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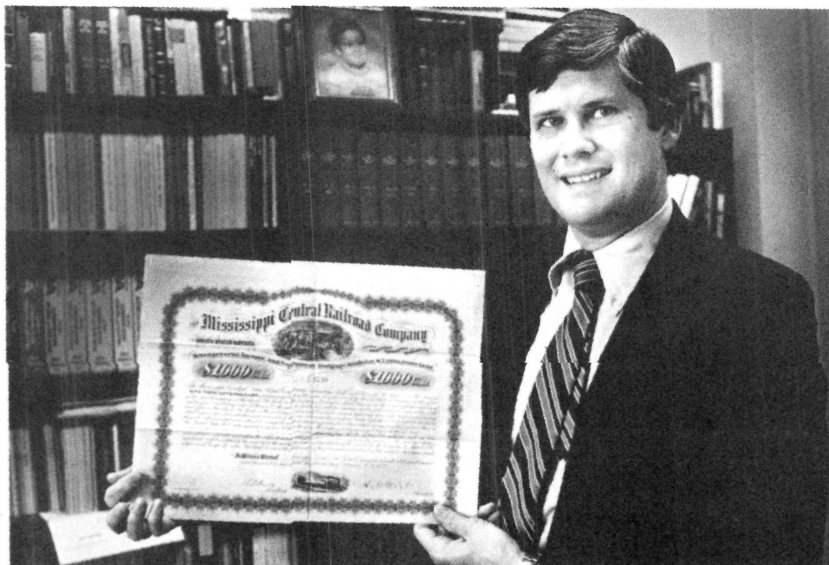
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Dale Fleisher displays a rare certificate.

ACCOUNTING HISTORY HOBBIES — SCRIPOPHILY

by

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(EDITOR'S NOTE: This is the fourth in a series of articles on accounting history hobbies. The editor welcomes manuscripts pertaining to other hobbies of interest to accounting historians.)

Scripophily is the hobby of studying and collecting old stocks and bonds. It is the hobby not only of this author, but one shared with such notables as Dr. Lee D. Parker of Monash University (who is a trustee of the Academy of Accounting Historians) and Boris Bittker, the famed Yale University tax professor and author.

I began my collection about fifteen years ago when I saw an advertisement in the *Wall Street Journal* offering ten antique cancelled stock certificates for only two dollars. Since I was a university accounting professor (and still am), I was

aware of how much difficulty my students were having with the accounting problems of common stock. Not only had my students never seen a stock certificate, they could not tell the difference between common stock and livestock (like on a farm). Therefore, I decided to invest two dollars and obtain ten certificates to use as examples in my accounting classes.

As the old saying goes, "the rest is history." I became so enamored with the beauty and history of the documents that I became an avid collector. I discovered that old certificates were really a form of limited edition, numbered art prints since they were engraved in intricate detail in order to prevent counterfeiting. They were numbered for purposes of corporate record keeping. Other advantages of old

certificates that make them interesting collectibles include the fact that they often bear revenue stamps (both U.S. and foreign), and they are an excellent source of business history. In fact, the fine print on the documents often provides much data about the circumstances surrounding a particular security issue. Also, some certificates bear the autograph of famous corporate officers or investors. Some certificates presently on the market include the autographs of Thomas Edison, John D. Rockefeller, John C. Fremont, and General Santa Anna of Mexico. My collection includes autographs of W.T. Grant (the dime store magnate) and Sylvia F. Porter (the financial columnist and author).

My collection has grown over the years to the point where it now numbers several thousand pieces. The number of people who collect stocks and bonds has also grown. A 1964 article in *Forbes* magazine stated that there were about 100 collectors of old stocks and bonds in the United States. Today, there are thousands of collectors throughout the world, and many dealers. The increase in the number of dealers has been most noticeable. When I began collecting in 1971, there were only a couple of dealers (and these were part-time) in the country. Today, there are probably at least a hundred. As recently as 1977 at the International Paper Money Show in Memphis, there were no dealers present with stocks and bonds. At the 1978 show, there were three dealers who had certificates for sale. By 1979, that number had increased to a dozen. At the 1984 show, there were over three dozen dealers with stocks and bonds for sale. The value of some of those dealers' inventories reached well into the hundreds of thousands of dollars.

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

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

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

Scripophily has changed over the past decade. Although prices are much higher, there is a greater amount of material on the market. Thus, whether a person's interest is art, business history, stamps, or autographs, the collecting of stocks and bonds represents an ideal hobby. One last point—I still use old certificates as examples in my accounting classes. My students think they are holding a worthless piece of paper. Little do they realize that the old certificate is a valuable artifact of financial history.