawyer. He engaged in mining, however, while waiting to pass the Nevada bar. Stewart was the author of the first rules and regulations for quartz mining in Nevada in 1853. Successfully defending the original claimants to the Comstock Lode, he established a reputation as a winner and was retained by some of the largest mining companies in the West. Stewart was elected United States Senator from 1864 to 1875 and was re-elected from 1887 until 1905. He directed his efforts mainly toward the remonetization of silver. His campaigns in 1893 and 1899 were conducted as a member of the Silver Party.⁶ Stewart and Nye were instrumental in other appointments at the Carson mint.

Although Squire Hilcheth was recommended for the position of melter and refiner by Senators Nye and Stewart,

⁴Daily Alta California, June 18, 1861.

⁵Concise Dictionary of American Biography, (New York: Charles Scribner's Sons, 1964), p. 741.

⁶Ibid., p. 1011.

he refused the position. The Senators then endorsed T. M. Luther of White Pine, Nevada, but Luther was not interested in accepting the melter and refiner's position, either.⁷ Luther's business was worth \$1,000 per month, and the melter and refiner's job paid only \$2,500 per year. Then President Grant nominated Moses D. Wheeler, a personal friend, for the position. The appointment read:

To all who shall see these present greetings, know ye, that reposing special trust and confidence in the integrity and ability of Moses D. Wheeler, I have nominated and by and with the consent of the senate do appoint him to be melter and refiner of the United States branch mint at Carson City, Nevada.⁸

An appointment of this type usually followed the recommendation of the state's senators or other influential members of the government, but in this case the President of the United States alone made the appointment. Another unusual recommendation was made by Abe Curry, the first superintendent of the branch mint of Carson. He suggested H. D. Rice as the second superintendent of the Carson mint. Abe Curry said,

Mr. Rice has been for ten years the agent of Wells, Fargo and Co. in this city and in addition to being a man of fine intelligence and irreproachable character has a thorough knowledge of the bullion interests of this state and coast. Mr. Rice is as I am a supporter of your administration.⁹

⁷James Nye and William Stewart to President Ulysses Grant, March 13, 1869.

⁸President Ulysses Grant to Moses D. Wheeler, July 13, 1870.

⁹Abe Curry to President Ulysses Grant, September 3, 1870.

Curry identified the occupation of Rice as that of a management position and noted that Rice possessed knowledge concerning mining interests. It was one of the few applications which included information concerning the qualifications of the man recommended for a mint position. The letter made reference to the fact that H. D. Rice was a Republican. Party membership was also cited in another letter when a recommendation was presented by Senator Stewart. Stewart said, "Abe Curry, superintendent of the mint at Carson, Nevada, has resigned. I recommend H. D. Rice of Carson as his successor. Mr. Rice is a good republican and a very capable business man."¹⁰

Abe Curry, the first superintendent of the branch mint, resigned after nine months in the job. Curry was a man who had dedicated his life to the public improvement of the community which he had founded, Carson City. Curry had championed the removal of the Nevada Territorial Government from Genoa, Nevada, to Carson City. He lent the Territorial Legislature the second floor of his Warm Springs Hotel rent-free to conduct governmental business. Curry also came forward and built at his own expense a horse-drawn railway so that the legislators could ride from the hotel to Carson City, a

¹⁰William Stewart to George Boutwell, September 10, 1870.

distance of three miles. He was appointed first warden of the Nevada Territorial Prison and later was appointed by Abraham Lincoln as a member of the commission to select a site for the branch mint at Carson City. Curry himself donated the block of land the Carson mint was to occupy. He continued working to establish the mint and became superintendent of construction.¹¹ Curry's resignation came only after repeated attempts to have Congress increase the wages of the mint employees. His salary was \$3,000 per year, so small he was unable to support his family adequately. But Abe Curry and T. M. Luther were not the only Carson mint employees or prospective employees who were unable or unwilling to work for such meager wages. Another mint employee, D. H. Lentz, a mechanic, observed in a letter to Mint Director James Pollock that:

I am receiving less pay than any other mechanic employed at the Mint, in fact I received but one dollar more than laboring men. Everything is very high and I am compelled to pay twelve coins per week board and all other wants in proportion.

I have always been under the impression that the pay of persons employed in government institutions were governed by pay received for like work outside if that is the case I think I am entitled to two dollars per day more than I am now receiving which would be eight dollars in place of six dollars per day. This seems like large pay in Philadelphia but it is not at this place.

¹¹Nevada State Journal, December 13, 1953.

I would not have wrote this letter but necessity and my right compelled me.¹²

The salaries of the administrative officials were as follows: the superintendent, \$2,000 per year; the assayer and melter and refiner, \$1,800 per year; the clerks, subordinate workmen, and laborers, such wages and allowances as were customary in their respective stations and occupations.¹³ The salaries of the administrative officials were increased before the Carson mint was opened in 1870 as follows: the superintendent, \$3,000 per year; the assayer and melter and refiner, \$2,500 per year; the clerks \$9 to \$11 dollars per day; the mechanics, \$5 to \$7 dollars per day; and the common laborers, \$3.50 per day.¹⁴ These salaries were insufficient in an area where each egg sold for one dollar and a plate of ham and eggs cost ten dollars.¹⁵ The problem of meager wages at the Carson mint resulted in frequent delays of business before new administrative officials were appointed and before clerks, mechanics, and

¹²D. H. Lentz to James Pollock, January 11, 1870.

¹³The Congressional Globe, Senate, Branch Mint in Nevada, 37th Congress, 3rd Session, March 3, 1863 (Washington: 1863), p. 1489.

¹⁴Walter Thompson, "Mint Head Frowns on Carson City," Coin World, (April 20, 1962), p. 32.

¹⁵John R. Alden, World Book Encyclopedia (Chicago: Field Enterprises Education Corp., 1969), Vol. 7, p. 244.

laborers were hired.¹⁶ Hiring new employees also resulted in inefficiency until the employees were properly trained and had an opportunity to acquire experience. The cost of the delays and inefficiency increased the over-all amount of money spent to run the branch mint.

In 1873, the position of melter and refiner once again became vacant. John Percival Jones, United States Senator from Nevada, who obtained his fortune as a miner by striking silver at the Crown Point Mine and who wrote an important report on bimetallism, 1877-1879, recommended G. W. Bryant for the job.¹⁷ Senator Jones declared, "We desire a change in the office of melter and refiner at the mint in Carson, Nevada, and recommend the appointment of G. W. Bryant for that place."¹⁸ Bryant was appointed melter and refiner at the Carson mint and served in this capacity for the next twelve years, until President Grover Cleveland was elected. Cleveland, a Democrat, dismissed the Republican employees and appointed an entire new staff of Democrats in 1885.¹⁹ Senator Jones also recommended and requested James Crawford

¹⁶ Abe Curry to James Pollock, November 29, 1869, Records of the Bureau of the Mint, RG 104 (National Archives).

¹⁷ Concise Dictionary of American Biography, p. 509.

¹⁸ John Percival Jones to President Ulysses Grant, March 29, 1873.

¹⁹ Las Vegas Review Journal, March 5, 1961.

as the new superintendent of the Carson mint. In the following letter he observed,

A vacancy in the office of superintendent of the mint at Carson is probable. I respectfully recommend--should the expected vacancy occur--James Crawford, Exq. of Dayton, Lyon County, Nevada, for appointment as superintendent of said mint.

Mr. Crawford is well known to me as a man of integrity and good business qualifications.²⁰

Jones's recommendation was approved, and Crawford occupied the position of superintendent from 1875 until his death in 1885, when President Cleveland appointed the new Democratic staff at the Carson mint.

The Carson City Appeal complained about the Democratic appointments at the mint: "When it starts up again it will be packed with Democrats from cellar to garret."²¹ President Cleveland nominated William Garrard as superintendent, Joseph R. Ryan as assayer, and David K. Tuttle as melter and refiner. W. J. Hanks, appointed assayer, recommended Joseph Ryan for the position. Mr. Hanks said, "If there is to be a change in the Carson mint and we have to have a Democrat, I would like to see a Virginia City man, Joseph R. Ryan get the place."²² The plant with its new Democratic

²⁰John Percival Jones to B. H. Bristow, Secretary of Treasury, July 27, 1874.

²¹Las Vegas Review Journal, March 5, 1961.

²²W. J. Hanks to President Grover Cleveland, February 17, 1885.

staff operated in a feeble manner for a while; then wages were cut a dollar a day across the board. The local newspapers complained loudly since there was no decrease in the output of Nevada's silver at the time. Then in 1886 the mint was reopened but only as an assay office, no coins being minted in 1886, 1887, and 1888. The Republican President, Benjamin Harrison, however, was elected in the fall of 1888 and Republicans came back into office at the mint again in 1889. By September of that year work was going at full speed and the mint payroll was around \$10,000 a month.²³

Senators Stewart and Jones recommended the appointments of Samuel C. Wright, superintendent, Pearis B. Ellis, assayer, and E. B. Zabriskie, melter and refiner, in a letter to President Benjamin Harrison indicating they were worthy and competent.²⁴ Stewart wrote an earlier letter explaining why the Democratic superintendent, William Garrard, should have been removed from office and recommended the selection of Samuel C. Wright. Senator Stewart reported:

My colleagues and myself filed a recommendation some days ago for the appointment of Samuel C. Wright for superintendent of the mint at Carson City, Nevada. We then supposed that the term of office of such officer was limited to four years, and therefore simply recommended Mr. Wright for appointment to what

²³Las Vegas Review Journal, March 5, 1961.

²⁴William Stewart and John P. Jones to President Benjamin Harrison, June 9, 1889.

we supposed to be a vacancy. Mr. Wright is a good business man, an old citizen, a leading Republican, and is very qualified to discharge the duties of the office. Mr. Garrard, the present incumbent, is not only an extreme partisan, but has for a large part of the time since he has been superintendent of the mint, been connected with an organization called the Anti-Chinese League, the avowed object of which was to drive the Chinamen out of the country and deny to them the protection of the law. For a long time Mr. Garrard was the moving spirit of the organization. Spies were detailed from the organization to notify citizens that they must discharge their Chinese servants or be subjected to indignities and threats of violence were continually made to intimidate the people. Great distress was occasioned by the disturbed state of affairs maintained by this mob organization, under the advice of the superintendent of the mint during the greater part of his term of office. The continuance of Mr. Garrard in office, particularly after he has served more than his four years, would be regarded by the people of Nevada as an endorsement of the unlawful means adopted by him to persecute and maltreat unoffending Chinese and to interfere with the domestic affairs of the people²⁵

The report of William Garrard's Anti-Chinese activities was not proven, but he was removed from office on May 10, 1889, and Samuel Wright became superintendent of the Carson mint. Four years later the situation was reversed when President Cleveland was re-elected in 1892. Once again Cleveland dismissed the Republican employees and appointed an entirely new staff of Democrats at the mint. Democrat Reinhold Sadler, Governor of Nevada, 1896-1903, requested the appointment of Jewett W. Adams as the new superintendent. Sadler said,

²⁵William Stewart to President Benjamin Harrison, April 20, 1889.

I take pleasure in recommending and respectfully petition your Excellency to appoint J. W. Adams, of Carson City, Nevada, to the position of superintendent of the United States Mint, at Carson City, Nevada.

I have personally known Mr. Adams for the past twenty years, and have always found him a man of strict integrity, high character, and a sterling democrat who has, through the suffrage of the people of Nevada, held the position of Lieutenant Governor for eight years, and Governor for four years.

I believe him to be competent and thoroughly qualified for the position, and should he receive the appointment I feel confident that he will discharge his duties faithfully and efficiently.²⁶

Cleveland's appointments were the last made to the mint, for it suspended coinage entirely May 23, 1893, by the order of the Secretary of Treasury, John G. Carlisle.²⁷ All administrative mint positions were handed out to deserving members of whichever political party was in power. The political recommendations were usually made by the Senator

²⁶Reinhold Sadler to President Grover Cleveland, May 27, 1897.

²⁷Harold M. Budd, "Carson City Mint," Numismatist, (August, 1945), p. 817. The Carson City Mint continued to function from 1893 to 1933 as a federal assay. When the government discontinued the mint as an assay, the building had become badly run down. Floors and roof had rotted. It was not feasible to put the building back in good substantial condition. The U. S. Government then put the mint on the market to be sold for \$10,000. It was bought in December, 1939 by the State of Nevada for \$3,500 to be used as a State Museum and Art Institute. It was opened to the public for this purpose on October 31, 1941.

or Senators of Nevada, but other influential governmental officials sometimes made suggestions for the appointments. Most of the recommending letters did not include the previous occupation of the recommended employee. The qualifications, knowledge, and experience of those recommended would remain a mystery unless an investigation was undertaken to disclose their abilities. It should be noted that most often the recommending letters made mention of candidates' political preference. The results were that political appointments permitted incompetent men to hold office, and mismanagement was inevitable. The combinations of meager wages, incompetent political appointment, delays of production, and inexperienced workmen caused a waste of time and materials which are among the reasons for the closing of the mint in 1893.

CHAPTER V

CLEVELAND'S CURRENCY REFORM

There is one final factor to be considered among the causes of the closing of the mint at Carson City. Though conjectural and not subject to conclusive proof, the circumstantial evidence alone is so suggestive and fits so neatly into a general pattern that it is impossible to ignore it. That factor involves the time sequence of major silver purchase legislation and the relationship of the closing of the Carson City Mint to national politics in general, and in particular to President Grover Cleveland, who ordered the mint closed. It must remain circumstantial and conjectural because Cleveland seldom explained his motivations.

The West was traditionally Republican in the years before 1869. Of the six western states, only three had ever cast their electoral votes for the Democratic Presidential candidate, and two of the three were guilty of this apostasy just once. Cleveland won the election of 1884 despite his failure to carry a single western state. So it is not unreasonable to conjecture that Cleveland was not unduly concerned about the possible political ramifications of any Presidential action which should be construed as

inimical to western interests. He would have been justified in feeling that he had nothing politically to lose.

President Cleveland, through his inflexible opposition to any concessions to the silver interests, eventually forced his party to repudiate him, and that repudiation moved the party into the Populist camp. Through the entire silver controversy, in both his administrations, Cleveland made and adhered to decisions which were destroying any semblance of Democratic party unity. He even misused the powers at his command for party leadership.

The consequences of Cleveland's actions were predictable even then. In early 1885 the Democratic House dealt the sharpest rebuff to the first Democratic President in a quarter century when it rejected a bill to suspend silver coinage, the Democrats voting 118-54 against suspension.¹ On Richard P. Bland's free silver bill 1886, the Democrats supported Bland 97-70, and only Republican votes saved Cleveland. Later, on the Morrison bill to use the Treasury surplus to retire bonds, the House Democrats again abandoned Cleveland by 143-14 to approve the measure.² When the Senate modified the measure in an attempt to soften the

¹H. Wayne Morgan, The Gilded Age, (New York: Syracuse University Press, 1963), p. 125.

²Allan Nevins, Grover Cleveland: A Study in Courage, (New York: Dodd, Mead, & Company, 1962), p. 273.

blow against Cleveland, the President gave it a pocket veto, prompting Secretary of the Treasury Manning to protest to Cleveland that, in his opinion, the measure had been an effort to relieve Cleveland's embarrassment and should not be vetoed.³ In June, 1890, the Senate passed a free silver bill, the Democrats voting for it 28-3.⁴ When Cleveland, in response to this measure, issued his famous public letter of January, 1891, on silver, Daniel S. Lamont, his future Secretary of War, appealed to him not to represent "ultra anti-silver sentiment" but merely to oppose "ultra silver propositions."⁵ In the short session of the Fifty-second Congress both the Senate and House refused to repeal the Sherman Silver Purchase Act.⁶ Later, after the House had voted to repeal the Sherman Silver Purchase Act and during the Senate debate, on October 21, 1893, 37 of the 44 Senate Democrats petitioned Cleveland to compromise on repeal, but the President refused to listen.⁷

The month of May, 1893, during which the minting operations at Carson City were suspended, was a tragic one in American finance. Several new trusts went bankrupt following

³Ibid., p. 277.

⁴Ibid., p. 466.

⁵Ibid., p. 468.

⁶Morgan, The Gilded Age, p. 133.

⁷Nevins, Grover Cleveland: A Study in Courage, p. 545.

fraudulent reports of earnings and payments of artificial dividends. Fraud was exposed in the Atchison, Topeka and Santa Fe Railroad. English and European banks, which had lent American railroads the bulk of their operating capital, unloaded their stockholdings. The Panic of 1893 was the result.⁸ In the midst of the furor the suspension of the minting operations at Carson City went unnoticed, but the action seems to fit into the pattern of Cleveland's reaction to the financial crisis. Silver coinage was to blame, and silver coinage was going to be stopped. New and very rich silver veins had been discovered in Creede and Cripple Creek in Colorado in 1890-1893.⁹ The only mint readily accessible for Creede, Cripple Creek, and Comstock was Carson City. Of all the mints, it was located in the least populous, the least important electorally, and the least important politically of the Democratic states. It was expendable, and few could be expected to mourn its passing, which went apparently almost unnoticed.

One possible effect of the suspension of Carson City's mining operations was the alienation of the Nevada Democratic party to Cleveland because of the loss of patronage. The party was not notably strong in Nevada, but it was a viable

⁸Matthew Josephson, The Politicos: 1865-1896, (New York: Harcourt, Brace, & World, Inc., 1938), p. 529.

⁹Carl Ubbelohde, A Colorado History, (Boulder: Pruett Press, Inc., 1965), pp. 164, 205.

political force. It had elected two governors, Lewis R. Bradley in 1871-1879 and Jewett W. Adams in 1883-1887, since statehood. It had swung the state to Democratic Presidential Candidate Winfield Scott Hancock in 1880. And in 1892, through fusion with the Populist ticket, it had denied President Benjamin Harrison Nevada's electoral votes.¹⁰ Naturally, the party expected the benefits of political patronage from the first Democratic President since the Civil War. Cleveland exhibited strange attitudes toward the President's powers of patronage. When first elected, he was an ardent champion of civil service reform and was loath to repay political debts with political appointments--an attitude which provoked an outcry among the Democrats.¹¹ During this time Cleveland initially suspended the minting operations at Carson City. He believed that the President should not have to employ the weapon of patronage, nor should he have to acquiesce in the wishes of a majority of his party. Cleveland saw the President as moral leader, whom his party should faithfully follow, without the necessity of strict party discipline, especially in Congress. In 1886 he had completely disclaimed any Presidential power to influence Congress.¹²

¹⁰Josephson, The Politicos: 1865-1896, p. 505.

¹¹Ibid., p. 379.

¹²Nevins, Grover Cleveland: A Study in Courage, p. 270.

He expressed his political philosophy in 1891 in a letter to William F. Vilas, a Wisconsin Democrat:

The most ridiculous assumption in all this matter is that the Democratic party must accept as its creed any principle implied in any measure for which Democratic Senators and representatives see fit to vote. I had an idea they learned their lessons from the party instead of the party learning from them.¹³

Cleveland apparently maintained his stand on patronage in 1893, when the Carson City minting operations were suspended, disappointing Nevada Democrats who had expected some reward. But his stands on patronage and Congressional coercion were reversed later in the year in the fight over repeal of the Sherman Silver Purchase Act. On occasion he withheld patronage "plums" and other political appointments until he secured promises of support for repeal. On other occasions he offered patronage "plums" to hostile Congressmen whose support he wished to secure. One such case was the silverite Chairman of the Senate Finance Committee, D. W. Voorhees of Indiana. Cleveland appointed a Mr. Risley, a friend of Voorhees, to office and received a sycophantic reply from Voorhees:

I do not feel the sun ought to go down before I convey to you my earnest and grateful appreciation of your kindness and courtesy today (March 20) in the appointment of Mr. Risley, I thank you . . .

¹³Allan Nevins (ed.), Letters of Grover Cleveland 1850-1908, (New York: Houghton Mifflin Company, 1933), p. 246.

for the exceedingly kind and handsome manner in which it has been made¹⁴

Matthew Josephson, the well-known critic and historian, writes as follows about Cleveland's use of his patronage:

The hero of civil-service reform from the White House, applied the whip of patronage unremittingly, rewarding his friends and punishing opponents. One by one vulnerable or "doubtful" Democratic Senators were brought under discipline and acted as Cleveland "cuckoos" who answered, as one Senator said, to the clock at the White House. It was a supreme effort to exercise Congressional leadership upon the part of Cleveland, who had always shown himself inept for such tasks.¹⁵

The struggle over repeal of the Sherman Silver Purchase Act split both parties. The original act had been passed almost strictly along party lines, and the vote on repeal cut across party lines. In the House the Democrats supported Cleveland 138-78, and Republicans 101-22. The Senate was much more bitterly divided. Of the ~~44~~ Democrats, only 39 voted, and 19 of those opposed Cleveland, 16 of them from the South. The two Populist Senators and the one Independent Senator both opposed repeal. The number of Republicans who supported the President was 23; 10 opposed him, one Senator from Pennsylvania and 9 western Senators; and 5 did not vote. Of the 17 western Senators who voted, 14 voted against repeal.

The Sherman Act had aroused few passions when passed. It was a compromise which really satisfied no one. The

¹⁴Ibid., p. 321.

¹⁵Josephson, The Politicos: 1865-1896, p. 536.

Republicans had vaguely supported silver in the campaign of 1888, but both major parties generally sidestepped the issue in 1892. The Democrats had been solidly against the bill in 1890 and probably would have been agreeable to a modification of it in 1893. But Cleveland insisted on full-scale repeal and thereby alienated many in his own party, especially those in the South. The struggle over repeal tended to cause entirely new political alignments and regional groupings reminiscent of the late ante-bellum period. The Eastern Republicans had embittered their Western colleagues by their support of the President. Senator Henry Teller of Colorado, in a speech to the Fifty-third Congress, said,

We in the States of Nevada and Colorado have held those States in the Republican column for many a year. We have maintained a Republican majority in this chamber by our votes. We have stood by our Eastern brethren who believed in the Protective system But how much . . . have we had from them? How much sympathy? How much support?¹⁶

Except for two one-term governors, all major officeholders from Colorado had been Republicans, the same being true of Nevada. All the omnibus states of 1889 and 1890 had entered the Union staunchly Republican and silverite.¹⁷ All this was beginning to change by 1890, with the advent of the Populist party as a major force. The struggle over repeal of the

¹⁶Ubbelohde, A Colorado History, p. 219.

¹⁷Morgan, The Gilded Age, p. 130.

Sherman Silver Purchase Act completed the realignments. It was finally brought home to the Western silver interests that they had no home in either major party as then constituted. Their hope was to capture a major party or align themselves with the Populists.

The Republican party had sufficient strength in the East and Midwest to maintain its identity, even if abandoned by the Western interests. The Southern influence in the Republican party was negligible. Senator Teller tried to organize a Silver Republican movement in the 1896 convention; when he failed, he walked out, accompanied by the entire Colorado and Idaho delegations, as well as delegates from Nevada, Montana, South Dakota, and Utah.¹⁸ The complexion of the party remained basically unchanged. The Democratic party, however, changed almost beyond recognition, and for this Cleveland was unwittingly responsible. In his attempt to identify the party entirely with Eastern financial interests, he was attempting to beard the Republican lion in his own bailiwick, while abandoning the South, traditionally the most reliable Democratic area. His mismanagement of Presidential patronage and his uncompromising attitude on the silver issue eventually forced his party to repudiate him. Matthew Josephson said,

What happened now was anomalous in the history of the parties. The Democratic party controls, the

¹⁸Percy Stanley Fritz, Colorado: The Centennial State, (New York: Prentice-Hall, Inc., 1941), p. 358.

committee posts, all the administrative powers, were still vested in the old leadership--that of the Gold Democrats; but in effect few obeyed the old command any more. The unity and continuity of effort which through the party Organization give energy and direction to our extremely formalized and compartmentalized Government was broken. The Gold Democrats at the top of the party hierarchy had completely impaired their usefulness under the existing system as "brokers" between the people and special interests. The Administration no longer spoke the same language as the ordinary Congressman; Congress remained hostile and blocked measures of the Executive; and the regional bosses, who usually managed to reach the Senate, virtually ostracized the man in the White House.¹⁹

In looking elsewhere for leadership, the bosses found it among silver Democrats who effected a fusion by 1896 with the Populist Party. This party gave the Democrats their first stronghold ever in the states of the Great Plains and Far West, completely sundering former political ties. This new party, according to Josephson, "would break the bonds between the rural West and the financial Northeast, and with it the hegemony of the Eastern Goldbugs."²⁰

The closing of the mint at Carson City played a limited but probably significant role in the "free silver" controversy of the 1890's, the principal result of which was to

¹⁹Josephson, The Politicos: 1865-1896, p. 617.

²⁰Ibid., p. 681.

complete the political realignment of the Western states, a realignment which had already been begun by the Populist party. Before 1890, the Western states had been almost as solidly Republican as the South was Democratic. This was due as much to the fact that the silver interests really had no other political home as to any other particular motive. The rise of the Populist party had provided silver Republicans and silver Democrats alike with an alternative to impotent membership in a major party, so that the two silver states in 1892--Colorado and Nevada--both voted Populist. But the American political system was so strongly oriented toward a two-party system that the survival of any third party on a major scale was doubtful. If Western "free silver," as well as the agrarian interests, was to play an effective political role, it had to be in a major party. The unprecedented severity of Cleveland's measures against the silver interests, not the least of which was the closing of the only mint to which Colorado and Nevada miners had convenient access, had offered scant hope to the silver Democrats. The party's repudiation of Cleveland, because of his refusal to satisfy their patronage demands, his stand on money, and the general depression to which he fell heir, left the silver Democrats in command, as the only viable alternative to Cleveland's supporters. The Populist party was absorbed into

the Democratic party in 1896, and from that point until World War I, the West in general, and the silver states in particular, switched their political allegiance to the Democratic party. It if was not responsible for keeping the silver states in the Democratic party, it was at least responsible for breaking the tradition that had kept the states Republican.

CHAPTER VI

SUMMARY AND CONCLUSIONS

The purpose of this study has been to trace the history of the Carson City Mint in the last three decades of the nineteenth century, with special attention to causes that brought suspension of the minting operation in 1893. The founding of the mint, the problems and scandals, and its final demise had some relationship to the major political and social developments of the time, especially the crucial issue of silver coinage.

The Carson City Mint was planned in the 1860's and opened January 8, 1870, with general enthusiasm. It was believed that it would serve the needs of the Comstock Lode, but the mint never measured up to expectations. The general misconception was that the Carson City Mint closed because of lack of bullion from the Comstock Lode, but the Comstock Lode still was producing much gold and silver when the mint operations were suspended. Even though the mint was located in an area rich with gold and silver, the amount of bullion delivered to the Carson City Mint was small; hence the output of coinage was far less than that of the other mints. The large mines, located so conveniently to Carson City, persisted in sending their gold and silver to San Francisco.

It is, of course, impossible to separate the history of the Carson City Mint from the history of the silver question. Each new piece of legislation concerning the coinage of silver had its effect on the mint. The Bland-Allison Act of 1878 directed the Secretary of the Treasury to purchase monthly not less than two million dollars' and not more than four million dollars' worth of silver for coinage into dollars. This act should have greatly increased the volume of work carried out at the Carson mint; however, production decreased during the years 1879, 1880, 1881, 1885, and 1889. No coins were struck when the mint was temporarily closed during the years of 1886, 1887, and 1888. As conflict developed and widened the rift between the East and West, primarily focusing on the silver question, the desires of the West fell on deaf Eastern ears. Nevada legislators suggested that Congress increase the size of the branch mint of Carson and solve the problem of limited coinage, drafts, excess coins and silver bars being sent to the San Francisco Mint. This legislation was dismissed as Congress believed that the increase would benefit only the mining interest at the expense of the taxpayers.

Corruption characterized the Gilded Age. That corruption infiltrated the operations of the Carson City Mint is not surprising. Local citizens and mining interests lost faith

in the branch mint of Carson when their deposits and assays were not properly supervised and safeguarded from employee theft. The public was dismayed when four separate thefts were discovered in a period of five years. The case of \$80,000 in silver minted in 1893 without authorization remained a puzzle as investigation failed to reveal who coined the bullion. The Carson City Mint was undoubtedly scandal-ridden, but probably no more so than many other governmental institutions at the time. The scandalous activities almost certainly influenced the decision of President Grover Cleveland to suspend the activities, a logical justification for the action. But it is surprising, given the tenor of the times, that suspicion of corruption could be offered as justification for closing the mint operations.

The spoils system was the political handmaiden of the Gilded Age of corruption. In industry the rewards of position were monetary. They could be in politics too, but first the aspirant had to secure the position. The party machines and their patronage--including, most importantly, Presidential patronage--served the function of securing the political positions. The abuses of the spoils system, culminating in the assassination of President James Garfield, led to the movement for civil service reform. But the spoils system had been in effect for so long that it was exceedingly

difficult to end it. Even as more offices were placed on the classified list, Presidents, governors, and mayors were beleaguered by office-seekers whose qualifications were usually nothing more than intense party loyalty. Staff jobs at the branch mint of Carson were not on the classified list and were choice "plums" to be handed out to deserving members of the political party in power. The same condition applied to other mints but none seemingly experienced the same mismanagement as that at Carson City. The effect of incompetent political appointees caused delays of production, and inexperienced workmen wasted time and materials.

The closing of the Carson City Mint was probably related to the "free silver" controversy of the 1890's and national politics in general, and in particular to President Grover Cleveland. Shortly after President Cleveland took office, the Panic of 1893 struck. In the midst of the financial crisis the mining operations at the Carson City Mint were suspended by Cleveland. Cleveland blamed silver coinage for financial crisis, and silver coinage was going to be stopped. The effect of the suspension of the Carson City minting operation was the alienation of the Nevada Democratic party to Cleveland partially because of the loss of patronage.

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