

THE BREAK IN "TURPENTINE."

BY EDWIN LEFÈVRE,

Author of "The Woman and Her Bonds."



N the beginning of the beginning the distillers of turpentine carried competition to the quarreling point. Then they carried the quarrel to the point of silence, which meant that no time was to be wasted in words.

All were losing money; but each hoped that the others were losing more, proportionately, and therefore would go under the sooner.

It was Mr. Alfred Neustadt, a banker in a famous turpentine district, who first called his brother-in-law's attention to the pitiable sight. Mr. Jacob Greenbaum at once perceived possibilities for successful operations. He felt that the time was ripe. He would form a Turpentine Trust!

First he bought for a song all the bankrupt stills; seven of them. Later on, in his scheme of trust-creation these self-same distilleries would be turned over to the "octopus" at a good round sum. Then he secured options on nine others, the tired-unto-death plants. In this way he was able to "control a large productive capacity" at an expenditure positively marvelous—it was so small. It was also in his brother-in-law's name. Then the banking house of Greenbaum, Lazarus & Co. stepped in, interested accomplices, duped or coerced into selling enough other distillers to assure success, cajoled the more stubborn, wheedled the more credulous, gave way gracefully to the shrewder, and gathered them all into the fold. The American Turpentine Company was formed, with a capital stock of \$30,000,000 or 300,000 shares of \$100 each. The cash needed to pay Mr. Greenbaum, Neustadt, and others who sold their plants for "part cash and part stock," was provided by an issue of \$25,000,000 of 6 per cent. bonds, underwritten by a syndicate composed of Greenbaum, Lazarus & Co.; I. & M. Hirsch; Morris Steinfeld's Sons; Walford, Harris & Co.; Davis Bros.; Silberman & Lindheim; Rosenthal, Shaffran & Co.; and Zeman & Morris.

The prospectus of the "trust" was a masterpiece of persuasiveness and vagueness. In due course of time the public sub-

scribed for the greater part of the \$25,000,000 of bonds, and both bonds and stock were "listed" on the New York Stock Exchange—that is, they were placed on the list of securities which members may buy or sell on the floor of the Exchange.

Tabularly expressed, the syndicate's operations were as follows:

Authorized bonds.....	\$25,000,000
Authorized stock.....	30,000,000
Total.....	\$55,000,000
Actual worth of property.....	12,800,000
<i>Aqua pura</i>	\$42,200,000

Paid to owners for 41 distilleries representing 90 per cent. of the turpentine production (and 121 per cent. of the consumption!) of the United States:

Cash (from bond sales)	\$8,975,983
Bonds.....	12,000,000
Stock	18,249,800
Total.....	\$39,225,783
Syndicate's commission, stock.....	12,988,500
Retained in Co.'s treasury, unissued...	2,000,000
Expenses and discounts on bonds, etc.	785,717
Total.....	\$55,000,000

These figures were *not* for publication. They told the exact truth.

The public knew nothing of the company's earning capacity, save a few tentative figures from the prospectus, which was a sort of financial gospel according to Greenbaum, but which did not create fanatical devotees among investors. The stock, unlike the Kipling ship, had not found itself; it was not market-proven, not seasoned; no one knew how much dependence to put on it; wherefore the banks would not take it as collateral security on loans, and wherefore the "speculative community," as the newspapers call the stock-gamblers, would not touch it, since in a pinch it might prove utterly unvendible. It remained for the syndicate to "make a market for it."

Mr. Greenbaum took charge of the market conduct of "Turp," as the "tape" called the stock of the American Turpentine Company. First the manufacturers who had received shares in part payment were

induced to promise not to sell their holdings, thus precluding any untimely unloading. Then the price was marked up by means of "matched" orders—preconcerted and therefore not bona fide transactions. Mr. Greenbaum told one of his brokers to sell 1,000 shares of "Turp" to another of his brokers, and shortly afterwards the second broker sold the same 1,000 shares to a third by prearrangement—this being the "matching" process—with the result that the tape recorded transactions of 2,000 shares. After this "matching" had gone on for some time, readers of the tape were supposed to imagine that the stock was legitimately active and strong—two facts which in turn were supposed to whet the buying appetite. It was against the rules of the Exchange, but how could convictions be secured?

"Turp" began at 25, and as the syndicate had all the stock in the market, it was easily manipulated upward to 35. Every day many thousands of shares, according to the Stock Exchange's official records, "changed hands"—from Greenbaum's right to his left and back again!—and the price rose grandly and steadily. But something was absent. The manipulation was not convincing. It did not make the general public nibble. The only buyers were the "room traders," that is, professional stock-gamblers, who reasoned not illogically that the "Greenbaum gang" had all the stock, and that perforce the "gang" had to find a market for it, and the only way to do this was by a nice "bull" or upward movement. When a stock rises and rises and rises, the newspapers are full of pleasant stories about it, and the lambs read but do not run away; they buy on the assumption that, as the stock has already risen ten points, it may rise ten more. This explains why they make so much money in Wall Street—for the natives.

Greenbaum and his associates were "practical" financiers, thoroughly familiar with Wall Street. They marked up the price of "Turp" ten points; but they could not arouse public interest in it so that people would buy it. Indeed, at the end of three weeks, during which the "Street" had been flooded with impressive advice to buy because the price was going higher, all they had for their trouble was more stock—6,000 shares from Ira D. Keep, a distiller, who sold out at 38 because he needed the money (most of the others held on to their stock by agreement); and they also were obliged to buy back from the "room traders" at 35 and

36 and higher, much of the same stock the "gang" had sold at 30 and 31 and 32 and 34. Then the manipulators had to "support" the stock at the higher level, that is, they had to keep it from declining, which could be done only by continuous buying. By doing this the public might imagine there was considerable merit in a stock which was in such good demand from intelligent people as to remain firm, notwithstanding its previous substantial rise.

Every attempt to sell "Turp" met with failure. At length it was decided to allow the price to sink back to an "invitingly low" level. It was done. But still the invited public refused to buy. Efforts to encourage a short interest to over-extend itself unto "squeezeable" proportions failed similarly. The Street was afraid to "go short" of a stock which was so closely held. The philosophy of short selling is simple; it really amounts to betting that values will decline. A man who "sells short" sells what he does not possess, but hopes to buy, later on, at a lower price. But since he must deliver what he sells to the man who buys, he borrows it, giving the lender ample security. To "cover" or to "buy in" is to purchase stock previously sold short. Obviously, it is unwise to be short of a stock which is held by such a few that it may be difficult to borrow it. To "squeeze" shorts is to advance the price in order to force "covering." This is done when the short interest is large enough to make it worth while.

In the course of the next few months, after a series of injudicious fluctuations which gave to "Turp" a bad name, even as Wall Street names went, despite glowing accounts of the company's wonderful business and after distributing less than 35,000 shares, the members of the "Turpentine Skindicate," as it was popularly called, sorrowfully acknowledged that, while they had skilfully organized the trust and had done fairly well with the bonds, they certainly were not howling successes as manipulators. During the following eight months they sold more stock, chiefly to their friends. But there still remained a great deal to market.

Now, manipulators of stocks are born, not made. Anybody can buy stocks or can sell them. But not every one can sell stocks and at the same time convey the impression that he is buying them, and that prices therefore must inevitably go much higher. The art requires boldness and consummate judgment, knowledge of technical stock-



*"... Samuel Wimbleton Sharpe, the best manipulator
Wall Street had ever known."*

market conditions, infinite ingenuity and mental ability, a careful study of the curious psychological phenomena of gambling, to say nothing of knowing thoroughly the various brokers to be employed, their capabilities, limitations, and personal temperaments; also, their price.

Adequate manipulative machinery, moreover, can be perfected only with much toil and patience and money. Professional Wall Street will always tell you that "the tape tells the story." The little paper ribbon therefore must be made to tell such stories as the manipulator desires should be told to the public. He must produce certain effects

which should preserve an appearance of alluring spontaneity.

Several members of the syndicate had many of these qualities, but none had them all. It was decided to put "Turp" stock in the hands of Samuel Wimbleton Sharpe, the best manipulator Wall Street had ever known. "Jakey" Greenbaum said he would conduct the negotiations with the great plunger.

Sharpe was a financial free-lance, free-booter, and free-thinker. He had made his first fortune in the mining camps of Arizona, and finding that field too narrow, had come to New York, where he could

gamble to his heart's content. He was all the things that an ideal manipulator should be, and several more. He had arrived in New York with a sneer on his lips and a loaded revolver in his financial hands. The other "big operators" looked at him in pained astonishment.

"I carry my weapons openly," Sharpe told them, "and you conceal your dirks. Don't hurt yourselves trying to look honest. I never turn my back on such as you." Of this encounter was born a hostility that never grew faint. Sharpe had nothing of his own to unload on any one else, no property to over-capitalize and sell to an indiscriminating public by means of artistic lies; and his enemies often did. So they called him a gambler, very bitterly, and he called them philanthropists, very cheerfully. If he thought a stock was unduly high he sold it confidently, aggressively, stupendously. If he thought a stock was too low he bought it boldly, ready to take all the offerings and bid for more. And once on the march, he might be temporarily checked, be forced by the enemy to halt for a day or a week or a month; but inevitably he arrived. And such an arrival!

And as a manipulator of stock-values he had no equal. On the bull side he rushed a stock upward so steadily, so boldly and brilliantly, but, above all, so persuasively, that lesser gamblers almost fought to be allowed to take it off his hands at incredibly high prices. And when in the conduct of one of his masterly bear campaigns he saw fit to "hammer" the market, values melted away as by magic—Satanic magic, the poor lambs thought. All stocks looked "sick," looked as though prices would go much lower; murmurs of worse things to come were in the air, vague, disquieting, ruin-breeding. The atmosphere of the Street was supersaturated with apprehension, and the black shadow of Panic brooded over the Stock Exchange, chilling the little gamblers' hearts, wiping out the last of the little gamblers' margins.

Greenbaum was promptly admitted to Sharpe's private office. It was a half-darkened room, the windows having wire-screens, summer and winter, in order that prying eyes across the street might not see his visitors or his confidential brokers, whose identity it was advisable should remain unknown to the Street. He was walking up and down the room, pausing from time to time to look at the tape. The ticker is the only telescope the stock-market general has; it tells him what his forces are doing and how the

enemy is meeting his attacks. Every inch of the tape is so much ground; every quotation represents so many shots.

There was something feline in Sharpe's stealthy, soundless steps, in his mustaches, in the conformation of his face—broad of forehead and triangulating chinward. In his eyes, too, there was something tigerish—unmelodramatically cold hearted and coldly curious as they looked upon Mr. Jacob Greenbaum. Unconsciously the unfanciful Trust-maker asked himself whether Sharpe's heart-beats were not ticker ticks, impassively indicating the pulse of the stock-market.

"Hallo, Greenbaum."

"How do you do, Mr. Sharpe?" quoth the millionaire senior partner of the firm of Greenbaum, Lazarus & Co. "I hope you are well? Yes, you must be. I haven't seen you look so fine in a long time."

"You didn't come up here just to tell me this, Greenbaum, did you? I am feeling pretty well, thanks. How's your Turpentine? Oh!"—with a long whistle—"I see. You want me to go into it, hey?"

"What's the matter with a pool?"

"How big?" coldly.

"Up to the limit." Again the Trust-maker smiled uncertainly.

"You haven't all the capital stock, I hope."

"Well, call it 100,000 shares," said Greenbaum, more uncertainly and less jovially.

"Who is to be in it besides you?"

"Oh, you know; the same old crowd."

"Oh, I know," mimicked Mr. Sharpe, scornfully, "the same old crowd. You ought to have come to me before; it will take something to overcome your own reputations. How much will each take?"

"We'll fix that O.K. if you take hold," answered Greenbaum, laughingly. "We've got over 100,000 shares, and we'd rather some one else held some of it. Nearly all of the rest of the stock, issued as part payment, is still held by the distillers. Here are our agreements with them to hold on until we give the word to sell. They won't leak, and there's mighty little stock afloat."

"Bring your friends here this afternoon. Good-by. And, I say, Greenbaum."

"Yes?"

"No funny tricks at any stage of the game."

"What's the use of saying such things, Mr. Sharpe?" with an experimental frown.

"The use is so you won't try any. Come

at four," and Mr. Sharpe began to pace up and down the room. Greenbaum hesitated, still frowning tentatively; but he said nothing, and at length went out. Sharpe looked at the tape. "Turp" was 29.

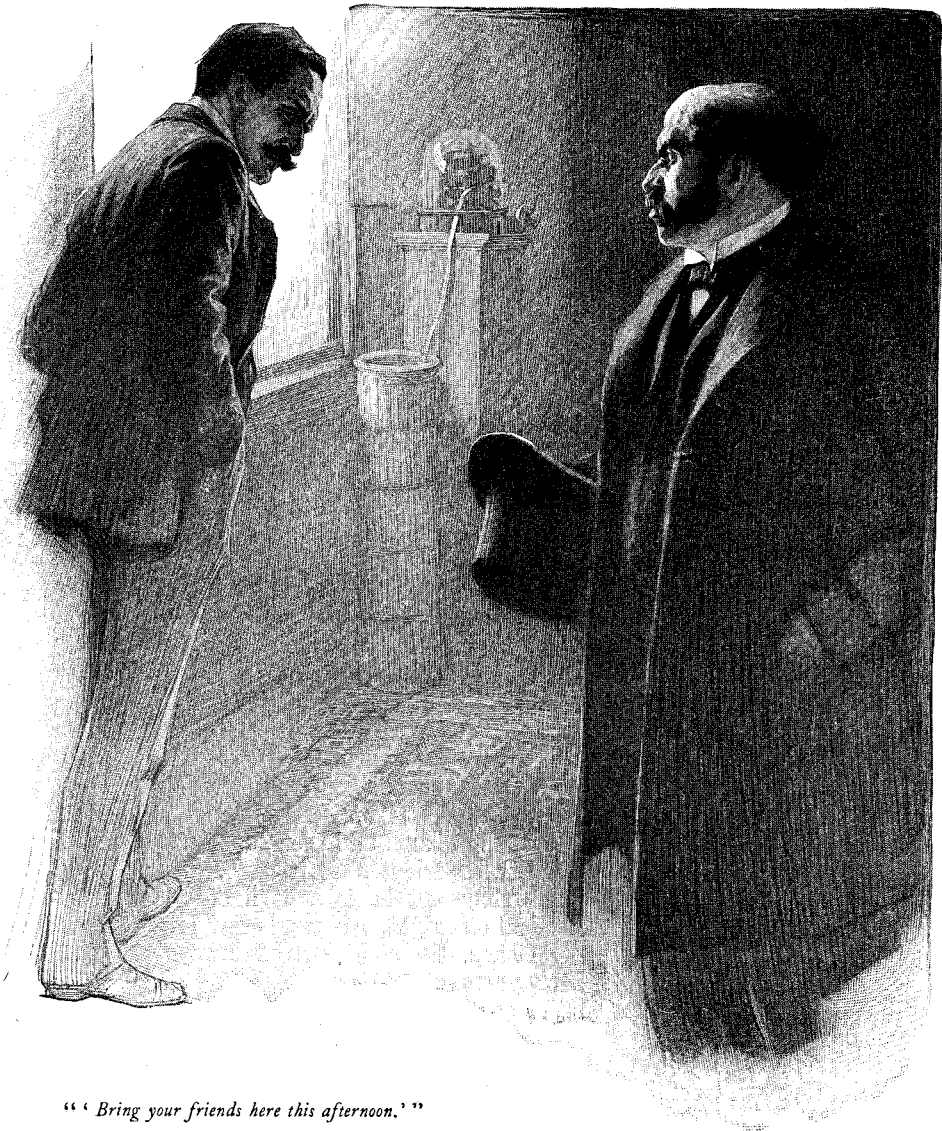
He resumed his restless march back and forth. It was only when the market "went against him" that Mr. Sharpe did not pace about the room in the mechanical way of a menagerie animal, glancing everywhere but seeing nothing. When something unexpected happened in the market, Sharpe stood beside the ticker immobile, because his overworked nerves were tense—like a tiger into whose cage there suddenly enters a strange and eatable animal.

On the minute of four there called on Mr. Sharpe the senior partners of the firms of Greenbaum, Lazarus & Co.; I. & M. Hirsch; Morris Steinfeld's Sons; Walford, Harris & Co.; Davis Bros.; Silberman & Lindheim; Rosenthal, Shaffran & Co.; and Zeman & Morris.

They were ushered not into the private office, but into a sumptuously furnished room, the walls of which were covered with dashing oil paintings of horses and horse-races. The visitors seated themselves about a long oaken table.

Mr. Sharpe appeared at the threshold.

"How do you do, gentlemen? Don't move, please; don't move." He made no



"Bring your friends here this afternoon."

motion to shake hands with any of them, but Greenbaum came to him and held out his fat dexter resolutely and Sharpe took it. Then Greenbaum sat down and said, "We're here," and smiled, blandly.

Sharpe stood at the head of the polished, shining table, and glanced slowly down the double row of alert faces. His look rested a fraction of a minute on each man's eyes—a sharp, half-contemptuous, almost menacing look that made the older men uncomfortable and the younger resentful.

"Greenbaum tells me you wish to pool your Turpentine stock and have me market it for you."

All nodded; a few said "yes"; one—Lindheim, *ætat* 27—said, flippantly, "That's what."

"Very well. What will each man's proportion be?"

"I have a list here, Sharpe," put in Greenbaum. He intentionally omitted the "Mr." for effect upon his colleagues. Sharpe noted it, but did not mind it.

Sharpe read aloud:

Greenbaum, Lazarus & Co.....	38,000 shares.
I. & M. Hirsch.....	14,000 "
Morris Steinfeld's Sons.....	14,000 "
Walford, Harris & Co.....	11,000 "
Davis Bros.....	10,000 "
Silberman & Lindheim.....	9,000 "
Rosenthal, Shaffran & Co.....	9,800 "
Zeman & Morris.....	8,600 "
Total.....	114,400 shares.

"Is that correct, gentlemen?" asked Sharpe.

Greenbaum nodded his head and smiled affably as befitted the holder of the biggest block. Some said "Yes"; others, "That is correct." Young Lindheim said, "That's what." The founders of the firm—his uncle and his father—were dead, and he had inherited the entire business from the two. His flippancy was not inherited from either.

"It is understood," said Sharpe, slowly, "that I am to have complete charge of the pool, and conduct the operations as I see fit. I want no advice and no questions. If there is any asking to be done, I'll do it. If my way does not suit you we'll call the deal off right here, because it's the only way I have. I know my business, and if you know yours you'll keep your mouths shut in this office and out of it."

No one said a word, not even Lindheim.

"Each of you will continue to carry the stock for which he has agreed to stand in the pool. You've had it a year and couldn't

sell it, and you might keep it a few weeks more, until I sell it for you. It must be subject to my call at one minute's notice. I've looked into the company's business, and I think the stock can easily sell at 75 or 80."

Something like a gasp of astonishment came from those eight hardened speculators. Then Greenbaum smiled, knowingly, as if that were *his* programme, memorized and spoken by Sharpe.

"It is also understood," went on Sharpe, very calmly, "that none of you has any other stock for sale at any price, excepting his proportion in this pool, and that proportion, of course, is not to be sold excepting by me." No one said a word, and he continued:

"My profit will be 25 per cent. of the pool's winnings, figuring on the stock having been put in at 29. The remaining profits will be divided pro rata among you; the necessary expenses will be shared similarly. I think that's all. And, gentlemen, no unloading on the sly—not one share."

"I want you to understand, Mr. Sharpe, that we are not in the habit of—" began Greenbaum with perfunctory dignity. He felt in duty bound to remonstrate before his colleagues.

"Oh, that's all right, Greenbaum. I know you. That's why I'm particular. We've all been in Wall Street more than a month or two. I simply said, 'No shenanigan.' And, Greenbaum," he added, very distinctly, while his eyes took on that curious, cold, menacing look, "I mean it, every d—d word of it. I want the numbers of all your stock-certificates. Excuse me, gentlemen. I am very busy. Good-afternoon."

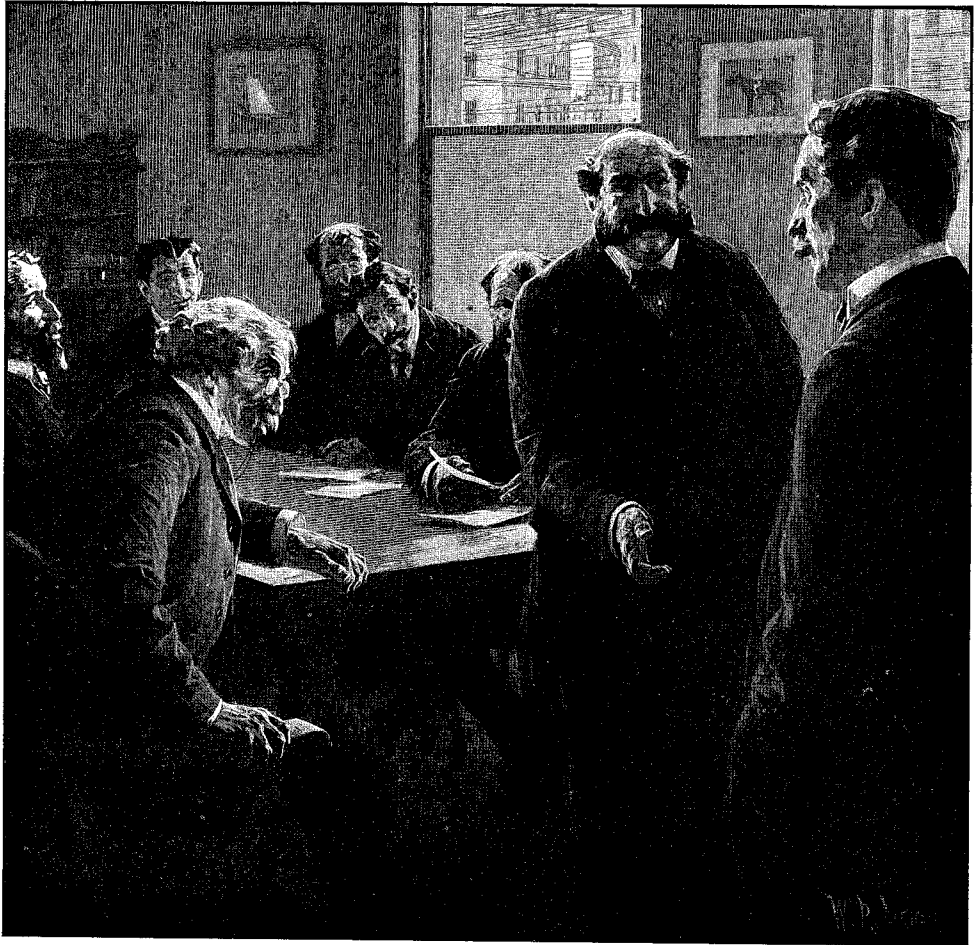
And that is how the famous bull pool in Turpentine came to be formed. They thought he might have been nicer, more diplomatic; but as they had sought him, not he them, they bore with his eccentricities. Each pool manager had his way, just as there are various kinds of pools.

"Sam is not half a bad fellow," Greenbaum told them, as if apologizing for a dear friend's weaknesses. "He wants to make out he is a devil of a cynic, but he's all right. If you humor him you can make him do anything. I always let him have his way."

On the very next day began the historical advance in Turpentine. It opened up at 30. The specialists—brokers who made a specialty of dealing in it—took 16,000 shares, causing an advance to 32½. Everybody who had been "landed" with the shares at higher

figures, now began to feel hopeful. As never before a stock had been manipulated, with intent to deceive and malice prepense, so did Sharpe manipulate Turpentine stock. The tape told the most wonderful stories in the world, all utterly untrue. Thus, one day the leading commission houses in the Street were the buyers, which inevitably led to talk of "important developments"; and the next

Then, one fine, sunshiny day, when everybody felt very well and the general market was particularly firm, the loquacious tape told the watchful professional gamblers of Wall Street—oh, so plainly!—that there was "inside realizing"; said, almost articulately to them, that the people most familiar with the property were unloading. Sharpe was selling, with intentional clumsiness, stock



The American Turpentine Company visits Mr. Sharpe.

day brokers identified with certain prominent financiers took calmly, deliberately, nonchalantly, all the offerings; which clearly indicated that the aforementioned financiers had acquired a "controlling interest"—the majority of the stock—of the American Turpentine Company. And on another day there was a long string of purchases of "odd" lots—amounts less than 100 shares—by brokers that usually did business for the Greenbaum syndicate, meaning that friends of the syndicate were buying for investment.

he had been forced to accumulate during his bull manipulation—in order to advance the price he had to buy much—and he was not averse to conveying such impressions as would lead to the creation of a short interest, large enough to make it profitable to "squeeze." He had too much company on the bull side. And, sure enough, the professional gamblers said: "Aha! They are through with it. The movement is over!" and sold "Turp" short confidently, for a worthless stock had no business to be

selling at \$46 a share. The price yielded and they sold more the next day. But lo, on the day following, the Board member of a very conservative house went into the "Turp" crowd and bought and bought until he had accumulated 20,000 shares, and the bears became panic-stricken, and rumors of a near-by dividend began to circulate, and the bears covered their shorts at a loss and "went long"—bought in the hope of a further rise—and the stock closed at 52.

And Sharpe reduced very greatly the amount of "Turp" stock he had been obliged to take for manipulative purposes. So far he was buying more than he sold. Later he would do the reverse. When the demand exceeds the vendible supply, obviously the price rises; when the supply for sale exceeds the demand, a fall results. But the average selling price of a big line may be high enough to make the operation profitable, even though a decline occurs during the course of the selling.

For a week "Turp" rested; then it began to rise once more. At 56 and 58 it became the most active stock of the entire list. Everybody talked about it. The newspapers began to publish statements of the company's wonderful earnings, and the Street began to think that, in common with other "trusts," the American Turpentine Company must be a very prosperous concern. The company at this time developed a habit of advancing prices a fraction of a cent per gallon every week, so that the papers could talk of the boom in the turpentine trade.

At 60 the Street thought there really must be something behind the movement, for no mere manipulation could put up the price thirty points in a month's time, which shows what a wonderful artist Mr. Sharpe was. And people began to look curiously and admiringly and enviously and in many other ways at "Jakey" Greenbaum and his accomplices, and to accuse them of having intentionally kept the price of the stock from advancing for a year in order to "freeze out" the poor, unsophisticated stock-holders, because "Turp," being "a good thing," Greenbaum *et al.* wanted it all for themselves. And Greenbaum *et al.* smiled guiltily and said nothing, though Jakey winked from time to time when they spoke to him about it; and old Isidore Hirsch cultivated a Napoleon III. look of devilish astuteness; and "Bob" Lindheim became almost dignified; and Rosenthal stopped patting everybody on the back, and mutely invited everybody to pat him on the back.

Then Sharpe sent for "Jakey," and on the next day young "Eddie" Lazarus swaggeringly offered to wager \$10,000 against \$5,000 that a dividend on "Turp" stock would be declared during the year. Whereupon the newspapers of their own accord began to guess how great a dividend would be paid, and when; and various figures were mentioned in the Board room by brokers who confided to their hearers that they "got it on the dead q. t., straight from the inside." And two days later Sharpe's unsuspected brokers offered to pay $1\frac{3}{4}$ per cent. for the dividend on 100,000 shares, said dividend to be declared within sixty days or the money forfeited. And the stock sold up to 66 $\frac{3}{4}$, and the public wanted it. A big, broad market had been established, in which one could buy or sell the stock with ease by the tens of thousands of shares. The 114,400 shares, which at the inception of the movement at the unsalable price of \$30 a share represented a theoretical \$3,432,000, now readily vendible at \$65 a share, meant \$7,422,000; not half bad for a few weeks' work.

And still Sharpe, wonderful man that he was, gave no sign that he was about to begin unloading. Whereupon the other members of the pool began to wish he were not quite so greedy. They were satisfied to quit, they said. The presence of the pool's stock in their offices began to irritate them. They knew the vicissitudes of life, the uncertainties of politics, and of the stock-market. Supposing some crazy anarchist blew up the President of the United States, or the Emperor of Germany were to insult his grandmother, the market would "break" to pieces. They implored, individually and collectively, Mr. Jacob Greenbaum to call on Sharpe; and Greenbaum, disregarding a still, small voice that warned him against it, went to Sharpe's office, and came out of it, two minutes later, somewhat flushed, and assured his colleagues one by one that Sharpe was all right, and that he seemed to know his business. Also, that he was cranky that day. He always was, added Greenbaum forgivingly, when one of his horses lost a race.

The stock fluctuated between 60 and 65. It seemed to be having a resting spell. But as it had enjoyed these periods of repose on three several occasions during the rise—at 40 and 48 and 56—the public became all the more eager to buy it whenever it fell to 60 or 59, for the Street was now full of tips that "Turp" would go to par. And such was the public's speculative temper and Mr. Sharpe's good work that disinterested ob-

servers were convinced the stock would surely sell above 90 at the very least. Mr. Sharpe still bought and sold, but he sold twice as much as he bought, and the big block he had been obliged to take in the course of his manipulation diminished. On the next day he hoped to begin selling the pool stock.

That very day Mr. Greenbaum, as he returned to his office from his luncheon, felt well pleased with the meal and therefore with himself and therefore with everything. He scanned a yard or two of the tape and smiled. "Turp" was certainly very active and very strong.

"In such a market," thought Mr. Greenbaum, "Sharpe can't possibly tell he's getting stock from me. In order to be on the safe side I'm going to let him have a couple of thousand. Then, should anything happen, I'd be that much ahead. Ike!" he called to a clerk.

"Yes, sir."

"Sell two—wait; make it 3,000—no, never mind. Send for Mr. Ed Lazarus." And he muttered to himself, with a sub-thrill of pleasure: "I can just as well as not make it 5,000 shares."

"Eddie," he said to his partner's son, "give an order to some of the room traders, say to Willie Schiff, to sell five—er—six—tell him to sell 7,000 shares of Turpentine and to borrow the stock. I am not selling a share, see?" with a wink. "It's short selling by him, do you understand?"

"Do I? Well, I guess. I'll fix that part O.K.," said young Lazarus, complacently. He thought he would cover Greenbaum's tracks so well as to deceive everybody, including that highly disagreeable man, Samuel Wimbleton Sharpe. He felt so confident, so elated, did the young man, that when he gave the order to his friend and clubmate, Willie Schiff, he raised the amount to 10,000 shares. Greenbaum's breach of faith had grown from the relatively small lot of 2,000 shares to five times that amount. It was to all appearances short stock, and it was duly "borrowed" by young Schiff. It was advisable that it should so appear. In the first place no member of the pool could supply the stock which he held, because Sharpe could trace the selling to the office as he had the numbers of the stock-certificates. And, again, short selling does not have the weakening effect that long selling has. When stock is sold short it is evident that sooner or later the seller will have to buy it back; that is, a future demand for the stock is assured from this source, if

from no other. Whereas, long stock is that actually held by some one.

Isidore Hirsch, who held 14,000 shares, was suffering from a bad liver the same day that Greenbaum was suffering from nothing at all, not even a conscience. A famous art collection would be sold at auction that week, and he felt sure his vulgar friend, "Abe" Wolff, would buy a couple of exceptionally fine Troyons and a world-famous Corot, merely to get his name in the papers.

"'Turp,' 62½," said his nephew, who was standing by the ticker.

Then old Hirsch had an idea. If he sold 2,000 shares of Turpentine at 62 or 63, he would have enough to buy the ten best canvases of the collection. His name—and the amounts paid—would grace the columns of the papers. What was 3,000 shares, or even 4,000, when Sharpe had made such a big, broad market for the stock?

"Why, I might as well make it 5,000 shares while I'm about it, for there's no telling what may happen if Sharpe should overstay his market. I'll build a new stable at Westhurst"—his country place—"and call it," said old Hirsch to himself, in his peculiar, facetious way so renowned in Wall Street, "the Turpentine Horse Hotel, in honor of Sharpe." And so his 5,000 shares were sold by E. Halford, who had the order from Walter Browne & Co., who received it from Hirsch. It was short selling.

Total breach of faith, 15,000 shares.

Now that very evening Bob Lindheim's extremely handsome wife wanted a necklace, and wanted it at once; also she wanted it of filbert-sized diamonds. She had heard her husband speak highly of Sam Sharpe's masterly manipulation of Turpentine, and she knew he was "in on the ground floor." She read the newspapers, and she always followed the stock-market diligently, for Bob, being young and loving, used to give her a share in his stock deals from time to time, and she learned to figure for herself her "paper" or theoretical profits, when there were any, so that Bob couldn't have "welched" if he had wished. On this particular evening she had statistics ready for him, showing how much money he had made; and she wanted that necklace. She had longed for it for months. It cost only \$37,000. But there was also a lovely bracelet, diamonds and rubies, and—

Lindheim, to his everlasting credit, remonstrated and told her: "Wait until the pool realizes, sweetheart. I don't know at what price that will be, for Sharpe says

nothing. But I know we'll all make something handsome, and so will you. I'll give you 500 shares at 30. There!"

"But I want it now!" she protested, pouting. She was certainly beautiful, and when she pouted, with her rich, red lips—

"Wait a week, dear," he urged nevertheless.

"Lend me the money now, and I'll pay it back to you when you give me what I make on the deal," she said, with fine finality. And seeing hesitation in Bob's face, she added, solemnly: "Honest, I will, Bob. I'll pay you back every cent, this time."

"I'll think about it," said Bob. He always said it when he had capitulated, and she knew it, and so she said, magnanimously: "Very well, dear."

Lindheim thought 1,000 shares would do it, so he decided to sell a thousand the next day, for you can never tell what may happen, and accidents seldom help the bulls. But as he thought of it in his office more calmly, more deliberately, away from his wife and from the influence she exercised over him, it struck him forcibly that it was wrong to sell 1,000 shares of Turpentine stock. He might as well as not make it 2,500; and he did. He was really a modest fellow, and very young. His wife's cousin sold the stock for him, apparently short.

Total breach of faith, 17,500 shares. The market stood it well. Sharpe was certainly a wonderful chap.

Unfortunately, Morris Steinfeld, Jr., decided to sell 1,500 "Turp," and did so. The stock actually rose a half point on his sales. So he sold another 1,500, and, as a sort of parting shot, 500 shares more. All this through an unsuspected broker.

Total breach of faith, 21,000 shares. The market was but slightly affected.

Then Louis Walford, of Walford, Harris & Co.; "Andy" Davis, of Davis Bros.; Hugo Morris, of Zeman & Morris; and "Joe" Shaffran, of Rosenthal, Shaffran & Co., all thought they could break their pledges to Sharpe with impunity, and each sold, to be on the safe side. This last lump figured up as follows:

Name.	Sales first contemplated. Shares.	Period of hesitancy. Minutes.	Actual sales. Shares.
Louis Walford.....	1,500	3	2,600
"Andy" Davis.....	2,000	15	5,000
Hugo Morris.....	1,000	0	1,000
Joe Shaffran.....	500	1½	1,800

Total breach of faith, 31,400 shares.

The market did not take it well. Sharpe,

endeavoring to realize on the remainder of his manipulative purchases, found that "some one had been there before him."

An accurate list of the buyers and sellers was sent in every day by his lieutenants, for all but the most skilful operators invariably betray themselves when they attempt to sell a big block of stock. He scanned it very carefully now, and put two and two together; and he made certain inquiries and put four and four together—four names and four other names. He saw through the time-worn device of the fictitious short selling. He knew the only people who would dare sell such a large amount must be his colleagues. He also was convinced that their breach of faith was not a concerted effort, because if they had discussed the matter they would have sold a smaller quantity. He knew where nearly every share of the stock was. It was his business to know everything about it.

"Two," he said to his secretary, "may play at that game." And he began to play.

By seemingly reckless, plunging purchases he started the stock rushing upward with a vengeance—63, 64, 65, 66, four points in as many minutes. The floor of the Stock Exchange was the scene of the wildest excitement. The market—why, the market was simply Turpentine. Everybody was buying it, and everybody was wondering how high it would go, Greenbaum and the other seven included. It looked as if the stock had resumed its triumphant march to par.

Then Sharpe called in all the stock his brokers were loaning to the shorts, and he himself began to borrow it. This, together with the legitimate requirements of the big short interest, created a demand so greatly in excess of the supply that Turpentine loaned at a sixty-fourth, at a thirty-second, at an eighth, and finally at a quarter premium over night. It meant that the shorts had either to cover or to pay \$25 per diem for the use of each 100 shares of stock they borrowed. On the 31,400 shares that the syndicate was borrowing it meant an expense of nearly \$8,000 a day; and in addition the stock was rising in price. The shorts were losing at the rate of many thousands a minute. There was no telling where the end would be, but it certainly looked stormy for both the real and the fictitious shorts.

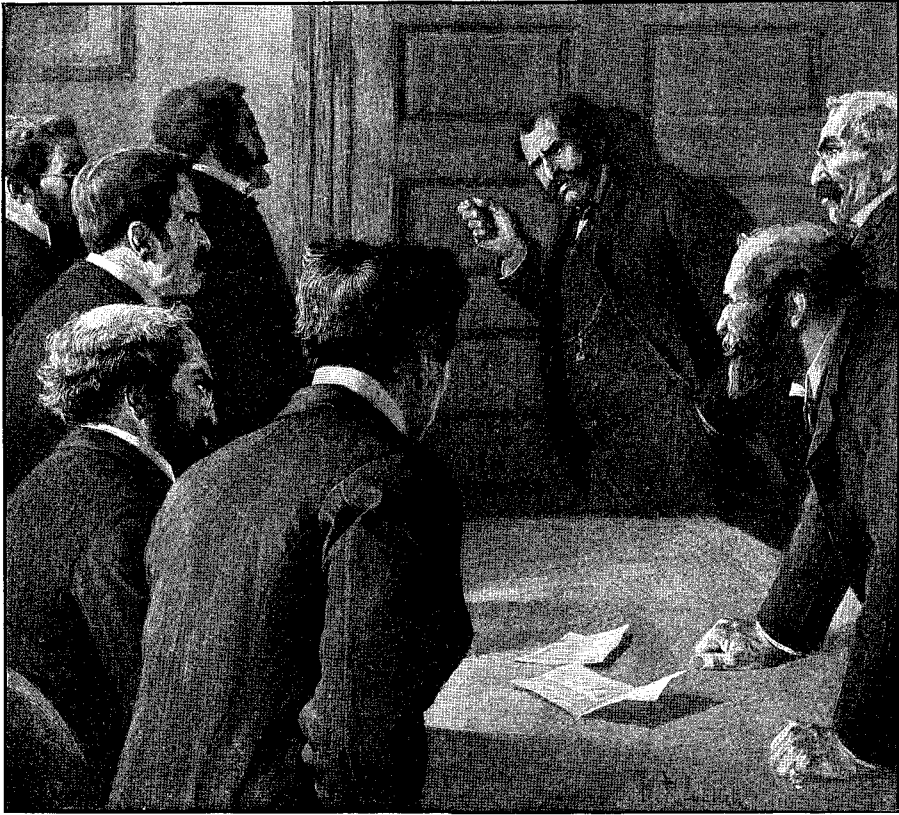
Mr. Sharpe sent a peremptory message to Greenbaum, Lazarus & Co.; I. & M. Hirsch; Morris Steinfeld's Sons; Walford, Harris & Co.; Davis Bros.; Silberman & Lindheim;

Rosenthal, Shaffran & Co.; and Zeman & Morris. It was the same message to all:

"Send me at once all your stock!"

There was consternation and dismay, also admiration and self-congratulation, among the recipients of the message. They would have to buy back in the open market the stock they had sold a few days before. It would mean losses on the treasonable transactions of fully a quarter of a million, but

31,400 shares sold by Samuel Wimbleton Sharpe to his own associates in the great Turpentine pool. In all he found buyers for 41,700 shares that day, but it had taken purchases of exactly 21,100 to "stampede the shorts" earlier in the day, and in addition he held 17,800 shares acquired in the course of his bull manipulation, which had not been disposed of when he discovered the breach of faith, so that at the day's close



"They blustered and fumed among themselves, and gained courage thereby and tried Sharpe's door. . . ."

the pool "stood to win" simply fabulous sums, if Mr. Sharpe did his duty.

There were some large blocks of stock for sale at 66, but Sharpe's brokers cleared the figures with a fierce, irresistible rush, whooping exultantly. The genuine short interest was simply panic-stricken, and atop it all there came orders to buy an aggregate of 31,400 shares—orders from Messrs. Greenbaum, Hirsch, Lindheim, Steinfeld, Walford, Davis, Shaffran, and Morris. The stock rose grandly on their buying: 4,000 shares at 66; 2,200 at 66½; 700 at 67½; 1,200 at 68; 3,200 at 69½; 2,000 at 70; 5,700 at 70½; 1,200 at 72. Total, 31,400 shares bought in by the "Skindicate." Total,

he found himself not only without a share of stock manipulatively purchased, but "short" for his personal account of 2,800 shares.

The newspapers published picturesque accounts of the "Great Day in Turpentine." A powerful clique, they said, owned so much of the stock—had "cornered" it—that they could easily mark up the price to any figure. They called it a "memorable squeeze." It was hinted also that Mr. Sharpe had been on the wrong side of the market, and one paper gave a wealth of details and statistics in bold, bad type to prove that the wily bear leader had been caught short of 75,000 shares, and had covered at a loss of \$1,500,000.

On the next day came the second chapter of the big Turpentine deal. Mr. Sharpe, having received the pool's 114,400 shares, divided it into three lots, 40,000 shares, 50,000 shares, and 24,400 shares. The market had held fairly strong, but the lynx-eyed room traders failed to perceive the usual "support" in "Turp," and began to sell it in order to make sure. There was enough commission-house buying and belated short-covering to keep it moderately steady. Then the room traders redoubled their efforts to depress it, by selling more than there were buying orders for; also by selling it cheaper than was warranted by the legitimate demand for the stock. It was a favorite trick to offer to sell thousands of shares lower than people were willing to pay, in order to frighten the timid holders and make them sell; which in turn would make still others sell, until the movement became general enough to cause a substantial fall.

Slowly the price began to yield. All that was needed was a leader. Whereupon Mr. Sharpe took the first lot of pool stock, 40,000 shares, and hurled it full at the market. The impact was terrible; the execution appalling. The market reeled crazily. The stock, which after selling up to 72 $\frac{3}{4}$ had "closed" on the previous day at 71 $\frac{1}{2}$, dropped twenty points and closed at 54. The newspapers said that the "corner" was "busted"; that the "squeeze" was over. Hundreds of people slept ill that night. Scores did not sleep at all.

On the next day he fired by volleys 50,000 shares more at the market. The stock sank to 41 $\frac{1}{4}$. Such a break was almost unprecedented. The Street asked itself if it were not on the eve of a crash that would become historic in a district whose chronology is reckoned by big market movements.

Greenbaum rushed to Sharpe's office. The terrible break gave him courage to do anything. A Wall Street worm will turn when the market misbehaves itself.

"What's the matter?" he asked angrily. "What are you doing to Turpentine?"

Sharpe looked him full in the face, but his voice was even and emotionless as he replied: "Somebody has been selling on us. I don't know who. I wish I did. I was afraid I might have to take 100,000 shares more, so I just sold as much as I could. I've marketed most of the pool's stock. If it had not been for the jag of stock I struck around 60 and 62, Turpentine would be selling at 85 or 90 to-day. Come again next week, Greenbaum; and keep cool. Did you

ever know me to fail? Good-by, Greenbaum; and don't raise your voice when you speak to me."

"This has gone too far," said Greenbaum, hotly. "You must give me an explanation or by Heaven I'll——"

"Greenbaum," said Mr. Sharpe, in a listless voice, "don't get excited. Good-by, Greenbaum. Be virtuous and you will be happy." And he resumed his caged-tiger pacing up and down his office. As by magic Mr. Sharpe's burly private secretary appeared and said: "This way, Mr. Greenbaum," and led the dazed Trust-maker from the office. On his return Sharpe told him: "There is no need to accuse those fellows of breach of faith. They'd deny it."

The next day Mr. Sharpe simply poured the remaining 25,000 shares of the pool's stock on the market as one pours water from a pitcher into a cup. The bears had it all their own way. The loquacious tape said, ever so plainly: "This is nothing but inside liquidation, all the more dangerous and ominous since it is at such low figures and is so urgent in its character. Heaven alone can tell where it will end; and there is no telephone communication thither."

Everybody was selling because somebody had started a rumor that the courts had dissolved the company for gross violation of the Anti-Trust law, and that a receiver had been appointed. Having sold out the last of the pool's stock, Mr. Sharpe "took in" at \$22 a share the 2,800 shares which he had put out at \$72, a total profit on his small "line" of \$140,000.

Turpentine stock had declined fifty points in fifteen business hours. It meant a shrinkage in the market value of the company's capital stock of \$15,000,000. The shrinkage in the self-esteem of some of the pool was measurable only in billions.

Sharpe notified his associates that the pool had completely realized—i.e., had sold out—and that he would be pleased to meet them at his office on Monday—this was Thursday—at eleven A.M., when he would have checks and an accounting ready for them. He refused himself to Greenbaum, Hirsch, Davis, Walford, and others who called to see what could be done to save their reputations from the wreck of Turpentine. The stalwart private secretary told them that Mr. Sharpe was out of town. He was a very polite man, was the secretary; and an amateur boxer of great proficiency.

Failing to find Sharpe, they hastily organized a new pool, of a self-protective charac-

ter, and sent in "supporting" orders. They were obliged to take large quantities of stock that day and the next in order to prevent a worse smash, which would hurt them in other directions. They found themselves with more than 50,000 shares on their hands, and the price was only 26 @ 28. And merely to try to sell the stock at that time threatened to start a fresh Turpentine panic.

They met Sharpe on Monday. His speech was not so short as usual. He had previously sent to each man an envelope containing a check and a statement, and now he said, in a matter-of-fact tone:

"Gentlemen and Greenbaum, you all know what I did for Turpentine on the up-tack. Around 62 I began to strike some stock which I couldn't account for. I knew none of you had any for sale, of course, as you had pledged me your honorable words not to sell, save through me. But the stock kept coming out, even though the sellers borrowed against it, as if it were short stock, and I began to fear I had met an inexhaustible supply. It is always best on such occasions to act promptly, and so, after driving in the real shorts, I sold out our stock. The average selling price was 40. If it had not been for that mysterious selling it would have been 80. After commissions and other legitimate pool expenses, I find we have made nine points net, or \$1,029,600, of which 25 per cent., or \$250,000, come to me according to the agreement. It is too bad some people didn't know enough to hold their stock for 90. But I find Wall Street is full of uncertainties—there is so much stupidity in the district. I trust you are satisfied. In view of the circumstances, I am. Yes, indeed. Good-day, gentlemen; and you too, Greenbaum, good-day."

There was nothing tigerish about him.

He was affable and polished; they could see that he seemed pleased to the purring point. He nodded to them and went into his inner office.

They blustered and fumed among themselves and gained courage thereby and tried Sharpe's door and found it locked. They knocked thereon, vehemently, and the ubiquitous private secretary came out and told them that Mr. Sharpe had an important engagement and could not be disturbed, but that he was authorized to discuss any item of the statement, and he had charge of all the vouchers, in the shape of brokers' reports, etc. So they expressed their opinions of the private secretary and of his master rather mildly, and went out, crestfallen. Outside they compared notes, and in a burst of honesty they confessed. Then, illogically enough, they cursed Sharpe. The pool was not "ahead of the game." They had so much more stock on their hands than they desired, that in reality they were heavy losers!

And as time wore on they had to buy more "Turp"; and more "Turp"; and still more "Turp." They thought they could emulate Sharpe and rush the price up irresistibly, at any rate up to 50. They declared a dividend of 2 per cent. on the stock. But they could not market Turpentine. Again and again they tried, and again and again they failed.

It is now quoted at 16 @ 18. But it is not readily vendible at that figure; nor, indeed, at any price. Opposition distilleries are starting up in all the turpentine districts, and the trade outlook is gloomy. And the principal owners of the stock of the American Turpentine Company, holding between them not less than 140,000 out of the entire issue of 300,000 unvendible shares, are the famous "Greenbaum Skindicate."

LIMITATIONS.

A CHICAGO EPISODE.

BY EDITH WYATT.



VERY limited young man, Mr. Peetie Geiger, once worked in the office of the V. R. and N. Railroad.

He was a short, stocky fellow, with bright blue eyes, thick hands, and a brisk manner. He always wore very light suits, pink shirts, and his

hat either over one eye or far on the back of his head.

He worked like a nailer, and supported a mother and two sisters, just as ably as though he had been quite unlimited.

They respected his ability, loved his good-nature, and madly doted on a peculiar, subtle quality they called his "cuteness."