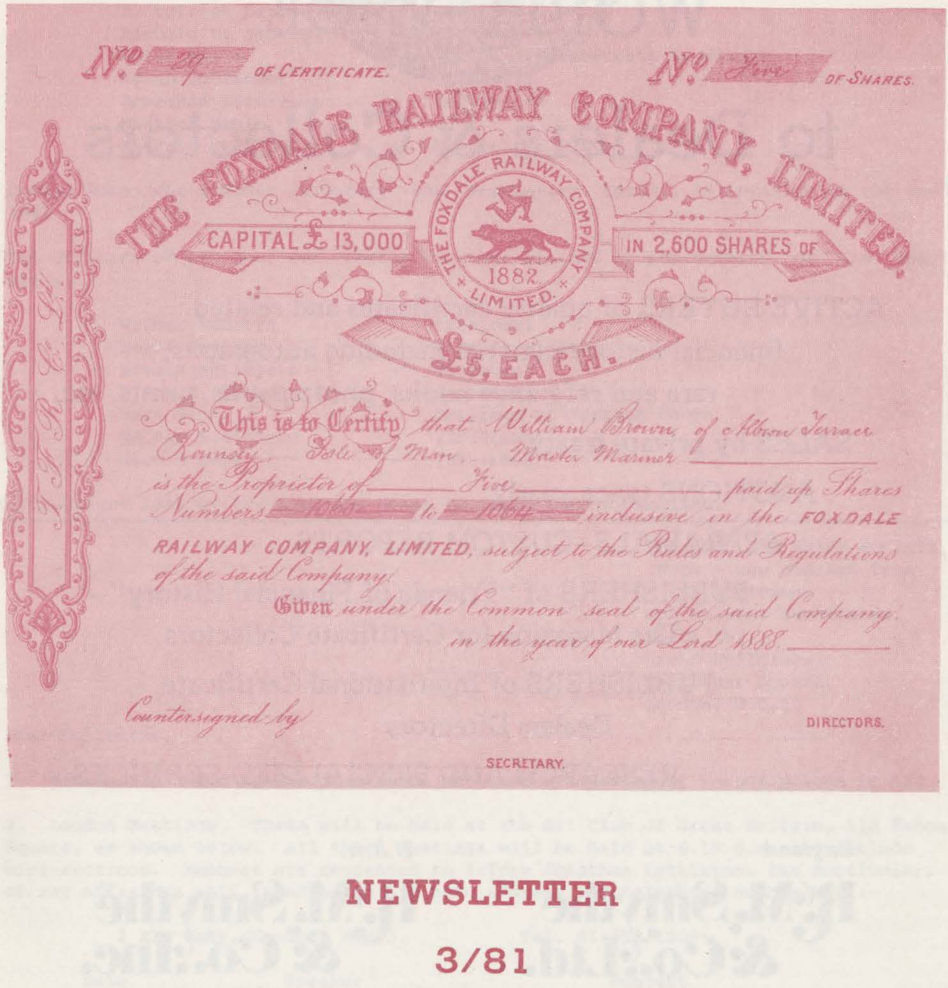
THE BOND AND SHARE SOCIETY



NEWSLETTER

3/81

INCORPORATING YEARBOOK No. 3

THE BOND AND SHARE SOCIETY

1981

The Society was formed in 1978 and is a non-profit club with a democratic constitution. We now have over 500 members, in 24 countries.

The Committee is elected by the members and voting takes place at the Annual General Meeting.

Your Committee for 1981/82 is :

J. Patrick Berthoud	-	Chairman
Richard E. Jackson	-	Hon. Secretary
Brian Mills	-	Treasurer/Membership Secretary
Keith Hollander	-	Publicity
Jonathan Lyttleton	-	Auctioneer
Michael Moule		
Michael Veissid	-	Newsletter Editor

Donald Ross, the founder Secretary and Newsletter Editor, is retiring at the end of 1981

The Officers of the American Chapter, who are elected by the members of the Chapter are :

Wilmer Roberts	-	President
David Zeitlin	-	Vice President
Howard Applegate	-	Treasurer
Diana E. Herzog	-	Secretary
Park Beck	-	Chairman of Foreign Bonds
Walter Steinberg	-	(Programme
Harold Keys	-	(Chairmen

THE BOND AND SHARE SOCIETY,
(Note - new address from
1st September :-)
c/o Belcher Associates,
Suite 352,
Grand Buildings,
Trafalgar Square,
London, W.C.2.

Dear Collector,

1. Membership. The number of members who have renewed their subscriptions is 520.

2. London Meetings. These will be held at the Ski Club of Great Britain, 118 Eaton Square, as shown below. All these meetings will be held at 6.15 p.m. and include mini-auctions. Members are requested to inform Jonathan Lyttleton, the Auctioneer, of any offerings well in advance; his home address and telephone number are :-

2 Elm Walk, London, N.W.3. Tel. 01-458 1000

Date	Speaker	Subject
Tues. 6 Oct. 1981	Tim Barker	Russian Cities and Railroads
Tues. 3 Nov. 1981	Anne-Marie Hendy	Confederate State Bonds
Tues. 1 Dec. 1981	Brian Mills	American Railways
Tues. 5 Jan. 1982	Not yet arranged	
Tues. 2 Feb. 1982	Not yet arranged	

3. Annual General Meeting. This will be held at the Ski Club at 6.15 p.m. on Tuesday, 2nd February 1982. Proposals for resolutions and motions should reach the General Secretary by 15th December 1981.

4. New Appointments. The following new appointments have been made :-

From 1st September

General Secretary responsible for general organisation, queries, arrangement of meetings and lectures — Richard Jackson,
c/o Greene's,
Bilbao House,
36/38 Broad Street,
London, E.C.2.

Editor of the News Letter and Advertising — Michael Veissid
c/o Belcher Associates
Suite 352,
Grand Buildings
Trafalgar Square
London, W.C.2.

Publicity — Keith Hollender
9 Old Bond Street
London, W.1.

Auctioneer — Michael Moule very gallantly stepped into the breach to finish off Postal Auction No. 6 in the gap left by the late Derek Fawcett. Jonathan Lyttleton (address above) has now been appointed as the Society's Auctioneer at all auctions (mini auctions at London meetings, postal auctions and the Congress auction).

5. Future Auctions. Jonathan Lyttleton has asked me to say :

(a) Material for Postal Auction No. 8 must reach him not later than 1st November 1981.

(b) Material for the 1982 Congress Auction must reach him by 1st December 1981.

Material submitted for auctions is often returned to members as being unsuitable due to quality/too common/priced too high. New material has every chance of being included in future, especially if it is pre-1900, for any country.

6. Consideration has been given to whether three or four newsletters should be issued each year. It has been decided that as from January 1982 there will be four 'Journals', each containing amendments and additions to the Society's membership, one of which will contain a full Directory.

7. Scripophily Congress - London 1982. It is intended to repeat the Congress, first held in March 1981, on a similar format in late February/early March. Any member with ideas on improving last year's format is invited to write to Jonathan Lyttleton with suggestions.

8. Daniel Rischik. It is with regret that the early death is reported of Daniel Rischik of Gumligen, Switzerland. Dannie was an enthusiastic scripophilist and frequently visited England and the United States in pursuit of his hobby. He joined the Society in 1979 and was specially interested in researching the history of companies and their certificates. He founded and edited "Swiss Non Valeurs News", an ambitious and attractive magazine in three languages - German, French and English. This was really ahead of its time, and when financial success looked doubtful, Dannie sold the rights to "HP Magazin".

Dannie's creative ideas and lively personality will be greatly missed by all his friends and we send our deepest sympathy to his family.

9. American Chapter Reduces its Dues. Now that it is firmly established, the American Chapter has decided to reduce its dues to an annual figure of $15. As before, this includes membership of the parent Society. Members attending branch meetings in the United States will in future be asked to pay an admission charge to cover the cost of the room, etc., as is the practice for meetings in London and elsewhere.

It is felt that it is important for the development of scripophily that there should be an active Chapter of the Society in the United States. Members residing in the United States who have not yet joined the American Chapter are asked to contact the honorary secretary, Diana Herzog, 24 Broadway, New York, NY 10004 - (212) 943 1880. Dues already paid to London will be fully credited against the U.S. dues.

10. Memphis Paper Money Show. Once again the Memphis Coin Club organised their huge International Paper Money Show, this year on June 19 - 21. Every year the number of dealers increases, and this year there were about 140 tables. The Scripophily sector again increased its share, and there were 15 or more dealers with significant quantities of stocks and bonds. However, the European contingent was much reduced compared with previous years, only Guy Cifre having a table, and the European visitors only a handful. In 1979 and to a lesser extent in 1980, visitors from Germany, Switzerland, France and Britain were much in evidence. The auction this year was disappointing too, with only 30 or so lots of Scripophily items. The highest price reached was $425 for a New York & Harlem Railroad stock signed by W. H. Vanderbilt.

Despite these relevant shortcomings in the attendance, the atmosphere as always was congenial and the event immensely enjoyable. Congratulations and gratitude again to Mike Crabb and his colleagues in the Memphis Coin Club for all the work they put into organising the Show - and which they will be doing again in June 1982.

11. Other Societies.

(a) The U.S. Chapter will hold meetings as follows :-

Friday, Sept. 11th at the New York
Sheraton Hotel, at 2 p.m.

Tuesday Oct. 13th at the Collectors Club,
22 East 35th Street, N.Y. at 7.30 p.m.

(b) South African Chapter. This has now been established. Enquiries to Mr. R. Levenberg, P.O. Box 82438, Southdale 2135, Johannesburg, South Africa.

(c) The Bond & Share Society of Australasia. The number of members continues to grow and has now reached 150. Enquiries to the Secretary, Mr. R. R. Green, 23 Como Avenue, South Yarra, 3141, Victoria.

12. On giving up the Secretaryship and Editorship of the News Letter, I would like to thank the many members who have given so much help. I know that both Michael Veissid and Richard Jackson can look forward to the same helpfulness which has always been shown to me, and will always particularly welcome items for the News Letter and suggestions for talks.

Donald Ross

Late News. The Ephemera Society will be holding a 'Piccadilly Special' at the Park Lane Hotel from 11.00 - 5.30 on Sunday 1st November. Admission 50p. It is known that at least four stands will be devoted to scripophily.

News Letter 1/82. Material for News Letter 1/82 should reach Michael Veissid by 15th November.

Row Grows over German Bond

West Germany is facing the possibility of being sued by British or other international investors over the repayment of pre-World War II debt; an action which, if successful, could cost Germany as much as £50 million.

The potential litigants naturally hope that the Germans will bow to pressure being exerted on their behalf by, among others, the British Foreign Office and the Bank of International Settlements, and play what they see as the game by paying up.

But, judging from the background to this remarkable issue - and the apparent indifference by the Governments involved - the omens are not good.

At present the aggrieved investors are adopting what is known in contemporary parlance as a low profile - to the extent that they don't want to be publicly identified, for fear of annoying officialdom: but not for much longer.

In Britain, the group which is believed to have most at stake is RIT, or Rothschild Investment Trust, as it was known before its boss, Jacob Rothschild, had to change its name after his celebrated dispute with his cousin Evelyn latterly chairman of the family bank, N. M. Rothschild.

Other banks are also involved, plus individual investors, one of whom said last week 'The Germans have had it all their way ever since these debts came into existence. The British and other governments have a moral responsibility to get off their backsides and bring the whole shabby issue to a just end.'

What is it all about? The basics are that the German government borrowed $300 million from investors in nine countries in 1930. The specifics are extremely complicated. The upshot is that they feel the Germans have, at best, short changed them, and, at worst, cheated them out of millions.

It is in their favour that the Bank of International Settlements, their trustee, also doesn't accept that the Germans have acted correctly, and this is an outfit with clout.

The affair dates back to 1930, when the world was an even unhappier place economically, and one of the main priorities of western governments was getting Germany back on its feet.

Their main catalyst was the Young Plan, so-called after the American lawyer Owen D. Young, ex of RCA and General Electric, its architect. And key to this was the Young Loan, a $300 million bond offer to investors in the US, Britain, Belgium, France, Germany, Holland, Sweden and Switzerland.

Bearing a coupons of 5½ per cent, the bulk of the issue was taken up by British, French and American investors - enticed by the carrot that the bonds were linked to the price of gold.

Adolf Hitler and his lot predictably proved to be welshers and payments dried up completely in 1938. After the war, the Young Bonds - traded on the London Stock Exchange - were a speculators delight: arrears of interest were hefty and while few expected these to be met, there was still the gold-related carrot.

The next major development was the London Debt Agreement of 1953, when negotiators for the Allies met behind closed doors to sort Germany's financial mess and restructure the Young Loan.

The expiry date for redemption of the bonds was extended to June, 1980. And instead of 5½ per cent, the coupon was lowered to 4½ per cent for every issue except the bonds issued in the US, where the rate was cut to 5 per cent.

Of extreme significance was the abandonment of the bonds' link to the price of gold. The non US creditors wanted it retained, but the Americans didn't, since it was contrary to 1933 legislation in Washington which, in effect, disallowed Americans to own gold or gold-linked stocks.

The Americans won the day. And a further key concession to Germany was an abandonment of accrued interest during the war years till the reunification of Germany.

But crucial to the present dispute, between bondholders and the German Government, is a clause in the latest agreement over what currency could be used as the basis for redemption of the bonds in 1980.

The crucial paragraph reads: 'Should the rates of exchange ruling any of the currencies of issue on 1st August, 1952, alter thereafter by 5 per cent or more, the instalments due after that date, while still being made in the currency of the country of issue, shall be calculated on the basis of the least depreciated currency . . . when the payment becomes due.'

The German text of the agreement, however, used the term devalued instead of depreciated. Thus, when the German mark was revalued in 1961, and later in 1969, bondholders rubbed their hands in anticipation that this meant their bonds would now be related to the mighty mark.

But the Germans disagreed. So did a battery of lawyers and, after a lengthy arbitration hearing in Germany, a court decided by 4 to 3 that 'The unexpectedly fast and continuous recovery of the German economy is no legally sound argument in favour of a broad interpretation of the German obligation.'

Fair enough.

But still at issue - and the foundation of the possible litigation in months ahead - is the fact that the Germans seemingly used a false yardstick to calculate interest payments and last year's repayment of principal.

The Germans invoked the 'least depreciated currency' clause. But since IMF par values were legally abolished in 1978, after their virtual demise when currencies started floating in 1971, the bondholders point to a gaping inconsistency in the German repayment in 1980.

The Germans decided that the Belgian franc was the least depreciated currency, and paid interest and principal in that currency accordingly.

Put simply, the argument runs that since IMF parities were no longer, the Germans used a yardstick that didn't exist. The BIS, as trustee, said sternly that it was 'unable to agree with the basis and method of recalculation of the amount due . . . as from 1st June, 1978. The rights of bondholders to any additional amounts which may become payable have, therefore, been reserved.'

So what do the incensed bondholders want? In two words, Swiss francs.

Not only has the Swiss franc never had any IMF par value on account of the country's aloofness from joining, it is also the least depreciated currency of those in the package by any criteria - be it purchasing power, or depreciation in terms of gold.

Should the Germans oblige and accept this as an equitable arrangement unlikely - it would mean paying around 40 per cent more than the £120 million or so paid last June to bondholders in eight countries.

In Britain alone, £9 million would be needed and £11 million in America.

Not that investment in the bonds has been all bad for British investors, particularly those who bought at bombed out war prices. For each £100 bond, the Belgian-related payment was £371. If Swiss francs were used, this would increase to £515. If the bonds had been gold linked, the increase would be a hundredfold.

Investors in British War Loan, on the other hand, will have found that their £100 bonds are worth only £31.

They know a thing or two, the Rothschilds, which bought into the bonds in the Seventies as a currency hedge.

Lindsay Vincent

(With acknowledgements to the Observer of 28/4/81)

Indicators in the Bond and Share Market

by Dr. Hannelore Braunsberg

There is some controversy as to the desirability of an indicator, as expressed in SCRIP 1 and 2. As one in favour, I was most interested in Dr. Jenkin's idea and would welcome an index, provided it is reliable. Unfortunately, Dr. Jenkin's figures cannot be, because they depend on the numbers of items sold, which has varied widely and in turn depends on the total number offered.

A more meaningful index would be arrived at by multiplying the percentage of certificates sold by the average price realized per certificate. This must take into account lots which consist of more than one certificate (e.g. lots 73, 77 and 139 of Auction 5).

Auction	Certificates offered	Per cent sold	Price per certificate (£)	Index
2	106	48.1	7.73	372
3	118	34.7	6.06	210
4	142	53.5	7.88	422
5	224	50.4	12.49	629
Congress 1981	228	71.1	25.00	1778

Clearly the Congress auction cannot be compared with postal auctions. It, like sales of auction houses, involves interaction between participants and the material sold was rather different. The table shows a less dramatic upswing between Auctions 2 and 4 than does Dr. Jenkin's because his calculations are biased by the larger number of items offered in Auction 4. It does, however, indicate an encouraging trend during the last twelve months.

A further useful indicator of market trends is the ratio of price realized to the reserve. The latter is a minimum estimate while the former reflects both value and demand. Statistical calculations can be used to estimate an average and the variation about this average. For Auctions 3, 4 and 5, for which I have full data, I obtain :-

Auction	Price/reserve (average)	Coefficient of variation (%)
3	1.31	32.2
4	1.35	26.3
5	1.48	75.5

The ratio has a minimum value of 1 and its average increases in a healthy market of demand and increasing prices. The coefficient of variation is a measure of uncertainty among bidders or sellers or both.

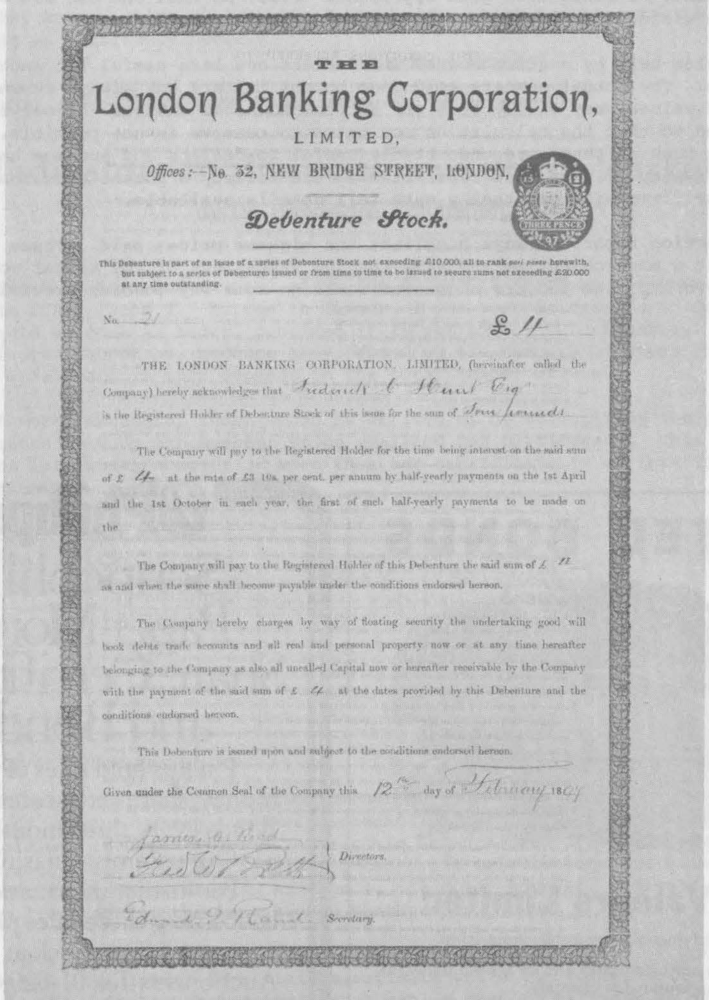
These calculations can only be meaningful if relatively large numbers of certificates are sold and if their distribution of values, quality and condition are fairly constant. I would like both approaches tried, so that one can see whether or not they are useful.

Sales held by auction houses and dealers are less useful for such calculations. The actual numbers sold (not bought in) are not always known and the estimates of values vary widely from one auction house to another. Reserves are rarely stated so that the calculation of price to reserve is not possible. However, calculations such as these are undoubtedly useful to dealers and auction houses and it would be a pity if they were restricted to the Society's postal auctions. Perhaps some of these firms will eventually make full details available.

Auction reports always highlight the highest prices paid. These are of interest, but a more objective and wide-ranging assessment of the market would be desirable. Perhaps the indices suggested would go some way towards providing this.

The London Banking Corporation Ltd.

by R. E. Jackson



THE

London Banking Corporation,

LIMITED,

Offices:—No. 32, NEW BRIDGE STREET, LONDON,

Debenture Stock.

This Debenture is part of an issue of a series of Debenture Stock not exceeding £10,000, all to rank *pari passu* herewith, but subject to a series of Debentures issued or from time to time to be issued to secure sums not exceeding £20,000 at any time outstanding.

No. 21 £ 4

THE LONDON BANKING CORPORATION, LIMITED, (hereinafter called the Company) hereby acknowledges that Frederick C Hunt Esq is the Registered Holder of Debenture Stock of this issue for the sum of Four pounds

The Company will pay to the Registered Holder for the time being interest on the said sum of £ 4 at the rate of £3 10s. per cent. per annum by half-yearly payments on the 1st April and the 1st October in each year, the first of such half-yearly payments to be made on the

The Company will pay to the Registered Holder of this Debenture the said sum of £ "
as and when the same shall become payable under the conditions endorsed hereon.

The Company hereby charges by way of floating security the undertaking good will book debts trade accounts and all real and personal property now or at any time hereafter belonging to the Company as also all uncalled Capital now or hereafter receivable by the Company with the payment of the said sum of £ 4 at the dates provided by this Debenture and the conditions endorsed hereon.

This Debenture is issued upon and subject to the conditions endorsed hereon.

Given under the Common Seal of the Company this 12th day of February 1897

[illegible] } *Directors.*

[illegible] *Secretary.*

The company commenced business in 31 New Bridge Street in 1890 and was known as the London Banking and Assets Corporation. The name was changed in 1892. The company went into voluntary liquidation in 1896, but came to life again in the following year during which period a £10,000 Debenture was issued against the property in New Bridge Street.

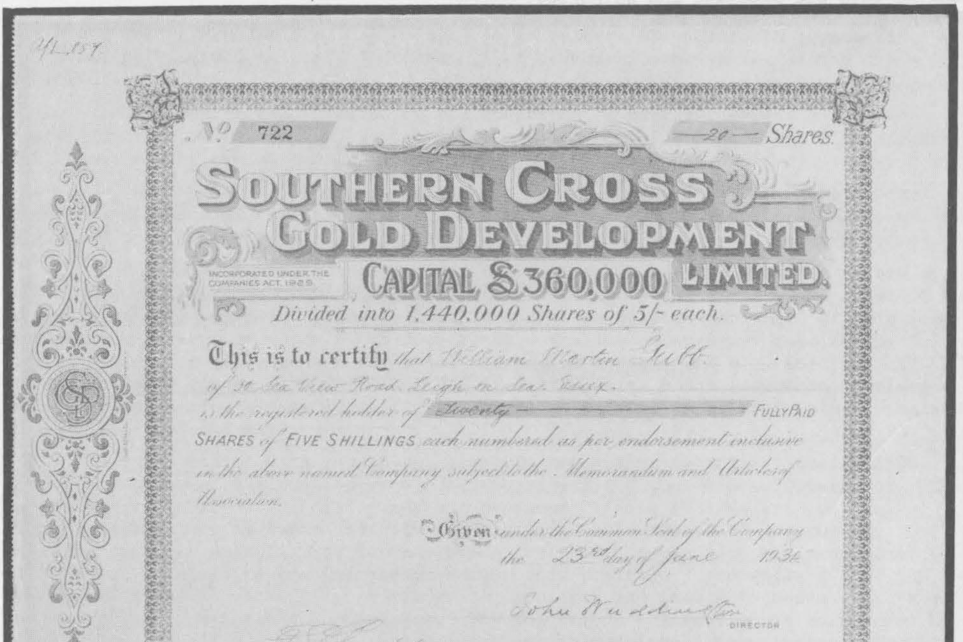
Although a court order to wind up the company was issued in 1911, it was not for another 30 years that the liquidator finally completed his work and was released.

On the Gold Trail in Western Australia by Anne-Marie Hendy

Australia was the last continent in which gold was found, barely two years after the Californian gold stampede of 1849. The discovery of the first goldfields in New South Wales and Victoria in 1851 started a rush that never ended. From then on, Australia became a favourite field of migration from Britain. All of Australia's large inland cities of the 19th century were mining towns. The discovery of new mining regions rescued every Australian colony at least once from economic depression. From the goldfields of Bendigo and Ballarat, the gold frontier moved to Queensland in the 1870's, then to the Northern Territories and Western Australia in the 1880's and 1890's, slowly progressing down Australia's western coastline, to reach the rich but remote and climatically harsh fields of Kalgoorlie and Coolgardie.

In 1931, as the whole of the western world was sinking deeper and deeper into an unprecedented economic recession, the price of gold, which had remained static for years, started to rise sharply with the depreciation of the pound sterling and the Australian pound, while at about the same time, the discovery of a very large gold nugget in Western Australia sparked off gold fever again throughout the country.

With the rising price of gold, capital flowed into goldming ventures easily. Whereas only 28 new mining companies were registered in Victoria in 1930, the figure jumped up to 160 in 1934. Nearly every other company floated during the 1930's explored old goldfields. This usually called for heavy capital outlays for plant and machinery, as the extraction of the precious metal was getting harder and harder. Just as it was in the 1890's, London supplied the necessary capital.


No 722 — 20 — Shares

SOUTHERN CROSS GOLD DEVELOPMENT

INCORPORATED UNDER THE COMPANIES ACT, 1929.

CAPITAL £360,000 LIMITED.

Divided into 1,440,000 Shares of 5/- each.

This is to certify that William Martin of 30 Sea View Road Leigh on Sea Essex is the registered holder of Twenty FULLY PAID SHARES of FIVE SHILLINGS each numbered as per endorsement inclusive in the above named Company subject to the Memorandum and Articles of Association.

Given under the Common Seal of the Company the 23rd day of June 1934

John Waddington DIRECTOR

SECRETARY

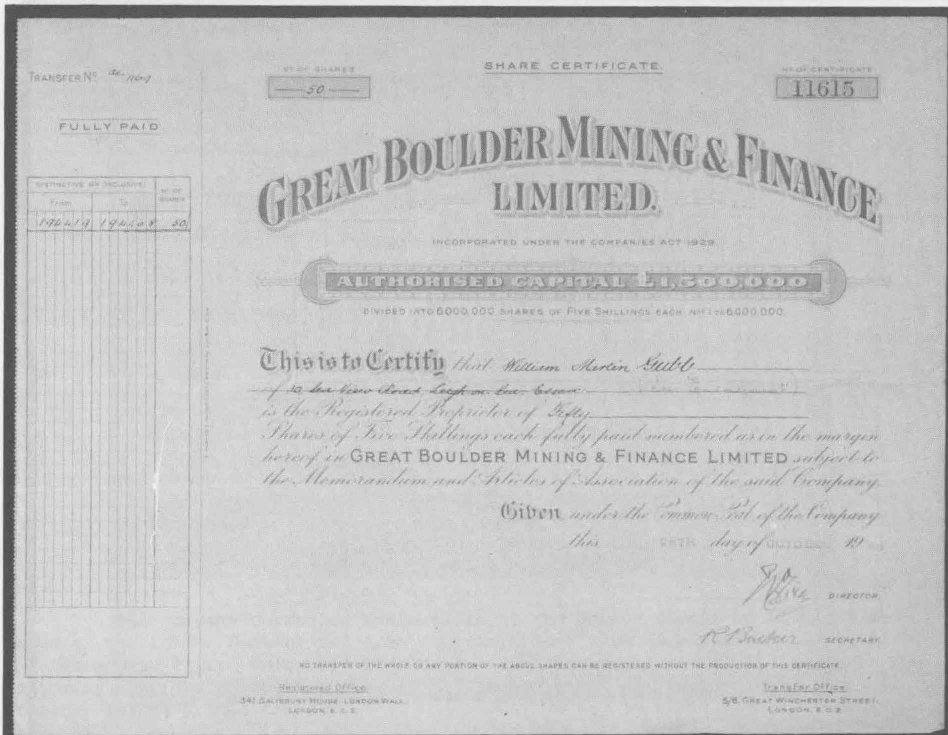
NOTE: ANY TRANSFER OF THESE SHARES WHEN LEFT FOR REGISTRATION SHOULD BE ACCOMPANIED BY THIS CERTIFICATE.

Southern Cross Gold Development Share certificate signed by John Waddington

This is when Claude Albo de Bernales, who had arrived in Coolgardie from London in 1897, enters the scene. De Bernales was the price of gold promoters in the 1930's. Revered in Western Australia, where his many mines gave much needed employment to thousands, in London he earnt such a reputation that the Stock Exchange delisted his companies and the Board of Trade ordered a close scrutiny of his activities.

Having over the years acquired many leases of abandoned or disused mines which once long ago had been promising, de Bernales shrewdly set about to utilise their history in order to raise capital. Between 1933 and 1935, he issued no less than 8 large mining companies in London.

A typical example was Southern Cross Gold Development Ltd. Floated in 1934, the company effectively consisted of 5 abandoned gold mines at the old goldfield of Southern Cross, first discovered in 1888. De Bernales' geologists reported that the mines had a rich past and a rich future. De Bernales decided to issue shares of 5 shillings each rather than £1 shares, so as to attract the small investors. They came and paid £150,000 in the new company. The exercise proved very profitable to de Bernales who collected £24,000 in cash, £75,000 in fully paid shares in the company, as well as an option to buy more shares cheaply, should the mines prove rich. In fact, the company went into liquidation in November 1938 and was wound up in 1947, the shareholders getting none of their invested capital back. To help persuade British investors that his mines were worth a high price, de Bernales relied on his friendly association with John Waddington, the old chairman of Great Boulder Proprietary, the richest company in Kalgoorlie's history. John Waddington sat on the board of several of de Bernales' companies, such as Southern Cross Gold Development (note his signature in ink on the certificate dated 23 June 1934), lending them his prestige and authority.



In another move, de Bernales nominally sold some of his abandoned mines to Great Boulder which in turn sold them to new London companies, thus giving its legendary name and the implied assurance that the mines were valuable. An example of this is Great Boulder Mining & Finance Ltd. (see illustration of certificate). Floated in London in 1935, the company went into voluntary liquidation in 1941, shareholders getting 1 1/2d for each 5s. share. In fact, John Waddington did not ask for an inspection of the mines on which his company was staking its name. In 1936, de Bernales became managing director of Great Boulder. He made sure that various of his family companies provided all kinds of services and supplied equipment to Great Boulder - without going to tender.

The empire started to crumble in 1939 after some shareholders accused de Bernales of corruption in his management of Great Boulder. The charge was echoed by certain newspapers but as no evidence of mismanagement at Great Boulder could be raised, the campaign concentrated on the new de Bernales companies. None of them had paid any dividends and each 5 shillings share was valued at an average of 8d. The Board of Trade launched an investigation into these companies and the London stock exchange stopped dealing in the shares in July 1939. De Bernales resigned his directorship at Great Boulder and one by one, his companies started to collapse. After the second world war, detectives were sent to Australia by the Board of Trade but they did not prosecute the man who had managed to attract close to £2 million of British capital to Western Australia on the specious hopes of riches to be found in disaffected mines.

The 107th Annual Report

(for the year ended 31st December 1980)

of The Council of the Corporation of Foreign Bondholders

(obtainable from the Council at
9-12 Cheapside, London EC2V 6AB - price £2.50)

The main purpose of the Council is to protect the interests of sterling Bonds publicly issued in the U.K. on behalf of overseas governments, states and municipalities.

The Council keep a watch on the operation of past agreements and make representations, as necessary, to protect the interests of Bondholders if it appears that these may be prejudiced by actions taken or contemplated.

In addition to publishing an annual report, the Council announce in the press developments of special interest to bondholders. It also deals with day-to-day enquiries from bondholders or their bankers and makes no charge for these services.

The major event of the year was the publication in September of offers by the Government of Zimbabwe. As a result of this settlement the estimated total of sterling bonds in default is now reduced to about £64 million capital. Of this some £61 million is accounted for by Chinese Bonds. Smaller amounts are owed by the German Democratic Republic and Bulgaria. In addition there are U.K. holdings of Bulgarian Bonds issued in Gold Francs and Tsarist Russian Bonds issued in sterling and other currencies estimated years ago to amount to some 20 million Gold Francs and £50 million respectively.

The position with regard to China did not change materially during 1980, although exchanges continued between H.M. Government and the Chinese Government. The latter has reiterated that claims against previous Chinese regimes are not its responsibility. Prima facie this blanket position would appear to include the sterling Bonds in default. It is understood that H.M. Government has made clear to the Chinese authorities that it cannot accept this position. Meanwhile a Registration of all other private claims for property and assets is being instituted by the Foreign Compensation Commission. The Government's intention is to proceed to negotiations of all claims when the Registration is complete. Nevertheless, the Chinese Bondholders' Committee have informed the Foreign and Commonwealth Office of their objection to any negotiations with the Chinese Government for the settlement of claims which do not include the claims of the Bondholders.

The report also gives a survey by countries, which provides much interesting historical information for collectors and various summaries of loans. For the optimist there is also a list of payments available from the Council.

A valuable book of reference which is well worth its price.

Teaching with Stocks

by Dale L. Flesher

I am a scripophilist; I collect old corporate stocks and bonds. I began my collection about 10 years ago when I saw an advertisement in the Wall Street Journal offering 10 antique cancelled stock certificates for only two dollars. Since I was a university accounting professor at that time (and still am), I was aware of how much difficulty my students were having with the accounting problems of common stocks. Not only had my students never seen a stock certificate, they could not tell the difference between common stock and livestock. Therefore, I decided to invest two dollars and obtain the certificates to use as examples in my accounting classes.

As the old saying goes, "the rest is history." I became so enamored with the beauty and history of the documents that I became an avid collector. I discovered that old certificates were really a form of limited edition, numbered art prints since they were engraved in intricate detail in order to prevent counterfeiting. They were numbered for purposes of corporate record keeping. Other advantages of old certificates that make them interesting collectibles include the fact that they often bear revenue stamps (both U.S. and foreign), and they are an excellent source of business history. Also, some certificates bear the autograph of famous corporate officers or investors. My collection includes autographs of W. T. Grant and Sylvia F. Porter (the financial columnist and author).

My collection has grown over the years to the point where it now numbers several thousand pieces. The number of people who collect stocks and bonds has also grown. A 1964 article in Forbes magazine stated that there were about 100 collectors of old stocks and bonds in the United States. Today, there are thousands of collectors throughout the world, and dozens of dealers. The increase in the number of dealers has been most noticeable. When I began collecting in 1971, there were only a couple of dealers (and these were part-time) in the country. Today, there are probably at least a hundred worldwide. As recently as 1977 at the International Paper Money Show in Memphis, there were no dealers present with stocks and bonds. At the 1978 show, there were three dealers who had certificates for sale. By 1979, that number had increased to a dozen.

At the 1980 show, there were about three dozen dealers with stocks and bonds for sale. The value of some of those dealers' inventories reached well into the hundreds of thousands of dollars.

It has been fun getting in on the ground floor of a growing hobby. There have been some surprises. For example, I recently read an article that stated that scripophily had its beginnings in Germany in 1972. It makes me feel pretty good to know that I had been collecting for at least a year before most people think the hobby had even started.

As with anything that grows, the biggest surprise has been the change in prices. As the demand for certificates had increased, the prices have risen accordingly. I am only sorry that I did not buy more pieces when prices were low. A couple of examples will illustrate how prices have changed. In 1976, I bought an 1834 stock certificate from the Lawrenceburg and Indianapolis Railroad Company. At the time, I thought the $7.50 price was exorbitant, but it was a key piece for my collection of Indiana railroad securities. By 1979, the same dealer offered to buy the certificate back for $75. It is probably worth nearly double that amount today.

Also, in 1976, I had the opportunity to buy a certificate from the American Express Company which had been signed by Wells and Fargo. I felt the $60 price tag was too high. Today, that same certificate sells for over $600.

Scripophily has changed over the past decade. Although prices are much higher, there is a greater amount of material on the market. Thus, whether a person's interest is art, history, stamps, or autographs, the collecting of stocks and bonds represents an ideal hobby.

(with acknowledgements to the Bank Note Reporter, May 1981)

Marconi Bonds, 1919

(with acknowledgements to the Evening Standard of June 22nd 1981)

This time the Chinese have not merely been inscrutable, but almost undetectable. The hush-hush item in question is the issue of £100,000 worth of bonds by the Chinese Government on behalf of the Marconi Wireless Telegraph Company dated May 24, 1919.

The loan is unrecorded in any Stock Exchange yearbook or scripophily catalogue. Former Stanley Gibbons busted bonds expert, Robin Hendy, has found the only reference to the issue in an obscure journal in Shanghai.

Mr. Hendy (now with stockbrokers Frank H. Statham) acts as consultant to W.H. Collectables, the bond dealers.

The main interest in this "undiscovered" issue is its rarity value, says Mr. Hendy. There are only 30 of the £1000 denominated bonds, 80 of the £500 bonds and the rest are in £100 denominations.

The entire issue is in the hands of one of W.H.'s clients - an unnamed public company.

Hendy reckons that the £100,000 issue - even in the current depressed market for busted bonds - would be worth at least £150,000.

London Auction News - April to June 1981

James, 29 April 1981. Only about 10% of the lots were sold in the room. The sale included a number of rare, fully repaid Ottoman Empire bonds from the 1860's, although the prices realised (around £26 each) can only be described as disappointing.

Phillips, 30 April 1981. This sale, with only 103 lots, was much smaller than previous sales at Phillips, and the attendance was correspondingly lower. The most interesting feature was a lot of 102 £200 bonds issued by Hungary in 1910, which sold for £1050 against an estimate of £30/40. The reason was that these bonds were still of financial value and could be presented for payment.

The Share Certificates of the Manx Northern Railway and associated concerns

by R. Powell Hendry

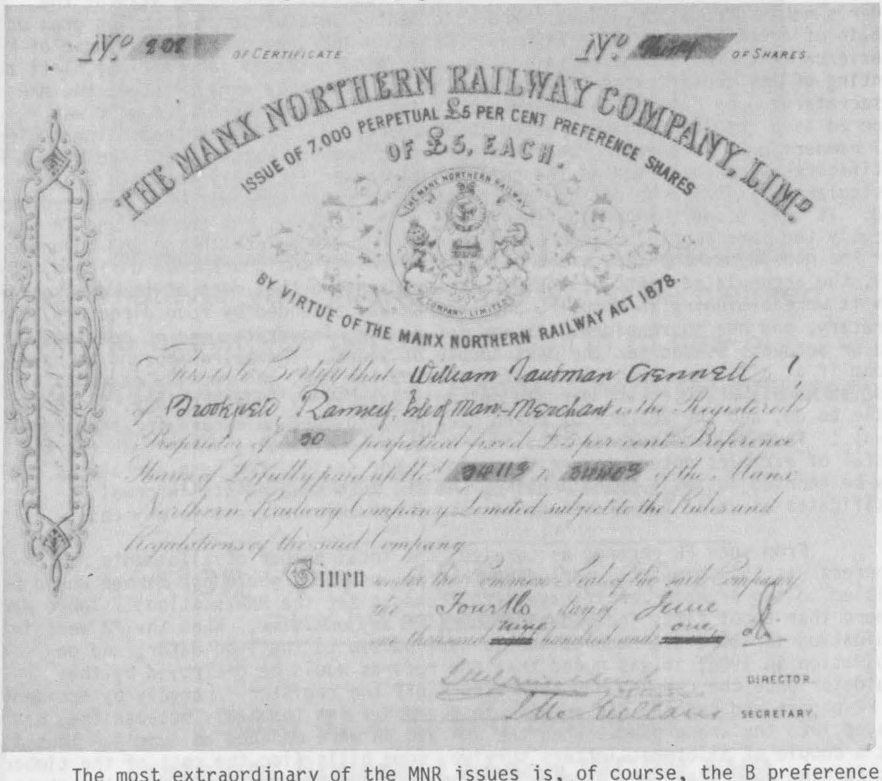
In this paper, I shall describe the story behind the various share certificates produced by the Manx Northern Railway and its associated companies, the Foxdale and the Peel Railway companies. The MNR was formed in 1877 to build a 16.5 mile line from St. John's to Ramsey in the IOM. The 3'0" gauge line opened in September 1879, and although never reduced to the condition of lines such as the Bishops Castle Railway, the MNR was never financially strong. Its demise came about in 1904-05 because the company was unable to re-issue short-period debenture bonds for £40,000 because of the financial uncertainties in the Island as a result of the 1900 Dunbell's bank crash. The Foxdale Railway Co. was formed in 1882 to build a 2.75 mile branch from St. John's to tap the important and productive Foxdale lead mines. The line opened in August 1886, but the failure of the mining interests to subscribe in 1883-86 (due to a temporary recession) meant that the company raised less than £10,000 in share capital against a construction bill of over £30,000. Faced with these debts the FRCo went into liquidation in 1891 and was sold to the Isle of Man Railway Co, along with the MNR in 1904-05. The FR closed during World War II and the St. John's Ramsey line in 1968. Both have since been lifted.

The MNR began life with a capital of £90,000 divided into £5 ordinary shares, and the ordinary certificates, although not issued until 1879-80 refer to this early simple financial structure. Quite soon the MNR board realised that a Preference stock was desirable to attract fresh investors, and in July 1878 resolutions were passed dividing the capital into £35,000 5 per cent pref stock and £55,000 in ordinary shares. Owing to a technical error, these resolutions were invalid, and had to be repeated in February 1879. Even with this inducement to subscribe, money was slow to come in, and later in 1879, the company played their 'ace', a government guarantee. This had been made possible by the Regulation of Railways Act which became law at the same time as the MNR Act of 1878, and allowed the Manx parliament, Tynwald, to approve a government guarantee in the event of receipts being insufficient. The form of the guarantee had been discussed in 1878-79, but not finalised, and in an effort to bring in a desperately needed £25,000, the shareholders agreed to the guarantee benefitting yet another class of shareholder. The MNR capital structure (which appeared as phase 2 in the unguaranteed preference certificates) became still more complex. Ordinary stock was reduced to £40,000 (not all of which was issued). The existing unguaranteed preference shares were designated Pref A and restricted to £25,000, not all of which was placed, whilst the new government guaranteed shares, to a total of £25,000 became the Pref B issue. These were a 5% share, which ranked pari passu for dividend purposes with the unguaranteed pref A shares, but in the event of a shortfall, the dividend would be made up to 4% (not 5%) by the IOM Government. In fact, the guaranteed dividend did not always reach 4%, but the story is very complex, and readers are referred to the author's MANX NORTHERN RAILWAY, (Hillside Publishing, £7.50).

Research for the MNR book produced much hitherto unknown data, and it has even been possible to form an accurate estimate of the number of certificates ever issued, something which is rarely possible with a share issue, as opposed to a bond, and which gives the MNR certificates a particular interest.

	Allotted	Transferred	Total
Ordinary stock	205	204	409
Preference A	120	134	254
Preference B	14	18	32

These figures, based on official records (corrected to eliminate obvious errors) give the number of allotments and of transfers, but as the MNR normally only issued one certificate per allotment or transfer (as opposed to some companies such as the Midland or Stockton & Darlington with one cert per share), they form a basis to calculate the certificate issue. Regrettably they do not give a complete answer, for in a few cases individual shareholders requested more than one certificate for their holding, whilst several directors helped out by subscribing for further amounts when the result was disappointing. The odd lost certificate may also be cited as a likely reason for a slight increase above the allotment and transfer figure. However, the total involved is small, and would almost certainly be eclipsed by a countervailing factor, namely that transfers to executors or heirs were frequently effected not by the issue of a new certificate, but by endorsing the existing certificate. As the value of MNR stock progressively fell, there was a tendency to hold on in the hope of an improvement, and actual sales were infrequent, especially latterly, so that a significant proportion of the transfers were almost certainly covered in this way, perhaps a half or even more. This could reduce the total issue of ordinary certificates to below 300, and of preference A certs to well under 200. In this context it is interesting to study some of the issue totals for other concerns, although this is usually only known for bonds, and in such instances one can be looking at thousands or even hundreds of thousands of bonds in some cases. It would be interesting to find out what the issue totals for other U.K. railways are in comparison. Most would be significantly greater.



The most extraordinary of the MNR issues is, of course, the B preference, with a probable issue in the late twenties or early thirties, a phenomenally low figure for any public company. Although the total issue was £25,000, most holdings were very large, one being for £10,000 or 40% of the total issue. Sadly this certificate (the biggest MNR holding) appears to have gone the way of most such certificates, as for example has the No. 1 certificate of the MNR - in fact few low numbered certificates are known. It is worth noting that such details as survive of the MNR numbering system shew it to be very difficult to interpret, as 1880 certificates in the 100 series are known (thus supporting the issue totals), whilst certificate 17 was issued in 1887 ! It is thought that a new certificate issued to an executor etc., may have carried the number of its predecessor.

Statistically the odds against survival must be put fairly high, and until the author began research for the "Manx Northern Railway", the only certificate he had ever seen was an ordinary in the Manx Museum. In the course of research, some MNR files came to light containing such items as a copy of the prospectus, the articles of association, various acts, letters and examples of the three types of share certificate, together with one further revelation, evidence of a fourth type of certificate, an 'essay' produced as an early alternative to the Pref A stock. This would have been on a "one share-one certificate" basis, but appears (like comparable philatelic 'essays') to have got no further than proof plate stage. Presumably there were contemporary 'pulls', but the author has never seen any.

The history of the Foxdale Railway, which raised under £10,000 against capital costs of over £30,000 has been mentioned earlier, and as such, is not an uncommon story, but in unravelling the history of the FR certificates, it takes on dimensions which puzzled and vexed shareholders at the time, and even now pose some questions, for with perhaps 5 to 10 exceptions, the FR certificates were neither signed nor sealed, although "normal" in other respects, bearing details of the holder's name, occupation, address and allotment. This bizarre situation grew out of a chain of circumstances. The FRCo was formed in 1882, but possibly because of MNR experience (with two of its certificates containing outdated information), left the printing of its certificates until 1886. By the time they were printed, the MNR and FR secretary, John Cameron, was desperately busy, and routine office work was hampered as a result of an inebriated chief clerk. J. T. Clucas the chairman died in 1887 hampering FR work again, whilst other board members were ill off and on. A few certificates were completed in the full formal manner, possibly to sooth a particularly vitriolic holder or for transfer, but most were not even prepared until 1888. At this stage things might have developed normally, but the MNR and FR boards (largely the same people) were pre-occupied with a law suit with the IOM government over the non-payment by the government of portions of the guaranteed dividend. By 1889, the accumulated debts of the FR were so daunting that most of those associated with it were beginning to despair, and the AGM was attended by four directors, the secretary, and one shareholder. It was, of course, inquorate, and no meetings were held or accounts issued for the next couple of years. The board appears to have met seldom if at all, for as the line was worked by the MNR, and routine payments of such funds as were available were carried out most capably by the secretary, there was little to do, and the absence of board meetings provided an excuse for the creditors anyway ! Thus it came to pass that the FR share certificate, other than for the handful of examples noted, was neither signed nor sealed, for such operations could only be carried out at a board meeting. As the FRCo treated its informal certificates as valid for transfer, it was of academic interest in any case.

From such FR records as survive, the total number of allotments and transfers was 65, this total including the few instances where one member would be entitled to two or more certificates (for reasons see the MNR section). There were no more than about fifty individual members at any one time. When the FR went into liquidation in 1891, all records should have passed to the liquidator, and on liquidation in 1906, it was noted that the records would be destroyed by the liquidator once the company had been struck off the register. Largely by accident a few FR papers and records did survive in the MNR files (probably because they had strayed into the wrong places when the MNR and FR were managed as 'one'). Thus it is that a couple of allotment letters survive, some bills (inc the cost of the timber work for the water tank at Foxdale !) and miraculously some examples of the strange semi-formal certificate (which ought to have been burnt three quarters of a century ago). Apart from its curious background the FR certificate is remarkable in that it displays a bushy-tailed Fox. An obvious pun on Foxdale might be your answer, but the IOM does not have foxes, and Foxdale is a corruption of a different and earlier spelling !

In detailing the share issues of the MNR, it is appropriate to catalogue the provisional certificate of a railway which never was. This was the Peel Railway Co., which was formed in April 1886 to build a 1.5 mile line from Peel Rd station on the MNR to Peel. Illness and lack of financial support dogged the project, although a prospectus was issued as late as c1890. This contained a provisional receipt not unlike those issued during the Railway Mania period. It read "The following receipt is held by the Applicant as a Voucher until the Certificates are issued". True to form, the MNR retained a few on file, and these constitute the only known printed PRCo item. It is virtually certain that no permanent PRCo certificates were printed, and the temporary certificate is not known to the author in issued form. The 'Poortown & Glen Helen Railway' is another line which did not progress beyond an MNR estimate of traffic and a desultory correspondence involving the strangely titled Manx Brick & Tramway Co, whose issued capital in the mid-eighties stood at no less than £912. MBT did not actually build any tramways, but the author would be fascinated to hear from any B&SS member who possesses any MBT documentation. He can be contacted at 4 Clifton Road, RUGBY. To conclude, one may add that the Ballasalla and Castletown extension of the FR, although discussed periodically, enjoyed an equally ineffectual existence.

WANTS & FOR SALE

Frank Laity, 41 Midhurst Avenue, Muswell Hill, London, N10

has for sale:- Confederate States of America

(i) Act of August 19th 1861, 8% coupon bond, den. $100 (Criswell 32) EF £28.50p.

(ii) Act of August 19th 1861, 8% bond for $100 (Criswell 46) F £20.00

R.P. Hendry, 4 Clifton Road, Rugby, Warwickshire.

has for exchange (preferably) or sale a selection of Isle of Man, UK and overseas transport shares or bonds plus a variety of extremely rare IOM railways cheques, debenture warrants etc. Interested in stocks and bonds from road, rail or shipping companies. Photocopies please. Also interested in directors reports/annual accounts of transport companies.

Laurens Bogers, Oudegracht 183,3511 NE Utrecht, Holland.

is liquidating large collection of Russian Bonds etc. Please ask for list. Also willing to exchange for automotive and RR items. Also rare recepis Capital Share Royal Bank of England 1792 and 5 sh. cert. The Library Co. Ltd. 1862.

Ted Little, The Bungalow, Letcombe Hill, East Challow, Wantage, Oxon, OX12 9RP

seeks British Railway share certificates, (purchase or exchange).

Andrew Milsom, 68 Burlands, Langley Green, Crawley, Sussex.

is making a collection of Russian City Bonds and would like to hear from other members who are doing the same and who are interested in exchanging views and/or bonds.

Commander Richard J. Theobald, Webbwood, 209 Blueridge Road, Carrboro, N.C. 27510, U.S.A.

has for sale Blue Ridge Railroad Company of South Carolina, 1869 $1000/200 British pd bond, CU, blue, slate, black gold, ABN; guaranteed by the State with vignette of antique trains and four medallions: at bottom, Agriculture and Commerce, Georgia; at top, two corresponding allegories, an ornate and handsome item. On the verso, the signature of Henry Clews, H. Gouden and Geo. O. Cameron as trustees of the bondholders. Item is folded with two cut coupons. Best offer over $215.00

Brazil Railroad, 4½%, 1909, 100 British pounds, blue vignette of old-time train crossing viaduct over a waterway. Very fine condition, WS. Best offer over $95.00

Marconi Wireless Telegraph Co stock certificate, three all EF; ABN. Best offer over $45.00

St. Louis Bridge Co. P, ABN, 2nd P $100 shares, EF. Issued 1887. Vignette brown of bridge spanning the Miss. River with steamboats in up stream. Asking $20. Eads Bridge.

Simon Christoph, Wolgemutstr. 4, 8000 Munich 90, West Germany.

has for sale sizable collection of U.S. stocks and bonds. Am selling duplicates of: U.S. railroads, banks, mining etc. Also some famous signatures, many CSA and Southern States bonds. Partial list available. Seek same material.

Brian Mills, 56 The Avenue, Tadworth, Surrey.

wishes to exchange famous signatures on shares/bonds.

Seeking Thomas C. Durant, Sidney Dillon, E.H. Harriman, J.J. Astor, J.P. Morgan, Andrew Carnegie, Daniel Drew, Jim Fisk, Charles Lockhart, H.B. Payne, Marcus Hanna, Robert Fulton, Charles Carroll, Leland Stanford, Charles Crocker, Mark Hopkins.

Offering N.R. Judd, Ambrose Burnside, Millard Fillmore, Robert Morris, Wells/Fargo, John W. Garrett, W.H. Vanderbilt, S.V. Harkness, J.D. Archbold, Samuel Andrews, George Pullman, W.W. Astor, Richard Borden, Johns Hopkins, Thomas Swann.

ANNUAL GENERAL MEETING

Nominations for ELECTION to the Committee for 1982/83 must reach the Secretary, Richard Jackson, by 15th December 1981.

The same applies to RESOLUTIONS for the Annual General Meeting.

AMERICAN CHAPTER MEETINGS

The next two meetings of the American Chapter will be held as follows:

Tuesday, October 13th, 1981, 7:30 PM - Election of Officers

Tuesday, November 10th, 1981, 7:30 PM - Speaker to be announced

Both meetings will be held at :
The Collectors' Club
22 East 35th Street
New York, N.Y.

For further information call :
Diana E. Herzog
24 Broadway
New York, N.Y. 10004 (212) 943-1880

Membership list on pages 20 – 39 removed
to comply with privacy requirements.