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THE INTERNATIONAL BOND & SHARE SOCIETY

JOURNAL
AUTUMN 1990

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LONDON MEETINGS

In future London meetings will start a little earlier, at 6 p.m instead of 6.30, with the auction also starting ½ hour earlier, at 6.30 instead of 7 p.m. This small change is at the request of members living outside London.

Society meetings have for several years been held in the boardroom of the Ski Club of Great Britain. The large table there dictated a very formal arrangement, which was not to everyone's liking. We have now arranged to hold our meetings in the library, opposite the boardroom, where we can organise small tables and chairs as we wish. Members at the first meetings in the library have been unanimous in approving the change, and we will be in the library for future meetings (except 4 December, 1990, when the library was already booked for another event, and we will be back in the boardroom). Members and dealers are encouraged to bring material for display or sale.

In 1991 meetings will continue to be on the first Tuesday of each month, EXCEPT FOR JANUARY. In January this falls on New Year's Day, a public holiday, and our meeting will be on TUESDAY, 8 JANUARY.

LONDON PAPER MONEY FAIR AND BOND & SHARE FAIR

We draw members' attention to the first of (hopefully) a long series of fairs, held in conjunction with our paper money friends, and run by Pam West. It will be held at the Mount Royal Hotel, near Marble Arch, London, on Sunday, 17 February. More on all this in the next Newsletter, but meanwhile, mark the date in your diary.

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AFTER GERMANY'S RE-UNIFICATION : A WINDFALL FOR HOLDERS OF PRE-WAR GERMAN EXTERNAL BONDS?

Anne Marie Hendy

At midnight on Tuesday 2 October 1990, a nation which had been politically divided for over 40 years became officially re-united. Sobering up after the celebrations which took place up and down the country, Germany now has to grapple with the harsh realities of the cost of unity. The German Federal Government already estimates that re-unification will cost DM 100 billion (£34 billion) this year alone in combined net borrowings, rising to DM 140 billion (£47 billion) next year. The threat of soaring unemployment in East Germany (it could reach 2.1 million by 1991) means that the Federal Government's social security spending will hit DM 15 billion (£5 billion) this year, while ongoing costs for infrastructure and the environment are estimated at some DM 500 billion. In addition, the government might have to take on the debt of East German firms and to maintain industrial subsidies. So far, there has been little private investment from Western firms and West German banks have not lent to East German businesses, unless State guarantees are provided.

Whereas the outlook for the future looks fraught with problems, there is a feeling of quiet optimism in some financial circles at the mention of pre-war German debts. At last, these now stand a very good chance of being repaid.

Hans-Georg Glasemann, the financial historian well known among bond and share collectors, has researched pre-war German loans for many years and is currently writing a book on this subject. He informs us that the Federal Debt Administration is intent on settling remaining claims as soon as possible. To-date, these claims are estimated at no more than DM 250 - 300 million, a small sum indeed compared to current running costs. Georg Glasemann says that existing legislation is alresdy in place to provide the necessary legal framework for a settlement.

The London Agreement

After the Second World War, the London Agreement of 1953 provided for the settlement of pre-war German Reich debts (including debts of German public authorities within the territory of the Federal Republic and debts of the State of Prussia, as well as medium and long-term debts resulting from private capital transactions, payments made to the Konversionskasse, blocked deutschmark accounts, goldmark and reichsmark liabilities, etc.). The settlement of these foreign debts totalled DM. 14.3 billion. It helped to re-establish West Germany's credit worthiness while also achieving full convertibility of the Deutsche Mark.

According to the terms of the London Agreement, creditors of foreign loans issued by the German Reich could either accept the Federal Government's settlement offer, which consisted partly in a cash settlement and partly in a new funding bond issue. Although a refusal of these terms did not invalidate the creditors' rights according to the original conditions of the loans, most bondholders accepted the settlement offer.

1. $1000 bond of the 7% German External Loan 1924 (Dawes Loan), American tranche. There are still certain claims outstanding on this loan.

2. German Government International Loan of 1930 (Young Loan). Bond for 1000 Reichsmark. Although repaid under the London Agreement certain interest arrears on this loan will get compensation after re-unification.

Now that Germany is re-unified, compensation on loans such as the City of Dresden Sterling Loan of 1927 and the 6% Sterling Loan of the Free State of Saxony may not be long in coming.

3. City of Dresden 1927, £100 bond

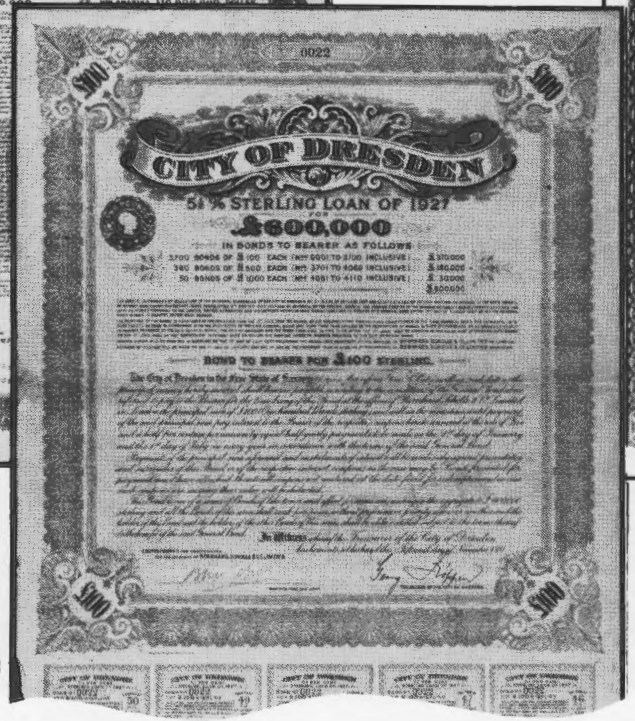
4. Free State of Saxony 1927, £20 bond

1000
1000
GERMAN EXTERNAL LOAN 1924
N°C 087627
N°C 087627
DEUTSCHE ÄUSSERE ANLEIHE 1924
SEVEN PER CENT. GOLD BOND

1

INTERNATIONALE 5½%IGE
ANLEIHE DES DEUTSCHEN REICHS 1930
GERMAN GOVERNMENT
INTERNATIONAL 5½ PER CENT. LOAN, 1930
EMPRUNT INTERNATIONAL
5½ P.C. 1930 DU GOUVERNEMENT ALLEMAND

2


0022
$100
$100
CITY OF DRESDEN
5½ % STERLING LOAN OF 1927
£600,000
BOND TO BEARER FOR £100 STERLING
$100
$100

3

£20
£20
THE
FREE STATE OF SAXONY
6 PER CENT. STERLING LOAN OF 1927
£750 000 STERLING

4

By the late 1970's, the majority of Germany's pre-war debts had been repaid under the provisions laid down in the London Agreement. In 1983 the final instalment on the last German external loan to be settled, the 6% External (Kreuger) Loan of 1930 was repaid ahead of the due date.

Loans Covered

The foreign loans which fell under the settlement terms of the London Agreement were the 7% German External loan of 1924 (Dawes Loan), the 5½ German Government International Loan of 1930 (Young Loan), the 6% German External ("match") Loan of 1930 (Kreuger Loan), the Dollar Loans of the State of Prussia of 1926 and 1927 ($ 50 million), the German Foreign Debt Konversionskasse bonds.

On pre-war loans of the Deutsche Reich, certain interest arrears from 1 December 1944 to 30 November 1952 would be compensated only after the unification of Germany. For such floating claims (in German, "shadow claims", recognised in the Currency Reform of 1948), Rights certificates were issued. These entitled the holders to receive a cash compensation or new funding bonds after the unification of Germany.

For the Swiss and American issues of the Dawes and Young Loans these Rights certificates were issued simultaneously with the new conversion bonds in 1953. Rights certificates for the other loans were issued when the conversion bonds were redeemed on maturity, i.e. as from 1958.

There are 24 different types of Rights certificates on the Dawes and Young Loans. They were issued as from 1953 under the supervision of the Federal Debt Administration in Bad Homburg. These certificates entitle the holder to a 3% tax free funding bond (valued at 40% of the original nominal value of the Dawes Loan bonds and at 36% of the nominal value of the Young Loan bonds).

Settlement Terms

Georg Glasemann believes that the Federal Government will prefer a settlement in cash rather than a new bond issue. Experts claim that the settlement will amount to more than the 12% being currently paid by dealers for such certificates. The rumour going round is that the funding bonds will not only be redeemed in cash, but also to their full value.

But for a few exceptions, external loans issued by East German debtors did not fall within the scope of the London Debt Agreement and remain in default to this day. With Germany's unification, a settlement for East German debts will have to take place. To quote article 25 of the London Agreement :"In the event of Germany's unification, the parties to this Agreement will review the agreement in order to adjust certain debts, extend the provisions of the Agreement to the debts of persons resident in territories re-united with the Federal Republic, and make appropriate adjustments in respect of debts which, once settled, would involve a loss of assets in territories reunited with the Federal Republic.

Additional Issues

This means that in addition to Rights certificates, the following issues will also have to be considered for (further) compensation :

- six US Dollar loans contracted by two Berlin debtors whose assets were originally situated both in East and in West Germany, but whose debt settlement only covered the Western portion of the loan.
- seven other US Dollar loans contracted by East German debtors which were partially compensated by West German assets and guarantees.
- a number of small foreign loans (in Dutch Guilders) issued by East German Catholic institutions and in default to this day.

- a total of 9 foreign East German (state and Municipal) loans which were issued in dollars, pounds sterling and goldmark. None of them were covered by the London Agreement and they have been in default to this day. They are:
  the 7% External Loan of the Free State of Anhalt of 1926
  (outstanding $768,000)
  the 7% External Loan of the City of Dresden of 1925
  (outstanding $1,719,500)
  the 5½% Sterling Loan of the City of Dresden of 1927
  (outstanding $299,400)
  the 7% External Loan of the City of Leipzig of 1926
  (outstanding $3,061,500)
  the 6% 25 Year Sterling Loan of the Free State of Saxony of 1927
  (outstanding $525,780)
  the Associated Mortgage Banks 7% Registered Certificates of 1928
  (outstanding Goldmarks 82,563)
  3 Saxon State Mortgage Institution loans : the 7% external guaranteed loan of 1925
  (outstanding $2,364,000), the 6½% guaranteed loan of 1926
  (outstanding $2,014,000), and the 6% guaranteed loan of 1927
  (outstanding $1,057,000).

Saxony's total dollar debt stands at roughly $11 million, while the sterling indebtedness represents less than £830,000. There is also a small outstanding debt in goldmark. Interest on these loans has been in arrears since 1933.

Compensation

If based on the terms set out in the London Agreement, compensation for the capital and interest arrears on these Loans would now total to roughly $43 million and £3 million respectively. These figures do not include the other East German loans issued by public utilities and companies during the 1920's (also in default). Unlike West Germany, the East German government had persistently refused to settle its pre-war external debt, despite repeated demands from various foreign bondholders' associations. There was only one exception : the 1985 settlement of its pre-war public debts with Finland.

Interestingly, Georg Glasemann alludes to a number of other foreign loans which British bondholders have totally ignored so far. These are the German external loans which were issued east of the Oder-Neisse border. The following loans are in default since the middle of the 1930's:

- the 1930 Goldmark External Loan of the City of Kolberg (see below)
- the City of Stettin Public Works US dollar loan of 1926
- the Silesian Electricity Works US Dollar loan of 1926

No. 18/3
Gold Marks 200
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Amount authorised 500,000 Marks.
ISSUE OF
Registered Certificates representing proportions of the above Bonds.
This is to Certify
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Georg Glasemann strongly recommends holders of German pre-war bonds to check whether they have any of the bonds described here and to get in touch with the German Debt Administration for further information on compensation and on how to lodge a claim. The address is :

Bundesschuldenverwaltung,
Bahnhofstrasse 16-38,
Postfach 1245,
D - 6380 Bad Homburg.
(Tel : 06172 - 1081. Telex : 4 15 147)

Sources of Material: Stock Exchange Year Books; Council of Foreign Bondholders Reports 1978-79-80; Financial Times and Evening Standard articles 3/10/90; Glasemann articles in magazines 'Praxis', 'das Wertpapier', 'die Bank'.

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APPENDIX A - 7% German External Loan of 1924 (Dawes Loan)

Type of issue		Original amount issued	Conversion 1953	Consolidation 1953
US tranche	Million $	110.00	40.81	7.92
GB tranche	Millon £	12.00	7.39	1.99
French tranche	Million £	3.00	1.72	0.43
Belgian tranche	Million £	1.50	0.48	0.13
Dutch tranche	Million £	2.50	0.37	0.08
Swiss tranche	Million £	2.36	1.09	0.10
Swiss tranche	Million SFr.	15.00	8.17	0.41
Italian tranche	Million Lire	0.10	n/a	n/a
Swedish tranche	Million SKr.	25.20	14.21	0.00
German tranche	Million £	.32	n/a	n/a

APPENDIX B - 5½% International Loan of the German Reich of 1930 (Young Loan)

US tranche	Million $	53.47	8.69
GB tranche	Million £	16.78	3.99
French tranche	Billion FF	37.43	8.24
Belgian tranche	Million B.Fr.	195.99	44.01
Dutch tranche	Million HF1.	14.57	0.47
Swiss tranche	Million SF	58.08	1.39
Swedish tranche	Million SKr.	91.09	5.89
German tranche	Million DM	10.45	0.34

MORE TALES ABOUT CHINA'S BONDS AND CURRENCY

Michael A. Smedley

It is written that Marco Polo, describing his discovery of the secret of Kublai Khan's great wealth remarked: "... pieces of paper ... so light that ten bezants' worth does not weigh one golden bezant ... Now, you have heard the ways and means whereby the Great Khan may have, and in fact has, more treasure than all the kings in the world: and you know all about it and the reason why".

Those were good times. Seven centuries after Marco Polo we now note that one of the causes of the downfall of the century of Mongol rule in China was an unredeemable and depreciated paper currency. We also know that after the first emperor of the succeeding Ming dynasty put the country's finances on a sound foundation through the resumption of specie (coin) payments, China's fiscal and monetary instability was to be often repeated, and was of unprecedented magnitude in the first half of the present century. In the midst of that financial turmoil was created one of the major areas of interest in bonds.

Collectors of Chinese Bonds might wish to expand knowledge of currency history of China to help add meaning to a collection.

In a previous essay I discussed taels. This time I am condensing most of China's other currency forms into one short article, flavoured with bits of political and economic history.

According to my records, Chinese money was first coined in 1032 B.C., in brass or bronze with a round central hole that went square in the first major design change after eight hundred years. Emperors minted and inscribed "cash" which was strung in lots of up to 1,000 that equalled in theory a Chinese ounce of pure silver from the time of the first Emperor of the Manchu Dynasty in 1644 A.D. A silver-copper currency system was officially decreed about 700 A.D. resulting in the tael, the fictitious silver currency about which I wrote in my previous article.

Silver was the favoured basis for most Chinese currency systems until after the Second world War, and to a considerable degree the complexities of Chinese currency were due to silver, dependent on imports and fluctuating in world markets. Nevertheless, silver enjoyed deep rooted trust, which is why foreign silver dollars that conjure vision of sailing ships and 18th or 19th century trade and piracy worked like travellers' cheques.

Fiat money, or paper money imposed by decree was the exception in most of China's history. Actually, copper was the standard currency for the masses for upwards of 25 centuries. Like silver, copper was subject to the influences of metal markets, never more evident than during the First World War when brass and bronze coinage was melted down and exported to equip the armies wich guns in Europe. That act alone quickly led to inflation in one of its simpler forms: the semi-independent military governors of China's provinces and cities were able to take advantage of the high prices of copper, substituting debased and lightweight coinage, estimated at sixty billion 10-cash pieces that flooded the country and drastically reduced pruchasing power.

Back to silver. Whilst the intricacies of the fictitious tael in more than sixty locational/ occupational forms and measured on 200 different scales long dominated the business of customs and cities, there was also a real and foreign silver currency in China long before the Haikwan tael was designated by the Customs' Service for the treaty ports. Before the nineteenth century Spanish Carolus dollars arrived in China from the Phillipines followed by 10 or 15 other types. The American trade dollar became popular for its superior silver content. Bolivian and Peruvian varieties came into circulation. Hong Kong and straits dollars were fashionable at times and the Mexican dollar held the premier spot for more than 50 years. Trust in silver

The Nationalist Airforce Salvation Loan, of which $5-million were issued in 1941 as part of the war funding effort. The funding was intended for the purchase of planes and for air training in the Sino-Japanese War.

was paramount. Fleeting popular fancy for this or that coin played a big role. So did hoarding, swings in silver prices and world shortages, leading to re-export in silver bar form. Perplexing chaos!

The Chinese Government's first serious effort to establish its own national silver currency system was witnessed in 1914 with the minting of Yuan Shih Kai dollars, namved after the late president, which were successfully and widely circulated. The yuan gradually forced other dollars from the market. It did not, however, introduce uniformity. Taels continued as the medium for the ports, the rate, somewhat similar to the guiding influence of a central bank, being fixed daily by the Hong Kong and Shanghai Bank, the pre-eminent foreign baning institution in China. Separate influences radiated out from provinces and cities where free-wheeling governors minted their own subsidiary coinage in various grades of silver.

Parallel with the specie or coin based systems China in the twentieth century has had an extensive array of paper currencies - and bonds. Tael and silver notes were in limited circulation at the turn of the century. The powerful foreign banks issued notes that tended to be effective only in their main centres of operation, and more so as the Chinese banks modernised, in particular the Central Bank of China, the Bank of China and the Bank of Communications. In the early years of the Republic the major Chinese banks encountered difficulties. They were largely under capitalized, forced to issue unsecured notes, partly to finance Yuan Shih Kai's attempt to become emperor. This did nothing to help move the peoples' trust from silver to paper. Meanwhile, free-wheeling military governors were issuing their own notes and bonds. These had no acceptance beyond local areas and for the people had the semblance of a tax demand. No wonder that the earliest national and provincial bond issues carried the same stigma, and justly so in the ten last desperate years of the Nationalist Government halfway through the century.

The circumstances of the early domestic bonds illustrate the initial lack of trust in all forms of paper. The Third Year Internal Loan of 1914, which was illustrated with the article on internal loans in the Spring Journal of the Society in 1989, through properly redeemed, was not fully presented for encashment partly because people were forced to subscribe and never expected redemption.

Until at least the mid-thirties, China's internal and foreign bond obligations or most of those repayments were met, possibly no mean achievement for a

country so troubled with financial chaos, gigantic floods, famine, civil warfare, and a state of undeclared war with Japan in Manchuria and the Shanghai area. From 1937 when the two countries were fully engaged a decade of fiscal failure and raging inflation unmatched anywhere since the German inflation after th 1914-18 war was to mark the last years of Nationalist China. Frequent and huge issues of war bonds were destined for default and rendered worthless by massive debasement of paper currencies. Prior to hostilities China's national debt has risen to $4.5 billion, 60% of which was internal. In better times the Chinese Customs Service reported that in the 11 years to 1934, as a charge on the customs revenue, more than $1 billion was delivered to the government to meet internal loan obligations and nearly $1.3 billion for servicing foreign debt. Governments maintained foreign bond payments up to 1939, getting relief from cancellation of Japanese, German and Austrian portions of the Boxer Indemnity post 1918 and the old Russia element that ceased to exist by agreement with the new Russia in 1924.

The financing extravagances of warlords, competing and debased currencies, competing national governments and the Japanese occupying forces all contributed to the Chinese inflation and higher and higher denominations for banknotes and bonds. There were brief attempts at stabilization through gold. The Customs Gold Unit created in 1930 to succeed haikwan taels at the ports was reintroduced as currency by the Nationalist Government in Chungking in 1942. They flooded the market and by 1948 had pushed the top denomination to 250,000, equivalent to 5 million in dollars. In the same year another currency reform swept away the old with a gold yuan in denominations rising to $1 million. In 1949 there was one last effort to satisfy the people with the minting of new silver coins, simultaneously issuing silver certificates, by which stage the government was on the first stage of its flight to south China and Taiwan.

During the war the confusion was worsened by the note issuing escapades of two Japanese regional banks, the Federal Reserve Bank of China and the Central Reserve Bank of China, with which the occupying Power attenpted to eliminate Chinese note circulation and inflicted economic deterioration in regions that were even worse off than Chinese administered territories.

In the final year of nationalist China the issuance of war bonds in great size led off with the 30-year $500 million National Liberty Bonds of 1937, that are commonly held by collectors today. In later war years most bonds had to be issued or redeemable in dollars, sterling or gold to attract buyers, but problems were unsurmountable. Conversion rates were unfavourable under inflationary trends in local money and the people had no faith in government's ability to fund foreign

The Allied Victory Loan of 1942.

currency or gold redemptions. Bonds to support the war effort did not sell. Only one fifth of a U.S. $100 million United States dollar bond of 1947 was sold in a 12-month period, involving merely bank transfers except for less than $3 million sold mostly to textile mill owners under pressure. There were rare exceptions. The U.S. Dollar Victory Bond and the U.S. Dollar Savings Certificate of 1942 were fully subscribed because of favourable exchange terms.

There were numerous military bonds in the war years of which I have issued and unissued examples. History suggests that few if any of these issues were sold. One example is illustrated with this article. The last Nationalist Bond in my possession is the patriotic Bond of August, 1949, a 15-year $300 million silver dollar issue restricted to overseas lenders and probably unissued.

Collectors may be interested to know that the Patriotic Bond is of format somewhat similar to the Liberty Bond and in Chinese characters only. Most war time issues carried at least some English, perhaps signifying a broader target market than local or overseas Chinese. Through the war years probably the most successful loans were modest small format certificates issued through post offices and over the counter at banks and trust companies. These appear in sales lists and auctions.

Design and quality of paper through the half century of China's bond history clearly reflect not only a change in style but also a deterioration that matches the decline in the financial condition of China, seemingly step by step. I should hasten to add that rarity and other factors often contradict the trend for collectors of certificates, placing higher value on inferior paper!

The People's Government of China 1950 debenture issue, for repayment in five years in rice, flour, cloth and coal.

The end of an era was probably marked five days after the entry into Shanghai in May, 1949 by the Red Army with an official exchange of one People's Bank yuan for 100,000 gold yuan of the Nationalists. The People's Government of China then became the main bond issuing authority creating, for example, the 1950 victory debentures to liberate Taiwan, as shown with this article.

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THE MISSISSIPPI STATE LOANS OF 1831 to 1838

Michael Veissid

I would like to expand on Leslie Tripp's historical article on the Mississippi bond issues of 1831 to 1838, with some details of the certificates and their varieties. There may still be some unanswered questions and I would be grateful for any comments or theories from readers.

Readers may still not be quite clear as to the circumstances of these issues, so I will endeavour to explain this also.

In 1830, the Planters Bank of Mississippi was chartered with a capital of $3,000,000, of which the State was to subscribe $2,000,000. At this time the State did not have any funds to pay for the shares so the Act also enabled it to issue bonds to raise the necessary amount. The shares thus belonging to the state and the "Faith" of the State were pledged as security!

The first tranche of $500,000 bonds were issued in 1831. They were in 4 equal series, A,B,C & D, of 125 bonds each of $1000. The difference in the series was the printed redemption date and the coupon sheets. Series A was redeemable by 1841; B by 1846; C by 1831 and D by 1856. It was not until 1833 that the remaining amount of $1,500,000 bonds were issued. For some inexplicable reason the design of the bonds was totally different from the first tranche, although the series numbers carried on where the 1831 tranche left off. We are assuming that the series were in equal amounts of 500 bonds of $1000 each. Series E was redeemable by 1861; F by 1866 and G by 1871.

1837 saw the Union Bank of Mississippi chartered with a capital of $15,000,000, this time the State to provide the whole amount. State bonds were again to be the method of raising the necessary amount.

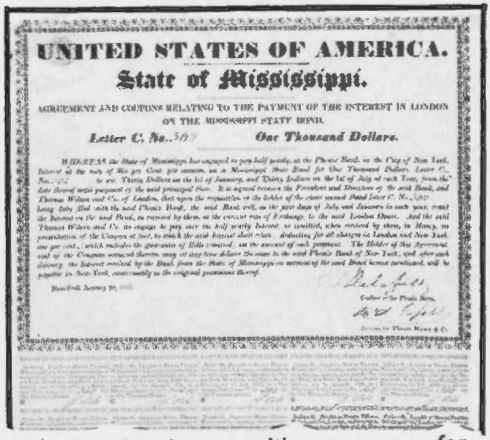
The bonds were of $2000 each and were of completely differing design to the Planters Bank issue, reflecting the progress in security printing during the intervening years. 2500 bonds were signed in 1838 and sold to the Bank of the United States, then controlled by Nicholas Biddle in Philadelphia, who in turn passed them on to investors in England and other European countries. In 1839, another 2500 bonds were signed but were apparently not take up. Were they eventually sold? We are not sure.

There are 2 distinct types of these bonds: those redeemable in 1850, with yellow seals and with printed coupons, 4 across, until May 1850 and those redeemable by 1858, with either blue or pink seals and with printed coupons, 5 across, until May 1858. Both types are designated series A and the numbering appears to be at random so we are unable to say how many of each were issued, just the total! The reverse of the certificates is quite interesting; there is a printed form to fill in by hand designating the paying agent and the City in which payment of coupons was to be effected. On all the certificates we have seen the reverse of each coupon has a printed endorsement of payment in London with the relevant amount converted into £ sterling. Also on the reverse is another overprint, converting the whole amount to £450 sterling and showing the redemption date. Those redeemable by 1850 have the overprint in red; those redeemable by 1858 have a black overprint.

The above leaves several questions regarding the Mississippi Union Bank. Why is there a difference in the colour of the seal on the 1858 certificates? Has anyone seen the issue with other endorsements on the reverse? Why these 2 particular redemption dates, although 1858 is a sensible date being 20 years from the date of issue, 1850 is not?

There follows a tabulated listing of the issues for readers convenience:

	No. issued
1831 6% Bonds "Planters Bank"	
$1000, Series A, redeemable 1841,	125
$1000, Series B, redeemable 1846,	125
$1000, Series C, redeemable 1851,	125
$1000, Series D, redeemable 1856,	125
1833 6% Bonds "Planters Bank"	
$1000, Series E, redeemable 1861,	500
$1000, Series F, redeemable 1866,	500
$1000, Series G, redeemable 1871,	500
1838 6% Bonds "Union Bank"	
$2000, Series A, redeemable 1850, yellow seal ovpts on rev. for payment in London	total 2500
$2000, Series A, redeemable 1858, blue or pink seal ovpts on rev. for payment in London	


UNITED STATES OF AMERICA.

State of Mississippi.

AGREEMENT AND COUPONS RELATING TO THE PAYMENT OF THE INTEREST IN LONDON ON THE MISSISSIPPI STATE BOND.

Letter C. No. 581 One Thousand Dollars.

Additional sheet, with coupon, for claiming interest in London. Has anyone seen anything similar for other countries?

Mississippi State Bond.

No. 581 £450.

Redeemable Feby. 5th, 1850.

Eleven Pounds five shillings sterling, payable at agency Bank United States, London.
11*l.* 5*s.* *stg.*

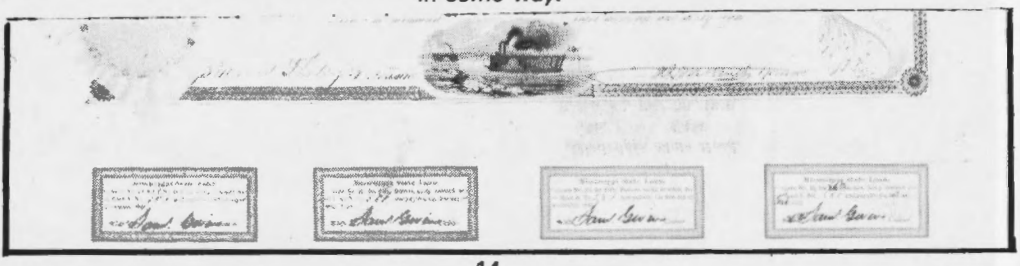
£450 Stg

THE PRESIDENT AND DIRECTORS
OF THE
MISSISSIPPI UNION BANK,

Do hereby designate the Agency of the Bank of the United States *in the city of* London *as the place of payment of the within Bond and Interest, and hereby assign and transfer the same for value received to* Bearer being equal to Four hundred and Fifty Pounds Sterling *and guarantee the payment of the same at the place designated.*

S. Gwin CASH^R. H. G. Runnels PRES^T.

1838 issue, above, overprints on reverse of the certificate. Below, showing 1850 redemption date with only 4 coupons across instead of the 5 as printed on the 1858 redemption issue. Again, bonds sold to investors in other countries ought to be different in some way.



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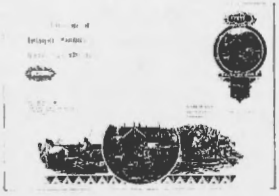

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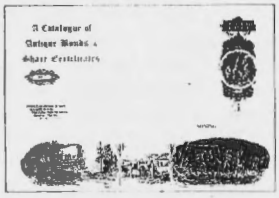

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THE ROYAL LOANS OF FRANCE, 1689 - 1789
News Since the Publication of the Catalogue, 1986

Howard Shakespeare

It is pleasing, in a way, to be able to say that there have very few new discoveries in this field since 1986, perhaps because the catalogue was written from archival sources as well as from bonds seen. Most amendments to the catalogue are of detail, mainly changes of rarity, arising from the discovery of bonds known to have been issued, or, the appearance of small quantities of a type of which only 1 or 2 pieces were known. The most interesting news follows.

Payable to 'Porteur'

The most astonishing news has been the discovery, in 1989, of a rente issued to bearer, and accompanied by a part-sheet of interest coupons. There was no evidence earlier of the issue of any such rentes. The piece was issued in 1785 (type 851), and leads to the division of this type into 851A (payable to named person), and 851B (payable to 'porteur'). The former clearly paid the annual interest in the usual manner, and was, until 1792, at least, a fairly typical issue. The latter was supplied with a sheet of 10 coupons, payable on 1 January yearly from 1787 to 1796, and the coupons from 1793 remain with the bond; they are similar to those forming part of the shares of the Compagnie des Indes. Each coupon is signed by a different official, presumably to spread the workload. It seems possible that all payments on rentes stopped in 1792.

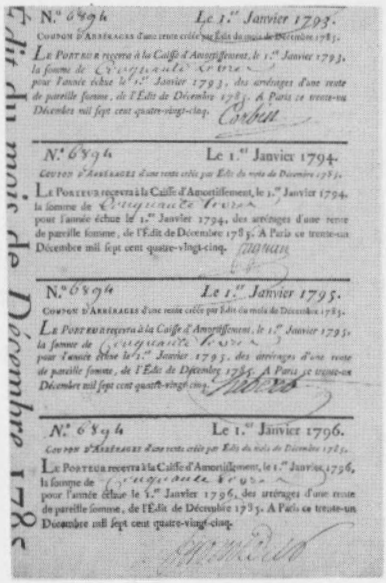
This issue was to be repaid over 10 years by annual drawings, the drawn bonds being paid in cash or exchanged for new rentes paying a higher rate of interest. The only 'new rentes' known were issued in 1792, in a most interesting form, in that the royal authorities had all given way to the municipal authorities of Paris, the Trésor Royale had become the Trésor Nationale, and other changes reflecting the times, thus becoming documents of some historical importance.

The 1764 'Royal Lands & Forests'

The catalogue left two types of the extensive 1764 issues as listed but unseen. The Duchy of Bar & Lorraine has still not been seen, but the Royal Domaines, Woods, Waters and Forests has now come to light, dated 1765, as has also a previously unknown type, charges against the 'tailles', the local personal/land tax.

The Type of January 1700 has now been seen

Little was known of this type, issue in conversion of the 1698 rentes payables from the revenues of the postal service. One piece is now known, showing the issue to have been larger than expected, at 400,000 livres, and headed POSTES. A piece of postal history! It was issued at the palace of Fontainebleau, where the very mobile court was located at that time.


N.° 6894 Le 1.er Janvier 1793.
COUPON D'ARRERAGES d'une rente créée par Edit du mois de Décembre 1785.
LE PORTEUR recevra à la Caisse d'Amortissement, le 1.er Janvier 1793, la somme de Cinquante Livres, pour l'année échue le 1.er Janvier 1793, des arrérages d'une rente de pareille somme, de l'Edit de Décembre 1785. A Paris ce trente-un Décembre mil sept cent quatre-vingt-cinq. Corbin

N.° 6894 Le 1.er Janvier 1794.
COUPON D'ARRERAGES d'une rente créée par Edit du mois de Décembre 1785.
LE PORTEUR recevra à la Caisse d'Amortissement, le 1.er Janvier 1794, la somme de Cinquante Livres, pour l'année échue le 1.er Janvier 1794, des arrérages d'une rente de pareille somme, de l'Edit de Décembre 1785. A Paris ce trente-un Décembre mil sept cent quatre-vingt-cinq. Mauran

N.° 6894 Le 1.er Janvier 1795.
COUPON D'ARRERAGES d'une rente créée par Edit du mois de Décembre 1785.
LE PORTEUR recevra à la Caisse d'Amortissement, le 1.er Janvier 1795, la somme de Cinquante Livres, pour l'année échue le 1.er Janvier 1795, des arrérages d'une rente de pareille somme, de l'Edit de Décembre 1785. A Paris ce trente-un Décembre mil sept cent quatre-vingt-cinq.

N.° 6894 Le 1.er Janvier 1796.
COUPON D'ARRERAGES d'une rente créée par Edit du mois de Décembre 1785.
LE PORTEUR recevra à la Caisse d'Amortissement, le 1.er Janvier 1796, la somme de Cinquante Livres, pour l'année échue le 1.er Janvier 1796, des arrérages d'une rente de pareille somme, de l'Edit de Décembre 1785. A Paris ce trente-un Décembre mil sept cent quatre-vingt-cinq.

The coupons, 1793 to 1796.

The June 1702s a Bigger Issue than Expected
This early issue has now come to light, and turns out to be for 1,000,000 livres, rather than only 100,000, as was previously believed.

An Early 'Reconstitution' Piece
Whereas the secondary market was apparently established by 1746, when rentes could be transferred, and 'reconstituted' in the name of the buyer, the earliest such piece seen was from the April 1758 issue. Now, however, a reconstituted rente of the 1751 issue against the Postal Service has been seen, although the reissue itself was not until 1774.

Seven Years War (1756-63) Bearer Bonds Converted into Rentes
Generally speaking, the mass of these bonds (Alsace Loan, Flandre-Maritime Loan, Canada bills, etc.) had to be converted into rentes from 1767, and we are familiar with the rentes then issued; however, holders had the option of conversion from 1764 onwards. Until recently, no such voluntary conversion pieces had been seen. Two have now turned up, and form a distinctive addition to the large range of 1764 material, headed 'EFFETS AU PORTEUR convertis en Contrats.

Compagnie des Indes Lottery Loan
Extremely few Compagnie des Indes rentes are known; their rarity is not yet fully appreciated by the market. Barely half a dozen are known to have survived, and these of different types, issued from 1724 to 1765. They are just as rare as the shares, but far less expensive. The Edict of August 1765, which created a type already known, also authorised a lottery, selling 20,000 tickets at 300 livres each, each attracting 20 livres annual interest. The provisions for drawings were unusual; there were to be two drawings, each of 1,000 tickets, late in 1765. The first drawings was for cash prizes; the second was for prizes of rentes viagères (at 7%) or perpétuelles (at 4%). All holders of tickets were able to consolidate them into rentes viagères, paying denier 15 (6 2/3%), the same rate as the original lottery tickets. The sole piece seen was issued in consolidation of 20 unsuccessful tickets; the types issued to those successful in the second drawing are unknown. The piece seen was signed by 3 directors of the Compagnie des Indes.

Details of these, and various lesser amendments to the catalogue will willingly be sent by Howard Shakespeare, the author.

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CANADIAN AMERICAN COAL AND COKE CY.

Neil Radke

In 1900, Henry Pelletier of Blairmore, Alberta, discovered a coal seam at the base of Turtle Mountain. He staked a claim to it which he then sold to Samuel W. Gebo. Mr Gebo wanted to open a mine at the site but lacked the finances. He found a backer by the name of H.L. Frank from Butte, Montana. Gebo began developing the mine in 1901, and a town grew nearby called Frank, Alberta. The mining company built a number of cottages, a boarding house for single men, a power house, two hotels and owned 2080 acres of coal bearing lands around the twon. The two partners named their company the Canadian American Coal & Coke and held a big party to celebrate this on September 10, 1901, attended by over 1400 people.

The company was incorporated under the laws of Canada, and was located on line with the Canadian Pacific Railway. Capitol stock was limited to $2,500,000 with shares selling for $100.00 each. One of its assets was the Frank Coal Mine, located near the foot of the mountain.

By 1903, Frank grew to over 600 people, and the company was pushing its mine for 1000 tons of coal a day. The directors of the company were O.L. Liegeart, president from Lille France, A Boland, Vice-President from Páris (1908), S.W. Gebo-Managing Director, A Miller-General Manager, & G.C. Rochfort of Frank, Alberta. The head office was located at Frank.

On April 29, 1903 Turtle Mountain fell down covering the adjoining valley, a few ranches and part of the town to a depth of hundreds of feet of rocks. Debris blocked the Crowsnest River, and swept up across the valley. Over 90 tons of rock broke loose in one slab that day, then split up into countless thousands of smaller rocks as it slid down the mountain. The Frank Mine entrance was swept away catching 17 miners trapped in the mine. They began to pick their way free, all the while the air was getting thinner, and the water from the blocked river began rising in the mine. They managed to free themselves just as the air supply was to run out, only to find out what a narrow escape they really had. Officially seventy-six people had died, but it most likely was higher.

The town of Frank refused to die. After two weeks, things began to resume normalcy. Fortunately only a portion of the town was hit by the slide as it could have been much worse. The population of Frank grew to 800 and the mine reopened, and remained open until 1913. It closed for a time after changing hands, and after a second explosion in the mine, it was shut down for good in 1917. Today Frank has a population of 180. The Frank Slide Interpretive Center located east of the town of Frank is open to the pubilc for views of the early days of mining in the area as well as displays of the tragic Frank Slide.

Info from;

ALBERTA, THE PIONEER YEARS,
1984, Harold Fryer, Sunfire Publications, Langley B.C.

POOR'S MANUAL OF RAILROADS
Poor's Publishing Company, New York, N.Y. 1909 issue.

Ironically one of the certs is dated one day after the mine disaster. The other one is issued from France reflecting the part French backing or ownership.

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SEAL

UNION BANK AND TRUST COMPANY OF MONTANA

In Witness Whereof, and upon the said Trust Company of Montana, Trustee, has caused this certificate to be signed by its President and its corporate seal to be hereto affixed.

Done at HELENA, MONTANA, U.S.A.

April 20th 1907.

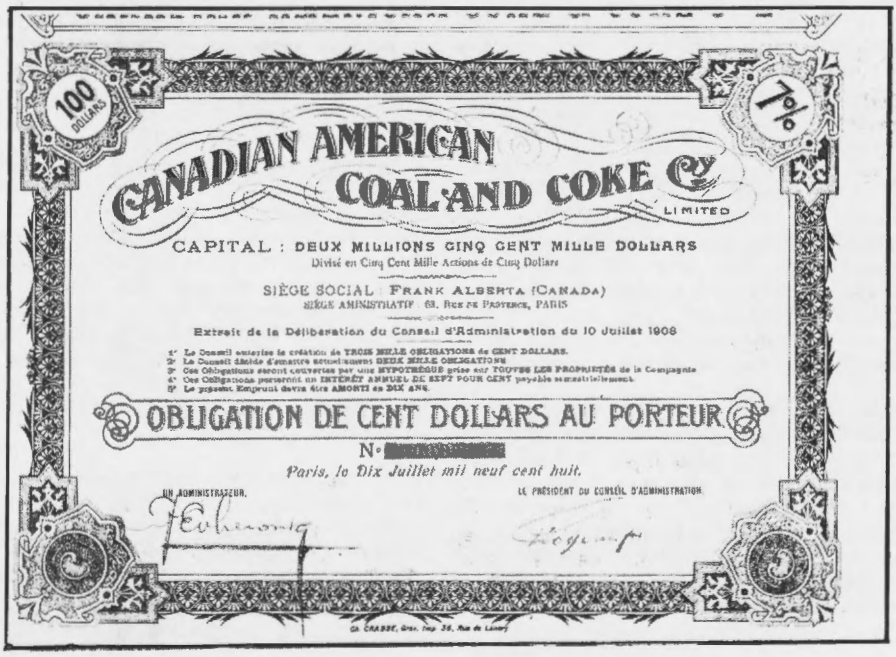
UNION BANK AND TRUST COMPANY OF MONTANA, TRUSTEE.

From time to time as dividends are declared upon the Shares referred to in foregoing TRUSTEE'S CERTIFICATE, same will be paid to the bearer of the attached Dividend Coupons in accordance with their tenor.

CANADIAN AMERICAN COAL AND COKE COMPANY, LTD.

President

Secretary



THE HELVETIA COPPER COMPANY

Rolf von Arx

In the southern part of Arizona lies a ghost town with the unlikely name of Helvetia, of which only a few dilapidated and deserted adobe and wood buildings and a cemetary remain today. Situated in Pima County, 30 miles southeast of Tucson, the little town had at its peak a population of about 300, mostly Mexicans. The origins of the name are unknown and no Swiss seem to have been involved in the mines there.

Copper ore was probably discovered in the Helvetia district before the American Civil Wary, but the first mine, the Old Frijole, was located in 1880 by Bill Hart and John Weigel (Weigel being a German name). Several other mines were opened in the 1880's, a number of them being consolidated under the name of Helvetia Copper Co., incorporated in 1891 under the laws of New Jersey. it was restructured in 1899, and again in 1905 under the laws of Arizona with C.C. Prindle as president anc Charles W. Sexton as vice-president and secretary. The capital was $5,000,000 in shares of $25. Its land holdings encompassed 1853 acres on the western slope of the Santa Rita Mountains and contained five principal ore bodies exploited by separate mines: Isle Royale, Old Dick, Copper World, Heavy Weight, Leader and Black Horse. In the first 10 years of operation $800,000 were spent on development work including 6 miles of aerial tramway and a smelter. Ore sales for the period, however, amounted to only $400,000 from ore averaging 8 to 10% copper. At this time 25 men were employed. The first smelter was built in 1899. It burned down a year later and was rebuilt in 1901 only to be closed in 1902 owing to exhaustion of the rich ores.

After the reorganization of 1905 new vigour was injected into the working of the mines. A 375 h.p. steam plant and a 50 h.p. gasoline hoist (good for a depth of 600 feet) were installed as well as a 9-drill Ingersoll-Sergeant air-compressor and an electric light plant. There were some 30 buildings comprising machine-shop, smithy, carpenter-shop, power-house and several dwellings. The smelter was blown in again in early 1906 only to be struck by another disaster right away, about which the MINING REPORTER of 17th May 1906 had to say: "A serious accident happened to this company's smelter last week, when the ore bins gave way, precipitating a large quantity of material on to the furnace, tearing it from its foundations." It was soon rebuilt again and equipped with a 100 ton water-jacket blast-furnace, but shut down for good in 1907. Thereafter, the ore had to be transported to the Old Dominion smelter at Globe, Gila County, a long distance away.

Helvetia had a telephone connection with Vail but no rail access, although a projected spur from Helvetia to Vail, to connect with the Southern Pacific there, was surveyed. There was a stage line to Vail, 18 miles away, and then on to Tucson. In 1911 some 40 men worked for the company. The ore output had increased but due to the high transportation costs and the fact that shipping the low and medium grade ore would have been uneconomical because of the lack of the rail link, the mine hardly paid for itself, even though the ore also contained some silver and a small amount of gold.

According to some sources the mines were closed in 1911 as a result of the low price of copper. However, the date of the illustrated certificate (1920) speaks otherwise, all the more as the same people were still in charge as in 1905. The Helvetia Post Office was officially discontinued at the end of 1921. The mine office was located at Helvetia, while the head office was moved from Boston, Mass. to Minneapolis, Minn. after the restructuring of 1905.

(Sources: Geological Survey Bulletin 1027-F: Copper Deposits of Part of Helvetia Mining District, Pima County, Arizona; Copper Handbook Vol. 4/1904 and Vol. 10/1910-11; James & Barbara Sherman: Ghost Towns of Arizona)

CAPITAL STOCK $5,000,000 — $10.00 PER SHARE PAID IN.

No. 314 — 100 Shs.

INCORPORATED UNDER THE LAWS OF THE TERRITORY OF ARIZONA.

THE HELVETIA COPPER COMPANY

This Certifies that Joe H. Jones

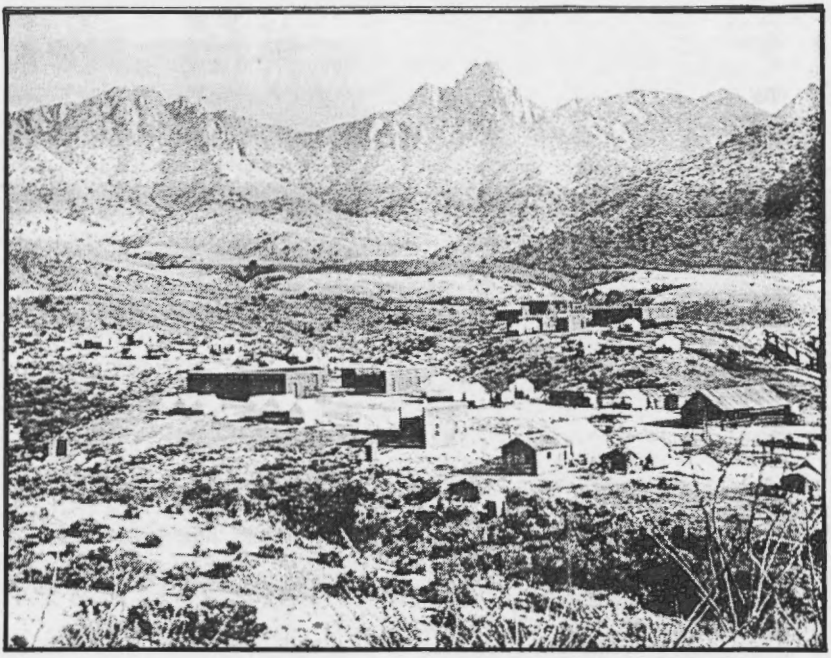
is the owner of One Hundred Shares of the Capital Stock of The Helvetia Copper Company transferable only on the Books of the Company in person or by Attorney on surrender of this Certificate properly endorsed.

Witness Whereof the President and Secretary have hereunto subscribed their names and affixed the seal of said Company this day of SEP 2 - 1920 A.D.

THIS CERTIFICATE IS NOT VALID UNTIL COUNTERSIGNED BY THE TRANSFER AGENT AND REGISTRAR

Geo. H. Jones — Secretary

C. A. Bissell



'The Helvetia mine'

DIAMOND JIM (BRADY)

Haley Garrison

On August 16, 1856, a group of customers at Daniel Brady's saloon on the corner of Cedar and West Streets in New York City heard the wails of a newborn infant. Dan Brady's second child, James Buchanan Brady, was brought into the world with drinks on the house for the rest of the night. It was a fitting beginning for one of the worlds most colourful figures of United States financial history.

James B. Brady, or Jim as he was known, started his employment with the New York Central Railroad, working his way up to agent after seventeen years. It was at the New York Central that Brady became inspired by the elegant Chauncey Depew. He had soon saved up enough money and became a fashion plate, mirroring his fastidious idol. "If you are going to make money, you've got to look like money," became his guideline.

The boom in rail construction soon led Jim, with his knowledge of the railroad, into a career as a railroad equipment salesman. He had a flair for sales in his earthy approach. He always remembered the first names of his clients and had a gift or a colorful story ready to entertain them. His commissions piled up and soon he accumulated sufficient capital to finance the production of a metal cutting saw which simplified the fitting of rails at a time the country was exploding with railroad expansion. Brady's large sales commissions allowed him to indulge his fetish for elegant clothes and the wearing of diamonds, which fascinated him. Soon his collection of diamonds and his lavish display of them attracted much attention and earned him the nickname "Diamond Jim." One of the stones he wore was a 25·5 carat diamond ring.

The sales of the saw led to sales of other heavy railroad equipment. Jim started selling railroad cars for the Fox Pressed Steel Company, the Pressed Steel Car Company, and in 1902, with the Standard Steel Car Company, of which he became vice-president. A new steel truck (undercarriage) to replace the old wooden ones was built and Jim was so enthused he went out and sold 16,000 cars to the B & O alone. Both Henry Flagler and Edward H. Harriman were clients of Jim's.

Brady was not just a show-off but used his diamonds to gain audiences and win the respect of rail officials with whom he made his contracts for sales. Many of the railroad buyers were petty despots, full of their own importance, who tried to impress salesmen. Jim could handle this situation and after a few minutes of conversation would say, "Speaking of diamonds, I've got a few you might like to see-they're my hobby, you know." He'd pull off a miner's belt and spread a generous bundle of sparkling diamonds before the eyes of the astonished official. Jim had a quick solution for those who didn't believe they were real. Striding over to a window, Jim would take one of the stones in question and write his name on a convenient window pane, leaving a permanent calling card. Generally this display of affluence served to reduce all beholders to a state of respectful awe and Brady would usually proceed to close the sale for several hundred railroad cars. The millions of dollars of commissions he generated served as a testimonial to his techniques.

Definitely not all work and no play, Jim was a popular figure on Broadway. He owned racehorses and was free-handed in his spending. Lillian Russell, the reigning American beauty of her time became the object of Jim's affections. (The following should be a lesson to all of us about wooing femininity.) Jim gave Lillian a bicycle the likes of which has never been seen before or since. The frame was gold plated and the handle bars were mother of pearl. Diamonds, saphires, rubies and emeralds were lavishly set into the hubs and spokes so that when the sun hit them, on Fifth Avenue, the bicycle was a blaze of

color and sparkle. Aside from winning the favor of Miss Russell, the publicity created for Jim was inestimable.

Typical for Jim were his stock market operations. By far the greatest part of his money came from his stock market investments. Jim put his money in sound speciality stocks which were closely allied with railcar building business. One of his biggest coups was the purchase and sale of the Louisville and Nashville Railroad-which netted Jim one million two hundred fifty thousand dollars. Even in the financial crises of 1895, he exclaimed, "Nothing wrong with this country that ain't only temporary!" Jim believed that boom would follow bust and put his money where his mouth was, making millions in the stock market.

Along with Jim's weakness for diamonds, he was a prodigious gourmet and eating for him was a several hour event. A typical breakfast for Jim consisted of beefsteak, a few chops, eggs, flapjacks, fried potatoes, hominy, cornbread, muffins and large beakers of milk and orange juice. He was definitely a notch above the "you deserve a break today" crowd.

His lifestyle continued unabated until he died on April 13, 1917. The crowd at his funeral was enormous. Everyone from railroad presidents to poor paper boys he had tipped came to pay their respects.

Lilian Russell

Diamond Jim

Aside from his numerous benefactions, his name is perpetuated in the Brady Institute of the Johns Hopkins Hospital in Baltimore, Maryland, to which he left a considerable sum of money in his will. Not mentioned in his will were his personal collections of jewelry, which were lumped together and sold in one lot for less than the appraised value. (Jim had paid approximately $2,000,000 for his collection.) The collection was bought by a manufacturing jeweler, who cut many of the stones into smaller stones and sold them. Today, Diamond Jim's jewels are being worn by thousands of unsuspecting women around the country.

The Legend of Diamond Jim Brady still lives!

"Notable Quotable"

One day "Diamond Jim" was criticized for his ostentacious display of diamonds (he wore cufflinks, a scarf stickpin of 33 carats, lapel pin and several rings, all encrusted with diamonds.) To his critic he replied : "Them that has 'em, wears 'em!"

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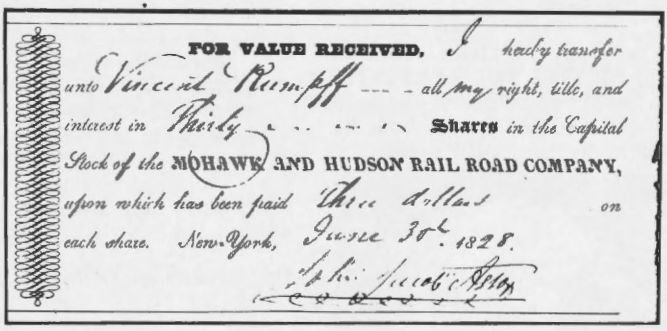

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