

MISCELLANEOUS.

Written for this Paper.

SWINDLING IN MINES.

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SALT LAKE CITY, September, 22, 1896.

Leadville is seventeen years old and it has produced more than \$200,000,000 worth of precious metals. Cripple Creek has within five years produced more than \$13,000,000 worth of gold, and there are a half dozen other camps in Colorado which have turned out millions. Utah's vast wealth of gold and silver is just beginning to be known. In all of the Rocky mountain states new mines are being opened, and within the next few years hundreds of fortunes will be made. At the same time hundreds will lose the money that they put into mines and mining, and the old saying that it takes \$2 in work and losses to get \$1 out of the earth will hold good. There is no business in which men will risk so much as in mining, and none into which they will go so blindly. Managed legitimately and on business principles I believe the getting out of gold and silver is more certain of profit than four-fifths of the other businesses of the United States. How few of our professional men make fortunes! The statistics show that 90 per cent of the merchants fail. I am told here that more than 75 per cent of those who use the same business judgment, care and time, as are needed for other businesses, in working and dealing in mines, succeed. It will seem strange to many people to think that you can tell just what a mine is worth. Nevertheless this, to a large extent, can be estimated by experts. Mines are often sold for the amount of ore in sight. By going down a certain distance on a vein and by testing the rock at the different levels you can tell almost how much ore you are sure of getting out, and you can buy the mine for this sum with a big chance of getting more gold further down. Good mines cannot be bought for nothing, but properly purchased, many show little chance of loss, with big prospects of fortune making in their developments. We now have a large class of men who may be called mining investors. They do not buy holes in the ground without those holes have already produced gold or silver in paying quantities. They have experts look at the mines and carefully investigate the titles to them before they purchase. Many of them do not invest until they have been here for six months or a year, and they use the same care as to mining that they would were they investing in business property or putting their money into a manufacturing plant.

There is a great fascination in mining speculation. A good mine pays so well and so fast that the temptation is great, and a mine which has produced something and has a good prospect for the future is not hard to sell. I rode not long ago with Colonel Dick Kerens, the railroad millionaire and republican politician of St. Louis, from his summer home in West Virginia to Washington. During the trip he told me of an investment which James G. Blaine, Stephen B. Elkins and himself made in a silver mine at Leadville. "It was," said he, "called the 'Small Hopes,' and it cost

us just about \$400,000 to buy and develop it. You cannot imagine how fast the money came back to us. We got \$10,000 a day, on the average out of the mine for a period of more than four years, and we have already taken more than \$4,250,000 worth of silver out of it." Jay Cooke, after his failure in business in New York, went west to Utah and invested in a mine there. He brought into the deal the same careful judgment and business brains that he used in selling his government bonds, and when he returned he organized a company to develop his property, taking as his share one-fourth of the stock. That fourth, I am told, paid him more than a million dollars and made him again rich. Senator Hearst's millions were made in mines, and he kept up his buying until the day of his death. He dealt in silver, gold and copper, and made money in all. The Rothschilds have, it is said, recently bought his interests in the great copper mine at Anaconda, Mont., paying \$7,000,000 for them. There are a large number of men here in Colorado who buy mines to develop them, and I believe that men with capital can find plenty of good investments in the west today. The opportunities are by no means confined to the Cripple Creek region, nor to Colorado. There is good mining territory in Montana, Nevada, Arizona, Utah and California, and the right man with a little money or much money can do more business here just now than in almost any other part of the United States.

By this I do not mean that money is to be made by careless speculation. Wherever dollars are offered for cents, and big dividends are guaranteed for a small sum invested, it is pretty safe to believe that the matter is a gamble. There is plenty of money out here in Colorado and Utah, and things of that kind are not going to waste. Many prospects, however, are offered for sale on the ground of their being a gamble. Two men may have what they think a good thing, but may lack the money to develop it. They will form a company, reserving a certain part of the stock for themselves, and selling the rest for development. If they are honest men they will tell you that the matter is a speculation, and you can find whether they are using your money in developing the property. If they do so you may be sure that their enterprise is a legitimate one, and if it succeeds you will get your share.

"But how," you ask, "shall I find out whether my men are honest or not?"

Well, in the first place, any man who invests much in mines ought to come out here and stay long enough to know how to judge a mine. He ought to look well before he buys, and he should have the report of a good mining engineer or expert on the property in which he invests. There are a number of such men here, and you can easily find whether they are reliable. If one wishes to invest in mines and cannot come to the west he ought to inquire as to the reliability of the party with whom he deals through his banker. Any bank in the country can find out through the banks of the Rocky mountains as to the character of any of the men who are dealing in mines, and both the banks

and the newspapers are ready and anxious to expose gambling speculations. The editors of the Cripple Creek and Salt Lake newspapers have requested me to invite examination of men and property through them, and I do not believe there is a newspaper editor in Colorado or Utah who would not give an honest reply in such a case, and who would not aid in exposing a fraud. In buying mines the prospectuses of the properties should give the names of all the mines owned by the company. They should state just what has been done as to the development of the mine, and what is to be done with the receipts. Itemized figures and data should be given and the names and addresses of all the officers. By means of such statements properly made a little correspondence will give any one such an insight into the company as will show him whether it is a legitimate one or not. The chief judgment of a mine should be based first on the reputation of the parties who own it, and secondly whether the money received is actually being put into the ground.

In all mining camps some swindling goes on. Men will try to cheat in mining quite as much as they do in other businesses, and there are instances where worthless holes have been stocked for millions, and the shares sold for a few cents apiece, the incorporators putting the money into their pockets. When Cripple Creek was first opened there was quite a lot of such schemes, and it was hard to tell the legitimate from the illegitimate. The fact that a prospect was stocked at a million at a face value of a dollar a share, and that the stock was sold for 1 cent a share was no sign that the property was not a good one. It only showed that the mine was estimated by its owners at \$10,000, and that they hoped it would bring a million. Many of the best mines today have been sold for 1 or 2 cents and upwards a share. The Anchora Leland, now one of the most valuable properties of Cripple Creek, was hawked about at 4, 5 and 6 cents a share. During the past year ore has been taken out of it worth more than \$7,000 to the ton, and the man who leased it has made a fortune. All Cripple Creek mines are capitalized very high, higher, I think, than the mines of the Mercur district. No one stocks any kind of a hole in Cripple Creek for a face value of much less than a million, but purchasers look at the market value and not at the face value of the shares. I have before me a table of the incorporated mining companies of the Cripple Creek region. There are more than a thousand of them, and the capitalization of the new mining companies incorporated last year aggregated \$600,000,000. The fee which Colorado gets for each incorporation of a million is \$100, and the state received more than \$60,000 last year for incorporations alone. It is estimated that capital stock at a face value of \$500,000,000 has been floated on the Cripple Creek mines within the past year, and it is probable that the other mining companies of the state, added to it, would have a face value equal to the national debt.

Stocks in many of these mines are bought and sold on the exchange. There are stock exchanges in all of the mining cities. Denver has two, Cripple Creek two, and the people of Colorado Springs speculate so generally in mining stock that it is said when you hire a servant