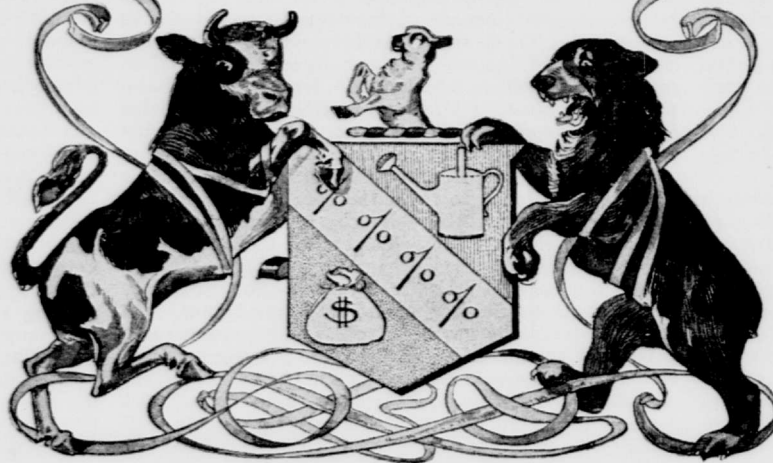


UPS AND DOWNS of WALL STREET

Great Operators Who Have Gone Broke

By HENRY CLEWS



THE mutations and vicissitudes, the ups and downs, of Wall Street can be illustrated best by sketches from life of the career and experience of its leading operators, who often, though not generally, have gone up like a rocket and come down like a stick.

I shall not begin with those now foremost in the Wall Street arena; but go back to Jacob Little, whose name is still a household word on the Stock Exchange.

He died in the sixties, while the war between the North and South was raging, and he gradually had ceased to be a power in the Street after the panic of 1857. He remained a bear on the rising tide of currency inflation following the outbreak of the war, and was submerged and wiped out.

He was an odd fish—singular in appearance, manner and business methods—but for more than twenty years he had a great name in Wall Street. To speak colloquially, he was the "cock of the walk" by self-assertion and common consent. He was the successor of Jacob Barker, who came from Philadelphia, and was the first great leader Wall Street had known. He was trained in his office, and began as a stock operator on his own account in 1835.

The panic of 1837 made his reputation and his fortune, for naturally being a bear he was largely short of stocks. That panic swept the whole United States with the besom of destruction, and sent down prices to zero. It left him a greater bear than ever, a preacher of distrust and a prophet of failure. He thrived on calamity, and grew richer and richer during the years of depression that followed that memorable revulsion.

From 1835 to 1846 he was in his glory and his prime, and no one disputed his leadership in the world of Wall Street. But then he met with a great reverse, not, however, through continuing to bear stocks, but through a bull operation in Norwich & Worcester Railroad stock. With a Boston clique, he attempted to control it, and personally bound himself to this clique in the sum of twenty-five thousand dollars not to sell his stock below 90.

He went to work to put it up; but it bulled hard, and refused to stay up. So he paid the forfeit, and sold out at the best prices he could get, losing a million, which was looked upon in those days as ten or twenty millions would be now. This was the only large bull operation he ever engaged in, and it confirmed him in his natural bearishness.

He more than recovered from this disaster, however, by breaking the corner in Erie stock not long afterward. He was largely short of it, and the cornering clique had bought up all the stock on the market. They put the price higher and higher from day to day; but Jacob Little remained unterrified, and refused to cover his contracts. He was the only one short who stood out against the corners, and made no effort to buy in his stock. The eyes of all Wall Street were watching him, and the prevailing opinion was that he would be forced to cover at a ruinous loss, or fail.

But he had "a card up his sleeve" that the cornerers never had suspected, and just when they were expecting his surrender or failure, at the maturity of his contracts to deliver, he produced a big bundle of new Erie certificates of stock and filled his contracts by delivering them. These had been issued to him in exchange for the company's convertible bonds, unknown to the clique, the issue of the bonds with the convertible clause also being unknown to them.

Such a surprise and checkmate Wall Street never had known before, and the corner was broken, with resulting demoralization and disaster to the cornering clique, and great profit and éclat to Jacob Little. But subsequently he failed several times on the bear side, yet always managed to pay in full out of later successes. He was equally generous as a creditor, and compromised on easy terms, so as to give his debtors a chance to recuperate. Hence he was liked and respected, notwithstanding his aggressiveness and the havoc he often wrought among speculators on the opposite side of the market.

He was a born speculator. Speculation was his daily bread. He liked it for its own sake. His ambition was to control the stock market, and he was willing to run extra hazardous risks to achieve this end. He once said: "I care more for the game than the results, and, winning or losing, I like to be in it."

It was this feeling that kept him in Wall Street after his money power and his prestige of success, as well as his health, had passed away. He was out of debt, but without money in any considerable amount. He was a mere shadow of what he had been, a name and nothing more. Nevertheless, he risked his small operations with zest. But his health gave way more and more, and he fainted one morning in the Board Room, in Lord's Court, and his end came not long afterward.

He said: "I die poor!" But from the ashes of his estate and unsettled accounts his family succeeded in collecting about one hundred and fifty thousand dollars, which he had neglected to look after, for he always had been careless and easy-going about money, and attached little value to money except as chips in the game of speculation.

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It was Anthony W. Morse who gave the finishing stroke to the career of Jacob Little, for while Little was operating for a decline in the early sixties, Morse sprang into the speculative ring as a rampant bull, and bid up prices on the Stock Exchange, while it still was in Lord's Court, in a way that astonished him and the other members of the Board. They considered him utterly reckless. But Morse foresaw that the great war issues of United States currency—greenbacks as they were called—then being made would inflate the prices of stocks largely, and he accordingly, metaphorically speaking, rushed in where angels feared to tread.

He became the storm-center, the hub, the pivotal point, in the wildest riot of stock speculation this country ever has known, or probably ever will know again. And who was he? A slight, fair-complexioned, country lad who came to New-York without a dollar, and became a clerk in a stock-broker's office. Then he married a woman with some money, and induced her to let him speculate a little for her, and was successful in making something for her, and enough for himself to buy a seat at the Stock Exchange, which then cost only five hundred dollars for the initiation fee.

That was in 1862, up to which time he was both insignificant and unknown. But the bold, dashing style in which he immediately began to astonish the natives and rattle the dry bones of the fossils, by his rapidly advancing bids for railway stocks, showed that he was a man of the time, fully up-to-date. Had he not proved to be right on the market, he would have been ruined at the start; but the market went with him, and it went with a rush that made the old fogies of the Board say: "Well, well! this young fellow got the start of us! We are not in it!"

He first put up Cleveland & Pittsburg with the ease and celerity of a man who thought it a mere trifle to handle. Then he successively took hold of Ohio & Mississippi, Rock Island, Erie and Fort Wayne, and put them up in the same pyrotechnical and flamboyant way. In one day he marked up Fort Wayne from 118 to 152. He had unlimited confidence in himself, because he saw that he was on the right track, and the Street and the public followed him. He ran up Pittsburg from 65 to 108 amid great excitement, and bid 100 for the whole capital stock, "seller one year." He then sold all his Pittsburg at between 96 and 108. His firm, Morse & Company, were overrun with commission business at their large ground-floor office on William-st.

By the early part of 1863 he had punished the bears badly, and made, it was estimated, at least a million and a quarter, and his career of riotous success ran

for just two years, during which he was supposed to have made enormously. There was a rush to join every pool he formed, so great was his prestige. Men crowded the sidewalk in front of his office, trying to find out what he said, or what he was doing, so that they might do likewise, and if he gave a bull point on any stock, nearly all who heard of it acted upon it, feeling confident that it was a dead certainty. His fellow-brokers in the Board largely followed him, like the rank and file, and rag, tag and bobtail of the Wall Street crowd, because he always had been right. Never indeed was a Wall Street leader, before or since, more blindly followed than Morse. The whole country joined in the mad speculation there, and he was on the crest of the wave.

One night at the evening Exchange Morse bid 112 for ten thousand shares of Erie stock, and Daniel Drew sold them. Then he bid the same price for twenty thousand more, and Drew sold them. A day or two later, Drew covered at a heavy loss. When Morse took hold of Ohio & Mississippi, he jumped it from 49 to 69 in a couple of days.

Money was cheap and abundant, owing to the currency inflation, and speculation so active that many stock houses kept a relay of clerks for night work. Meanwhile speculation in gold was as rampant as in stocks, and hundreds of new mining and petroleum companies were launched, and the stocks of these were actively traded in at high and rapidly rising prices, while old and worthless stocks, like Buck's Country Lead, were resuscitated and boomed with the rest.

Clergymen and women were drawn into this whirlpool of speculation, and any stock with "Gold" in its name went off like hot cakes. One stock was considered about as good as another to buy, as all were going up. Morse led the crazy multitude in everything, and among his other achievements he put up Rock Island from 106 to 149, and in doing so bought the whole capital stock, which then was only fifty-six thousand shares.

Morse's doom was sealed by Salmon P. Chase, who as Secretary of the Treasury sought to stop the wild inflation, and particularly the tremendous bull speculation in gold, by selling gold for currency, and locking up the currency in the Subtreasury, so as to make a tight money market. This had the desired effect, for it made money so scarce and dear that it forced the large speculative holders of stock to sell, through the banks calling in their loans, and brought on a panic, just at the time when Morse was more heavily loaded with stocks than he ever had been before.

Broken in health, and appearing weary and haggard, he tried to sell, and this set everyone of his followers selling like a flock of sheep, and prices tumbled from bad to worse under the general rush to realize. Fort Wayne fell at the morning session of the Board, on that fatal Monday of the Morse panic, April 18, 1864, from 153 to 119. Then Morse left the room for the last time, and going to his office said to his partner: "The game is up!" Reading also had fallen that morning nineteen per cent.; Pittsburg, seventeen; Hudson River, twenty-three; and all other active stocks about as much.

This monetary tornado, that found Morse overloaded with stocks, there and then swept him out of the Stock Exchange; for, knowing that he was hopelessly ruined, he wrote an announcement of the suspension of Morse & Company and sent it to the Board a few minutes after he had left it. The failure proved to be a bad one, and the firm was unable to settle or resume. Morse no longer was the leader of Wall Street, and many of his customers, in a semi-frantic condition, rushed in upon him and denounced him bitterly. The King had been dethroned, never to regain his crown, or ever to get a fresh start.

Pandemonium reigned during the rest of the day, and at the evening Exchange up town at night. Speculation had been so widespread, and Morse had been so implicitly trusted as a leader, that the collapse ruined thousands, including many women, and a raving, cursing mob crowded into the evening Exchange, and overflowed into the Fifth Avenue Hotel. There was a night of terror in hundreds of homes. Morse was upbraided and cursed to his face, and more than one of his