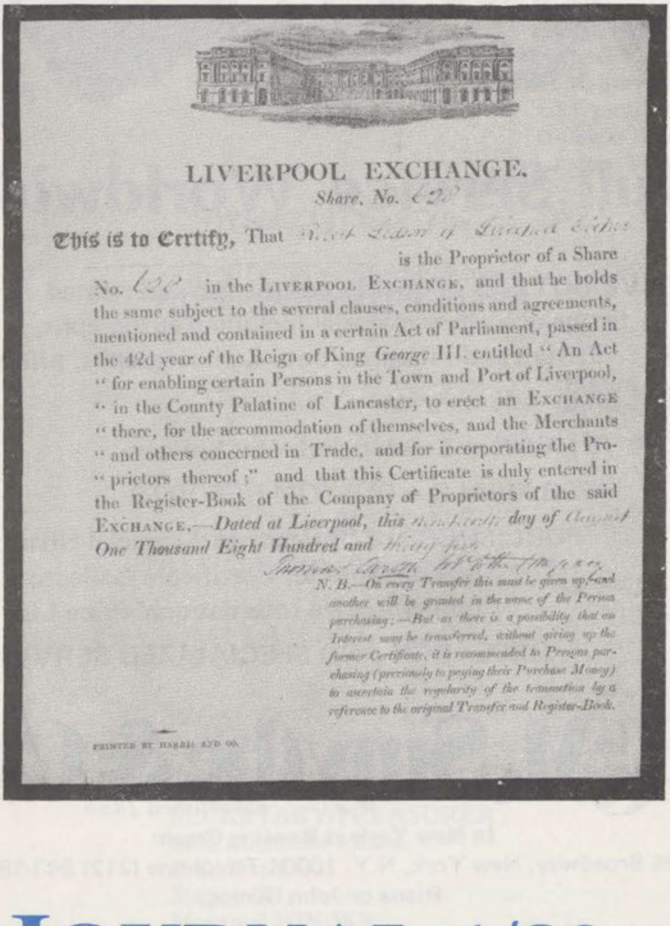
THE BOND & SHARE SOCIETY



LIVERPOOL EXCHANGE.

Share, No. 628

This is to Certify, That [illegible] is the Proprietor of a Share No. 628 in the LIVERPOOL EXCHANGE, and that he holds the same subject to the several clauses, conditions and agreements, mentioned and contained in a certain Act of Parliament, passed in the 42d year of the Reign of King *George* III. entitled "An Act "for enabling certain Persons in the Town and Port of Liverpool, "in the County Palatine of Lancaster, to erect an EXCHANGE "there, for the accommodation of themselves, and the Merchants "and others concerned in Trade, and for incorporating the Pro-"prietors thereof;" and that this Certificate is duly entered in the Register-Book of the Company of Proprietors of the said EXCHANGE.—*Dated at Liverpool, this* nineteenth *day of* August *One Thousand Eight Hundred and* thirty five

[illegible]

N. B.—On every Transfer this must be given up, and another will be granted in the name of the Person purchasing;—But as there is a possibility that an Interest may be transferred, without giving up the former Certificate, it is recommended to Persons purchasing (previously to paying their Purchase Money) to ascertain the regularity of the transaction by a reference to the original Transfer and Register-Book.

PRINTED BY HARRIS AND CO.

JOURNAL 1/82

THE BOND & SHARE SOCIETY
(Established 1978)

CHAIRMAN - J. Patrick Berthoud

HON. SECRETARY
Richard Jackson,
c/o Greene's
Bilbao House,
36/38 Broad Street,
London, E.C.2.

TREASURER/MEMBERSHIP SECRETARY
Brian Mills,
Flag Lodge,
The Avenue,
Tadworth,
Surrey.

PUBLICITY
Keith Hollender,
Herzog, Hollender & Philips,
9 Old Bond Street,
London, W.1.

AUCTIONEER
Jonathan Lyttelton,
2 Elm Walk
London, N.W.3.

JOURNAL EDITOR
Michael Veissid,
R. M. Smythe & Co. Ltd.,
352 Grand Buildings,
Trafalgar Square,
London, WC2N 5HB.

OVERSEAS CHAPTERS

U.S.A.

PRESIDENT - Robert F. Kluge
VICE PRESIDENT - David Zeitlin

SECRETARY
Diana E. Herzog,
R. M. Smythe & Co.,
24 Broadway,
New York, NY 10004.

TREASURER
Howard L. Applegate,
1410 Stallion Lane,
West Chester,
Philadelphia, PA 19380.

SOUTH AFRICA

CHAIRMAN - Tony Ross
VICE CHAIRMAN - Raymond Levenberg

SECRETARY
Mrs. Anne Oates,
404 Braemar Court,
Claim Street,
Hillbrow 2001.

TREASURER
Fred Oppenheimer,
36 Third Street,
Parkhurst 2193.

CANADA

SECRETARY/TREASURER
Mrs. Micheline Masse,
P.O. Box 120,
Station 'K',
Montreal HIN 3K9.

CONTENTS

ANNUAL GENERAL MEETING

The A.G.M. will be held at the Ski Club in London on March 2nd. Copies of the Society's Rules, Balance Sheet and Agenda may be obtained from the Secretary.

It has been proposed and seconded that the following amendments be made to the rules :-

1. The first sentence of rule 7(7.1) to read 'An Annual General Meeting of the Society shall be held in the month of February or March each year.'
2. The first sentence of rule 8(8.2) to read 'The Committee shall consist of a Chairman, a Secretary, a Treasurer, an Auctioneer, the Journal Editor, a Publicity (P.R.) person and three other members and up to three co-opted members.'

AUCTIONS

Postal auctions are now an integral part of the journal with 50 - 100 lots offered with each issue. Mini auctions are held at each of the London meetings. Members wishing to sell material are invited to contact the auctioneer, Jonathan Lyttelton.

MEETINGS IN LONDON

These will be held at the Ski Club, Eaton Square, S.W.1. at 6.15 on the following evenings :

Tuesday, February 2nd	Talk by Michael Laws on English Mining.
Tuesday, March 2nd	A.G.M.
Wednesday, April 7th	Talk by Keith Hollender on Elder Dempster & Co.
Tuesday, May 4th	Talk by John Herzog on American Bonds.

CONGRESS 1982 - Sunday, March 7th

This will be held at the same venue as 1981, the Sudbury Conference Centre, 15 Newgate Street, London E.C.1. Admission, this year, will be free, to encourage collectors to bring family and friends. Refreshments will be available throughout the day.

THE FORMATION OF BRITISH COMPANIES TO 1856

by Michael Veissid

The origin of the Commercial Joint Stock Company dates back to medieval times and partnerships. To evade the usury laws, which prohibited the taking of interest on loans, certain persons would become 'sleeping' partners, which would enable them to make a profit within the law.

In the 16th century, several 'Joint stock' companies were formed by Royal Charter, the first of which was the Russia Company, chartered in 1553. Several other companies were formed for foreign trade, however, many were formed for the colonization of land, particularly in America.

Initially the Joint Stock was not permanent, which meant that at the end of each trading voyage or venture, the proceeds would be divided among the shareholders. It was only at the beginning of the 17th century that a permanent capital was formed.

The value of the shares in many of the companies became varied and for odd amounts. This was due to a complicated structure of fines and bonuses for late or prompt payment of calls.

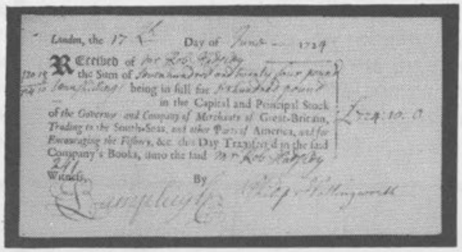
During the Commonwealth period (1649-60) some companies were formed without Charters, but the period proved very unstable for commerce and at the restoration of Charles II, many companies were in difficulty.

An important event in Company matters occurred in 1662 when an Act of Parliament was passed, giving Limited Liability to the East India Co., Royal Africa Co., and Royal Fishery Co.

The latter part of the 17th Century was relatively stable and with new ideas for industry there were 15 companies in existence by the revolution of 1688.

Subsequent war with France led to heavy Government borrowing, and consequently inflation. Prices rose sharply between 1690-1695 and there was great commercial activity and speculation. This period saw the first *boom* in company promotion, the most important being the Bank of England formed in 1694.

Many of the companies were for new ideas, such as, raising treasure; making wallpaper; plate glass; hollow sword blades; diving machines; burglar alarms; sucking worm engine (early Fire Engine), among others, too numerous to mention. By 1695, there were over 140 companies employing a capital of £4¼ million. The usual Financial crisis, following speculation, brought down most of these companies in 1696.



London, the 17 Day of June 1729

Received of

the Sum of

being in full for

in the Capital and Principal Stock of the Governor and Company of Merchants of Great-Britain, Trading to the South-Seas, and other Parts of America, and for Encouraging the Fishery, &c. this Day Transferr'd in the said Company's Books, unto the said

Witness, By

The next few years allowed a steady growth in Company promotions, most famous of which was the Company of Merchants Trading Unto the South Seas, formed in 1711. The following years were extremely active, and mainly due to the manipulation of the South Seas Company, there was fantastic speculation in Company shares. Over 190 new issues were made during 1719 and 1720, many of which were for Insurance, Foreign Trade and Manufacturing. A great number of these were fraudulent, and when the 'bubble' burst in 1720, hundreds of families were ruined as they watched their shares plummet in value.

This state of affairs made Parliament act, and laws were passed forbidding the formation of Companies without a Royal Charter or Act of Parliament. This act remained in force until 1825.

To form Companies by Royal Charter or Act of Parliament was an extremely long and expensive process, and so, very few Companies were formed until the end of the century when there was a boom in Canal Company promotions. These all required an Act of Parliament to enable them to purchase land.

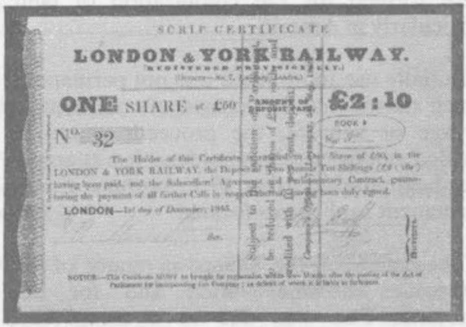
The main aim of promoters was to obtain Limited Liability, and as Parliament was very tough in granting this privilege, virtually no Companies were formed for new ideas and inventions. Companies were not illegal providing they did not represent themselves as having Corporate Status, and that shares were not transferable.

In 1807, there was another minor boom in Company promotion, (about 40 companies). Two of these, the London Paper Manufacturers Co., and London Distilling Company, claimed limited liability in their trust deed and were therefore prosecuted. They lost their case and consequently many of their contemporaries failed.

A further boom in 1824 and 1825 became so large, over 600 new issues being made over this period, that Parliament were again forced to take action. Company promoters had only to announce a new issue and the shares would go to a premium. The promoter could then be indifferent as to whether Parliament passed the bill and just take his profit.

The Act of 1825 abolished all restrictions imposed by the Bubble Act. However, although making it possible for unchartered companies to have their shares dealt in, it left them without Limited Liability and questionable as to whether they had Corporate status.

A further act in 1837, the Letters Patent Act, gave certain companies privileges including Limited Liability. The British Plate Glass Co., formed in 1841, was the only manufacturing company to be granted privileges under this act.



One of the most important Acts of Parliament was that of 1844. This created the Registrar of Joint Stock Companies and a new two-part system of company registration. Initially a company would have a provisional registration and only• when its Deed of Settlement had been signed by 25% of the subscribers in both number and capital could it be completely registered.

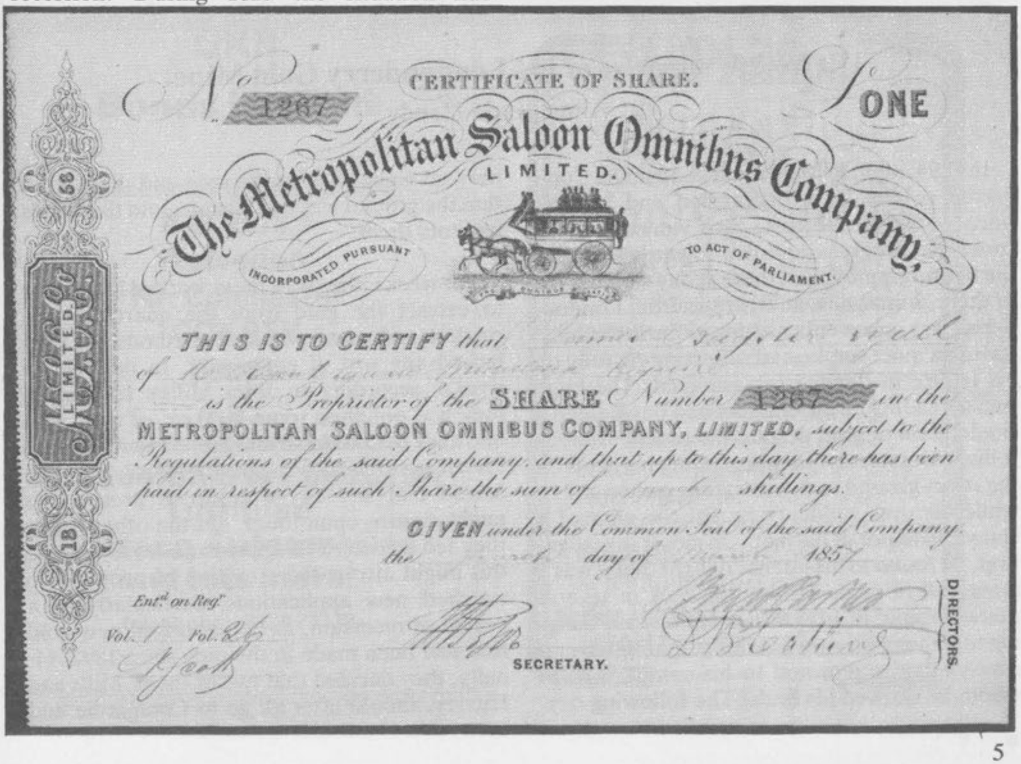
Dealing in shares of a company that had not been completely registered was prohibited by this law. This was soon overcome by an active market in scrip dealing. As in many times before this opened up opportunities for price ramping and profit taking by promoters who had no intention of signing the deed of settlement.

Banking companies were governed by a different legal code than other companies. No corporation or partnership of more than six people could issue notes in England and Wales

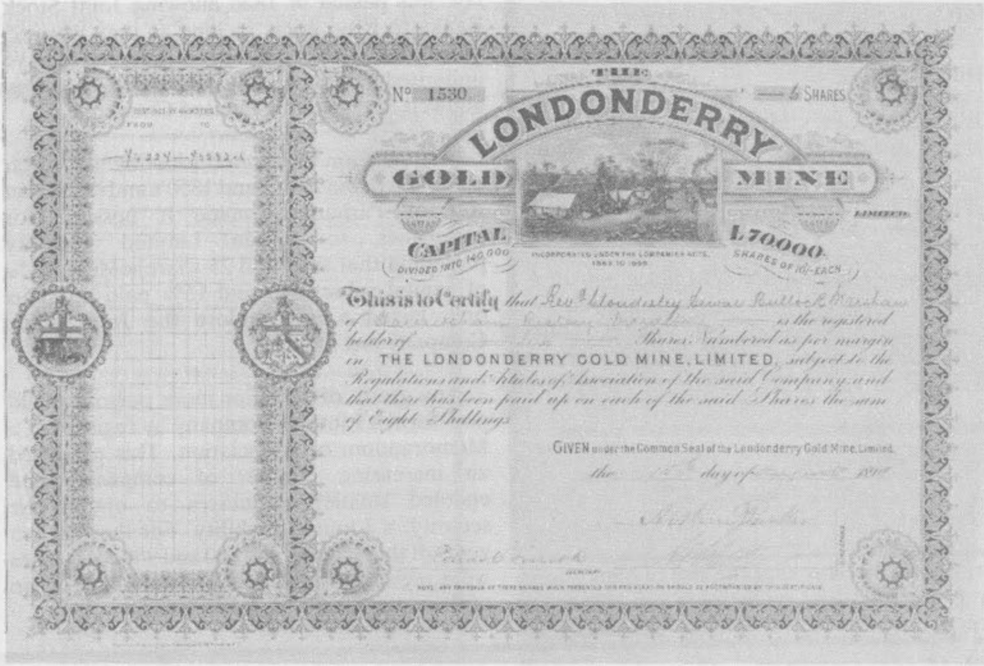
prior to 1826. This kept the size of banks down and made them vulnerable in times of recession. During 1825 the situation had become so bad that many banks failed and so a law was passed in 1826 allowing Joint Stock Banks to issue notes as long as they were 65 miles from London. Banks were forced to have unlimited liability and not until 1879 were they allowed to register as Limited Companies.

The question of Limited Liability was much discussed in the 1840's and 1850's and in 1855 an Act of Parliament made it possible for companies to obtain Limited Liability providing that they had 25 shareholders, 75% of capital subscribed and 15% paid up. This only lasted a year before the Joint Stock Company Act of 1856.

Any group of seven or more persons could now form a Limited Company by registering a Memorandum of Association. This produced an increasing number of companies and enabled smaller businesses to obtain the security of Limited Liability. For the first ten years of this act between 500 and 900 companies were registered each year. This was the origin of the Company as we know it today.



Further "nuggets" from Western Australia :



The hollow surprise of the Londonderry Gold Mine.

by Anne Marie Hendy

In 1894, amid fears of depression in the Coolgardie goldfields, a bedraggled and luckless party of six prospectors, each working on his own, was progressing north towards Coolgardie to find employment there at day wages. One of them, John Mills, an Irishman from Londonderry, was one evening sitting alone in the hills, having a quiet smoke and reflecting ruefully on his failure in discovering any gold. The huge reef spreading all around him had not yielded a single grain of gold despite months of arduous toiling. Dejectedly, he was rubbing his heels on the rocky ground with frustration,, when after a while his eyes suddenly caught the glint of a shiny substance at his feet. On closer investigation, he found to his intense delight that it was a stone full of gold. Testing the rock in several places around him he found that it was "hanging together with gold". After gathering several specimens, he returned to his companions to whom he showed his finds. The following day, they all went back to the spot and discovered that the ground was far richer in gold than Mills had told them.

For weeks, the six of them worked like slaves to extract the gold from the quartz by the crudest and most primitive methods, as they lacked any sort of equipment. In only a few weeks, according to John Mills's testimony, they had obtained some 8000 oz. of gold, valued at £32,000. However, they had not applied for a lease of the ground they were working and feared that any day a group of prospectors might chance upon them. On the other hand, they felt reluctant to apply for a lease, in case this might attract the attention of people who watched new applications, particularly in a period of recession, as no important new gold find had been made in the area since 1892. Finally, they decided that two of them, Mills and Huxley, should after all go to Coolgardie and get the local mining agent there to apply for a lease of 24 acres. But they were not to give any indication of the value of the property and the two had well rehearsed their tale of sorrow and distress.

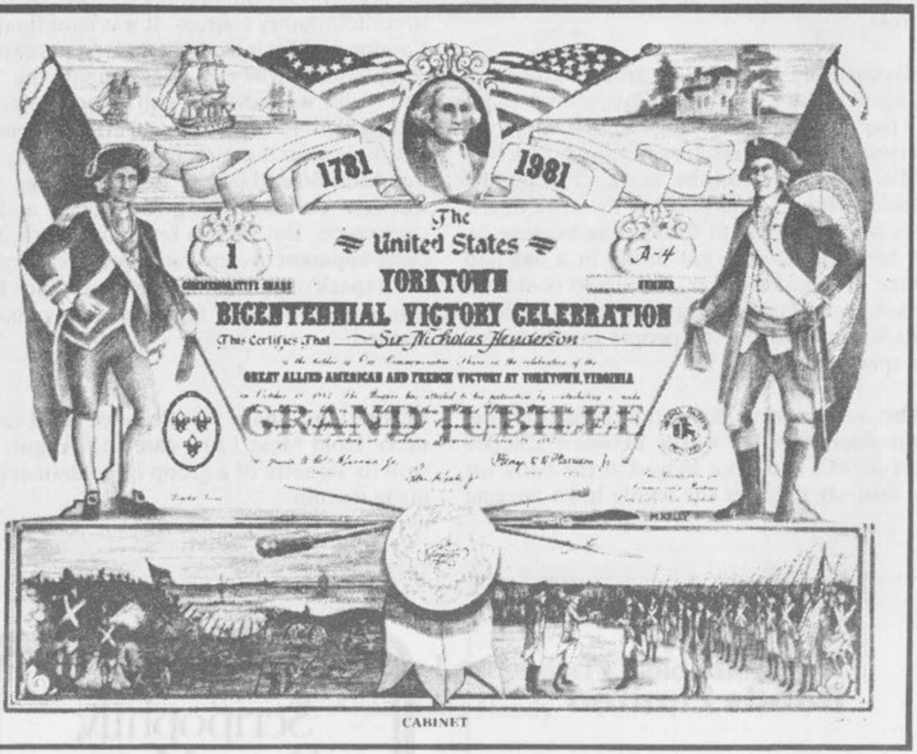
His curiosity nevertheless aroused, the mining agent, a Mr. W. H. Lindsay, set out to locate the "Londonderry" and found it. Not long afterwards, there was a rush of the whole Coolgardie population to the mine, dubbed the "Golden Hole", after another member of the party who had gone to Coolgardie because he had been taken sick, got drunk in a bar and started to talk. However, the crowd could not see any sign of gold in the ground although John Mills himself showed the people some impressive specimens.

The authoritative claim that gold from the Londonderry mine, worth between £30,000 and £40,000, had been lodged in the bank for safe custody then set the whole town buzzing with excitement. After much competition to secure the treasure trove, Lord Fingall, who was resident on the field, ultimately purchased the property for the sum of £100,000, according to contemporary sources. It was later floated in London and Paris for £750,000. Apparently, on completion of the sale negotiations, the "Golden Hole" was covered with a strong plate and then sealed. It was re-opened at some considerable time after the company formed to exploit it had been floated on the stock exchange and it was an occasion of great pomp and circumstance. But after a few days' work, it became apparent to everyone's consternation that not a speck of gold was left in the Golden Hole. The fruit had gone, only the empty shell remained.

Illustration : share certificate of the Londonderry Gold Mine Ltd., dated 15 Augúst 1899 with its vignette of a group of goldminers resting in a camp.

The Bicentennial Yorktown Stock Certificate

by George H. (Haley) Garrison, Jr.



As I sat in the Philadelphia, Pennsylvania City Hall researching the issue of the United States Centennial stock certificate, the thought occurred to me, "if then, why not now?" I was referring to the possibility for a similar issue for the Bicentennial Yorktown Victory Celebration to be held in Virginia a short seven weeks away. The event was getting a lot of press attention as it was the last major United States celebration in a series which began with the United States Bicentennial Celebration in 1976. The Bicentennial Yorktown Celebration was to commemorate the Allied French and American Victory over the British at Yorktown in October 1781, which ended the Revolutionary War. The battle was to be re-fought with 5,000 costumed Revolutionary War soldiers representing the English, American and French units who originally participated in the battle. One thousand pounds of gun powder and 250,000 musket rounds were to be used during the re-enactment. Both the United States and French fleets would be present on the York River. The encampment would be one of the largest ever seen in the United States. As a crowning to the entire event, both President Reagan of the United States and Mitterand of France would deliver speeches. Statesmen and diplomats from around the world would be in attendance. The event would dwarf the previous celebrations held in 1881 and 1931. For this celebration the governing committee had already authorized an official coin, stamp and a cachet. Why not a stock certificate? There was a precedent in the Centennial Stock Certificate which was issued in 1876, which helped finance the 100 year celebration of the signing of the Declaration of Independence. The Centennial Stock Certificate is now a sought-after collector's item. In the Smythe auction in March, 1981 it brought \$1,700, plus a 10% commission: rather spectacular when you consider that the certificate had been selling for around $100 a few short years earlier.

The question was, now what? And especially how to go about getting permission to create and issue an official Bicentennial Certificate. The point was driven home by the fact that the date was August 8 and the celebration was to start October 16. I rushed back to Virginia and contacted the Governor of Virginia's Bicentennial Yorktown Committee, which oversaw the entire celebration. They had given the official designations to the coin, stamp and cachet. After overcoming the initial objections they had, I was able to secure an appointment with the Governor of Virginia's official representative in charge of the celebration. He listened to my presentation to which I brought a very primitive mock up of what the certificate could be like (I was so pressed for time I ripped the cover off my telephone book which depicted a scene of the Battle of Yorktown, put a border around it and wrote the certificate text on a small piece of paper pasted on the bottom of this picture). Now I know how the British army felt at Roark's Drift in the Zulu War (outgunned but determined to win).

After my presentation I was asked to submit a proposal and a more detailed mock up. This was accomplished on August 13, 1981. The proposal was submitted through channels and I was then asked to wait patiently for an official answer.

The answer came not, however, with an approval, but with an invitation to present my proposal in person before the official Yorktown Committee, which was made up of senators, judges and other prominent businessmen on September 3.

At the meeting I was asked to explain my proposal in detail. I brought an artist's mock up of how the certificate would look; this time much more professionally put together. The critical factors covered in the meeting were that:

1. In return for the official designation, I would pay a franchise fee to help finance the celebration; and,

2. The risk would be mine entirely.

Both of the conditions were agreed to and after questions the proposal was passed, subject to the approval of the Virginia legal office (Attorney General) as to the legality of such an issue and the format for the wording of the certificate. This was forthcoming on September 10 and I received an appointment as official scripophiler to the Bicentennial Yorktown Celebration. I had little more than one month to finish the art work, implement a marketing campaign and get the certificate printed!

The artist selected was to be from Yorktown, as we thought that appropriate. We found one (Mary Lou Kelly). However, she was scheduled to leave on her honeymoon in three weeks. She accepted the commission. Her work was to represent the Battle of Yorktown using historical and contemporary themes blended together in a tasteful representation for the celebration. At the time she accepted her commission she would not know that the art work would be prophetic for her. During her long hours at the easel, she became so immersed in Yorktown history that she asked for and received permission to be married in the Moore House (upper right in the illustration), one of the most prominent landmarks on the battlefield as it was here that the surrender papers were signed.

The printer selected was one of the oldest established printing houses in the United States.

I won't bore the reader with all the details of the next four furious weeks: the art work had to be changed six times to reflect authenticity and submitted for approval. The costs originally anticipated were overrun due to the basic adherence to quality (for example, it was decided to use Strathmore 100% rag bond parchment, which was four times as expensive as what was originally selected - as this is the sort of certificate that gets handed down from generation to generation).

Basically it was decided to issue the certificate in three series. They were:

1. The Grand Jubilee Certificate (pictured), a low numbered limited edition series with certificates numbers 1 - 999. The certificate would have an overprint "Grand Jubilee" and the name of the bearer would be entered in calligraphy. The President of the United States and other dignataries would receive their certificates from this series.

2. The next series, also a limited series, would be the Yorktown Victory Certificate and would be overprinted "Victory".

3. The third series was the Yorktown Patriot Certificate, which was only limited as to sales up through November 30, 1981.

The prices ranged from $25 up to $100, depending on the series.

The certificate was advertised on television and in the newspapers. There was good media interest in the offering and several large feature articles were done in Virginia newspapers. Unfortunately, there was not enough time to meet the advertising deadlines of certificate collector's journals.

The certificates were sold at the Yorktown Celebration and sales will continue through the mails until November 30, 1981. It might be interesting to note that several museums have ordered certificates for their archives. On December 1, 1981, in Williamsburg, Virginia, the plates and negatives will be destroyed.

To date a total of 3,050 certificates have been printed. More will be printed subject to demand and the cut-off date of November 30.

Realizing that this does not allow stock collectors who read this journal time to avail themselves of this offer, it has been decided to offer singles and complete sets of the different series in an unissued mint form at a special price to collectors as long as the supply lasts. Those interested may correspond with:

The Yorktown Certificate Center
Attention: George H.H. Garrison, Jr.
Drawer JH
Williamsburg, Virginia 23187

A price list and reservation form will be sent to interested parties.

SPECIAL NOTE: As a special courtesy to certificate collectors, the artist has agreed to hand sign all Grand Jubilee Certificates.)

DON'T FORGET

CONGRESS 1982

Sunday, March 7th
Admission Free

Out of the Ordinary Bonds in out of the way Auction

by P. Wynne

When stopping over in Poyais recently I had the good fortune to attend the first auction of bonds and old securities to be held there. Although many of the lots were unknown to me, they did not seem to arouse much interest.

My lack of familiarity with the local tongue, arising from my habit of cutting or arriving late for the classes in which it was taught at school (I subscribed to the maxim "live now Poyais later") prevented me from following the proceedings as fully as I would have liked.

However, I did bring back a catalogue which has now been translated for me. From it, descriptions of several lots have been taken. These bonds may be of particular interest to those Society members who until now were unaware of their existence.

LOT 7. **Compagnie des Chemins de Fer de British Rail de la Région du Sud Est,** certificate for one Euro-share, with magnificent vignette of desperate commuters contemplating camels, horses and asses as cheaper, faster and more reliable alternatives. Cancelled. Or running late.

LOT 10. **7% Peanuts Loan,** bearer bond for 1,000 lbs, 500 Hershey Bars or 250 lbs sterling, issued in January 1977 and repudiated in November 1980, with beautifully engraved vignette of limp Presidential figure slumped on a sack of peanuts and gazing out to sea at stylized Dollar sinking beneath the waves. Printed in Plains, Ga.: rarity, uniquely incompetent.

LOT 11. **Act of January 1981,** $100 bearer bond with vignettes of Reagan centre, and security men in each corner, with small vignette of chimpanzee at bottom, some folds and creases, otherwise EF (for a man of seventy), unusual bullet hole cancellation.

pearls, taking food from its young (design reverse of Criswell 62A-62F) and inscribed "milk snatcher".

LOT 20. **Hoffman La Roche,** participation certificate for one billionth of a share; an early pharmaceutical item on valium and a much sought after peace, with accompanying prescriptions in impressively illegible script and signed by doctor's receptionist. Rarity, two/three times a day.

LOT 30. **Bronx, Brooklyn and Harlem Subway Co.,** mortgage bond for $1000 with unusual vignette centre of elderly commuter being mugged, with 2 smaller vignettes of commuter hiding behind newspaper and commuter pretending to be asleep, heavily punch-cancelled, some taped repairs and some bloodstains, otherwise fine.

A refreshing piece of humour. Let's have some more. Ed.

German City Loans with a Difference

The last eighteen months have seen much interest in German municipal bonds. Apart from their local appeal these certificates, which have changed hands at steadily increasing prices, are often attractive and sometimes rare. The bonds on offer have largely been those of internal loans issued in normally used German currency. In this article we look at German city bonds issued in foreign currencies, gold marks and commodities.

German cities began to raise bonded loans during the second half of the nineteenth century and it was not until the first world war that bonds were issued in currencies other than that used in the country. These loans fall into four categories :

1. foreign currency internal loans
2. internal gold mark loans
3. internal commodity loans
4. external foreign currency loans.

World War I

Practically no loans were raised by German cities between 1914 and 1918, but the city of Heidelberg issued bonds in 1917, which linked the mark to the Swiss franc. This was an internal loan and the mark was defined as equivalent to 1.235 Swiss francs. Details are included in Table 1.

The Inflationary Period

After the first world war Germany emerged as a republic under a new constitution, with obligations to pay reparations both in money and in kind. The country, already impoverished by war, found itself placed under immense economic burdens, the full extent of which was not finally settled until the mid-1920's. Faced with economic problems, political disturbances and a decline in industrial production, the German government tried to overcome its difficulties by increasing the money supply. By 1923 financial calculations became impossible and on the 15th November of that year one U.S. dollar was worth 2,500,000 marks!

Coincident with these financial problems was the need of German cities to develop and improve their public utilities following the wartime period. Internal loans were raised from 1919 onwards but as inflation reached enormous proportions this became virtually impossible. The difficulties are well illustrated by the bonds issued by the city of Munich during 1923. On the 1st June a loan of 1,000,000,000 marks was raised with bonds of 10,000 to 500,000 marks and carrying 8% interest. On the 6th August another slice of 5,000,000,000 marks was issued with bonds of 50,000 to 1,000,000 marks, carrying interest between 8 and 20% and at 2% below the average state bank rate during the preceding 12 months. There are other examples of cities trying to meet the problem in this way. This was a time which favoured borrowers, not lenders, and other ways of raising funds had to be found.

Figure 1

One way to raise money was to issue internal bonds in stable foreign currencies (Table 1) or in German gold marks (Table 2). The foreign currency bonds were quoted on German stock exchanges only. The gold mark loans were defined by a fixed dollar equivalent in some cases (Augsburg, Munich).

Another way to deal with rampant inflation was to raise loans whose currency was a commodity and Table 3 lists 26 cities large and small, which issued such bonds. In some cases, current commodity values were defined by an average price over six or twelve months preceding a given payment. The nature or quality of the commodity to be used for such valuations was sometimes defined precisely. For example the Breslau loan was based on the value of Lower Silesian coal; that of Mannheim on "Fehflamm-Nusskohle IV", a specific category of coal.

Few of the bonds shown in Tables 1 to 3 have come to light in recent auctions or dealers' lists.

The Post-Inflationary Period

The stabilization of the mark was eventually achieved through the intervention of Hjalmar Schacht, president of the national bank (Reichsbank). New notes were issued by a special bank and guaranteed by leading personalities in the country's economic life.

The printing of money by the State was suspended and at first the new notes were the only currency in use. Later they were replaced by a new State issue at par. The depreciation of the old currency dealt a severe blow to people with lower incomes, but the return to a stable currency led to a recovery of German trade.

There followed a period ot relative prosperity during which Germany borrowed large amounts of money from other countries. The major German cities, few of which had raised foreign loans before, joined in this borrowing spree. The money was to be used for such purposes as improvements of electric and power plant, rapid transit systems, sewerage, water and gas works, industrial areas and harbours, and for bridge construction. By 1929 German borrowing abroad had become excessive and bankers were reluctant to extend loans to Germany. The collapse of the New York stock market and general world depression finally put an end to Germany's foreign loans.

Tables 4 to 6 show details of the external city loans. The loans of the cities of Danzig and Saarbruecken have not been included in the tables. Danzig became a free city, independent of Germany, after the first world war and is part of Poland (Gdansk) since the second world war. Saarbruecken did not belong to Germany at the time of the sterling loan of 1928. Under the Versailles agreement, the Saar area was placed under the control of a committee of the League of Nations until 1935 when, by plebiscite, it was returned to Germany. Figure 1 shows a rare sterling bond of the city of Dresden printed by Charles Skipper & East in London. A large proportion of this loan is still outstanding, since no post-war agreement has been reached with the German Democratic Replublic. Figures 2 and 3 show two of the dollar bonds. That of the city of Frankfurt was printed by the Republic Bank Note Company of Pittsburgh. The bond of the city of Cologne, printed by the American Bank Note Company, carries a facsimile signature of Konrad Adenauer, who was mayor of Cologne from 1917 until 1933.

The Hanseatic towns of Hamburg, Bremen and Luebeck were capitals of independent city states, which consisted of the areas surrounding and including the cities. The towns of Bremerhaven and Vegesack were within the state of Bremen. Both state and city loans have been raised and are included in the tables.

The Consolidated Municipalities of Baden (C.M.B.) include fourteen cities which together raised a dollar loan. This is an unusual arrangement which makes one wonder how the money was distributed among and repaid by the parties.

After 1933

When the Nazi government took over in 1933, four of the five Swiss Franc loans and all the sterling and dollar loans were still partly to be reduced. Following a Transfer Moratorium Law passed in 1933, interest rates were reduced and scrip certificates or funding bonds were issued in lieu of unpaid interest. An agreement concluded in 1938 offered some creditors the right to sell their claim to interest for a considerably lower value than nominal in sterling. All payments ceased with the outbreak of war in 1939.

Following World War II negotiations between the British and the West German governments began in 1951 and led to the Agreement on German External Debts of 1953. Arrangements similar to those for sterling bonds were made with the United States with respect to dollar bonds. These arrangements had the effect that the interest on municipal bonds was reduced to 75% of nominal, with a minimum of 4% and a maximum of 5½%; interest at the same rates was payable on two thirds of any arrears to be funded and maturity dates were extended by 20 years. Holders of German foreign bonds had to validate ownership by an agreed procedure. Those whose bonds had been lost or destroyed were required to state serial numbers where known, provide an exact description of bonds and give a summary of the cause of loss. The period during which such validation could be accepted was eventually extended to the end of 1955.

Figure 2

An article in Scrip Magazine (June/July 1981) has recently drawn attention to the fact that several bondholders in the United States have sued for payment of German bonds under the Foreign Sovereign Immunities Act of 1976, because of the provisions made at the time of issue of the bonds. That for the 1928 loan of Frankfort-on-Main, for example, was for payment "in time of war as well as in time of peace and irrespective of the nationality or residence of the Paying Agent or the holder or registered owner hereof or the holder of any interest coupon appurtenant hereto . . ." It is considered that the conversion of the original bearer bond to a registered bond violates the holder's constitutional rights. Such considerations would clearly apply to sterling as well as dollar bonds.

Most West German cities serviced their loans according to the 1953 agreements, while a few made alternative arrangements. The city of Hamburg had called for redemption of its 1923 6% (later 4½%) bonds in 1943. Owners unable to take advantage of this offer because of war were offered repayment with all arrears of interest up to the date of presentation of the bonds or up to the end of 1955, whichever was the earlier. In 1956 the city of Berlin agreed to exchange its 1927 6% sterling bonds and the 1925 6½% and 1928 6% dollar bonds still in circulation for new bonds with interest at 4½% from January 1956 until July 1977, the date due. All interest for the period up to and including 1st January 1945 was to be paid at ⅓ of nominal and ⅔ of that due from July 1945 to 1st January 1956 was to be cancelled and the remainder funded. New bonds carrying interest of 4½% were to be issued for the funded interest in denominations of £20, 100, 500 and 1000, together with fractional certificates where less than £20 was due. Such fractional bonds carried no interest but where exchangeable in amounts and multiples of £20 for the new bonds, which were eventually redeemed in 1977.

The settlement offer of 1955 made by the city of Munich for its 1928 6% sterling loan had provided that payments should be converted into U.S. dollars at $4.86 to the £ and then reconverted into sterling according to the Agreement on German External Debts of 1953.

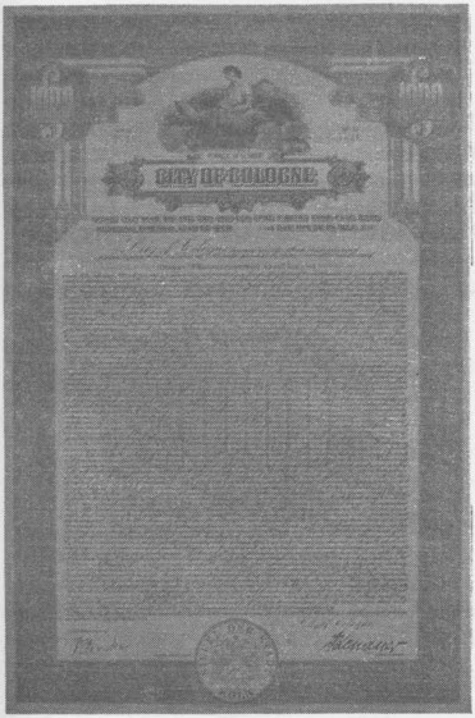


Figure 3

In 1971 some of the major currencies were floated on the international exchange markets.

According to the Annual Reports of the Council of the Corporation of Foreign Bondholders a rate of U.S. $2.80 to the £ based on the declared par values of sterling and the U.S. dollar was used in the calculation of capital and interest payable when the loan became due for payment in December 1973. Two bondholders challenged in the High Court the use of declared par values for calculating the amounts paid when sterling was floating and in July 1976 obtained judgement that the relevant market rate of $2.34 to the £ should have been used instead. The city of Munich accepted the judgement and extra payments were made to all bondholders on the register in December 1973.

The bonded debts of the East German cities of Dresden and Leipzig are still in default. The sterling debt amounts to about £300,000 and the dollar debt to approximately $4,800,000. In 1966 the Kreditanstalt für Wiederaufbau, Frankfurt, made an offer, open for one year from the 6th April, to purchase coupons of the Dresden 1927 5½% sterling loan which fell due between 1st January 1940 and 1st January 1945. The price at which such purchase was to be effected was equivalent to 12½% of the face value of the coupons. The final date for acceptance of this offer was later amended to 24th March 1969.

The government of the German Democratic Republic requested all holders of East German bonds to register in the United States in 1975 and the Foreign Claims Settlement Commission made the first vote of approval of these claims in May 1981 (Scrip Magazine, June/July 1981).

Conclusion

Much is still to be explored with respect to the German city bonds covered in this review. In what denominations were they issued and how many of each? What happened to the commodity loan certificates? When were the interest rates changed for the Swiss franc bonds? When was the Swedish kroner loan of Lübeck due to be, and when was it, redeemed? And the same questions apply to the gold mark loans of the inflation period. We hope that members of the Society may offer more information in subsequent issues of the Newsletter.

Table 1
Internal Foreign Currency Loans

CITY	YEAR ISSUED	LAST YEAR DUE	INTEREST (%)	LOAN	DENOM.
	Bremen	1923/4	1934	5	$2,000,000
5 (State)			(issued)	10	50 100
Freiburg	1922	1947	4½	Swiss Frs. 3,000,000	
Heidelberg	1917	1927	5	Swiss Frs. 1,852,500 or Marks 1,500,000	Equivalent to Marks 5,000 10,000 25,000

Table 2
Internal Gold Mark Loans

CITY	YEAR ISSUED	LAST YEAR DUE	INTEREST (%)	LOAN	DENOM.
Augsburg	1923		5	30,000	21 84
Berlin	1923		6	20,000,000	50 100
Halle	1924	1932	6	1,500,000	
Munich	1923		6	5,000,000	50 5000
Nuremburg	1923		5	500,000	

Table 3
Commodity Loans

CITY	COMM.	YEAR ISSUED	LAST YEAR DUE	INT. %	LOAN	DENOM
Aschersleben	Wheat	1923		6		
Baden-Baden	Timber			6	26893 cu.m	0.25 0.5 1.0 2.0 5.0
Ballenstedt	Rye	1923		6		
Bautzen	Rye	1923		5		
Berlin	Rye	1923		5	130,000 cwt	1,5,10
Breslau	Coal	1923		6	100,000 tons	500 kg
Dresden	Rye	1923	1949	5	22,000 cwt	
Frankfurt/Oder	Rye	1923		5	30,000 cwt	
Freiburg	Timber				60,000 cu.m	
Glogau	Timber	1923		5		
Gottingen	Rye	1923		6		
Gorlitz	Coal	1928?		5		
Greifswald	Rye	1923		5		
Hanover	Rye	1924	1942	5	25,000 cwt	
Koslin	Rye	1923		5		
Landsberg	Rye	1923		5		
Lowenberg	Timber	1923		6		
Mannheim	Coal	1922	1941	6	20,000 tons	500 kg 1000 kg 2000 kg
Oels	Rye	1923		5		
Offenbach	Timber	1923		6	16,000 cu.m	
Plauen	Timber	1923		6		
Sagan	Timber	1923		5		
Stettin	Rye	1923		5	19,000 cwt	
	Rye	1923	1936	0(*)	38,000 cwt	
Trier	Lignite	1923		5		
Zerbst	Rye	1923		5		
Zwichau	Coal	1923	1924	5	2 issues, 24,000 tons each	0.25 0.5 1.0 3.0 5.0 10.0

(*) Repayable at a premium of 60%

Table 4
External Loans in Continental Currencies

CITY	YEAR. ISSUED	YEAR DUE	INT. %	LOAN	DENOM	No. Issued
Bochum	1926	1936	5	Swiss Frs. 5,700,000	1000	5700
Dortmund	1926	1936	5	Swiss Frs. 1,248,000	1000	1248
Heidelberg	1917		5			
	1926	1936	5	Swiss Frs. 4,416,000	1000	4416
Lubeck	1923		6	Swed. Kr. 1,000,000	20 to 10000	
Nuremburg	1926	1936	5	Swiss Frs. 4,000,000	1000, 5000	
						10000

Table 5
External Sterling Loans

CITY	YEAR. ISSUED	YEAR DUE	INT. %	LOAN (£)	DENOM (£)	No. Issued
Berlin	1927	1957	6	3,500,000	100	
					500	
					1000	
Cologne	1928	1953	6	1,150,000	100	
					500	
Dresden	1927	1952	5½	600,000	100	3700
					500	360
					1000	50
Hamburg	1923	1953	6	1,000,000	1	
					5	
					10	
					25	
					50	
					100	
Hamburg (state)	1926	1951	6	2,000,000	100	
					500	
					1000	
Munich	1928	1953	6	1,625,000	100	
					500	

Table 6
External Dollar Loans

CITY	YEAR. ISSUED	YEAR DUE	INT. %	LOAN ($)	DENOM	No. Issued
Berlin	1925	1950	6½	15,000,000	500 1000	
	1928	1958	6	15,000,000	1000	15,000
Bremen (state)	1925	1935	7	15,000,000	500 1000	
Cologne	1925	1950	6½	10,000,000	500 1000	
C.M.B.(1)	1926	1951	7	4,500,000	500 1000	
Dresden	1925	1945	7	5,000,000	1000	3000
Duisburg	1925	1926-45(2)	7	3,000,000	1000	3000
Dusseldorf	1925	1945	7	1,750,000	500 1000	
Frankfurt/Main	1925	1926-45(3)	7	4,000,000	500 1000	
	1928	1953	6½	6,250,000	500 1000	
Hamburg (state)	1926	1946	6	10,000,000	500 1000	
Hanover	1929	1939(4)	7	3,500,000	1000	3500
Heidelberg	1925	1950	7½	1,500,000	500 1000	
Leipzig	1926	1947	7	5,000,000	500 1000	
Munich	1925	1926-45(5)	7	8,700,000	1000	8700
Nuremburg	1927	1952	6	5,000,000	1000	5000

(1) Consolidated municipalities of Baden (see text)
(2) $150,000 redeemable each year, issued in 20 series of 150bonds each.
(3) $200,000 redeemable each year, issued in 20 series of bonds.
(4) After November 1938 and before July 1939 convertible into external 7% bonds due 1959 at equal principal conversion.
(5) $435,000 redeemable each year, issued in 20 series of 435 bonds each.

Membership list on pages 20 – 22 removed
to comply with privacy requirements.

WANTS & FOR SALE

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

Seeks British Railway shares (purchase or exchange)

R. T. Brooks, 1 Hillside Terrace, Butterow, Stroud, Glos., GL5 2LU.

Requires Australian Mining Company share certificates.

P. Wynne, 42 Barry Drive, Leicester Forest East, Leicester.

Has for sale :- *Kiev 22nd Loan, 1914, £100, VF, £22*
Nicolaef 5% Loan, 1912, £100, VF £28
Confederate States, Cr 116, 1863, £100, GVF, £90

M. Clifford Young, 1050 Commonwealth Avenue, Boston, MA 02215, U.S.A.

seeks shipping and trading company share certificates related to the Confederate Blockade. Also interested in exchanging information and photocopies of these with other collectors.

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

Has for exchange (preferably) or sale some Confederate bonds, inc. Criswell 6, 6A, 42 & 125 and U.K. and overseas transport shares inc. Peel Railway (provisional), Foxdale Railway and Egyptian Delta Light Railway; seeks U.K. and overseas rail or shipping certificates or bonds and Confederate bonds.

Tim Robson, 21 Hill View Close, Purley, Surrey.

Wanted : Brighton & Hove items; Pier Companies;' certificates of the following companies : Reid Newfoundland Co; Bolivar Mining Association; Telegraph Construction & Maintenance Co; Instone Transport & Trading Co.