Confederate Bond Documents from the 1880s

by Steve Feller

On page 4 of *The New York Times* of September 18, 1865 there appeared this curious tale on Confederate Bonds:

By the British steamer we have this morning a very amusing report of a meeting of Confederate bondholders in London. These sagacious and far-sighted capitalists have come to the conclusion that it is time for them "to inquire into the circumstances under which the loan was contracted." We should think it was quite time to inquire. It has been usual for lenders of money to make such inquiries a little earlier -- if anything; but that is a matter of taste with which we have no right to interfere. We are a little more concerned in another proposition advanced at the meeting in question. It seems that one of the bondholders -- a Mr. CHAMBERLAIN -- has just been advised by one of Her Majesty's Counsel, learned in the law, that the "Federal Government" is liable for the whole Confederate debt! "morally and internationally liable!" The London Star, commenting on the proceedings of the meeting generally, says:

"The chairman did not attend at the London Tavern, but kept his own chair at home. This did not disconcert the bondholders in the least, as the heaviest of them wore also found to be conspicuous by their absence. A wag called Mr. SEBAG suggested that many bondholders stayed away because they did not wish to exhibit themselves in a stupid position as holders of Confederate bonds. The remark caused general laughter, because no one ever suspected the men who had backed the South to be excessively shamefaced. Taking a leaf out of the Comic Blackstone,' Mr. CHAMBERLAIN stated the 'opinion' of one of the most able of Her Majesty's counsel, whose name was for obvious reasons not mentioned, who for equally obvious reasons was not in town, and whose opinion was not written, but merely the oral contribution of his overflowing humor. The learned counsel thinks the Confederate States cannot be regarded as having been in rebellion so as to make the loan void. The point of this witticism is manifest. It is not a bold attempt to cast historical doubts upon a recent event, as might at first might be supposed, but is a subtle mode of relieving the bondholders of all further trouble. If there was no rebellion to make the loan void there was no rebellion to make the loan necessary; and if there was no necessity for a loan, there is still less necessity for bondholders bothering about the repayment of money which could not possibly have been advanced. However, the facetious counsel exhibits the subject in a variety of aspects. Granted, he says, that there was a rebellion and a loan. The loan was granted to a de facto government, and another de facto government having come in its place, must morally and internationally accept its burdens. Charmed with the view thus enunciated, and probably believing the thing to be all serious, a bondholder with the appropriate name of Mr. GREEN, jumped up and proposed that they should at once throw themselves at the feet of the President and Mr. SEWARD."

The logic of Mr. CHAMBERLAIN and Her Majesty's Counsel is altogether sublime. But why should not Mr. CHAMBERLAIN put in a claim against the Federal Government for the sinking of the Alabama, and the losses suffered by the blockade-running interests during the war? Before throwing themselves at the feet of President JOHNSON and Mr. SEWARD, our suffering British friends should make out a full account of their losses. The cotton loan makes but a fraction of the amount. When they have made up the bill in full let them appoint Messrs. SANDERS and TUCKER, of Montreal, and Mr. GREEN, of London, special agents for its collection. There is no use in doing things by halves.

But almost three years later on July 9, 1868 the Fourteen Amendment to the United States Constitution was ratified. Section 4 states:

The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned. But neither the United States nor any state shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States, or any claim for the loss or emancipation of any slave; but all such debts, obligations and claims shall be held illegal and void.

This clause made all payments by the United States to retire Confederate debt impossible. But there were more than 75,000 Confederate bonds in Europe with a face value of $CS 60,000,000. Many of these bonds were held by prominent people and it was decided in London that there was strength in numbers. A bondholder's association grew up to store the bonds and press demands for payment. This even, temporarily, increased their value on the London market. Shown below is an 1883 certificate of deposit for these bonds in the amount of $CS 5,000.

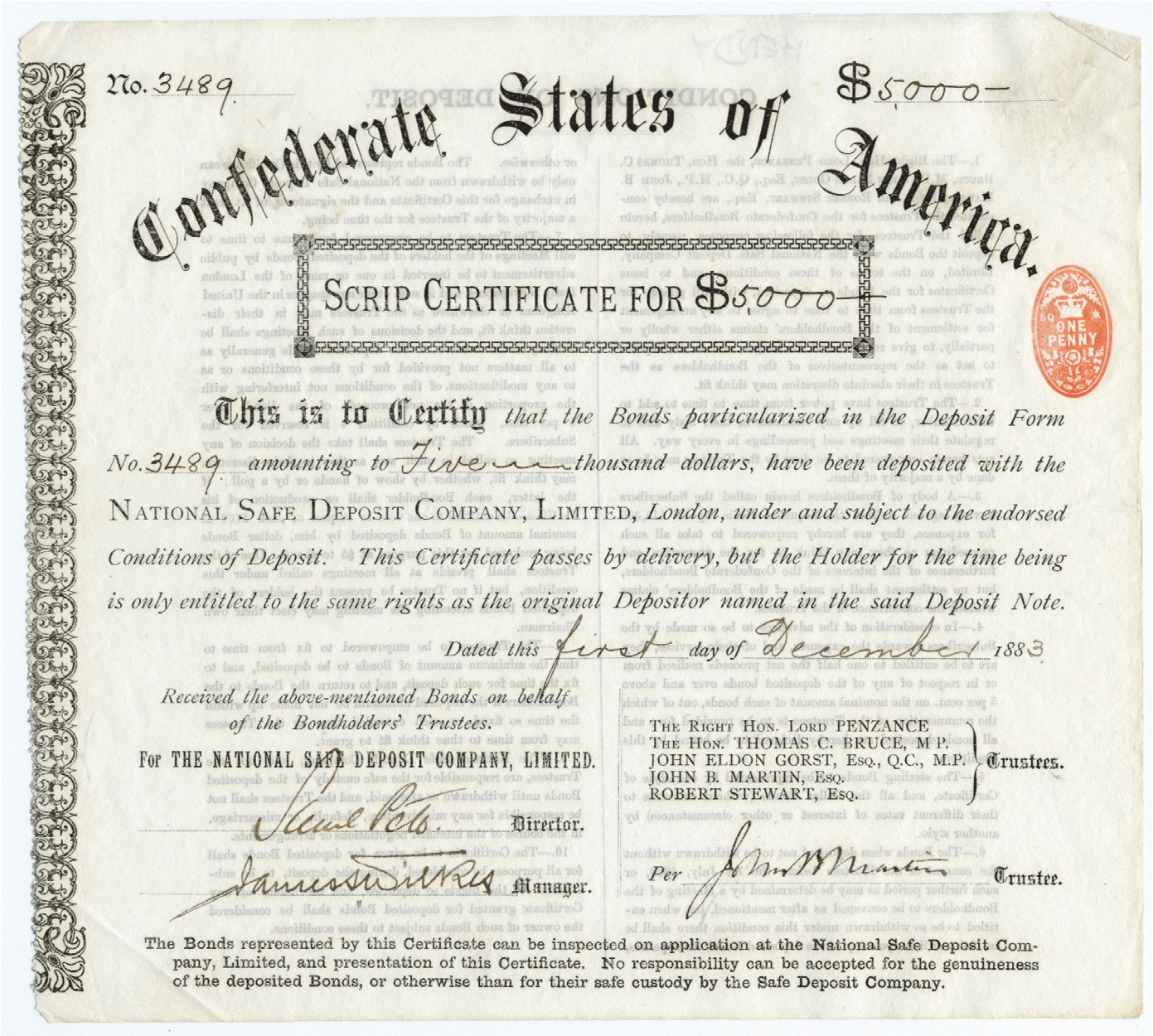
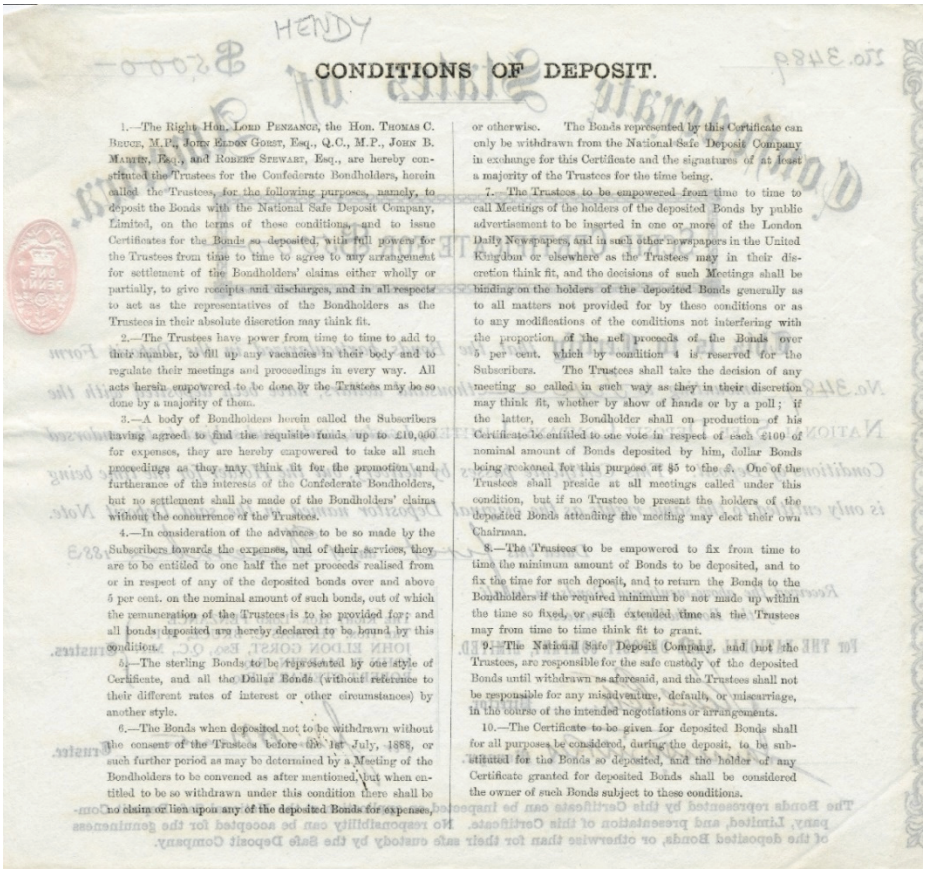


Figure 1: Face of Confederate Bond Receipt issued in London, for Confederate Bonds, December 1, 1883.



CONDITIONS OF DEPOSIT.

1.—The Right Hon. Lord Penzance, the Hon. Thomas C. Bruce, M.P., John Eldon Gorst, Esq., Q.C., M.P., John B. Martin, Esq., and Robert Stewart, Esq., are hereby constituted the Trustees for the Confederate Bondholders, herein called the Trustees, for the following purposes, namely, to deposit the Bonds with the National Safe Deposit Company, Limited, on the terms of these conditions, and to issue Certificates for the Bonds so deposited, with full powers for the Trustees from time to time to agree to any arrangement for settlement of the Bondholders' claims either wholly or partially, to give receipts and discharges, and in all respects to act as the representatives of the Bondholders as the Trustees in their absolute discretion may think fit.

2.—The Trustees have power from time to time to add to their number, to fill up any vacancies in their body and to regulate their meetings and proceedings in every way. All acts herein empowered to be done by the Trustees may be so done by a majority of them.

3.—A body of Bondholders herein called the Subscribers having agreed to find the requisite funds up to £10,000 for expenses, they are hereby empowered to take all such proceedings as they may think fit for the promotion and furtherance of the interests of the Confederate Bondholders, but no settlement shall be made of the Bondholders' claims without the concurrence of the Trustees.

4.—In consideration of the advances to be so made by the Subscribers towards the expenses, and of their services, they are to be entitled to one half the net proceeds realised from or in respect of any of the deposited bonds over and above 5 per cent. on the nominal amount of such bonds, out of which the remuneration of the Trustees is to be provided for; and all bonds deposited are hereby declared to be bound by this condition.

5.—The sterling Bonds to be represented by one style of Certificate, and all the Dollar Bonds (without reference to their different rates of interest or other circumstances) by another style.

6.—The Bonds when deposited not to be withdrawn without the consent of the Trustees before the 1st July, 1888, or such further period as may be determined by a Meeting of the Bondholders to be convened as after mentioned, but when entitled to be so withdrawn under this condition there shall be no claim or lien upon any of the deposited Bonds for expenses, or otherwise. The Bonds represented by this Certificate can only be withdrawn from the National Safe Deposit Company in exchange for this Certificate and the signatures of at least a majority of the Trustees for the time being.

7.—The Trustees to be empowered from time to time to call Meetings of the holders of the deposited Bonds by public advertisement to be inserted in one or more of the London Daily Newspapers, and in such other newspapers in the United Kingdom or elsewhere as the Trustees may in their discretion think fit, and the decisions of such Meetings shall be binding on the holders of the deposited Bonds generally as to all matters not provided for by these conditions or as to any modifications of the conditions not interfering with the proportion of the net proceeds of the Bonds over 5 per cent. which by condition 4 is reserved for the Subscribers. The Trustees shall take the decision of any meeting so called in such way as they in their discretion may think fit, whether by show of hands or by a poll; if the latter, each Bondholder shall on production of his Certificate be entitled to one vote in respect of each £100 of nominal amount of Bonds deposited by him, dollar Bonds being reckoned for this purpose at $5 to the £. One of the Trustees shall preside at all meetings called under this condition, but if no Trustee be present the holders of the deposited Bonds attending the meeting may elect their own Chairman.

8.—The Trustees to be empowered to fix from time to time the minimum amount of Bonds to be deposited, and to fix the time for such deposit, and to return the Bonds to the Bondholders if the required minimum be not made up within the time so fixed, or such extended time as the Trustees may from time to time think fit to grant.

9.—The National Safe Deposit Company, and not the Trustees, are responsible for the safe custody of the deposited Bonds until withdrawn as aforesaid, and the Trustees shall not be responsible for any misadventure, default, or miscarriage, in the course of the intended negotiations or arrangements.

10.—The Certificate to be given for deposited Bonds shall for all purposes be considered, during the deposit, to be substituted for the Bonds so deposited, and the holder of any Certificate granted for deposited Bonds shall be considered the owner of such Bonds subject to these conditions.

Figure 2: Back of a December 1, 1883 $CS 5,000 receipt.

These receipts are known in the standard reference on Confederate bonds, *Comprehensive Catalog and History of Confederate Bonds (Second Edition),* see image. In that volume it is noted that the receipts were issued in denomination of $CS 5,000 to $CS 100,000.

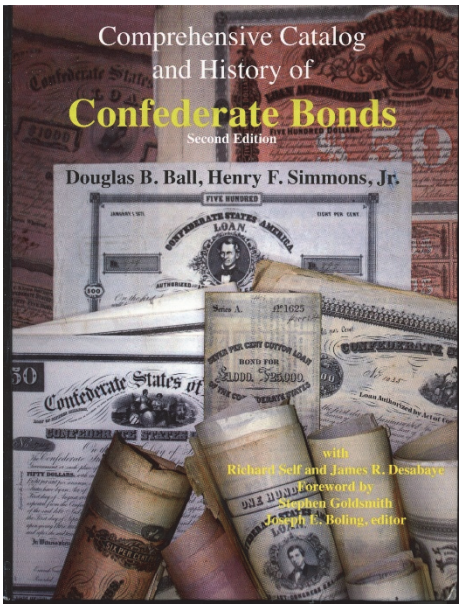
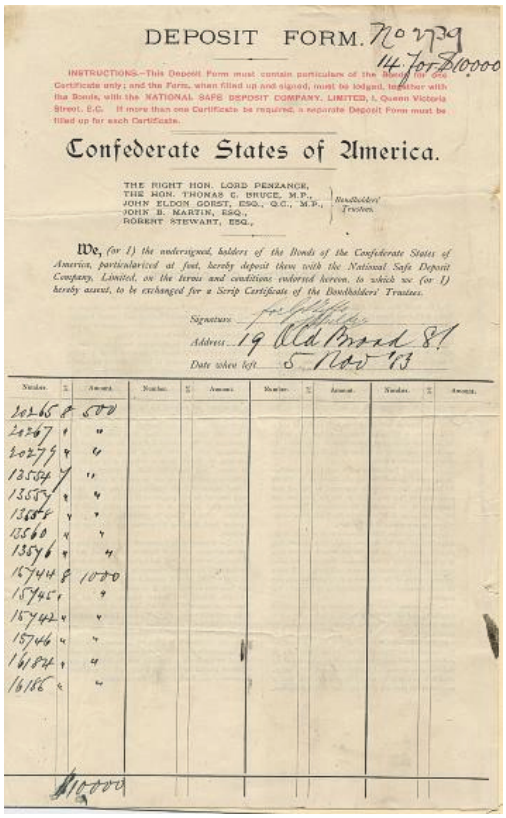


Figure 3: Cover of *Comprehensive Catalog and History of Confederate Bonds (Second Edition)* by Douglas B. Ball and Henry F. Simmons, Jr. (BNR Press: Port Clinton, OH) 2015.



DEPOSIT FORM. No 1739

14 for £10000

INSTRUCTIONS.—This Deposit Form must contain particulars of the Bonds for one Certificate only; and the Form, when filled up and signed, must be lodged, together with the Bonds, with the NATIONAL SAFE DEPOSIT COMPANY, LIMITED, 1, Queen Victoria Street, E.C. If more than one Certificate be required, a separate Deposit Form must be filled up for each Certificate.

Confederate States of America.

THE RIGHT HON. LORD PENZANCE,
THE HON. THOMAS C. BRUCE, M.P.,
JOHN ELDON GORST, ESQ., Q.C., M.P.,
JOHN B. MARTIN, ESQ.,
ROBERT STEWART, ESQ.,
} Bondholders' Trustees.

We, *(or I)* the undersigned, holders of the Bonds of the Confederate States of America, particularized at foot, hereby deposit them with the National Safe Deposit Company, Limited, on the terms and conditions endorsed hereon, to which we (or I) hereby assent, to be exchanged for a Scrip Certificate of the Bondholders' Trustees.

Signature: [illegible]

Address: 19 Old Broad St

Date when left: 5 Nov '83

Number.	£	Amount.	Number.	£	Amount.	Number.	£	Amount.	Number.	£	Amount.
20265	£	500									
20267	"	"									
20275	"	"									
13584	"	"									
13585	"	"									
13586	"	"									
13560	"	"									
13596	"	"									
15744	£	1000									
15745	"	"									
15742	"	"									
15746	"	"									
16184	"	"									
16185	"	"									

£10000

Figure 4: Confederate Bond Receipt for $CS 10,000, https://scripophily.net/international.html

Based on an overprint on some of the receipts the standard reference notes that the organization was called the *British Bondholders' Committee.*

The receipts come in at least two styles. Here is another dollar receipt that list the individual bonds deposited: There are sterling receipts of a different design as well as indicated on the back of the dollar bonds.

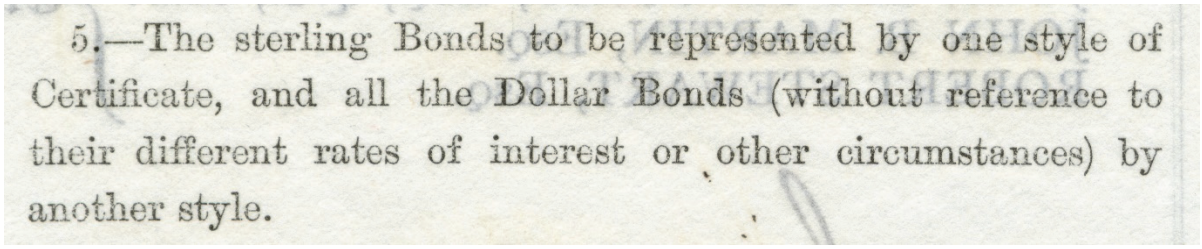

5.—The sterling Bonds to be represented by one style of Certificate, and all the Dollar Bonds (without reference to their different rates of interest or other circumstances) by another style.

Figure 5: Back of Confederate bond receipt indicating a third type of bond receipt, in sterling.

The bonds were stored on the premises of the National Safety Deposit Box Company Limited, London, see below:

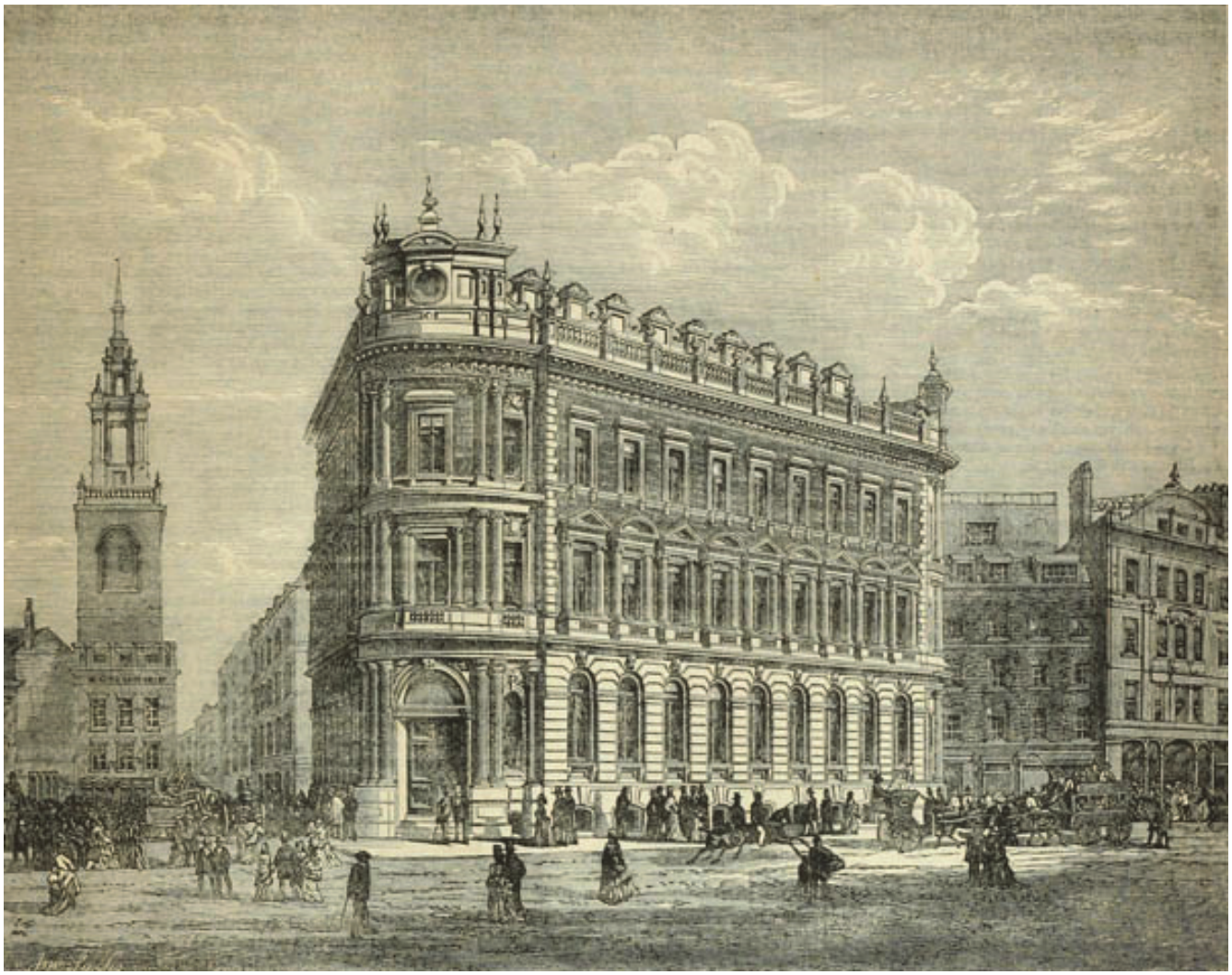


Figure 6: One Victoria Street London was the headquarters of the National Safety Deposit Box Company Limited. It was built in 1873.

A great ad for this company is shown below.



Figure 7: Advertisement for the new storage facilities at the National Safety Deposit Box Company, Limited London.

Not one foreign country recognized the Confederate States as an independent nation, However, Great Britain and France granted it belligerent status, which allowed Confederate agents to buy arms and other supplies such as printing materials for currency and stamps. The Confederate plan was to hoard cotton, drive up its price and have money for these purchases. However, this plan was a failure in part because of an ever increasingly successful blockade that the Union Navy imposed on Confederate ports.

Still bonds were sold to investors and sympathizers in Europe. Perhaps the most famous of these were the Erlanger Cotton Bonds. Three million pounds worth ($CS 15,000,000) were offered but about half that total was actually sold with 7% simple interest with coupons attached to the bonds. The bonds were denominated in pounds and French francs at 100, 200, 500, and 1000 pounds or 2500, 5000, 12,500, and 25,000 francs and could be redeemed in cotton. The price of the bonds fluctuated as did the currency. However, when the value of Confederate currency fell to $1 in gold to $1500 in Confederate paper currency in Richmond on May 1, 1865 the bonds continued to trade in London for up to a few pounds each. This was because of the (false) hope that the United States would pay the debt. By 1871 the bonds were quoted at one pound each and they lay dormant until 1879 when the bondholders' association took up the struggle. By around 1885 that hope too had faded. The 75,000 bonds remained in storage for the association, surviving German bombing in WWII as well as floods on the Thames River.



Imaged by Heritage Auctions, HA.com

Figure 8: 200-pound CSA Erlanger bond.

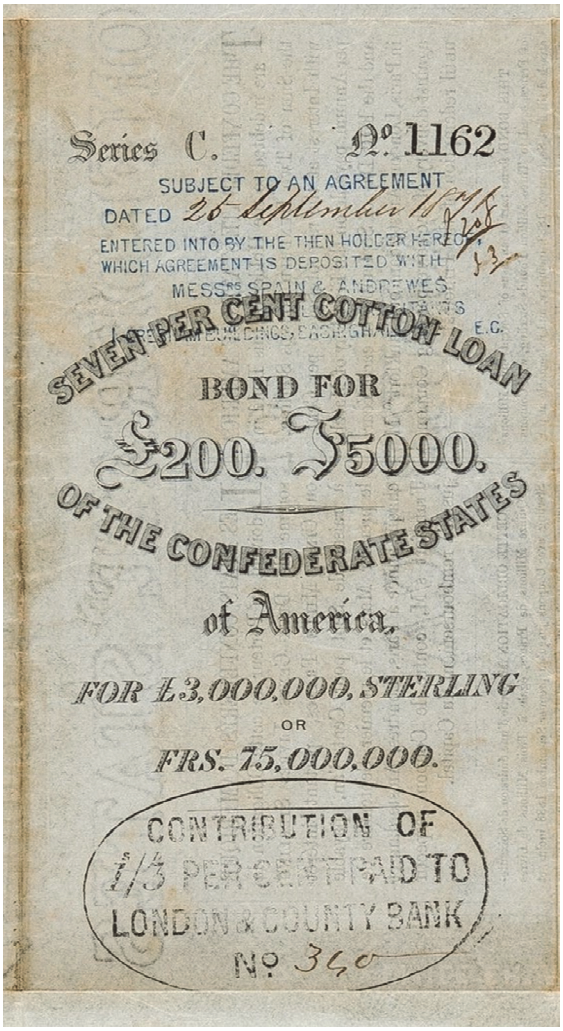


Figure 9: Closeup of the back of the 200-pound CSA Erlanger bond.

On the back of the bond are two over stamps. They say

1. SUBJECT TO AN AGREEMENT DATED 25 September 1871 ENTERED INTO BY THE THEN HOLDER HEREON WHICH AGREEMENT IS DEPOSITED WITH MESS^{RS} SPAIN AND ANDREWES

This is followed by what appears to be an address in East Central (E.C.) London. The address is hard to read since the overprint and the bond printing are overlapping.

2. CONTRIBUTION OF 1/3 PER CENT PAID TO LONDON & COUNTRY BANK NO. 340 (for this bond the storage fee was (0.00333)(200) pounds or 0.67 pounds or about $3.33.)

Fast forward to 1987 when the bonds were found in storage and consigned to Sotheby's. The auction was held on November 24, 1987. All of the bonds were sold in one lot and the bonds physical weight alone was about 4000 pounds! The bonds had a large bulk and occupied 30 card packing cases. The lot generated several bids and sold for $623,000 or about $8.30 each.

Here is the original lot description:

The Property of United Kingdom Trustees

1. **A Major and Extremely Extensive Archive of Unredeemed Bearer Bonds Issued by the Confederate States of America between 1861 and 1864,** comprising over 75,000 individual certificates for numerous Loans authorized by Acts if the Confederate Congress, all with their original integrally-printed coupons for interest payments intact as appropriate; the great majority carefully rolled into bundles (and therefore requiring flattening for individual examination or display), protected by brown paper wrappers dated *circa* 1883 and all now housed in 30 card packing cases, *with excellent representation of scarce or rare as well as common types, a small proportion impaired by water staining , corrosion, or other damage but otherwise generally very well-preserved, a highly interesting and probably uniquely large group*

   Offered as a single lot, this exceptional holding represents the entire surviving portfolio of Confederate Bonds controlled by United Kingdom Trustees since the 1880's. The original objective of the Trustees, to obtain a degree of compensation in respect of the outstanding Southern States Debt following the American Civil War, has long since been abandoned.

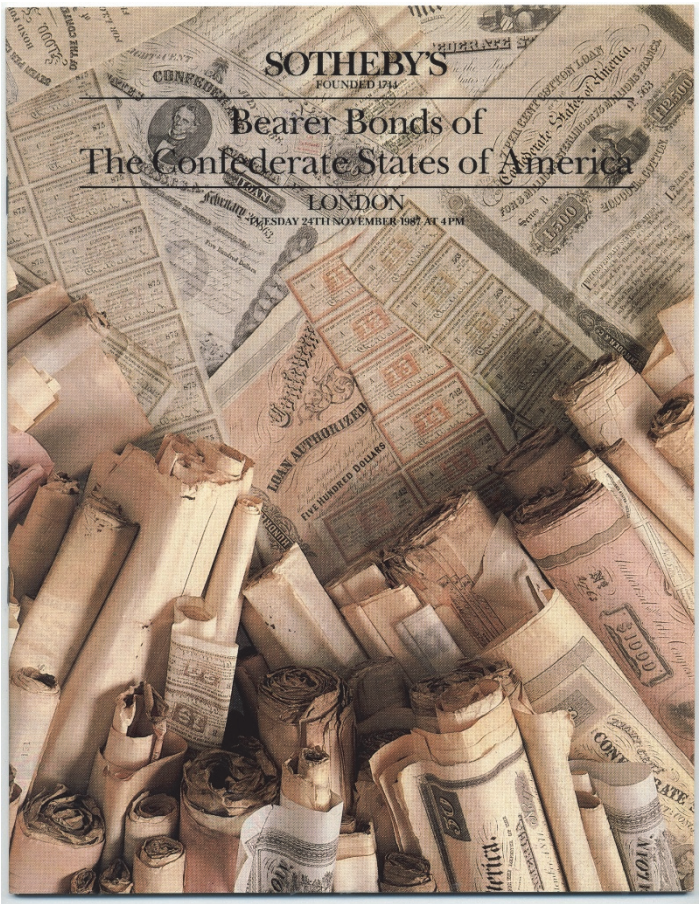




Figure 10 & 11: Front and back cover of the one lot Sotheby's auction of some 75,000 Confederate bonds.

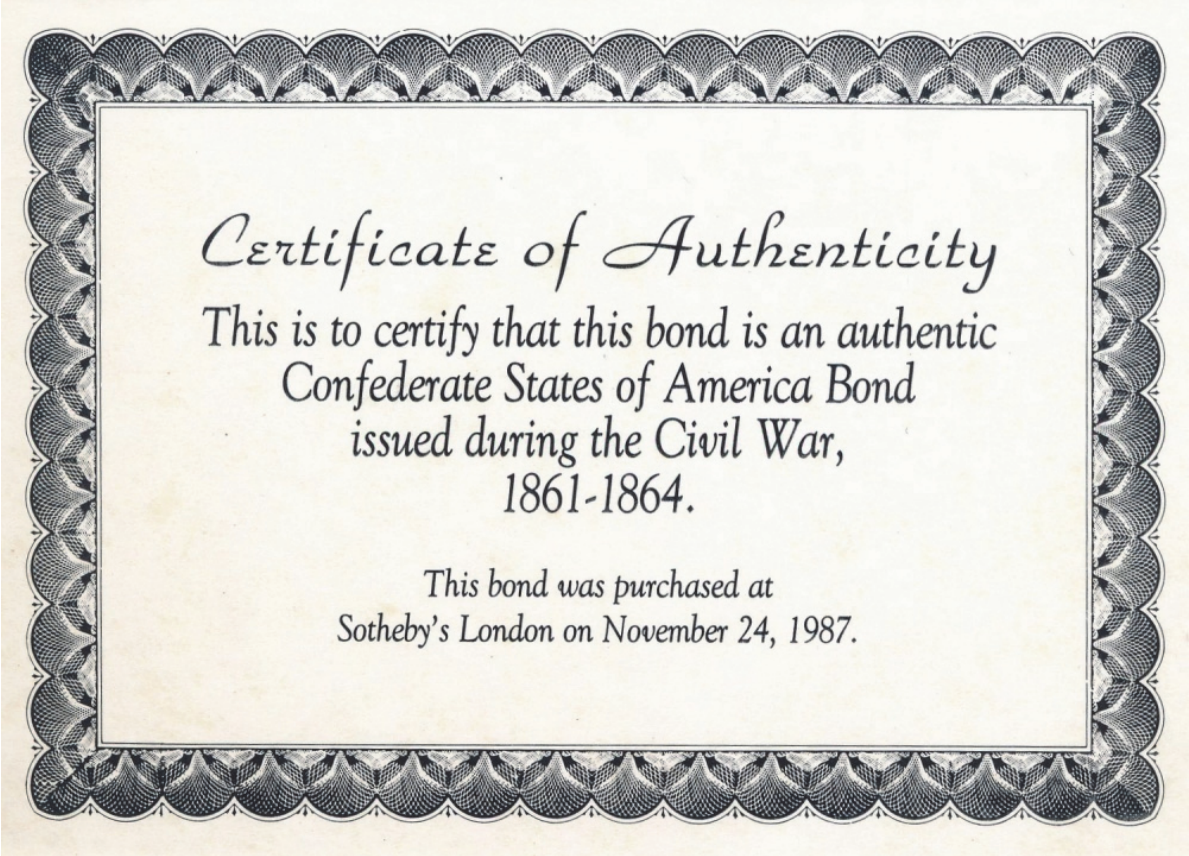


Figure 12: When these bonds were sold on the secondary market they came with certificates of authenticity.

These bonds are now in the secondary market and usually sell for tens to up to hundreds of dollars each; the Erlanger bonds being premium items and can exceed $1000. Ironically, the bond's market value approaches and, in some cases, exceeds their face value!

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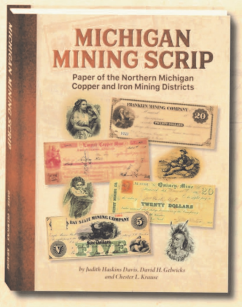
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