

## Deceits, Grafts and Swindles

In one of O. Henry's most popular books entitled *The Gentle Grafters*, he portrayed the escapades of a pair of roving rogues—impish, fun-loving, but ready, able, and willing always to pluck a gullible bumpkin when the opportunity presented itself.

But aside from fiction, most swindles occur as a result of plan and design, cleverly calculated to appeal to the allure for quick and easy money to which most people sooner or later yield, when tempted. These real life tricksters, ingenious and ingratiating though they are, are far from being gentle grafters. In fact, most of them are too greedy even to give their dupes a run for their money. Of such type were many nimble-witted schemers who invaded Iowa during the prosperous days following World War I. They subscribed to the old philosophy "If the world will be gulled, let it be gulled" (Burton's *Anatomy of Melancholy*) and quite willing they were, to do their part of the "gulling." Some of the swindles perpetrated on residents of Benton County, doubtless, were typical of the various devious devices by which many other Iowans were overreached.

In our more sophisticated society one may won-



der how people could be so gullible. Only the mechanics of swindling has changed from those employed in the earlier days.

*Bonds and Hope*

One such victim was the farmer who one day withdrew eighty thousand dollars worth of Liberty Bonds, the war bonds of that era, from his bank box. He boarded the midnight train for Kansas City with his suitcase full of bonds, and his heart full of high hopes. He returned in a few days without exuberance, and with an empty suitcase. Crestfallen, he finally divulged, confidentially, that the "gold certificates" of a much greater amount, which he had received in the exchange, were of no value. It actually happened!

*A Gypsy Faith Healer!*

A group of gypsies, Indians they called themselves, stopped at a farm home, ostensibly for a supply of water, but actually for whatever they might be able to get. They got more than water. During the conversation they learned the housewife and mother was suffering from a serious chronic illness. The "Indians" feigned woeful commiseration. Their concern seemed so genuine the desperate husband gratefully accepted their proffered offers of help. But how could they help his wife? They pointed to their master healer. He could help, if he but would. After due consideration the educated "doctor" of the group, not



only consented, but confidentially assured the family his powers could cure the afflicted woman, that is, he could if, but only if, all of the members of the family would give him essential assistance and support. Thus the trap was set.

The assistance which he required, it soon developed, consisted of two things—first an abiding faith in him, and equally important, patience. No long period of patience would be required, only eleven days, a small time considering how long she had been sick. His fee was to be a mere one hundred eleven dollars, and not payable until the invalid was cured and again doing her own housework. But faith in him, that was the prime contribution they must make. He must have their constant and devoted thoughts, to keep his powers strong. The family assured him of their complete confidence.

Ah, yes, for now, but what if one of them faltered. No, there must be more than their present expression of faith—there must be positive proof that, as greater power was needed by him day after day, their faith would sustain him up to that magic moment on the eleventh day when mother would arise again—whole and strong and smiling. What proof did he demand? He pondered some moments then nodded—yes, that would do it—they would place money—a great sum, to prove their great faith, in a package under the mother's pillow, and one of them must feel the



package, through the pillow, each morning and each night, to renew the faith of the whole family.

The next morning when the bank opened, the husband was waiting at the door. He borrowed eight thousand dollars and hurried back to the farm. The master healer returned. He assembled the family and had the father wrap the money in a magical cloth, and place it on a table where it remained until eleven minutes after eleven o'clock. Then, at his direction the youngest child picked up the package and placed it under mother's pillow.

For three days and nights, with only short intermissions for rest and renewal of strength, the "Indian doctor" sat in the now darkened sick room, frequently mumbling unintelligible incantations. On the fourth day he announced the power was working. From then on he must be alone, away from any distracting influence, to keep up his deep concentration. He retired to the haymow of the nearby barn, stating he would come down on the eleventh hour of the eleventh day. Until then they must remain outside of the mother's room in order not to disturb the thought waves, except to bring food and care for her needs, and then one of them must continue, each morning and night to feel the faith package through the pillow, to keep strong the faith of all until his return. If any should fail, the result—oh, it was unthinkable.

Faithfully they carried out his instructions. The



eleventh day came but the "doctor" did not, and the invalid did not arise from her sick bed. It was then that faith wavered. The magic package was opened. It contained only pieces of paper. The money was gone and so were the gypsies—long gone and untraceable.

*Hog Remedy for Profits*

A racket which was worked successfully throughout Iowa in the early 1920's involved the manufacture and sale of a hog remedy, allegedly having wondrous powers. A personable young man selected Newton as the site for his operations and had footings or foundation poured there for a proposed building of large dimensions. Then he went forth armed with the building plans for his projected factory, a few bags of a proven hog remedy which had been resacked by him into his own labeled bags, and an immense amount of self-assurance.

Soon many farmers were intrigued with the miraculous results promised by his remedy—*Santo*. Those who accompanied him to the factory location were impressed by the size of the foundation. They envisioned a flow of the wonderful remedy which farmers would clamor for, for their "mortgage lifters" hogs. And they wanted a part of the profits that would soon be rolling in. The lucky ones, who were accepted as qualified to be associates, placed advance orders for the large quantities which they assuredly could sell.



It was all quite simple to get in on the ground floor. No cash was required. They would merely sign promissory notes, not to be paid until several years later, from the sales they would make. Using these notes as collateral the organizer, Ray B. Gibford, would obtain money for completion of the factory, and in a few months they would be reaping profits from their sales of *Santo*, long before the notes were due.

Typical was one Benton County farmer who gave fifty such notes, for \$1,050 each, a total of \$52,500 for a large quantity of the remedy which he believed he could readily sell, while a hired man was doing the arduous work on his farm. No estimate could be made of the total amount of notes thus obtained by Gibford. The known advance orders of *Santo* would have filled a very long freight train.

But no deliveries were made. In fact, no factory was completed. Nor were the notes pledged as collateral to build the factory as promised. To the contrary many of the notes were sold to banks, which upon investigation found the financial condition of the makers to be good. Although it was not considered sound banking practice to buy the notes of strangers living at a distance, it was not illegal. And some banks did buy such notes—at a good discount. They became innocent purchasers for value—before maturity. To the unhappy surprise of the makers of the notes, the fact



that fraud had been perpetrated upon them in the inception of the notes was not available as a defense (See *Mt. Hammill Savings Bank vs. Hughes* 196 Ia. 861; 195 NW 589). Consequently many of the notes were paid without suit.

Fortunately, Gibford did not succeed in selling most of the notes. They never reappeared, and no demand for payment was made. Those "investors" were the fortunate ones. The wondrous *Santo* and the dreams of quick profits from its sale are long since forgotten, except by those gullibles who paid for something they never received.

#### *The Doctor Talks Oil*

One swindle, successfully perpetrated, backfired upon the con man. It was what the Iowa Supreme Court described as "a word picture of a 'blue sky proposition' done in oil" (*Newton vs. Young* 197 Ia. 1143; 198 NW 515, and *Heineman vs. Young* 197 NW 1001).

Doctor O. A. Young, a physician, who later was discovered to have been less than successful in his profession, returned to his boyhood domicile, Benton County, Iowa, with a glowing story. Other members of his family still living there were highly respected, and by capitalizing upon this family connection he had the benefit of an undeserved entree as a man of dependability and financial substance. His oil well proposition proved alluring to several trusting individuals with a supply



of restless money, so alluring that two of them eagerly accepted his proposal to accompany him, expenses paid of course, to Marion County, Kansas, to see for themselves, and for others.

He first whetted their appetites for an investment by walking them through a part of the Peabody Pool and watching the liquid gold flowing from many wells. Their enthusiasm thus stimulated, he took them to the land he claimed he owned. Standing on the 40 acre tract he pointed out how the derricks of the Peabody lined up directly with his land. Then turning to look in another direction he showed another field with a number of other derricks also coming directly toward where they stood. Obviously, the two producing fields converged on this very spot. The nearest well, less than a mile away, was producing three thousand barrels of oil each day. And here was the middle of the basin beyond doubt. His tract was, he represented, the most promising oil land in the country—and who, standing there, could doubt it?

"Doc" told them he had purchased the land for \$38,000; he was a man of great wealth, without desire for more, and now merely wanted the return of the capital which he had invested in this land; he would sell them one-eighth share each, for \$5,000 and thereby each would own one-eighth of the land and the oil and gas rights.

He further informed them an experienced and



successful oil driller had agreed to enter upon the tract and immediately commence drilling oil wells at a cost to himself of \$50,000 to \$75,000 because of his confidence in a sure strike, and thereafter he would operate on a 50-50 basis of the oil produced, all without any additional expense to them; and within twenty or thirty days they would have wells producing large quantities of oil. The two feverishly accepted his proposition.

Returning to Benton County with the first two converts to innocently corroborate him, Young quickly found other would-be investors, each of whom, upon hearing the fabulous opportunity, eagerly purchased what, in each instance, was represented to be the last one-eighth share. Satisfied with the \$40,000.00 already garnered, Young departed while the picture was still rosy, leaving several individuals disappointed because they had not learned of the deal until it was too late for them also to get in on it.

Curbing their impatience the lucky investors waited, scarcely restraining themselves from purchasing finer automobiles and the like with the riches which would soon be forthcoming. Thirty days. Sixty days. Ninety days. No dividend checks arrived. No word explaining the delay. Letters to the alleged well driller were returned—"Unknown Here." Letters to "Doc," at the address he had given, remained unanswered. He was elsewhere, enjoying the fruits of his deception.



But "Doc" overlooked a couple of important factors. He was too miserly to spend a few thousand dollars of his ill-gotten gains to move an oil drilling rig onto the land and go through the pretense of starting to dig the first well, and then have a stuck drill or some other plausible explanation. Had he made even such a token effort, his victims would have had little legal grounds for complaint. As it was, they had paid for a chance to drill but he did not even give them that chance.

His greed was his undoing, for "Doc" also overlooked something else which caused his plans to go awry. He assumed he could disappear, and that his victims, left without recourse, would take their losses quietly. But "Doc" did not know that the one hundred sixty acre farm he had inherited from his respected father could be attached even though he was beyond the reach of the Iowa laws. The investors instituted suits, aided by attachments of the farm.

The oil fraud cases comprise the most famous civil proceedings in the District Court of Benton County. Evidence given by oil geologists conclusively proved that, although from the surface it appeared the center of the oil pool must be on Young's land, the fact was that there was an underground "fault," a slippage of the underlying rock whereby oil had been cut off from this land. No experienced driller had agreed, or would agree, to drill there at his own expense because



the "fault" was well-known. Even Young knew it when he obtained the oil lease from the owner for a trifling sum. And he also knew several unproductive wells, dry holes, had been sunk in the vicinity and that this parcel was worthless as a prospective oil producing property. Evidence further disclosed his license to practice medicine in Missouri had been suspended. Verdicts were returned by the juries in favor of the men he had overreached.

Upon appeals to the Supreme Court of Iowa the trial court was affirmed, with the finding that "The scheme was conceived in fraud and born in iniquity." The attached land was sold on execution sales. Sheriff's deeds duly issued to the victims of the swindle. This swindler had overreached himself. By virtue of legal process he was compelled to make an involuntary expiation.

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