

THE GREAT WHISKEY RING

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Cape Girardeau, Missouri

1938

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Submitted to the Department of History
Oklahoma Agricultural and Mechanical College

in partial fulfillment of the requirements

for the degree of

Master of Arts

1940

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PREFACE

In the preparation of this thesis the writer has made a conscious effort to present objectively the history of the Whiskey Ring under President Grant's administration; exposure and the conviction of Ring members, and the extent to which President Grant went to protect his private secretary, Orville E. Babcock.

The writer wishes to show appreciation for the courtesies extended by the staffs of the libraries where this research has been conducted, Oklahoma Agricultural and Mechanical College and the St. Louis Public Library; also to the State Historical Society of Missouri; and to other persons who have made this study possible, he expresses his gratification.

L. E. G.

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Chapter I
THE RING ORGANIZED

Fraud and evasion of the whiskey tax had its inception with the passage of the first excise duty levied on spirits by Congress in 1791. From that date until the exposure of the "Great Whiskey Ring" in St. Louis in May, 1875, various attempts had been made to evade payment of the government revenue on distilled whiskey.

From 1828 to 1862 no difficulty existed between the government and the distillers. During that period no direct tax was levied on the manufacture or sale of spirits. With the outbreak of the Civil War and the need for increased revenue to support the Union army, Congress placed a tax on spirits to raise a part of the necessary amount. In the succeeding years of the war this tax on whiskey was increased.¹ This accentuated the desire of the distiller to evade the collection of such duty.

Under the first tax of twenty cents per gallon, imposed July 1, 1862, there was probably no very great fraud perpetrated. As yet, a systematic way in which to evade the government tax had not been worked out. Persons in the employ of distilleries did not fully understand how this could be done successfully.

¹In addition to the tax directly imposed on the distilled spirit, the United States from the first imposed a number of other collateral taxes, i. e., license-fees and permits, on the business of producing, refining, and vending of spirits. David A. Wells, Practical Economics, 194.

The tax levied on July 1, 1862, continued in force until March 7, 1864, when the rate was advanced to sixty cents per gallon. Less than four months later, on July 1, 1864, the rate was raised to \$1.50 per gallon, and on January 1, 1865, advanced to \$2.00 per gallon. In addition to these specific duties, heavy additional taxes on the mixing, compounding, wholesaling, and retailing of spirits were also imposed in the way of licenses.² The heavy tax encouraged distillers to seek safe methods to avoid payment.

Several devices were used. One method was to locate the receiving cistern and the rectifying establishments in different buildings, and to connect them by running secret pipes underground thereby avoiding the payment of government tax. Another method was the forging of brands on barrels certifying to inspection and tax payment. This could be accomplished readily, as branding was done merely through the use of stencil plates and forgery was difficult to detect. A third means of fraud was accomplished through securing permission from the gaugers and internal revenue officers to remove spirits from the distillery to a bonded warehouse, in anticipation of the payment of tax on spirits. Even more common was the simple arrangement whereby the distiller was permitted to ship double or treble the amount actually entered on the stubs of the revenue stamps. During 1874 and 1875 practically every full barrel of whiskey shipped by Bevis,

²Ibid., 160.

Frazier and Company, as well as the other large distilleries of St. Louis, called for stamps for only a five or ten gallon package. At Chicago the favorite method used permitted stamps to remain intact on the barrels. These barrels were returned to the distillery, refilled and reshipped until either the barrels or the stamps were worn out. Roelle, Junker and Company received 11,000 empty barrels with the stamps intact between January 4, 1874, and May 10, 1875. These barrels which were refilled and reshipped, contained over 700,000 gallons of "crooked" whiskey and deprived the government of \$650,000 in revenue alone.³

During the latter part of the Johnson administration the public began to suspect that "rings" were active in several of the larger cities in evading payment of the whiskey tax. In 1867, Mr. Cobb, Representative from New York, submitted a bill to the House of Representatives instructing the Joint Select Committee on Retrenchment to investigate alleged whiskey frauds in the city of New York. Representative Cobb had reason to urge investigation within his state for at the time consular certificates of spirits exported were made merchandise, and obtained without difficulty.⁴

Representative Spalding led the opposition against the bill; the investigation was never made and the collection of the whiskey tax remained a problem until 1868 when Congress passed an act reducing the tax per gallon on distilled spirits.

³St. Louis Republican, January 8, 1876.

⁴Congressional Globe, 40 Cong., 1 sess., 779.

This temporarily solved the problem but with even a small tax there was a certain amount of illicit distillation. However, this was of a negligible nature and ceased to attract the attention of the reform element. There were other affairs of the Johnson administration on which to focus the spotlight. Corruption in the revenue office was out of the eye of the public until brought to light by the scandals of the Grant administration.

With the election of General Ulysses S. Grant in 1868 organized fraud began to take form. This was greatly increased by the general removal and replacement of revenue officials at the outset of his first administration.

President Grant gave little attention to the appointment of men to these positions.⁵ Revenue jobs were considered "political plums," to be given to friends and to be used as a means of strengthening party machinery. The president made his appointments with such considerations in mind. As a result of the utter disregard of qualifications, several men with little ability were placed in the responsible position of revenue collector; pledged only to the support and organization of the Republican party.

One of the appointees of this type was General John McDonald, whose appointment came about by chance. While in Washington on personal business, he had conferred with President

⁵It is said that President Grant generally gave more attention to the ability of a man in horsemanship than to aptitude necessary to the fulfillment of office.

Grant and in conversation mentioned that several friends in St. Louis had requested that he make application for a supervisorship.⁶ The President assured General McDonald that if he should ask for the job the appointment would be made.

General McDonald's service in the Civil War and later as a claim agent brought him into contact with many of the leaders of the Republican party. McDonald's warm personality gained the friendship of these men and they asked that his appointment be made as a revenue officer for the government. Among these men were General William T. Sherman; Alexander McDonald, United States Senator from Arkansas; Samuel C. Pomperoy, United States Senator from Kansas; E. V. Stanard, Lieutenant Governor of Missouri; Nathan Cole, Mayor of St. Louis and others. On October 5, 1869, McDonald was issued a commission as Supervisor of Internal Revenue.⁷

There was a strong faction, led by Carl Schurz and Charles Drake, which opposed his appointment. In addition to Republican leaders it included members of the Union Merchants' Exchange and leading business men of St. Louis. These men received word of McDonald's commission October 7, and immediately sent a telegram of protest to Secretary of the Treasury G. S. Boutwell. They asked that he withhold the commission

⁶McDonald had gone to Washington to see President Grant and to ask him for a note of introduction to Jay Gould and Jim Fisk, president and manager, respectively of the Erie Railroad, in an attempt to collect claims against that road for loss of a trunk containing valuable papers when the Erie train burned at Mast Hope, Pennsylvania.

⁷General John McDonald, Secrets of the Great Whiskey Ring, 19-25. The McDonald book is in some respects inaccurate. The citations made from this book have been checked and found to be in accord with Government Documents.

of General McDonald until he should have received a letter from that group, as they regarded McDonald's appointment as highly prejudicial to the interests of the government.⁸ The following is a copy of the letter.

Eastern District of Mo.,
U. S. Attorney's Office.

St. Louis, Oct. 7, 1869.

Hon. George S. Boutwell, Secretary of the Treasury,
Washington, D. C.

Sir: We have to-day learned, by the telegrams of our daily papers, that John McDonald, of this place had been appointed Supervisor of Internal Revenue, and assigned for duty to this district. We beg leave to assure you that the reputation of this man, and his associates, are such that he can bring no moral support to the Government in the enforcement of the Internal Revenue Laws, and that it is quite certain that his qualifications, natural or acquired, are such as render the appointment an unfit one to be made.

We believe that, by his being placed in so important an office, the collection of the revenue will be retarded, and the combinations which have heretofore existed against the Government, will be re-established.

C. Schurz, U.S.S.,
D. P. Dyer, M.C.,
Jno. W. Noble, U.S. Att'y.,
C. A. Necomb, U.S. Marshall

Letters and telegrams of protest were of no avail. On February 14, 1870, McDonald received an order from Secretary of the Treasurer Boutwell, giving him the Missouri District formerly held by Marr, which included Missouri, Arkansas, and the Indian Territory, with headquarters in St. Louis.¹⁰ McDonald was an admiring observer of Gould's and Fisk's mo-

⁸Ibid., 25.

⁹Ibid., 26.

nopolistic forays and had the acumen to extend his operations in the same manner. This appointment gave impetus to corrupt organization to evade payment of the whiskey tax.¹¹

At the time of McDonald's appointment, William McKee was co-owner of the Missouri Democrat, a strong St. Louis newspaper. Nominally a Republican leader in politics, McKee had fallen out with President Grant and was supporting the Liberal Republican activities. He had attacked President Grant in his newspaper because of the manner in which appointments were made in the St. Louis district. McKee demanded the removal of Ford, the district collector of revenue at St. Louis. As long as Ford held this position McKee had no influence in making appointments.¹²

Late in 1870, McKee discovered evidence of fraud on the part of Ford. With this information, he immediately changed his position as to the dismissal of Ford. He realized that Ford could be used to advantage in his present position and through threat of exposure Ford came to an understanding with McKee. Along with McDonald these men evolved the plan of an organization to evade the payment of a government tax on whiskey.

General McDonald's influence over the President was an

¹¹ Mathew Josephson, The Politicos, 134.

¹² McKee had never approved of Ford and had asked President Grant that his brother Henry be appointed collector. William Grosvenor, The Grosvenor Letter, in McDonald, op. cit., 39: William Grosvenor was a member of the editorial staff of the Missouri Democrat, a newspaper owned by McKee. His writing, The Grosvenor Letter, is a 43 page pamphlet giving details of McKee's work in organizing the Whiskey Ring. This is incorporated in a section of McDonald's book.

important factor in the early success of this organization. Because the two senators from Missouri, Carl Schurz and Frank P. Blair were in opposition to the Grant administration, and because of his personal friendship with the President, McDonald was able to secure for McKee and himself control of all federal appointments in the Missouri district. Two other men, Conduce G. Magrue and John A. Joyce, McDonald's private secretary, were to play a prominent role in the origin of the Ring.¹³ Magrue was added to the Ring because of his experience in Cincinnati and other places in managing similar projects. His job in St. Louis was to make arrangements for the collection of assessments on distillers.¹⁴

The seventy cents tax on the manufacture of illicit whiskey was to be divided between the officers and distillers. The distillers kept an account of all illicit whiskey that was manufactured and every Saturday a report was made to Magrue, collector of the Ring, and the division of spoils was effected. According to a plan arranged, thirty-five cents on the gallon of illegally manufactured whiskey was divided between the distiller and the rectifier. The other thirty-five cents was paid to Magrue each Saturday evening. It was taken to the office of the supervisor of internal revenue and there divided into various packages and distributed among the

¹³ John M. Secrist, a Chicago distiller was first asked to come into the Ring and aid in the organization. He refused and they called Magrue from Cincinnati. St. Louis Republican, January 5, 1876.

¹⁴ McDonald, op. cit., 32-35.

members of the Ring. One-fifth of the money went to McDonald, one-fifth to Joyce, and one-fifth was kept by Magrue. The remaining two-fifths of the amount of money collected was placed in an envelope and given to John Leavenworth. He delivered this envelope to McKee and he in turn paid a part of that money to other members of the Ring. During the twelve months in which this arrangement was carried on without interruption, from November 1871 to November 1872, four distilleries were in operation and they paid to each of the five members of the Ring between \$45,000 and \$60,000.¹⁵

All of the Ring's activities were carried on under the pretense of building a slush fund for President Grant's re-election in 1872. Some of the money did go into the Republican campaign coffer, but a large part remained in the hands of members of the Ring.¹⁶ The vote of 1870 when B. Gratz Brown, a Liberal Republican, was elected governor of Missouri, showed that an extensive effort must be made if Grant were to carry that state in 1872. The Republican leaders realized that if the President were to be re-elected, he must receive

¹⁵House Misc. Doc. No. 186, 44 Cong., 1 sess., 31.

¹⁶For years the Internal Revenue offices at St. Louis was something of a national center for party politics. At moments the whole Western wing of the Republican Party practically subsisted upon its parasitic suborganization in the whiskey trade. Faced with a close campaign, a senator would telegraph to McDonald's headquarters for new levies upon the distillers, so that a congressional district should not be "lost" or so that even a state might be "saved." In 1872 thirty thousand dollars was said to have been sent at one time by H. T. Blow, United States Representative from Missouri, to Indiana for use in the Republican campaign. McDonald, *op. cit.*, 51.

the vote of the western states. The Republicans hoped to accomplish this through control of newspapers.

Through the activity of General McDonald, the Herald at St. Joseph, Missouri, and McKee's Missouri Democrat supported President Grant. The Herald was won over by making attractive promises to the co-owners of the paper, Colonel Bittinger and C. B. Wilkinson. The paper was given certain federal patronage and Colonel Bittinger was promised a consulship to some city in England. Wilkinson was given \$10,000 as settlement of a claim against the government. In addition to these seductive promises, Colonel Bittinger was placed in a position by which he might be a beneficiary of a fund created through illicit distilling in St. Joseph.¹⁷

Early in 1872 the Missouri Democrat was forced to sale under order of the court for dissolution of partnership, and McKee and Daniel M. Houser were bought out by George W. Fishback and O. A. Hasselman. The Ring needed a newspaper as an organ to control public opinion and McKee needed a paper as a reason for continued payments to him. Accordingly, the Globe was established by McKee and Houser. The Ring functioned smoothly and McKee was well paid for "appropriate" editorials. For a time he received from the Ring over \$1,000¹⁸ a week for the use of his newspaper.

The first money derived from illicit distilling was collected in September, 1871. It was in this month that Magrue

¹⁷Ibid., 36, 37.

¹⁸Walter A. Kelsoe, St. Louis Reference Record, 132.

appeared in St. Louis and put the machinery into operation. The amount of assessment placed upon the distilleries each month depended upon the sum demanded by General Babcock, Grant's private secretary (referred to as "the man in the country") for division among the administration conspirators, and the sum necessary for local purposes. In addition to the regular amount gathered by the Washington segment of the Ring for protection, agents often were sent from Washington by General Babcock for the sole purpose of blackmail. Hogue, Brasher, and other government revenue agents appeared in St. Louis at different times for the sole purpose of frightening the St. Louis distillers into payment of large sums of money for their silence. More than \$100,000 was paid out by distillers for this purpose.¹⁹

The Ring steadily extended its sway by securing appointments favorable to it, and by placing men on important committees in Congress. In 1871, John W. Douglass was appointed Commissioner of Internal Revenue in Washington. William O. Avery was placed as Chief Clerk of the Treasury Department to give his assistance when necessary. Joe Fitzroy, James H. Concannon, John Leavenworth, Henry Hardaway, Charles Hardaway, and Douglass Thrope took their place in the Ring.²⁰ The Whiskey Ring maintained a lobby which succeeded in having certain

¹⁹McDonald, op. cit., 54.

²⁰Ibid., 57.

bills introduced in Congress, and in instances passed.²¹

The Whiskey Ring did not confine its operations to St. Louis but extended activity to several other important cities. In New Orleans a large Ring was in operation under the supervision of James N. Casey, Collector of the Port of that city. The Ring formed contacts in the other more important distillery centers, such as Milwaukee, Chicago, Peoria, Cincinnati, and Indianapolis, and hence working agreements with Federal men and politicians holding sway over those districts. As in St. Louis the collusion of government officers, distillers and rectifiers resulted in evasion of payment of revenue tax.

Daniel W. Munn, supervisor of internal revenue in Wisconsin and Sylvester J. Conklin, internal revenue agent were the leaders of the well-knit organization in Milwaukee.²² August Weishardt, deputy collector, and Fitzgerald, Moller, Taft and Raddis, gaugers, and Bemis and Valentine, store-keepers were other prominent members.²³

As in St. Louis there was no fixed sum to be paid each month but government officials permitted distillers to run

²¹For example, on March 3, 1875, a bill was passed by Congress raising the rate on spirits from 70 to 90 cents per gallon. This bill had its genesis with the Ring and its members successfully advocated the passage of the bill, through a desire to make their work more profitable and make temptation to the distillers more effective. The Ring lobby was so effective that the bill met with little opposition, only Congressman John Sherman and Secretary of the Treasury Benjamin H. Bristow vigorously opposed its passage. Wells, *op. cit.*, 225.

²²Munn accepted bribes from Wirth and Nunemacher, Milwaukee distillers, because he needed money badly to pay a mortgage on his home in Chicago. House Misc. Doc. No. 186, 44 Cong., 1 sess., 180.

²³House Misc. Doc. No. 186, 44 Cong., 1 sess., 153-174.

illicitly and pay as much as possible. All payments to gaugers and storekeepers were made in greenbacks to eliminate the danger of exposure through the tracing of checks. After the gaugers and storekeepers had taken out their share, usually \$150 to \$300 a month, the balance was passed on to higher officials. Mr. Rindskoph, a redistiller and rectifier of high wines and whiskeys, alone paid between \$50,000 and \$75,000 to the Ring for the privilege of running illicitly over a period of three and one-half years.²⁴

Daniel Munn was also supervisor of internal revenue for the sixth district of Illinois. Along with H. B. "Buffalo" Miller, Hessing, and Rhem, prominent politicians in Chicago, an effective and lucrative arrangement was made to evade the payment of revenue due the government. J. A. Morris, owner of one of the larger distilleries in Chicago corruptly paid collector Weeks \$500 a month for this privilege. Gauger B. B. Graves was paid in the aggregate two thousand dollars and Rossiter, a freight agent at the Morris distillery was paid three hundred to make secret shipments of his wines. Payment to others within the organization varied.²⁵

The magnitude of the Ring made it practically impossible for a distiller to operate honestly. There wasn't an officer in St. Louis before whom an honest distiller could go and get the "crooked" manufacturing of whiskey stopped. The

²⁴Ibid., 147.
²⁵Ibid., 412.

power that controlled appointments forced officials to such an agreement.²⁶ Distillers were forced to join the Ring and pay their assessments. Coercion, however, was necessary only in rare instances. Most of the distillers paid with little objection because of the opportunity for additional profit and because members of the Ring supposedly used the money collected from them to aid Grant in the presidential election of 1872. Once they were in the Ring they were forced to keep quiet under threat of being sent to the penitentiary for defrauding the government. When assessments became so high that some distillers threatened to shut down, they were told they would be prosecuted if they should do this. The owners felt that to operate dishonestly was the only way out.

Leopold Wirth, owner of the Menomnee Distillery in Milwaukee, who made contributions to the Ring that he might run illicitly, said,

In the first place, the Government hooks a little from the distiller in the measurement; then the distillers try to get even with the Government--they have not got anything for themselves yet; then the officers want to get something for themselves, and then the politicians want to get something to grease the wheels, and so you have to do so much fraudulent business. For instance, if a man wants to make \$25,000 a year out of a million dollars, he has got to steal \$75,000 and keep \$25,000, and the rest goes to officials and politicians,²⁷ and to the Government on incorrect measurements.

In St. Louis it was the same story. The Ring having good connections in Washington could force collections. Colonel

²⁶ St. Louis Daily Times, January 29, 1876.

²⁷ House Misc. Doc. No. 186, 44 Cong., 1 sess., 153.

William Grosvenor, editor of the Missouri Democrat at the time of the organization of the "Whiskey Ring" tells how certain distillers were forced under pressure to join. He says:

But more than one distiller has told me how he was induced to contribute, and how, if he objected to fraud, he was forced to choose between participation with the Ring or bankruptcy. Colonel Ford was at that time collector and Mr. Concannon, who has since made his peace with the Government, by testifying, I believe, was deputy in the collector's office. If distillers, or rectifiers, declined to act with the Ring, care was taken, first, to entrap them in some apparent or technical violation of the law, which, by pre-arrangement among officials, was detected at once in some cases, before the distillers or rectifiers had time to discover that the "crooked" stuff was on their premises. Then their establishments were seized, and they were told to see Mr. Ford. When they saw Ford, they were told to go to Concannon. When they went to Concannon, they were told they could arrange by seeing John Leavenworth. When Leavenworth had explained matters, they perceived that if they did as he desired then, there would be no trouble; if not, they would be prosecuted and convicted for violation of law, and bankruptcy would be inevitable.²⁸

The ostensible aim of the organization was realized when President Grant was re-elected in 1872. This greatly weakened the Ring, and since they had no guise for which to collect money it appeared that the organization would disband, but authorities within the Ring exerted themselves to prevent this. McKee and others realized the opportunity for continued graft. A plan was then devised for creating a fund to advance Grant's third term aspirations.

²⁸Grosvenor, op. cit., 41.

The organization of the Ring was improved month by month, and its position assured. The leaders of the Ring that met in McKee's office of the Globe were in constant communication with General Babcock. Because of the danger of their acts being detected, letters and telegrams written by Babcock were signed by the names of Houghton, Brown, Bull Finch or some other pseudonym. These letters and telegrams were addressed as personal mail to Major E. B. Grimes and he delivered the message to the Ring. The place where the letters were written was omitted to avoid detection in case they should fall into hands of detectives. Many of the letters and telegrams between General Babcock and McDonald were so phrased that in case they should be intercepted they could be use to their advantage.²⁹

The Ring openly boasted that it had a power at Washington which could not be resisted or broken. It was absolutely fearless of exposure. Members spent money lavishly. They purchased expensive summer homes and rented luxurious suites in the finest hotels for their families. Diamonds which official salaries would not justify were purchased, and worn by members without the slightest attempt at concealment.³⁰

President Grant attended the Fair at St. Louis in October, 1874. When he arrived on the evening of October 5, accompanied by Mrs. Grant, and their daughter, Secretary of the Navy A. E. Borie and General Babcock, ten old friends and Federal officials

²⁹ Ibid., 63.

³⁰ Grosvenor, op. cit., 45.

were at the station to meet and welcome the party.³¹ Special attention was given the President by members of the Ring. During the group's visit in St. Louis they were entertained royally and had the use of one floor of the Lindell Hotel as guests of General McDonald.

The Ring lavished gifts upon the President, who was never able to see the impropriety of accepting presents from those who were in a position to benefit from his favors. Knowing that President Grant was very fond of horses, General McDonald arranged to have him drive a fine team he had purchased for that particular purpose. When President Grant showed pleasure at the performance of the team McDonald gave it to him as a present. McDonald and Colonel Joyce also purchased a buggy and a buggy whip which cost \$25.00. A gold breastplate was made for each horse on which the President's name was engraved. These were paid for in the president's name. When McDonald went to Washington later, he asked that the President give him a small sum of money so that should President Grant be asked where he got the fine team he would be able to say that he had purchased the team from General McDonald. President Grant then gave McDonald a \$10 note and McDonald returned \$7.00 in change. Thus for \$3.00 the President obtained a \$6,000 outfit.³²

³¹Of the ten old friends and Federal officials at the station to meet and welcome the Presidential party four of the ten were convicted of complicity in the Whiskey Ring and were sent to prison within the following year. Walter B. Stevens, Grant in St. Louis, 109, 110.

³²McDonald, op. cit., 102-109.

Even more personal hospitality was shown by the Ring to General Orville E. Babcock, the President's private secretary. While Babcock was in St. Louis, he was the object of the attentions of the most beautiful lady in the city, the glamorous Louise Hawkins, also known as "the Sylph." Her charms may be partly inferred from McDonald's striking description.

Her form was petite, and yet withal, a plumpness and development which made her a being whose tempting, luscious, deliciousness was irresistible. Most beautiful of face, with eyes of deepest azure, in whose depths the sun-beams seemed to gather, and the fires of love from flames of flickering constancy, seemed ever and anon to melt into love itself. Her hair was like threads of gold and silver blended, and when she loosed her locks they fell like the shimmer of sunlight, and quivered like the glamor the moon throws on the water. She was the essence of grace, distilled from the buds of perfection, and with a tongue on which the oil of vivacity and seduction never ceased running; she was, indeed, a sylph and syren, whose presence was like the flavor of the poppy mingled with the perfumes of araby.³³

General Babcock was also presented with a large diamond shirt stud which weighed nearly four carats and cost \$2,400.³⁴ Later when Babcock discovered that there was a flaw in the stone and showed some displeasure the stone was replaced by a finer one. In December of 1874, a box of the finest cigars was mailed to General Babcock and inclosed herein was a \$1,000 bill to keep everything "right" in Washington. In a short time General

³³ Ibid., 115.

³⁴ McDonald obtained the stone from James F. Thornton as security for a debt of \$500. He made a present of the diamond to Babcock before Thornton had an opportunity to redeem it. St. Louis Daily Times, March 13, 1876.

Babcock sent Colonel Joyce a letter stating that the excellent flavor of the cigars was enjoyed. William O. Avery received a letter from the Ring containing \$500, and smaller gifts were frequently given higher officials in Washington.³⁵

Complaints made at Washington charging that revenue officials were in collusion with distillers to defraud the government of revenue for the whiskey tax received little attention. In 1874, James B. Woodward, a lawyer in St. Louis, wrote to J. W. Douglass, Commissioner of Internal Revenue in Washington, stating that he had a client that would expose the activities of the Ring. He had information to prove that the quantity of whiskey shipped from St. Louis during 1871, 1872, and 1873 was fully three times the amount on which taxes had been paid in St. Louis. He had figures that indicated that the amount of grain purchased by distillers for the manufacture of whiskey was four times the amount that appeared on Government books. He had the necessary information to convict all gaugers and revenue officials in St. Louis of irregularities in the execution of their duties.

But from the White House the audacious Orville Babcock worked to protect the Ring. The leak was always through the President's office, where reports of complaints or intended inquiries were brought first of all under the eye of General Babcock.³⁶ The following answer to Woodward's letter shows the protection that the Washington segment gave members

³⁵McDonald, op. cit., 120.

³⁶Josephson, op. cit., 135.

of the Ring.

Treasury Department
Office of Internal Revenue,
Washington, Sept. 5, 1874.

Sir:

Your letter of the 19th ult., in regard to "Ring" affairs, as you designated them, was duly received...

On the strength of your former letters I sent a special agent to you in St. Louis to get information, but he returned, having seen you, and investigated the allegations for several days, without obtaining anything upon which to base official action.

Whenever you can feel assured that the instruments provided by law for the detection and punishment of these crimes alleged are trustworthy, I shall gladly co-operate with you; until then I do not see what more this office can do in the matter.

Respectfully,

J. W. Douglass, Com'r.³⁷

In the early part of November three revenue agents, Brasher, Yaryan, and Gavitt, came to St. Louis, secret advance notice having been sent to McDonald, and made an examination of the books of the distillers. In this investigation they found great irregularities, and positive proof of the immense amount of illicit whiskey being manufactured. In their report, instead of submitting the actual facts, they informed the department that they had discovered only technical violations of the law. While this made the distillers, rectifiers and wholesale dealers liable to punishment the agents recommended that no stringent action be taken.³⁸

The three agreed upon the nature of the report--Yaryan

³⁷McDonald, op. cit., 67, 68.

³⁸House Misc. Doc. No. 186, 44 Cong., 1 sess., 326-329.

understanding that Brasher would make a true report while the fact was that Brasher falsified the report in order to prepare the way for blackmailing the distillers. At a later date he came around and notified distillers that he was making a thorough examination. He had discovered gross violations of the revenue laws. It would be necessary to make a true report exposing the fact that the distilleries were running illicitly.³⁹ To stop this report, Brasher received a bribe of \$17,000 which influenced him to make the following report.⁴⁰

I have the honor to report that since my return here I have been engaged in making a thorough examination of the distilleries of "Bevis and Fraser," "R. W. Ulrici," "P. Curran," and M. Thompson," together with the rectifying establishments of "Bevis and Fraser," "Garnhart and Co.," "Bollman and O'Hara," "McCartney and Co.," "H. L. Downs," "Lange and Ben-ecke," and "Derby and Day," and in comparing their books with those of the United States Storekeepers, and the records in the offices of the Collector and Assessor of Internal Revenue in the district, that the result of this investigation has failed to disclose that condition of affairs, which was presumed to exist, from the statements made to me by persons claiming to possess most direct and positive information of the fraudulent distillation of spirits in this district, or from the irregularities which appeared on the examination based on this information, made in November last.

³⁹ According to Yaryan's testimony he had met Brasher at St. Paul and there Brasher had made the proposition of blackmailing the St. Louis distillers. Yaryan failed to agree to this proposal and at a later meeting at the hotel, Brasher agreed to make an honest report. The result of these two conferences was a misunderstanding. House Misc. Doc. No. 186, 44 Cong., 1 sess., 330.

⁴⁰ Ibid., 144. St. Louis newspapers stated that Brasher received \$30,000 from the St. Louis Ring alone for shutting his eyes during one of his last visits there and also sums from other quarters. St. Louis Republican, May 24, 1875.

I find the books of the distillers, rectifiers and United States Storekeepers to agree with the records in the offices of the collector and Assessor of Internal Revenue, and that they show the spirits distilled and rectified have been reported properly, and the taxes collected thereon....

As the information furnished me, as to the existence of fraud, depended, and I was assured, with no possibility of failure, on the books of these different establishments and the records in the Internal Revenue office for verification, and my informants have no further evidence to offer, I can but conclude that, whilst the irregularities, on the one hand, justified the suspicions of fraud, on the other hand corrections of the Internal Revenue records disproves it. In conclusion, however, I desire to remark that though it appears these irregularities were simply the result of negligence they, nevertheless, fully justified the investigation and that it remains with you to consider them, and the remedy which will prevent their recurrence in the future. I wish to acknowledge having received all the assistance asked for, from the different revenue officers of the district, during the investigation.⁴¹

A very big item in the Ring's expenditures was used for bribery. In addition to paying certain outside officials for protection, a sum of money was needed for use within the distilleries. It was dangerous to fire certain employees because of the danger of exposure. Bronson, a bookkeeper with the firm of Bevis, Fraser and Company, was discharged. When he threatened trouble he was persuaded to leave the state. Bevis procured an affidavit made by him saying that he knew nothing about any whiskey frauds. For this protection the distillery paid his wife between \$500 and \$600 each month during his absence.⁴² Yet, in the face of these dangers, the future of the Ring appeared to be bright.

⁴¹McDonald, op. cit., 83-86.

⁴²House Misc. Doc. No. 186, 44 Cong., 1 sess., 30, 31.

Chapter II

INVESTIGATION OF FRAUD

The Ring had no reason for worry so long as George S. Boutwell and William A. Richardson were at the head of the Treasury Department. When President Grant selected his cabinet in 1869 Boutwell was one of the first members to be chosen. His tenure as Secretary of the Treasury continued until 1873 at which time he was replaced by Richardson. Secretary Richardson served in a careless manner until the spring of 1874 when his connection with the Sanborn Contracts was brought to light.¹ This scandalous outrage presented before the House in March, 1874, forced Secretary Richardson to present his resignation.² General Babcock and other influential members of the Ring attempted to place Columbus Delano, then Secretary of the Interior, at the head of the Treasury Department but this scheme failed and Benjamin H. Bristow of Kentucky was handed the Treasury's portfolio June 1, 1874. This appointment met with general approval as Bristow was a shrewed lawyer, persistent in any undertaking and a man of high personal integrity. By his financial conservatism and vigor-

¹Richardson had appointed John Sanborn and Benjamin Butler as special agents for the government to collect delinquent taxes. It was a plain case of collusion between Richardson, Sanborn, and Butler. In two years Sanborn collected \$423,000 for the government in taxes--money which would have been paid without the aid of a special agent. For this work Sanborn received over \$200,000.

²House Report No. 559, 43 Cong., 1 sess., 1-322.

ous economics, Bristow within a few months attained national prominence. His zeal for reform was also noticed and members of the Ring for the first time became uneasy.

Shortly after taking office Bristow noticed that revenues from the whiskey tax were suspiciously small. When he read the annual report of the St. Louis Merchants' Exchange of 1874 he had reason to make investigation. This report gave the movements, receipts and shipments, of all distilled spirits in St. Louis during the previous year. Statistics had been issued with the honest motive of glorifying the importance of the city but were used by Secretary of the Treasury Bristow as a means of uncovering activities of the Ring. By comparing the receipts and shipments published in the report with the government reports of spirits produced and on which a tax had been paid in St. Louis, it could be seen that about only one-third of the total amount of whiskey had paid any tax.³

With the backing throughout the country of the Independents who had supported Horace Greeley in 1872, Bristow felt strong enough to attack the whiskey conspirators. He sent inspectors into the various districts to gather evidence. To Secretary Bristow the findings of these inspectors were a source of suspicion as the men always returned with satisfactory reports.

³David A. Wells, Practical Economics, 224.

Early in the summer of 1874 the Ring "slowed down" because of the suspicious activities of the Treasury Department. Joyce was sent to talk with General Babcock and find out the real situation in Washington. After an investigation he wrote the following telegram.

Washington, July 1, 1874

General John McDonald, St. Louis

Things look all right here. Let the machine go.

Joyce⁴

The distilleries then resumed their normal output. Secretary Bristow noticed this and in October, 1874, instructed revenue inspectors to visit the St. Louis district. Before they had reached St. Louis Orville Babcock knew of their purpose, and from the White House telegraphed the secret warning to the Ring.

Washington, October 19, 1874.

J. A. Joyce, St. Louis

Put your house in order. Your friends will visit you.

(Signed) Mac.⁵

Again in December, 1874, Bristow attempted to send inspectors into the district of John McDonald but an unseen hand moved against him. A telegram signed "Sylph" was sent by General Babcock to warn the Ring of Bristow's plan. On

⁴John McDonald, Secrets of the Great Whiskey Ring, 93.

⁵Ibid., 95. (This telegram was proved during Babcock's trial to be in his handwriting.)

December 13, 1874, he wrote, "I have succeeded. They will not go. I will write you." Later, when Bristow's men arrived to examine the records, everything was in marvelous order.⁶

General Babcock and other officials of the Ring in Washington were well paid for this information. As early as November, 1873, William Avery, chief clerk of the Treasury Department, had received a letter containing \$500 from the Ring. Leaders of the Ring frequently carried expensive gifts to Washington and placed them in the "proper" hands. Often the Ring provided a job for the son of some official in Washington that enabled him to attend an expensive private school in the east.⁷

Secretary of the Treasury Bristow was certain that information was "leaking out;" that irregularities existed within the department. He realized that it was practically impossible to unearth fraud in St. Louis while McDonald was at the head of that district, and in Chicago so long as Munn was revenue agent for the Illinois district. To break the grip that the Ring held in these districts, Secretary Bristow ordered that a change be made in the location and assignment of the ten revenue officers to the different sections of the country. This order issued on January 26, 1874, was to take effect on the following February 15. Secretary Bristow believed that

⁶House Misc. Doc. No. 186, 44 Cong., 1 sess., 11-30, 186.
⁷McDonald, op. cit., 93.

through such a change frauds, if they did exist, would perhaps be uncovered by reason of a lack of understanding between the distillers and the new officials. If there were just one honest supervisor, he would be able to detect the complicity of his predecessors and the manner in which the frauds were being perpetrated.⁸

Secretary Bristow planned to send Daniel Munn to New York, John McDonald to Philadelphia, John Brooks to Chicago, and bring new men into the Missouri district in this general shift of revenue officers. Richard Hawley and Alexander Tutton were appointed for St. Louis as each had had long experience in the detection of frauds on the revenue.⁹

When the Ring heard of this plan it immediately appealed to Washington for aid. Colonel Joyce again made a special trip to the Capitol to influence proper parties to revoke the order.¹⁰ This end was attained on February 4, when President Grant issued an order to J. W. Douglass of the Internal Revenue office suspending the transfer of Supervisors of Internal Revenue until further notice.¹¹

⁸G. L. Kirk, "Whiskey Ring Fraud," American Mercury, XXXIV (April, 1935), 480.

⁹House Misc. Doc. No. 186, 44 Cong., 1 sess., 479-81.

¹⁰McDonald, op. cit., 122.

¹¹Bristow was uncertain as to the advisability of this policy. Tutton felt that it would be a mistake to make a shift of revenue agents as Joyce, Munn and McDonald anticipated transfer and would bury all evidence so that no one could find it. He expressed this view in a conference with Grant shortly before the President revoked the order. House Misc. Doc. No. 186, 44 Cong., 1 sess., 439.

The revocation of the order was considered a triumph for the Whiskey Ring, and all parties engaged in stealing were encouraged by it. Secretary Bristow now realized two things: first, that fraud did exist, and second, that information was leaking from the department. He was aware that he could expect little help from others within his department and recognized that to obtain results he must work through other than ordinary official channels.¹² Secretary Bristow also had to contend with a concerted effort to secure his removal from the Cabinet. General Babcock, Benjamin Butler, and Secretary Delano of the Interior Department were the principal actors in this movement to shake the President's confidence in him and force his resignation.¹³ They were confident of success. At one time they named the day on which Delano would become Secretary of the Treasury and J. Russell Jones, General Babcock's uncle, would be offered the Interior Department.¹⁴ These men and other beneficiaries of the Whiskey Ring called on the President and painted a vivid picture of the Secretary's desire to become president. President Grant was led to believe that Secretary Bristow's real motive was to discredit the administration and that his fight for reform was just an indirect attack upon him. An investigation would weaken his

¹²Kirk, loc. cit., 490.

¹³Delano was afraid that Bristow might turn his attention to the Interior Department. It was also "rotten from top to bottom." Allan Nevins, Hamilton Fish, 764.

¹⁴William Grosvenor, The Grosvenor Letter, 45.

chances for a third term. The continued probing by Secretary Bristow might even lead to the defeat of the Republican party in 1876.¹⁵

From Maine and New Hampshire to Wisconsin "the strong men of the party" worked to undermine Secretary Bristow. An investigation would come too close to many of the leaders of the Republican party for them to want it pushed. In Chicago it would bring the Ring close to Congressman Charles B. Farrell and Senator John A. Logan of Illinois;¹⁶ in Milwaukee, to the doors of Matt Carpenter, United States Senator from Wisconsin;¹⁷ in San Francisco, to Senator Aaron A. Sargent.¹⁸ The investigation might also cause embarrassment to Senator Spenser of Alabama, and Stephen Hurlbut of the House of Representatives.¹⁹ Thus the investigation was checked in every way possible. Detectives were set upon Bristow and his trusted solicitor, Bluford Wilson, and every means was used to undermine their reputations.²⁰

Despite all obstacles the Secretary pursued the investigation relentlessly, and through outside help brought it to a successful conclusion. On February 8, 1875, George W. Fishback, proprietor of the St. Louis Democrat, wrote an office letter to his Washington correspondent in regard to various

¹⁵ Nevins, op. cit., 963, 964.

¹⁶ House Misc. Doc. No. 186, 44 Cong., 1 sess., 372, 412, 450.

¹⁷ Ibid., 145-322.

¹⁸ Ibid., 372.

¹⁹ Ibid., 517.

²⁰ H. V. Boynton, "Destruction of the Whiskey Ring," North American Review, CXXIII (October, 1876), 314.

matters then engaging public attention, and among them spoke of the activities of the Whiskey Ring in St. Louis. The closing paragraph of the letter read as follows:

There has been much talk of late of the fraudulent whiskey traffic in the West. If the Secretary wants to break up the powerful ring which exists here, I can give him the name of a man who, if he receives the necessary authority and is assured of absolute secrecy about the matter will undertake to do it, and I will guarantee success.²¹

Secretary Bristow assured the correspondent that the man would have protection but when he lost courage Fishback sent the information necessary for exposing the Ring and offered to superintend the work in St. Louis himself. He gave facts which showed that the revenue officers, distillers and rectifiers were banded together in active and successful efforts to defraud the government. The group included those in public service from the supervisor of internal revenue John McDonald, down to and including nearly every gauger and storekeeper, and every distiller and rectifier in the city of St. Louis.²²

Fishback made a special trip to Washington to give Secretary Bristow complete information. This trip, made in the latter part of February, shortly after the revocation of the order changing the supervisors of internal revenue, while known to members of the Ring was given little thought. Fishback gave the impression that he was in Washington looking after the improvement of rivers. This ruse was used only to

²¹Boynton, loc. cit., 282.

²²House Misc. Doc. No. 186, 44 Cong., 1 sess., 353.

deceive General Babcock and members of the Ring.²³

Since the Internal Revenue Service was plainly filled with corruption every precaution possible was taken to keep the investigation secret. Expenses of the investigation were paid, not from the revenue department, but, from a fund appropriated by Congress for the detection and punishment of persons engaged in counterfeiting and other crimes against the United States. Meetings of the investigators was held in some city other than Washington, usually in New York. All communication was handled by a new cipher that was devised by Secretary Bristow. Work of detection of the Ring was assigned to men other than those connected with the Internal Revenue Service because of corruption within the department and because it was believed that men from another department would not be under suspicion by members of the Ring. These men were selected with utmost caution. Each had a strong record behind him. Homer Yaryan, chief of revenue agents, James Brooks, assistant chief of secret service, and Elmer Washburn, chief of secret service, were called in and with Secretary Bristow and Bluford Wilson, Solicitor of the Treasury, a plan for gaining evidence was enveloped. In the early part of March, Bluford Wilson met Yaryan, Washburn, and Brooks at the Keemp Building, New York City, and final arrangements were made for the seizing of books and records.²⁴

In March, Brooks and Washburn were sent to Chicago to in-

²³Letter of O. E. Babcock to General John McDonald, March 12, 1875; McDonald, *op. cit.*, 127.

²⁴St. Louis Daily Times, May 12, 1875.

investigate distilleries in that city. In the same month Brooks and Supervisor Hedrick made investigations in Milwaukee. Similar work in gathering evidence was going on in Peoria, Indianapolis, Evansville, Cincinnati, and New Orleans.

In St. Louis the work of investigation was started by Myran Coloney, a director of the St. Louis Cotton Exchange and commercial editor of Fishback's paper. His position, Secretary Bristow felt, would enable him to gather the needed information without suspicion. Upon the recommendation of Fishback, Coloney received his appointment as special agent of the secret service division of the Treasury Department. In the same month, Yaryan, a man little inclined to show leniency in official duties, was sent to St. Louis to make investigation. Before leaving Washington, to insure that the Ring would not become suspicious, Yaryan told Douglass, commissioner of internal revenue, that he was going to St. Louis to check delinquent taxes owed the government by railroads.²⁵

The investigation was carried out along different lines. Secret operatives were posted near distilleries to check the movements of grain and whiskey. Watchmen were changed each day so that their continued presence in any particular locality should not be noticed. Every barrel and every load of spirits was counted and followed to the rectifying establishments, in short, all the features of each day's work at the suspected distilleries were noted and recorded for a period of from seven

²⁵House Misc. Doc. No. 186, 44 Cong., 1 sess., 354, 330-333, 504-507.

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to ten consecutive days. These operatives, although ultimately discovered and driven off by hired ruffians, obtained conclusive evidence that all the distilleries, except one undergoing repairs, were making extensive night shipments, an act in itself illegal.²⁶ Myran Coloney, commercial editor of Fishback's paper, collected, as if for the newspaper, a complete statement of every bill of lading or shipment during the year, not only of whiskey but of all important articles, so that the Ring would not be suspicious of his work. These figures compared with the official reports at Washington, gave conclusive proof of the "whiskey fraud."²⁷

The activity of Coloney however, caused Yaryan to be suspected and the distillers immediately shut down. In order to carry out his deception, Yaryan left St. Louis for Richmond, Indiana, but returned after an absence of only a few days to complete work on railroad books. During his absence Holmes, a clerk in the Fraud Division of the Internal Revenue Bureau, came to St. Louis to make copies of the distillers' and rectifiers' books. Holmes' work was not suspected as he was supposedly looking after Knight Templar duties in the city. Through Holmes and George T. Stagg, the latter an honest commission merchant in St. Louis, Yaryan received much valuable information. It was Stagg that gave Yaryan the names of establishments manufacturing illegal whiskey, as well as the names of individuals who would give evidence for the state.²⁸

²⁶Boynton, loc. cit., 289.

²⁷Grosvenor, op. cit., 48.

²⁸House Misc. Doc. No. 186, 44 Cong., 1 sess., 398.

By the middle of April Bristow and Wilson had absolute and conclusive evidence of fraud in St. Louis, Chicago, and Milwaukee. Coloney and Elmes sent Secretary Bristow evidence to show that on April 12, Bevis and Frasher, distillers at St. Louis, had made large shipments to Charleston, Savannah, and Wilmington and had practiced duplication and even triplication in the use of tax-paid spirit stamps.

In Chicago, Wirt Dexter, a Republican lawyer at odds with the administration, furnished Brooks evidence that the distillers in the Illinois district were stealing at least one-half of all the tax due from them to the government. At the Golsen and Eastman Company, revenue agents found that in eighteen working days (from April 19, 1875, to May 10, 1875) the distillery had removed 5,400 gallons that were not entered on their government books at all. At Russell's distillery 22,008 gallons were stolen from the government in a period of four months. Other shipments of illegal whiskey went out. At the Roelle, Junker, and Company distillery, the Morris distillery and other distilling and rectifying plants in Chicago and in Milwaukee similar evidence of fraud was discovered. This was the evidence for which Secretary Bristow had been patiently waiting.²⁹

The Ring in St. Louis began to show signs of increased uneasiness when it discovered that watchmen were posted near distilleries to check the movements of grain and whiskey.

²⁹Ibid., 354.

When the returns of officers and distillers at St. Louis, Chicago, and Milwaukee were called for by the Solicitor, in spite of the fact that they were taken in moderate instalments, the clerks in charge of records learned that something of a more unusual character was progressing. With an investigation on foot the Ring began to fight back desperately. General McDonald made a hurried trip to Washington and announced his trouble to Douglass. When Douglass was told that federal officials had been in St. Louis, he was astonished. The real reason for Yaryan's visit to St. Louis had not been known to Douglass and consequently General Babcock had not been notified.³⁰

When McDonald failed to receive any satisfaction from Douglass he had a conference with Secretary Bristow. McDonald did his best to assure the Secretary that the distilleries were running straight in St. Louis and declared that an investigation would only injure the Republican party and its chances for victory in 1876. But the conference was of no avail and in a subsequent meeting with Bristow, General McDonald practically admitted, when Bristow showed him the amazing amount of evidence in his possession, that there were probably some distilleries evading payment of government revenue. He assured Secretary Bristow that if he were permitted to remain in office

³⁰ Babcock had explained to Douglass that he had an express package to go to St. Louis and if any revenue agent should be sent he should be notified as he desired to send the package with the agent. Douglass understood the meaning of this as Babcock had passes from all the express companies. Ibid., 333.

the difficulty could be straightened out. Those distillers, he said, would be glad to pay back taxes due the government. This would be a proper method of settlement as it would cause no embarrassment to the Republican party nor to the officials. Secretary Bristow made no promises. His next move was to appeal to President Grant and ask that he check Secretary Bristow in the investigation of revenue affairs. It was then that Grant assured Bristow that it was not necessary to investigate the St. Louis district as General McDonald and Colonel Joyce were honest men. Other attempts were made by the Ring but no check was effected.³¹

While General McDonald was in Washington he had several meetings with General Babcock. In each of these Babcock assured him of his cooperation. In one visit to Babcock's office McDonald gave him a package containing \$5,000 which had been collected by Colonel Joyce in St. Louis. Babcock accepted this and remarked, "Well, it isn't much, but it is very acceptable at this time." He then explained his great need for money, showing McDonald a receipt for \$500 that had been paid Krounce, the Washington correspondent of the New York Times, for an article giving reasons why there had been a change of officials in Boston.³²

In one conference McDonald announced his intention of resigning. He received immediate encouragement from Babcock who told him that a scheme could be arranged in New York whereby

³¹Ibid., 354-356.

³²McDonald, op. cit., 138-149.

a great deal more money could be made than from the Whiskey Ring in St. Louis.

When McDonald returned from Washington he had a conference with the distillers and the federal agents of his district and he and Colonel Joyce decided to resign in an attempt to save the Ring.³³ On April 23, 1875, General John McDonald handed his resignation to President Grant but it was not accepted until the latter part of May of the same year. This was in part due to objection made by Bluford Wilson. In a telegram written to Secretary Bristow, shortly after McDonald had handed his resignation to President Grant, he said,

Dear Mr. Secretary: I am afraid that you and the President will make a mistake in accepting the resignation of McDonald and Joyce. They should be dismissed from the service. Better men than either of them fill our penitentiaries to-day, and for less cause.³⁴

On May 7, Secretary Bristow and the Solicitor of the Treasury, Bluford Wilson, presented their evidence to President Grant. It was at this interview that the plan of seizure of all the distilleries in St. Louis, Chicago, and Milwaukee on the Monday following, May 10, and the names of the persons who were to make it were submitted to the President and approved by him. It was agreed that changes should be made in all the more important offices; that the supervisors, the revenue agents, and the collectors were to be removed. Munn at Chicago, and McDonald and Joyce at St. Louis were among the

³³Ibid., 153.

³⁴House Misc. Doc. No. 186, 44 Cong., 1 sess., 482.

more important members of the Ring to be removed by order of the Secretary of the Treasury.³⁵

The official assigned to the special duty of making the seizure at St. Louis was Lucien Hawley, supervisor of internal revenue at New York. His assistants were E. R. Chapman, chief of the secret service division of stamp collection at Washington, A. M. Smith, Homer Yaryan, M. C. Crane and George Chamberlain, revenue agents; William Whitlock and Edward McLeer, special clerks. On Saturday evening, May 8, 1875, these men took a special train from Pittsburgh to St. Louis, and on Monday morning, May 10, by arrangement with the railroad company, their car was switched off upon a side track about one mile from East St. Louis. Secret service carriages were provided and the group proceeded to seize the establishments in McDonald's district. In all, sixteen distilleries and sixteen rectifying establishments were seized in St. Louis.³⁶ Hawley and Chapman seized twelve hundred barrels of whiskey as evidence at the following distilleries: Rudolph Ulrici, Bingham Brothers, John Busby, Bevis and Fraser, and Lewis Teuscher. In addition to this, ledgers and files examined by Hawley revealed a mass of fresh evidence for Secretary Bristow.³⁷

With the Ring's exposure imminent, letters from General Babcock to McDonald assured him that every measure possible

³⁶An attempted warning had been sent from Washington to Boloman and O'Hare, distillers in St. Louis, stating that "Lightning would strike May 10, 1875," but the dispatch had been sent too late to aid the Ring. The house could not be put in order. McDonald, *op. cit.*, 164.

³⁷St. Louis Republican, May 11, 1875.

would be taken in his behalf. There was no need for worry; protection would be given. When the attention of the public was turned to Milwaukee, Chicago, Evansville, and Cincinnati, charges would not be pressed against McDonald. Members of the Ring felt that if they would stand together there would be little danger of conviction for they felt that the Ring was still bigger than the government. No one was to lose nerve and expose activities of the Ring. As a means of intimidation, the distillers, gaugers, and subordinate revenue officers were notified that no one would be allowed to turn informer and then go free himself. If the hand were played properly the Ring was still safe.

Chapter III

CONVICTION OF RING MEMBERS

The Whiskey Ring was conscious of the staggering amount of evidence obtained by government officials against it. Members realized the Ring's precarious position; yet these men refused to accept defeat without battle. They would play their hand cunningly, although it lay exposed to the watchful eye of Secretary Bristow. He and Bluford Wilson understood the character of the members of the Ring and realized the need of a good attorney for the prosecution if they were to reach and convict the leaders of the Ring. John B. Henderson was secured for this job.

Henderson was well equipped to fill his office. He was one of the best lawyers in St. Louis and had served five years as United States Senator from Missouri, replacing Thurstan Polk in January, 1862. He became a prominent member in the Senate but sacrificed his political future when he stood courageously with Fessenden, Trumbell, Ross and three other Republicans in the acquittal of Andrew Johnson. Hereafter he was known as one of the seven traitors of the Republican Party.¹

Henderson received his appointment as special counsel in behalf of the United States in the prosecution of the whiskey cases, June 1, 1875. David P. Dyer, United States Attor-

¹House Misc. Doc. No. 186, 44 Cong., 1 sess., 54.

ney for the eastern district of Missouri, and F. W. Peddrick, Dyer's chief assistant, aided Henderson in the collection of information necessary to indict the Ring.²

It was proved by an examination of the records at the collector's office and at Washington that a double quantity of whiskey had been handled on one stamp or on one barrel. A study of shipments made by Bevis, Fraser, and Company, to William Bryce and Company of Philadelphia illustrates the extent to which this method was used.

	<u>Tax paid</u> <u>on gallons</u>	<u>Amount shipped</u> <u>in gallons</u>
January 4, 1875	2,065	4,395
January 15, 1875	1,006	4,423
February 5, 1875	2,476	4,429
February 5, 1875	1,262	4,480
	<u>6,809</u>	<u>17,727</u> ³

Henderson and Dyer also came into the possession of the Fitzroy memorandum book which showed payments of money by the distillers to him for the Ring. In addition to this proof of the Ring's activities, other incriminating evidence was accumulated. Colonel Fred Meyer, who replaced John McDonald in the St. Louis district after the latter's resignation had been accepted by President Grant, May 26, 1875, visited several establishments and found barrels of whiskey and kegs of beer on which the stamps had been removed. When government agents questioned owners of these establishments, each said that they

²Ibid., 384.

³G. L. Kirk, "Whiskey Ring Fraud," American Mercury, XXX (April, 1935), 483.

had purchased legal spirits but the ice had dampened the stamps and they had fallen off.⁴

The grand jury was in session in St. Louis when the seizure of the thirty-two Distilling and Rectifying Houses in St. Louis, Chicago, and Milwaukee was made by the government May 10, 1875. The Treasury Department pushed its work with vigor; Henderson and Dyer quickly assembled their material and presented the following to the court:

Appraised value of property seized-----	\$1,500,000
Assessed against illicit spirits-----	1,600,000
Amount of suits on gauger's bonds-----	<u>250,000</u>
	\$3,350,000

The grand jury issued indictments against 47 distillers, 60 rectifiers, 68 gaugers, 10 wholesale dealers, and others. In all, 253 indictments were returned against members of the Ring.⁵

The grand jury returned the first indictments against McDonald, Joyce, Fitzroy, and Bevis, a distiller, in the early part of June, charging them with willfully and maliciously destroying public records. The next day these men were released on \$5,000 bond. Their recess was short lived, for in the latter part of the month other indictments were found against them. They were re-arrested upon a bench warrant and placed under bonds in the sum of \$11,000. One indictment charged them with conspiracy and the other with destruction of public records.⁶

⁴St. Louis Republican, June 7, 1875.

⁵Boynton, *loc. cit.*, 300.

⁶McDonald, *op. cit.*, 210, 211.

When the mass of evidence gathered by the government was brought before President Grant, he wrote the following telegram to the Secretary of the Treasury.

Long Branch, New Jersey
July 29, 1875

Secretary B. H. Bristow:

.....I forward this for information and to the end that if it throws any light upon new parties to summons as witnesses, they may be brought out. Let no guilty man escape if it can be avoided. Be especially vigilant--or instruct those engaged in the prosecutions of fraud to be--against all who insinuate that they have a high influence to protect or to protect them. No personal consideration should stand in the way of performing a public duty.

Although the exacting statement, "Let no guilty man escape" was repeated many times, it carried little conviction because of the movements of managers of the regional Republican machines in Wisconsin, Illinois, and Missouri. On September 1, 1875, Bluford Wilson received a confidential letter from Secretary Bristow. This letter stated Bristow's discontent with the cooperation given him and his contemplated resignation. In speaking of Bristow's letter before the Select Committee Concerning the Whiskey Frauds, Wilson made the following summary.

I cannot in this letter go into details, but will say that the Sylph telegram, the retention of incompetent, dishonest, or disloyal officers at St. Louis, Springfield, Chicago, and Milwaukee, the lack of hearty sympathy and support from the President, the certainty of constant misrepresentation of his motives and acts by Sylph, the delay in the Delano affair, and the revival of the third

⁷House Misc. Doc. No. 186, 44 Cong., 1 sess., 485.

term insanity, all combine to make an honest man uncomfortable, and in Bristow's case to disgust him with public life....He means to walk out of the Cabinet and politics at the same time....⁸

Such vigorous activity by Secretary Bristow, John Henderson and Colonel Dyer worried Babcock no little. On September 24, 1875, General Babcock accompanied President Grant on a visit to St. Louis. The President desired to attend the annual reunion of the Grand Army of the Potomac held at Des Moines, Iowa, the latter part of September. On this trip an arrangement was made to stop over for a few days at St. Louis.⁹

During his visit in St. Louis President Grant and General Babcock spent much time with McDonald. Babcock had three conferences with McDonald and in these private meetings each affirmed that everything would be done for the protection of the Ring. Babcock offered to see that President Grant would remove all officials that were pushing the investigation, that is, Secretary Bristow, Bluford Wilson, Colonel Dyer, John Henderson and others of the prosecution. However, the removal would receive such reaction from the public that it was decided to defer it until a time when these men could be removed for some slight infringement of a rule. General McDonald promised that under no circumstance would he implicate Babcock in any way in connection with the Ring. For this protection McDonald received the aid of General Babcock in the form of good

⁸Ibid., 486.

⁹McDonald, op. cit., 202.

lawyers and money for expenditures in his trial. General Babcock also assured him that should he be convicted President Grant would give him an immediate pardon.¹⁰

General McDonald held fast to his pledge to protect Babcock. On November 2, while in attendance at court, Colonel Dyer and John Henderson spoke to McDonald as to the propriety of pleading guilty and becoming a witness for the government. They promised McDonald immunity from punishment if he would adopt such a course, but he positively refused, saying he preferred a prison sentence to subjecting Babcock to a trial and conviction through his testimony.¹¹

General Babcock did his best to aid McDonald, not so much from a feeling of duty to McDonald, but more to protect himself. He received many anonymous letters warning him that the Ring expected protection. The first of these addressed to General Orville E. Babcock was received May 26, 1875.

If you don't protect the subordinate officers
in St. Louis, who are now in trouble, lightning
will strike in Washington. Hawley is after you.

(Signed) A Friend Who Knows¹²

In a confidential letter to E. B. Grimes, General Babcock asked that he feel out Colonel D. P. Dyer and see if, after making cautious approaches, the Colonel would not conduct the prosecution in such a manner as to allow the President's friends special leniency. Grimes' report to Babcock was optimistic

¹⁰Ibid., 203-210

¹¹Ibid., 212.

¹²Ibid., 175.

but the latter was not satisfied and asked that Grimes sound the Colonel out again and be sure of his ground. Grimes, in speaking to McDonald repeated in part the results of his second visit with Colonel Dyer and said.

General, the jig is up. Colonel Dyer is as determined as Bristow and tells me emphatically that if the President is in the Ring he is going for him. But I've done all I can with him....Well, if he persists in covering the entire White House with disgrace, my suggestion would be to have him dismissed.¹³

On November 3, 1875, Judge Krekel sentenced Colonel Joyce to serve three and one-half years' in the penitentiary and to pay a fine of \$2,000. On the fourth of the same month, the grand jury returned indictments against William McKee, proprietor of the Globe Democrat, and Constantine Maguire, revenue collector, charging them with conspiracy to defraud the government.¹⁴

On Monday, November 15, the court having denied an application for a continuance, McDonald's case was called before Judge Miller. Judge Chester H. Krum, McDonald's lawyer, made no show of sympathy nor any special plea for mercy for the defendant. On the following Monday (November 22), a verdict of guilty was returned and a minimum sentence, three years in the penitentiary and a five thousand dollar fine, was imposed

¹³Ibid., 183.

¹⁴On May 11, 1875, George W. Fishback and O. A. Hasselman sold their stock in the Democrat to the owners of the Globe. By this purchase Messrs. McKee and Houser became the owners of three daily newspapers; the Globe, the Democrat, and the Stattszeitung. On May 20, 1875, the Globe and Democrat merged and hereafter was called the Globe Democrat.

on McDonald. When the sentence was pronounced, Judge Krum submitted doctors' affidavits concerning McDonald's health and asked confinement in the county jail rather than the penitentiary. He also asked that the five months that McDonald had spent in jail awaiting trial be deducted from his sentence. Judge Miller responded that he had carefully weighed the doctors' reports and thought the penitentiary hospital as good as the county jail.¹⁵

On November 24, 1875, the case of William O. Avery, formerly chief clerk of the Treasury Department, was called. Judge Chester H. Krum acted as counsel for the defendant and John Henderson and Lucien Eaton, at that time Register in Bankruptcy at St. Louis, fought the case for the prosecution. Although Avery was a member of the Ring, it gave him little aid. A victim of circumstance, he was made a scapegoat for General Babcock. Douglass, formerly Commissioner of Internal Revenue in Washington, avered that he had attempted at different times to send men to St. Louis but that the Ring was always warned through Avery. Constantine Maguire, another member of the Ring to be later convicted by the government, gave damaging testimony to the effect that Avery was at the head of the Ring in Washington. Avery, on the stand, admitted that he had warned General McDonald of raids into the St. Louis district by revenue agents because McDonald was quick

¹⁵St. Louis Daily Times, April 14, 1876.

tempered, and if he had found men working underhanded for the government in his district he would have caused trouble.¹⁶

After a bitter fight in which exciting scenes occurred, Avery's conviction was secured December 3, 1875. Henderson, proceeding upon the President's instructions to "let no guilty man escape," assumed a most aggressive attitude in the Avery trial. He intended, if the power lay within him, to make the court write "guilty" over the head of every member of the Ring. In the closing argument, December 3, Henderson made one of the most powerful appeals ever heard at the bar.

What right had Babcock to go to Douglass to induce him to withdraw his agents? Douglass was placed in his position to see that the revenue laws of the government were properly enforced. What business, then, had Douglass with him? When an official goes into office, he should be free and independent of all influences except that of law, and if he recognized any other master, then this government is tumbling down. What right had the President to interfere with Commissioner Douglass in the proper discharge of his duties, or with the Secretary of the Treasury? None, and Douglass showed a lamentable weakness of character when he listened to Babcock's dictates. He should either have insisted that these orders, as they existed, be carried out, or should have resigned his office. Now, why did Douglass bend the supple hinges of his knees and permit any interference by the President. This was Douglass' own business, and he stood responsible for it under his official oath. He was bound to listen through no dictation from the President, Babcock, or any other officer, and it was his duty to see that that order was carried out or resign. Would that we had officials who possessed more of that sterner stuff of which the office holders of olden times were made. Why do they not leave their office when they cannot remain there honorably? Is it to be that because a man holds an office at the hands of another, he

¹⁶House Misc. Doc. No. 186, 44 Cong., 1 sess., 81.

is to be a bonded slave?¹⁷

Henderson, one of the most rancorous of the anti-Grant men, seemed to sense that he was to be removed after the McDonald and Avery cases. During the Avery trial he presented as much incriminating evidence against Babcock as possible. He refused to accept Colonel Dyer's opinion that more could be accomplished by taking things slowly and as a result of his appeal in the Avery case, December 3, 1875, Henderson aroused the active indignation of President Grant and was dismissed from government service December 10, just one day after Babcock's indictment. Secretary Bristow, Colonel Dyer, and others realized that Babcock and members of the Ring were working for this coup, for Henderson was an excellent lawyer and had a conviction in every case he had handled. The removal had been talked over in a Cabinet meeting and every member, including Bristow, voted for Henderson's removal, regarding his performance "as an outrage upon professional propriety."¹⁸

The removal of John B. Henderson was considered a triumph for General Babcock and other members of the Ring. Henderson was replaced by James O. Brodhead, the Democratic head of the bar, and an outstanding lawyer. But no lawyer, however able, could become familiar with all the details of the Babcock case in the short time left between Henderson's removal and the trial of the case. The St. Louis Republican and Daily Times regarded Henderson's dismissal as a change in the policy

¹⁷McDonald, op. cit., 223, 224.

¹⁸House Report, No. 799, 44 Cong., 1 sess., 386.

of the government, which, at that time, was unfavorable to the prosecution of the case.¹⁹ When the turgid James Brodhead took office January 1, 1876, he had approximately one month in which to prepare a case against Babcock, as the trial began February 8.²⁰

General Babcock was aided in other ways. On January 26, 1876, President Grant asked Attorney-General Pierrepont to send letters to the United States District Attorneys at St. Louis, Chicago, and Milwaukee instructing them to refrain from making bargains with those who would aid the prosecution by turning states evidence.

My attention has to-day been called to many newspapers and reports, stating that in Saint Louis, Chicago, and Milwaukee large numbers of guilty men who confess their guilt are to be let off from prosecution and punishment.

I cannot suppose that this is true, but my attention being called to it, I direct a letter to each of those places, that the district attorney may know that suggestions have been made that quite too many guilty men are to go unpunished. I am aware that in the excitement many unfounded rumors will gain credence, and I repose in your good judgment to prevent any possible scandal from anything that would even look like favoritism toward those who have defrauded the Government. It is the President's reiterated desire that "no guilty man shall escape."

I do not know that there is any intention on the part of any charged with the administration of the laws to favor any person, and the appearance of any such favoritism should be very carefully a-

¹⁹Babcock had an opportunity to step out of the government service as he was offered a position with the elevated railroad in New York but he refused as he felt he would be stronger in facing trial as the President's private secretary.

²⁰House Misc. Doc. No. 186, 44 Cong., 1 sess., 495.

voided.

I write this by way of abundant caution, for I am determined, so far as lies in my power, to have these prosecutions so conducted that when they are over the honest judgment of the honest men of the country--which is sure in the main to be just--will say that no one has been prosecuted from malice, and that no guilty one has been let off through favoritism, and that no guilty one who has been proved guilty or confessed himself guilty, has been suffered to escape punishment.²¹

President Grant requested this action of the Attorney-General because of information sent him through newspaper clippings and private letters. These articles stated that bargains were being made, or about to be made with criminals, whose testimony was not in the slightest degree needed, by which a large number of criminals were to be let off from any kind of punishment, and to be relieved of prosecution in a manner likely to bring scandal upon the administration of justice. These stories of immunity were circulated and magnified by the prominent political influences of the Ring for the purpose of saving themselves. The President was made to believe that it was a scheme to obtain evidence upon which to embarrass and ruin politically his innocent friends in Washington.²²

No general arrangement had been made to let members of the Ring turn states evidence to escape punishment. In St. Louis only one man was given this promise, Charles Robb, a poor drunken rectifier, one of the most insignificant cases.

²¹Ibid., 497, 498.

²²Boynton, loc. cit., 312.

The same was true in the other districts. Wherever concessions were made it was necessary. There was little evidence against some of the men because many of the record books in possession of the distilleries had been destroyed.²³

The circular letter was the equivalent to a command to the district attorneys at St. Louis, Milwaukee, and Chicago, to make no terms with any person who confessed his guilt. It struck a vital blow at the hope of the Treasury Department to reach, by means of accomplices, the really guilty parties in the conspiracies--the men who had inspired and organized the work.²⁴

This letter was seized upon by General Babcock and his attorney, Emory Storrs, to aid him in his defense. The circular letter was sent to a Chicago German newspaper and printed in that city February 1, 1876. Nine days later Joseph Pulitzer of the St. Louis Daily Times made a reprint of the article. In a few days it was in print in the newspapers of other cities. The letter created an impression that the government was on the side of the defense rather than aiding the prosecution. Witnesses were frightened for they felt that they would only add to their punishment should they testify frankly and fully in the cases as two men, Bevis and Fitzroy, had already pleaded guilty under a partial understanding for leincy. The circular letter caused those prosecuted to dis-

²³House Misc. Doc. No. 186, 44 Cong., 1 sess., 98.

²⁴Ibid., 498.

trust any statements made by the government attorneys. On the morning following the reprint of Attorney-General Pierrepont's statement Colonel Dyer and James Brodhead secured newspaper men to publish an editorial in the St. Louis papers, the effect of which was to quiet the fears of the witnesses in that respect, but the damage had been done.²⁵

General Babcock and his friends were allowed to meddle with the case that was being prepared against him. Detectives were used to discover the evidence against the President's private secretary and to abstract papers pointing to his culpability. This work was undertaken by Charles S. Bell. When he no longer served the Ring with information his work was continued by Roger M. Sherman.

The appointment and work of Bell is rather curious. He was a friend of President Grant and asked him repeatedly for a position in the Department of Justice. When the President finally assented to his request, he was placed in St. Louis to see that no false or forged material was used by the prosecution against General Babcock. President Grant requested that he make a report of what he had found for he was interested in knowing if Babcock were guilty. He said, "If General Babcock is innocent I do not want him persecuted; if he is guilty I want him punished. I want you to report facts."²⁶

President Grant and Bell did this because each felt Babcock was free from the accusations made against him. Bell and many others believed that this was just an effort to blacken

²⁵House Misc. Doc. No. 186, 44 Cong., 1 sess., 89-93.

²⁶Ibid., 124.

Babcock's record for the purpose of striking a blow at the President because Babcock was so near to him.

In order to gain this information Bell was to be appointed to the office of special agent to work in the Attorney General's office at St. Louis during the Avery trial. This appointment, to be made by Attorney-General Pierrepont, never went through because of the objection of Colonel Dyer. This did not check the work of Bell; instead he was placed under the head of another department and received his appointment through the Secretary of Interior, Zachariah Chandler. On January 5, 1876, he was appointed to a clerkship, Class 1, in the Pension Office of the government.²⁷

Bell was employed by Colonel Luckey, the private secretary of the President, to secure information and material for General Babcock.²⁸ There were papers and telegrams from Babcock which would be almost impossible for him to explain, should they fall into the possession of the prosecution. Babcock was very anxious to get this information from Colonel Dyer's office and for this work Bell was paid approximately \$200 by Bradley, Luckey and Babcock, in addition to the salary from the government and a promise to an appointment in Washington.²⁹

Bell borrowed for a short period (30 or 40 minutes) three

²⁷ House Report, Doc. No. 799, 44 Cong., 1 sess., 359.

²⁸ Bell in his testimony stated that he did this only because he felt that Babcock was innocent and that as soon that he was convinced otherwise, after a trip to Washington, he turned to the side of the prosecution. Ibid., 360.

²⁹ Ibid., 363.

sets of reports made by Jesse B. Woodward, attorney of St. Louis, Missouri, to Mr. Douglass, the Commissioner of Internal Revenue; a ribbon telegram from Bluford Wilson, the Solicitor of the Treasury, and a memorandum in pencil from Bluford Wilson regarding the points to be made in the Avery case. This material was taken from Dyer's desk, November 26. Bell, after making a copy of the reports, met A. C. Bradley and William Avery at the Lindell Hotel and there the three men checked over the evidence to be used by the prosecution against Avery and General Babcock.³⁰

After being in the service of Colonel Luckey for shortly over a month Bell became convinced that Babcock was guilty and turned to assist Colonel Dyer as best he could.³¹

Two other men were in St. Louis for a day or two. They belonged to Whitley's safe-burglars, and were to raid Colonel Dyer's office to secure papers for the defense of General Babcock. Each had been paid \$200 by Babcock for this work, but when they were discovered by detectives for the prosecution they left the city.³²

The Ring did not stop here. On January 17, 1876, Roger M. Sherman was sent as a special agent from New York to work in the office of Colonel Dyer, ostensibly to assist George

³⁰House Misc. Doc. No. 186, 44 Cong., 1 sess., 125.

³¹Bell was not used as a star witness by Dyer in the trial of General Babcock because he was afraid of what he might say and the weight it would carry. The prosecution planned to use Bell for rebuttal but the occasion did not arise. House Report, Doc. No. 799, 44 Cong., 1 sess., 377.

³²House Misc. Doc. No. 186, 44 Cong., 1 sess., 91.

Bliss in preparing cases of his own against New York recipients of illicit shipments. While there, Sherman obtained important letters from John W. Bingham, owner of a large distillery in St. Louis; also valuable books and papers in the Hogue case and turned them over to Babcock's counsel.³³ Through these letters Babcock's counsel planned to show that General Babcock never gave the St. Louis distillers any "tip off" as to the time of the revenue officials' visits, but that they had obtained this information from Hogue. Sherman refused to turn this material over to Colonel Dyer, stating that he had received the material from Bingham in good faith which would make it impossible to turn the letter over to Dyer.³⁴

Judge Dillon, presiding over the court in which Babcock was to be tried was favorable to General Babcock. He was a friend of President Grant and had an eye on the Supreme Judgeship. Editorials in the St. Louis Daily Times and other newspapers were critical of Judge Dillon's service to the state since he was determined to save General Babcock. In order to appease the public he became quite strict with others of the Ring.³⁵

General Babcock exerted a tremendous influence over President Grant. When it appeared to President Grant that possibly

³³The prosecution also used questionable methods. It bribed a night-operator in the office of the Western Union Telegraph Company to report dispatches sent from Washington. It was in this manner that Dyer came into possession of the "lightning dispatch."

³⁴House Report, Doc. No. 799, 44 Cong., 1 sess., 364, 365.
³⁵St. Louis Daily Times, April 15, 1876.

Babcock was in the Whiskey Ring, he failed to cooperate with Bluford Wilson and Secretary Bristow. President Grant did not dream that General Babcock might be guilty for each of the telegrams sent by him had been explained to Grant's satisfaction. The President refused to believe his trusted friend guilty and aided him whenever possible.³⁶

Detectives were used by General Babcock to manufacture charges against Bluford Wilson. One was obtained to report the misconduct of the Solicitor directly to Attorney-General Pierrepont. Another was engaged to frame a case against Wilson, and for this purpose invoked the aid of discharged secret-service employees in New York, and offered them "big money" for evidence to disgrace the Solicitor. These detectives saw President Grant and declared that in Wilson's private office at the Treasury Department they had seen and read the manuscript of an editorial for the New York Sun bitterly abusive of the President and denunciatory of his course in regard to the whiskey trials. In a few days they managed to have such an editorial in print. In conjunction with Babcock's schemes, the Safe Burglary conspirators used their influence upon President Grant to have Bluford Wilson removed as they objected to the fidelity with which he had discharged his duties in connection with the safe burglary investigation.³⁷

³⁶House Misc. Doc. No. 186, 44 Cong., 1 sess., 487.

³⁷In April, 1874, professional criminals had been engaged to break into the office of the United States Attorney of the Dis-

General Babcock kept close check on all information to reach President Grant. On one occasion he abstracted a paper from Grant's office suggesting that he was implicated in the "whiskey fraud."³⁸

So well was Grant protected that Bell went three times and tried to convey information about Babcock to President Grant but in each instance was unable to see him. On February 10, 1876, the cipher used by the Ring was printed in the New York Herald.³⁹ Bell used this means to relay the information to the President. He was afraid to send it through other means, consequently he mailed a paper with the editorial underlined to Grant.⁴⁰

The trial of General Babcock as chief confederate and "inside man" for the whiskey conspirators, was in fact a trial of the inner organization of the Republican Party. The stalwart chieftains, Logan, Morton, Conkling, and Zachariah Chandler were fully aware that their whole system of control was endangered by the peril to Babcock. For in his confidential capacity he had been a link which connected with all the parts

trict of Columbia and steal papers from the safe. The plot was contrived with the purpose of fastening the crime upon Columbus Alexander, a man who had been engaged in the work of exposing the corruption of "Boss" Shepherd's District Ring. Members of this Ring had received \$12,000,000 in graft through contracts for public works projects. House Report, No. 785, 43 Cong., 1 sess.

³⁸ House Misc. Doc. No. 186, 44 Cong., 1 sess., 11, 12.

³⁹ Bell was paid \$50.00 by Mr. Connery for the right to publish the cipher in the Herald.

⁴⁰ House Report, Doc. No. 799, 44 Cong., 1 sess., 363-372.

of the whole: he had been involved in the Santo Domingo project; in the public works adventure of Boss Shepherd's Washington Ring; he was connected with Gould's Black Friday gold conspiracy, with Lut and the New York Custom House frauds; his activities reached to plunders, safebreakers, statesmen, courtesans, and railroad masters as well.⁴¹

General Babcock and his friends did everything in their power to prevent a civil trial at St. Louis. Babcock sent telegrams to Levi Luckey, Grant's private secretary, asking him to give his assistance and use his influence to prevent his being called to St. Louis as a witness in a civil trial against himself. Finally, all else failing, when Babcock knew that he was to be summoned to St. Louis for trial, he, as an officer of the army asked to be taken before a military court held at Chicago. President Grant welcomed this suggestion for he felt that Babcock would not get a fair trial in St. Louis; that the people were prejudiced against him. The Cabinet confirmed the wishes of Grant and Babcock December 3, 1875.⁴²

The military court of inquiry was to conduct the trial December 9, 1875. The court was to be composed of high officials under whom General Babcock had fought during the Civil War: Generals, Sheridan, Hancock, and Terry. The President assigned these men along with a friendly judge advocate to lis-

⁴¹During the Babcock trial much of his work in other fields came to light. It was proved that he had been engaged in transactions with these different men and had lost approximately \$40,000 to Jay Cooke and Company in the Black Friday scandal. House Misc. Doc. No. 186, 44 Cong., 1 sess., 421.

ten to the evidence presented before him.⁴³ This proceeding, it was shrewdly supposed, would supersede and do away with the trial before the tribunal.⁴⁴

Colonel Dyer was requested by Attorney-General Pierrepont to send to Colonel Gardner any documentary evidence bearing upon the case of General Orville E. Babcock. But Dyer refused to surrender the important papers which were his for use under another jurisdiction. He recognized that to send these papers would weaken the case against William McKee as well as expose the plan of attack on General Babcock. When the military court of inquiry was refused documentary evidence held by Colonel Dyer, it dissolved.⁴⁵

When John M. Krum, an attorney for General Babcock, saw that the General was to be forced to a trial in St. Louis he suggested that Babcock offer to appear in court. This suggestion was made to Levi Luckey who wrote the following telegram to General Babcock.

K. [John M. Krum] says no detriment, no danger, personal, political, or otherwise, should you come. Billy and all others on whom Mac's case reflects going to testify; and friends think it would be well if you can also do so. All would show they received nothing. But it rests with you if you choose. K. urges it but they cannot force anything. He is retained for your interest. I shall do the best I can.⁴⁶

As soon as Babcock realized that he would be unable to evade a civil trial he immediately appeared eager to testify. In

⁴³Ibid., 369.

⁴⁴Ibid., 490.

⁴⁵Ibid., 490-492.

⁴⁶Ibid., 491.

a telegram to Colonel Dyer he wrote.

I am absolutely innocent, and every telegram which I sent will appear perfectly innocent the moment I can be heard. I demand a hearing before the court. When can I testify?⁴⁷

On February 8, 1876, General Babcock was placed on trial in St. Louis charged with conspiracy to defraud the government. His counsel consisted of Honorary Emory A. Storrs, of Chicago; Judge John K. Porter, of New York; Ex-Attorney-General George H. Williams, and Judges John M. and Chester H. Krum. On the first day of the trial the prosecution introduced telegrams to prove that General Babcock had been in constant communication with McDonald and other members of the Ring. The prosecution called A. M. Everest, a revenue gauger, who also performed the duties of collector for the Ring after Fitzroy ceased to work in that capacity, to testify that he saw Colonel Joyce put a \$500 bill in a letter to William Avery and also one to General Babcock, and that he mailed them.⁴⁸

The defense attempted to show that General Babcock was the innocent victim of a vile conspiracy; that Colonel Joyce and General McDonald, taking advantage of previous fellowship in certain political matters had inveigled Babcock into sending letters and telegrams which they used to convince the dis-

⁴⁷ Ibid., 37.

⁴⁸ Everest was persuaded by members of the Ring to leave the country when disclosures were first made. He fled to Italy and remained there for several months, until he learned that the government was visiting informers with special leniency. He decided to return and plead guilty, and give his testimony in the Babcock case. McDonald, op. cit., 245.

tillers and rectifiers of the Ring that the President's private secretary was on the watch to prevent interference and give timely information.⁴⁹ General Babcock's attorneys attempted by means of the Hogue letters to show that the true location of the leak at Washington, by which the distillers and Ring officers were forewarned of the approach of detectives was through Hogue, a former revenue agent.⁵⁰ The defense called McGill, a mail carrier in St. Louis, to the witness stand to meet Everest's testimony. McGill stated that he was approached on his beat by Colonel Joyce who asked that he open a mail box and give him two letters, addressed to William Avery and General Orville E. Babcock. As Colonel Joyce had had the letters mailed by mistake McGill acquiesced.⁵¹

John K. Porter, Babcock's attorney, brought William Avery from the county jail to testify for his client; then, after he had aided Babcock he was sacrificed to save him.⁵² General Babcock pleaded innocent, yet at no time during the trial was there any disposition on the part of the counsel for the

⁴⁹ St. Louis Republican, February 27, 1876.

⁵⁰ Hogue, along with Sylvester Conklin and other members of the Ring fled to Canada to escape trial.

⁵¹ The prosecution practically proved this testimony to be forged. Everest stated that he had mailed the letters in a box at the corner of Fifth and Pine. This was Murray's beat and he did not know anything about any letters being removed from his beat.⁵²

⁵² See pages 45, 46.

defense, to invite anyone to contribute testimony. It appeared as though they were confident of their ability to demonstrate Babcock's innocence by a complete exposition of his personal account and action.⁵³

As the case against General Babcock proceeded, additional evidence of a damaging character was produced. It was proved that Babcock had furnished members of the Ring with information and material assistance in trying to prevent federal investigations. It was shown that Babcock had tried to delay and evade the trial.

Yet in spite of injurious new evidence present in the case President Grant became even more suspicious that General Babcock was not receiving a fair trial. This was in part due to information brought to him by Elias W. Fox, a newspaper editor for the St. Louis Evening Dispatch and a close friend of General Babcock and President Grant.⁵⁴ Fox served as a juror in the Avery and Babcock trials and in each instance reported proceedings in the jury room to Babcock and President Grant. He made six different trips to Washington to tell Grant that the trial was an attempt to throw smut upon him. He spoke of Henderson's attack upon General Babcock in the Avery trial and accused Colonel Dyer of "brow-beating" the grand jury into bringing an indictment against Babcock. He also reported events

⁵³Chicago Tribune, quoted in St. Louis Republican, February 27, 1876.

⁵⁴President Grant had appointed Fox's son as consul to Brunswick, Germany, at a salary of \$2,500 in gold per year. He was not qualified, being only 19 years of age.

to W. D. W. Barnard, a St. Louis banker and distant relative of President Grant, who conveyed information to Grant.⁵⁵ Republican politicians worked day and night to fill the President's mind with distrust of the Whiskey Ring prosecutions for they were worried of the effect of the scandal upon the impending campaign.

President Grant was determined to save General Babcock from the ignominy of conviction. From the time his private secretary was indicted to the day of his acquittal Grant aided Babcock in every possible manner; by delaying the removal of officers who were obstructing the prosecution of the Whiskey Ring; by dismissing John Henderson; by favoring the military court; by authorizing the circular-letter to district attorneys; by listening to reports that the prosecution against Babcock was the result of a political conspiracy or intrigue. Finally, President Grant voluntarily offered himself as a witness for the defense in a criminal prosecution instituted by the government.⁵⁶

The Cabinet was unanimous in the opinion that the President should not appear as a witness in court, but finally agreed that the Attorney-General should inform the defense that should the court request it he would make a deposition.⁵⁷ Emory Storrs acted on this suggestion and Grant made his deposition in the White House on February 12. President Grant

⁵⁵McDonald, *op. cit.*, 218.

⁵⁶House Misc. Doc. No. 186, 44 Cong., 1 sess., 343, 490.

⁵⁷Grant had promised Babcock's lawyers that he would appear in the trial at St. Louis should they desire him.

stated that if General Babcock had been guilty of misconduct he would have been the first to have known it, and spoke at length of Babcock's good character. After this statement a vote to convict Babcock would be a vote to accuse the President with complicity in the Ring.⁵⁸

The unprecedented spectacle of the President proffering his testimony in a case like this, his boldness in coming forward to defend his secretary, and his accepted honesty, had a far-reaching influence on the jury. On February 24, 1876, General Babcock was acquitted of conspiracy to defraud the government. This was probably due, more than anything else, to Grant's testimony.

At the end of the trial Babcock's friends crowded around him in the court room to congratulate him. That evening he was asked to make a speech to a cheering mob. Telegrams poured in upon him calling the acquittal a "triumph of justice." George Bliss, district attorney in New York, wrote the following telegram to him.

Permit me, whose faith, as you know, has never wavered, to congratulate you on the triumph of justice and a decent administration of law over political and personal persecution, a malignant press, and popular clamor.⁵⁹

The Chicago Inter-Ocean, a radical Republican newspaper ran the following editorial the next day.

....All honor to the jurors who were able to banish prejudice and do exact justice! Crucify him, crucify

⁵⁸Nevins, op. cit., 799.

⁵⁹House Misc. Doc. No. 186, 44 Cong., 1 sess., 18.

him, did not reach to the jury room. All honor to the court.⁶⁰

In Washington the belief that Babcock was guilty was more general than in any other part of the country, yet, the verdict did not excite surprise.⁶¹ When General Babcock returned to Washington he went as usual to his desk. When he appeared at the White House the Republican leaders gathered in a knot around him to express their satisfaction that he was innocent. Zachariah Chandler, Chester A. Arthur, and other friends made up a purse of \$30,000 to pay the fees of the lawyers and other expenses incurred by the trial.⁶²

The jury acquitted General Babcock but the public did not. He was compelled to resign March 1, 1876, under pressure of public condemnation. He was temporarily appointed Superintendent of Public Buildings and Grounds by President Grant; later he became Inspector of Lighthouses.⁶³

Following the Babcock trial came other convictions. Colonel Constantine Maguire was sentenced on April 8, 1876 to six months in jail and a \$5,000 fine.⁶⁴ On the same day McKee's application for a new trial was overruled and on the 26 of April the jury returned a verdict of guilty. He was sentenced to two

⁶⁰House Misc. Doc. No. 186, 44 Cong., 1 sess., 18.

⁶¹St. Louis Republican, February 28, 1876.

⁶²McDonald, *op. cit.*, 284, 345.

⁶³On April 16, 1876, the grand jury indicted General Babcock and a half dozen other men for conspiracy to rob a safe in the Attorney-General's office of documents of an incriminating character (April, 1874). Babcock escaped punishment due to a packed jury. H. V. Boynton, American Law Review, XI (April, 1877), 441.

⁶⁴St. Louis Republican, April 9, 1876.

years' imprisonment and a \$10,000 fine.⁶⁵ Rehm and Hessing, organizers of the Chicago section of the Ring, were brought to trial. Rehm turned states evidence and was given a \$10,000 fine and six months imprisonment. Hessing was found guilty, sentenced to the county jail for six months and fined \$5,000. H. B. "Buffalo" Miller, Powell, Cooper, and other men in the Chicago organization met with smaller fines and imprisonment.⁶⁶

Meanwhile a campaign of vengeance was begun to remove Secretary Bristow and Bluford Wilson. The Secretary of the Treasury was the first to go. His resignation, June 6, 1876, was virtually forced by President Grant. On the last day of the same month Bluford Wilson resigned. Colonel Dyer, who had made himself obnoxious by opposing the applications of convicted men for pardons, was removed in July by President Grant. Thus, each of the men that had served the government in a vigilant manner in the whiskey prosecutions had been removed by the President.⁶⁷

None of the members of the St. Louis Ring convicted and sent to prison for their complicity in the whiskey fraud served their full sentence. Colonel Joyce and William Avery were pardoned after serving six months of their sentence. William McKee served but a fraction of his sentence and John McDonald, chieftain of the St. Louis Ring, served but one year of his

⁶⁵McDonald and Avery entered the penitentiary at Jefferson City, Missouri, April 16, 1876. They were met at the gate by Colonel Joyce who had been placed in prison several months previous. St. Louis Republican, April 17, 1876.

⁶⁶House Misc. Doc. No. 186, 44 Cong., 1 sess., 531-536.

⁶⁷Ibid., 322, 353.

three year term. These pardons came because of obligations to them for saving General Babcock, the acknowledged organizer of the Ring, from conviction and punishment. McDonald aided Babcock by retaining possession of certain letters. Colonel Joyce aided him by giving up certain letters and swearing that General Babcock was innocent. Almost without exception, members of the Whiskey Ring who had not turned states evidence contributed something to Babcock's acquittal and thus placed Republican leaders and the defendant under obligation.⁶⁸

Out of 253 indictments by the grand jury, and 17 trials, resulting in 13 convictions, 3 acquittals, one disagreement, and 40 distillers, 6 distillery employees, and 21 others pleading guilty, only four served prison sentences. The others received nothing more than slight jail sentences or civil punishment.⁶⁹

The organization of the Whiskey Ring was an outgrowth of the time and was made possible by the type of officials in power. Honest as to money himself, President Grant was the source of more public dishonesty than any other American President. Yet his responsibility was indirect, not direct. His failing was in the choice of companions and the confidence he placed in them. He felt that a friend could do no wrong. This childlike trust was dangerous and experience did not seem to profit him. President Grant was vulnerable to poisonous information concerning his enemies. He was led to believe that

⁶⁸Louis Arthur Coolidge, Ulysses S. Grant, II, 480-482.

⁶⁹Ibid., 482, 483.

it was the desire of Bristow to undermine him and become president in 1876. The ambition that Bristow did cherish was to accomplish something toward true reform in government.

President Grant was grossly deceived and imposed upon by men who professed to be his friends, in St. Louis as well as in Washington, and as a result he knew nothing of the Whiskey Ring until the plan of exposure was laid before him in March, 1875. The trial and the telegrams used by the prosecution exculpated him. These telegrams show that President Grant had nothing to do with the Ring, not only negatively, but affirmatively; that he knew nothing of these gross and outrageous impositions upon his confidence in men.

On one point President Grant cannot be defended; the role he played in crippling the Whiskey Ring prosecution during the Babcock trial. There can be no doubt that he desired to see General Babcock cleared of his charge of complicity in the Ring. Solicitor Bluford Wilson, testifying before the Select Committee Concerning the Whiskey Frauds said.

I wish to state that, with reference to the whiskey cases generally, there never was, to my knowledge, any lack of cooperation on the President's part. There were delays, it is true, during the fall of 1875, in turning out some men who the Secretary and myself thought ought to have been removed sooner; but on the whole we got along very well. It was not until we struck Babcock in what seemed to be strong suspicious evidence of his complicity that we began to grow apart.⁷⁰

In the Babcock trial Grant offered to go to St. Louis as a witness for the defense. He publicly stated that General Babcock was innocent; if he were guilty of complicity within the Ring

⁷⁰House Misc. Doc. No. 186, 44 Cong., 1 sess., 358.

he would have been the first to know. President Grant had the unsuspecting chivalry of friendship. Throughout his life his sympathy went out to those he thought the victims of injustice. Though Babcock might be at fault, his instinct was to shield him from attack and as a result General Babcock was acquitted.

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