

SCRIPPHILLY

APRIL 2010

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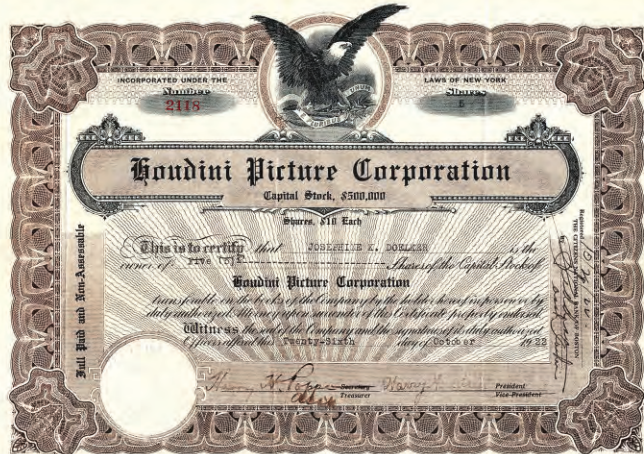




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The journal of the
INTERNATIONAL BOND & SHARE SOCIETY

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SCRIPOPHILY

IBSS AGM 2010

The 2010 IBSS Annual General Meeting will be held in the Spink Auction Room, 69 Southampton Row, London WC1B 4ET commencing at 18.00 on Tuesday, June 1. The purpose is to elect the Officers and Committee of the IBSS, review the Society's activities and accounts, and to discuss any matters which members wish to raise. The AGM is open to all members worldwide. Members wishing to raise resolutions and motions at the AGM should send these to reach the Secretary (contact details on page 2) as soon as possible. Strictly speaking, these should be signed by a proposer and a seconder, but if you do not know anyone who could second your resolution, you are welcome to send it to the Secretary anyway, and he may be able to find a seconder for you. You may ask for a subject to be discussed even if you are not able to come to the AGM in person.

The Agenda for the AGM will be published on the Society's website at the beginning of May. Members can request a written notice of the Agenda from the Secretary.

IBSS OFFICERS & COMMITTEE ELECTIONS

As noted above, elections for the IBSS Committee will take place at the AGM on June 1. New Committee members are always very welcome. If you would like to join the Committee or propose someone you think suitable please send names to reach the Secretary as soon as possible. If you would like to discuss it first, you should contact the Chairman or the Secretary (contact details on page 2).

Nominations will be published on the Society's website at the beginning of May.

SUBSCRIPTIONS 2010

Membership subscription renewal notices for 2010 were mailed with the December 2009 Scripophily. We are still awaiting renewals from 109 members, nearly half of whom are in the US. These members are receiving a further reminder with this issue. The Society can only flourish with more members. Although we receive a steady stream of new members we also need existing members to renew. An early response from those members who have not renewed their membership so far would be much appreciated. The current membership is 618. Last year at this time membership was 640 with 100 renewals outstanding, not much different from today.

Unfortunately, due to a printing error, the 10 year membership renewal rate for members paying in euros was incorrectly shown as €185 in the renewal notices sent out with the December 2009 mailing. The correct rate for 10 year membership renewals in euros is €165.

DIRECTORY 2010

We are planning to publish an updated IBSS Directory (of Members, Dealers and Auctioneers) this year. Please be sure the Membership Secretary (see page 2 for contact details) has up to date details of your postal address, email address, telephone numbers and collecting interests for publication in the new Directory. In particular we need your current *email address*. The 2010 Directory will contain advertising space, as before. The Directory is an opportunity to place your business before collectors on a continuing basis. Please contact the Membership Secretary for rates.

IBSS BREAKFAST: LARRY SCHUFFMAN ON US LIBERTY LOAN BONDS

You may have seen US Liberty Loan bonds in auctions in the past. If you were curious, your opportunity was the annual US Chapter IBSS breakfast held on Saturday January 30 in conjunction with the National Stock and Bond Show. Larry Schuffman offered us an extremely thorough and well illustrated presentation on the economic background, art, promotional activities and details about the various issues of these bonds during and after World War I.

Larry's talk was a real treat – well organized, presented and illustrated. It provoked many questions afterwards, one being what happens to the bonds that have been redeemed, i.e., turned in for payment of principal and interest. As scripophiles we are conditioned to think of hoards of cancelled bonds, but Larry advised that the redeemed bonds were destroyed like currency – shredded, and the few issued cancelled bonds on the market come from specific requests by citizens to have the voided bonds returned. Larry pointed out that these bonds are very rare. Of the original \$21 billion issued only about \$4 million face value remain unredeemed.

It's estimated that only a few thousand of these bonds (in all 5 varieties) are unredeemed. The first (1917) issue is particularly rare because it was called in 1935, instead of maturing in 1947, and as interest rates increased during WWI most people turned the earliest issues in for higher paying later issues/series.

These bonds are scripophily, but they also bear many characteristics of US currency, including common vignettes and the practice of issuing bonds with a star in the serial number (illustrated) to denote a bond produced to replace one spoiled in printing (these being quite rare).

Once again \$100 cash was raffled off to a lucky attendee. The call for a virgin to pull the raffle ticket failed at first, but Judy Schell volunteered in lieu of a more credible candidate. She pulled the ticket and George LaBarre won. Both protested that it had nothing to do with the two of them being seated together at breakfast. The organizer, Max Hensley, is expected to win next year.

We were honored by the presence of many scripophily notables, including John Herzog, former IBSS US Chapter President Richard Gregg and former IBSS Chairman Mario Boone. The total attendance was 44, comparable to last year.

LONDON BOURSE AND MEETINGS

Since the successful re-launch of the London meetings last October the attendance this year has become more modest, but the evening has remained just as enjoyable, with many adjourning for drinks and a meal afterwards. The meetings will continue to be held at Spink on the first Tuesday of each month for the rest of 2010 with the exception of August. Anyone interested in scripophily is invited to attend.

There's been increasing interest in a London bourse to buy and sell scripophily. We are fortunate to have found a generous sponsor to fund the cost of a room for the bourse, Michael Ramsay of Antiquepapermoney.com. This means we can offer free tables to collectors wishing to bring duplicates and for dealers to offer inventory, and of course there is no cost to the Society. This is the only UK scripophily show.

We have booked the Imperial Hotel, Russell Square, for Saturday June 26. The Imperial Hotel is actually in Southampton Row overlooking Russell Square, almost opposite Spink. The nearest tube stations are Russell Square and Holborn, the nearest main line station is Euston. Additionally St Pancras International, for Eurostar, is only one stop away from Russell Square tube station (or a 20 minute walk from the Imperial). The hotel has its own car park.

For further information contact either Mike Veissid at Spink, (+44) 7563 4075, mveissid@spink.com, or Bruce Castlo (whose details are on page 2 of this journal).



WHALE OF A BREAKFAST IN ANTWERP

Our yearly European IBSS breakfast again took place in Antwerp, this time at the 44th Boone Auction & Bourse on Sunday March 14. Roughly 40 collectors and dealers from all over Europe showed up and, besides enjoying a nice breakfast, received interesting information and news on scripophily.

After a welcome address by IBSS Chairman, Andreas Reineke, two Norwegian collectors from the Norwegian Society for Scripophily, introduced Norwegian scripophily. Chairman Per Otto Dahl discussed the history and development of the Norwegian Society. Two members' auctions are organized yearly. We were amazed to learn it has more than 200 members, a huge number for such a relatively small population. Members voted the Nasjonalbryggeriet (1899) (cover illustration) share as Norway's best looking certificate. The company was a brewery with a very short history. About seven examples of this share are known, one bringing \$1,925 including premium in 2009.

Leif Bjornes spoke about Norwegian whaling and its companies. The **United States Whaling Co** (SD; illustrated) was founded in Sandefjord, Norway, in 1910 by P Bogen. The share capital was NOK 1,500,000 (\$250,000 in today's money). The company location is given as Huron, South Dakota, perhaps indicating a connection with Scandinavian immigrants.

The **Alaska Whaling Co** (MN; illustrated) also was founded in Sandefjord, Norway, in 1911, with a share capital of \$315,000. One third of the capital was Norwegian, with the rest by Americans, many of them immigrants from Norway. The shareholders included Senator Knute Nelson (his statute stands in front of the state capitol building), born in Voss, Norway, Minnesota Governor John Lind and Minnesota State Senators W S Dwinell and L O Thorpe. The famous Norwegian polar explorer Otto Sverdrup was the leader of the company. Its whaling station was in Akutan near Unimak Pass, Alaska, with offices in Minneapolis and Seattle. The company operated under US flag the old ship "Admiralen" and two Seattle-built whalers, "Unimak" and "Kodiak".

The Alaska Whaling Co's first season was very disappointing. Only 310 whales were shot, yielding about 8,000 barrels of whale oil. Plus, the local population did not like the factory ship "Admiralen". Mr Bjornes says the reasons for the local distaste are unknown, but the ship was too small to allow butchering whales on-board, so he speculates that the whale offal lingered in the harbour, the company probably displaced local whalers and it created an enormous stench from boiling down whale blubber. The local government forbade use of the "Admiralen" so the company could not hunt any whales in 1913. The company was sold to the **Pacific Sea Products Co** in 1914.

The United States Whaling Co had a somewhat better history, but it was not a success for its shareholders either. It got into trouble with a big drop in whale oil prices in 1920-1. In June 1923 the company sold its three ships to the well known Norwegian Company A/S Rosshavet.

Less than ten examples are known of each of the Alaska Whaling Co and US Whaling Co shares, but there may be more in the US. They have brought \$200-300 in recent auctions.

Another famous Norwegian whaling company was **Kosmos** (illustrated), founded in 1910 by the famous whaling pioneer Christen Christensen from Sandefjord. The company had big plans but was no success for its shareholders, and the company ended its days in 1914 or 1915. It issued one of the most beautiful Norwegian shares. Seven examples are known. In the last auction in Larvik, 2007, one brought about \$2,300. This Company is different from the Kosmos Company, which the famous Norwegian Andres Jahre founded in Sandefjord in 1928.

Afterwards Mario Boone introduced the newest IBSS publication, *The Value of American's Great Fortunes* by Prof Dr Udo Hielscher. For more information, see the book review in this issue.



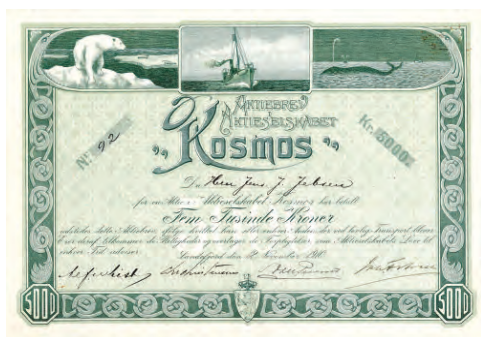
Left to right, Chairman of the Norwegian Society for Scripophily Per Otto Dahl, Auctioneer Mario Boone and IBSS Chairman Andreas Reineke



United States Whaling Co (SD), mysteriously incorporated a long way from the sea



Alaska Whaling Co (MN), an early multinational company, organized in Norway but incorporated in Minnesota with a substantial American contingent



Share of the Kosmos Co, an ephemeral whaling company whose sole enduring legacy was this lovely certificate

MEXICAN BOND UPDATE

Things have cooled off.

Grossly high prices for Mexican Government 1913 6% bonds remain a mystery – but it's increasingly clear it is not about scripophily. One of these bonds (the relatively scarce £100 denomination) was listed on eBay as a Buy-it-Now for \$9 million and a start bid of \$5 million (item 270529220971). The seller "cucolopez2009" commented that "this is hot in Mexico for PPP and collateral warranties on world," whatever that means. The serial number of the bond was not shown "for buyer security". The Mexican seller is not a scripophily person, judging from his prior transactions on eBay, including one with a seller named "cartridgeliquidation". Attempts to contact cucolopez2009 went unanswered. Despite the generous offer of free shipping the bond did not sell (Feb. 17, 2009). It was relisted at an enticing starting bid of \$1 million, but failed to sell again. Another of these £100 bonds was offered to us (no price) through our scripophily.org website, illustrated. The newspaper was a nice touch.

About 60 Mexican National Government bonds of various issue dates were offered at auction on eBay from December to March. The most common 1913 issue is the lowest denomination, the £20. These were bringing \$500 - \$1,000 early in the period, but prices have been weakening through March 18, when the last one went for only \$135.

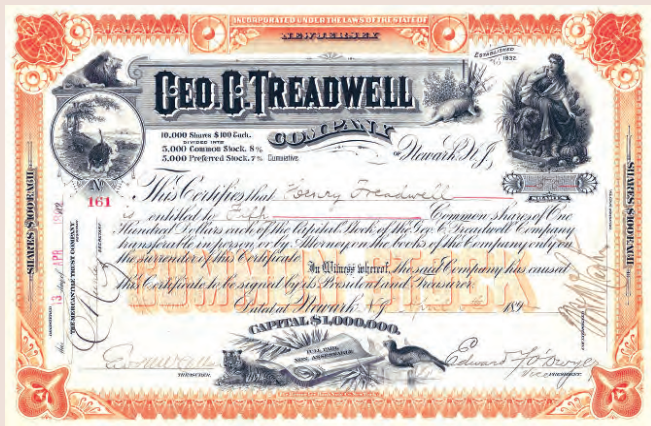
A £100 1913 supposedly brought about \$25,000 (£15,000) on December 15, 2009, to a weak bidding field (8 bidders, with the winner having no eBay record whatsoever – 0 feedback). It has not been possible to determine if the winner paid for the bond. However, the bond has not been relisted. This was the same denomination as the bond that was sold by Mario Boone on eBay for \$60,100 not three weeks earlier. Despite this shocking decline, a bidder with the same eBay anonymous designation as the one who bought the £100 1913 bond for \$60,100 went on to purchase an 1899 £200 and an 1899 £500 denomination on December 28, 2009, for a total of \$1,976.



Newspaper establishes bona fides of kidnapped 1913 £100 Mexican Government bond offered to IBSS

PUZZLER

Topical collecting is a favorite category in scripophily, and a popular one revolves around animals depicted on stocks and bonds. Here is an example, a certificate of the **Geo C Treadwell Co (NJ)** issued in 1894. The Treadwell Co was a well-established company having a factory in Albany NY and a branch store at 676 Broadway in New York City. This puzzler has two parts. What business was Treadwell in, and how many animals are depicted on this certificate? The answer is on page 20.



Interest in the 1899 and 1904 series of bonds, originally more restrained, has also fallen off in recent months. The 1899 £20, £100 and £500 denominations were averaging about \$300, \$700 and \$1,500, respectively, in December 2009, but recently prices have sunk to as little as \$282 for a £200 bond and \$338 for a £100 bond. Interestingly, another £100 bond, but without coupons, only brought \$91.

The 1904 \$1000 bond has been erratic but prices for these have been declining as well. From early December, 2009 to April this bond has brought \$2,034, \$1,525, \$1,000 (buyer did not pay), \$1,610, \$939, \$1,299, \$365, \$255 and \$725. Other Mexican national government bonds have been consistently bringing modest amounts at eBay auction, from \$36 for an 1885 \$25 to \$405 for a 1930 \$100 5%. These appear to have been largely devoid the speculation affecting the 1913 issues and, to much lesser degree, the 1904 bonds.

Archives International declines to confirm or deny whether the eBay buyer paid for the £200 1913 bond that brought \$80,100 as reported in the December issue of *Scripophily*. Rumors at the Dulles Show were that the deal did not close. Archives International politely refuses to comment in any way whatsoever on these Mexican bonds.

It appears that scripophily's shining hour of glory, its ascendancy into the realm of quit-your-job money, has now passed us by. Still, it was a nice ride while it lasted. Back to getting \$300 for 100 year-old, one-of-a-kind certificates with great vignettes. One ray of sunshine: we have a new (and our only) member from Mexico, to be listed in the Directory Supplement.

BOOK REVIEW

New IBSS publication: *The Value of America's Great Fortunes*, by Prof Dr Udo Hielscher



We are proud to present the fourth book in the IBSS series of the *Scripophily Library*. Entitled *The Value of America's Great Fortunes – a US Fortune Evaluation Index 1800-2000 illustrated with Historic Securites* this 96 page, full-colour work is authored in English by our long-time member Prof Dr

Udo Hielscher. Prof Hielscher is a retired professor of business administration and of finance. In this publication, the author offers formulas to calculate the value in today's dollars of stocks and bonds issued many years ago, and illustrates the process by determining the richest American ever in today's dollars. Was it C Vanderbilt, JP Morgan, J D Rockefeller, B Gates or somebody else?

The largest part of the book discusses twenty-eight of the – historically speaking – most important stocks and bonds in US history. From the **First Bank of the United States** in 1795, to a first issue share of the **New York Central Rail Road** (signed Erastus Corning), to a \$100,000 bond of **US Steel Co** issued to Andrew Carnegie. The items depicted were issued by history-making companies and were hand-picked by Hielscher on the basis of famous people who once owned and/or signed them and their (extremely) high face value (for example, a certificate of the **Southern Railway Co** representing 1,198,950 \$100 shares!).

Prof Hielscher includes a historical background of each item and calculates the current value of these shares based on their face value. Many of the examples represent – in today's value – millions of US Dollars. You can use Prof Hielscher's formula to determine the current face value in today's dollars of stocks and bonds in your own collection.

Society members volunteered to translate the book into English, and publication costs are covered by the selling dealers. The price in Europe will be in the neighborhood of €15. It is currently available in Europe from the following dealers: Mario Boone, Belgium; Matthias Schmitt, Germany; and Alex Witula, Italy. In the next few weeks, US dealers George Labarre and Scott Winslow will also market this highly remarkable book.

FRENCH GATHERING

On a cold day in early February, the two French scripophily clubs jointly organised a day full of scripophily in Paris. In the morning, 50 or so dealers from all over France showed their latest findings of posters, ancient books, postcards, old magazines and scripophily. While little in the way of significant new scripophily discoveries were offered, compensation was available via an excellent glass of French wine in the bourse bar. After a joint lunch, an improvised auction was held (each participant at the lunch was allowed to consign up to 5 pieces). Because of the low start prices and the good atmosphere (several bottles wine had been emptied by then), bidding was enthusiastic and great fun. The day ended with a bourse where all club members could sell off their duplicates.



From left to right, Michel Beauquier, President *Scripo Club de France*, Alain Boilay, Secretary *Paris Club L'initié*, Françoise Cifré, dealer (wife of the late Guy Cifré) and an unidentified member of the Paris scripophily club

SCRIPOPHILY BACK ISSUES ON SCRIPOPHILY.ORG

We are pleased to announce that all issues of *Scripophily* from 2000 to December 2009 are now available in pdf format on the IBSS website www.scripophily.org. Only members will have access to the most recent two years, but the rest ultimately will be available to the public. Access them by logging in and going to the library section. Downloading is fast and easy.

CLASSIFIED

Your Editor seeks Gatling Ordnance Co with Gatling signature (brought \$2,400 and \$2,300 in 1994, paying \$3,000) or without signature (\$900). Also Florence Land, Mining & Manufacturing Co (AL) (brought \$168 in 2000; paying \$275) and Standard Coal & Coke (TN) (\$190, paying \$300) maxdhensley@yahoo.com

Tom at tom@oba.co.uk wants issued examples of Netscape, Pets.com or NBCi. Paying €300 each.

COLLECTIONS FIND ENTHUSIASTIC MARKET AT NATIONAL SHOW



This was the 9th iteration of Bob Schell's National Show held January 29-30, 2010, near Washington DC. This year it was renamed from the Northern Virginia Stock and Bond Show in recognition its status as the only Western Hemisphere show devoted to stocks and bonds.

As usual, Bob and Judy Schell did a fine job in locating and organizing their show. It is nice to have a comfortable and convenient venue while dispensing with rental cars, congested airports and high priced hotels. Bob and Judy should get a vote of thanks from all of us for their hard work, including a drive to and from the polar regions of Wisconsin in mid-winter. Bob said, "considering the snow storm [during the show], the economy, and a conflict with a show in Berlin I was extremely pleased with the turnout for the show. We have a great group of dealers that really makes the show an event to look forward to".

This show saw the dispersal of two Maryland collections by collectors manning their own tables. Neil Frampton brought 130 proof, issued and specimen shares and bonds from his

comprehensive Maryland and Baltimore collection, and Ted White offered a smaller but quality group of Maryland material.

Neil has been selling his collection over the last few years, having dispersed much of his navigation material at last year's show. He's developed a reasonable model for avoiding the pitfalls faced by other collectors when trying to do this. He places high prices on his fresh material the first year, and then the next year substantially discounts unsold pieces. It takes a long-term view for this, however - and patience. As Neil described it, "while I would have preferred to sell the collection as a whole, I enjoyed sharing the interest and enthusiasm of other collectors and dealers who find things that appeal to them". Neil has been quite responsible about dispersing his collection, selling it now so that his heirs do not have to try to handle this complex and arcane task on their own later.

Ted White, a long-time bachelor who recently was married and has moved on to other interests, used a different model. Using his buy prices and the Whaco database, he enlisted the help of dealer Ted Robinson to help in arriving at final prices. He worked off a pile of invoices dating far back into the 1990s and was quite open about how much he had paid for things. For those concerned about appreciation, prices from those early days, before about 1997, virtually guaranteed a profit today. He and Robinson were extremely busy right from the opening.

The "do it yourself" approach is useful only if you enjoy the sweaty crush of commerce, are well organized and are fully up-to-date with pricing - or will enlist some help. But direct selling is part of the times, which has seen the erosion of the role of middlemen in collectibles fields. eBay and social networking sites like Linked-In and Facebook have enabled collectors to form their own contacts and, when it comes time to sell, these contacts and eBay now provide an alternative to classical sales venues. In smallish fields like scripophily it is much easier to make these contacts. It has become more difficult for dealers to find fresh material and to make highly favorable transactions to balance out the inevitable dud purchases. But dealers do have an edge when they have access to capital, maintain a lean business model and are aggressive at tracking down collections owned by reclusive individuals or disinterested heirs. Not everyone is prepared to take on the difficulties of marketing their own material.

Some dealers did quite well this time. According to Fred Fuld, "This show turned out to be my best show of all the Northern Virginia shows, and maybe even better than any of the Strasburg shows". Fred did unusually well - an informal poll of dealers showed sales to have been level or down 10 to 75% compared to last year, with one commenting that sales have been weak since late 2008. Bob Kerstein at scripophily.com sold a **Great Caribou Gold Mining Co** stock.

30 to 80% of sales were to other dealers, and about 90% of sales went to US buyers. Most dealers also were buying for their personal collections. Commodity material languishes, but rare items new to the market bring solid prices and considerable enthusiasm. A determined core of committed collectors is at the heart of US scripophily, but these have not been joined by many new collectors lately. According to Schell, floor traffic was "up about 10% despite the snow storm (Saturday afternoon); 8 or 9 new faces appeared in response to an ad in the *Washington Post*".



Left to right, seated, Olivier Stocker, Richard Gregg, Mario Boone, Mike Veissid; standing, Bob Kerstein, Max Hensley, Cliff Priest; background, Sam Withers



Judy and Bob Schell, organizers of the National Stock and Bond Show. Next year, same place, January 28-29



Left to right, standing, Linda and Chris LaBarre and Lee DeGood; seated, Bob Greenawalt

This show was essentially a wholesale show. That's not to say the offerings were cheap. On the contrary, fresh material brought formidable prices. Rather, it is that most of the buying is by dealers or auctioneers seeking material for resale. Collectors came from as far as Mexico, California and Canada, but collectors have exacting preferences and sometimes the odds of finding that San Antonio ice house stock are just not very good. The collectors who go away most satisfied are those who are flexible about their requirements.

In the past, our European cousins have made this show a big economic success for the dealers. In the early days (the 1990s), Europeans (Germans, mostly) arrived with inches-high stacks of \$100 bills and bought almost anything that folded. Oddly, even though the purchasing power of European professionals has increased greatly since the 1990s thanks to the decrepit dollar, only three attended this show (Olivier Stocker and Mike Veissid of Spink, and Mario Boone). It would be costly for a European to sell things

back to the US because of the appreciation in the Euro and the lack of comparable price appreciation in US material. This is probably locking up quite a lot of US scripophily in Europe – and quenching European interest in buying more of the same. The show had very little European material of any significance.

A highlight was the return of auctions – almost. I say “almost” because Virginia's turgid and glutinous regulatory regime makes auctions by outside auction houses in Virginia quite difficult. Thankfully, Spink Smythe brought all their Feb. 2-3 auction lots for preview, including the bulk lots. It is always important to inspect auction lots, so this aspect of the auction was very successful. It was helpful to have the Spink stock and bond principals Mike Veissid and Matt Orsini available during the preview, and Spink CEO Olivier Stocker stopped by to visit. Spink Smythe stayed right to the bitter end, long after many participants had fled in the face of heavy snow. Caleb Esterline has left the firm, thus almost entirely shifting the center of gravity of Spinks' back office from New York to low-cost Dallas. Auctions will still take place in New York, however.

One benefit of a quiet and more intimate show is the ability to just sit at the bourse tables and carry on a conversation. Inevitably, war stories emerge. Did you know that those ubiquitous **Pullman Co** certificates now on the market made a trip through a dumpster outside a Chicago library? It seems that the fire marshal had issued an emergency order that forced the library to get rid of them, but they were saved by the alert intervention of an ephemera collector.

Some of those US certificates you find with two file holes in the left or right margins also have a story. It seems that Neil Frampton, back in 1982, was offered the chance to bid on thousands of stock certificates accumulated by Baltimore's Mercantile Trust Co. This institution had been in the trust business since the mid 1800s, handling estates for residents of Maryland and the seaboard down to Georgia. This included custodial services for trust securities. Whenever a company went bankrupt Mercantile seems to have just held on to the certificates instead of mailing them back to the trust account owners. Each client had its own file folder. Certificates were hole punched in the margin and held in client folders by metal clips. Some files had one certificate, others had dozens.

In 1982 Mercantile decided to sell at sealed bid all of the certificates dated prior to the early 1930s. It was the height of summer, the warehouse was shut up and it was not air conditioned. Only one other bidder could endure the conditions and still get in a bid under short notice. Neil won the auction.

The most valuable finds in the hoard were auto stocks from the 1930s or earlier, and over 1000 oil and gas stocks from various decades, dating back to 1860 or so. Neil sold most of the auto stocks a year later through a Smythe auction, which paid off the purchase price and made Neil's wife Kay happy (buying certificate hoards in 1982 was a very gutsy move).

In summary, if you come to this show with a flexible collecting palate you will find quite a lot of interesting North American material in a sedate and congenial atmosphere at an inexpensive and comfortable venue. It's a snapshot of what makes stock and bond collecting fun.

THE TRAVELLER



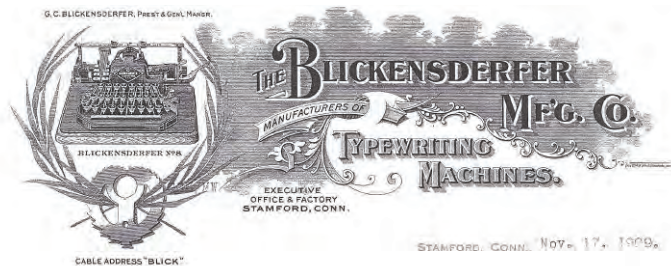
Miners in the 1897 Gold Coin Mines Co annual report, courtesy Marvyn Scudder Collection, Rare Book and Manuscript Library, Columbia University

NEW YORK, NEW YORK! This is the Lourdes of scripophily, what with the Museum of American Finance, Wall Street, Ellis Island, the Scudder Collection and visits to dealers and fellow collectors. Wait a minute! The Scudder Collection?

Moses L Scudder, head of the Investor's Agency in New York, in 1885 started a research collection on companies. Marvyn Scudder, the country's most famous stock detective, inherited the collection and added considerable material of his own. He published the *Marvyn Scudder Manual of Extinct or Obsolete Companies* in four volumes from 1926 to 1937, superseded by the *Robert D Fisher Manual of Valuable & Worthless Securities*, published by the Smythe firm. Scudder's Manuals are offered by on-line booksellers such as AbeBooks.com, although prices are high (\$500+). You could use the money to see Scudder's original source materials instead.

Calling the Scudder Collection a "collection" is like calling Versailles a building. Edifice would be more like it, since it contains more than three million pages of documents (411 "banker" boxes) on the financial history and organization of thousands of US and foreign companies. It is particularly strong in railroad, mining and New York City real estate companies. It contains a complete file on the Union Pacific Railroad, including the original offering statements.

Columbia University, known for such personalities as Dr Peter Venkman and Pres Obama, is the home of the Scudder Collection (acquired by donation from Scudder in 1921). It is administered by Columbia's Rare Book and Manuscript Library.



Letterhead of the Blickensderfer Manufacturing Co with the bad news for Mr Scudder's client. Courtesy Marvyn Scudder Collection, Rare Book and Manuscript Library, Columbia University

You ask, "why would anyone fly to New York City to spend time in a library?" Yes, the Traveller wondered that himself, but curiosity is a terrible taskmaster. Here are some observations from the Traveller's half-day sampling.

No stock certificates. Generally, the Collection contains prospectuses, state corporation department letters, investigation notes, analysts' reports, interviews, corporation correspondence and the like from about 1890-1940.

Find Background Information on Companies in Your Collection

There are many foreign company files, for example an annual report from the **Birmingham Small Arms Co (UK)**, **British American Bank Note Co** annual reports, and **British and African Steam Navigation Co** annual report 1915.

A note on the **British Columbia Railway and Development Co** containing info from a Mr Coffee that the Company had a charter for building a railroad in BC to Alaska and had already supposedly sold stock. Inscribed in the margin: "Mr. Wells believes he knows Coffee and says 'be careful' of information from him."

A 1909 letter from Mr G C Blickensderfer on letterhead (illustrated) reporting few sales of stock in the two previous years due to the Panic in 1907 and the **Blickensderfer Manufacturing Co's** (failed) efforts to produce an electric typewriter. The company survived to issue more stock in 1917 (illustrated).

A large file on **Boeing Airplane Co** with annual reports, bond prospectuses and investment analysts' reports – not all Collection subjects are dead companies.

Were Famous Personalities Involved with Your Company?

A prospectus for the **DuPont Copper Mines Co**, which showed no DuPonts involved (it was the DuPont "section" of the Searchlight Nevada Mining District) with a letter from the promoter offering to buy the stock back at 75% discount.

Where or What Was Your Company About?

A **Golden Gate Exploration Co** prospectus revealing that it was



Last gasp of the Blickensderfer Manufacturing Co (WV)

“exploring” for gold in the played out Sheepbranch mine near Angels Camp in California.

The **Gold and Stock Telegraph Co** was organized in 1881 to provide telegraphic stock and commodities quotes, but it was leased to the **Western Union Co** from 1882. It regularly paid generous dividends into the 1940s.

An **International Power Co** 1902 annual report showing that it was not a utility, as the Traveller had expected, but rather had exclusive rights to manufacture diesel engines. Its chief engineer predicted diesel’s ascendancy over large steam engines for ocean and rail transportation – a gutsy call in 1902.

I found similar things on about 30 companies in my collection. In many instances, Google searching had failed to reveal any of it.

Unfortunately, no complete on-line index of the Collection is available. This, plus a one week delay in getting boxes out of remote storage, means two trips to the Library – or you must guess which boxes will be useful and “take your chances.” There is an index of contents on-line at <http://www.columbia.edu/cu/lweb/eresources/archives/rbml/Scudder/> but this only lists the first and last file in each box – of marginal use when there are often 100 in a box. The Business Library has a physical card catalogue with a complete list of Scudder companies, but it’s not on-line. The Traveller picked his boxes by identifying “first or last” companies of interest and hoping for the best.

The Library staff is very helpful and co-operative. The Traveller ordered 21 boxes by email, quite a pile, with no push-back or charges. Columbia requires you to use their service to make copies at 25 cents/page plus postage. Contact the Rare Book and Manuscript Library at rbml@columbia.edu for further information.

Getting there: Take the #1 (local) subway to 116th St. and Broadway. The Butler library is a brief walk onto campus from the subway stop.



A LIVE BOND

A ‘live’ German bond was recently sold at auction for twice the price quoted on the Frankfurt Stock Exchange. As an investment the **2005 5-year bond from Lufthansa** can be bought and sold on the Exchange for about €100, but the auction price was approaching €240 including premium. Madness? The secret is that the bonds have ‘dematerialised’. They could be bought in printed form when first issued, but today a purchase on the Exchange results only in an electronic record of ownership, resulting in a scarcity of the bonds for scripphiliasts.

As 5-year bonds issued in 2005, these are due for cancellation in 2010. How many will be handed in for cancellation and archiving or dumping within the reach of collectors? It is interesting too that none of the annual coupons has been clipped from the bond just sold, resulting in a windfall gain for Lufthansa. Presumably the bondholder thought that clipping the coupon would reduce the piece’s collector value by more than the €3.62 interest.

In many countries the trading of quoted bonds and shares is illegal unless carried out by a regulated broker. But we understand the US SEC ignores sales that are so far above the market quote as to be obviously for collector or aesthetic reasons, and no doubt other countries take a similar line.

The coupon sheet and face of 2005 Lufthansa 3.625% €100 bond, attractively printed by Giesecke & Devrient. Bonds were also issued in higher denominations (Images courtesy RAAB/Kürle)





COX'S CORNER #7

Fun! Good for the body, soul and hobby.

I really *do* enjoy this hobby. I enjoy the history, the vignettes, the collectors, the dealers, and the challenge. I enjoy research, conversations, questions, teaching, and writing. I enjoy my database and web site construction. I enjoy tracking prices and I greatly enjoy watching global trends play out among individual collectors.

That is not to say I am fully satisfied. I'd like to have the money to collect the certificates I catalog. I'd like to speak and write German so I could correspond with more collectors. I'd like to have the time to catalog several other specialties. Still I get tremendous pleasure from this hobby and I get hundreds of vicarious thrills every time my long-time correspondents acquire new certificates. Unfortunately, I also worry about the state of the hobby. I worry where it will be in ten years. Will there be a sufficient number of active collectors?

Q. David Bowers, one of the most learned elder statesmen of numismatics, posed a similar question in the April, 2010 issue of *The Numismatist*. He pointed out that the American Numismatic Association has a current membership of 32,000, essentially the same membership it had in 1980. He asked, "Thirty years hence, in 2040, will we still have 32,000, or will we be a tiny group of 3,000?"

Mr. Bowers is actually optimistic about long-term prospects for the coin hobby and I agree. The ANA is doing everything humanly possible to promote and expand that hobby. The ANA has a large membership base and the hobby has a huge number of non-member participants, numerous publications, many auctions and a large group of active dealers. Hobbies like ours don't.

Addressing the issue of smaller collecting hobbies, Bowers quoted Dr. Arthur Groten, president of the Ephemera Society of America. "The demographics of groups like ours show a steadily aging membership. If we want to continue our mission to promote and preserve ephemera, it's imperative that we reach out to younger collectors."

I agree wholeheartedly with both the observations and desires of Bowers and Groten. I want our hobby to prosper. I want future collectors to experience the thrill of finding great rarities. I want them to have the opportunity to develop a deep understanding of the depth, breadth, ebb and flow of financial history. Speaking of finances, I want today's collectors to have future buyers.

One of my personal thrills is having contributors, both new and old, discover new sub-varieties that no one has ever spotted before. Because of my web presence, collectors all over the world can find me fairly easily. It gives them a way to communicate their discoveries to the hobby and I am most honored when they contact me.

Unlike many collecting hobbies, ours is perfectly suited to allow all participants to contribute, even the rawest of beginners. I argue that today's easy global communications make this the perfect time and the perfect hobby for everyone to become involved. In my opinion, *every* collector now has the opportunity to contribute.

Increased involvement, of course, increases the responsibility of those of us already in the hobby. We all must go to greater lengths to promote two-way communications. The old model of one-way communications between dealers and collectors, and between authors and collectors has become a liability. As uncomfortable as it may seem, all of us need to step up and promote better and more enjoyable communications. Simply put, the easier we make communications, the more likely our hobby will survive and possibly thrive. Survival will also depend on much greater access to information about certificates than we currently have. If communication is the backbone of our hobby, then the free-flow of information is the lifeblood. Currently, European collectors are greatly more fortunate than Americans. Based on conversations with dealers Mario Boone and Matthias Schmitt, there are thirty to forty catalogs and guidebooks available for European and Russian certificates, depending on how you define such references. I only know of eight English-language works that cover North American certificates, and that includes George LaBarre's pioneering guidebooks from the early 1980s.

By comparison, the coin and stamp hobbies easily have 100 to 200 times the number of information references! If our hobby ever hopes to attract new participants, it will need dramatically more information!

At the same time our hobby begs for more references, it needs renewed excitement. By that, I mean we first need to renew our *own* excitement. If those of us already in the hobby cannot get excited again, how can we ever hope to attract new collectors? I don't believe boredom will attract all that many new collectors. Yes, excitement means different things to different hobbyists. Bowers wrote in *The Numismatist* that, "The 'eureka moment' I might have had as a kid when I found a scarce cent probably would be eclipsed in 2010 by a hard-won victory in a computer game." Simply put, we will have a very tough challenge competing for the attention of new collectors. Nonetheless, every day we delay means fewer participants ten years from now.

I'll be 60 years old in a couple months, but I can still remember many of my discoveries as a young coin collector. That excitement would seem naive today, except that I believe everyone still hopes to find that kind of adrenaline in our hobby. We can certainly find adrenaline in well-attended live auctions and I wish there were many more. But adrenaline aside, I think we can all remember the excitement we felt when we first discovered this hobby. Let's revive that excitement with more camaraderie, more publications, more catalogs, more web sites, and more sharing of stories. I beg everyone, let's try to have more fun and let new collectors know that's one of our primary directives.

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.

THE BONDS THAT SPARKED THE CHINESE REVOLUTION

— MICHAEL MAHLER —

Imperial Chinese Government **Hukuang Railways** bonds are well-nigh ubiquitous in the marketplace. They were issued in 1911 by a consortium of banks in London, Berlin, Paris and New York, with serial numbers running into the six digits, of which hundreds if not thousands appear to have survived. A few bear New York State adhesive revenue stamps; shown here is a New York issue £100 bond with Secured Debt \$1 and Investments \$1 stamps paying New York's Investments tax in 1917 and 1918; this secured for the bondholder exemption from that state's onerous personal property tax. Coupon bonds of this era are generally large and spectacular – American bonds typically measure about 10 by 15 inches – but this one sets new standards on both scores. It is huge, some 16 by 22 inches as shown. Its design and execution by security printers Waterlow & Sons of London are equally impressive, featuring the facsimile seals and signatures of China's Minister of Posts and Communications and its Minister in Washington. Alongside is the countersignature of a representative of the New York banks J P Morgan & Co, Kuhn Loeb & Co, the First National Bank of the City of New York, and the National City Bank of New York. Beauty is in the eye of the beholder, and to my eye these Hukuang Railways bonds are among the most attractive pieces ever to bear stamps. Similar bonds issued in London, Berlin and Paris by the Hong Kong and Shanghai Banking Corporation, Deutsch-Asiatische Bank, and Banque de L'Indo-Chine, respectively, show the signatures of their representatives and of the Chinese Ministers to Great Britain, Germany and France. Only the relatively few stamped bonds are philatelically interesting, but all are historically important.

SURPRISING HISTORICAL SIGNIFICANCE

There is strong evidence that the controversial financing of the Hukuang Railway was the tipping point that sparked China's revolution of 1911, which overthrew three millennia of dynastic rule and led to the formation of the Chinese Republic the following year. No less qualified an observer than Sir John Newell Jordan, British Minister to Peking from 1906 until 1920, wrote with the benefit of hindsight at the end of his tenure that “the Hukuang Railway Agreement ... was the proximate cause of the downfall of the Dynasty.” (Woodhouse, 2004). The reader can be excused for finding it improbable that the terms of a railroad loan could trigger a revolution. The explanation is a tale worth telling.

INVASION VIA FUNDING

By 1911, nationalists had long protested the extent of foreign control of China's railroads. As summarized by Goetzmann and Ukhov (2005),

By most accounts the competition among the great powers to secure railway concessions during this period through a combination of political diplomacy and the financial might of their

capital markets was, in some ways, the high point of the age of Imperialism. At least it was characterized as such by contemporary commentators such as Lenin, who used the division of China into spheres of influence by foreign capitalists as the example of Capitalist Imperialism *par excellence*.¹

... Virtually all of China's railways constructed after 1895 were financed by foreign debt issues underwritten by European-led investment banking syndicates which obtained right of way, property concessions and promises of repayment from the Chinese Imperial government. Under the control of the bankers who financed the loans, Chinese railways were constructed, owned and operated by managers designated by the financial consortium. Certainly the most contentious feature of these loans was their provision for extra-territorial rights [by which foreigners enjoyed jurisdiction over portions of Chinese territory].

The **Chinese Eastern Railway** was a prime example of extra-territoriality. The Russo-Chinese bank issued a 5 million tael loan² in Russia in 1896 to finance the construction of a railway across Manchuria linking the **Trans-Siberian Railway** to Vladivostok. The railway and its right of way were entirely administered and policed by Russian officials, who controlled the receipts and disbursements. The line was, in effect, a little bit of Russian territory within China's borders, and issued its own currency. [Author's note: To this it may be added that a contingent of Russian troops travelled on each train, housed at defense posts erected along the line; that the Chinese Eastern Railway had over 20,000 Russian employees; and that until the 1920s over 120,000 Russians lived in Manchuria, accounting for a quarter of its population, most dependent upon the CER for their livelihood.]

The Hukuang Railways £6 million loan was the last in a long succession of foreign loans to the Imperial Chinese Government for railroad construction. No fewer than 27 such loans appear in the extensive list of Chinese external debt issues after 1861 compiled by Goetzmann and Ukhov (2005); the Hukuang loan was the largest, but three others were for amounts between \$19.6 million and \$22.5 million, and six more ranged from \$6.5 million to \$14.8 million.³ Just as numerous if somewhat less costly were 22 loans for war or defense, notably including a \$6.5 million bond issue in 1885 to finance China's defense against France during the 1880s. By far the largest obligations, though, were bonds to cover war indemnities imposed after China's defeats in the 1894-5 Sino-Japanese War and the 1898-1901 Boxer Rebellion, amounting to some \$100 million and \$300 million, respectively.

¹ Lenin, Vladimir Illyich, 1916, *Imperialism, The Highest Stage of Capitalism*.

² Strictly speaking, the tael is a unit of weight, equal to 37.8 grams. A silver tael was a monetary unit equivalent to about \$1.30.

³ The three largest \$19.6 million for the Lung-Tsing U Hai Railway in 1897; \$22.5 million for the Peking-Hankow Railway in 1899; and \$20.5 million in 1904.

CRIPPLING GUARANTEES

Loans to the Imperial Chinese Government would not have been attractive to investors without strong guarantees. As security for its many foreign loans, the Manchu government pledged the proceeds of a vast array of revenues and taxes, so that by the time of its collapse nearly its entire revenue stream had been diverted to foreign banks. The most lucrative and dependable source of security was China's considerable maritime customs revenue. This began to be attached beginning in 1866, and remained the preferred security for decades; it was the sole source of the massive war indemnities of 1895-1901, by which time virtually all maritime customs revenue was pledged to service foreign debt. New sources of security now had to be found, and subsequent foreign loans tapped the proceeds of various domestic taxes, most often salt and rice taxes and the 'lekin,' a tax on internal transit of goods. With each loan the government incrementally lost control of its own finances.

HUKUANG RAILWAY: A NEW BEGINNING

Construction of the Hukuang Railway was expected to break this mold. Hukuang ('lake plain') is a region in south-central China including the provinces of Hunan, Hupei, and portions of Szechuan. The Hukuang Railway was to have two branches: one from Hankow south to the port of Canton, the other from Hankow west to Chengtu in Szechwan. Construction rights for the Canton-Hankow branch had been awarded to J P Morgan's **American China Development Co**, but beginning in 1903 events took a radically different turn. The 'Railway Regulations' of the Qing Government enacted that year granted domestic companies the right to operate railroads, and in 1904 the Ministry of Commerce promulgated reforms designed to facilitate development of domestic corporations. In 1905, with the active encouragement of the provincial governor of Hunan and Hupei, a consortium of Hukuang gentry, officials and businessmen first lobbied successfully for compensated cancellation of the construction rights of the American China Development Co, then obtained contracts to build the road. The **Kwangtung Company of the Canton-Hankow Railway** had an auspicious beginning; its entire capitalization of 44 million taels (some \$60 million) was subscribed by Chinese investors rich and poor, making it the most successfully capitalized of all Chinese companies, by a very large margin. Most of the funds came from wealthy Chinese living abroad, but there was enthusiastic support from the populace as well. Shares were initially priced at only a single tael, and the *North China Herald* reported that,

Not only are the monied classes rushing to buy shares, but the poorest of the poor and even those who are supposed of no cash to spare and hardly enough to keep body and soul together are buying up one or more shares (Lee, 1977).

The contract for the Hankow-Chengtu branch was entrusted to the Hupeh Company of the Szechuan-Hankow Railway.



*Imperial Chinese Government 1911 Hukuang Railways
£100 bond with New York Secured Debt \$1 and
Investments \$1 adhesive revenues affixed 1917-1918*

THE NEW BEGINNING GONE AWRY AND UNDONE

The Kwangtung Company, though, was plagued by mismanagement and massive embezzlement. Its sister company, the Hupeh Company, raised only about 3% of its projected capitalization of 20 million taels. Years passed with no tracks laid or rolling stock purchased, and on May 9, 1911, the Qing government, bowing to diplomatic and political pressure, summarily nationalized all domestic railway development, and on May 20 re-awarded the contract to the afore-mentioned consortium of banks in London, Berlin, Paris and New York, which sponsored a £6 million bond issue to finance construction. The Imperial Government pledged as security the revenues of the railroad and the proceeds from six different taxes on salt, rice, and lekin, all of which are enumerated on the bonds themselves.

PRELUDE TO REVOLUTION

Until this point, opposition to foreign control of China's railroads and mines had come from two sources with different aims and motives: a popular revolutionary movement, and the more organized "Rights Recovery Movement" promoted by gentry, merchants, landowners and officials. The revolutionaries wanted nothing less than the overthrow of the Manchu dynasty; to them the government's surrender of rights to foreign governments and companies was just one of many objectionable policies. In contrast, the Rights Recovery Movement focused on foreign control of the mines and railroads, which it opposed primarily because it coveted that control for itself; it was essentially conservative and had no intention of overthrowing the Manchu government, on which it depended for the privileges it already enjoyed as well as those it hoped to gain.

After the abrogation of their Hukuang Railway contracts, though, the infuriated gentry fomented anti-government protests in Szechuan. As summarized by Woodhouse (2004),

[The gentry-merchants power group] demanded the cancellation of the Hukuang Loan contract. The provincial government supported this demand, for the provincial assembly was often made up of the local ruling class. The central government tried to pacify these groups without success. It proposed to exchange its railway shares for interest-earning government bonds, for the people in Hupeh and Hunan provinces. For the Szechuanese, however, it offered to redeem the sums spent solely for railway purposes rather than the sums actually subscribed. It was believed that such a policy was taken because Sheng Hsuan-huai⁴ had invested significantly in bonds in Hupeh and Hunan provinces but none in Szechuan province. The outraged Szechuanese groups protested that the government intended to sell Szechuan to the foreigners ... The local ruling class mobilized students, workers and peasants into their “patriotic” protest. On 5 August 1911 the Szechuanese banded together and convened the Defend Railways League, declaring their defiance of the Hukuang Railway Loan contract ... By mid-September, the protest took the form of rioting and street fighting, and the revolt quickly spread throughout the province.

Even so, the Szechuan uprising is not considered by historians to have been anti-dynastic in motive. The revolution is traditionally considered to have begun, not with the uprising in Szechuan, but with a coup at the Imperial Army garrison at Wuchang on October 10, 1911.

THE REVOLUTION BEGINS BY ACCIDENT

Wuchang, directly across the Yangtze from Hankow, was the nearest garrison to Szechuan, and two regiments had been sent from there to suppress the uprising. In their absence, the revolution began by accident. The Hankow/Wuchang region was a hotbed of revolutionary activity, and with the garrison depleted, plans for an uprising were accelerated. A significant percentage of China’s New Army harbored revolutionary sentiments, especially at Wuchang, where potential rebels numbered an estimated one-fourth to one-third of the troops, and many had joined revolutionary secret societies. On October 9, 1911, a rebel bomb maker secreted within the Russian quarter at Hankow accidentally exploded one of his products. The ensuing police investigation uncovered a cache of incriminating evidence, and within hours three revolutionary leaders were arrested and executed. Among the materials found was a membership list of the Literary Society, whose innocent name belied subversive goals, which included soldiers at Wuchang. Alerted to their impending arrest and probable execution, they staged a successful coup the following day, taking the garrison and the city. The revolt spread rapidly; by October 16 the Prince Regent had proclaimed the abdication of the boy emperor from the throne, and within six weeks, fifteen provinces had seceded.

TILTING AT WINDMILLS

The government of the new Chinese Republic pledged in 1912 to honor the debts of its imperial predecessor, and a succession of subsequent

governments made similar guarantees, with foreign loans always a high priority. In 1921 the Chinese government declared bankruptcy, and began defaulting on its loans, but interest on the Hukuang Railway bonds was paid until 1938, when Japanese invasion intervened.⁵ The government of the People’s Republic of China repudiated all such debts in 1949, but numerous lawsuits have been brought against it and the government of the Republic of China seeking redemption of various bonds.⁶ A quixotic 2005 judgment in a New York court, factoring in the stratospheric increase in the price of gold, placed the then-current value of a 1913 £100 gold bond at \$27.75 million!

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Location of the two proposed branches of the Hukuang Railway (adapted from Kahn, 1968)



Close view of the stamps. See http://www.revenuer.org/research_intro.htm

Dr Michael Mahler, a semi-retired philatelic auction cataloguer, has been since 1974 a collector and researcher of US revenue stamps. He is the author of ‘A Catalog of US Revenue-Stamped Documents of the Civil War Era by Type and Tax Rate’ (American Revenue Association, 1999) and 2001 winner of the American Philatelic Society US Champion of Champions exhibitions award.

⁴ Sheng Hsuan-huai was Minister of Posts and Communications, whose facsimile seal and signature appears on the Hukuang Railways bonds. He was also the Director-General of Mines and Railroads, and drew up the edict for nationalization of the railroads (Woodhouse, 2004).
⁵ On the bond shown here, and apparently on all surviving bonds, all coupons dated until June 1930 have been clipped, also those for June 1937 and June 1938.
⁶ A broad spectrum of defaulted Chinese bonds are available to collectors. For an overview see Kuhlmann (1983); for online offerings see websites of the China Bond Shop (<http://www.chinabondshop.com/collection/bond/eng/>), LaBarre Galleries (<http://www.glabarre.com/>), Numistoria (<http://www.numistoria.com/>), and others.

COLLECTING NEVADA MINING: 1900-1910

— BRENT BROWN —

TONOPAH! GOLDFIELD! BULLFROG! RAWHIDE! With each successive discovery, thousands rushed to cash in, creating towns or tent cities in a matter of months. “The discovery of high-grade ore in a new area resulted in a flux of prospectors, promoters (honest and otherwise), newspapers, stores, gambling halls, men looking for work, and the general riff-raff looking for an easy dollar” (Shamberger, 1970). Saloons and red light districts sprung up overnight. These hard rock miners worked hard and they played hard too. Born at the beginning of the 20th century, these Nevada boomtowns were the last vestiges of the old West.

Although Nevada is known as the Silver State, and silver had been dominant in its mining past, it was the gold and silver discovery at Tonopah in 1900 that brought new life to Nevada mining. The Mizpah Ledge, discovered by Jim Butler, became famous world-wide (a “ledge” is an ore-rich outcropping). Butler was headed to Klondike, 10 miles south of Tonopah, to visit friends, and camped at the Tonopah site for the night. “In the morning, his burros were gone, and after a brief search he found them near an outcropping which immediately attracted his attention. He broke off a chunk, studied it, and decided to take it with him to Klondike. The camp’s assayer gave Butler’s samples one look, declared they were no good, and eventually threw the rocks away” (Paher, 1969). Luckily, a few days later, Butler’s friend and later Governor of Nevada, Tasker Oddie, offered to have additional samples assayed by a friend in Austin, Nevada. “The results showed values of \$50-\$600 per ton - a real strike!” (Paher, 1969). This accidental discovery at Tonopah was no flash in the pan as the district ultimately produced \$146 million of ore between 1900 and 1940, according to the Nevada State Bureau of Mines.

Goldfield was next with the Sandstorm mine, located in 1903. The camp was such a huge success that in four short years it became Nevada’s largest city

with a population of 20,000. The city also boasted beautiful homes as well as world class hotels. According to Bessie Beatty in *Who’s Who in Nevada* written in 1907, “During at least three of these four years the attention of the entire world has been focused on this camp. The names of her mines have become common words on the Atlantic and Pacific coast ... Everywhere men talk Goldfield. Many who have never seen a mine are familiar with ‘high grade’. In Goldfield it is the only thing that counts.” The mines of Goldfield produced over \$86 million by 1940.



This Ruby Gold Mining Co certificate was issued in 1907 at Goldfield, Nevada. Hundreds of firms were operating at Goldfield by this time, most with limited success. This company likely operated only a year or two



The Rawhide Coalition Mines Co, a George Graham Rice promotion, consolidated eight claims totaling 160 acres on Grutt Hill, Hooligan Hill and Balloon Hill. The stock was then floated with a \$3 million capitalization by the Nat C Goodwin brokerage firm, with whom Rice was associated

Gold was found at Bullfrog in 1904. Shorty Harris and Ed Cross staked their claim and rushed to Goldfield to have their ore assayed. The first rock broken off by Shorty Harris showed \$665 per ton in gold, and other samples reached \$3,000 (Lingenfelter, 1986). Miners rushed to Bullfrog from Tonopah and Goldfield. In 1905, the Montgomery Shoshone mine was yielding ore as high as \$16,000 per ton! Lingenfelter called this mine “the new boss of Bullfrog”.

New mining camps sprang up in the vicinity including Rhyolite, the closest one to the Montgomery Shoshone mine. The sheer greatness of the Montgomery Shoshone mine along with the puffery of mining promoter George Graham Rice caused a stampede to Bullfrog the likes of which had never been seen in Death Valley. A rush of miners hurriedly left Goldfield and headed to Bullfrog. Telephone lines, electricity and railroad service came soon thereafter. With the opening of the Rhyolite Stock Exchange in 1907, seventy-four Bullfrog companies were listed and traded. But stock certificates, not bullion bars, were the chief product of most Bullfrog mines. The Bullfrog district produced little more than \$3 million.

On Christmas Day, 1906, Jim Swanson located the Poor Boy claim just north

of Grutt Hill at Rawhide. “The life of Rawhide was short, snappy, and complete. In the span of three years, it grew from two tents to a town of 10,000 people, was destroyed by fire, partially rebuilt, and then almost overnight practically deserted” (Shamberger, 1970). Most Nevada mining camps lasted between a decade and twenty-five years, but Rawhide was different. The boom and bust only lasted three years.

For the first time the automobile played a major part in a mining boom. Many loads of supplies were brought in by automobile to Rawhide from distant railway stations at Luning and Fallon. In addition, labor troubles at other camps brought many miners to Rawhide. Most of the Rawhide population had no money and at the beginning the town was mostly a tent city. Many of the workers in town were working without salary with 2,500 fortune seekers digging in the hills around town.

But Rawhide attracted some notables such as Nat C Goodwin, the comedian-actor who financed the Nat C Goodwin brokerage firm, run by the notorious George Graham Rice. In addition, Tex Rickard, owner of the Northern Saloons in Goldfield and in Rawhide, was a famous boxing promoter who had promoted the Gans-Nelson championship fight in Goldfield.

The town of Rawhide became famous nationwide in September, 1908 when a spectacular fire nearly destroyed the entire camp. Although there were rebuilding attempts, the fire doomed the town. By January 1909, only 2,000 remained in Rawhide. A year later, it was only 500.

Collectors today can visit many of the old mining camps in Nevada. You can drive through Tonopah and Goldfield on the route from Reno to Las Vegas. There is a terrific mining park in Tonopah that tours the original grounds where Jim Butler made his discovery. A trip to Death Valley can be made even more memorable by including Rhyolite and the Bullfrog district. Some ruins of the bank building and the train depot are still evident. But a trip to Rawhide won't yield much. My personal visit about ten years ago showed almost nothing to mark the existence of this great mining camp. Scavengers and bottle diggers had left little behind, not even pieces of glass.



A view of life in Rawhide, Nevada, circa 1907. Note how weighed down the wagons were, likely due to the town's remote location. Rawhide boasted a total of 90 saloons for its 10,000 residents, but only one church



The Yellow Tiger Mining Co operated at Goldfield, Nevada but was not a major player. This fancy certificate probably helped raise capital

The above mining camps all had a colorful history. A certificate collector can focus on one or all of them to put together a great and varied collection. I'm listing four wonderful reference books that are my personal favorites. These books are widely available and contain concrete information about the companies that issued many of the certificates you can collect.

***My Adventures With Your Money* (Nevada Publications 1986), George Graham Rice.** Originally published as a series of articles written in 1910 and in book form in 1913, mining stock promoter Rice covers the mining booms in Goldfield, Bullfrog, Rawhide and Greenwater. His trust company promoted dozens of mining companies, selling their shares at 10 cents each. With extensive publicity, Rice drove up the share prices and made lots of money in the process. According to Nevada historian Hugh Shamberger, Rice allegedly had a “sucker list” of 65,000 customers. Rice was ultimately convicted of mail fraud, likely for over-hyping and stretching the truth about his underwritings.

***Nevada Ghost Towns and Mining Camps* (Nevada Publications 1969), Stanley W Paher.** This is “the” guidebook to Nevada written by its pre-eminent historian. In 500 pages Paher features nearly every town that's existed in Nevada. With 700 photographs, maps and a complete index, this book is a goldmine of information about the mining camps and their histories. If this book doesn't get you excited about this collecting field, nothing will.

***Death Valley and the Amargosa, A Land of Illusion* (University of California Press 1986), Richard E Lingenfelter.** This fascinating book covers just about everything about Death Valley, including the towns, companies and the people involved as well as great background stories about the mining camps and their histories. Many important mining certificates are pictured and the book is a must have for any Bullfrog NV collector or anyone interested in Death Valley.

***The Story of Rawhide* (US Geological Service & The Nevada Dept of Conservation and Natural Resources 1970), Hugh A Shamberger.** Shamberger wrote a series of books about Nevada mining camps. “Rawhide” gives a great history of this fleeting and famous mining camp. Short bios on the principal players as well as some great photos make this one a winner. There's interesting information on the struggle to bring water into the camp. Two other sections about the production of the district as well as the Rawhide fire are valuable as well.

Brent Brown became interested in scripophily back in the early 1980s while working as a Stock Specialist and market-maker at the now defunct Pacific Stock Exchange. He continues to collect western mining stocks, documents and photos of the old west. As a dealer member of the IBSS, he attends paper shows and operates a webstore at www.westernminingstocks.com.

✚ SCRIPOPHILY FIRST AID ✚

— MAX HENSLEY —

We’ve all had the experience of looking at that wonderful new acquisition, taking it out of its holder for the first time, only to find that there’s a ‘problem’ – a margin tear, a spot you overlooked, or some other damage. This article deals with mishandled vintage shares and bonds – not cancellation impairments such as hole punches, cut outs, graffiti and so on. These are not mishandling, but are part of the official history of the document.

Many scripophiliasts say condition doesn’t matter. Indeed, this is a refreshing contrast to the ‘quality’ mania affecting coins, stamps, paper money, comic books, toys and many other collectibles. For example, *Numismatic News* lists the US 1921-S Walking Liberty Half Dollar at \$18 in the lowest grade, but \$275,000 for the very best example. Still, most of us will choose the unimpaired share or bond – and indulging this preference will cost something. Common material is virtually valueless with a significant defect, and diminution in value can be significant even with better pieces. You need to be aware of the impact that impairments have on value.

Obviously, the effect of impairments on valuation will vary depending upon how available the item is without the impairment, the prominence of the impairment and other factors. Common material will be more adversely affected than rarities. I polled dealers at the National Show in January for losses in value for various impairments to a mid-range item (\$100 - \$300) for which an unimpaired example is not available at the time. The consensus is shown in the table below.

Impairment	Value Loss	Impairment	Value Loss
Crease (major/full length)	5 – 10%	Paper clip rust	5 – 15%
Crinkling (widespread)	20 – 50%	Scotch Tape residue (front)	30 – 60%
Corner tip (1/4 inch or less)	5 – 15%	Slight Foxing ⁵	5 – 10%
Custodian notes ¹	0	Soiling ⁶	10 – 25%
Heavy Tone or Damp Stain ²	30 – 70%	Stain (small) ⁷	5 – 25%
Hole (file punch)	20 – 30%	Stain (large)	20 – 50%
Hole (small – staple, etc.)	0 – 10%	Tear limited to margin ⁸	10 – 20%
Ink spot or smear, small ³	0 – 10%	Tear into border and beyond	15 – 50%
Ink spot or smear, large ⁴	5 – 15%	Trimmed margin (one side)	10 – 20%

¹ Historical commentary such as ‘worthless,’ defunct’ or similar annotations

² Widespread – over half the surface area

³ < ¼ in diameter

⁴ > ¼ in diameter; larger deductions for substantial ink spots

⁵ At most, several small spots

⁶ Readily apparent grease and dirt, not removable with eraser

⁷ Includes paper clip or staple rust stains

⁸ Includes fold separations; these fall in the lower part of the range

Paper is a fragile medium¹. It is susceptible to light, heat, humidity, tears, folds, spots and other malignant influences, and neglect can be just as damaging – some damage occurs from doing nothing. Foxing (usually single point spots with brown halos) is the result of small metal fragments or impurities that react with heat and humidity. Light will tone paper and fade ink, while humidity and heat tone paper and encourage fungal growth and damp-stain. Atmospheric pollutants are damaging too. This is why you should never frame and display important pieces. Use a good copy instead.

So let’s assume your piece has not escaped one of these insults. You can leave it alone or have it repaired. Purists take the view that mishandling is simply part of the character and history of the piece. A Buffalo Bill Wild West Show certificate with a bullet hole from Annie Oakley should be left alone. On the other hand, impairments can diminish aesthetics – much like a hole in an oil painting will spoil artistic values – or they pose risk of aggravating further damage, as is the case with tears.

Having decided to repair rather than simply conserve the piece ‘as is’, the next question is ‘what sort of repair’? There’s considerable debate in the conservation field about permanence, i.e., should a repair be reversible to permit reversion to the pre-repair state? This view is more prevalent with documents of great historical value, where the integrity of the item ultimately would be compromised by an accretion of repairs and ‘fixes.’ This is a bit too ethereal for ordinary stocks and bonds. While we’re attached to our collections, it would be a stretch to put stocks and bonds up with an original printing of the Declaration of Independence.

For most scripophily, repairs are likely to cost more than the impairment depreciates the piece. Still, go ahead if you seek personal satisfaction and aesthetics, just don’t expect the repair to be profitable. Following are some typical impairments and some guidance on how to deal with them.

Soiled

Certificate soiling is generally the residue of finger oils and dirt that has been worked into the paper. This problem is more pronounced on the upper right corner of certificates (especially specimens), where workers thumbed the certificates, and on the back fold lines (especially folded bonds) where dirty hands and surfaces rubbed the exposed fold lines of securities packs. Sometimes these deposits can be so severe that they discolor the paper all the way through from the back.

An unusual soiling I have seen is ‘rub’ soiling, where ink from an adjoining document has rubbed off on the borders of intaglio printed (engraved) certificates. The soiling is not on the paper, but rather is

deposited on the raised ink surface left by the intaglio printing process. The ink looks discolored, but inks used on high quality printed engravings are extremely stable. When faced with bizarre color toning on high quality engravings, consider rub transfer.

You can remove minor soiling by careful use of soft erasers you can find at art supply stores (*not* the hard ones on pencil erasers). A recent discussion on the LinkedIn scripophily group revealed that it is important to use the eraser with smooth light strokes in a single direction *off* the paper (*not* back and forth), while holding the paper tightly around the erasure site with spread fingers of your other hand to prevent buckling and crinkling during the eraser strokes. Be particularly careful in the corners or near tears. It may take repetitions to accomplish your objective.

Conservator Karen Jones² adds, “practice on documents you don’t mind damaging. Vinyl erasers (MagicRub is one brand) and kneaded erasers are OK as well as vinyl eraser crumbs. Rubber degrades over time, so be sure to remove all eraser ‘crumbs’. If you are holding a piece of paper hard and your hands are not just washed, you can add to the problem with finger oil. Use gloves or a barrier sheet.”

Ripped Asunder – Tears

This is an impairment we know too well. When a tear occurs on a fold line we delicately refer to it as a ‘fold separation’. These are particularly annoying because they just appear, like trolls under the bridge, the moment we take our certificate out of its holder. Fortunately, remedies are readily available – you can paste ‘em or tape ‘em.

Archival tape is inexpensive and can be applied by amateurs. It stabilizes tears and can be removed later if desired. Archival tape is applied to the tear on the document’s back side. It comes in two basic forms, pressure adhesive and thermosetting. In the latter, the tape adhesive is activated by heat rather than pressure. Conservators recommend thermosetting tape because there is no cold-flow of adhesive into the paper after the tape is applied. Thermosetting archival tape forms adhesive bonds only when heated. For this reason, it can be removed later by heating or acetone. Thermosetting tape is available under the tradename ‘Filmoplast R’ heat set tissue³. You also should buy a tacking iron in order to avoid overheating your paper.

While tape is cheap, its edge shows when the document is tilted in the light. Japan tissue gives the least visible repair. I first saw a demonstration of this technique at the Paper Conservation Laboratory at the Winterthur Museum, where it is used extensively in the repair of tears (even large gaps and holes) in colonial-era documents. Basically, Japan tissue is a thin fibrous paper with long, randomly oriented fibers. Japan tissue comes in various density grades that can be matched to the demands of the job. It can be dyed with watercolor to match the shade of your paper. It is attached to the workpiece with specialized starch paste. It is not for the amateur absent professional training. Karen Jones advises that “experience with controlled introduction of moisture and empathetic choice of tissue and adhesive is what you are paying [a conservationist] for”.

I commissioned Carrabba Conservation, Inc.⁴ to repair several certificates with Japan tissue. The tears fell into two categories, fold separations (Fig. 1) and everything else (which we will call margin tears; Fig. 2). All of the certificates were American Bank Note Co engravings on high quality banknote paper.



Fig. 1 Fold separation before repair

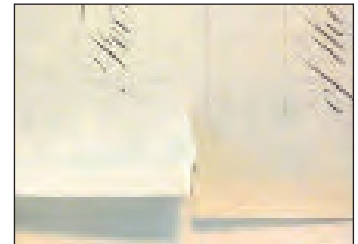


Fig. 2 Margin tear before repair



Fig. 4 ...and after repair

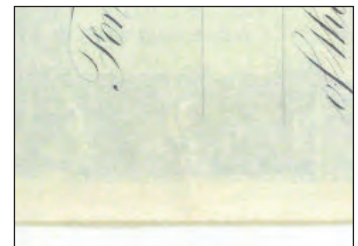


Fig. 3 ...and after repair

In general, these repairs were quite satisfactory. Japan tissue was effective in stabilizing the paper – the repairs were strong and let the paper fold naturally at the repair site. Repaired marginal tears left a fine, thread-like white ridge along the line of the tear. Only a few scattered fine strands of



Repaired severe fold separation is visible as a dark line (right fold in the margin), whereas normal fold lines look like ridges (left fold). A repair had been essential here because the 40mm-long separation was highly susceptible to further tearing

Japan tissue were faintly visible at the repair site on the back of the certificates. I showed the best marginal tear repair (Fig. 3) to three dealers at the National Show, and asked them identify ‘a repair’. They all were able to spot it quickly without the aid of a magnifying glass.

The dealers had a lot more trouble identifying Japan tissue repairs to fold separations. These were almost impossible to identify. In fact, I could not tell at first which of the fold lines had been repaired, and only one of the dealers was able to correctly identify it. The only diagnostic I can offer is that repairs of severe fold separations leave a slight gap at the tear, appearing as a fine *dark* line (Fig. 4) as opposed to margin tears, which leave a white ridge.

Professional Japan tissue repairs cost about \$20 - \$50, depending upon the conservator and the size of the tear. As such, they are fairly cost effective – especially for fold separations in valuable items. Repairs with thermo-setting tape cost about half as much, or you can develop the skills yourself.

Shot Through

Certificates are holed in a variety of ways – staples, ink erosion, punch outs for filing, corner clips (‘tipped’ corners), edge nicks, and tear-outs from staple removal or heavy seal embossing.

A few staple holes or seal embossing tear-outs are pretty marginal problems. Mostly, we ignore them as normal artifacts. More significant impairments, including missing paper such as corner tips or marginal punch holes, can be repaired with Japan tissue in essentially the same way as a tear – by bridging the gap from behind, usually combined with a ‘filler’ piece (leaf casting or heavier paper) to span the gap. These repairs will be expensive and will depend upon the size and nature of the gap. Holes in design elements should be considered irreparable.

Slob Attack

Klutzmacher tosses on the table the depreciated certificate that his broker promised would triple in price. He wonders where his family’s Christmas turkey is coming from. Irritably, he slishes his tea cup (with milk), spilling a few drops on the certificate. “Just as well”, he thinks, “I don’t care if Edison himself signed it”. 100 years later Klutzmacher’s spill is now *your* problem.

Coffee and tea spills are common sources of stains. Others are ink, glue, pest urine, finger oil, adhesive tape, wax drippings, toning, foxing, damp stain (fungal growth), and ink bleeding from water damage. Most stains are really deposits, i.e., colored matter that has insinuated itself in among the paper fibers. In some cases they form chemical bonds with the cellulose in the paper. That is why they are so hard to get rid of.

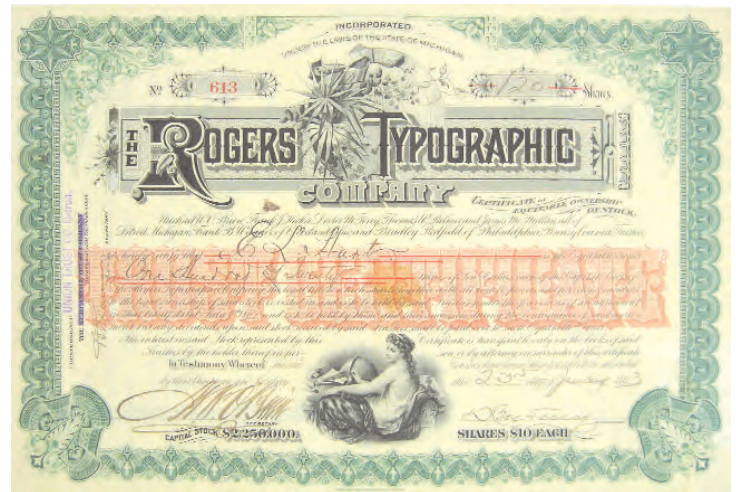
‘Scotch’ tape is a special problem. This tape consists of a polymer sheet backed by a pressure sensitive adhesive. It was designed for office use, not archival projects. Over time, the adhesive discolours and migrates into the paper, and the plastic layer cracks and peels. While it is possible to remove the plastic using carefully chosen solvents, the discolored adhesive is quite difficult to remove as it penetrates deep into the paper and cross-links, making it difficult to solubilize.

Karen Jones observes that “stains are usually very difficult to minimize at any price and treatments are determined only after testing all components of the paper since water and/or solvents may affect these components.” Indeed, in my experience, you should learn to live with stains, or not buy such material to begin with.

I asked Carrabba Conservation to remove a glue residue and stain. The glue was removed successfully, but it left a faint yellow stain that did not come out. See the ‘before’ (left) and ‘after’ figs. below.



I also asked Carrabba Conservation to deal with stains in two other certificates. The causes of the spots on the other certificates were unknown, but they were not ink. Attempts to remove these stains were unsuccessful, the illustrated Rogers Typographic share being typical.



This certificate looked the same before and after conservation. Stains should be considered permanent

Creases and Wrinkling

These are bends in the paper fibers up to and including fiber ruptures. A dealer at the National Show told me he relaxes creases by moistening the paper along the crease or wrinkle, placing it in a thick Mylar sleeve and working the crease through the Mylar with finger nail or dull implement, followed by pressing the certificate in a book press between drying paper. Note that there is always a risk when wetting paper. Conservationists tell me they cannot fully remove a crease because damage to the fibers is irreversible, but they can relax the crease considerably. The certificate in Fig. 5 had some severe crinkling at lower left, but most of it was removed by professional treatment.



Fig. 5. Wrinkling and creases can only be partially relaxed

Acid Paper

This problem is well known. Cheap wood pulp paper from the mid-late 19th century degrades to release acid, which in turn breaks down the cellulose fibers in paper. The result is browning and brittleness. Inexpensive stationery store stock certificate forms suffer from this problem the most, although it is surprisingly uncommon in scripophily because stocks and bonds were printed on high quality rag paper for the most part. While conservators have developed sophisticated techniques for treating acid paper, the stock certificates that would most need this are usually too cheap to make it worthwhile. Most likely, only valuable autographs on acid paper would justify these treatments. Even then, according to Karen Jones, “if a document is protected by a polyester sleeve and not handled much, deacidification is neither required nor recommended.”

Calling in the EMT

Some scripophiles become quite skilled at ‘home’ repairs⁵. They aren’t risking much with cheap material and they have a lot to practice on. But when the certificate is too valuable – either from a commercial or sentimental point of view – then call a professional. Most dealers at the National Show told me they don’t bother with repairs. The ones who do repairs tell me they relax creases and fix tears with archival tape, but that is about it.

In order to obtain a reasonably-sized sample for this article I commissioned repairs on 20 certificates – a variety of creases, tears and stains – at an average cost of about \$30 each. The conservators I used charged by the hour. Conservators’ hourly rates vary a lot, but typically fall within the \$70 – \$140 range.

The main problem I encountered was high cost and limited results. It is difficult to justify such expense, considering that one can stop a tear with nearly invisible archival tape, and more serious problems like stains seem intractable to professionals. In short, scripophily is not going to gainfully employ many conservationists at current market prices for shares and bonds. The one exception is fold separations. These tears easily propagate and need to be stopped, and Japan tissue repair is quite effective and virtually invisible. Members who have had experience with repairs are invited to share their experiences in a letter to the editor.

If you decide on a repair, the American Institute for Conservation provides a list of professional conservators by specialty at <http://www.conservation-us.org/index.cfm?fuseaction=Page.viewPage&pageId=495&parentID=472>

The author is Chief Editor of *Scripophily*. He has been collecting scripophily since 2000 and enjoys engraved and high quality lithographed artistic shares and bonds.

¹ For more on paper, see Hunter, Dard. *Papermaking: The History and Technique of an Ancient Craft*. New York: Knopf, 1947; New York: Dover 1978. This is considered one of the seminal works on papermaking. Scanning the chronology of events in the back of the book will give a good overview.

² 3050 W. Denver Pl., Denver, CO 80211; kjcodex@comcast.net.

³ I have purchased this and other conservation supplies from the Hollinger Metal Edge Co, www.hollingermetaledge.com. Businesses and conservators referenced in this article are sources. They are not necessarily recommendations by the author or IBSS. Members undertake conservation at their own risk.

⁴ 9002 Anderson Mill Rd., Austin TX 78729-4501; conservation@austin.rr.com.

⁵ If you’re tempted to use chlorine bleach for a stain, *don’t!*

PUZZLER ANSWER

The Treadwell Co was a furrier. If you said five animals, you missed the bearskin the woman is sitting on.

THE STATE BANK OF ILLINOIS

— BOB WATT —

This otherwise unremarkable stock certificate, number 50, is for 100 shares in the **State Bank of Illinois** at Springfield and is signed by the president, Thomas Mather and the cashier, N H Ridgely.

As was common at the time, the share price was printed on each certificate, and in this case, the bank presumably sold its shares to the public for \$100 each. This particular certificate for 100 shares was purchased by Samuel D Lockwood on July 20, 1836 and was part of an offering to raise additional capital for the bank – what today would be called a secondary offering.

What is unusual about this certificate is that Mr Lockwood was able to purchase the stock for \$1 per share, a substantial discount to the price clearly printed on the certificate. Who was Samuel D Lockwood and why did he receive such favorable treatment from the State Bank of Illinois?

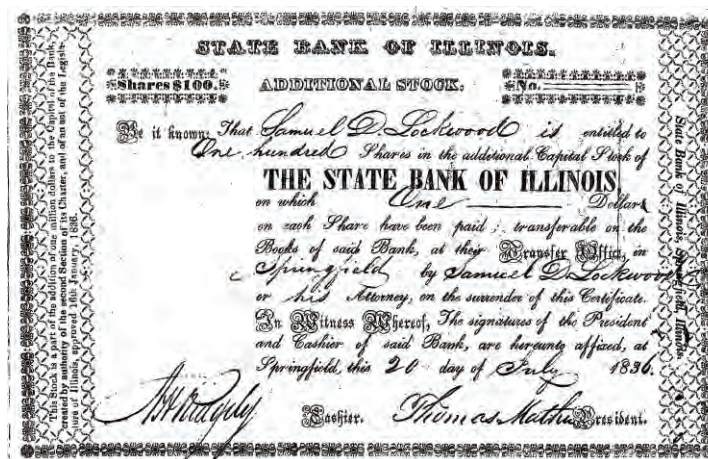
A little history about early banking in the US and Illinois will help to explain Mr Lockwood's good fortune. Under British rule, banking in the colonies was prohibited. Following independence, the new country had little experience with banking but merchants in the eastern states saw the need for banks primarily to finance trade with Europe.

Since none of the early states had banking laws on their books, it was necessary for bank founders to seek a charter to establish a bank through the passage of an act of a state legislature. The US was mainly agrarian at the time and banking was very controversial, but nevertheless, state legislators granted bank charters, but at a price. Bribes to legislators were not unheard of, states demanded and received discounted or free shares, as well as low- or no-interest loans and large cash payments in return for granting a bank charter.

Illinois became a state in 1819 and its constitution allowed for one state bank with branches. Its first attempt to establish a state bank was in 1821 with all of the capital going to the State of Illinois. The directors and officers were appointed by the legislature. The bank's ten year charter was not renewed in 1831 and the state began winding down the bank's affairs at a loss. Somewhat after the fact, the Illinois Supreme Court ruled in 1833 that the bank's notes were unconstitutional and void.

Undeterred, the citizens of Illinois were successful in securing a charter for a second State Bank of Illinois in 1835, the share represented here. The bank's charter stated that shares were to be sold to Illinois citizens only and the state had the option to purchase up to \$100,000 of stock if it chose.

Like most if not all state chartered banks at the time, the second State Bank of Illinois was a bank of issue, meaning that it was authorized by the



legislature to issue bank notes. The photo is a proprietary modern proof of a \$100 note issued by the bank in 1835.

In approving a second state bank so soon after the disastrous failure of the first bank, Illinois politicians were no doubt anxious to cash in on the huge influx of immigrants to the state from the east after the opening of the Erie canal in 1825. The population of Illinois in 1820 was 55,000 but by 1840 it had grown eight times to over 476,000.

The problem, of course, was financing the growth. Specie was scarce, mostly concentrated in the eastern states and redeeming notes issued by a bank in an eastern state for specie was inconvenient. Further, it was difficult to determine the value of notes from banks located in other states, a far distance from Illinois.

Therefore, the politicians of Illinois decided that the state once again needed its own bank to provide loans for mortgages and farm produce trade and to issue bank notes that were known to be of stable value and easily redeemable.

Shareholder information in the second Bank of Illinois is lacking, but in addition to Thomas Mather (bank president) and Samuel D Lockwood, other shareholders included John Tillotson, Godfrey, Gilman & Co and Samuel Wiggins of Cincinnati. Wiggins was a wealthy financier who loaned the State of Illinois \$100,000 to settle the debts of the first State Bank of Illinois. Participation in the second bank was probably part of the payback.



*Samuel Lockwood,
bargain hunter and
Associate Justice of the
Illinois Supreme Court*

Samuel D Lockwood practiced law in New York before coming to Illinois in 1818 when he met Thomas Mather. Lockwood quickly became politically connected and was appointed State Attorney General in 1821, Secretary of State in 1822 and Associate Justice of the Illinois Supreme Court two years later in 1824, a position he held until 1848.

Presumably, the bank’s founders believed that having a Supreme Court Justice among their major shareholders would influence court decisions in their favor and avert the earlier ruling that declared state bank notes unconstitutional in Illinois.

Ironically, one of the bank’s supporters was Abraham Lincoln, then the representative from Springfield in the Illinois House of Representatives. In January, 1837 he spoke in the state House of Representatives defending the bank against attempts by the house to investigate its operations.

In January, 1840, a joint committee of the Illinois Senate and House of Representatives held a hearing to investigate numerous charges that the Bank of Illinois was in violation of its charter. Among the charges was a claim that the bank was insolvent. The joint committee comprised of three senators and five representatives, including Abraham Lincoln, cleared the



Proof bank note of the second State Bank of Illinois. Courtesy Spink Smythe, New York

bank of all charges and declared it safe for the deposit of public funds. This notwithstanding, the State Bank of Illinois failed two years later in 1842.

Acknowledgements

Thanks to the Bloomingdale, Illinois Public Library for their help in tracking down research materials and to Dave Baeckelandt for inspiration.

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



AUCTION NEWS

WORLDWIDE AUCTION SALES DECEMBER 2009 - MARCH 2010

Firm	Date	Place	No. of scripophily lots offered	% sold by number of lots	Total sales including buyer's premium		
					€	£	\$
Tschöpe	12-Dec	Düsseldorf	417	31%	43,340	39,031	63,479
DWA	19-Dec	Wolfenbüttel	2,194	42%	112,100	99,971	161,065
Gutowski	25-Jan	Mailbid	1,369	51%	85,998	75,477	154,969
HSK	6-Mar	Hamburg	1,333	45%	177,000	159,725	241,817
		Germany	10,564	44%	418,438	374,204	621,330
Spink	23-Jan	Hong Kong	98	81%	20,050	17,603	28,393
Spink	28-Jan, 2/3-Feb	New York	1,545	44%	154,412	135,294	214,809
London Coin	6-Mar	Bracknell	81	90%	12,355	11,149	16,878
Boone	13-Mar	Antwerp	1,443	58%	215,050	195,804	294,726
Others			343	76%	11,067	9,837	15,745
		World	16,000	48%	€831,372	£743,891	\$1,191,881

EBAY

A nice hoard of uncanceled 1930s certificates emerged on US eBay in late December. The seller, a postcard dealer, had purchased the entire group at an estate auction for under \$100, including six **Pierce-Arrow Motor Car Co** 1934 (NY) certificates in green (the first sold at \$107.83), **Brunswick Railroad Terminal & Securities Co** 1933 (GA) in green (one in the hoard, unlisted in Cox's *Collectible Stocks and Bonds from North American Railroads 2nd edition* (2003)) sold for \$136.28 and **Nipissing Mines Ltd** (ONT) making \$157.74 (one in the hoard). Four rare **Isle Royale Copper Co** certificates in brown (NJ, but a Michigan Keweenaw Peninsula mine) sold in weekly succession for \$430, \$375, \$159 and \$215. The company was a bad 1930s investment, but modern scripophily benefited.

Fraud certificates had a good run in the eBay marketplace. On December 29 a **UV Industries** stock certificate issued to and signed by **Bernard Madoff** sold for \$910 (item #330388418890). In March 2009, Bernie Madoff admitted to running a Ponzi scheme which was likely one of the largest Wall Street frauds ever – with over \$65 million taken from the scheme's victims. A **Keystone Custodian Fund** certificate signed verso by Madoff as agent was listed and unsold for \$25,000 (item #330382512659). A single share of **Enron** sold for \$60, one-third off its January 2002 all-time high. All things come to those who only stand and wait.

An unissued uncanceled **Virginia & Truckee Railroad Co** share (item #380221277012) brought \$636 on April 9. Cox lists black and white lithographed 1860s certificates of the famous Comstock Lode line, but this Franklin Bank Note Co product appears to be a discovery piece. The seller said he didn't have any more.

An issued uncanceled **Indian Motorcycle Co** share (item #220573072152) sold for \$397 on March 23. Indian Motorcycle Co shares are available in specimen, and are occasionally found issued and cancelled, but are very rare issued, uncanceled. All issued examples are signed (apparently in facsimile) by **E Paul duPont**, a member of the famous family who decided explosives were not his thing. According to the seller this was his only one: "This certificate belonged to Charles Rosemund. Mr Rosemund's father and my grandfather worked at the Newport News Naval Shipyard during WW1. When Mrs Rosemund died, her son gave many of the Rosemunds' possessions to my mother. I found this lot when I was cleaning out the attic after Mom passed on".

Hint: eBay search results for scripophily include all 'Buy it Now' and other 'for sale' listings. While bargains and interesting items can turn up in Buy it Now, the volume of low value and common material in over 15,000 'for sale' listings is mind-numbing. Short of time? Focus on the auctions instead. To omit 'for sale' listings go to 'advanced search', tick the 'auctions' box under 'buying formats' and then click the 'search' button at the bottom. This step reduces the number of listings by about 90%.

Thanks to William Harper of Oldstockyard.com for contributions.

Contributors are needed for eBay sites in other countries. Please contact the Editor.



AUCTION REVIEWS



An unissued, uncanceled Virginia & Truckee Railroad Co share brought \$636 on US eBay on April 9. It is datelined Virginia, Nev, 18—; Virginia was the 19th century name for today's Virginia City



An issued uncanceled Indian Motorcycle Co share sold for \$397 on March 23, signed (apparently in facsimile) by E Paul duPont, an attic find

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.

DWA (DEUTSCHE WERTPAPIERAUKTIONEN) Wolfenbüttel, December 19

As part of their new auction structure, AG für Historische Wertpapiere (parent company of FHW, HSK and DWA) held their first public auction at their premises in Wolfenbüttel. They also introduced a new method of pricing (new for the group, that is) – estimated prices instead of start prices, and many lots sold below estimate.

The sale consisted of two special auctions presented in separate catalogues – a Reichsbank hoard sale of 1,240 lots, and the collection of a long time keen German collector, Helmut Lange, mainly world-wide railroads. His first 1,000 pieces were offered here; the second part is to follow in April.

Highest price in the Reichsbank section was for a **Haunstetter Weberei** (weaving mill) founders share 1,000 guilders, Augsburg 1856, sold for €2,000 (estimate €2,400-€3,000). This was a one-only in the Reichsbank hoard with only one other piece known previously. Breweries, always in demand in Germany, reached the next positions, like **Dortmunder Actien-Brauerei**, a 1,200 mark share of 1896 at €990 (estimate €1,000-€1,250) and **Erste Bamberger Export-Bierbrauerei Frankenbräu** at €720 for a 1887 share of 1,000 mark (est €800-€1,000). An **Adam Opel AG** RM10,000 share of 1941, professionally restored, achieved €470 (est €300-€800). A **Commerzbank AG** share 100,000 reichsmark of 1944, sold at €520 (est €600-€750).

Outstanding in the Lange collection was the **North Missouri Rail Road** \$1,000 state bond of 1838 at €1,600 (\$2,300) (est €2,000-€4,000). A **Kleinbahn Cassel-Naumberg AG** 1,000 mark share of 1904 reached €550 (est €200-€400). A **La Hispano Suiza** founders share, Barcelona 1904, 500 pesetas, sold at €500 (est €625-€1,250). An album of 125 certificates, 1720-1990, sold at €750 (est €300-€600). Another one with 52 railway certificates, 1839-1899, sold at €590 (est €400-€800).

The event achieved a total hammer price of €95,000 (£84,700/\$136,500) – €70,000 from Reichsbank, €25,000 for the Lange collection – with 42% of the lots sold.

GUTOWSKI Mailbid, January 25

From this mailbid sale of 1,369 lots, 51% were sold for a total hammer realisation of €72,880 (£64,000/\$103,000). As usual for this auctioneer, the vast majority of the lots were offered at low or medium prices. Only 35 had start prices over €300.

Are we seeing the first green shoots of a revival of US railroads? The auction included 180 of these and 95 of them sold – well above the performance of other auctions in the last two or three years, in USA and Europe. Many of those on offer have not often been seen but some more familiar pieces sold too. For example, a **South Mountain Railroad** \$1,000 gold bond 1873 comfortably beat its €325 start to take €420 (\$600) – its valuation in Cox is \$300.

The highest price for a non-German lot was €560 (\$800) for a 1795 **North American Land** share signed by **Robert Morris**, this one in exceptional condition. A British share for a Colorado mining venture, **Stratton's Independence Ltd** 1900, sold for €210 (£185/\$300), pushed up from a start of €120. A New Jersey share in the **Havana Central Railroad** issued in 1913 to **Baron Bruno Schroder** of the famous banking family and with his signature on the reverse rose to €130 (\$180) from €100 start.

More than half the lots were German and 54% of these sold, at prices from €20 (a share in **Waggonfabrik Jos Rathgeber** 1935) to €1,750 for a sugar share of 1873, **Altenburger Zuckerfabrik**, sold at its start price. €750 (£660/\$1,060), the start price, was paid for a **Bank der Tempelgesellschaft** share issued in Egyptian pounds in British-protected Palestine in 1935.

As last time, lots from 42 countries were on offer. Amongst 24 British, 12 of which sold, a seldom-seen and vignetted **Solent Steam Packet Co** share of 1841 went just above its €220 start to €240 (£210). Two British auto shares, **Abingdon-Ecco** 1908 and 1914, did not sell (start prices €80-€90). Russia sold 58% of 54 lots, the highest price being €200 for a **USSR government bond** of 1935 (start €125). The best of the French was an 1855 share in **Cie Gen des Mines Réunis** at €150 (the start price).

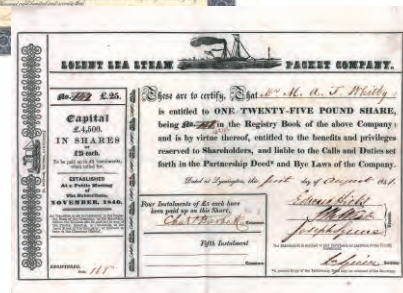


An 1872 share of Frankfurt's Zoo fetched €1,450 (start €1,200)



This magnificent South Mountain Railroad \$1,000 gold bond 1873 sold for €420 (\$590), double its valuation in Cox

A nice vignette on vellum helped this scarce Solent Steam Packet Co share of 1841 to €240 (£210)



SPINK SMYTHE

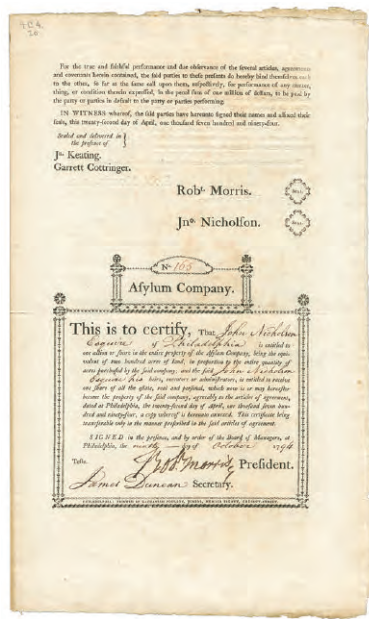
New York, February 2-3

Spink titled this sale 'Bonds & Shares of the Americas' and included material from Canada, Central and South America while excluding everything from Europe. However their biggest scripophily piece of the season was to be found not in this sale but in the Risvold Collection auction operated by Spink Shreves in New York five days earlier – a share in the **Fresno Mining Co** issued to and signed on reverse by **Samuel C Clemens** ('Mark Twain'), sold for \$42,500. The room was packed. In contrast very few bidders attended the scripophily sale on February 2-3, most of the bidding coming from Spink Live on the internet, which worked well. A total of 1,544 lots was offered, with 674 lots, about 44%, sold for a total of \$138,195 (£87,000/€99,400) on the hammer.

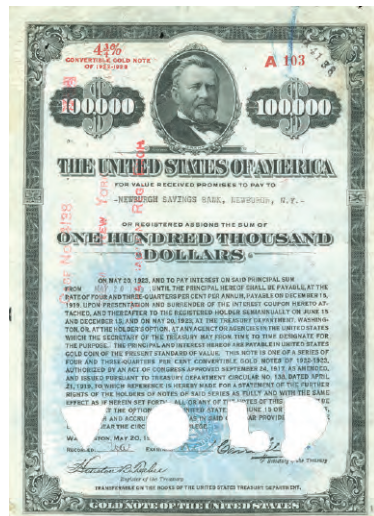
The piece selling for the highest amount was the item featured on the catalog cover, the **\$100,000 Victory Liberty Convertible Gold Note of 1922-1923**. The bond, which is scarce because of its high denomination and has a vignette of Ulysses S Grant, had an estimate of \$10,000 and was hammered at \$7,500. One item that generated a price far above estimate was a **\$50 Fourth Liberty Loan Gold Bond of 1933-1938**, dated 1918. The lot had an estimate of only \$500, yet sold for \$2,650.

Railroad lots made up almost a third of the offerings, yet out of the 500 such lots, only 138 or 36% were sold. The top selling railroad piece was a **Virginia & Truckee Rail Road** dated 1869 and signed by **Darius Ogden Mills** on the reverse and by **William Sharon**. The stock met its estimate of \$2,500.

The highest priced share was an **Asylum Company** certificate issued to John Nicholson and signed by **Robert Morris**. This extremely fine certificate dated 1794 fetched \$3,250 on an estimate of \$5,000.



This Asylum Company share of 1794 issued to John Nicholson and signed by Robert Morris is in exceptionally good condition for this piece. Despite this, it made only \$3,250 against an estimate of \$5,000



SPINK

Hong Kong, January 23

Spink's highly successful Hong Kong sale of coins and banknotes also contained 98 lots of scripophily of which an impressive 80% sold for a Hong Kong dollar equivalent to £14,700 (€16,700/\$23,700). Most lots were Chinese, with a few Japanese pieces.

Highest price was for a **Hukuang Railways £20 bond** issued by the American banks consortium which made the equivalent of £1,089. Other bond prices of note were a **1934 Sterling Indemnity Loan £1,000 bond** at £545, a **1919 Two Year \$1,000 Treasury Bond** which made £233, a **Pacific Development Loan of 1937 £327** and an **1898 Gold Loan, £500 bond** £389. The surprise of the sale was a **Canton-Kowloon Railway £100 bond** which made £420.

The highest price for a share was £934 for the very attractive **Banque de Cochinchine** founders share of 1920. Other prices were a **China Steam Ship & Labuan Coal Co** debenture of 1865 which made £233, a **Shanghai Lean On Insurance Co** share 1914 at £661, and a **Chung Wai Bank** share 1920 sold for £327.

IBSS

Mailbid, February 5

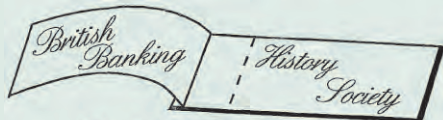
The Society auction was again well supported by members with 75% of the lots selling for a hammer total of £4,277. Most sections fared well, especially Australia, Canada and China. The US section was again weak although it did produce a few noteworthy prices. An **American Express** share of 1861 sold for £160 (\$250), and three turnpikes - **Centre & Kishacoquillas 1822**, **Butler & Mercer 1823** and **Centre Turnpike 1809** - made £80 (\$125) each.

In the Chinese section a **Hunan-Kwailin Railway** sterling treasury bond of 1938 made £176, a **Mei Feng Bank of Szechuen** share of 1937 fetched £111, a **Hankow City Water & Electricity** share of 1928 £79 and a **Hankow Light & Power** share of 1906 £71. Elsewhere a **Land Mortgage Bank of India** share of 1863 went for £60 and a **South American & General Steam Navigation** share of 1853 for £66.

The full results are listed on the bid sheet for the next IBSS auction.

The piece selling for the highest amount was a scarce \$100,000 Victory Liberty Convertible Gold Note of 1922-1923. It hammered at \$7,500

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

HSK

Hamburg, March 6

As usual HSK in Hamburg started off the scripophily auction year in Germany. The uncommonly tough winter prevented some collectors from travelling to Hamburg but nevertheless roughly 30 bidders filled the room. As always the event started with a lecture. This time Jörg Benecke, chairman of HSK's parent company AG für Historische Wertpapiere, was the speaker on the subject of the German piano industry.

The auction itself started with the foreign section of 563 lots. A US railway collection of 222 pieces, stocks and bonds 1835-1980, offered for €1,000 sold at €1,200 (\$1,640). An **American Nautilus Submarine Co** 1,000 shares \$100 each, New York 1856, was unsold at €1,800. The inevitable **Standard Oil Co** 1878, 55 \$100 shares with **J D Rockefeller** and **Henry M Flagler** autographs, sold at €2,500 (start price \$3,400).

Of the 76 Russian lots, 60% sold. The highlight was a 1881 share for 250 roubles of the **Insurance Company Rossija** at €3,400 after €3,000 start. A Swedish maritime collection of more than 500 pieces was first offered, unsuccessfully, at €18,000 total; then 100 lots were offered separately of which 43 sold for a little under €10,600. The highest Swedish price was for a 1782 200 riksdaler share of the **Svenska Ost-Indiska Compagniet** at €1,350 (€1,250 start). A **Fiat** collection of 13 different preference share specimens did not sell at €8,000. A 1925 **British Broadcasting Company** share of £1 sold at €500 start price (£450).

For once, history beat art - the highest price in the auction was paid for a totally non-decorative **Hamburg-Altonaer Telegraphen-Linie** share number 76 of 1838, very early for Germany, offered at €15,000 and sold at €18,500 (€16,600/\$27,700). The company's purpose was to signal the expected arrival in Hamburg of ships from Cuxhaven, at the mouth of the river Elbe. Also prominent in the German section was a 1905 1,000 mark share of **Brauerei Hermann Krüger**, Braunschweig 1905, which rose from €2,400 to €4,800. An 1861 **Actien-Verein Zoologischer Garten zu Dresden** share of 50 Thaler fetched €2,600 from €2,400 start price.

Overall 601 of 1,333 lots or 45% sold at just under €150,000 (£135,000/\$205,000). The event ended with a small bourse. For the first time tables for dealers and collectors were for free! Well, almost, as the host asked for a 5% turnover contribution. A group dinner at the hotel's brasserie ended the day.

The auction highlight was this **Hamburg-Altonaer Telegraphen-Linie** share 1838, sold at €18,500. The rubber stamp reads, in German, 'From the Alton collection of Adolph Möller'



An 1861 **Actien-Verein Zoologischer Garten zu Dresden** share of 50 Thaler fetched €2,600 from €2,400 start price

LONDON COINS

Bracknell, March 6

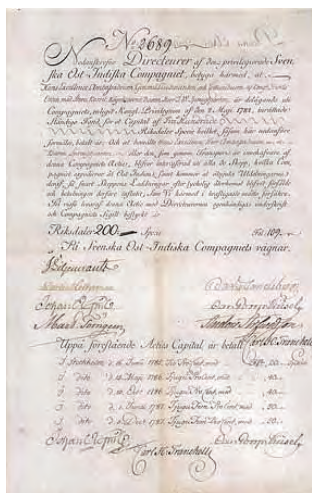
This mainly numismatic auction contained 81 lots of scripophily of which an excellent 90% sold for a hammer total of £9,529. Many of the lots were multiple offerings but there were also in this sale several individual items of note. In the US section four early certificates all made £100 or more, including a **Hartford Bridge** share of 1809 at £120 (\$180), a **Bedford & Stoystown Turnpike Road** share of 1824 the same and a **Danville Turnpike Road** share of 1815 at £140 (\$210).

The Chinese section contained 35 lots with all but two finding buyers, often above estimates. Prices of note were a **Bank of China** 1913 certificate for 10 shares at £850, a **29th Year Reconstruction Gold Loan** \$5,000 bond for £750, and a **Tientsin Cotton Yarn, Food & Bond Exchange** share of 1921 sold for £500. A previously unseen **Chinese Government Bond for Refunding Internal and Foreign Short Term Debt** dated 1922 for 1,000 yuan made £320 and a 100 yuan sold for £240.

In another coin auction on December 6 London Coin offered 103 lots of scripophily of which 51% sold for a hammer total of £4,186, the leaders being Chinese bonds.



A **Tientsin Cotton Yarn, Food & Bond Exchange** share of 20 yuan, 1921, fetched £500 in March (estimate £400-£450)



This 1782 200 riksdaler share of the **Svenska Ost-Indiska Compagniet** sold for €1,350 (€1,250 start)

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BOONE

Antwerp, March 13

Advertised as 'Europe's biggest scripophily event', this multinational auction and bourse saw 98 room bidders registered, a record for Boone. This year, though, the American continent was represented only by scripophiliasts from Mexico. The auction had a total of 1,443 lots and 58% were sold. The total of the hammer prices was €187,000 (£170,000/\$256,000). Statistically the best selling countries were Indochina, Belgian Congo, China and Portugal all with more than 75% sold. Of the 181 Russian lots 68% sold, still strong but no undue ecstasy any more. At the lower end was Greece at only 21%, followed by Netherlands, Hungary and Great Britain, all below 45% sold.

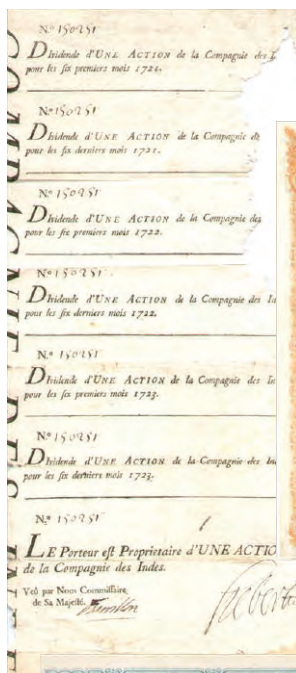
The top piece of the auction was a 1720 share of the French **Compagnie des Indes**, the only share known to have been issued under the regime of John Law. Offered at €10,000, eventually it went to a telephone bidder at €20,000 (£18,000/\$27,400). A 1770 share of the same company, in better condition, was unsold at €15,000.

The highlight of the US section, a 1797 share of the **Baltimore Insurance Company**, the earliest known American insurance share, found a new owner for €3,200 (\$4,400). A share in French, issued Antwerp 1846, in the **Société de Colonisation au Texas** made €850 (\$1,160) from €600 start. Great Britain's highest-priced pieces both sold at start price, a 1719 call receipt for shares of the **Governor and Company of Mine-Adventurers of England** at €1,600 (£1,450) and a 1794 **Kennet & Avon Canal** share at €1,000 (£900). A **London & Birmingham Railway** share 1833 sold at its start of €300 (£270), as did an 1835 share on vellum of the **Cornish St Gennys Mining Co.**

An interesting set of nine different printer's proof F500 3% bonds of the **Compagnie Universelle du Canal Maritime de Suez**, Paris 1879, one of them personally corrected and signed by **Ferdinand de Lesseps**, sold at €9,000 start price. A share issued to but not signed by Alfred Nobel, of the **Bergsprängnings-Aktiebolaget** (mine-blasting company), 1,000 riksdaler, Stockholm 1871, sold at €3,600, one step up from its €3,500 start.

The highest Russian-related sale was a **City of Warsaw** 4.5% bond of 3,000 roubles 1911, at €3,500 start price. Interesting to see was a **Landsbanki Islands** (National Bank of Iceland) specimen 6.5% bond of £500, Reykjavik 1924, selling at €850 after €800 start price. Described by the issuing bankers as the first Jewish bond in history, a specimen **Township of Tel-Aviv** 6.5% bond of £100, Jaffa 1927, sold at €1,700 (€€1,600 start).

The day ended with the traditional bus to a group dinner at a nice Antwerp restaurant. On Sunday a lively bourse ran all day, with dealers and collectors expressing satisfaction.



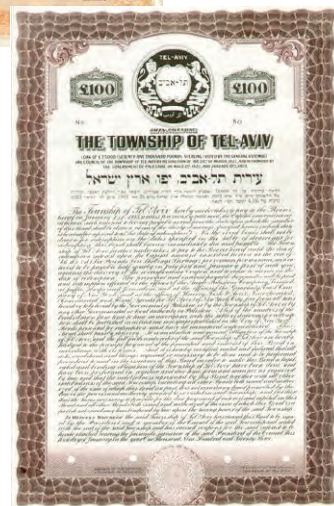
Top piece of the auction was a 1720 share of the **Compagnie des Indes**. With damaged coupons, it went to a telephone bidder at €20,000



A National Bank of Iceland specimen 6.5% bond of £500, Reykjavik 1924, made €850 after €800 start price

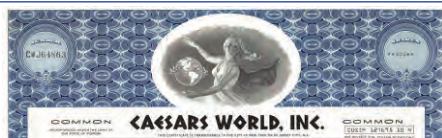


A share issued to but not signed by Alfred Nobel, in a Swedish mine blasting company, 1871, sold at €3,600, above its €3,500 start



This specimen Township of Tel-Aviv, 6.5% bond of £100, Jaffa 1927, sold at €1,700 (€1,600 start)

View the IBSS website. Fuller versions of these reviews with more prices and illustrations can be read on www.scripophily.org



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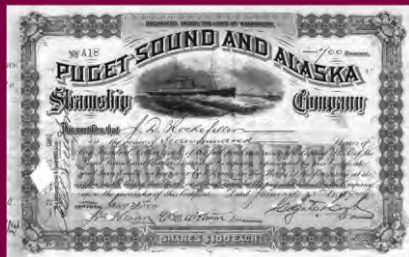
16th auction:
May 15th to 16th, 2010,
Würzburg (Germany)

17th auction:
Online-Auction
May 18th, 2010: 4 p.m.

18th auction:
November 13th, 2010
Wiesbaden (Germany)

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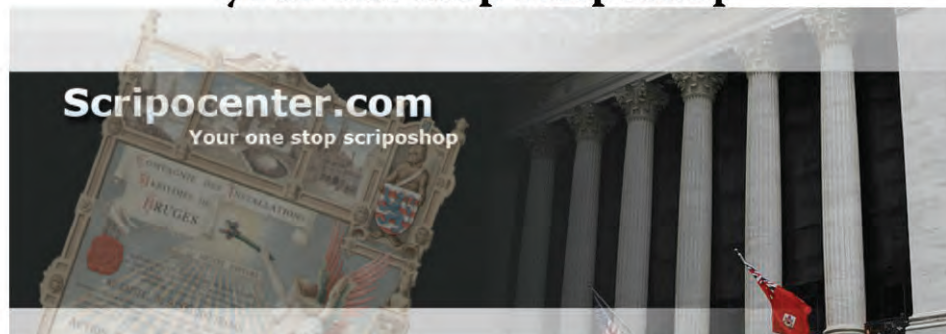
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EVENTS CALENDAR

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.

May

- 4 IBSS Monthly London Meeting 6.00 p.m.
Spink London office
- 5 HHW Auction, Vienna
www.historical-shares.at
- 15-16 HWPB Auction, Würzburg
- 18 HWPB Online Auction 4.00 p.m.
- 26 Spink Auction, London
- 29 FHW Auction, Munich

June

- 1 IBSS AGM 6.00 p.m. Spink London office
- 7-8* London Coins Auction, Bracknell
- 12 EDHAC Auction & AGM, Frankfurt
- 12 Tschöpe Auction, Düsseldorf
- 18-20* International Paper Money Show, Memphis
- 21-22 Spink Auction, Dallas
- 26 IBSS London Bourse

July

- 6 IBSS Monthly London Meeting 6.00 p.m.
Spink London Office
- 12 Gutowski Mailbid Auction
- 21 * Bonhams Auction, London
- 27-29* Noble Numismatics Auction, Melbourne

August

- 6-7 FHW Sommerfest, Wolfenbüttel

September

- 4-5 * London Coins Auction, Bracknell
- 7 IBSS Monthly London Meeting 6.00 p.m.
Spink London Office
- 18-19 Boone Auction & Bourse, Antwerp
- 24 * Spink Auction, Singapore
- 25-26* Maastricht Paper Money Fair, Valkenburg
www.papermoney-maastricht.nl

October

- 5 IBSS Monthly London Meeting 6.00 p.m.
Spink London Office
- 6 * Bonhams Auction, London
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