

THE CONVERTIBLE BONDS

HOW JACOB LITTLE MANIPULATED MATTERS YEARS AGO.

THE "HAPPY FAMILY" ORGANIZE AGAINST THE OLD CATTLE DROVER AND GET SQUEEZED—AN EXCITING DAY IN OLD-TIME HISTORY.

Mr. Jay Gould's little scheme for advancing his interests in the Central Railroad of New-Jersey by the sudden conversion of bonds into stock has attracted much attention. But it loses much of its apparent cleverness when it is known that the idea was old, that it has hitherto figured in Wall-street manipulations, and that, too, with far greater éclat than seems to be attending Mr. Gould's attempt. It is not disputed that the project of smuggling a blind bill through a Jersey Legislature was original with Jay Gould. Every other feature of the scheme was stolen, and old operators in the stock market smile suggestively as they listen to the plaudits which younger men have bestowed upon the present "King of the Street." The big man in the stock market 25 or 30 years ago was Jacob Little, ex-cattle drover, rough, sturdy, and shrewd. He drove Wall-street before him just as in his earlier days he would have lashed a recalcitrant ox into obedience. No method was too severe for the use of Jacob Little. If a man stood in the way, that man got hurt. Naturally, the whole Street was dead set against him. Innumerable schemes were laid for his discomfiture, simply to end in miscarriage. Combinations were formed, to be speedily dissolved under the crack of the Little whip. But a day did come when it looked as though the big bear would have to go back to his old career of counting cattle tracks along country roads. It was in 1855. Little was on top of Erie. He was flooding the Street with the stock, selling options at rates which unnerved those who had been strong in the Erie faith. In the midst of this bear campaign a conference was held in a Wall-street office and an attack on Little was planned. The famous "Happy Family" was at the head of the new coalition. Millions of capital were at command. Nelson Robinson, (father of the present member of the Stock Exchange of the same name,) Abraham B. Baylis, and Robert L. Cutting comprised the "Happy Family." E. D. Stanton was the broker. They went into the market as rampant bulls on Erie, and, pursuing regulation tactics, bought up every share that was obtainable. Nearly the entire capital stock of the Erie Company was soon under their control, the greater portion being at command on buyers' options. Options in those days gave the privilege of calling for the delivery through six months or a year; it was not until long after that the present 60 days limit was fixed. Everything had gone along smoothly; the "Happy Family" was at its happiest; they had sucked the market dry. Jacob Little was known to be short of Erie at least two-thirds of the company's capital stock.

Nelson Robinson and his confrères decided that the time was at hand for the squeeze; so one day they met and issued the necessary one day's notice on sellers, demanding delivery. The next day there was a wild scene on the floors of the Stock Exchange, then situated in an upper story of the old Corn Exchange Bank Building, at Beaver and William streets. The intentions of the "Happy Family" had become widely known. The call of stocks went rapidly along until Erie was reached. Nelson Robinson, with his heavy voice, represented the "Happy Family." He began to make offers for cash stock. "Here's 62 for cash Erie," he stormed; "63, 64, 65," and he thundered up the scale in tones that sorely tried even his stentorian lungs. His effort was all unavailing; there was not a share of cash Erie in the market. But Jacob Little sat placidly at his ink-bespattered desk and cheerily declared a desire to make further sales of options. The "Happy Family" were delighted; they already saw Little on his back. He would have to make delivery or go to the wall; make delivery he could not, for was not the whole capital stock safely locked up in the anti-Little safe? Jacob made heavy sales, however. He alone seemed to be in a blissful state of ignorance as to the terrible fate which was impending. When the market proceeded to other stocks Jacob Little was short on nearly the entire Erie capital. Delivery was due on the day following. Stocks were not then delivered as now, by certificate and power, but were required to be made by formal transfer at the transfer office of the company. The Erie office was then on the lower side of Wall-street, near William. The transfer office was in the second story. On the day long looked for by the "Happy Family" almost every operator in the Street assembled there. The second-story room was densely packed, and a string of interested brokers reached down the long stairway out to the curbstone. Everybody was excited. Brokers were clamoring for deliveries and had their noise for their trouble. Jacob Little was not discoverable anywhere. Representatives of the "Happy Family" were bulling the stock rampantly. Erie was loaning for a quarter of 1 per cent. a day, but nobody save the Robinson-Baylis-Cutting clique was able to loan. At 2:30 o'clock the regular hour for the ending of transfers closed. The "Happy Family" had sent up stock 15 points above that at which their options had been purchased, an advance equal to 50 in these latter days.

Mr. Otis, the Erie transfer clerk, was bland and smiling, but he had little to do. Suddenly, just before the closing hour was reached, a low whistle was heard down the stairway. It was a familiar whistle, and the crowd of excited men parted to let through the redoubtable ex-drover in his old blue-striped breeches and high-collared drab dress-coat—for Jacob Little was of Quaker origin and assumed to display it to a doubting world, never hesitating, however, to mix his attire just as he mixed his conduct.

"Well, Jacob," said Nelson Robinson in his gruffest tones, "what do you want here? I guess you've rather overreached yourself this time. It don't always pay to play bear and keep your eyes shut. 'Tis kind o' tough, we know, but there are some folks here who want the stock you've sold them. We would like to see you make your deliveries. Roads do turn sometimes, don't they? Hard to swallow, eh? Well, we've got Erie locked up tight enough, every share of it. Now, stand to the rack like a man and acknowledge that the jig is up."

"Give me that transfer-book!" said Little to Clerk Otis, and he leaned over the counter, took a pen and began to scribble away for dear life. "Well, boys, what do you want?" he demanded. He didn't have to wait long for an answer. "Ah! you're after 2,000 shares," said he to the man nearest him; "here you are. And you want 1,000, take it; here is 5,000 for you; here's 2,500 for you," and so he kept up his writing, passing out the demanded stock quite as fast as his tongue and pen could move.

"Where does all this stock come from?" ejaculated the amazed representative of the "Happy Family."

"Never mind where it comes from—here it is. Does anybody else back there want to call on me?" Little's leer broadened far beyond its usual proportions. Nobody else did want to call. Upon the contrary, there was a sudden stampede for the street, and dealers upon the curbstone saw prices slip away from them like so many cels. The break was overwhelming. Little was ahead to the amount of hundreds of thousands of dollars; the "Happy Family" had learned too late that Jacob all through their bull campaign had been in possession of a big block of bonds—bonds with a convertible clause, bonds which he had exchanged for stock that morning while his enemies were assembled waiting for the scalp they failed to secure.