

INTERNATIONAL HERALD TRIBUNE, TUESDAY, SEPTEMBER 18, 1979

Worthless Paper

The big sellers are railroad stocks, mining shares and government loans for czarist Russia and imperial China.

By Jeffrey Robinson

MONTE CARLO (IHT) — They are called "obsolete securities."

Until about a year ago, you either used them for wall paper or to make lampshades. Most people figured they were not worth the paper they were printed on. And until about a year ago, most people were probably right. Then "scripophily" — or collecting obsolete securities — was invented, and what has happened since is phenomenal.

"Literally almost overnight the value of previously worthless bonds and stock certificates has skyrocketed," said David Lyon of Stanley Gibbons, stamp dealers. "We've moved into scripophily as a logical extension to stamp collecting. These are beautiful pieces of paper with intricate graphic designs often done by the same engravers who have worked on stamps and banknotes. Because of supply and demand, prices over the last year have gone from next to nothing to a fortune."

Scripophily has caught the imagination of collectors, and there is something to collect on any theme from any country. Royal Bulgarian gold loans. Ethiopian railroad shares. Free State of Saxony bonds. Certificates to a long-forgotten brewery in Hong Kong. 1885 loans to the Italian Red Cross. Shares in a defunct Turkish cheese factory. A Peruvian government bond for agricultural development, signed by the president of Peru in 1894.

Big Sellers

The big sellers are railroad stocks, mining shares and government loans for czarist Russia and imperial China. And here the interest has overtones of investment. Some of the bonds were issued in few numbers for certain denominations. For instance, only 23 bonds were issued of the Series A, £1,000 Kursk-Kharkov-Azov 4-percent railroad loan of 1888. They became worthless after the Bolshevik Revolution. Today collectors pay face value for them. More astonishing is the Deutsch-Asiatische Bank issue of 100 bonds for £500 of the Chinese Imperial Government Gold Loan of 1898. Only 17 are thought to be in existence. Two years ago few people even knew about them. One was recently put up for auction in London and was sold for £14,000, although less than four months ago they were cataloged at £5,000.

In theory, bonds and certificates can be collected from as far back as the 16th century, although very early material is extremely rare

and the main interest is in the thousands of different issues of the 19th and 20th centuries.

Russian railroad bonds are typical. While some of them may still be quoted on the London, New York, Paris and Amsterdam stock markets, Lenin clearly warned Western countries well before the revolution not to grant any further loans to the czarist government as they would not be honored by the Bolsheviks. Lenin kept his word, and not a penny's interest has been paid on them since 1917. Yet prices for collectors now run into thousands of dollars.

Chinese Bonds

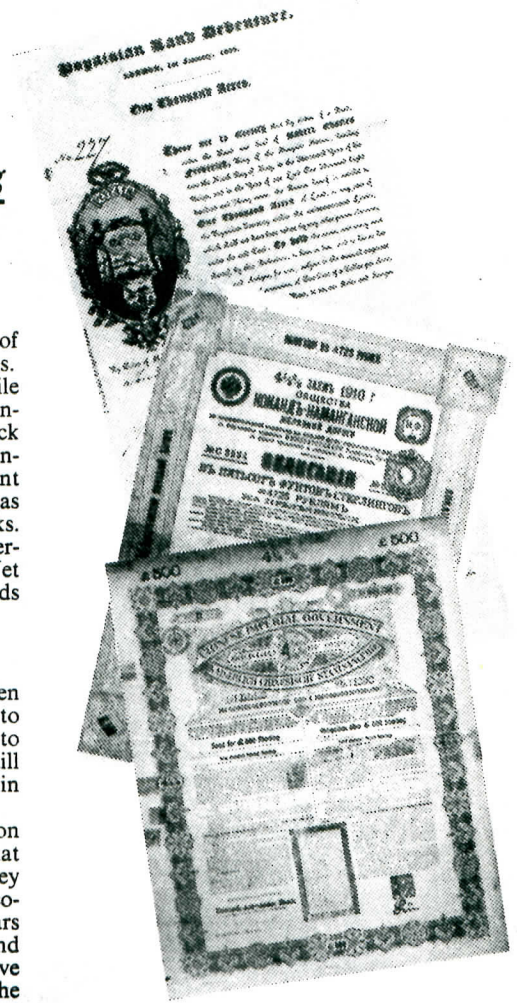
The same is true with Chinese bonds. When Mao came to power in 1949, he refused to acknowledge former debts. Thanks only to collectors' demands, the Chinese bonds still quoted on some stock markets are sold well in excess of their par value.

"Besides being visually appealing," Lyon says, "bonds and stock certificates do what stamps and currencies can't always do; they form a fascinating historical record of our economic and social past. They've witnessed wars and revolutions, scientific developments and ordinary investments. Most of them have highly detailed vignettes which relate to the purpose for which they were issued. Railroad bonds have terrific designs of engines and coaches and stations. There are ships, mines, oil wells, agricultural scenes, cities, people and allegorical figures."

There are also swindles. One certificate of great interest to many collectors is a British land-grant bond issued in London, and called "The Poyaisian Land Debenture Bond . . . Under The Hand and Seal of Robert Charles Frederick, King of the Mosquito Nation."

The king sold these to people who decided to emigrate to his "South American paradise." True to the king's title, paradise turned out to be a mosquito swamp. That was in 1853. Other certificates of seemingly dubious ventures are more recent, and Lyon said that within the last few months there has been trading interest among collectors for shares in the defunct Investors Overseas Services, originally issued by Bernard Cornfeld.

The rage in U.S. bonds and certificates is for anything issued by the Confederate States of America. They have not yet hit the prices that the Russian and Chinese bonds have, but Lyon notes the enormous interest in Americana over the last few years is helping to push those prices up. "The market is a rich one and



it's almost certain that terrific gains will continue to be made. It's a collectors dream."

For instance, a Confederate bond for \$1,000, complete with a vignette of President Jefferson Davis, a view of Richmond, Va., and with the warning, "This bond not to be valid until indorsed by the depositary who issues it," was worthless within 26 months of its issue. Today collectors will pay \$50 or more for one.

They will pay even more for American Express Co. certificates dated from the late 1850s. The vignettes are stage coaches, the captions are "Safety and Dispatch" and the guarantee comes in the form of original signatures of Henry Wells and William Fargo. The going price is about \$600.

It is the kind of toy that any kid who loves the Old West might want to hang on a wall. But then you do not have to go back that far for some of the bigger kids in scripophily. The 1970s will do for them. That's when the earliest shares of Playboy Enterprises Inc. had sexier vignettes than the later shares. They're still traded on the stock market, but Hugh Hefner's printed signature and his bunny bonds sell for twice as much to collectors as they do on Wall Street.