

UPDATE

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The Necessity of Cultivating Beginners

I am aware of only two publications dedicated to collecting stocks and bonds: *der Aktiensammler (The Share Collector)* for German speakers and *Scripophily*, the communications arm of the International Bond and Share Society.

When you see groups of collectors in these publications, they predominantly show older men. Every year, those guys (myself included) look older.

Now, I am not saying they should get face lifts to look younger. I'm saying we need to see younger faces.

Please allow me to be blunt for a few minutes.

I do not collect certificates; I collect information. It doesn't matter to me how old my correspondents are. If they can write letters or emails, that is all I need.

Genuine collectors need something more. They need buyers. And so do dealers. Let's face it. When collectors get old, and they will, they will need to sell their collections to someone. Specifically, someone younger. If there are no younger collectors, they are going to be in a world of hurt.

Over the years, many correspondents have told me that they came to the hobby through their investment activities. Now



Hasten the Vigilantly Watched Railroad. This vignette appears on lithographed certificates of *The Wooding Railway Warning Device Co.* Here we see a night scene with giant allegorical woman standing beyond two trains approaching a damaged bridge. In tiny letters below the rightmost train are the words "Drake-Denver." I suspect this image was engraved around 1900.

242 new certificate varieties since September

	Last letter	This letter
Total certificates in database counting <i>all</i> variations (issued, unissued, specimens, etc.)	20,417	20,783
Distinct varieties of certificates	15,536	15,778
Certificates with celebrity autographs	1,505	1,577
Celebrity autographs known	326	337
Railroads and railroad-related companies known	25,090	25,166
Companies represented by at least one certificate	6,596	6,670
Serial numbers recorded	70,325	72,522

Contributors since Sep, 2005

David Adams	Robert Hunt
Gregory Alexander	Bob Kerstein
Vern Alexander	William Knadler
Carl Allen	George LaBarre
Joseph Batzer	Geert Leemeijer
Gene Beam	Franky Leewerck
Guenter Brueckner	Aspeci Luca
Peter Bykowski	John Mallinson
Ed Costanza	John Manger
Dennis Dejesus	John Martin
Lawrence Falater	Volker Mueller
Heinz Frei	Bob Patetta
Willi Frei	Mike Poirier
H. George Friedman	Ken Pitt
Norman Hall III	Al Potter
Frank Hammelbacher	Marvin Rothstein
Kenneth Holter	Bryan Whipple
Barry Householder	Scott Winslow

Sincere thanks to these dealers who send me their catalogs and help keep me apprised of happenings in the hobby!

Clinton Hollins
 Historisches Wertpapierhaus, AG
 Eric Jackson
 Freunde Historische Wertpapiere
 George LaBarre Galleries, Inc.
 R.M. Smythe, Inc.
 Scripophily.com
 Scott J. Winslow Associates, Inc.



I'm sure everyone nods their heads when I say, "our hobby needs beginners." So how do we accomplish that?

We first treat every possible beginner the way we would want to be treated *if we were in their positions*. Yes, beginners can sometimes be pains. But, how would we want to be treated? With respect. Simple support and respect.

We need to offer ways, no matter how subtle, for people to discover our hobby. Those random occurrences may never create a single collector directly, but we will never know the conversations that will take place beyond our presence.

Ultimately, my point is simple beyond imagination. Every single one of us, no matter whether we are collector, dealer or cataloger, must promote our hobby in every way we can, even if it seems trivial. Beginners are crucial to our hobby. And our wallets.



Popular owl vignette probably engraved in the 1880s by Franklin Bank Note Co. This image appears on stock certificates from The Bellaire Zanesville & Cincinnati Railway Co.

that paper certificates have almost completely disappeared from U.S. and London exchanges, that method of entry is lost.

So, look out ten or twenty years into the future. How are the 20-year olds of today going to discover our hobby?

By accident. So, let's start designing the accidents.

I am suggesting that beginners are going to come to the hobby through us, through something we do. Maybe it will be a stack of certificates at a stamp, collectibles, or railroad show. Maybe a scripophily calendar or a framed certificate on the wall. Maybe a business card, greeting card, or thank you card. Maybe it will be though a gift or a talk or a magazine article. Maybe it will be a call to your favorite dealer to add a friend to a mailing list.

We will never be able to control our effects on people. We will never be able to affect individuals the way we want. Instead, our effects will be accidental.

It is our responsibility, then, every single one of us, to make those purposeful accidents happen.

IBSS Back In Biz

It's not that the International Bond and Share Society (IBSS) has really gone anywhere. It is just that the organization was unable to publish since May, 2004 because of personal and health considerations. As always, the health of small volunteer organizations depends on the health and free time of their leadership.

Belgian dealer Mario Boone has taken over the presidency and he is a great guy for the job. My sincere congratulations to Mario. He has always been very helpful to me.

Here is what I want you to do.

If you are not already a member of the IBSS, become one. If you are already a member, give a membership to someone.

You may join the IBSS by going to its web site at Scripophily.org. If you don't have a web connection, write to me and I'll send the necessary forms.

Whatever you choose to do, please remember that our hobby needs the IBSS and the IBSS needs you.

Why my focus on beginners this issue?

I may be wrong, but to tell you the truth, I'm a little worried.

I add prices to my certificates database every single day. When I notice prices routinely pushing the boundaries of normal ranges, I adjust prices up or down. My goal is to give readers a basis from which they can determine how much they might pay for collectible certificates. Or how much to ask when selling.

For instance, Greenville & Columbia bonds have almost constantly appeared for sale on eBay for well over a year. Prices are now running only \$25-\$30 apiece. Those items are so common right now that I had to reduce my price estimates. Don't worry, I still keep estimates above eBay prices because I see eBay as an artificial situation not fully representative of the full scripophily market.

Nonetheless, I have seen prices falling for quite some time, not just on eBay, but everywhere. In the U.S. *and* in Germany. In auctions *and* in fixed price lists. THAT is what has me concerned.

From my perspective, prices reflect the age-old rule of supply and demand. Simply stated, prices represent the balance between how many items are available (supply) and how many people want them (demand.)

In the case of collectible stocks and bonds, supply is absolutely static. (Maybe even dropping because of floods and fires.)

That means one side of the supply-demand equation is fixed. Therefore, price movements reflect demand alone. When prices rise, that means demand is rising. When prices fall, demand is falling.

Periods of falling prices represent excellent opportunities for existing collectors. I cannot even imagine how many phenomenal rarities are available for under \$250. In fact, I've seen a huge number of rarities sell for under \$50!

But what happens when existing collectors want to sell? Unless demand rises, they are going to lose money. Plain and simple.

Now, believe me, I am not advocating greed. Instead, I am advocating clear thinking. I am advocating a reasonable degree of self-interest among collectors.

Self-interest means helping beginners discover our hobby. Clear thinking means understanding that no collectible certificate is ever worth more than the next buyer is willing to pay.

So please help create the next generation of buyers.



Engraving of the New York Stock Exchange from the cover of the 1976 American Bank Note Company annual report. See the detail of the bas relief on the opposite page.

Reporting unlisted certificates

I would like to list railroad certificates from every source possible. However, I have neither enough time nor enough money to accomplish that ideal.

My highest priority sources are correspondents. If you acquire an unlisted certificate, I will appreciate either a scan or a copy. I will record your contribution within a few days.

My second highest priority sources are auction catalogs. It usually takes me a months to go through a catalog completely. I maintain a list on my web site of every catalog used. If you find an unlisted certificate in an auction catalog, please check coxrail.com/database/auctioncatalogs.asp. I may already have the catalog, but have not had time to record certificates.

Several major dealers send me their catalogs for free. (THANK YOU!) If you have catalogs from other dealers, the best way you can help is by sending copies of pages. Some people send whole catalogs. Some people dissect catalogs and send only pertinent pages. Some people scan pages. Whatever method is easiest for you.

Please be sure to send prices realized, but don't waste your time making currency conversions; I can do it quickly.

Do I adjust prices when items go unsold in auctions?

Yes, but not the first time.

If a certificate fails to sell in one or two sales, I generally assume that an insufficient number of interested collectors saw the listing. If no similar certificates sell in the period between the two sales, I keep my price estimates stable.

If the same certificate fails to sell after three attempts, then I conclude that *average collectors are not interested in the item at the minimum bid price*. I think most collectors would agree that my price estimates should reflect collectors' attitudes about the item.

Price estimates also reflect extenuating circumstances. The September 11, 2001 attacks on New York affected collectors' willingness to buy at that time. Snowstorms, the economy, gasoline prices, tax day, Christmas, and elections all affect prices to greater or lesser degrees.

Still, if items go unsold after several sales, or go unsold over extended periods, then I will definitely lower price estimates.



Small part of a terrific ABNCo vignette that appears on stocks certificates of the International Railways of Central America.



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Address correction requested