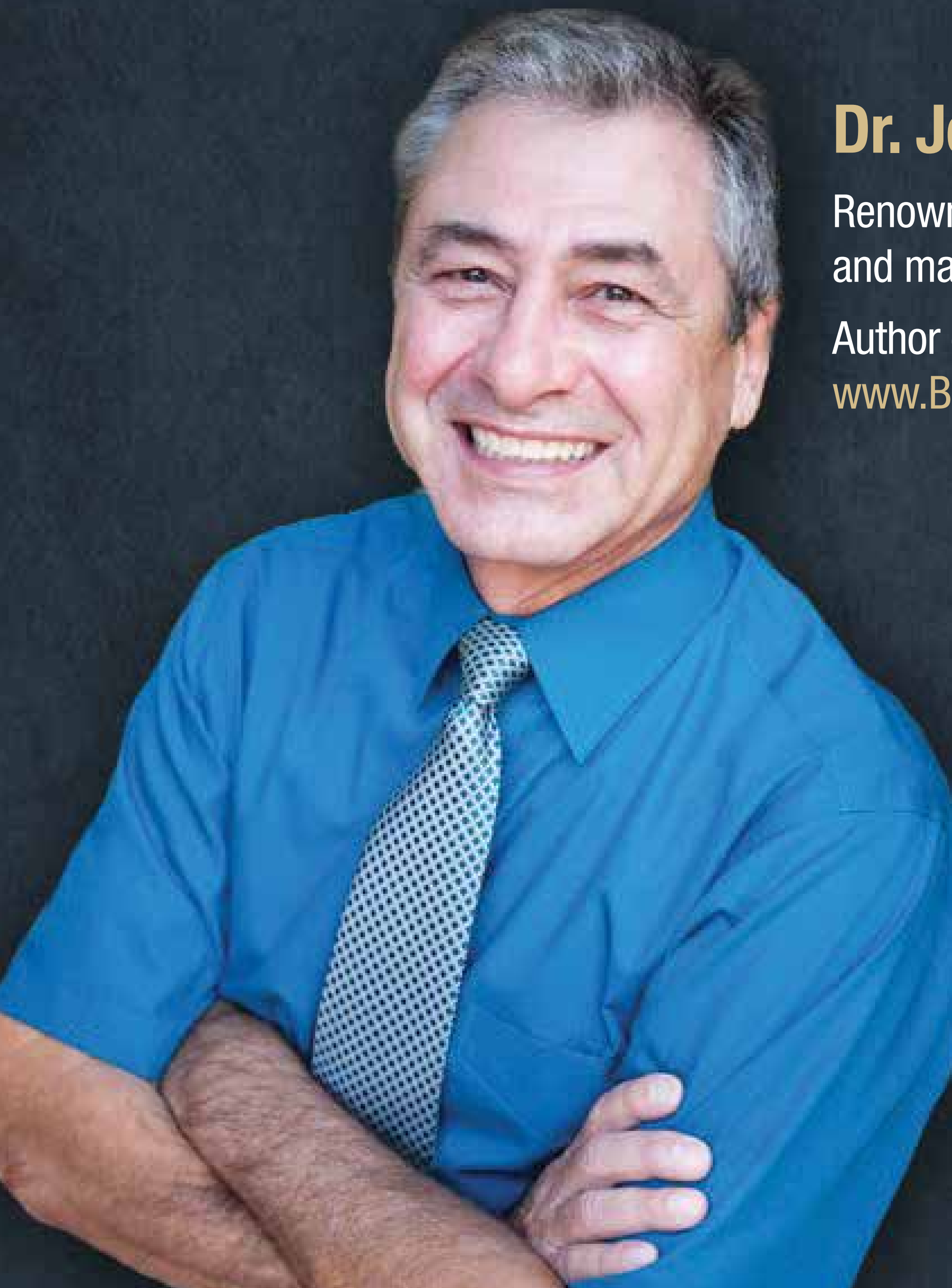
WS

The Men Who Moved WALL STREET™

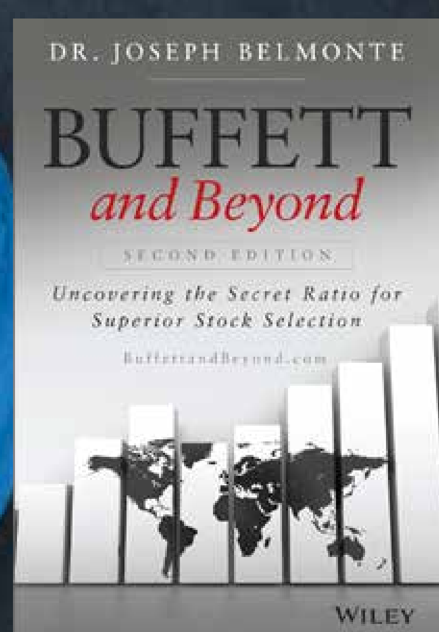


Dr. Joseph Belmonte

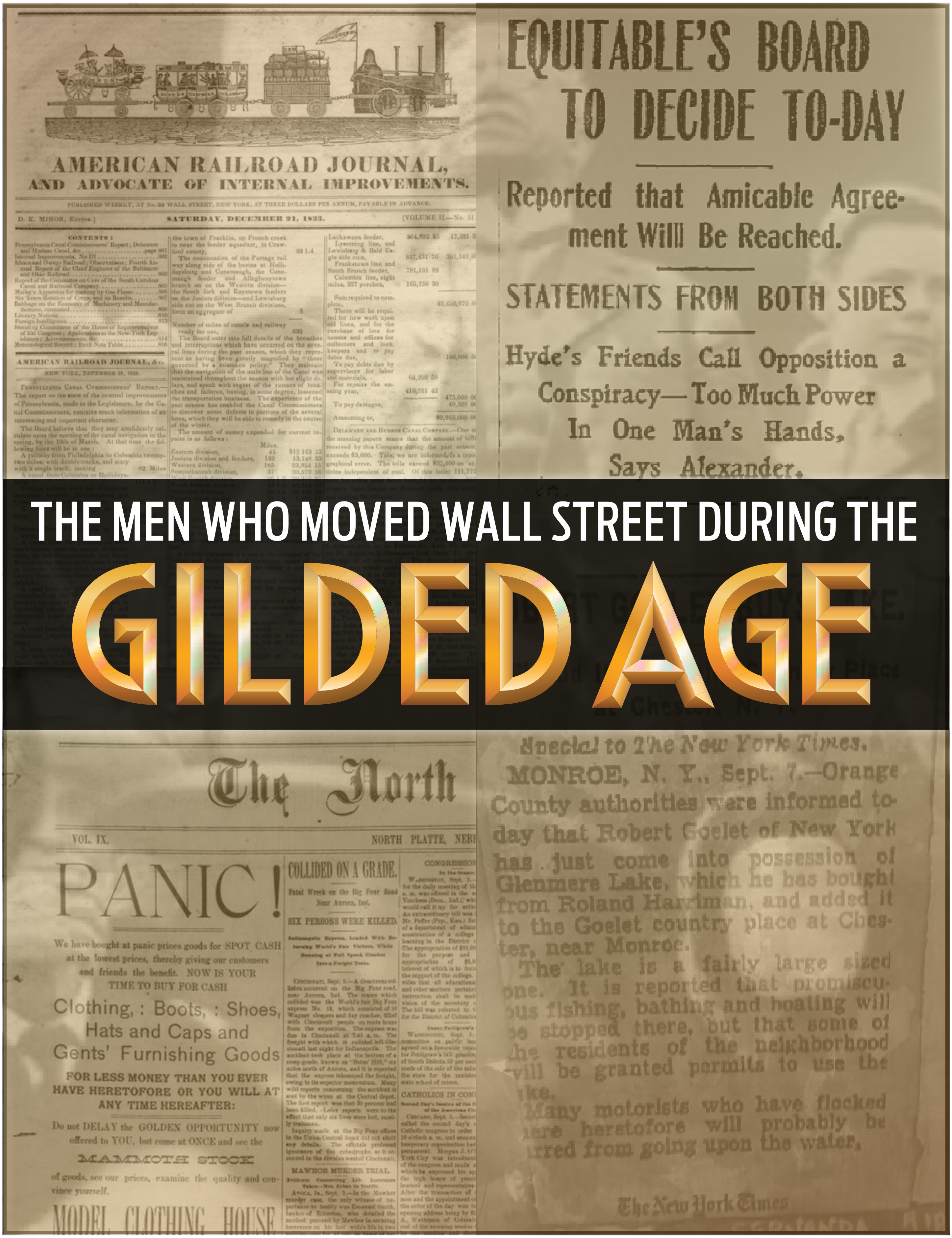
Renowned investment strategist and market thinker

Author of *Buffett and Beyond*

www.BuffettAndBeyond.com



THE MEN WHO MOVED WALL STREET DURING THE GILDED AGE



Anchored by Wall Street, New York City has been called both, the most economically powerful city and the leading financial center, being home to the world's two largest stock exchanges by total market capitalization, the New York Stock Exchange and NASDAQ.

Captains of finance and industry in the gilded age were legendary icons enabling this country to become strong and independent. American industrialists and philanthropists revolutionized industry and defined the structure of monetary gain. Many were deeply involved in developing and financing railroad empires by reorganizations and consolidations, building a strong vision of an integrated transportation system.

Beginning in the 1870s, thanks to a modern corporate form of ownership, a new merger movement, and a dominant form of competitive, proprietary capitalism, industrialists like John D. Rockefeller, James Pierpont Morgan, Andrew Carnegie, and Cornelius Vanderbilt rose to unprecedented heights of prosperity and power. More and more, wealth was concentrated in the hands of a few.

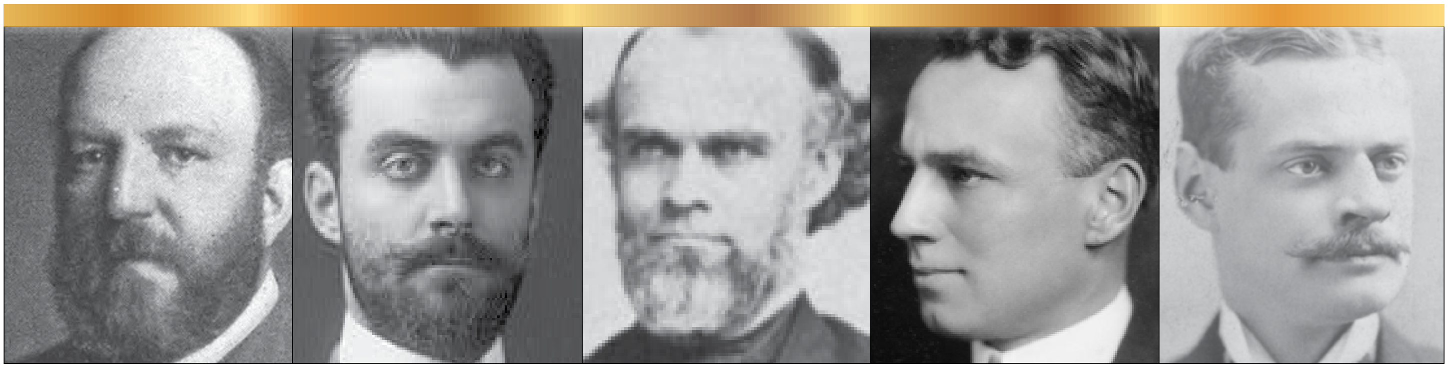
Not all of the changes were positive. During the Gilded Age, America, and the world, experienced a series of periodic economic crises, including a devastating Wall Street crash that inaugurated the Panic of 1873. Recurrent cycles of boom and collapse brought dramatically different consequences for those at the top and bottom rungs of the economy.

Developing an awe of such magnitude, these men of power, these men of economic strength, possessed the stability of perseverance and vision. They grasped multitudes of opportunities to swing the pendulum of control in their direction, and through this, enabled the monetary system of America to lean in their direction, thus, obtaining methods for expansion, momentum, and achievement of an empire so vast, it moved Wall Street, and the world.

Dow Jones, Barrons, Wall Street Journal, S&P 500, J.P.Morgan financial institutions, the largest insurance companies in the world and the railroad reorganization methodology, all began with these men with tenacious business dispositions and the wherewithal to connect the dots between industry, human power, and money.

They walked through the finest clubs in New York where money was aged, and new money balanced on that noble money, became ripe. The blue bloods of iconic industry, their gilded empires appear like legendary fairytales of capital worth, sending echoes of success down the corridors of Wall Street.

The old clubs which still exist, such as the Tuxedo Club, the Union Club, and the old Knickerbocker Club, where once these men shared visions of industry and wealth with one another, still house the dark paneled rooms where they once discussed finance over fine brandy and cigars. The corridors still display an old portrait or two of the club's founding fathers whom gaze from polished frames. These portraits are a tangible glimpse into the world of the Gilded Age, and the men who moved it.



Written by Tuxedo Park Magazine

THE MEN WHO MOVED WALL STREET

THE BEGINNING

There was a wall built in 1644 on the lower end of Manhattan by Dutch settlers to protect themselves against attacks from pirates, Indians and other dangers to them at the time. When the defensive wall was gone, the road alongside remained and was called Wall Street. Prior to our financial center known as Wall Street, Boston was the financial center of America as well as Philadelphia who founded their exchange around 1790.

Bonds for projects of roads, canals, and bridges, as well as contracts for commodities such as hides and molasses, were bought and sold mostly by Boston dealers. Belgium established their exchange in 1531, Amsterdam soon followed. In the early 1600's under the Amstel Bridge, shares of the East India Company were bought and sold. Money was raised there to finance the pilgrim's trip to America.

The Pilgrims sailed to the "new country", where it was only a matter of time that America would organize formal stock and bond trading. In 1792 when organized, New York City's population was about 34,000.

Wall Street was New York's center of commerce, it was only a few blocks long, not paved nor lined with cobblestones. There were warehouses for furs, coffee, tea, and goods from all over the world.

Wealthy businessmen, along with their ordinary trade, would sell lottery tickets, bonds and shares of stocks in new banks that were forming. Until 1792, a person wishing to buy or sell an investment would either advertise, or spread the word among associates and friends.

Some of the first men who moved Wall Street or to keep a supply of stock on hand were Leonard at 16 Wall Street and Sutton at 20 Wall. On one day, 100 shares actually changed hands.

The first organized stock exchange was created under a Buttonwood tree, in what is now Battery Park. John Sutton, Benjamin Jay, and about 22 other financial leaders signed an agreement of rules, regulations and fees.

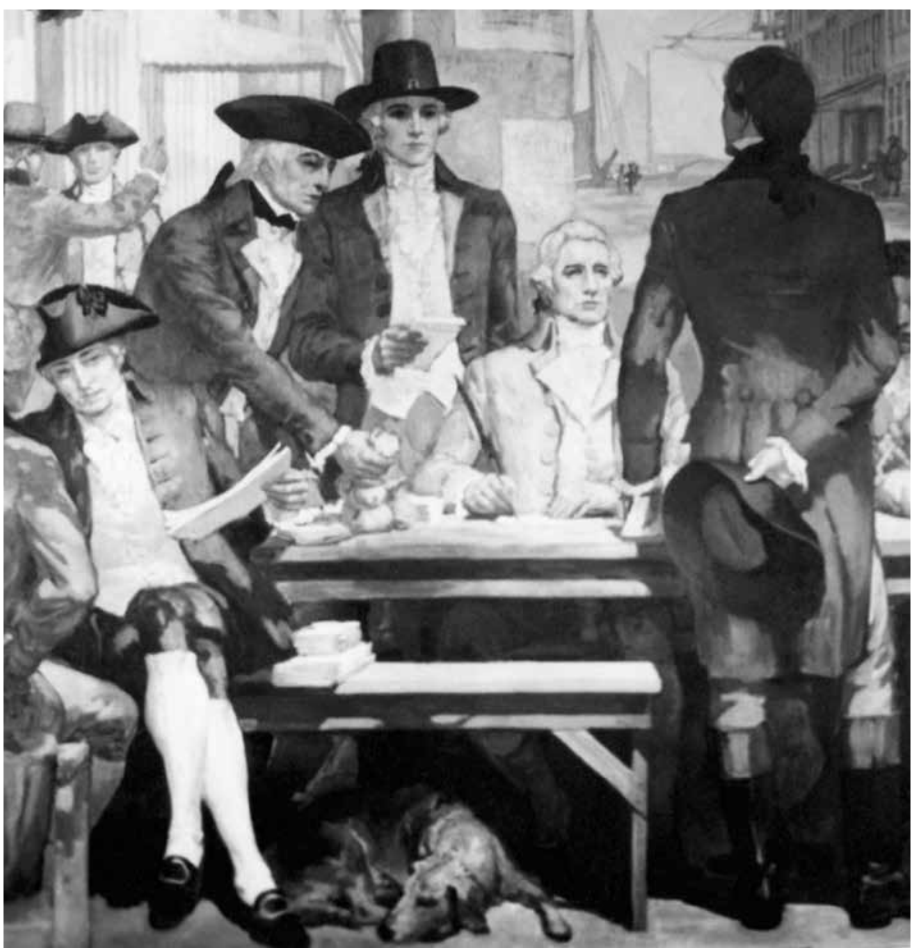
The organization was originally called The Stock Exchange Office, being a very exclusive organization, allowing only the elite of New York's financial community to join. The New York Stock and Exchange Board was formally organized in the early 1800's.

The exchange rented a room at 40 Wall Street, and every morning the president, Anthony Stockholm, read the stocks to be traded. Due to the exchange being a private organization, new members were required to be voted in, and a candidate could be black- balled by three negative votes. In 1817, a seat on the exchange cost $25.00. In 1827 it increased to $100.00. Members wore top hats and swallowtail coats.

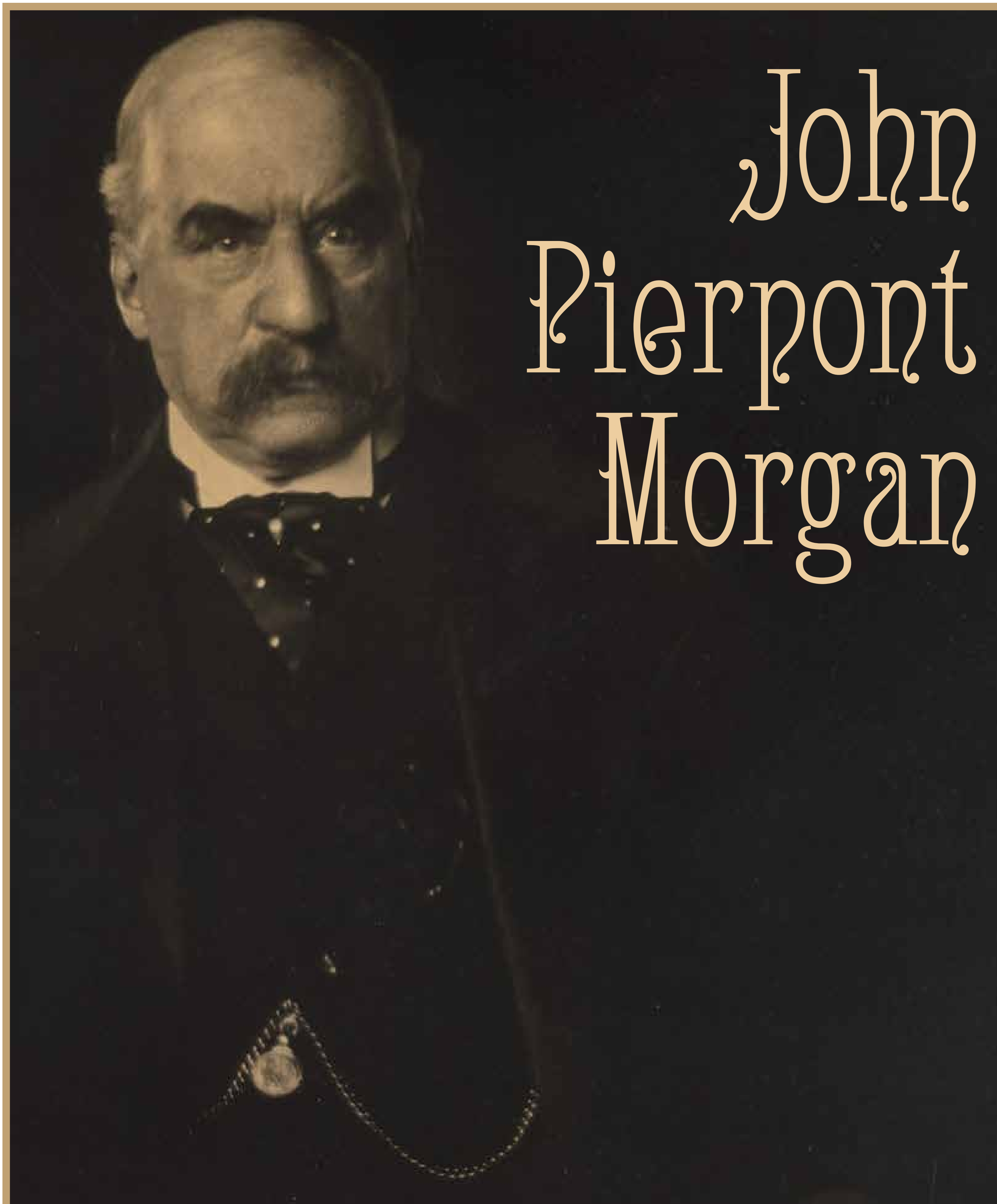
Aaron Burr and Alexander Hamilton were two men who had an early influence on Wall Street. Both were considered two of the best lawyers not only on Wall Street, but also in America. Aaron Burr started the Chase Manhattan Bank and lived with his wife, Theodosia at # 3 Wall Street. He graduated from Princeton at 16 and then attended the Tapping Reeve Law School. His finances dwindled in the 1800's following some poor investments, and it was reported that he was $80.000 in debt by 1801.

Alexander Hamilton passed the bar exam and became a lawyer on #57 Wall Street. He founded The Bank of New York and The New York Post Newspaper. Alexander Hamilton also started the Bank of United States that now issues bonds and treasury bills. Hamilton's speculation in upstate property, instead of his investing in Manhattan property, caused him great financial problems. Both men were great friends at one time, but a dual between them caused the death of Alexander Hamilton following a vicious exchange of insults aired publicly in the press.

Note of interest: Alexander Hamilton's (3 greats) Grandson, David Hamilton, was a subscriber of this magazine for ten years. He was a close friend of the late, Count Alexander Salm, a third generation resident of Tuxedo Park and grandson of Henry Coster, J. P. Morgan's main partner. Alex was a dear personal friend and supporter of Tuxedo Park Lifestyle Magazine.



John Pierpont Morgan



STIFLING THE PANIC OF 1907 WITH $25 MILLION

On the morning of Thursday, October 24, 1907, John Pierpont Morgan emerged from his home and stepped into a Union Club brougham on his way to his offices at 23 Wall Street. At the same time, Oakleigh Thorne was opening the doors at the Trust Company of America. Neither of them knew it at the time, but it was to become another day that J. P. Morgan not only moved Wall Street, but actually saved Wall Street, and in effect, bailed out the Federal Government by providing the necessary liquidity to keep the market from crashing . . . and this was not the first time.

J. P. Morgan was the son of a successful financier, Julius Spencer Morgan (1813-90). He was educated in Boston and at the University of Gottingen, then began his career in 1857 as an accountant at the New York banking firm of Duncan, Sherman and Company. In 1871, he became a partner in the New York City firm of Drexel, Morgan and Company, which soon became the major source of U.S. financing. In 1895, the company was reorganized as J. P. Morgan and Company and became one of the most powerful banking houses in the world, largely through Morgan's ability.

Whenever Morgan's name is mentioned, many immediately associate it with the "robber baron" era of the last two decades of the 19th century because of his efforts in consolidating and forming trust companies like the merger of Edison General Electric and Thomas-Houston Electric to form General Electric or the 1901 merger of the Federal Steel Company (which he had financed the creation of in 1898) into the Carnegie Steel Company and other steel companies to create the U. S. Steel Corporation. While it is true that Morgan made a great deal of money from these transactions, it is equally arguable that without his personal involvement, Wall Street and the Federal Government could have easily foundered during the crises of 1893 and 1907.

During the depression that followed the "Panic of 1893," Morgan formed a syndicate that re-supplied the U. S. government's depleted gold reserve with $92,000,000 in gold bullion to relieve a Treasury crisis...and this was three years before his efforts to finance the series of giant industrial consolidations that immediately reshaped the corporate structure of American manufacturing (i.e., General Electric and U. S. Steel.)

Less than 15 years later, Morgan was, once again, the man who would "save" Wall Street. On October 17, 1907, two men tried to corner the copper market, and panic began to spread on Wall Street. A week later, on that morning of October 24, 1907 noted above, as Morgan rode to his offices in the Union Club brougham, he could not help but notice the crowds at his destination. As described by his passenger, son-in-law Herbert Satterlee, Morgan's picture had already appeared on the front page of many newspapers proclaiming him the city's savior and people lined the streets at the corner of Wall and Broad in lower Manhattan.

Upon his arrival at his office, he found it thronged with men desperate to borrow money, but he went directly to his private office where he began a conference with George Baker, James Stillman and a number of other bank and trust company officers. While Morgan conferred with his lieutenants, dozens of vehicles were parking outside the Federal Subtreasury nearby. Subsequent to a late-night meeting with George Perkins, Morgan's partner, the U. S. Treasury Secretary (George B. Cortelyou) was able to announce his formal support of Morgan by offering to provide $25 million in additional liquidity during the crisis.

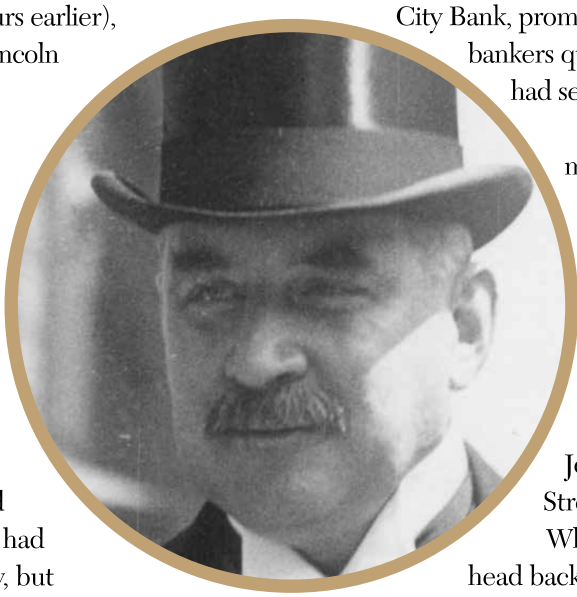
Unfortunately, the panic had already spread further.

> *"If people will keep their money in banks, everything will be all right."*


J.P. Morgan with President Teddy Roosevelt

There was an acute shortage of funds on the New York Stock Exchange. At 10 AM the interest on call money at the Exchange was normal ...around 6 percent, but by 1 PM call money was being loaned at the unheard of rate of 100 percent. The already tight money market was being further strained by the withdrawal of cash by trust companies that were racing to strengthen their own cash positions following the runs on Trust Company of America, (where Oakleigh Thorne had opened the doors only hours earlier), Knickerbocker Trust Company, and Lincoln Trust Company.

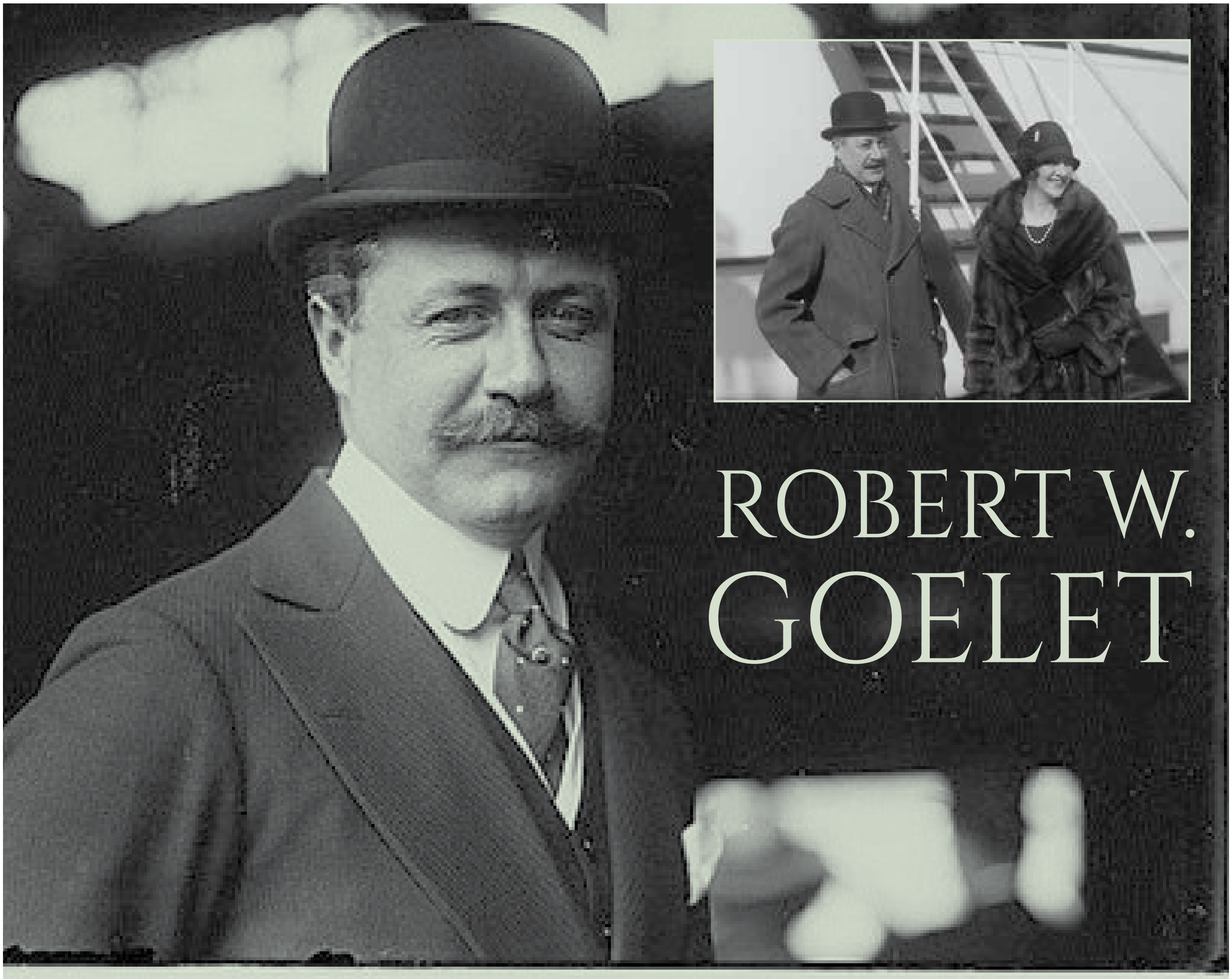
At around 1:30 PM, Ransom H. Thomas, president of the New York Stock Exchange, rushed to Morgan's offices and reported, "Mr. Morgan, we will have to close the Exchange." Morgan asked, "At what time do you usually close it?" Thomas replied, "Why, at three o'clock." Morgan sternly declared, "It must not close one minute before that hour today!" Meanwhile, a flood of brokers flooded into Morgan's offices - - most of them had the securities on which to raise money, but there was no money to be had. The moment the brokers feared most would come at around 2:20 when the Exchange normally compared all the day's sales and adjusted brokers' accounts accordingly.



Realizing that unless a significant amount of money became available very quickly, Morgan took immediate steps to secure a loan and sent Thomas back to the floor of the Exchange. At about 1:45 Morgan asked that the presidents of the banks (not the trust companies, this time) be called to his offices at once, and they began arriving by 2 PM. He told them very plainly that unless they raised $25 million within the next 10 to 12 minutes, no less than 50 Stock Exchange houses would fail. James Stillman, president of the National City Bank, promptly offered $5 million. The other bankers quickly followed suit and by 2:16 Morgan had secured $23.6 million from 14 banks.

When the money actually hit the market around 2:30, the exposed brokers literally climbed over one another to get to the Exchange's "money post" and scramble for funds as fast as the borrowers' names could be recorded. Nearly $19 million was loaned out in 30 minutes at interest rates ranging from 10 to 60 per cent. Once again, John Pierpont Morgan had saved Wall Street.

When he left his offices at about 7PM to head back uptown, amid the cheering of throngs of Exchange members, the normally reticent Morgan proceeded to approach a group of reporters. Squaring his shoulders, he declared earnestly, "If people will keep their money in banks, everything will be all right." Then he turned abruptly, went out the door and drove uptown. MS



ROBERT W. GOELET

Second only to the Astors in terms of the value of real estate owned in Manhattan

Over the course of history, there have been many men who moved Wall Street in many diverse ways. Dow, Poor, Barron and others moved it by providing timely, accurate and understandable insight into companies that were listed on the New York Stock Exchange. Others whom we will eventually cover are the founders of major companies like Standard Oil, US Steel, as well as those who had a significant influence in other ways on the history of "The Street."

Back when Wall Street and investing were relatively new concepts, there were the people who moved Wall Street in more subtle ways. These were the people who controlled the available money, but did not necessarily rely on Wall Street to make it grow. Their names are not necessarily as well known, but are just as important because of their contributions to the success of the investment market as we know it. These were the men who provided the fuel to keep the markets liquid. Just as your car won't run without gas or your furnace won't run without oil, the markets won't run without fuel - that fuel being money. And as we all know, the source of money, then as today, is "bankers."

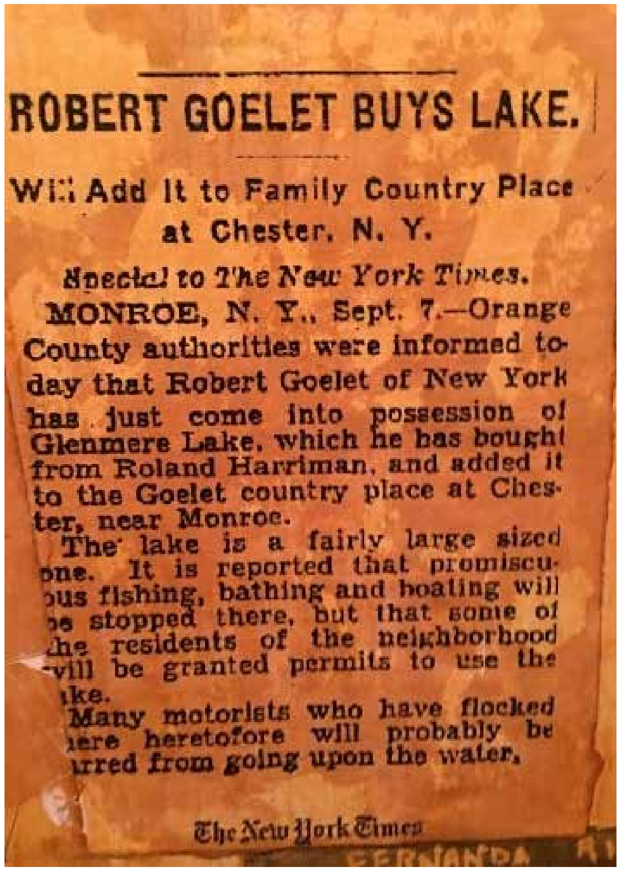
Many of these were the early Manhattan real estate owners and their families. Long before the advent of hedge funds, arbitrage, foreign exchange, options, derivatives and other instruments, there was the simple option of cash, and this cash was provided, or not, based on the policies of the men who controlled the banks. Since their directors

The Goelet Mansion in Newport, RI

The Goelet Mansion 'Glenmere' in Chester, NY essentially controlled the banks, they had an immense influence on the amount of money that was available to invest in the stock market. We have undoubtedly all heard some of their names at times - Astor, Rhinelander. Schermerhorn, and Bixby. But perhaps there is one with which we may not be familiar: Goelet.

Although not an immediately recognizable name, the Goelet family was one that had owned huge tracts of land in Manhattan since the late 1700's. The progenitor of this family was one Peter Goelet (1727-1811), who was an ironmonger during and after the American Revolution. He was also a true patriot who was enrolled in the Sons of Liberty during the Stamp Act times.

His successful business and subsequent business acumen allowed him to eventually begin buying real estate in Manhattan. The Rhinelanders, Schermerhorns and Bixbys might be better known, but the fact is that the Goelet family was second only to the Astors in terms of the value of real estate owned in Manhattan. In later generations, they also built grand homes in the outlying regions like Newport and Gardiner's Island, and even eventually an enormous estate on eight thousand acres and a 23,000 sq.ft. mansion in Chester, NY which was, and still is, known as Glenmere. It was there that the first Retriever Field Trial in America was actually conducted under British rules on December 21, 1931. Wealthy Eastern U.S. estate owners imported labradors from the British Isles in those days, along



ROBERT GOELET BUYS LAKE.

Will Add It to Family Country Place at Chester, N. Y.

Special to The New York Times.

MONROE, N. Y., Sept. 7.—Orange County authorities were informed today that Robert Goelet of New York has just come into possession of Glenmere Lake, which he has bought from Roland Harriman, and added it to the Goelet country place at Chester, near Monroe.

The lake is a fairly large sized one. It is reported that promiscuous fishing, bathing and boating will be stopped there, but that some of the residents of the neighborhood will be granted permits to use the lake.

Many motorists who have flocked here heretofore will probably be barred from going upon the water.

The New York Times

The Goelet Building in Manhattan

with the kennel men to train them.

When Peter Goelet died in 1811, his son, Peter P. Goelet, who died in 1828 leaving four children, Peter, Jean, Hannah and Robert to inherit his business. Peter never married, but his brother Robert (1809-1879) married Sarah Ogden in 1839 and had two sons, Ogden and Robert Walton. By the late 1800's, Robert Walton Goelet was one of the above-mentioned bankers and as a result became one of "The Men Who Moved Wall Street." He was one of the original stockholders in The Metropolitan Opera House and a director of many business organizations.

More important to Wall Street, he was also a director of numerous trust companies such as the Equitable Trust Co. and the Guaranty Trust Co. and also appears on a list of "1912 Money Trust Members" as having seven interlocking directorships.

Until the formation of the Federal Reserve System and the Security & Exchange Commission (SEC) decades later, it was the banks and trust companies that unofficially set the monetary policy in the United States which in turn allowed them to determine the rates, terms and conditions that affected the all-important liquidity that impacted Wall Street. And it was the directors of these banks and trust companies who formulated these policies.

As one of these directors, Robert W. Goelet was surely one of "The Men Who Moved Wall Street". Perhaps not as the founder of a technology company or manager of an arbitrage fund, but simply because of his influence in a more subtle way as one of those that provided the fuel for the market to properly function.

CHARLES HENRY COSTER

J. P. Morgan's Main Partner... Reorganization Expert of Railroads

The hardest working, and best financier among J.P.Morgan's partners, was railroad reorganization expert Charles Henry Coster. Originally recruited by Pierpont's father, Junius Spencer Morgan, who among many things had been a leading banker that channeled British savings into American railroads.

Coster was once described by Morgan's biographer as, "a gentleman with a faultless memory for small and extremely important financial details." He was tireless as he carried his portfolios home in the evening and back to the office in the morning, then from meeting to meeting for the many railroads of which he was the director.

Having a mystic genius for figures it was once quoted by John Winkler in 1930 of Charles Coster that "He possessed a mental solvent by which all the intricate and interwoven relations of railroads, obligations, bonds, underlying bonds and collateral trust mortgages, resolved themselves into original and perfectly distinct elements."

He was a financial chemist and was said to take strange and unaccustomed quantities, and by means of his mental process, reduce them to perfect simplicity. J. P. Morgan and Charles Coster reinforced and supplemented each other.

The tremendous series of reorganizations perfected by Morgan in the traditional railroad reconstruction era between 1884 and 1885 would have been impossible without the aid of Mr. Coster. It was said that his magic powers of mind found their opportunity in preparing material for his partner's creations.

Coster and other partners of Morgan examined and hand wrote documents behind desks in large open rooms and attended countless meetings of boards of directors and prospective investors, owners and executives. It was said that all of Morgan's partners were rewarded with generous shares in profits and worked exceedingly hard, some dying quite young due to the hard work and stress. The Morgan partnership consisted at any given time of about twelve partners and three clerks per partner. The clerks were all male except for George Perkin's secretary whom worked for him previously at New York Life, and whose office was outside of the Morgan building at the corner of Wall Street and Bond.

The Morgan partnership was thought by some to be dangerous because its interests were so large. There was a concern over the concentration of the business of finance being in the hands of only a few investment banks led by the Morgan partnership.

This concern dominated public policy debates over the securities industry for some time. One danger that was noted by progressives was that the Morgan partnership was a source of several conflicts of interests.

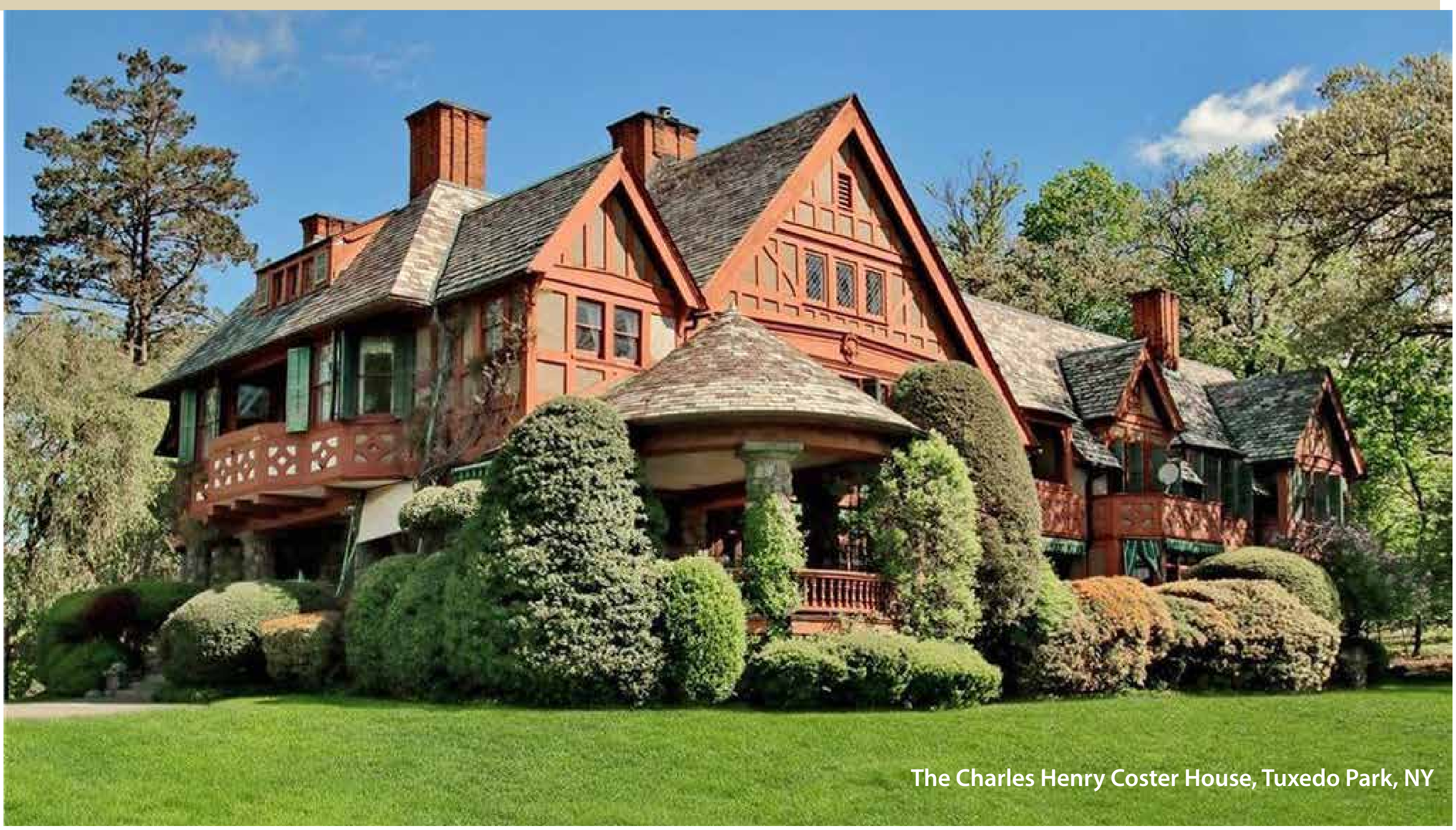
One of J. P. Morgan's best friends and Tuxedo Park resident, George F. Baker was asked by Morgan to serve as the deciding voice in arguments among his partners after his death. Mr. Baker was the head of The First National Bank and sat on the boards of six railroads as well as the board of AT &T.

It took time for Coster, who also lived in Tuxedo Park, to work his way up in the Morgan hierarchy. When he was made a partner, it was at the time when Morgan was just beginning to assert himself financially. It has been noted that the most enduring of the house of Morgan's accomplishments came during Coster's time with the firm. They were the railroad reorganizations that survived into the 1920's.

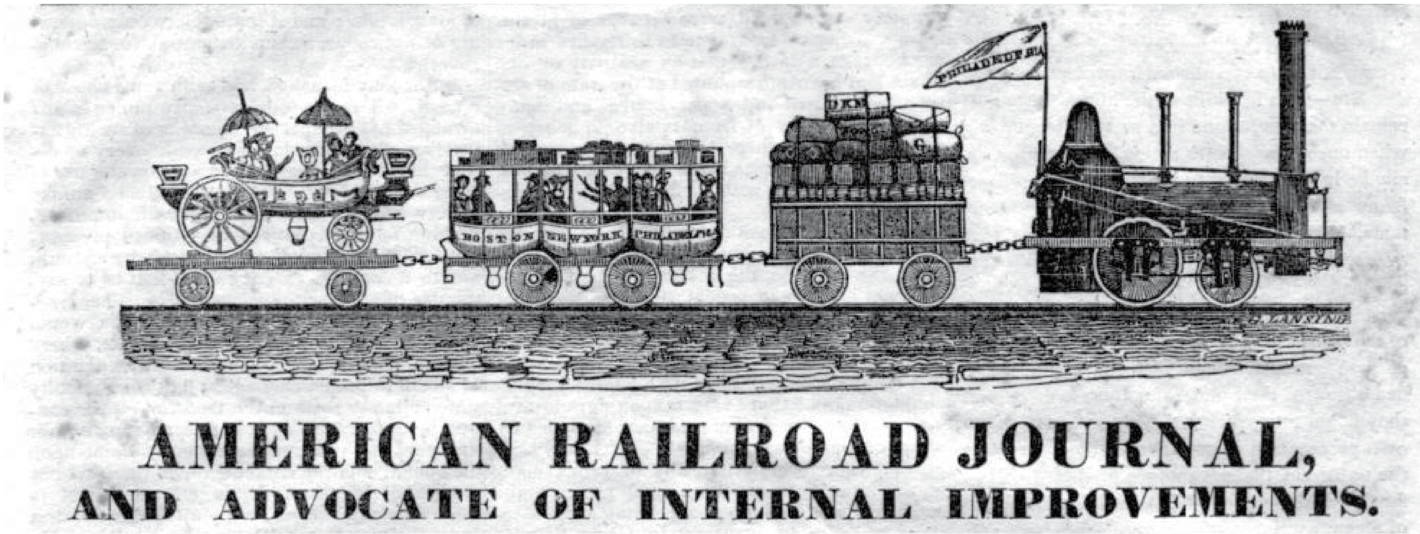
Charles Henry Coster's ancestors arrived in New York around the time of the Revolution and quickly gained prominence in the shipping field. His grandfather was trained as a Doctor and later joined his brother (Charles Coster's great uncle) in the shipping firm. Both had large families and both had sons whose names held the name "Washington" within them. It was said that the first president stood godfather to one or perhaps both of them.

Charles Henry Coster was a familiar figure on Wall Street whose methods were not those of fantasy; his reorganizations held their own buoyancy. He rode the railroads he was studying, watching roadbeds from the back platforms of trains. He worked hard and died young, making great strides in the world of wealth and the echoes of Wall Street. WS

Research material courtesy of the late Count Alexander Salm, Tuxedo Park resident and Grandson of Mr. Charles Henry Coster.

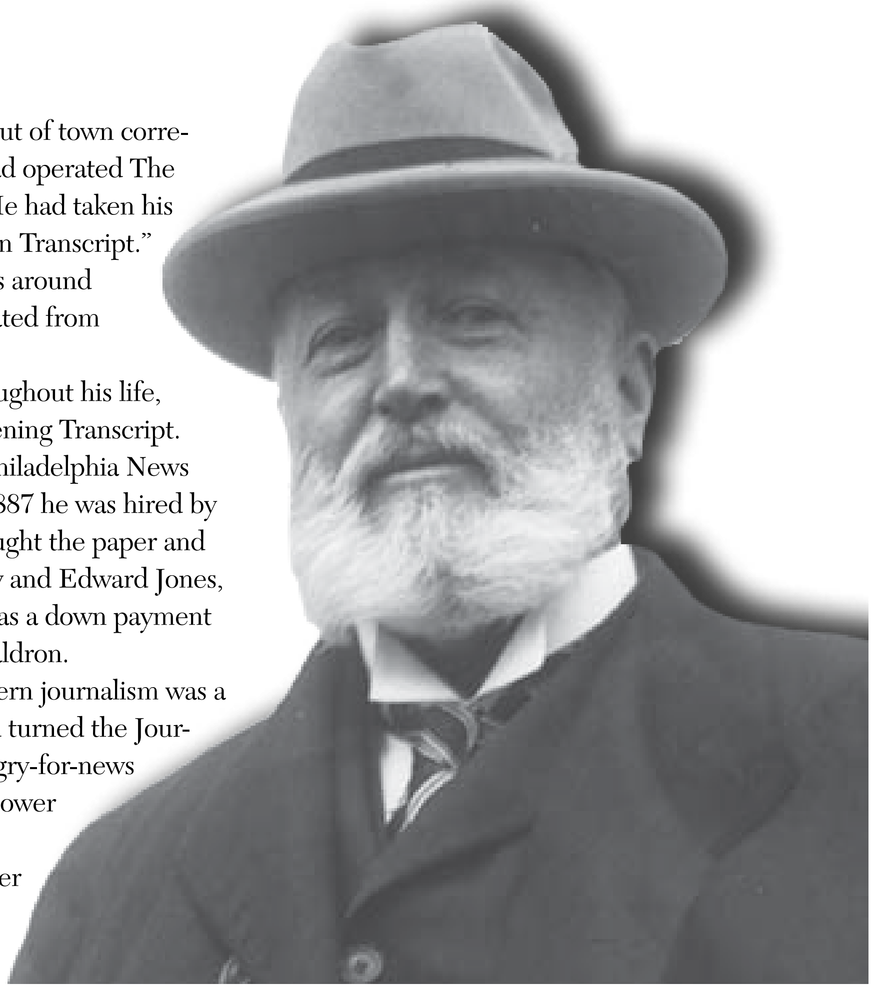


The Charles Henry Coster House, Tuxedo Park, NY



CLARENCE BARRON

Educator of the people as to the real values of securities and finance



In 1887 Dow Jones and Company hired its first out of town correspondent, Clarence W. Barron, who at the time had operated The Boston News Bureau (a financial news service). He had taken his first newspaper job at the age of 20 on "The Boston Transcript." When Clarence was young, his father drove horses around Boston harbor for a living. Later, Clarence graduated from Boston's Graduate English High School in 1873.

Barron worked at a number of newspapers throughout his life, including The Boston Daily News and Boston Evening Transcript. He founded The Boston News Bureau and The Philadelphia News Bureau, supplying financial news to brokers. In 1887 he was hired by Dow Jones and Company and around 1902 he bought the paper and its parent company from its creators, Charles Dow and Edward Jones, following the death of Charles Dow, using $2,500 as a down payment borrowed from his new wife at the time, Jessie Waldron.

Barron, often referred to as the founder of modern journalism was a very large man with a strong sense of will. He had turned the Journal into the pre-eminent source of news for a hungry-for-news class of professional investors, and himself into a power player on the world stage.

It has been said that he had conferred with Kaiser Wilhelm on the world money situation and with

Tsar Nicholas II on the stabilization of Russian currency. He was also a close friend of U.S. President William Taft and had been called to Washington D.C. on several occasions to confer with Treasury officials.

On his enemy side, Princess Margaret Nchika of Romania brought a lawsuit against him, charging that he defamed her at a dinner… she lost.

Around 1921 he founded Barron's National Financial Weekly, later named Barron's Magazine. It was said of Clarence Barron that no one worked harder in an effort to educate the people as to the real values of securities and finance in general.

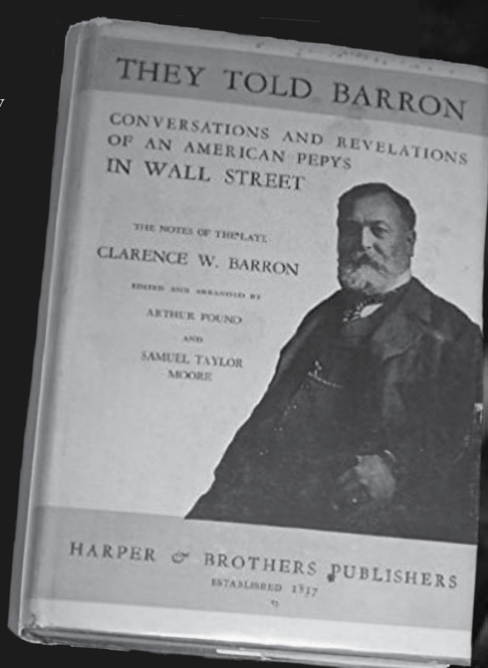
The very first issue of the Pacific coast edition of the WALL STREET JOURNAL rolled off the presses October 21, 1929… 8 days before the stock market crash. During the depression years, the pages of the JOURNAL were enlivened with light columns, short features, and literary brighteners. He exposed what was bad and exploited what was good. He helped endow "Clarke School For The Deaf" with 2 million dollars.

Clarence Barron once said…

"If we are live wires, we can so project financial truth that it will, at times illuminate the path of the investor. We should not usurp his prerogative of selecting, guessing or predicting, but should steadily seek to illuminate his path forward."

He died at age 73 in his sleep at the Battle Creek Sanitarium in Michigan on Oct 2nd, 1928. He had checked in to the Kellogg Family's Health Spa to try one last time to fight obesity. He was a reporter to the last by always asking, "What's the news?"

Clarence Barron's wife had been a widow with children when they married. It was one of these daughters, Jane, who inherited the company, and her husband, Hugh Bancroft became BARRON'S successor. He ran the company for barely five years before succumbing to depression. He committed suicide on October 17, 1933 in the blacksmith shop on his estate.



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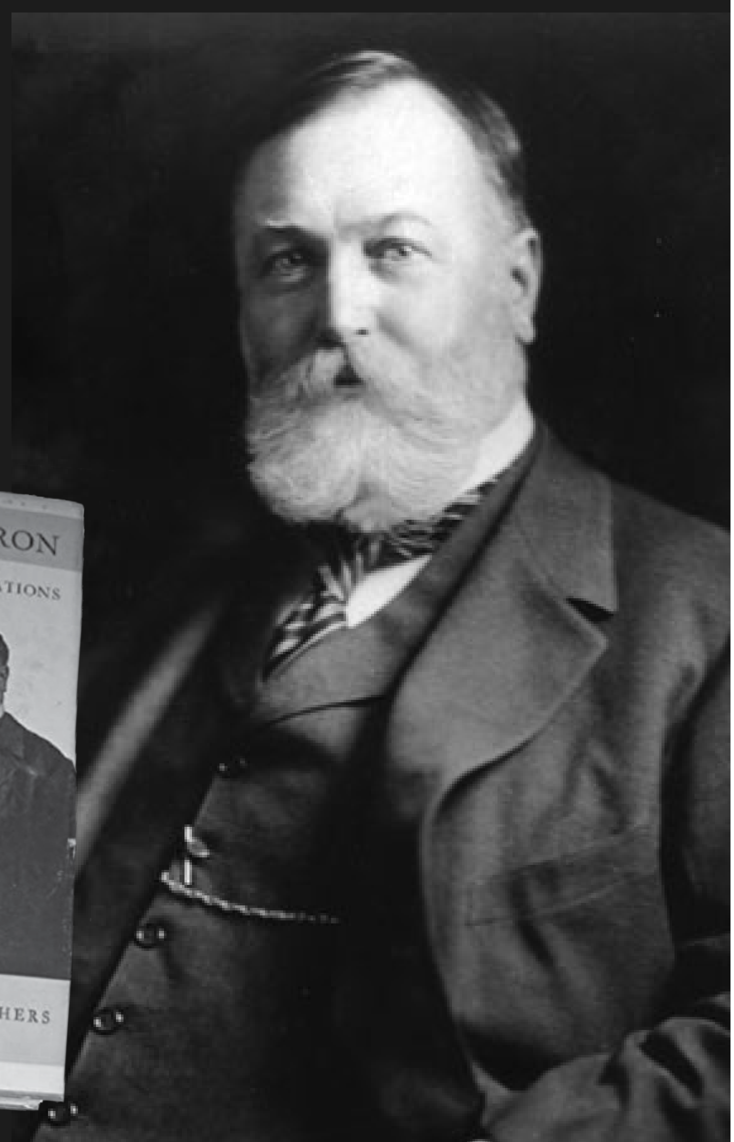


WILLIAM WALDORF ASTOR

One of Tuxedo Club's First Members, One of the Richest Men in America

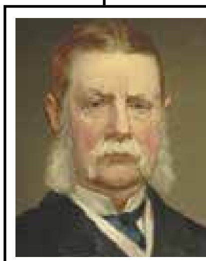
Their name is synonymous with wealth and glamour. Their saga is marked by five generations of tragedy, family feuds and philanthropy.

The very name conjures up images of black tie affairs and high society balls. John Jacob Astor built an empire by parlaying a job in the fur business into a real estate empire so vast; he became the richest man in America.

John Jacob Astor came to the United States from Waldorf, Germany in the late 1700s. In the late 1800s, the family was endowed with the largest private fortunes of their day. The family's name was often seen in print regarding feuds over social position while two heirs of the Astor family battled with each other for social primacy. They both built monumental hotels and joined two of them. The Astor hotels transformed social behavior. They were home of the chafing dish and the velvet rope. It was said of the Waldorf-Astoria, that it drew the rich, famous, and fashionable, and was the setting for the most notorious society.

"With the exception of Tuxedo Park, America is not a fit place for a gentleman to live." —William Waldorf Astor

Tuxedo Club's, William Astor, was born in New York City, the only child of John Jacob Astor III (1822-1890) and Charlotte Augusta Gibbes. He was educated in Germany and Italy before studying at Columbia Law School. He worked shortly in law and in the management of his father's estate.



William Waldorf Astor was one of the original members of the Tuxedo Club. He was authorized by the executive committee to prepare a report as to the keeping of the name "Tuxedo". He produced a small volume of seven pages and included a map that had been designed during the time of Washington. The brochure, intended for private circulation was called "Historical Names of the Tuxedo Region". A copy existed in the Tuxedo Park Library for many years. The brochure explored the meaning, or derivation, of the name, "Tuxedo", along with excerpts from the diary of the Marquis de Chastellux. The Marquis passed through the region in 1780 and was in complete awe of its natural beauty. He visited the Erskine's at Ringwood Manor in Ringwood, New Jersey. The Marquis remained at Ringwood Manor for a short time and later wrote in his diary that he "entered a very handsome house where he drank some Madeira and visited a while with the widow". Then continued on horseback across the Tuxedo region, coming to a point he called "The Clove", where he had a full view of the lake.

Upon the death of William's father in early 1890, William Waldorf Astor inherited a personal fortune. It was said to have made him the richest man in America at that time. He was in a constant bitter battle with his Aunt Caroline over the position of social standing, the dispute of who was the real Mrs. Astor. William felt that it was his wife, but his aunt pushed hard to gain the recognition. It was written that his Aunt was determined that, "If New York had no king of society; it would at least have a queen". Around 1870, through fancy dress balls, the wearing of brilliant diamonds, entertaining lavishly, and sitting majestically in her private box at the opera, Aunt Caroline assumed the air of the queen of society. She began to assert her position as the Centrum around which society should organize itself. She stood at the peak of the social pyramid of the Gilded Age.

"With the exception of Tuxedo Park, America is not a fit place for a gentleman to live." He often said before moving to England. Arriving in England in 1899, William Waldorf Astor acquired Hever Castle near Edenbridge, Kent. The huge estate built in 1270, was where Anne Boleyn lived as a child. William Waldorf Astor invested a great deal of time and money to restore the castle, building what is known as the "Tudor Village", creating a lake and lavish gardens. He built the Astor Wing, a collection of houses all of which are connected internally creating an area of 100 rooms.

A prince of fortune who was enamored with Tuxedo Park, he continued to live lavishly on his estates in England. He often spoke of the place known as Tuxedo Park, remembering it fondly throughout his travels and controversial private life. WS

Resources: Tuxedo Historical Society; "Historical Names of the Tuxedo Region" by William Waldorf Astor; "Gilded mansions" by Wayne Craven; "When the Astors Owned New York" by Justin Kaplan; "William Waldorf Astor" Columbia Encyclopedia 6th edition; "The Waldorf Astoria: America's Gilded Dream" by Ward Morehouse

HENRY POOR

FOUNDER OF STANDARD AND POOR, S&P 500

Icons of industry, transportation and commerce who spent enormous funds on management and production during the late 19th and earlier 20th century, were men who created global enterprises in major industries and created great corporations in American history. This was the time period when men made vast fortunes with tenacious business dispositions….one, was Henry Poor.

Born in Andover, Maine, he was the first of his family to attend college, graduating from Bowdoin in 1835. He was descended from General Enoch Poor of the Revolutionary War. He joined his uncle's law firm, being called to the bar in 1838. Later, Henry and his brother John, established a law practice in Bangor, Maine. By investing money in Maine's growing timber industry, the Poor brothers made a fortune.

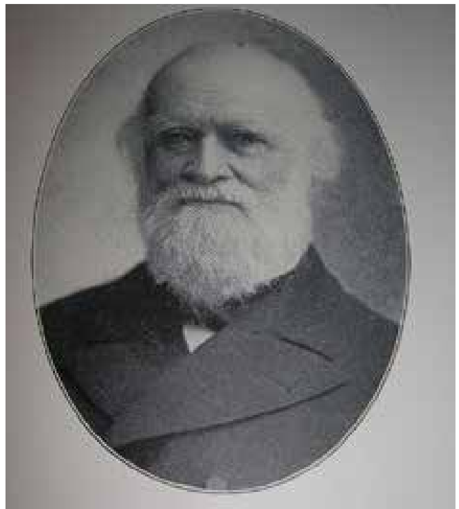
In 1849, the brothers purchased the American Railroad Journal, of which Henry became manager and editor. In 1860, Henry Poor published History of Railroads and Canals in the United States, an attempt to compile comprehensive information about the financial and operational state of U.S. railroad companies. He later established H.V. and H.W. Poor Co. with his son, Henry William, and published annual updated versions of his book. Standard & Poor trace its history back to this publication.

The work of Henry Varnum Poor while editor of the American Railroad Journal caused dramatic changes in the relationship between companies and journalists. Poor was one of the first true journalists who focused on forcing companies to provide accurate information about their financial performance to investors and readers.

Poor's thirteen-year tenure as editor of the newspaper and his subsequent activities in publishing the Manuel of the Railroads of the United States, helped set the standard for journalists writing about business for the next 50 years.

His journal had previously focused on promoting the superiority of the railroad to canals and turnpikes as a way to transport goods. But unlike other business newspapers of the era, the Journal did not merely recite statistics of fees and wages to transport goods across certain railroad lines. Instead, it functioned more like a traditional newspaper of the time period, with articles and reports about the industry. It also provided a healthy amount of engineering and technical information for those operating railroads.

Poor advanced his newspaper as the house organ of the industry, making its writing stand out from any other business newspapers of the 19th century, and from any mainstream newspaper. He was the first journalist writing about business to apply statistical analysis to assess a company's performance. While Poor spent a lot of time in the first few years of the publication advocating for the industry, he did so with a solid economic knowledge that explained the advantages of the railroad. He also paid particular attention to attracting investors of railroad stocks and bonds to the publication.



HENRY VARNUM POOR
H. V. & H. W. POOR, PUBLISHERS
"POOR'S MANUAL OF THE RAILWAYS OF THE U. S." ETC.

In 1862 Henry Poor was appointed a government commissioner to the newly chartered Union Pacific Railroad, and left his position as editor of the Journal. That same year he was elected as the railroad company's first Secretary.

Poor was a resident of Tuxedo Park, New York, which was founded by his good friend Pierre Lorillard in 1886. Poor's dramatic career as a business journalist is well documented by noted business historian Alfred D. Chandler Jr. His PhD dissertation at Harvard was a biography of his Great Grandfather, Henry Poor. The dissertation, later published as a book, was informed by a treasure trove of papers discovered in a storeroom of a then recently deceased aunt.

A few of Alfred D. Chandler's works include "Henry Varnum Poor, Business editor, Analyst, and Reformer" (1956). "Strategy and Structure: Chapters in the History of the Industrial Enterprise" (Winner of the Newcomen award for 1962) "The Visible Hand, and Scale and Scope".

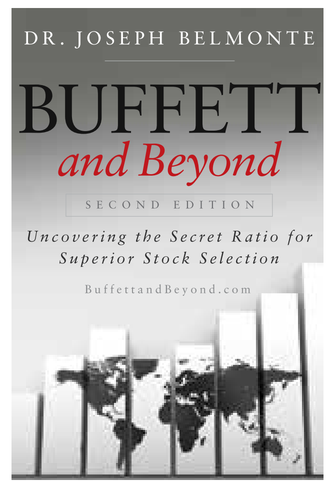
Tuxedo, New York.
THE HOUSE OF HENRY W. POOR, ESQ.
T. Henry Randall, Architect.

The Clean Surplus Stock Selection Method

The stock selection method of the future

Developed by Dr. Joseph Belmonte of Buffett and Beyond Research

The basis of this relatively new stock selection method is based on the Doctoral dissertation of Dr. Joseph Belmonte in 2002. Since then, Dr. Belmonte has published two books, a course on the use of Clean Surplus, weekly podcasts, a radio program and a computer program that does all the work for us. The computer program resides on his site, **www.buffettandbeyond.com**



INTRODUCTION:

The investing community is just beginning to acknowledge that a relatively new formulation change in the traditional accounting Return on Equity is beginning to outperform all other traditional stock selection methods. Clean Surplus utilizes Clean Surplus Net Income rather than the traditional accounting earnings number in order to calculate a truer comparable efficiency ratio. Clean Surplus Net Income is calculated by taking the traditional earnings statistic and subtracting all non-recurring items as well as all future liabilities. This one stroke of the pen allows us to transform a non-comparable statistic (earnings) into a very comparable statistic which is the Clean Surplus Net Income. The Clean Surplus Net Income number, when brought over to the Balance Sheet (retained Net Income) then changes the traditional Owners' Equity value to a truer measure of the actual money (equity) put into the company thus allowing the formulation of a Clean Surplus Return on Equity (ROE). This new (Clean Surplus) ROE allows us to compare stocks as to their true, operating efficiency. In other words, we are now able to discern which companies are consistently growing their profits at higher rate of return year after year.

If you want to live on the beach like Jimmy Buffett you've got to learn how to invest like Warren Buffett. Well, almost. These are the words of Dr. Joseph Belmonte, developer of the stock selection method called "Clean Surplus." Surplus stands for earnings and Clean Stands for standardizing earnings, (resulting in Clean Surplus Net Income) of all companies so that we may compare their operating efficiency in order to select winning stocks for our portfolios. Dr. Belmonte goes one step further than the master himself and this one step allows us to consistently outperform not only the overall market, but also Warren Buffett himself.

We should all be aware that Dr. Belmonte is the World's foremost expert on the continuing research and practical application of the Clean Surplus methodology.

Let's see what professionals are saying about Dr. Belmonte's seminars, research literature and his book, "Buffett and Beyond" 2nd edition published by Wiley Publishing:

"Dr. Belmonte has added a great deal of value to the investment community with his research and actual portfolio implementation". -R.H., Private Client Services

Dr. Belmonte's book will set a new standard for investing. The Clean Surplus method must be used by anyone expecting to consistently beat the averages." - S.H. CFP, RIA, Ocean Ridge, Florida.

"I've been to every seminar ever given. Dr. Belmonte's seminar has raised the bar to a new height and sets a standard that can only be dreamed about by other lecturers." - Retired Money Manager, Delray Beach, Florida.

"An excellent approach to developing predictability and a successful portfolio. The results certainly speak for themselves. I just wish I would have known about this method of stock selection 20 years ago because I would have been richer than Buffett himself." - M.D. CPA, Miami, Florida.

Clean Surplus is the only extensively tested method able to truly compare the operating efficiency of one company to the operating efficiency of any other company just the way you would compare returns from one bank to another bank.
We should be aware that up to 96% of professional money managers cannot outperform the S&P 500 index over any 10-year period. However, buy and hold portfolios formed by the Clean Surplus methodology have outperformed the S&P 500 index almost 2 ½ to 1 on a compounded basis since the end of 2002 to the present day.

WHAT DO THESE RETURNS MEAN IN DOLLAR TERMS?

Simple average yearly returns (past 18 years) for the Clean Surplus portfolios are 14.2% per year while the S&P 500 index returned 8.7% per year. This means that the Clean Surplus Buy and Hold portfolios are returning 63% more per year than the S&P 500 index.

Using a dollar amount, a $100,000 Clean Surplus portfolio at the end of 2002 would be worth $695,000 today while the same investment in the S&P 500 index would be worth just $338,000. Now an investment that grew to $338,000 over this time period is certainly worthy of notice, but it is certainly better to have more ($695,000) than less ($338,000) as long as the risk of a Clean Surplus portfolio is equal to the risk of the overall market, and it is.

Actual accountant reviewed portfolios show the Clean Surplus stock selection method to outperform the S&P 500 index by more than 2 ½ times on a compounded basis over 18 years.

COMPARABLE TO BUFFETT HIMSELF?

Mary Buffett tells us in her book, "Buffettology" that Buffett uses a method very similar to the Clean Surplus model except Buffett uses Net Earnings rather than Net Income. And that one little change allows the Clean Surplus stock selection method to outperform even Warren Buffett himself on a consistent basis year after year.

How to select a winning portfolio using the Clean Surplus methodology:

1) Select the 30 stocks each year from the S&P 500 and Nasdaq stocks that have the highest and most consistent Clean Surplus Return on Equity (ROE) each year over the past 10 years.
2) Take into consideration debt and revenue growth over the past 5 years.
3) Check to see how your selections have performed during the bear market of June 2008 to March of 2009. This tells us which stocks are cyclical. We don't want cyclical stocks hurting our portfolios during economic slowdowns or recessions.
4) Keep the good stocks in our portfolio until they are not good stocks any longer or until they are replaced by better stocks with higher and more consistent Clean Surplus ROEs. Once this is accomplished, go to the beach.

THE CLEAN SURPLUS METHODOLOGY MAY BE THE NEXT DEVELOPMENT THAT MOVES WALL STREET.

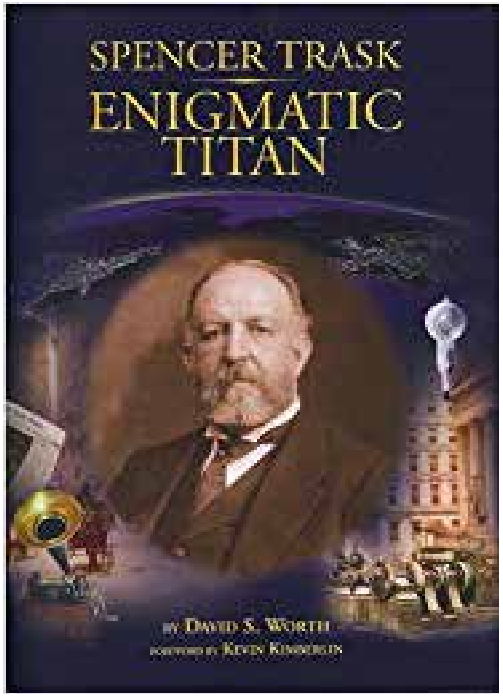
Dr. Belmonte's research attempts to statistically answer two questions: 1) Do portfolios with above average Clean Surplus ROEs outperform the market averages? 2) Does the Clean Surplus ROE (the percentage number) have any correlation with the future returns of portfolios?

The results of the research and actual portfolio implementation over the past 30 years show that indeed, the answers to both questions are yes. Not only has every one of the portfolios predicted to outperform the averages done so, but there is a strong correlation with the Clean Surplus ROE and actual returns as to how much those portfolios will return in the future. Correlations of ROE and the future total returns with portfolios of 30 stocks averaged consistently between 79% to 80%. We just may find as more and more professionals and average investors use the Clean Surplus stock selection method, that it is indeed, a very valuable addition to the finance and investment community. The Clean Surplus methodology may be the next development that moves Wall Street. WS

SPENCER TRASK

Backed Thomas Edison and Saved "The New York Times"

Spencer Trask had his estate, "Trayaddo" built in Tuxedo Park around 1900. A stone and timber mansion that would eventually be sold to fellow financier Alfred Loomis who made a portion of it the famed Loomis Laboratories, where he conducted ground-breaking scientific research. Prior to living in Tuxedo Park the Trask's purchased a 400-acre estate in Saratoga Springs, New York. Later, upon the premature death of the Trasks' four children, Trask decided to turn the estate into an artist's retreat as a gift to his wife and called it "Yaddo". The retreat eventually became a well-known, beautiful artist's and writer's community.



Trask was an American financier, a generous philanthropist, venture capitalist and a leading patron of the arts. Mr. Trask was born in 1844 in Brooklyn, New York. His Father was a direct descendent of Captain William Trask, who was a leader in the formation of The Massachusetts Bay Colony. Upon graduating from Princeton University, he joined his uncle and formed the investment firm "Trask and Brown" which later became Spencer Trask and Company.

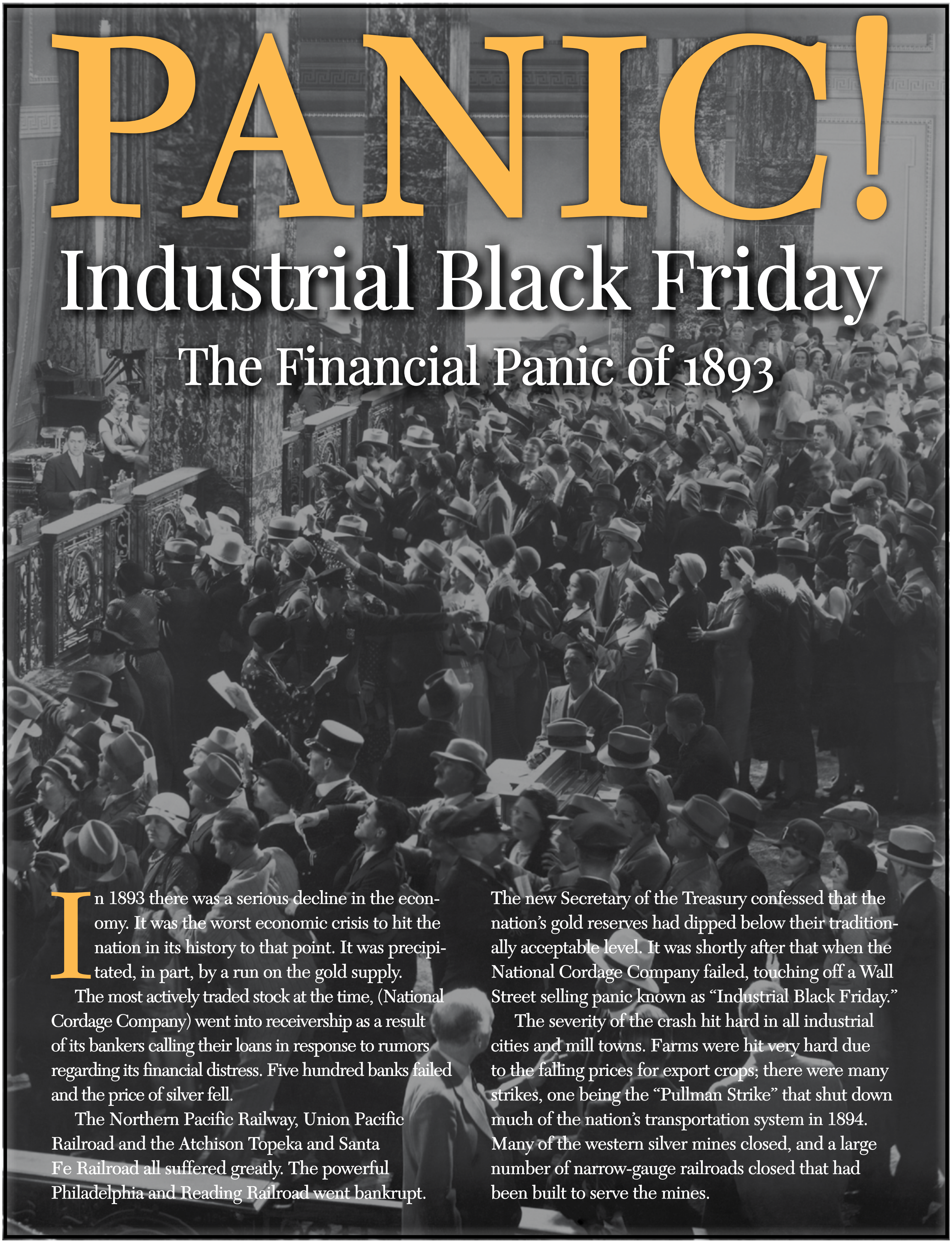
He married Miss Katrina Nichols, a famous author of her time. He reorganized *The New York Times*, of which he was the largest owner, as well as president. Around 1896, Adolph Ochs, who became the publisher of *The New York Times*, came to meet with Spencer Trask and his chief associate, George Foster Peabody. Peabody and Trask were leaders of an investment group that had recently bought *The New York Times*, which was near bankruptcy. With Ochs as publisher and Trask as the financier, *The New York Times* succeeded greatly with the motto, "All the news that's fit to print."

Spencer Trask was often a supporter of new inventions while they were in their experimental stages. He foresaw the potential such as the Marconi wireless telegraph, the telephone, the trolley car, the phonograph and the automobile. He gave to all of these inventions his money, time and judgment.

The inventor of the light bulb, Thomas Edison was financed and supported by Mr. Trask, and for over twenty years Trask was president of The New York Edison Company, later known as Consolidated Edison, one of the world's first electric power companies. He was also part of the Edison illuminating business throughout the country as well as one of the original trustees of The Edison Electric Light Company, the predecessor to the General Electric Company and a member of its executive committee.

Spencer Trask was also a director in the Rio Grande Western Railroad and his partner, George Peabody, was vice president. Trask was also president and largest stockholder in the company that owns The Bowling Green building.

Truly, this was a man who moved many forms of progress that moved Wall Street. WS



PANIC!

Industrial Black Friday

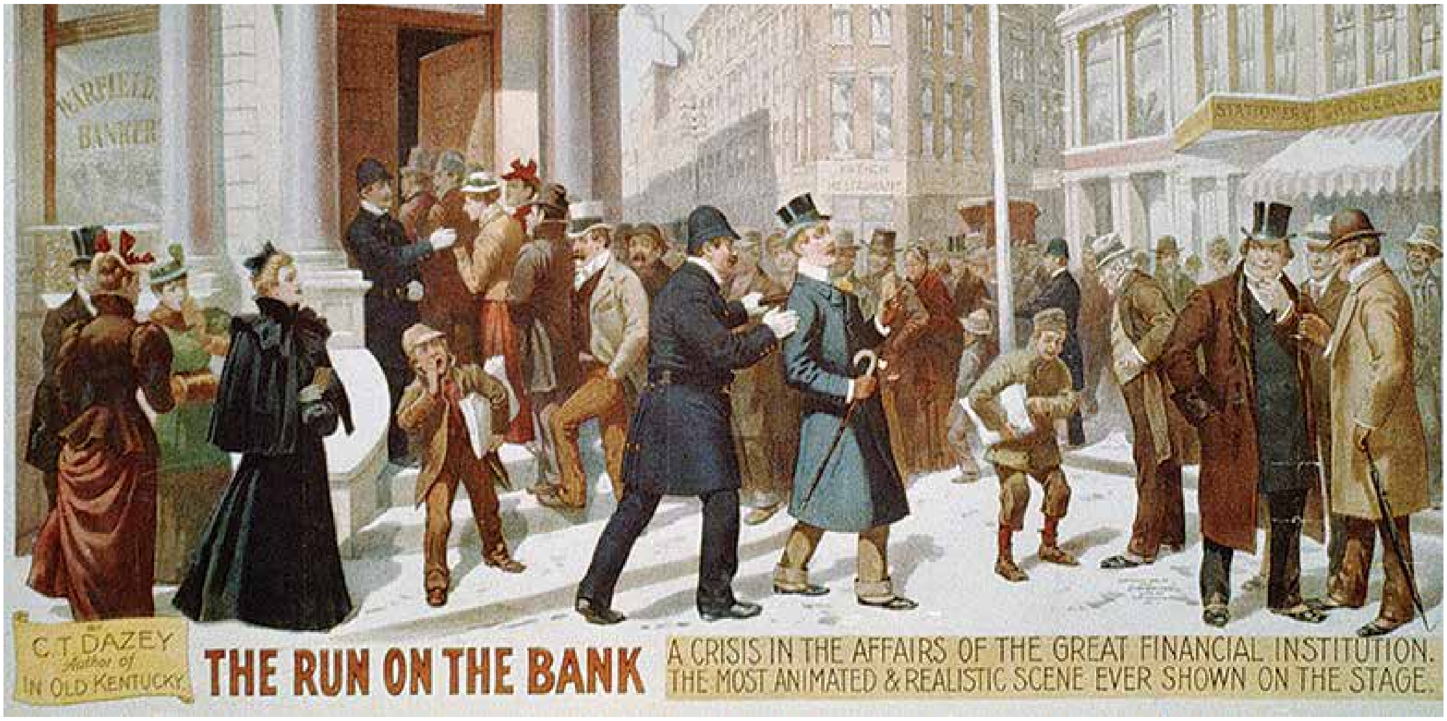
The Financial Panic of 1893

In 1893 there was a serious decline in the economy. It was the worst economic crisis to hit the nation in its history to that point. It was precipitated, in part, by a run on the gold supply.

The most actively traded stock at the time, (National Cordage Company) went into receivership as a result of its bankers calling their loans in response to rumors regarding its financial distress. Five hundred banks failed and the price of silver fell.

The Northern Pacific Railway, Union Pacific Railroad and the Atchison Topeka and Santa Fe Railroad all suffered greatly. The powerful Philadelphia and Reading Railroad went bankrupt. The new Secretary of the Treasury confessed that the nation's gold reserves had dipped below their traditionally acceptable level. It was shortly after that when the National Cordage Company failed, touching off a Wall Street selling panic known as "Industrial Black Friday."

The severity of the crash hit hard in all industrial cities and mill towns. Farms were hit very hard due to the falling prices for export crops; there were many strikes, one being the "Pullman Strike" that shut down much of the nation's transportation system in 1894. Many of the western silver mines closed, and a large number of narrow-gauge railroads closed that had been built to serve the mines.



In 1892 building construction had peaked, then moved irregularly downward. The economy showed other weaknesses as the March date for Grover Cleveland's inauguration to the presidency drew near. Agriculture was one of the most serious weaknesses exhibited. Storm, drought and over- production during the earlier years had reversed its prosperity.

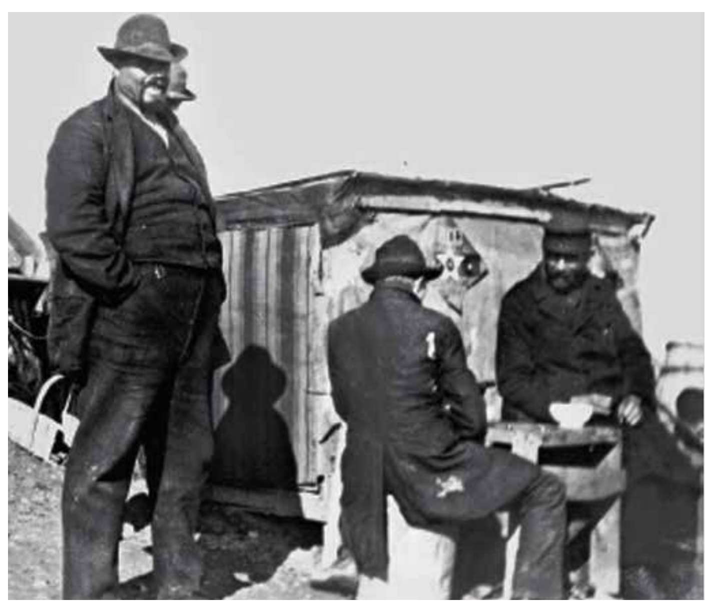
Slowing investment in railroads was a heavy influence. Railroad expansion had been an important part of economic growth. Expansion peaked between 1879 and 1883, but an even higher peak was reached in the late 1880's and provided important markets for such items as lumber, iron, steel and coal.The amount of new track laid yearly peaked in 1887, then fell off steeply.

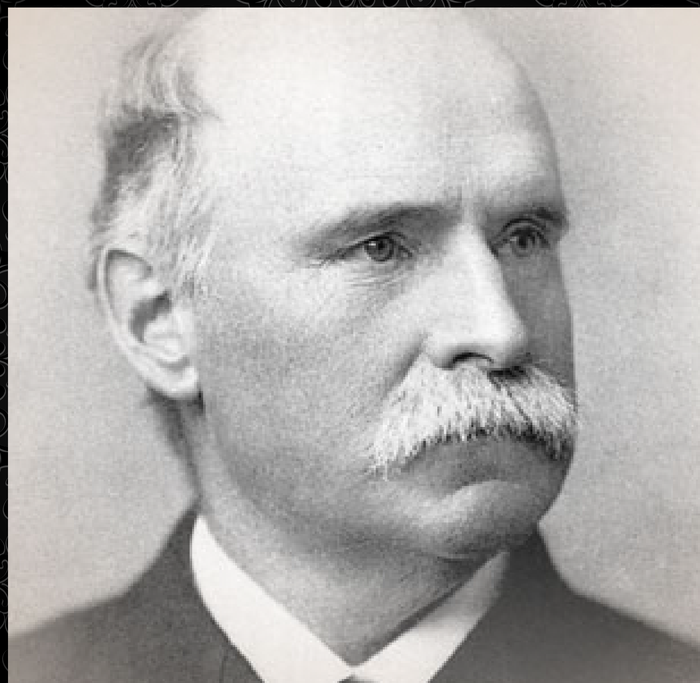
Even before stocks plunged on the day of the crash, American foreign trade had declined, Bellwether wheat and iron prices had turned down, and business activity plummeted. Without a Federal Reserve System to maintain a regular balance, the financial crisis struck the West with particular fury.

The great railroad magnate, James J. Hill, sensed signs of economic depression as early as 1890, when he told his son-in-law, a Seattle millionaire, "the country is on a collision course that will take five years to get over."

The value of the silver dollar was worth only Fifty-eight cents and the crash of 1893 marked a bitter end to the prosperous Gilded Age.

Frank K. Sturgis was the president of the New York Stock Exchange at the time of the crash. At that time, the chief executive officer was the president and held an unsalaried position. WS





ANTHONY JOSEPH DREXEL

THE MAN WHO MOTIVATED MORGAN

Anthony Joseph Drexel, Perhaps this particular article might better be entitled "A Man Who Moved a Man Who Moved Wall Street." J. Pierpont Morgan was a man who not only "saved" Wall Street, more than once, specifically during the panics of 1893 and 1907, but also had much influence over the railroads, corporations and governments. Indeed, at the height of the Gilded Age, the wealthy and influential trembled before Morgan's power.

Yet Morgan himself deferred to one man, Anthony J. Drexel, who he described as "the best friend I have always had in every way." Before meeting Drexel in 1871, Morgan had lost interest in banking and was contemplating an early retirement. It was Drexel who took a muddled and low-key Morgan and turned him into a wizard of high finance; while Drexel lived, Morgan never made any financial move without his approval.

Anthony Drexel's history begins in Austria with his father, Francis, who in his youth wandered about Europe to avoid Napoleon's compulsory draft. He eventually became an itinerant painter of reasonable ability and returned to the Tirol region following Napoleon's defeat in 1815. By 1817 he saw there was little opportunity there and sailed for Philadelphia where he was accepted into society and married Katherine Hookey in 1821. For three and a half years, he traveled in South America, selling his portraits of South American political leaders. After several attempts at non-artistic business ventures, in 1837 Francis founded a currency brokerage house on Chestnut Street in Philadelphia.

At a time when the United States no longer had a central bank, the government and large business ventures relied on state-chartered banks to issue the currency needed to finance their activities. Because these banks often lacked sufficient hard assets to fully back their notes, they in turn relied on brokers such as Francis to sustain a liquid market for these notes, even during the Panic of 1837. When the U.S. economy recovered, Francis's brokerage became increasingly prosperous and eventually emerged as a private bank.

His sons, Anthony (1826-1893) and Frank (b.1824), worked alongside Francis as teenagers and became partners in the newly named Drexel & Company in 1847.

The firm pioneered many financial strategies which we take for granted today, such as investment banking, trading in national currencies, guaranteeing credit for travelers abroad and rewarding workers based on individual initiative and hard work. With its partnerships and branches in New York, Chicago, London and Paris it was able to help guide America through four devastating depressions as well as the most extraordinary economic growth period in history.

In 1851, Francis yielded effective control to Anthony in order to follow the Gold Rush where he established a highly successful branch of the company in San Francisco. Before long, Anthony became increasingly involved in the demand for financing railroads and the Union efforts during the Civil War, both of which he was highly successful at. In 1871, he met Junius and J.P. Morgan who agreed to join his New York branch to create Drexel, Morgan and Co. It was during this period that Drexel persuaded J. P. Morgan to abandon his thoughts of retirement and stick with finance.

Despite Anthony J. Drexel's achievements and influence as the most influential financier of the nineteenth century, many of his accomplishments are forgotten or attributed to others today. Most likely, this is due to the fact that throughout his life he remained a very private man who shunned publicity, self-promotion and public accolades . . . most probably the reason he declined President Grant's offer to become Secretary of the Treasury.

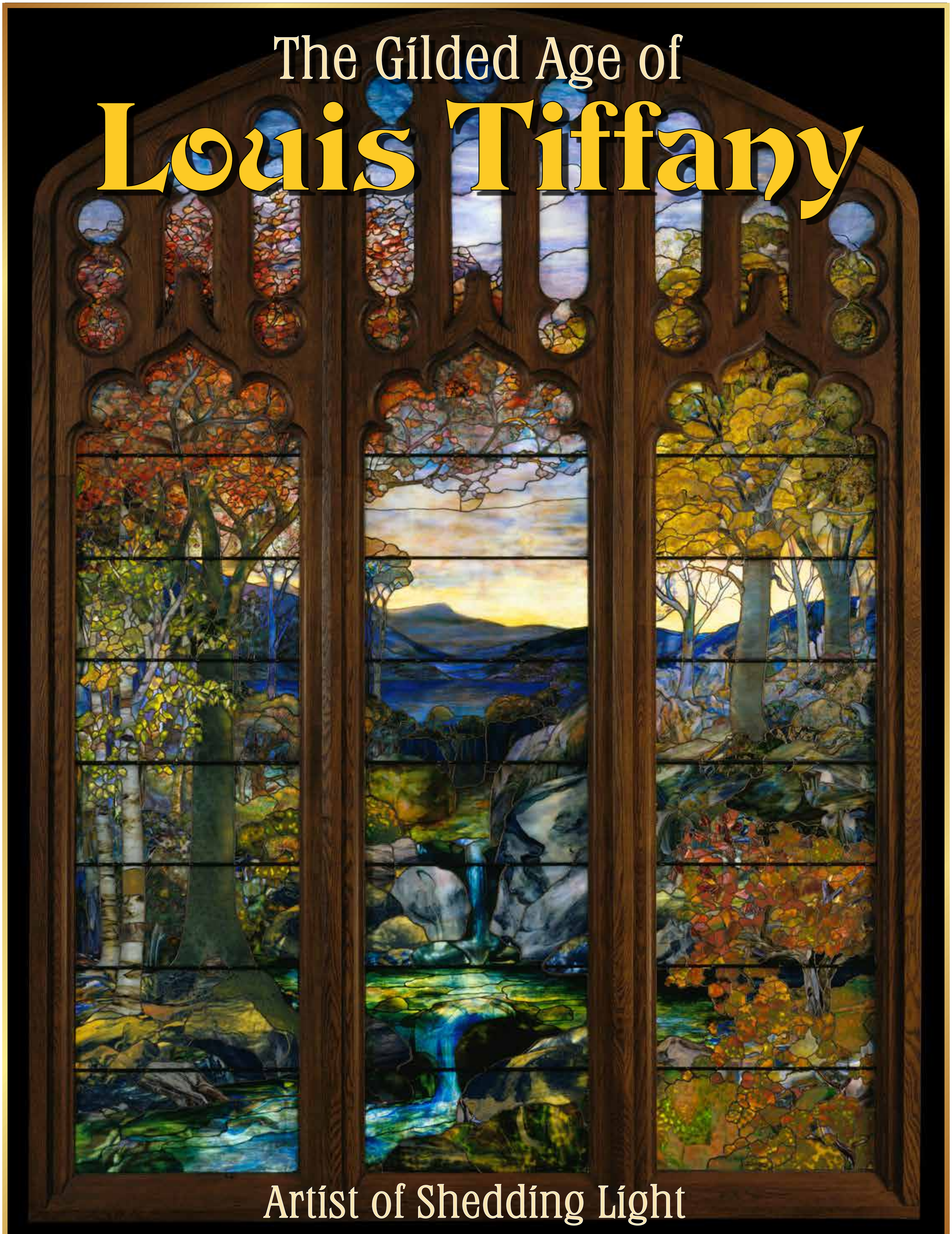
He gave no interviews, kept no diaries, held no public offices and destroyed most of his personal papers. By nurturing J. P. Morgan's self-confidence and allowing him to become the public "face" of the firm, Drexel was able to avoid attention to himself and spend his energy on good works and his family.

Perhaps this is the area in which Anthony Drexel, the man, excelled the most. Throughout his life he quietly gave considerable sums to the founding and funding of the Printers' Home for union men, Christian hospitals that cared for the poor and encouraged and supported the work of his niece, Katherine Drexel, who dedicated her life to educating African-American and Indian children and was eventually canonized as a saint by the Catholic Church.

It was, in fact, under her influence that he achieved his most philanthropic venture . . . the founding and funding in 1891 of the Drexel Institute of Art, Science and Industry (now Drexel University) in Philadelphia, endowing it with $2,000,000 and providing another $750,000 for the construction of its buildings.

There can be no doubt that Anthony J. Drexel was one of the most successful financiers in our history, and most certainly a man who moved Wall Street . . . and, in the case of J. P. Morgan, a man who moved a man who moved Wall Street. But given his reticence for self-aggrandizement and publicity, there is no doubt he would rather be remembered as a philanthropist who gave back to the world more than he took . . . and as the uncle of Saint Katherine. WS

The Gilded Age of Louis Tiffany

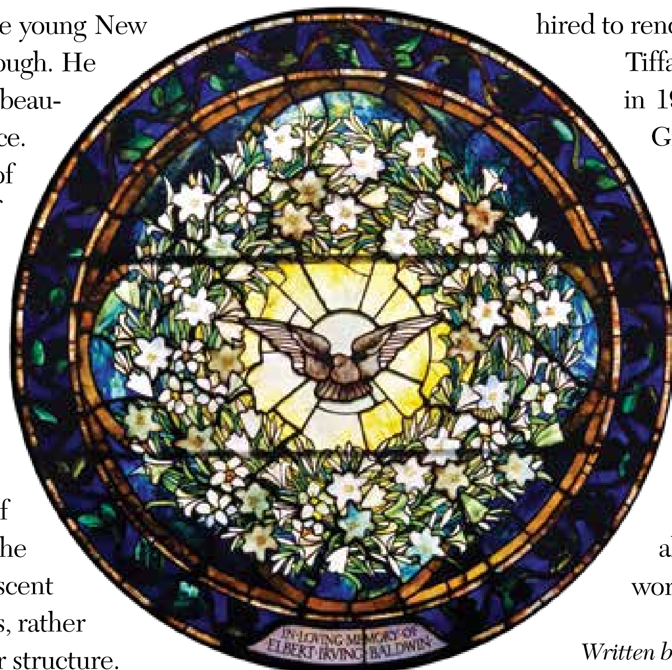


Artist of Shedding Light

It was once said that Louis Tiffany loved art and believed people would have a better quality of life if they surrounded themselves with quality objects.

His creative approach is what made him different. He wanted to paint with glass and not on it. He always yearned to be a painter, and in 1867 he studied in the studio of American landscape artist, George Innes. He later traveled to Paris to observe the painter Leon Bailly.

Louis Tiffany then visited Egypt and Morocco studying rich patterns and super-saturated colors that eventually echoed in his glass and interior designs. As a teenage artist studying in Europe in the 1860's, he was drawn to the medieval windows of Chartres Cathedral, fascinated by their jewel-like colors and boldly wrought designs. For the young New Yorker, their beauty was not enough. He wanted to make glass even more beautiful than the cathedrals of France.



When the windows of Chartres and mosaics of Ravenna, Italy obsessed him, he abandoned his landscapes. It was during an era when most window artisans painted designs on colored glass. Tiffany began experimenting in the early 1870's by trying to duplicate the iridescence of ancient glass. Around 1881 he registered a patent for opalescent windows by adding metal oxides, rather than pigments, to the molecular structure.

Tiffany's handmade glass was distinguished not only by its colors (he had created about 5,000 hues) but its ever-changing forms. Tiffany Studios opened around 1893, and there, were developed scores of new patterns, mottled glass, confetti glass, and jeweled glass.

The chapel he created for the world's Columbian exposition in Chicago earned him international acclaim until the great depression reduced him, but only temporarily. From his factory in Corona, he produced thousands of windows, vases, lamps and pieces that transformed glass to works of stunning art as dazzling as any of the gems at Tiffany and Co., his father's famous jewelry store.

Around 1881, Mark Twain became prosperous enough to buy his mansion in Hartford, Connecticut, at which time, Twain hired Tiffany's design firm to craft everything from the windows to the woodwork. Shortly after that, Tiffany was hired to renovate the White House.

Tiffany's glory was brittle. When he died in 1932, the depression had clouded the Gilded Age and Tiffany's style became replaced by other styles such as "art deco". His business eventually fell into bankruptcy, although due to a large exhibition around 1958, Tiffany's work was rediscovered.

A man of artistic genius who has touched the world with his talent and unbridled imagination, Louis Tiffany not only left behind a legacy of beauty, but the vision that allows us a glimpse into an ethereal world through glass and design.

Written by Tuxedo Park Magazine. References: "The "lost" treasures of Louis Comfort Tiffany", Hugh McKean, 1980, Thrift Books."The Art of Louis Comfort Tiffany,Vivienne Couldrey, 1989, Wellfleet Press."Clara and Mr. Tiffany", Susan Vreeland, Random House.

Society Ball Threatens Safety of Three Largest Life Insurance Companies

...and the Future of Wall Street

It all began with a very wealthy, handsome, and socially prominent young man who after weeks following his father's death was elected first vice president of the Equitable Life Insurance Company, in training to take over the presidency on his thirtieth birthday. James Hazen Hyde had become heir to the majority shares in the "Equitable Life Assurance Society", controlling an investment fund of hundreds of millions of dollars.

James Hyde's Father, Henry Baldwin Hyde, founded the Equitable Life Assurance Society in 1859. He had rented a small office space for the Equitable and although its size was challenged for an office, he would often make presentations to prospective investors in a borrowed boardroom.

With the help of his friend, the Reverend James Waddell Alexander of the Fifth Avenue Presbyterian Church, Henry Hyde was introduced to men of great wealth and power. At these presentations were assembled some of the most established men in New York. Henry also had a very distinguished and awe inspiring stature that enabled him to raise almost $100.000 from strangers to start the Equitable when he was only twenty five.

The Reverend Alexander's son, James Alexander, soon came to work at the Equitable and became one of the highest paid executives in the United States. He often served as acting president when Henry was traveling and ran the company during Henry Hyde's illness; he later became president and owned a home in Tuxedo Park.

Eventually, Henry Hyde had become so successful and was said to have had three obsessions, his company, his son and his buildings. The later equitable building was one of the first to install elevators and was built in 1870 at 120 Broadway. It was so stunning that it attracted tourists who enjoyed riding up and down its elevators to observe the view from the roof. It was eleven stories high and a block long.

EQUITABLE'S BOARD TO DECIDE TO-DAY

Reported that Amicable Agreement Will Be Reached.

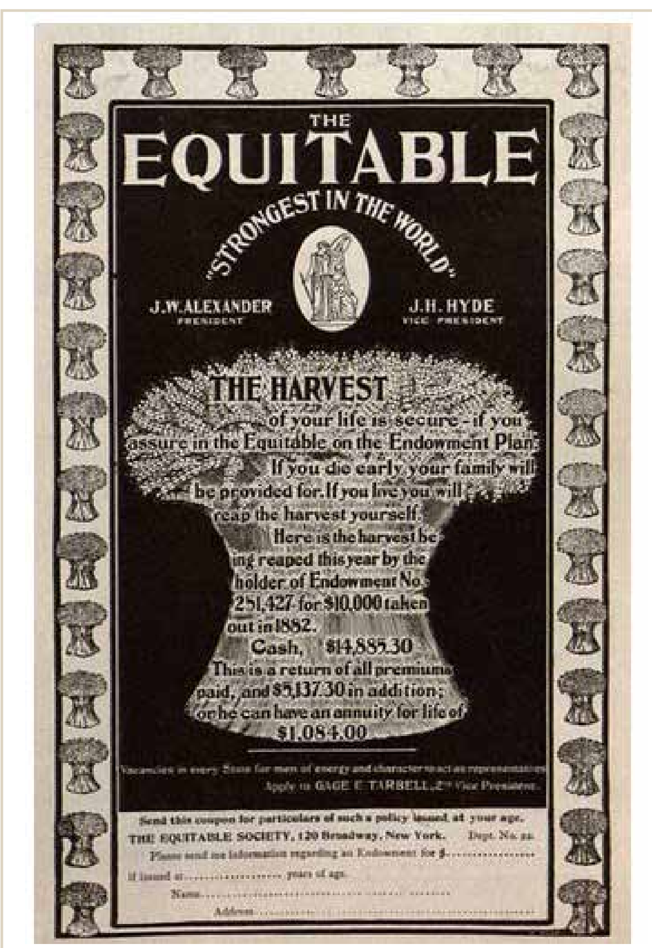
STATEMENTS FROM BOTH SIDES

Hyde's Friends Call Opposition a Conspiracy—Too Much Power In One Man's Hands, Says Alexander.

In 1899 Henry Baldwin Hyde, Having been described once as a handsome and hypnotic entrepreneur had died leaving his son James Hazen Hyde as an extremely wealthy and powerful man. For reasons, James had many enemies, and jealousy was one of the largest. He was one of New York's most handsome and eligible bachelors. With the power he controlled, being so young, coupled with his arrogant habits of spending, as well as many wanting to see him fail in order to acquire his shares for a bargain price, James Hyde was definitely in the public's eye. The newspapers followed his every move and every household heard of his lavish spending.

Financiers, tycoons and industrialists wanted to be close by his side financially. James Hyde was also said to be ambitious and intelligent. When the investment pocket of the Equitable was almost $400 million, financiers were in a market of mergers and acquisitions, looking for capital. Men who ran Wall Street wanted to mingle with the power that his majority of shares gave him.

At that time, newspapers printed any and all details about the wealthy and their families. Gossip writers reported information to feed the hunger of the reader's appetite of how the socially prominent lived and spent. James Hyde not only caused attention from the curious everyday household, but by his peers and social class as well.



THE BALL

In 1905 when James was only twenty-eight years old he gave one of the most lavish balls in New York during the gilded age. It was a French eighteenth century themed costume party that changed his life forever.

It was held at a famous society's gathering place known as Sherry's Hotel. On two floors of gilt and mirrored ballrooms, six hundred guests wore costumes embroidered with jewels that had belonged to empresses. The cost in 1905 was rumored at a staggering $200.000.

The day following the ball, reports in extensive detail in every newspaper in the city were printed. Harsh rumors echoed through the city that he had charged the ball to the Equitable Life Insurance Company, no one knows who started these rumors but this created one of the largest scandals.

The Hyde ball started a business brawl that entangled well know financiers, railroad entrepreneurs and industrialists. It was a fight that surrounded one of the most powerful insurance companies in the world.

The ball caused many to claim that James Hyde was too frivolous to run the sacred trust of a life insurance company. Policyholders were concerned with their own security. There was concern and panic, there was a serious potential for damage because the Equitable's reach was intense and far. If the Equitable failed, it would have caused a loss of confidence in the economy.

A major Life insurance company's collapse had the potential of harming so very many institutions. Around 1900, half of all Americans had savings held in life insurance or annuities. The panic of failing or its actual failing could destroy the confidence that millions of people relied upon.

The scare to Wall Street was extremely serious, due to the fact that three of the largest life insurance company's assets, New York life, Equitable and Mutual Life amounted to then over one billion dollars, making insurance companies among the most important backers of American corporations.

Thus in 1905 when so many newspapers published the scandal about the supposed frivolous removal of money from the Equitable, it caused a panic that led to a government investigation. Laws that controlled the interaction between insurance companies and Wall Street became tighter.

When the investigation was over James Hyde left for Paris and did not return to the United States for about 35 years. He sold his 400-acre estate, his prize horses, carriages, his private railroad car, and yes, his majority interest in the Equitable Life Insurance Company.

Following a long investigation, the Government established that James Hazen Hyde paid for the ball himself. Throughout history, this incident was known as "The Society Ball That Threatened to Destroy a Financial Empire." WS

The Tuxedo Club

Birthplace of the

Tuxedo Jacket

The most famous garment in the world

Once known as the most famous club in America, the Tuxedo Club was conceived by Pierre Lorillard IV, whose iron whim brought about the transformation of a foreboding wilderness into an elegant social sphere, known as Tuxedo Park. Pierre Lorillard was a New York tobacco magnate and sportsman, a man of formidable presence and imperious manner. Lorillard, to the dismay of Bruce Price, his architect, ordered the construction of cottage mansions for Tuxedo Park in the same casual way that other men might order a brandy and soda at their club.

Wealth was not only a prerequisite for residing in Tuxedo Park in 1886, money also had to be properly aged. Yet the highly selective standards for admission to Tuxedo Park were perhaps less a calculated than a reflex response to the then, chaos of society life, with the exclusion of Mrs. Astor's 400.

In most resort and residential enclaves that boast a premier club, membership is automatically conferred upon anyone who buys property. This was not practiced at Tuxedo. There, membership preceded ownership and was not lightly conferred. One had to be "voted" into the club.

Although the possession of inherited wealth was never an absolutely essential criterion for admission, a substantial number of members were blessed with it, and working for a living was viewed with suspicion by many of the original residents. Bankers and financiers who dealt with money only in its more intangible and dignified aspects, however, were acceptable.

Tuxedo Park's debut on June 1, 1886, was an event witnessed only by the cream of New York Society. Although it was a select and sophisticated assemblage, few of its members were too blasé not to marvel at the wonders spread before their eyes on that spring day.

What only eight months earlier had been a six-thousand acre wilderness of foreboding forests and rocky ravines in the Ramapo Hills, was now a place of magisterial elegance and rustic charm. In that brief time, an army of eighteen hundred immigrants who had been recruited from the docks in New York and lodged outside the park in a small city of hastily constructed shanties, had totally transformed the landscape.

Among the miracles of construction were thirty miles of graded dirt and macadam roads, complete water and sewage system, an impregnable gate-house and police station, two blocks of stores, the village stables, a sizable dam, a swimming tank, an icehouse, a fish hatchery, and twenty-two commodious cottages.

Most impressive of all was a luxurious clubhouse overlooking a sparkling lake. Facilities for any sport in which ladies and gentlemen of refinement would in that day have cared to indulge, either had already been completed or were under construction. The crowning glory of this sportsman's paradise, however, had not yet been conceived. Just before the turn of the century a curious structure would be built in which court tennis, that most ancient, most intricate, and most aristocratic of all games, could be played.

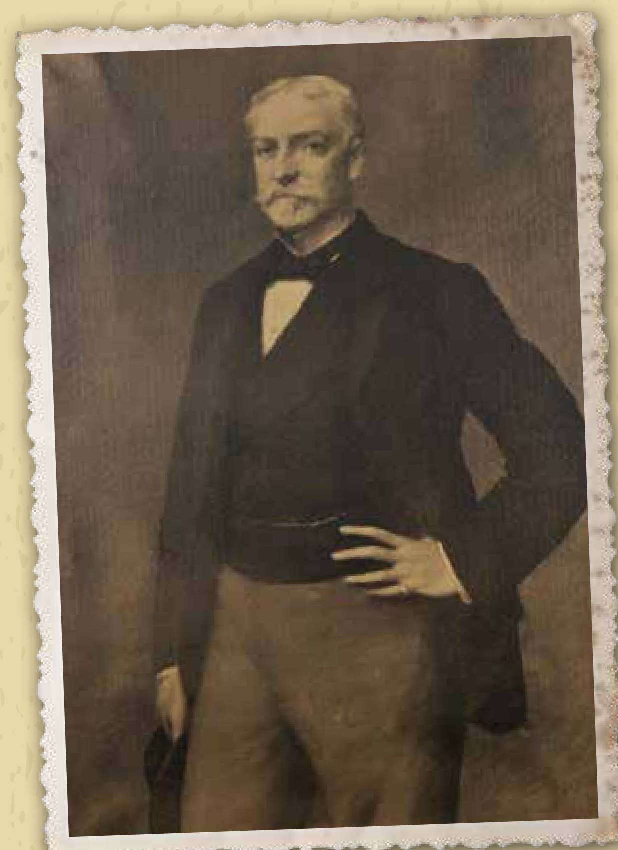
The Tuxedo Club was world known for its balls. Jeweled princess-like young women became debutantes, and young men were introduced to the financial world of opulent opportunity under the tutelage of elder members.

In anticipation of the Tuxedo Ball, every home was turned upside down in preparation for guests' arrivals. Trains came with the guests from Manhattan to the Tuxedo station at the bottom of the hill. Here, they were met by coaches and wagons painted brightly in the club colors of gold and green. In many instances, the ball also signified the official opening of the social season, and was covered by every society newspaper.

Witnessed by the stares of country folk who had gathered from miles around, the guests began their ascent to the clubhouse. Beds of flowers lined the way, and every now and then, gamekeepers, adorned in green and gold jackets, wearing Tyrolese hats, emerged self-consciously from the forest. Through the wide stone gates, carriages with emblemed doors approached the entrance proud. Footmen tilted hats and heads toward men in suits,

and women in gowns with furs cascading across their faces. The trees along the winding road seemed to bow their crowns while the carriages passed below them, as the guests were led toward wide French doors and chandeliers that illuminated Tuxedo Park.

It was at one of these illustrious balls in 1886, that the garment, later known as "The Tuxedo" was conceived. There were two fashion statements displayed that evening at the club. One was from Pierre Lorillard's son, Griswold, known as "Grizzy", and the other from Mr. James Brown Potter, whose newly designed dress jacket he wore to the ball, had been fashioned for him by the prince of Whale's Saville Row tailor: Henry Poole & Co. while Mr. Potter and his wife, Cora, were visiting the prince earlier that year for a Court Ball in London.

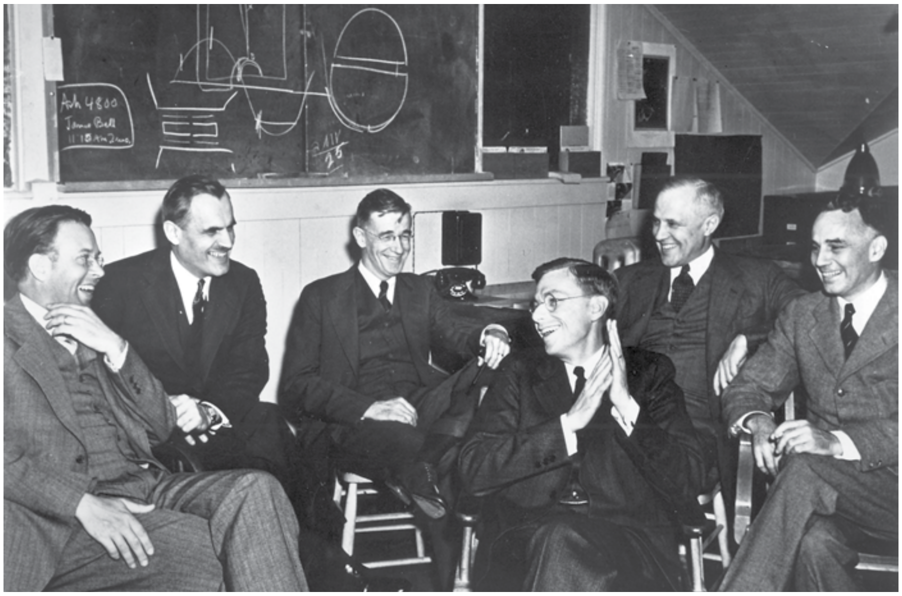


Following the ball, many men from Tuxedo had the new fashion created for them by their tailors. When they gathered at Delmonico's in Manhattan, which was often, they received enormous notice by the social set that dined there.

Whispers crowded the room when Tuxedo residents entered the famous restaurant. Stares followed the men as they walked into the dining room parading their "new" fashion. Many customers were heard to say "That is the new fashion they are wearing up in Tuxedo this year".

And while they raised a few eyebrows from the conservative, their choice was widely admired, as they were dapper men of status. Shortly thereafter, gentlemen wearing Tuxedos were admitted into the dress circle of New York's Metropolitan Opera, thus certifying a fleeting trend into an established form of men's formal dress. Tuxedo Park at that time, led the social season, social style of manners, etiquette, the newly published, social register, and the finest fashion statements, blanketing the social world in 1886. The jacket was therefore named "The Tuxedo". After the highest social level achievable in New York, Newport, and America.

Today, its influence is world-wide and still carries the air of importance and pride exuded from the first social group from Tuxedo Club, that wore it to Delmonico's that first season. MS



A 1940 meeting at the University of California at Berkeley concerning the planned 184-inch cyclotron. Left to right: Ernest O. Lawrence, Arthur H. Compton, Vannevar Bush, James B. Conant, Karl T. Compton and Loomis

Alfred Lee Loomis

Throughout the years, he traded vast sums of money on the financial market during the week—in the evenings and weekends he worked with the world's greatest scientists at his own secret laboratory in Tuxedo Park.

In the early 1920s, Alfred Lee Loomis and his staff conducted experiments in sound waves, spectrometry and precise time measurements. He was credited with the inventions of the Aberdeen chronometer, a microscope centrifuge, and a pressurized fire extinguisher.

In 1928, anticipating the coming Wall Street Crash of 1929, he, his partner, and his firm had converted their investments into cash, having determined that the market had risen so dramatically that it was unsustainable and a crash was inevitable. Once the stock market crash had bankrupted the majority of speculators, and Wall Street floundered, he and his firm became extremely wealthy as a result of purchasing stocks cheaply after they had plummeted in value, and few people had the cash to reinvest.

From the late 1920s through the 1930s Loomis and renowned scientists performed successful research at his Tuxedo Park laboratory. Besides working on ultrasonics; he collaborated with George Kistiakowski on spectroscopy; and with E. Newton Harvey on electrical signals in the brain and heart.

His Tuxedo Park laboratory was nicknamed the "Tower House" and "The Palace of Science". He turned this Tuxedo Park laboratory into a meeting place for the most visionary minds of the century, such as Albert Einstein.

Alfred Loomis invented the artillery chronograph to better measure the speed of artillery shells, and conceived of and patented the LORAN system (Long Range Aid to Navigation) of navigation transmitters and receivers.

He worked with Vannevar Bush, who in mid-1940 convinced Franklin Roosevelt to start the National Defense Research Committee (NDRC) to coordinate the work of civilian scientists in the event that America was drawn into the European war. Loomis's own radar studies, coupled with his money and influence, being a first cousin to Henry Stimson, Secretary of War in both World Wars, made him an ideal choice to head the NDRC's Microwave Radar Project. It was in that capacity that Loomis hosted the British scientists who brought the cavity magnetron to Tuxedo Park.

Loomis later worked closely with FDR and his administration in preparing the country's technological base for war. Using his many contacts in New York finance, and with generous sums from his own considerable fortune, he financed the early developments in radar before government money could be provided.

President Roosevelt praised the value of Loomis's work, describing him as being the civilian who was second perhaps only to Churchill, in facilitating the Allied victory in World War II. WS

Written by Tuxedo Park Magazine
References: "Basement Science Project"/New York Times, 6/11/2002, by Alex Beam, columnist for the Boston Globe; "Tuxedo Park: A Wall Street Tycoon" by Jennet Conant, Simon & Schuster, 2003; NNDB, Tracking the World, 2014, Soylent Communications; "Active Glass Walls": A typological and historical account, William Braham, 2005.

WHEN THE FURNACES ROARED AND BLEW OUT THE CIVIL WAR

The Parrott Brothers' Influence on the Civil War and Wall Street

The impetus for the creation of the West Point Foundry in Cold Spring, NY came after the War of 1812 by President James Madison. He wanted to establish domestic foundries to produce artillery. Cold Spring was an ideal site. Timber for charcoal was abundant, a nearby brook provided the waterpower to drive the machinery, the site was guarded by West Point across the river, and the river provided shipping for finished products.

Gouverneur Kemble, along with partners including his brother William and a consortium of investors founded the West Point Foundry Association in 1817 to produce such artillery pieces. Despite the lack of local artisans and craftsmen skilled in iron working, Kemble and his partners succeeded, especially after they hired Robert P. Parrott. Shortly after hiring Robert Parrott, Kemble acquired the Greenwood Ironworks (in Arden) as well. In 1839, Kemble sold the Greenwood Iron Foundry to the Parrott brothers.

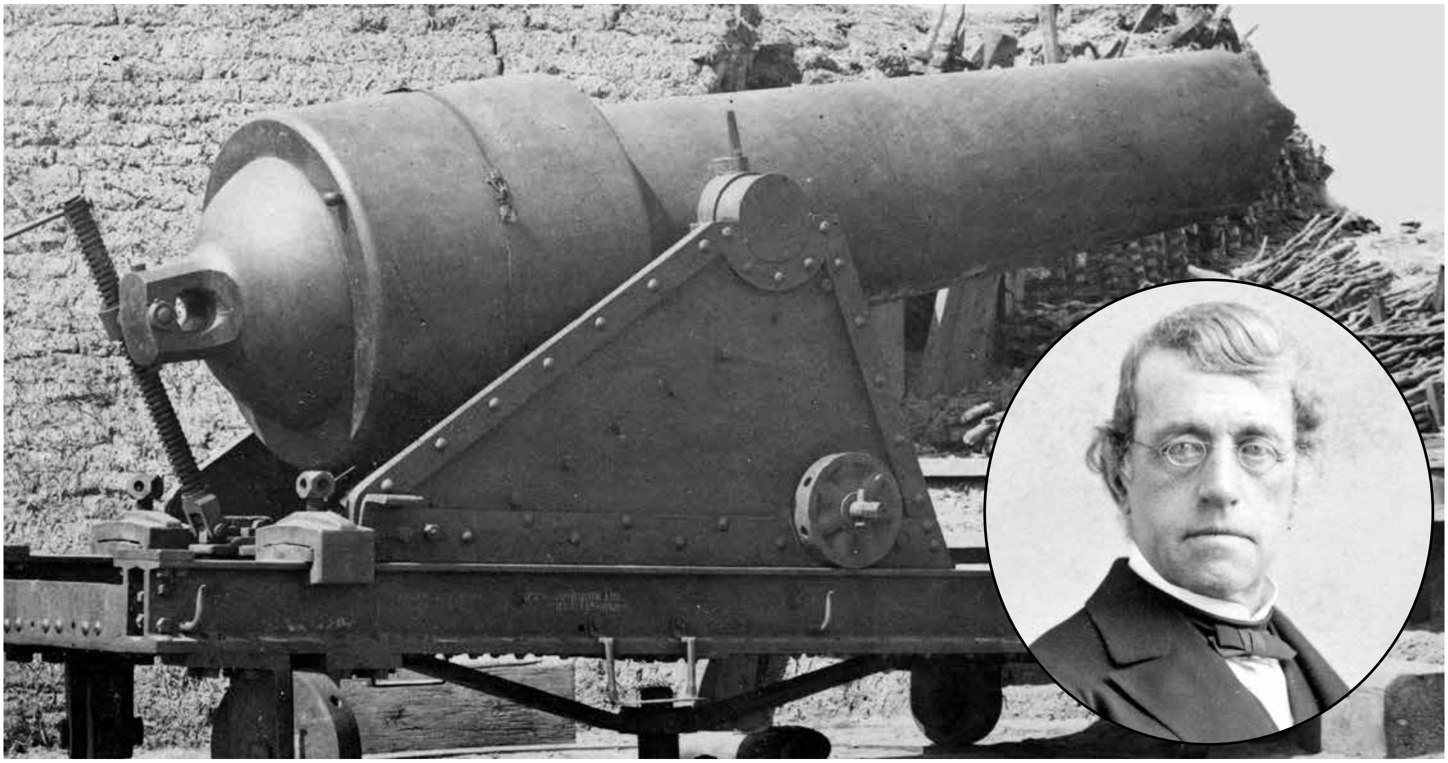
Robert Parrott, a graduate of West Point, invented the Parrott rifle gun at the Cold Spring Foundry in 1860. This was an innovative rifled cannon that was manufactured in several sizes. The largest, the 300-pounder version weighed 26,000 lbs., and its projectile weighed 300 lbs. Parrott guns were extensively employed during the American Civil War.

At that time, many active iron forges and furnaces were scattered throughout the area. It was an industry which demanded strenuous work to mine the ore and smelt hard iron from it. When furnace smoke was rising and trip-hammers banged constantly throughout the towns, the Hudson Valley wore a different face during the Civil War. Its mountains became bare of timber, as it was needed to fuel the furnaces. Its skies clouded thick with gray soot, and ashes covered the high hills blocking out the sweeping views. Its winter's whiteness became veiled with smoke that carried its way through valley and river. The furnaces roared…this was war.

Ear piercing shots vibrated against the walls of the Hudson River Valley, as the cannons were being fired from the West Point Foundry in Cold Spring, across the river, to the mighty desolate slopes of the Storm King Mountain that loomed above the Hudson like a fortress. They were testing the newly developed Parrott cannons before being sent to various locations during the Civil War, as the iron forges roared non-stop to keep up the incredible demand for them.

Giant trip hammers pounded with resounding authority in this forge that projected stately from its ravine. The Civil War was well underway and the West Point Foundry in Cold Spring glowed hellish-red continuously throughout the day and night.This foundry was just beginning to feel the emotional spike that played such a vital role in its extraordinary success during the Civil War. Federal deadlines meeting federal military contracts poured in and the explosive schedule for the war's demand had begun.

Robert Parrott, the foundry's superintendent since 1836, and the foundry's incorporator, Gouverneur Kemble, looked on as the lava-like melted iron streamed into the beds for molding. Robert had recently written to his brother Peter, who was in charge of the Greenwood Ironworks across the river in Arden and whose furnaces also billowed around the clock to produce iron for the cause. Robert wrote, "Guns are ordered, I am head over ears in demand for guns! The men can't work any harder, and the furnaces can't burn any faster!" He was speaking about his famous Parrott cannons and weaponry that he had recently invented.



200 pounder rifle at Yorktown Battery. Inset: Robert Parrott (1804-1877)

The foundry at this point during the Civil War had a work force of 1,400 and produced over 2,000 cannons and 3 million shells. Robert Parrott also invented an incendiary shell, which was used in his Parrott Rifle, “The Swamp Angel”, one of the most famous cannons in the Civil War. This cannon fired on Charleston from four and a half miles away. During the Charleston siege operations, there was more than 46,000 pounds of West Point Foundry (WPF) iron fired upon them. The foundry’s output became of critical national importance due to the Parrott cannon.

Cold Spring grew up within the workings of the furnace. Stores, offices, gristmills, blacksmith shops, homes, schools, churches, and railroads. Such enterprises demanded expert management coordination, but the brute strength of the many men played the most important role. Every aspect had its professionals; many of these were the charcoal burners, men who specialized in creating the charcoal from the proper smoking of the wood that fueled the furnaces. Every day within the thickness of the local forests, the trees were felled.

Like the crack of thick whips, they snapped to the saws’ rough teeth. The huge pines, heavy with sap where the scars of the axes had chopped and notched, and the strong ash trees with the thick bark and hardest wood, all served a purpose. Every tree of every kind found their way to the pyramids where charcoal production peppered the hills of Cold Spring. As the choppers felled the trees and trimmed them, they were carted to a burning area known as “charcoal burning huts” that resembled small pyramids.

This process called for constant and skillful surveillance. The “burners” camped in rough shelters near the smoldering cones that were created for the smoking of the logs for weeks, to maintain an around the clock watch on the operation. The end product of this work was nearly pure carbon, which, after cooling, was taken to the furnace as needed. In the frigid dead of winter or the scorching summer heat, they worked continuously.

Within the roots of the structured framework of the forge, was the pulse of the furnace. Hot, molting iron was poured into molds while men, whose skin was scarred from this constant work, balanced the scorching barrels with prodding tools. These were the mechanics of the operation that forced it to breath and bellow along with the monotonous pulsations of trip-hammers. Columns of billowing smoke with a constant ark of the color crimson haloed the top of the furnace.

This furnace was known throughout America, and in the best seller, “*The Hudson River, from the Wilderness to the Sea*”, written in 1866 by Benson J. Lossing. The author conveys the significance of the foundry at its peak and referred to it as “The most extensive and complete of the ironworks in the United States.”

The brute strength of the men, the force of the forge, and the Parrott brothers applying their audacious ingenuity to the science of gunnery was indeed courageous. They commanded and captured a time in history. A time when the furnaces roared, and blew out the Civil War. MS

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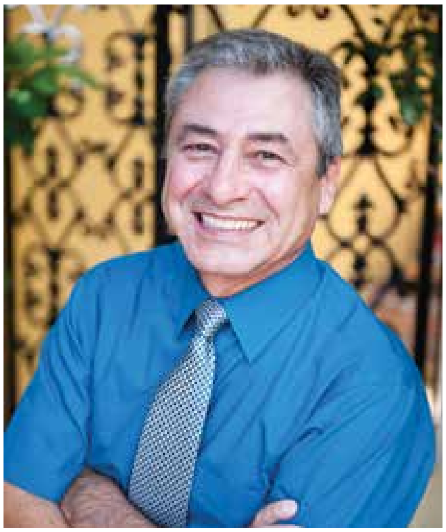

Photograph by Tiffani Dhooge/Genesis Photography

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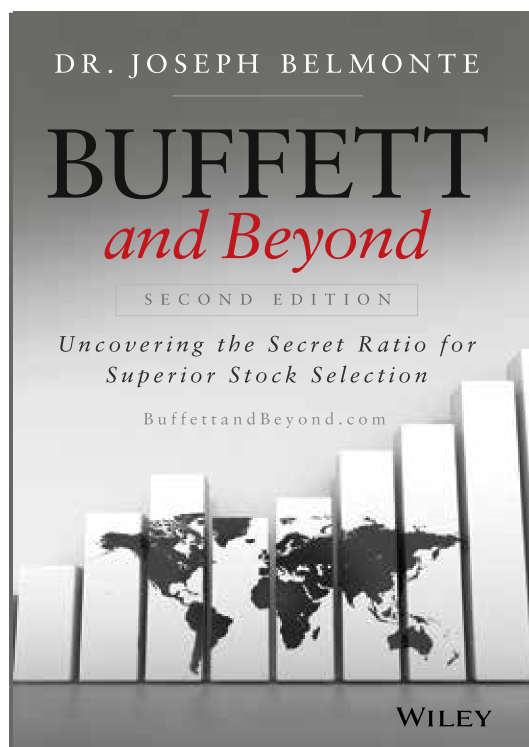

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