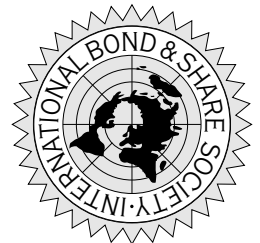


# The Scripophily Guide

by Howard Shakespeare



*scripophily library number three*

## SOURCES

The author wishes to thank the many knowledgeable and experienced members of the International Bond & Share Society who have willingly given invaluable advice and assistance in the development of *The Scripophily Guide* from *A Guide for Collectors* (published by the Society in 1990).

Some material has been drawn with permission from *Stocks & Bonds of North American Railroads* by Terry Cox, published in 1995 by BNR Press, Port Clinton, Ohio. Although addressed particularly to collectors of railroad scripophily, the book also includes thirty very useful pages of information about stocks and bonds generally and the attractions and pitfalls of collecting.

Other good introductions to the hobby are to be found in Keith Hollender's *Scripophily, the Art of Finance* (Museum of American Financial History, New York, 1994), which covers American and world scripophily, and *The Art of the Market* by Bob Tamarkin and Les Krantz (Stewart, Tabori & Chang, New York, 1999), illustrating US business history through its stock certificates.

A comprehensive listing of the world's books on scripophily is available free of charge from the Editor of the Scripophily Library, at the address shown facing page 32.

## PUBLISHER'S NOTE

The advice in *The Scripophily Guide* is given in good faith, but neither the publisher nor the author can be held responsible for any consequences of following it.

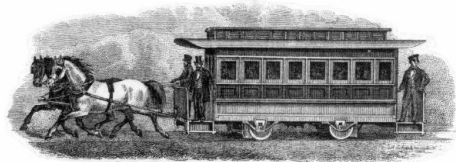
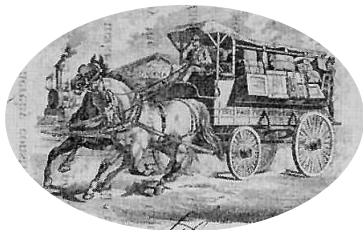
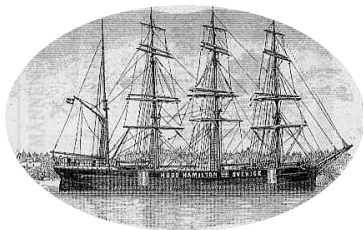
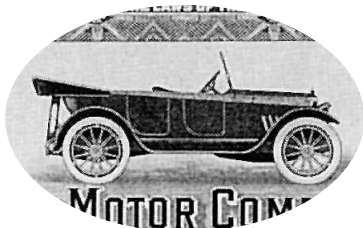
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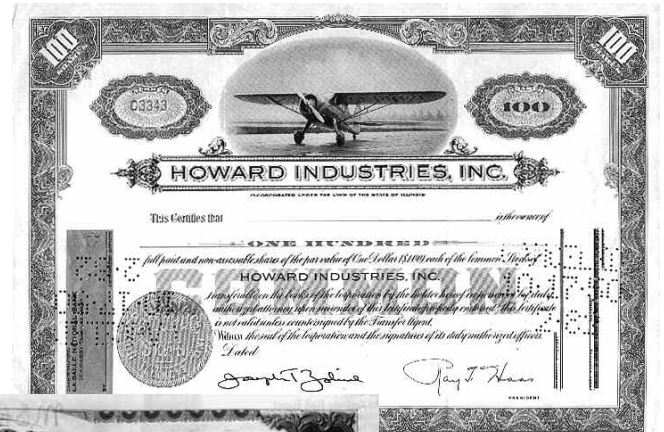


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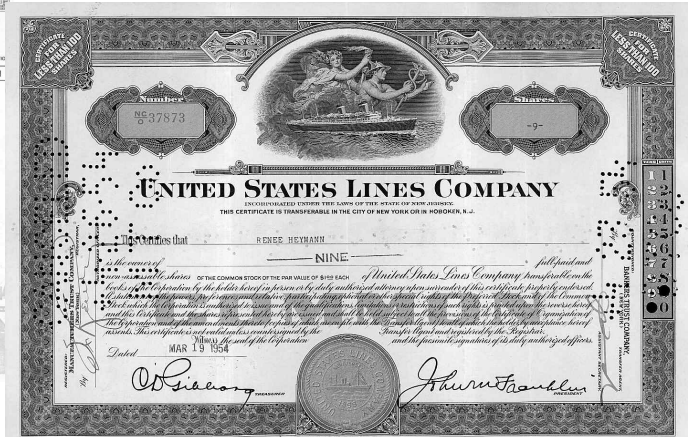
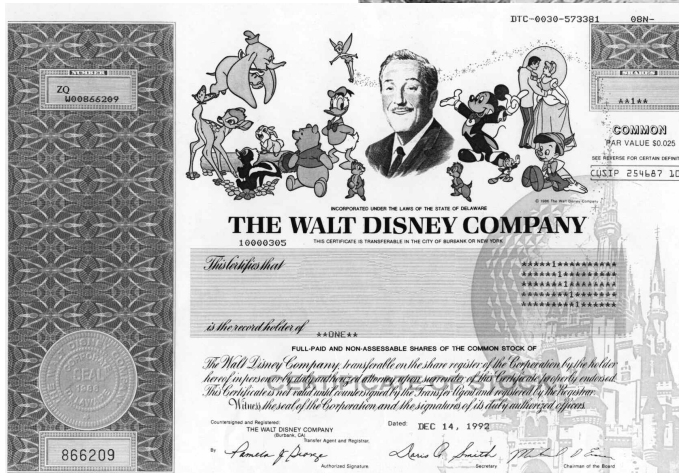
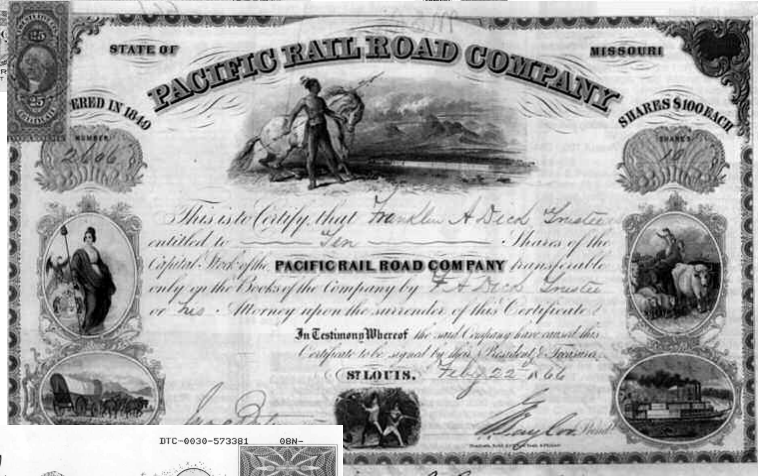
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Many industries make attractive collecting themes





## WELCOME TO SCRIPOPHILY

### SCRIPOPHILY IS NEW

Some people were collecting old bonds and shares as early as the 1930s, but they were very few. In 1961, Confederate and Southern States bonds were catalogued for Civil War enthusiasts, and in 1975-76 researchers in Germany showed that fascinating unredeemed Imperial Russian and Chinese bonds could be collected. Compared with coins (a hobby for 400 years at least) and paper money and stamps (popular for a century and a half), bond and share collecting is very new indeed.

By the late 1970s, large numbers of collectors had discovered defunct bonds and shares from many industries and governments throughout the world. The developing hobby was named 'scripophily' – pronounced 'scrip-awfully' – in a competition organized by the London *Times*. Dealers, auctions, clubs and publications soon followed. Our Society was founded in 1978. Serious collections began to be put together in the 1980s and 1990s, especially in the United States and Germany.

Rare bonds and shares are still affordable compared with many of the longer-sought collectibles. Huge areas of knowledge are still to be uncovered by enthusiastic collectors, tracking down company histories, the signers and past owners of certificates, and the financial affairs of revolutionaries, entrepreneurs and stock market manipulators. More than eighty books have now been published worldwide but, even so, in-depth research has scarcely started for many of the collecting themes within scripophily.

### COLLECTING IS FOR PLEASURE

Howard Shakespeare has written *The Scripophily Guide* specifically for collectors, not for speculators or investors. Because scripophily is new, its collectors can continually uncover new facts about their chosen themes. The lucky ones keep their enthusiasm for many years and can share their expertise with fellow collectors in many countries. They evolve into experts in their fields. Their enthusiasm - for history, for business, for technology, for art or for whatever facet appeals especially to them - is the real benefit of collecting scripophily.

We always advise collectors not to become obsessed with *value*. Prices of some collectible bonds and shares have risen strongly over the years, but prices overall tend to follow the same pattern as other collectibles such as stamps and coins. In those fields, long-term prices have generally tracked the rate of inflation within a point or two. But in the short term, prices go down as well as up. And when tastes change, speculative bubbles burst and it can take years for prices to recover.

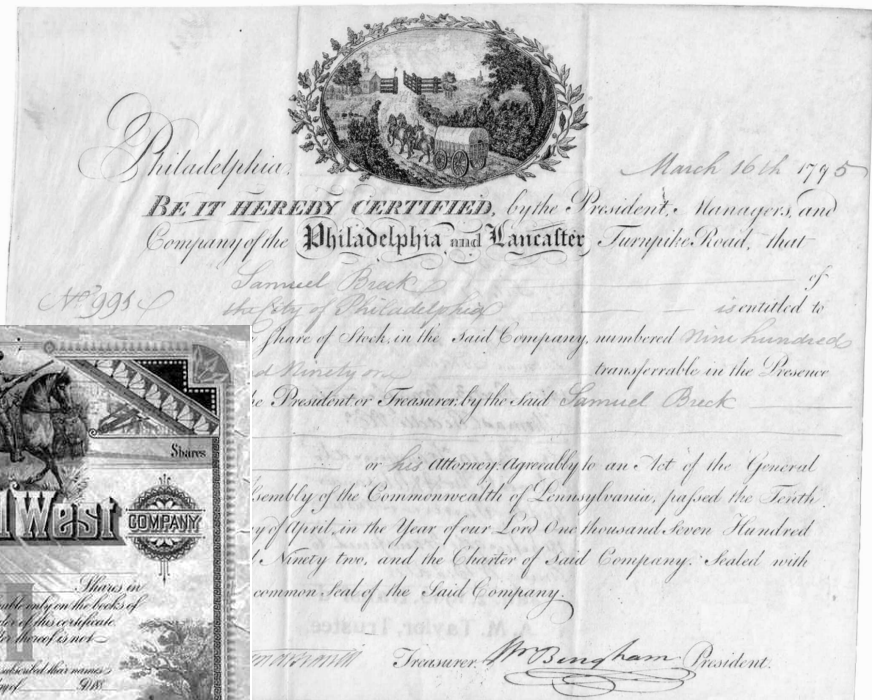
If you are in scripophily as an investment, you may be seriously disappointed. We do not say you cannot make your pastime profitable. You can, but it takes time, careful research and a lot of good luck.

**The important thing is to collect for pleasure – for the art and the history and all the other aspects that make scripophily so fascinating. So enjoy it!**

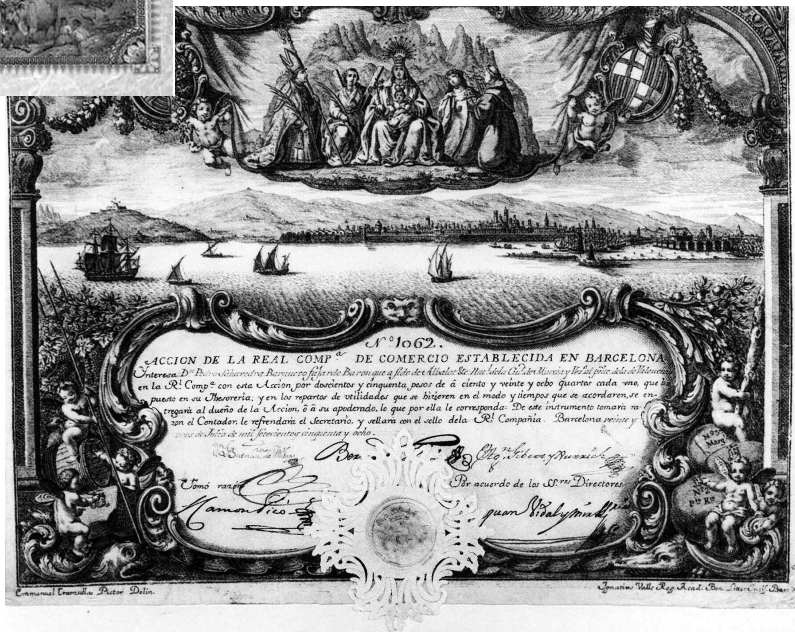
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**International Bond & Share Society**

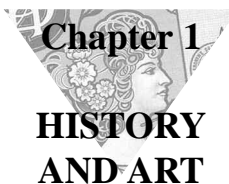
One of the first American shares to carry a vignette, issued on vellum in 1795 and signed by William Bingham, 'America's richest man'



A beautiful American Bank Note Company 'specimen' for William F Cody



One of the huge and spectacular shares of the 18th century Spanish trading companies, this was issued in Barcelona in 1758



# Chapter 1

## HISTORY AND ART

### A LONG HISTORY

Ownership of shares in businesses is believed to go back to at least 2000BC. In Rome in the second century BC there was active trading in the shares of business companies which were legal entities, some of them huge enterprises owning thousands of slaves. These companies faded away during Rome's Imperial period and their like did not re-appear until after the dark ages.

The modern history of shares dates from the late 10th century AD, in the Italian port of Amalfi, where maritime ventures were divided into shares which were bought and sold, usually by their captains and merchants. This became the normal way to fund voyages throughout Europe. The Pilgrim Fathers' *Mayflower* and Sir Francis Drake's global voyages were funded in this way. These ventures were not companies with a legal status independent of their owners, however, but a form of unincorporated partnership.

State bonds were traded in Venice from the mid-13th century, and a little later in other Italian city-states. Banks were formed in Italy in the 14th and 15th centuries with their capital in shares. German mining shares were bought and sold at trade fairs in the 15th century, and city bonds in France about the same time. In 1555 a huge French royal loan was floated, yielding 16% and creating a frenzied market for a while. The first permanent stock exchange was set up in Antwerp at that time also.

Probably the earliest incorporated joint stock company known is Stora Kopparberg Berslag, a Swedish copper mine, which received its charter in 1347, although a record of a trade in its shares exists from 1288. The first English joint stock company was chartered in 1555 to trade with Russia and beyond. About 1600, great trading companies were founded in England, Holland and France.

The oldest known scripophily pieces are from around 1600, but most of the earliest collectible bonds and shares, mainly from England, France, Holland and Italy, date from the late 17th century. A lot of collectible material exists from the 18th century, almost all of it from these four countries, plus Spain, Portugal, Belgium and USA. The period 1800-1940 is the source of the great majority of the pieces we can collect. Post-1940 pieces are generally of less interest, but the occasional modern share is sought by collectors.

### DESIGN

The very earliest certificates were of totally plain design, often hand-written in the case of bonds, relying on signatures and seals to deter forgers. But it did not take long for the first decoration to

appear, usually in the simple form of a coat-of-arms. By the middle of the 18th century extremely decorative shares were appearing, primarily from Spain, and their quality ensures a steady demand from collectors. The general pattern of design was topographical (showing towns, ships, etc), allegorical (gods, heroic figures), classical (columns, garlands of

flowers).

Early American bonds and shares were plain. The earliest-known decorated US share dates only from 1792, showing a horse-drawn wagon. This is hardly surprising, as 18th-century America lacked the commercial and financial structure, as well as the technical capacity, for such documents to appear.

The mid-19th century brought much more attractive designs, showing the companies' products and processes in great detail. Railroad stocks in particular are popular today for their impressive, often dramatic, scenes of locomotives and other railroad features. Mining shares showed scenes of mines and laboring miners, but as often as not these were generic scenes supplied by the designer, used by many companies, rather than views of a specific company's own mine. The same often applied to oil and plantation companies – one rubber plantation looks much like the next. The share of a printing company could show scenes of its works, presses and printers at work, and a bakery might show the whole process from a field of wheat to a wagon delivering bread in the city streets. The shares of new companies might show optimistic views of the company's future assets, which sometimes failed to come into existence!

An experienced scripophilist can make a fairly accurate guess of the date of a bond or share, although the evolution was mostly slow and steady. The design often helps – a primitive locomotive or steamship suggests an early date (although that design of certificate may have remained in use for decades). European shares of the mid-19th century used very small illustrations, often set in a border of classical or rococo themes – rosettes, urns, cherubs, etc. There are many such pointers.

### COLOR

The mid-1800s brought color. Prior to the 1850s the great majority of bonds and shares were printed in black only. There were a few exceptions, but mostly still using a single color, for example printing only in red instead of black. The printing process known as chromolithography was invented in the 1850s, and opened up the possibility of multicolor printing. Even so, at first it was



Color and imagination in the 19th century varied greatly between countries. The USA produced many very decorative bonds and shares, often superbly engraved, but rarely with bold use of multicolor. The range of fine engraved vignettes on American certificates, especially of railroads, but also of shipping, streetcars, autos, industrial scenes and much else, has led some collectors to concentrate just on those vignettes. Great Britain was far more restrained, with little interest in illustrations on certificates, or in using more than a single color. The most exuberant pieces were mostly from continental Europe, where prominent artists were invited to produce work of real artistic merit, with striking images and strong colors.

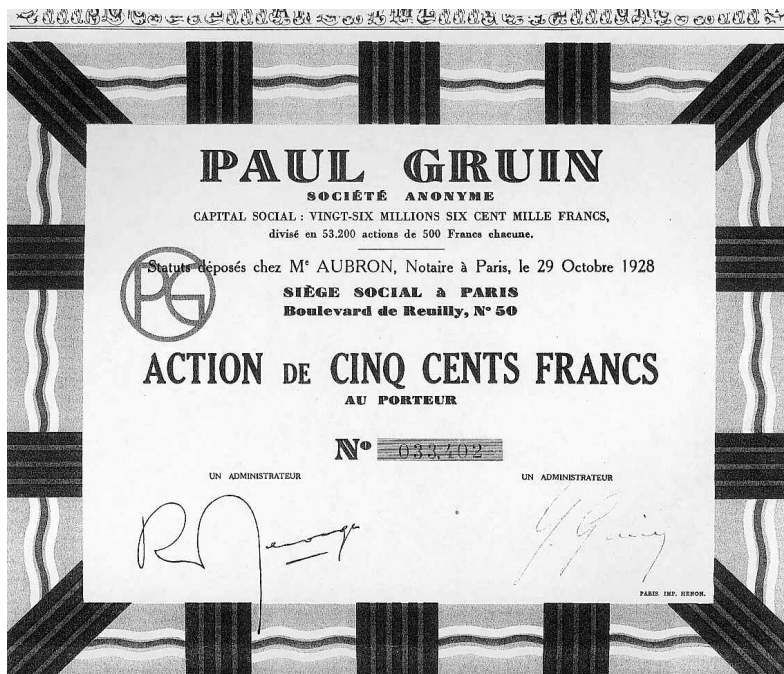
## ART

*Art nouveau*, known in Germany as *jugendstil*, was the first universal fashion in art to influence bonds and shares. This movement in painting, sculpture, architecture, industrial design and fashion developed in the 1890s, especially in Paris, but spread worldwide. This was the period of *Belle Epoque* (for the wealthy, at least), and it produced some of the most beautiful of all share certificates; the finest are eagerly collected, and can be expensive. The style is very distinctive, in its use of free-flowing swirling lines, and the romantic, luxurious and imaginative use of flowers and leaves, and beautiful women with very long hair. Colors are soft and delicate. A very prominent name here is Alphonse Mucha, a Czech who worked in Paris, and produced some of the finest *art nouveau* designs for shares.

The harsh realism of the outbreak of World War I, in 1914, brought an end to romance and luxury, and to *art nouveau*. The next style to appear, *art déco*, followed the war, appearing around 1920, and was the antithesis of *art nouveau*. The style lasted for only some 10-15 years; few *art déco* shares are seen from after 1930. *Art déco* was angular and bold. It used straight lines and sharp angles, with blocks of bright color or black, and realistic (or simplified) depiction of its subjects (often factories or trains, rather than flowers and lovely women). The best of *art déco* shares are striking and eye-catching, if hardly beautiful. *Art déco* shares are less often seen than the *art nouveau* pieces, but are also much sought



*French companies produced these fine examples of art nouveau in 1898 (above) and art déco in 1928 (below)*





Both these styles are seen mostly on shares from continental Europe. Only a few such American, British, and other non-European pieces have been seen.

Bond and share design in the USA in the 20th century evolved more evenly and conservatively. The tradition of fine engraving has continued through modern printing processes, and very many contemporary US bonds and shares have very fine illustrations, on a certificate of fairly standard general layout. The use of color has become exuberant in some styles. One particularly noticeable style in recent years is seen in the shares of 1900-1940 from various countries of south-eastern Europe, especially Yugoslavia. On some of these a wide variety of vivid colors has been used, to replicate, say, the border of a carpet. Whilst bold, the shares are not usually garish or tasteless, and are favorites with many collectors.

Sadly, recent decades have seen the near total abandonment of the really decorative certificate. The reason given by companies is usually 'the requirements of computer processing'. This made some sense in the past, when the printers did not have the

technology to produce color on continuous stationery, but this problem was resolved some years ago. Happily, just a few companies make the effort to produce really attractive pieces, and are much appreciated by collectors. However, the question is fast becoming of academic interest only, with the abolition of certificates in stock exchanges worldwide.

## PRINTING

The first printing plates for bonds and shares were made on blocks of dense wood. The artists first drew designs on smooth blocks, then carved the excess material away. The desired images remained as raised surfaces, which could be inked and transferred to paper. Later, engravers developed ways to create better images by cutting into polished blocks of limestone. Lithographs were created by squeezing ink into the grooves of the stones. This took considerable skill, but the results were better than from the woodcuts. However, the printing was still not very clear, and thus easy for forgers to copy.



*Ores and mining scenes are printed in gold on this 1917 certificate from South Dakota, for 100 \$1 shares out of a total capital of \$2,500,000*

A better technique, but very expensive and used mostly on the certificates of large and prestigious companies, was copper-plate engraving. This is seen mainly on the 18th century shares of European companies. The results were far better than anything else available before the mid 19th century, but the costs did not allow widespread use. By the 1850s a variant on the copper plate was coming into wide use – steel-plate engraving. Methods on both were similar. The artists first carved designs on to soft metal; some specialized in lettering, others in the pictorial elements. After the images were completed in soft metal, this was hardened by heat-treatment. Sometimes several plates with different parts of the design were consolidated on to a single printing-plate. The earlier copper plates were not as hard as the steel ones, and in early

issues we see increasing wear on plates, and often the use of several different plates, with slight differences between them – a collecting theme for the specialist collector.

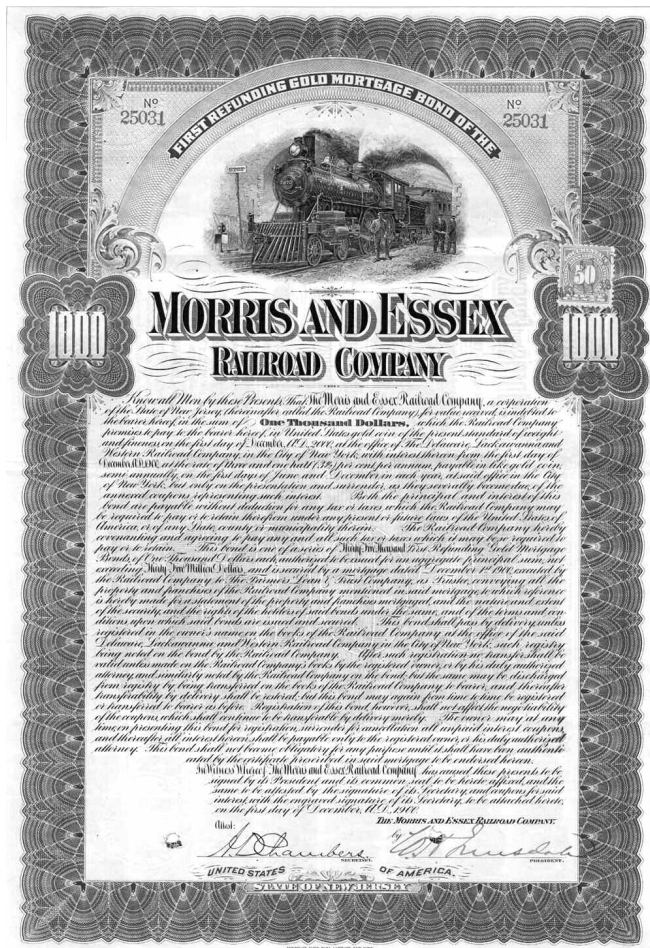
New collectors often comment on the elaborate borders on bonds and shares. Some are individually engraved, but the majority are prepared by a process, invented in the USA in the middle of the 19th century, in part to frustrate forgers. This used a geometrical lathe, creating an almost limitless variety of possible border designs, and making duplication almost impossible without the substantial investment available to the security engravers.

It cost a lot of money to create an engraved metal printing plate, and we often see the same steel-engraved vignette used for the certificates of many different companies, although usually within the same sector of the economy (particularly railroads or mining). It was much simpler, quicker and cheaper for a company to order its certificates from a security engraver, using an appropriate vignette from that printer's existing book of designs, than to create something entirely new. Sometimes, the entire design was taken off the engraver's shelf, with just a space left for the company's name to be inserted by the designer.

There is no doubt that companies used their certificates to present an impression of the company; a striking piece, well printed on high-quality paper gave a much better impression than something obviously much cheaper.

Although almost all bonds and shares were printed on paper, of many types and qualities, many 18th- and early 19th-century pieces were printed on vellum (animal skin) and just a very few on silk or linen.

A small number of very high-quality security printers, specializing in banknotes, are well known to scripphologists, and some build up collections just of a single printer. The best known are: USA – American Bank Note Company and its forerunners and subsidiaries; UK – Waterlow, and Bradbury Wilkinson; France – Chaix; Germany – Giesecke & Defrient. The work of each is easily recognized, and although lesser firms have tried to copy their style, the real product stands out by the sheer excellence of the work.



*A fine example of a US railroad bond, this one issued in 1900 for \$1,000 payable in United States gold coin*



## Chapter 2

# WHAT ARE BONDS AND SHARES?

A bond or a share certificate is an ‘evidence of title’: a document given to an investor as evidence of ownership of an amount of invested capital. It does not in itself prove ownership. Usually these documents are on part-printed forms that are signed and/or sealed at the time of issue to the investor, other details being entered in manuscript or overprint at the same time. A few are entirely in manuscript; these are usually of very early date, 18th century or earlier.

Newcomers to scripophily ask us to explain the differences between bonds and shares.

- Shares are issued by businesses (usually companies).
- Bonds are issued, not only by businesses, but also by national, state or city governments, or other public bodies, or sometimes by individuals.
- Shares form part of the permanent finance of a business. Normally, they are never repaid, and the investor can recover his money only by selling to another investor.
- Bonds are a loan to the company or other body; they are normally repayable within a stated period.
- Most shares earn dividends, at the business’s discretion, depending on how well it has traded.
- Bonds earn interest at a fixed rate, which must usually be paid by the undertaking regardless of its financial results.
- A shareholder is a part-owner of the business.
- A bondholder is a creditor of the undertaking.

Shares are of many types, originally giving different rights to the holders, and now providing varieties for scripophiliasts to collect. The most usual are Ordinary (or Common), Preferred and Deferred. Especially interesting are Founders’ Shares, as these are usually few in number and issued to inspirational people. Bonds may be unsecured, or secured on the issuer’s assets (Mortgage Bonds and Debentures) and may be repayable in gold coins (‘gold bonds’) or as an amount related to the price of a basket of commodities (‘inflation bonds’).

### ‘STOCKS’ AND ‘SHARES’

It is necessary to explain some differences in the use of the words ‘stock’ and ‘share’ across the centuries and currently in Britain and the USA. When the first English ‘joint stock companies’ were formed in the 16th century, ‘stock’ meant the owners’ capital in the company – what we now call ‘equity’. This ‘stock’ was divided into ‘parts’ or ‘shares’. In the 19th century, American certificates for ‘shares of stock’ were at first called share certificates but later came to be called *stock certificates* (even though ‘shares’ are often mentioned in the text of the certificates). The British continued to call them *share certificates*, even though they traded them through ‘stockbrokers’ in a ‘stock exchange’. ‘Stock’ in Britain now generally means loan capital – ‘loan stock’, ‘debenture stock’, ‘Government stock’.

Generally this *Guide* uses ‘stock’ for the totality of a class of equity or loan, ‘share’ for a unit of equity (or near-equity, such as preferred or deferred shares), ‘share certificate’ for a document of title to shares, and ‘bond’ for a loan certificate. Detailed definitions are given in Appendix B.

A registered share or bond is issued to a particular person, whose name is entered on the certificate. The issuer keeps a stock register, and sends interest or dividends automatically to the registered holder. When the investment is sold, in some cases the certificate is cancelled, and a new certificate is issued in the name of the buyer; in other cases the certificate may simply be endorsed over to the buyer's name.

'Bearer' means that the investment belongs to the person in physical possession of the certificate (unless stolen or otherwise irregularly obtained). The certificate does not show the name of a holder, and it is transferred by simple delivery, without any reference to the issuing body. Thus the issuer does not know to whom dividends or interest should be paid, and it is up to the holder to claim them, using coupons clipped from the certificate.

There are many related types of document, as well as 'pure' shares and bonds, collected by scripphologists. These include temporary ('provisional', 'interim') certificates (issued before the final definitive certificates), fractional certificates (part of a share, usually when one issue is replaced by another, or when bonus shares are issued), part-paid shares and others. Since they are usually soon replaced and destroyed, they are generally plain and of limited interest except to the specialist collector. However, they can be very rare, and sometimes valuable, especially if the definitive paper has never been seen. These types of provisional paper are often generically referred to as 'scrip'.

**BRAZIL RAILWAY COMPANY**  
Bearer Share Coupon Sheet (attached to the share warrant on facing page)

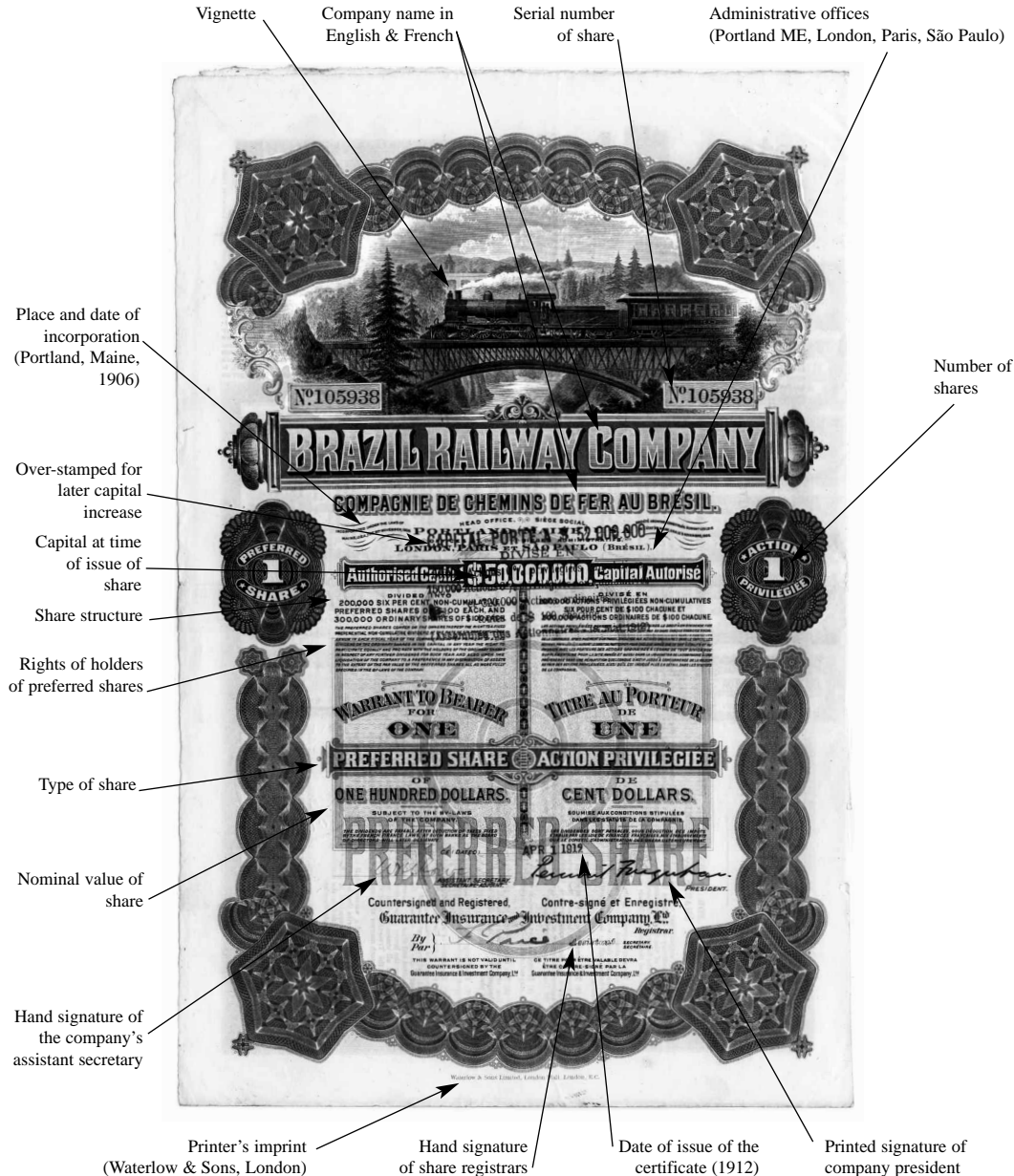


Coupons, one to be cut off each time the Company announces a dividend, and sent to the Company's bankers to claim payment of the dividend

Talon. After coupons Nos 1 to 40 have all been cut off, the Talon is sent to the company to claim a fresh sheet of coupons, from No 41 upwards

# BRAZIL RAILWAY COMPANY

## BEARER SHARE WARRANT



# BALTIMORE & OHIO RAILROAD COMPANY

## REGISTERED SHARES

Date and signature by Trust Company responsible for maintaining the register of shareholders

Serial number of certificate

Nominal value of each share

Confirmation that shares are fully paid

Vignette illustrating an 1830s train

Place and date of incorporation (1827)

Number of shares



Registered owner of the shares (Pierre S Du Pont)

Punch cancellation by Trust company

Hand signature of Transfer Agent

Date of issue of the certificate (1929)

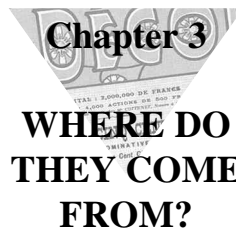
Printer's imprint (International Bank Note Co, New York)

Statement of rights of stockholders

Nominal value of each share

Stamp with date of cancellation of the certificate

Hand signatures of the officers of the company



## Chapter 3

# WHERE DO THEY COME FROM?

**B**onds and shares collected by scripophiles are almost all in one sense or another defunct. There are various sources from which they become available to collectors.

**Investors** or their financial and legal advisers often retain certificates that have become worthless:

Governments in many parts of the world have reneged on their bond obligations, usually due to a change of government after a revolution (for example, Russia in 1917, China in 1949) or because they lost a war (such as the Confederacy in 1865 and Germany in 1945). Occasionally bonds have been issued by a provisional government which was not recognized by its successor (say, certain Mexican bonds). Rarely, the issuing body continues in existence but refuses to recognize liability on the bonds (e.g. the State of Mississippi in the 1830s).

Companies go into liquidation, their outstanding bonds and share certificates often becoming worthless. Liquidators give priority to bonds if any funds are available, so these are less commonly available than shares.

Sometimes prospective new companies issue scrip, but for some reason fail to incorporate (many early British railway companies, for example) and their scrip becomes waste paper.

When an issue of bonds reaches its repayment date, there are sometimes some bonds not submitted in time.

When one company is acquired by another, a time limit is normally set for the exchange of shares, and there are usually some shares not submitted in time.

Sometimes investors are not required to return old certificates after a re-capitalization issue.

Some certificates are simply lost for a while, perhaps being replaced by duplicates, and come to light in over-looked deed-boxes or lawyers' offices.

Some 'live' certificates, not entirely defunct, may be drawn into the scripophily market if they have more value there than on a stock exchange.

**Companies and governments** hold certificates in their archives:

When one company is acquired by another, the old shares are cancelled after exchange. In many countries the cancelled shares are normally destroyed but in the USA they are often retained by the company.

Bonds that have been repaid are usually marked or punched as cancelled and stored in the issuer's archives.

Following the transfer of a registered bond or share to a new owner, the issuer normally issues a new certificate and retains the cancelled one.

Certificates not issued because of insufficient demand are held by the organization for a time.

A reserve stock of certificates is usually held by the issuer for use as replacements in case of loss or destruction of any of the originals. These are unnumbered, allowing the original number to be inserted. On issue they are often marked 'Duplicate'.

**Financial houses** – stock exchanges, brokers and banks – sometimes hold specimens, especially bonds that have been supplied to them for identification purposes. They are usually unnumbered or numbered 00000, and stamped 'Specimen'.

**Printers and designers** of certificates hold unissued examples:

Proofs produced in the course of design, for internal progressing or for approval by the client, may be filed away. These are usually unnumbered and often incomplete.

Archival specimens are usually retained by the printer as a record of the contract, generally with manuscript contract notes such as the quantity printed.

Specimens are sometimes produced for use by the printing company's sales team as examples of the firm's products. These are usually marked 'Specimen' and have no serial numbers.



## STARTING A COLLECTION

New scripophiles often ask for advice on how to start a collection. The best overall advice is – be patient! Do not rush into buying without some idea of what sort of collection you want to build. Otherwise you may find yourself holding an accumulation of miscellaneous certificates, rather like a child's stamp collection, with bits and pieces of everything. This will not give a lot of pleasure or satisfaction, nor will it prove a good investment.

It is vital to learn about the subject, get in touch with specialist dealers, join a scripophily collectors' society, read scripophily magazines and books, talk to other collectors, search the internet, look at old auction catalogues. Then, with your preferences well defined, you can start building a collection tailor-made to your interests and to your budget. Other collectors will be happy to discuss this with you. So will a good dealer; while he would doubtless like you to be a customer, he will be quite willing to take the long-term view, and he knows that what is good for scripophily is good for everyone involved in the hobby.

Most collectors soon see the wisdom of choosing a theme to collect. The range of themes is almost endless, since bonds and shares reflect almost every aspect of economic history. Many collectors favor obvious themes such as railroads, autos or mining, but these offer a very wide range of material, and some further specialization is needed. In the case of railroads, collectors often choose their own country or region. Autos are often collected by country or date. Mining collectors choose either their country/region or a type of mining – gold, diamonds, coal, etc. The

smaller fields – oil, tobacco, tramways, textiles, engineering, electricity, water, coffee, tea and a hundred others – are small enough for a collector to build a worldwide collection, although this could be expensive. A cheaper option is to limit oneself by country and date as well as theme. An example of such a limitation is 'US tobacco pre-1900'.

Other examples of specific themes are pre-1800 shares (fascinating but expensive), the bonds issued by the Confederacy (many inexpensive) and the bonds of the American Revolution. Both these last are well catalogued. Some collectors collect only shares, excluding bonds completely. Others collect only the bonds of national/state/city governments, especially those of Imperial China or tsarist Russia. Some buy only an art style – popular styles include the soft, flowery and very decorative *art nouveau* of the period around 1900, and the hard, striking *art déco* of the 1920s. Certain well-known designers (for example, Mucha or Catenacci) or printers (such as Waterlow of London, or the American Bank Note Company) are followed by some.

Some collectors want autographs of famous persons on certificates – often found on US shares and sometimes on European pieces also, and including businessmen such as Wells and Fargo, Vanderbilt, Rockefeller, J P Morgan and the Rothschilds along with those famous in other fields such as Empress Maria Theresa and Johann von Goethe.

Some themes are now well catalogued, and collectors are attracted to those where there is a reference book available. The International Bond & Share Society publishes a *Bibliography* of all scripophily books.



*A good place to start a collection is in US Railroads. This affordable 1949 share came from the Penn Central hoard described on page 23*

# Chapter 5

## BUYING

**Dealers:** Some dealers specialize only in scripophily, and many more offer bonds and shares alongside paper money, coins, ephemera and other collectibles. Many dealers issue regular fixed-price sales lists. Let them know your interests; they can often find what you are looking for. However, do not expect them to produce what you want off the shelf; the variety is enormous, and very many pieces are available in small numbers only. Indeed, many pieces are so rare that no dealer has any in stock. Compare prices from dealer to dealer – they can sometimes differ quite considerably.

**Auctions:** Auction houses in the USA and Europe hold scripophily sales several times a year, and usually send out their catalogues well in advance, allowing plenty of time for postal bidding. Many, but not all, make a charge for their catalogue. In almost all cases a buyer's premium is payable as a percentage of the 'hammer price' of the lot; this can vary considerably from auction house to auction house, and must be borne in mind when deciding how much to spend. Similarly, in some cases tax is included in the premium, in other cases it is additional.

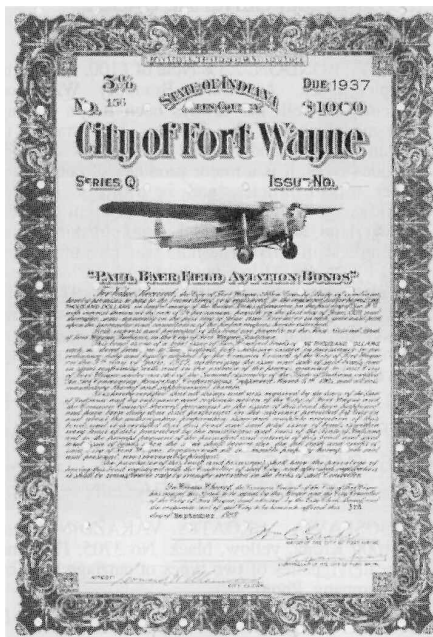
Once you become a known customer, some auction houses will send the pieces you have successfully bid for direct to you, with an invoice. However, most will expect payment before despatch.

Buying at auctions needs self control. Decide beforehand how much you are prepared to pay, and stick to it. Do not get carried away. If you are not quite sure that you have that self control, then ask a dealer or a bidding agent to bid on your behalf for a small fee, or send in a mail bid. If you do want to attend the auction yourself, forget all these silly stories about bidding by accident, for example by inadvertently scratching your nose. While much bidding is discreet, the auctioneer does know his job and his clients; if he has the slightest doubt about whether a bid is intended, he will ask whether you are bidding.

Auction houses normally give guarantees about authenticity and this is rarely a problem in practice.

There is an agreed scale for assessing condition, and the catalogue description should fairly reflect the condition of the lot. However, mistakes can occur, and it is up to the buyer to satisfy himself, as far as possible, as to the accuracy of the catalogue description. Naturally, a mail bidder cannot check up as can a bidder in the room, and an auction house which admits that it has made an error will always be willing to accept the lot back.

The price indicated in the auction catalogue is either an estimate (usual in USA and Britain, where reserve prices are not normally published), or a start price (effectively a published reserve and common in continental Europe). Make sure you know which it is; there is no point in submitting a bid below a start price. Collectors' society auctions are a useful way of acquiring new pieces, often below commercial auction prices.



*A City of Fort Wayne \$1,000 bond, Indiana 1929, to fund airport development*

**The Internet:** Some dealers offer fixed-price lists on their websites, in some cases much more extensive than printed lists, running to thousands of offerings. Many auctioneers publish their catalogues and results on their sites, and some run on-line auctions. The major all-purpose auction sites and web portals often include bonds and shares, although the scripophilist sometimes has to search hard in the sections for coins, paper money or other collectibles.

**Bourses:** Many collectors like to buy at bourses. The word 'bourse', normally meaning a stock exchange, is used in scripophily to mean a show or fair, where many dealers (and sometimes non-dealers) come together to offer their wares. Bourses are often arranged to accompany auctions. They are an excellent opportunity, not just to buy certificates, but also to meet dealers and collectors, to see a wide range of material, and to compare inventories and prices.

## Chapter 6

### SELLING

Normally a collector does not think of being a seller. However, due to changed circumstances or new interests, you may wish to sell one collection, maybe to start another. In general, do not expect to be able to re-sell quickly at a profit. This is true of all collectibles, art and antiques. All dealers and auction houses have a living to make; there must be a profit margin and sales tax, which have to be covered by a rise in the price of a piece before the collector is in profit. Take your time over selling, as you, hopefully, did over buying. To rush into the first offer is unlikely to be a wise step.

**Selling at auction** is fairly straightforward, but do take advice if you are not experienced. All auctioneers charge a commission to the seller (typically 10-15% plus taxes), often with a fixed minimum, and it is probably not wise to sell in lots worth much less than, say, \$150 - \$200. However, a lot may consist of more than one piece, preferably with some connection between them. Auction houses differ over commission on unsold lots; some will charge for including the lot in the auction, sometimes with extra charges for insurance and photography, while others will charge only if the piece is sold. Bear in mind too, that most auctioneers also charge a 'premium' to the buyer (often 15% plus taxes), and this will reduce the hammer price a buyer is willing to bid. In total the auction house earns 20-30% on each sale.

It is important to choose the right auction. Auctions attract an increasingly cosmopolitan client base. The market in top-quality certificates, especially autographed pieces, is truly international, and American railroads and mines can be sold all over the world.

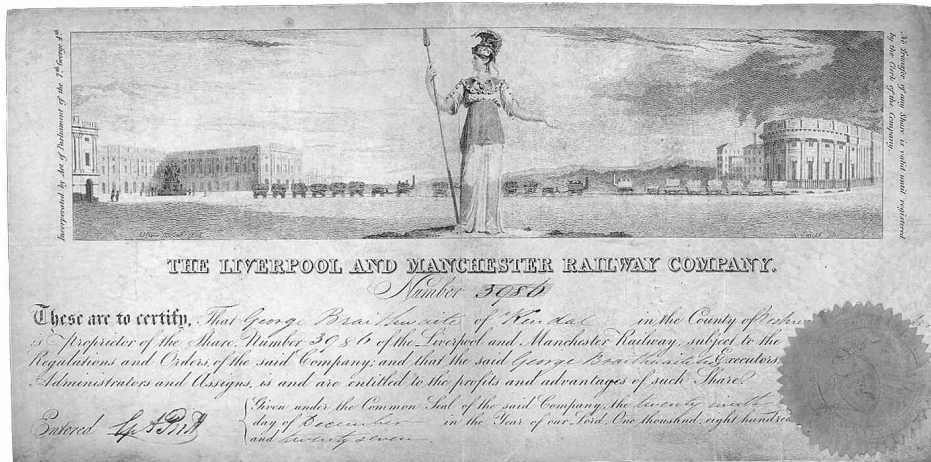
However, in general, American themes are probably best offered in the US, British material in London, German in Germany, etc. Clearly, Russian and Chinese material cannot easily be offered 'at home', and it is best to take advice.

**Selling to a dealer** is often the quickest and simplest way to dispose of an unwanted piece. But a dealer will not be very keen on buying a piece that he already has in stock. If he is offered a whole collection, he will give a price which reflects the speed and ease of re-selling – better pieces usually sell quickly, common or unattractive pieces may stay on his shelves for years; his offer will be calculated accordingly. Sometimes a dealer will be willing to sell your pieces for you on commission. Tell the dealer what you have in mind, and he will be able to advise you as to the best way to sell.

**Selling direct to other collectors** can be an option. A collectors' society will list its members' interests in its membership list. Often society publications include a collectors' billboard for selling and buying. Most societies hold auctions which will sell your surplus material, especially that of fairly low value (not so interesting to a commercial auction), but prices are often lower than in commercial auctions.

**The internet** is a good selling route, especially for low- and medium-priced material. The all-purpose auction sites draw not only scrippophiles but also buyers from other hobbies and those with specialist regional or occupational interests.

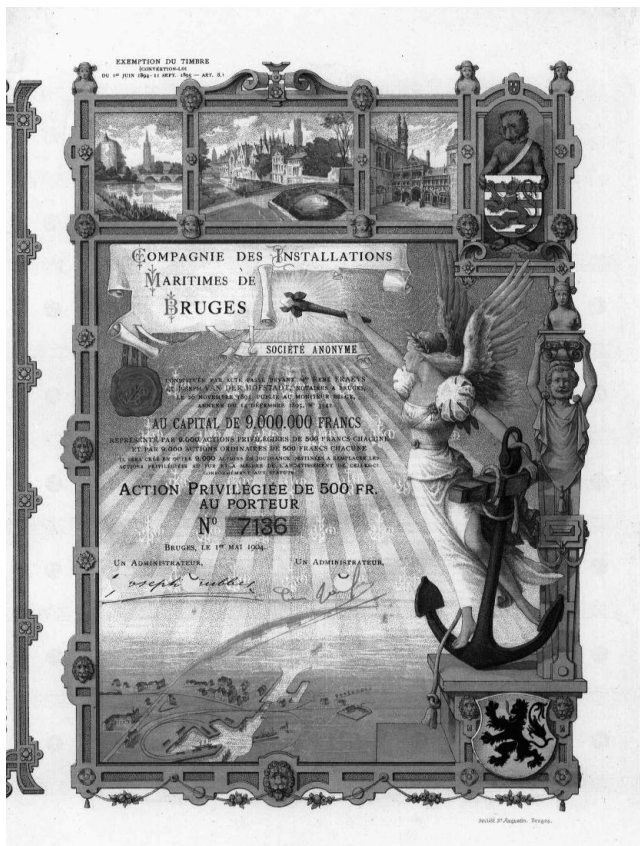
*This share certificate was issued in 1827 for the world's first mainline railroad, built in England by George and Robert Stephenson. Printed on vellum, the wonderful vignette shows (left) the Liverpool Exchange, (right) the Manchester Exchange, with early Stephenson locomotives and the Greek goddess Athene*



New collectors often ask how one knows what is a fair price for a certificate. Prices can range from \$1 to \$100,000 or even more. Most collectors are content to be in the low end of this range, say \$10 to \$500 or \$1,000. As with everything else, prices are determined by supply and demand. So, what influences supply and demand? Most would list the following:-

- Beauty
- Age
- Rarity
- Issued or unissued
- Condition
- Historical significance
- Autographs

Imprinted revenue stamps of rare types can also increase demand.



## BEAUTY

Over the last few years the price of very decorative pieces has risen sharply, particularly in Europe. Many people who wish to frame their pieces will seek out attractive material. To the average collector, too, a piece with a good vignette (illustration) will be preferable to one without a vignette. It adds interest to, say, a railroad share to have a picture of one of the company's locomotives on the certificate. Some pieces are of extreme beauty – real works of art, created by famous artists and engravers, and superbly printed. Some of the most strikingly beautiful pieces are not really rare – hundreds of them may have been found – but the price is high since many collectors want each piece that comes on the market.

## AGE

Most certificates on the market date from the 19th or 20th centuries, and are 'early' only in a relative sense. An early aviation share might be from about 1910, an early automobile piece from the 1890s, railroad certificates from before 1840, and so on. However, scripophily goes back much earlier than this. Whilst definitions become rather blurred the earlier one looks, there is 17th-century material and even a little 16th-century (much in the form of government bonds) from Britain, France, the Low Countries and Italy that undoubtedly falls within our scope. There is 18th-century material from the USA and many parts of Europe, and it is from this time that we first see company shares in small quantities. Great age adds historical interest, and often indicates rarity, since fewer pieces are likely to have survived.

## RARITY

Bear in mind that 'unique' almost always means 'the only one seen so far', and 'rare' often signifies 'not many seen by this dealer'. Great rarity does not necessarily mean a high price. Most really specialized collectors, especially in uncommon themes, have pieces which may well be unique. However, unless there are other people interested, and wanting such pieces, they may be of very little value. This will change as the hobby develops, more catalogues appear, and so on. Many factors determine rarity.

*One of the most colorful of all shares, the Compagnie des Installations Maritimes de Bruges, from Belgium, 1904*

**Number issued:** It is obvious that bonds of a small issue, or the shares of a small company, will usually be rarer than those where perhaps hundreds of thousands were issued. The face of a bond often states how many were issued (sometimes very few indeed of the highest denomination). Share certificates as well as bonds bear a serial number, but this is only a rough guide, since even the largest issue had a certificate number 1!

**Redemption:** Where a bond issue has been fully repaid (and the only pieces to have survived are a handful that were overlooked at the time of repayment) or where a company was taken over (and only a few shares were not sent in for replacement), the pieces will be rare outside any retained company archives. After the Russian and Chinese revolutions, very large numbers of bonds were not redeemed when due, and some types have been quite common. However, the bond redemptions made by these countries in the 1990s have increased the rarity of such pieces.

**Age:** The passage of time has made almost all old (say, pre-1800) certificates quite or very rare. For a start, the probability of such certificates having been destroyed, whether by accident or deliberately, is high. Often the original issue was very small by modern standards; until the mid-19th century, few people had the financial means to invest.

## ISSUED OR UNISSUED

Many collectors feel that unissued and partly issued material is less 'valid' than issued certificates and the prices are generally lower. Nevertheless, unissueds are sometimes the only examples available of a certificate, or are a rare form of a common issued piece (in

particular Chinese bonds). Specimens and proofs, especially of famous printers such as the American Bank Note Company, are usually in immaculate condition and often command prices well above issued examples

## CONDITION

It is wise to collect only certificates in the best condition available. They will cost more than poorer examples, but, apart from being nicer to own, they are a better investment and will be much easier to sell later. Scripophily has adopted the following grading system, also used by collectors of paper money:

UNC (Uncirculated) as if straight from the printers, without the slightest flaw; usually seen only on unissued pieces.

EF (Extremely Fine) in almost perfect condition – signs of having been handled are almost invisible.

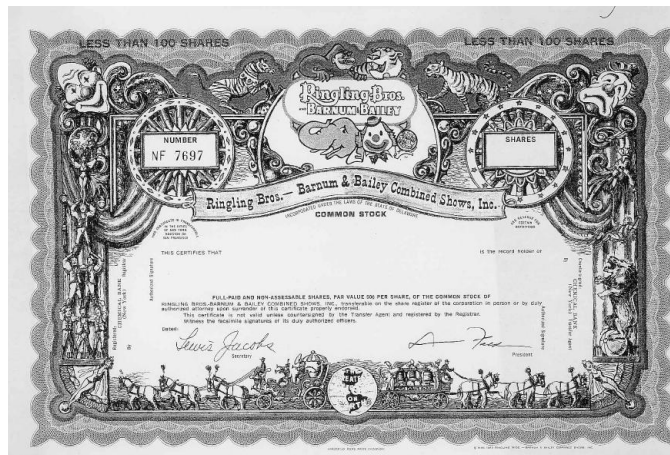
VF (Very Fine) in very good condition, but definite signs of use – a fold, slight edge-damage, light general wear, slight discoloration, but no pieces missing.

F (Fine) considerable signs of use, pronounced folds, small pieces missing from the edge, stained, etc.

VG (Very Good) is not very good at all. Poorer than F, such a piece would have suffered serious damage, probably badly torn or with a large piece missing, badly stained, etc. Dealers will not normally offer material in VG grade; nor will auction houses, other than in a large lot of mostly better pieces.

Good and Fair are worse than VG, and to be avoided other than in exceptional cases.

*The Greatest Show  
on Earth. Fine  
American Bank  
Note Co printing  
for this unissued  
example of the  
Ringling Brothers  
common stock of  
the 1960s*



Small tears are often not too serious; these can be skilfully repaired. Holes, pieces missing from edges and water-staining usually cannot be repaired and permanently spoil the appearance and value of a piece. Glue-marks and adhesive tape spoil any piece but can often be professionally removed.

Various considerations determine condition. An older piece has had more time to deteriorate. A large certificate is more likely to have been folded (often many times when coupons have been cut). Pieces issued in the tropics (such as India) will often have suffered from the climate. High-quality paper, or vellum, survives better than poor-quality paper. While many early pieces were printed on vellum or high quality paper, and are in remarkably fine condition, an early piece of paper in poor condition is often the only example of an issue available, and the collector must decide whether such a piece (which may be relatively cheap) is better than none at all. Bearer certificates could change hands many times, but their registered counterparts, usually surrendered on a change of ownership, had a much shorter life.

Bearer shares are normally not cancelled, but bearer bonds and registered shares are often seen with cancellation marks, and may be unobtainable without. These cancellations may vary from a single stamp or hole, not badly spoiling the appearance, to large holes, multiple stamps or a large and heavy written cancellation, all of which can ruin the appearance of a piece, especially if on a vignette or important signature, and seriously reduce its value, too. Multiple stamps on the face for purposes other than cancellation also have an adverse effect on condition and value.

## HISTORICAL SIGNIFICANCE

Many certificates were issued to finance activities of historical importance, or by companies of great significance in their field. Examples include the bonds issued by the Confederate States of America to finance their side of the Civil War. The 18th-century certificates issued by the South Sea Company, the various national East India companies and the Spanish colonial trading companies are much sought after, and their value is enhanced by the importance and colorfulness of these early global trading enterprises.

The very early railroad companies and the first manufacturers of cars and aircraft are generally more valuable than other industries from the same dates, or the same industries from later dates. The person or organization to whom a share or bond was issued can add historical interest to a piece and increase its value.



*Confederate States of America 'cotton loan' issued in 1863 to raise funds mainly in Europe. To attract investors, it was denominated not in dollars but in British pounds, French francs and pounds of cotton. This example is the highest denomination – £1,000 or Fr25,000 or 40,000 lbs of cotton. It was never redeemed, of course, and the investors lost everything*



## AUTOGRAPHS

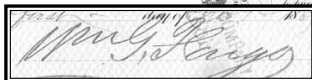
We have left till last the single factor that can have more effect on price than anything else: the signature of a famous person, especially on a certificate associated with the field in which the signer achieved his fame. Outstanding examples are John D Rockefeller on a Standard Oil share (below) and Johann Strauss on Vienna's Opera House share. The market values of these bring scripophily into serious investment levels.

Signatures of somewhat less famous people on a certificate often also greatly enhance the value. There are many collectors who collect nothing other than pieces with important autographs on them, and dealers and auction houses cater specifically for this interest. Identifying and researching names that others have not spotted is enjoyable and can be profitable.

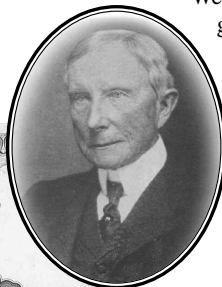
A signature on the face of the certificate is usually that of an officer of the company; if the certificate is cancelled, the signature too may well be cancelled, by a stamp or holes or cutting through it. A signature on the back of the paper will normally be that of the holder of the certificate, authorising the transfer of the shares to a buyer; this will not normally be cancelled. A signature on the reverse is worth less than one on the face of a certificate. Naturally, a seriously mutilated signature is of much less value than one in pristine condition.

It should be remembered that a person signing as an officer of the company may have signed many thousands of pieces, and

so the signature may not be rare. Occasionally it may even be a 'secretarial signature', signed with the person's name by an assistant. Also, sellers have been known to claim minor signatures as more important than they really are. If you have not heard of the person, his autograph is unlikely to be in great demand.



The most important field for autographs by far is American material, where pieces with the signatures of financiers such as Commodore VanDerbilt, John D Rockefeller or J P Morgan, or Wells and Fargo (above) of stagecoach fame, or the great pioneers of the railroad age, are much wanted. There are also European and some other pieces with very desirable signatures on them. Building a really good autograph collection can be an extremely expensive undertaking, and if done without care can lose the buyer a lot of money.



Close examination usually reveals if an autograph is printed rather than handwritten – uneven color in printing is quite unlike that in handwriting, and pen-ink soaks into the paper while printing ink does not (so look on the reverse). In one case, the seller of a share 'handsigned' by a very famous industrialist was disappointed when the auctioneer pointed out that the the second color of the share was printed on top of the signature!

While top autographs can generate the highest prices in scripophily, only a tiny percentage of pieces are in this category. Most collectors do not participate in this field.



# BOOMS AND SCAMS

## BOOMS AND BUSTS

Remember John Law's Mississippi Company in 1719 and the English South Sea Bubble in the following year? And the dot.coms? Prices in any market fluctuate with economic conditions, variations in supply, the competitive enthusiasm of buyers, and simply fashion. There have been some marked swings in prices in scripophily, more often for bonds than for shares.

From time to time the prices of uncanceled bearer bonds in the scripophily market escalate wildly. This applies particularly to bonds with uncut coupons, high rates of interest and early issue dates, and especially if they are gold bonds of high denominations. The phenomenon has been seen in the bonds of US railroads, Imperial China and the State of Mississippi and other Southern States from the 1830s, and most recently Brazil.

The high prices are caused by speculators, not collectors. Sometimes the speculators' enthusiasm is based on the perceived possibility of bond redemptions. The wildest prices have been paid for bonds to be used in a variety of investment, mortgage and other financial frauds that are exposed periodically by the authorities. The effect on scripophily is to reduce the number of bonds available to collectors. Usually the prices fluctuate for a few months and then settle down to something like their original levels. Not unlike John Law in 1719.

Up to the 1980s, Russian and Chinese Imperial bonds were traded on the London Stock Exchange and some others, facilitating speculation by investors, not collectors. Happily, these days are past as few redemptions remain as possibilities.

Collectors' booms have occurred, for example in US railroad bonds, and autograph material, when demand has for a while exceeded supply, to be followed by a price dip when more material becomes available or interest moves to another field. In the long term, prices have risen. But the important thing is to collect for enjoyment – for the art and the history.

## WILL A RARE PIECE REMAIN RARE?

Many of the certificates we see today came from company A archives, dating from when company A took over company B and exchanged B's shares for its own. That is especially true of some US railroad certificates. Realising the origin of their collections, collectors sooner or later worry about whether new

hoards will be released into the hobby. They see a threat that rare items might become common, and the value of their collections might drop. Quite often a piece believed unique is found elsewhere, although usually only one more piece, or very few, only slightly affecting the price. Just very occasionally a rare and valuable piece becomes common and inexpensive,

but this really is a rare occurrence, and must just be put down to bad luck.

Undiscovered hoards probably do exist. However, most companies do not sell their hoards, preferring to destroy old certificates rather than have potentially negotiable securities remain in the marketplace. Many companies worry that people will remove cancellations and try to redeem them a second time.

Some companies think differently and their hoards may well reach the market in the future. The Penn Central Railroad is a good example. For 120 years, the Penn stored all its old certificates and all the certificates of the many lines it had acquired. By the 1980s it decided to dispose of its old paper. At that point Penn could have shredded its obsolete certificates and ended its paper storage problem. Instead, the company decided to appoint the leading US scripophily dealer/auctioneer to sell its hoard to scripophilists. Starting in 1986, thousands of Penn Central items were sold through auctions and fixed-price lists. As expected, the hoard depressed the prices of common items. But the hoard contained many certificates that had never been seen on the market before. Those pieces, of course, fetched high prices.

The Penn Central hoard may have had an effect opposite to that at first expected. It helped to attract new publicity and curiosity to the hobby. Popularity always helps prices to rise.

A similar thing happened in 1987. A hoard of 80,000 Confederate States bonds, stored in London for a century, was sold in auction to a consortium of US dealers. For the next few years, the group 'wholesaled' its purchase piecemeal to dealers in paper money and Civil War collectibles. As expected, prices for common bonds dipped. But, just like the Penn Central hoard, the hoard of Confederates held rarities that had seldom been seen.

Rare Confederates became affordable for a while, and that affordability attracted more collectors to the hobby. Then along came a popular television history of the Civil War, and brought an unprecedented demand for everything related to the War between the States. By 1992 prices for even the most common Confederate bonds surpassed all previous levels.

The largest hoard so far – and, we would guess, likely to be the largest ever – is a massive 26 million certificates gathered in the Reichsbank, East Berlin, by the Nazi government, from victims of their conquests and misappropriations. These are almost entirely European stocks of the early and mid 20th century, mostly German, and including a few European issues by US corporations. German officials have taken years to consider how to dispose of these certificates, and at the time of writing it appears they are likely to be auctioned in Europe. This huge hoard hanging over the market may have been one cause, along with a depressed German economy, of reduced demand for lower-grade German scripophily.

While hoards can adversely affect prices, do not let that ruin your enjoyment. If you are in this hobby on a long-term basis, you will sooner or later use hoards for your own benefit.

## CERTIFICATES WITH A REAL VALUE

Some old share and bond certificates have a real ‘live’ investment value, for example, if shareholders’ rights have been transferred to another company and legal ownership of the certificate can be proved. Some scripophily dealers and stockbrokers specialize in researching such possibilities, often with remarkable success.

Uncancelled bonds sometimes benefit from redemption by the issuers or their successors, often after protracted legal or diplomatic wrangles. Groups of bondholders exist to fight for particular claims, such as Russian and Chinese Imperial loans, 1830s State of Mississippi or 1920s German Weimar bonds and 1980s alleged Japanese Ministry of Finance bonds. Until such claims are accepted by the issuers, the certificates are purely scripophily.

In some countries, but by no means all, it is legal to buy and sell ‘live’ certificates as collectibles, provided their price is several times greater than on a stock exchange. In other countries it is illegal for any such investments to be offered or traded by persons who are not registered as stockbrokers.

## FORGERIES, COPIES AND JOKES

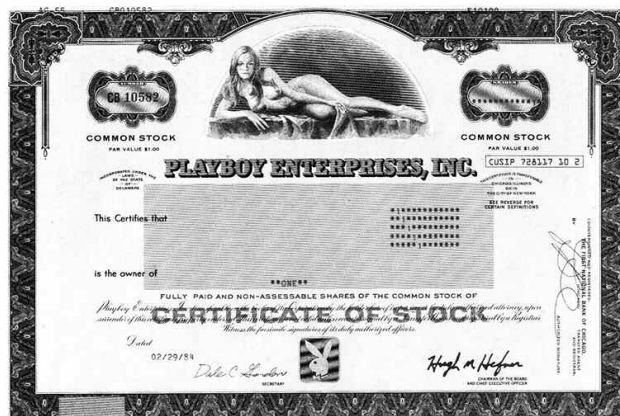
Scripophily is much less troubled than many other collecting hobbies by papers which are not genuine or not printed to meet a genuine need. Relatively few certificates are so valuable as to be worth forging, and the more valuable pieces are usually very old

or very decorative, both being difficult to forge convincingly. Reprints from the original plates are seen occasionally – but usually lack the feel or appearance of papers of their alleged age; they are rarely a problem, in practice.

Very rarely, genuine certificates are altered to increase the value – an unissued piece with details written in to make it look issued, or extra decoration added to a plain certificate. Sometimes, these are laughably incompetent and crude, but others have for a while deceived knowledgeable collectors.

Scripophily does not suffer from issues by a government to no purpose other than to extract money from collectors – a practice abundant in philately, and not unknown in other collectibles. Virtually all bonds and shares were issued to meet a real financial need and were properly issued and traded. Just recently, however, some shares of English companies, dated in the 1980s and 1990s, with exotic themes and illustrations, have been printed purely to sell to collectors. These are well known, and most dealers and auctioneers will not handle them.

Facsimiles of attractive piece are sometimes produced by dealers, usually offered and marked as such. The joke share is a further type of unauthentic material. There are quite a few of these – Ewing Oil (based on *Dallas*), Whitewater Development (with Clinton portraits), Hamburg and Nevada brothel shares, shares denominated in eggs, and the like. Any collector is likely to recognize them for joke shares.



*This has more value as a collectible certificate  
than as a real investment*

## Chapter 9

### AND MORE ...

**K**een collectors never stop gathering information. It is beneficial to develop a close relationship with two or three established dealers, as well as keeping a close eye on auctions internationally.

**Scripophily books** can be obtained from scripophily dealers. The International Bond & Share Society publishes a *Bibliography* of all scripophily books. Information about companies can be found in major reference books such as Standard & Poor's or Moody's manuals of American industries and in Stock Exchange yearbooks, directories and registers of defunct companies. Short biographies of businessmen are included in the *Dictionary of American Biography* (of which there is a *Concise* edition) and similar dictionaries in other countries. In some countries, there are specialist dictionaries of business biography. And there are many thousands of books on particular companies' histories and individuals' biographies, obtainable from specialist business booksellers as well as libraries.

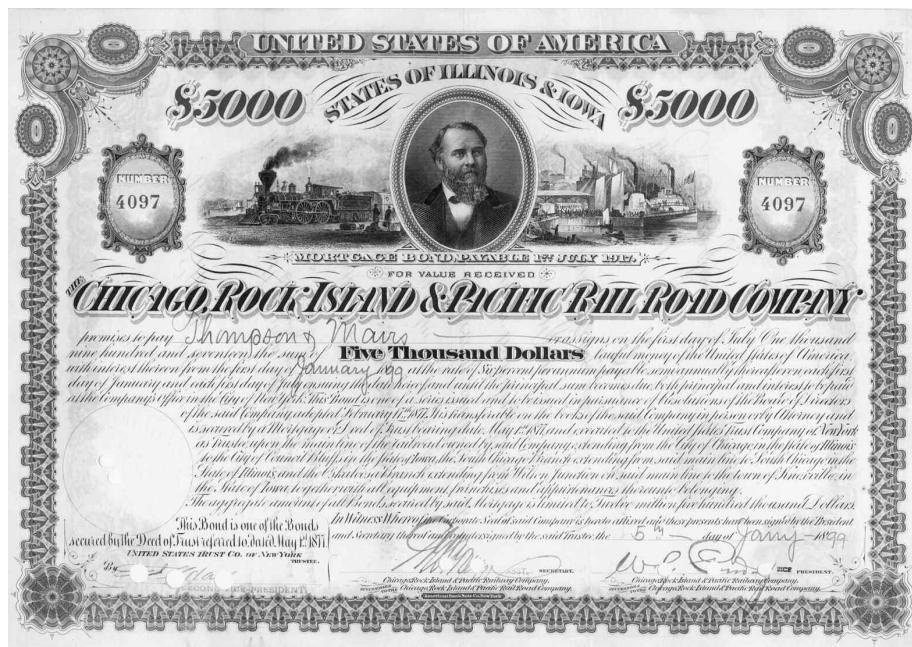
**Original historic documents** of companies and governments, sometimes including shares and bonds, can be viewed in national and local public record offices, in official archives and in museums specializing in social history, technology or local history.

**Useful periodicals** include the International Bond & Share Society's quarterly *Scripophily*, *Financial History* (from the Museum of American Financial History, New York), *WHACO! News* (journal of a Washington-based collectors' group), *Aktiensammler* (in German) and the journals of several other scripophily societies. *Bank Note Reporter* sometimes contains scripophily articles and news. A number of dealers publish newsletters.

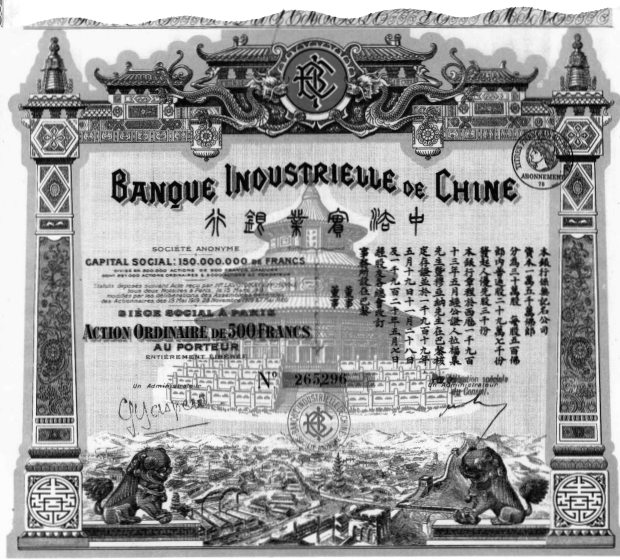
**Scripophily societies** provide contacts and information about scripophily news, auction venues and research activities. The International Bond & Share Society, founded in 1978, is the largest society in America and in the world, and publishes the principal magazine, *Scripophily*, as well as a *Bibliography* of all scripophily books and the *Scripophily Library* series of which this *Guide* is part. The Society's annual *Directory* contains the addresses of America's and the world's leading dealers, auction houses and scripophily clubs, as well the Society's collector-members.

**The website** of the International Bond & Share Society is at [www.scripophily.org](http://www.scripophily.org) and it contains links to information sites, auctioneers and dealers.

**The Scripophily Guide is just a beginning!**



**A \$5,000 railroad bond of a type first issued in 1877 with vignettes typical of the period**



A collection of attractive world bonds and shares (clockwise from top left) Cuba, China, Germany, Russia and Ethiopia

## Appendix A

### CARE OF A COLLECTION

## Albums

Most collectors, wisely, prefer to keep their collections in specially-produced albums. There are several ranges of these, available from scripophily dealers, and the choice of what you should buy is a question of what you collect and how much you want to pay. Some albums have fixed sheets; others have loose sheets on ring-clips.

Format is an important consideration. If you collect railroad bonds you will need a large format album (page size in vertical format, typically about 25" x 18" or 600 x 440mm). A smaller album (page size, in vertical format, typically 19" x 14" or 460 x 340mm), is convenient for most collections. Pages for some of the albums can be supplied with sheets made up of two pockets, allowing four certificates per sheet. These are very suitable for US shares.

Try not to fold a previously unfolded certificate to fit it into an album page; it is much better unfolded in a larger page. However, where interest or dividend coupons appear below or to one side of the certificate, not too much harm is done by folding very carefully between the certificate itself and the coupons. Open out a certificate that is already folded.

Acid from plastic sheets and low-grade paper can spoil certificates over time. Whilst we can give no guarantees, we feel that this is not a problem for most collectors. There is a risk for those living in hot, humid places, if the collection is not kept in an air-conditioned area. This is unlikely, of course, and we doubt if any collectors need lose any sleep on this question. However, do avoid keeping albums in a damp area or near a source of heat - a radiator or fan heater, for example. This can certainly damage the plastic sheets and may well harm the certificates also. Albums should be stored lying flat. It is a good idea to open them up from time to time to let air circulate through the pages.

## Cleaning

Certificates may be printed on paper or vellum (animal skin). Most are on paper, but many pieces from the first part of the 19th century and earlier are on vellum. For cleaning purposes it is vital to distinguish the two.

Much dirt may be removed by using a soft pencil eraser. Be extremely careful if the piece is old or of thin paper. Some people find that white bread, rolled into balls, is effective at moving greasy dirt. Making a certificate wet is risky, and should be done as little as possible, and very carefully. Vellum must never be made wet because it shrinks and curls up. Ink may run if it gets wet. Early pieces were often partly written in Indian ink, which is very black and does not run. Red and blue inks often run.

Glue stains can normally only be removed by a trained archivist. However, stains from the old-style brown adhesive tape can be removed with trichloroethane, available from pharmacies. Use as little as possible, and keep it away from ink.

Glued-on attachments can usually be removed quickly and easily by

wetting; after a few minutes they come apart. Steam from a boiling kettle is also an effective way to remove attachments, but makes the paper limp and can spoil the certificate. Kitchen paper or blotting paper is ideal to dry any wet part of a certificate. Apply a weight to keep the piece flat; a heavy book is ideal. Leaving a piece to dry in the open air will often leave wrinkles.

Paper certificates (never vellum) may be pressed carefully. Use a cool or warm iron, work on the reverse, on a flat surface, with the certificate between two sheets of clean, good-quality, unprinted paper. Never iron over seals, wax or embossed. There is a risk that an ironed certificate can have an 'ironed' look to it, with folds flat but still visible, and many people feel it is wise to limit ironing to corners, edges and tears.

Staples and pins should generally be removed from the certificate, as they tend to rust over a period. However, some pieces, such as the Chinese Reorganisation bonds, were issued with a coupon-sheet attached by staples; these should not be removed.

## Repairing

It is usually best to repair a damaged certificate where possible, to stop damage getting worse (tears getting longer, etc.). Never use glue or gum, and never stick the piece on to a backing. It is best to use archival repair tape for tears or holes. Ordinary sellotape must never be used. If you do not wish to use archival tape, then fine tissue paper with a flour-and-water paste will serve.

Professional paper conservationists can deal with tears, and also ink stains, foxing (rust-like spots), etc. For a small repair job, the cost is not high, and will certainly add to the pleasure of owning the piece, and to its value. Although restoration work may make the damage almost invisible, a vendor should not be tempted to sell the piece as perfect; the restoration must be declared.

## Framing

Most dealers can arrange to frame a certificate, and many collectors like to display them in the home or in the office. Indeed, many new collectors have been attracted by a framed certificate, and many companies display their own early certificates in this manner. If you want to arrange framing yourself, ensure that the piece is mounted on acid free card, and it is not glued to the mount nor fixed in any other way that would damage the certificate. No professional framing service is likely to make these mistakes, but it is as well to be aware of them.

It is essential to hang a framed certificate carefully – never in direct sunlight, never over a fire or a radiator, and never where there is a lot of humidity or condensation.

## Insurance

Finally, do insure your collection against fire, water, theft and losses in

## Appendix B

### GLOSSARY OF TERMS

#### Annuity

An annuity is a form of investment paying a fixed annual rate of return. Historically, annuities were of two kinds: those paying until the death of a name person, and those paying in perpetuity or until redeemed. In modern parlance, 'annuity' has come to be restricted to investments that repay the capital in annual parts along with the interest, but in 18th-century England the term was used for most issues of government loan stock.

#### Assessment

An additional call for funds made on holders of fully-paid shares. In order to retain their full rights, the holders were obliged to meet the assessment in full. This procedure was unpopular with investors and, since the late 19th century, most fully-paid shares have been 'non-assessable', any additional calls on the holders being by means of a rights issue.

#### Autograph

Signature written by the purported signatory's own hand.

#### Bearer (bonds or shares)

An investment legally owned by the person who is in physical possession of the certificate of title (as long as it was acquired legally). See Chapter 2.

#### Bond

A document of title for a loan. See Chapter 2.

#### Call Receipt

See 'Part Paid Share'.

#### Cancellations

- (a) Cut-cancelled: (usually US material) cancelled by a series of cuts, usually not causing any loss of paper. The cuts are sometimes across the signatures or seal, sometimes across the entire certificate. Rarely, one corner is cut off completely, usually across the seal.
- (b) Hole-cancelled: cancelled by holes, large or small, ranging from one on a signature or seal to rows of holes across the whole document ('bullet holes').
- (c) Punch-cancelled: cancelled by a punch-stamp consisting of a large number of little holes making up, usually, a date, with or without the word 'cancelled'.
- (d) Pen-cancelled: cancelled by hand, either saying 'cancelled' or giving an explanation, e.g. 'replaced by cert. no. 123'. Usually the officers' signatures have been crossed through. Sometimes the cancellation is dated.
- (e) Stamp-cancelled: cancelled by a rubber stamp saying 'cancelled'.

(f) Strip-cancelled: (usually European material) a strip of continuous '*annulé*' (or similar) marks right across the document.

#### Capital Stock

The entire capital of a company, sometimes including all forms of shares and loans, and sometimes referring to the shares only. See panel in Chapter 2.

#### Chop

See 'Seal'.

#### Common Stock (or Ordinary Shares/Stock)

The basic shares in the company, with no special privileges or disadvantages which might apply to other classes of share.

#### Convertible

Bonds are sometimes 'convertible', that is, they can be converted into shares of the company at some future date, and/or on the occurrence of a specified event, if the holder so wishes. Likewise, one class of shares may be convertible into another.

#### Coupons

A coupon gives entitlement to an interest payment on a bond or a dividend on a bearer share. It is cut from the coupon sheet that forms part of or is attached to the certificate, when a dividend or interest is due, and submitted to the issuer for payment. The term 'coupon' is also used to mean the rate of interest payable on a bond (or certain stocks): 'The bond was issued at a coupon of 5%'.

#### Debenture

A bond for a secured loan, usually backed by a mortgage on assets.

#### Deferred Shares

The opposite of preference shares (see below). Their dividends and other rights are due after those of the ordinary shares have been paid, provided that sufficient funds are still available.

#### Duplicate

Occasionally, a certificate is stamped 'Duplicate'. This is a document given in replacement for a certificate lost or destroyed, usually with the same serial number as the missing certificate.

#### Endorsement

Anything written or printed on the reverse of a document.

#### Engraved

See 'Printing' in Chapter 1.

## Equity

The whole of the share capital (but not loans) of a company, usually excluding preference shares (depending on the context).

## Exchequer Bill

An early British term for a Treasury Bill (see below).

## Facsimile Certificate

A reproduction of a certificate (usually attractive and rare), produced for sale cheaply as a curiosity. Such facsimiles are usually but not always marked as such.

## Facsimile Signature

Often, when very large quantities of bonds or shares are to be issued, it is not practicable for every official to sign every certificate. One or more signatures are then printed on the certificate. In the past these tended to be the signatures of the more important officers, leaving a more junior officer to add his signature by hand before issue. These days, most bonds and shares have all the signatures in facsimile.

## Fractional Share

In various circumstances (such as the issue of bonus shares or replacement of shares by a new issue), the number of new shares due to a holder may include a fraction of a share. For example, a 1-for-4 issue would give the holder of 5 shares the right to 1¼ new shares, and a 'fractional certificate' would be issued for the odd quarter-share.

## Generic Designs

Many printers of certificates carried an inventory of dozens, sometimes even hundreds, of standard designs, styles and colors of certificate, available off the shelf, often with a design illustrating a particular theme - railroads, mining, oil, etc. The client chose the one he preferred, having his company name and other detail overprinted as required in the spaces provided. This was far cheaper and quicker than having certificates prepared specially, and was much used by smaller US companies.

## Gold Bond

A bond expressed as payable (usually both interest and capital) in gold coin.

## GOES

A Chicago printing company that specialized in 'generic designs' (see above). GOES' name usually appears on their certificates, often with their code number for the particular design. Such certificates are often seen, usually dated 1900-1930, and are a collecting theme in themselves.

## Imprint

The printer's name, usually outside the lower border of the

certificate. Sometimes the artist's and/or engraver's name appears at the bottom also, but in the border rather than outside it. An artist's name is often preceded or followed by DEL (Latin: *delixit* - drawn), and that of an engraver by SC (*sculpsit* - engraved). LITH indicates the lithographer.

## Inflation Bond

A bond expressed as payable (usually both interest and capital) in an amount of currency sufficient to buy a specified 'basket' of commodities.

## Inscribed Stock Certificate (or Receipt)

In England in the 18th century, share or loan certificates were generally not issued to a holder who obtained his stock by transfer from another. Instead, holdings were written ('inscribed') in a register, and the buyer was given a receipt for his money, signed by the seller and countersigned by a company official, which served as a confirmation that the holding was duly inscribed in the register. This system continued for government stocks administered by the Bank of England, well into the 20th century. Most inscribed stock certificates have the top left corner missing, lost when the blank was torn from a bundle hanging on a string, at the Exchange where the deal was made.

## Interim Certificate

See 'Provisional Certificate'.

## Joint Stock

An early term for share capital.

## Liquidation

When a company goes into liquidation, the liquidator settles first (as far as the company's assets permit) the various liabilities of the company. Such liabilities would include, among much else, bonds, including arrears of interest, and arrears of dividend on preference shares. Sometimes there are no, or insufficient, funds to cover these liabilities, and bonds would have a limited value, or be worthless. Only if funds remain after settlement of all liabilities does the liquidator make payments to shareholders. Frequently there are no such available funds; the share certificates are then valueless. Sometimes, however, a viable company is liquidated purely for reorganization purposes, and then the shares of the old company are replaced by those of the new. The old shares may or may not be called in by the company.

## Lithograph

See 'Printing' in Chapter 1.

## Manuscript

Hand-writing or hand-written.



## Mortgage Bond

A bond for a secured loan backed by a mortgage on assets, for example buildings or a railroad line.

## Nominal Value

See 'Par Value'.

## Nominative

See 'Registered'.

## Non-assessable

See 'Assessment'.

## Option Certificate

A certificate entitling the owner to buy shares at a certain date (or on a certain event) at a certain price.

## Ordinary Shares/Stock

See 'Common Stock'.

## Par Value (or Nominal Value)

A company's capital is a certain sum of money, usually divided into shares, e.g. capital \$1,000,000 in 100,000 shares of \$10 'par' or 'nominal' each. However, this does not mean that the shares were ever issued or traded at that price. Occasionally, especially in USA, stocks are issued with no par value.

## Parchment

This term is sometimes used for 'vellum' (see below), but this is incorrect, since parchment is a vegetable, not an animal, product. Bonds and shares are rarely made from parchment.

## Part Paid Share

Sometimes the nominal value of a new share does not all have to be paid at once. An initial subscription is sufficient to acquire the shares, in 'part paid' form, and a 'provisional certificate' (or 'subscription receipt' or 'part paid' certificate) is issued. The company then 'calls' further installments as further finance is needed. In times past, either a separate 'call receipt' was issued, or the payment was written on the provisional certificate. When the full nominal value of the share has been paid up, the buyer is usually issued with a definitive certificate in place of the provisional one.

## Post Note

A short-term bond, usually for a relatively small sum of money, borrowed at interest for a period of months.

## Preference (or Preferred) Shares

Companies often issue preference shares as well as ordinary (or common). The holders of these are entitled to a dividend, usually at a fixed percentage of nominal value, paid as an obligation of the company, subject to the availability of sufficient profits, before a

dividend on ordinary shares is declared. Shareholders of a company with unpaid preference dividends count as creditors of the company at the time of liquidation, whereas ordinary shareholders receive nothing if all assets are required to meet the claims of creditors.

Two variations on the theme:

- Cumulative preference shares are those on which unpaid (or incompletely paid) preference dividends accumulate through poor years, to be paid when funds permit in more prosperous later years.
- Participating preference shares are those on which the preference dividend is paid, and the preference shareholders then qualify also for a further dividend alongside the ordinary shareholders.

## Proof

See Chapter 3.

## Provisional (or Temporary or Interim) Certificate

See 'Part Paid Share'. The provisional certificate is usually destroyed after exchange for the definitive issue. Those seen in collections today were not exchanged, either because the buyer did not pay all the calls, or because the share issue did not go ahead for some reason, and the definitive shares were never issued. Provisional certificates are a type of 'scrip' (see below).

## Registered (or Nominative) Stock

Issued to a person whose name is entered on the certificate. When the bond or share is transferred to another person, the certificate must be given up and a new one issued in the name of the new owner. See Chapter 2.

## Registered Transfer Certificate

See 'Transfer Certificate'.

## Rente

A French term meaning 'annuity' (see above). The 'tontine' system (see below) often applied to rentes.

## Reprint

A fresh printing of a company's shares, using the original printing-plates, not by the original issuer but by some other person who has acquired the plates. Reprints are usually modern, for sale as curiosities, and do not have the 'feel' of original shares of the apparent date.

## Reserve Stock

See Chapter 3.

## Revenue Stamp (or Tax Stamp)

In many countries at certain times, a tax is or was payable on issue of bonds or share certificates. Proof that this has been paid is often shown by a stamp on the certificate. This may be an adhesive, an embossed, or a printed stamp. These form a hobby in themselves.

## Scrip

A term used for many different kinds of temporary or provisional

## Seal

Most bonds and shares bear the seal of the issuing body. In many cases, especially bonds, the seal is printed on the bond, and means little. However, in times past, the seal was usually placed on the certificate by a company officer, to show that it was genuinely issued. The seal was usually made by an embossing device containing a metal disk, and both the device and the disk are often termed 'seals'. Sometimes the seal was embossed on a piece of paper glued to the certificate – sometimes of ornate shape or of a different color from the certificate; this is known as a 'wafer seal'. 18th- and early 19th-century seals may also be embossed on wax or, rarely, on metal. Seals can be very decorative, showing a locomotive, ship or other theme of the company's activity; they also often give the year of incorporation of the company. Chinese bonds bear the red personal 'chop' or seal of (usually) two officials, and sometimes one of them is the ambassador to the country where the bonds were issued.

## Share

See Chapter 2.

## Signed in Print

A term current in the USA to denote the printed name of the official 'signing' the certificate, instead of an autograph signature.

## Sinking Fund

Bonds are sometimes Sinking Fund bonds. The issuer obliges himself to put aside a sum of money annually (either a fixed sum, or a fixed proportion of revenues or profits) into a 'Sinking Fund', dedicated to repayment of the bonds at maturity, or of a number of them (often drawn by lot) at regular intervals. In theory this guarantees the availability of funds when needed to repay the bonds. Often, in practice, failure to make profits, or diversion of the money to other purposes, meant that the Sinking Fund did not meet the bondholders' expectations.

## Specimen

See Chapter 3.

## Stock

See panel in Chapter 2.

## Stub

Before computers, share certificates were usually printed in books, with a counterfoil ('stub') to each share. When required, the certificate was cut or torn out of the book and given to the investor. Details of the buyer were entered on the stub. When the certificate was returned for cancellation, it was often glued back into the book, attached to the original stub.

## Subscription Receipt

See 'Part Paid Share'.

## Talon

When a sheet of coupons (see above) has been used up, a 'talon' (part of the coupon sheet) is sent to the issuer of the certificate to request a new sheet of coupons.

## Tax Stamp

See 'Revenue Stamp'.

## Temporary Certificate

See 'Provisional Certificate'.

## Tontine

Some certificates of the 18th and 19th centuries were issued as tontines (named after Lorenzo Tonti who invented them in France in the 1650s). Under a tontine, a group of persons invested their capital to receive regular interest. When a member of the group died, the value of his capital (or a fixed portion of it) was added to that of the survivors, and the interest it earned divided among them. This continued until only one member was left alive; he then received the capital subscribed by all the initial investors, and the tontine was wound up. Often investors bought tontines in the name of a younger person. Tontines have been declared illegal in numerous countries, partly on account of the increase in the murder rate which they were thought to provoke!

## Transfer Certificate

A document authorizing the transfer of a bond or share to a new owner, signed by the transferor and, normally, a witness. This may be on the reverse of a certificate (usual for US shares) or a separate manuscript or printed document, either a generic lawyers' form or an official company certificate. The latter type are the most interesting to a scrippophilist, especially if certified by the company as registered in its records.

## Treasury Bills

Short-term government bonds, often issued in very large denominations to major institutional investors, sometimes interest-bearing and sometimes issued at a discount for redemption at par.

## Unissued

See Chapter 3.

## Vellum

In the 18th and early 19th centuries, many companies and governments printed their certificates on vellum. Vellum is made from animal skin, often from a young goat. Vellum is quite distinctive, especially when held up to the light. Collectors must treat it carefully as it is easy to spoil, especially by water. In particular, it must never be ironed. Vellum is almost unknown for share certificates or bonds after 1850.

## Vignette (pronounced vin-yet)

Strictly, a self-contained illustration, separated from the general design of a certificate, and often in a printed frame. Loosely used to mean any illustration on a certificate.

## Warrant

A certificate entitling the bearer to a share when issued. Issued under British or similar law to avoid a ban on the issue of bearer shares. In practical terms the same as a bearer share certificate.

## Appendix C

### INTERNATIONAL TERMS

The different financial and legal practices of various countries mean that the words or phrases used in this table are often not exact translations, but they are adequate, in practical terms.

#### TYPES OF CERTIFICATE

ENGLISH	GERMAN	FRENCH	SPANISH	PORTUGUESE	ITALIAN	DUTCH
Share	Aktie, Actie	Action	Acción	Acção	Azione	Aandeel
Ordinary Share	Stammaktie	Action Ordinaire Action de Capital	Acción Ordinaria	Acção Ordinaria	Azione Ordinaria	Gewoon Aandeel
Preference Share	Vorzugsaktie Prioritätsaktie	Action de Préférence Action Préférée	Acción de Preferencia Acción Preferente Acción de Prioridad	Acção Privilegiada	Azione Privilegiata Azione di Priorità Azione di Preferenza	Preferentie Aandeel
Bond or Debenture	Schuldverschreibung Teilschuldverschreibung Anleihe	Obligation	Obligación	Obrigaçao	Obbligazione	Obligatie
Bearer (Note 1)	Inhaber	Porteur	Portador	Portador	Portatore	Toonder
Founders share	Gründeraktie	Part de Fondateur	Parte de Fundador	Título de Fundador	Azione Fondazionale	Oprichtersaandeel Stichtersaandeel
See Note 2	Genussschein	Action de Jouissance	Acción de Beneficio	Acção de Usufruto	Azione di Godimento	Genotsaandeel

Other terms are sometimes seen, but not generally used in most countries. Some we should mention are:

Action de Dividende – a share entitled to dividends but not votes.

Kuxschein – a share in a mining company issued under special mining laws.

Part Sociale – a modern term for a share with no nominal value, being just one of a number of units into which the share capital of the company is divided.

#### Notes

1. The fact that a registered share is issued in the holder's name, rather than to bearer, is obvious, and not normally stated on the certificate. Exceptionally, the word 'nominative', 'namenaktie' or similar, is seen.

2. These European shares are issued in replacement of ordinary shares, after the capital value of such shares has been fully repaid to the shareholder (either by drawing by lot, or by installments). The holder receives dividends, but has no voting rights. No equivalent in US or British law.