

A BIT OF HISTORY... **a new addition to our 'regular columns'...** **"THE SIGNATURE COMPANY"**

We've been thinking about adding a 'history column' to the *Optimizer* for some years now. Partly it's because we're firm believers in, and all too frequent observers of the truth in that old saw, "Those who don't understand history are doomed to repeat it".

But partly it's because your editor started in the securities business as a fresh-faced boy of 16 - while waiting for his beard to come in, so he could go back to college and pass for a college student - way back in 1960. Back in those days, there were no computers...and no hand-held calculators for that matter...so that everything from issuing certificates to posting the records, cranking out dividend checks and tabulating proxy votes had to be done essentially "by hand".

So it seems rather worthwhile to us - not just to record some of the old ways for historical purposes... and to remind ourselves of how much improved our daily lives as participants in the securities industry really are, thanks to technology...but for the sheer fun of it. Our good friend Jim Alden, of Walt Disney - and the current president of the SSA - *really* inspired us to try this, after reading his recollections of the old-time "bed-sheet-sized" transfer journals. (Your editor started as a 'tear-apart' and an 'addressograph' specialist...but more about that in another edition - maybe).

We figured we'd start our series with a visit to The Signature Company...one of the most wondrous places a fresh-faced boy of 16 could ever imagine, and a place we'd bet that most of our readers have never heard of.

Back in the 1960's - long before securities depositories, much less the idea of total "dematerialization" came along - virtually *every investor* in every corporate stock, bond or muni, was issued one or more stock or bond certificates in time for the 'closing'. And every single certificate needed to have at least one "manual signature" on it (in addition to manual signatures of reps from both the Transfer Agent and the Registrar too), executed by a "duly authorized corporate officer". Usually, this was the company President. And sometimes, the Treasurer's signature was required too. So off they'd have to fly to NYC...to go to The Signature Company...for how else would these incredibly important people be able to sign the tens and often hundreds of thousands of certificates that were needed to close the deal? And in those days, you needed *plenty* of certificates - in lots of small denominations like 50 and 100 share pieces in order to 'make change' after the closing, where, ideally, there'd be lots of market activity...and where no purchase or sale could be legally and prudently concluded - until the actual 'goods' changed hands.

The Signature Company was located in an Edward-Hopperesque kind of building, behind Trinity Church. Their business was based on a very clever contraption invented by Thomas Jefferson - a series of "mechanical pens".

When you entered their big, loft-like space you were immediately struck by the number of women - typically 20-30 of them - bustling about in every direction - frantically, and rather chaotically it seemed at first - wearing long aprons. Almost all of them had Irish brogues - for reasons that soon became crystal clear: The work of The Signature Company required a lot of very neat and meticulous people, who could and would work at break-neck speed...and who'd work at or near the very bottom of the NYC pay scale...and who also knew how to be properly polite and deferential to the "masters of the universe" who'd be doing the signing. They also had to be proficient in a large number of other "housekeeping skills" as we'll see in a moment - so most of the ladies were, in fact, housemaids, straight off the boat from Ireland and moonlighting on their day or morning off. This was a dandy arrangement all around, since, as we'll also see in a bit, it was *imperative* that most if not all the signing got finished before lunchtime.

Their first order of the day was to fill the metal racks that went with each signature machine with the required number of certificates - as quickly as humanly possible. They needed to be carefully separated - so none would stick together and get skipped or out of order - then clipped to the rack in exactly the right places with clothespin-like clips - then carefully laid-out on the flatbed so the President could sign his name with the "master pen" while 100 or so other pens, linked with armatures to the "master", would "manually" sign his name on all the rest.

As soon as the first set was done, two or three of the ladies would whisk the long, ungainly racks off to another corner, so the certificates could be ‘unpinned’, and kept perfectly in order, while another set, which had to be immediately at the ready, was whisked onto the contraption by another three ladies.

Then came the ‘high-tech’ part of the job: Another group of ladies would carefully scrutinize each and every signed certificate. Inevitably, there would be imperfect or incomplete signatures, or inkblots – which would never do. They needed to be meticulously fixed. Back in those days, a single stock certificate often cost \$1.50 – and sometimes more. And a big bedsheet-sized corporate or muni bond, with thirty-years worth of engraved coupons attached, might be \$5 or more, which was big money back then. So the experts would go to work - with various kinds of erasers, assorted bottles of home-made ink eradicators, cotton swabs...and, if any of these ministrations failed to do the job, the most *senior experts* would use a scalpel-like ‘paper-knife’ as the ‘eraser’. Then, their good housekeeping skills would really shine: To make sure that all the doctored certificates would look brand new, they’d steam them a bit over one of the big tea kettles that was always on the boil...then, God bless, they’d go to the ironing boards, to magically make the paper look just like new! Finally, with a flourish, they’d place them in front of the President to be properly re-signed. Then, they’d rush off to inter-file them, in certificate number order, so the underwriters’ clerks would be able to verify, one by one, that every certificate due them was actually there.

Your editor’s job here was to be one of his Trust Department’s official “watchers” (so no certificates would go astray, or go home with any of the ladies as souvenirs) and a “witness” to the signing – while making sure to stay out of the way of all the fast flying people and objects, or otherwise impeding the frenzied progress. And, once he came of age, or was able to pass, he would have the privilege of joining the President, Treasurer, Corporate Secretary and several Assistants Secretaries and Treasurers – all of whom were needed for the signing, witnessing and other closing rites back then - and the underwriters, lawyers and other bankers, of course - for rounds of celebratory drinks and an elaborate mid-day meal. Accordingly, as noted earlier, it really was imperative to be done, or mostly done before lunch – so lunch – and, more importantly drinks – could be had as soon as the sun went over the yardarm...and so the ladies could go back to their regular jobs. Once in a while, of course, the signers would have to come back to finish the job, but by then, the pace could and would

slow down considerably, as one might imagine after all those drinks, and there was time to kill anyway...before the even more elaborate closing-dinner.

The closing dinners were always held at the best of restaurants – and were always accompanied by the finest of wines and spirits. So your editor is grateful to have reached his majority (or actually, we think we were able to “pass” at 17 ?) before securities depositories came along.

We still revel in the memories of the very first closing dinner we went to - to celebrate a big Hospital Bond issue, floated by a mid-western chapter of the Sisters of Charity...featuring towering and ceremoniously served plates of Fruits de Mer, Coloubiac of Salmon, Beef Wellington... followed by salad, cheese, fruit and dessert courses - accompanied by flights of grand cru white Burgundies and red Bordeaux - and attended by 50 or more nabobs and their functionaries. The Order’s Mother Superior, who had clearly never been in such a place as we were in - and who seemed almost embarrassed at first by this embarrassment of riches – soon realized that this was, indeed, a foretaste of Heaven itself.

In our next issue, if the feedback on our History column is reasonably good: How we issued certificates, kept the books – and paid the dividends – in the pre-computer days. (Ever hear of those other devilishly-clever contraptions - “tear-aparts”...or “stencils”?)