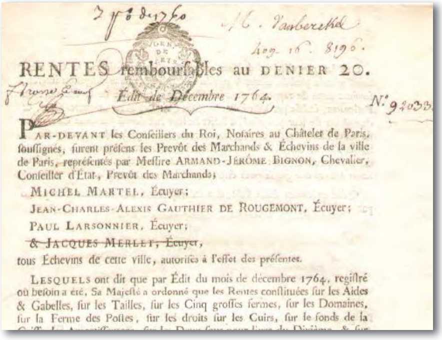
THE JOURNAL OF THE INTERNATIONAL BOND & SHARE SOCIETY

SCRIPOPHILY

ENCOURAGING COLLECTING SINCE 1978

No.97 - APRIL 2015



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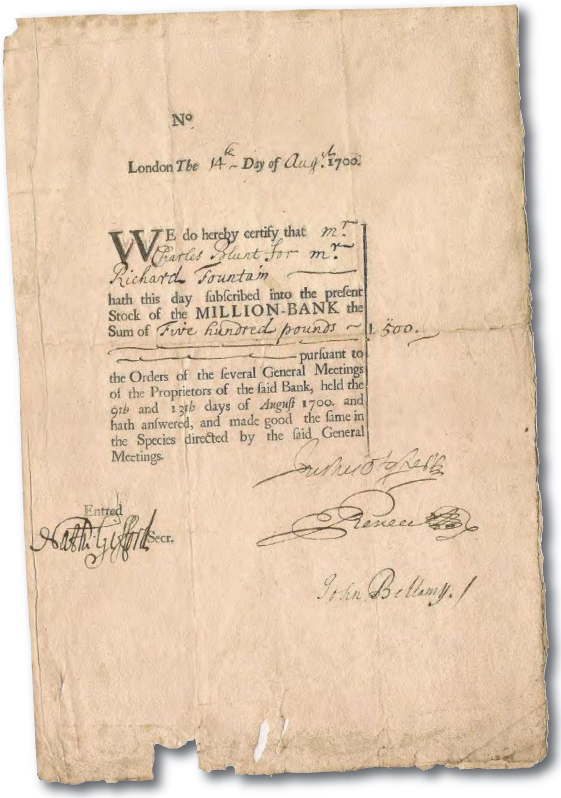

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APRIL 2015 · ISSUE 97

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INTERNATIONAL BOND & SHARE SOCIETY

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IBSS AGM 2015

The 2015 IBSS Annual General Meeting will be held in Spink's offices, 69 Southampton Row, London WC1B 4ET, commencing at 18.00 on Thursday 28th May. The purpose is to elect the Officers and Committee of the IBSS, review the Society's activities and accounts, and to discuss any matters which members wish to raise. The AGM is open to all members worldwide. Members wishing to raise resolutions and motions at the AGM should send these to reach the Secretary (contact details on page 1) as soon as possible. Strictly speaking, these should be signed by a proposer and seconder, but if you do not know anyone who could second your resolution, you are welcome to send it to the Secretary anyway, and he may be able to find a seconder for you. You may ask for a subject to be discussed even if you are not able to come to the AGM in person.

The Agenda for the AGM will be published on the Society's website in late April. Members may request a written notice of the Agenda from the Secretary.

IBSS OFFICERS & COMMITTEE ELECTIONS

As noted above, elections for the IBSS Committee will take place at the AGM on 28th May. New Committee members are always most welcome. If you would like to join the Committee or propose someone you think suitable please send names to reach the Secretary as soon as possible. If you would like to discuss it first, you should contact the Chairman or the Secretary (contact details on page 1).

Nominations will be published on the Society's website in late April.

MEET MARTIN

Martin Zanke has been nominated for the position of IBSS Chairman.

Martin is 53 years old, married, and living in Berlin since 1986. He studied marketing, advertising and communications, and worked in the marketing department of a Berlin regional bank for 22 years. He's now self-employed and 'patchwork-jobbing'.

Collecting scripophily since the mid '90s, he has been hobby dealing to finance the hobby and related travelling since 1999 when Alando became ebay.de. He has managed the Berlin Scripo Club since 2003. The Club attends investors' fairs in Germany to show visitors 'real' stocks and bonds and to promote the hobby.

His goals for the IBSS:

- consolidating the financial situation
- consolidating the number of members, winning new members
- opening the Society to younger people by more internet activities/presence and eventually differentiated membership models
- making the hobby better known and more popular

Martin says, "I have a strong belief in the potential of the hobby. The many stories behind financial papers make the hobby more relevant and up-to-date today than other fields of collecting. We have a good chance to win collectors from similar fields (especially numismatics and banknotes) who are unhappy with their hobbies but just do not know what to collect next – also paper ephemera collectors with a regional or theme focus."

Martin is also responsible for the new Society website under construction. He supervises the technical and graphic framework by two young paid professionals, but has been an unpaid volunteer webmaster in the other tasks, at this point mostly migrating content from the old site and continuing editorial work. He can be contacted at martin.zanke@berlin.de, Glasgower Str. 27, 13349 Berlin, Germany, Phone ++ 49 (0)30 6170.9995, Mobil/Cell: ++ 151 12087840.

FRANKY LEEUWERCK TO JOIN IBSS COMMITTEE

Franky Leeuwerck has agreed to be 'Second online publisher and webmaster' and will join the IBSS Committee.

Franky is a prolific scripophily publisher on this own blog, "Franky's Scripophily BlogSpot – tales of shares and bonds", and is ably maintaining the IBSS Facebook page. See http://leeuwerck.blogspot.com/ for some entertaining content. We are still looking for back-up volunteers for many of the other committee functions (see page 2 of the December issue of *Scripophily*).

According to Franky, "I work as a consultant in data warehousing and business analytics. I collected my first stock certificate thirty years ago. From the very start I was interested in the way securities are produced and designed. My main interest as a collector is certificates from organisations that produced or designed computers. So I look for technology companies involved in radar technology, space craft, missile guidance, avionics, home and game electronics, etc. I also like certificates of voluntary associations or government securities issued for purchase or maintenance of natural lands. I just love to interact and communicate with other scripophily collectors and researchers."

NATIONAL SHOW -
US SCRIPOPHILY IS COMING BACK!

While the steam seems to be wheezing out of speculations lately, US scripophily at the 23rd - 24th January 2015 14th Annual National Scripophily Show was doing very well. At least four dealers reported that this was their most successful National Show ever, and there was more enthusiastic buying activity than I have seen in years. It was held at the usual venue, the Crown Plaza Hotel near Dulles airport in Washington, DC.

Europeans in a buying mood returned to the marketplace after a multi-year absence. Mike Veissid was buying for Spink inventory and auction, and Jörg Benecke was back again buying this year. The Europeans were active despite having a considerably less favorable Euro exchange rate than in recent years. There apparently was some new value in acquiring inventory that would appeal to US collectors. This would be wise considering the increase in buying power of the dollar vis-à-vis the Euro. The better exchange rate for dollar holders also may aid in unlocking some of the US scripophily tied up in Europe by the strong Euro.

Dealer regulars Ted Robinson and Dave Beach were temporarily absent this year. Howard Aaronson, Stuart MacKenzie, Bob Greenawalt and Neil Frampton were missed as well. It was nice to have Judy Schell back with us this year.

The first day of the Show, Friday, was dominated by dealer-to-dealer transactions while a few diehard collectors nosed around. More collectors arrived on Saturday and the bourse was busier than I have ever seen it on Saturday morning. The Society signed up four new members thanks to the efforts of Bob Schell, Cliff Priest and Tom Lareau. It helped that the weather was relatively good throughout the show, without any significant snow.

David Strebe and Bob Schell hosted the annual show 'kick-off' party on Thursday night, complete with beer, wine and Wisconsin cheese. Bob and Judy had a suite to accommodate the crowd; this is always a great way to socialise before the show.

Bob Kerstein of scripophily.com says, "This was our best show. 90% of our sales were to other dealers and auction houses, 10% was retail. We sold a lot of mining, railroads, oil, aviation and older autographs. Surprisingly, Confederate bonds and modern stocks were slow." The active business at the show was a pleasant surprise since Kerstein did not contact his email list this year to promote the show, and his efforts to enlist some reporters for publicity did not pan out.

In a bit of scripophily trivia, did you know that the **'Lockheed' Aircraft Co** is actually a misspelling of the company founder's name? Kerstein purchased a Lockheed Aircraft Co 1929 stock certificate signed by founder Allan Loughead. 'Loughead' was the correct spelling of the founder's name although it is pronounced 'Lockheed'. To deal with the many understandable mispronunciations, he used the phonetic pronunciation for his namesake company.

Champion Stamp brought more than 90 boxes of specimens, their biggest offering – even more than at last year's National and Wall Street events. Olianna Zelles and Evan Morowitz took care of the many browsers. This was a boon for locality collectors such as Bill Knadler, who collects Ohio State scripophily – quite a few companies are not known by issued stocks and the specimens are the only way to obtain examples.

At its table, Spink offered a preview of all the scripophily lots in its 27th January Numismatic Collector Series sale (see report elsewhere in this issue). Virginia auctioneer regulations are a practical barrier to holding an auction at the venue, but the preview was still highly useful. This was especially the case for multiple item lots for which full catalogue descriptions and images were not available on-line.

From the top: New member Marcia Contrado with Scott Winslow, left, and Max Hensley; Nick and Joann Davic travelled from Pittsburg for the show and are seen with Mike Veissid and Cliff Priest on the left; Bill Benz and his mom Anne at his table which was very popular with the other dealers who loved the fresh material he brought to the show; Visitor Chris Ackerman and his show find; Judy Schell greets visitors at the registration desk

This is the second time in recent years that Spink has held a preview of scripophily auction lots at a show. Hopefully, it is a practice that will continue.

According to Mike Veissid of Spink, the show was "still quite light on visiting collectors, but showed signs of life and improvement over past years. There was some nice material on offer and 99% of it was American unlike European shows where there is material on offer from all over the world. Those dealers who managed the trip seemed quite upbeat and a good couple of days were had by all."

Organiser Bob Schell reported there were three more dealers this year than in 2014. The show next year will be at the Crown Plaza again and at approximately the same dates.

Max Hensley

IBSS BREAKFAST – STATE OF THE SOCIETY

US Chapter President Max Hensley discussed the parlous state of the Society's finances, ie, we are spending more on our website reconstruction and our journal *Scripophily* than we are taking in from membership dues, advertising revenue and Society auctions. Hensley described the steps that had been taken to reduce costs (negotiating lower printer and layout costs, relying on generous dealer support for mailings, etc.)

The unfortunate financial situation seemed to surprise some of the members. Hensley put it simply. If things don't improve we will have to make some hard choices about our business model, for example choosing between increasing dues substantially or discontinuing the print journal for a more frequent on-line issue.

Hensley held a 'straw' poll of the 40 or so members at the breakfast. The overwhelming preference was that we raise dues to close the gap, rather than discontinuing the print publication. $40 or $50 annual dues were mentioned by several members. In fact, several members followed up by gratuitously adding extra funds to their dues payments. While IBSS would welcome donations from the public spirited, it would be with the understanding that they are not tax deductible (US IBSS is a 501(c)(4), not a 501(c)(3) organisation).

Hensley also pointed out that many of the volunteers who keep the Society going are getting along in years. Many are in their 70s and 80s and won't be physically or mentally able to keep it up for much longer. While we have received a gratifying response from a few members, there is a crying need for more to volunteer.

The support of these die-hard members at the breakfast was heartwarming. However, there is some question how a considerably increased membership fee will be accepted by less involved collectors.

IBSS BREAKFAST – INTERNET EXCAVATIONS BY BILL BENZ

Forty troopers got up early for the 7:45 Saturday morning IBSS breakfast, an accomplishment considering the partying and late hours enjoyed by quite a few members the previous night – on top of a very busy first day at the National Show.

We were treated to a presentation by Bill Benz on 'Internet Excavations by a New Scripophilist' or, said differently, 'How to make the most out of your time searching the Internet'. Bill is a new collector known for his discovery a few years back of an issued uncancelled 1870s **Union Pacific Railroad Co** stock certificate in a Pennsylvania antique mall. Bill brings the same sort of originality and dogged persistence to the internet as well. A number of his internet finds were for sale at his table at the show. He also works in digital marketing in the finance industry so he brought a great deal of technical sophistication to the subject.

From the top: Karl Lis, new member from Detroit, adds a Detroit Terminal and Tunnel Co his collection; David Adams and Tom Lareau; Jim Hutzler, David Strebe and friend, Larry and Bob Kluge enjoying the Strebe-Schell party Thursday night; Scott Winslow, Judy Schell, Knadler and Cliff Priest at Streber-Schell party; Susana Kerstein hard at work while husband is busy digging up things for her to sell

Bill's talk was in two parts. One related to how to do on-line searching. The other was where to look on-line. He pointed that the amount of material currently available on sites such as eBay makes it unrealistic for a person to be able to assess every item for sale. As of 11th January 2015 over 36,000 stocks and bonds were listed on the US eBay site for auction or Buy-it-Now. Benz recommended focusing searches using a combination of filters narrowing the field to a manageable amount of results. Searching on-line databases such as eBay appears to be deceptively simple but can get quite complex, particularly when you want to get serious about excluding non-relevant results. Tips on how to put to together search 'strings' to narrow your desired searches can be found on http://vintage-stocksandbonds.blogspot.com. So start small and focus in on a theme so the volume of results is not overwhelming. Keep in mind it is easier to reduce the amount of content flowing toward you than to rediscover it later.

Bill also spent some time on the 'where' of searching. We all know about eBay, but did you know he has found good material by searching Google and Craigslist? Google in particular requires targeted searches or you will be buried under immaterial results.

He also covered the new field of auction aggregators such as Invaluable, Bidsquare and AuctionZip. These sites aggregate the auction catalogues of their members, past and present, so they can be searched and viewed on-line. Bill explained that you need to be alert to search string strategies here too because you will get overwhelmed by the results from unexpected sources. These auction houses for the most part do not deal in scripophily so you must be prepared to include unusual search terms and exclude things you never thought would be uncovered by a search (including foreign language terms). You can also establish alerts or subscriptions so the aggregators can tell you when something of interest turns up in one of their auction catalogs. Avoid the 'set it and forget it' approach to subscriptions, take time to refine the string over time to make it more valuable.

David Strebe commented at the breakfast that he still likes to do things the established way, by making personal contacts at related hobby events like book, coin, stamp and ephemera shows where old stocks and bonds make incidental appearances.

Mike Veissid said, "Everyone listened intently to Bill Benz's talk on tips and hints regarding internet searching. He may regret that because we all gleaned some great information on finding those 'out of the way' listings that he has been finding!"

A copy of the presentation can be found on Bill's blog vintagestock-sandbonds.blogspot.com

IBSS' expenses for the breakfast were largely underwritten this year by Bob Schell, Scott Winslow, George LaBarre and David Strebe. Our hats are off to these generous supporters.

Bob Schwartz had inventory for sale, including this interesting specimen

Cliff Priest offered this Alfalfa Irrigation & Land Co stock along with a copy of the company prospectus. Cliff does good job of adding historical research to his offerings

Bill Benz

IBSS BREAKFAST – AWARD FOR BOB GREENAWALT

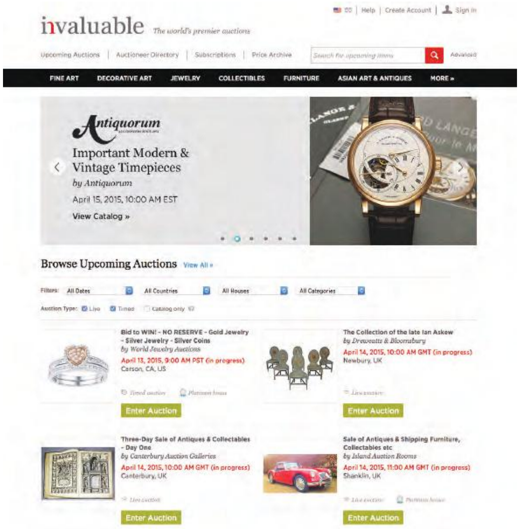
Sadly, Bob Greenawalt wasn't able to make the long trek from his home in the Los Angeles area to attend the Breakfast and obtain his Scripophily Lifetime Achievement Award from the Society for his many years of devotion to the hobby.

He has been a regular contributor to these pages and his interest in and research on scripophily is legendary. He is a fan of rail and mining scripophily, so the steam engine subject on the Award was entirely appropriate.

LIFE AMONG THE AGGREGATORS

Max Hensley

I first became aware of the auction house aggregator Invaluable.com when looking for a way to find mining artifacts and stocks and bonds at auction in the US and Europe. I had corresponded with eBay sellers who would tell me, “Yes, I bought all those old stocks and bonds for $20” at some obscure regional auction house. I had no idea when a sale like that was going to happen, and even if I did it would be annoying to have to go to the auction house website individually and wrestle with inscrutable and unproductive auction house search engines. It really was not practical – until the aggregators came on the scene.



These firms ‘aggregate’ a large number of current and past auction house catalogs on-line in an easily searchable database, and offer ancillary services like email notifications and on-line bidding. Aggregators include hundreds of auction houses. You can search for free for things in current auctions and check past prices. On Invaluable.com past prices are not always available for some houses. Often you have to pay for a peek, especially for results from the ‘big’ houses such as Christies and Sothebys. For example, the now pending Holabird Americana auction is on Invaluable, but prices realized for past sales are not offered. You can get this from the Holabird site.

You can also have the aggregators send you email alerts when something of interest appears in an auction. You have to register to get alerts using your stored searches, but this is painless and cost free. You just have to put up with a lot of junk in the results, in inverse proportion to how well-designed your alert search is. The broader the search, the more irrelevant returns you get in the alerts.

There are two problems with aggregator searches: you get too much, or you get too little. For example, if you set up a search using only the terms ‘stocks bonds’ you immediately will find two things wrong. First, you will miss results from any auction house, mostly in the UK, that uses the term ‘share’ instead of stock. Second, you will get lots of guns, wine and other auction lots that use the term ‘stock’ in the descriptions (wooden gun stocks or wine vintages). ‘Bond’ returns auction lots with James Bond memorabilia, and antiques having ‘Bond Street’ (London) provenance. But if you exclude ‘James’ and ‘Street’ from the search then you may miss a bond from a ‘James’ River Co. The process is iterative and requires a lot of digging and trial-and-error.

Many of the scripophily auction houses are on Invaluable.com – Boone, German firms, Holabird, and others. Sometimes the Invaluable lot-viewing features are better than on the individual auction house site, but you won’t find any more underlying material there than the raw input from the auction house. Meaning, if there’s no lot photo on the auction house site, you won’t find one on Invaluable either. You can save the auction house some cost by identifying a lot on the aggregator, then going to the auction house website to do your bidding.

What has been my experience? Auction aggregators sometimes have paid off with good scripophily buys (about three for me), but for the most part the market is pretty efficient and bargains are scarce. For instance, I searched one of the sites, Bidsquare.com, for past results under ‘stock certificates’. One of the archived results was a P(at). F. Garrett-signed **Alabama Gold & Copper Mining Co.** that sold for $2,585 in a Cowan’s Auction sale in June 20, 2012. That’s an obscure auction house for scripophily, but this price was fairly close to past realizations – the Whaco database reported sales of $2,860 (1991, Smythe 62:2059), $2,750 (1997, Smythe 162:277), and $1,725 (2006, Smythe 262:3099). This was an autograph piece, of course, so I would expect general buyers to be familiar with this more established market than scripophily *per se*. You will be more likely to find bargains in bulk lots, framed pieces and other marginal material.

Since Mario Boone posts his auctions on Invaluable, I asked him about his experiences with it as an auctioneer.

Are more auction houses going to use aggregators?

Probably yes. They do attract some new clients, and more importantly it is sometimes used by auction houses to convince consigners to consign top items – which is probably the most important matter for any auction house (getting top items). So if one auction house starts using for example Invaluable.com, the others ‘must’ follow to show potential consigners that they too use the worldwide web. This is a ‘marketing’ argument towards consigners not based on much reality because buyers for top items know the well-established auction houses in their field anyway. Yet, consigners don’t always realize this, so in the end everybody pays more because the auctioneer’s fee for Invaluable has to be paid.

What are the advantages to auction houses?

I agree that aggregators help in the low- to mid-end auction lots, bringing in perhaps 5% more new clients for established auction houses. There would be more advantage for more recent auction houses that don’t have a large clientele based on a few decades of history. Finally, the live internet bidding function these aggregators offer is a service that some traditional clients prefer (say 10% or so). So it does augment the service an auction house provides.

From an auctioneer’s point of view, what are the disadvantages?

On the downside, aggregators do attract a lot of fraudulent bidders (several tens every auction), so as an auction house, one has to invest quite a bit of time checking whether a potential bidder is trustworthy or not.

The fee they charge is a perentage of the successful bids that come through their platform.

STOCKS ON STAMPS PART II

In our December issue we posted an appeal from Fred Fuld to lobby the US Postal Service to publicize stock and bond certificates and the hobby of scripophily via commemorative stamps. As usual, there's nothing entirely original under the sun. Champion Stamp in New York brought the illustrated stamp to our attention.

This stamp was part of the US Postal Service's 1998 Celebrate the Century series "1920s"commemorative sheet, this one intended to highlight the stock market crash of 1929. The legend on the back of the stamp reads "Stock market prices plummeted on Black Thursday, October 24, 1929, and collapsed on October 29. Banks and business closed and the Great Depression soon followed."

Close inspection of the 'torn' certificate reveals that it is identical to the **Associated Gas and Electric Co** odd-lot class A certificate, a perennial feature on eBay, except that the word 'Associated' has been photo-shopped out of the masthead – presumably to avoid problems with any successor to the company that might be offended by this unflattering linkage to the Crash.

The Associated Gas and Electric Company (AGECO) was a conglomeration of New York, Ohio, and Pennsylvania gas and electric companies assembled in the early 1920s. By 1929 it was one of the country's largest utility holding companies. According to Snopes, "AGECO essentially became a huge pyramid scheme which always managed to stay one step ahead of its lenders and stockholders." This company was certainly not a standout on the Exchange, but neither was it a good representative of the Crash since it was not forced into bankruptcy until 1940. It was reorganised after World War II as **General Public Utilities Co** (GPU), now **FirstEnergy Co**.

US WAR BONDS

I noticed *Scripophily* has been reporting some spectacular sales of US Government war bonds lately, especially the 1898 Spanish American War Bonds and the Liberty Loan Bonds to finance WWI debts.

In answer to a common question, yes, the bearer bonds still have an intrinsic/ redemption value of face amount plus the coupons. The price trends for the 1898 emission have been strongly upward. One particular bond ($20 Hessler X188G) SN#48605 was sold in a Heritage Galleries auction in June 2010, lot #12304, for $3,047.50. I am quite familiar with this bond as I had owned it up to April 2010 when I sold it to for $2,000 which offset the purchase of one I had made three years earlier for $5,500 in a Spink/Smythe sale. Now, that would be considered by anyone some robust appreciation. However, that same bond sold once again in a Heritage Galleries auction in January 2014 for $12,925. It was lot #21503 and sold in the Platinum Night auction of 9th January.

Now, you may and rightfully say at this point, "This is an example that was 'cherry picked' ", so here are some other examples. The same series of bond ($20 Hessler X188G) sold for $6,325 on 7th September 2011 (Heritage Galleries lot #15,886), then the same condition and series of bond sold for $10,575 at Heritage on 23rd April 2014 and finally another sold by Heritage for $15,275 (lot #21,502) on 9th January 2015.

While we are still on the 1898 Series Bonds, I know of the illustrated $100 issue with only two surviving examples known to exist (Hessler X188F). One of these spectacular bonds (in a frame) brought over $36,000 at Heritage on 9th January 2015 (lot #21,504). This same bond sold in a Stacks sale for less than $11,000 six years ago if memory serves.

The Liberty Loan Bonds are more prevalent in both number of bonds issued and of remaining examples but are nonetheless quite scarce. There were basically five series of Liberty Loan Bonds issued from June 1917 through May 1919. They were the 1st, 2nd, 3rd 4th and 5th (or the 'V for Victory' series). There were also subsets of the 1st and 2nd series with differing interest rates as well as conversion to other future issued series of bonds. Here is an example of sales of the identical bond through Heritage Auction Galleries just eight years apart. A 1st Liberty Loan Gold Bond Converted of 1932-1947, serial #491264 sold on 9th May 2007 for $1,725 (lot #12,820), and then on 9th January 2015 for $9,400 (lot #21508).

Your anonymous author wishes to especially thank Joshua T Herbstman for his work in providing US Treasury Bond information through his census at: http://www.theherbstmancollection.com/

Everyone interested in this field should consult Herbstman's census and the Hessler text, *An Illustrated History of US Loans 1775-1898* by Gene Hessler, BNR Press 1988, ISBN 0-931960-18-5

This is one of two known 1898 $100 Spanish American War Loan bonds. It brought $36,000 (courtesy Heritage Galleries)

DEAR EDITOR....

Assessments and Installment Payments

Sir:

I was reading with great interest Terry Cox's column on assessable shares in the Dec. 2014 *Scripophily*. The principle outlined in the article is simple enough; a $100 share is sold with $10 down and the balance payable over time. The shareholder was liable for these additional payments as required. Some might call this a share purchase on the installment plan albeit without a set payment plan. Its demise came about when there were too many assessments levied and investors balked. An example is this stock in the Hermina Mining Co.

On the illustrated back of the certificate were eight assessment stamps numbered from 5 to 11. They are dated from 1907 to 1918 in amounts that gradually declined over this period from 50 to 5 cents.

Most payments were made early with the exception of #10 which was two days late.

Assessments #7 (both of them?) were labeled 'Installment'. I am not sure what the difference between an assessment and an installment is but I assume it was payment for the shares themselves and not for recurring operating expenses. This was the first certificate I saw that is assessable where payments are levied on the shareholder. An interesting item.

This article brings back some memories of the 1990s when partially paid shares or Installment Receipts (IR) were all the rage with Canadian companies seeking financing. The Toronto Stock Exchange had a special section for listing of IRs. This method was popular among mid to senior companies with a track record of sales and earnings. This was never a method used by junior, speculative mining companies. Each listing was denoted with the initial 'IR' at the end. It seems that while history may not repeat itself it sure does rhyme.

The installment receipt was a share that was issued with a portion of the share price payable on closing and the balance to be paid over a two year period at set intervals. If the investor did not want to pay the next installment then it was their responsibility to sell before the next payment was due. In the meantime, receipt holders were entitled to full voting rights and dividends while owning these partially paid shares. Delayed payments on these shares essentially amounted to an interest free loan. It also provided the investor with leverage as the IR traded on the open market in tandem with the underlying stock. Needless to say these types of shares were very much in vogue back then.

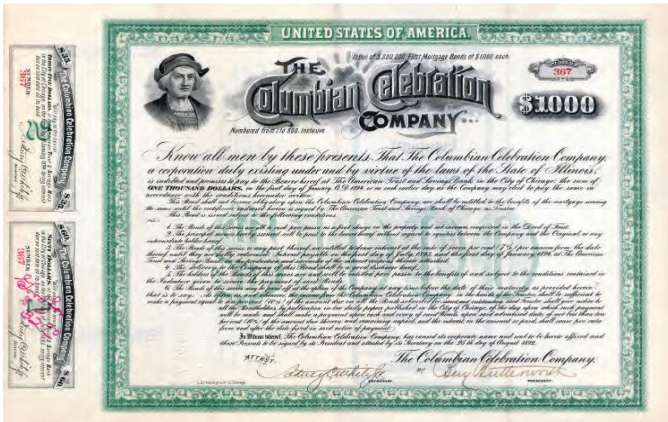
The demise of the IR was due to a number of factors: companies chose different financing methods, especially with lower interest rates and a booming stock market. Also there was an easier credit market which made borrowing more attractive and thus issuers did not have to wait years to obtain 100% of their financing needs. The main reason for the demise of the IR was, I believe, the **Canadian Frackmaster Co** fiasco. This was a pioneering company in the oil and gas sector that was involved in fracking using CO_2 to break up rock underground to extract oil. The company's founder and chairman did a secondary issue of 29 million shares at $19.50 in 1997. The first payment of $9.75 was made on closing with another $9.75 due in 1998. Primitive fracking technology plus a disastrous foray into Russia combined with high debt levels put this company into bankruptcy in 1999. By the time the second installment was due in late 1998, the stock was trading under $1.00. The installment payment was worth far more than the underlying stock itself. Thus, the dangers of leverage became self-evident. Many people walked away from their obligations, prompting a flurry of lawsuits that were ultimately settled. This became a sizeable corporate debacle: the market value of the company went from $1 billion to just over $20 million. Investors, to their everlasting dismay, lost hundreds of millions of dollars. The mania for IRs suffered an ignominious decline. Although IRs are still used from time to time as a method of financing for some issuers, it has lost its trendy status and is not as popular as it once was. It seems that just in the 1800s, the 1990s were no different: trends and fads come and go.

Avrum Grader

The Columbian Celebration Co

Sir:

I enjoyed your article on the Chicago World's Columbian Exposition and the scripophily of companies associated with it. In that connection let me draw your attention to this bond in the Columbian Celebration Co.



The story of this intriguing company is available at http://www.illinoisart.org/#!columbian-exposition/ccat. To summarize, engineer and dramatist Steele MacKaye organized the company to finance the 'Spectatorium', which was to be a re-enactment of Columbus' discovery of America as illustrated by an enormous diorama together with actors, dancers and other entertainers.

Lake front property between fifty-sixth and fifty-seventh on Everett, covering an entire city block, was purchased. Inside the building MacKaye made plans for a full chorus, orchestra and orators to be employed as a cyclorama painting spun to depict his play about Christopher Columbus while the world premier of Dvořák's Ninth Symphony was performed. An eight foot deep concrete tank under the entire stage was to be complete with wave and wind machines that would reproduce any type of seas, calm or stormy. Upon this indoor sea floated Columbus's ships. A full complement of weather conditions would replicate those encountered by Columbus on his journey including wind, fog, rain and storms. The painted ocean backdrop was to be over 200 feet long. In short, it was to be "far more marvelous, novel, and grand and the most extraordinary theater that has ever yet been built at any time in any part of the world." The theater, meant to be permanent, was to be five times the size of the Grand Opera House in Paris.

The investors were a constellation of Chicago capitalists, including Potter Palmer, Peter Studebaker, Marshal Field, and George Pullman. With George Pullman at the top, the list of shareholders included almost every major businessman in Chicago. With half a million dollars pledged the **Columbian Celebration Co** began construction on its lake front property.

The venture soon began to incur cost overruns and delays, aggravated by the usual bad Chicago weather. A scale model cost $30,000 all by itself, and remaining to be built were the exact replicas of the Santa Maria, Pinta and Nina and the largest elevators ever for carrying 10,000 persons an hour to roof-gardens, galleries, restaurants, a Turkish bath and barbershop capped by a 300 foot tower. $450,000 in bonds, along with common stock, had been sold or pledged. The Panic of 1893 impeded attempts to raise another $150,000 in bond sales. The final blow came when it became apparent that construction was too far behind to meet the opening date of the fair in May 1893. Investors dishonored their pledges and the project went into receivership.

Many of the investors admitted they weren't nearly as interested in a return on their investment as they were in the civic pride of bringing such a project to fruition. Lyman Gage said of MacKaye, "I regard [him] as a perfectly honest and upright man, a poet and scholar, and I think this conception was one of the grandest things the world has ever had. His fault was a lack of business method only. I am especially sorry for Mr MacKaye, who is humiliated, ruined, and in the depths of despair because of this failure." Up to the day work was abandoned $850,000 had been sunk into the enterprise. The receiver sold it as junk for $2,250.

Bill Benz

WARNER CO, PROFILE AND HISTORY

Larry Kachelriess, a newly minted member of the International Bond and Share Society (IBSS), signed up at the National Stock and Bond show in Herndon VA. Larry had had limited success finding references to the **Warner Co** online and contacted me asking if I could find any information about the company, one of the five specimens he purchased from Tom Lareau at the show. We are always excited to have new members and I was intrigued by the challenge. I spent the next evening digging into what turned out to be a fascinating company with a significant history in Pennsylvania related to William Penn, credited with establishing Pennsylvania. During my research an interesting fact, good trivia for your next dinner party, turned up from Wikipedia that the name Pennsylvania originates from the combination of Sylvania, one of the first proposed names for the area being land granted (Latin for 'woods'), which King Charles II changed to 'Pennsylvania' in honor of Penn.

Starting with the elements on the certificate I started my review searching for its many clues. First, this certificate is a specimen of common stock $10 par value of the Warner Co. Other observations are the imprint in the lower center on the certificate, the incorporation from Delaware in 1929 and a closer inspection of the vignette at the top of the certificate, which shows a water-front scene with 'Warner 1794' on the side of the warehouse bracketed by images of William Warner and John Warner in vintage clothing. The company president and treasurer were John Curtin Jr and Charles Warner, Jr, respectively, signing in facsimile. It was printed by the Security-Columbian Banknote Co.

Putting those facts to work online, documents were found with the date January 1, 1948 listing John Curtin, Jr as President of the Warner Co[1]. Based on that fact alone we can assume the specimen is most likely from that time period. Chasing that thread of information, the main offices of the Warner Co were 219 North Broad Street, Philadelphia, PA. Business interests primarily dealt in the quarrying and transport of limestone and distributing sand and cement. The Warner Co had branch offices in New York, Pittsburgh, and Wilmington, DE. Operations were focused on the eastern seaboard and west through the Pittsburgh office.

The 219 North Broad Street address has its own interesting history. George Flint, local entrepreneur and a major partner and later president of Philadelphia's **REO Motor Co** located his personal headquarters in Philadelphia at on Automobile Row. In early 1920, Flint purchased a couple of 1850s-era structures at 219-225 North Broad Street and announced that he would construct an 11-story, $350,000 office/factory in the 80' x 100' space. It was known as the Flint Building. It opened in 1922 and was occupied by Flint through the explosive growth period of the auto industry. In the 1940s and 50s, with Automobile Row completely removed to the northern end of the building and the upper floors vacant, the space was occupied by the Warner Co.

The Warners were early American pioneers. Joseph Warner, born in 1742, was one of the founders of the Bank of Delaware. He and his sons, John and William, (pictured on the certificate) operated a line of boats between Wilmington, DE and Philadelphia and had a trading business along the coast and with the West Indies. In 1794, descendants of William, Jr organized The Warner Co.

The company later acquired 5,000 acres of vacant land north of Philadelphia where William Penn's 1683 'Pennsbury Manor' once stood. In 1932 a ceremony for the 250th anniversary of Penn's arrival was held at the site of Penn's old manor home. Charles Warner, then president of Warner Co, and a distant relation to Joseph Warner, presented the deed for the Manor site to the Commonwealth of Pennsylvania as a permanent memorial to the Quaker statesman and benefactor. The site is now known as the Pennsbury Memorial.

The long history of the Warner Co came to an end when it merged into the EMW Co in 1978 (*Annual Guide to Stocks* 1997 Edition p. 1336)

It turns out Larry has a pretty good eye, finding a certificate with a real connection to our nation's history for the reasonable price of $32. I am always looking for other companies to research at no cost, so please contact me via email at vintagestocksandbonds@yahoo.com if you have a vintage stock or bond.

[1] Stevens, Sylvester K, *Pennsylvania Titans of Industry* Volume Three, p. 840, Lewis Historical Publishing Co (1948)

AN AMERICAN AND SCRIPOPHILY IN LONDON

Tim Welo

My wife and I took a vacation to London in November 2014 and, naturally I included a fair amount of scripophily activities. My first stop was right after arrival – the 28th November Spink auction, *Bonds and Share Certificates of the World*. I got to Spink at about noon and they were on lot 250. That was not as far along as I thought they would be. More lots for me to bid on! The sale progressed at a good pace. It seemed like the Chinese bonds sold well. I unsuccessfully bid on some British shares myself. When I was there about 10 people were in the audience, but at other times around 20. Spink says there were 100 buyers, so many must have been on-line or absentee.

During a short break for lunch I caught up with Philip Atkinson, Brian Mills and others who were attending the auction.

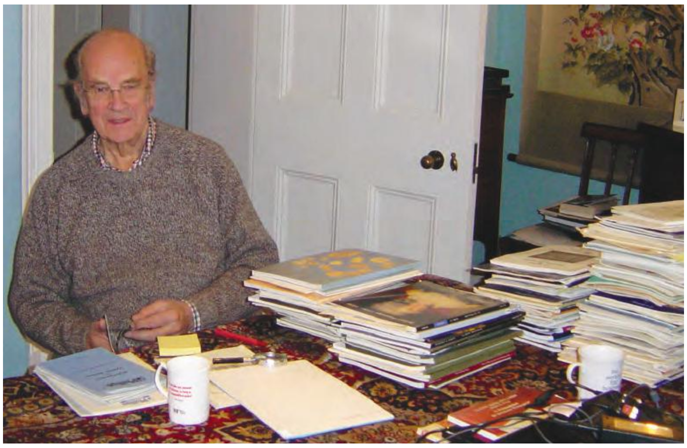
My next scripophily outing was the monthly IBSS meeting on Tuesday, 2nd December, also at Spink. I brought my ‘map’ displaying all the scripophily auctions known to me. I got some very valuable feedback from the group on the relationship between some of the German-language auction firms as well as the names of auction firms I was missing.

My last scripophily outing was to see Brian Mills at his home. Brian had invited me as he said he had some catalogs that he might be willing to give me for my work on scripophily auctions. I was in auction catalog heaven when he started bringing out the materials for me to look at. I got to see catalogs from as long ago as 1978 and many of the older ones are the ones I need for my work.

Brian very graciously offered most of them to me as they will be going to a good home. Below left you can see Brian sorting through the catalogs and deciding which ones he is willing to part with.

The best part of the day with Brian was looking through some parts of his collection. I have to say parts because there was no way I could have possibly seen everything in just one visit. I especially liked seeing his share certificates on British water companies and his collection of Rothschild pieces, the most extensive I have ever seen.

Tim Welo has been collecting bonds and shares for about 30 years now. A professional statistician, he is work project to identify and analyze all the scripophily auctions he can find. If anyone has any old catalogs or prices be willing to part with, please contact Tim at twelo@optonline.net



Right: Tim Welo (right of center) displays his world auctions timeline at the London IBSS meeting with the support of (left to right) Treasurer Martyn Probyn, author Keith Hollender, ex-auctioneer Bruce Castlo, collectors Steve Maier and Bill Aves flanking the author, Spink’s Mike Veissid and Honorary Chairman Brian Mills

DEAR EDITOR....

Ozarks Land and Lumber Co

Sir:

As I currently live in Springfield MO, your find of an **Ozarks Land and Lumber Co** bond as reported in the December, 2014 issue of *Scripophily* got my attention. Stock certificates from this company are in the Ozarks Land and Lumber Co collection in the Special Collections and Archives Department, Meyer Library, at Missouri State University, in Springfield.

The certificates are printed on Goes forms and bound into a book of 100. Serial numbers 1 to 8 are issued but remain in the book; 9 to 11 were issued and are not in the book or collection; 12-100, plus an unnumbered certificate, are unissued and still in the book. Assuming this is the only book, which is likely, there are only three issued certificates out there for collectors to find.

A broad description of the Ozarks Land and Lumber Co collection can be found here: http://library.missouristate.edu/archives/speccoll/m004.htm

David Adams

COX'S CORNER #20

Upside-down is the new normal

Most of my long time readers know I amass information about stocks and bonds issued by North American railroads. As I write this, I have cataloged 26,147 varieties of stocks, bonds and related certificates. Behind the scenes, I have recorded 996,019 references to railroad certificates, including serial numbers, photographs, sale appearances and prices. Unless traveling, I add information to my database every day. That means I spend substantial time with information about our hobby. With every bit of information I encounter, I ask questions. What are real populations? How is the hobby changing? What does my ever-increasing volume of information mean?

My primary questions involve price behavior. What are today's prices telling me? What were the factors that made some buyer pay so much? Or so little?

Obviously, most collectors try to understand the factors that affect price. We all do it. I think that in collecting hobbies such as ours, ordinary day-to-day observations cause most of us to form certain *de facto* rules that help us value items we want. I imagine most of us believe rare certificates *should* be worth more than common certificates. We think uncancelled certificates *should* be worth more than cancelled certificates. Issued items *should* be worth more than unissued remainders. I suspect most of us believe than certificates with desirable autographs *should* be worth more than those with ordinary signatures.

Until about fifteen years ago, most collectible certificates were sold by dealers and auction houses. If we examine prices from the 1980s and 1990s, it seems that most professional sellers operated under beliefs similar to the ones I just mentioned. Under normal circumstances, dealers would have priced uncancelled certificates higher than cancelled examples of the same variety. Assuming two certificates of the same variety, one autographed by John D Rockefeller and one signed by his brother William, I doubt any auction house or dealer would have suggested that they be priced the same. It just wasn't done.

My experience suggests that if dealers or auction houses in the pre-eBay hobby lacked experience with pricing certain varieties, they spent at least some time on research. Most sellers tried to price certificates 'reasonably' within their own personal pricing customs.

Circumstances for selling certificates have changed since the turn of the century. Thankfully, dealers and formal auction houses still play highly crucial roles in our hobby. However, we all know that amateur eBay sellers now sell tremendous numbers of certificates, especially in the low price band. Thankfully, several highly professional dealers sell on eBay, but I'm not concerned with them. Their pricing remains sensible. What concerns me are the hordes of amateur sellers and their unconscious effects on overall pricing within the hobby.

Without belaboring the point (and taking up the entire space of this magazine in the process), I'll just say that I record violations of my *de facto rules* constantly. Not a week goes by that I don't record sales of rare certificates at insane prices, both higher and lower than prices that experienced participants would consider reasonable.

Take a well-known $1,000 bond from the **New Jersey Junction Railroad Co** with signature of John Pierpont Morgan. Among the American and German auctions I follow, bidders paid an average of $388 for such certificates in the last five years. (The range was $312 to $450.) In that same period, sixteen similar certificates sold on eBay for a surprising average of $482! One might reason that eBay is a sensible, possibly more expensive, marketplace. Not so fast.

Included in that average were transactions of $1,200 and $1,300. Those are the two highest prices I have ever recorded for such certificates! To me, those prices are 'upside-down' because they are higher than prices normally paid for certificates with more prestigious signatures such as John D Rockefeller. I can only imagine that those $1,200 and $1,300 buyers will not be terribly happy to learn that more patient collectors (or dealers) paid as little as $80, $114 and $154. As fun as those prices were to lucky bidders, I consider them equally upside-down. They are lower than many prices paid for certificates with more common autographs such as William Mahone, Russell Sage and similar celebrities.

Abnormal pricing is normal on eBay. Anyone who collects autographed certificates can spot crazy pricing very easily. Because I record prices for all types of certificates, I commonly see ultra-common certificates sell for more than one-of-a-kind specimens. I see certificates with ordinary serial numbers sell for more than unique #1s. These days, price differences between unissued remainders and issued certificates are very narrow and prices are frequently flipped. In today's eBay world, measurable price differences between cancelled and uncancelled certificates are almost non-existent.

Yes, collectors, and especially dealers, have always been able to profit from upside-down pricing by bidding for multi-item auction lots. If there is a bright side to eBay's upside-down world, it is that collectors (and dealers, of course) can now find singular bargains without needing to buy certificates they don't want or need. eBay buyers have excellent opportunities to snap up bargains like sharks. Yes, they must filter through hundreds of lots of low-value trash and that is a tiresome task. Still, there are some incredible morsels out there! Calling all sharks, remoras and bottom-feeders. Time to feed!

Terry Cox tcox@coxrail.com is the author and publisher of the price guide 'Collectible Stocks and Bonds from North American R the regular 'Update' newsletter. See the article on scripophily Scripophily *No.84, December 2010, for more on Cox's rails database.*

The World's First Investment Trust

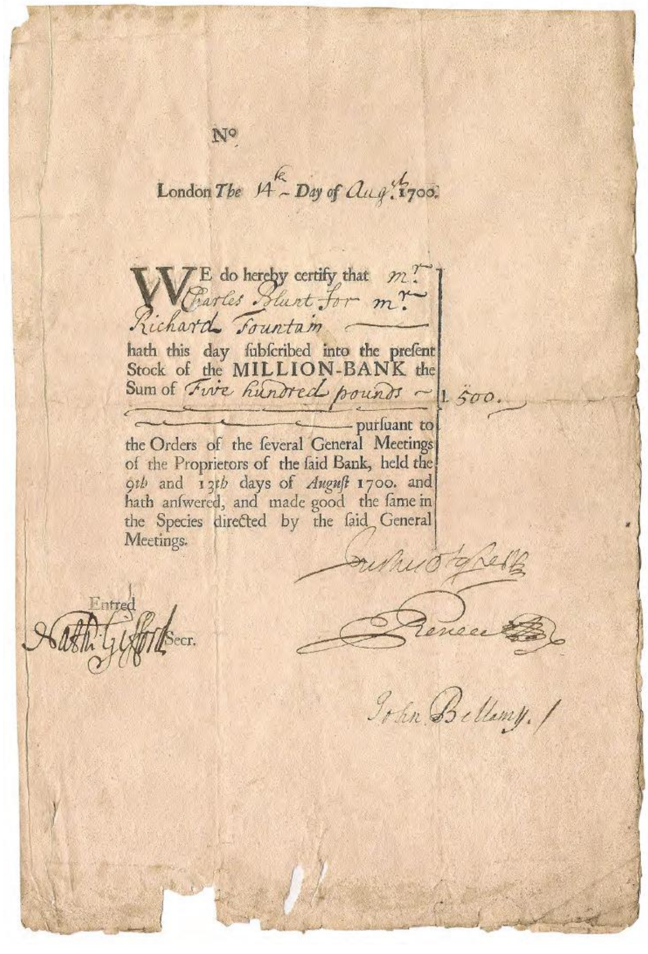
The Million Bank

—— Geoffrey L Grant ——

The accession of William of Orange to the throne of Britain as William III in 1688 brought war with France and troubles in Ireland on a scale hitherto unknown and at a cost quite beyond British tax revenues, even when supplemented by traditional short term loans repayable as the tax revenues came in. And so from the Low Countries with the new King came Dutch ideas of finance, resulting in the foundation of the Bank of England, loans from the East India Company, Exchequer Bills, life and perpetual annuities and lottery loans, all introduced in 1693 and 1694 and thereby creating the funded National Debt.

English lotteries go back to 1556, mostly private, licensed by a Court officer, the Groom Porter to the King, whose official duties were to provide his master with dice and cards and a revenue, free from Parliamentary control, from lottery licences. In 1694 the Groom Porter was Thomas Neale, Master of the Mint and promoter of various enterprises including for water supply, manufactories of white paper, steel and tapestries, for mining and for raising wrecks. He was a confidential adviser to Charles Montague, Lord High Treasurer, and an early mentor of John Law. Neale had organised a very successful lottery for his personal benefit and so in 1694 was invited to manage the first of the long series of lotteries for the benefit of the State – the Million Lottery, so called because it raised one million pounds (around £100 million in today's money). Tickets were £10 each and all purchasers received £1 a year for 16 years. 2,502 of the 100,000 tickets received additional 'benefits' ranging from £5 a year to one of £1,000 pa, this last being won by a consortium of Huguenots, refugees from French religious persecution.

The lottery tickets were transferable and quoted on the embryo London stock exchange. After the draw in October 1694 a group of individuals launched the gloriously named **Bank erected on the Million Lottery** by offering to accept the tickets as subscriptions to its shares, thus creating out of the future income from the State a 'fund of credit', the idea that underlaid the formation of the Bank of England and, in due course, the South Sea Company. Indeed this may have been a prototype for the South Sea, for it is thought that amongst the founders of the new bank were Edward Harley, Jacob Sawbridge and Thomas Hawes, all names later associated with the South Sea Company.


No

London The 14th Day of Augt 1700.

WE do hereby certify that mr Charles Blunt for mr Richard Fountain hath this day subscribed into the present Stock of the MILLION-BANK the Sum of Five hundred pounds l. 500. pursuant to the Orders of the several General Meetings of the Proprietors of the said Bank, held the 9th and 13th days of August 1700. and hath answered, and made good the same in the Species directed by the said General Meetings.

Entred

Secr.

John Bellamy.

Subscription receipt for £500 of new Million Bank stock, issued to Charles Blunt, later a South Sea Co director, as agent for another, 14th August 1700, in a large format, 222 x 346mm

Commonly known as the Million Bank, it was formed in 1695 by a partnership deed enrolled in Chancery, with a transferable share capital.[1]

The initial subscription was taken in cash or (up to 40%) in lottery tickets at the rate of £50 capital for seven tickets without prizes (at the time their stock market value was about £7 each); a better price was offered for prize tickets. This gave the Bank a return of 13% pa for 16 years on the price paid for the tickets. The issue attracted paid up share capital of £100,000 and 305 'partners'. But the financial crisis of 1696 which followed the failure of the Land Bank saw the Million Lottery payments already in arrears and the Bank of England in partial suspension with its shares quoted at 60, so in 1697 the Million Bank abandoned banking. Instead it took over an obscure concern called the Fund for Annuities. This had intended to lend money at the extraordinarily low rate of 3% and invited subscriptions in money or land. Again this was a failure. The Million Bank now turned to managing a portfolio of government stocks and so can claim to be the world's first investment trust, or as American readers might prefer, investment company.

The Bank's first consideration was to extend its potential life beyond the 16 years of the income from its holding of Million Lottery tickets. Other government stocks extant at that time were the 1693 and 1694 issues of life annuities. From 1695 to 1703 the Government offered holders of these a conversion to a stock known as the


29th Sept. 1710

No 2.

1087

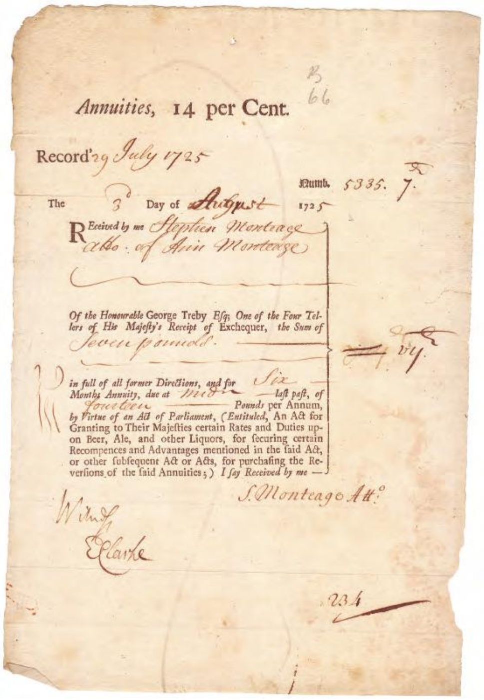
To be paid five pound Mr Neale

at the Exchequer

Commissioner.

Certificate of entitlement to an annuity payment from the Million Lottery, 1710. Is this the only English State fiduciary paper to have carried the portrait of a contemporary commoner?

14% Annuities which was scheduled to expire in 1796. If this offer was not taken up, new investors could subscribe for the remainder of the period beyond an annuitant's life, an excellent idea whereby the State borrowed money without any immediate interest cost. With the income from the 16-year lottery tickets, the Million Bank invested heavily in the 14%s. By 1702 it had acquired nearly half of the 'extended periods' and much of the life interests. It was soon the largest holder by far of the publicly held funded national debt, employing a share capital increased in stages to £500,000 fully paid.


Annuities, 14 per Cent.

Record'd 29 July 1725

Numb. 5335. 7.

The 3d Day of August 1725

RECeived by me Stephen Monteage Atto. of Ann Monteage

Of the Honourable George Treby Esq; One of the Four Tellers of His Majesty's Receipt of Exchequer, the Sum of Seven pounds

in full of all former Directions, and for Six Months Annuity, due at Mid — last past, of fourteen Pounds per Annum, by Virtue of an Act of Parliament, (Entituled, An Act for Granting to Their Majesties certain Rates and Duties upon Beer, Ale, and other Liquors, for securing certain Recompences and Advantages mentioned in the said Act, or other subsequent Act or Acts, for purchasing the Reversions of the said Annuities;) I say Received by me —

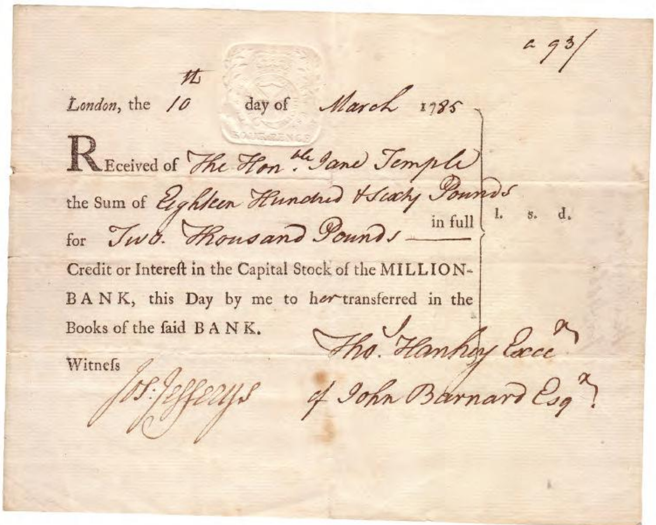
S. Monteage Att.

Witness E Clarke

234

Receipt for a payment of a 14% annuity, 1725. This one signed by Stephen Monteage, accountant at the York Buildings Company and then, in the late 1730s, the South Sea Company

The 14%s were offered conversion in May 1720 in the South Sea Company's scheme; the Million Bank accepted the chance eagerly, indeed creating a mini boom, buying 14%s for that purpose. Its enthusiasm, partly funded by loans from the South Sea Company, suggests that the two were working in tandem, the publicity created by the Million Bank's activity aiming to engender public confidence in the South Sea project. Eventually the bank's South Sea holding was exceeded only by the Bank of England and the Swiss Canton of Berne. Only about 40% of the 14%s were converted, and in later years the Million Bank became a major holder and market maker of these annuities. At the height of the South Sea speculation in June 1720 the Million Bank's stock reached 440 and a 20%


£ 93/

London, the 10th day of March 1785

REceived of The Hon.ble Jane Temple

the Sum of Eighteen Hundred & Sixty Pounds

in full for Two Thousand Pounds

l. s. d.

Credit or Interest in the Capital Stock of the MILLION-BANK, this Day by me to her transferred in the Books of the said BANK.

Tho. Hanbury Exec.

Witness Jos. Jefferys

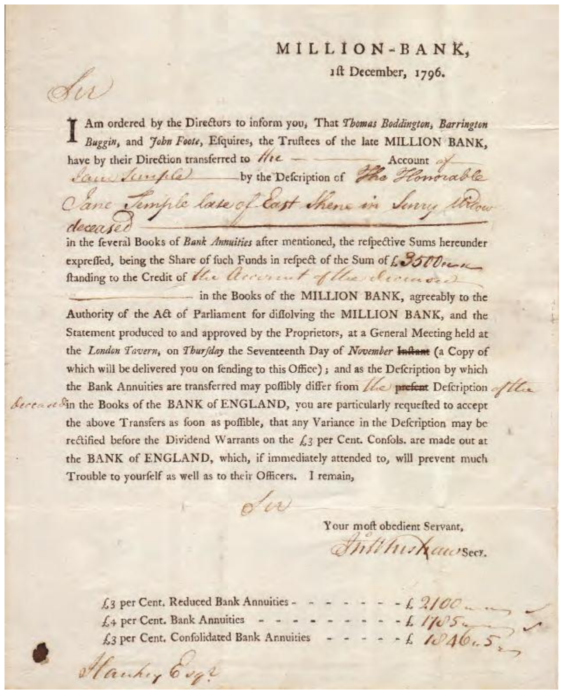
of John Barnard Esq.

Million Bank stock transfer receipt, 1785

dividend was paid. It is believed to have emerged from the South Sea bubble in a weakened condition, but then regained a reputation as a sound and safe investment, typically paying dividends of 4 or 5%.

And so we go forward to 6th April 1796, the expiry date of the 14% Annuities. With around £800,000 of assets, some shareholders hoped to convert the Million Bank to a mortgage bank, but the majority opinion was that without the stream of annuity income there was no advantage in individuals holding the underlying assets through the bank as intermediary, and so it should be wound up.

At the time it had small holdings of South Sea Annuities and Stock which were sold, and three holdings of major government stocks which were to be distributed in kind. But at the last minute it was haunted by the 1695 partnership agreement, for this stated that a resolution to wind up required a majority of votes of all shareholders, but only those personally attending a meeting for that purpose could vote; with large trustee and overseas holdings, it seemed unlikely that a majority could be obtained. It became necessary to obtain an Act of Parliament and so the distribution was delayed until December 1796, as evident from the illustration of the final notice.


MILLION-BANK,
1st December, 1796.

Sir

I Am ordered by the Directors to inform you, That *Thomas Boddington, Barrington Buggin*, and *John Foote*, Esquires, the Trustees of the late MILLION BANK, have by their Direction transferred to the — Account of Jane Temple — by the Description of The Honorable Jane Temple late of East Shene in Surry Widow deceased — in the several Books of *Bank Annuities* after mentioned, the respective Sums hereunder expressed, being the Share of such Funds in respect of the Sum of £3500 standing to the Credit of the Account of the deceased — in the Books of the MILLION BANK, agreeably to the Authority of the Act of Parliament for dissolving the MILLION BANK, and the Statement produced to and approved by the Proprietors, at a General Meeting held at the *London Tavern*, on *Thursday* the Seventeenth Day of *November* ~~Instant~~ (a Copy of which will be delivered you on sending to this Office); and as the Description by which the Bank Annuities are transferred may possibly differ from the ~~present~~ Description of the deceased in the Books of the BANK of ENGLAND, you are particularly requested to accept the above Transfers as soon as possible, that any Variance in the Description may be rectified before the Dividend Warrants on the £3 per Cent. Consols. are made out at the BANK of ENGLAND, which, if immediately attended to, will prevent much Trouble to yourself as well as to their Officers. I remain,

Sir

Your most obedient Servant,
Secr.

£3 per Cent. Reduced Bank Annuities - - - - - - - £ 2100
£4 per Cent. Bank Annuities - - - - - - - - - - £ 1705
£3 per Cent. Consolidated Bank Annuities - - - - - £ 1846.5

Hanbury Esq.

Circular for the stock distribution after the dissolution of the Million Bank

References

The Early History of Banking in England, R D Richards, pub 1929, reprinted London and New York 1958

The Constitution and Finance of English, Scottish and Irish Joint Stock Companies to 1720, volume III, W R Scott, Cambridge 1911, reprinted Gloucester MA 1968.

Geoffrey Grant is a collector of British financial history and long-time member of IBSS, the International Bank Note Society and the British Banking History Society.

1 This was the form of organisation later banned by the 'Bubble Act' of 1720, but the Million Bank was exempt, being a prior incorporation. In 1713 the bank attempted to obtain an Act of Parliament to convert to a joint stock, but failed owing to opposition by the Bank of England.

Scripophily and the first American Colony in Cuba

—— Stephen Goldsmith ——

I recently stumbled across a pair of **Cuban Land and Steamship Co** certificates and bought them because I like anything to do with ships. I also thought that the company name was intriguing. The two certificates were lithographed, but I still liked the graphics and the colors. Recent changes in the United States' relationship with Cuba played a part in my purchase. All of these things caused me to make this purchase and feel good about it, but I also got the feeling that there was an interesting story behind this company, just waiting to be discovered.

Stock and bond certificates are usually related to companies large enough to leave footprints somewhere in the sands of time. My inquiry into the company's history began with a careful examination of both items.

Figure 1. Stock Certificate for 10 Shares of the Cuban Land and Steamship Co

Figure 1, a stock certificate for 10 shares of the Cuban Land and Steamship Co, appears to be a fairly standard example. The printed form (the borders, the illustration of the woman with the American flag, most of the black printed text, and the green seal at left) was printed by Goes. Forms like this were mass produced and widely distributed to local print shops. The local printer would simply add the state of incorporation (New Jersey), the title (Cuban Land and Steamship Co), the par value ($5.00), the serial numbers (464) and the amount of authorized stock ($1,000,000). All of this information was printed in red. The corporate Treasurer filled in the issue date (August 1st, 1899), the number of shares (10), and the recipient's name (Irwin A Hooley). He then stamped the green seal with an embossing device. The green seal reveals the year of incorporation as 1899.

Something stamped in purple at the upper left intrigued me. As we shall see, it reveals the true nature of this stock. The stamp states "ISSUED FOR PROPERTY PURCHASED."

In order to understand the real significance of the Cuban Land and Steamship Co and its business plan and methodology, you must understand the political and economic atmosphere that spawned it.

Despite the fact that the island was a territory of Spain, by 1895 US companies had over $50,000,000 invested in Cuba. In the years leading up to the Spanish-American War many Cubans longed for independence. 'Yellow' journalism (sensationalist US newspapers) magnified the struggle for Cuban independence, captured the imagination of many Americans, and created a political atmosphere just waiting for a spark to ignite a war between the US and Spain.

In 1898, the sinking of the battleship *Maine* provided that spark, and drew the US into a short and successful war with Spain. In the aftermath Spain agreed to relinquish its sovereignty over Cuba. Despite the fact that Cuba was now independent, the stage was set for Americans to begin to colonize the island.

The first American Colony in Cuba

La Gloria, the first American colony in Cuba, was an enterprise developed by the Cuban Land and Steamship Co.

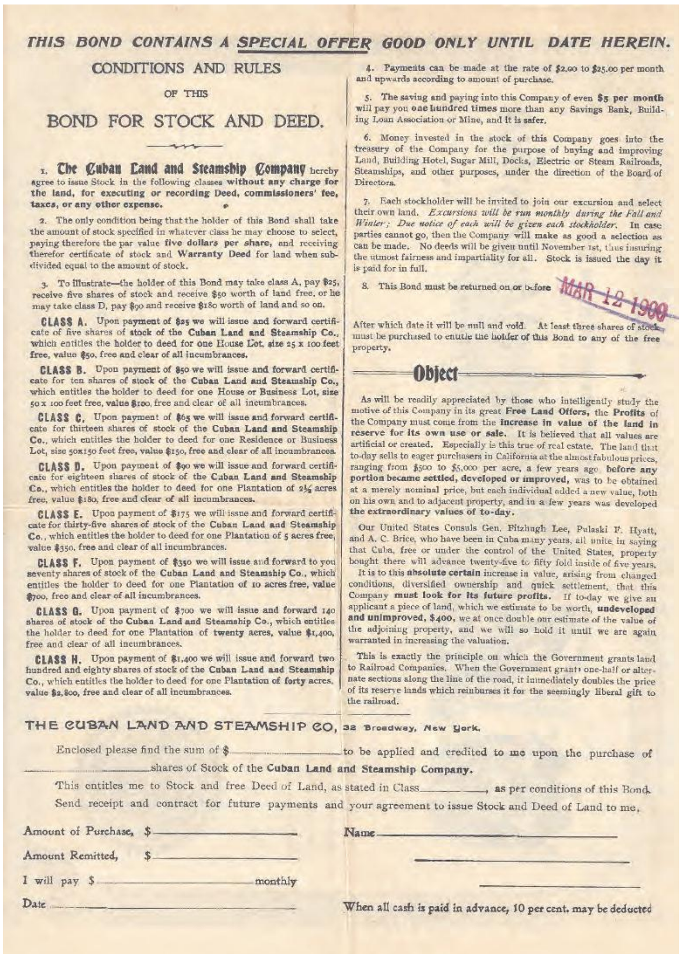
An advertisement appearing in an 1899 edition of the *Peoples Home Journal* reveals that the purpose of the corporation was "….. buying, selling, Improving and cultivating Lands in Cuba. Establishing and maintaining Steamship Lines, Railroads, Mills, Factories, Hotels, Docks, Plantations ..."

The headline at the top of the ad reads "OFF FOR CUBA – The Land of Tropical Fruits Flowers Sugar Tobacco Sunshine & WEALTH." The advertisement offers the land to the colonists and investors, "ABSOLUTELY FREE."

The land *was* free, but there was a catch. Through some "strange oversight", the advertisement failed to mention that **you had to buy shares in the Cuban Land and Steamship** in order to get the 'FREE' land.

Figure 2. Bond for Stock and Deed issued by the Cuban Land and Steamship Co

The vignette at upper left in the certificate of Fig. 2 is the company's logo, featuring American and Cuban flags, a steamship, and an eagle and shield. The small print on the back of this very unusual form reveals the true nature of the Co's scheme.



THIS BOND CONTAINS A SPECIAL OFFER GOOD ONLY UNTIL DATE HEREIN.

CONDITIONS AND RULES

OF THIS

BOND FOR STOCK AND DEED.

1. **The Cuban Land and Steamship Company** hereby agree to issue Stock in the following classes **without any charge for the land, for executing or recording Deed, commissioners' fee, taxes, or any other expense.**

2. The only condition being that the holder of this Bond shall take the amount of stock specified in whatever class he may choose to select, paying therefore the par value **five dollars per share,** and receiving therefor certificate of stock and **Warranty Deed** for land when subdivided equal to the amount of stock.

3. To illustrate—the holder of this Bond may take class A, pay $25, receive five shares of stock and receive $50 worth of land free, or he may take class D, pay $90 and receive $180 worth of land and so on.

CLASS A. Upon payment of $25 we will issue and forward certificate of five shares of **stock of the Cuban Land and Steamship Co.,** which entitles the holder to deed for one House Lot, size 25 x 100 feet free, value $50, free and clear of all incumbrances.

CLASS B. Upon payment of $50 we will issue and forward certificate for ten shares of **stock of the Cuban Land and Steamship Co.,** which entitles the holder to deed for one House or Business Lot, size 50 x 100 feet free, value $100, free and clear of all incumbrances.

CLASS C. Upon payment of $65 we will issue and forward certificate for thirteen shares of stock of the **Cuban Land and Steamship Co.,** which entitles the holder to deed for one Residence or Business Lot, size 50x150 feet free, value $150, free and clear of all incumbrances.

CLASS D. Upon payment of $90 we will issue and forward certificate for eighteen shares of stock of the **Cuban Land and Steamship Co.,** which entitles the holder to deed for one Plantation of 2½ acres free, value $180, free and clear of all incumbrances.

CLASS E. Upon payment of $175 we will issue and forward certificate for thirty-five shares of stock of the **Cuban Land and Steamship Co.,** which entitles the holder to deed for one Plantation of 5 acres free, value $350, free and clear of all incumbrances.

CLASS F. Upon payment of $350 we will issue and forward to you seventy shares of stock of the **Cuban Land and Steamship Co.,** which entitles the holder to deed for one Plantation of 10 acres free, value $700, free and clear of all incumbrances.

CLASS G. Upon payment of $700 we will issue and forward 140 shares of stock of the **Cuban Land and Steamship Co.,** which entitles the holder to deed for one Plantation of **twenty acres, value $1,400,** free and clear of all incumbrances.

CLASS H. Upon payment of $1,400 we will issue and forward two hundred and eighty shares of stock of the **Cuban Land and Steamship Co.,** which entitles the holder to deed for one Plantation of **forty acres,** value $2,800, free and clear of all incumbrances.

4. Payments can be made at the rate of $2.00 to $25.00 per month and upwards according to amount of purchase.

5. The saving and paying into this Company of even **$5 per month** will pay you **one hundred times** more than any Savings Bank, Building Loan Association or Mine, and it is safer.

6. Money invested in the stock of this Company goes into the treasury of the Company for the purpose of buying and improving Land, Building Hotel, Sugar Mill, Docks, Electric or Steam Railroads, Steamships, and other purposes, under the direction of the Board of Directors.

7. Each stockholder will be invited to join our excursion and select their own land. *Excursions will be run monthly during the Fall and Winter; Due notice of each will be given each stockholder.* In case parties cannot go, then the Company will make as good a selection as can be made. No deeds will be given until November 1st, thus insuring the utmost fairness and impartiality for all. Stock is issued the day it is paid for in full.

8. This Bond must be returned on or before MAR 12 1900

After which date it will be null and void. At least three shares of stock must be purchased to entitle the holder of this Bond to any of the free property.

Object

As will be readily appreciated by those who intelligently study the motive of this Company in its great **Free Land Offers,** the **Profits** of the Company must come from the **increase in value of the land in reserve for its own use or sale.** It is believed that all values are artificial or created. Especially is this true of real estate. The land that to-day sells to eager purchasers in California at the almost fabulous prices, ranging from $500 to $5,000 per acre, a few years ago, **before any portion became settled, developed or improved,** was to be obtained at a merely nominal price, but each individual added a new value, both on his own and to adjacent property, and in a few years was developed **the extraordinary values of to-day.**

Our United States Consuls Gen. Fitzhugh Lee, Pulaski F. Hyatt, and A. C. Brice, who have been in Cuba many years, all unite in saying that Cuba, free or under the control of the United States, property bought there will advance twenty-five to fifty fold inside of five years. It is to this **absolute certain** increase in value, arising from changed conditions, diversified ownership and quick settlement, that this Company **must look for its future profits.** If to-day we give an applicant a piece of land, which we estimate to be worth, **undeveloped and unimproved, $400,** we at once double our estimate of the value of the adjoining property, and we will so hold it until we are again warranted in increasing the valuation.

This is exactly the principle on which the Government grants land to Railroad Companies. When the Government grants one-half or alternate sections along the line of the road, it immediately doubles the price of its reserve lands which reimburses it for the seemingly liberal gift to the railroad.

THE CUBAN LAND AND STEAMSHIP CO, 32 Broadway, New York.

Enclosed please find the sum of $______ to be applied and credited to me upon the purchase of ______ shares of Stock of the **Cuban Land and Steamship Company.**

This entitles me to Stock and free Deed of Land, as stated in Class______, **as per conditions of this Bond.**

Send receipt and contract for future payments and your agreement to issue Stock and Deed of Land to me.

Amount of Purchase, $______ Name______

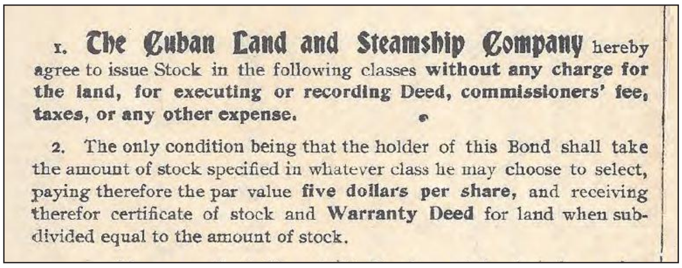
Amount Remitted, $______

I will pay $______ monthly

Date______

When all cash is paid in advance, 10 per cent. may be deducted

Figure 3. Back of the Bond for Stock and Deed (Fig. 2) issued by the Cuban Land and Steamship Co, offering 5 shares for $25, convertible to land



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2. The only condition being that the holder of this Bond shall take the amount of stock specified in whatever class he may choose to select, paying therefore the par value **five dollars per share,** and receiving therefor certificate of stock and **Warranty Deed** for land when subdivided equal to the amount of stock.

The back of the instrument, depicted in Figure 3, contains the detailed terms for the transaction. For example, if you bought eighteen shares of stock for $5 per share you received a deed for a 2½ acres. If you bought two hundred and eighty shares of stock for $5 per share you received a deed for a forty-acre plantation. The offer was good only until the rubber-stamped date, in this case, March 12, 1900.

Was The Cuban Land and Steamship Co an Out-and-Out Swindle? Was There Really Any Land?

James A Adams was a writer, and one of the early investors. On December 1st, 1899, Adams and 300 or so other original settlers boarded the steamship *Yarmouth* and headed for Cuba. The following information can be found in a letter Adams mailed home just a few months after the stock certificate in Figure 1 was issued.

Adams arrived at the 'port' of La Gloria, in present-day Camaguey, Cuba, on January 8th, 1900. The port consisted of some tents pitched near the shore. The 'road' to La Gloria, located four miles inland, was an open trail cut through muddy marshes. When Adams got to the 'city' the only things he found there were some tents, and some lumber that was going to be used to build a hotel.

About the land itself Adams wrote, "I have walked miles over the company's lands, through dense jungles, on muddy and watery paths, but the land seems everywhere rich. This thing may pull through yet, though the company is in a very ticklish & disorganized condition."

Adams decided to stay and to buy enough shares to get five acres of land. Many of Mr Adam's fellow investors never even got off the boat. They headed right back to the United States, disgusted by what they saw, and discouraged by the fact that it would take six to seven years before any of the newly-planted tropical fruit trees would even begin to bear fruit.

A hundred or so others stayed on, and La Gloria eventually became a town of over a thousand people. The settlement lasted until the 1950s, when massive political and economic changes caused its demise.

This story of the Cuban Land and Steamship Co certificates clearly illustrates how scripophily (collecting stocks and bonds) can be a fascinating and rewarding hobby. New certificates are constantly being discovered, and many fascinating stories are just waiting to be researched and told.

Stephen Goldsmith was the Auction Director and Executive Vice President of R M Smythe & Co from 1984 to 2007. During that time he was also an editor of *Friends of Financial History* and a frequent contributor to that publication. He is a Special Consultant to Spink, USA, Archives International, and President of his own firm, American Paper Money & Coin, LLC. Visit his website at slgcoins.com, or contact him via email at slgcoins@gmail.com.

Trust This Bank

— Bob Watt —

At a show recently I was looking through a dealer's inventory of bank stock certificates, and pulled out several trust company certificates for further examination. The dealer asked, "What is the difference between a trust company and a bank?" The short answer is, today none, but as recently as one hundred years ago in the US there was a considerable difference between the two types of financial institutions.

Until the early part of the twentieth century, trust companies in the US were specialized banking institutions that have since vanished or evolved into commercial banks. Commercial banks now provide the same services that made trust banks unique in the US for about ninety years. During the late nineteenth century and early twentieth century trust companies experienced their greatest period of growth in the US. However there were few similar institutions in the rest of the world.

What Are Trust Banks?

In the second half of the nineteenth century, there were two types of trust companies in the United States: industrial trusts and trust banks. See Robert Greenawalt's article, 'Flagler – A household Name In Florida', in the December, 2015 issue of *Scripophily* for a good description of industrial trusts. Trust banks were a completely different type of institution. Trust banks were fiduciary institutions established in the US to hold and administer assets such as real estate, money, and other valuables on behalf of others, individuals and corporations.

Trust banking was not completely unique to the US. Similar financial institutions were known to exist in South Africa, Australia, and Canada in the nineteenth century. England and Scotland also began, on a much smaller scale, to establish trust businesses later in the nineteenth century. The Public Trustee, Limited of Edinburgh was established in 1886, while in England trust services were an extension of insurance companies, such as the **Law Guarantee and Trust Society, Ltd** which began its trust operations in London in 1888.

The rest of Europe did not at the time develop trust banks as separate financial institutions. Some trust company functions were added to existing large banks in Germany, France and Austria, but in the case of Germany they were confined to corporate trust work such as transfer agent or dividend redemption. The mortgage banks in these countries, like Credit Lyonnais in France, acted more as traditional savings institutions and did not perform many of the trust functions, such as estate property administration.

By the early twentieth century, trust banks in the US were distinguished from similar firms in Europe and the rest of the world by offering a wide variety of specialized financial services to corporations and wealthy individuals. As noted above, these services included holding and managing property, securities, and valuables, loaning on collateral, accepting deposits, executor of estates, title insurance and fidelity insurance (a bond insuring performance).

Development of Trust Banking in the US

Compared to Europe, the history of banking in the US is fairly short, only about 230 years. In fact, modern banking as we know it today is thought to have first developed in the Italian city states in the late sixteenth century. Money lending, of course, has been around since the early history of man, but combining the functions of loaning money (renting), deposit taking, paying interest, and money changing into a formally organized public bank was a far more recent innovation. Previously, banks in Italy were private or existed only to manage the financial affairs of governments and did not engage in conducting business with the general public. The Bank of Venice, formed in 1157 to manage the public debt of Venice, did not convert to a public bank until 1587.

According to some historians the English word bank is derived from the Old Italian word monte, meaning mount of money, the equivalent of banck in German and banck in England. Other historical versions suggest the word bank is from the Italian word banchi, meaning benches in English. Money changers in Italian port cities sat on benches in front of tables and exchanged foreign coinage into local money for merchants returning from trading missions in other countries. Exchanging money meant going to the banchi.

The banking history of the US can be divided into approximately three periods: the early period from 1781 to 1862, middle period from 1863 to 1912 and modern era from 1913 to the present day. Each of these periods begins and ends with a significant event that affected the development of banking and the evolution of trust banking as a distinct financial business.

The development of trust banks in the US was made possible by both economic and political factors.

Growth of the American Economy

In the first half of the nineteenth century, American economic output was mainly confined to agricultural products. Trade with Europe was dominated by cotton and tobacco grown in the southern states and forestry products from the northeastern states.

By midcentury, the industrial revolution created a shift in America's economic output. Abundant natural resources such as coal, iron ore and later oil, enabled the economy to move from mainly agrarian to higher value-added manufacturing. Agricultural output fell to less than half of total output by 1840. Capital inflows from Europe and a rapidly expanding population in the form of immigration from Europe provided the funding and labor for a rapidly expanding manufacturing based economy. In the thirty year period between 1850 and 1880, the number of manufacturing concerns nearly doubled, while gross domestic product per capita grew by approximately 49%.

During this same period the rapid build out of railroads opened up the western states for commerce. Between 1850 and 1880, approximately 84,000 new miles of track were added, providing a fast and low cost means of moving freight and people around the country.

The result of this wealth creation was a large and growing class of wealthy persons particularly in the eastern US cities.

Politics of Nineteenth Century Banking

The US formed its first public bank, The Bank of North America, in Philadelphia in 1781, shortly before the end of the war with Great Britain. Banking in the North American colonies was prohibited under English rule so the American colonists, sensing victory in the war, began their first experiment with banks, evolving slowly at first in Pennsylvania, New York and Massachusetts.

During the early period of banking in the US (1781-1862) all banks, with the exception of the first and second Bank of the

United States, were state banks, chartered by the states in which they were located. The first and the second Bank of the United States were chartered by the US Congress. However neither was a central bank since they had no control over state banks or legal authority to affect the supply of money as modern central banks do today.

Through the end of the early banking period in 1862, state bank laws and regulations varied widely from state to state. Each state set its own requirements for bank founders as to the minimum amount of paid-in capital needed to open, the amount of reserves to hold against note issue and limits on liabilities, to name a few examples. Most states had no laws governing the activities of companies doing a trust business until late in the nineteenth century. Many states did eventually enact trust company laws, but they were more liberal than state bank laws, because trust companies were not considered banks. In some states, trust companies were permitted to incorporate under existing general corporation laws so there was no oversight by state banking officials.

Trust Companies, Early Period

The first US companies to be granted trust powers were not, in fact, interested in banking because they were insurance companies. The first of these was the **Farmers' Fire Insurance and Loan Co**, which was incorporated in New York City in 1822. Its original charter from the State of New York granted the company the power to provide mortgage loans for farms, houses and factories, to insure properties against loss or damage and to grant annuities. The new firm was also permitted to purchase or hold stock and foreign debt, but it was excluded from doing a banking business of any kind. Within a few months its charter was amended by the state legislature to allow the company to receive both real and personal property in trust for persons and corporations. Apparently the company found its trust business to be quite profitable because in 1836 it abandoned its insurance business and changed its name to **The Farmers' Loan and Trust Co**

Eight years after the founding of Farmers, the **New York Life Insurance and Trust Co** was established in New York City with similar powers and within the next few years, insurance companies in Philadelphia and Cincinnati, Ohio, also received trust powers from their state legislatures. The **Ohio Life Insurance and Trust Co of Cincinnati** did have a banking department and was empowered to issue banknotes, but this was an exception as most trust banks did not issue banknotes (paper money).

It would be thirty years after the founding of Farmers before the first US company was organized to transact exclusively a trust business. In 1853, the **United States Trust Co** was established in New York City. This firm was historically significant, because it was the only trust company organized during the early banking period in the US that survived numerous bank runs and financial crises, including the Great Depression. It also became an important source of financing for railroads, other large industries and mergers in the early twentieth century. By the 1880s and '90s it was managing the personal trusts of some of the wealthiest Americans such as William Waldorf Astor, Jay Gould and Oliver Harriman. After nearly 150 years of operation, the company was acquired by discount broker Charles Schwab in May, 2000 for $2.7 billion. In November, 2007, Bank of America purchased US Trust from Schwab for $3.3 billion.

By the end of the early period in 1862 a few additional trust companies were formed in New York City, Chicago and one in the State of Kentucky. In the case of Chicago, they were insurance companies and a loan company with trust powers granted by the State of Illinois.

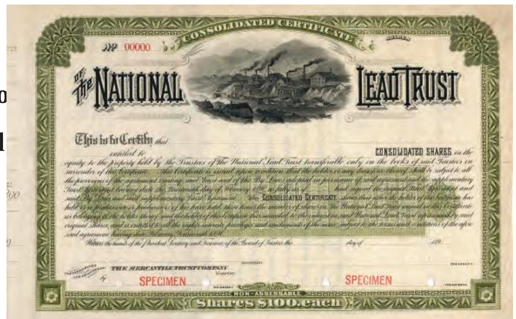
Trust Companies, Middle Period

The middle period of banking history in the US, 1863 – 1912, was the golden age of trust companies. US economic output grew 60% in the period between 1870 to 1900, led by manufacturing which continued to grow at an accelerated pace. The leading industries by 1900 were the production of machinery, iron and steel, printing and publishing and lumber. Agriculture now accounted for only 20% of the nation's economic output. By 1890, the US economy had become the largest of any country in the world.

The most significant event at the time that affected the development of trust banking in the US was political. In 1863 (and 1864), the United States Congress

Irving Trust Co certificate 1931, acquired Columbia-Knickerbocker Trust Co in 1923

Maryland Trust Co certificates like this are available to collectors but little is known about the company



Trust companies like this were distinct from trust banks - industrial trusts were fiduciary arrangements that controlled agglomerations of industrial firms for purposes of monopolizing target business fields. They did not provide public banking services

Lancaster Trust Co was liquidated in the 1930s

Virginia International Land Loan and Trust Co certificate 1871, unusually decorative for the period passed the National Bank Act which had a profound impact on the nature of banking in the US. At the time of the passage of this act, there were more than 1,600 state chartered banks with a combined capital of over $430 million. This act was the first step in the creation of a national banking system. Banks could now apply for charters from the federal government and would fall under the supervision of the US Comptroller of the Currency. Significantly this also meant that the national banks would issue currency. A tax of 10% on state bank notes was added in 1865 making it unprofitable for state banks to issue currency.

But converting from a state chartered bank to a national bank came with a number of restrictions: higher capital requirements, higher reserve requirements, prohibition of real estate loans and the keeping of valuables (safe deposit boxes). In spite of these restrictions and others, by 1865 over 1,600 national banks were chartered and within a few years only about 245 state banks remained in existence.

The rapid decline in the number of state banks created the opening for an expansion of new trust banks which operated under state laws. Before 1900 few states had laws governing trust banking and in those that did, the laws were far more liberal than the new national bank laws. As the nation continued to grow wealthy in large numbers, trust company founders rushed in to provide services not permitted by national banks. Besides trust services, the trust banks paid interest on demand deposits and offered safe deposit boxes and mortgage loans. Trust companies were also mostly unrestricted as to the securities that they could invest in with their idle cash, both for themselves and for their clients. Before the turn of the century, trust banks began underwriting and distributing stocks and bonds, providing short term loans (call loans) to securities brokers and financing mergers and acquisitions. The securities underwriting business was in direct competition to the national banks and their securities affiliates.

Over the next ten years, from 1865 to 1875, 95 new trust banks opened, mostly concentrated in the eastern states, that had about $720 million in assets. By 1895 there were at least 250 trust banks with nearly $1 billion in assets operating in 45 states. Before the end of the nineteenth century, trust bankers began to take advantage of another restriction for national banks and state banks and that was the prohibition on branch banking. Some of the larger east coast trust banks even began to establish branches in Europe.

Trust companies had become large enough by the twentieth century that they were serious competition for the national banks. In order to get around restrictions that favored trust banks, many national banks began to form alliances with larger trust banks, including cross board memberships.

Even though many states, particularly in the north, began to enact laws regulating the activities of trust banks, their growth in numbers continued uninhibited through the first decade of the twentieth century, to around 1,000 - 1,500 nationwide. The number of trust banks is not exact since before the early twentieth century they were not required to report to most state banking departments so the number of firms actually doing a trust business is not known for certain. Many were likely just state banks with the word trust in their name.

During most of the middle period of US banking, trust company failures were infrequent, but that would change with the Panic of 1907 and the failure of several large trust banks in New York City. Although the financial damage was mainly confined to the US, it was one of the most severe financial crises in the US to date.

Trust Companies, Modern Period

The modern period of US banking began in 1913 with another significant event that profoundly changed the way banking was done until then. The US Congress passed the Federal Reserve Act. After 132 years from the opening of its first bank, the US finally established a central bank, a lender of last resort. With the Federal Reserve Act came several changes to US banking laws that allowed national banks to offer some services previously prohibited, such as trust businesses. The number of trust banks continued to grow to over 2,000 by 1920, but the differences between trust banks and commercial banks was gradually disappearing. Both trust banks and commercial banks were now offering the same financial services.

The Panic of 1907 originated with New York City trust companies and was a primary reason why the US Congress finally enacted the law creating the Federal Reserve System. The most famous of the failed trust banks was the **Knickerbocker Trust Co**.

Knickerbocker Trust Company

The dramatic story of the 1907 failure of the Knickerbocker Trust Co is filled with fraud, scandal and death of both the institution and the man who ran it.

The Knickerbocker Trust Co was founded in New York City and chartered by the State of New York in 1884. Its founder was Frederick Eldridge, a friend and former classmate of the famous financier JP Morgan. Within less than twenty-five years of its founding, Knickerbocker had grown to become one of the largest trust companies in the Unites States, with assets of $69 million ($1.7 billion in today's dollars).

The US economy, which had been growing at about 5% per year for the three years before 1907, had begun slowing and the money supply was becoming tight. Gold inflows from Europe had been rising as insurers scrambled to pay claims resulting from the San Francisco earthquake in 1906. The Bank of England raised its discount rate to 6% in order to reverse the flow of gold which caused a money shortage in the US, pushing up interest rates to 125% in a few months.

At this same time, a slowing US economy caused a decline in commodity prices so two brothers, Otto and Fritz Augustus Heinze decided that this would be a good time to corner the market on the depressed shares of the **United Copper Co**. Cornering a market means owning or controlling the entire supply of something in order to drive up the price, in this case shares. In order to finance the greedy scheme, the brothers would need to borrow large sums of money in order to purchase United Copper shares on the curb market (United Copper was not traded on the New York Stock Exchange; it was traded among brokers on the street in front of the Exchange building.) Using United Copper shares as collateral, the Heinze brothers borrowed money from some small state banks and from the Mercantile National Bank which was controlled by the Heinze brothers and business partners CW Morse and ER Thomas, but the corner failed as the price of United Copper shares continued to fall. This meant the banks had to call in the loans because the collateral, United Copper shares, had fallen in price. When word leaked out, panicked Mercantile depositors caused a run on the bank as they attempted to withdraw their funds. The bank failed and was liquidated in January 1907.

The Heinze brothers, Morse and Thomas, also controlled several trust companies in New York City, including **Hudson Trust Co**, **Carnegie Trust Co**, **Van Norden Trust Co** and the **Trust Company of America**. They were tied to Charles Barney, President of Knickerbocker Trust, through a web of relationships and cross directorships.

Although Knickerbocker was not directly involved with the attempt to corner United Copper shares, it was well known that Charles Barney was a close associate of the schemers. In October, 1907, rumors spread rapidly that Knickerbocker was in trouble and panicked depositors started a run on the bank.

American Bank Note Co specimen of a Knickerbocker Trust Co certificate circa 1890s; these are only known as specimens

In 1907, prior to the creation of the Federal Reserve System six years later, the lender of last resort in New York City was the New York Clearing House, which was established by its member commercial banks. Trust companies like Knickerbocker were invited to join the clearing house, but on the condition that they raise their reserves against deposits. Doing so would have reduced their competitive advantage over the national banks that were required to keep 25% reserves against deposits, so the trust companies refused. Now the low deposit reserves held by trust companies worked against them.

In spite of this, New York City bankers, led by JP Morgan, attempted a rescue of Knickerbocker fearing that the run would spread to their banks. The rescue failed and Knickerbocker was forced to close before the end of the year. Along with Knickerbocker, two other trust banks also failed, The Trust Company of America and **Lincoln Trust Co**. Charles Barney, the President of Knickerbocker Trust, committed suicide in December.

The company did manage to reopen some weeks later and in 1912 its assets were acquired by Columbia Trust, forming the **Columbia-Knickerbocker Trust Co**. The merged company was acquired by **Irving Trust Corporation** in 1923, which was in turn acquired by the **Bank of New York** in 1989.

Aftermath

The trust company failures in 1907 led the US into a banking panic and deep recession the following year. The stock market declined 37%, commodity prices fell 21% and industrial production fell 11%, more than during any other financial crisis up to then. Unemployment in the US rose from 5% to 8% and bankruptcies were the second highest in volume than in any other year.

Over the next several decades, trust companies continued to exist, but they were no longer any different from commercial banks. Many former trust banks were acquired or merged with national banks during the Great Depression and many of those that remained independent failed and were liquidated.

Bob Watt lives in the Chicago area and is retired from the semiconductor industry. He has been a collector of US bank stocks for the past eighteen years.

[1] See Car, Sean, *Scripophily*, December, 2008, pp 17-20 for more on the Panic of 1907.

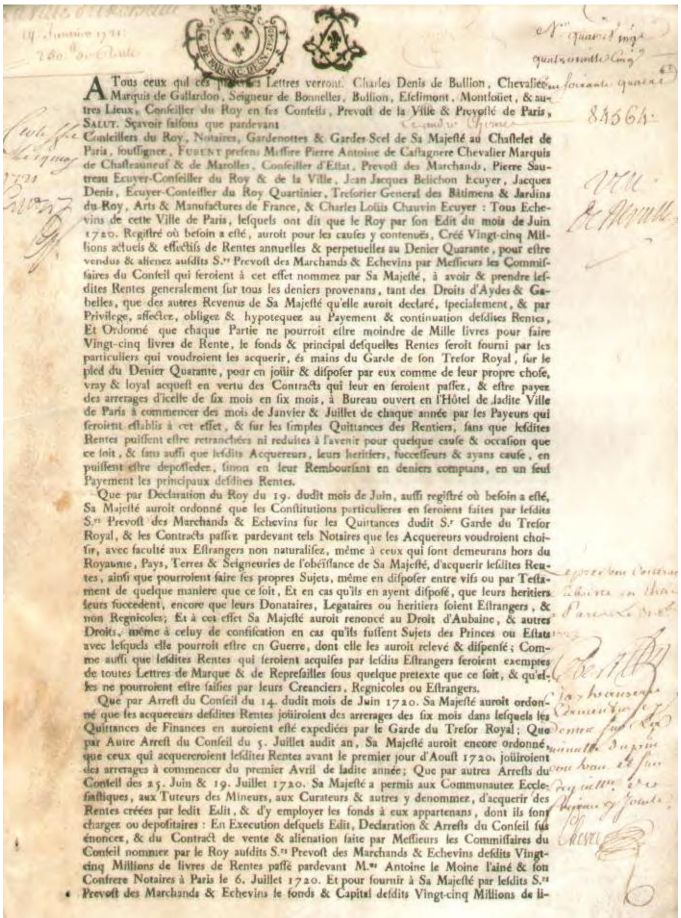
French Annuities[1]

Nico Vermeiren and Mario Boone

In the 16th to 18th century, European governments had many ways to finance their public expenditure. One popular measure was to sell the wealthy classes the income stream from certain defined future tax receipts. This was done by issuing 'rentes' whereby in return for payment of a capital sum, the buyer of a rente could receive a fixed yearly payment or annuity covered by the receipts of the tax. The first rentes or annuities were issued in 1522 under an edict by King Henry II and administered by the Paris city hall ('Hôtel de Paris') on behalf of the Trésor Royal. Later on, other bodies issued them. These included some of the provincial 'parliaments', nobility such as the duc de Nemours, and religious orders.

There were three kinds of annuities: life annuities (viagères), perpetuals (perpétuelles) or héréditaires. The life annuities were paid as long as the beneficiary was alive, first at a rate depending on the age of the nominee, later after 1720 at flat rates. The nominees were the investors and it was their lives which were measured – so we do see sometimes a 5-year old 'investor' for obvious reasons. However, in some cases, more complex products were offered with the possibility for a descendant to inherit the rente, the most extreme form being a perpetual rente. Indeed the perpetuals were paid infinitely without repayment of capital. Héréditaires could also count on repayment of the principal over a stated period.

A special kind of life annuity was the tontine: all beneficiaries were subdivided into age classes and the annuities were paid to an age class until the last beneficiary of that age class deceased. All survivors in the class received whole or a part of the annuities previously paid to deceased members – another benefit to surviving your peers. In later issues after 1758, the payment of an annuity could depend on the life of more than one survivor.



A Tous ceux qui ces [préſentes] Lettres verront. Charles Denis de Bullion, Chevalier, Marquis de Gallardon, Seigneur de Bonnelles, Bullion, Eſclimont, Montloüet, & autres Lieux, Conſeiller du Roy en ſes Conſeils, Prevoſt de la Ville & Prevoſté de Paris, Salut. Sçavoir faiſons que pardevant Conſeillers du Roy, Notaires, Gardenottes & Gardes-Scel de Sa Majeſté au Chaſtelet de Paris, ſouſſignez, Furent preſens Meſſire Pierre Antoine de Caſtagnere Chevalier Marquis de Chaſteauneuf & de Marolles, Conſeiller d'Eſtat, Prevoſt des Marchands, Pierre Sautreau Ecuyer-Conſeiller du Roy & de la Ville, Jean Jacques Belichon Ecuyer, Jacques Denis, Ecuyer-Conſeiller du Roy Quartinier, Treſorier General des Bâtimens & Jardins du Roy, Arts & Manufactures de France, & Charles Loüis Chauvin Ecuyer : Tous Echevins de cette Ville de Paris, leſquels ont dit que le Roy par ſon Edit du mois de Juin 1720. Regiſtré où beſoin a eſté, auroit pour les cauſes y contenuës, Créé Vingt-cinq Millions actuels & effectifs de Rentes annuelles & perpetuelles au Denier Quarante, pour eſtre vendus & alienez auſdits S.rs Prevoſt des Marchands & Echevins par Meſſieurs les Commiſſaires du Conſeil qui ſeroient à cet effet nommez par Sa Majeſté, à avoir & prendre leſdites Rentes generalement ſur tous les deniers provenans, tant des Droits d'Aydes & Gabelles, que des autres Revenus de Sa Majeſté qu'elle auroit declaré, ſpecialement, & par Privilege, affectez, obligez & hypotequez au Payement & continuation deſdites Rentes, Et Ordonné que chaque Partie ne pourroit eſtre moindre de Mille livres pour faire Vingt-cinq livres de Rente, le fonds & principal deſquelles Rentes ſeroit fourni par les particuliers qui voudroient les acquerir, és mains du Garde de ſon Treſor Royal, ſur le pied du Denier Quarante, pour en joüir & diſpoſer par eux comme de leur propre choſe, vray & loyal acqueſt en vertu des Contracts qui leur en ſeroient paſſez, & eſtre payez des arrerages d'icelle de ſix mois en ſix mois, à Bureau ouvert en l'Hôtel de ladite Ville de Paris à commencer des mois de Janvier & Juillet de chaque année par les Payeurs qui ſeroient eſtablis à cet effet, & ſur les ſimples Quittances des Rentiers, ſans que leſdites Rentes puiſſent eſtre retranchées ni reduites à l'avenir pour quelque cauſe & occaſion que ce ſoit, & ſans auſſi que leſdits Acquereurs, leurs heritiers, ſucceſſeurs & ayans cauſe, en puiſſent eſtre depoſſedez, ſinon en leur Rembourſant en deniers comptans, en un ſeul Payement les principaux deſdites Rentes.

Que par Declaration du Roy du 19. dudit mois de Juin, auſſi regiſtré où beſoin a eſté, Sa Majeſté auroit ordonné que les Conſtitutions particulieres en ſeroient faites par leſdits S.rs Prevoſt des Marchands & Echevins ſur les Quittances dudit S.r Garde du Treſor Royal, & les Contracts paſſez pardevant tels Notaires que les Acquereurs voudroient choiſir, avec faculté aux Eſtrangers non naturaliſez, même à ceux qui ſont demeurans hors du Royaume, Pays, Terres & Seigneuries de l'obéïſſance de Sa Majeſté, d'acquerir leſdites Rentes, ainſi que pourroient faire ſes propres Sujets, même en diſpoſer entre vifs ou par Teſtament de quelque maniere que ce ſoit, Et en cas qu'ils en ayent diſpoſé, que leurs heritiers leurs ſuccedent, encore que leurs Donataires, Legataires ou heritiers ſoient Eſtrangers, & non Regnicoles; Et à cet effet Sa Majeſté auroit renoncé au Droit d'Aubaine, & autres Droits, même à celuy de confiſcation en cas qu'ils fuſſent Sujets des Princes ou Eſtats avec leſquels elle pourroit eſtre en Guerre, dont elle les auroit relevé & diſpenſé; Comme auſſi que leſdites Rentes qui ſeroient acquiſes par leſdits Eſtrangers ſeroient exemptes de toutes Lettres de Marque & de Repreſailles ſous quelque pretexte que ce ſoit, & qu'elles ne pourroient eſtre ſaiſies par leurs Creanciers, Regnicoles ou Eſtrangers.

Que par Arreſt du Conſeil du 14. dudit mois de Juin 1720. Sa Majeſté auroit ordonné que les acquereurs deſdites Rentes joüiroient des arrerages des ſix mois dans leſquels les Quittances de Finances en auroient eſté expediées par le Garde du Treſor Royal; Que par Autre Arreſt du Conſeil du 5. Juillet audit an, Sa Majeſté auroit encore ordonné, que ceux qui acquereroient leſdites Rentes avant le premier jour d'Aouſt 1720. joüiroient des arrerages à commencer du premier Avril de ladite année; Que par autres Arreſts du Conſeil des 25. Juin & 19. Juillet 1720. Sa Majeſté a permis aux Communautez Eccleſiaſtiques, aux Tuteurs des Mineurs, aux Curateurs & autres y denommez, d'acquerir des Rentes créées par ledit Edit, & d'y employer les fonds à eux appartenans, dont ils ſont chargez ou depoſitaires : En Execution deſquels Edit, Declaration & Arreſts du Conſeil ſus énoncez, & du Contract de vente & alienation faite par Meſſieurs les Commiſſaires du Conſeil nommez par le Roy auſdits S.rs Prevoſt des Marchands & Echevins deſdits Vingt-cinq Millions de livres de Rentes paſſé pardevant M.es Antoine le Moine l'ainé & ſon Confrere Notaires à Paris le 6. Juillet 1720. Et pour fournir à Sa Majeſté par leſdits S.rs Prevoſt des Marchands & Echevins le fonds & Capital deſdits Vingt-cinq Millions de li-

Rente Perpetuelle from the Juin 1720 Edit. This is an official copy, and as such printed entirely on vellum. These velum copies were kept in the government registry and are as such extremely rare

The 'denier' indicated the potential return of an annuity: multiplying the annuity amount by this number, resulted in the invested principal. A denier of 20 equalled to a potential return of 5% per year (100/20).

The annuities always mentioned the tax or duty which (in theory) guaranteed their payment. All taxes were imposed by the King, with exemptions granted to the feudal nobility and clergy.

As a consequence, only the middle class paid taxes, which certainly contributed to the 1789 revolution. The most important but unpopular taxes were the salt taxes or the 'gabelles'. The 'aides' were excise duties levied on the amount and transfer of various products. Very unfair taxes were the 'tailles', levied discretionarily and often by force on those not performing military service. Capitation taxes were only paid by the middle class on their wealth.

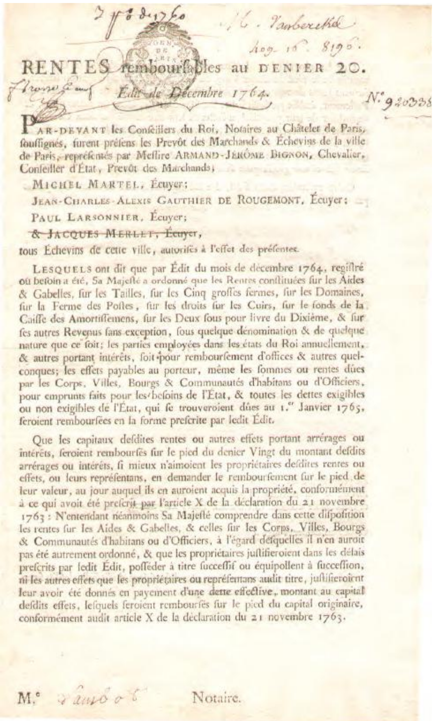
The annuity usually consisted of a contract and a quittance. The combination of a contract and a quittance has a greater value than each separately. Quittances entirely in manuscript over several large-format sheets of velum, giving great detail on the sources of the funds, are rare. Such quittances usually relate to rentes in the name of a religious community. Also rare are the register copies: rentes printed entirely on vellum, with the quittance printed following the contract. These were stored in the Hôtel de Ville, the records of which were destroyed by the revolutionairies. Other potential interesting collectible objects are the interest quittances and 'reconstitutions', standard forms introduced from 1765 onwards to arrange the sale of the annuities. Also available are the various 'édits', 'arrêts' and 'déclarations' which form the legal basis for all the contracts.

Rentes covered various royal expenditures, but mainly war expenses. The receipts of the first tontine in 1689 were used to finance the nine years' war of the Sun King Louis XIV against the League of Augsburg (a coalition of among others Great Britain, the Holy Roman Empire and Spain). Life annuities were again issued in large volumes during the wars of the eighteenth century, from 1733 to 1737 (War of Polish Succession), from 1741 to 1745 (War of Austrian Succession), and from 1754 to 1759 (Seven Years' War), always with age-dependent rates.

Following the suspension of payments in October 1759, the French government found it difficult to float new loans, and returned to the practice of flat rates. After the Seven Years' War, France was essentially bankrupt, and the Trésor Royal had no idea of the amount of debt outstanding, so virtually all rentes – and bearer bonds – were recalled and vast numbers reissued at lower rates.

From 1761 to 1787 flat-rate life annuities were issued in large amounts, particularly under the finance ministers Necker and Calonne. By the edict of 1770, all 10 tontines were converted into life annuities.

Annuities were mostly a risky investment. The initial contractual obligations were quite often not met. Serious declines in the tax receipts due to bad harvests or lost wars usually caused lengthy



RENTES remboursables au DENIER 20.

Edit de Décembre 1764.

N.° 920338

PAR-DEVANT les Conseillers du Roi, Notaires au Châtelet de Paris, soussignés, furent présens les Prevôt des Marchands & Échevins de la ville de Paris, représentés par Messire ARMAND-JERÔME BIGNON, Chevalier, Conseiller d'État, Prevôt des Marchands;

MICHEL MARTEL, Écuyer;

JEAN-CHARLES-ALEXIS GAUTHIER DE ROUGEMONT, Écuyer;

PAUL LARSONNIER, Écuyer;

~~& JACQUES MERLET, Écuyer~~,

tous Échevins de cette ville, autorisés à l'effet des présentes.

LESQUELS ont dit que par Édit du mois de décembre 1764, registré où besoin a été, Sa Majesté a ordonné que les Rentes constituées sur les Aides & Gabelles, sur les Tailles, sur les Cinq grosses fermes, sur les Domaines, sur la Ferme des Postes, sur les droits sur les Cuirs, sur le fonds de la Caisse des Amortissemens, sur les Deux sous pour livre du Dixième, & sur ses autres Revenus sans exception, sous quelque dénomination & de quelque nature que ce soit; les parties employées dans les états du Roi annuellement, & autres portant intérêts, soit pour remboursement d'offices & autres quelconques; les effets payables au porteur, même les sommes ou rentes dûes par les Corps, Villes, Bourgs & Communautés d'habitans ou d'Officiers, pour emprunts faits pour les besoins de l'État, & toutes les dettes exigibles ou non exigibles de l'État, qui se trouveroient dûes au 1.er Janvier 1765, seroient remboursées en la forme prescrite par ledit Édit.

Que les capitaux desdites rentes ou autres effets portant arrérages ou intérêts, seroient remboursés sur le pied du denier Vingt du montant desdits arrérages ou intérêts, si mieux n'aimoient les propriétaires desdites rentes ou effets, ou leurs représentans, en demander le remboursement sur le pied de leur valeur, au jour auquel ils en auroient acquis la propriété, conformément à ce qui avoit été prescrit par l'article X de la déclaration du 21 novembre 1763: N'entendant néanmoins Sa Majesté comprendre dans cette disposition les rentes sur les Aides & Gabelles, & celles sur les Corps, Villes, Bourgs & Communautés d'habitans ou d'Officiers, à l'égard desquelles il n'en auroit pas été autrement ordonné, & que les propriétaires justifieroient dans les délais prescrits par ledit Édit, posséder à titre successif ou équipollent à succession, ni les autres effets que les propriétaires ou représentans audit titre, justifieroient leur avoir été donnés en payement d'une dette effective, montant au capital desdits effets, lesquels seroient remboursés sur le pied du capital originaire, conformément audit article X de la déclaration du 21 novembre 1763.

M.e Notaire.

3% Rente (Edit Dec 1764), part of a huge debt restructuring programme in 1764 following the ending of the Seven Years' War in 1763

arrears of interest payments. Default was avoided by either lowering the denier (Edict of 1710) or by repaying only a fraction of the principal (Edict of 1766). Some annuities were almost always paid, such as the rentes of the Hôtel de Ville as the King obviously feared the fury of the Paris rentiers.

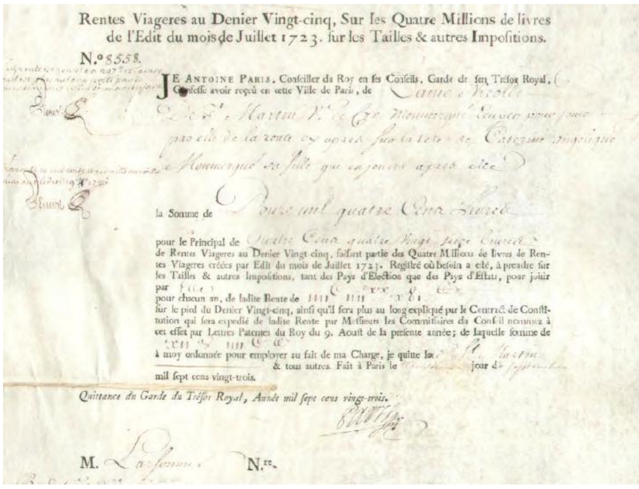
The high default risk resulted in a higher interest rate for the French government than for commercial debt. During 1740-85 interest rates for French government debt fluctuated between 5-10%, whereas commercial debt remained in the narrow range of 4-6%.[2] This contradicts the risk-return theory of financial handbooks: the French state was considered more risky than individual merchants, quite contrary to the British government whose debt ranged from 3-6%. This is partly explained by the better economic state of Great Britain and its more successful wars. However, most important was the Glorious Revolution in 1688: the greater power of the Parliament and the founding of a central bank resulted in monetary and budgetary discipline. In contrast to France, the debt levels fell in peace time. Britain paid for debt by raising taxes, while France lacked substantial taxes and could only contain its debt by partial default.[3]

The higher risk was not always the only explanation for the higher interest cost. Taking into account the life expectancy of each age, one should expect no wide variations of return for the various age classes of a tontine. Younger age classes get lower interest rates than older age classes, as the former benefit longer from the payments. This is the case with British tontines (issued for the Seven Years' War in 1757), where the interest rate usually fluctuated around 4-5%, but did not apply to the French tontines (issued for the same purpose in 1759) where the oldest age class earned 11% compared to 7% for the younger age class.[4] Lifetables were determined from the first two tontines by Antoine Deparcieux in 1746, so the French government could calculate more appropriate 'deniers' which did not result in higher returns for the older age classes. However, they purposefully offered an additional income to the urban middle class in order to compensate them for the lack of privileges and exemptions afforded to the clergy and nobility.[5] In that way, the government hoped to buy the sympathy of the middle class. As history proved, this did not help to avoid the revolution in 1789. As investors became more and more aware of the higher risk, more favourable terms had to be offered.

From the start, the 'viagères' earned a higher interest rate than the other annuities, as they depended on the life of one person named whereas perpetuals were paid forever and héréditaires eventually recouped (part of) their capital. Later on, after 1758, the risk of life annuities was reduced by offering payments depending on the life of two nominees at only a slightly lower interest rate (most of the time only 1% lower).

The improving terms also led to flat rates of the life annuities from 1761 onwards. In that year a flat rate of 10% was offered for all age classes, which resulted in a higher return for the age classes below forty (formerly, these classes only earned between 6.5%-8%). Wily Genevan investors took advantage by only buying annuities for healthy 6-year old girls and securitizing the receipts by dividing them up into small shares for 30 to 50 investors.[6]

From 1770 onwards, the King tried to rationalize the public budget but his attempts to economise proved more comical than effective: candles in the palace needed to be used completely instead of halfway, but the construction of new palaces continued. By the end of 1787, the opposition was fierce and tax collections began to break down. By 1789 annuity payments amounted to one-third of all royal income.[7] The revolutionary government continued to pay the annuities until 1795 but could force repayment of most of them in useless assignats. But some remained in effect. The French treasury still pays €1.2 per year to the descendants of Claude Linotte (1686-1768), lawyer and advisor to the Duke of Bouillon. He was compensated by the Duke during the negotiations with the French king for the sale of the Viscounty of France. The Duke offered him a life annuity but Mr Linotte also wanted to leave his descendants with something to inherit. As a consequence, the annuity was to be paid as long as Linotte's last descendant was living. Presumably the beneficiaries still needed a job to make a living![8]



Rentes Viageres au Denier Vingt-cinq, Sur les Quatre Millions de livres de l'Edit du mois de Juillet 1723. sur les Tailles & autres Impositions.

N.° 5558.

JE ANTOINE PARIS, Conseiller du Roy en ses Conseils, Garde de son Tresor Royal, Confesse avoir reçeu en cette Ville de Paris, de

la Somme de

pour le Principal de de Rentes Viageres au Denier Vingt-cinq, faisant partie des Quatre Millions de livres de Rentes Viageres créées par Edit du mois de Juillet 1723. Registré où besoin a esté, à prendre sur les Tailles & autres Impositions, tant des Pays d'Election que des Pays d'Estats, pour jouir par pour chacun an, de ladite Rente de sur le pied du Denier Vingt-cinq, ainsi qu'il sera plus au long expliqué par le Contract de Constitution qui sera expedié de ladite Rente par Messieurs les Commissaires du Conseil nommez à cet effet par Lettres Patentes du Roy du 9. Aoust de la presente année; de laquelle somme de à moy ordonnée pour employer au fait de ma Charge, je quitte le & tous autres. Fait à Paris le jour de mil sept cens vingt-trois.

Quittance du Garde du Trésor Royal, Année mil sept cens vingt-trois.

M. N.re.

Quittance of 2000 Livres, Edit July 1723, issued to reduce the enormous debts of the King, following the collapse of the Banque Royale (John Law) and the Compagnie des Indes in 1720. The old rentes were replaced by new ones, with the capital value being reduced. Most rentes consist of both a contract (in paper, apart from the official copy) and a vellum quittance on the inside. For some reason, this particular issue has only been seen as the quittance

[1] Very detailed information can be found in: "France, the Royal Loans", Howard J Shakespeare, 1986, passim

[2] "The origin and development of the Financial Markets", Jeremy Atack and Larry Neal, p196, 2009

[3] Tontines, Public Finance, and Revolution in France and England, 1688-1789, David R Weir, *Journal of Economic History*, Vol 49, No1 (Mar., 1989), p.102

[4] Weir, 1989, p113

[5] Weir, 1989, p121

[6] "The case of Undying Debt", Francois R Velde, 2009, p1

[7] Shakespeare, p32

[8] Velde, 2009, p7

The Railroad That Ran For Only One Day

— Sam Withers —

The vignette on the stock certificate of the **Lawrenceburgh & Indianapolis Rail-Road** may be the most impressive of an early steam locomotive known to railroad certificate collectors. This vignette of the locomotive and coach measures almost 6 inches across (see illustration type 1). While most railroad certificate collectors are familiar with this certificate, which is relatively common unissued, few know anything about the railroad itself, except that it would have been an early railroad, late 1830s or so, and probably never operated, since no issued certificates were known to exist, at least to this collector. An issued certificate has now appeared (see illustration type 2), dated August 19, 1837 and with some research an intriguing history has emerged.[1]

The Lawrenceburgh & Indianapolis Rail-Road was incorporated by the Indiana Legislature in 1832 to build a railroad from Lawrenceburgh, on the Ohio River, to Indianapolis, the capitol located in the center of the state, a total of 94 miles. This route would provide Indianapolis with direct rail access to markets served by the Ohio River and steamboat traffic, relatively cheap transportation, in an era when most goods were transported by horse drawn wagons, which was expensive. By March 1834, 468 shares of stock had been subscribed for a total of $23,400, an insignificant sum given an estimate of $1,063,855 to build the road. This indicated how difficult it was to get local people to invest, especially in an enterprise they knew little about and did not particularly understand, as railroads were very novel in 1830s America. At this point the railroad had no designated route, nor did it have an engineer, so in order to promote the railroad and sell more stock, the Directors decided to build a one and a fourth mile demonstration track that would be representative of the entire route. A wooden passenger car capable of carrying 40-50 people was constructed for $222. Due to the scarcity of iron rails in the western states and to the lack of funds, the Directors purchased oak rails. Not having a steam locomotive or funds to purchase one, they employed the services of a team of horses to pull the passenger car along the wooden rails.

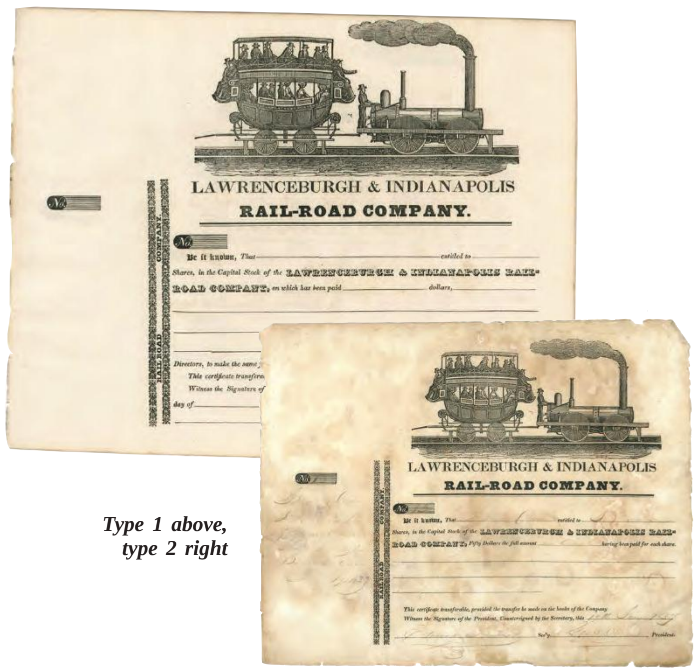
All was set for a grand celebration on July 4, 1834, which included a band, local celebrities, reading of the Declaration of Independence, a parade with military contingents, and undoubtedly some stirring oratory extolling the benefits of building the railroad. Following all the pageantry, rides were given over the demonstration track at a charge of 25 cents per person. It was estimated that 300-600 persons made the round trip. This was the only time the railroad was to operate with paying customers, but it went down in history as the first railroad to function west of the Allegheny Mountains.

This historical significance did little to increase the sale of stock. By January 1, 1835, only 20% of the capital stock had been sold; expenses so far totaled $3,521 with the only income being $83, which came mostly from the fares collected giving demonstration rides on the previous July 4. Undeterred by the slow sale of stock, the Board of Directors planned a grand celebration a year later in Lawrenceburgh on July 23, 1835, that included a groundbreaking and dinner at which 4,000-5,000 people were served. This may have generated more support, as soon afterward a contractor was hired and grading was begun on a small section of the road.

If the Directors were trying to make an impression, they may have succeeded when, in 1836, the Indiana legislature passed an Internal Improvement Acts which resulted in the state issuing $100,000 in bonds to support the railroad. The 'fortunes' of the railroad or at least some of its Directors had changed. By 1837, stock had been subscribed to the amount of $237,940 but only $9,760 was in cash, and the rest in mortgages.[2]

Unknown to the stockholders, $178,000 had been 'borrowed' by two members of the Board of Directors, for the purpose of speculating in land to mortgage to the state as collateral for the bonds, a direct violation of the company's charter. The proceeds of the state bonds would then be used to pay off debts for the land, leaving nothing for the railroad. This caused a public uproar that, along with the financial panic of 1837 which depleted state finances, ended any dream of completing the railroad. On May 19, 1837 the Board of Directors voted to suspend construction of the road. In 1839 the company was ordered by the state to surrender its charter and to settle its affairs. Apparently the two directors who used railroad monies for land speculation were never charged with any criminal activity and may well have been ahead of their time in finding ways to personally profit from railroad construction.

The Lawrenceburgh & Indianapolis Railroad, the "first railroad to operate west of the Allegheny Mountains", ran for one day, on wooden rails, powered by a team of horses; not exactly the grand vision of a railroad suggested by its vignette, nor envisioned by its promoters.



Type 1 above, type 2 right

The primary source for this article is a 'Short History of the Lawrenceburgh & Indianapolis Rail Road Company' by John Mullins, printed in *Random Notes* Number Three, 1983.

Sam Withers has been collecting and dealing in American stocks and bonds for 40 years. He can be contacted at samwithers@aol.com.

[1] The difference between the two types is in the phrase that follows "Be it known that _______ entitled to _________shares, in the Capital Stock of the Lawrenceburgh & Indianapolis Rail-Road Company,"

Type 1 states "on which has been paid ___________dollars....."

Type 2 states "Fifty Dollars the full amount _________ having been paid for each share......."

The difference between the two types appears to be that in Type 1 a partial payment would be accepted, with the remainder to be paid later, while in Type 2 the amount of $50 has been paid in full. Presumably Type 1 is the earlier issue, when stock could be bought on credit (with collateral) and that a lack of actual cash resulted in issuing Type 2 certificates only for full payment.

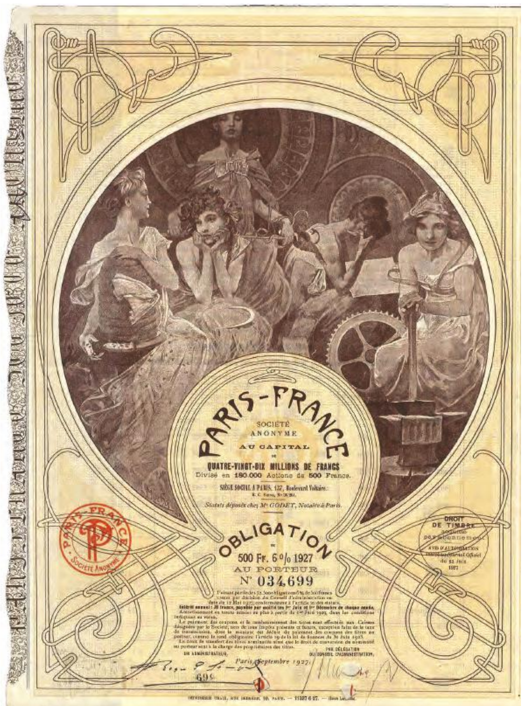
[2] Accepting mortgages on a business, property or farm was a common method railroads used to sell their stock in the early years of development as it allowed ordinary people with little disposable cash to invest. For as little as $5.00 cash and a mortgage on their property, an individual could purchase a share of stock with a par value of $50 or $100. The balance would be payable at regular intervals thereafter. As these were often short run railroads of 100 miles or less, whose cost to build could be managed by the citizens of relatively modest size towns, this method of investment was often sufficient to raise enough capital to start building a railroad. Later, with the building of the transcontinental railroads, vast sums of money would be needed, requiring direct assistance from the federal government.

Mucha Do About Securities

— Max Hensley —

You know about *Alfonse Mucha* and his fabulous posters, stamps and paper money. But did you know Alfonse Mucha also designed stocks and bonds? Collectors of vintage stocks and bonds have long appreciated the artistry of these otherwise utilitarian documents[1], and sometimes noted artists were involved. Mucha also took his turn and left a legacy accessible to ordinary folks.

Paris-France S.A. was a department store in Paris incorporated 1898 to sell high quality clothing and novelties for ladies, gentlemen and children, luxury and travel goods, Parisian specialties, furnishings, food products, etc. It also sold similar goods wholesale. It later established many branches in provincial cities throughout France, under different names, and had an interest in other shops of similar quality. The company finally closed in the late 1980s.



Alphonse Mucha-designed Paris-France S.A. 1927 issued- and punch-cancelled bond for 500 Francs

Courtesy Spink London

The Company retained Mucha shortly after its founding to design its stocks and bonds. One of the bonds is illustrated. This 9" by 13" bond includes many of Mucha's favorite elements such as intricate female allegories, central circular features and sinuous delineations. The bond is signed by Mucha in the vignette, lower left.

It is interesting to compare the listless, if not bored, body language and expressions of Mucha's Paris-France allegories with the exotic, refined and sensual women who populate his iconic posters. One might say these corporate toilers look a bit like 19th century stenographers at 8am on a Monday, sans expresso. Even the one on the left holding an erupting bee hive seems to be unconcerned. The dark tone of the vignette brings to mind William Blake's 'dark satanic mills'. Perhaps Mucha was expressing sympathy for the shop girls, or the work reflected his general revulsion for 'vulgar business society.'[2]

Nonetheless Paris-France SA made extensive use of this design in 27 stock and bond varieties issued between 1898 and 1934.[3] The stocks of course had no coupons and are entitled '*Action de* [denomination]', in denominations of either 500 or 1,000 Francs. The bonds had sets of coupons and various capitalization amounts, rates of interest and denominations, but typically 500 Francs. The securities were printed with pastel tints in two tones plus black for the main features. Only the color palette and inscriptions vary among the varieties. The common ones bring a few hundred dollars and are doubtless the most inexpensive Mucha originals available anywhere.

The bonds were issued with the decorative Mucha face-page on top and coupons folded back inside. The coupons are text only and were to be clipped and presented for periodic interest payments. Examples of these bonds are found unissued, issued uncancelled, or issued and cancelled by punches or cuts, with varying numbers of coupons having been clipped. The red Company seal is found in the lower left. Issued bonds bear the black French Government tax stamp (*Droit de Timbre*).

The printer named in the lower margin is *Imprimerie Chaix*, the printing company of *Jules Cheret*, another famous French poster artist. These securities apparently were prepared by a photomechanical process not quite up to the standards of Mucha's fine *F Champenois* stone lithographs – not surprising considering the thousands of securities that had to be printed.

The printing technology used for continental European stocks and bonds of this period was mass-market lithography, in contrast to US securities of large companies which were almost universally bank-note quality steel plate engraved intaglio. However, the European designs are often exceptional – exuberant and flowing with highly decorative unique allegorical industrial scenes frequently incorporating a heavy application of *Jugenstil* seasoning. France, Portugal, Italy and Spain in particular turned out some fine examples of this style.

Two other securities were known to have been designed by Mucha, at least in part. A bond of the **L'Exposition Réligieuse Internationale de 1900**, Paris, *Bon de Participation de 20 Francs, Série A*, 1900, has a superb design featuring 'The Christian Faith Shining on the Darkness of Paganism', with an angel in front of St. Peter's.[4] Similarly, a **Société des Immeubles de France,** Paris, *Obligation de 475 Francs*, 1896, has a Mucha-designed border of pots and flowers.[5]

Mucha was a devoted Czech nationalist who volunteered to design postage stamps and paper currency for Czechoslovakia after its independence in 1918, and of course we know he designed bonds for at least three clients. However, I could find no evidence that he ever designed bonds for the Czechoslovak State. For now, these will have to remain the 'Sasquatch' of Czech scripophily.

The Author gratefully thanks Virginia Besas and Mario Boone assistance with this article

[1] Tamarkin, et al., *Art of the Market – Two Centuries of American Business as Seen Through its Stock Certificates*, 1999, Stewart, Tabori & Chang New York, Tomasko, Mark, *The Feel of Steel – The Art and History of Bank-N Engraving in the United States*, 2nd Ed. 2012, American Numismatic Society New York, *Nonvaleur News* 8/2013, pp. 10-17, http://edhac-ev.de/index.php/hwp-kunst (click on link HWP-Künstler: Kunst auf Wertpapieren),

[2] Letter to his fiance, quoted in Daley, Anna, MA thesis 2007 p. 39 http://si-pddr.si.edu/dspace/bitstream/10088/8790/6/AnnaDaleyAlphonseMucha.pd

[3] Mario Boone, *48th Auction of Historic Shares and Bonds*, Mar. 10 – 11, 2012, lot 458. www.booneshares.com

[4] Mario Boone, *50th Auction of Historic Shares and Bonds*, April 5 - 7, 2013, lot 960. www.booneshares.com

[5] Mario Boone, *45th Auction of Historic Shares and Bonds*, Sept. 18 - 19, 2010, lot 542. www.booneshares.com

AUCTION NEWS and REVIEWS

WORLDWIDE AUCTION SALES - FOUR MONTHS TO MARCH 2015

Firm	Date	Place	Scripophily lots offered	Lots sold
Yangming	22-Mar	Shanghai		
Yangming	6-Dec	Shanghai		
Spink	17-Jan	Hong Kong		
Archives Intl	10-Jan	Hong Kong		
China				
HSK	28-Feb	Hamburg		
DWA	6-Dec	Wolfenbüttel		
Gutowski	26-Jan	Mailbid		
DWAlive	8-Jan	Internet		
Germany				
Boone	28-Mar	Antwerp		
Spink	30-Jan	Lugano		
Spink	28-Jan	New York		
HHW	29-Nov	Vienna		
Holabird	9/10 Dec	Reno NV		
HHW	26-Feb	Mailbid		
World				
Chinese market share				
German market share				

Note: *These figures are for room and online auctions, and do not include eBay as its statistics are not published.*

Buyer's Premium: *Auctioneers charge a premium to the buyer (as well as sales commission paid by the seller), generally in the range 15-20% o plus local taxes. The figures in our auction reviews are hammer prices, not including the buyer's premium. The totals in our World Sales tabl*

CHINA RULES - OK?

55% by value of the world's auction sales in December-March were made in China. The early part of the year is normally the lowest for Europe and USA, and their figures this year are about the same as 2014. But a Chinese auction house we have not reported before – Yangming Auctions, www.yangmingauction.com – held two huge sales in Shanghai that swamped the rest of the world. It is possible that Chinese sales were even higher as we have lost track of Hosane which ran some very large sales in 2013/14. [We have found no 2015 results on www.hosane.com. Is this our own finger trouble or have they moved elsewhere? Can anyone help?]

The emphasis in Chinese auctions is on the shares of pre-Communist local companies – banks, shipping, railways, retail – and less on the external government loans familiar in Western markets. Hence less speculation, but even so the average lot value at around €400 is four times the figure in the rest of the world. China certainly is a different market. It is worth noting that some sources opine that only around half of the 'sold' lots in Chinese art auctions are actually collected and paid for. Might the same apply to scripophily auctions?

THE US MARKET

We have seen several scripophily collections enter the US market in the last year or two. A large Colorado mining collection was sold through eBay, Ken Prag's collection is being auctioned by Fred Holabird, and in their January sale Spink New York sold the holdings of a long-time collector who wishes to remain anonymous. In each instance the collector lost interest or had higher needs – these have not been estate sales. Numismatics and philately are supplied almost entirely through collection recycling, and it is not surprising that the trend in scripophily is now the same, as the era of disgorging large archives seems to be over. A problem for scripophily, especially in the US, is that people who bought in the 1994-2001 boom period frequently will take losses even in a recovering market such as this. It could be a good time to buy.

EBAY GERMANY

Just over 15,000 sales were made on eBay Germany since our last report, 40% of the number offered, for a total of €216,000. The highest prices were for three pieces of **Fábrica de Faianças das Caldas da Rainha**. They sold for €1,843.33 (#361167405549, 29 bids), €1,798.88 (#221647450447, 23 bids) and €1,692 (221676963637, 17 bids). A few months ago one sold for as much as €2,287.77. A nice share of the **Frankfurter Orpheum GmbH** sold for €724 after 27 bids (#261798572802). A similar piece was sold in a terrestrial auction in 2011 for more than twice that price (€1,650).

EBAY FRANCE

On eBay France 3,050 lots were sold (36% of the offerings) for €64,000, an average price around €21. The top price was for a lot of eight different shares of the Spanish automobile manufacturer **La Hispano Suiza Fabrica de Automoviles**: €1,100 after only one bid (#231420835379). A Vietnamese bond, **Cong Phieu Khang Chien**, sold for €201 after 8 bids (#171684737033).

EBAY UK

The average lot price on eBay UK was about £20: 829 lots sold for £17,000. From Finland the **Sydfinska Kust-Ångfartygs Bolaget** #131407779428, a nice navigation share from

1866, sold for £150 after 1 bid. From Wales came the **Festiniog Railway Company** (#331468143934) selling for £150 after 22 bids. Rather a high price for a share issued in 1989 but the railway claims to have carried its name longer than any other in the world, since an Act of Parliament in 1832.

EBAY USA

Wow! For the first time in memory, the two highest grossing items on eBay auctions were not Mexican or Chinese speculations. Instead they were two Western Union Edison stock ticker tape machines, bringing $3,761 and $3,460. This notwithstanding, about 80% of the 200 highest selling items at auction were mostly Chinese speculations such as the **Province of Petchili 1913 gold loan** bonds (9 of them, ranging from reported sales of $1,500 to, more recently, $598) and the **Chinese Government 5% gold loan** of 1912, a £1,000 denomination bringing the highest reported speculation price at $3,455. A large number of 1913 **Lung-Tsing-U-Hai Railway 5% gold bonds** reportedly were sold with prices around $600 each. The promoters have taken to calling these the ‘super Petchilis’, but the connection with the Province of Petchili is unclear and the only thing ‘super’ about them is their ridiculous price.

Mexican speculations have completely died. The highest reported sale was a 1910 **Banco de Comercia E Industria** certificate for $399 on one bid.

The top 200 included more US scripophily than usual. An 1873 issued uncancelled share of the **Second National Bank of Aurora, Illinois** went for $1,525 - the highest grossing authentic scripophily, fought over by only two bidders (#361159874671). An **Edison Phonograph Toy Manufacturing Co** with Santa and sleigh vignette in green (odd lot) brought $1,136 (#141507880765). The top bidders for this lot were all dealers who expected to make money - these have sold in the past for as high as $1,890. A **US Government Fourth Liberty Loan** (1933-1938) $50 bond brought $899 (#141547326640), an 1841 $100 **Republic of Texas** ***David G Burnett*** bond $650 (#271800165469), an 1884 **Elkton & Guthrie Railroad Co** share $405 (a high price for a certificate only rated R5 in Cox at $100 - $150, #251776431264) and a **Creede Mines Co** share from dealer Paul Peel with a vignette of the Humphreys Mill for $355 (#371249101987). The lowest price was 9 cents for an unissued **Deerpass Construction Co** certificate.

As speculations have substantially declined of late, we feel more confident in offering statistics for US eBay. The current eBay activity can reasonably be attributed to authentic scripophily and the speculation activity that is reported is low priced enough it could be considered reliable. In the last quarter 7,937 lots were sold (46% of those offered) for a total of $195,400, an average price of $24.60. Over 1,300 lots sold for under $10 each. This might be considered the entry collector part of the market.

It is unusual for a specimen certificate to make it into the top 200 eBay sales. This one brought $800 from Archivesonline (#391039429792) and was the second highest reported US scripophily on eBay during the period

This 1842 Chesapeake & Ohio Canal Co share in unusually good condition brought $565 (#351328116983). The vignette is an authentic view of the town of Harper’s Ferry West Virginia, viewed up the Potomac River from the canal towpath, now a National Park

EBAY BUY-IT-NOW

The US results we quote do not include ‘Buy-it-Now’ sales but the UK, German and French results do, which enlarges the results for these countries by a substantial amount. The US Buy-it-Now listings for the last quarter were 18,516 and of those 4,430 sold, or 24%. We consider the data from Buy-it-Now sales to be a crude gauge of market activity. If we see an incremental increase in sales percentage or numbers of listings for Buy-it-Now’s it would suggest that the scripophily market is on the upswing, and vice versa. These will be reported in the future.

DWA

Wolfenbüttel, December 6

This sale comprised the 11th and final Reichsbank Hoard Special Auction (selling bulk Reichsbank material from original bidders who were unhappy with their purchases) and a collection of banking shares from two centuries. The first section had 2,000 single lots from BARoV Reichsbank auctions 4 and 5. According to the auction house many of them were the last available pieces and many were unknown to the collectors market before (before the BARoV auction or before this auction?). The results have not been published.

The second section contained 1,100 banking lots from all over the world, consisting of 755 German and 155 US to name the largest sections, only 36 Russian and 8 UK. The total hammer price for this section was around €118,000 (£93,000/$145,000) and we estimate that 55% of the lots were sold. The highlights were two **Bremer Bank** shares, one 250 gold thaler 1858, one 1,000 mark 1889, both estimated €5,000-10,000, and sold at €6,500 each. A **Real-Credit-Bank** founder share 1,000 mark, Berlin 1888, sold at €950 (estimate €750-1,500). Amongst the Americans, **Bank of Fayetteville**, 8 shares, 1862, sold at €600 ($740, estimate €750-1,500), **Commercial Bank of Columbia**, 1,207 shares $25 each, 1860, again €600 and estimate €750-1,000. **Essex Bank**, Salem MA, 1 share, 1812, reached €700 on €500-1,000 estimate, and **South Royalton Bank**, 8 shares $100 each, Vermont 1856, sold at €750 (estimate €500-1,000).

DWA LIVE
Internet, January 6

A total of 899 lots were offered online, 626 or 70% German, 131 US, 21 Russian and only 7 UK. About half the lots were sold. An 1938 **Argentine Republic** 10 Years Sinking Fund External 4.5% Loan $1,000 sold at €400 start price. An **F Wöhlert'sche Maschinenbau-Anstalt und Eisengiesserei AG** priority share 600 mark, 1881, was unsold at €800, as was a **Loebau-Zittauer Eisenbahn-Gesellschaft** share 25 thaler, 1847, at the same price. All offers above €1,000 remained unsold. The highest sale was a **Transcontinental Aerial Navigation Co** 50 founder shares $100 each, Chicago 1888, at €750 ($815). The total on the hammer was €25,666 (39%) (£20,000/$30,000).

HHW
Mailbid, February 26

This long–established Viennese auction firm specialises in Central European scripophily with most lots being from the Austro-Hungarian Empire and its successor states. Their 105th auction was a mailbid with 820 lots of which 281 were sold for a total of €21,000. All but one lot sold below €500. The top price, €820, was paid for a $1,000 bond of the Austrian **Alpine Montan Steel Co** from 1925 (start price €750).

HHW's room sale on 29 November last also had 820 lots, 353 sold for €28,800. Two lots went above €500: a very old (1859) Czech sugar company share: **Brünner Zuckerfabrik**, starting at €1,500 and selling for €1,600, and a Vienna-based bankshare: the **Arbeiterbank AG** from 1922 selling at its start price of €1,500.

YANGMING
Shanghai, December 6 and March 22

This is our first report on the scripophily sales of the Shanghai Yangming Auction Co, a major auction house, at www.yangmingauction.com. We have had some problems with site navigation and translation and we would welcome help from members for future sales.

In their December auction Yangming offered 1,172 lots reaching a hammer total of ¥3,353,550 (£350,000/€444,000/$545,000), 76% sold. Financial shares led the bidding: ¥300,000 (£31,300), the start price, for a 1915 100-yuan share in the **Bank of China** – no underbidder and way below the price of ¥630,000 at the Hosane auction in June 2011. A **Sin Chun Bank of China** Shanghai 1907 50-yuan share, took ¥260,000, well above its start price of ¥100,000. An even more dramatic ¥180,000 from only ¥10,000 start was paid for the 1923 100 5,000-yuan share in the **Shanghai Securities & Commodities Exchange Co**. A 1928 50 2,500-yuan share of the same company took the next highest price: ¥110,000, also well up from its ¥10,000 start.

The March Yangming sale offered 1,400 lots, mainly Chinese company shares but with some bonds and a few British and US pieces. The hammer total came to ¥3,198,900 (£344,000/€476,000/$515,000) on 82% sold. There were fewer high-price financial shares this time and the top item by a wide margin was an 1894 100-tael share in the **Chien Ping Gold Mine Co**, selling at ¥170,000 (£18,300) from ¥100,000 start price. The two lots that came next, selling at ¥120,000, were a 1905 **Chung Hsing Shanghi Roller Flour Mill Co** share and a 100-yuan share in the **Fukien Province Railway Co** 1908.

A British piece fetching a good price was an 1863 £100 share in the **Bank of Hindustan China & Japan**, sold at its ¥4,000 start. A 1921 Hong Kong share in the **China & Australia Steamship Co** was chased up to ¥6,500 from ¥1,000 start. This was in appalling condition (water stains?), showing that history and rarity are more important than beauty to some Chinese scripophilists.

The Sin Chun Bank, the 1923 Shanghai Securities & Commodities Exchange and the Chien Ping Gold Mine Co are likely to qualify for our World Top 100 next time we publish it. The Bank of China is already in the listing, at its 2011 price.

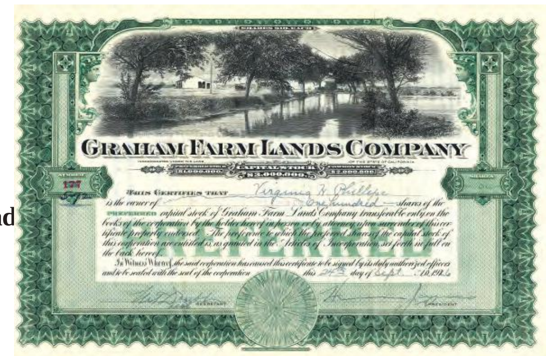
HOLABIRD AMERICANA
Reno NV, December 9-11

Holabird Americana held another of its live, on-line and phone auctions in its showroom in Reno. 601 bidders from 31 countries vied for lots from the usual eclectic offering of western Americana, including bottles, tokens, coins, art, Native American, brewery artifacts and a wide variety of goods including 415 lots of scripophily. 271 of these sold (65%) yielding $27,100.

This was a very good sale for collectors. For the most part the scripophily was reasonable, generally in the $50-$150 range, including some large lots that might offer interesting research opportunities. Mining shares formed the vast bulk of the scripophily, along with a smattering of rails (predominantly not western). A framed **Syndicate Mining Co** with an unissued **Bodie Bluff Consolidated Mining Co** with Leland Stanford signature brought $700 on a $1,200–$1,500 estimate. $700 is close to conventional for the unissued Bodie Bluff these days, so the buyer got the Syndicate certificate for free (assuming the framing was professional). A very nice run of rare mining shares from the Austin mining district of Nevada went quite reasonably for around $200 on much higher estimates, including the top Austin lot **New York Silver Mining Co of Nevada** at $225.

The scripophily that did not sell was material we had seen before and/or that was over-estimated (informally or formally reserved), for example a partly issued share in the **Eureka Quartz Mining Co**, a circa 1853 lode gold mining co, unclaimed on a $1,000-$2,000 estimate. Most lots sold within estimate or below, with some of the more frequently encountered material bringing around 50% of the low estimate.

Catalogued as one of the earliest known California-issued mining stocks, this Burns' Ranche Union Mining Co share brought $1,150 (ex Prag collection)



This company was organised to subdivide a 95,000 acre ranch in California's Great Central Valley, so naturally it sported the largest vignette of any certificate in the sale. Together with the common share certificate it brought $60

ARCHIVES INTERNATIONAL
Hong Kong, January 10

The small section of 49 scripophily lots included in this banknote sale did very well, selling 82% for a hammer total of HK$102,300 (£8,700/ $13,000/ €11,000). All the lots were Chinese. The market disagreed with several of the estimates, sometimes above, sometimes below.

The highest price for a single piece was HK$7,500 for a 1919 $1,000 **Republic of China 6% Secured Gold Loan** with an additional page of the 1939 coupons, estimated at HK$6,000-12,000. Amongst speculative items, five lots of £20 **1913 Reorganisation** gold loan, each comprising four browns and one green, were estimated at HK$5,500-10,000. Judging from the catalogue descriptions, these were identical, but the first two lots on the block sold for HK$10,000 each and the other three for HK$4,000. Equally puzzling were four lots of the blue £100 denomination, Deutsch-Asiatic Bank issue: a lot of two sold for HK$9,000 (top of the estimate); three lots with a single piece sold for HK$2,000/2,200 each.

SPINK
Hong Kong, January 17

Spink China offered 120 lots of Asian scripophily in their banknote and coin sale, and sold 72 of them for a hammer total of HK$222,750 (£19,000/€25,000/ $29,000). In a good mix of government bonds and company shares, the top price was HK$32,000 for a 1906 **Chinese Revolutionary Government** $100 bond issued in Canton, followed by HK$22,000 for a 1921 $100 share of the **Bank of China** and HK$16,000 for a $10 founder's share of the same year in **The Sincere Co Ltd**.

HSK
Hamburg, February 28

The first German auction of 2015 went well and was fun to watch. The event at the Steigenberger Hotel in Hamburg started with an entertaining lecture by IBSS member Dieter Engel on short stories of maritime companies. He concentrated on shipping lines and shipyards of the 'third rank', not the well known ones, but the ones that worked hard and successfully without the glamour of being famous. The room was filled with around 40 scripophilists, more bidders though in the morning during the international and regional Northern German part than in the afternoon when the rest of Germany was offered. The total of hammer sales came to €174,000 (£131,000/$195,000) with 51% of 1,229 lots sold.

In the international section US railroads and banks did very well. A **Cayuga Lake Rail Road** 7% gold bond $1,000, New York 1891, went from €1,650 to €2,400 ($2,700). **Denver & Middle Park Railway & Mining Co**, 1,000 founder shares $100 each, 1874, sold at €2,200 from €1,500 start. **Swatara Railroad Co**, 2 shares $50 each, 1849, sold at €1,400 from €1,000. Unsold was a **European-American Tunnel Co**, 1000 shares $10 each, Denver 1883, at $3,900.

Quite surprising and an auction highlight, was a so-called cellar find of certificates from the Hamburg printers Druckerei W Gente, issued and unissued ones. The printers were well known in Hamburg; famous shipping lines like **Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft** (HAPAG) and **Hamburg-Südamerikanische Dampfschifffahrts-Gesellschaft** (Hamburg-Süd), as well as the Hamburg shipyard **Howaldtswerke AG** had their certificates printed there. The pieces offered were mainly unknown (no unknown companies though): **Dynamit-AG vormals Alfred Nobel & Co in Hamburg**, 1,000 mark, 1890, specimen, was the highest sale of the auction, rising from €1,750 to €7,500. An **Afrikanische Dampfschiffahrts-AG Woermann-Linie**, 4% obligation 1,000 mark 1889 sold at €1,900 from €800. A 3,000 mark share of the **Neue Fünfte Assecuranz-Compagnie** (New Fifth Insurance Co), Hamburg 1843, was the highest offer at €4,000 and the second highest sale at €4,400.

GUTOWSKI
Mailbid, January 26

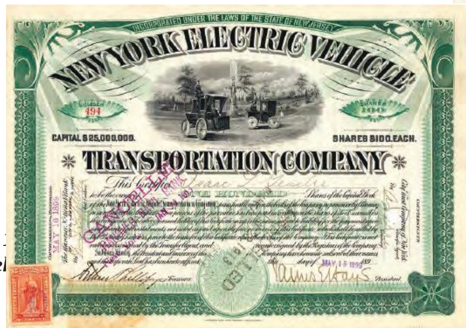
Gutowski held a smaller auction this time with 832 lots, 52% sold for a total hammer of €49,980 (£37,000/$57,000). Three lots sold at €1,000 or more: an 1899 share in the **New York Electric Vehicle Transportation Co** selling at €1,200 ($1,360), an 1867 share in the **Zucker-Fabrik Wierthe** at €1,100 and a 1910 share in the **American Automobile Manufacturing Co**, all from €1,000 start.

Americans overall did fairly well with 38% sold out of a 162 lot offering. Germany as usual formed the biggest section: 477 lots, 61% sold. Two 1844 certificates of shares in the **Nieder-Rheinischen** insurance company met different fates: share #1 had at least two bidders and sold for €370, while share #2 was not wanted; both had €350 start prices.

The small British section had probably the worst results ever: 19 quite respectable lots were offered including some scarce early shares and a 1730 **South Sea Co** annuity; only two sold.

A Nazi-era film company, Universum-Film AG, had a share capital of 3 million reichsmarks and issued certificates of 5,000 shares in 1942; sold now for €650

Sugar is a popular collecting theme in Germany. This share fetched €1,100



Electric motor cars appear on this share in the New York Electric Vehicle Transportation Co which was sold €1,200 ($1,360)

SPINK

New York, January 27

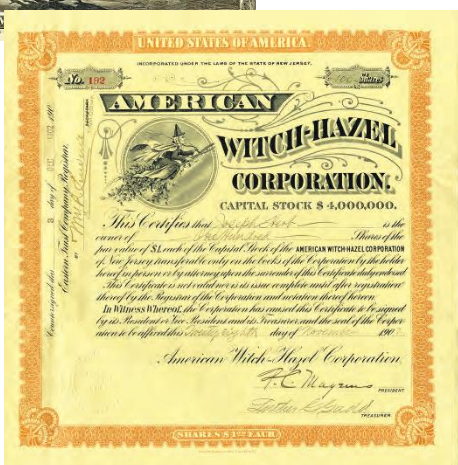
The 770 lots of scripophily in this Collectors' Series auction brought a total of $79,590 (£53,000/€70,500) with 63% sold overall. The sale had an unusually large number of celebrity autographs. Typically these were found on otherwise pedestrian certificates so the prices realised can be considered baseline 'scripophily autograph prices'. A sampling includes a $5,000 railroad bond issued to Eastman Kodak Co and signed by ***George Eastman*** $850, **Illinois Central Rail Road** issued to ***E H Harriman***, and signed on the back and on the stub $210, **Missouri Kansas & Texas Railway** issued to and endorsed by ***John D Rockefeller*** $750, **Missouri Kansas & Texas Railway** issued to and endorsed by ***Jay Gould*** $280, ***James Longstreet*** $550, ***Andrew Mellon*** $575, ***Clarence Darrow*** $625, ***George B McClellan*** $260, ***Gloria Swanson*** $150, ***Henry A DuPont*** $50, ***Jacob Vanderbilt*** $300, ***Henry C Frick*** $1,350 (on a $500-$1,000 estimate), ***Robert Todd Lincoln*** $120, ***William H Vanderbilt*** $625, ***Charles T Barney*** $65, ***John D Archbold*** $210, ***Darius Ogden Mills*** $150.

Often-seen classics continue to do well – $575 for a **Transcontinental Aerial Navigation Co** share (Whaco lists a dozen previously selling at $183 - $1,018), **Philadelphia & Lancaster Turnpike** (three bringing $550-$750), and $700 (over twice the high estimate) for a **Southern Railway Security Co** certificate with U1 imprinted revenue (Whaco lists 9 at $121-$784, Cox lists four serial numbers, $500-$750).

The winners in the decorative and rare category were $700 for an **Alaska Central Railway Co** share (Whaco price range for 1998-2006, 5 examples, $854-$2,750), $850 for an **American Submarine Tunnel Co** share with detailed engraving of the tunnel (Whaco only lists one appearance, in 1990, for $440), and $1,300 for a spectacular 1858 **North Missouri Rail Road** $1,000 Thirty Year 6% State Bond.

The auction concluded with 148 lots of non-US scripophily, including a nice run of Cubans. 88 (59%) of the non-US sold. The highest prices were $1,250 and $1,400 (this being the highest yielding scripophily in the entire sale) for 1913 **Chinese Central Government** 6% 'Austrian' Loan £100 bonds.

This extremely scenic bond with impressive full width vignette of the antebellum St Louis waterfront brought $1,300, considerably off previous appearances but attributable at least in part to the damage at the bottom. Whaco lists three at $2,300 to $4,180



This 1902 share in the American Witch-Hazel Corp was bought for $260. Witch Hazel (hamamelis) is an astringent bush whose leaves are used for medicinal purposes. Naturally the shareholder was a Mr Herb

SPINK

Lugano, January 30

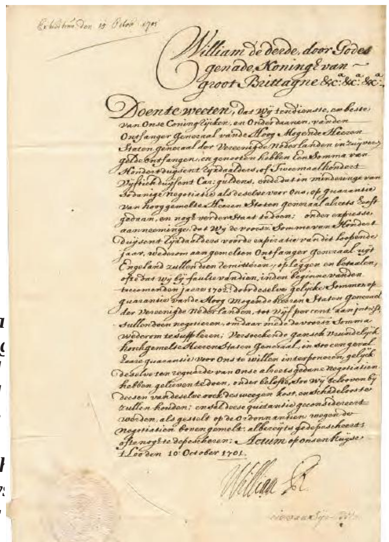
This was the third event organised by SPINK/ Investphila and the best in regard to certificates never seen before and top pieces. Total sales came to around CHF90,000 (£69,500/€86,500/$97,700) on the hammer. Now the details. **Trains à Vapeur sans Rail (Système Scotte**) Part de F500, Lyon 3rd November 1897, a rare steam car company, sold at CHF1,600. Best German piece sold was **Zuckerfabrik zu Söllingen von Günther & Co** 1,000 thaler 1st July 1850, the first company in the Duchy of Brunswick. Estimate was CHF8,000-10,000, sold for CHF5,000 (€4,700). A 3% Fr500 bond 1st series 28th May 1879 from the **Compagnie universelle du Canal maritime de Suez**, sold for CHF1,800; most were paid back starting in 1885; five survivors are known.

In aviation there were two rare items. The **Compagnie Générale de Navigation Aérienne**, Paris 21st November 1908, hammered at CHF2,200, was the first to use the Wright Brothers' new invention and the oldest airplane scripophily. Another interesting aviation item was the **Deutsche Luftschiffahrts AG** 1,000 mark share, 1st August 1910, founders share of one of the most important companies in the history of aviation. The director Alfred Colsmann started with Zeppelins the commercial era of aviation. Sold for CHF700 (€660).

The highest price in the auction was CHF14,000 (£10,800), paid for a manuscript bond signed by ***King William III*** of England for a one-year loan of 100,000 rijksdaaler at 5% from the **General States of the United Netherlands**, 10th October 1701. His signature has not been seen on any other scripophily piece.

The Swiss section with a lot of unknown items sold quite well. Here are some highlights. The top item was a new discovery from the textile industry, the **Aktiengesellschaft der Spinnerei am Uznaberg** Fr5,000 nominative share, Uznach/SG 1877, only one piece known, sold for CHF11,000. A early item from the pioneers of the Swiss railroads was the **Schweizerische Nordostbahn-Gesellschaft** Fr500 share, Zürich 1855, unissued, sold for CHF6,500.

Among the US items was a **Hudson River Railroad Co** transfer certificate of 13 bonds of $1,000 New York 1866 with the signature of ***Cornelius Vanderbilt,*** sold for CHF3,000. The star in the US lots was the **Standard Oil Company** 102 shares $100 each, #254, 1880, signed ***John D Rockefeller*** and ***Henry Flagler***, sold to a telephone bidder for CHF 7,000 ($7,000)!



William III was a the same time King of England, Scotland and Ireland, and Stadtholder of the United Netherlands. Here he lends with one hand and borrows with the other

BOONE

Antwerp, March 28

It has been a year since the last Boone auction in Antwerp. And it will stay that way; the autumn 2015 sale is planned to be in Brussels again, although not at the Atomium. The auction room was well attended with almost 40 bidders; we even saw a US participant. The catalogue offered 1,381 lots. Altogether 62% of the lots sold at a total hammer price of €165,000 (£120,000/ $180,000).

The auction started with Asia which did very well, especially China. The highest sale of the entire auction was a **Crédit Commercial Sino-Français SA** 12 shares of $100, Peking 1924, at €8,500 from €2,000 start price. A group of ten pieces of **Lung-Tsing-U-Hai Railway** 5% gold bond £20, Brussels 1913, known as 'super-Petchilis' in speculative circles, climbed to €4,400 from €1,000 start price.

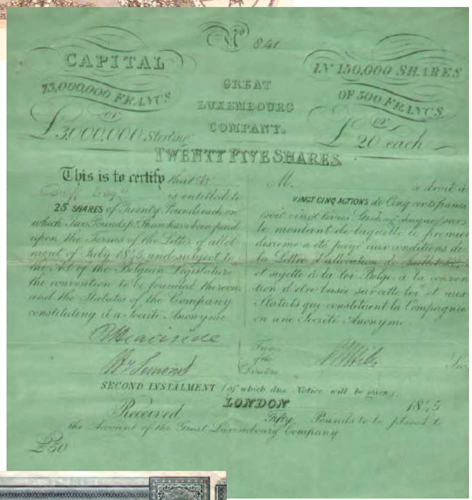
Africa did well too, with most of the pieces coming from Northern Africa. Amongst Europeans, Belgium and France were a bit disappointing, but a **Great Luxembourg Co** 25 £20 shares, London 1845, the oldest railway share from Luxembourg, offered at €800, was hammered at €1,500. The highlight from the UK was a **Hay Railway Co** share, 1811, offered at €3,000 and sold for €3,200 (£2,350). A **Kongelige Octroyerede Danske Asiatiske Cie** 5% obligation 200 riksdaler, Copenhagen 1750, text in Dutch, sold at €3,500 start price. An **Aachener Teppich Fabrik** (carpet mill) share 200 thaler, 1870, sold at €3,000 start price.

A collection of 100 pieces from Portugal sold at €2,000 start price, but a collection of 343 US aviation pieces did not find a buyer at €5,000. The highest sale in the US section was a 1793 share of the **Pennsylvania Population Co** at €2,500 start price ($2,700). In general US were not as well sought after as in previous auctions.

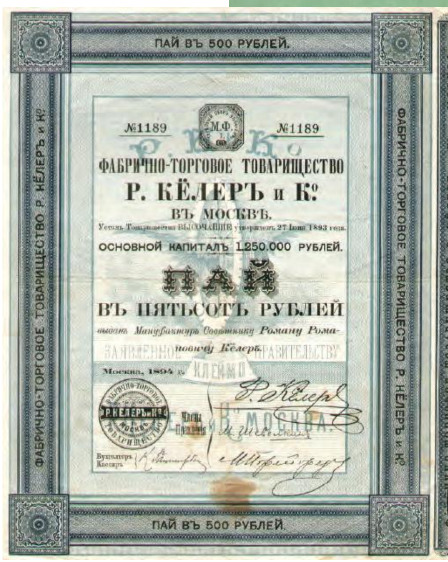
From Russia an **R Köhler Production & Trade Co** share 500 roubles, Moscow 1894, is worth mentioning as it climbed from €1,200 to €3,200. The highest Russian sale was a **Rossija Insurance Co** share 250 roubles, St Petersburg 1903, at €3,500 from €3,000 start.

Saturday evening saw the usual group dinner, again at the hotel's restaurant. Sunday's bourse was once again one of the most active in Europe, though buying was done mainly by dealers with only a few collectors active.

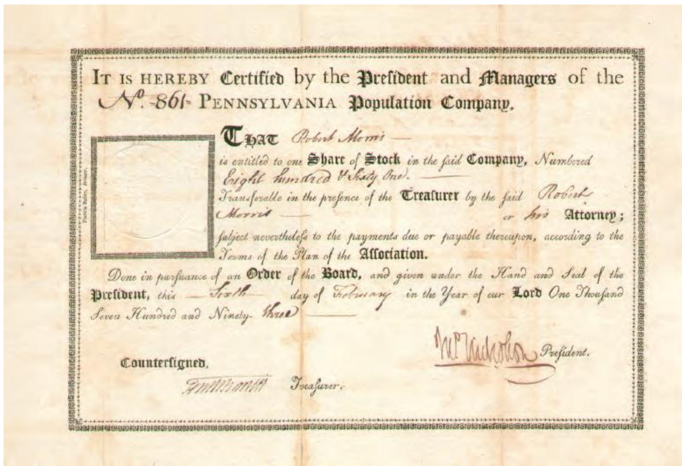
Issued in Peking for a Chinese/ French banking joint venture, this piece is the only example known to the auctioneer and fetched the highest price of the sale: Crédit Commercial Sino-Français, 12 $100 shares 1924



The Great Luxembourg Company was founded in London to build the Luxembourg section of a trans-European railway projected from Ostend to Trieste. The railway was never built and Luxembourg had to wait till 1859 for its first railway



The R Köhler Production & Trade Co was a major pharmaceuticals undertaking that continued to produce through the communist period and was restructured to become today Russia's biggest pharma company



This Pennsylvania Population Co 1793 share was issued to the 'Financier of the American Revolution' Robert Morris and signed by his partner John Nicholson


ORGANIZED UNDER THE LAWS OF WASHINGTON
No. A18
700 SHARES
PUGET SOUND AND ALASKA
Steamship Company
This certifies that
SHARES $100 EACH


Knotty Ash Brewery
The Lancashire & Yorkshire Bank Limited
Bramhall
Birmingham City Football Club Limited
Midland Bank Limited

SUPPLEMENT No.6 TO THE APRIL 2013 DIRECTORY

This Supplement lists below, by country, new and rejoined Members (denoted by #) and Members with changed details (denoted by *). It also lists separately Members who have resigned from the IBSS. A listing of those Members who have failed to renew their membership at the end of 2014 ("Lapsed Members") will be published in the August 2015 issue of Scripophily.

Australia

Ritson, David J. *	P.O.Box 3496, Beverly Park, NSW 2217. HT (+61) 419 285 086 E davidr@bioassist.com.au	*American; Chinese; Eastern European; Australian*

Canada

Humeston, Rob #	P.O.Box 100, Vulcan, AB T0L 2B0. E stomperrob@mail.com	*Oil & Gas, Railroads, misc*

Germany

Frings, Michael #	Hermann-Konigstr. 20, 51373 Leverkusen. HT (+49) 214 310 4440 E global-stocks@web.de W www.hwp-archiv.de	

The Netherlands

Monen, Kees *	Scriporama & First Dutch, Parelgras 144, 3206 RG Spijkenisse. WT (+31) 181 630662 F (+31) 181 643597 E hcmonen@chello.nl W www.scriporama.nl	*Navigation worldwide; 18th century Holland* Dealer/Auctioneer

United Kingdom

Ager, Darren *	Melrose, 85 Hadley Road, Barnet, EN5 5QU. HT (+44) 1245 265162 WT (+44) 20 7953 2024 F (+44) 20 7953 2812 E darren.ager@charles-stanley.co.uk	*Art Nouveau; French scrip*
Creighton, Ben #	17 Skirsgill Close, Penrith, CA11 8QF. E ben_kryton@hotmail.co.uk	*Certificates related to mines located in the UK, South Africa and Australia*
Ennett, John #	32 Mount Hermon Road, Woking, GU22 7UN. E johnennett@hotmail.co.uk	*Irish*
Gorka, Adrian #	PO Box 326, 8 Shepherd Market, London W1J 7JY. E adi091@wp.pl	
Maier, Steve *	Flat 13, 16 Bina Gardens, London SW5 0LA . HT (+44) 20 7373 7558 WT (+44) 754 894 1115 E sjmaier373@gmail.com	*Russian financial and commercial*
Payne, Ges *	9 Hare Hill Close, Pyrford, Woking, GU22 8UH. HT (+44) 7717 295092 E ges7500@gmail.com	*Western American railroads, pre 1900*
Prujanski, Leonid *	Flat 7, Burlington House, Wedderburn Road, London NW3 5QS. HT (+44) 7969 951426 E lprujanski@gmail.com	*Romania*
Veissid, Michael *	Hobsley House, Frodesley, Shrewsbury, SY5 7HD. HT (+44) 1694 731268 WT (+44) 20 7563 4075 F (+44) 20 7563 4066 E mveissid@spink.com W www.spink.com	Dealer/Auctioneer

United States of America

Aronson, Theodore R. *	230 S. Broad Street 20th Floor, Philadelphia, PA 19102. WT (+1) 215 546 7500 F (+1) 215 546 7506 E aronson@ajopartners.com	
Besas, Virginia #	140 E. 56th St., Apt. 4K, New York NY 10022. HT (+1) 212 758 8119 E vhbvhb@aol.com	*Financial history and certificates*
Brida, Michael A. #	128 E. Phillips St. Coaldale PA 18218. HT/WT (+1) 570 225 1311 E mbrida@p+d.net	*Well-known companies, PA rails, Govt Bonds*
Contrado, Marcia #	10 Canal Street, Winchester, MA 01890-1503. E mcontrado@verizon.net	*Telephony Stocks*
Cornio, Georgette P. *	12803 Windbrook Dr., Clinton MD 20735. HT (+1) 301 292 0847 E gpcornio@comcast.net	*Confederates; Railroads; US obsolete banknotes*
Groba, Juan J. *	P O Box 14861, Coral Gables FL 33114-1861. HT (+1) 305 450 5757 WT (+1) 305 606 5887 F (+1) 305 262 5614 E juangcollectors@gmail.com	*Latin America; Spain; Cuba; Worldwide Railroads*
Hammelbacher, Frank W. *	180-33 80th Dr., Jamaica Estates, NY 11432. HT/WT (+1) 718 380 4009 F (+1) 718 380 9793 E frank@norrico.com	*Mining; Telegraph companies; Atlantic Cable; Autographs*
Herbstman, Joshua #	c/o The Membership Secretary. E jtherbstman@aol.com W www.TheHerbstmanCollection.com	*US Treasury Bonds*
Johnson, Robert #	1230 Bellingham Dr., Oceanside, CA 92057. E goldsheet@yahoo.com	*Mining shares*
Kachelriess, Larry #	PO Box 190, Roselle Park, NJ 07204-0155. HT (+1) 845 544 2689 E larryacs@aol.com W www.top*stocks.com	
Lee, Thomas #	26 Covert Place, Stewart Manor, NY 11530. HT (+1) 917 353 3594 E archivist91@yahoo.com	*French colonial (preferably Indochina), ornate issues, Government, Rails*
Lis, Karl #	23866 King Dr., Clinton Township, MI 48035. E kjl23866@gmail.com	
Lorant, Henie #	505 S Ohioville Rd., New Paltz, NY 12561. HT (+1) 845 883 0356 E henielorant@gmail.com	
McDonald, Douglas B. #	1951 W Williams Ave #108 Fallon NV 89406 -2649. HT (+1) 775 423 1674 E broadhorns@hotmail.com	*Western USA mining stocks & bonds*
Priest, K. Clifford #	P O Box 5114, Elgin IL 60121-5114. HT (+1) 847 697 3156 WT (+1) 708 697 3156 E cpriest1@ix.netcom.com	*New England railroads; Companies that operated in the State of Maine* Dealer
Pritchett, Damon #	150 W. Wolfe Knoll Way, Oro Valley, AZ 85737. E damon.pritchett@gmail.com	*Railroad certificates especially from Kansas*
Unschuld, Ira *	Brant Point Capital Management, 375 Park Ave., 38th Floor, New York, NY 10152 . HT (+1) 212 826 0236 E iranyc@nyc.rr.com	

MEMBERS WHO HAVE RESIGNED

UK – Les Olive **USA –** Steve Rippon

EVENTS CALENDAR

Most of the event organisers can be contacted via their details in the 2013 Membership Directory and/or their ads in this issue. It is advisable to check dates with the organisers before attending as dates are sometimes changed at short notice.

May

5		IBSS Monthly London Meeting, 6 p.m. Spink London Office
7		Archives International Auctions, Ft. Lee, NJ USA
25		IBSS Mailbid Auction
28		IBSS AGM, 6 p.m. Spink London Office
29		Spink Auction, London
30		IBSS London Bourse, Imperial Hotel
30		FHW Auction, Berlin

June

2		IBSS Monthly London Meeting, 6 p.m. Spink London Office
3-4	*	Spink Numismatic Collector's Series Sale, New York
6	*	London Coins Auction, Bracknell

July

2		DWA Online Auction
7		IBSS Monthly London Meeting, 6 p.m. Spink London Office
8	*	Bonhams Auction, London
18		EDHAC 40 years Celebration and Scripovest Auction, Kürnbach
20		Gutowski Mailbid Auction

August

27	*	Spink Numismatic Collector's Series Sale, Hong Kong
29		AG für Historische Wertpapiere AGM, Sommerfest & Auction, Wolfenbüttel

September

1		IBSS Monthly London Meeting, 6 p.m. Spink London Office
5	*	London Coins Auction, Bracknell

* Scripophily with paper money, coins or other collectables.

INTERNATIONAL BOND & SHARE SOCIETY

LONDON BOURSE

Saturday 30th May 2015

Bourse Hours 10.30 am to 4.00 pm (Dealer set-up 10.00 am)

IMPERIAL HOTEL – LONDON

Russell Square, London WC1B 5BB

FREE ENTRY - NON MEMBERS AND GUESTS WELCOME

REFRESHMENTS AVAILABLE ALL DAY

There will be a small charge of £40 for tables (£75 for a double)

To book please contact either

Mike Veissid (mveissid@spink.com) or

Andrew Litherland (auctions@scripophily.org)

Further details are given in the News section of this Journal.