

UPDATE

June, 2003

(Next newsletter: September)

Second edition stalled again

There is no denying it! The publisher and I have been unable to predict the appearance of the next edition.

So far, we have planned on publishing dates of June, 2000, January, 2001, and February, 2003. There was even a publish date of April, 2003 that I thankfully didn't print.

Each time, I finalized both the text and the catalog portions of the book. And each time, the publisher dissolved the deadline for unpredictable, albeit justifiable reasons.

The reasons for the delays were genuinely valid. Unfortunately, they mean nothing to you. And, if you are one of my dedicated contributors, the delays are even more painful because you have still not seen your efforts in print. I apologize to everyone of you.

I especially apologize to collectors who want the book. After all, it is for collectors that we are all sacrificing our free time.

I get inquiries every few days asking me when the book will be published and how collectors can acquire copies. I am now too embarrassed to even predict.

However, by the September edition of this newsletter, I WILL have an answer. And a solid deadline.



Leland Stanford
Born Mar. 9, 1824 in Watervliet, NY.
Died June 21, 1893.

(All engravings in this newsletter come from *Twenty-Eight Years in Wall Street* by Henry Clews, 1887.)

Signatures known to appear on certificates from:

The Central Pacific Railroad Co of California
The Chesapeake Ohio & Southwestern Railroad Co
Cincinnati Indianapolis St Louis & Chicago Railway Co

Price trends

Quite frequently, I am asked about price trends in railroad certificates. This is not an easy answer, because I see several different markets, each with different participants.

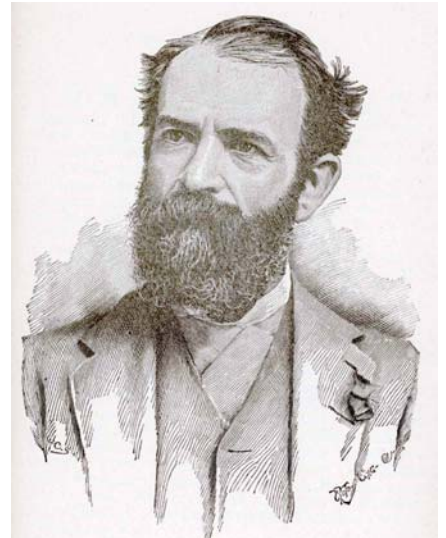
Common certificates. Prices appear soft, but this is the most difficult part of the hobby for me to monitor. Most trade takes

457 new certificates since March

	1st edition	Last letter	This letter
Total certificates in database (counting <i>all</i> variations of issued, unissued, specimens, proofs, autographs, denominations, dates, etc.)	8,559	17,797	18,254
Distinct varieties	7,152	13,657	13,993
Certificates with celebrity autographs	699	1,399	1,419
Celebrity autographs known	232	320	321
Railroads and railroad-related companies known	17,276	23,600	23,742
Companies represented by at least one certificate	3,516	5,834	5,947

Contributors since March, 2003

David Adams	Geert Leemeijer
Bruce Alexander	Franky Leeuwerc
Gene Beam	Tankred Menzel
Chris Brenn	Carsten Münte
Guenter Bruecker	Jim Murphy
William Cannon	Mike Nicholson
Alan Clarke	Vincent Petraglia
Ed Costanza	Dajo Rodrigo
Heinz Frei	Steve Ryder
Fred Fuld	William Sapara
Brant Gibbard	Gil Schmidtman
Ron Haglund	Michael Schmitter
Christian Haitel	William Schooley
Frank Hammelbacher	Thomas Seyffertiz
Ken Holter	Sandro Szilleweit
Eric Jackson	Robert Underhill
Bob Kerstein	Hugo van der Molen
William Knadler	Jürgen von der Brake
George LaBarre	Sam Withers
Tom Lareau	Martin Zanke
Shawn Larson	



Jay Gould

Born May 27, 1836 in
Roxbury, NY.

Died Dec. 2, 1892.

Signatures known to appear on certificates from:

Buffalo Bradford & Pittsburgh Rail Road (Railroad) Co
Colorado Central Railroad (Rail Road) Co
Credit Mobilier of America
Elmira Jefferson & Canandaigua Rail Road Co
Erie Railway Co
Hannibal Union Depot Co
(The) International & Great Northern Railroad Co
Kansas City Leavenworth & Atchison Railway Co
(The) Lexington & Southern Railway Co
Missouri Kansas & Texas Railway Co
New Jersey Southern Rail Road Co
Nyack & Northern Railroad Co
Oil Creek & Allegheny River Rail Way Co
Saratoga & Whitehall Rail Road Co
St Louis Kansas & Arizona Railway Co
Troy Salem & Rutland Rail Road Co
The Vineland Rail Road Co

place through catalogs, online sales, and across tables at shows. Only dealers can really tell whether prices are moving up or down.

Intermediate-rarity certificates. This part of the market seems softer than it was a couple years ago, but overall relatively stable. At least in the United States. There currently appears to be decreased demand for American items in Europe, almost certainly reflecting a backlash in response to Bush Administration rhetoric against Germany and France. One would hope that certificate collectors would not care. However, *Der Aktiensammler*, and other publications, have already commented on this trend. Personally, I doubt the trend will last long.

Rare, non-autographed certificates. Demand for rare items shows a very definite division, but not one based on politics. It appears to me that the prices for rare and desirable items that appear in major auctions are down over two years ago.

Conversely, the prices for rarities that appear in internet auctions seem *very* soft. Professional online sellers seem to attract decent prices, but amateurs do poorly.

Autographed certificates. It appears to me that, overall, prices for autographed certificates have fallen 20% to 40% over the last two or three years. Much of this drop can be blamed on the weak global economy. Part of the drop might reflect decreased European purchases.

A hard-hit area seems to be certificates autographed by regional and minor celebrities. The strongest area seems to be

high quality items with good signatures and minimal cancellations. Prices for perennial favorites like Harriman, the Vanderbilts, and Morgan, are definitely down, but not drastically so. To me, one of the barometers of mid-grade signatures is Gould's autograph on MKT certificates. Right now, they are down substantially, but maybe recovering a bit.

Activity by experience level. My guess is that activity among the expert collectors will remain as it has for years — quiet, patient, and strong. Interest in the middle ranks seems down, but not drastically in the U.S. If there is a weakness for U.S. railroad issues, I suspect it is among beginners in the U.S. and beginning and intermediate collectors in Europe.

This tells me that now — right this very minute — is the time to pick up desirable items. Especially from the internet! Maybe even for resale through professional auction houses. Even if prices for mid- and high-level items continue to drop, I do not think that the drop will be more than a few percent.



**Collis Potter
Huntington**

Born Oct. 22, 1821 in
Harwinton, CT.
Died Aug. 13, 1900.

Signatures known to appear on certificates from:

The Chesapeake Ohio & Southwestern Railroad Co
(The) Guatemala Central Rail Road Co
Maysville & Big Sandy Railroad Co
Newport News & Mississippi Valley Co
Raquette Lake Railway Co
The Scioto Valley & New England Railroad Co
Short Route Railway Transfer Co of Louisville KY
Texas & New Orleans Railroad Co

No, I do not change price estimates with every new auction result

My goal is to estimate what the average prices of certificates will be over the next year or two. Taking certificates as a whole, I assume:

- average certificate conditions,
- average certificate cancellations,
- average imprinted revenues (if appropriate),
- average economic climate, and
- average political climate.

For autographed certificates, I assume:

- average signature appearances
- no ink burns, and
- average cancellations for the issue.

The most important assumption I use in projecting prices is to assume:

- **a balance of the interests of both buyers and sellers.**

This is the trickiest assumption of all. Most of the comments I get about price estimates being either too low or too high result from not understanding this intent.

My pricing attitude is simple. I try to estimate prices where both buyers and sellers would be equally satisfied with transactions. If one side is seriously unhappy, that side will

exit the market. Hence, my prices estimates attempt to be as fair as possible to *both* buyers and sellers with neither side unfairly taking advantage of the other.

For moderate- to high-demand items, I assume that the best balance for buyers and sellers for North American railroad issues will occur:

- at live auctions
- staged by major auction houses,
- in the United States.

Those auctions must

- have two- to three-week lead times,
- be well-promoted,
- be well-attended,
- cater equally to American and European collectors,
- have mail-bid and phone-bid capabilities.

For low-demand and common items, I assume the clearest balance will occur when certificates are

- sold individually,
- by professional dealers,
- under normal conditions,
- at shows or through catalogs.

When conditions are tipped toward either buyers or sellers, prices are unpredictable.

For instance, a dealer liquidating his stock is a great buying opportunity. But, no reasonable person would use such prices for predictive purposes.

Other bad sources of price information come from poorly promoted auctions. If participation is low, competition among buyers is restricted and prices are low. Very problematic auctions are those that exclude either European or American



Daniel Drew

Born Jul. 29, 1797 in
Carmel, NY.
Died Sep. 18, 1879.

Signatures known to appear on certificates from:

The Buffalo & State Line Rail Road Co
Staten Island Rail-Road Co

collectors through short lead times, language barriers, and shipping restrictions. All fail to meet my requirement of being fair to all interested buyers.

Imbalanced conditions usually exist with internet auction sites because they favor buyers so heavily. I give such results very low weight for predictive purposes.

Let's face it. Online auction sites are *wonderful* places for astute buyers. I do not consider them balanced sales outlets. Lead times are too short, descriptions are often poor, and pictures are often horrible. Many expert collectors do not participate. Sadly, inexperienced sellers often refuse international shipping, thereby removing many eager collectors.

Do not get me wrong. Several professional dealers take advantage of internet auction sites quite effectively. They act like professionals and, consequently, attract good buyers. They attract bids higher than average sellers. In my opinion, though, even their results (for high-ticket items) tend to be lower than what I expect from well-attended live auctions.

Scanning certificates — more hints

Turn off auto-sharpening when scanning certificates with vignettes. Intaglio line work is problematic to software.

Turn off auto-exposure. Again, line work in vignettes confuses scanning software. Set exposure manually.

Scan in color. Convert to grayscale if necessary. Never scan certificates in black & white.

Resolution of 150 dpi is usually adequate. Occasionally 200 dpi. Scan autographs at 300 dpi.

Scan full size. Reduce manually when necessary.

Save as JPG (JPEG) format, level 3 (or 30). Save at higher levels only when you intend to print on photo paper.

Always scan with certificates facing the same direction.

Close the scanner lid tightly; maybe even add extra weight.



Russell Sage
Born Aug. 4, 1816 in
Shenandoah, NY.
Died Jul. 22, 1906

Signatures known to appear on certificates from:

The Baltimore & Ohio Railroad Co
Belleville & Southern Illinois Railroad Co
Central Iowa Railway Co
Chicago Burlington & Quincy Railroad (Rail Road) Co
Milwaukee & Minnesota
Milwaukee & Prairie Du Chien Railway Co
Milwaukee & St Paul Railway Co
Missouri Kansas & Texas Railway Co
Oregon & Transcontinental Co
(The) St Louis Alton & Terre Haute Railroad Co
Terre Haute & Indianapolis Rail Road Co



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Address correction requested