

# Gold and Greed

The Klondike Gold Rush and the Slipperiest  
Swindler of Them All—"Soapy Smith"

- Moshe Miller

When they heard there were "rivers of gold," they came from far and wide. A pristine frozen wilderness was transformed. More than 100,000 prospectors – appropriately called "stampeder" – swarmed the Alaskan and Canadian hinterlands. Chaotic shanty towns of muddy streets sprang up to accommodate the ever-renewing supply of gullible outsiders hoping to strike it rich. It was the perfect setup for one of the cleverest and shadiest swindlers – a man so slippery that he was known as "Soapy." Would they ever catch him?



A dozen oil lamps held in ornate brass fixtures on the wall cast a warm glow into the room of the Capitol complex that had been chosen for the late-night negotiations. Secretary of State William Seward paced back and forth past a giant globe that adorned the room, featuring a map of the Earth. He suddenly stopped and fixed his gaze on Eduard de Stoeckl, the Russian ambassador for Czar Alexander II. It was 3:30 AM on March 30, 1867.

"All right," Seward said. "Our government knows that Russia needs to rid herself of her interests in America. My carefully considered, final offer should be amenable to all parties. I have full confidence that Congress will approve the purchase for a sum total of \$7,200,000. Russian landowners in Alaska will be entitled to keep their land as private property, and otherwise Russia will thereby forfeit all rights to the territory known as Alaska to the United States of America. Is that agreed?"

Ambassador de Stoeckl was delighted that negotiations were finally coming to a close. He knew that the Czar had a keen interest in disposing of the territory, which was being administered by the near-bankrupt Russian America Company. The territory was too far away to supply and secure militarily, and the fur-bearing animal population had been severely hunted, devaluing Alaska in the eyes of the Russians. De Stoeckl was sure that he would be amply rewarded for this diplomatic feat. He made a brief show of careful deliberation, after which he agreed to Seward's terms. The treaty was drafted, and all parties signed at 4:00 AM. Alaska had been purchased for around two cents per acre, in what would amount to approximately \$115 million in present-day dollars.

The purchase sparked a debate, not only in Congress, but nationally. A majority of Americans approved of the deal, which was reflective of Seward's – and most Americans' – expansionist ambitions in general. Still, a vocal minority decried the money spent on what was perceived as a frozen, barren wasteland. The critics dubbed the acquisition "Seward's Folly." After all,



William Henry Seward, the US Secretary of State who brokered the purchase of Alaska from Russia in 1867.

William Seward was the one who convinced President Andrew Johnson and Congress to approve the purchase. One senator remarked sarcastically, "I will support the agreement on the condition that the secretary of state be compelled to live there."

The purchase of Alaska turned out to be far from folly, though. In fact, Alaska has proven to be very rich in natural resources, especially oil and gold. Early attempts at oil production had already begun by the 1890s. Large oil reserves were discovered in 1957. The resulting financial stability of the area paved the way for Alaska's admission to statehood in 1958. The most recent US Geological Survey estimates that just one region of Alaska, the North Slope, could contain trillions of dollars' worth of natural gas and oil. About 13% of the United States' oil production currently flows out of Alaska. Gold, however, proved to be Alaska's resource that most captured the hearts and imaginations of the nation.

After Seward's controversial negotiations were concluded, officials from both nations traveled to the capital of then-"Russian America," Sitka. The city lies on Baranof Island in southeast Alaska. On October 18, 1867, a large contingent gathered at Castle



The \$7,200,000 US Treasury note used to pay Russian Ambassador de Stoeckl for Alaska.



Alaska's size compared with the 48 contiguous states.

Hill, the governor's residence. Amid the ceremonial blasting of cannons, Russian and American soldiers paraded through the area for the historic occasion. There, the Russian flag was lowered and "Old Glory" was first hoisted over downtown Sitka. (Incidentally, in an unofficial ceremony in 1959, the first 49-star American flag, reflecting Alaska's admittance to the Union, was also raised on Castle Hill in Sitka.)

By the mid to late 1870s, excitement was created by the discovery of substantial amounts of gold in Sitka. In a mini "gold rush," thousands of prospectors rushed north from America's west coast in a frenzied search for more of the precious metal. In 1880, some of these prospectors found a large gold strike almost 100 miles north of Sitka and named their new settlement Juneau, which is now the state's capital.

Over the course of the next two decades, panning and mining for gold was a fairly popular activity among fur traders (who often contracted laborers to search on their behalf) and among various other drifters. Still, there were relatively few people dotting the frigid landscape in search of the elusive gold deposits – probably less than 4,000 in total. At the end of the 1890s, all of

that would change as southeastern Alaska flooded with American prospectors who utilized the area as a staging ground for the arduous journey to a huge strike just across the border, in Yukon Territory, Canada.

## Gold Fever

There were not very many Americans who were interested in living in Alaska in the late 19<sup>th</sup> century. The white population – dubbed "sourdoughs" after the fermented dough they used for baking in place of the more difficult-to-obtain yeast – numbered around 4,300. Residing in the then-territory were approximately 29,500 Native Americans, as well. Many of the sourdoughs were loners and drifters, the eccentric few who wandered to a remote land with hopes of starting a new life. Most were prospectors, also. It was well known that gold was to be found in the Alaskan wilderness – at least in small amounts.



An 1827 illustration of Castle Hill in Sitka, (then-Russian) Alaska.



The signing of the Alaska Treaty of Cession on March 30, 1867. William Seward sits to the left of the globe, Ambassador de Stoeckl stands in front of it.