

UPDATE

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(Next newsletter: December)

State names — for the next edition and the online database

For the last three months, I have been revamping the way I will show state names in the next edition.

In the first and second editions, I listed a single state abbreviation with each certificate. Although I had a good reason for doing that, there were problems.

First, because of space considerations, I listed only one state. That confused people who did not fully read my explanations. Secondly, by listing state abbreviations several different times for each company, I wasted space.

By combining state abbreviations with company names, I can solve both problems. Additionally, it will allow me to program another search category into the online database which will allow users to search for certificates by states.

This “little” change has meant a huge amount of work. That is because I re-examined certificates from every company in an effort to confirm “official” states of incorporation as printed on certificates.



This printed corporate seal reads “Western Maryland Railway Company, 1917.” It appeared on Western Maryland Rail ROAD bonds until about 1933. See page 2 for more arcane knowledge.

146 new varieties since June

	June letter	This letter
Total certificates in database counting <i>all</i> variations (issued, unissued, specimens, etc.)	19,388	19,646
Distinct varieties of certificates	14,819	14,965
Certificates with celebrity autographs	1,446	1,474
Celebrity autographs known	322	323
Railroads and railroad-related companies known	24,918	24,953
Companies represented by at least one certificate	6,330	6,445
Serial numbers recorded	62,893	65,096

Contributors since June, 2004

David Adams	Coleman Leifer
Bruce Alexander	Wilhelm Leiter
Gregory Alexander	Edward Lewis
Guenter Brueckner	Aspesi Luca
William Cannon	Victor Malik
Ed Costanza	Doug McDonald
Tuck Crocker	Jim Newman
Joe DeChristofaro	Mike Nicholson
Lawrence Falater	Reinhard Ott
H. George Friedman	Gary Rosenhahn
Frank Hammelbacher	Gil Schmidtman
Karen Hodges	Billy Schroer
Kenneth Holter	Larry Stone
Eric Jackson	Martin Wagener
James Kaarala	Scott Winslow
William Knadler	Martin Zanke
Tom Lareau	

Catalogs, auctions, sales, web sites

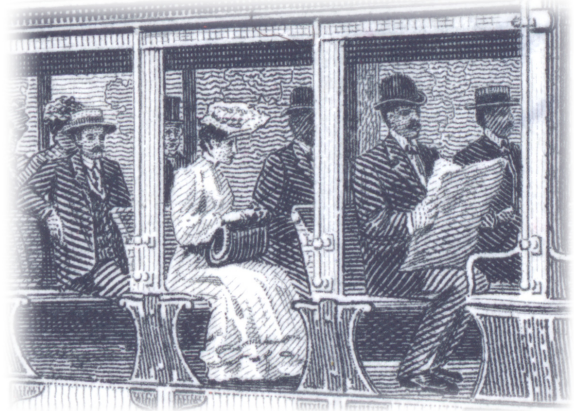
Freunde Historischer Wertpapiere
 Galerie Numistoria
 George LaBarre Galleries
 Historisches Wertpapierehaus
 Eric Jackson
 R.M. Smythe, Inc.
 Scott Winslow Associates

I took this extra effort because:

- 1) I needed to correct old, long-running errors. In many cases, my original information about states came from catalogs and price lists. Many original sources were incorrect. Unless I examined pictures that have emerged since then, I would have merely repeated mistakes.
- 2) I wanted to distinguish between “official” states of incorporation, as printed on certificates, and unofficial states as obtained from a myriad of other sources.
- 3) I wanted to discover companies which changed states of incorporation through time. Each of those examples signaled previously undiscovered incorporations.

At the end of August, I changed the format of listings in the online database to display one or more state abbreviations. If you have searched the database for certificates recently, you probably noticed states are displaced differently.

When I positively confirmed state names from one or more certificates, the state abbreviations now appear bold. Non-bolded state abbreviations mean I found incorporation information from other sources. Abbreviations in parentheses indicate additional states where companies operated.



What do you think about using more abbreviations in the next edition?

A couple collectors have suggested that I can space in the next edition by abbreviating repetitive words in descriptions. For instance, I could abbreviate:

reg = registered
 c = common
 p = preferred
 ptd = printed...and so forth.

In general, I try to limit abbreviations. I feel that overusing abbreviations unfairly shifts responsibility for understanding onto readers.

On the other hand, I agree that *some* abbreviations might actually increase understanding. For instance, I now use “sh” for “shares,” so terms like *100 sh*, *odd sh*, *<100 sh* are easier to understand.

Would you like to see more abbreviations in the next edition? If so, what specific words? (Don’t forget, I must write for non-American readers.)

More than you probably ever wanted to know about the Western Maryland

Collector Mike Nicholson specializes in the Western Maryland RR/Ry. Over the years, he has contributed substantial knowledge about this company’s certificates.

A couple months ago, he and I discussed the purported appearance of John D. Rockefeller signatures on Western Maryland bonds. I re-examined all my references and found several bonds issued *to* John D., but I cannot confirm any with his autograph. Conversely, at least two examples exist with John D. Rockefeller, Junior’s signature.

Of more global interest, though, is that Mike straightened out my long-running confusion about how the Western Maryland name appears on its certificates. Here's the story.

The company officially incorporated as **The Western Maryland Rail Road Company** in 1852 and used that name on its certificates for almost 50 years. In 1902, the company issued a new series of bonds with the name, **Western Maryland Rail Road Co.** ("The" removed.)

Normally, adding or dropping "The" in company names signals reorganization. However, Nicholson could not find any record of a corporate change in 1902. (If anyone knows the reason, please tell us.)

A few years later, the company encountered financial difficulties. This forced a corporate reorganization in 1909 and the company changed its name to **The Western Maryland Railway Co.**

Oddly, the company continued to use its 1902 bond certificates. Moreover, the company did not replace its corporate seal in 1909. In fact, it issued 1902 bonds for several more years and impressed them with its 1852 "Rail Road Company" seal.

The company ultimately changed its corporate seal, but reorganized soon thereafter. In 1917, it shortened its name to **Western Maryland Railway Co.** and used the new name on its stock certificates. It also appears to have printed new first and refunding mortgage bonds, because engraved specimens and unissued certificates are known, all displaying the new name.



1852 and 1909 embossed seals (courtesy Mike Nicholson)

However, the company continued to issue the 1902 "Rail Road Company" bonds. It doesn't seem to have ever reprinted the old bonds, but used them until at least 1933. The company ultimately quit using the older seals, but not for several years. Sometime, probably around 1921, the company abandoned embossed seals and over-printed a facsimile of its 1917 corporate seal with the "Railway Company" name (see page 1) on the 1902 bonds. (I don't have enough images of \$5000 bonds to know if they show different dates of name



Note seals.

use.)

Research into these minor varietal differences proves that the Western Maryland used its 1902 bonds for *three* separate incorporations.

In our hobby, it is fairly common to find stock certificates issued under two incorporations during reorganizations. Bonds are a different matter.

A few examples exist of identical bond designs being used for successor companies. However, they normally show new names printed after reorganizations. There are also examples of bonds of subsidiary companies having been issued under multiple parent companies. However, I can't remember another example quite like these Western Maryland bonds.

On the surface, it seems that a similar example exists with the Rock Island around the turn of the 20th century.

We know that the Chicago Rock Island & Pacific *Railway* operated between 1880 and 1947. However, bonds appeared in 1902 that used the Chicago Rock Island & Pacific *Railroad* name.

It turns out that the Chicago Rock Island & Pacific *Railroad* was actually a separate company, incorporated in Iowa, strictly as a holding company for miscellaneous Rock Island rail properties. The *Railroad* and *Railway* companies were separate entities and operated concurrently. This is not the case with the Western Maryland.

Please contribute!

Remember, once you contribute new information, I give you online access to over 8,000 images of certificates through a special web page.

Let's discuss price trends

Prices, and price estimates, are all about opinions. Opinions about value. Opinions about rarity. Opinions about the future.

Opinions affect prices. At the moment sales take place, buyers and sellers temporarily agree on prices. They don't need to agree on much else.

We've all heard the terms "buyers' market" and "sellers' market." Although often mis-used, the terms mean simply that one side of a transaction has an advantage over the other.

At different times, buyers' and sellers' markets exist in collectibles. In fact, both markets may exist simultaneously, depending on location or which part of the hobby we're talking about.

After the severe NASDAQ crash in 2000, prices sagged in the collectibles that I track. Obviously, the drop was neither uniform nor constant. I personally think prices weakened even more after the Trade Center attacks and continued downward, probably until sometime in 2003.

Since 2000, a buyers' market has existed in collectible stocks and bonds, both in the U.S. and in Europe. In my opinion, though, prices have turned. I think buyers' advantages over sellers will start to weaken and disappear. You are welcome to differing opinions, and I will not argue with you. But let me give you a couple non-participant observations.

Smythe's February Strasburg sale suggested to me that the bottom had already passed. Prices were not necessarily strong across the board, and some wonderful items went unsold. Yet, 80% of the lots did sell! Let me say that again. 80% sold!! I don't care how you slice it and dice it, you can't sell 80% of *anything* if buyers don't think prices are heading up.

Europe is another crucial part of the market where I've seen

evidence of recovering prices. I have recorded selected items that sold there for prices that would be outlandish in the U.S. I am not saying that sales are strong across all parts of the hobby, nor, in fact, strong in any one section of the hobby. But, I see signs of life. And, let me warn you, when European collectors re-enter the market, American and Canadian collectors will not be able to compete. Normal European prices are high by our standards. Moreover, because of the euro/dollar exchange rate, Europeans have a 20+% buying power advantage when they buy in North American sales.

The online auction market, especially eBay, is a third market area, and I've detected strengthening there, too. I think most collectors would agree that eBay is solidly a buyers' market for stocks and bonds. Until recently, I have seen very few high-ticket stocks and bonds successfully sold there, unless sellers were willing to sell cheap.

My records show that, overall, eBay prices have crept upward over the last few months. I have been amazed to see prices for *selected items* exceed everyday prices available from Hollins, Winslow, LaBarre, and Scripophily.com.

Now, don't get me wrong. I am not saying the market is currently strong. And I am not saying that collectors are beating down the doors of dealers. But I am saying, be prepared. When collectors realize the market has turned – and they will – prices will advance quickly, seemingly overnight.

No, not for everything. Common certificates will always be common. But supplies of *desirable* certificates will dry up quickly. Inevitably, less experienced collectors will be caught "waiting for better deals" that never appear.

In my opinion, we are nearing the end of our "buyers' market."

It's okay to disagree with me. I'm used to it. Just don't disagree so long you miss something you really want.



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Address correction requested