

SCRIPPHILLY

DECEMBER 2008

No.78

Panic sweeps crowd on Wall Street; US Subtreasury Building, October 1907

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SCRIPOPHILY

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The journal of the
INTERNATIONAL BOND & SHARE SOCIETY

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Advertising rates
One-sixth page: £30
Larger sizes: pro rata
Cover pages } prices on application
Artwork }
Opinions expressed by the editors and
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ISSN 1462-8074
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Society, London, 2008



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SCRIPOPHILY

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CHAIRMAN'S MESSAGE

Change, for IBSS too

While politicians around the world recently discovered a (really not so) new magic word to solicit our votes – “change” - our Society is at least one step ahead of them. The Committee has worked hard the last three years to revive our Society and serve you better, culminating in a 2-day meeting to reshape not only the Committee, but also the ‘business model’ of the IBSS.

Long-serving, highly deserving Committee members (Peter Duppa-Miller, Richard Gregg, Mike Veissid) have gradually been replaced by a new – and if I may say so – talented generation (Andreas Reineke, Max Hensley, Piotr Bykowski). Also, Brian Mills has passed his pen to Max Hensley, for whom this is his first issue as Chief Editor. Furthermore, the Committee welcomes Tom Montgomery. He will be responsible for marketing our Society to maintain our large membership base and increase it further.

Of course a society is not about committee names themselves, but about what they do for you as a member. In this regard, we decided for a truly Copernican Revolution: our website, www.scripophily.org, will become the key “product” instead of the classic printed journals. Today, the site is functioning well and, compared to the old one, offers lots of extra possibilities which allow us to publish frequent news updates (from auction reports to book publications) as well as (your?) articles. Also members have the chance to discuss scripophily in a forum, to consult an online library and several other functionalities. Take a look! Apply for a login to the members-only part by sending an email to Piotr at webmaster@scripophily.org

We know that many of you don’t (yet) use the internet regularly and even if you do, prefer to read our classic IBSS journals in your living room armchair rather than on a computer screen in your office. So we decided to continue publishing our journals, using the material from our editors and members found on the IBSS website. Additionally, we will from next year publish three journals a year (March, July, December) instead of only two. Moreover, the quality of our publications will remain – if I may say so – at the current high level (read this as a tribute to Brian, our past editor) and in full colour – an innovation this year for our 30th year of existence.

Other member services remain unchanged, most notably our mailbid auctions and the annual IBSS breakfasts in the US and Europe. All members will continue to receive the full Membership Directory (with intermediate updates) allowing you to contact other IBSS members in your region or with the same collecting interests.

Your Society’s healthy financial situation allows the Committee to keep the annual membership fee as before, despite the extra costs of the increased (and full colour) publication cycle and the much enlarged website.

My thanks to the many dealers and auctioneers who continue to support the Society by their regular advertisements. My appreciation also goes to all our members, collectors and contributors. Most of you have been a part of the IBSS family for many years. I want to sincerely thank you for remaining faithful to the Society, especially during the difficult years of 2004-2005 and the past three transitional years.

Given the above changes, I firmly believe the future of our Society is not only guaranteed, but also bright. Therefore, and because I think it would be unhealthy for a dealer/auctioneer such as myself to run a collectors society for too long, I feel it is time to pass the Chairman’s baton on to a true collector. With that objective, the Committee will propose at the next IBSS Annual General Meeting that Andreas Reineke should lead the Society in the future. As a longtime internationally active collector, a frequent traveller of the seven seas (only proverbially, he’s a transcontinental Lufthansa pilot), a man with well-balanced ideas and great diplomatic skills, I’m sure Andreas, the most anglophile German I’ve ever met, will be a great chairman. I myself will continue to be at the service of IBSS, be it in a less prominent or public role.



Warm scripophily greetings,
Mario Boone, IBSS chairman

NOTICE OF ANNUAL GENERAL MEETING 2009

The 2009 Annual General Meeting of the International Bond & Share Society will be held in the Plumer Room at the Victory Services Club, 63/79 Seymour Street, London W2, near Marble Arch Underground, on Tuesday April 21 2009 at 2.00 pm, with the following agenda.

- 1 Approval of the Report of the 2008 AGM (see page 2 in June 2008 *Scripophily*)
- 2 Matters Arising
- 3 Presentation and Approval of the Accounts, January – December 2008
- 4 The Membership Report
- 5 The Publications Report
- 6 The Auctions Report
- 7 The Chairman's Report
- 8 Election of the Committee
 - (i) The Officers – Chairman, Secretary, Treasurer
 - (ii) Up to nine other members of the Committee
 - (iii) Recognition of the USA Chapter's nomination to the CommitteeNominations, received to date, are shown below
- 9 Rule Changes – Four resolutions proposed by the Committee (see below)
- 10 Approval of the independent examiner of the Society's accounts
- 11 Any Other Business including any resolutions and motions from members, signed by the Proposer and Seconder, and received by the Secretary by March 31 2009

ELECTION OF COMMITTEE: RESOLUTION 8

The following nominations have been received to date for the election of the Officers and Committee of the Society for the period until the 2010 AGM. Any further nominations from consenting members, signed by the Proposer and Seconder, must be received by the Secretary by March 31 2009.

Chairman – Andreas Reineke

Secretary & Membership Secretary – Philip Atkinson

Treasurer – Martyn Probyn

Other Committee Members – Mario Boone, Piotr Bykowski, Bruce Castlo, Tom Montgomery

The USA Chapter has nominated Max Hensley to the IBSS Committee for the period until the 2010 AGM

RULE CHANGES: RESOLUTION 9

- (i) To amend Rule 4.2 concerning the rates of subscription by replacing "Annual General Meeting" by "Committee".
Rule 4.2 will then read as follows: "The rates of subscription shall be determined from time to time by the Committee and may vary for different types of Member"
This rule change is being proposed to give greater flexibility to the Committee to respond quickly to changes in the external environment and the changing mix of services likely to be offered to members by the Society in future.
- (ii) To amend Rule 7.1 concerning the notice of the Annual General Meeting by deleting the words "and the business to be transacted" in the second sentence and replacing them with an additional sentence to read as follows "Details of the business to be transacted at the Annual General Meeting shall be made available on the Society's website at least 28 days before the date of such meeting and be available as a written notice on request from the Secretary." In addition to delete the words "United Kingdom" in this sentence.
Rule 7.1 will then read as follows: "An Annual General Meeting of the Society shall be held before 31 July each year. Written notice of the day, hour and place of an Annual General Meeting shall be sent by airmail or domestic post to each member at least 28 days before the date of such meeting as a notice contained in a Society publication or otherwise. Details of the business to be transacted at the Annual General Meeting shall be made available on the Society's website at least 28 days before the date of such meeting and be available as a written notice on request from the Secretary. Five members shall form a quorum for an Annual General Meeting. In the event of there being no quorum present, the meeting to be adjourned to a day, hour and place determined by the chairman of the meeting."
This rule change is being proposed in order to minimise the space used in *Scripophily* for procedural Society issues. Deletion of the words "United Kingdom" gives the Committee flexibility to switch distribution of *Scripophily* from the United Kingdom if deemed appropriate.
- (iii) To amend Rule 7.2 concerning notices of resolutions and motions to be presented at an Annual General Meeting by replacing "by 31 March" with "at least seven days before the date of the Annual General Meeting".
Rule 7.2 will then read as follows "Notices of resolutions and motions to be presented at an Annual General Meeting must reach the Secretary at least seven days before the date of the Annual General Meeting and shall be signed by the Proposer and Seconder thereof".
This rule change will give more flexibility for members to submit late resolutions and give the Committee more flexibility on the date of the AGM.
- (iv) To amend Rule 9.3 concerning nominations to the Committee by replacing "by March 31" with "at least seven days before the date of the Annual General Meeting".
Rule 9.3 will then read as follows: "Nominations for the Officers and members of the Committee proposed and seconded by Members of the Society shall be forwarded to the Secretary to arrive at least seven days before the date of the Annual General Meeting. The consent of the Members concerned shall have been obtained before such nomination".
The rationale for this rule change is the same as for the change in Rule 7.2 above.

BRIAN MILLS NO LONGER IBSS EDITOR – THE END OF AN ERA

"This is going to be the last, really the very last IBSS journal I'll be doing," Brian said to me a good three years ago. For a number of years now, Brian thought that putting together *Scripophily* shouldn't be his job any more. Over the past 30 years, he had given so much of his personal time to the benefit of our society that he, more than anybody else, deserved such a retirement. Yet, I was just becoming the Society's new chairman then and saw no alternatives. Brian would have to continue to be the man we needed to produce our key product, our journal. So it took quite a bit of convincing and my firm promise that I would hunt for a worthy replacement before he agreed to continue for another year or two.

And so he did. And how he did! Nothing was done less well than before, indeed, on the contrary. Right up to the previous journal - his last - his work continued to breathe excellence. Especially the eye for detail in what he wrote himself and edited texts of others was a revelation to me. His intelligent questions and suggestions to contributors often significantly improved the articles and, as one of our professor-members repeatedly said to me, the end result was always of outstanding academic level. Summa cum laude.

And so was everything else he had been doing for IBSS: since the founding year of our Society, he had served as membership secretary (1978-82) as well as treasurer (1978-87). He was chairman from 1992 to 2000 and our editor from 1998 to 2008. Nobody else has done so much for IBSS as Brian has, be it in various job titles, personal time invested, or the number of ideas he launched over the many years. He drafted the original IBSS rules, our logo, the first IBSS website, created the *Scripophily* Library, wrote countless long and short articles, helped to form the US Chapter, recruited new volunteers (including me), and so much more.

Over these last few years, I have got to know the person Brian a little more. I found behind his walls of knowledge and intelligence a warm, hospitable and humorous personality. His great passion for scripophily is highly infectious, his personal thriving for perfection gets the best out all of us who are willing to learn from it. Brian is a monument to our Society, no, he is the IBSS monument. Brian, for everything you have done for our Society, accept my thoughts as thanks, I have no more words.

Mario Boone, in the name of the IBSS committee and all of our members

WELCOME TOM!

Scripophily and IBSS welcome American Tom Montgomery to the IBSS Committee as our representative for marketing and promotion. Tom has been collecting for more than 10 years now, and describes his collecting habits as "dangerously broad and fickle". He is currently the Head of Group Strategic Planning at Adidas AG, living in Nuremberg, and previously spent almost a decade at Disney in various marketing, finance, and strategy roles.



HELLO

I am honored to follow in the footsteps of Brian Mills as Chief Editor of *Scripophily*. He's done a superlative job with the journal. It will be difficult to emulate his contacts in the field, his knowledge of scripophily and his writing, organizational and editorial talents. I am grateful he will continue helping out, including with the auction reports.

Thanks to all of you who replied to my randomly distributed email questionnaire about your views on IBSS. The Committee considered your comments in formulating our future plans for IBSS. Unfortunately, over half of the emails were returned as undeliverable! Since we will want to use email more frequently for member contact and further surveys, PLEASE update your email addresses with the Secretary.

By way of background, I am a comparative waif when it comes to scripophily. I was a 30 year collector of European coins, but in 2000 was enticed into scripophily by Fred Holabird's auctions of the Filer Collection of mining securities. I was amazed at the graphic art and the history, economics and personalities behind the securities, and have never looked back. Graphic art is still a primary interest for me, so for the most part I collect engraved material printed by the bank note companies.

Scripophily is a big job. I look forward to working with the many contributors who make it possible, and my thanks to them for this, my first issue. The March issue is coming up. If you have a story you would like to share, why not write something? Articles about scripophily can vary widely but basically they are the "story behind the paper." I consider scripophily to be a door through which we can explore the world of the past. Why not share your experiences too? In general, *Scripophily* can accommodate articles in the range of about 1,000 – 3,000 words with 2 to 4 images, but there is a lot of flexibility (longer pieces could go on the website or be serialized). I'd also welcome anyone who would like to write a regular column, or even just submit bits of news. Images do best if they are 300 dpi or so. I can help you with subjects and editing if you want.

We don't pay for content (or your editor!), but published first-timers do get one year of IBSS membership free! Share your interests and your knowledge. Enthusiasm is infectious, and if you would like to see the hobby grow, write something and pass it on!

Max Hensley, San Antonio, Texas
650-773-4125, maxdhensley@yahoo.com

JAN. 31 IS RIGHT AROUND THE CORNER – MAKE PLANS NOW!

Get ye to the Crowne Plaza Hotel Dulles Airport on Saturday, January 31, 2009 for the IBSS US Chapter breakfast, 8:00 to 9:00 am. There's a free hot breakfast buffet for members and others who join on the spot. And a \$100 first prize in the free entry raffle, won last year by Michael Weingarten of FHW. Maybe this is your year to get lucky!

Joerg Benecke thinks he is going to win, and with the further guarantee of a few free beers, he has fallen to these extravagant blandishments and offered to entertain the breakfast group with a talk on the state of European scripophily.

Come for the talk and free food, stay for the collectibles: The Crowne Plaza Hotel is also the site of the Northern Virginia Stock and Bond Show organized by Bob Schell. It starts Friday, January 30 and continues on Saturday, January 31. It is an easy cab ride directly from Dulles airport, or you can get there from the terminus of the Washington Metro.

Bob's event should be named the Western Hemisphere Stock and Bond Show, since it is the only one still standing on this side of the Atlantic (we all remember Strasburg with nostalgia). I heartily recommend it to all collectors. I regularly leave with a large number of great items for my collection, and you can too. But you have to be there!

I am looking for a volunteer to man the IBSS table during the show. If I don't find one, then anyone wanting to talk to me about IBSS (or who has someone interested in IBSS) should phone me at 650-773-4125 or ask Bob Schell to point me out. I'll be on the bourse floor all the time (and perhaps literally on the floor by late Saturday). Donors were generous last year with raffle items. We'd be grateful for your gifts this year too.

Max Hensley
US Chapter President

KEN HOLTER 1938 - 2008

Ken Holter passed away on July 14, 2008. Ken was in the U.S. Navy for 10 years and retired from the Department of Veterans Affairs as a claims examiner after 21 years. Kenny was married for 9 years, no children, and enjoyed reading, collecting railroad stocks, working on his computer, and going out to dinner and plays. Ken was known to us in scripophily as a dealer who ran a company called Scripophily Corner. He was a long-time member of IBSS.

Terry Cox reports that, "Ken was the hands-down largest contributor to my [railroad] stocks and bonds project after the first edition appeared. He was compulsive about sending every new bit of information he could find whether it was about certificates in particular or railroad companies in general. There were times when it was almost impossible to keep up with his contributions."

Scripophily will miss Ken Holter.

ANTWERP EVENTS

Antwerp: 20 – 22 March 2009
Silver Jubilee Event of C.V.S. – Boone

An auction of Russian material begins Friday afternoon, followed by an evening reception and joint dinner at the event hotel, the Crowne Plaza Hotel Antwerp. Saturday morning will see a classic 'Boone' auction with 500-600 interesting pieces at prices between €20 and €500. The afternoon starts with a charity auction of 100 pieces, all at a start price of €25 but with estimates going up to €1,000 (benefit the Flemish Association against cancer), followed by a 'Best of the Best' auction of 500 historically and graphically significant pieces with start prices of at least €500, and several in 5 digits. Saturday evening will see a dinner and party in the historic city of Antwerp. The IBSS breakfast takes place Sunday morning (free for all IBSS members, others pay €20 for breakfast and one year membership) with guest speaker and a tombola draw. Sunday is typically the bourse day – for years the biggest scripophily fair in the world. Boone also will officially present a brand new reference catalogue on worldwide aviation certificates and a book on exceptionally high denomination US stock certificates (the latter is an IBSS publication that is almost ready).

NEW EXHIBITION OPENS IN SWITZERLAND

Wertpapierwelt is the museum of the charitable foundation "Foundation Collection of Historical Securities", an initiative launched by SIS Swiss Financial Services Group AG. The collection today comprises more than 7,500 securities from over 150 countries. Wertpapierwelt conveys the highly diverse nature of historical securities in changing thematic exhibitions. In so doing, it strives to make the public more aware of the economic significance of the public limited company from its beginnings to the present day. A new exhibition opened at the beginning of October 2008, and is expected to extend for approximately a year. It is directed to a subject of great relevance for our time under the working title "Of bulls & bears – stories from the stock markets as documented by securities certificates." For more information see: <http://www.wertpapierwelt.ch/vwm/en/index.htm>

Address: Wertpapierwelt, Baslerstrasse 90, CH-4600 Olten.
Phone +41-62-311-6622
Email: museum@sisclear.com
Opening times: each Tuesday and Wednesday
from 9:30 am until 5:00 pm.
Guided tours can be arranged upon request.

'NEW' POYAIS

Previously unseen bonds from the Poyais Redemption Loan of 1824 have been discovered. The existence of this loan – described as 'uncertain' in Richard Gregg's standard work on the scripophily of Poyais (Gregor MacGregor: Caziqwe of Poyais, IBSS 1999) – has now been confirmed by the appearance at a London auction of two examples of £250 denomination, printed in brown, and the blue £500 example shown here. These bonds would be coded Gr.24 in the Gregg system.

The bonds are handsignd 'Gregor P' – Gregor MacGregor as 'Prince of Poyais' – the only examples of this form we have seen. In contrast, the 1823 bonds (Gr.23) carry the name 'Gregor Mac Gregor, P' in print, and the other Poyais bonds are either handsignd by MacGregor in his full name with no title or not signed by him at all.

The text on the bonds tells us that the issue was of £725,000 in Special Bonds, issued partly in redemption of earlier loans, and themselves to be redeemed after 20 years at just 40% of face value. It is likely that the issue price was at 60% discount. Interest was payable at 2% of face per annum. The bonds did not last the planned 20 years, for in 1827 MacGregor attempted to redeem them through an issue of Consolidated Stock at 40% discount (Gr.27.2). These new finds give us further tangible evidence of MacGregor's ingenious cycling of scam upon scam.

The genius of Gregor MacGregor was that no one ever felt cheated or claimed to have been defrauded. He had gimmicks in place to handle any unhappiness: Land Grants, Land Certificates, titles, army commissions, etc, took care of any "problem" people! So much of Gregor's wealth went to keep his marks happy, he died a relatively poor man, though a con man to the end, charming Venezuela into providing him with a General's pension and payment of all back pay as a General with Bolivar's army. His name appears on the Monument of Heroes, who liberated Venezuela from the Spanish.

image courtesy Spink



DEALERS' LISTS

Andrew Litherland, previously known as a long-time auctioneer for, amongst others, Bonhams and Bloomsbury, has recently established his own business, **ARL Collectables**. Part of his activities will be scripophily. Late September, we received from him quite an interesting and large (440 pieces) sales list (unfortunately without pictures) containing a strong selection of moderately priced Chinese, South African and American material. Roughly a third of what he offers are British pieces, mostly below £50. One of the more expensive ones is an 1808 share on vellum of the East London Water Works. ARL Collectables, PO Box 380, Reigate RH2 2BU, UK, phone 01737 242975. andrewlitherland@hotmail.com

The Swiss auction house **HIWEPA** recently produced a first sales list with fixed prices (Angebotsliste 1). The small format booklet is in full colour and almost all pieces are attractively shown and well-described (with company history). Terry Stäuble offers not only Swiss pieces, but also a similar of attractive certificates from around the world (for example C.D.F. Ethiopiens at €155, an uncancelled Bremer Pferde-Bahn 1886 at €304 and a 1930 stock of North American Aviation Inc. for €37). HIWEPA, Dychweg 8, 4144 Arlesheim, Schweiz, phone +41 (0)61 702 21 41, fax +41 (0)61 702 21 40, info@hiwepa.ch, www.hiwepa.ch

Dealers who would like to see a comment in *Scripophily* on their lists are invited to send a copy to the Editor at 116 Parklane Dr. San Antonio TX 78212 USA.

STEFAN GASCHE DROPS MAIL BID AUCTIONS

We recently received the 64th mail bid catalogue of **Gasche**, Switzerland (closing date Dec. 13th). In a short note, Stefan Gasche declared this will be his last mail bid auction because of a lack of consignments and low profitability.

Stefan Gasche has been one of the top sellers on eBay Germany. He confirmed to us he will remain an active online dealer. His auction is best known for his practice of catering to collectors, allowing bidding to start at €1 and this without reserve prices, both on eBay as in his mail bid catalogues. At least for Stefan, mail bid catalogues with cheap material are no longer the best way to make a profitable business. The local competition by HIWEPA the last few years (which has both live and mail bid auctions as well as a webshop) probably did not work to his advantage. On eBay, however, he likely will continue to be a major seller.

BRAZILIAN FEDERAL BONDS

Until the second half of the 20th century, the Brazilian Government issued bonds on numerous occasions to raise funds for the development of the country, including for ports, railways, building meat-freezers and slaughterhouses, electrical energy, and development of basic industries and agriculture. Most of these bonds were internal, expressed in Brazilian currency, but some were issued on the Paris market, in French francs, or in Britain in Pounds Sterling.

In 1957, the Government, wishing to improve the control of the public debt, called in all the internal bonds, and replaced them with a new issue. All the old bonds not presented for conversion finally lost all value in 1962. In 1967 it was decreed that all bonds issued prior to that year could be exchanged for new bonds in 1969, but would otherwise become invalid after 5 years, and finally lost all value in 1974. We do not have details of these 1969 bonds, but it seems likely they were not issued in paper form, but inscribed in registers only. The various issues of bonds in French francs were repaid from a fund created under an agreement between the Brazilian and French governments, to a value of US\$19,320,000. Repayment from this fund was possible until 1951, when the fund was closed.

A considerable number of Brazilian federal bonds have been offered to collectors over recent years, at prices suggesting these were not merely collectables but also potentially redeemable paper. This may be the result of the prosperity experienced by the Brazilian economy over the last few years, which some might take to mean the possibility of redemption has been enhanced. However, according to announcements by the Brazilian Treasury, there are (with one exception) no types of redeemable Brazilian Federal paper in existence.

The Brazilian Treasury (ref http://www.tesouro.fazenda.gov.br/divida_publica/titulos_antigos.asp) reports that it has received frequent enquiries as to the possibility of redemption, exchange, conversion, payment of dividend arrears, etc, in respect of old Brazilian bonds. Some enquiries state that the buyer has been told that one or more of these options are still possible, accompanied by calculations giving a very high potential value for the bonds. The Treasury states that none of these options are available. According to the site, the types of bond most often offered are:-

- (a) Apolices da Divida Publica;
- (b) Obrigacoes de Guerra;
- (c) Obrigacoes de Reaparelhamento Economico;
- (d) Titulos de Recuperacao Financeira; and
- (e) Titulos da Divida Interna Fundada Federal de 1956.

The Titulos da Divida Agraria bonds (the exception) are still quoted on Brazilian bourses, and are accepted by the Government in payment of income tax, for purchase of government land, etc.

The Treasury notice does not specifically address Brazilian bonds issued in Pounds Sterling. These Sterling bonds have been bringing high prices on both eBay and live auctions over the last 3 years or so, easily reaching €500 to €1000. One eBay auction we are aware of used closed bidding, so it is impossible to determine how many bidders are participating in these high priced sales.



Speculative forces seem to be driving the market for Brazilian Federal bonds like this attractive example

Up until about the year 2000 these bonds were found in considerable numbers in Europe, especially Great Britain and France. Not many bonds have been turning up recently, perhaps as a result of the recent speculation, but it remains unclear why their collector value should be above €250 – in the 1990s they were traded amongst collectors for only €40-100.

Brazilian bonds denominated in French francs bonds traded equally high up until some 3 years ago, although now they are not far above collector value.

We should stress that these comments refer to Brazilian Federal bond issues only. With regard to issues by individual states and cities, we have no information beyond the observation that many of these are bringing quite high prices as well. Any enquiries should be referred to the issuing authority. We invite comments from readers regarding the events involving the Brazilian Federal paper.

IBSS INTERNET PRESENCE

The previous version of the IBSS internet site was created sometime during the nineties but eventually it became obsolete. Instead of just changing the content we have decided to create a brand new site with many interactive features. The address is still the same:

<http://www.scripophily.org>

The idea behind this development is to provide our existing members with value added services, increase our Society's internet visibility and last (but not least) to attract new members. The new site was launched in 2008. It is divided into two important parts: Members only and public.

The public section provides general information about scripophily (*About Scripophily*), about our Society, our rules and membership benefits (*About IBSS*), information on how to join the IBSS (*How to join?*), a section dedicated to frequently asked questions (*FAQ*), a list of interesting and scripophily related links (*Links*), information about important events related to our hobby (*Upcoming Events*) as well as small gallery of interesting stock and bond certificates (*Gallery*). Those sections are freely available to any visitor and any visitor can contact us via our site (*Contact Us*). A *Site Map* is provided to facilitate navigation within our site.

Of course there is also the News section and online library (*Library*), but access to those features is partially restricted for the general public (you need to be a member and registered user to access the private features of the site).

How do IBSS Members Access the Private Section?

You have to be a current member to access the private section of our site. To get in, you have to apply for your user name and password. The procedure for the application is very simple – you only have to send an email to webmaster@scripophily.org requesting access. Your membership will be confirmed and you will receive your password within a few days.

If you are not an existing member you can apply for membership online by using the registration feature. Once registered you will be contacted by us with instructions on how to proceed. Your membership and site access will be activated once your membership fee has been paid.

What Features are Available in the Private Section?

First of all you will be able to access all our publications provided in the Library section including not only articles but also past issues of IBSS journals as Acrobat (PDF) files for you to download. We have decided that issues older than 2 years will be available to the general public, while more current issues (less than 2 years old) will only be available to the registered users. Internet-only articles will be in this section. You will also see all news, announcements for our upcoming auctions and lists of lots together with pictures.

This will be an interesting addition to our printed auction where, for practical reasons, only a few pictures can be provided. For the time being the auction

list will be published as an Acrobat (PDF) file for you to download and view at your convenience. In comparison with the printed version you will have the opportunity to view picture of each lot and usually there are 200-300 lots on offer.

Each member has a reserved section in the private section where the member can access his profile and optionally provide additional information about himself, including a short description of his interests, contact details, web page (if he has any) etc. This information is searchable and can be accessed only by other members. This feature has been implemented to promote contacts between our members but of course its usefulness depends on the data being correct so it is important that you update your personal information as soon as it is changed. Please keep your personal profile current. There is also messaging system in place so one member can send a private message to another member through our site.

There is also a forum available to all registered members – this is a space for discussing scripophily and asking questions which may be answered by other members. The forum can also be used as contact board, a place to look for new additions to your collection or to advertise your spare certificates for sale.

In the future we plan to open a small online shop offering past issues of our journal and other Society publications, but as we are non-profit organization we do not plan to commercialize our site and we will not offer advertising space. On the other hand we may from time to time decide to publish commercial announcements in our News section.

I encourage all of you to give your website a try. A substantial number of the members listed in our Directory do not include email addresses. If you don't have a computer you can always go to an internet shop or a public library. It will be worth your trouble. I welcome your comments and suggestions on how to make the site more convenient and the content more useful.

Important !!!

Because the number of publications which we can make available on our site is practically unlimited we would also like to strongly encourage all our members to help us and to contribute new material which can be published. In particular we are looking for scripophily related news, articles, reports and any other information. For our galleries we would welcome photographs and scans of unusual certificates (or those which for some reasons are very special to our member, but in such case short explanation should be also published). We would also welcome digitalized books, brochures, flyers and any similar items which in your opinion may be of interest to scripophilists and which you can donate. Of course before publishing anything we will need to make sure there is no infringement of any third-party rights.

We realize that some of our members still rely very much upon paper copies of *Scripophily* so we are going to keep it. I will be publishing short news about any future internet site developments. If you have any questions, ideas or suggestions I will be glad to discuss them with you so please send me an email: webmaster@scripophily.org

Piotr Bykowski

MARKET ANALYSIS

HERE ARE THE RUSSIANS !

It is no secret the market in Russian scripophily is booming. What is surprising is the speed of this growth, the intensity of the bid fights at auctions, the determination of the collectors, the professionalism of Russian dealers and ultimately the sheer size of this new scripophily market. This market has become, closely after Germany, the world's number two market for old shares and bonds.

We examined the results of Russian certificates in the five biggest auctions in the world in the past six months* (Boone (Belgium), FHW (Germany) – twice, HWPB (Germany) and Spink (UK)). While only 17% of the lots in these sales were Russian, astonishingly the Russian material accounted for over half of the turnover. See table 1. The average Russian lot sold for over twice as much as the average auction lot even when excluding the Spink single lot containing thousands of Russian Treasury bills.

These impressive numbers are remarkable considering that no significant market existed until a few years ago. It is only in the last three or four years that the Russian market has exploded. For growth figures of the recent years, we use the figures as published by our German colleagues of *Der Aktiensammler*. They added up the turnover of Russian certificates of the eight biggest auctions in 2006 and 2007. In 2006, €130,000 worth of Russian material was sold. In 2007 the figure had risen to €309,000 (+138%). The turnover in the second half of 2008 amounted to €793,000 (+157% in half a year). If this is not a growth market, nothing is!

How is it possible that this part of the scripophily world, previously almost abandoned by collectors, has done so well in the past few years? First, the economy in Russia has boomed in the last decade, producing a new generation of free-market orientated businessmen able and eager to purchase luxurious and out-of-the-ordinary products. Tsarist bonds and shares, representing Russia's capitalist and entrepreneurial history, appeal to many middle and upper class Russians.

Second, the Russian market has been able to grow much faster than the more established west because Russians have been able to buy big volumes from western European dealers and auctioneers instead of having to spend days going through old estates, grandmothers' basements or local flea markets. Also, Russian collectors profit from the 'product information' collected by western collectors, societies and dealers over the past decades, for example the Drumm/Henseler Russian reference catalogues and the thorough descriptions found in most European auction catalogues today.

*We omitted the HSK results since they were not available to us at the moment we wrote this. This will have had no significant impact on the trends and conclusions described in this article.

Third, there is a lot of material. Russian government bonds and company bonds and shares were often issued in large numbers and sold to Russian capitalists and foreign investors, mainly French, British, Belgian and German. Moreover, after the October Revolution, a significant number of wealthy Russians fled to the West with suitcases full of what would become scripophily certificates. Hundreds of different pieces can be bought for a few euros each, thousands are offered for €50 to €1,000, a few hundred fetch a thousand or more euros and a handful have recently been selling into five digits.

In conclusion, sufficient supply, strong demand and an efficient market model has produced an exceptionally strong market for Russian securities. This is the situation today.

But what about tomorrow? Will Russia soon become the dominant market in scripophily? Or is it a bubble ready to burst ? It is our conviction that the next three years will see the market calming down, and the market will become more of a local Russian market.

Firstly, the supply of good material will soon dry up. Dealers and auctioneers have been scouring the market for this material for some time now – most western collectors could easily be persuaded to sell in view of their low cost basis and the high offering prices. We estimate that less than 10 serious collections still exist outside Russia. Not all of them are likely to be sold soon. What's left will not be enough to support the supply side of the market for much more than a few years. Very little material will come out of Russia because it is still forbidden to export Russian antiques, including old stocks, and the strongest buyers are in Russia.

Second, demand will become more selective. Dealers in Russia have already built up a large inventory of the more common pieces as collectors focus more on the rarer material. The very few absolute top pieces that enter the future market will fetch higher prices, but all the rest will on average attract fewer bidders and thus lower prices. While it



This previously unseen and rather attractive railroad stock was recently sold in a German auction (HWPB) for €4,750, triple its start price of €1,500

is not entirely impossible to exclude a further rise in the numbers of Russian collectors, we don't expect that number to rise quickly enough to compensate for the expected diminution of purchases by those already active.

Third, Russian collectors and dealers have been buying in western Europe in the absence of a well-organised home market. So far, no significant live scripophily auctions or bourses devoted to old shares and bonds have been conducted in Russia. Yet, this is about to change: we have heard that two live auctions will be conducted in Moscow in 2009 and several thematic reference catalogues are being rapidly produced locally. In the long run this may create an environment for sustainable long term internal market growth – at the cost of western European dealers who will both suffer from lack of good material as well as increased competition from Russian dealers and auctioneers.

The principal uncertainty about the Russian scripophily market is the effect of the current worldwide liquidity crisis and recession on Russian buying. Much of the growth in the Russian economy in the last five years has been based on borrowed foreign funds and the elevated price of commodities, especially oil. Both sources of cash have been cut off for the time being, and serious breaks in the Russian economy have begun to be revealed. How this will affect Russian scripophily buyers is uncertain.

The current enthusiasm brought into the market by the Russians (see also our auction reports elsewhere in this issue) has been good for scripophily, and let's hope it spreads into other scripophily fields. After all, why should a Russian bond be more interesting or worth more than one from your favourite country or industry?

**The Russian part in the biggest
five auctions in the past six months**

(Amounts in Euros)

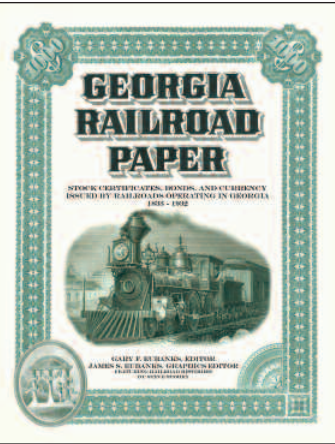
The Big Five	Auction turnover	Russian turnover	% of total turnover	Russian lots	Total lots	% Russian lots
Boone (Antwerp)	244,000	40,000	16%	66	846	8%
FHW (Frankfurt)	252,000	99,000	39%	257	1,915	13%
FHW (Munich)	233,000	53,000	23%	162	1,789	9%
HWPB (Montabaur)	401,000	273,000	68%	707	2,207	32%
Spink (London)	384,000	328,000	85%	110	703	16%
TOTAL	1,514,000	793,000	52%	1,302	7,460	17%

BOOK REVIEW

Georgia Railroad Paper

by Gary Eubanks

Published by Wharton Management, Inc. 2008



211 pages, 8½x11”, soft cover, good quality paper and color illustrations.

Available from The Southern Museum of Civil War and Locomotive History, 2829 Cherokee Street, Kennesaw, GA 30144, Attn: Dick Hillman.

\$47.50 plus \$5.00 for shipping and handling. Georgia residents add 6% sales tax.

Georgia Railroad Paper is a testament to the enthusiastic collecting and research interests of IBSS member Gary F. Eubanks and his collaborators James Eubanks (Gary's son), Steve Storey, Sam Withers and Billy Shroer (Sam and Billy supplied illustrations). They have produced a highly decorative volume covering the stock certificates, bonds and currency of Georgia railroads from 1833 to 1932. The illustrations are in full color and nearly full-sized (or enlarged in the case of bond coupons), making for easy reading and appreciation of the graphic art depicted. 104 Georgia railroads issued paper in the period, and each one is listed along with a description of the line, its history and ultimate disposition together with illustrations of the road's paper money, bonds and/or stocks. Listings are organized by three operating periods, before 1865, 1865-1893 and 1894-1932. A separate section is devoted to paper of electric traction companies. The layout of the illustrations and text is easy to read and organized to maintain the readers' interest. Future editions might benefit from a larger route map (the historical map reproduced in the volume is difficult to read), a table listing all the paper items known for each line, and a rarity scale for each. Some more color commentary on the lines would be interesting. For example the Great Locomotive Chase (popularized by Disney's movie) took place on the Western and Atlantic Railroad in 1862. Gary and his collaborators are to be congratulated for this meticulous work, a signal contribution in railroad paper collecting.

THE TRAVELER

Most of us in the scripophily field pursue our interests in the past, but the past is in the present if you know where to look for it. These columns are all about finding that past through scripophily. Our thanks to the inquisitive traveler who offers these periodic reports.

The Traveler recently visited the Hagley Museum and Library, located along the banks of the Brandywine River near Wilmington, Delaware. The Hagley is the scenic site of the gunpowder works founded by E. I. du Pont in 1802, and includes restored mills, workers' community and the ancestral home and gardens of the du Pont family. It will thoroughly delight anyone with an interest in industrial history.

While the Traveler enjoyed the tours of the mills and the du Pont home, the Hagley Library was an unexpected surprise. The Library's manuscript and archival collections contain the records of more than 1,000 companies plus the personal papers of their founding entrepreneurs, inventors, designers, and managers. The collections are particularly rich in Delaware, New Jersey and Pennsylvania firms.

The Library is a trove of du Pont Company and family papers, including a number of early certificates and certificate books for the various Du Pont companies. The most decorative certificates were those issued by the E. I.



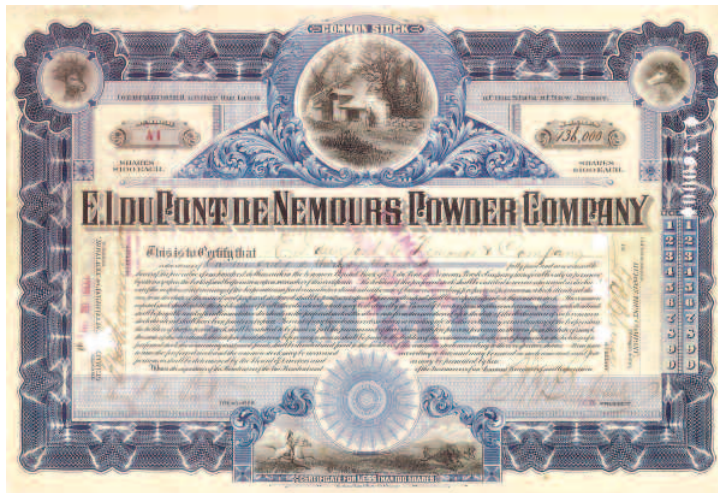
DuPont gunpowder mills on the Brandywine River at the Hagley. Courtesy Hagley Museum & Library

Du Pont De Nemours Powder Co, a holding company formed in 1902 to control the various du Pont interests in explosives companies. The Traveler found the issued cancelled no.1 certificates for this Company in the archives, heretofore known only as rare specimens. Shown is the odd lot common share certificate. Three others of the same design were in the archive – an odd lot preferred, 100 shares common and 100 shares preferred, all serial no.1s. All of them were somewhat worn, and had been punch and stamp cancelled.

The archives also contained a small but interesting collection of general stock certificates, mostly 19th century. One of these, a December 1, 1890 advertising piece masquerading as a stock certificate, offered the purchaser “one pint of the Rochester Preferred Stock Lager ... guaranteed to contain the finest qualities of Malt and Hops only ... a nutritious, healthful and pleasant tonic ... sold and delivered at the office, 927 to 935 North Ninth St. Philadelphia ... transferable in all First Class Hotels, Restaurants and Saloons.”

Visit the Hagley. While you're in the Brandywine River valley, take in the wonderful 18th century decorative arts museum at Winterthur and the spectacular gardens at Longworth.

Getting There: Air travelers will find Wilmington or Philadelphia convenient to the Brandywine Valley. Plan on driving your own vehicle, whether rented or owned; mass transit in the Valley is limited to private cars or cabs.



The Du Ponts were a resourceful lot. They wanted to transfer 136,000 shares in the E.I. Du Pont De Nemours Powder Co. (NJ) but only had odd lot and 100 share certificates – so they just used the odd lot form to make the transfer. Pierre S. DuPont signs on left. Printed by Western Bank Note Co. Photo courtesy Hagley Museum and Library



*“Preferred” beer advertising “certificate.”
Photo courtesy Hagley Museum and Library*

COX'S CORNER #4



Rarity is a bad way to estimate prices

The rarity myth pervades this and every other hobby involving collectibles. The rarity myth says that scarcity determines value. While I am convinced that every beginning collector in every hobby believes the myth, unlike Santa Claus I don't think many really outgrow it.

I frequently ask collectors to give me guidance on how to price their new acquisitions. Often they tell me they assign high prices because their certificates "are so rare." Never mind that they paid significantly less only a few weeks before. Although tempted, I never ask, "If rarity is so important, why weren't other collectors willing to pay more than you?"

I am not saying that scarce certificates should not be worth more. I'm merely suggesting that there is a huge disparity between what collectors think scarce certificates should be worth and what prices they are actually willing to pay.

Personally, I think our hobby displays greater disparities between rarity and price than any other collectible hobby that I am aware of. It seems blatantly obvious that other factors are working counter to the rarity myth. Take, for instance, two certificates of equal rarity from different states. All other things being equal, including rarity, collectors are willing to pay much more for Texas certificates than New York certificates.

If we assume the same number of available certificates, then advanced collectors all accept that all other things being equal:

- well-vignetted certificates sell for more than plain certificates
- American Bank Note Company certificates outsell Henry Siebert certificates
- older certificates are worth more than newer ones
- celebrity-signed items sell for more than non-autographed items

Let's consider a few more observations that should theoretically doom the rarity myth – but won't!

Every experienced collector has witnessed countless examples of scarce certificates that went unsold in one, or maybe even several, auctions. Then suddenly, those same certificates sold for curiously high prices in later auctions. If rarity were so important, those certificates would have sold on their first appearances. Obviously, other factors such as excitement, time of year, promotion, economics or something else had larger effects on prices than rarity.

I am NOT saying that rarity does not affect value. It does and it can be significant. It just does not affect prices in a direct manner. And THAT is the key to understanding disparities between rarity and price.

The world is full of one-of-a-kind items. Rareties are everywhere. You probably have hundreds of rarities in your house right now that you would never willingly part with. Yet, there may be no one in the entire world who wants things like photographs of your grandchildren or trinkets from past vacations. As unique as your items may be, they are probably worth nothing to anyone else.

I strongly suggest that the most important factor in pricing collectible certificates is the number of collectors who are willing to pay to own particular items. Take a certificate variety with only a hundred examples known. If only 25 collectors want that variety, it will not be worth much. If 2,000 collectors want that variety, it will be dramatically more valuable.

I contend value increases not with rarity, but with the number of desirous collectors. The more collectors, the more value.

I see examples every month where two essentially identical certificates go up for sale on eBay and in professional auctions. The rarity of such certificates is equal and the number of collectors is equal. The major difference is that more interested collectors see certificates offered in professional auctions than on eBay. Consequently, professional auctions attract higher bids than eBay.

There are so many disparities between price and rarity that it should be completely obvious that rarity is but a single factor of only moderate importance. I think people ascribe high importance to rarity because rarity is the easiest thing to measure. Our estimates of rarity may be flawed, but it is still easier to estimate rarity than it is to estimate the number of collectors and the depths of their desires.

Terry Cox tcox@coxrail.com is the author and publisher of the price guide 'Collectible Stocks and Bonds from North American Railroads' and of the regular 'Update' newsletter. His database contains 17,000 distinct types of railroad certificates plus 5,000 variations, and is growing daily.

SHOWCASE



COLLECTOR'S FAVORITE REFLECTS CURRENT STATE OF THE STOCK MARKET

Thanks to Dave Beach, who supplied this favorite. Howland's Island was discovered by a New England whaler in 1842. The island is 1,650 miles SW of Honolulu, near the equator. Because it and a neighboring island are the only bird "pit stops" for thousands of Pacific Ocean miles, it had accumulated quite a lot of guano fertilizer over the years. The United States Congress, known for its inability to keep its hands off guano, launched things in 1856 by passing a bill asserting jurisdiction over "guano islands" on behalf of American discoverers. Title to Howland's ultimately fell to George Benson (the shareholder), who apparently was only one member of a whole family of fecalists, another of whom (Alfred) had gotten up a competitor called the **American Guano Co.** The **United States Guano Co** had no luck selling Howland's to the American Guano Co, the latter replying that it had "guano islands enough." But the American Guano Co was dissembling, for it soon enough occupied Howland's and started digging up the guano. A lawsuit by the United States Guano Co followed (*NY Times* May 3, 1865). We don't know the outcome, but apparently the United States Guano Co continued on, as evidenced by this attractive American Bank Note Co certificate. Incidentally, one bird that did not make it to the Island was Amelia Earhart. Howland's Island was her destination when she disappeared in 1937.

THE WORLD'S OLDEST BREWERY SHARE

— Mario Boone —
(who always fancies a dark beer)

The **London Genuine Beer Brewery** (also known as the Golden Lane Brewery of Barbican) was founded in 1804 by William Brown and Joseph Parry when they took over the existing Combrune's Brewhouse. The latter was a small brewery, with a history going back to at least 1792. In the year 1800, the Combrune family business produced 18,000 barrels of ale. This was only a small part of the total production of all 127 London common brewers: 17,780,000 barrels (of which 75% was strong beer and 25% weak beer).

When Brown & Parry took over the Combrune's Brewhouse, they did so with great ambition. They wished to attack the London porter brewers who were selling (often adulterated) beer at fixed, and continuously rising, oligopolistic prices. Right from the start, Brown & Parry promised to sell their beer at discounted prices to the pubs and to guarantee its quality by using only malt and hops.

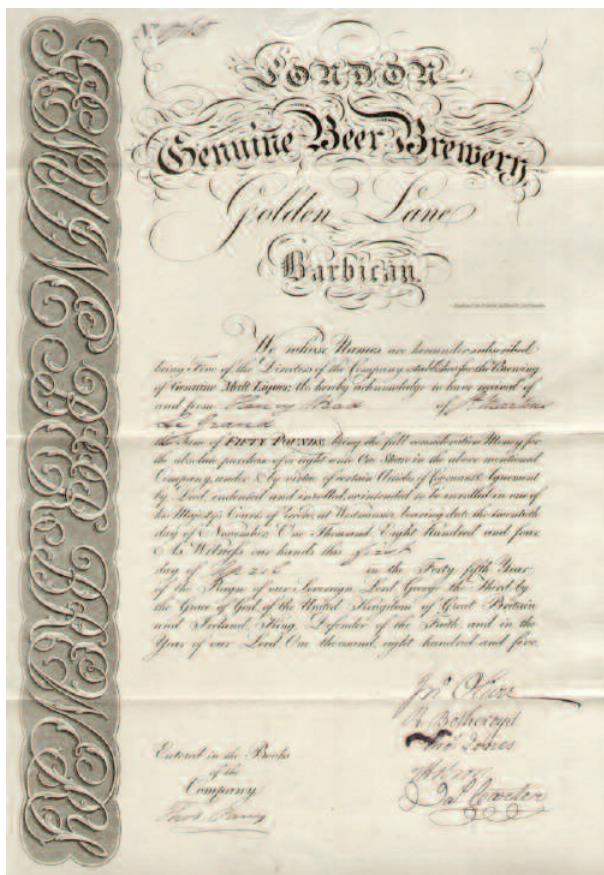
Knowing that large economies of scale could be achieved in the production process, they thought this would be the way to beat the competition. In order to get the necessary means for their ambitious plans, they established the London Genuine Beer Brewery as a sort of joint-stock company – the very first British brewery to do so. They issued shares in 1805 at £50 each, raising in total £250,000 (see picture). The share capital was spread amongst hundreds of investors, including 120 pub owners. The company started to increase the production facility, bought gigantic porter vats and also a 36 horse-power Boulton & Watt steam engine (the largest in any London

brewery at that time).

Mass production started in October 1805 and was an immediate success. By the end of 1806, no less than 200 bar owners had signed up with them, signing an exclusivity contract, meaning the Genuine Beer Brewery would be their sole supplier of pints. Production that year had risen to 57,400 barrels of (according to testimonies of those days) high-quality beer. The stock price doubled over a one year period, up to £103 in March 1807. Production also doubled, to 125,700 barrels. This made the Genuine Beer Company the third biggest brewery of London (only Meux Reid and Thrale Barclay Perkins sold – roughly 30% – more).

The established competition responded with court actions. Brown & Parry were attacked by the Excise and their legal statute came under attack. They won both cases, but the court costs were significant. Moreover, the cost of raw materials quickly rose, especially the price of the high-quality malt they used (from Norfolk), which increased strongly between 1807 and 1813 (from 77s per qtr to 100s). While in 1808, the production reached its maximum (131,600 barrels), the company went steeply downhill after that, producing only 22,000 barrels in 1820 and finally closing in 1826 when production had shrunk to a mere 10,000 barrels a year.

Source: *A History of Beer and Brewing*, by Ian Spencer Hornsey, Royal Society of Chemistry (Great Britain), published by the Royal Society of Chemistry, 2003, 632 pages.



One of only two known shares known of this company. Dated 1805, this is the oldest brewery certificate I have ever seen



Great image of what was in the early 1800s the most modern of all London breweries

FROGS I HAVE KNOWN

- ROBERT O GREENAWALT -

Many scripophiles find that collecting around specific subjects or locales can be very rewarding. Through the years, I have become acquainted with the Bullfrog Mining District, located in western Nevada's Nye County. This District was central to the state's early Twentieth Century mining boom. It all started in early August, 1904, when Frank Harris and Ed Cross, two prospectors working circuitously out of Goldfield, Nevada, came upon a magnificent piece of gold-bearing, glistening, splotchy, green-stained rock that is said to have looked like a bullfrog! The name caught on in a hurry although the desiccated desert around Bullfrog is a very unlikely spot for live frogs to be doing anything. Today, we consider "bullfrog" as one word, although a number of the old companies used it as two.

Thanks to the automobile, Nevada was rampant with new mineral finds at the time. Previously the vast distances in Nevada, combined with the lack of food and water, had been major challenges to serious prospectors. However, the advent of the automobile at the turn of the century allowed prospectors to fan out in all directions for careful exploration. Well over 150 mining districts were created in Nevada in this period.

Within a short time after the Harris-Cross gold strike the new town of Bullfrog became a tent city teeming with activity. Bullfrog was located roughly 100 miles northwest of today's Las Vegas and a few miles east of the California border. However, within a year or so, its population shifted a mile to the north, where the more stable town of Rhyolite had been platted and emerged as a new center. Beatty was a new town, too, four miles to the east of Bullfrog.

The frenzy must have been unbelievable, as three railroads entered the district by 1907 from three different directions. It was not at all long until mining companies were formed and began to peddle their wares to greedy investors, mainly through advertising in eastern newspapers. I would judge that over two hundred mining companies existed within the Bullfrog mining district, and quite a few of them used the Bullfrog name to piggyback on the public's interest in the District. Still, some companies didn't use the name, making it difficult to pinpoint their locations.

The District's biggest operation, which lasted the longest of any, was the **Montgomery Shoshone Consolidated Mining Company** at Rhyolite, which had Bethlehem Steel's president Charles M Schwab as a major investor. A few other companies in the nearby Funeral Mountains of CA were not in the Bullfrog District but nonetheless used the Bullfrog name in their titles to help boost their businesses. The Rhyolite Mining Exchange flourished, and by April 1907 about 60 mining companies were listed. However, only nine were active mining companies. The rest of them were merely prospects, little more than shallow holes, and some of them never even had holes. Most of the Bullfrog area stocks are dated between 1905 and 1907.

Left, from top:

Mayflower-Bullfrog Mining Co (SD)
Bullfrog Mining Co (AZ)
Bullfrog Apex Mining and Milling Co (SD)
Bull Frog Nugget Mining Co (type 2) (AZ)
Bullfrog-Sunset Gold Mining Co (WY)
Bull Frog Annex Mining Co (AZ).
Frog lovers sit together, the guy with a reed stalk in his right hand and mouth, and his left arm on his girl-friend's shoulder.
Original Bullfrog Mines Syndicate (AZ)

Right, from top:

Bullfrog Continental Mining Co (AZ)
Bullfrog Golden Sceptre Mining Co (AZ)
Bullfrog Steinway Mining Co (AZ)
Bullfrog Extension Mining Co (AZ)
Mayflower-Bullfrog Consolidated Mining Co (AZ)
Bullfrog Central Mining Co (SD)
Bull Frog Consolidated Mines Co (AZ).
The frog has a miner's pick in its right hand and a shovel under its left arm.





Los Angeles Bullfrog Mining & Milling Co (AZ)

These were “penny stocks” for the most part – bringing only cents per share. This was in the days before the US Securities and Exchange Commission was requiring full disclosure and pursuing fraudulent corporations. It was easy to incorporate in Nevada, Arizona and South Dakota - just file papers, order a stock book and corporate seal, and you were in business.

The problem was that the rich mineralization in this region was mostly surface ore which did not pay with depth. Ghost status took over soon. Scattered rubble, long-dry fire hydrants and hulks of concrete buildings are all that remain of Bullfrog and Rhyolite today. Many mining shafts and pits still exist - dangerous to visitors - most of which never made “mine” status in producing profitable ore. The Bullfrog-Rhyolite site sees sparse tourism—most of it from Death Valley National Park. The closest town is still Beatty, population 1,100, located on US Highway 95 between Las Vegas and Reno, which has existed since the boom days. Mining had a brief recent revival in the area, but this attempt to remove the major part of close-in Ladd Mountain to get at low grade ores for heap leaching has been abandoned.



Wolverine-Bull Frog Mining Co (AZ)



Bull Frog Nugget Mining Co (type 1) (AZ)

A special facet of my Bullfrog mining share collection centers around certificates with vignettes of various frog antics. The name Bullfrog lends itself to humor, and some of the mining companies used amusing bullfrogs on their stock certificates to entertain and attract their investors. Certain outfits seemed to be trying to outdo others with their artwork! My earliest bullfrog vignette made its debut in October, 1904, on a **Bullfrog Mining Company** certificate—right on the heels of the famous initial discovery. The majority of frogs are green, though several are black and white. Most of the frog vignettes are underprints. Some are hard to discern, being “too busy” with overlaid text and designs. Strangely, I have yet to find a frog in an embossed corporate seal. Every certificate I have examined that bears a frog has Bullfrog or Bull Frog in the masthead. Just about every certificate is uncanceled and bears fold lines—meaning it most likely lay dormant and valueless in a safe deposit box for many years.

The illustrations surrounding the text are all the frog vignettes known to me now. I am sure more exist, and I’d welcome readers to contact me if they know of others. I ask you, what other group of certificates can produce such smiles?

For further reading on the infamous Bullfrog Mining District, see Howard Shakespeare’s “Boom and Bust,” *Scripphily* Yr.17 No. 3, pp. 28-30 (1994).

The author is a “very retired” civil engineer who found his first certificate in 1941 on the basement floor of the abandoned Cochise County Courthouse in Tombstone AZ. He became serious about scripphily in 1962, and specializes in US rails and western US mining. He is always ready to swap material, and goes by the name *Rails Remembered*.

*Ed. Note. Merriam-Webster’s On-line Dictionary defines “Bullfrog” as “a heavy-bodied deep-voiced frog (*Rana catesbeiana*) of the eastern United States and southern Canada that has been introduced elsewhere.” The author was surprised to learn the term is applied to the species, which means there are mama ‘bull’ frogs hopping around too!



Ziegler Bullfrog Mines Co (SD)

PANIC!

— Sean D. Carr —

Ed. Note: In the last issue of *Scripophily* we saw how F Augustus ‘Fritz’ Heinze had hustled his way in Butte, Montana, to millions in tribute from the Amalgamated Copper Co and the Standard Oil interests. We also learned that he had touched off the Panic of 1907. This is the rest of that story.

History may not repeat itself, but it rhymes.

— saying popularly attributed to Mark Twain

By 1907 a confluence of weak and decentralized banking regulations, deepening liquidity constraints, rampant speculation, and pyramid-like interdependence among lending institutions had created weaknesses in the nation’s financial system. A Brooklyn-born copper mining magnate, who had had the audacity to challenge the most powerful interests in the world, provided the spark for an economic conflagration of historic proportions – the Panic of 1907.

During the early years of the twentieth century, **Fritz Augustus Heinze** had made his fortune in copper mining along the wild, untamed slopes of western Montana. Adventurous, sociable and extremely ambitious, Heinze moved to New York in early 1906 with an eye toward establishing himself as a banker and financier. With his brothers, Otto and Arthur, he organized the stock brokerage Otto C. Heinze & Co and used his assets to purchase personal interests in various banks, trust companies and insurance firms.

By the fall of 1907 the Heinze brothers were conspiring to accumulate a controlling interest, or “corner,” in the stock of the **United Copper Co**, a shell company that Augustus had established in 1902 as a vehicle for his speculations in copper mining. Of course it would have been a losing proposition for Heinze to pour more money into the already over-priced United Copper Co unless they had an “exit” strategy in place. So they planned to engineer a windfall by executing a “short squeeze.”

Short sellers borrow stock owned by another party, and then they sell the stock, expecting to buy it back later at a lower price. The Heinzes were convinced that the short position in United Copper was large, and they planned to call in all the

United Copper stock they had been loaning out to numerous short sellers. They thought this would create a market shortage in United Copper stock when the shorts tried to cover their positions (the “squeeze”), which the Heinzes would relieve by providing stock at an exceptionally high price.

On October 15, 1907 the Heinzes served notice on 20 stock exchange houses to return the Heinze’s United Copper stock that afternoon. The trap had been sprung – or so they had thought. The problem was that the brothers had somehow underestimated the number of shares available in the marketplace and they soon were swamped with United Copper shares.

By October 17, the *New York Times* reported that “thousands of shares began to appear as fast as the mails could carry them ... the market went to pieces.” By October 19, the *Wall Street Journal* relayed that messengers were assaulting Heinze & Co, shoving “their accounts with certificates over the transoms of the Heinze offices, while others kicked at the doors.” United Copper common swiftly fell to as little as \$10 from its high of \$60.¹ Heinze & Co, unable to pay, refused to purchase the stock, ultimately ruining Augustus and his brothers. In a perfect world, the demise of the Heinze buccaneers would have been the end of it. But, of course, it was not a perfect world.

In fact, the US financial system had been accumulating dry tinder for at least a decade, only needing Augustus Heinze’s spark to ignite it. First of all, the financial world of 1907 suffered from a significant lack of market transparency. When investors feel uninformed, they easily panic and are prone to act on the slightest rumor or innuendo. In 1907 most investors

lacked access to the disclosures now mandated by extensive state and federal regulatory systems. In that time, the public also poorly understood the relationships and interests among firms and their principals. Ownership interests, loans, and other obligations owed from one firm to another were not known with sufficient assurance such that other institutions, much less the public, could confidently dismiss errant gossip.



Knickerbocker Trust Co odd-lot stock certificate, partial date “19__”. A specimen also exists of essentially the same design but partially dated “18__” and states considerably less capital (\$750,000). American Bank Note Co specimen

¹Ed. Note: Ironically, a purchaser at the closing price – who was prepared to bear the opportunity cost – would have done reasonably well to hold a Heinze-signed United Copper certificate; they typically sell for \$150-\$250 today in the collector market.



Trust Co of America 100 share stock certificate, capitalization overprinted at \$2 million. This is date stamped on the stub “JUNE 1904”. A similar odd-lot specimen with capitalization of only \$1 million is date stamped “1904”, indicating the rapid growth in trust companies that made them vulnerable in the Panic of 1907. American Bank Note Co specimen

Still other imperfections primed the markets for instability. Without deposit insurance, an innovation introduced during the New Deal, depositors also became anxious, enhancing the risk of rumors taking hold. In addition, the US had no central bank to supply liquidity during panics ever since President Andrew Jackson had withdrawn the charter for the Bank of the United States in 1837. Finally, relatively unregulated financial institutions had sprouted like weeds, and foremost among these were trust companies.

Trust companies were a form of savings bank that catered to the wealthy and paid higher interest rates, but they were less regulated than the national banks with which they competed. Only after 1906 were the trust companies required to maintain a reserve of 15 percent and merely one third of that had to be held in cash.

Given all the foregoing problems, Heinze’s actions in late October had disproportionate consequences in the nation’s financial capital. Heinze, it turned out, had at one time acquired the **Mercantile National Bank** in New York. As a result, depositors and investors became suspicious that the bank had been used to finance Heinze’s machinations with the **United Copper** corner and squeeze, and a run on this bank immediately materialized, eventually infecting other institutions owned by Heinze as well.²

Within days, banking authorities removed Heinze from his positions, but this did not stop the contagion. It quickly spread from Heinze to another financier with whom he was rumored to have connections, the generally

²A bank run is a mass withdrawal of deposits from a banking institution, usually instigated by panic and rumors.

well-respected Charles T Barney of the **Knickerbocker Trust Co**, the third largest trust company in New York City. The Knickerbocker was to be the next casualty.

The Knickerbocker Trust Co was housed in a fine edifice in the upscale neighborhood at Fifth Avenue and 34th Street, an imposing marble structure with Corinthian columns and lavish interior. The company had grown rapidly in the years prior to 1907, as had many trust companies, to become one of the largest and most successful trusts in the US.

A run on the Knickerbocker was precipitated on October 21 by the forced resignation of Charles T Barney (based on his affiliation with Heinze through another speculator, Charles W Morse) and the refusal of the New York Clearing House to clear checks for the Knickerbocker. The New York Clearing House was an association of banks and affiliated trust companies that paid one another’s checks based on faith and credit among the member institutions. Withdrawal of Clearing House support cast a cloud on the soundness of the Knickerbocker and meant the Knickerbocker’s depositors would have to line up at the institution itself, checks in hand, to get their money.

By Tuesday morning, October 22 a crowd of about 100 people waited at the Knickerbocker’s bronze doors to reclaim their deposits. The crowd was orderly and patient, and at first consisted mostly of small depositors. By noon the Knickerbocker had paid out over \$8 million, but was forced to suspend payouts when a flood of very large checks were presented, including one for \$1.5 million from **Hanover National Bank**. The tellers closed their windows on the remaining depositors and messengers. Benjamin Strong, an associate of J Pierpont Morgan, was reviewing the Knickerbocker’s ledgers when the end came. Strong would later write, “The consternation on the faces of the people on that line, many of them men whom I knew, I shall never forget.”

J Pierpont Morgan was the preeminent financier in America. By this time



Lincoln Trust Co odd-lot stock certificate. The “Issue Room” stamp is a printer archive designation. American Bank Note Co specimen

he had begun to take command of the crisis. Returning from semi-retirement, the 70-year-old banker's home was flooded by bankers and trust company presidents who feared that runs would develop on their institutions too. One of the more vulnerable of these was the **Trust Co of America**.³ Though Morgan was sick with a serious infection, he still began an around-the-clock effort to turn back the tide. After hearing a report that the Trust Co of America could be saved, he turned to his associates George Baker of the **First National Bank of New York** and James Stillman of the **National City Bank** and announced, "This is the place to stop the trouble, then."

The defense of the Trust Co of America was to be a very close thing, indeed. By October 23 over 1,200 depositors had accumulated in a long snaking line outside the company's offices in lower Manhattan. But the institution could not hold on, despite tricks like keeping only two teller windows open. By 2:15 pm, 45 minutes before the normal closing, the company had only \$180,000 left. Morgan directed the Trust Co of America to bring its most valuable securities to his offices and, as he made notes on a pad to confirm the merits of the securities, he arranged for bags of money to be taken from his confederates at the First National Bank of New York and National City Bank and delivered to the teller windows at the field of battle. The Trust Co of America staggered to its 3pm closing.

Nonetheless, by this time, the disorder had begun to spread. The **Westinghouse Electric and Manufacturing Co** went into receivership, the Pittsburgh Stock Exchange halted trading, a run developed at the **Lincoln Trust Co** and the City of New York faced insolvency. Morgan quickly counterattacked, saying that anyone selling short to profit from the crisis would be "properly attended to," and worked overnight to provide the second day's defense of the Trust Co of America. Again, Morgan arranged a loan from National City Bank early in the morning of Thursday, October 24. Benjamin Strong stuffed hundreds of thousands of dollars in national bank note gold certificates in his pockets and run down Wall Street to deliver them just as the Trust Co of America was about to open for another trying day.

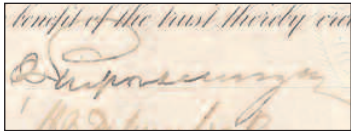
Although Secretary of the Treasury George Cortelyou was making government deposits in New York's banks to provide liquidity, the United States government was largely missing from the fray. During those early days of the meltdown, President Theodore Roosevelt was hunting bear in Louisiana; the trust-busting Roosevelt had already staked out his rhetorical position on the nation's high financiers earlier that summer, calling them the "malefactors of great wealth." Thus, the President likely had little appetite to lead a rescue when the banking system showed signs of failure that autumn.

As banks continued to falter, Morgan again turned back the tide at the

³Ed. Note: The Knickerbocker building is long gone, but the restored Trust Company of America building at 37 Wall Street lives on as a Tiffany & Co retail outlet.



J Pierpont Morgan and his notoriously illegible signature



Trust Co of America, but the respite was brief. The panic was now stampeding through the financial system, and its next victim was New York's stock market. An acute shortage of money had developed there following calls for a large number of brokerage loans by trust companies on Thursday, October 24. Stock prices went into a dive as investors sold collateral. The day lurched on, and by mid afternoon brokers with handfuls of securities and no buyers sought loans with which to settle their accounts. Morgan assembled the bank presidents (ignoring the floundering trusts for now) and demanded that they raise \$25 million within the next 10-12 minutes, or at least 50 brokerages would fail. Stillman offered \$5 million, and the rest joined up. The stock exchange closed in pandemonium at 3 pm, a mighty roar of voices exclaiming "What's the matter with Morgan? He's all right!" followed by three cheers.⁴

By mid-day Friday the stock market was starving for funds again. And Morgan once again strong-armed the national bank presidents for another bailout loan, this time nearly \$10 million. But Morgan also applied some adult supervision to the brokers; for example, no more margin sales would be allowed - the market was put on a cash-only basis. Again, thanks to Morgan and his small coterie of bankers, the market survived the day, and the weekend had arrived.



Issued and cancelled share of the Tennessee Coal, Iron and Railroad Co. Courtesy Scott Winslow

⁴The sums involved in the Panic of 1907 may seem paltry considering today's trillion dollar bailouts, but keep in mind that the dollar is now worth only about one twentieth of its value in 1907, and the economy was vastly smaller.

Yet Morgan was not going to rest. Recognizing that the marketplace problems were emotional for the most part, he arranged to have sermons preached on Sunday that cautioned people to “act calmly and not withdraw money and lock it up” and enlisted the newspapers to publish calming articles over the weekend. The crisis had been going on now for nearly two weeks, and it was clear that it could not continue as it had. The ad hoc measures had exhausted the resources of the system. It would be necessary to print money to provide the needed liquidity. Those were the days of the gold standard, before central banks could conjure up piles of fiat currency and drop it out of helicopters. In 1907, the government could, quite literally, run out of money – and it had nearly done so during the crash of 1893.

The answer in 1907 was not the government, but rather the bank clearing house associations. When cash was short the clearing house associations would print up certificates which could be used by members to perform daily settlements, thereby dispensing with the need for cash until the crisis had passed. In essence, the clearing house certificates became a sub-currency for use during the emergency, and over \$100 million of it was printed on October 28 alone for the New York Clearing House. Bank runs subsided and the market calmed.

Once again, the calm would be brief. Sunday evening October 28 J P Morgan & Co learned that New York City was insolvent and could not meet its payroll and contractor obligations. Failure of the City’s credit would start the panic all over again, and had to be dealt with. Morgan’s solution to this was crafted in a short meeting Monday afternoon, and consisted essentially of exchanging New York City bonds for New York Clearing House certificates. This would allow the City to pay its bills through the New York Clearing House.

November 2 brought another crisis. The stockbrokerage of Moore & Schley had borrowed money using stock in the **Tennessee Coal, Iron and Railroad Co** (TCI) as collateral. The value of this collateral had eroded due to market conditions. It appeared that Moore & Schley’s loans would be called, in much the same way today’s market downturn has been fueled



Clearing house certificate issued November 5, 1907 by the Los Angeles Clearing House. Similar certificates were used in New York to create “fiat” money during the crisis. Courtesy HR Harmer

by margin calls on investors who borrowed against their stock holdings. Again, failure of this brokerage promised to destabilize an otherwise improving situation, and Morgan took action.

Morgan and his associates dealt with it using a technique with echoes in today’s crisis – the brokered takeover of the weak by the strong. The plan that took form, and that ultimately exposed Morgan to attacks for self-interest, was for the **United States Steel Corporation** (a corporation largely created by J P Morgan) to exchange its 60 year, 5% sinking fund gold bonds for shares of TCI, subject to Federal Government assent – antitrust issues were posed by this merger of these two very large steel producers. Moore & Schley would pay off its loans with the liquid US Steel bonds that had been exchanged for its weak TCI stock collateral. Thus, \$25 million in liquidity could be injected into the financial system without the expenditure of a single cash dime.

The trust company problem resurfaced at the same time the Moore & Schley matter was developing. The condition of the trust companies was grave, and strong measures were needed. Morgan was willing to bail out Moore & Schley but needed the trust company officials to band together and meet the needs of their weaker brethren such as the Trust Co of America and Lincoln Trust. Morgan was through bailing out the trust companies, and their weakness was jeopardizing his plan for Moore & Schley.

One-hundred-and-twenty trust company executives were assembled in the West Room of Morgan’s library. At 3 o’clock in the morning Benjamin Strong delivered a report to the executives on the financial condition of Lincoln Trust and the Trust Co of America. After he finished, Strong went to the door and found it locked! The key was in Morgan’s pocket. No one was going to leave that room until the trust companies had established a rescue fund.

The lawyers present had drafted a simple subscription form for \$25 million. “There you are, gentlemen,” Morgan said. He waited a few moments. Then he put his hand on the shoulder of his friend, Edward King of the **Union Trust Co**, and handed him a gold pen. “There’s the place, King, and here’s the pen.” King signed, as did every other trust company president in the room.

The door was unlocked and the bankers dispersed at sunrise on Sunday, November 3, 1907. The plan for TCI was approved by President Roosevelt at the last minute, despite his previous record of trust busting and his demagoguery on wealthy men. The trust company and Moore & Schley rescues were announced as the stock market opened on Monday November 4. It was to be the best day on the market since the troubles began.

The shock waves from New York had swept out into the rest of the country, but the worst was over.⁵ The successful methods developed in New York were applied elsewhere, particularly the widespread use of

⁵On Nov 14 1907, Charles T Barney, former President of the Knickerbocker Trust Co, shot and killed himself. The Knickerbocker would be resuscitated later and merged with another institution.

THE DARK SIDE OF THE CITY OF LIGHT

— MARIO BOONE —

This article is about Paris. Not about the city's history as one of the world's leading financial centres for the past three centuries, nor about its enlightening cultural temples or its delicious haute cuisine. No, we dig deeper, right into the soil of 'la Ville Lumière'. To the place where thousands of French rats living in the city's sewers are day after day scattered around in utmost panic when, at least every five minutes between 5.30 am and 1 am, a train of the number one Parisian public transport system – Le Métro – rushes by.

Life of the Paris rats and other vermin was first disturbed a good century ago. It was on a fine mid-summer afternoon in the year 1900 that Line No.1 between Porte Maillot and Porte de Vincennes was officially inaugurated in a way that only the French can – with a lot of grandeur. Before that, things were much less sunny. It took Paris and French policy-makers no less than 41 years to end their quarrels about the best possible intra-Paris railway system for the capital's citizens (a good 11 million today) and its millions of outside visitors who flow into the city year after year to wonder at the Eiffel Tower, Mona Lisa's mysterious smile or the spectacle of the Moulin Rouge girls.

In the 19th century, Parisians largely used horse-drawn omnibuses and, later on, a limited number of horse (later electrified) tramways to move around in their 105 sq km city. With both the Universal Exposition and the Olympic Games to be organized in Paris in 1900, politicians felt the urge to finally move into action. Two opposite views clashed: the French

government backed a proposal based upon the idea of building a transport system that would better connect Paris with its outskirts, thus allowing travellers to flow more easily into the city (called the extra-muros option), while the Paris city council opted for the construction of a dense intra-muros (inside the old city walls) subway network to halt the congestion in the city centre. Different studies were made and we even know of one "société d'études" especially founded for that purpose in 1891.

As usual in France, the power of Paris was bigger than that of the country of which it is the capital. So, on April 20th 1896, the Paris authorities finally adopted the project of engineers Fulgence Bienvenüe and Edmond Huet to build an intra-muros Metropolitan underground railway system. It was decided that the city itself would sponsor the basic works, mainly the construction of the tunnels and stations. For that reason, Paris issued at least two publicly-traded loans: the first, issued in 1899, amassed 206,250,000 francs (412,500 bonds of 500 francs) despite bearing an interest rate of only 2%. A second loan, issued 1904, collected another 170 million francs, at the slightly higher interest rate of 2.5%. Both bonds look similar, although the first one is of a larger size. They depict four allegorical figures as well as an attractive view of the Renaissance-style Paris City Hall.

While public funding was used for the main construction works, private capital was solicited to build the tracks and to operate the Metro lines. It was surely quite a shock to many French to read in their local newspaper that the contract was allocated to Edouard Empain, a self-made business man from the next-door country Belgium. While small in size, Belgium was at that moment great in building tramways. It did so all over Europe, Russia, South America and even China. This textbook ricardian comparative advantage was embodied by Empain who was building a global empire of dozens of tramway companies and power plants to electrify them.



This is an 1899 City of Paris bond specifically issued to finance the works



The oldest known Paris subway certificate, this organization was founded in 1891 to study the Metropolitan project



A rare first issue of this French company, founded by the Belgian Baron Empain, that constructed the subway. Later issues with the same graphics are more common

Later made a Baron, Empain founded in June 1897 the **Compagnie Générale de Traction** with a capital of 10,6 million francs (later 17,5 then 20 and finally 30 million francs in 1906) to build the Paris subway infrastructure. Its share certificates (with a nominal value of 100 francs each) are particularly attractive and show amongst other things an electrified tram and an electric power generator.

A year after founding the first, Empain incorporated a second company, the **Compagnie du Chemin de Fer Metropolitain de Paris** (capital first 50 million francs, then 75 million and by 1929 almost 102 million). This firm was to become the true operator of the Paris Metro, as is made visually abundantly clear on its bearer certificates. The marvellous design shows two Paris scenic views (including the Eiffel Tower, the Basilique du Sacré-Coeur and the Arc de Triomphe), the city coat of arms, a Metro station – as opposed to an old omnibus stop – and a map of the walled (thus intra-muros) city centre. The company also issued a number of nominative share certificates which are much less attractive (decorated only with the city's coat of arms) but give an insight into the financial supporters of the project. One of them was the illustrious **Société Générale de Belgique** – a large investment bank (according to

some, the world's first – incorporated in 1822) with at that time important holdings not only in Belgium and its African colony Congo, but across the world.

Finally, Empain founded the **Société d'électricité de Paris** that built and operated an impressive electric power plant in Saint-Denis, a Paris suburb, to provide the necessary energy for the Metropolitan railway. Of this company, we know two certificates: a rather unattractive share from 1905 (company capital 25 million francs) and a much more appealing piece, from 1935 (capital 155 million francs) with large vignettes of both the inside and outside of the power plant.

The opening of the first line, in the midst of the 1900 Olympic Summer Games (which in those days lasted no less than five months!) was an immediate success with four million passengers during the first six months. By 1910, and one year ahead of schedule, the six originally planned Metro lines were operational, including one going under the river Seine – in those days a technical tour de force. At the outbreak of World War I, four more lines were running, with a total of 467 million passengers in 1913. Eight lines were managed by the above mentioned C.D.F. Metropolitain de Paris. The two others were given in concession to the 1902 founded **Chemin de Fer Electrique Souterrain Nord-Sud de Paris** (the “Nord-Sud”).

Originally founded to build a long-distance (extra-muros) deep underground network – modelled after the London Tube - the Nord-Sud quickly had to change plans because of the unstable and water-filled soil that gave the French engineers more headaches than they could cope with.

Instead, they ended up constructing two important North-South lines inside the city walls (Porte de la Chapelle – Porte de Versailles and Saint-Lazare – Porte de Clichy). We know of shares dated 1905 and 1910 – both are extremely rare and count amongst the prettiest of all French shares, not in the least because the four borders are entirely made-up by famous Paris vignettes, from the Champs Elysées over the Place de la Concorde, to the Porte de Versailles and the Gare Montparnasse as well as several others.

After WWI, both companies experienced a harsh time. Important expenses were incurred for post-war repairs and to calm down the social unrest of their employees. Both the ‘Metropolitain’ and the ‘Nord-Sud’ turned to the city of Paris for a financial rescue plan. The magic formula used was quite simple: in return for much-needed cash, they continued to exist as (local) government-owned companies. Gordon Brown, Henry Paulson and co. have invented nothing new.



This second Empain company operated most of the Metro lines, and is unusual in that it actually depicts a subway train



Surely one of the prettiest and rarest of all French pieces, this company was one of the two operators of the Paris subway system up to 1930

In the 1920s, plans were made to considerably enlarge the Paris underground, adding several new lines and extending others, despite the growing competition of bus transport. In 1930, right before most of the works started, the 'Metropolitain' formally took over the 'Nord-Sud' (both were in effect owned by the city anyway). For the first time, the Paris subway reaches the city's extra-muros suburbs. By 1939, the Paris Metro worked 159 km of track (apart from 10km, all below surface) and no less than 332 stops.

During the second world war, the Vichy Government decided to further rationalize the Paris public transport. The government-held 'Metropolitain' was sold to the **Société des Transports en commun de la Région Parisienne (STCRP)**.

This was a privately-held company founded in 1921 by the merger of the six Paris bus and tramway companies. The initiator and key shareholder? Correct! - le petit belge, Baron Empain! See the illustration for a 1921 share of the company (capital: 60 million francs). Legally speaking, the 'Metropolitain' continued to exist with the STCRP as parent company.

Not for long however, in 1948, the French State took control of both the 'Metropolitain' and the STCRP and put their assets (being all means of Paris public transport) into the newly formed **Régie autonome des transports parisiens**. The Metro is no longer (part of) a limited company, but a fully government-owned company with its own rules and legislation. There ends the scripophily of the Paris Metro.

Continued from page 20.

clearing house certificates. National banks restricted or suspended payments, but few of them failed. Most of the damage was to the trust companies, to the stock market (the value of all listed stocks declined 37% from the peak in Sept. 1906 to the trough in Nov. 1907), to the 1908 economy and, ultimately, to the structure and reputation of US finance. While leadership would always be needed in a financial panic, it was clear that one man could no longer be counted on to save the economy single handedly. Institutional changes were needed, including the eventual passage of the Federal Reserve Act in 1913, which would change the landscape of the American financial system forever.

But not to say goodbye to the 5th oldest underground of the world (after London, Glasgow, Budapest and Boston). Today, with its 16 lines, 214 km of railway track, 300 stations, 384 stops and 400 million daily travellers (only Moscow, Tokyo and Mexico City do better), Le Métro remains the core of Paris public transport. Its widespread Art Nouveau architecture is a tourist attraction in itself. Perhaps one day, you too will come to discover the Paris underground.



This company controlled Paris tramways and busses from 1921 onwards. During WWII the Metro also fell in its hands, but after the war all Paris public transport was nationalized

After the death of his father Erik Boone, Mario Boone left the banking sector in 2000 to take over as Managing Director of the family business Centrum voor Scriptophilie. Mario has served as IBSS Chairman for three years. He is married, with three young children, Esther, Nathan and Sarith. His hobbies include scripophily (mainly Belgian and Spanish railroads and tramways, Belgian coal mines, and worldwide soccer), swimming, chess, reading about economic history, city trips, and presiding over a local investment club.

Sean D Carr is the Director of Corporate Innovation Programs at the Batten Institute, an endowed foundation at the Darden Graduate School of Business Administration, University of Virginia. His applied research in organic growth, corporate venturing and finance has contributed to the development of award-winning case studies, digital media, and other teaching materials. His most recent book is *The Panic of 1907: Lessons Learned from the Market's Perfect Storm* (Wiley, 2007), co-authored with Robert F Bruner, Dean of the Darden School.

RUSSIAN HOARD SOLD



A hoard of 15,000 Russian government bills was auctioned by Spink in London in September as a single lot. The hoard came from the archives of the Dutch bank ING which in 1995 acquired the historic London firm Baring Brothers, latterly known as Barings plc, after its insolvency as a result of rogue trading in Singapore. Estimated by the auction house at £120,000-£150,000, spirited bidding in the room and on the phone, mainly Russian bidders, took the price of the lot to £220,000 plus 15%.

Barings had been appointed the Russian Imperial government's financial agent in London as early as the 1850s, and operated the government's London bank accounts. The firm won a large share of the government's bond business and helped finance Russia's first railways. Barings was the Imperial government's adviser on Anglo-Russian relations during the First World War, and raised over £400 million for the Russian government between 1914 and 1917, used for the purchase of war materials. The relationship came to an abrupt end at the Revolution in 1917 and was not revived for 60 years. Most of the Treasury Bills were issued at a discount and redeemed at face value, usually after 12 months, instead of bearing a rate of interest. Their function is described in more detail in *Scripophily*, December 2006.

Spink published a stand-alone 20-page illustrated catalogue for the lot with three pages of narrative and a listing of all the issues by Baring Brothers in London between November 1914 and February 1918, 107 types in all. 70 of these types were included in the lot, in quantities ranging from just one unissued 'Specimen' to 3,600 issued. Mostly the issueds were in quantities of fewer than 300, and the Specimens no more than 1 or 2 of each type (3 in one case). All the issues were dated before February 1917. Denominations range from £1,000 to £500,000. All the pieces were printed by Bradbury Wilkinson & Co.

A previous large group, over 10,000 mostly issued pieces, were sold by Christie's in London in 1991 on behalf of the UK Treasury and bought by a private investor who is believed to be still holding them. These were all

for issues dated January 1917 or later. It is not known why the Treasury was holding the 1917-18 issues and Barings the earlier ones.

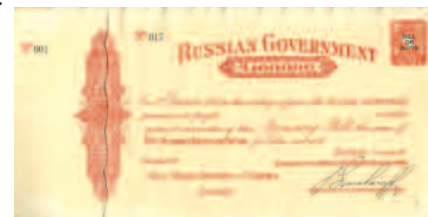
ING have retained bills numbered 1 to 5 of the recently-sold issues as part of the massive Baring Archive recording the firm's activities since the 1760s. This is now held by The Baring Archive Ltd, a charitable company established by ING to manage the collections and to increase their use as an educational resource. The Archivist is Moira Lovegrove - moira.lovegrove@uk.ing.com.



£1,000 bill issued in London 22nd February 1916, countersigned by a director of Baring Brothers as agent of the Imperial Russian Government. 3,604 issued examples of this type were included in the sale, and 2 specimens

(images courtesy Spink)

Dated 7th December 1917, after the communist revolution, this £100,000 bill was of course never issued. 94 of these were in the sale, still bound in their books. No 017 was the lowest serial number, seen here in its book with the blank stub of No 001. Some of the lower numbers had been sold in 1991



CHANGE AT HWPH

HWPH Historisches Wertpapierhaus AG, one of Germany's leading auction houses, has announced that its auctioneer, Klaus Schiefer, has left the business so as to devote more time to his own scripophily company and his other business interests. He is dealing in scripophily through his company Nonvaleur Concept Wertpapier-Versandhandel and recently held auctions in Baden-Baden and Cologne, intended to attract new people to scripophily, with a lot of inexpensive material.

From now on HWPH will be led solely by its founder **Matthias Schmitt** and will be holding a specialist auction of Russian scripophily in Munich on March 7 and its 13th auction and bourse in Würzburg on May 15-17.

EBAY

Some high prices have been achieved on US eBay recently, mostly mines and railroads such as an 1885 stock of **The Buckeye State Mining & Milling Co** at \$446 after 12 bids and an 1874 **Ashtabula, Youngstown & Pittsburgh Rail Road** stock, not in Cox, at \$376 from 5 bids.

AUCTION GROWTH MAINTAINED

Compared with the same period in 2007, world auction sales of scripophily in the six months to November 2008 were 2% up whether measured in euros or in dollars, and 22% up in pounds because of the currency's collapse. The total sales amounted to €3.4 million (£2.8m/\$4.8m), bringing the 12 months to November up to €7.6 million (£6m/\$11.2m).

The volatility of the currency markets in recent months has produced some idiosyncracies in auction prices. For example, a piece bought for €1,000 in Munich in June would have cost £796 or \$1,572. The same piece bought for €1,000 in November would have cost an English buyer more at £849 and a US buyer less at \$1,289. Such large variations considerably affect the apparent performance of the auction houses.

The figures in the Table clearly show the impact of the re-emergence of Spink, which pulled the UK up from 5th to 2nd in the league. Spink, like many European auctions, has profited from the new enthusiasm of wealthy Russians to buy back their heritage. Spink has not yet had the same effect on the US market, where Spink Smythe sold much less than Smythe did previously on its own. It was Harmer which enabled the US to regain its former league position ahead of Belgium. The Boone sale in October broke new ground by offering exclusively dealer bulk lots, many being bought by eBay dealers, but with only 52% sold the total value was quite a lot less than for Boone's usual collector auctions. Asked what he thought of the results, the auctioneer said that it was not as good as he'd targeted six months before the auction, but much better than he'd expected a week before the auction, which fell right in the midst of the stock market crash.

WORLDWIDE AUCTION SALES JUNE - NOVEMBER 2008

Firm	Date	Place	No. of scripophily lots offered	% sold by number of lots	Total sales including buyer's premium			Market share in euros
					€	£	\$	
FHW	7-Jun	Munich	1798	44%	274,499	218,371	431,457	
EDHAC	14-Jun	Kuembach	161	57%	13,200	10,400	20,423	
Gutowski	4-Aug	Mailbid	1578	38%	95,617	75,607	148,235	
HSK	30-Aug	Hamburg	1466	50%	304,475	244,498	444,742	
FHW	3-Oct	Frankfurt	250	90%	153,400	119,225	207,213	
FHW	4-Oct	Frankfurt	1915	41%	297,360	231,049	401,674	
Gutowski	3-Nov	Mailbid	1478	51%	88,171	70,731	112,144	
Tschöpe	8-Nov	Düsseldorf	350	69%	138,049	112,158	175,405	
HWPB	8-Nov	Montabaur	2047	53%	461,495	384,724	601,669	
FHW	29-Nov	Berlin	2237	49%	230,419	196,166	291,047	
		Germany	13,280	48%	2,056,685	1,662,929	2,834,009	61%
London Coins	7-Jun	Bracknell	157	83%	17,253	13,940	27,543	
Spink	18-Sep	London	703	69%	403,117	364,338	593,553	
Others	-	-	333	74%	15,611	12,810	22,254	
		UK	1,193	72%	435,981	391,088	643,350	13%
Harmer	2-Jun	Bethel CT	1136	49%	214,475	169,625	333,500	
Spink Smythe	16-Jul	New York	303	71%	86,606	68,639	137,244	
Stack's	12-Aug	New York	147	43%	16,143	12,660	24,061	
Spink Smythe	9-Sep	Internet	573	40%	16,752	13,435	23,743	
Spink Smythe	7-Nov	New York	618	56%	69,042	55,875	88,214	
		USA	2,777	51%	403,018	320,234	606,762	12%
Boone	18-Oct	Antwerp	846	52%	281,099	223,177	382,391	
		Belgium	846	52%	281,099	223,177	382,391	8%
HIWEPA	20-Sep	Basel	246	100%	67,883	53,975	99,768	
HIWEPA	29-Sep	Mailbid	834	99%	27,307	21,713	40,134	
		Switzerland	1,080	99%	95,190	75,688	139,902	3%
HHW	22-Nov	Wien	841	51%	60,186	51,116	77,580	2%
Portafoglio Storico	18-Oct	Milan	377	77%	48,000	36,521	62,576	1%
Akkermans	21-Sep	Internet	4,460	12%	16,363	13,010	24,048	0%
		World	24,854	46%	€3,396,522	£2,773,763	\$4,770,618	100%



AUCTION MARKETS

STACK'S OF NEW YORK

Let's welcome the well-known New York auctioneer Stack's to the field of scripophily. Stack's ordinarily confines itself to auctions of coins, tokens, paper money, American Bank Note Co printing plates and, more recently, minerals. The Marshall collection of minerals sold by Stack's at this sale included a run of 146 stocks, mostly mining related. Only 62 out of the lots sold, but this was pretty good considering the forum and limited publicity.

The scripophily material was interesting, not so much for its rarity (most of it was the same familiar faces), but for its testament to current values in scripophily. And that testament is: Confused, but looking up. Prices for mining shares were spotty – some much lower than in earlier scripophily auctions, some much higher – but benchmark certificates such as Standard Oil Trust and American Express showed increases over recent sale prices. Perhaps it is sign of some new money oozing into scripophily from the booming numismatics and minerals fields.

A more extensive report on the sale is on our website (*see News section*)

All figures on this page include the buyer's premium but not taxes.



INTERNATIONAL BANK NOTE SOCIETY

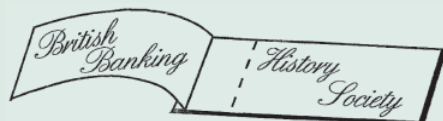
IBNS is an international organisation devoted to the study of world paper money. It issues a quarterly journal, holds frequent auctions, and holds meetings at paper money shows.

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For membership information, contact the General Secretary, saying you read about him in *Scripophily*.

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IS THE WORLD CRASH AFFECTING SCRIPOPHILY SALES?

The best answer we can give at the moment is Probably not yet. In previous crises it was argued that investors switched some funds out of money into collectables. That was a sensible response to high inflation and perhaps it's a good response to low interest rates. But with the prospect of low inflation or even deflation, is there any reason to take cash off deposit other than not trusting the banks?

At scripophily bourses, dealers and collectors are nervously exchanging views about the crisis but the figures in these reports contain no evidence that sales are falling. There have been signs all this year that some long-established collectors have decided to sell up – but is that economics or age? Some dealers too have been unloading inventories in bulk. And there have been no new entries to the Top 20 auction prices since May, i e no piece has been hammered at auction for more than €40,000. US pieces are certainly not easy to sell at the moment and prices are weak. The fluctuations in the dollar have not helped.

Looking at past experience, the US and, to a lesser degree Europe, experienced a mild recession from 2001 to 2003 following the collapse of the US technology index after the dot.com stock crash in 2000 and also the subsequent shock to the economy and broader stock indexes following the 9/11 attacks in 2001. Despite this, record prices were achieved in European and US scripophily auctions during this period, with 10 new entries to the Top 20 between November 2000 and June 2002, 6 of them in New York and 4 in Germany. This gives reason to hope that the current downturn will not too adversely affect scripophily prices.

Some sectors, especially the Russians, are rising strongly with a boom atmosphere in auction rooms. It has always been the case in scripophily that sectors move into and out of favour. Once it was Chinese bonds, then US railroads, or Spanish royal trading companies, and more recently Confederates and US Treasury bonds.

In conclusion, there have been no obvious signs of panic in the scripophily markets so far but only time will tell. And those who collect for pleasure will not be affected; indeed they should find buying opportunities.

POSTSCRIPT

We have not reported in this issue on a number of specialist auctions, for lack of space, lack of information or sometimes simply lack of turnover.

The **Scripo Club de France** held members' auctions in June and November, with their usual high quality hospitality, and the German club **EDHAC** held their annual members' auction also in June. A month later **FHW**, Germany's (and the world's) only publicly listed scripophily company, held a private auction for shareholders only, in association with its annual general meeting.

Internet and mailbid auctions were run by the Swiss **Gasche** and the American **Winslow Associates** and **Spink Smythe**. Germany's **Nonvaleur Concept** held modest live auctions alongside investors' bourses in September and November. In October the US auctioneer **Daugherty** included some stocks and bonds in a live auction at a philatelic fair.

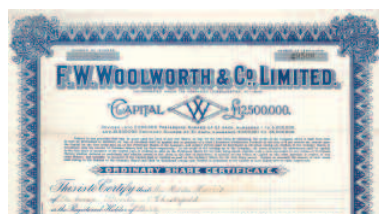
GUTOWSKI

Mailbid, August 4 and November 3

The attractive catalogues generated sales of €156,000 (£125,000/ \$222,000) jointly for these two auctions, with 38% of 1,578 lots sold in August and 51% of 1,478 lots in November.

For each lot an estimate of value is given (perhaps the start price at a typical live German auction?) as well as a bidding start price. The start prices are usually half of the estimates and most lots sell slightly above the start prices. Some lots go for as little as €10 – a few even for €1 – and most sell for affordable prices. High value pieces are also sometimes included and in these two sales there were three lots which sold for more than €6,000. An 1849 share of **Berliner gemeinnützigen Baugesellschaft** sold for €6,200 (start price €5,000, estimate €10,000). Two examples of an 1861 share in the **Bergbau- und Hütten-AG zu Stolberg am Harz** were sold for €6,800 each, having been given a start price and estimate of €6,000/€12,000 in August and €6,500/€15,000 in November.

Around two-thirds of the lots were German but many other countries were well represented. In both sales 60% or more of the modest British section sold, a high percentage for a continental sale. A **British Munitions Co** share 1891 sold for €30 (£24), its start price, and an 1836 **Great North of England Railway** share rose to €600 (£480) from a start of €450. In large US sections, a 1904 **Homestake Oil & Gas Co** share from Kansas sold for just €20 (\$31) and a **Florida Midland Railway** \$1,000 bond 1886 went for €260 (\$330) from a start of €225.



A 1937 share in a British retail store chain forced to close as we went to press, F W Woolworth, sold for €65 (£52)



A Welsh social club share, 1892, the Neath Constitutional Club Building Co, sold for €100 (£80)



An 1891 share in the Findlay, Fort Wayne & Western Railroad, sold for €280 (\$355)



AUCTION REVIEWS

BUYER'S PREMIUM

Most auctioneers charge a premium to the buyer (as well as sales commission paid by the seller), generally in the range 15-20% of the hammer price, plus local taxes. The figures reported in our auction reports are hammer prices, not including the buyer's premium.

SPINK SMYTHE

New York, July 16

This, their first US auction to contain stocks and bonds since Spink acquired R M Smythe earlier this year, included 303 scripophily lots, 71% of which were sold, totalling \$114,370 (£57,000/€72,000). The highest priced item was a **Ford Motor Company of Canada Limited** stock dated 1907, hand-signed by **Henry Ford**, which did not reach the bottom of its estimated range (\$20,000-\$30,000) and was hammered for \$15,000. However, another autograph piece, **Marconi Wireless Telegraph Co of America**, issued to and signed on reverse by Guglielmo Marconi, went well over its top estimate of \$5,000 to sell at \$6,250.

A section of 74 non-US lots was larger than Smythe's custom when it was independent. Half of them sold. A **Chinese Imperial Government 1898 4½% Gold Loan** (Deutsch-Asiatische Bank) £500 in poor condition fetched \$1,900 and a 1785 **Real Cia de Filipinas** made \$2,000.



United States Treasury 3% bond of \$20, 1898, with 80 coupons, issued to fund the Spanish-American War, sold for \$4,250

HSK's 26th event was again a combination of a presentation, the auction and a small bourse. Dr Joachim Sommer from Heidelberg talked entertainingly about the history of the hydrogenation of coal illustrated by share certificates.

The total on the hammer came to €258,000 (£208,000/\$378,000) with 50% sold. 932 of the auction's 1,466 lots were German, and 529 of these came from the Reichsbank sales, which is more than one-third of the auction. Half of these sold, at prices up to €450. The highlight of the auction was a previously-unknown 100-thaler **Norddeutscher Lloyd** share of 1872. Said to have been found in a stack of old newspapers at a flea market, it was offered at €8,000 and sold at €16,000.

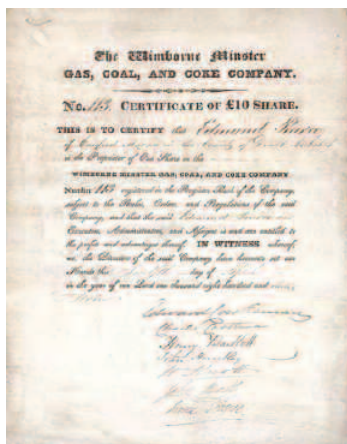
As usual a US section started the sale, and as usual these days it was slow, with less than half of the 171 lots sold. An 1887 share of the Chicago, Lake Geneva & Pacific Railway with a **John A Kennedy** autograph was bought for €500. A collection 67 US rails, including **Pittsburgh, Fort Wayne & Chicago 1857**, **Baltimore & Ohio 1853**, **Delaware Rail Road 1871**, **International Rail Road 1874** (with **Galusha Grow** autograph) and **Wabash Railroad 1910** rose to €900 (\$1,320) from a €10 start.

The highest-achieving British piece was an 1837 share of the **Wimborne Minster Gas, Coal & Coke Co** on vellum, selling at its start price of €300 (£242). A Stockport, Disley & Whaley Bridge Railway share of 1856 sold for €165 (£133).



A printer's archive 1897 bond of the Moscow-Jaroslavl-Archangel railway which sold at €5,800

€300 (£242) was paid for an 1837 British share of the Wimborne Minster Gas, Coal & Coke Co



Of the 100 lots from Russia and the Baltic States no fewer than 20 sold at €1,000 or more. Two-thirds of the 66 Russians sold for a total of €67,300. The highest price realised in this section was for a printer's archive 1897 10,000-ruble 4% bond of the Moscow-Jaroslavl-Archangelsk Railway at €5,800.



Found in a flea market, this Norddeutscher Lloyd share of 1872 sold for €16,000, twice its start price

This 1887 share of the Chicago, Lake Geneva & Pacific Railway sold at its €500 start (\$730)



IBSS

Mailbid, August 29

This was another Society auction well supported by members, with 76% of lots selling. As is usual with the Society auctions most lots were modestly priced, the total sale bringing £3,500, but the offering included a few early American certificates which all achieved noteworthy prices. A **North American Land** of 1795 signed by Robert Morris made £250 (\$460), a **Centre Turnpike Road** of 1809 made £66 and a **Skouhegan Bridge** of 1807 £61.

In the British section a **Bath Sun Fire Assurance** of 1833 made £90 and a **West Middlesex Water Works** of 1810 sold for £80. Elsewhere a **Newfoundland Railway** 1883 sold for £51 and an attractive **East India Steam Navigation** 1859 was bought for £46.

This was Spink's second London sale since vigorously re-entering the scripophily market with their acquisition of R M Smythe in New York and **Mike Veissid's** UK-based business, and it was preceded again by an evening reception for viewers and friends. Spink again produced a superb catalogue, which contained 703 lots covering many countries and themes. The auction was 69% sold and produced a hammer total of £303,615 (\$565,000/€384,000) which was the highest seen in London for many a year and only just short of the highest in the world in this six-month period.

The auction got off to a flying start when the Baring Archive's collection of 15,281 **Imperial Russian Treasury bills** was sold as a single lot for £220,000 against an estimate of £120,000-£150,000 (*see Auction News*). The large section containing 110 other Russian lots also reflected the current strength of the Russian market with 107 of them selling to energetic room bidders as well as the telephone. An **1822 'Rothschild Loan'** for 6,720 roubles in poor condition sold for £1,350 (many times its estimate) and a **City of Nicolaef 1912** £500 bond, 2nd issue, made £2,600 (again a multiple of the estimate). A **Kokand Namangan Railway 1910** £500 bond sold for £1,300. Amongst the commercial shares an **SA des 'Engrenages Citroen'/'Chesternia Citroen'** dated 1912 sold for £1,900 against its estimate of £600-£800.

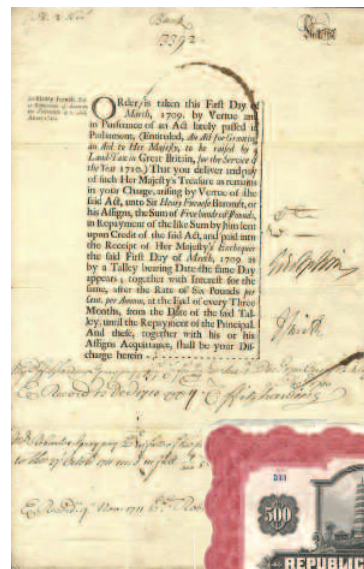
The Chinese section of 65 lots sold extremely well, often above estimates. A **1912 6% Treasury Bill** issued by the Deutsch-Asiatische Bank made an above-estimate £1,350, an **Austrian Loan of 1913** £100 bond went for £850 and a **Vickers Loan** £500 bond with original coupons £1,150. The auction also contained a very impressive collection of 1,740 **Japanese** bonds and certificates, estimated at £60,000-£70,000, but this lot did not find a buyer, and we understand that the pieces will be sold individually over the next few auctions.

The British section contained over 100 lots and included some important titles which have not been seen in auction before. For example a **British Motor Syndicate** of 1897 signed by **Thomas Humber** sold at a modest £120. The highest price was £700 for a large vellum document dated 1774 representing a share in the **Pantheon Theatre, London**. A rare **London & Croydon Railway** scrip certificate dated 1845 made a below-estimate £180, as did a **Waterlow & Sons** share from 1876. A small section containing five **Poyais** bonds was very actively sought with strong prices ranging from £140 to £340. Some of these are not in Gregg (*see News section*).

Australia was strong with all 31 lots selling, mostly above estimate. An **Anglo-Australian Investment Finance & Land Co** of 1890 made £100, and a pair of **Hannan's Development and Finance Corporation** of 1896 went for £120. The auction also contained 12 lots of New Zealand certificates, some new to the market, all of which sold. A pair of **Hauraki Gold Mining** 1896 fetched £120, a **Kathleen Gold Mine** 1898 made £55, as did an **Ethel Reef Gold Mining** of 1896 and a **Blagrove's Freehold Gold Mining** of 1898.

The US section was disappointing. However, a **Mobile Street Railroad** scrip certificate of 1893 signed by James Stillman did make £400 (\$745). Surprisingly a section of Confederate bonds was weak, but an **1863 Cotton Loan** £1,000 bond made £260, and a £500 denomination made £190.

As with Spink's April sale, the catalogue was liberally sprinkled with **Bradbury Wilkinson** specimen bonds and certificates, and again these were well received with some strong prices. A set of three **Tientsin-Pukow Railway** non-interest-bearing bonds dated 1938 doubled its estimate at £1,100, and specimens for the **Canton-Kowloon Railway** and the **Honan Railway** did the same at £700 each.



A 1709 Order of Payment for a £500 6% British government loan made £570 against an estimate of £280-£320

Two denominations of a 1937 Pacific Development bond – \$100 and \$500 – sold for £720 and £1,020. Neither of these as far as we know has been seen at auction before



A set of four specimen Imperial Russian Government 1894 Loan fetched £2,600 (estimate £800-£1,000)

LONDON COINS

Bracknell, June 7 and September 6

London Coin's numismatic auction in June included 157 lots of scripophily and achieved very respectable figures of 83% of lots selling for a hammer total of £12,673 (€15,900/\$25,000). In common with most UK scripophily auctions these days, room attendance was thin but the book was strong.

The Chinese section was very well supported with 33 of the 41 lots selling. Top price was a **Bank of China** share from 1923 which sold for £900, over its lower estimate of £600-£800. A **Chinese Sugar Company** 1-share of 1922 made £500 (estimate £200-£250) and a **Tientsin Cotton Yarn, Food and Bond Exchange Company** share of 1921 made £400 as did a **Shanghai Special City Loan of 1942**.

The British section had 36 lots of which all but one sold, but none of the lots passed the £100 mark, even though some contained as many as 20 certificates. The best individual price was an **Exeter & Crediton Railway** share of 1845 which sold for £70, while the bargain of the day was perhaps a vignetted **Wharfedale Railway** share of 1846 which sold for only £25. 65% of the US lots sold, three worth noting being a **Texian Loan** of 1836 at £520 (\$1,030), a **State of Louisiana Loan** of 1836 £150 (\$300) and a **Bull Creek Oil Company** share of 1864 £100 (\$200).

HIWEPA

Basel, September 20

100% sold

A crowded house once again in Basel for this 22nd event, which sold an amazing 100% of its 246 lots. The total realised on the hammer was CHF98,000 (€62,000/£49,000/\$91,000). This time the auction was not dominated by Swiss railway shares. However the highest price realised (CHF4,800) was for a share of the **Jungfraubahn-Gesellschaft** dated 1898, unissued but never seen before.

A rare German bank share, **Neue Spar-Casse der freien Hansastadt Bremen** was sold after a tense struggle and went back to Germany for CHF3,600 (€2,260). Another scarce bank certificate was the **Pommerschen-Ritterschaftliche Privat-Bank zu Stettin** 1856, 500 Thaler, sold for CHF1,900 (€1,190).

Amongst the decorative pieces, two familiar stocks sold well: **The Cariboo Gold Co** for CHF1,000 (\$920) and the wonderful **Fabrica de Faianças das Caldas da Rainha** share, 1884, for CHF5,000 (€3,140). The evergreen **American Express Co** share 1854 signed William Fargo and Henry Wells hammered at CHF1,500 (\$1,380) and a **Philadelphia & Lancaster Turnpike Road** 1795 signed William Bingham sold for CHF1,000 (\$920).

A fine Portuguese pottery company share of 1884 - Fabrica de Faianças das Caldas da Rainha (archive image)



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Not very happy with their purchases, two large-scale investors not usually in the scripophily market who had bought material in the Reichsbank hoard auctions II and III consigned some of it to FHW for re-sale in bulk. On October 3, the Day of German Unity, FHW presented this material at a special ticket-only event in a Frankfurt restaurant. For €88 participants were entitled to tea, coffee and cake in the afternoon, a champagne reception, a festive four-course dinner including drinks, and a happy ending at the bar including wine, beer, cocktails and long drinks. Oh, and a seat at the auction where some 250 lots were offered and 90% of them sold for €130,000 (£101,000/ \$175,000). Most of the buyers were mail bidders, however.

With the exception of a few pieces that had been taken out and sold, most lots were as out-of-the-Reichsbank-box. FHW's estimates for many of the lots were as at the Reichsbank auctions, although the hammer prices at that time were much higher, and FHW's start prices were at 80% of estimate. Most now sold within 20% of estimate. The highest price realised was €2,000 for 3,000 pieces of **Haffuferbahn-AG Elbing**, nowadays Elbag in Poland, and the same for 2,430 pieces of **Maschinenfabrik Esslingen**.

The next day, FHW held a conventional auction, this time offering 1,915 lots from many countries, of which they sold 41% for a total of €252,000 (£196,000/\$340,000), and followed this with a dinner and, the following day, a bourse. Russian scripophily dominated the auction with 58% of its 257 lots sold for €99,000 on the hammer.

Most of the high-value pieces that sold went at or just one step over the start price. A major exception was an unusual 1861 share of an ice skating club – **Schlittschuh-Clubb zu Frankfurt am Main** – which rose to €7,400 from its €6,000 start. Other high-value successes, selling at their start prices, included two Russian railway bonds – **China East Railway Company (Tung t'sing Rwy)** 1897 4% 100 rouble at €15,000, and **Cie du Chemin de Fer de Schouia-Ivanovo (Schuja-Iwanowo Railway)** 1895 4% 500 rouble specimen at €7,500. The highest-priced German piece – **Neue Theater-Actien-Gesellschaft, Frankfurt 1877** – did not find a buyer at its start of €15,000 but two other German shares did achieve their high starts – **Automobil- & Aviatik-AG** bearer share, Mülhausen-Burzweiler (Alsace) 1917 at €8,000 and **Bonner Bergwerks- und Hütten-Verein AG** founder-share, Bonn 1854, at €7,800.

Two early British shares, helped by vignettes and being on vellum, did better than their start prices – **Kent Life & Annuity Assurance** share 1808 at €520 (£404) and **Kent Fire Insurance Office** share 1802 at €510 (£396). Amongst US, a **Bank of Alexandria** share, Virginia 1801, sold above start at €1,300 (\$1,750). **Confederates** were mixed, some selling at their start prices in the €1,600-€2,000 range (\$2,100-\$2,700) (Ball 10,10A,12) and others at higher levels failing to sell (Ball 15 at €2,500, Ball 29 at €4,000).

A specimen 500-rouble bond of the Cie du Chemin de Fer de Schouia-Ivanovo (Schuja-Iwanowo Railway), 1895

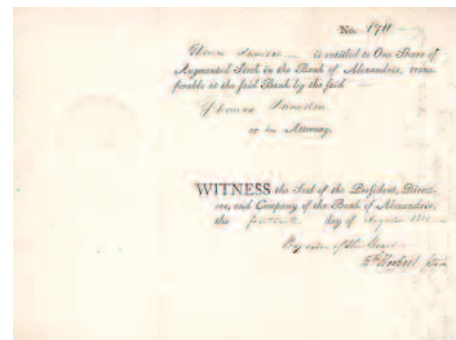


Despite its name, this is a Russian railway company bond and it sold for its start price of €15,000, the day's highest price



A Frankfurt ice skating club founders' share of 1861 was bid up to €7,400

Once again Akkermans offered the largest number of lots in this period – a whopping 4,460 scripophily lots amongst a total of 6,550 lots of financial paper. Most of the scripophily lots were 20th century Dutch and German pieces. 547 lots were sold – a big number but only 12% of the offering, much lower than in the March auction. Most of the sales were at €20 or less, some as low as €4, and the total came to €13,476 (£10,700/\$19,000). Things would have been much different had there been a bid for any of the 15 'highlight' lots. As it was, the highest price was €550 for an 1854 share in the **Antwerp Zoo**.



One of the few available early US bank shares – Bank of Alexandria, Virginia 1801 – sold for €1,300 (\$1,750) but would have made more if 2 years earlier

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BOONE

Antwerp, October 18

This was a very unusual auction – unusual for Boone and unusual for the whole market – because it offered only bulk lots for dealers: 966,868 pieces grouped in 812 lots of 100 to 110,000 identical pieces. Nevertheless with over 50 dealers and collector-dealers present it attracted more room participants than most collector-oriented auctions these days. Except the Reichsbank auctions in Germany and perhaps some archive sales in the US, this was the biggest scripophily auction ever in terms of quantity. According to Boone, the huge quantity of material was largely the inventory of three people, going back 20 to 30 years. Most certificates offered had been seen before, but not in the quantities offered in this sale.

Overall, the sale brought €244,000 (£190,000/\$325,000) and 52% of the lots found new owners, mainly dealers, especially people active on eBay. The US pieces were shared broadly equally between US and German buyers, but overall most of the successful bidders were German. The biggest single buyer, however, was American and the second biggest was from Eastern Europe. There were some significant British buyers. Nobody bought more than 10%.

The material originated from 55 different countries, the most widely represented being Belgium, France, Russia, Spain and USA. While Belgian results were rather weak (especially on the bigger lots, say 1,000-plus), France did better and the Spanish and US lots almost all sold. Russians were very mixed: only one lot out of 23 lots of railway bonds managed to sell and also only one lot out of 29 lots of internal State Treasury bills (in small quantities, which had been tacked on the end of the main sale). In contrast three-quarters of the other Russian lots were sold, often well above start prices.

There was strong competition for European decorative items. It was mainly the more modern and cheaper lots without vignettes that didn't sell. Sales included 186 shares of **L'Africaine**, a very attractive bank share in the Belgian Congo, selling for €1,300, 843 **IBM** stocks which sold for €2,400 (\$3,200) and 15,017 shares in the Franco-Russian **Ateliers & Chantiers de Nicolaïeff** which made €11,000. Start prices for the US stocks were low, which led to energetic bidding and in many cases a much higher hammer price. There were just three British lots – two of the **Howe Machine Co** (bicycles and sewing machines) 1889 shares in French, one lot of 2,139 pieces selling at €8,000 and the other not, and 3,018 Belgian international deposit receipts in Robert Maxwell's **MCC** which were not wanted at €200 the lot!



1850s railroad shares at \$2 a piece: Pittsburgh, Fort Wayne & Chicago Rail Road shares 1856-57, 758 pieces for €1,200 (\$1,600), double the start price



IBM shares 1962-82, 3 types, 843 pieces in all, sold for €2,400 (\$3,200)



L'Africaine: a bank for colonial enterprises, Belgian Congo, issued in Brussels 1898. 186 of these sold for €1,300

Dealer Sale

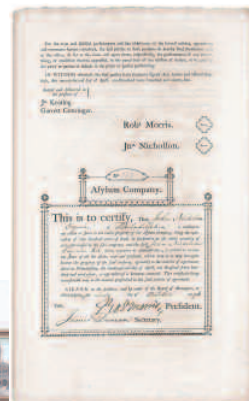
SPINK SMYTHE

New York, November 7

This auction was exclusively scripophily and had 618 lots for sale, of which 56% were sold, totalling \$73,512 (£46,500/€57,500). The top priced piece was a **United States \$20 3% Loan of 1898** (Hessler X-188G), which went for the same price as another example in the July auction, \$4,250. A fine early piece, a **Province of the Massachusetts Bay** bond of 1773 signed by **Samuel Adams**, later a signer of the Declaration of Independence, again failed to sell, even at a reduced estimate of \$12,500-\$17,500.

There were some low prices amongst 100 non-US lots, such as the picturesque 1851 share of the Brussels Zoo – **Société Royale de Zoologie** – 'with two small tape repairs', sold for \$110 (€86), and the colourful **Cie des Installations de Bruges** 1904 at just \$70 (€55). Both of these had been left with the auctioneers unsold in the July auction, at the same estimates of \$200-up.

An unusually fine example of the 1794 share of the Asylum Company, a Robert Morris scheme to sell land to displaced French aristocrats, signed by Morris, sold for \$3,250



1904 share in the Compagnie des Installations de Bruges, Belgium, sold for \$70, well below its estimate of \$200-\$300

HHW

Vienna, November 22

HHW's 80th auction made a €50,000 turnover (£43,000/\$65,000) just as in their two previous auctions. The event took place in the Vienna casino, right in the centre of this magnificent city.

The auction's top-priced lot was an 1873 printer's proof bond to finance the building of a new **Vienna Stock Exchange**. Starting at €2,500, it sold for €4,500. The majority of the 432 pieces that sold (51% of what was offered), did so between €50 and €100. Most pieces were issued in Vienna, Budapest or Prague as well as some smaller cities of the former Austrian-Hungarian Empire. However, a few worldwide pieces were offered as well – a modern (1976) stock of **Merrill Lynch** sold for €75 (\$98) and a **Chemins de Fer Ethiopiens** for €160, a price about five times as high as on eBay these days.

Our next auctions:

12th auction:

Russia Only!

March 7th, 2009, Munich
(Germany) in connection
with Numismata!

13th auction:

May 15th to 17th, 2009,
Würzburg (Germany)

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Web: www.hwph.de

PORTAFOGLIO HISTORICO

Milan, October 18

Every auctioneer is nervous these days about the prospects for his auction, but **Alex Witula** was content with the outcome on this occasion, with sales of 77% of the 377 lots, for a total hammer-price of around €40,000 (£31,000/\$53,000). Surely 77% is remarkable, to say the least, in these difficult times.

Among the best hammer prices were €2,550 for a 1940 share of **FIAT**, €1,950 for a share of the great **Monte dei Paschi di Siena**, from 1702, €760 for the well known **FIAT San Giorgio** share showing a submarine built at the FIAT San Giorgio shipyard at La Spezia, and €750 for a **Cia Commerciale di Roma per le Assicurazioni Marittime**.

BONHAMS

London, July 16 and October 15

The July numismatics sale contained just 12 lots of scripophily of which 83% sold, achieving a hammer total of a mere £975. The October sale contained 26 lots of scripophily of which a healthy 92% sold. With one exception, an **Imperial Railways of North China** £100 bond from 1899, which made £70, all were multiple lots. The most noteworthy was a lot containing 10 **1913 Chinese Reorganisation Loan** £20 bonds, which sold for £920. The total on the hammer came to £3,600.

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This auction had the world's highest result in this six months with a hammer realisation of €401,000 (£327,000/\$512,000). The first part consisted of 1,341 lots worldwide other than Russia. Pieces from Asia, Africa, the US and Europe other than Germany met lukewarm interest, with the exception of 18th century papers.

Two 1730 life annuity funds of the French **Compagnie des Indes** sold at €1,000 each. A 1720 £1,000 share in an English company of the South Sea Bubble period – intending to trade with Germany but probably never starting operations – sold at its €3,200 start (£2,600). This had the splendid company name of the **Copartnership for carrying on a Trade in Masts, Deals, Timber, Etc, from Hanover, Bremen, Hamburg and other Parts in Germany**.

Amongst US, an **Edison Storage Battery Co** signed by **Thomas A Edison**, 1919, sold at its start €750 (\$960). **The Linde Air Products Company** 1911 share with **Dr Carl von Linde** autograph sold at its €900 start. Both the offered **Philadelphia & Lancaster Turnpike Road** shares, 1795 and 1796, the first signed by **William Bingham**, sold at their start prices of €650 and €500 (\$765 and \$640).

Germany was mixed. A 1921 certificate of participation in the **1 Fussball-Club Nürnberg**, at present in the Second Division of the German Football League (2 Bundesliga) rose from €1,100 to €2,200. A 1928 share of the **Darmstädter und Nationalbank**, one of the most prominent German victims of the 1929 world crash, sold at €1,100 after a €600 start.

A group of 70 Polish railway certificates sold at €3,600 (start €1,500) and a collection of 65 pieces from Lwów in Western Ukraine (Polish Lwów, German Lemberg, former capital of Galicia) sold at €2,200 (start €2,000).

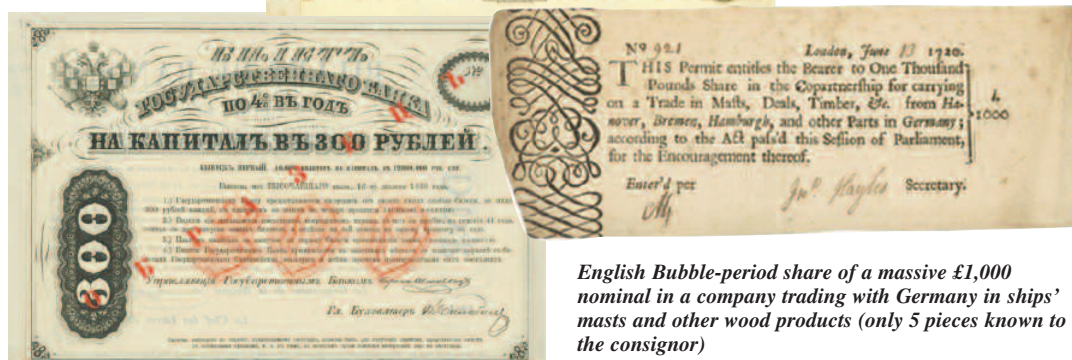
Once again Russia caused quite a sensation. 707 scripophily pieces presented in a separate glossy catalogue in the Russian language attracted some 10 Russian bidders to the auction floor. The auctioneer even learned Russian, well at least the numbers. With the support of his Russian-speaking wife, the auction was very lively and effective so that the English- and German-speaking audience sometimes had difficulty following the action. Egged on by telephone bidders and numerous mail bids, this created a total sale of €273,000 for the Russians, or two-thirds of the total auction turnover. No fewer than 55 Russian lots sold at €1,000 or more!

Two specimen Russian bonds achieved the two highest prices in the auction by selling at their impressive start prices – a **State Bank** 1861 4% 300-roubles at €17,000 and a 1915 **Imperial Government Loan** 100,000-roubles at €15,000. Russian pieces flying high above their starts, after hectic bidding, included **SA A Khanjonkow et Cie** share 1914 at €12,000 (twelve times its start) and a '**Department Store GUM Red Square**', Moscow, 1891, 5% 500-rouble bond at €5,500 (€1,800 start). Perhaps the most startling to the auctioneer was a '**Savings and Loan Co-operative of the Mitau Agricultural Co**', Mitau (Jelgawa in Latvia today) 1911 250-rouble bank book at €1,000 after €75 start!! In contrast, internal **State Treasury Bills** were not much wanted: 30 were offered and only half sold, and those only at their start prices with no competitive bidding.

A *gemütlich*, cosy, get-together at a Montabaur hotel ended the day, and the next day saw one of the most lively bourses recently, at least in Germany, with 35 dealer tables from all over Europe and lots of collectors.



This American share in an industrial gases company, Linde Air Products, 1911, carries the signature of Dr Carl von Linde, so sold at its start price, €900 (\$1,150)



A specimen 1861 300-rouble bond of the Russian State Bank, sold at its €17,000 start price

English Bubble-period share of a massive £1,000 nominal in a company trading with Germany in ships' masts and other wood products (only 5 pieces known to the consignor)

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TSCHÖPE

Düsseldorf, November 8

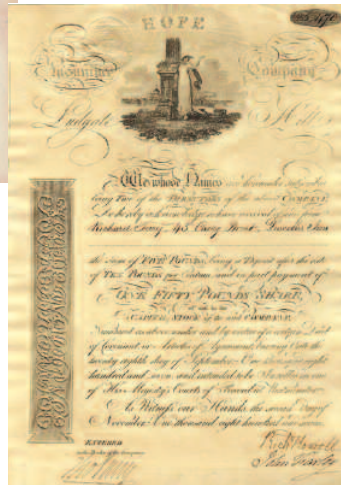
The 62nd Tschöpe auction achieved a percentage sold much higher than other German auctions, 69%, despite the absence of large numbers of good Russian material that considerably spices up the percentage sold as well as the turnover of other European auction houses. There were a good 25 people in the room despite the much bigger sale which took place at the same moment 100km away in Montabaur (see HWPB auction report). The total auction turnover was €116,991 (£95,000/\$149,000), a good half of it deriving from the 19 pieces sold above €1,000.

The large American section consisted mainly of 79 lots from a long-term German collector of better American items - railroad bonds and a dozen or so autograph pieces, from Robert Morris through Commodore Vanderbilt to Marconi. Roughly 3 out of 4 sold, often above the start price. A \$1,000 bond from 1867 of the **Central Pacific Rail Road Co of California** signed by **Leland Stanford** was the auction's top piece, selling for €10,000 (\$12,750), one step above its start price. As Californian governor, Stanford had no scruples about directing public funds to the railroad of which he was a shareholder and later president.

Pieces from other parts of the world were much wanted, especially the large number of decorative shares. All things considered, Tschöpe survived the financial storm which threatened all auctions this autumn, quite well.



A 500-thaler founders' share of *Bergbau-und Hütten-Gesellschaft zu Peine*, a predecessor company of today's *Salzgitter AG*, sold for €9,200



Hope Insurance Co share, London, 1807, sold for €240 (£195), below the prices that have been paid for this pretty early piece before.
A sign of the times no doubt



This Spanish share for a shipping line to Africa, *Cia Valencia Vapores Corredos de Africa SA*, showing a lion and an elephant amongst other exotica, sold for just €900 even though only very few examples have been seen

FHW

Berlin, November 29

This time there were actually two auctions, a classic one (1,356 lots) and a second chance to buy unsold pieces from previously offered collections, now at half the original start prices (881 lots). There was quite a lively auction floor with some 50 attendees so that mail bidders had a hard time. The total sale came to €195,270 on the hammer (£166,000/\$247,000).

Fifteen of the Russians and 10 Germans reached prices over €1,000, the Germans mostly selling at their start prices while the Russians were frequently bid higher. The highest price by far was made by an 1858 share of **Berliner Brod-Fabrik-AG** which fetched its start price of €15,000. The next highest were two Russians sold a couple of steps above their start prices - **Moskau-Windau-Rybinsk Railway Co** share 1901 at €5,200 and a **Russian Empire 4.5% Railway bond** 1916 at €4,400. An interesting share in a German-American sewing machine factory trading as **Pollack, Schmidt & Co AG, Berlin 1871, made its start price of €4,400.**

A 1905 **State of Bahia** bond, Brazil, surprised the cataloguer by selling at 10 times its start price at €2,500, up from €250. Certain Brazilian federal bonds can be redeemed against current Brazilian tax liabilities (see *News section*). Perhaps the same applies to this bond?

The 'second chance' part of the auction offered certificates from a brewery collection, an AEG collection, a mix of disparate collections like the chemical industry, Brunswick and Silesia. Perhaps that does not sound very attractive but at



half the original start prices, it was very successful. A telephone bidder was bidding on every brewery lot, and the floor was bidding against him, meaning two hours of bidding fights. The only downside was that the auctioneers could not stick to their time schedule. But in view of the payoff they could cope with it!

An 1858 share of a Berlin bread company which sold at its start price of €15,000



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Tentative Agenda

- Friday** Collectioners' get-together with spontaneous auctioning; bring along your collectibles and we will auction off up to 5 of your items at no charge.
- Saturday** Auction
- Saturday evening** Joint dinner – an opportunity to enjoy a few local dishes. A local distillery will demonstrate its wares. All you can eat for € 25,00
- Sunday** Guided tour of historical Gelnhausen; take part and look back on 800 years of history
- Bazaar; reserve one or more of our big tables (27" x 63") for € 50,00 ea. incl. snack and soda

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EVENTS CALENDAR

Most of the event organisers can be contacted via their details in the Membership Directory 2008 and/or in their ads in this issue. It is advisable to check dates with the organisers before attending as dates are sometimes changed at short notice.

January

- 15-17 * Spink Auction, NY
(Numismatic Collector's Series)
- 17 * Spink Auction, Hong Kong
(five Chinese lots only)
- 26 Gutowski Mailbid Auction
- 27 Spink Auction, London
- 30 IBSS Mailbid Auction
- 30-31 Northern VA Stock & Bond Show
Dulles Airport - rsschell@msn.com
- 31 IBSS Breakfast Meeting, Dulles Airport –
president@scripophily.org
- 31 * Daugherty Auction, Marlboro, MA
- 31 Galileo Auction, Paris
www.galileoauction.com

February

- 18 – 20 Harmer Auction, Bethel,
Connecticut
- 21 HSK Auction, Hamburg
- 28-1 Mar London Coins Auction, Bracknell *

March

- 6-29 * Akkermans Internet Auction
- 7 HWPB Auction (Russian material only),
Munich
- 20-22 Boone Silver Jubilee Auction & Bourse,
Antwerp

April

- 5-6 * Maastricht Paper Money, Bond & Share
Show, Valkenburg
Eijssermans-Events@t-online.de
- 16-18 * Spink Auction, NY
(Numismatic Collector's Series)
- 25-26 FHW Auction & Bourse, Frankfurt

May

- 28 Spink Auction, London
- 15-17 HWPB Auction, Würzburg

* Scripophily with paper money,
coins or other collectables

H.R. Harmer and Archives International, LLC are proud to present...

AMERICAN BANK NOTE COMPANY

Archives Auction, Part IV February 18th, 19th & 20th, 2009 Bethel, Connecticut

This is the fourth sale of archival material from the fabled archives of the American Bank Note Company and its predecessor companies that we have had the honor to disperse in the last 2 years. There are close to 2000 lots of U.S. and Foreign stocks, bonds, U.S. banknotes, vignettes, and security printing ephemera that will be in this historic sale. This sale will include a significant number of discovery pieces new to the hobby. A few of the many highlights from this sale include the following . . .

- By the time we are done cataloging, we should have over 1000 lots of interesting and exciting Scripophily
- Over 250 lots of Railroad's including many scarce issued railroad stocks & bonds from an old time collection put together in the late 1970's and early 1980's
- Over 350 lots of foreign Bond & Share certificates including in depth offerings of Poland and Mexico as well as many exciting world wide certificates
- Also included are Proof, specimen and Issued Stocks & Bonds including Railroads, Mining, Foreign Shares, Aviation, Banking and numerous interesting & exciting Scripophily items
- Hundreds of issued, proof & specimen worldwide banknotes including a fantastic collection of early Mexico proofs and specimens
- Revenue imprinted documents from the U.S. including many rare RN varieties including RN-02 on unused check
- Worldwide banknotes & Security Printing Ephemera will also be included in this amazing sale

I am privileged to offer another amazing selection of rare and interesting Scripophily in our fourth auction to be held within 2 years and 2 weeks from the date of our first sale which was held in January and February, 2007. I feel that the many friends I have met and made in our passion of collecting, buying and selling Scripophily has made the hobby that much more worthwhile and has added an element that seems to be missing from most of the other hobbies. I look forward to the Annual Stock and Bond Show in Virginia and I wish there could be more that occur in the U.S. As far as this auction is concerned, I have added considerably more issued pieces to the sale than the previous three auctions combined. I was fortunate to have acquired an interesting old time railroad collection put together by an old time revenue collector years ago that should attract some interest. I have also dug up some old friends that I have been reluctant to part with, but I think it is time they found a new home. Some additional highlights from the sale will include over 350 foreign stock and bond lots with a number of areas hi-lighted, including Mexico, with over 90 lots of specimen and issued Scripophily; Poland, with over 40 lots of mostly specimen Bonds; 35 Specimen bonds and stocks from Colombia; Selections from Germany, France, Belgium, Hungary, Japan, China, Philippines and many other countries are represented.

Railroads will include over 260 pieces of issued and specimen bonds and shares including many unique or extremely rare items never seen before and possibly never again. Some of the many states emphasized include some new areas such as Wisconsin, with over 30 different certificates, with many rarities; Ohio, with a considerable number of items new to the hobby as well as other certificates that are rarely seen; New York, New Jersey and Pennsylvania have a considerable number of interesting and scarce items offered with many not seen before; 16 different Iowa certificates are being offered, many for the first time; Western areas such as California, Texas, Oregon, Montana, Idaho, Utah, Arizona, Washington and also Mexico are represented in the auction, with many scarce and rare items being offered. The Southern states are also well represented in this auction including certificates from North Carolina, South Carolina, Virginia, Louisiana, Kentucky, Florida and Alabama.

The last available Zoological Society of Philadelphia certificate will be offered in this sale, and I will be sorry to see it go. Another interesting group of Lionel certificates are included in the sale with the young boy with the electric toy train vignette. Sports will include baseball, horse racing and football certificates. There will be over 30 lots of mining certificates in this sale including the famed "The Gold Mining Company" Certificate from Arizona which was recently discovered in an old estate and is probably the finest one known. Additional topics will include finance, banking, breweries, aviation, auto, communication, entertainment, my favorite – "Miscellaneous" which could be about anything, as well as a selection state and local city and municipal bonds and numerous other subjects.

I hope you will find the auction interesting and exciting. Most of you who read the journal probably already get the catalog. This catalog will be just as large, with full color photographs as the previous three catalogs were. If you are not certain if you are on my catalog list, please email me at:

Robert@abnharmerauctions.com

I can also be reached in New York at 1-212-541-9500 if you have any questions or need help. Due to the cost of printing and mailing to Europe, the cost of the catalog will be \$25 U.S. including postage, (normally \$30 plus postage) for new bidders. Please let us know that you are responding to the ad for this price. Additionally, for members of IBSS, if you participate in the auction and are successful, we will credit you the full \$25 toward your purchase price. If you were a successful bidder in the past, and have not been receiving the catalog, please email me and we will correct this issue. Thank you again for your past and future participation in the American Bank Note Company Archives Auction IV.

Best Regards,
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Bethel, Connecticut

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**Additional information about the auction
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