

# GEORGE GRAHAM RICE: PIRATE OF PROMOTION

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Strange thing happened the other day. I stumbled onto a mystery. One surrounding a notorious confidence man. His name--George Graham Rice. An expert ad writer. A charismatic speaker. A "sharper" of the highest caliber when it came to gold and silver mines. But most of all, a brilliant pirate of promotion.

His life up until 1936 was well documented. News items about or by him appeared in the *New York Times* regularly. Also in the *Goldfield News and Weekly Tribune*. As well as *The Mining Investor*, *Mining & Metallurgy*, and *The Engineering and Mining Journal*. That's because Rice's activities were constantly newsmakers. That is, every activity except his death.

For over 30 years, Rice made news from San Francisco to New York. His promotional schemes were the rage of the stock markets--literally. His defiance of powers greater than he legendary. The millions he made and lost astounding. And the court battles--too many to list. But his death, well, that's a complete mystery.

Rice was born in New York in 1871, and given the name Jacob Simon Herzig. He first made news in 1890, when at age 19, he was convicted of larceny and sent to the Elmira reformatory for two years. Rice learned a lot at Elmira. Enough to get himself convicted of forgery in 1893, and sent to Sing Sing for a six year term.

He was released in 1897, and after that changed his name to George Graham Rice.

Under the corporate name of Maxim & Gay, Rice started a tipping service on horse racing. His ingenious schemes and seductive advertising netted his company \$1.5 million in its first two years. Problem was, he was a sucker for his own illusions. Rice spent his income just as fast as it came in.

He spent it mostly on gambling. And on clothes. Fashionable suits he often changed up to four times in a single day. And he spent it on advertising, and promoting his own schemes.

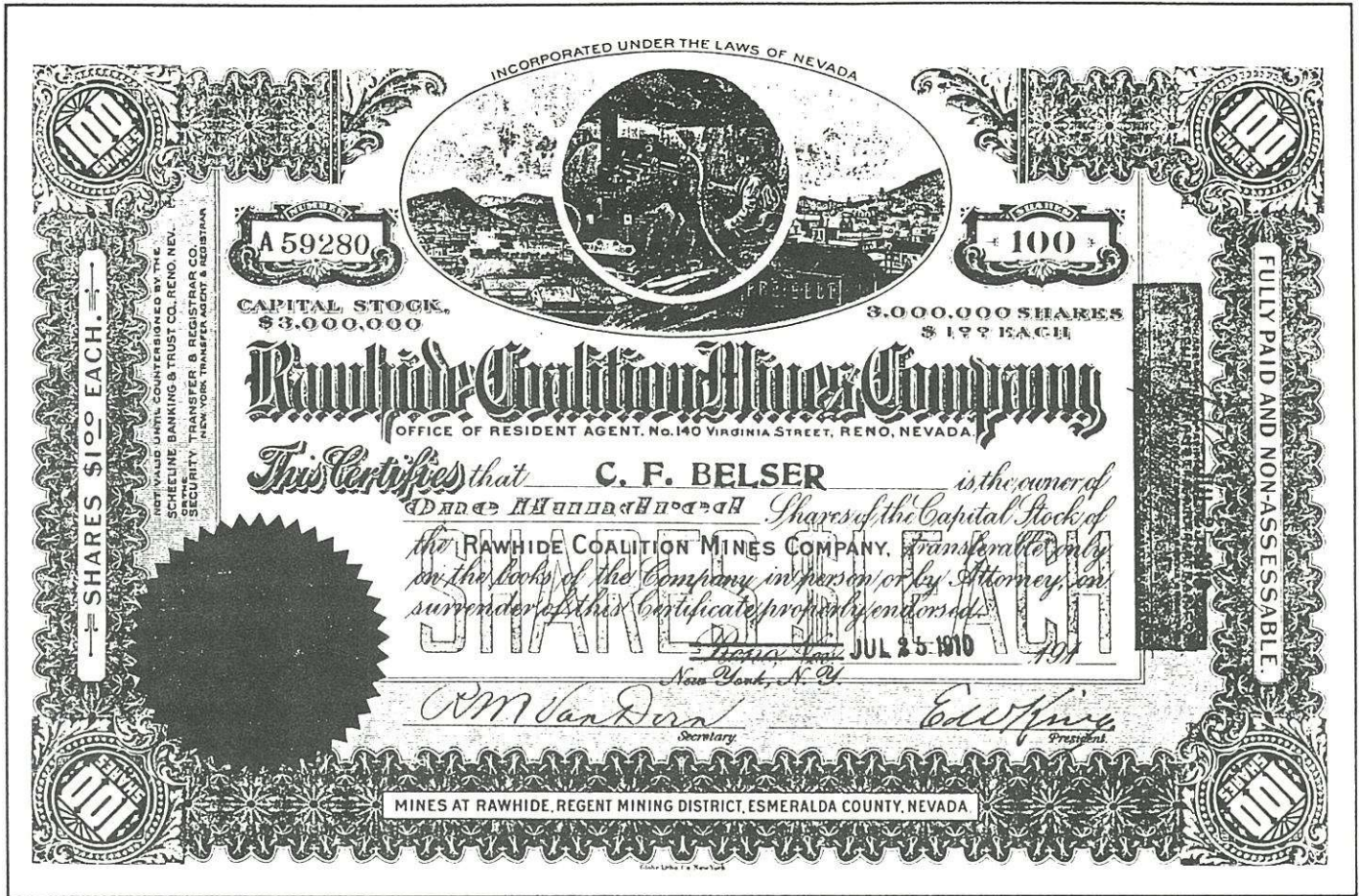


GEORGE GRAHAM RICE

And on disposable luxuries. And in other flamboyant ways that made him generally innocuous to those who disliked him.

But "dislike" is a mild word. His critics detested him. And he knew it. So, Rice went out of his way to step on their toes. Especially those enemies who had more power and money than he. What a fatal flaw. But it made him news.

Look at George Graham Rice in Goldfield, Nevada. He moved there in 1904, after the U.S. Postal Service initiated a relentless investigation of Maxim & Gay for mail fraud. The investigation bankrupted Rice and his company. So, with less than \$150 in his pocket, Rice left New York and horse racing to get involved in gold mining. Once in Nevada, he opened the Goldfield-Tonopah Advertising Agency. By the summer of 1905, Rice was \$65,000 richer.



How did he do it? With "news" he wrote himself. Enthusiastic stories about the mines of Goldfield and Tonopah. Tales of astonishing riches and the ease with which they were had. Tales that not only graced the headlines of every Nevada newspaper, but those in California, Colorado, and Utah, too. These stories drew in investment capital from the eager public who were just waiting to be "trimmed." Investment capital purported to be used for developing the newly discovered goldfields of central and southern Nevada. Capital that generally went into Rice's pocket. And then to the faro table in "Larry" Sullivan's Palace Club.

Now, "Larry" Sullivan--he's a character worth mentioning here. Sullivan liked Rice. And for good reason: Rice spent a lot of money in his saloon. But Sullivan also liked the way Rice so easily came up with cash. They teamed up on a Manhattan, Nevada, property in 1905--the Jumping Jack Mine--and within weeks made \$250,000. Such gambling was definitely more lucrative than faro tables. Besides, the way Sullivan saw it, there was no gambling with Rice's promotions. They were always slanted

toward his wallet. So, the firm of L.M. Sullivan Trust Company was established, and Rice was once again in the news.

Soon, the Sullivan Trust was promoting mines in Goldfield, Bullfrog, and Manhattan, Nevada, as well as properties in Greenwater, California. The Company's payroll quickly grew to \$50,000 a month. And, oddly enough, seven of the Trust's mines actively produced gold.

All looked prosperous for the Sullivan Trust in 1906. Only, Rice, feeling somewhat heady, started knifing the Goldfield power structure. Thumbing his nose at Nevada Senator George S. Nixon and wealthy mine owner George Wingfield. Not a smart thing to do, considering Nixon's powerful connections in Washington, D.C.

Of course, Nixon and Wingfield rebelled. In January 1907, due to legal and financial pressure levied by Nixon and Wingfield, the Sullivan Trust collapsed. Rice and his partners lost millions. However, they made exquisite headlines all over the country. Failure of the Sullivan Trust, atop a prolonged labor strike, sent the Goldfield stock market into a tailspin, one from which it never fully recovered.

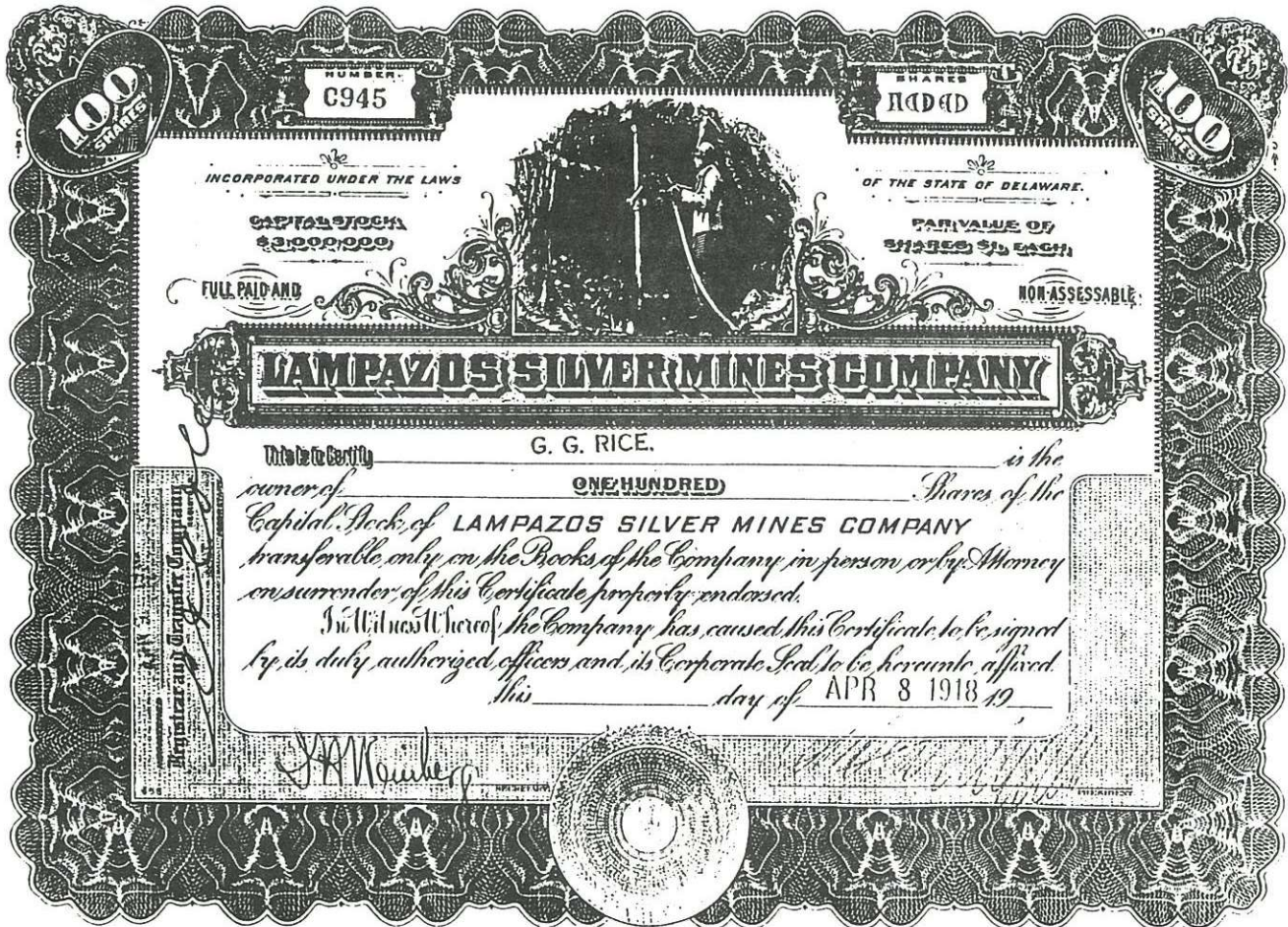
Once again, Rice left his failure just ahead of authorities. He was seen in New York for a time. But it wasn't long before he returned to Nevada--Wonder, Nevada. To promote the Rich Gulch Wonder Mining Company. This property, however, turned out to be a miserable failure even for Rice. So, Rice moved on to Reno where he financed the *Nevada Mining News*.

This publication renewed his tirade against Nixon and Wingfield, targeted not only their mining, but also their banking operations in Goldfield. And, once again, Nixon used his influence to crush Rice. Right after the sudden demise of the *Nevada Mining News* (August 1907), Rice was off to Mexico. Tidy exit. But not the healthiest place to go at the time.

There was a hasty return to Nevada at the beginning of 1908. This time, Rice set up a partnership with noted comedian, Nat C. Goodwin. Together, they ran Nat C. Goodwin and Company and B.H. Scheftels and Company. They promoted the Rawhide Coalition Mines in Rawhide, Nevada, as well as managed the *Mining Financial News*. Money began to flow again. In fact, Rice generated millions of dollars with this starlit partnership. So, it was long before the U.S. Postal Service noticed Rice and revived its investigation of his operations.

What really got him in trouble, though, and made him red-line news was his management of the Jumbo Mining Company of Goldfield. This company owned the Dick Bland, Gold Wedge, Paloverde, and Vinegarroon claims. They were moderate producers, but the Paloverde and Vinegarroon sat right in the middle of Senator Nixon's and George Wingfield's plan for the enormous Goldfield Consolidated Mines Company. And Rice wasn't about to let them have those claims for nothing. Nixon, quite tired of Rice, employed some of his most vindictive muckrakers to shut down Nat C. Goodwin and Company. After all, there was a \$50 million consolidation at stake. And two fractional claims weren't going to stop Nixon and Wingfield.

Suddenly, all sorts of indictments from the U.S. Postal Service rained down on George Graham Rice. He was imprisoned and his operations bankrupt. While awaiting trial, Rice wrote a memoir called, *My Adventures With Your Money*, which implicated Nixon, Wingfield, the Guggenheims, John Hays Hammond, Charles M. Schweb, and a host of others in all kinds of stock scandals. The publication didn't stop Rice from serving a year at Blackwell's Island (1912).





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And another prison term after that didn't stop Rice from working up any more stock promotion schemes. Several years after his release, Rice was in Jerome, Arizona, promoting the Monster Chief Mining Company (1916). Then, he was in Salt Creek, Wyoming, pushing the Rice Oil Company (1918). And, in Broken Hills, Nevada, touting the Lampazos Silver Mines Company (1918).

In July 1918, more indictments for larceny and mail fraud were filed on him. In February 1919, Rice filed bankruptcy. On January 31, 1920, more larceny charges were filed against him in New York. The federal government estimated that between the years 1916 and 1918 at least \$35 million had passed through Rice's hands. But where was it?

Rice was convicted of larceny in 1920, but he didn't serve any prison time. That same year, he was in Salt Lake City, Utah, promoting his Bingham-Galena Mining Company. In 1921, he was in Rocky Bar, Elmore County, Idaho, making news with his Idaho Gold Corporation. And that's how it went for Rice throughout most of his career. Promotions. Millions. Indictments. Convictions. Prison terms. Bankruptcies. Back to promotions--and the cycle started again.

Atlanta Penitentiary had Rice in 1930. While serving time there, the federal government tried him for tax evasion. He beat these charges while acting as his own attorney. Released from Atlanta in 1933, he was once again off to Reno to promote the Halifax Mine of California, and Buckskin National of Humboldt County, Nevada.

IN 1934, Rice made news with *The Financial Watchtower*. Federal authorities watched Rice carefully for months. Watched his promotions in the *Watchtower*. Watched his operations in connection with the International Silver and Gold Corporation. They worked quietly, patiently, and shrewdly this time because they wanted to put Rice away forever.

November 1936: federal authorities froze all of Rice's operations. Rice was charged with fraud and several violations of his probation. It was the last time Rice would make the news.

Rice suddenly disappeared.

His name no longer appeared in the *New York Times*. No longer appeared in connection with any mining promotions. No longer appeared on mining newspaper mastheads, nor on stock certificates. George Graham Rice was gone.

In August 1939, *Mining & Metallurgy* mentioned briefly that Rice had been reported as running a cabaret in Milwaukee. Even this report was considered questionable. But it was all anyone could ever surface on Rice after 1936. There were no more indictments. No more trials. Not even a death record. A wild chapter in Western American mining history had abruptly ended. Its main character vanished from the page without resolution.

"What is the lesson of my experience--the big broad lesson for the American citizen?" Rice wrote in *My Adventures with your money*. "This is it. Don't speculate in Wall Street. You haven't got a chance. The cards are stacked by the big fellows and you can only win when they allow you to."

Once again, the call goes out for any information on George Graham Rice. What happened to him after 1936? Where did he go? Did he ever get back into stock promotions? Did he leave a family behind him, or a fortune? And most important, where and when did he die?

If you have any documented information about George Graham Rice, please contact the author at: Syzygy Gold Mining Co., P.O. Box 465, Victor, CO 80860-0465, or through the editors of the *MAC*.