

OFFBEAT OREGON

Clumsiest drug smugglers were the most audacious

Editor's note: In the last Offbeat Oregon column, we explored the unlikely origins and career of Yosuke Matsuoka, the foreign minister of Imperial Japan who was responsible for Japan's military alliance with Nazi Germany. Matsuoka spent most of his teenage years in Portland as a sort of adopted son of a prominent merchant and smuggler named William Dunbar. In this series, we go into detail on the story of the smuggling ring that William Dunbar operated with his friend and business partner Nat Blum.

BY FINN J.D. JOHN
Nearly 50 years ago the Good Friday Earthquake changed Alaska forever. It killed nine people and slammed the West Coast with tsunamis that killed 122 more, including four in Oregon.

It did something else, too, though. It heaved up the sea-floor of the Inside Passage near the ghost town of Katalia by a good 12 feet. In the process, it brought something up to the surface that was a very important piece of the history of Alaska and, earlier, Oregon. It was a small wooden-hulled steamship with a screw propeller. Most of the wood had been eaten away by time and wildlife, but the steam engine and other hard parts were still there and visible.

This wrecked ship turned out to be the remains of the S.S. Portland, the most famous steamer in Alaska's history, the one that kicked off the Klondike Gold Rush when it arrived in Seattle in 1897 with the famous "ton of gold" on board.

The Portland was almost like the mascot of the Klondike Gold Rush, so Alaskan history buffs were excited about the find. But Alaska wasn't the only state with cause for celebration. The Portland had a prominent role in Oregon's history, too. It had been as notorious in early-1890s Portland as it became famous in late-1890s Alaska.

Before the ship was bought by a Seattle shipping company and renamed the S.S. Portland, its name was the S.S. Haytian Republic. It was based out of Portland, and it was probably the most notorious smuggling ship on the West Coast. It was operated by a group of smugglers whose clumsiness and ineptitude was like something out of a Keystone Cops comedy, so its name was in the newspapers a lot. Every reader in Portland knew that ship, and knew the names of its owners: Nat Blum and William Dunbar of the Merchants Steamship Company.

WILLIAM DUNBAR

William Dunbar was the senior partner in the operation. Dunbar, a native of Scotland, had come to Oregon in the 1870s or 1880s and established Turner Flouring Mills.

Looking for a market for his flour and the wheat he had contracts for, Dunbar discovered that buyers in China really liked the quality of his Oregon-grown wheat and flour, with which they'd make cakes and noodles of various types. So he started shipping his products to China.



Passengers being rescued from the sinking S.S. Portland after it struck a hidden rock near the town of Katalia on Nov. 12, 1910.

China today is a major buyer of Oregon's soft white wheat and Dunbar was the merchant who first opened that door.

It made him very wealthy. Dunbar was soon making enough money to purchase his own steamship, and then another. He used the two steamers — the Haytian Republic and the Wilmington — to expand beyond the grain freight business into the wholesale grocery business. The steamships ran out of the Dunbar Produce and Grocery wharf, near the site of the Burnside Bridge on the west side of the river.

By the end of the 1800s, Dunbar was one of the most respected and influential members of Portland's business community and a member of the Arlington Club.

But all was not well with him. It's not clear what happened to push Dunbar over the edge into industrial-scale criminal enterprise. It may have been the death of his wife. It may also have been the influence of Nat Blum, a flamboyant cigar-store owner who was a junior partner in Merchants Steamship Co. Or maybe he was criminally inclined all along, believing on a philosophical level that the U.S. government had no right to tell him what he could and could not do with his steamships.

Or, maybe he just hated waste. After all, nobody in Portland was buying shiploads of Chinese goods; each time one of his steamships left Portland, loaded with grain bound for buyers in China, it had to sail back home in ballast. Not only was the return trip wasted, but Dunbar had to pay draymen to load and unload the ballast rocks that would keep the ship stable and safe.

We can imagine him thinking about this: What cargo could I bring from China to Portland, on the return voyages, after bringing wheat from Portland to China?

And we can imagine him realizing that there were two cargoes that would be extremely lucrative for him: People and opium.

Although both were equally illegal, people would be the safer of the two cargoes. The Chinese Exclusion Act had been passed in 1882, slamming the door on Chinese laborers who wanted to come to America to work. But plenty of Chinese people

still wanted to come to America. And in those years before driver licenses, once they arrived no one would be able to tell they were in the country illegally. All they needed was a well-connected, sympathetic smuggler to bring them across the sea and either provide forged entry papers or sneak them ashore in the middle of the night. Someone like William Dunbar.

As for the opium, in the 1890s that was still perfectly legal. But it was subject to a very heavy tax of \$12 per pound — about \$375 in modern money. That, on a product that today sells on the international market for less than \$50 a pound.

But there was a reason for that high tax. The vast majority of Americans viewed smoking opium as the *ne plus ultra* of debauchery and dissipation. Much of the population wouldn't care about smuggling Chinese workers into the country, but most Americans would — if they learned you were smuggling in opium — rat you out to the police in a heartbeat. The risks, in opium smuggling, were much higher.

But Dunbar and Blum apparently were willing to take those risks, because obviously if you were buying a product for \$50 a pound that was selling on the street for 10 times that, well, you could make some pretty good money. Until, of course, you got caught.

And yes, Blum and Dunbar were definitely going to get caught, sooner or not much later. One of the more striking aspects of their story is the contrast between the size and scale of their organization's capital investments and the clumsiness of their operations. Usually, smugglers this dumb don't grow this big. But, of course, usually successful businessmen don't jeopardize their success by taking up high-risk criminal enterprises as a side hustle either.

THE JIG IS UP

According to Blum's later testimony in court, the criminal enterprise got started circa 1890 after one of Dunbar's friends and fellow members of the Portland business elite, James Lotan, was given a cushy, sinecure job as chief customs collector for the Port of Portland. Lotan, owner of the Stark Street Ferry, was also the head of the Oregon Republican Party.

This easy, lucrative federal job was basically a political patronage plum. The chief customs collector, of course, was the top federal official in charge of making sure no one was smuggling anything into the port.

As would quickly become obvious, this was like putting a fox in charge of the chicken house.

Dunbar and Blum were probably already doing some low-key smuggling before this, because immediately upon receiving his new appointment, Lotan (again, according to Blum) approached Blum to see about putting his newfound authority to use.

The scheme they came up with was pretty slick. Lotan was to generate official paperwork for each Chinese passenger. Each passenger would pay \$120 (about \$3,750 in modern money) to be smuggled into

the country. (\$50 of that went straight to Lotan, for his help in the process.) The paperwork would identify the Chinese men as employees of U.S. companies, already legal residents, who had been sent to Canada on business and now simply needed to get back home to the United States.

The passengers would board the Haytian Republic or the Wilmington in China, after all the wheat had been offloaded, and the ship would carry them to Canada, landing in Victoria or Vancouver. There they would finalize the papers with photographs and anything else needed, before getting back on



The S.S. Portland in service in the Inside Passage, ferrying prospectors back and forth to the Klondike a few years after 1900.

Sources

"Agony of Choice: Matsuoka Yosuke and the Rise and Fall of the Japanese Empire," 1880-1946, a book by David J. Lu published in 2002 by Lexington Books; "Yosuke Matsuoka: The Far-Western Roots of a World-Political Vision," an article by Masaharu Ano published in the Summer 1997 issue of Oregon Historical Quarterly; "Wicked Portland," a book by Finn J.D. John published in 2012 by The History Press.

the ship and heading south to Portland. Upon arriving, they would be ushered in to see Lotan, who would ask them a series of questions designed to appear to confirm that the workers were entitled to "return" to America.

These interview questions were carefully scripted, and on the way down Chinese-speaking associates of Blum and Dunbar would instruct each

worker carefully on how to answer them.

"They were told of the witness to their identity, what firm they belonged to, the amount of money they had as a share, where they did business, how long they had been away from the United States, which direction the streets run, and everything they would be asked upon their arrival here," Blum said.

So this was how they had started out operations. It was a slick system. If they'd stuck to it, rather than diversifying into drug smuggling, they probably would have been able to keep it up for a good long time.

But, of course, they did not.

We'll talk about how things went for the gang after they diversified into opium smuggling in the next edition.

■ Finn J.D. John teaches at Oregon State University and writes about odd tidbits of Oregon history. His book, *Heroes and Rascals of Old Oregon*, was recently published by Ouragan House Publishers. To contact him or suggest a topic: finn@offbeatoregon.com or 541-357-2222.

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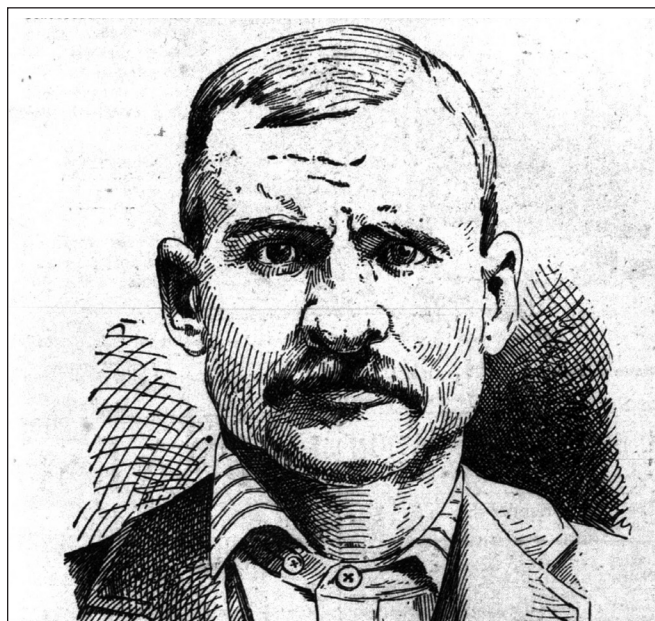
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Blum-Dunbar gang member Joseph "Bunco" Kelly, as drawn by the Portland Evening Telegram's staff artist during his trial on a murder charge in 1894.

Puzzle Solutions

Guess Who?

Answer: Taylor Swift

WORD SCRAMBLE

Answer: Speed

SUDOKU

4	9	1	6	8	2	5	7	3
6	7	2	1	3	5	4	9	8
3	5	8	7	9	4	1	6	2
5	8	7	2	4	1	9	3	6
2	1	3	5	6	9	7	8	4
9	6	4	8	7	3	2	1	5
1	3	6	4	2	7	8	5	9
8	2	5	9	1	6	3	4	7
7	4	9	3	5	8	6	2	1

WORD SEARCH

B L G H U E I T C S I G N A L U M I Z T O
 I U E N P A A W V L R L R W Y O P Y B T
 R P Y M A S C G E O D F E I D S U B G B
 H G S F P N U C R H N E S H D P V N G B
 O U E N R A G L E I T I W C N T V W P U E
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 D S T L E B T A E S B T A T I E Y A T D F
 R R S M O L U B I G A T Y V R Z C W S D
 H U A T L W I R S R I L E F E O Z A H U
 E C T U P T R U Z O B B Z W Z T L E P H
 M M H L U G M D N R A A O C C Y W B T S
 Z R H G W T S C T A V C G T V U V A N V

CRYPTO FUN

Answers: A. mirror B. seat belt C. defensive D. caution