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The history of the  
New York Curb

[New York]

c1916

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INTENTIONAL SECOND EXPOSURE



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*The  
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*An Authentic  
Word Picture  
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Open-Air Stock  
Market, from its  
Origin to the  
Present Day.*

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JONES & BAKER



Men first met to buy and sell stocks in the open air. There is something about the great out-of-doors that inspires purpose in the blood and gives courage and determination to the mind and heart. And so, through the ages, markets may come and markets may go, but—like Tennyson's *Brook*—The Curb “goes on forever.”

MAR 4 1943 PGR / HEE

### *The First Market:*

THE First Congress of the United States, while in session in Federal Hall on Wall Street, New York, in 1788-89, authorized and subsequently issued bonds (then called stock) amounting to \$80,000,000 for the purpose of discharging debts incurred by the Continental Congress and the various colonies. This naturally led to orders for the purchase and sale of these bonds being sent to New York. These orders first came to merchants, attorneys-at-law, and others, but later as the transactions increased some men began to give special attention to this business, becoming the first brokers in America.

### *The New York Stock Exchange Board:*

IN March, 1792, the leading brokers effected an agreement by which the trading was limited to those recognized by the organization which had become known as the Stock Exchange. These brokers, according to tradition, met in the open under a spreading buttonwood tree located between 68 and 70 Wall Street. This was continued until 1817, when quarters were taken in the Tontine Coffee House. The organization was further perfected at this time and became officially known as the New York Stock and Exchange Board.

When the Merchants' Exchange Building was completed in 1827, the Stock Exchange

secured space which was occupied until the building was destroyed by fire in 1835. Quarters were then taken in the Jauncey Building, which were maintained until the completion of the New Merchants' Exchange Building in 1842. In 1854 larger space was secured in the Corn Exchange Building. Two years later new quarters were taken in Lord's Court, which were occupied until 1865, when a private corporation built a special building at 10 to 12 Broad Street. This building was subsequently taken over by the Stock Exchange, and upon this site and adjoining properties, secured in 1879, the present building was erected.

### *The New York Stock Exchange:*

HERE had developed in the meantime a coterie of brokers who met in what was known as the "Coal Hole," a basement adjoining the Stock Exchange. In 1864 this group of brokers was welded into an organization known as the "Open Board of Stock Brokers." Later, in May, 1869, the New York Stock and Exchange Board and the Open Board of Stock Brokers were merged into the present New York Stock Exchange.

There was need, however, for an organization for the handling of the unlisted securities which had previously been handled by the Open Board, and there arose almost immediately an outside market

known as the Unlisted Securities Market. This market, in the latter part of 1881, following the boom resulting in the resumption of specie payments, assumed very large proportions. The New York Stock Exchange sought eventually to control this market, and failing to accomplish this purpose, required its members to withdraw from the organization. As a result the New York Mining Stock Exchange and the Petroleum Consolidated Stock Exchange, which were units of this market were merged in 1885 into the Consolidated Stock Exchange. This organization soon established a listed department similar to that of the New York Stock Exchange.

### *The Outside Market Again:*

AS the New York Stock Exchange and the Consolidated Stock Exchange confined their trading to listed stocks there again arose the necessity for an "outside market." This developed on the "Curb," just outside the New York Stock Exchange entrance on New Street and subsequently on Broad Street. No definite date of origin of the "Curb market" can be fixed, for, as previously indicated, an open or outside market has existed in one form or another since 1778.

It is interesting to note that all of the great markets—notably the London Stock Exchange, the Berlin Stock Exchange and the Paris Bourse—were originally "open" markets. It is also significant that each of

these organizations has indirectly affiliated with an organization similar to the "Curb" which meets in the open for the purpose of trading in securities not listed by the Exchange.

### *Origin of New York Curb Market:*

ALTHOUGH no definite date can be given for the origin of the present New York Curb Market, it is, however, generally placed at 1873, when E. E. Mendels, who subsequently became known as the "Father" of the New York Curb Market, effected a personal agreement under which he and three or four other brokers dealt in unlisted securities. This was previous to the Unlisted Securities Market which disorganized following the organization of the Consolidated Stock and Petroleum Exchange.

### *The New York Curb Agency:*

FINALLY in 1908, following the boom and subsequent panic of 1907, Mr. Mendels formed, by the unanimous consent of the brokers doing business on the Curb, the New York Curb Agency. A listing department was established and for a nominal fee, legitimate enterprises were listed and admitted to trading. It was Mr. Mendels' idea that the chief function of the organization should be publicity, so that brokers and their customers might be

protected from the notorious "wild-catting" that had existed unavoidably throughout the boom of 1906 and 1907.

### *The New York Curb Market Association:*

THE Curb Agency, having proved so successful, was re-organized in March, 1911, as the New York Curb Market Association, and Mr. Mendels became its first Secretary. Mr. J. L. McCormack was elected chairman, and served until June 29, 1914, when Mr. Edward R. McCormack, the present chairman, was elected. Following the death of Mr. Mendels in October, 1911, Mr. Franklin Leonard, Jr., was elected Secretary, in which capacity he served until he resigned to become the Association's Attorney. He was succeeded August 1, 1914, by Mr. A. B. Sturges, the present Secretary.

The organization of the New York Curb Market Association is similar to that of the New York Stock Exchange. It has a constitution, rules and regulations for listing, trading and doing business practically identical with those of the Stock Exchange. In fact, the Curb Association is a "little board."

The New York Curb Market Association, like its predecessor the Agency, is pledged to a policy of publicity to the end—that the public may get a "square deal." Unfortunately it cannot regulate all of the dealings on the Curb, for, being a public



market, anyone, whether a member of the Association or not, may buy or sell securities of any description there. As a matter of fact, however, such traders do not usually continue long, as they are not officially recognized in dealings by the members of the Association now totaling 333 names.

### *Stock Exchange Houses Represented on the Curb:*

HERE is no direct connection between the New York Curb Market Association and the New York Stock Exchange, but there is an indirect relation by which the two organizations co-operate for their common good. Most of the prominent Stock Exchange houses have one or more representatives who are members of the New York Curb Market Association, and in some instances Curb trading forms a large part of the volume of business transacted.

### *Functions of the Curb Market:*

THE NEW YORK CURB MARKET is, in other words, a recognized institution of long standing, performing a four-fold function: (1) It provides a market for issues of companies during the preliminary period of organization and during reorganization. These stocks are traded in "when issued" until the organization or reorganization is perfected. (2) A market for stocks of companies in the development or "trying out" stage, a

period during which stocks possess their greatest speculative possibilities. (3) A market for mining stocks, oil and industrial concerns that for various reasons do not care to list their stocks on the Stock Exchange. (4) A market for the Standard Oil stocks, none of which has ever been listed and traded in on the Stock Exchange.

### *Expansion of the Curb's Business:*

THE growth of the Curb Market has been gradual and of a permanent nature. The volume of trading by years since 1911 follows:

INDUSTRIAL SECURITIES	
1911.....	\$1,356,651
1912.....	4,295,415
1913.....	2,281,246
1914.....	2,253,689
1915.....	20,073,768
MINING STOCKS	
1911.....	\$11,772,314
1912.....	12,689,773
1913.....	10,576,792
1914.....	11,004,172
1915.....	41,158,026
OIL STOCKS	
1911.....	\$4,567,233
1912.....	4,987,454
1913.....	5,623,946
1914.....	2,984,567
1915.....	8,976,443
BONDS	
1911.....	\$74,517,000
1912.....	35,093,000
1913.....	26,582,000
1914.....	27,615,200
1915.....	60,748,250

The New York Curb is now the second greatest security market in the world in point of volume of business transacted. This is due in part to conditions which have restricted trading on the European Exchanges, but the greater interest now being manifested in mining and independent oil securities has also been an important factor.

### *Listings Show Curb's Importance:*

THERE are formally listed by the Curb Association at the present time 184 Mining stocks; 86 Industrials; and 19 Oil securities, the largest number in the history of the Association. It is significant that the number of industrials now officially listed has more than doubled during the past year. This is convincing proof of the growing importance of the Curb Market.

In addition to the stocks listed by the Curb Association there are over 100 stocks traded in, which are listed on the Toronto, Salt Lake, Boston, San Francisco, Spokane, Denver and other Mining and Stock Exchanges. These are stocks which, by reason of their merit, have attracted nation-wide attention and have, therefore, found their way to the New York Curb.

### *Character of Stocks Listed and Traded In:*

THE fact that the mining stocks that are listed on the Stock Exchange almost without exception have made their debut on the Curb, is an indication of the character of the stocks listed and traded in on the Curb. Notable among these are Kennecott, Green-Cananea, Alaska Gold, Nevada Consolidated, Chino, Alaska Juneau, Chile Copper, Inspiration and Miami. It is also noteworthy that in most cases the larger part of the market appreciation occurred in the period when the stocks were being traded in on the Curb.

Further proof of the worth and stability of the leading Curb stocks is that the dividend-paying mining stocks now being traded in, yield investors an average return of 18%, figured on the basis of market prices and prevailing dividends. Among the speculative stocks there have been many which have yielded traders enormous profits—notably United Verde Extension—which in less than two years sold from 36 cents up to \$40 a share; and Electric Boat, which in six months advanced from \$6 a share to \$500.

### *Broad Street, Curb's Location:*

THE present trading place of the Curb Market is in the middle of Broad Street, a block and a half south of Wall Street and the Stock Exchange. Here

every business day of the year may be seen a group of over 300 men, who are actively participating in the trading. No one who visits New York should fail to see this remarkably interesting sight.

The brokerage houses are for the most part located along Broad Street overlooking the Curb. Quotations are secured and trades made either by a system of signaling or by private telephones to the Curb with which most of the houses are equipped.

### *The Curb a Public Market:*

THE trading is public and the transactions are posted on the boards of those houses maintaining board rooms; and by those having branch offices transmitted over private wires to the board rooms of their branches located in other cities.

### *The Curb Association Office:*

THE CURB ASSOCIATION maintains offices in the Broad Exchange Building at 25 Broad Street, where the data required of the various companies whose stocks have been listed, are filed for public examination and reference. The officers of the Curb Association are well and favorably known in financial circles, and with the aid of the members, are building month by month and year by year, a bigger, better New York Curb.



THE NEW YORK CURB MARKET



**INTENTIONAL SECOND EXPOSURE**

THE NEW YORK CURB MARKET



# JONES & BAKER

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Jones & Baker confine their operations strictly to executing their customers' orders on a commission basis. They are not interested in any mining or other company. They handle no promotions or specialties and underwrite no securities. They are therefore, always in a position to give customers impartial and unprejudiced information.

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#### PITTSBURGH

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