

# When The Mormon Church Invested in Southern Nevada Gold Mines<sup>1</sup>

*Leonard J. Arrington and Edward Leo Lyman*

DURING THE WORST ECONOMIC DEPRESSION in the history of the United States up to 1929, that of the 1890's, the highest leaders of the Church of Jesus Christ of Latter-day Saints, along with several other church members, purchased a cluster of promising mines and claims in Nye County, Nevada. Desperate for funds after a decade-long judicial onslaught by the federal government, which included confiscation and misuse of church property, the church saw this gold mining enterprise as a good way to recoup church financial security.<sup>2</sup> However, a combination of inexperience with refining complex gold ores and distance from the scene of mining operations—which was in one of the most lawless sections then remaining in the West—boded ill for the aims of the Mormon ecclesiastics.

As the so-called Panic of '93 reached its low point in the Intermountain West, members of the hierarchy of the church sought to promote a series of bold economic enterprises. They had several major purposes in view. One was to provide work for unemployed church members, and another was to

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1. An earlier draft of this article appeared in the *Nevada Historical Society Quarterly*. The portion written by Leonard Arrington was composed while he was working on his monumental *Great Basin Kingdom*. Because he felt some aspects of the material seemed less than complimentary to church leaders, he did not initially wish to publish it under his name and gave it to co-author Lyman, then a graduate student, to publish as his own. However, when some time later Lyman had done additional research, he submitted an expanded draft to Arrington with the request that they stand as joint authors. Leonard agreed. He edited the draft prior to his death, but would not live to see it in print.

2. Leonard J. Arrington, *Great Basin Kingdom: An Economic History of the Latter-day Saints, 1830-1900* (Cambridge, Massachusetts: Harvard University Press, 1958; reprint Salt Lake City, Utah: University of Utah Press, 1993), 353-379.

develop some of the major resources and opportunities of the region. Another major consideration was to offer stock in the ventures to some outside capitalists—in the hope of creating a body of influential friends during the crucial struggle for Utah statehood—while yet maintaining control of such assets. The first of these successful business contacts was with G. A. Purbeck and Company of Providence, Rhode Island, with which the Mormon leaders soon organized the so-called Utah Company to promote a number of enterprises. These included an hydro-electric power company, a railroad from Utah to southern California, a salt company, a Great Salt Lake resort, a coal mine, and a beet sugar company,<sup>3</sup> which eventually became the basis for the current financial empire the church possesses.

In the process of making the preliminary surveys for the railroad, Orson Smith and Jeremiah Langford became interested in mining properties situated some forty miles west of the proposed railroad route. The Sterling Mine area had been attracting some interest since 1869 when silver had been discovered there. Later, in the early 1890's, a small mill treated gold ores from a mine there with water piped from Big Timber Spring some two miles south. But by 1893 shallow ore veins had reportedly discouraged most investors and prospectors. The Chispa (later named the Congress) Mine and the Johnnie Mine, some seven miles to the southwest, were discovered in the winter of 1890-91, and by the spring there were over a hundred people in a notably "rough" camp. All these mines would later be acquired by the Mormons. None was being actively worked when the Latter-day Saint surveyors came upon the scene, probably in late 1893.

Upon returning to Salt Lake City after their survey was completed, Smith and Langford requested an interview with the Mormon First Presidency, consisting of President Wilford Woodruff, George Q. Cannon, and Joseph F. Smith. They reported with absolute confidence that these mining properties "would clear \$10,000 a month." As a result of the conference, the Sterling Mining and Milling Company was incorporated in Utah with a total authorized capital stock of one million dollars. Orson Smith was president and Langford, vice president. Each of the first presidency was represented on the board through a son, Asahel H. Woodruff, Hyrum M. Smith, and Hugh J. Cannon, secretary and treasurer.<sup>4</sup> It is not

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3. Edward Leo Lyman, *Political Deliverance: The Mormon Quest for Utah Statehood* (University of Illinois Press: Urbana, Illinois, 1986), 232-234; see also Leonard J. Arrington, "Utah and the Depression of the 1890's," *Utah Historical Quarterly* XXIX (January 1961): 3-18.

4. *Journal History of the Church of Jesus Christ of Latter-day Saints*, December 2, 1898, Historical Department of the Church, Salt Lake City, Utah; Incorporation papers, Clerk of the County Court, Salt Lake City, Utah, related Sterling mine file in L. D. S. Historical Department, Financial Papers, old file CR 194 - 1, now closed but authors Arrington and Lyman possessed extensive notes from the time when these files were open.

possible at this juncture to determine exactly what the initial financial arrangements were, but apparently the president and vice president at least made the initial down payment on the mining properties to the extent of \$14,500, and the other investors put in about \$85,000, at least half of which was not individual, but rather church money. This was done with the understanding that with such prospects for success, much of the profits could be used to pay off the church's mounting debt.<sup>5</sup> Some Sterling stock was also sold to other church insiders, such as Apostle Marriner W. Merrill from Logan, Utah, also Orson Smith's hometown.<sup>6</sup>

By the time of incorporation, the Sterling company had acquired the following other properties in addition to the Sterling mine: the Boss, Bay Dick, Mollie Vaughn, Blue Hawk, Blaze, Lube, Magpie, and two-thirds of the Grey Eagle mine, all in the Sterling and Montgomery mining districts of Nye County, which, while separated, were situated along the same ore belt, and the Wide West and Queen mines within the same county but outside the main mining districts. These properties were generally situated about twenty miles northwest of Pahrump, Nevada, eighty miles northwest of the then-active mining camp of Vanderbilt, San Bernardino County, California, and two hundred fifty miles from the current Utah Central railhead at Milford.

Obviously the amount of working capital the company possessed was meager, judging from the fact that early in December of 1894 Orson Smith called on President Woodruff to inform him of the immediate need for an additional five thousand dollars. The church leader borrowed that amount the next day from a Salt Lake City bank, using other good stock the church possessed as collateral. This apparently helped complete erection of two ten-stamp mills at the mines. The company president affirmed to the church president that "when the mill got to running it would help us pay our debts," by which he meant the church's financial obligations.<sup>7</sup>

Mid-spring of 1895 saw the mining and milling operations produce two gold bars worth \$3,600, which amount was sent to the company bank creditors. In late April of 1895, another report mentioned four thousand dollars worth of gold produced in eight days. Ten days later Orson Smith stated they had taken twelve thousand tons from the Sterling mine

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5. Wilford Woodruff Journal, April 29, 1895; Statement of assets and liabilities of the Trustee-in Trust of the Church of Jesus Christ of Latter-day Saints, July 1898, typescript formerly in possession of Leonard Arrington, now at Merrill Library Special Collections, Utah State University, Logan, Utah.

6. Melvin C. Merrill, ed. *Marriner Wood Merrill and his Family* (privately printed: Salt Lake City, Utah, 1937), 182 and February 10, 1906.

7. Scott G. Kenney, ed. *Wilford Woodruff Journals*, Vol. 9 (Signature Books: Midvale, Utah, 1985), January 7, 1894.

at a rate of twenty-four tons per day. With ore assaying at twenty dollars per ton, Woodruff anticipated this would mean a gross of \$240,000 from the stockpile on hand. Just five days later the church leader noted the arrival of fifteen and a half pounds of gold from the Sterling mine. The total yield for the period is not known, but these brief diary notes of May appear to represent the high point of production for the mines, so far as is known, at least while they were in the possession of the LDS church. This circumstance would have been dreadful news to President Woodruff, had he had means to look into the future. Recently, he had recorded in his journal that he was "glad we are beginning to get something from the mine to assist us." There was, moreover, another small brick of gold sent in mid summer and a large brick worth \$8,000 from the Johnnie mine in September.<sup>8</sup>

Meanwhile, on April 9, 1895, the Sterling Mining and Milling Company completed the significant additional acquisition of the Johnnie, Chispa, and several related claims, mill sites, water rights, and equipment appertaining thereto from the Harding Paper Company of Franklin, Ohio.<sup>9</sup> The first of these claims had been discovered in January, 1891, by prospector George Montgomery, who spied a quartz ledge studded with gold nuggets while resting from his search for the lost Breyfogle mine. The discoverer named this first rich strike the Chispa, meaning "nugget" in Spanish. There was a subsequent year of excitement in the newly-formed Montgomery mining district, but all development of the mines there halted early in 1892, partly, it was alleged, because Montgomery's "extravagant management" was ruining his backers. One of these, perhaps an early partner, William L. Dechant, sold his interest to the Ohio company, which did not hold it long before selling its interests through Utah mining broker, Samuel Godbe, to the Sterling Company for fifty thousand dollars.<sup>10</sup>

At about the same time as the Sterling company purchased the Johnnie and Chispa, Frank Cole, who had grubstaked the original locators, and James Ashdown, a millwright at the Johnnie, apparently purchased a half interest in the Confidence mine, which a renegade Indian named

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8. Woodruff Journal, January 7, February 4, 5, 6, April 29, May 1, 10, 15, July 9, 1895; *Deseret Weekly News*, September 14, 1895, 405.

9. Other claims mentioned in the transaction include the Freeland's, Surprise, Maud R, Foust, Grapevine, the California, the Esmiralda, the Eclectic, the Bullion, and the Croppy, along with several water rights including the Horse Shootum originally claimed by E. A. Montgomery, the Pilot mill site, and the Montgomery townsite.

10. Nye County Miscellaneous Records, book D, 136-137, Nye County Courthouse, Tonopah, Nevada; Sally Zanjani, *Jack Longstreet: Last of the Desert Frontiersmen*, reprint (University of Nevada Press: Reno, 1994), 64-65. According to Sally Zanjani, the Johnnie is the most likely candidate to have been the old Breyfogle mine.

Bob Black had located on the California side of the obscure desert border after being shown a promising ledge by his cousin, Mary Scott. Sources differ as to whether George or his brother, E. A. "Bob" Montgomery, purchased the other half interest for \$11,000. Both commenced developing the property even as the more personable George was persuading the Sterling operators to get their company to buy out Cole and Ashdown, which they did for a price variously reported between \$24,000 and \$81,000. Abraham H. Cannon, a young Mormon apostle in whom the higher church authorities had extreme confidence, had just returned from examining the route through the vast area his Salt Lake and Los Angeles Railroad was to traverse. In connection with Jeremiah Langford, Cannon had become convinced that the California mining properties, including the nearby Mendocino mine, should be added to the growing holdings of the Sterling company, and he so recommended to the First Presidency of the church.<sup>11</sup>

It is probably at this point that the Sterling Company engaged in some high financial maneuvers which allowed it to generate the capital for these additional purchases. The company issued 150 bonds with a face value of \$1000 each. Using these as security, \$96,500 was borrowed from Zion's Savings Bank, a financial institution largely controlled by the church and often used for its business transactions. All three members of the First Presidency signed the Sterling company notes as official representatives of the church. Thus, when the mining company subsequently failed to pay the debt, the church was compelled to assume it. By July of 1898, the Sterling company obligation for \$131,867, which would have included accrued interest, was listed among LDS church liabilities.<sup>12</sup>

In the meantime, throughout the spring and summer of 1895, the LDS first presidency maintained a steady stream of correspondence with their agents in Nevada, encouraging them to meet the company financial obligations as much as possible without drawing on church funds. In one of these, they frankly confessed that while not inclined to complain, their own position was "a very painful one. We are strained to the uttermost and scarcely know which way to turn." They felt the need to let their partners understand their desperate financial situation. Another theme of these letters was the need for careful accounting of all expenditures and caution with other owners of the Montgomery properties so that they would not become dissatisfied with Sterling company management of their mutual affairs. The church leaders further cautioned that

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11. Woodruff Journal, July 10, 1895; Zanjani, *Longstreet*, 114-115.

12. *Journal History*, November 28, December 2, 23, 1898; Statement of Assets and Liabilities of the Trustee-in-Trust, July 1898.

the outside associates—presumably meaning the Montgomery brothers—could apply to the county court for a receiver to operate the property if the Sterling managers could not demonstrate they had managed it economically and in a business-like manner. As late as August, the Salt Lake City stockholders were still encouraging their Nevada-based brethren to examine the mining claim options surrounding their properties and secure those which appeared most promising.<sup>13</sup>

Undoubtedly, the long succession of disappointments arising from Sterling mines involvement commenced in the late summer of 1895 when armed conflict erupted over possession of the Chispa property. Church mining operators, Orson Smith and Jeremiah Langford, may have been remiss in not determining that the mandatory assessment work (annual development of the property required by the common mining laws of the state<sup>14</sup>) had not been kept up on this claim or that the prior foreman of that mine, Angus McArthur, had staked his own claim on the property. On the other hand, although most sources state such assessment work was not current, the Chispa overseers had maintained a skeleton crew on the premises, which indicates no such negligence on their part.

Whatever the case, McArthur secured the services of several well-armed men. These included the gambler and fugitive from justice, Phil Foote (whom McArthur reportedly offered half interest in the mine if he were successful in taking control of the property), Billy Moyer, George Morris, and Jack Longstreet, erroneously referred to in subsequent Salt Lake City newspaper accounts as “Check Longstreet, a halfbreed.” Longstreet was actually a longtime area resident and sometime gunfighter whose notoriety would one day merit him a good modern biographer.<sup>15</sup> On the morning of August 28, these men occupied the mining dump and awakened the caretakers with gunshots into the air. At that point Foote and his cohorts informed the startled Sterling men that they should vacate the area. Subsequently, they turned away the crew reporting for their day’s work at the mine, and later, when Sterling officials

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13. Wilford Woodruff, George Q. Cannon and Joseph F. Smith to Orson Smith and J. E. Langford, April 26, 1895; Woodruff, G. Q. Cannon and J. F. Smith to O. Smith, J. E. Langford, and Hugh J. Cannon, May 2, 13, August 2, 12, 1895; Woodruff, G. Q. Cannon, J. F. Smith to O. Smith, August 5, 1895; all in Wilford Woodruff Papers, Historical Department of the Church of Jesus Christ of Latter-day Saints, Salt Lake City, Utah.

14. In order to maintain “Possessory interest” in a mining claim, the claimant must invest a fixed minimum annual amount of labor and/or improvements on the land, contributing to the extraction of minerals. This “assessment work” is now required and reviewed by the Bureau of Land Management and was previously required by its state predecessors. In other words, the property must actually be worked in order for the claim to be maintained.

15. See fn. 9.

Orson Smith and Hugh Cannon approached, they were informed that if they crossed a certain line, they would be shot. At that juncture, Nye County Sheriff, Charles McGregor, in his dual capacity of assessor, arrived on the scene. But since the closest justice of the peace was some two hundred miles away at the county seat of Belmont, no arrest warrants were available, and the sheriff did not deem himself empowered to interfere in the absence of such authorization.

Unable to do more, the mine officers and sheriff-assessor rode to a ranch in Pahrump Valley to confer with Angus McArthur, but were unsuccessful in persuading him to call off his gunmen. Next day the entire group returned to the mine to converse with the occupiers, who made a demand of \$12,000 cash to satisfy their claims. McArthur asserted that he could show that amount was owed to him though he never did so. Sheriff McGregor termed the entire affair an "outrage" and promised that with proper authority he would arrest the entire group. He thereupon departed for Belmont, promising to return as soon as he could. As President Orson Smith reported to his Utah associates, they had done everything they could to avoid trouble and bloodshed and would continue to do so. He assured that the Sterling people had the sympathy of "all reasonable-minded men of the place," partly because their mining and milling operations were the only ones active in the entire county. Smith also stated that their place of operations, presumably meaning the Johnnie, was then noted as "the most quiet camp in the country" and its operators, as consistently law abiding.<sup>16</sup>

However, George and Bob Montgomery, still part owners and operators of some of the mines, perhaps feeling responsible since George did owe McArthur a legitimate debt, but more likely totally impatient with supposed claim jumpers, reacted in the more traditional manner of the unwritten law of the West. They dispatched an agent to Los Angeles to secure two cases of rifles, and the order was promptly filled and shipped via the Nevada Southern Railroad to within fifty miles of their destination. Apparently two hired gunmen, Peter Reed and Harry Ramsey, were also engaged by the Montgomery brothers, who aimed to retake the property by force. Although the initial news report from the scene mentioned a "terrible fight" between miners and "desperados," which resulted in killing two of the latter and the probably fatal wounding of a third, in actuality Phil Foote, shot in the chest, was the only casualty. The various accounts agree that while the occupiers of the Chispa property were seated at breakfast, the Montgomery men surprised them with a

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16. *Salt Lake Tribune*, September 10, 1895; *Deseret Weekly News*, September 14, 1895 containing Orson Smith letter dated September 2, presumably addressed to the First Presidency and given by them to this church-owned newspaper.

volley of gunfire. At that juncture, according to what is probably the most accurate version of events, Longstreet, realizing the situation was hopeless and still hopeful that with proper care the wounded Foote could be saved, hoisted a flag of surrender and relinquished control of the premises. Foote, however, died later that day.

The only county newspaper of the era, the *Belmont Courier* disputed the widely-circulated Los Angeles news dispatch, which reported several deaths, remarking that Jack Longstreet, supposedly one of the victims, rode into the county seat on the evening of September 14. Although some later accounts state he was then in custody—since the two county sheriff deputies dispatched to the Montgomery district had not yet returned—it is more likely that Longstreet gave himself up. A former resident of the nearby Moapa Valley, he probably opted for legal resolution of the trouble, as he had done on several previous occasions.<sup>17</sup>

It is doubtful, however, that the Sterling and Montgomery people, again in possession of the Chispa property, sought to press legal matters further. No one was ever indicted for the death of Foote, partly because of his notorious reputation and partly because the law enforcement officials declared themselves unable to determine who had fired the fatal shot. McArthur, who was well-connected at Belmont where he had recently visited friends, was also never indicted for his crucial role in the claim-jumping scrape. But the three surviving cohorts of Foote were prosecuted on the charge of “drawing and exhibiting a deadly weapon,” which, in the absence of law enforcement in that part of the region, was almost essential behavior. Nonetheless, despite the fact that Longstreet retained an attorney, the three were convicted and fined. For some unknown reason, Longstreet received by far the heaviest fine of \$3000. Each was informed he would have to serve one day in jail for each two dollars of the fines that remained unpaid. Each man served some time in jail although Longstreet eventually posted \$800 bail and was thereafter observed heading for a distant mining camp with Morris, who had completed his shorter sentence.<sup>18</sup>

The Nye County newspaper thereafter reported good gold production in the Montgomery district, which would still have been almost exclusively the Sterling mining properties. Optimism supposedly prevailed throughout the area. However, that was not the feeling among the highest Mormon leaders, who controlled the destiny of the mining and milling company. Operations continued through the fall season at several of the mines, but the Johnnie, on which these key investors appeared

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17. *Deseret Weekly*, September 14, 1895; Zanjani, *Longstreet*, 66-71; *Belmont Courier*, September 21, 1895.

18. *Belmont Courier*, October 5, 26, November 2, 1895.

to have pinned most of their hopes for financial relief, did not produce according to expectations. On November 9, church leaders guaranteed \$16,835 in past-due accounts with two Salt Lake City brokerage firms, McKenzie and Rossiter, and Clayton and Spence. Three days later, letters from Jeremiah Langford and Hugh Cannon again reported unfavorably on Sterling prospects. This timing was not good because another payment was just then due and had to be paid on the Confidence Mine.<sup>19</sup>

Later that same week, Abraham H. Cannon reported in his journal that the decision had been made—presumably by the First Presidency—to attempt to sell the Sterling Mining Company, if possible, for \$300,000. Mining broker Samuel Godbe, instrumental in some of the company acquisitions, was authorized to place the property on the market, and Apostle Cannon was assigned to inform company president, Orson Smith, of the decision clearly made in his absence.<sup>20</sup> Since nothing public was ever announced concerning sale of the Sterling Mining and Milling Company, the decision was obviously reconsidered, perhaps after Godbe informed the Utah stockholders that the sale could not be made at the desired price during the depths of the continuing economic depression.

Still, disillusionment and impatience with the mining property and its managers are abundantly clear in the extant source documents. The first and most exasperating problem was the continued drain on church funds to meet the persistent additional expenses of Sterling operations. Finally, in late November, President Orson Smith was called before the First Presidency and pointedly informed that the company could not draw any more on church accounts. Yet bank overdrafts continued to embarrass the company and church leaders in the ensuing weeks.<sup>21</sup>

And much more seriously, it was now becoming clear that Montgomery district gold was proving refractory (high temperature resistant) to the refining process employed by the Sterling company. With great disappointment Hugh J. Cannon confessed to his brother Abraham that the mill run, from which company officials on the scene expected to net \$8,000, simply produced an ore concentrate "they had no power to melt." The obvious meaning of this was that the company did not have the processing capability to retrieve a great deal of the gold they were mining. This situation was made public six months later when a local correspondent to the *Courier* reported that there was abundant rich gold

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19. Belmont *Courier*, February 15, April 25, May 30, June 6, 1896; Woodruff Journal, September 11, 30, October 1, 8, November 12, 1895; Abraham H. Cannon Journal, November 12, 1895, original Harold B. Lee Library, Brigham Young University, Provo, Utah; statement of Assets and Liabilities, July 1898.

20. A. H. Cannon Journal, November 15, 1895.

21. Belmont *Courier*, February 15, April 25, May 30, 1896; A. H. Cannon Journal, November 12, 15, 27, 28, December 3, 4, 1895.

exposed to view at many of the various levels in both the Johnnie and the Chispa mines and that Sterling operations would “resume work on these mines as soon as the ore can be treated successfully.” It was then admitted that the reduction works installed at considerable expense had “been unable to extract the gold from the ore successfully.” It was also noted that a “great deal of the gold [had] gone into the tailings” dump, a situation that could never bode well for a milling operation.<sup>22</sup> Although nowhere stated in the documents, such a situation may well have resulted from not engaging more knowledgeable mining men at an earlier juncture—either to warn the investors of the complex nature of the ores or to procure the proper reduction equipment to solve that problem. Some writers have implied that the Montgomerys knew of these problems before they ever sold part of their holdings to outside investors.<sup>23</sup>

In the meantime, it became abundantly clear to church leaders that changes in the company management had to be made. Aware that little profit had been generated from the properties since the previous May, President Wilford Woodruff, then past eighty-eight years of age, concluded early in 1896 that Sterling affairs were “badly arranged and not satisfactory.” He added conclusively “they are doing us no good.”

Immediately thereafter, the company was reorganized as a syndicate with Abraham H. Cannon, the energetic young president of the still-projected Salt Lake and Los Angeles Railroad, chosen as manager of the Sterling Company as well. Joseph F. Smith, member of the First Presidency of the church, was installed as company president. Thomas P. Gillespie, a non-Mormon resident of Salt Lake City, was designated superintendent of the Nevada operations. Unfortunately, this reorganization did little, if anything, to reverse the tendency of the Sterling company to lose money for its church backers. Later in the spring, Gillespie proposed to lease the property on some percentage or pro-rata basis presumably granting him more control over mining and milling operations. This was accomplished in mid-June, with Joseph F. Smith and Abraham H. Cannon traveling to Nevada to finalize the agreements.<sup>24</sup>

There were also efforts to resolve the most pressing problem of proper ore refining by the still fully-active Mormon stockholders. In mid-June the church newspaper reported that company secretary, Hugh Cannon, was again heading for the mines to “make tests of a certain kind of ore-reduction machinery which the company contemplate[s] buying.”

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22. A. H. Cannon Journal, December 3, 1895; Belmont *Courier*, June 6, 1896.

23. Zanjani, *Longstreet*, 65, states that in the period prior to sale to the Mormons, “a great deal of money had been squandered on an inefficient mill that recovered less than half the value in the Montgomery district’s gold ores.”

24. Woodruff Journal, January 18, 21, 22, March 6, May 11, 12, 1896.

And soon thereafter, his brother Abraham, the new company manager, just returned from southern Nevada and southern California, divulged to the same newspaper that the Sterling properties had "been inspected by men of highest standing and by them pronounced as being very promising." He went on to affirm "the property can be successfully and profitably worked now." The real basis for the manager's persisting optimism and doubtless a factor in the church hierarchy's initial interest in the entire mining scheme was the imminence of construction of the Salt Lake and Los Angeles Railroad. Whatever the outcome of efforts to resolve the refractory ore problem, with the new railroad passing within forty miles of the Sterling mines, it would become eminently feasible to ship the complex high grade ore to refineries better able to retrieve the gold. Abraham Cannon spoke for all of his fellows when he stated "our proposed railroad will make [the mining company] much more valuable."<sup>25</sup>

This being the case, the tragic death of Abraham H. Cannon at age thirty-seven, just one week after publication of the newspaper interview quoted above, was one of the most devastating blows possible to the future success of the Mormon mining venture. Cannon's demise brought about the total collapse of the railroad enterprise, which until that point had been virtually assured—even with good prospects of backing and patronage from Japanese traders.<sup>26</sup> Hugh J. Cannon, brother of the deceased, was elected manager of the Sterling Mining and Milling Company, but prospects would never again be as promising as heretofore. The main reason for this was the continued precarious state of church finances. In a series of meetings with Sterling officials in the ensuing weeks, it became quite clear the church might never achieve a sizable return from its mining investment. At the end of September, President Woodruff concluded in his diary "our affairs are in a desperate condition in a temporal point of view."

Less than a month later, yet another devastating blow shook the mining company and its backers when superintendent and lessee Thomas Gillespie was murdered by an assailant who was never apprehended. Woodruff surmised the murderer was the same "wicked man who [had] sent [church leaders] a threatening letter demanding much money."<sup>27</sup>

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25. *Deseret News*, June 17; *Deseret Weekly News*, July 11, 1896, 113.

26. Edward Leo Lyman, "From the City of the Angels to the City of the Saints: The Struggle to Build a Railroad from Los Angeles to Salt Lake City," *California History* vol. LXX, no. 1 (Spring 1991): 82-85.

27. Woodruff Journal, July 27, August 4, 5, September 11, 14, 16, 30, October 27, 1896; *Los Angeles Times*, November 3, 1896, stated the ambush took place as Gillespie was driving a rig from a mine presumably, toward a gambling establishment, The Deuces. He was shot from ambush when almost opposite the Ramsey store. A witness saw him fall and ran to him. Despite the deed's having been perpetrated essentially in public, there appears to have been no clue as to who committed the murder.

Since the individual locally suspected of the shooting was an illiterate Native American, this allegation about a letter to Utah authorities would have had to entail a conspiracy by more than one person. More likely, the local situation best explains the Sterling superintendent's demise. Earlier, Confidence Mine investor George Montgomery had attempted to assuage the anger of mine-locator Bob Black, a renegade Indian suspected of a number of unsolved murders, whom he owed four thousand dollars on the mine transaction. He offered to allow Black to draw supplies without charge from the company store, presumably at the Johnnie mine. When Gillespie arrived on the scene, charged to make the entire operation more profitable, he promptly decreed that Black was to receive no further free goods from the company. As Death Valley vicinity historian Richard Lingenfelter has observed, this "seems to have been a fatal decision." When Gillespie was shot through the head by an unseen gunman, suspicion in the area centered on Bob Black, whose grudge against the victim was common knowledge.<sup>28</sup>

After this additional tragedy, Sterling mining efforts became almost negligible, although there was still some hope of profits from the California border mines, the Confidence and Mendocino, where Jeremiah Langford was still in charge. And outside mining engineer, Thomas Weir, who had previously been engaged to study the properties and recommend the arrangements under which operations could be made profitable, submitted his report. Quite favorable, the consultant stated that it would take \$12,000 to build a pipeline and deliver the water essential for the new refining process he proposed. And he estimated another \$25,000 to construct the recommended plant capable of processing one hundred tons of ore per day. He expressed confidence that with these changes and the mines again in production, there would be annual profits of \$700,000 over expenses. Unfortunately, this report was delivered to company officials the same week they learned of Gillespie's death.<sup>29</sup> At almost any other time, in light of the major expenditures already made, an additional thirty-seven thousand dollars investment to assure more than half a million dollars annual return would have been attractive to the good businessmen who controlled the company destiny. But not then.

There had simply been too many disappointments, and Woodruff's counselors probably could not bring themselves to press their honored leader further on the matter. The other investments they had engineered

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28. Richard Lingenfelter, *Death Valley and the Amargosa* (Berkeley, California: University of California Press, 1986), 192-94; Zanjani, *Longstreet*, 77, 109, 112-21, 136, 143.

29. Summary of Weir's report, signed by J. E. Langford and dated November 1, 1896, in possession of B. T. Cannon, Salt Lake City; Actual report appears from author Lyman's notes from first presidency financial papers, now closed, which indicate Weir report is filed there.

during the same period were looking better, but the general situation of church finances—faced with persistent bond payments on these ventures—would have been most exhausting. Judging from the numerous diary references to the Sterling mine during the last years of Wilford Woodruff's very eventful life, the subject preoccupied him considerably as it doubtless did his counselors, who had clearly encouraged church involvement in a type of investment often discouraged by previous Mormon leader, Brigham Young. Awareness that word had gotten around and church losses through Sterling Mining investments were well-known must have weighed heavily on all Latter-day Saint leaders involved and undoubtedly helped convince them to cut their losses and disengage.<sup>30</sup>

The last reported meeting of the Sterling Mining and Milling Company was on May 8, 1897. Thereafter, attorney and banker John M. Cannon, cousin of Abraham and Hugh and nephew of George Q. Cannon, was employed to wind up the company's affairs. Part of this process involved further borrowing to make interest payments on company loans still outstanding. While all past expenditures are not known, the church probably expended around two hundred thousand dollars on this enterprise during the worst depression known to that time. While the available documentary sources on the disposal of the property are extremely sketchy, there is some indication that Roman Catholic mining figure and later Utah opponent of the Mormons, Thomas Kearns, purchased the Sterling properties for a paltry \$131,869.28.<sup>31</sup>

After this experience with the Sterling gold mines, church authorities would likely have agreed with the great economist, Adam Smith: "Of all

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30. [Heber Bennion], *Gospel Problems*, a booklet probably first published in 1920 (reprint Pioneer Press: Dugway, Utah, undated), by a formerly prominent Mormon disenchanted over the church abandonment of plural marriage. Among his other criticisms of church authorities was a complaint about their disfellowshipping persons involved in so-called dream mines. Bennion, a brother-in-law to the then church president, Heber J. Grant, stated "what proof is there that these people [interested in such mines] are deluded or reprobate. . . . The experience of the [church] authorities in some of their own ventures ought to mellow them in charity for others. . . . What about the Sterling mine in Nevada in which the authorities were involved? Was not that a dismal failure, the history of which is anything but to be proud of." See 35-36.

31. First Presidency of the Church, Financial Papers, formerly numbered CR 194 1, were examined over twenty years ago by author Lyman, during the fabulous era in which co-author Arrington directed the Historical Department of the church. At that time the documents were open to scholarly examination. Lyman made the following notations in his personal notes: "church is loaning their money in '96 and '97, Sterling Mining Company must be in trouble. There are still [bond payments] going out in 1898, and then there is a complete list of the loans to the Sterling M and M Company from April 17, 1894 way on into 1897 when Tom Kearns and others do it [?] to the extent of \$131,869." These files still exist, but have been closed to historical research. Copy of author Lyman's notes from First Presidency financial papers on file at Southern Utah State University Library, Special Collections, Cedar City, Utah.

those expensive and uncertain projects. . . which bring bankruptcy upon the greater part of the people who engage in them, there is none perhaps more perfectly ruinous than the search after new silver and gold mines. It is perhaps the most disadvantageous lottery in the world, or the one in which the gain of those who draw the prizes bears the least proportion to the loss of those who draw the blanks."<sup>32</sup> Yet paradoxically, the church would recoup its losses from mining by drawing on another mining property—albeit a long-established and reliable one.

Wilford Woodruff died September 28, 1898, still painfully aware of the exorbitant burden of debt weighing on the church he had led for a decade. In fact, a careful statement of assets and liabilities under his charge as Trustee-in Trust had been compiled just two months prior to his death. The new church leader, Lorenzo Snow, selected through a seniority process, chose the same counselors in the first presidency as had his predecessor. Equally as advanced in years as Woodruff had been, it was nonetheless Snow's self-determined mission to attempt to get the church on a more secure financial footing, primarily through his well-known crusade to rejuvenate individual Latter-day Saint commitments to meeting their traditional tithing obligations.

Early in President Snow's tenure, on December 2, 1898, he met with his counselors and Hugh J. and George M. Cannon. The meeting was intended to "enlighten" the new church leader "in relation to the affairs of the Sterling mine." After mentioning the period of optimism during which investors had been confident of large monetary returns to replenish depleted church coffers, the record of the meeting concludes, saying "they were doomed to disappointment, however, for the mine proved a failure, and after this fact became apparent, attorney John M. Cannon was employed for the purpose of winding up its affairs." During that meeting Cannon had been authorized to again borrow sufficient funds to pay the then current debt due on the defunct investment.<sup>33</sup>

Some four months later, George Q. Cannon engaged in a private conversation with President Snow on the subject of some "dedicated stock" in one of Utah's most successful silver mines, the Bullion Beck of Eureka, which had been placed in Cannon's custody by his uncle John Taylor, Snow and Woodruff's predecessor as Mormon president, prior to Taylor's death in 1887. Cannon urged Snow to allow him to relinquish this stock, making proper accounting for its former use, then using its remaining proceeds "for the purpose of covering the losses sustained by the church in the Sterling mine." Several days later, a meeting of many of

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32. Adam Smith, *An Enquiry Into the Nature and Causes of the Wealth of Nations* (Modern Library Edition, New York, 1940), 529-530.

33. *Journal History* December 2, 1898.

the highest church authorities was held, at which time President Cannon explained that the object was to consider the transfer of the dedicated Bullion Beck stock to President Snow expressly in order "to liquidate the obligation assured by [church leaders] in connection with the Sterling property." Snow thereupon expressed a firm desire that the entire matter be carefully explicated and considered before any action was taken.

As the history of the Bullion Beck stock was fully recounted, those church authorities who had not been in their positions during John Taylor's regime were made aware of a complex and unique situation in which the church president had consecrated some stock of the mining company for future church purposes to be decided solely by himself and/or subsequently by his nephew and counselor, George Q. Cannon. They also learned that at one point, some dozen years previously, disagreements over these arrangements had threatened to severely disrupt the unity usually enjoyed among the members of the Latter-day Saint hierarchy.<sup>34</sup> In the specifics of the accounting, Cannon stated that the 7,373 Bullion Beck shares were worth \$10.00 each and that dividends accrued totaled \$159,669, along with \$20,000 in interest. Some of these funds had been expended for other purposes, which President Cannon fully explained.<sup>35</sup> His proposal was to use the remaining money and perhaps stock equity to recoup church losses incurred and, presumably, to cancel remaining debts related to involvement in the Sterling company.

The proposal was eventually approved, and in this way the intractable financial predicament arising from the Sterling mine investments was finally resolved in an acceptable manner. There would certainly be future profits derived from the Nevada mining properties, but it is unlikely that any of the highest LDS church leaders regretted this final resolution to their involvement in that frustrating venture.<sup>36</sup>

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34. Edward Leo Lyman, "The Alienation of an Apostle from His Quorum: The Moses Thatcher Case," *Dialogue: A Journal of Mormon Thought* vol. 18, no. 2 (Summer 1985): 68-72.

35. *Journal History*, April 24, 27, 1899.

36. Stanley W. Paher, *Nevada: Ghost Towns & Mining Camps* (Howell-North Books: Berkeley, California, 1970), 324-326, states that early in the Twentieth Century the Ore City Mining Company took out some gold and copper from the Sterling mine, during which time a speculative townsite was laid out nearby and a post office applied for. The camp was abandoned when the boomlet ended. The Johnnie was caught up in the mining hysteria which advanced south from Goldfield and Bullfrog after 1904. The town grew to 300 persons, with a post office, several saloons, stores, hotels, and a daily stage to the railroad. The mine and 16 stamp mills operated until 1914. In the following decade, placer gold was discovered nearby and mined intermittently for three decades. In the 1930's another town of the same name sprang up a few miles away which closed during World War II. Production from the Johnnie alone is said to have exceeded a million dollars. The district was active for nearly half a century, one of the longest-lived in southern Nevada history.