

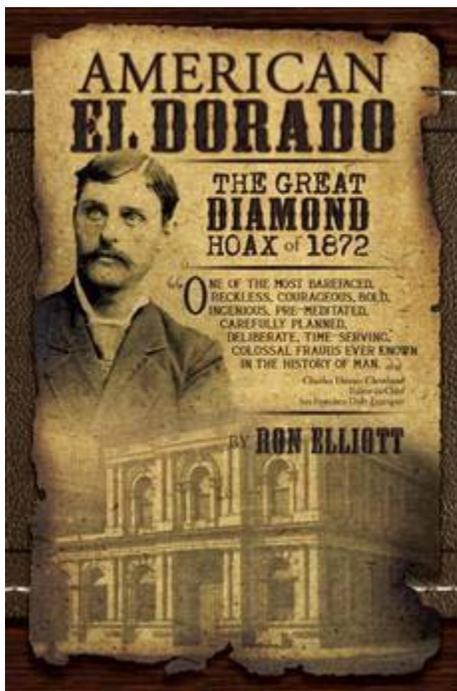
# Elizabethtown was at center of 19th century diamond hoax

## New book, downtown marker commemorate scammers

By Ben Sheroan

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Communities come to be known for many things, not all of which are praiseworthy.



The new book "American El Dorado: The Great Diamond Hoax of 1872" was written by Ron Elliott, a resident of Nelson County.

the book more novel than textbook.

Elliott, who has written seven previous books on regional history, said he became intrigued with the diamond hoax for many reasons, including "all the big-time people associated with it."

Some of Arnold's backers are legendary, including Civil War Gen. George McClelland. The story includes inquiries from Baron Rothschild of the British Parliament, promotional publicity

For some 19th century investors, Elizabethtown became infamous as the hometown of two tricksters responsible for what's become known as The Great Diamond Hoax.

The Hardin County Historical Society is selling numbered and signed copies of a new book recounting the historic scam. At its latest meeting, the Society also adopted the design for an interpretive marker that will be placed on Public Square in front of a building that likely was erected thanks to the ill-gotten riches.

The story of Philip Arnold and his cousin John Slack relays a bold plan that used a handful of industrial-grade diamonds to build the myth of western lands teeming with valuable jewels resting along the surface like gravel.

In his 243-page narrative, author Ron Elliott describes Arnold's deeds in details as they stretch from San Francisco to New York with frequent stopovers in Elizabethtown. While he uses 220 end notes to document historic accounts that verify facts, Elliott also employs writer's license to approximate conversations that make

from famed journalist Horace Greeley and an endorsement from Charles Tiffany, founder of the famed New York jewelry store that still bears his name.

Coming on the heels of the California gold strike in 1849 and similar instant riches discovered in the silver mines of Nevada, Elliott said Arnold had little trouble finding investors willing to believe his tale. By some accounts, the hoax netted \$550,000 in 1872 which an inflation calculator estimate would be the equivalent of more than \$10.3 million today.

While he may have taken advantage of their greed or naivety, Elliott's research found only one investor who sought legal remedies when the head of the U.S. Geological Survey proved the Arnold's claims were all false.

"My impression," Elliott said in an interview, "in those days when everyone was gold and silver mining, it was buyer beware. If you got taken in, it was considered on you."

Arnold and Slack used some diamonds previously used for industrial drilling and a handful of uncut gems acquired from other sources to support the story of gems scattered across fields. A number of jewels were scattered along the property to convince investors inspecting the property first hand.

Elliott dubbed Arnold's property El Dorado after the Spanish legend of a lost city of gold and riches. The book's full title is "American El Dorado: The Great Diamond Hoax of 1872."

The book includes several period photographs and copies of documents, including paperwork found on file at the Hardin County Clerk's office. Elliott's acknowledgments include County Clerk Kenny Tabb and Susan McCrobie and Meranda Caswell from his staff. Elizabethtown attorney John Scott also assisted in the research plus ample documentation found in the Kentucky State Archives and the University of California Berkeley's library.

While his cousin lived a relatively quiet, long life in New Mexico, Arnold returned to Elizabethtown with his share of the investors' money. He purchased a spacious brick home on the edge of Elizabethtown plus livestock, most of the home's furnishings and 34 acres for \$17,875.

He also bought part interest in a bank. In a dispute with a rival banker, Arnold was shot. While he survived the shoulder wound, he contracted pneumonia while recuperating and died in February 1979 at age 49.

One lasting symbol of his influence here stands on the northwest corner of Public Square. Arnold's bank built the two-story structure that still stands some 140 years later. Now housing the Moulton and Long law offices, the Historical Society's commemorative marker explaining the swindle will be erected this year outside that building.

Similar to an existing marker across the square that describes the Civil War battle in Elizabethtown, this wayside marker will include descriptions of the historic hoax plus archival photos of buildings, documents and the infamous Philip Arnold.

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