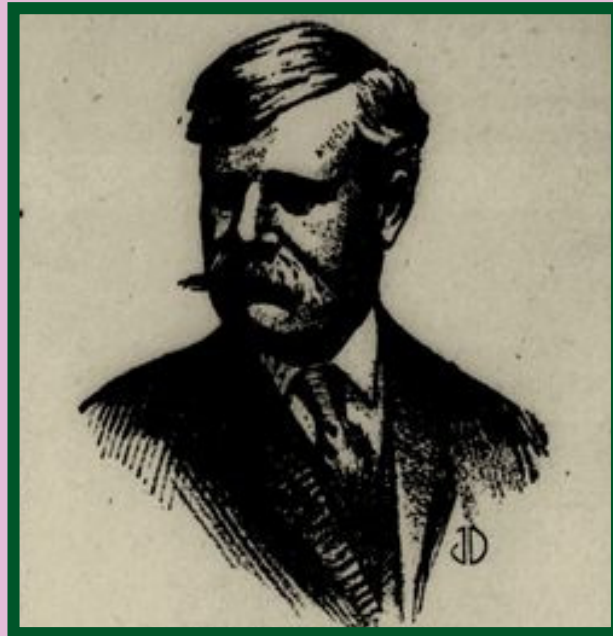


AN UNSUNG HERO



From 1880 to 1888, ages 27 to 34, an especially pious young man was the hard working pastor of a Baptist Church in Minneapolis, Minnesota.

One day, while toiling away in his church office, the patriarch of the most prominent and wealthy family in Minneapolis - George Pillsbury - presented himself at the door.

The effects that unfolded from this meeting, 131 years ago, continue to profoundly affect all Americans.

They are among the most impactful and transformative effects in American history.

Redlands Forum
January 16, 2020
Peter D. Kaufman

A Remarkable Blend Of A Man



“He has been the guiding genius in all our giving.

He came to us first to undertake certain business matters requiring talent of a high order and showed phenomenal business ability. He combined with this the rare quality – born, no doubt, because he had the right kind of heart – of being able to direct the distribution of money with great vision. We all owe much to him, and his helpfulness should be generously recognized.

He combines business skill and philanthropic aptitude to a higher degree than any other man I have ever known.”.

John D. Rockefeller on Our Unsung Hero

An Unsung Hero

I'm going to nominate a man from over a century ago as one of the greatest "Unsung Heroes" in American history.

From 1880 to 1888 - at ages 27 to 34 - our unsung hero was the uncommonly honest, pious and hard working pastor of the lowly Central Baptist Church in Minneapolis, Minnesota.

He was not without a sense of humor, saying his church was mainly populated by "those made to feel unwelcome" at the tony First Baptist Church of Minneapolis.

Born on July 2, 1853 in Maine, Broome County, New York, he graduated from the University of Rochester in 1877 and from the Rochester Theological Seminary in 1880. Obsessed with living a life completely aligned with strict religious beliefs, in his first stint as a pastor, he worked himself to exhaustion.

His extreme work ethic and rare character are noticed around town. One day in 1888, while toiling away in his church office, he is shocked when George Pillsbury, congregant of the top tier First Baptist Church, and patriarch of the most prominent and wealthy family in Minneapolis, presents himself at his door.

An account survives - in our young pastor's own hand - of this momentous encounter. The effects that still unfold from this meeting - 132 years ago - continue to profoundly affect not just we here tonight, but every American.

I would argue that such effects are among the most impactful and transformative in American history.

Now, you are probably thinking, “Peter’s setting the bar way too high here.” But you watch, we’ll clear that bar! OK. If you will bear with me a moment, before I recount the events of that momentous meeting, and its truly incredible aftermath, I want to take a short detour. I promise it will be worth it.

It’s the WHY. Just WHY was our hero able to do the amazing things he did? I say the answer comes from simple chemistry, chemistry that offers the greatest potential for self-improvement for any of us as human beings. I hope you share this chemistry lesson with your children, grandchildren, and apply it yourself in your own life.

In Chemistry there’s a scale called the Mohs Scale of Hardness. A diamond is a 10, talc (baby powder) is a 1. On the Mohs Scale of Hardness, tin is pretty weak, it’s a one and a half. In my hand I have a piece of tin, we’ll put it way over here on this side of the room. Copper, in my other hand, is a three, not very strong either, we’ll put it way over here on the other side of the room. Now, why am I separating these two so far apart? Because in nature, the elements of tin and copper are not generally found in the geographic proximity of one another. Remember that line:

“Not Generally Found In The Geographic Proximity Of One Another.”

Now, somewhere along the line in history somebody had the bright idea: I wonder what would happen if we reached way over here and got some tin, and way over here and got some copper, and put the two together? Does anybody know what you get by blending tin and copper together in the right way?

You get bronze.

Now, let’s do the Mohs Scale arithmetic for our new blend, it’s not difficult. Our tin at one and a half plus our copper at three is four and a half, divided by two to get the average - we should get two point two five in hardness, shouldn’t we? But we don’t.

If that’s what we got, I wouldn’t be telling this story, would I?

No, we don't get two point two five. **Bronze is a 6 on the Mohs Scale!** Stronger than iron which is 5 1/2. Certain combinations are just magical, **especially combinations of things not generally found in geographic proximity to one another.**



Now, what does that have to do with WHY our unsung hero was able to do what he did? **The answer is that when human beings are themselves blends of factors not generally found together, they too can become magic “Bronze-like” combinations.**

Not 2.25, 6!

We are each born with a certain type of temperament, a personality, into a certain kind of environment. And what do most people do? They spend their lives trying to become **a more and more “pure” version of whatever their initial “geographic proximity” happened to be.** What should they do instead? **They should instead seek to reach across and blend in factors not generally found in a person like themselves - in order to become Bronze.**

Take that tin. If tin spends its life striving for greater and greater “purity” what’s the best it can ever become? 1 1/2, no more! Or copper. The maximum is a 3. But turn yourself into the right combination, **the right blend of factors not generally found in geographic proximity to one another, and you become bronze. You can be a 6!**

I say our hero was a 6. A 6 because he blended together two factors almost never found in geographic proximity in one human being: superb “top down” understanding of life’s big picture together with superb “bottom up” understanding of the details of how daily life works. Almost nobody has that rare combination. And when they do, they will knock your socks off with what they bring to your community.

Like your own Laura and Jack Dangermond...

Isn't this the very combination they bring to the table here in Redlands?

OK. Back to our story. As you recall, George Pillsbury is mysteriously knocking on our hero's door. Here, in his own words, is what transpired:

“Mr. Pillsbury said that he wished to have a little conversation with me which he would be glad if I would regard as confidential. While to outward appearance he was hale and hearty, such, he said, was not the fact. His physicians had warned him of an insidious and incurable disease that must in no long time terminate his life.

He had in his will made a bequest of some \$200,000 towards a Baptist academy. But he was concerned his gift would be neglected and was contemplating a change in his will.

He had come to me for any counsel that I might give him. Were his doubts justified? If so, could I suggest any way of correcting the situation so as to render it more assuring?

I asked him to give me a little time for reflection on his problem”.

Now, I have a deep background in “development work” - having chaired several capital campaigns and advised many others.

But I am aware of no story that approaches the one you are about to hear when it comes to sheer “top down, bottom up” genius in development work.

Like a first domino, the way our pastor responds to Pillsbury's problem sets into motion a series of effects that forever change the young man's life, and in turn the whole world.

Remember, he is only 34 years old. But already the George Pillsbury's of the world are noticing the unusual combinations of factors present in this young man, and thus are seeking him out for “counsel”.

Our pastor goes to work on his assignment. He embarks on a due diligence tour to understand every last nook and cranny of what the educational structure should optimally look like. His tour brings him into contact with every Baptist of note in the state. From the huge “bottom up” data set he amasses, he develops a sound “top down big picture” plan, and submits it back to George Pillsbury.

Here, in his own words, is the 4-part plan he submits, for not just any Baptist Academy, no, the optimal Baptist Academy:

“1) Such an Academy must be well endowed and equipped, a much better school than the ordinary high school, modeled on such great Eastern schools as the Philips Exeter Academy, similarly with hundreds of thousands in endowment. To convince Minnesota Baptists of the value to them and their children of a well-endowed academy, a series of popular addresses can be given from influential pulpits.

2) Success for such an academy will only be assured if local Baptists themselves contribute a considerable sum.

“Where your treasure is, there will your heart be also”.

3) Instead of your \$200,000 pledge, Mr. Pillsbury, you should offer conditionally to give, say, Fifty Thousand Dollars to the Academy, provided the Baptists of the state first contribute an equal sum, funds that I will go out and raise myself!

4) Of the \$100,000 thus raised, half should go into a needed new building and the other half into endowment. With proper safeguards in place that all this proves successful, with confidence you can then safely leave the remaining \$150,000 in your will.”

Awesome. Just awesome. Superb “top down” and superb “bottom up”.

**In the history of large scale development, has anyone ever turned down a major gift in exchange for the privilege of going out and raising a big chunk themselves, only then to be matched?
And propose contingencies for an estate gift?**

Pillsbury is understandably bowled over. Our young pastor gets the green light.

He forms the committee, heads it up. He speaks everywhere to talk up the plan. From bottom to top, he raises the money, inspiring and energizing the community.

These instincts, as we will see, for informed, engaged ‘top down, bottom up’ interaction will go on to benefit him - and our whole nation - in stunning ways.

The project succeeds, magnificently. His work comes to the attention of a group of Chicago area Baptists - including Dr. William Rainey Harper - who have been trying for years to interest New Yorker John D. Rockefeller - the richest Baptist in the world - in founding a Midwestern Baptist university, one to rival the ivy league schools of the east.

But they have been singularly unsuccessful in such asks to the oil titan. In fact, they have been so clumsy, Rockefeller has banned them from ever calling on him again!

But in watching the awesome development skills of this young pastor, Harper and his group think they may have a second chance...

“Young pastor”, they ask, “will you see Mr. Rockefeller on our behalf?”

Armed with a formal letter of introduction from Dr. Harper to Mr. Rockefeller, our unsung hero agrees to travel to New York to take a shot.

But Rockefeller won't meet with him. He does politely say, you can write me a letter.

Our pastor does. It's the perfect letter, he nails it.

In previous asks, Rockefeller had been repulsed by the haste advocated by Harper and others - “too big, too fast”, not respecting the details. In stark contrast, our pastor's letter suggests a methodical, bottom up, incremental “step by step” approach, an exact match for Rockefeller's lifelong temperament.

“Mr. Rockefeller's ideas happened to coincide with my own.”

Happened to coincide? It was no coincidence, our hero is a natural.

How many 35 year olds have a blend of top down, bottom up thinking in perfect harmony with that of the richest man in the world?

A financial titan who made his fortune combining these very traits himself?

Time does not allow the reading of his full masterpiece of a letter, but it survives to this day. Here is the money paragraph that so resonated with Rockefeller:

‘All things come to him that waits. Our best and greatest schools have developed broadly and heartily step by step in this way. Holding the possible scope of the institution in abeyance for a few years will cost nothing, while time will of itself solve the question easily and with certainty.’”

The letter is such a home run with Rockefeller it results in an invitation to visit him in person in New York. Our young pastor makes the ask face to face and the rest is history.

Rockefeller becomes the funding founder of what becomes The University of Chicago. Our “kid” is all of 35 years old!

A 35 year old pulls off one of the greatest development coups in history!

If our story ended here it would be worth a big fuss. Imagine a 35 year old pastor being responsible for the very existence of the University of Chicago and its over 100 Nobel prizes!

But the story doesn’t end here. It only gets more and more incredible.

For Rockefeller is so taken with the “bronze-level” talents of this young man, he “requested my early removal to New York, especially to help him with his benevolences”. For when it came to philanthropic solicitations, the tycoon “was constantly hunted, stalked, and hounded almost like a wild animal”.

He relocates to New York City, and is put in charge of all Rockefeller philanthropy. Using what he called “wholesale, scientific giving”, he begins to steer donations towards large scale, focused philanthropy for the “betterment of humanity”.

More on this later. Much more.

No surprise, his performance is so good, Rockefeller puts even more on his plate:

“Will you, on your travels, take a quick look at some of my non-Standard Oil investment properties throughout the country?”

Our young pastor answers this request by visiting three of Rockefeller's principle non-Standard Oil investments: an iron furnace in Alabama, a mortgage on a steel mill in Wisconsin, and various mining properties in Colorado.

Like a great detective, he seeks validation of the legitimacy of each property - verifying recorded documents in county record offices, interviewing objective third party experts, even chatting up miners on a Colorado train. He finds most are worthless scams, pawned off on Rockefeller by seemingly upstanding eastern individuals and investment banks.

Extricating Rockefeller from these messes, he turns instead to an investment area his investigations deem is legitimate: the Mesabi Range of the Great Lakes region.

Taking amazing advantage of the aftermath of the Panic of 1893, one of the worst financial plunges the U.S has ever suffered, he commits \$33.5 million of Rockefeller's fortune, amassing ore resources, mines, railroads, docks, and building an ore-carrying fleet of sixty vessels. In 1901, he sells the properties to J.P Morgan and U. S. Steel for \$88.5 million.



That's a \$55 million profit in 8 years!

You know what that is in 2020 dollars?

It's roughly one and a half billion dollars!

In an era of no income taxes, from age 40 to age 48 years old, he makes Rockefeller \$55 million large!

All by himself.

Rockefeller never once sets foot on the property!

Such performance led Rockefeller to later say, “he was the greatest businessman I ever encountered in my life - better even than Henry Ford and Andrew Carnegie!”

Yet, this is just kid’s stuff. In 1897, our unsung hero prepares a memo for Mr. Rockefeller, and the show really gets rolling:

The story unfolds like this:

Our young pastor, when he entered Mr. Rockefeller’s private office in 1893, wrote to himself that “medicine, as generally taught and practiced in the United States is practically futile.”

On a whim, four years later, in summer 1897, with his family in the Catskills on vacation, he revisits the subject of medicine, having brought along for leisure reading William Osler’s 1,000 page text book, Principles and Practice of Medicine.

We’ll let him tell the rest of the story:

“I saw clearly from the work of this able and honest man, perhaps the ablest physician of his time, that medicine had in fact, with only four or five exceptions, no cures for disease.

Medicine could hardly hope to become a science until medicine was endowed, and qualified men were enabled to give themselves to uninterrupted study, on ample salary, entirely independent of practice. To this end, it seemed to me an institute of medical research ought to be established in the United States, on the general lines of the work of Koch in Berlin, and the Pasteur Institute in Paris. And here was an opportunity for Mr. Rockefeller to do an immense service to his country and perhaps the world.

This idea took possession of me.”

Mr. Rockefeller entertained the suggestion hospitably, as indeed I had encouraged further and detailed inquiry. It was in this way that my name became associated with the origin of the great institute of medical research subsequently founded and so munificently endowed and equipped by Mr. Rockefeller.”

This of course is The Rockefeller Institute, founded in 1901, now Rockefeller University, currently up to 27 Nobel Prizes! And it came on a whim, summer reading by a 44 year old on a family vacation!

In 1905, seeing first hand the impact that Rockefeller's immense fortune was having towards humanitarian work on a great scale, our unsung hero pursues an entirely new vision - the establishment of the first permanent private foundation.

“It was not until 1905 that I ventured with many misgivings to approach Mr. Rockefeller with the question of the use and disposition to be made of his fortune.

It might be urged that I was trespassing on a domain in which I had no proper business. But to myself it was very intimately my business, for I had come clearly to see that unless Mr. Rockefeller were to make some such disposition of his fortune, or a great part of it, my life was doing more harm than good. Rockefeller's fortune was rolling up so fast his heirs would “dissipate their inheritances or become intoxicated with power”, unless he set up “permanent corporate philanthropies for the good of Mankind”. So at last I broke my silence. I wrote a letter. It is dated June third, 1905.”

This of course becomes the Rockefeller Foundation, which, due to its highly complex nature, was not officially chartered until 1913, making it technically second in establishment to the Russell Sage Foundation in 1907.

However, it appears the Rockefeller idea was first.

In any event, over the rest of his professional association with Rockefeller, our unknown, unsung humanitarian hero oversees the distribution of \$500 million of private philanthropy, exceeding the \$350 million overseen by the very well known Andrew Carnegie!



To recap...and add but a portion of even more:

There once lived a man of Bronze, a man of uncommon honesty, piety, aptitude, and genuine love for humanity. A man you likely have never heard of...repeat...NEVER heard of.

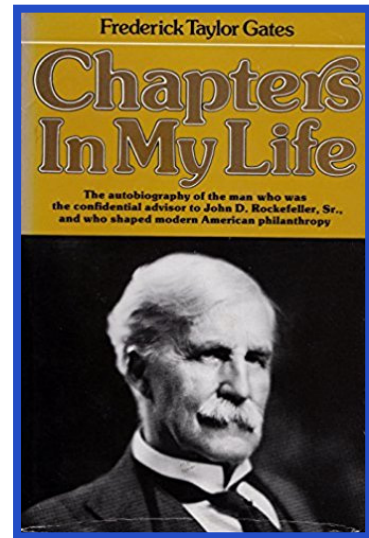
- 1) Was called the greatest businessman of his time, above Henry Ford and Andrew Carnegie
- 2) Was perhaps the greatest development asker of all-time, responsible for establishing The University of Chicago
- 3) Conceived the world's first permanent Private Foundation, then personally oversaw \$500 million - over \$10 billion in today's dollars- in private philanthropic distributions
- 4) Conceived The Rockefeller Institute and its unique research model
- 5) Eradicated Hookworm in the American South and rest of the world
- 6) Established black high schools in the south that allowed graduates to attend the best southern universities
- 7) **And finally, his most important move of all, one each of us and all Americans benefit from today:**

He sparked the famous 1910 Flexner Report, establishing Johns Hopkins as the model for medical school education, moving American medicine from the bottom of the barrel internationally to #1 where it remains today.

Imagine doing all of this, and being almost entirely unknown...

His name was Frederick Taylor Gates.

**Now, be honest.
How many of you had ever heard
of this remarkable man?**



JOHNS HOPKINS
M E D I C I N E

In Chapter XXXVIII of his memoirs *Chapters In My Life*, Gates offers a masterful recounting of how cleverly he conducted his scrutiny of Rockefeller's non-Standard Oil investments, as well as why he thought his upbringing had prepared him so well to do so.

To follow is a copy of this chapter for you to take home this evening.

I encourage you to examine it closely, as it is a primer on expertly conducting due diligence, "from the bottom up").

XXXVIII Three Business Excursions

It was only a few months after my removal to New York that I was brought into touch with those personal and private business investments of Mr. Rockefeller, which were destined to engage a large part of my later life. This introduction into business came about quite incidentally. Mr. Rockefeller had investments in various parts of the country. In my educational work I was traveling about a good deal and was often near one or more of these interests. He had never seen any of them, or made any independent inquiry. They had been brought to him from time to time as desirable investments, by friends whose representations he had accepted and whose judgment he had followed. A visit of inquiry by me and a report would give him an independent view. My report might be worth little, but it would cost nothing. It would not involve risk, since the investments were made already. Mr. Rockefeller suggested that from time to time when traveling, if I were in the vicinity of one of his interests, I take a day off, visit the place, learn all I could about it, and report in writing. I warned Mr. Rockefeller of my business inexperience, but he persisted, and after warning duly made to him I could not refuse. In his *Reminiscences* he excuses himself for his choice of me, with my lack of expert knowledge and my inexperience, on the ground that I had a "great store of common sense." His excuse is valid in its implication that common sense diligently applied is usually the best possible solvent of difficult business problems. But I was better prepared for business than Mr. Rockefeller knew, or I realized at the time. Much of my life had in fact been an unconscious preparation for successful business. My interesting experience in selling harrows, my months as a clerk in a country store, and as cashier of a country bank, my interest in my father's financial affairs and the ways and means of paying our debts, my studies of political economy under Dr. Anderson, my close study of the finances of our church building in Minneapolis, a habit of looking at things in their financial relations and tendencies as well as in other relations, my study of denominational finances at home and abroad, all these things had given me business experience and my mind a business turn. In Minneapolis I had vainly warned our speculating church members of the forthcoming collapse of the Minneapolis Boom. The collapse came, ruined some of them, and cost all of them heavy losses. Before I left Minneapolis I had declined a business offer at an increase of salary. I was unfitted, but not wholly unfitted, to make the inquiries Mr. Rockefeller wanted.

The first of these reports was on a certain iron furnace in Alabama. I had to visit the very town on an educational mission, and Mr. Rockefeller armed me with introductions. The son of an old Southern friend had enlisted him to the extent of some Thirty Thousand Dollars in this new enterprise. So, in company with this promoter, as innocent, I learned, as I was of any knowledge of the iron business, I visited this blast furnace. The cost of production was now, had always been, and must be, so far as could be seen, several dollars per ton more than the value of the product. The capital having been absorbed in these necessary losses and the borrowing power exhausted, the plant had been placed in the hands of a receiver and operations suspended. The scheme had been set up, not as in itself a financial end, but as a means of selling lots in the town throughout the South. With the same end in view a "college" had been established. Many persons, particularly Baptist ministers, in many states, had bought lots speculatively in this well-boomed manufacturing and educational centre. The town, which indeed had never been alive except in imagination, was now completely dead. I made a full, detailed, and I think truthful and exact report, disclosing all the essential facts. Mr. Rockefeller said twenty years later, in his *Reminiscences*, that this report was "a model of what such reports ought to be." But at the time he concealed his disgust with his ill-considered investment and sent his stock to be sold at auction. He remarked that he had taken this little flyer in this Southern furnace partly to encourage the son of his old friend, partly to enlarge his knowledge of the iron business. For he had a large investment, he said, in a really very prosperous iron business in the Northwest which was making, as he understood, One Thousand Dollars per day. Just to show me by way of contrast what a real iron company could be and do, he would like to be informed in advance when next my educational business should call me to the Northwest, as he would like to have me visit this great and profitable concern. And so two or three months later I found myself in the city of West Superior, Wisconsin, ensconced in the elegant hotel of the West Superior Land Company, armed with a letter of introduction from its New York President to the manager of the West Superior Iron and Steel Company, as the representative of Mr. John D. Rockefeller, in which letter the manager was instructed to give me full information.

Mr. Rockefeller had been induced to purchase a par value of nearly Six Hundred Thousand Dollars of the mortgage bonds of the West Superior Iron and Steel Company by a firm of Wall Street bankers and brokers whose members were individually old and trusted friends of his. Their fee, as I afterwards heard, had been Fifty Thousand Dollars for effecting this sale of bonds. On presenting myself at the works of the iron and steel company next morning, I learned that only the superintendent was in. The manager, who was the head officer, was on a visit to his old home in the East. I therefore presented my credentials to the superintendent. This timid gentleman immediately began to excuse himself from giving any information. I assured

him that for my purpose he would do just as well as the manager, but he persisted and finally declined outright to "Take the Responsibility" of making any statements whatever, or do anything further than wire the manager if I wished. The wire brought a promise from the manager to return immediately. Of course I suspected the worst. At the hotel was the President of the West Superior Land Company, a Mr. Weemys, who was an official of the West Superior Iron and Steel Company—Vice-President, I think—and in fact a more important and authoritative person than the manager of the iron and steel company. I cultivated relations with him, showed my credentials, and complained of being detained in my quest for very simple information, which the President himself had ordered given me. This gentleman, after declining any authority, frankly gave me to understand in general terms that the West Superior Iron and Steel Company was losing money and was embarrassed. It was, he said, a subordinate enterprise of the West Superior Land Company. The West Superior Iron and Steel Company had been organized not because they thought it might be profitable, but mainly to boom the town and help sell lots at advanced prices. Here was the Alabama situation right over again.

As I had several days on my hands before the manager could return, I decided to fill in the time in a little study of the mortgage securing the bonds, and the extent and value of the property which the bonds covered. I secured a printed copy of the mortgage, and first of all took it to the county seat to see if the recorded document was in all particulars precisely the printed document. I found that it was. The covenants of the mortgage required all the money received from the sale of the bonds and indeed much more cash to be used on the plant and equipment mortgaged. My next work was therefore to ascertain if the plant did actually stand within the boundaries described as mortgaged in the instrument of record. But when, with authoritative maps, I undertook to locate accurately the property described, I discovered and critically verified and proved beyond a shadow of a doubt that the mortgage *did not cover the iron works at all*, on which all the money received from the bonds was covenanted to be spent, but only some vacant property nearby. I found also that of five hundred and seventy city lots which were to be mortgaged, only four hundred and forty-nine had been mortgaged. I found that forty acres of the town site of West Superior included in the mortgage had not been acquired by the iron and steel company until sixteen months after the recording of the mortgage. The mortgage required all the moneys of the bondholders to be used in erecting the improvements on the mortgaged land. I found that the plant had actually cost One Hundred Thousand Dollars less than the bondholders had put in. For every Seven Hundred and Fifty Dollars put in by the bondholders, the stockholders were to put in Two Hundred and Fifty Dollars. They had put in nothing. It had been represented that the plant was making One Thousand Dollars per day. It was losing about that. Not the slightest attempt had been made by Mr. Rockefeller's friends to verify any of the statements and assurances which they made him, or to see that the

pledges and conditions of the mortgage were carried out, or even to see that the mortgage covered the plant, although they assured him their attorneys had reviewed all the papers and had found everything correct.

I had learned by personal investigation all these things before the manager got back, but I concealed for the time being all my discoveries, though I spared no pains to make certain of my facts. On the return of the manager I learned that he was not personally interested in the plant further than as a salaried manager, that he had independently communicated with the President of the company in New York, and had been told to make a full and frank statement. We therefore candidly discussed the question of costs of raw materials, labor, markets, freights, and values. This disclosed a very limited market at best, and that it was impossible to compete with the great plants either of Pittsburgh or Chicago without loss. The West Superior company had a narrow field, and that only by sufferance of competitors.

I hurried back to Cleveland, where Mr. Rockefeller was spending the summer, and told him the well-nigh-incredible story of my discoveries. He was deeply agitated and, had I not been able to give him the most positive assurances, would have been incredulous. He kept me with him at Forest Hill until he could get the old friend to his side from Wall Street, who had been mainly instrumental in selling him the bonds. This gentleman denied every one of my allegations, but he could only meet my proofs with protestations and tears of rage and apprehension. He was compelled to come to Mr. Rockefeller and admit so days later, after a thorough investigation on his own account, that I was absolutely correct in every particular. We got the mortgage reformed and finally guaranteed by the land company. But the recklessness of his friends had been disclosed to Mr. Rockefeller.

With these same persons who had led him into this unfortunate bond purchase, he had made other very numerous and very large investments, some fifteen or twenty in all, East and West, and even some outside the United States. The aggregate of these investments was several millions. The fact is Mr. Rockefeller had been completely absorbed in the interesting development of the Standard Oil Trust. That had been highly speculative. It had proved an Aladdin's lamp. He had found no time to investigate other things. When a group of friends which we will call for convenience the Monte Cristo Syndicate— though that was not its name—composed of old friends, church friends, good Baptist friends, came to him with tales of rapid and prodigious fortune in highly speculative new enterprises into which they were putting their own money freely, and offered him a share on the "ground floor," he was always ready to go in with them in those days without much inquiry, provided his interest formed, as it always did, a much smaller part of his fortune than their interest was of theirs. He doubtless reasoned that in these,

to him, blind pools they could far less afford to lose than he, and that on the absolute ground floor he was getting the use of their brains, time, and experience, all supposed to be of value, without cost to himself. This West Superior investment, made at the behest of these friends, and now shown to be reckless, was his first great shock. He began to meditate. He had found his friends completely deceived in this investment, grossly, inexcusably deceived, he thought. May they not have been equally deceived in many of the other investments he had made with them?

It was only a few weeks after the West Superior disclosure that Mr. Rockefeller, learning I had to go on educational business to Colorado, asked me to look into a mining interest that he had invested in somewhere in that state. The property was called the San Miguel Consolidated Mines. The promoter of this company had been a Cleveland man or youth, who had gone in an earlier day to the gold mining region of Telluride, Colorado, situated eleven thousand feet up, on a shoulder of the Rocky Mountains. From long experience and constant and intelligent observation on the spot, he had accumulated, he said, a series of free gold mines which he had grouped together under the name of the Consolidated. As he needed money for a stamp mill, and the development of his splendid mines, he had consented to let in a few favored Cleveland friends on the ground floor, and would sell them a limited amount of stock at One Dollar per share, worth measureless amounts more. Several of these Cleveland friends visited him in his mountain home, and were entertained on the spot at his lavish table. Some of them made more than one visit, stayed with him weeks, or even months, and when completely assured of the great value of these holdings, they, after having put in all their own spare cash, and needing still larger funds before they could bring their hopes to fruition, had let Mr. Rockefeller into their sure thing as a very special favor, to the amount of some twenty-five thousand shares. This was little to him, but a good deal to them. And sure enough, shortly after this investment, the stock in Cleveland began to be sold or at least quoted at no less than Two Dollars and Fifty Cents per share. Mr. Rockefeller was much gratified. But when the friends, chiefly a certain cashier of a bank representing the Cleveland stockholders, came to him and as a special favor offered him another block of twenty-five thousand shares at the old price, Mr. Rockefeller's suspicions were awakened. Accordingly, he proposed that I take the opportunity of my visit to Colorado to visit the Consolidated properties. Mr. Rockefeller did not know, I think, even the name of these valuable properties, certainly not their location. I had, indeed, an errand in Denver but it proved to be in fact a more serious job to reach these mines from Denver West, than to get from Cleveland to Denver. There was a ride of twenty-four hours over the Rocky Mountains to the Pacific Slope by means of a narrow-gauge railroad. However, there was nothing for me to do but perform this little errand as best I could. But my embarrassment was great. I told Mr. Rockefeller that I had never seen a gold mine, or a stamp mill, and would not know a nugget of gold ore from a

chunk of coal. He could tell me nothing at all about the mines in advance, and had to give me an introduction to his Cleveland friend, the cashier, for the most elementary information. I met him for an hour at the station in Cleveland between trains on my way West. The interview served to increase my reluctance to do Mr. Rockefeller's errand of investigation. This intelligent gentleman had been there repeatedly and spent weeks. So had others of the Cleveland group. One was there now. The promoter, the most courteous, agreeable, solicitous, honest, hospitable of men, would receive me, he assured me, into his house and heart. Everything was precisely as represented, as I would find on personal inspection. He envied me my delightful trip and visit with the promoter. He would wire the promoter to expect me, and I must wire him in advance the day and hour of my arrival. I left him sincerely and deeply impressed that I was going on a needless errand, and that I could add nothing whatever to these unanimous reports of so many intelligent men who had studied the properties weeks at a time, right on the ground. I could at best give only a hurried glance at the situation and come home. What could I do that they had not done, or learn that they had not learned, even if I were really qualified to learn anything of precious metal mining in so short a time?

As I neared Denver, moody and depressed, a happy thought struck me. My self-distrust proved my salvation. I would not rely at all on any examination of mine. If these consolidated gold properties were what they were represented to be, they would be well known. They ought to be well known throughout Colorado. There must be men in Denver itself who knew of them. I could and would find out what experienced and reliable men in Colorado knew of these mines. My Uncle Russell Gates had lived in Denver many years. He had once been candidate for Mayor. He would know qualified men. Russell took me at once to his friend, the President of the Denver and Rio Grande Railroad, a branch of which ran up to the town. Yes, said the President, he did know the promoter. He was a patron of his road. He was a very optimistic man, a smooth and persuasive man. As to his knowledge of mines—well, not being himself a miner, he would have to refer me to expert opinion. He thought the promoter an able man, a very able man. Perhaps I had better see the President of the First National Bank. Without saying one word derogatory of the promoter, this cautious man (he was a Hebrew with the smooth characteristics of his race) had been good enough to put me "on" in the familiar slang. I knew he meant to warn me that the promoter was "slick." We went to the President of the First National Bank. Yes, he knew a very able mining engineer, the best in the state, who had made his reputation and his fortune at Telluride, and he gave me his address in Denver. To his office we went. I presented to this engineer Mr. Rockefeller's card, on which he had written "Introducing Mr. Gates"—I have that card of a quarter of a century ago yet. "What!" he shouted. "Do you mean to tell me that John D. Rockefeller has invested money in that Damned Swindle!!" And when I humbly confessed the truth, his eyes flashed, his face flushed, and he strode to and fro up and down the floor, making the

air blue with oaths and imprecations. At last he calmed himself enough to talk. First of all he explained his outburst of rage. He tried to impress me with the fact that the business of mining was a perfectly honest and legitimate thing, not speculative, but based on ascertained values, that mines were bought and sold by honest mining men on ascertained quantities of ore of proved value by analysis, much as standing timber is estimated and sold, and that nothing made a legitimate mining man so outraged as to see swindlers take in widows and orphans, and even such men as Mr. Rockefeller, for in the end they frightened away capital from legitimate mining enterprises to the injury of the honest men in the industry. He said that the Consolidated mines had no single mine, nothing but some twenty-six or -seven "claims," most of them not even "proved up," and all of them abandoned. He even produced a Denver newspaper three or four years old, which, with headlines nearly an inch high, beginning NO GOLD, had exposed the whole swindle and had never been prosecuted for libel. He gave the paper to me and I sent it as advance information to Mr. Rockefeller. He referred me to the cashier of the local bank in Telluride.

At length, with open eyes, I started for Telluride. Before I had been many hours on the journey I had made the acquaintance, after the Western fashion, of several mining men on the train. I had already picked up the names of all the good mines there and, without revealing my purpose, would get them to tell me what they would about them. Sooner or later I casually, and without betraying interest, brought the conversation to the Consolidated. It was always the same story of No Gold and complete fraud.

I spent my first evening in Telluride with the bank cashier and he gave me full details. The promoter had come to town years before as a cook, knew nothing about mines, was no mining engineer, and was working his Eastern friends and acquaintances and spending their money at a salary of Fifteen Thousand a year. He had not an ounce of gold in all his alleged mines, was wasting every cent put into his costly stamp mill, but his water power was good. As to those Eastern friends, he had met them at the state line always, east of Denver, had always closely engaged them all the way to Telluride, had kept them with the aid of a skillful secretary from seeing or speaking one word to anybody but himself, so long as they remained in the state, and had always accompanied them homewards beyond Denver. Honest men in town had tried in vain to get in one word of exposure edgewise. I was the only one who had escaped the clutches of the promoter and his secretary. He suggested that I spend a day at the hotel and the court house verifying his words.

It was the night of Cleveland's second election in November, 1892. The only hotel—so-called—was over a gambling "Hell" which covered the ground floor, and all night long I heard the click and roll of the roulette balls in the

intervals of my troubled sleep, with the songs and maudlin talk of the drunks outside. Next day I spent in the court house. I looked up the legal history of every one of the alleged mines. They were all merely "claims"; few had been "proved up." Often they had simply been "filed," and after a little work abandoned as worthless. During the day several of the old miners came to me and told me the history of these abandoned diggings. No gold, or at least no pay gold, had ever been found in one of them. The mill was a pure fake to keep up the deception. By the end of that day I was ready, and sent a note to the promoter and a visiting Cleveland friend of his, who was secretary of the company. I did not tell where I got my information, but announced at the outset that I had already got all the facts, and had sent for them simply to say that they had made a great mistake in inviting Mr. Rockefeller in as a partner. He would sell out to the promoter at cost. I do not need to try to describe the interview that followed. In the end I had sold Mr. Rockefeller's stock and had a note for its cost in my pocket. It was never paid. And the Consolidated in due time faded out of being.

This was too much for Mr. Rockefeller. He had been led into this fake mining enterprise by a group of Cleveland acquaintances whose judgment he thought he could trust, and they were indeed entirely honest.

Mr. Rockefeller saw that in his future investments he must have an entirely independent agent of his own. Moreover, he was in present need of such an agent to follow up and report on a score or more of his previous investments. He therefore at once requested me to drop my office at Temple Court and share his private office with him at Twenty-six Broadway. I was to continue to represent him in his philanthropies and as far as might be required in his personal investments.