

THE YORK BUILDINGS COMPANY
A CASE STUDY IN EIGHTEENTH CENTURY CORPORATION MISMANAGEMENT

VOL. I.

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NOTE ON DATES AND SPELLING

Before 1757 Britain followed the Julian Calendar and the official year began on 25 March. For the purposes of this study old style dates have been followed but the year has been taken to commence on 1 January. Where relevant, modern forms of spelling have been adopted.

COMMON ABBREVIATIONS

| | |
|-------------|--|
| <i>BL</i> | <i>British Library</i> |
| <i>CS</i> | <i>Court of Session Papers, Scottish Record Office</i> |
| <i>CSP</i> | <i>Court of Session Papers, Signet Library</i> |
| <i>ECHR</i> | <i>Economic History Review</i> |
| <i>GD</i> | <i>Gifts and Deposits, Scottish Record Office</i> |
| <i>HLRO</i> | <i>House of Lords Records Office, London</i> |
| <i>NLS</i> | <i>National Library of Scotland, Edinburgh</i> |
| <i>PRO</i> | <i>Public Record Office, London</i> |
| <i>SHR</i> | <i>Scottish Historical Review</i> |
| <i>SL</i> | <i>Signet Library, Edinburgh</i> |
| <i>SRO</i> | <i>Scottish Record Office, Edinburgh</i> |

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VIII

SUMMARY

This thesis examines the rise and decline of the York Buildings Company, one of the many joint-stock companies involved in the speculative fever in London in 1720. The company's books do not appear to have survived and this circumstance has meant that its affairs have been reconstructed from legal records, parliamentary reports, family papers of participants and contemporary pamphlets and newspapers as well as secondary sources. The fact that sufficient information was derived from contemporary sources to produce a full-length case study is a fair indication of its importance to contemporary businessmen.

The company's origins as a supplier of water in seventeenth and eighteenth century London and the technology it employed are examined. An oversight by Parliament granting the company unlimited landholding powers paved the way for it to acquire estates forfeited after the 1715 Jacobite Rebellion allowing speculators to reorganise it as a financial and commercial concern. Its affairs are investigated in the context of the business world of the eighteenth century revealing much corruption both within and without the company. Participants are linked to other dubious and fraudulent projects suggesting that several joint-stock companies operating in London were controlled by a relatively small group of individuals. This view is reinforced by case studies of the Charitable Corporation and the Harburgh Company which show close links with and frauds similar to that of the York Buildings Company. The conduct of individuals connected with the company also reveals much about the business and political morality of the age. The complex nature of the company's organisation, particularly in

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landowning and industry confirms that a lack of suitably qualified managers was an important contributory factor to the company's problems. Parliament was ineffective in its attempts to regulate the affairs of the York Buildings Company, a circumstance partly explained by the corruption in public life, so frequently the subject of comment.

INTRODUCTION.

The study of business history as a branch of economic history has expanded to such an extent in recent years that journals on both sides of the Atlantic are devoted to it and many articles on business history have appeared regularly in other periodicals. The increasing interest among businessmen in the long-term development of their organisations has led to the commissioning of many company histories ranging from the glossy eulogising pamphlet to the study of important corporations by academic historians concerned to set the firm in its wider historical and economic context.¹ A result of this trend has been for historians to concentrate mainly on successful firms which have stood the test of time. However, the business climate of any age must be judged by its failures as well as its successes, and a study of the former is equally as important to the business historian as is the latter. This is especially true of the early years of the eighteenth century which gave rise to the speculative mania which has become known as the 'South Sea Bubble' of 1720. Many companies flourished and died in this period, but few have left such a mark as has the York Buildings Company. This factor was recognised by David Murray in 1883 when he published his excellent short book entitled The York Buildings Company: A Chapter in Scotch History. This pioneering work in business history was

1 T.C. Barker, R.H. Campbell and P. Mathias, Business History, (Hist. Ass Pamph., 1971 ed.) p.3.

considerably ahead of its time, attempting as it did to look at the company in relation to political as well as economic factors.

In the century since the publication of Murray's book, business history has advanced considerably. Given the fact that the York Buildings Company appeared to be mentioned in so many textbooks and monographs concerning eighteenth century Scotland, it was felt that a re-appraisal of the company's activities was overdue. The fact that the company's books seem to have long since disappeared added spice to the investigation by forcing a reconstruction of events from a very wide range of sources. The long, complex legal battles in which eighteenth century man seemed to revel provided a wealth of information as did proceedings of the parliamentary committees called upon to investigate the company's affairs. Many landed families were actively involved with the company, and the welcome trend for many of them to deposit their papers in the Scottish Record Office provided a great deal of information that was not available to Murray. The plethora of newspapers circulating in London eager to disseminate news and gossip also proved an invaluable source of material for this study.

The first clear trend to emerge was that the affairs of the York Buildings Company were not merely a chapter in

Scottish history but in British history. The complexity and range of its affairs appear to be quite unlike any contemporary organisation. Once it expanded from its original role as a waterworks, the company became involved in land, insurance, lotteries, finance, trade, coal and lead mining and timber, salt, glass and lead production. It is hardly surprising that one historian, therefore, should see the company as an early form of development corporation.² As with success, the causes of failure in business are rarely simple. The reasons why this complex organisation should prove to be such an utter fiasco are deeply embedded not only in the economic and business fabric of the period but are also to be found in political and social factors as will be demonstrated in the ensuing chapters.

2 Anon. "An Early Scottish Development Corporation," Three Banks Review, No.20, (December, 1953).

CHAPTER ONETHE WATER COMPANY

1. The Early Years.

The growth of the city of London and the surrounding metropolitan area during the seventeenth and eighteenth centuries, led to an increasing demand for an adequate water supply.

Early enterprises in this field had included the Hampstead Aqueducts, first authorised in 1546, the London Bridge Waterworks, founded in 1582, and the New River Company of 1609.¹

In the years following the Civil War technical innovations such as the development of the chain bucket and the first steam engine² assisted the development of a series of new ventures in the capital. One such enterprise was the York Buildings Waterworks established by Ralph Wayne and Francis Williamson in the years immediately following the Restoration.

On 16 May 1664, Wayne and Williamson petitioned the king to be allowed to supply residents of Piccadilly, St. James' Fields, Haymarket and the neighbourhood with water from nearby springs, at reasonable rates to be agreed with the inhabitants of the area. It was claimed the petitioners had been to great expense in developing an engine which by perpetual motion could drain mines to fifty feet, and for which they held a patent.³

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1. H.W.Dickinson, The Water Supply of Greater London, (London, 1954), pp.47-48; David Murray, The York Buildings Company, A Chapter in Scotch History, (reprinted, Edinburgh, 1973), p.5.
 2. L.T.C. Rolt and J.S.Allen, The Steam Engine of Thomas Newcomen (London, 1977), passim.
 3. Calendar of State Papers, Domestic Series 1663-64 p.588, quoted in Murray, York Buildings, p.5.

It was proposed to use the engine to supply water. No precise details of this engine were given on the patent but it was clearly stated that the power of animals or humans was not required.⁴ This would indicate the possible use of wind power but Dickinson has assumed that this was in fact a water wheel operating a chain pump or a chain of buckets and that by "perpetual" was meant continuous motion.⁵ An exact description of this machine, therefore, cannot be given with certainty.

Agreement having been obtained for the use of the springs near Piccadilly, it was ordered on 25 June 1664, that a bill be prepared allowing Wayne and Williamson to convey water in pipes through the highway and to supply water at rates agreed with local inhabitants. In return for this privilege, Wayne and Williamson were to pay the crown 6s8d per annum.⁶ Letters patent were granted for the venture on 6 May 1665.⁷

The success, or otherwise, of Wayne and Williamson's venture cannot be accurately assessed owing to an absence of data. However, a proviso had been made in their letters patent that such further powers and licence necessary to improve the supply would be granted upon petition. Williamson having died in the interval, Wayne and Ralph Bucknall petitioned for a licence to raise water from the Thames and distribute it from York House

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4. Patents for Inventions: Abridgements of Specifications relating to Air, Gas and Other Motive Power Engines AD 1635-1866 (London, 1873) p.1. Patent 135 12 March 1662.
 5. Dickinson, Water Supply, p.48.
 6. PRO SP 29/99/70 Petn. of Francis Williamson and Ralph Wayne 25 June 1664.
 7. W.R.Scott, The Constitution and Finance of English, Scottish and Irish Joint Stock Companies to 1720, (reprinted Gloucester, Mass., 1968), Vol.3. p.148.

Gardens, on a site near the present Charing Cross railway station.⁸ With the granting of letters patent for this scheme on 7 May 1675, the link with York Buildings was established.

Before the letters patent were granted, the site and the design of the engine to be employed were investigated by Sir Christopher Wren, Surveyor-General of Works. Wren concluded that the type of machine to be used was such that it would not cause an annoyance to the neighbourhood and stated that he had seen a document signed by local residents requesting that the works be permitted. It was Wren's opinion that the only possible losers would be the projectors and those already holding water concessions. With this in mind, the proposition was put before the New River Company to ascertain its reaction. Both the New River Company and Bucknall and Wayne were represented at a hearing on 24 November 1664, after which it was decided by the King in Council that, as both interested parties had given their consent to the scheme, a patent should be granted for 99 years at an annual rent of 5s. per annum to the crown.

The terms of the letters patent were those customary in such an enterprise. Bucknall and Wayne were to be permitted to build their waterworks in York House Gardens, to lay the necessary pipes and cisterns, and to take water from the River

8. Murray, York Buildings, p.4.

Thames to supply their customers at reasonable rents. Permission was given to dig up streets in order to install and repair the necessary pipes and equipment and to provide further branches, provided that the streets were filled in and made good on the completion of the work, and on condition that consent was first received from the owners of property not classed as streets, common ways or passages. The right of Bucknall and Wayne and their employees to carry out such work unmolested, was asserted. Finally, it was forbidden to damage the pipes or to obstruct the flow of water.

The relationship between the York Buildings operation and that of the New River Company was clearly defined in the letters patent. Under no circumstances could powers and privileges granted to Bucknall and Wayne be transferred to the New River Company, or to any nominees in trust for them. Neither organisation was to do anything to hinder the other carrying on their business where they saw fit. Where pipes crossed, both parties agreed not to do anything that might harm the other's installations.⁹

In the years following the grant of the letters patent, Bucknall and Wayne took others into partnership with them.¹⁰ Unfortunately no evidence has been found to identify the individuals concerned, their date of entry to the partnership, or the amount of capital they contributed. The works were totally destroyed by fire on the night of 11 July 1684. Twelve houses were also

9. C.T.Carr (ed), Select Charters of Trading Companies.
AD 1530-1707, Selden Society Publications Vol.28,(1931)pp.193-196.

10. HLRO Original Act, 2 & 3 William & Mary c.24.

destroyed in the blaze, that of Lord Willoughby being blown up.¹¹ That the works had been a success can be ascertained from the fact that they were rebuilt. The cost of the new works meant that additional capital was required. In addition to capital, the company required continuity, and expertise of management. Pursuit of these ends led the proprietors to seek incorporation by means of a private act of parliament. Such a step was also wise from a political standpoint. The letters patent had been granted by Charles II under the royal prerogative. Incorporation by parliament was a surer way to ensure continuous existence in the new political climate following the revolution of 1688. The Shadwell Waterworks, a similar organisation to the York Buildings concern also substituted an act of parliament for letters patent at this time.¹²

As the York Buildings Company's act of incorporation¹³ formed the basis of its powers, an examination of what it did, and did not contain, is exceedingly important in view of the expansion that was to take place after 1719. Continuity was emphasised by the fact that the company was to operate the re-built works as they stood. Powers regarding access to pipes under streets were re-enacted in the same terms as the letters patent. Relationships with the New River Company concerning operations were also re-enacted, though the clause which had forbidden transfer of control to the New River Company

11. *Ibid.*; PRO C11/1816/11, Earl of Westmoreland v York Buildings Co.; Report of Historical MSS Commission of the MSS of His Grace the Duke of Portland preserved at Welbeck Abbey Vol III p.381; Dickinson, Water Supply p.48. This evidence contradicts Murray, York Buildings, p.5, who claims that the works were burned down in 1690.

12. HLRO Original Act, 3 William & Mary c.37.

13. 2 & 3 W. & M. c.24.

was dropped. The company was given the power to sue and be sued, and it was to use a common seal in all such legal matters, as well as in its more mundane daily business.

The management of the company was vested in a governor and six assistants, to be chosen annually at a meeting of shareholders to be held within three days following 29 September. Governors and assistants so elected were to take an oath of office before three or more of the outgoing body of officials. No bar was placed upon the re-election of those holding such posts. Any vacancy caused by death, or removal from office for just cause during the year, was to be filled by a meeting held within twenty days of the occurrence of the vacancy. A person thus chosen was to serve for the remainder of the year, and required to take an oath of office before any three or more of the governor and members of the company. The first such office bearers were named in the act. Ralph Bucknall was to be governor. Sir William Thompson, Serjeant-at-Law, Sir John Bucknall, William Hall, William Greene, John Tomkins and Richard Petty were designated assistants. The first Governor was to be sworn in by any two or more of the designated assistants, and then for his part, the governor was to take the oath from all six of these assistants. Voting at all meetings was to be on the basis of one vote per share.

Several of those involved in the York Buildings Company at this stage were also concerned with other joint stock enterprises. Ralph Bucknall was named as one of the first assistants of the Shadwell Waterworks when it received its act of incorporation in 1691.¹⁴ Bucknall was also mentioned in the document concerning the Company for Digging and Working Mines dated 7 September 1693.¹⁵ Sir John Bucknall was one of the first assistants of the Saltpetre Company incorporated on 29 October 1692.¹⁶ There was, therefore, a link between the York Buildings Company and other companies established in the corporation boom of the early 1690's. Sir William Thompson, another of the early members, was the father of Sir William Thompson, Solicitor General from 1717 to 1720 and closely involved with the company during 1719,¹⁷ when the next corporation boom was at its height.

The most important provision of the York Buildings Company's act, in the light of future developments, was that referring to the organisation's landholding powers. The company was to be

"able and capable in law to have purchase receive possess enjoy and retain lands tenements and hereditaments goods and chattles to them and their successors. And also to give grant demise alien assign and dispose of their lands tenements goods or chattels and to do and exercise all and singular other things by the same name that to them shall or may appertain to do or to be done." 18

The most notable feature of this section of the act was that it placed no restrictions on the land purchasing-powers

14. 3 W. & M c37

15. Carr (ed.), Select Charters, pp.238-239.

16. Ibid., p.235.

17. Romney Sedgewick (ed.), The History of Parliament; The House of Commons 1715-1754 (1970), Vol.2. p.467.

18. 2 & 3 W. & M. c.24.

of the company, a practice which Scott said was not common in other acts of the period.¹⁹ The Shadwell Waterworks Act, however, contains a provision identical to that of the York Buildings Company in respect of landholding.²⁰ The most likely explanation for this deviation from the norm, given the similarity between these two acts, is that Bucknall, as a director of both operations, played a significant part in the drafting of the acts, and that the full implication of such a provision was not foreseen at the time these acts were being considered by parliament. The result of this oversight was to have a tremendous impact on the company's development in the crucial period following 1719. The extract quoted above was printed and circulated in 1720.²¹ to enhance the company's claim to buy estates forfeited after the 1715 Jacobite rebellion, without an extension to its charter.

The act of incorporation was also important for what it did not say. There is no mention of limited liability for members of the company. Although there was no statutory, or probably no common law backing for such an idea, it would appear that there was some degree of presumption of limited liability. Du Bois points to the fact that in the 1730's and 1740's, when times were hard for the creditors of the York Buildings Company and others, there was never the suggestion

19. Scott, Constitution, Vol.3.p.149.

20. 3 W. & M. c.37.

21. There is a copy in the British Library, 357.b.3(58).

of proceedings against the personal estates of shareholders.²² In support of this he cites the petition of Alexander Mackenzie to the Court of Session in Edinburgh in 1793 in the case of the York Buildings Company v Mackenzie stating that "the company having been incorporated by act of parliament, neither the persons of the individual members, nor the estates were intended to be liable to any of the above debt."²³ Whatever the intentions of the promoters or parliament, it seems that during the course of the company's history, limited liability was, to some degree, assumed.

Another omission from the act, was any mention of the amount of capital to be subscribed by the original shareholders, or the denomination of individual shares. William Mathews, writing in 1835, claimed that the original capital was £8,400 divided into eighty-four shares of £100 each. Scott, quoting Mathews as his source, claimed the capital was £4,800 consisting of forty-eight shares of £100 each.²⁴ Another source tends to confirm the latter, stating that originally the capital consisted of twelve shares, divided into forty-eight shares in July 1688. Unfortunately the document does not state the nominal value of each share.²⁵ Both men were agreed that it was inadequate even for the waterworks operations and certainly insufficient when speculative schemes were formed around the company in 1719.

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22. A.B. Du Bois, The English Business Company after the Bubble Act 1720-1800, (reprinted, New York, 1971), p.95.
 23. *Ibid.*, p.148.n.54.
 24. William Mathews, Hydraulia, An Historical and Descriptive Account of the Water Works of London, (London, 1835), p.33; Scott, Constitution, Vol 3. p.419.
 25. SRO CS232/Y13/2 York Buildings Co. v Grove & others. Memo of Grove & others 1782.

The period from incorporation to 1719 was not an easy one for the company. Some profit was made but competition from rival organisations became ever more severe. From the north-west, the company controlling the Hampstead Aqueducts began to encroach on York Buildings territory. More serious was the competition of Richard Soames, who, by controlling City Conduits and later the London Bridge Waterworks, could provide water by conduits from Paddington or Thames water pumped from London Bridge thus invading the York Buildings Company's preserve from both the west and the east.²⁶ The effects of such competition can be seen from a petition of the governor, Sir John Bucknall, to the Treasury in 1700.²⁷ Bucknall complained that the water supply of the royal mews had been turned over to the "City Water", and that the company's pipes there had now become useless. In addition, it was claimed that £68 was due to the company, a considerable sum as the annual rent was only £30. The blow caused by the loss of such a customer can be placed in perspective when it is pointed out that at its peak, the York Buildings waterworks served around two thousand seven hundred houses at around 25s. per house per annum.²⁸

The technology employed in this period was relatively advanced for the time. Water was fed by channels and sluices into a reservoir at high water, and thence by horse-gin to

26. Scott, Constitution, Vol.3.p.420.

27. PRO T1/69/17, Petn. of Sir J.Bucknall to Treasury, 1700.

28. Mathews, Hydraulia, p.33; Dickinson, Water Supply, p.49.

a water tower which was quite a famous landmark.²⁹ The company had been forbidden by its act to use a windmill or a chain pump to the annoyance of the neighbourhood.³⁰ Such restrictions were rendered obsolete by the development of the "fire engine" by Thomas Savery, and one of his machines was installed in the York Buildings Waterworks around 1713-14.³¹

The installation was the result of the friendship between Savery and John Meres, one of the assistants.³² The setting up of the engine was not without its technical problems. Savery was keen to increase the capacity of his machine, with the result that the York Buildings engine was far larger than others, which he had constructed with some success.³³ Increasing complexity, however, made the engine somewhat unreliable. Faults were also inherited from Savery's earlier engines. If the regulator, which depended on several parts, was out of order, the engine was liable to blow up.³⁴ Another difficulty, according to Dickinson, was that artisans, such as plumbers and coppersmiths, were unable to come up with strong enough materials to support pressures of around 100 lbs. per square inch.³⁵ In support of this claim, he cites Desaguliers who stated that he had

29. Ibid., p.48.

30. 2 & 3 W. & M. c.24; HCJ. Vol.10, p.519.

31. Dickinson, Water Supply, p.59.

32. Murray, York Buildings, p.53; Rolt & Allen, Newcomen, p.58. This John Meres should not be confused with Sir John Meres, later to be governor of the company.

33. Richard Bradley, Ten Practical Discourses concerning Earth and Water, (1727) p.33; Dickinson, Water Supply, p.60.

34. Bradley, Discourses, p.34.

35. Dickinson, Water Supply, p.60.

"known Captain Savery at York Buildings make steam eight or ten times stronger than common air, and then its heat was so great that it would melt common soft solder; and its strength so great as to blow open several of the joints of his machine; so that he was forced to be at the pains and charge to have all his joints soldered with spelter or hard solder."³⁶

The valves required to be worked by hand which also added to the problems of the operators.³⁷ Perhaps the soundest comment on this enterprise came from Richard Bradley, who thought that in such a concern, two or three small engines could raise more water than one double engine. He thought that if this method was employed, the whole works need not stop if one engine needed repair.³⁸ Whatever the drawbacks apparent from the use of this early engine, the York Buildings Company did not lose faith in contemporary technological developments, as they were to install a more up-to-date Newcomen engine in 1725.

The period between the installation of the two steam engines was to prove a momentous one for the company. The owners, no doubt influenced by the lack of profits and the encroachments being made on their territory, offered the waterworks for sale in 1719. The new owners were principally interested in the company's act of incorporation, particularly the landholding powers, and their activities in this field, and in the general financial dealings of what has come to be termed the 'Bubble' era, will be dealt with fully in subsequent chapters. Despite this upheaval, however, the company continued its role as a supplier of water to the residents of the capital.

36. J.T. Desaguliers, A Course of Experimental Philosophy (1734) Vol. II p.466, Dickinson, Water Supply, p.60.

37. Ibid.

38. Bradley, Discourses, p.35.

2. *The Waterworks post 1720.*

The period following 1720 was one of tremendous activity by the company in speculative enterprises in finance, industry and land. Despite this activity the waterworks continued to place a significant role. The area supplied was increased following the development of a new reservoir and new technology in the shape of the Newcomen engine was employed to cope with this expansion. Financial and technical difficulties continued to plague the operation and contributed to the company's mounting debts.

The growth of London in the early eighteenth century included the area served by the York Buildings Company, and consequently, demand for its water increased. In March 1721 the directors decided to improve their service by erecting a large structure beside the river to hold their cisterns. Bricklayers and builders were invited to submit proposals for such an undertaking.³⁹

A further example of the company's response to urban growth can be seen in the decision to increase its capacity to supply water by the construction of a new reservoir in Marylebone Fields. On 23 June 1725, the company leased the necessary land from James, first Duke of Chandos, and Edward, second Earl of Oxford and Mortimer, and his wife, Henrietta, at a yearly rent of £260, £130 payable to Chandos, and a similar sum to the Oxfords. The exact location of the site is uncertain.

39. *Daily Courant*, 8 March 1721.

The lease mentions streets either called, or to be called, Queen Anne Street, Marybone Street, Duke Street and Bridges Street.⁴⁰ With the exception of the last named, these streets are to be found just north of Cavendish Square, an area which was being developed at this time⁴¹ and this seems the most likely situation for the reservoir. Rolt and Allan, citing Triewald show that over five hundred houses were served in the vicinity of Hanover Square, which they claim is now known as Hanover Place, off Long Acre, which is in the Covent Garden area.⁴² This seems unlikely as the present area known as Hanover Square, near the site of the reservoir, was in a part of the town being developed, and indeed, a new parish, St. George's Hanover Square, was created in 1724.⁴³ This would seem a more likely place for the York Buildings Company to seek new customers.

Under the terms of the new lease, the company was obliged to begin the construction of the reservoir before 23 July 1725, and finish it by Christmas. The reservoir was not to be less than six hundred feet long by one hundred and six feet broad with a maximum depth of six feet. The company was to ensure the bottom of the reservoir was properly lined to ensure the retention of the water. The whole structure was to be surrounded by a wall not less than seven feet high which was to be completed by 1 November 1725. The company was also required to build a footpath round the wall and, if

40. SRO CS234/Y/2/3, York Buildings Co. v Portland 1811, Answers for Common Agent 6 Feb. 1811.

41. M.D. George, London Life in the Eighteenth Century, (Peregrine ed. 1965), p.74.

42. Rolt & Allen, Newcomen, p.105.

43. George, London, p.407.

houses were built opposite the company's land, they were to pave the street as far as the middle. It was the company's responsibility to lay and maintain these necessary pipes and connections to the common sewer.⁴⁴

The work was expensive, and by September 1726 had cost the company at least £3,170. The bulk of the work had been under the direction of Dr. Desaguliers, and at a court of assistants, on 14 September 1726, it was resolved not to pay him any more money until the work stipulated in his contract was completed. The money being claimed at this time was for alterations, the £3,170 having been made as full settlement for the contract the company claimed was uncompleted.⁴⁵ The contractor was none other than J.T.Desaguliers, author of A Course of Experimental Philosophy.

The link between the waterworks at York Buildings and the reservoir at Marylebone Fields was finally established in late September 1724. When a pipe was opened at the Charing Cross end of the system, the pressure was sufficient to force the water "above the height of three stories", to the great pleasure of the managers and directors who were watching from a nearby tavern.⁴⁶

The proposed expansion of the system forced the company to look to new technology, although the works still employed horse engines and kept thirty-six animals to operate them.⁴⁷ Despite the difficulties encountered with Savery's machine the company had not abandoned the idea of employing mechanical power. In

44. SRO CS234/Y/2/3, Answers for Common Agent.

45. *Ibid.*

46. Weekly Journal or British Gazetteer, 24 September 1726.

47. Daily Courant, 24 August 1723.

February 1724 an advertisement appeared, inviting anyone who had a suitable machine, to enter into negotiations with a committee of the company, empowered to deal with this matter.⁴⁸ One scheme proposed to the directors was a plan to supply the Hanover Square area by means of "the ponderous quality of the water that raises itself of its own accord to any height," the greater the height, the easier it was for the machine to work, and thus a greater quantity of water could be raised. The inventor claimed to have spent £800 in developing his machine and thus absolved himself of any accusation that he was using the company to test his device.⁴⁹ This idea bears a distinct similarity to that being developed by Case Billingsley, a promotor of the company's expansion in 1719. Billingsley applied for a patent for his device in 1724 and it was finally granted in 1728.⁵⁰ However, the company opted for steam power, no doubt, partially influenced by the results of Billingsley's previous schemes for the company.

In 1725 work began on the construction of a Newcomen engine at the York Buildings Company's works, the first such machine in London and the South of England. Because of adverse weather, work fell behind schedule and the engine finally came into operation on Monday 25 April 1726.⁵¹ A contemporary description states that the engine had one cylinder 30 inches in diameter and 9 feet long. The oval boiler measured 9 feet

48. *Ibid.*, 26 February 1724.

49. SRO GD1/170, Proposals to the Worshipful and Honourable Company of York Buildings.

50. *Vide infra*, pp.475-476.

51. *Daily Post*, 15 February 1726; *Daily Courant*, 30 April 1726; Dickinson, *Water Supply*, p.62.

in length and was 8 feet wide.⁵²

The engine : caused a great deal of controversy even before it commenced operations. In December 1725, a lampoon appeared in the newspapers which was extremely virulent in its attack on the engine and its owners.⁵³ This obloquy entitled the "York Buildings Dragons," gave news of,

"a most horrid and barbarous murder intended to be committed next Monday ... by a set of evil-minded persons, who do assemble twice a week, to come on their wicked purposes, in a private room over a stable by the Thames side, in a remote corner of the town."

The satirist declared that the company had purchased two dragons in the deserts of Libya and brought them into the city with the aid of a conjurer. To avoid paying duty on them, they had them dissected and the parts brought in as if coming from all over the world. Accordingly he claimed that,

"most of the nerves and sinews came from Sweden, the greatest part of the head from Norway . . . the joints and veins and arteries were brought from Derbyshire; the breast from Worcestershire; and the back and wings from Kent, Berkshire and Hertfordshire; the belly from Cornwall and the greatest part of the tail from the West Country, except the thick end next to the body, which together with the snout and teeth, came out of Sussex by sea, and passed at the Custom House for some outlandish curiosity, imported by some virtuosos of Great Britain".

The writer fondly imagined that the noise from this machine would deafen the entire neighbourhood and would suck the Thames dry. Some clue can be deduced here as to the possible identity of the writer. He declared that as a result of this operation "the tide will not rise high enough to fill the basin of a set of good natured gentlemen who have been at immense

52. Martin Triewald, Description of the Atmospheric Engine, Newcomen Society Extra Publication (1928), p.37.

53. Daily Courant, 14 December 1725; Read's Weekly Journal, 18 December 1725; The piece is reprinted in Thomas Wright, England under the House of Hanover, (1848), Vol.1.pp448-451.

pains to serve the new buildings with water." The author was probably a member of, or commissioned by a rival concern, most likely the New River Company.⁵⁴

Some of the criticisms were not too far removed from the truth. Although the engine's consumption of fuel did not lead to a scarcity of coal as was claimed, it did absorb fuel at a fairly high rate. Two chaldrons of coal per day were required to raise 250 tuns of water per hour.⁵⁵ The cost of this coal was one of the major reasons why the engine was abandoned in 1731. This was not surprising as most other engines were built for collieries where unsaleable or cheap coal could be used.⁵⁶ On the other hand the York Buildings Company was importing coal from its mines in East Lothian and offering it for sale to the general public in London, and this was probably taken into account when the engine was constructed. In 1727 the company leased its coal and saltworks in East Lothian⁵⁷ and after this it would have to purchase coal on the open market. At Christmas 1732, the debts of the company included £660.15s. to Maltis Royal for coal for the engine.⁵⁸

On the other hand a document published in 1729 gives a very favourable description of the works and its machines, stating that the engine was capable of drawing more than three tuns of water per minute from the river and pumping it up to the Marylebone reservoir from where it was distributed to new

54. Rolt & Allen, Newcomen, p.84.

55. 1 Chaldron = $26\frac{1}{2}$ cwts., 1 tun = 210 imperial gallons, Dickinson, Water Supply, p.63. Murray, York Buildings, p.54, quotes the London chaldron as $52\frac{1}{3}$ cwts.

I have opted to accept Dickinson's figure.

56. Dickinson, Water Supply, p.63.

57. SL CSP 2;23, York Buildings Co. v Adams 1737, Petn. of Co. & Francis Grant.

58. RHC, Vol. 1, p.590, Report on York Buildings Company 1733.

buildings around Hanover Square. The document concludes that,

"this machine is certainly a great curiosity and though it be not so large as that of Marly in France, yet, considering its smallness in comparison of that, and the little charge it was built and kept with, and the quantity of water it draws, its use and benefit is much beyond that."⁵⁹

This was an over-optimistic view as the engine was taken out of service only two years later. The reason for this was two-fold. In the first place, coal for the engine was costing around £1,000 per annum.⁶⁰ Secondly, in the autumn of 1731 the company ceased to supply the Marylebone area.⁶¹ The two events were clearly linked. The engine was necessary to pump the water to Marylebone Fields so that the reservoir could be filled and that area supplied. This proved to be uneconomic and the supply discontinued.

Another major criticism levelled at the engine by its detractors, was that it would suck up all sorts of waste and filth from the river. The result of this would be to make the water "foetidocabbageous, deadogitious, deadcatitious, Fish streethilious, Drurylanious, issueplasterious [and] excrementitious"⁶² The possibility of such extraneous matter entering the York Buildings water supply was no greater than those of its rivals. However, there was one incident which gave rise to adverse publicity. In July 1729 two men were drowned in the reservoir, the second trying to retrieve the body of the first who had been drowned some days before. Eventually the first body was brought out by trained dogs.⁶³ The second body was not recovered. How clear the water supply was, cannot be accurately determined due to the lack of details of any filtering process.

59. Foreigners Guide to London, (1729) p.50.

60. Rolt & Allen, Newcomer, p.84.

61. Wright, England, Vol. 1. p.84.

62. Ibid., p.450.

63. Read's Weekly Journal, July 1729.

For some time before the engine went out of commission, the company was contemplating the leasing out of the waterworks. At a general court of proprietors on 2 April 1729, a resolution was passed by a large majority, empowering the directors to rent out the waterworks in a manner they should judge to be to the company's advantage.⁶⁴ Steps had already been taken in this respect. In February 1729, the directors of the York Buildings Company had put proposals before the directors of the New River Company to lease the waterworks to them for ninety-nine years.⁶⁵ The engine was not to be included in the lease, and to be removed in a reasonable time, another indication that it was not proving profitable to the undertaking. The York Buildings Company was to prepare a list of its customers, and the rents which they paid, the total of which was estimated at £2,800 per annum. The York Buildings Company was to receive in return, an annual rent of £800, free of deductions, to be paid quarterly. The New River Company was to take on the lease of the reservoir at Marylebone Fields. The New River also pledged itself to raise enough water to preserve the company's charter. There is no mention of such a quantity in the act of incorporation or any indication of a further document which might clarify the last point. The York Buildings Company was to be allowed to hold court meetings at or near the waterworks and to check that the agreed quantity of water was raised. The sums of money involved suggest that

64. SRO CS 228/Y/1/38, York Buildings Co. v Carnegie.

65. M[etropolitan] W[ater] B[oard Archives] 53/2 Proposal from York Buildings Co. to New River Co.

the New River Company was more interested in eliminating competition and in developing the potential of the York Buildings Company's area rather than in the profitability of its operations. Nothing came of these proposals and it was to be a further ninety years before the company came within the scope of the New River Company's schemes.

Despite the collapse of negotiations with the New River Company there were rumours that the York Buildings Company was going to dispose of its waterworks. On 12 July 1733, the Daily Journal had to refute a story, published the previous day, which had stated that the company was about to dispose of its Marylebone reservoir and the pipes to the New River Company. Indeed the newspaper reported the company not only denied the claim but stated it intended to carry on and even expand its activities.⁶⁶

The waterworks, however, failed to bring in significant profits. An account drawn up for the year from Midsummer 1733 to Midsummer 1734 showed a surplus of £338.14s9d., on the waterworks operations.⁶⁷ From this £285. fell to be deducted for the annual rent of the abandoned reservoir at Marylebone Fields. Indeed no rent had been paid since 1727.⁶⁸ The land was repossessed by the owners in 1736 and the descendant of the Earl of Oxford, the third Duke of Portland, was still trying to recover the arrears, plus interest, in the early years of

66. Daily Journal, 12 July 1733.

67. RHC, Vol.1. p.675, Report on York Buildings Co. 1735.

68. SRO CS 234/Y/2/3, Petn. of Common Agent.

the nineteenth century. Also in 1734, the sum of £787.10s. was still outstanding on the Newcomen engine, although it had been out of use since 1731.⁶⁹

Despite the cutbacks caused by the closure of operations in Marylebone, attempts were still made to expand the water supply. In 1737, a proposal was put to the Society of the Inner Temple to lay a main of 7 inches bore from a reservoir in Lincoln's Inn Fields to Fleet Street, to allow the society to lay such pipes as they required into its premises. The cost of this operation was to be £20.⁷⁰ There is no indication as to whether or not the society accepted this proposal.

Although the works had proved to be unprofitable, the company attempted to use its revenues as security for debts. On 20 June 1734, the waterworks came in to the possession of two trustees for the benefit of those holding bonds paid to shareholders who had responded to two calls, totalling two per cent, in 1732 and 1734.⁷¹ Other creditors were far from happy about this arrangement and as a result of suit in Chancery, the waterworks were, in May 1741, vested in John Davies, described as a gentleman, and Thomas Pangbourne, a merchant, in trust for certain judgement creditors. By a lease executed on 1 August 1746, the trustees leased the works to Joseph Pearce, a bricklayer, for 21 years, at an annual rent of £250. By way of various assignments, this lease came into the hands of Giles Jones,

69. RHC, Vol.1. p.676.

70. Inner Temple MSS Vol.5, No.10. Proposal to the Society of the Inner Temple of the York Buildings Co. 17 February 1737.

71. PRO C11/520/38, Hall v York Buildings Co. 1735.

gentleman, who was granted a ninety-nine year lease, at the same annual rent, when the first lease expired in 1767.⁷²

During the period of these leases, the waterworks were again powered by a steam engine. In 1752, an engine, designed by a viewer from the North of England, was installed. The cylinder of this machine had a diameter of 45 inches and an 8 foot stroke; the 27 foot beam measured 30 inches by 26 inches in the centre tapering to 24 inches by 22 inches at each end. The two 12 inch diameter pumps raised the water 102 feet. The engine's work rate was $7\frac{1}{2}$ strokes per minute. The consumption of coal was 4 bushels ($1\frac{1}{2}$ cwt) per hour. The copper boiler measuring 15 feet in diameter and $12\frac{1}{2}$ feet in height was of a unique haystack design, invented by Thomas Stephens and Moses Hadley, which they patented in 1748.⁷³ It had a central fireplace and a special flue of two circles to conduct waste gases to the chimney. In 1763, some alterations were carried out by one, Keane Fitzgerald, to increase the efficiency of the machine. By applying friction wheels or quadrants, he managed to lessen the friction of the gudgeon beam and increase the output to 9 strokes per minute at the same consumption rate for fuel.⁷⁴ The employment of this engine was profitable as a second was installed at a later date. This had slightly increased dimensions. The cylinder with a 49 inch diameter, had a 9 foot stroke. The two pumps each had a 13 inch diameter and again raised water 102 feet. According to Dickinson,

72. MWB Deed No. 2053, Deed of Arrangement between York Buildings Co. and the New River Co. 16 September 1818.

73. British Patent No. 634. B. Woodcroft, Alphabetical Index of Patentees of Inventions 1617-1852 (reprinted London, 1969), pp. 238, 542.

74. Dickinson, Water Supply, p. 65. Dickinson comments that the improvements sound exaggerated.

"One was a lifting pump with a valve in the bucket, the pump rod passing through a collar of leather; the other was a facing pump, which raised the water during the return stroke of the engine, the chain being kept taut by a counterweight. The engine raised 1.36 cubic feet of water to a height of 102 feet, equalling 26.25 h.p. - much less than was being performed by Smeaton's engines - with a consumption of 6 bushels of coal (a London bushel equalling 84 lbs.) or a duty of 8.6 millions." 75

This second machine was tested by James Watt in 1776, when he and Matthew Boulton were engaged in developing their new engine. Indeed the York Buildings Company had expressed interest in a new engine by Boulton and Watt as early as 1771.⁷⁶ This last experiment with engines proved by far the most successful as steam power was still in use when the waterworks were taken over by the New River Company in 1818.⁷⁷

During the later years of the company's ownership of the waterworks considerable sums were laid out in capital expenditure. When a new lease for ninety-nine years had been granted on 24 June 1812, it had been noted that the leaseholders had lately spent upwards of £30,000 in constructing a new engine house, steam engine and other buildings, as well as laying down pipes in the cities of London and Westminster. This had been done with the consent of the company. Unfortunately, the deed does not go into detail, and, so it is impossible to define clearly what is meant by the term 'lately', and if this sum included money spent on the engines described above. What the document does say, however, is that an additional £10,000 of expenditure could be necessary.⁷⁸

75. Ibid.

76. Ibid.; John Lord, Capital and Steam Power (2nd ed., 1965), p. 51.

77. MWB. Deed No. 2053.

78. Ibid.

In 1818, the company's long links with the water enterprise finally came to an end. The lease of 1812 was taken over by the New River Company. It was interested only in the company's mains and other pipes, the engine and other waterworks property being excluded from the deal, and assigned to the trustees for the lessee proprietors. The company was to receive £250.18s6d. per annum, £250 representing the rental due by the lessees and 18s.6d. as the actuarial calculation of the perpetual annual value of the premium of £500 payable on the renewal of the lease. The lessees themselves were to be compensated for the expenditure they had incurred, by a capital sum of £5,000 and £2,000 per annum during the remainder of the lease. The New River Company was to be absolved from the task of allocating the money, due to the fact that the lessees were to take over the remaining stock of the York Buildings Company, and appoint fifteen of their number as a committee to look after their interest in these sums.⁷⁹ Thus after an existence of nearly one hundred and fifty years, the York Buildings waterworks were quietly absorbed by the New River Company.

The York Buildings Waterworks had had a troubled existence. From its earliest years it had been subject to strong competition from powerful rivals. Despite this, or perhaps even because of it, the company made many laudatory experiments with up-to-date technology. In some ways the company went too far as this was

79. Ibid.

adopted before its cost effectiveness was proved, which resulted in the 1720's in losses to the company. In the long run intense competition and the mismanagement of its other interests led to complications leading to the leasing of the waterworks and its ultimate absorption by the New River Company, whose main aim was to take over the mains and exploit the company's territory, but not its works. One small oversight by Parliament when granting the company its act of incorporation in 1691, was, to change the company's entire history and outlook. The wideranging landholding powers caught the eye of Case Billingsley and his syndicate. In 1719 they bought the waterworks in order to exploit this aspect of its charter in a much wider field. Not only did this ensure the rise of the company to a position of some importance and notoriety in London and in Scotland in the ensuing century, but, through this gave the waterworks an extra hundred years of independent existence.

CHAPTER TWOTHE YORK BUILDINGS COMPANY AND THE CRISIS OF 1720.1. *The Launching of the New Subscription.*

The York Buildings Company, in common with other joint-stock companies, was greatly affected by the upsurge of dealing in stocks in 1720 which has become known as the 'South Sea Bubble'. This speculative boom developed from several origins. The restoration of peace following the Treaty of Utrecht in 1714, and the later upheavals of the Jacobite rebellion of 1715, had led to an expansion in commerce. Although the export trades such as textiles suffered after war had broken out with Spain in 1718, the iron trade expanded due to hostilities. Trades dependent on agriculture also flourished during this period.¹ An increase in the number of turnpikes and an upswing in the building industry also indicated prosperity.² The government itself helped feed the boom. It was the general aim to reduce the floating part of the national debt as much as possible. To this end the amount of Exchequer bills in circulation was reduced between 1717 and 1720.³ In December 1716, the principal sum of these bills outstanding stood at £4,561,025. By December 1719, this had been reduced to £1,279,738.⁴ In 1717 the rate of interest on the security had been halved from 2d. per day (3.04% per annum) to 1d. per day (1.52%).⁵ The total volume of

1. T.S.Ashton, Economic Fluctuations in England, 1700-1800, (Oxford, 1959), pp.142-143.

2. Ibid., p.92.

3. P.G.M.Dickson, The Financial Revolution in England, A Study in the Development of Public Credit 1688-1756, (1967), p.379.

4. Ibid., p.376.

5. Ibid., p.378.

short-dated securities, including the bonds of the monied companies had declined from, £10,733,089 in 1716, to £7,509,702 in 1719.⁶ This factor, combined with the general upsurge in general economic trends, helped to create funds which were available for investment. It was in these circumstances that the South Sea Company developed its plan to convert parts of the long-term national debt to its own stock and take over some of the functions of the Bank of England. As a corollary to this many less spectacular but equally speculative schemes were launched.

In 1719 and the early months of 1720, new companies were floated on a scale which had not been witnessed since the 1690's, the first major boom for corporate promotions. During this period also, some established companies, which had previously been in difficulties, were brought up by speculative groups, in order to use their corporate powers for purposes far beyond the intention of the original promoters. In this way the Mines Royal and Mineral and Battery Works could be used as the basis for a marine insurance scheme.⁷ This group proved anxious to expand its activities, and when the York Buildings waterworks came onto the market in 1719, it proved an eager purchaser.

The years preceding 1719 had been fraught with difficulties for the York Buildings Company's waterworks.⁸ Consequently, in March 1719, the directors of the company offered the waterworks for sale. Murray claims that they did so without knowing the

6. Ibid., pp. 526-527.

7. B.C. Supple, The Royal Exchange Assurance, A History of British Insurance 1720-1970, (Cambridge, 1970), Chs. 1-2 passim.

8. Vide supra., Ch. 1.

true worth of the company's charter with its unlimited landholding powers. On the other hand, he states that the syndicate led by Case Billingsley, who acquired the concern, were well aware of the wider value of their purchase.⁹ In fact the situation was much more complex than Murray felt it to be. The old proprietors were not as naive as they appeared. Among the directors of the company before it was sold, was Sir William Thompson, the Solicitor-General, and son of that Sir William Thompson who had been one of the original officers of the company when it had obtained its act of parliament in 1691.¹⁰ Thompson was actively involved in the takeover, negotiating directly with Case Billingsley. At a general court of the old proprietors in September 1719, at Billingsley's instigation, Thompson had himself elected governor, in order to facilitate the transfer of control to the new syndicate anxious to purchase the company.¹¹ Thompson would, therefore, be well aware of the company's landholding powers.

The principal negotiations for the takeover took place between Thompson and John Tomkins (governor till September 1719) on behalf of the company, and Billingsley for the prospective purchasers.¹² The syndicate was not interested in the waterworks as such, but in the company's landholding powers. The act of incorporation had allowed the company simply to hold land, without restricting this to the purposes for which the company had

9. Murray, York Buildings, p.19.
 10. Special Report (1720), p.70.
 11. Ibid.
 12. Ibid.

been established, namely the supply and distribution of water.¹³ Billingsley and his associates saw this as a way to extend their activities into a new area. An act of 1717 had allowed corporate bodies to buy estates forfeited after the rebellion of 1715.¹⁴ A further act was passed in 1719, which allowed the purchasers to grant annuities to the extent of the annual value of the estates.¹⁵ Murray claims that this latter statute was part of a wider plan by Billingsley, presented either directly or indirectly to the government, as a means of disposing of the forfeited estates.¹⁶

There is some doubt as to the exact origins of the plan to take over the forfeited estates. It was claimed by William Lilly, an associate of Billingsley, that he, Lilly, had devised the scheme. Lilly claimed that Billingsley, having heard of the plan, persuaded him to discuss it in detail, promising that they should both share in any profits arising from the implementation of the idea.¹⁷ Accordingly, more people were brought into the scheme, and one Robert Hackett, acting for Billingsley and his syndicate, purchased the Scottish estates of Winton, Panmure, and Kilsyth in October 1719. At the same time another agent acquired the estate of East Reston. These estates were later conveyed to the York Buildings Company.¹⁸

In March 1720, Billingsley claimed that during the previous seven months, he had been engaged with the Solicitor-General, Sir William Thompson, sometimes with other people, but sometimes alone

13. HLRO Original Act 2 & 3 William and Mary c.24

14. 4 Geo.I., c.8.

15. 6 Geo.I., c.24

16. Murray, York Buildings, p.19.

17. PRO C11/1726/27, Lilly v Billingsley, Complaint of William Lilly.

18. PRO TI/244/61, Further Report of Commrs. of Forfeited Estates in Scotland 1723-24.

in "affairs of great consequence".¹⁹ Therefore, whether or not Billingsley actually devised the scheme, he was in a position to have it considered in the corridors of power. Because of this it was felt that the two statutes together provided the basis for a wider based organisation, and so the proposed sale of the York Buildings Company to Case Billingsley's syndicate took place.

The new owners agreed to pay the existing shareholders £7,000 for their interest in the company. According to a minute dated 16 October, 1719,²⁰ the money was to be paid before 30 November.²¹ Sir William Thompson held four of the company's forty-eight shares, for which he was to receive £440 cash and £153.15s. towards the company's debts.²² If each shareholder received the same amount per share, the actual purchase price would have amounted to £7,125, but there is no evidence available to show the exact amount paid to each shareholder. The purchasers were listed as Case Billingsley, Benjamin Bradley, John Hardwar, Robert Thompson and Edmund Watts.²³ These five, together with John Tomkins, were all signatories to the insurance petition which ultimately resulted in the establishment of the Royal Exchange Assurance Company.²⁴ With the exception of Case Billingsley, very little information has come to light concerning the wider activities of these men.²⁵ The links with the emerging marine insurance venture, however, were to

19. Special Report (1720), p.33.

20. RHC. Vol.1., Report from the Committee on York Building Co., 1733, p.584.

21. Special Report (1720), p.70.

22. Ibid.

23. RHC. Vol.1., p.584. It is not known whether Benjamin Bradley and James Bradley were related.

24. Special Report, (1720), pp.18-20.

25. For a discussion of Billingsley's activities, Vide infra, Ch.8,

be important during the speculative mania of the early months of 1720.

The new owners wasted little time in attempting to extend the company's activities. At a meeting on 29 October 1719, it was decided to float a joint stock of £1.2 million to purchase forfeited estates. This was to be used as the security for an annuity and life assurance fund. A committee of thirty-one members was to be chosen to run the company's affairs. The governor, and six assistants, provided for in the company's original act of incorporation, were to be part of this committee. All actions of the committee had to be ratified by the governor and assistants, meeting at least once per month.²⁶ James Brydges, 1st Duke of Chandos, was chosen governor of the expanding company.²⁷

The new scheme was not without its rivals. Although it was claimed that the company's existing powers were sufficient to carry out its schemes, the crown was petitioned for new letters patent. This new incorporation was meant to usurp the claims of organisations with similar aims. The new body was to be called 'The Governor and Company for purchasing and improving Forfeited and other Estates in Great Britain, for granting Annuities for Life and Assuring Lives'.²⁸ This would have been the York Buildings Company under another name, and was a manoeuvre similar to that which turned the Mines Royal and Mineral and Battery Works organisations into the Royal Exchange Assurance.²⁹

26. RHC, Vol.1, p.584.

27. Murray, York Buildings, p.20.

28. Special Report, (1720), p.66.

29. Supple, Royal Exchange, Chs. 1-2 passim.

Billingsley claimed that Sir William Thompson advised him to try to ensure that the petition was passed to the Solicitor-General or the Attorney-General, and that, if it came to him, he would ensure its passage. Thompson made it clear to Billingsley that if the Attorney-General knew of his (Thompson's) involvement, he would probably oppose the measure.³⁰ Relations between the two law officers were poor. In 1720 Thompson accused Nicholas Lechmere, the Attorney-General, of corrupt practices but the latter was exonerated by a Commons Committee.³¹ However, this decision may have been a matter of expediency. Thompson was dismissed immediately the outcome of the inquiry was known in March 1720, but Lechmere survived in office for only a month. He was allegedly dismissed for advocating that the Princess of Wales have her children taken away from her during a breakdown in relations between the King and her husband. The decision to remove him was stated to be a popular one.³² It was against this background that on 8 January 1720, the Privy Council referred the petition to Lechmere for his opinion.

The Attorney-General had decided views on the proposals submitted to him. In his answer dated 10 March 1720, he declared that it was not advisable to allow the incorporation desired. He felt that the company had been originally created for a specific purpose, i.e. a waterworks. He said that although landholding powers and values were nowhere clearly defined, it should not be

30. Special Report (1720), p. 71.

31. Ibid., p. 13.

32. Sedgewick, Commons, Vol. 2, pp. 203-204.

assumed that land to a limitless value could be purchased, if it was foreign to the original objects of the company. He criticised the new purchasers of the York Buildings Company and the subscription which he described as "an unwarrantable practice, and of a very dangerous tendency."³³ The fact that the petition had not been authorised by all whose names appeared on it, but only by Billingsley and a small group, also appeared to Lechmere to be an undesirable state of affairs.³⁴ This gave the company grounds to deny that they had anything to do with the idea. Sir Alexander Cairnes, one of the assistants, giving evidence to the Commons Committee appointed to investigate company subscriptions, specifically denied the company's involvement in the scheme, blaming it on the work of individuals.³⁵

Although the grounds for Lechmere's opposition to the scheme are clear, his motives are less so. His own links with the business world are more obscure than Thompson's. He was associated with the South Sea Company, which could have meant that this was one of that organisation's first moves against what it regarded as potential competitors in the financial field. Romney Sedgewick quotes a source which implies that the South Sea scheme could well have been drawn up in Lechmere's house, and that he was glad to see Knight, the South Sea Company cashier, disappear after the collapse of the 'Bubble'.³⁶ Therefore, whether from public spirited, or personal motives, Lechmere felt

33. Special Report, (1720), p.73.

34. Ibid. p.70.

35. H.C.J. Vol.19, p.349.

36. Sedgewick, Commons, Vol.2.pp.203-4.

that far from being encouraged, the York Buildings Company could be prosecuted if the crown had a mind to do so.³⁷ No prosecution was forthcoming at that particular time. This may have been partly due to the upheaval caused by the change of law officers. One should also bear in mind the fact that the new Solicitor-General, Philip Yorke, was a distant relation of Billingsley,³⁸ but there is no evidence so show whether or not he assisted the syndicate.

Plans to change the York Buildings Company's name and charter were abandoned, the company continuing under its old name and existing charter. This action by Billingsley and his syndicate indicated their determination and desperation to carry on with their scheme despite opposition from political as well as business groups. The reason for allowing the company to continue, and indeed expand its activities was not too difficult to determine. The government was not finding it easy to dispose of the forfeited estates in Scotland. Murray claims this was due to two basic reasons. Firstly, the Darien Scheme of the 1690's had drained Scotland of much of its available capital. Secondly, there was a reluctance amongst most Scots to take on these lands, and deprive the old families of their rights. This gave the friends and relatives of forfeited parties the chance to repurchase the estates at minimum prices, ensuring the forfeitures were little better than modest fines.³⁹ The latter reason was the more potent of the two, as it was felt

37. Special Report, (1720), p.73.

38. John Carswell, The South Sea Bubble, (1960), p.167.

39. Murray, York Buildings, p.17.

that any prospective purchaser would face hostility from the families and tenants of the original owners. It was little wonder then, that the government was willing to allow the company to stray so far from its original aims, and pave the way for it by legislation, in order to ensure that it obtained a reasonable price for the estates.

The confusion surrounding the flotation of the new stock was not confined to legal and political cross-currents. As we have already seen, there was some doubt as to when and how the old proprietors were paid. A call of one per cent was made on the new subscription which had to be paid before a person was to be admitted to the company. The purpose of this call was to raise money to pay off the old shareholders, to defray expenses, to set up an office and pay employees and directors' salaries, and to pay the fees of those floating the company,⁴⁰ presumably Billingsley and his associates. The sum of £12,000 was paid in response to the call.⁴¹ It is impossible to determine exactly how this money was disposed of, as the company does not appear to have kept a proper cashbook at this time. John Billingsley, son of Case Billingsley, then cashier, claimed to have made up a cash account of sorts, from surviving vouchers at a later date.⁴² This document cannot now be traced. What little information we have stems from a drawing account kept with the Bank of England. At one stage, officers of the Bank were in attendance when payments were being taken in response to a call, so it is fair to assume that this was the purpose of the drawing account.⁴³

40. RHC, Vol. 1, p. 584.

41. Ibid. p. 597.

42. Ibid. p. 585.

43. Daily Courant, 31 May 1720.

The drawing account shows deposits totalling £6,956.8s. (allowing for an error £88.8s.6d.) to have been made between 13 November 1719 and 16 March 1720.⁴⁴ The proximity of this sum to the amount due to the old proprietors suggests the money was used to pay them. Interesting factors arise from an examination of payments made from this account. Payment to Sir William Thompson and others (presumably his associates) amounted to £3,725.8s. and an unspecified payment of £231 was made. The most interesting aspect was a payment on 5 December 1719, of £3,000 to someone described in the Bank Ledger as "Govern. of Mines."⁴⁵ It seems probable that this refers either to the Governor of the Mines Royal or to the Governor of the Copper Miners Company (also known as the English Copper Company), both organisations having officials closely involved in the York Buildings Company's flotation. Case Billingsley, Sir Alexander Cairnes, Benjamin Bradley, John Hardwar and John Essington were all members of the direction of both the York Buildings Company and the English Copper Company.⁴⁶ All five were among the original signatories to the petition which led to the formation of the Royal Exchange Assurance Company, and in July 1720, Billingsley and Cairnes were listed as directors of that concern.⁴⁷ This evolving scheme of interlocking directorships suggests that the flotation of the York Buildings Company's new subscription was part of a wider scheme devised by Billingsley and his associates.

44. Bank of England Record, Private Drawing Office Ledger No.45 fo 1267.

45. Ibid.

46. PRO C11/1816/11, Westmoreland v York Buildings Company; London Gazette, 13-16 August 1720.

47. Special Report (1720), pp.18-20; Daily Courant, 1 July 1720.

The speculative climate in London in the period leading up to the 'Bubble' ensured that the York Buildings Company's stock issue was fully subscribed. Indeed the mania led to the company creating new stock when the need arose. During the first half of 1720, the nominal value of the stock rose to £1,259,575.⁴⁸ The origins of part of the increase can be traced. On 30 May 1720, the court of assistants agreed to add £50,000 to the stock of the company. The idea was that unnamed "persons of distinction", who had applied to the company for stock, would be accommodated, the existing stock having been fully subscribed. The method of issuing this stock was extremely dubious. The governor, by this time Thomas Fane, 6th Earl of Westmoreland, who had succeeded the Duke of Chandos on 5 January 1720,⁴⁹ was to be credited with the stock, which was to be disposed of at a later date. Westmoreland was anxious to have the terms of this transaction in writing, but this was refused.⁵⁰ The circumspect way in which the matter was handled suggests that the "friends" of the company for whom the stock was intended were not too anxious to have their names published, suggesting high society or governmental connections. The stock was to be disposed of at a rate of ten per cent, the amount already called up from the existing shareholders. Westmoreland claimed to have paid for the stock and to have disposed of £40,000 worth. Litigation arose at a later date over the remaining £10,000 worth, and

48. RHC. Vol.1., p.584.

49. PRO C11/1816/1, Westmoreland v York Buildings Company.

50. Ibid.

Westmoreland's liability in respect of this. He does appear to have been reimbursed, though as the drawing account shows a payment to him of £5,000 on 18 June 1720.⁵¹

The Westmoreland case also brings other interesting facts to light concerning the flotation of the York Buildings Company's new subscription. Among the chief managers of the issue, the names London, Andrews, West, Welsted and Lilly are mentioned.⁵² The drawing account reveals that £11,750 was paid to London, £2,500 to West and £1,000 to Welsted.⁵³ Lilly was known as an associate of Case Billingsley; Lilly did not draw any money out of the account, but payments totalling £44,585.3s.5d. were paid out in the name of Billingsley. There is no indication as to which Billingsley these payments were made. It could be either Case Billingsley, or his son John, the company's cashier at the time the payments were made. What happened to any money drawn by John cannot be determined, but nothing was left to pass on to his successor, Ebenezer Burgess.⁵⁴ Further payouts included £6,000 to Cairnes and £1,950 to Hardwar. In addition to those already linked with the Royal Exchange Assurance and the English Copper Company, we find that of the abovementioned, London, was involved with the former⁵⁵ and Lilly with the latter.⁵⁶ This ties the York Buildings Company even more closely to other flotations involving Case Billingsley.

51. B.of E. Priv. Drawing Office Ledger 45 fo.1267.

52. PRO C11/1816/1, Westmoreland v York Buildings Company.

53. B.of E. Priv. Drawing Office Ledger 45 fos.1268,1508,1509,1929,1930.

54. RHC., Vol.1.p.584.

55. Special Report. (1720)pp.17-20.

56. London Gazette, 13-16 August, 1720; Daily Courant, 13 August 1720.

The position becomes more complex when the case of the Royal Lustring Company is taken into consideration. This could possibly have been another of Billingsley's acquisitions designed to be used for purposes completely alien to those set out in its original charter.⁵⁷ The company had finally abandoned the manufacture of Lustrings (a form of glossy silk fabric) in 1716, but had stayed in existence as a corporation.⁵⁸ This made it ripe for a take-over bid during the boom of 1719-20, particularly when rumours began to circulate in London in 1720 to the effect that all joint-stock operations without charters would be quashed. Hungerford's Commons committee on subscription projects noted that the company had been linked with two fire insurance projects, the Sadler's Hall insurance and Overall's insurance.⁵⁹ Possible links with the Sun Insurance Office have also been considered. Scott feels that the Sun may well have been speculating in Lustring shares or might well have considered buying up the company, as its own position was somewhat uncertain. Carswell confirms the link with the Sun, although its precise nature is uncertain.⁶⁰ Carswell believes that it is possible that Billingsley had acquired the Lustring Company.⁶¹ The fact that the charter of this concern gave the organisation power to raise a joint-stock of any value⁶² adds credence to this assumption, as a clause of this nature would certainly be of interest to Billingsley's group, who clearly

57. Carswell, Bubble, p.167.

58. Scott, Constitution, Vol.3.p.88.

59. HCJ, Vol.19,pp.347-348.

60. Scott, Constitution, Vol.3.pp.386-387; Carswell, Bubble,p.167.

61. Ibid.

62. Carr, Select Charters, p.233.

studied a similar document before purchasing the York Buildings Company. This idea is further reinforced when one considers that the Lustring Company was mentioned in the Hungerford Committee's report on speculative flotations in connection with insurance ventures. Hungerford had close associations with the South Sea Company, and the object of his investigations would appear to have been to discover evidence likely to throw discredit on companies likely to compete with the South Sea Company. Hungerford, therefore, was anxious to find out all he could about other companies.⁶³ Finally Supple states that in August and September 1720, the Royal Exchange acquired seven of the Sun's twenty-four shares at a price of £1,500 each.⁶⁴ About the same time, the Royal Lustring Company would appear to have faded from the scene. It is possible that its purpose having been served, and its holding in the Sun now safely in the hands of the Royal Exchange, the Royal Lustring Company was allowed to disappear in the crash following the collapse of the South Sea Bubble. On balance, therefore, it seems quite probable that the Billingsley syndicate acquired the Royal Lustring Company.

The acquisition of yet another company to the Billingsley chain gives rise to a degree of speculation about the motives behind this series of takeovers. Acquisition of the Lustring Company with its insurance links would have meant the group was in a position to make a three-pronged attack on the insurance market.

63. Carswell, Bubble, p.117; Sedgewick, Commons, Vol.2 pp.161-2.

64. Supple, Royal Exchange, p.48.

They were proposing to enter marine insurance by the use of the Mines Royal and Mineral and Battery Works, life insurance through the York Buildings Company and now fire insurance through the Royal Lustring Company. Taken together these had the makings of a considerable operation. The forthcoming crises was to ensure the venture did not succeed in this form, but in 1721, the marine insurance venture, now the Royal Exchange Assurance, was given additional powers to deal in fire and life business.⁶⁵

In the summer of 1720, however, the fortunes of the Billingsley companies presented a very fair picture to potential investors. During July 1720, their prices floated upwards and it is hardly surprising that the South Sea Company, believing that the extent of the Billingsley empire might constitute a threat to their domination of the stock market, decided to act against them. The position of the South Sea Company was beginning to look far from secure, and the whole success of the South Sea scheme depended on a rising market for South Sea Company stock. A group the size of Billingsley's could have proved a threat to their security.

The South Sea Company's plan was simple. The government was persuaded that the Billingsley companies were acting outwith their powers. Consequently on 18 August 1720, the government ordered the Attorney-General to bring writs of scire facias⁶⁶ against the York Buildings Company, the Royal Lustring Company,

65. Ibid.

66. A writ of scire facias was meant to enforce or annul a patent or judgement. It could only be applied for by the Attorney-General.

the English Copper Company and the Welsh Copper Mines Company.⁶⁷ The aim was to bring down the price of shares in these organisations. The result was the complete collapse of the stock market and the pricking of the 'South Sea Bubble'. The generally primitive nature of the market at this time meant that it was not possible to hammer some stocks without causing a slide in all the major stocks. With the price of its own stock already in decline, the South Sea Company quickly became a part of the general downward spiral.⁶⁸

The South Sea Company's actions, therefore burst the 'Bubble' but did not destroy the Billingsley companies as planned. The Royal Lustring Company appears to have gone under completely at this stage,⁶⁹ but the others, including the York Buildings Company, survived. During the remainder of the month of August, the company worked to get the threat of legal sanctions lifted. On 23 August, the directors of the York Buildings Company, together with officers of other corporations involved, and members of the two chartered insurance ventures, appeared before the General Council at Whitehall, when they were warned as to their future conduct.⁷⁰ The York Buildings Company followed this up with a memorandum to the Lords Justices on 25 August. In this, they pleaded the legality of their actions and stressed that the government itself had passed legislation to allow the company to purchase forfeited estates, and had even gone as far as to allow

67. Du Bois, *English Business Company*, pp.6-10.

68. For fuller discussion of this point, *vide infra* p.p.60-65.

69. Scott, *Constitution*, Vol.3.p.89.

70. *Weekly Journal or British Gazetteer*, 27 August 1720.

the Treasury to extend the period of payment for these estates because of the York Buildings Company's current state of affairs.⁷¹ The company claimed, with justification, that the government itself had sanctioned the actions which were the subject of current proceedings against it. On 1 September, therefore, the government announced that it had dropped the action against the York Buildings company, on the grounds that the company had promised to mend its ways and stay within the law.⁷² The reasons for this change of heart were not hard to find. The company appeared to have a sound case, and more forfeited estates were due to be sold.

The York Buildings Company did not escape lightly from the clash with authority. In the first place it suffered in the general collapse of the stock market. Secondly, a scheme for the reorganisation of the capital stock to pay for the forfeited estates had to be suspended. The idea behind the plan was that stockholders would transfer half of their stock to the company, who would then sell it. The money raised by this device was to be applied to paying off the company's debt to the Treasury. This development had to be abandoned as part of the agreement to lift the writ of scire facias. In many ways this was fortunate for the company, as the state of the market after the beginning of August would have made it difficult to sell the stock at anything like a reasonable price.

On 2 September 1720, the company informed the Lords

71. PRO SP35/23/4, Memo of York Bldgs. Co. to Lords Justices.

72. London Gazette, 30 August - 3 September 1720; Daily Post, 5 Sept. 1720.

Justices that the stock had been re-transferred to the original proprietors and that the money already paid in on the sale was being treated as a call.⁷³ This implies that existing stockholders had bought the stock and that to all intents and purposes the device was a call under another name. What is significant, though, is the ease with which the company had managed to get proprietors to part with the rights to the distribution of half of their holdings. The scheme was dropped temporarily, but not abandoned as it proved a seemingly easy way out of the company's difficulties. The government's apparently strong action appears to have had little effect even in the short term, as by December 1720, the company had floated a similar scheme. This time a call of £23 per cent was payable by transferring half the owner's stock to the company.⁷⁴ The difference here was that the scheme was optional. Stockholders could opt to pay in cash, but given the collapse of the stock market, it is not surprising that no one chose to do so. This demonstrates the general ineffectiveness of government action with regard to the company and shows the latter to have been one jump ahead of the law. Whatever government action there was, became concentrated on the floundering South Sea Company. The smaller concerns appear to have been left to survive as best they could. Manipulations of stock, though, was to be a major feature of the York Buildings Company's

73. PRO SP35/23/4, Memo of York Bldgs.Co. to Lords Justices 2 Sept.1720.

74. RHC, Vol.1.p.597.

troubles in the years to come. The company had had a traumatic renaissance from which it was never really to recover. It survived the chaos of 1720 but it was never able to enjoy the success envisaged when it was taken over and re-launched. To set future actions in perspective, though, it is necessary to examine the company's role in relation to the wider trends of the stock market in 1720.

2. Stock Prices and Fluctuations in 1720.

The quoted price of its stock serves as an important indication of the standing of a limited company in the eyes of the public. This statement was as true in the volatile and rudimentary stock market of the early eighteenth century as it is of the complex and highly sophisticated financial world of the late twentieth century. As is the case nowadays, the stock prices of the early eighteenth century were influenced by local, national or international events, and in the degree of confidence in which its management was held by the public. The fact that all transactions took place in the city of London, in and around the coffee houses of Exchange Alley, meant that dealers and public alike were well informed of the actions of quoted companies whose offices were in the vicinity. This was further reflected in a volatile market and rapidly changing prices. Because of the close-knit nature of this community,

prices and thus speculation, were also likely to be affected by rumours. Poor communications with the wider world also represented a problem, and rumours from abroad could also have a strong influence on the stock market. Therefore, any long series of stock prices can give us some indication of the fortunes of a joint stock company over time. For the York Buildings Company, we have such a series covering virtually all of the important years of its operation, including parts of 1720.

The most unfortunate aspect of the entire price series is the almost total lack of York Buildings quotations available for the period before July 1720 (See Table 2:1). Thus, for the crucial period of the upward movement of stocks in the spring and early summer of 1720 we have virtually no information relating to the York Buildings Company. The specialist publication, Castaing's Course of the Exchange and other things, concentrated on the large public companies and ignored what it saw as 'Bubbles', the York Buildings Company being such a concern. A wide examination of the popular daily and weekly press revealed only two quotations before 5 July 1720. These show that between 26 February and 5 May 1720, York Buildings Company stock rose from $7\frac{1}{2}$ to $14\frac{1}{2}$ (96.66%). Between 5 May and 6 July the figure had risen to 89 (503%). Such figures as are available, though, do give some indication of the performance of the York Buildings Company in relation to other concerns in the crucial months of 1720.

TABLE 2:1

PRICES OF YORK BUILDINGS COMPANY STOCK 26 FEBRUARY - 29 SEPTEMBER 1970.

| | | | | | | | |
|---------------------------|---------|---------------|------------|-----------|---------|-----------|-------|
| FEB. 26 | 7½ | JULY 23 | 105,95,112 | AUG 9-11 | 350 | SEP 10-13 | 60 |
| MAY 3-5 ^(a) | 14½ | JULY 23-26 | 111 | AUG 11 | 290 | SEP 13 | 55,60 |
| JULY 2-5 | 90 | JULY 26-28 | 110 | AUG 12 | 290 | SEP 13-15 | 50 |
| JULY 6 | 89 | JULY 26 | 108,119 | AUG 11-13 | 294 | SEP 15 | 55,60 |
| JULY 9-12 | 87 | JULY 28 | 111 | AUG 13-16 | 300 | SEP 15-17 | 45 |
| JULY 12 | 89 | JULY 28-30 | 125 | AUG 16 | 295 | SEP 17 | 40 |
| JULY 14 | 89 | JULY 30-AUG 2 | 125 | AUG 18 | 290 | SEP 17-20 | 50 |
| JULY 16-19 ^(b) | 45 | AUG 2 | 103 | AUG 18-20 | 190 | SEP 20 | 28 |
| JULY 19 | 140-142 | AUG 2-4 | 270 | AUG 20 | 270,250 | SEP 22 | 25 |
| JULY 19-21 | 123 | AUG 4 | 276 | AUG 20-23 | 100 | SEP 23 | 35 |
| JULY 21 | 122 | AUG 4-6 | 286 | SEP 3-6 | 95,100 | SEP 24 | 35 |
| JULY 21-23 | 108 | AUG 6-9 | 260 | SEP 6-8 | 65 | SEP 24-27 | 27 |
| JULY 22 | 118 | AUG 9 | 285 | SEP 10 | 60 | SEP 27-29 | 25 |

Sources: Flying Post; Post Boy; Daily Courant; Daily Post.

Notes. (a) These represent figures from newspapers published bi-weekly. Date of publications is the latter date.
 (b) This would appear to be a misprint. It is most likely the figure was meant to be 145.

TABLE 2:2

COMPARATIVE STOCK PRICES 26 FEB. - 6 JULY 1720.

| | FEB. 26. | MAY 5. | % increase | JULY 6. | % increase. |
|-----------------------------------|----------|--------|------------|---------|-------------|
| YORK BUILDINGS CO. | 7½ | 14¾ | 96.66 | 89 | 503 |
| BANK OF ENGLAND | 153½ | 161 | 4.83 | 237 | 47.2 |
| EAST INDIA CO. | 212 | 239 | 12.73 | 355-375 | 56.9 (a) |
| SOUTH SEA CO. | 172 | 336 | 95.34 | 860-880 | 161.9 (a) |
| MILLION BANK | 140 | 147 | 5 | 430-440 | 199.19(a) |
| ROYAL AFRICA CO. | 44 | 63 | 43.18 | 140 | 122 |
| ASSURANCE ON SHIPS(LATER R.E.A.) | 27 | 39 | 44.46 | 150 | 284.5 |
| NEW ASSURANCE (LATER LONDON ASS.) | 4½ | 18 | 323.52 | 77. | 327.7 |

SOURCES: J. Castaing, The Course of the Exchange (1720); Flying Post; Post Boy; --

Daily Courant (a) Calculations are based on the higher figure.

The speculative fever of the early summer of 1720 is clearly shown in the price of all stocks as shown in Table 2:2. Even the Bank of England, which was seeing some of its functions usurped by the South Sea Company, rose steadily in proportional terms. The East India Company also rose steadily rather than spectacularly, again despite the fact that it might find its interests conflicting with the South Sea Company - this time in the latter's trading capacity. Royal Africa Company stock rose too despite serious encroachments on its preserves by the South Sea Company - the latter controlling the Asiento - the right of foreigners to sell slaves in the Spanish colonies. The Million Bank price rise was largely due to the fact that it held large parcels of stock due to be converted under the South Sea scheme. This organisation was fortunate in that it so arranged its affairs to minimise the effects of the ultimate crash.⁷⁵ The York Buildings Company clearly outstripped all other companies in Table 2:2 in terms of the rate of its rise between 5 May and 6 July. Of the next two fastest growing companies, the Royal Exchange Assurance was, like the York Buildings Company, promoted by the Billingsley syndicate. This trend was to cause some concern within the South Sea Company. It became alarmed at the rate of growth of organisations which it came to see as rivals.

The stock prices of the major companies reached their

75. Scott, Constitution, Vol.3, pp.285-286.

TABLE 2:3.
COMPARATIVE STOCK PRICES 6 JULY - 18 AUGUST 1720. (a)

| | YORK BUILDINGS CO. | | SOUTH SEA COMPANY. | | BANK OF ENGLAND | EAST INDIA CO. | ROYAL EXCH. ASS. | | ROYAL LUSTRING CO. | |
|--------|--------------------|-------|--------------------|------------------|-----------------|-----------------|----------------------|----------------------|--------------------|-------|
| | % Change | | CASTAING | DAILY POST | | | %Ch. | %Ch. | %Ch. | %Ch. |
| JULY 6 | 89 | | 860,880 | 950 c.d. | 238 | 395 | 150 | | | |
| 12 | 89 | | | 970 c.d. | -2.1 235,233 | -1.3 385,390 | -1.3 149 | -0.7 | | |
| 14 | 89 | | 880 | 970 c.d. | 236,240 | 2.1 380,390 | 148 | -0.7 | | |
| 16 | 110-120 | 34.8 | 890 | 1.1 990 | 2.1 245 | 2.1 385,370 | -5.1 150 | 1.4 | | |
| 19 | 140-142 | 18.3 | 890,880 | 980,1000,1020 | 3 235 | -4.1 385 | 4.1 156 | 4 | | |
| 21 | 122 | -14 | 870 | -2.2 980 c.d. | -3.3 240,238 | 2.1 350,360 | -6.5 156 | | | |
| 22 | 118 | - 3.3 | 870 | 980-990 | 1 235 | -1.3 360 | 156 | | | |
| 23 | 105,95,112. | - 5.1 | 870 | 980 | -11 236,235 | 0.4 365,370,375 | 42 156 | | | |
| 26 | 108-119 | 6.3 | 870,860 | 980 | 235 | -0.4 370 | -1.3 156 | | | |
| 28 | 111 | - 6.7 | 860 | -1.1 945 | -3.6 239 | 1.7 375 | 1.4 155 | -0.6 | | |
| 30 | 125 | 12.6 | 850 | -1.2 | | | 153 | -1.3 | | |
| AUG. 2 | 103 | -17.6 | 840 | -1.2 940,960 | 1.6 232 | -2.9 365 | -2.7 154 | 0.7 | | |
| 4 | 276 | 165 | 800,790,820 | -2.4 920,940 | -2.1 230 | -0.9 340 | -6.8 159 | 3.2 | | |
| 4-6 | 286 | 3.6 | 810 | -1.2 - | - - | - - | - 163 | 2.5 | | |
| 9 | 285 | -0.3 | 810,820 | 1.2 885 | -5.6 220 | -4.3 385 | 13.1 167 | 2.5 | | |
| 9-11 | 350 | 22.8 | 810-820 | 890 | 0.5 225,223 | 2.3 385,370 | 180,195 168 | 75 | | |
| 12 | 290 | -17.1 | 820 | 900,905 | 1.7 223,225,226 | 0.4 375,385 | 196 | 0.5 68,65 | -9.3 | |
| 13-16 | 300 | 3.3 | - | - - | - - | - - | - - | - - | | |
| 16 | 295 | -1.7 | 800,790 | -2.4 895,900,890 | -0.6 225,228 | 0.9 375,365 | 2.5 220,210 | 12.2 [95,100, 105] | 61.5 | |
| 18 | 290 | -1.7 | 790,780 | -1.3 870,885,890 | -1.1 225,226 | -0.9 365,368 | 2.7 [185,180, 190] | -13.6 | 93 | -11.4 |

SOURCES J.Castaing. The Course of the Exchange and other things (1720);

Daily Post; Daily Courant; Post Boy.

(a) Where more than one figure is quoted on any day, the rate of change has been calculated on the highest figure.

peaks at different times during the summer of 1720, as shown in Table 2:3.

The South Sea Company touched its highest point around 19 July, the York Buildings Company around 9 - 11 August and the Royal Exchange and Royal Lustring Companies around 16 August. The Bank of England and the East India Company had both reached their highest points in June, the Bank at 270 around 23 June, and the East India Company at 420 around 29 June.⁷⁶ The Bank and the East India Company could have peaked first as there was less speculation in their activities and their shares were being sold in order to invest in the potentially greater gains of the speculative concerns, including the South Sea and York Buildings Companies. On the other hand, the Bank and East India Company investors may have been a more cautious breed who had realised all stocks were overvalued and had decided it was time to realise their capital gains.

The South Sea Company reached its maximum price on 19 July at a time when a midsummer dividend had just been declared and preparations were on hand for a new money subscription. The transfer books of the company were closed and bargains were being struck which would be registered when the books re-opened.⁷⁷ The general attitude would appear to have been one of caution, with a slight downward drift being the result. This was possibly

76. Castaing, Course of the Exchange, 23, 29 June 1720.

77. Dickson, Financial Revolution, p.142.

influenced by the slight downward movement of the Bank and East India Company. The decline worried the South Sea directors and this was compounded when they saw the upward movement of the Billingsley companies, particularly the York Buildings Company.

The reasons for this concern of the South Sea Company over the rise of the stock in Billingsley concerns can be deduced partly from the economic situation and partly from the movement in share prices in the South Sea Company and the York Buildings Company. The success of the South Sea Company's scheme to float certain parts of the national debt was dependent on a steadily rising market for its stocks, encouraged by a system of deferred payments.⁷⁸ In the month of July 1720, there appeared to be faltering in the London money and stock markets. Despite the so-called 'Bubble-Act',⁷⁹ there were signs of new speculative promotions emerging once more in the city of London.⁸⁰ Also the general European scene did not augur well for the near future. John Law was struggling against the inflation brought about by his speculative schemes to boost the French economy. Speculation had started in Amsterdam and Hamburg, and this was partly fuelled by foreign investors realising gains in London and moving money out to other centres. Significantly too, this meant that foreign funds were not flowing into London as they had earlier in 1720.

According to Charles Wilson, Dutch investment in the

78. *Ibid.*, p.148.

79. 6 Geo.1., c.18.

80. Carswell, *Bubble*, p.166; Dickson, *Financial Revolution*, p.148.

London money market at this time came from three sources, great merchants looking for long term investment for surplus capital, smaller men with the same idea and indulging in an "occasional speculative flutter", and lastly the "out and out gamblers". By May 1720, many of the larger Dutch merchants were liquidating their holdings of South Sea stock, and this trend continued until early August when many of this group had divested themselves of this investment. A few Dutch investors lost money, and some of the smaller men went under. The wealthy men who were caught in the crash - and these appeared to be few - were able to absorb the loss as their main investments were elsewhere.⁸¹ The net result of all this activity was that the rate of exchange between London and Amsterdam began to move in favour of the latter, encouraging a rise in bullion exports from Britain and a rise in the price of gold.⁸² The Edinburgh Evening Courant of 9-12 August, carried an extract from Wye's Letter of 6 August, complaining of the ill effects bullion movements and speculation were having on the price and levels of exports of goods, particularly cloth. The same extract bemoaned the fact that people continued to promote 'bubbles'. On a wide front, therefore, the economic indicators were none too favourable and these would ultimately have an effect on stock prices.

A comparison of the respective movement of York Buildings Company and South Sea Company stocks during July and August 1720

81. Charles Wilson, Anglo-Dutch Commerce and Finance in the Eighteenth Century, (reprinted Cambridge 1966)pp.102-108.

82. Carswell, Bubble, p.166; Dickson, Financial Revolution, p.151.

reveals some interesting points (see Table 2:3). The first is the two sets of South Sea Company prices. Those quoted by Castaing show a marked difference from those quoted in the Daily Post, sometimes in excess of one hundred points. This can be accounted for by the fact that these lists would be drawing their information from different brokers, perhaps operating in different sectors of the market. Castaing's list tended to quote only the monied companies and government stocks and lotteries.⁸³ Thus one could argue that Castaing was drawing his information from a more 'conservative' end of the market than the newspapers, which were quoting prices of bargains being struck by fringe brokers in Exchange Alley, and the new investing classes who had flooded in to London to gamble their money in the summer of 1720. Despite these differences, it is interesting to note that the general drift of prices is somewhat similar in both series. On the whole, percentage changes were broadly similar. Both series show that by the end of July, the price of South Sea stock, after some fluctuation, was slightly lower than that prevailing towards the beginning of the month. On Castaing's list the decline between 6 July and 30 July was 3.4% the Daily Post between 6 July and 28 July showing a decline of 0.5%. York Buildings Company stock on the other hand ended the month on 125 as opposed to 89, the price around 6 July, representing a rise of 40.4%. At the beginning of August, York Buildings Company stock took a considerable leap, while South Sea stock continued on a slightly downward drift. This factor was to cause some concern in South Sea Company circles.

83. Ibid., p.488.

The reason for the advance in York Buildings Company stock in early August was that the directors, at a general court on 19 July, had received approval for a scheme whereby shareholders were to transfer half of their holdings to the company for its own use. They had also decided to declare a ten per cent dividend at Michaelmas (29 September), without resorting to a further call on stock. The stock was to go on sale to the public on 9 and 10 August.⁸⁴ Demand must have existed for York Buildings stock as the price was quickly forced up. The drop in prices before the York Buildings issue suggests that the stock market was reaching saturation point. However, there was to be one last surge in prices which was to bring the Billingsley companies, including the York Buildings Company, to their peaks. The fact that the York Buildings Company was tied in with a land project, something people knew about and understood, probably helped in this case. Within a week, York Buildings stock had reached its maximum price of 350, an increase of 180% over the price around 30 July. The Royal Exchange Assurance also rose steadily, reaching a top price of 196 around 12 August, a rise of 27.7% since the end of July.

The York Buildings Company could not sustain its high price and slipped back during the following week ending up at 290 around 18 August, a decline of 17.1%. Even before half the stock was recalled by the company under the scheme announced

84. Edinburgh Evening Courant, 21-25 July 1720.

on 19 July, it had been considerably overvalued considering only seventeen per cent of the nominal value had been called up. During this week, though, the Royal Exchange Assurance advanced to a maximum of 220 around 16 August, falling back to 180-190 two days later. The Royal Lustring Company, another Billingsley concern, rose from 75 to 105 (40%) between 9 and 16 August falling back to 93 (11.4%) by 18 August. Of all these companies, therefore, the major movement, in percentage terms, had come with the York Buildings Company.

As has already been indicated, the forward surge of the Billingsley companies was not to the liking of Sir John Blunt, newly created baronet, and principal figure behind the South Sea Company. The dislike was intensified given the stagnation of his own concern on the stock market. However, the precise role of the South Sea Company in bringing about legal intervention to curb these companies by means of influencing the Attorney-General to bring writs of scire facias against the Billingsley companies, is far from clear. Carswell in his study states, "Blunt chose to carry out a direct assault on the Billingsley promotions."⁸⁵ Dickson is more cautious, stating that the evidence for and against direct intervention by the South Sea directors is "more evenly balanced."⁸⁶ If intervention took place, it would seem to have been in the form of pressure exerted behind the scenes.

85. Carswell, Bubble, p.171.

86. Dickson, Financial Revolution, p.149.

On 18 August 1720, it became public knowledge that the Commissioners of the Treasury had petitioned the Lords Justices, who ordered the Attorney-General to bring writs of scire facias against the York Buildings Company, and other concerns in which Billingsley was involved.⁸⁷ This move had been underway since 10 August, but the York Buildings Company claimed to have been unaware of it.⁸⁸ However, rumours of this action had been circulating in the city, and the price of York Buildings stock had fallen from its peak of 350 around 11 August, to 290 a week later, a decline of 17.1%. It seems unlikely, therefore, that the directors would be unaware of this threat to their organisation. Ironically on 20 August, an advertisement appeared announcing the issue of the first batch of contracts for the sale of stock transferred for the use of the company.⁸⁹

The York Buildings Company reacted quickly to the writ of scire facias against it, another indication that the action came as no surprise to the company. By 1 September the legal threat to the organisation had been lifted.⁹⁰ In the interim, though, the stock market had moved considerably downwards. On 19 August, York Buildings stock had changed hands at 250-270.⁹¹ Within a few days the price was reduced to 100 and it would appear to have stayed at this level until early September, after which the downward trend continued, finishing the month around 25.

87. London Gazette, 16-20 August 1720.

88. PRO SP 35/22/38. York Bldgs. Co. to Lords Justices.

89. Daily Courant, 20 August 1720.

90. PRO SP 35/22/38. York Bldgs. Co. to Lords Justices; London Gazette, 30 August - 3 Sept. 1720.

91. Daily Post, 20 August 1720.

It is difficult to ascertain the precise reason for the temporary halt to the downward movement of York Buildings stock prices in late August. It is possible that some buying occurred, possibly the directors buying shares on behalf of the company to try to stop the trend. More likely the dealers and public were awaiting the outcome of the legal moves against the Billingsley companies, and the re-opening of the South Sea Company's transfer books to ascertain the longer term trends. The movement of South Sea stock itself, as well as that of the two insurance corporations, was a clear indication that the halt was only temporary.

The month of September 1720 was a bad time for stock prices. All the leading stocks fell, many by considerable margins, as shown in Table 2:4. The Bank of England which had risen less sharply than other stocks did not fall so disastrously, though even the Bank had indulged itself in the frenzy of the summer by offering to lend money on the security of its own stock.⁹² Despite this its overall decline between 18 August and 29 September was only 11.5%. The East India Company was much more severely hit, falling below its price in February, before the bulk of stock price gains were made. The Million Bank also fell considerably, as did the Royal Africa Company. This latter was hardly surprising as the weakness of the Royal Africa Company had long been apparent.⁹³ Insurance shares were

92. Dickson, Financial Revolution, p.192.

93. K.G.Davies, The Royal Africa Company, (1957) passim.

TABLE 2: 4

COMPARATIVE STOCK PRICES AUGUST & SEPTEMBER 1720 (a)

| | <u>AUG 18</u> | <u>AUG 23</u> | <u>% Change</u> | <u>Sept 6</u> | <u>% Change</u> | <u>Sept 29</u> | <u>% Change</u> |
|---------------------|---------------|---------------|-----------------|---------------|-----------------|----------------|-----------------|
| York Buildings Co. | 290 | 100 | 65.5 | 100 | - | 25 | 75 |
| Bank of England | 226 | 222 | 1.8 | 223 | +0.5 | 200-180 | 10.3 |
| East India Co. | 365 | 335 | 8.2 | 335-325 | - | 190-170 | 43.3 |
| South Sea Co. | 870-890 | 815 | 8.4 | 745-735 | 8.2 | 250-200 | 66.4 |
| Million Bank | 410 | 400 | 2.4 | 400 | - | 280 | 30 |
| Royal Africa Co. | 120 | - | - | - | - | 40 | 66.6 |
| Royal Exchange Ass. | 200-170 | 160 | 15 | 115 | 28.1 | 60-50 | 47.8 |
| London Ass. | 101-115 | 85-105 | 8.7 | 63 | 49.5 | 29 | 61.9 |

Sources: J. Casting, The Course of the Exchange and other things, (1720);
Daily Post; Daily Courant.

(a) Where more than 1 price is quoted the higher has been used as the basis for calculating change.

also badly hit, both the Royal Exchange and the London Assurance falling considerably. A contributing factor here was that, although legal proceedings had not been instituted against them, the two assurance concerns had been formally warned to abide by their charters.⁹⁴ In monetary terms the South Sea Company fared worst of all falling from 870-890 on 18 August to 250-200 by the end of September, a decline of 71.9% taking the higher figures in each case. In proportional terms although the York Buildings Company which had seen the most spectacular rise (see Table 2:3) also had the greatest fall. Between 18 August and 29 September, the price of York Buildings stock fell from 290 to 25, a decline of 91.4%. As September 1720 drew to a close, it was clear that the 'Bubble' was well and truly burst.

The precise causes of the fall are not easy to determine. There is no doubt that the writs of scire facias had a decided effect in forcing prices down, but this was only one among a number of factors. As we have already seen, some prices were falling before application was made for the writs, and it is probably correct to say that these would have kept on falling, even without this application. The massive fall which did occur proved that stocks and shares were considerably overvalued and a significant fall was inevitable when this became more widely realised.

94. Weekly Journal or British Gazetteer, 27 August, 1720

Within the South Sea Company, signs that all was not well were clearly discernible in late August. The transfer books, opened on 22 August, had to be closed again three days later. This was to facilitate a new issue of stock amounting to 20% of the existing stock, to be confined to existing proprietors. Even in this short time it appeared that selling was heavy.⁹⁵ The actions of the South Sea Company at this time were no doubt meant to sustain the market, but there were signs that speculation had passed its peak. A fourth money subscription to the South Sea Company opened on 24 August, and closed the same day fully subscribed.⁹⁶ Trading in the scrip for this new issue was slow, and premiums, by the standards of the earlier part of 1720, were low. Commentators differ as to whether it was 20 or 40%.⁹⁷ The South Sea directors, conscious of the danger of falling prices, and anxious to stem the drop, condoned the breaking of their own by-laws to allow stock purchases to be made on behalf of the company.⁹⁸ On 30 August, the directors decided to recommend a 30% dividend at Christmas, with a guaranteed dividend of 50% for each of the next twelve years. This panic measure was endorsed by a general court on 8 September, but even such a generous move to shift ideas away from capital gains to the prospect of long-term yields, failed to stem the decline in prices.⁹⁹ One must agree with Carswell that the move was too little, too late, as the high prices at which some of the stock had changed hands, made the yield as low as 5% in some cases.¹⁰⁰

95. Dickson, Financial Revolution, p.149; Carswell, Bubble, p.177.

96. Dickson, Financial Revolution, p.149.

97. Carswell, Bubble, p.177; Lewis Melville, The South Sea Bubble, (1921), p.113.

98. Ibid., p.114.

99. Dickson, Financial Revolution, p.149; Carswell, Bubble, p.178.

100. Ibid.

One might have expected the gloom to have lifted a little and prices stabilised to some extent when harvesting started and agricultural profits became available for investment. There is no evidence of a poor harvest that year, but despite this the downward trend continued. The speculative mania had meant that the money supply was being squeezed. The situation was such that in the summer and autumn of 1720, despite the usury laws which limited interest to a 5% per annum maximum in the private sector, speculators were prepared to raise short term cash at rates of 3, 4 or even 10% per month.¹⁰¹ Also the boom of the summer had been based on marginal trading to such an extent that only a small proportion of the sums outstanding could possibly be met out of current savings.¹⁰² The Bank of England, which had started to lend money on the security of its own stock, giving £50 per £100 of Bank stock held at an interest rate of 5% per annum, intervened in the market. The interest rate on its loans on stock, which had been reduced to 4% at the height of the 'Bubble' on 14 July, was raised again to 5% on 13 October. The South Sea Company made a similar move on its loans. On 29 September, the Bank called for 25% of loans on stock to be repaid by 22 October, on pain of forfeiture of stock pledged as security for such advances. At the latter, the trustees held £1,012,000 of stock. By 31 December this had only been reduced to £738,000,¹⁰³ a sure sign that investors could

101. Ashton, Fluctuations, p.120

102. Ibid., p.119.

103. Dickson, Financial Revolution, pp.192-194.

not meet their obligations, and a sign of a tightening money supply.

The financial crisis was exacerbated by the fact that during the month of September, the Bank of England had ceased to discount bills.¹⁰⁴ Rising interest rates and a contraction of the money supply, therefore, cut the propensity for speculation. The government also mopped up some of the floating funds, as the short term national debt had increased during 1720. Exchequer bills outstanding at Christmas 1720, totalled £1,919,913, an increase of £639,875 over the figure at Christmas 1719.¹⁰⁵ The rate of interest on these securities, however, remained unchanged. A further indication of crisis, though, came in the fact that the South Sea Company was forced to raise its rate of interest on bonds to 5% on 29 September. This brought it into line with the East India Company whose rate on bonds had been 5% since April 1719.¹⁰⁶ By mid December, though, South Sea bonds had dropped to 15% discount. Thus by the autumn and early winter of 1720, there were clear signs of financial crisis.

The fact that the decline of stock prices, once started, could not be stopped, is confirmed by the case of the York Buildings Company. The directors quickly replied to the threats posed by the writs of scire facias, informing the Lords Justices they felt they were acting within their legal powers.¹⁰⁷ Despite the fact that the threat to the York

104. Ibid., p.158.

105. Ibid., pp. 526-527.

106. Ibid., p.411.

107. PRO SP 35/22/88. York Bldgs. Co. to Lords Justices.

Buildings Company was lifted on 1 September, as a result of promises by the company as to its future good conduct,¹⁰⁸ the price stayed down, and continued to fall. One of the reasons for the fall was that some of the small investors had been using gains made in Billingsley companies to finance bigger deals in South Sea stocks. When the price of Billingsley shares, including the York Buildings Company fell, speculators were no longer able to meet South Sea commitments when they became due.¹⁰⁹ This whole process had a cumulative effect right across the market, forcing all prices down as people tried to minimise their losses. Such trends were exacerbated by the wider factors fuelling the crisis already described.

A further reason for the continued fall of York Buildings Company stock in the middle of September 1720, was contained in the concessions necessary to placate the Lords Justices and ensure the removal of the threat of further judicial proceedings. The company was forced to re-issue transferred stock as a call on existing stock.¹¹⁰ This could only have added to the confusion in the stock market and must have contributed to the fall in York Buildings stock.

The fall continued during October and November 1720, though there were some slight upward fluctuations. The Daily Post of 17 October quoted the price at 16, on 18 and 19 October the same source quoted a price of 18, but on 20 October the

108. London Gazette, 30 August - 2 September 1720.

109. Melville, Bubble, p.114.

110. PRO SP 35/23/4 Memo of York Bldgs.Co. to Lords Justices 2 Sep.1720.

quotation was 23, falling to 21 the following day, after which the movement was again downwards. This does indicate, though, that despite the crash, the market was not altogether dead, and some degree of risk capital was still available for investment. The price of York Buildings stock reached its lowest point for the year around 18 November when it was being quoted at 11-11½.¹¹¹ This was the lowest price the stock was to reach until 1723, when, on 30 June, at 9½, the price was quoted in single figures for the first time since February 1720.¹¹² However, when one compares the level of prices at the end of November 1720 with those of the previous February, one sees it was still possible to sell and make a profit. Only those who had purchased the stock after May and had failed to sell out at the right moment, stood to make a loss.

The month of December 1720 saw a significant rise in the price of York Buildings Company stock. For much of the early part of the month no transfers were recorded in most of the newspapers, as the company's transfer books were closed. Only the Post Boy carried the price. On 13 December, it quoted the price at 14, but on 15 December, indicated a jump to 30. This price is confirmed by a quotation in the Daily Post of 19 December, the transfer books having been re-opened two days earlier.¹¹³ The price rise was due to a new scheme devised by the company to try to alleviate some of its difficulties.

111. Daily Post, 18 Nov., 1720; Post Boy, 17-19 Nov., 1720.

112. Daily Courant, 30 June, 1723.

113. London Gazette, 29 November - 3 December, 1720.

On 28 November, a general court of the York Buildings Company had agreed to a call of 23%, which could be paid in stock, stockholders transferring one-half of their holding to the company.¹¹⁴

Shareholders opted for this course as opposed to cash payments; this was hardly surprising, given the general financial climate following the stock market crash, and the squeezing of the money supply. What is surprising, is that the company, having already

been forced by the authorities to abandon one such scheme only four months previously, was effectively allowed to halve the capital stock of the company. No evidence has come to light to

explain why this should be allowed and one is left to assume that the fact that none of the shares were immediately put on sale,

played a part in this. It is also indicative of the fact that

the government was no longer so keen on general intervention in company affairs, having its hands full trying, with the Bank of England, to salvage something from the South Sea Company's fall.¹¹⁵

By halving the nominal capital of the York Buildings Company, the price was effectively doubled, a clear indication that the amount paid in on each unit, and the value of assets per unit, affected its market price. However, the full value of this

manoeuvre could not be maintained and the price finished the year at 26.¹¹⁶

114. RHC. Vol.1.p.597; Daily Post, 30 November 1720; Original Weekly Journal, 3 December 1720.

115. The aftermath of the 'Bubble' is dealt with in Dickson, Financial Revolution, Chrs. 7-8, passim.

116. Daily Post, 30 December 1720.

3. *The York Buildings Company and the Bubble.*

One can draw some significant conclusions from the York Buildings Company's affairs and conduct in 1719 and 1720. In the first place the takeover had been easily achieved and no immediate barriers put in the way of a massive new subscription. The company was used for purposes alien to its original charter, but this was with the active connivance of the government. When it tried to renege on its agreement with the company, at the instigation of a powerful rival in the shape of the South Sea Company, the government was forced to back down.

The events of this period showed the weakness of the government when dealing with companies. The law officers of the crown tended to make decisions according to personal interest, as was clearly seen by the conduct of Sir William Thompson as Solicitor-General, and Nicholas Lechmere as Attorney-General. When the government did appear to act decisively, as when it forced the York Buildings Company to abandon the plan, devised in July 1720, to force shareholders to give half their stock to the company, it was unable or unwilling to ensure the decision was adhered to, as the company was able to adopt a modified version of this plan in December 1720. The lack of decisive and effective government action was clearly seen in the way the scire facias writs were handled. The only concrete result was the bursting of the 'Bubble' and its resultant financial chaos. The 'Bubble Act' itself, although getting rid of some of the worst of the abuses, did not get

rid of companies in possession of a charter, such as the York Buildings Company. Such organisations which survived the crisis, were allowed to continue without proper checks on their activities.

The York Buildings Company flotation showed just how easy it was to gather money in 1720, and to manipulate stockholders once their payments had been received. Also the links between the York Buildings Company and other organisations controlled or floated by Case Billingsley and his associates show that, in some cases at least, there was a clear purpose behind apparently haphazard development. Allied to this the attempt of Billingsley to use one of the law officers for his own ends, and attempts to create extra stock for 'friends' of the organisation, showed the company was willing to progress by bribery at the highest level. This is indicative of the wider moral climate of the business world at this time.

The movement of York Buildings Company shares during 1720 clearly demonstrates the role of the company in the 'South Sea Bubble'. The movement of all stocks became interdependent in a way that had not been possible before. This was due to the great amount of flotations and to the need for the South Sea Company to encourage a rising market to maintain its prosperity and bring its grandiose scheme for floating the national debt to fruition. The schemes of the York Buildings

Company and other Billingsley concerns at times seemed to pose a threat to this grand idea, at least in the eyes of some South Sea officials. How real this threat actually was, is impossible to determine, even with hindsight. However, it was enough to convince the government that some action was needed; hence the granting of the writs of scire facias. It is also indicative of the unprecedented nature of the events surrounding the boom, that neither the government, nor the South Sea Company, realised that action against one small corner of the market, could have such wideranging repercussions.

It is against this background that one sees that the contribution of the York Buildings Company to the crisis of 1720 was of considerable significance. The York Buildings Company's stock prices had grown at the fastest rate and so the fact that it fell at a steeper rate than other stocks, including the South Sea Company, should not come as a surprise. It must be stressed, though, that an examination of the wider situation, indicates the economy was overheated and that prices could not have stayed so high for any length of time, and a crash was almost inevitable. Instead of making the government more determined to intervene on a much wider scale, the crash seemed to have allowed those companies which survived, other than the South Sea Company for which a rescue operation was mounted, to carry on relatively free from constraint. The effect of this virtual withdrawal of government supervision, and its consequences for the York Buildings Company's stockholders, will be dealt with in subsequent chapters.

CHAPTER 3.FINANCIAL OPERATIONS 1721 - 1760.

The York Buildings Company survived the financial crisis of 1720, but was left in a very weak position. Debts had been incurred by the acquisition of forfeited estates in Scotland and Northumberland, on which a considerable balance was still outstanding. The stock market had collapsed, and there seemed little likelihood of encouraging investors to part with any cash they might have left. The company, far from being cautious in this climate, embarked on a series of financial ventures designed to solve its problems and enhance the value of its stock, but which, in effect, merely exacerbated a difficult position. Manipulation of the nominal value of its stock, annuity lotteries, bond issues and dividend payments out of the capital fund, were all designed to increase the market value of the stock. These will be considered in the course of this chapter.

1. Long Term Trends in Share prices 1721-1736.

The availability of regular quotations of York Buildings Company stock prices has made it possible to plot the long term trend in the movement of such prices. Detailed movements for the year 1720 have already been considered. An examination of the trends for the years 1721-1736 reveals further interesting factors. The maximum and minimum prices, together with

sample quotations on 1 January and 1 July each year, or the next date for which prices are available, have been used as the basis for Table 3:1. Where a maximum or a minimum price has been quoted on more than one date, the latest has been used.

TABLE 3:1.

YORK BUILDINGS COMPANY - GENERAL TREND IN STOCK PRICES 1721-1736.

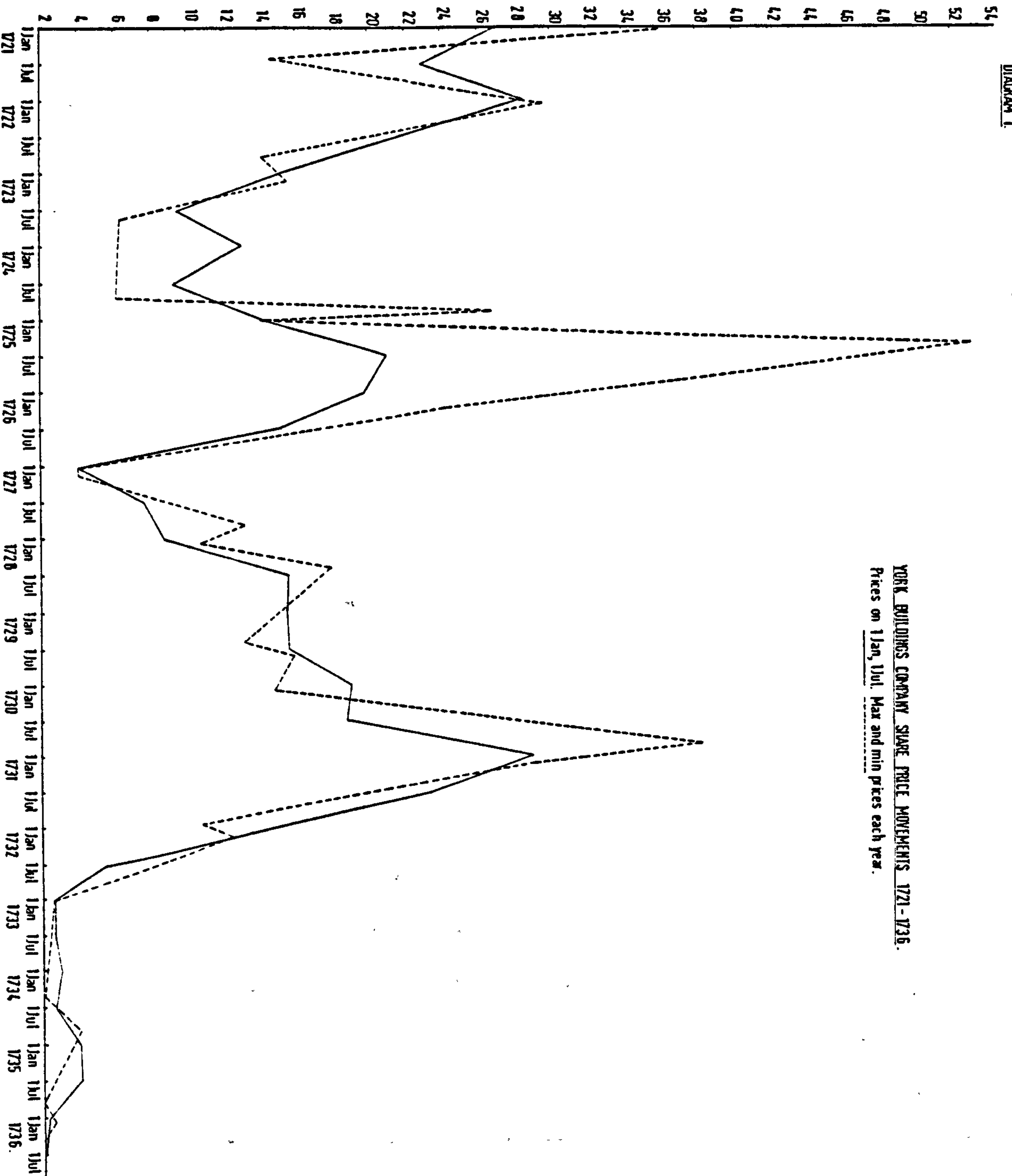
| | <u>Price</u> <u>1 Jan.</u> | <u>Price</u> <u>1 Jul.</u> | <u>Date</u> | <u>Highest</u> <u>Price</u> | <u>Date</u> | <u>Lowest</u> <u>Price</u> |
|--|-------------------------------|-------------------------------|-------------|--------------------------------|-------------|-------------------------------|
| 1721 | 27 | 23 | 6 Jan | 36 | 20 May | 15 |
| 1722 | 28½ | 21½ | 9 Jan | 29.3/8 | 1 Oct | 14 |
| 1723 | 15½ | 9½ | 26 Jan | 15.5/8 | 30 Jul. | 6.3/8 |
| 1724 | 13.1/8 | 9½ | 20 Nov | 27 | 2 Sep | 6½ |
| 1725 | 14½ | 21 | 20 May | 53½ | 1 Jan | 14½ |
| 1726 | 19½ | 15½ | 8 Mar | 24 | 31 Dec | 4½ |
| 1727 | 4 | 7.5/8 | 31 Oct | 13½ | 6 Jan | 3½ |
| 1728 | 10½ | 15.5/8 | 28 May | 18 | 4 Jan | 10½ |
| 1729 | 15½ | 15.5/8 | 8 Aug | 16 | 20 May | 13 |
| 1730 | 19 | 18.5/8 | 5 Oct | 38 | 19 Jan | 14½ |
| 1731 | 29 | 23½ | 4 Jan | 29 | 7 Dec | 10½ |
| 1732 | 12½ | 5½ | 31 Jan | 12½ | 29 Dec | 2½ |
| 1733 | 2½ | - | 13 Jan | 2.7/8 | - | - |
| 1734 | 3 | 2½ | 27 Dec | 4 | 9 May | 2 |
| 1735 | 4 | 4 | 25 Sep | 4 | 26 Nov | 1½ |
| 1736 ^(to 2) _(Aug) | 2½ | 2 | 10 Apr | 2½ | 2 Aug | 2 |

Sources: Daily Courant; Daily Journal; Daily Post.

These figures as laid out in Diagram 1 reveal some interesting trends. In 1721, the company's lottery proposals led to a rise in the price of stock, but this could not be maintained, and until 1724 the trend was downwards. The steep rise in the latter part of that year can be linked to the

75(a).

DIAGRAM 1



proposals put forward in September and October for what was, in effect, a merger with the Charitable Corporation, and a decision to halve the stock once more. Complications surrounding the proposal and the abandonment of the merger caused the price to fall. The proposed issue of bonds in 1725 in place of receipts given in 1724 for the transfer of half of each holder's stock to the Company, caused what must have been a frenzied burst of activity as the price moved to its 'post-bubble' peak of 53½ around 20 May. Again this could not be sustained and, following the official announcement of the exchange of securities, the price fell quickly, most likely brought down by heavy selling as investors tried to realise their capital gains. In wider economic terms, the rise came about during a period of reasonable trade and increasing investment,¹ a trend which can be confirmed by an examination of Bank of England, South Sea and East India Company stocks during 1724 and the early months of 1725. These three stocks made slight gains during the period but, unlike the York Buildings Company, held fairly steady for the remainder of 1725.² Trends seemed reasonable in Scotland too where signs of a degree of advance were being manifested in pressure to extend the banking and financial sector, the establishment of the Equivalent Company in 1724 being a step in this direction.³

The final upward trend in York Buildings Company stock came about as the result of rumours concerning industrial ventures

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1. Ashton, Economic Fluctuation, p.112.
 2. Daily Courant; Daily Journal; Daily Post; 1724 and 1725, passim.
 3. H.Hamilton, An Economic History of Scotland in the Eighteenth Century, (1963), pp.298-9.

and fraudulent stock dealings by some of the directors of the Charitable Corporation. Again, though, it is possible that a generally favourable trend in the economy as a whole in the early 1730's⁴ led to a financial climate which assisted the rise. The discovery of the Charitable Corporation fraud, together with growing expressions of dissatisfaction among the company's own stockholders and creditors, culminating as the parliamentary enquiries into the two organisations in 1732, 1733 and 1735, combined to force down the price of York Buildings Company stock. By 1736, the stock was virtually worthless and no longer quoted regularly in the press. Within these longer terms trends, however, there were many fluctuations caused by company decisions, rumours concerning the company, and wider local and national factors affecting stock market in general. Many of these will be evaluated and discussed in the course of this chapter.

2. Stock Manipulation 1721-1760.

The stock manipulations carried out in 1720 have already been discussed.⁵ As a result of these measures the company now held half of its own stock, but it would have been unwise to re-sell it immediately, given the reaction of the government to the previous attempt, which had brought about the writ of scire facias against the company. For the meantime, therefore, this stock was left dormant.

4. Ashton, Economic Fluctuations, p.145.

5. Vide supra, Ch.2. *passim*,

The downturn caused by the crisis of 1720 did not stop the company speculating, without the necessary written authority, £39,800 of stock was bought between 28 August 1721 and 13 February 1722, the total cost being £13,041. Of this stock £21,000 worth found its way into the hands of the Earl of Westmoreland. It was later stated that this entire parcel of stock was necessary as part of the scheme to compensate holders of blanks in the company's first lottery. More interesting though is the purchase of £104,950 worth of stock between 14 February and 14 September 1722 at a total cost of £27,359 and the sale of £120,750 worth between 23 February and 21 July for £29,059. It was stated that this manoeuvre was necessary to halt an attack on the company's stock by brokers in Exchange Alley. However, it was hinted that some of these deals had originally been struck by individual directors and it was possible they were trying to use the company to underwrite any potential losses as the price declined. In all, the company bore a loss of £2,887, including commissions on this burst of activity.^{5(a)}

The company, however, still required money to pay for its estates. The lotteries were designed to fulfil this purpose with the annuities resulting from them secured by the income from the rentals of the estates.⁶ Despite this, on 19 July 1722, at a general court, it was decided to raise funds

5(a) HCJ, Vol.22, pp.172-174.

6. Vide infra, pp.110-111.

by means of a call of £6 per cent, payable in six equal instalments. The first payment was to be made on 2 August 1722 and the remaining five at two-monthly intervals thereafter.⁷ On 18 October 1722, another general court passed a resolution stating that anyone holding or taking out one ticket per £100 of stock in the second part of the company's second lottery before 2 November 1722, should be given bonds carrying 5% interest for the amounts paid in on each of the four remaining instalments of the call. These bonds were to be repayable upon three months notice being given in the London Gazette.⁸ Thus the company was in fact raising a loan from its stockholders under the guise of a call. This manoeuvre also clearly indicates the difficulties being faced by the lottery.

Most proprietors took advantage of the scheme as in each of the four instalments to which it applied, only around £650 out of a total due to be paid of £5,549 was classed as non-returnable. In each of these instalments over £4,500 was due to be returned to stockholders.⁹ This obligation was met in 1728.¹⁰ One stockholder, generally discontented with the company's moves in this field, attempted to redeem his money on demand. This was resisted by the company in the courts.¹¹ As cases like this became entangled in the slow moving legal machinery, it meant that the company could continue to operate in its own way, at least in the interim.

7. London Gazette, 17-21 July, 1722.

8. Daily Courant, 19 October 1722.

9. RHC., Vol.1, p.597.

10. Case of Samuel Horsey, 26 March 1733. A copy is to be found at BL.8245.b.89(1).

11. PRO C11/1730/17, Elliot v York Buildings Company.

The success of the returnable call led to the company seeking another £5 per cent, this being two equal instalments. The move was ratified by a general court on 3 July 1723.¹² This time the inducement was to be an annuity of 5% per annum on the amount paid in by stockholders. Payments were to be made on 15 July and 15 August. The proprietors, however, were unimpressed and there was a marked reluctance to take up the offer. This was demonstrated by the fact that a general court, on 31 July, was forced to extend the time of payment.¹³ The stock market reflected this mood. On 2 July, the price of York Buildings Company stock stood at 9½ to 9¼. By 31 July this had declined to 6½.¹⁴ The meeting of 31 July abandoned the idea of giving annuities. Instead investors were offered bonds at 5% per annum, payable in twelve months, provided they had not already opted for annuities. Payment for each instalment was to be taken on 15 July and 15 August.¹⁵

The revised scheme proved more popular with stockholders. Only £988 and £984 respectively failed to be paid out of £13,872 due on each instalment.¹⁶ The stock market was slower to respond. The price rose slowly reaching 14½ around 16 September 1723,¹⁷ the maximum price it was to reach for the remainder of the year. When one considers that total calls had now reached £28 per cent (£9 of which was returnable), one can see how poorly the market regarded York Buildings stock. The

12. London Gazette, 2-6 July 1723.

13. Ibid, 30 July - 3 August, 1723.

14. Daily Courant, 1 and 31 July 1723.

15. London Gazette, 30 July - 3 August 1723.

16. RHC. Vol.1.p.598.

17. Daily Courant, 17 September 1723.

reluctance of stockholders to pay further calls when the market was so depressed is clearly reflected in the inducements offered by converting the calls into loans. As they had to be repaid, it is difficult to see the sense of the exercise as it did not solve the company's long-term problems. One must regard them therefore, as a short-term measure designed to ease the company's cash flow problems and to protect the price which might have fallen still further. One could also see this measure as a crude attempt to push up the price to allow existing holders to try to sell out at a profit. Either way it was probably designed to help inside dealings rather than solve the major problems faced by the company.

This idea is given further credence by the complicated piece of stock manipulation begun in 1723. In September of that year, a scheme was approved whereby £600,000 of stock transferred to the company in 1720 be sold to the public at £14 per cent, though it is possible it had been discussed as early as July.¹⁸ At a meeting of the company on 2 October 1723, the new governor, Sir John Meres, announced that in fact the first payment had been oversubscribed and an unquantified "large overplus" had to be returned. Meres stated that the schemes in hand would solve the company's problems without recourse to another call on the stockholders. A committee of the company later claimed that the amount supposed to be paid initially, amounting to £12,000 or 2%, was not in fact paid to the

18. PRO C11/1192/43, Church v York Buildings Co.; Murray, York Buildings, p.

company until 18 January 1724.¹⁹ The stock in fact was not issued until sometime after 14 December 1723.²⁰ Payment for this stock was to be completed by 1 October 1724, when the final instalment of £4 per cent was due.²¹ The scheme did little to raise market confidence in the stock. The price fluctuated around 12½ to 13½ during the last three months of 1723 but during 1724 it fell steadily. On 12 June the price fell below 10 for the first time in a year.²² On 1 October 1724, the date on which payment on the resurrected stock was due to be completed, the quoted price was 7.3/8,²³ or half the price at which it had originally been sold. The company itself had been actively trading in small parcels of this stock, offering to purchase sums under £100 at a rate of £14 per cent, in accordance with a decision of a general court on 6 January 1724.²⁴ It is not known how much stock was acquired. A close examination of the project reveals that it was a particularly complicated case of inside dealing. Some time in September 1723, Murray states that the company entered into an agreement with Robert Hackett and two others to buy the stock at £14 per cent to be paid in instalments.^{24(a)} His associates turned out to be Thomas Hayley, Meres' nephew, and one George Sadlier.^{24(b)} Thus two of the three men were close associates of Meres. As Meres had only been elected governor in September 1723, it is possible he sought office to promote the scheme. Hayley had been on the committee

19. PRO T1/258/13, Memo York Bldgs.Co.to Treasury,3 Feb.1727. Extracts from Minute Book and Observations drawn up by a committee of the General court.

20. Daily Courant, 14 February 1723.

21. Ibid., 30 September 1724.

22. Ibid., 13 June 1724.

23. Ibid., 20 October 1724.

24. PRO T1/258/13, Extracts from Minutes.

24(a)Murray, York Buildings, p.32.

24(b)Daily Courant, 1 October 1723.

in 1723 and became an assistant at the annual elections on 2 October of that year.^{24(c)} At this stage, therefore, directors of the company controlled over half of the stock.^{24(d)} Having effectively cornered the market and received their stock around the end of 1723, the group hoped to make a killing. In this they were disappointed. The effect of such a large amount of stock coming on to the market was to depress the price which, as we have seen declined in the early months of 1724, falling steadily below the price the group had contracted to pay to the company. As a result Hayley, Hackett and Sadlier abandoned their contract, deeming it more advantageous to lose the instalments already paid than pay up the balance.^{24(e)} As late as December 1724 the company was still forlornly trying to press the group to complete its payments on the stock.^{24(f)} By the summer of 1724, therefore, the scheme had gone completely wrong. The directors had got their fingers badly burned and the company was left with a great deal of unwanted stock.

The solution which was worked out only served to complicate the issue even further. On 18 September, at a court of assistants it was first proposed to halve the stock again.²⁵ On 21 September, the idea was put before a general court. The company proposed to vest the stock in trustees. In return each proprietor was to receive receipts of £14 per cent for his half stock, representing £13 of capital and £1 of accumulated dividends. The receipts were to be repayable in seven and a half years and receive interest at 4% per annum. Furthermore it

24(c) PRO T1/258/13, Extracts from Minutes; C11/1816/1 Westmoreland v York Bldgs Co.

24(d) EU Laing MSS 11693, State of the Process Mines v York Bldgs Co

24(e) Murray, York Buildings, p.32.

24(f) Daily Courant, 29 December 1724.

25. HCJ, Vol.22.p.178.

was proposed to lend £100,000 in bonds, again at 4% for seven and a half years to the Charitable Corporation, according to an arrangement under negotiation between that organisation and the York Buildings Company. At the end of seven and a half years, the Charitable Corporation was to return the bonds to the York Buildings Company, which was then to exchange the receipts for these bonds.²⁶

An immediate outcry was raised against this plan both at the meeting and in the press.²⁷ The general court, according to Meres' successors in the management of the company, decided that only those willing to transfer half of their stock should do so. Meres, one of the architects of the scheme, and a major shareholder in the Charitable Corporation, was afterwards accused of altering the minutes to make sure the transfer was made compulsory.²⁸

At a meeting on 2 October 1724, some of the annuitants tried to ensure that their interests were protected. However, this meeting was the one at which the election of directors for the ensuing year took place. Meres, therefore, adjourned proceedings on the grounds that the office bearers had not taken the required oaths of office and, therefore, no further business could be transacted. Later it was claimed that Meres added a further paragraph to the minutes of this meeting also, to the effect that this gathering had endorsed the previous decision to make the transfer compulsory.²⁹ The House of Commons committee

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26. PRO T1/258/13, Extracts from Minutes; BL Add MSS.36226.ff.222-227; H CJ, Vol.22, p.178, For full details of this scheme vide infra Ch.6 pp 399-410
27. Daily Journal, 19, 22 September, 7 October 1724.
28. PRO T1/258/13, Extracts from Minutes.
29. Ibid.; BL Add MSS36336.f228.

investigating the company in 1733 refused to pronounce on the evidence, as they claimed it was usual company practice for minutes to be made up after a meeting.³⁰

The scheme was clearly designed to benefit the stockholders, guaranteeing them nearly twice the value of their holdings on the open market and was a convenient way of trying to wipe out the excess stock caused by the failure of the new stock issue. Although the agreement with the Charitable Corporation fell through³¹ the company proceeded to halve the stock. For this part of their asset, therefore, as receipt holders they were entitled to interest, and, as the receipts were exchanged in June 1725 for the bonds that were to be issued to the Charitable Corporation, they would have a claim as creditors for this part of their debt, ranking above stockholders in any dissolution. At Christmas 1732, the debt on these long bonds as they became known, stood at £57,329 capital plus £14,335 in interest.³² On the same date £600,000 worth of stock was valued at exactly £18,000 on the open market.³³ In the short term also the stockholder stood to gain if he sold his remaining stock. There appeared to be a sharp burst of trading and the price on 18 November 1724 briefly reached 27.³⁴ By the end of the year, though, the price had settled down around 14½,³⁵ just under twice its level at the time the scheme was first mooted. The directors, who advocated the project and who had to hold relatively large parcels

30. H CJ, Vol.22.p.179

31. Ibid.

32. RHC, Vol.1,p.589.

33. Daily Courant, 25 December 1732.

34. Ibid.19 November 1724.

35. Ibid.30 December 1724.

of stock to qualify for office, were clearly in a position to benefit here. In December 1724, the company was still trying to persuade those who had not paid the final instalments on the so-called new stock to do so and then to transfer half of it to the company under the resolutions of September and October 1724.^{35(a)} This was a sure sign that confusion still reigned with regard to the company's stock.

The company itself was in a position to benefit from this situation. In June 1724, at the time of payment of the company's sixth dividend, the company held 8.66% of the old stock, having held a reasonably similar proportion since the first dividend was declared in 1721.³⁶ In December 1724, at the time of the seventh dividend and after the stock had been halved again, the company held only 0.76% of its stock. It is possible, therefore, that the company's own holding was sold when the price was high. The trend towards inside dealings can be further highlighted by an examination of trends in stock prices in the early months of 1725. After rising steadily from 14½³⁷ at the turn of the year to 22 by around 1 April,³⁸ the price rose much more quickly reaching a peak of 53½ around 20 May,³⁹ before the company announced to the public on 2 June that it proposed to exchange the receipts issued for the half stock for the bonds originally designed for the Charitable Corporation.⁴⁰ After this announcement the price fell rapidly, returning to 22 by the

35(a) *H.C.J.*, Vol. 22, pp. 172-174.

36. *Vide infra*, p. 175 Table 3.12.

37. *Daily Courant*, 1 January 1725.

38. *Ibid.*, 1 April 1725.

39. *Ibid.*, 20 May 1725.

40. PRO C11/1192/43, *Church v York Bldgs. Co. Answer of Co.*

end of June.⁴¹ The sharp disturbance in prices in late May clearly signified heavy trading in stock when the directors were again in a position to benefit from inside knowledge of the company's affairs. The interests of the creditors and the annuitants were clearly being sacrificed to those of the stockholders of the company; yet the government did not intervene at this particular time. The limited power and willingness of the government to deal with companies, in spite of the 'Bubble Act' is clearly shown. Action in the court was no real alternative as it could be long and costly and the outcome uncertain. However, many people saw this as the only solution. While actions were pending though, the initiative lay with the company and the directors could act unchecked in their own interests.

The proprietors, who did not like the new plan, tried to oppose it in the courts and actions concerning it were still unsettled in 1727.⁴² One opponent, a man named Church, claimed in the Court of Chancery that the whole scheme was designed to take half the stock off the market in order to push up the price of the remainder, which would help in some agreements where options to purchase had already been settled.⁴³ This was a clear reference to the agreement with Hackett and his associates. The surge in prices in late October and November 1724, and again in late May 1725, indicate brisk trading in York Buildings Company stock and indicate that some sellers stood to gain handsomely by

41. Daily Courant, 30 June, 1725.

42. PRO T1/258/13, Extracts from Minutes.

43. PRO C11/1192/43, Church v York Buildings Co.

indulging in bull operations as a result of the company's manoeuvres.

Sir John Meres was later accused by his successors of profiting considerably from his actions. They claimed that Meres owned £120,000 of stock in his own or in other people's names and that this holding, apart from the £5,000 of stock required to qualify him for his office as governor, was sold at a high but unspecified price.⁴⁴ Meres confirmed the fact that he held over £100,000 worth of stock at the time the scheme was floated, when he gave evidence to the Commons committee investigating the company in 1733.⁴⁵ He was also accused of obtaining for himself £19,000 of stock forfeited to the company by Robert Hackett for failing to maintain the necessary payments on the revived stock. Hackett in fact was an associate of Meres in a land deal involving the company in Cheshire and had acted for the company in the purchase of the Scottish forfeited estates.⁴⁶ According to the company, Meres paid the outstanding instalments on Hackett's stock on 14 January 1725, having earlier borrowed from the company's cash without authority, the previous payments that Hackett had made. The new directors claimed that actions such as this ruined the company's credit.⁴⁷ Hackett disputed the accusations against Meres when they were made public, but their association must cast some doubt upon his impartiality.⁴⁸ Such transactions,

44. PRO T1E258/13, Extracts from Minutes.

45. HCJ, Vol. 22, p. 179.

46. EU.Laing MSS II 693, State of Process, Meres v York Bldgs.Co.

47. PRO T1/258/13, Extracts from Minutes.

48. Daily Post, 25 February 1727.

therefore, add further credence to the theory that inside dealings were behind the scheme to manipulate the stock. In 1733 the Commons could accuse the stockholders of taking profits to themselves and then saddling unwary purchasers with stock which could only fall,⁴⁹ but it could not provide relief for those who had suffered by it.

Once the half stock had been transferred to the company and bonds issued, it was decided to write it off completely. Accordingly, on a motion by Meres, a general court on 28 July 1725 voted to annihilate £600,000 of stock.⁵⁰ This move came after the end of the period when the price of the stock had constantly risen and the peak price of 53½ around 20 May was never to be reached again. The ardour of the speculators was cooled by the time^{ct} the announcement of the long bond issue of 2 June, and by 28 July it had dropped to 27.⁵¹ Despite a slight recovery in September it had fallen to 19½-20 by the end of the year.⁵²

These dealings in York Buildings Company stock did nothing to solve the company's major problems, namely acquiring sufficient funds to pay for the forfeited estates it had acquired. The company was under constant pressure from the government to meet its obligations, and payments were made from time to time to reduce the debt.⁵³ However, not all the funds raised by calls and the lotteries were put to this purpose and this was later to lead to strong complaints from stockholders,⁵⁴ who found they had to meet further calls. At a meeting on 11 February 1726,

49. HCJ, Vol.22,p.179.

50. Ibid.

51. Daily Courant, 29 July 1725.

52. Ibid. 31 December 1725.

53. Vide infra, pp. 288-307.

54. Case of the Proprietors of Stock of the York Bldgs. Co. (1733).

a call of £4 per cent was ordered by a general court.⁵⁵ In June a further call of £4 per cent in three instalments was also made⁵⁶ followed by another of £1 per cent on 13 September.⁵⁷ These calls appear to have been met as the parliamentary committee of 1733 found that only £961 was unpaid out of a total amount called up of £50,229, which was not returnable.⁵⁸ Not all stockholders paid their calls when asked to do so. The company, in accordance with its powers, forfeited such stock and resold it. On 25 May 1726, for example, a press announcement stated that £5,000 of stock so forfeited would be sold to the highest bidders on 2 June unless all outstanding payments on it were completed. The figures in the parliamentary report indicate that this threat was effective and payment was made or stock sold. If such stock was quickly taken up by speculators who saw the possibility of capital gains, it could account for the apparent success of these calls.

Despite such concentrated efforts, further calls were necessary. On 16 November 1726 a general court authorised a £7 per cent call in three instalments.⁵⁹ The indications are that there was some reluctance to meet this call as only £1 per cent was not returnable. On 17 January 1727, a general court voted to give bonds at 5%, payable in six months, for the amount paid in on the second instalment of £3 per cent.⁶⁰ The third instalment was never called up.⁶¹ However, another call of £2

55. London Gazette, 8-12 February 1726.

56. Ibid., 28 June - 2 July 1726.

57. Daily Courant, 14 September 1726.

58. RHC. Vol.1.p.598.

59. Daily Courant, 18 November 1726.

60. Ibid., 24 January 1727.

61. RHC., Vol.1.p.598.

per cent was made on 19 July 1727, but again bonds for six months at 5%, were given in return for the payment.⁶² This reluctance on part of stockholders to put in their cash was represented in the price of stock in this period. During January 1726, the price had slipped from 19½-20 to 12½-13½.⁶³ A slight recovery followed, the top price for the year of 25 being reached on 26 March 1726.⁶⁴ Thereafter the general trend was downwards. On 2 January 1727 the price stood at 3½-4,⁶⁵ its lowest figure until that time. By 19 July the price had recovered somewhat, reaching 7½.⁶⁶ The upward trend continued for the rest of that year. The company, now under the governorship of Colonel Samuel Horsey, had embarked upon a series of industrial ventures. The impression given was that these would solve all of the company's problems and, in their initial stages, this impression was enough to push up the price of the stock.⁶⁷

The new ventures entered upon by the company, after 1727 required additional capital. Instead of making a further call which might have been difficult to enforce, the directors decided to revive some of the stock written off in 1725. Consequently, on 9 November 1727, a general court agreed to revive £200,000 of stock to be sold at £10 per cent, a reasonable bargain as the price in the open market at that date was 12.⁶⁸ After this announcement, the price sank to around 10. On 27 March 1728,

62. Daily Courant, 21 July 1727.

63. Ibid. 31 December 1725; Daily Journal, 1 February 1726.

64. Ibid., 28 March 1726.

65. Daily Courant, 2 January 1727.

66. Ibid., 20 July 1727.

67. For details of the industrial ventures vide infra. Ch.4.

68. HCJ, Vol.22, p.179; Daily Courant, 10 November 1727.

it was decided to revive a further £200,000 of stock, this time at £14 per cent. This, on the face of it, was not such a good opportunity as the price at the time was only 12.7/8.⁶⁹ However, the general tide of the stock market reflected cautious approval of the scheme as the price rose steadily during 1728, reaching a peak of 17.3/8 on 1 October.⁷⁰ The price was reasonably steady during 1729 but in 1730 the market moved significantly.

The first £200,000 of the revived stock was designed to raise money for the timber scheme devised by the speculator, dramatist and operatic impresario, Aaron Hill.⁷¹ The company claimed it was part of the agreement between them that Hill and his associates, Thomas Fordyce and William Adam, agents of the company in Scotland, pay in the £20,000 due on the stock as and when it was required for the trade and in any case within a year of their agreement.⁷² Fordyce and Adam were to give their names to the project as Hill's bad reputation in the city would have been sufficient to prevent the scheme being approved.⁷³ The idea behind the scheme, as the company saw it, was that the proposers should take the risk of establishing it, the company would then take it over, repaying the promoters their outlays. The profits to the latter would come from capital gains on their stockholding which was expected to appreciate in value. John Ewer, a goldsmith, told the Commons committee in 1733 that Hill asked him to be his trustee for the scheme. It was his understanding

69. HCJ, Vol.22,p.179; Daily Post, 28 March 1728.

70. Daily Courant, 2 October 1728.

71. Vide infra. Ch.4.

72. HCJ, Vol.22 p.179.

73. Ibid., p.181.

that Hill, Horsey and he were to receive £50,000 of stock each, and that Fordyce and Adam were to receive £25,000 each. Despite pressure from the company, Hill refused to part with any money, claiming it was not part of the agreement that he finance the trade. He tried, unsuccessfully, to get £50,000 worth of stock from Ewer. Around Easter 1730, Ewer discovered that some of the directors, convinced that no money was forthcoming from Hill or his associates, had taken the stock themselves. William Corbet, an assistant at that time, told the committee that he, Horsey and Benjamin Foxley, another assistant, had been charged with the disposal of the stock some time in 1729. Corbet and Foxley received £60,000 worth each, Horsey being given the remaining £80,000. Corbet disposed of £40,000 worth to a man named Crull, paying the company £6,000 for the whole allocation in 1729. Fordyce confirmed that the company had taken over the scheme. Horsey stated that in fact the company was prepared to take over the scheme some seven or eight months after the dead stock had been resurrected, but gave Hill and his associates more than the required year to fulfil their obligations. When they failed to do so, the company had taken over the stock.

There was thus a clear difference of opinion between the two sides regarding the timber scheme. Hill claimed he merely had an option on the stock for his idea. Horsey stated that Hill was required to finance the trade in its initial stages as well. The trouble was that there was no agreement in

writing which makes it difficult to ascertain the truth. The most likely explanation is that Horsey, thinking the scheme a good one, tried to get the rights to it for himself and some fellow directors. Horsey admitted to the committee that he, Foxley and Corbet,

"were to carry on the trade when the woods should be agreed for. They paid 10 per cent for the stock; and were to stand the loss if any." 74

In fact they did not take responsibility for the loss which was borne by the company. Hill tried to assert his claim to the stock or to the difference in price as it had risen in the interim. No date is given for his claim but the price had risen during 1728 and 1729, in the latter year roughly from 13 to 16,⁷⁵ so that if he had received his stock, Hill could have sold out at a profit. He claimed £16,000 but settled for £8,000. The fact that Horsey agreed to settle with Hill, probably means that the latter had a case, but that Horsey was anxious that the matter should be taken no further. Part of his debt was paid by sixty-eight bonds of £100 each at par, issued to him by Horsey, and a full discharge was given by Hill on 6 August 1730. It seems Horsey did not charge this debt to the company, although the Commons committee of 1733 felt he had tried to do so.⁷⁶ How much profit was made from any sale of this stock cannot be determined as no evidence has come to light on any dealings. Nor has any specific information

74. Ibid.

75. Vide supra. p. 75 Table 3:1.

76. HCJ, Vol. 22. pp. 180-182.

come to light on the second £200,000 of stock revived later, beyond the fact that some of this stock was later sold at a rate below that ordered by a general court. Horsey, Foxley and Corbet later had to put a fictitious entry through the books concerning expenses and gratuities in the timber trade to hide the deficiency. This was later estimated variously at £2,250 to £2,400.⁷⁷ There is no doubt, though, that inside knowledge was being used to manipulate stock to obtain personal gain for the directors.

The upward surge in 1730 and 1731 was due to two factors. Firstly, Col. Horsey was deliberately trying to convince stockholders and potential investors that the company was in good shape. He told these groups that the industrial ventures and estates were so valuable, that when all the company's debts were paid, there would still be sufficient left to divide out sixteen or seventeen per cent on capital. He also held out the prospect of a one and a half per cent dividend at Michaelmas (29 September) 1732.⁷⁸ As a result of this, one investor, Abraham Munoz claimed to have purchased for himself and friends £140,000 - £150,000 worth of stock at 10% - 14.5/8%. As a result of the general fall in prices, he was forced to sell some at 7 to 4%.⁷⁹ In fact the transaction was far more complicated than this. Munoz was an associate of Horsey, and the company later claimed they were involved in frauds upon the company.⁸⁰ In fact when

77. RHC. Vol.1, pp.585-586.

78. HCJ. Vol.22, pp.187-188.

79. Ibid. p.187.

80. PRO C11/2446/33, Munoz v York Buildings Co. Reply of Company.

Horseley was given power to raise money for the company in November 1731 and issued bonds as security for such funds, £32,600 worth of bonds ended up in the hands of Munoz.⁸¹ The company claimed Munoz paid nothing for the bonds and knew that the proceeds were to be paid to the company. The sum of £26,006 was raised by sale or pledge of the bonds but Munoz only paid £13,065 to Col.Horseley, there remaining £13,931 for which Munoz could not account. In February 1734 or 1735, the precise date is uncertain, the company obtained judgement against Munoz in the Court of King's Bench for the debt of £13,982, including costs. Munoz, for his part, had purchased £96,000 of stock at an unspecified date in 1731, at a price of 13%.⁸² It seems possible, therefore, that he used the money raised on bonds provided by Horseley to purchase this stock. It is also possible, therefore, that Horseley was due to share in any profits resulting from this transaction. Giving evidence to the Commons committee in 1733, Horseley consistently denied that he indulged in or condoned stockjobbing. He stated that he constantly worked for the good of the company and therefore kept his stockholding, intending to take his profit along with the bulk of the stockholders, when the company's position was improved and securely established. In this statement he was backed by Corbet, but given the nature of their transaction in connection with the timber scheme, it is hard to place great credence on their statements.⁸³

81. Vide infra, pp.165-166.

82. PRO C11/2446/33, Reply of Company.

83. HCJ, Vol.22.pp.187-188.

The second reason for the stock fluctuations of 1730 and 1731 was that some of the directors of the Charitable Corporation were engaged in heavy speculation in the company's stock, using funds embezzled from their own organisation.⁸⁴ The combined effect of these two strands of events was to raise the price to a maximum for the period of 38 on 2 October 1730.⁸⁵ When the Charitable Corporation fraud was discovered, the government ordered an investigation into the affairs of the Charitable Corporation. The price of stock fell, and as a result of the disclosure of irregularities in the York Buildings Company, the stockholders petitioned parliament on 8 February 1733, asking for an enquiry into that organisation.⁸⁶

In the meantime, the company had resorted to yet another call. On 19 June 1732, a general court approved a call of £1.10s.-d. per cent, to be paid during August.⁸⁷ Initial response to the call was slow. On 24 August, a further general court decided that all of those who had not paid the call by 31 August should be charged interest at 5% per annum. It was also decided, as a further inducement, to revive £95,000 of stock to be distributed among all those who had paid the call by 5 September.⁸⁸ Even this carrot was not sufficient to make all the stockholders pay up, as the deadline for payment had to be extended twice, first to 14 October, then to 18 November.⁸⁹ By 22 February 1733, £4,265 out of a total of £16,463 expected to be raised by the call, was still outstanding.⁹⁰ Of the money

84. For full details of this fraud, vide infra, Ch.5.

85. Daily Journal, 30 October 1730.

86. HJC, Vol.22,p.34.

87. SL CSP.428,23 York Buildings Co. v Pereira, 1801. Answers for Co., 15 October 1801; Gentleman's Magazine, Vol.2,(1732)p.874.

88. SL.CSP.428,23, Answers of Co.; London Gazette, 29 August - 2 September 1732; RHC, Vol.1.p.659.

89. Reade's Weekly Journal, 30 September 1732; Daily Journal, 18 October 1732.

90. RHC, Vol.1.p.598.

raised by this call, £12,096 appears to have been lodged with the Bank of England in the name of two trustees and properly applied in reducing some of the company's debts.⁹¹ This was in marked contrast to the manipulations of 1723, when most of the call was paid within a reasonable time.

The call of 1732 was part of a power struggle within the company. It was opposed by a group of stockholders who ultimately combined to oust Col. Horsey and his associates from the management in June 1733.⁹² Solomon da Costa, a large stockholder, giving evidence before the second Commons committee investigating the company's affairs in 1735, said that this group of stockholders who succeeded in ousting Horsey as governor, then extended the time for paying the call to 15 January 1734. In the meantime some of those in the new management, who had previously been in default, now paid their calls. John Neale, one of the new assistants paid £378.15s.- of arrears on 11 December 1733.⁹³ After this the management proceeded to divide £95,000 of newly revived stock which worked out at 11½ for every £100 stock. The net effect, it was claimed, was to reduce the call of £1.10s.-d per cent to £1.3s.6d.⁹⁴ A list of stockholders drawn up on 29 September 1735 shows default to have been widespread. Out of 339 stockholders, 110 or 30.8% were in default of this call,⁹⁵ but the exact proportion of stock held by this group cannot be determined, as the list

91. SL.CSP.423; 28, Waterworks Bond Crs. v York Buildings Co. 1801, *infr.* for Crs.

92. Vide infra Ch. 8, pp.525-526.

93. SL.SCP.423; 28, Info for Crs.

94. SL.CSP.428; 23, Answer for Co.

95. List of Members of York Bodgs.Co., 29 September 1735. BL8223 d.44(2).

does not contain the amount of each individual's holding.

The only indication we have is that some of these defaulters held more than the £3,000 necessary to qualify them for the post of assistant and others held in excess of the £5,000

necessary to be elected as governor. Thus defaulters included both major and minor shareholders and must be taken as a massive vote of no confidence in the management of both Horsey and his associates, and of their successors. It also made nonsense of a scheme proposed by Horsey and his associates at a general court on 6 October 1732, whereby £150,000 was to be raised in five half-yearly calls of £3 per cent each, to be made between 10 November 1732 and 29 September 1734.⁹⁶ Although it appeared to be carried on a ballot, this proposal was quashed by a committee of inspection established by the company,⁹⁷ which contained several members of Ashley's group who were soon to take over control of the company's affairs.⁹⁸

The new management which took over in June 1733 proved as adept as its predecessors in manipulating the stock to try to further their own interests. In addition to the steps taken to enforce the call of £1.10s.-d. per cent made by the previous administration, they persuaded a general court on 16 January 1734, to make a further call of £1 per cent. Those paying by 16 February were to receive an allowance of 10s.-d. per cent, in effect making the call itself worth only 10s.-d. per cent.

96. RHC, Vol.1.p.658; Murray, York Buildings, p.84 confuses this call with the earlier one of £1.10s.-d per cent. He implies a single £3 per cent call would raise £150,000 whereas on the full capital of £1.2m it would only raise £36,000.

97. The committee had been established after a ballot. London Gazette, 22-26 August 1732; Read's Weekly Journal, 2 September 1732.

98. RHC. Vol.1.p.658.

Those refusing to pay were not to be allowed to transfer stock unless the full call of £1 per cent was met.⁹⁹ Again there were massive abstentions. Proprietors of £819,020 worth of stock paid in a total of £4,091 on the 10s.-d. per cent, the owners of the remaining £320,558 stock ignored it. The company claimed that if the first call of £1.10s.-d. per cent had been answered in full, there would have been no need for the further demand.¹⁰⁰

The directors were still faced with the dilemma of how to promote these calls. The failure of the House of Lords to pass a bill for the relief of the company following the parliamentary enquiry of 1733 gave them their opportunity. A proposal was drawn up at a court of assistants whereby a motion was framed, claiming that as the two calls had been made in the hope of relief from parliament and this had been denied, the proprietors should receive bonds, bearing interest at 3% per annum for the amount paid on the calls. The company's waterworks were to be made over as security for payment and this debt was not to be chargeable on the company's estates. This was finally approved by a general court on 24 May 1734. A meeting on 21 May had approved the idea, but objections being raised, a ballot had to be taken to confirm the decision.¹⁰¹ The trust deed was effected on 28 May 1734, and the waterworks held by two trustees for the bond creditors, John Goddard and Cave Wiseman.

99. PRO.C11/520/38, Hall v York Bldgs.Co.1735; RHC,Vol.1.pp.659,663.

100. PRO.C11/520/38, Hall v York Bldgs.Co. 1735.

101. Ibid.; SL.SCP.423;28, Info for Crs.; RHC,Vol.1.pp.663-664.

Actual possession came on 20 June but the company insisted that all arrears due at that date be payable to them and not to the trustees.¹⁰²

Those opposing this scheme and insisting on the ballot later voiced their objections to the parliamentary committee of 1735. Gilbert de Flienes, a director at this time and one of those who had demanded the enquiry, stated that such decisions were more easily carried because of the way the stock was transferred from large stockholders to nominees to get round the rule that one person could only have one vote per thousand pounds of stock to a maximum of ten votes.¹⁰³ Solomon da Costa claimed he told the general court that the waterworks should not be used this way as they were already a security to the creditors. Robert Wilson, another stockholder and an assistant in the management following that of Ashley, claimed the move was illegal and an attempt to defraud the creditors. Consequently, Wilson demanded counsel's opinion be taken, but Ashley refused. Sir Andrew Chadwick said he demanded of the governor after the meeting why he was intent on embarrassing the company with further debts. Ashley's reply was that he was "sworn to take care of the proprietors and the creditors must take care of themselves." Ashley also hinted that this was only the first of a series of measures.¹⁰⁴ Ashley's statement was significant in demonstrating the thinking of the company's management. He said his intentions were solely to preserve the stockholder's interest at the expense

102. PRO C11/520/38, Hall v York Buildings Company.

103. RHC, Vol.1.p.661.

104. Ibid.pp.663-664.

of the creditors if need be. Ashley held stock to the nominal value of £44,348 either in his own name or held for him by trustees. He and his entire board held £173,785 of stock among them.¹⁰⁵ This was clearly a case of self interest being paramount.

On the other hand, one cannot wholly blame Ashley and his board for the situation in which they found themselves, as they had inherited many of their problems, some of which must have seemed insoluble. Indeed the organisation and financial difficulties being encountered by the York Buildings Company probably helps explain why there were few really big companies at this time. On the face of it, Ashley's reaction as to the paramount interest of the stockholders was normal business practice. It was the fraudulent way that parts of this interest were pursued which incurred the wrath of stockholders and parliament alike. However, some of these stockholders were not without self interest. Gilbert de Flienes and Sir Andrew Chadwick held bonds in return for money lent to the company through Horsey. Thus each had a considerable personal stake as creditors of the company, Chadwick being owed £1,200 and de Flienes £1,650.¹⁰⁶

The second part of the directors' plans for the company was revealed to the shareholders at a general court on 30 May 1734, and was nothing less than a further attempt to halve the stock in return for bonds. The bonds were to be given to the

105. Ibid. p.661.

106. Ibid. p.701.

stockholders at the rate of £10 per cent and were to carry interest at a rate of 4% per annum. Furthermore, the bonds were to be payable on 15 June 1734.¹⁰⁷ This was a blatant attempt to thwart the company's legitimate creditors. No justification can be made for this valuation as the market price was only 3,¹⁰⁸ and indeed had been as low as 2 during the first weeks of May.¹⁰⁹ The reason for the haste in executing the bonds was to ensure that they were payable before other bonds due, known as long bonds and subscription bonds respectively.¹¹⁰ If priority was to be gained over these bonds, haste was essential. To further this plan, a trust deed was drawn up in favour of Richard Scarr, a large stockholder, whereby bonds could be transferred to him to allow him to go to Scotland to raise an action in the courts there, to secure payments against the company's Scottish estates,¹¹¹ and, in effect, became preferential creditors.

The directors pursued this scheme with great vigour. On 20 June 1734, a general court decided that those proprietors who had not complied with the decision of 30 May to transfer half of their stock to the company, should have half of their holding written off in the company's books. This was done on 22 June 1734. Opposition to these actions was strong, and a resolution was passed at a general court on 29 January 1735, whereby the half stock was to be retransferred to the original owners. On 29 January, a further general court postponed this

107. SL CSP.423;28, Info. for Crs; RHC, Vol.1.p.664.

108. Daily Courant, 1 June 1734.

109. Ibid. 1 May - 9 May 1734.

110. Vide infra.p.173.

111. RHC, Vol.1.p.665.

decision. A ballot was demanded, but not enough signatures were forthcoming to allow it.¹¹² This complete denial of their basic rights with regard to their property proved too much for some people, and complaints were exceedingly strong. The creditors, who also saw their rights threatened, petitioned parliament to investigate the company for a second time.¹¹³

The House of Commons acted decisively in this matter. A committee was appointed and reported on 15 April 1735. On 1 May the House, after consideration of the report, passed resolutions that the issue of half stock bonds was a contrivance to increase the company's debts, and an attempt to defraud the creditors. Scarr's suit on the bonds in Scotland was deemed "highly injurious to the just and legal creditors of the company." Leave was given to bring in a bill to make the issue null and void.¹¹⁴ Interestingly, though, despite specific criticism of the waterworks bond issue, no specific resolution to invalidate these was made and they were allowed to stand. The company, however, was forced to retransfer the half stock to the original owners.¹¹⁵ Ashley and his cohorts found it expedient to leave the direction of the company. It is interesting to note, though, that it was not the halving of the stock which brought down the wrath of the Commons upon the company, but the bond issue allied to it which was an attempt to defraud existing creditors. It would appear, therefore, that the company could conduct its stock

112. *Ibid.* p.669.

113. *SL CSP.423;28, Info for Crs.*

114. *HCJ, Vol.22, pp.482-483.*

115. *SL CSP.423;28, Info for Crs.*

operations to suit itself, so long as the rights of creditors were not infringed.

This principle was clearly illustrated by two decisions taken by the new management under the lawyer Thomas Pembroke, in respect of stock. On 23 December 1735, it was decided to allow defaulters in the calls of £1.10s.-d. and 10s.-d. per cent (the £1 call with 10s.-d. allowance) to pay their arrears, together with interest, in stock valued at £4 per cent. By 2 April 1736 stock to the nominal value of £70,000 had been transferred to the company. The price at this time was around 2 - 2½ on the open market.¹¹⁶ Also in December 1735 (the precise date is uncertain) the company made a call of £10 per cent which could be paid in stock. In this way, £485,334 of the company's stock issue came within its own control. In 1736, £10,000 worth was sold at £4 per cent. From 1737 onwards, waterworks bonds were allowed to be traded in for stock at the rate of £10 per cent, the price at which they had been issued. Thus some inroads were made into that particular debt.¹¹⁷ The halcyon days of dealings in York Buildings Company stock were over; the long complex process of settling the company's affairs had begun.

There was, however, to be one last call on stockholders. On 2 July 1760, a general court ordered a call of 1/8 per cent, or 2s.6d. per £100 of stock "for extricating the affairs of the company," but it is hard to see how an amount of this nature

116. Ibid.

117. Ibid.

could have been of any use in solving the company's problems, as it only raised £466, leaving, it was claimed, a deficiency of £315. In fact this should have been in the region of £1,100, as proprietors of £882,636 of stock failed to make the payment. As late as 1803 in the Court of Session in Edinburgh, it was claimed that the total amount of calls outstanding was £6,443 principal, together with £24,741 interest. It was also claimed that those who had paid all calls should have preference to this amount out of any funds left to pay the stockholders.¹¹⁸ However, the complications of those who had actually opted to take stock for bonds in 1737, and the difficulty of proving just debts over so long a period complicated the whole issue.¹¹⁹ On the other hand, the amounts of stock being quoted here as in circulation implies that the company had again sold out stock taken in during the late 1730's.

The complex nature of York Buildings Company stock manipulations in the 1720's and 1730's makes it difficult to come to a definite conclusion as to the motives behind them, but lays open certain interesting possibilities. The company required money to pay for its estates and was under strong pressure from the government to meet its obligations. This was done by means of a series of calls, but as some of these were returnable, this method was also used, to some extent, for short term finance and circumventing cash flow problems and the implications of this will be discussed below. There was a limit to the amount that could be raised by calls, and it was because of this, one feels, that the company had to resort to

118. SL.CSP.223;56. Petn. of James Bremner, 25 November 1803.

119. Ibid. Petn. of Pereira & ors. 28 November 1803.

stratagems such as reviving dead stock or halving the stock in order to try to tap the capital market which was still very active in the 1720's despite the effects of the 'bubble' crisis. Such dealings, though, left the way open for inside transactions by the directors and all the different groups which controlled the company during the 1720's and 1730's. The Earl of Westmoreland was perhaps the least involved, although his attorney was active in Exchange Alley on the basis of inside information provided by his patron.¹²⁰ His successor, Sir John Meres, was certainly active in inside dealings such as the affair of Hackett's stock and the liquidation of a large part of his own holding. At this time the whole board had the opportunity to make a killing at the time of the proposed Charitable Corporation merger. Col. Samuel Horsey was certainly involved in inside dealings at the time of the timber scheme proposed by Hill between 1727 and 1730 and possibly with Munoz in 1731. The attempt by Solomon Ashley and his associates to manipulate the stock in 1734 was so clearly fraudulent that parliament was quick to stop it.

It could be argued that by halving the stock in 1720, 1724 and 1734, the successive groups of managers could conceivably have been trying to assist a move towards profitability by rationalisation in the sense that a smaller stock would ultimately lead to higher yields. Ironically this idea was undermined by

120. HCJ, Vol. 22, pp. 176-177.

Horseys management complaining about the conduct of Meres and his colleagues, claiming that "all the company's debts are to be paid only by one half of the stock." Indeed by giving stockholders bonds in 1725, the long term debts of the company were increased by over £70,000 and the creditors interests undermined, without increasing the company's potential profitability. As stockholders, the directors all had a vested interest in the viability of the company as reflected in the stock price. Thus it is probably fair to say that they were more concerned with the short term implications of their actions as these could bring about sharp movements in the price and thus the possibility of capital gains. Given the state of affairs outlined above, this seems to have been a major consideration behind many of the company's schemes

This idea is given further credence by the fact that in the case of the Meres faction with the Charitable Corporation proposal, the revival of dead stock and Horseys and his associates with the industrial ventures, Ashley's group with the half stock bonds and Pembroke and his colleagues with the payment of call arrears in stock, major decisions were taken within a year of each group achieving office. Given the fact that the first three at least were highly complex schemes, there is a distinct possibility that they were conceived before their respective progenitors achieved control of the company and that power was

sought to put them into effect. Horsey certainly took over the governorship with the idea of promoting the sale of the company's estates to the families of the former owners¹²¹ and may well have entertained the idea of the industrial venture at the same time. This placed the directors in a position to enhance the value of their own and other stockholdings. The opportunity for taking profit came in the price surges of 1724 - 1725 and 1730 - 1731. Ashley's group was not so lucky, falling foul of the House of Commons. The legacy of those assaults on the company's stock was to haunt the law courts in England and particularly in Scotland, where the issues of this period were still being fought over in the Court of Session almost a century after the event. The ordinary stockholder, therefore, could protest and on occasions bring pressure to bear on the management to alter course, but often only after protracted litigation and thus considerable damage had been done to their interest. The 'Bubble Act' can be seen as a strong controlling force in preventing new speculative corporations but was of limited value in controlling the operations of existing bodies.

121. NLS Fletcher of Saltoun MSS 16534, Letter S. Horsey to Lord Milton 8 October 1726.

3. Annuity Lottery Schemes.

One of the main aims of those who acquired the York Buildings Company in 1719 was to use the company's land purchasing powers to acquire estates for the purpose of providing security for a business in annuities and life assurance. Such was the climate of the times that the company was not merely content to deal in annuities in a conventional manner. Following the period of intense speculation in 1720 it was decided in 1721 to issue annuities by means of a lottery. Thus began a further complex stage in the company's affairs resulting in litigation that was to continue for nearly one hundred years.

The aim of issuing annuities was clearly embodied in the scheme to raise £1,200,000. The company felt increased capital was necessary.

"in order to improve their undertaking of raising Thames water in York Buildings ... for purchasing forfeited and other estates in Great Britain, by a fund for granting annuities over lives and for assuring lives." 122

Accordingly an advertisement appeared in the newspapers on 9 February 1720 announcing the company's willingness,

"to treat with any persons that desire to purchase annuities for life or lives, which they will do upon moderate terms, according to the age and circumstances of annuitants ... and to receive proposals for buying more estates." 123

This last point was made necessary by the fact that the Act of Parliament allowing the issue of annuities limited their issue to the annual value of the estates owned. Thus the annuity business could only grow if more estates were purchased.

122. Murray, York Buildings Company, p.20.

123. Daily Courant, 9 February 1720.

Business commenced and by the end of February 1720 hints appeared of further proposals "advantageous to the public and particularly intended for the good and charitable design."¹²⁴

In April 1720 annuity activities were called in question when the Attorney-General, Nicholas Lechmere, reported to a Committee of the House of Commons examining certain subscription projects, that in his opinion, the powers of the company could not be stretched to acquire unlimited lands "for purposes wholly foreign to the ends of that incorporation."¹²⁵ This view was not

shared by the company who at an earlier stage of proceedings had published extracts from two relevant Acts of Parliament clearly outlining their powers of purchase.¹²⁶ No specific action was

taken against the company at this stage. An advertisement appeared in the London Gazette on 15 June 1720 announcing that the company was empowered by Act of Parliament to grant annuities and invited interested parties to do business.

Notwithstanding the decline in business confidence, the company had purchased the forfeited estates in the Autumn of 1720, and in the following year once more turned its attention to the annuity market, by receiving parliamentary sanction to issue annuities by way of lottery.¹²⁷

The idea of a lottery was far from new and at this time played a fairly important role in government financial thinking.¹²⁸ The York Buildings lottery clause was added to a bill for continuing duties on malt, rum, cider and perry and was passed

124. Flying Post or Post Master, 25-27 February 1720.

125. H.C.J., Vol. 19, pp. 349-350.

126. Daily Courant, 9 April 1720.

127. 7 Geo. 1. c. 20 s. 35.

128. Dickson, Financial Revolution, pp 71-75; C.L. Strange Ewan, Lotteries and Sweepstakes (1932), Ch. 5. *passim*.

despite a division in the House of Commons on 22 June 1721.¹²⁹

The price of stock which had stood at 22 on 21 June 1721¹³⁰ rose to 29½ on 26 June¹³¹ but by 30 June, had settled again at around 23.¹³²

No doubt rumours of the company's intentions, reported in the press and circulating in the city contributed to this fluctuation. These ranged from statements that the money raised would be used to discharge the company's debt in respect of the forfeited estates¹³³ to a rumour that they intended to secure the government's own lottery.¹³⁴

The scheme for the first York Buildings lottery was made public on 10 August 1721. The total amount of annuities offered was £13,000 per annum, the draw being divided into two parts each with prizes totalling £6,500 as outlined in Table 3:2. The whole lottery, it was stated, was to be drawn in the manner of the government lottery of 1719. The draw was to take place in the presence of a committee appointed by a general court. In the case of a dispute arising a majority of this committee was to act as final arbiter. The draw itself would appear to have been from two wheels, one of which contained the counterfoils of the tickets the other, the number of prizes and blanks stipulated in the scheme. Thus one ticket would be drawn from each wheel and the numbered ticket announced to be either a prize or a blank. The result of each individual drawing was to be filed in the order in which they came out of the wheel

129. HCJ, Vol.19,p.606.

130. Daily Courant, 22 June 1721.

131. Ibid., 27 June 1721.

132. Ibid., 1 July 1721.

133. Applebee's Original Weekly Journal, 1 July 1721.

134. Read's Weekly Journal, 15 July 1721.

TABLE 3:2.

PRIZE SCHEME OF FIRST ANNUITY LOTTERY.

| FIRST PART | | | SECOND PART | | | TOTAL | | |
|-----------------|-----------|---------|----------------|-----------|---------|----------------|-----------|---------|
| PRIZES | ANNUITIES | AMOUNT | PRIZES | ANNUITIES | AMOUNT | PRIZES | ANNUITIES | AMOUNT |
| 1st Dr'n. | £ 10 | £ 10 | 1st Dr'n | £ 10 | £ 10 | 2 - 1st Dr'n. | £ 10 | £ 20. |
| 1 | 500 | 500 | 1 | 500 | 500 | 2 | 500 | 1000 |
| 1 | 400 | 400 | 1 | 400 | 400 | 2 | 400 | 800 |
| 1 | 300 | 300 | 1 | 300 | 300 | 2 | 300 | 600 |
| 1 | 200 | 200 | 1 | 200 | 200 | 2 | 200 | 400 |
| 2 | 100 | 200 | 2 | 100 | 200 | 4 | 100 | 400 |
| 4 | 50 | 200 | 4 | 50 | 200 | 8 | 50 | 200 |
| 8 | 20 | 160 | 8 | 20 | 160 | 16 | 20 | 320 |
| 22 | 10 | 220 | 22 | 10 | 220 | 44 | 10 | 440 |
| 41 | 5 | 205 | 41 | 5 | 205 | 82 | 5 | 410 |
| 562 | 1 | 562 | 562 | 1 | 562 | 1,124 | 1 | 1,124 |
| 4990 | -.14s.-d. | 3493 | 4990 | -.14s.-d. | 3493 | 9980 | -.14s.-d. | 6986 |
| last drn. | 50 | 50 | last drn. | 50 | 50 | 2 last drn. | 50 | 100 |
| 5,633 prizes | £ 6,500 | £ 6,500 | 5,633 prizes | £ 6,500 | £ 6,500 | 11,266 prizes | | £13,000 |
| 22,532 blanks | | | 22,532 blanks | | | 45,064 blanks | | |
| 28,165 tickets. | | | 28,165 tickets | | | 56,330 tickets | | |

SOURCE: Daily Courant, 10 August 1721.

so that they could be checked when prize winners came to convert their tickets into annuity bonds.¹³⁵

The price of each ticket in the lottery was fixed at £5, £1.10s.-d. of which was payable on taking out the ticket, a further £1.10s.-d. on or before 9 September and the remaining £2 by 7 October 1721. Thus if all 56,330 tickets were sold, the company stood to receive £281,650. Given that it was the intention to use the profits of the rentals on the estates to pay for the annuities, the only other outlay, apart from the running expenses of the company and the cost of promoting the lottery, would appear to have been the proposal to issue £5 of stock to the holders of the 45,064 blank tickets.¹³⁶

When the scheme was drawn up on 8 August 1721 the price of stock was fluctuating around 33.¹³⁷ Consequently, the company could have found itself faced with a bill of around £75,000 to purchase the required stock if none were on hand. The alternative would have been to revive some of the stock previously written off and issue it to investors. Such watering of stock though would probably have driven the price down. On the other hand the purchase of stock on a large scale would have been bound to raise the price in Exchange Alley and no doubt this appealed to the speculators still involved with the company. The hand of Case Billingsley is obvious in this scheme, a fact borne out by its similarity to the Harburgh Lottery, another speculative

135. Daily Courant, 10 August 1721.

136. Ibid.

137. Ibid., 9 August 1721.

venture projected by Billingsley and ultimately quashed by parliament.¹³⁸ Billingsley was at this time still a member of the annual committee and thus no doubt played a significant part in framing the York Buildings scheme.

The lottery came in for a fair degree of criticism as soon as it was advertised. The Tory press was particularly vitriolic as was only to be expected. The attack came through the violent Tory organ Applebee's Original Weekly Journal.¹³⁹ This stated that although there were 11,266 prizes, 9,980 of these carried a prize of only 14s.-d. per annum. The chance of drawing one of these prizes was one in five, which, according to Applebee, made the return a mere 3%, leaving aside the chance of a larger prize. Of these prizes, Applebee noted, a further 1,124 were of no more than £1 per year, which meant that the chances of drawing a prize above that figure rose to 350 to 1. When 802 prizes of £5 were removed the odds against a major prize rose to 700 to 1. The thought of receiving £5 of stock for each blank was no consolation, said Mr. Applebee, when there was no indication of what it would be worth, if anything, at the time it came to be issued.

Leaving aside the obvious partisanship of Applebee's comments, it can be seen that they had a great deal of substance. The rewards were not unduly high when compared with the State Lottery of the same year. Tickets at £10 each bore prizes

138. Vide infra.pp. ch.8.

139. Applebee's Original Weekly Journal, 1 August 1721.

ranging from £10,000 to £20. The rate of blanks to prizes was 10 to 1. A second drawing was to determine in which order, blanks first, the tickets were to be paid off. The investor here had the added knowledge that eventually he would have his money repaid, and in the meantime, his "investment" could gather interest at the rate of 4% per annum.¹⁴⁰ This, together with the general crisis of confidence and tightening of speculative funds following the crisis of 1720, was most likely responsible for the lack of interest in the York Buildings Company lottery.

The comparative failure of the lottery was apparent by the end of August 1721. On 25 August there appeared in the newspapers, a notice to the effect that the company had been approached by "several of the most considerable adventurers" with a scheme whereby those purchasers would pay the 3rd instalment of £2 in stock before 9 September if the company would lend them the second payment at 5% interest. The company agreed to this and permitted the investors to pay the 3rd instalment in stock at 40%. The loan on the second payment was to be repaid one month after the lottery had finished drawing and interest was to run from 7 October 1721, the date the third instalment was due. The company was to be "at the charge of the transfer for the stock paid in upon every 20 tickets and upwards."¹⁴¹ In this way, the company could obtain some of the stock necessary to meet the demands of the holders of lottery blanks.

140. Ewen, Lotteries, p.142.

141. Daily Courant, 25 August 1721; Post Boy, 24-26 August 1721.

The company here resorted to its usual practice of overvaluing its stock. The highest price quoted in the papers at this time was $33\frac{1}{4}$ ¹⁴² This action did not help to raise the price towards the 40 mark which was, presumably, desired. The price hovered around the low 30's sinking to 28 -30 in December.

Among the speculators attempting to benefit from this scheme were several Lords of the Treasury whose experience in this respect does much to illuminate the ethics and attitudes that went to make up the climate in which the York Buildings lottery, and its affairs in general, was conducted. Several of their lordships ordered John Farra, a deputy messenger, to go to the company offices with a list of their names and tickets to pay the third instalment of the lottery tickets in cash. Instead Farra purchased lottery tickets at 3s.-d. discount in the name of some of his masters and applied them to his own use. A Treasury Board Minute of 31 August 1721 notes that Farra was dismissed for this "notorious fraud."¹⁴³ He could not be prosecuted as the crime of fraudulent conversion did not exist in English law until 1757. Such an omission made this type of fraud comparatively easy leaving the aggrieved party with a purely civil remedy with its attendant difficulties and the expense of law suits and collection. This undoubtedly contributed to many frauds associated with the company's affairs.

The failure of the York Buildings lottery was certain

142. *Ibid.*, 29 August 1721.

143. PRO 29/24/2/90. Treasury Board Minutes, 31 August 1721.

by December. A notice from the company dated 9 December 1721 announced that only one-half of the tickets amounting to 28,165 had been sold. As a result it was resolved that the company would hold the rest of the tickets on its own behalf. Because of the fact that the unsold tickets were spread over both parts of the lottery and were not in one particular group of numbers, the company had prepared a list of the tickets it held. The spread of these numbers was due mainly to the fact that some tickets had been distributed to agents to be disposed of on the Company's behalf.¹⁴⁴

The principal agent was Henry Symonds who also acted for the company in subsequent lotteries. Symonds was one of the few people to come out of the lottery well. A list of annuitants reveals that in the first lottery he held annuities to the value of £402.16s.-d. and was far and away the largest single beneficiary in that lottery. Unfortunately it cannot be determined if these were held on his own behalf or as a nominee for the company or for others.¹⁴⁵ Some brokers (Symonds was possibly one) were offering shares in tickets. Sparrow and Gilbert were offering shares at 2s6d. from their office at the Rainbow Coffee House in Ironmonger Lane.¹⁴⁶ E. Bell, the official printer to the lottery, who had sold tickets and shares of tickets notified the public that an exact numerical book was being kept concerning the draw at the Old Lottery Office.

144. London Gazette, 9-11 December 1721.

145. SRO.CS232/Y11/1. York Buildings Co. v Annuitants.

146. Daily Post, 6 December 1721; B.Lillywhite, London Coffee Houses (1963), p.475.

at the Cross Keys in Cornhill. Any person registering the number of his ticket would be sent information on it as soon as it was drawn at a cost of 6d. per ticket.¹⁴⁷ In contrast to Symonds neither Bell nor Sparrow and Gilbert would appear to have been left holding annuities. The agents most probably made a fair profit on commission and the fees for registering tickets and informing investors of the results of the draw.

Indications of the failure of the lottery were apparent in the movement of the price of tickets on the open market in Exchange Alley both before and during the drawing of the lottery. On 22 December despite the fact that four out of six prizes of £100 or over were still undrawn and the chances of drawing such a prize had risen, a fully paid ticket was quoted at £4.3s-d. and one in which the 2nd instalment had been lent at £2.17s.-d¹⁴⁸ This, according to Applebee was in direct contrast to a rise in price as the government lottery drew to a close.¹⁴⁹ This does not imply, however, that the market was quite dead. By 11 January 1722, when all but a few small prizes were still undrawn the tickets were unsaleable but the market had switched to prizes which could be bought at 8½ years purchase. These followed the company pattern by sinking to 7½ years purchase by the end of February,¹⁵⁰ no doubt influenced by the news of plans for a second lottery. Fortunately for the company the two major prizes in the first lottery, i.e. an annuity of £500 in each part, were drawn against tickets held by the company on its own

147. Daily Post, 6 December 1721.

148. Daily Courant, 22 December 1721; Daily Post, 22 December 1721.

149. Applebee's Original Weekly Journal, 23 December 1721.

150. Daily Post, 11 January, 28 February 1722.

and thus reducing future liabilities.¹⁵¹ In fact of the 11,266 prizes in the lottery 5,096 fell to the public and 6,170 to the company²⁵² and as this included the two largest prizes, had the tickets been fully paid, the annuity liability of £3,910 in this lottery would not have been an intolerable burden on the company.

After the close of the lottery the company announced plans for modification of the terms of the annuities. Those who so desired were to be allowed to give the names of additional lives to their policies. One life could be added upon payment of 3½ years purchase, two lives upon payment of 5 years purchase. In addition, several small prizes could be consolidated into one annuity and larger prizes could be broken down to suit the convenience of proprietors.¹⁵³ This last was perhaps aimed at those who had purchased shares of tickets from city brokers such as Sparrow and Gilbert.

The York Buildings lottery scheme provided the basis for several operators to organise schemes of their own. The idea behind most of these schemes was that tickets bearing the same numbers as those in the York Buildings lottery be issued and prizes awarded to the numbers drawn in that lottery. The only expense to the operator was the cost of printing and distributing the tickets. The profits, after prizes had been paid out rested solely with the promotor.

151. Mist's Weekly Journal, 13 January 1722.

152. HCJ, Vol.22.p.188.

153. London Gazette, 9-13 January 1722.

The examination of some of these schemes highlights the ingenuity of their designers. James Richmond's scheme consisted of issuing 28,165 tickets at 1s.-d. each and allocating prizes on a schedule illustrated in Table 3:3.¹⁵⁴

TABLE 3:3.

RICHMOND'S SCHEME.

| <u>York Buildings Prizes.</u> | | | <u>Richmond's Prizes.</u> | | |
|-------------------------------|------|-----------|---------------------------|--------|------------|
| 1st drn | £ 10 | £ 10.-- | 1st drn | £ 20 | £ 20.-- |
| 1 | 500 | 500.-- | 1 | 150 | 150.-- |
| 1 | 400 | 400.-- | 1 | 80 | 80.-- |
| 1 | 300 | 300.-- | 1 | 50 | 50.-- |
| 1 | 200 | 200.-- | 1 | 20 | 20.-- |
| 2 | 100 | 200.-- | 2 | 10 | 20.-- |
| 4 | 50 | 200.-- | 4 | 5 | 20.-- |
| 8 | 20 | 160.-- | 8 | 3 | 24.-- |
| 22 | 10 | 220.-- | 22 | 1.10s | 33.-- |
| 41 | 5 | 205.-- | 41 | 1. | 41.-- |
| 562 | 1 | 562.-- | 562 | -.10s | 281.-- |
| 4990 | -14s | 3493.-- | 4990 | -.2s6d | 623 B.-- |
| last drn | 50 | 50.-- | last drn. | 45.10s | 45.10- |
| | | £6,500.-- | | | £1,408.5.- |
| 5,633 Prizes | | | | | |
| 22,532 Blanks | | | | | |
| <u>28,165</u> | | | | | |

SOURCE: Daily Journal, 20 October 1721.

Richmond proposed to make his profit by deducting commission from the prizes of 10s.- and upwards at the rate of 10%. Expenses were to be defrayed by charging 1d. per ticket on which he would produce an extra £117.17s1d. The scheme would appear to have been popular. Richmond affirmed his intention to proceed with the scheme as it was nearly full¹⁵⁵ and an announcement in the

154. Daily Journal, 20 October 1721.

155. Ibid., 22 January 1722.

press in January 1722 confirmed that he had paid out his top prize of £150.¹⁵⁶

The proposals of Thomas Mors were of a somewhat more complicated nature. He declared himself ready

"to contract with any person to the number of 28,165 contracts, for the sale of the eighth part of every [York Buildings] annuity on the consideration of 5s.-d. to him in hand paid."¹⁵⁷

Mors promised to deliver within 28 days after the draw

"the eighth part of every said annuity, or pay in money the value at nine and ten years purchase for the eighth part of every such annuity."

The schedule of his scheme appears in Table 3:4.

TABLE 3:4.

MORS' SCHEME.

| York Buildings Prizes | | Eighth part of Annuity per annum | Value at 9 or 10 Years Purchase | |
|-----------------------|---------|----------------------------------|---------------------------------|-------------|
| 1st drn | £ 10 | £ 1. 5. - | 9 years | £ 11. 5. -- |
| 1 | 500 | 62.10. - | " | 562.10. - |
| 1 | 400 | 50. -. - | " | 450. -. - |
| 1 | 300 | 37.10. -- | " | 337. -. - |
| 1 | 200 | 25. -. - | " | 225. -. - |
| 2 | 100 | 12.10. - | " | 112.10. - |
| 4 | 50 | 6. 5. - | " | 56. 5. - |
| 8 | 20 | 2.10. - | " | 22.10. - |
| 22 | 10 | 1. 5. - | " | 11. 5. - |
| 41 | 5 | -.12. 6 | " | 5.12. 6. |
| 562 | 1 | -. 2. 6 | 10 years | 1. 5. - |
| 4990 | -.14s-. | -. 1. 9 | " | -.17. 6 |
| last drn. | 50 | 6. 5. - | 9 years | 56. 5. - |

SOURCE: Daily Journal, 23 November 1721.

On the face of it this scheme would not be advantageous to the operator. He could expect to draw in £7,041 in revenue but disburse £7,819 in paying 9 to 10 years purchase of the share of

156. Ibid., 22 January 1722.

157. Ibid., 23 November 1721.

the annuities. The further details available from Mr. Mors would probably have clarified the position and indicated a possible source of profit. One is tempted to conclude that he intended to make a fair margin on the resale of the annuities which came into his hands. As late as 13 December he was trying to tempt customers through the columns of the Daily Journal by increasing the purchase price of the last drawn annuity to 40 years purchase making it worth £250. Whatever the result of this scheme Mr. Mors was not left with any annuities, at least in his own name. He was not among the annuitants on the list drawn up around 1726.¹⁵⁸

Many of the parallel schemes were contrary to the spirit of government intentions, if they were not entirely illegal. By an act of 1719 it had been declared that the sale of chances by those

"not being possessed of the tickets on which such chances or parts of chances are proposed to be sold, thereby erecting another lottery, or entering into an undertaking resembling a lottery, for their private benefit, on the foot of the lottery so erected by Parliament, to the great and manifest prejudice of the public credit, and in open contempt of the acts of Parliament made against private lotteries,"¹⁵⁹

should come within the scope of the acts suppressing these private lotteries. Such an act should have taken care of a scheme such as Richmond's. Such statutes were, by the government's own admission, widely evaded and the parallel lotteries to the York Buildings scheme provided a prime example. Thus from 21 December 1721, anyone who drew up such a scheme or set up an office to promote it or advertised his intentions in the

158. SRO.CS232/Y11/1. York Buildings Co. v Annuitants.

159. Ewen, Lotteries, p.182.

newspapers should forfeit £500 and be jailed for one year plus the time it took him to pay the £500 after the end of this year.¹⁶⁰ This act would appear to have been more successful as the succeeding lotteries were not plagued with a plethora of parallel projects.

The general impression gained of the first York Buildings lottery is one of failure. At first glance the fact that only half the tickets were sold could be offset by the fact that far fewer annuities than anticipated required to be issued. In actual fact a total of 24,052 tickets were disposed of, including 1053 which had the chances sold on them. Of this latter figure 864 proved to be blanks which fell to the company. Of the 22,999 tickets remaining, only 7,216 were fully-paid. The other 15,783 had the first and last payments made but were endorsed as having had the second instalment lent by the company. Of these tickets it was claimed that 11,151 were redeemed, 1,100 were purchased by Symonds on behalf of the company and 3,532 were never redeemed.¹⁶¹ These loan tickets and their subsequent repayment (or lack of it) were to be an increasing source of trouble to the company and a major reason for the failure of the entire concept of the company's lotteries.

Despite the difficulties faced in placing tickets for their first lottery the company soon issued plans for a new lottery venture which was to plunge the company's affairs further

160. 8.Geo.1.c. 2 s.36.

161. HCJ, Vol.22,p.188.

into a morass of confusion and financial malpractice. The Court of Assistants approved the scheme for the second lottery on 9 February 1722 and it would appear to have been printed the following day. The scheme turned out to be radically different from the first and in many ways was perhaps an attempt to circumvent the difficulties which had arisen during the first lottery. The general plan was to issue annuities to the value of £8,890 in a five part lottery of which the general outline of prizes is shown in Table 3:5.

TABLE 3:5.

SECOND LOTTERY PRIZE SCHEME.

| Tickets | Annuities | Amount of Annuities | Money Returned | Total money Returned |
|---------------|-----------|---------------------|----------------|----------------------|
| 1 | £500 | £ 500 | | |
| 1 | 400 | 400 | | |
| 1 | 300 | 300 | | |
| 1 | 200 | 200 | | |
| 4 | 100 | 400 | | |
| 11 | 50 | 550 | | |
| 26 | 20 | 520 | | |
| 55 | 10 | 550 | | |
| 130 | 5 | 650 | | |
| 100 | 3 | 300 | | |
| 50 | 2.10s- | 125 | | |
| 843 | 2 | 1,686 | £2.10s- | £2,107.10s- |
| 50 | 2 | 100 | | |
| 601 | 1. 5s.- | 751. 5s.- | 2. 5s.- | 1,352. 5s- |
| 702 | 1 | 702 | 2 | 1,404 |
| 212 | 1 | 212 | | |
| 750 | -15s.- | 562.10s.- | 1.15s.- | 1,312.10s.- |
| 762 | -10s.- | 381 | 1.10s- | 1,143 |
| 1,000 | | | 2 | 2,000 |
| 1,100 | | | 1.15s- | 1,925 |
| 1,100 | | | 1.10s- | 1,650 |
| 1,100 | | | 1. 5s- | 1,375 |
| <u>£8,600</u> | | <u>£8,889.15s-</u> | | <u>£14,269. 5s-</u> |

SOURCE: Daily Courant, 21 February 1722.

A novel feature was the returning of money on small prizes.

The main difference came in the number of tickets to be issued for the first part of the lottery and the division of prizes over the five parts of the scheme. 12,000 tickets were to be issued for the first part at £2.10s-d. each. Annuities to the value of £981 were involved, the highest of £100 per annum the lowest 762 at 10s-d. the latter carrying a repayment of £1.10s-d. in addition to the annuity. At this stage 1,100 tickets were to be drawn carrying no annuities but entitling the holder to a cash repayment of £1.5s.-d per ticket. The 10,000 ticket holders drawing complete blanks in the first part were to renew their tickets in the second part at a further £2.10s-d. Those 1,100 investors entitled to refunds had the option of paying an additional £1.5s.-d for inclusion in the second part or withdrawing with the £1.5s.-d to which they were entitled leaving their tickets to be disposed of by the company for its own benefit.

The carrot dangled by the company to entice the unlucky to re-invest was the fact that in each succeeding part the prizes became more valuable and the money returned became greater. Thus in the second part prizes ranged from 1 at £200 per annum to 750 at 15s.-d per annum with a repayment of £1.15s.-d and 1,100 tickets receiving no annuity but entitled to a cash refund of £1.10s-d. The third part was to yield prizes ranging from 1 at £300 per annum to 702 at £1 with £2 cash, and 1,100 repayments

of £1.15s-d. In the fourth part prizes ranged from 1 at £400 per annum to 601 at £1.5s.-d with £2.5s-d. in cash and 1,000 cash repayments of £2. The final part had a top prize of £500 per annum and bottom prizes of £2 with £2.10s-d in cash.

There were no tickets at this stage qualifying for a pure cash refund. At each stage the holders of complete blanks were entitled to renew their tickets at £2.10s-d each but the price for those drawing cash repayments in each case matched the amount to which they were entitled. The total possible revenue from this lottery, assuming all blanks were renewed for each part and all those entitled to cash took up their option to renew their tickets was £124,700 of which £117,750 could be expected to come from the purchase and renewal of tickets at £2.10s-d each. Therefore, in this one lottery alone the company could possibly be handling amounts comparable to the amount of its paid up capital.¹⁶²

The company complicated this lottery, and jeopardised its entire financial future by a scheme to accept blanks of the previous lottery in payment for tickets in the new scheme. These blanks were to be accepted at £2.10s-d in payment for tickets in the second lottery. Furthermore the company stated clearly in their advertisements that blanks would be accepted for payment at each stage in the lottery.

"by which means the possessors of them will have an opportunity to sell them to the proprietors of the undrawn tickets in the succeeding parts; who, by subscribing to the first, will have the preference of renewing in all the others." 163

162. Daily Courant, 21 February 1722; Ewen, Lotteries, p.187.

163. Ibid.

This was reinforced by a notice in the London Gazette for 1 - 5 May which stressed that blanks would be acceptable as a means of payment for second or subsequent parts of the lottery even if the first part had been paid in cash. Two conclusions may be drawn from this move. In the first place the use of blanks as negotiable instruments meant that the company would no longer be under any obligation to exchange them for £5 worth of stock. Secondly, those in the direction or their friends stood to gain by this and the market could be manipulated for their gain by the resurrection of an otherwise worthless commodity. This is reinforced by an examination of testimony in the lotteries given to the parliamentary committee examining the company's affairs in 1733.¹⁶⁴

Like its predecessors the news of the second lottery failed to set the city on fire. On 9 February the price of York Buildings stock was quoted as 27.3/8 - 27½¹⁶⁵ and for the remainder of the month fluctuated around 27.3/8 to 23½. The comparative weakness of the company's schemes is further shown by the fact that during March 1722, one month before they were due to be issued, state lottery tickets were being dealt in by jobbers at a premium of 5s-d. for delivery.¹⁶⁶ Here was one case at least where state enterprise far outstripped its private counterpart.

The complications and opportunities for spurious activities raised by the decision to accept blanks as payment

164. HCJ, Vol.22, pp.188-189.

165. Daily Courant, 10 February 1722; Daily Post, 10 February 1722.

166. Read's Weekly Journal, 3 March 1722.

for tickets soon asserted themselves. The main drawback, apart from the obvious one of reducing cash flow from the lottery and losing an opportunity to reduce the debts of the estates, arose from the existence of the tickets in the first lottery on which the 2nd payment had been lent but the loan not repaid. Of the 15,783 tickets which had had the second payment lent on them, it was claimed that only 3,532 were never redeemed. In fact, one cannot be entirely sure how or when many of the others were in fact redeemed. It was made abundantly clear that only those tickets on which the loan had been repaid by 22 May 1722 could be taken as payment in subsequent parts of the lottery.¹⁶⁷

Several directors and employees of the company appeared to have conspired to circumvent this measure. The main testimony for this comes from evidence given to the House of Commons Committee in 1733. Samuel Vaux, employed by the company under Burgess the cashier, gave clear statements as to what happened.¹⁶⁸ Many blanks which had been available at 6d. or 1s-d in Exchange Alley as of no value were now brought in to have the loan written off as repaid with interest and antedated as if paid in due time. Such tickets were then sold for £1.19s-d or £2 in the Alley. It is not exactly clear from the report if cash was received for the loans or if the payments like the dates were fictitious.

Vaux claimed that he was specifically instructed by Burgess to hide these transactions from Lord Westmoreland the governor when

167. London Gazette, 1 - 5 May 1722.

168. HCJ. Vol.22.pp.175-177.

the latter was in the company offices. Burgess kept a book of those tickets which were antedated and it would appear that 5,418 were so registered. Of these, 1,004 belonged to persons either on the court of assistants, or the annual committee. This figure included 150 in the name of Fiennes Harrison who joined the direction in October 1722. On being examined by the committee, Burgess said that he, too, believed that tickets could be bought cheaply in the Alley and resold at £1.15s-d to £2 when marked as cleared. Significantly, he declared that he had heard Harrison say that he had bought his tickets very cheaply. The reasons given by the directors involved for embarking on this scheme were that the company required cash and that unless the loans were taken in the company would collapse. This argument does not really hold when one considers that the loan was £1.10s-d and that the tickets so endorsed would be accepted in lieu of payment of £2.10s-d for tickets in the second lottery.

Dealing in blanks eventually got out of control. Vaux in fact calculated that 12,422 blanks were entitled to be exchanged for tickets in the second lottery. This figure included 5,614¹⁶⁹ blanks redeemed outwith the proper time. There is some confusion as to the exact number of blanks redeemed out of time as Vaux, in his evidence on Burgess' books, puts the figure at 5,418.¹⁷⁰ The books appeared to show that 14,419 were presented as payment. Thus 1,997 more blank tickets than were

169. Ibid. p.189.

170. Ibid. p.176.

valid appeared as payment for tickets at a cost to the company of £4,993. This, together with the £1 difference on the 5,614 tickets improperly redeemed meant a total loss to the company of £10,607. Ewen states that the loss to the company on the two lotteries amounted to £5,612.¹⁷¹ This was in fact the amount lost by redeeming loans on tickets on the first lottery out of time, thus allowing the blanks to be used to purchase tickets in the second lottery.¹⁷² Poor book-keeping and manipulation by the directors combined to cause this loss to the company, some of which undoubtedly was to the directors' own benefit.

The second lottery would appear to have had as little success with the investing public as the first. Early indications did hint that the lottery might be successful. *Mist's* and *Read's Journals* announced on 21 April that most of the tickets had been disposed of and that it was the company's intention to close the subscription books. In fact this did not happen as the drawing did not commence until the end of July. If all the tickets had been sold and renewed through all the stages of the lottery this would have meant a total of 54,100 tickets for all five parts. In fact only 27,796 were disposed of, 13,377 for cash and 14,419 in exchange for blanks.¹⁷³ As already indicated above share prices reflected the indifference of the public to the lottery.

As in the first lottery, Henry Symonds took an active

171. Ewen, *Lotteries*, p.188.

172. *H.C.J.*, Vol.22, p.176.

173. *Ibid.*, pp.188-189.

part in attempting to spread the tickets both as single units and by breaking them down into shares.¹⁷⁴ Full tickets were sold at face value, half tickets at £1.5s.6d., quarter tickets at 13s-d., fifth parts 10s6d. and tenth parts at 5s3d. The intention again would appear to be to spread the net of investors as widely as possible. It was Symonds intention to renew the tickets through each part of the lottery. By 2 July, however, Symonds was offering tickets at the special price of £1.15s-d and tenth parts at 3s9d until 4 July.¹⁷⁵ Tickets could be paid by surrendering annuities of £1 or 14s-d. of the first lottery at 8 years purchase. Symonds also noted that the company had agreed to purchase all prizes of £3 and under at 10 years purchase payable in twelve months with 5% interest which he saw as an encouragement to invest.¹⁷⁶ Despite such encouragement the fact that tickets could be sold at a discount is clear indication that demand was low and the lottery doomed to failure.

The first part of the lottery was drawn by 3 August 1722, and the company announced that they were ready to give out bonds and money to prize winners. These had to be claimed before the second part started drawing or else the investor had to wait until all five parts of the lottery had been completed. The company also announced that investors had until 24 August to renew their tickets or these reverted to the company. To encourage people to renew their tickets, four out of five could

174. Daily Courant, 17 March 1722.

175. Ibid., 4 July 1722.

176. Mist's Weekly Journal, 21 April 1722.

be paid in blanks provided £2.10s-d cash was paid for the fifth ticket.¹⁷⁷ In view of the number of blanks accepted, this part of the scheme would appear to have been reasonably popular with the investors who desired to continue in the scheme.

Despite this inducement though there was a reluctance to renew tickets. The company, therefore, resorted to some complex methods of inducement to attract investors. At a general court on 18 October 1722, it was moved that each proprietor of stock who took out one ticket per £100 of stock before 2 November should upon making the final four payments of the call on stock agreed on 19 July 1722, receive an indented warrant from the cashier for each sum so paid on the call bearing interest at 5% until such time as the company redeemed the warrants at three months notice to be given in the London Gazette. It was also moved that each proprietor who took out five such tickets could transfer £100 of stock to the company as security for the payment. If the stock was not redeemed within a period of 14 days after the completion of the second part of the lottery, such stock could be sold by the company to pay for the tickets, any surplus being returned to the stockholder.¹⁷⁸ A ballot being demanded, the resolutions were carried by 181 votes to 24.¹⁷⁹ The way was thus left open for further stock manipulation, though with seemingly little effect on the lottery as the company had to resort to further measures to fill the third part of the lottery.

177. Daily Courant, 4 August 1722.

178. Ibid., 19 October 1722.

179. Ibid., 20 October 1722.

The measures to induce stockholders to take part in the third part of the lottery were even more wide ranging than those for the second stage. A general court held on 6 December 1722 resolved that in the third part of the lottery all rules on the proportion of tickets payable by cash would be waived for the third part of the lottery only and blanks would be accepted for complete payment on a one blank to one ticket basis. In parts four and five the original conditions of half payment in cash and half payment in blanks would be restored. More serious perhaps was the attempt to coerce stockholders to take up tickets by means of manipulation of dividends. The same court on 6 December decided that, in lieu of a dividend, warrants should be made out to stockholders at £2 per cent of stock carrying interest at 5% per annum. These were not to be payable unless stockholders took out tickets in the third part of the lottery in accordance with the scheme laid out in Table 3:6.

TABLE 3:6.

YORK BUILDINGS SECOND LOTTERY TICKET / DIVIDEND SCHEME.

| Stock | Tickets to be Purchased | Cash to be paid. | Dividend Warrants to be Received. |
|-------|-------------------------|------------------|-----------------------------------|
| 1,000 | 12 | £32 | £20 |
| 900 | 11 | 29 | 18 |
| 800 | 10 | 26 | 16 |
| 700 | 8 | 22 | 14 |
| 600 | 7 | 19 | 12 |
| 500 | 6 | 16 | 10 |
| 400 | 5 | 13 | 8 |
| 300 | 4 | 10 | 6 |
| 200 | 3 | 7.10s-d | 4 |
| 100 | 2 | 5 | 2 |
| 50 | 1 | 2.10s-d | 1 |

SOURCE: Daily Courant, 14 December.1722.

It was further declared that if those entitled to do so did not take up their tickets within ten days, the tickets and the warrants for the dividends should revert to the company to be disposed of for its own benefit. The company was also empowered to issue new warrants to replace those not brought in for conversion. Stockholders had until 31 December 1722 to comply with these resolutions.¹⁸⁰ This would seem at a first glance an unwarranted interference with the rights of stockholders but was in accordance with early eighteenth century conceptions of corporate action in that the stockholders were seen not so much as anonymous providers of capital but more as partners in an enterprise who were expected to take an interest in the company's schemes and, moreover, participate in them in a most active manner.

The issue of warrants also provided a further speculative issue of York Buildings paper to be gobbled up by the traders in Exchange Alley. One, Thomas Elliot, was a victim of this latest financial ploy.¹⁸¹ and in a plea to the Lord Chancellor he set out his woes. The warrants so issued had been made payable to the stockholder or bearer with the result that they soon became a marketable commodity in the Alley alongside South Sea and India bonds. Elliot, having some money to lay out, and a "good opinion of the circumstances and abilities of the said company," bought and paid for blocks of these warrants on several

180. *Ibid.*, 14 December 1722.

181. PRO.C11/2384/10, *Elliot v York Buildings Co.*

occasions. The difficulty came when Elliot tried to claim money from the company in repayment of the warrants. He declared that the officers and employees of the company, together with others, conspired to evade his just claims to repayment. He said that by waiting three months during which the company had taken in cash from the lottery itself and on a call of 1% they were now in a position to pay him. He acknowledged the fact that the warrants contained no specific time for repayment but asserted that this entitled him to repayment on demand. No trace of a decision in this case has emerged, but Elliot's case would seem to be very weak in law. What it does highlight is that the opportunists again had a chance to acquire lottery tickets at a discount by paying for them, collecting their warrants as stockholders and selling these in the Alley to recover some of the cash and, if doubly fortunate, perhaps selling the tickets as well. This is another clear indication of the atmosphere of devil-take-the-hindmost prevailing in Exchange-Alley during the eighteenth century.

Although not completely filled, drawings for the third, fourth and fifth parts of the lottery took place between January and March 1723. In the third part the largest prize of £300 fell to the company.¹⁸² Symonds, though, had clearly stated that the company would purchase annuities for cash.¹⁸³ This would appear to have been acted upon, particularly by small

182. London Journal, 26 January 1723.

183. Daily Courant, 4 July 1722.

investors, though some of the larger annuitants also opted for a cash alternative. One prize of £50 was drawn to Philip Hale, a broker in Exchange Alley, who was said to have only one ticket.¹⁸⁴ An examination of the list of annuitants around 1726 shows only £5 against Hale.¹⁸⁵ It would appear that Hale must have been among these who took up the option to surrender his annuity for cash. The same would appear to be true of the reported winners of the top prizes in parts four and five. Neither Captain Newton, who received £400 per annum in part four,¹⁸⁶ nor Messrs. Willoughby and Shanks of Exchange Alley, who gained £500 per annum from part five, appear on the list of annuitants.¹⁸⁷ In the latter case the prize could have been broken up as the ticket was possibly sold in shares, but this cannot be proved for certain. What does emerge from this list of annuitants is that by around 1726, none of the major winners, with one possible exception, or the small fry were being paid by the company. These would appear to have sold or surrendered their annuities for cash. The amount of annuities listed as outstanding in 1726 totalled £2,584 in amounts ranging from £2.10s.-d in the name of Captain Thomas Agnew to £200 in the name of Philip Mendez da Costa.¹⁸⁸ At the end of this lottery one is again left with the strong impression that the York Buildings lotteries were not achieving the desired results, and that such activities should have been

184. Read's Weekly Journal, 21 February 1723.

185. SRO.CS232/Y11/1, York Buildings Co. v Annuitants.

186. British Journal, 9 February 1723.

187. Ibid., 30 March 1723.

188. SRO.CS232/Y11/1, York Buildings Co. v Annuitants.

quietly shelved. This idea did not appear to have been considered by the company as plans for a third lottery were soon forthcoming.

Rumours of the third lottery were soon circulating in the city. The London Journal announced that

"the York Buildings Company will shortly have a new lottery for £50,000 in which the prices of the tickets will be £4 each and there will be little more than 3 blanks to a prize." 189

When the scheme was announced in August 1723, the rumour proved to be ~~correct~~ about the ratio of prizes and blanks, very close to the price of the tickets but wildly inaccurate as to the amount to be raised. Annuities on 3 lives with an annual value of £1,800 were in fact offered under the plan set out in Table 3:7.

TABLE 3:7.

THIRD LOTTERY PRIZE SCHEME.

| Prizes | Annuities | Amount | Value of each at 15 years. | Total Value at 15 years. |
|-------------------------------------|-----------|---------------|-------------------------------------|--------------------------|
| 1 | 20 | 20 | 300 | 300 |
| 1 | 100 | 100 | 1,500 | 1,500 |
| 2 | 50 | 100 | 750 | 1,500 |
| 5 | 20 | 100 | 300 | 1,500 |
| 5 | 10 | 50 | 150 | 750 |
| 10 | 5 | 50 | 75 | 750 |
| 470 | 1 | 470 | 15 | 7,050 |
| 1,000 | -10s- | 500 | 7.10s- | 7,500 |
| last drawn | | | | |
| 1st day 1 | 10 | 10 | 150 | 150 |
| 2nd day 1 | 20 | 20 | 300 | 300 |
| 3rd day 1 | 30 | 30 | 450 | 450 |
| 4th day 1 | 50 | 50 | 750 | 750 |
| 5th day 1 | 100 | 100 | 1,500 | 1,500 |
| 6th day 1 | 200 | 200 | 3,000 | 3,000 |
| 1,500 prizes | | <u>£1,800</u> | at 15 years purchase <u>£27,000</u> | |
| 4,500 blanks | | | | |
| 6,000 tickets at £4.10s-d = £27,000 | | | | |

SOURCE: Daily Courant, 16 August 1723.

189. London Journal, 13 April 1723.

Stock holders were to have the privilege of taking out one ticket for every £100 they held at a special price of £3 per ticket before 26 August 1723. Those tickets not taken out by stockholders were to be sold to the general public at £4.10s-d each.¹⁹⁰ The draw was to take place over six days, one thousand tickets being drawn each day, the last drawn ticket each day to receive a substantial prize whether or not it was a prize or a blank. If after drawing the last prize one or more blanks were to remain in the wheel, the next drawn ticket was to be declared the last drawn and awarded the £200 per annum. The undrawn tickets for the fourth day, if to be sold, were to be as valuable as the lowest prize. The lottery was to begin drawing at the company's house in Winchester Street on Thursday, 7 November 1723.¹⁹¹

This lottery provoked the customary accusations of financial mismanagement within the company. Despite the fact that all calls on stock had to be paid before tickets could be purchased at the preferential rate, it appears that 769½ such tickets were issued to defaulters, to those who did not have enough stock to qualify, and indeed to those who had no stock at all.¹⁹² It was also noted that 200 tickets had been given to William Lilly, an associate of Case Billingsley,¹⁹³ without any payment whatsoever. In evidence to the Commons committee, Sir John Meres, the governor at the time of the lottery, indicated

190. Daily Courant, 16 August 1723.

191. Daily Post, 8 October 1723.

192. HCJ, Vol.22,p.177.

193. Vide infra., p:304-305.

that these had been allocated on the orders of the board in connection with a deal on derelict lands in which Lilly had been involved on the company's behalf.¹⁹⁴ The total loss to the company through these peccadilloes would appear to have been £2,054.¹⁹⁵ This was more than one full year's purchase of the annuities on offer and as such must be viewed in an extremely serious light.

On the other hand, this lottery had more of the outward trappings of success than its predecessors. . The price of stock which had been steadily declining since May reached a low of 7½ on 12 August,¹⁹⁶ began a steady recovery to reach a peak of 14.1/8 on 30 September,¹⁹⁷ before settling around the 12 - 13 mark for the remainder of the year.¹⁹⁸ The major influence on the price of stock at this time was the speculation surrounding the revival of the half stock previously written off.^{198(a)} However, it is possible the lottery also had an effect on price movements. The lottery tickets themselves seemed to be a far more marketable commodity. It was claimed that, towards the end of the lottery, tickets costing £3 each were being sold for £30. The company itself would seem to have been selling some of these tickets, as actual receipts amounted to £33,912,¹⁹⁹ considerably in excess of anticipated revenue of £27,000.²⁰⁰ It seems that this smaller lottery had a greater chance of success due to the fact that fewer tickets required to be sold and that the ratio of prizes to blanks was very favourable at one prize to three blanks.

194. *Ibid.* pp.304-306.

195. *H.C.J.* Vol.22.p.177.

196. *Daily Courant*, 13 August 1723.

197. *Ibid.* 10 October 1723.

198. *Ibid.*; *Daily Post*, October - December 1723.

198(a) *Vide supra*, p.p.81-83.

199. *R.H.C.*, Vol.1.p.596.

200. *Daily Courant*, 16 August 1723.

The comparative success of this particular scheme was such that the company gave notice of another scheme bearing exactly the same prizes. Proprietors of the late half stock²⁰¹ could at any time between ~~the~~ 4 and 15 February 1724 pay £1 per ticket deposit and the balance of £2 by 15 March, thus securing tickets priced £4.10s-d for £3. Those who paid the first but not the second instalment were to have their tickets forfeited for the benefit of the company. In fact by 4 May, one hundred people who had paid the first instalment had not paid the second. The company gave further notice that they would accept payment up to the opening of the third day of drawing (9 a.m. on 6 May 1724), before forfeiture would become effective.²⁰² This action was typical of the company who in share dealings continually postponed dates of forfeiture thus making the sanction considerably less effective.

The entire conduct of this lottery was called into question by the annuitants of the first lottery who complained to the Treasury that subsequent lotteries had weakened the security upon their annuities.²⁰³ More serious perhaps was a subsequent claim by the company themselves that the second part of this third lottery was illegal.²⁰⁴ The company claimed in a subsequent memorandum to the Treasury concerning Meres conduct as governor, that the directors had no authority to commence this lottery. The investigating committee appointed by the company

201. *Vide supra*, pp.81-82.

202. *London Gazette*, 2-5 May 1724.

203. PRO T29/25/2 Treasury Board Minute, 15 January 1725.

204. PRO T1/258/13 Extracts from Minutes.

to examine this matter claimed, that at a general court two days before the scheme was published no mention had been made of it. The committee also questioned a concession announced on 26 February 1724. It allowed those who had deposited between five and ten tickets per £1,000 of new, revived stock held, and left them with the company until one week after the completion of the draw, to have all prizes of £1 and 10s-d taken over by the company at twelve years purchase. The proceeds of this manoeuvre were to be credited as the fifth payment on the revived stock. The investigating committee asserted that this was merely a device to raise the price of the tickets. They criticised the directors for agreeing to pay two years purchase price above that advertised for buying prizes, thus costing the company a fair amount of money.²⁰⁵ They were even more severe on Meres himself. He turned out to be the largest single annuitant of the entire third lottery, accumulating a total annuity of £1,215.²⁰⁶ The company disputed his entitlement as he was late in making both of his payments on the tickets. The committee also claimed that he had £352 of his annuity antedated to commence from 30 May 1724, instead of the proper date of 24 August. The committee also claimed that as the directors had dropped the purchase price of annuities from 15 years to 10 years, they had cost the company £9,000 by drawing only £18,000 instead of £27,000 and consequently they

205. Ibid.

206. *PRO. CS232/Y11/1, York Buildings Co. v Annuitants.*

wished to surcharge the directors. Here the company was in error. In effect, the original purchase price of £4.10s-d per ticket would have produced a yield equal to 15 years purchase price and the preferential purchase price of £3, a yield equivalent to 10 years purchase. This latter would therefore, appear to have been the price at which most tickets were sold. Only if the company then proceeded to purchase all the annuities from winners at 15 years would a deficit of £9,000 occur. In fact over the two parts of the lottery the company was left with annuities of £3,363 in 1726. Meres, as we have seen, was the largest single annuitant accounting for over £1,200 and to the disgust of the company opting to take annuities instead of cash.

The company quickly followed the third lottery with a scheme for a fourth lottery in two parts.²⁰⁷ The first was to consist of chances for lots of tickets for the second part in which annuities on one life to the value of £1,439 per annum were to be at stake. Details of the scheme are outlined in Table 3:8.

TABLE 3:8.

PRIZE SCHEME FOR PROJECTED FOURTH LOTTERY.

| <u>FIRST PART</u> | | | |
|-----------------------------|-----------------------------------|-------------------------------|--------------------|
| No. of lots of tickets | Tickets in each lot. | No. of tickets in Second Part | |
| 20 | 20 | 400 | |
| 50 | 10 | 500 | |
| 100 | 5 | 500 | |
| 200 | 3 | 600 | |
| 500 | 2 | 1,000 | |
| <u>7,000</u> | 1 | 7,000 | |
| 7,870 | | | |
| <u>15,740</u> Blanks | | | |
| 23,160 Chances @ 10s6d each | | | £12,395.5s-d |
| | Tickets in 2nd Part @ £.1s-10,000 | | <u>10,500.-s-d</u> |
| | | | £22,895.5s.-d |

207. Daily Courant, 1 August 1724.

[T.3:8]

SECOND PARTANNUITIES FOR ONE LIFE

| No. of Prizes | Annuities | Total Anns. | 1 Ann. @ 10 yrs. Purch. | Total val. @ 10 yrs. Purchase. |
|--|-----------|-------------|-------------------------|--------------------------------|
| 1 | 100 | 100 | 1,000 | 1,000 |
| 2 | 50 | 100 | 500 | 1,000 |
| 5 | 20 | 100 | 200 | 1,000 |
| 10 | 10 | 100 | 100 | 1,000 |
| 20 | 5 | 100 | 50 | 1,000 |
| 50 | 2 | 100 | 20 | 1,000 |
| 100 | 1 | 100 | 10 | 1,000 |
| 200 | -10s-d | 100 | 5 | 1,000 |
| 2,436 | -.5s-d | 609 | 2.10s-d | 6,090 |
| 1st. drn(1) | 10 | 10 | 100 | 100 |
| 1 last drn. | 20 | 20 | 200 | 200 |
| 2,826 prizes | | 1,439 | | 14,390 |
| 7,174 blanks @ £1 | | | | 7,174 |
| 10,000 blanks ans benefits amount to changes of drawing etc. | | | | 21,564 |
| | | | | 500 |
| | | | | <u>22,064</u> |

SOURCE: Daily Courant, 1 August 1724.

Company bonds due for payment in the month of August 1724 were to be acceptable as payment for tickets. Prizes of £1 and 10s-d per annum in the second part of the third lottery were likewise to be accepted at 12 years purchase. Blanks in the first part of the lottery were to have preference in the next lottery and blanks in the second part paying £1 each were to be paid off one month after the end of the drawing. This lottery did not take place. A notice appeared in the press to the effect that the company was returning the money paid in on it. The price of stock which had risen from £7 in 1723 to £27. started to fall again and several dealers in Exchange Alley were forced to abscond²⁰⁸ as a result. This effectively marked

208. Daily Journal, 28 November 1724.

the end of the York Buildings lottery schemes but the effects were to be felt for many years to come.

Despite the end of the schemes, a market still existed for York Buildings annuities. A certain Mr. Welles, attorney-at-law of Abchurch Yard, advertised his willingness to purchase annuities of £20 per annum and upwards though he did not quote a rate.²⁰⁹ In May 1725, the company offered to purchase annuities on single lives at a rate of eight years purchase, the offer to be open until 24 June 1725, unless annuities to the value of £2,000 per annum had been subscribed before then.²¹⁰

The annuitants were also taking steps to safeguard their position. They first made their voice heard as a group when they protested against the scheme discussed in September and October 1724 announcing the possible merger with the Charitable Corporation. In January 1725, annuitants of the first lottery petitioned the Treasury concerning the danger of further lotteries weakening their security.²¹¹ The annuitants held regular meetings to discuss their mutual interest, usually in the Fleece Tavern in Cornhill.²¹² Later in 1725 they negotiated an agreement whereby the company charged their estates with the payment of annuities for the benefit of all who signed the appropriate document.²¹³ A further notice in December stated that all annuitants who had not yet signed the agreement, should do so before collecting the next half-year's annuity or else they would be excluded from the benefits of the deed.²¹⁴

209. Daily Courant, 29 January 1725; Daily Post, 1 February 1725.

210. London Gazette, 18-22 May 1725.

211. PRO T29/25/2 Treasury Board Minute, 15 January 1725.

212. Daily Post, 3 February 1725.

213. Ibid. 8 November 1725.

214. London Gazette, 25-28 December 1725.

Relations between the company and their annuitants, were cordial at least in the initial stages. On Thursday, 9 February 1727, the annuitants treated the directors to dinner at the Fleece, "with the greatest harmony imaginable".²¹⁵

The organisation binding the annuitants stood them in good stead in the crisis period of the company's affairs in the 1730's. On 13 October 1727, they received an assignment of the company's estates as security for the payment of their annuities.²¹⁶ The system which evolved was that the company set the tacks on the estates, but factors for the annuitants collected the rents, accounting to the company for any balance remaining.²¹⁷ In the early years of the agreement regular notices appeared in the press announcing payment of the annuities. However, the company did begin to fall behind here, as in so many other fields. By 17 March 1735, arrears due to the annuitants amounted to £18,000. In addition annuitants were owed £2,700 which they had paid to settle outstanding amounts due to the government on the Southesk estate. Both of these amounts brought the annuitants accrued interest at 5% per annum. This had to be paid out of an estimated rental of £9,768 per annum which was subject to small deductions by the Countess of Southesk, and a 1% allowance charged by the Royal Bank of Scotland to whom the money was paid, for remitting it to the Bank of England.²¹⁸ Annuities at the same date amounted to £9,168.²¹⁹ As further security the annuitants were to receive £30,000 out of any sale of the Widdrington estate,

215. British Journal, 11 February 1727.

216. SL CSP F29; 24 DeLaValle & ors. Crs. of Co. v York Bldgs. Co. Case of A.

217. SL CSP.404; 46 York Bldgs. Co. v Stewart 1799 Petn. of Co. 21 May 1789.

218. RHC, Vol. 1. p. 673.

219. Ibid. p. 676.

which was to be invested in South Sea annuities held for the York Buildings Company annuitants by their trustees.²²⁰ By 1753, though, the annuity debt was decreasing and the annuitants were being accused in acquiescing with the company in concealing this fact. This was being done in order to hold up the sequestration of the company's assets to pay all creditors, in order to maintain their security intact. Ultimately they had to agree to at least a partial sale of the estates.²²¹

The comparative failure of the three lotteries is shown by Table 3:9.

TABLE 3:9.

ANNUITY RECEIPTS & PAYMENTS

| <u>Receipts...</u> | | <u>Actual</u> | <u>Anticipated</u> |
|--|--------------|-------------------------------|--------------------------------|
| Received before the lotteries | | £2,460 | |
| Receipts in 1st lottery | 59,826 | | |
| Loans in 1st lottery | 17,050 | | |
| Receipts for whole blanks 1st lottery | <u>400</u> | 77,276 | £281,650 |
| Receipts in 2nd lottery | | 34,862 | 124,700 |
| Receipts in 3rd lottery | | 33,912 | 27,000 |
| Receipts for chargin and adding lives | | 2,383 | |
| Miscellaneous | | <u>204</u> | |
| | | 151,097 | £ <u><u><u>433,350</u></u></u> |
| <u>Payments.</u> | | | |
| Purchase of Prize tickets by Co. | 4,334 | | |
| Purchase of annuities by Co. | 2,569 | | |
| Purchase of blanks by Co. | 2,644 | | |
| Money retained in 2nd lottery | <u>7,427</u> | <u>16,974</u> | |
| <u>NET Receipts for Annuity Sales.</u> | | <u><u><u>£134,123</u></u></u> | |

SOURCES: RHC, Vol.1.p.596; Daily Courant, 10 August 1721,
21 February 1722, 16 August 1723.

Out of an anticipated revenue of £433,350, only £151,097 (34.87%) was actually raised, and deduction brought this down to £134,123 net,

220. SRO.CS232/Y11/1 York Bldgs.Co.v Annuitants Indenture between Co. and Annuitants.

221. SL.CSP.404;46. Petn. of Co.21 May 1799.

a mere 30.95%. In all, this led to annuities to the value of £10,068 being issued.²²² This was in marked contrast to the annual value of the estates at the time of purchase which was estimated at £15,378,²²³ and the maximum amount the company could have legally issued. However, the amount issued was more in line with the rental value estimated in 1729 at £10,536.²²⁴ By 1734, annuities and rentals almost balanced at £9,168 and £9,768 respectively, a circumstance which was purely accidental. This was not enough to make any significant inroads into the company's debts. Thus although some of the proceeds undoubtedly went towards a reduction of the company's debts for the purchase of its estates, a great deal was dissipated as the company's debts in 1734 were in excess of £200,000.²²⁵

Several general points arise out of these lotteries. In the first place they were a failure in that, excepting the third lottery, they could not attract sufficient people to fill the subscription books. Secondly, the company's attempts to fill the lotteries by inducements to shareholders, and the use of blanks in previous lotteries as a method of payment seriously undermined the company's future financial position and must have caused considerable cash flow problems. Thirdly, the lotteries provided further speculative media for the brokers of Exchange Alley and it is reasonably certain that individuals within the management, including governors Meres and Westmoreland, profited personally from these dealings, whilst the company itself stood the loss. This latter factor fits into the general pattern

222. *SL.CSP.F29;24 Case of Appellants.*

223. *RHC, Vol.1.p.595.*

224. *Ibid.p.594.*

225. *Ibid.p.678.*

of financial mismanagement in other spheres of operation. Such manipulations constantly eroded the company's funds and kept its viability in constant jeopardy. Finally, the whole annuity lottery scheme was a reflection of the link prevalent in the eighteenth century, between life insurance and gambling.²²⁶ A considerable sum of money was raised, which, together with the amount paid in on various calls, was more than enough to extinguish the company's debts on its estates. The fact that this did not happen is indicative of the extent to which mismanagement and misappropriation was rife within the company.

226. Ewen, Lotteries, passim; G. Clayton, British Insurance, (1971) Ch.5.

4. Bonds.

During the 18th century, it was common practice among corporations and individuals to issue bonds in return for their obligations. The development of corporate bond debts had its origins in the 17th century and among the first companies to use this facility were the Royal Africa Company and the East India Company, both of which were issuing bonds by the 1680's.²²⁷ With the establishment of the Bank of England's monopoly of joint stock banking in England in 1708, corporations were unable to raise money on bonds for a period of less than six months. This altered the character of short term financing by forcing the large monied companies to look more towards the Bank of England for at least part of their short term needs.²²⁸ Despite this restriction many corporations still used bonds to satisfy these requirements. The York Buildings Company was actively involved in the bond market from 1720. Although many of its bonds were of short term duration, some were designed to be held for longer periods. Unfortunately, for the holders of the latter, the financial schemes which the bonds were designed to promote went awry, and the bondholders found it difficult, if not impossible to receive satisfaction for their debts without protracted lawsuits.

The company's first major excursion into the bond market was connected with its purchase of the forfeited estates in Scotland. As part of its agreement with the government, the

227. Dickson, Financial Revolution, p.407.

228. Ibid., p.408.

company took the estates together with the debts due on them.²²⁹
 The obligations on the estates purchased by the York Buildings Company in 1719 and 1720 totalled £43,902, the debts on each estate being allowed against the purchase price.²³⁰ In July 1720, the company began to settle claims upon the estates purchased in 1719. It was announced that those whose claims had been proved valid, could have them satisfied in three ways. They could be paid in money in London or in Edinburgh, or they could receive bonds issued by the York Buildings Company. . All business was to be done through the company's agents, Thomas Fordyce and Archibald Campbell, at their office in Edinburgh.²³¹

A clearer picture of bonds issued in payment of these debts emerges in 1722. The company was paying one-eighth of the creditors' allowed claims in cash, provided these did not exceed two years rent. The balance was to be paid in two instalments by bonds at six and twelve months respectively. If the company failed to pay the bonds, it was claimed that the creditors could sue the company either on the debts or on the bonds. From 10 October 1722, the company proposed to pay one-sixth of the debt in cash.²³² In all, Murray claims, the York Buildings Company issued bonds to the value of £18,825 in respect of these debts, the bonds circulating in Scotland.²³³
 The company paid out £18,700 on the bonds between 1722 and 1724. The bulk of these were issued in July and August 1722, the remainder

229. Murray, York Buildings, p.50.

230. RHC., Vol.1.p.595.

231. Edinburgh Evening Courant, 25-26 July 1720.

232. F(orfeited) E(state) P(apers) 1715, Answers for John Strachey in name of York Buildings Co., 7 September 1722.

233. Murray, York Buildings, pp.50-51.

in February 1723. These were paid either by John Strachey another of the company's agents in Scotland, by Fordyce and Campbell or by the cashier in London.²³⁴ Thus some of the bonds at least had found their way south to the capital. Bonds known to be paid, therefore, represented 42.6% of the total claims allowed on the Scottish estates by 1724. The fact that there is no figure for any such bonds outstanding in the company's total bond debt in 1732 indicates that all such obligations had in fact been met. The annuitants in the company's lotteries which took place at this time were also to be paid by bonds, the implications of which have already been discussed,²³⁵ and need not detain us further.

The calls made upon the stockholders were designed to satisfy the company's short term needs as well as to make payments to the government for the forfeited estates, and as a result, several were declared returnable.²³⁶ In exchange for their payments, stockholders were given bonds. On the sixth call of £6 per cent, payable in six equal instalments between July 1722 and May 1723, those taking one lottery ticket per £100 of stock, in the second part of the company's second lottery, were to be given bonds at 5% interest, payable on three months' notice being given in the London Gazette.²³⁷ The company received £18,240 which was returnable²³⁸ and bonds to the value of £18,500 were issued, which became payable on 25 June 1728,²³⁹ and were paid on the due date.²⁴⁰

234. SL CSP.F32; 18 York Bldgs.Co.v Lord Advocate 1777,Case of York Bldg Co.

235. Vide supra,p.146-147.

236. Vide supra,p.78-81

237. Daily Courant, 19 October 1722.

238. RHC., Vol.1.p.597.

239. Case of Samuel Horsey, 26 March 1733.

240. Daily Courant, 27 May 1728..

The seventh call of £5 per cent, in two equal instalments payable in July and August 1723, was also deemed returnable. Those paying it were given bonds at 5% interest, payable in twelve months.²⁴¹ On 30 March 1724, the company stated it would pay the bonds if required, but offered to renew them at 5% for six or twelve months if the holders so desired. Bonds to the value of £700 were still outstanding on this call in 1727.²⁴² For part of the eleventh call which was returnable, bonds at 3% per annum were issued on 25 January 1727, payable in six months,²⁴³ which payment was duly made.²⁴⁴ A twelfth, returnable, call of £2 per cent was made which was payable on 25 July 1727, for which bonds were issued at 5% payable in six months.²⁴⁵ These do not appear among the bond debts listed in 1732, so one must presume they were paid. These rates compare favourably with that payable by the East India Company on its bonds. At the time of issue of these York Buildings Company bonds it was also paying 5%.²⁴⁶ Only the eleventh call bonds at 3% do not conform to this pattern. Very little information has come to light concerning discount at which these bonds were circulating so it has proved impossible to make any meaningful comparison of yields on the two securities. In all, the York Buildings Company raised £69,732,²⁴⁷ by returnable calls, payable in bonds.

That some of this was used for short term needs can be shown from the fact that the twelfth call was made when the bonds

241. London Gazette, 30 July - 3 August 1723.

242. Ibid. 31 March - 4 April 1724; Case of Samuel Horsey, 26 March 1733.

243. Daily Courant, 25 January 1727.

244. Ibid. 24 July 1727.

245. Ibid. 21 July 1727.

246. Dickson, Financial Revolution, p.411.

247. RHC, Vol.1.p.598.

on the eleventh call were due for repayment; this suggests the former was raised to provide funds to meet the latter.

The uncertain nature of the company's bond issue was clearly shown in March 1724, when the company was attempting to prolong the life of some of them. Further proof of this arose from events later that year. On 20 August 1724, the committee of treasury decided that, as bonds becoming due for £6,000 could not be paid, they should be re-issued to any person who would take them at a discount not exceeding £4 per cent. Bonds totalling £11,900, a figure almost twice the amount agreed upon, were re-issued. Sir John Meres took £6,000 worth of bonds, Rowland Aynsworth, an assistant, £2,000 worth and the remaining bonds to the value of £3,900 by a group of unnamed persons, all at £4 per cent discount. The company later claimed that this sum included bonds already discharged. It was felt that the transaction was unnecessary as the company had over £10,000 in cash on hand at that time. In addition, it was stated that some of these bonds were brought in for payment on the very day of issue, others being presented at varying periods between two and six weeks later. The affair cost the company £476. in discount and a total of £210 in interest payments.²⁴⁸

In his defence, Meres later stated that the whole affair was part of a slander against himself and the company by one of the assistants, James Marye, who was subsequently forced out of

the direction of the company by Meres. It was claimed by the committee of accounts of the company on 7 December 1725, that twelve days after the bonds were due for payment, demands on the company would exceed the cash on hand by £10,560, including a payment of £7,000 to the government for the Scottish estates. Thus it was necessary to raise cash to cover the period between these obligations becoming due, and the receipt of the next instalment payable on the £600,000 of newly revived stock. The committee claimed that Meres, Aynsworth and the others did the company a favour, as the bonds could not have been put out at discount in Exchange Alley below £10 per cent.²⁴⁹ It is impossible to verify this latter claim, but it is clear that Meres and Aynsworth used inside knowledge to make quick capital gains, as some of the bonds were cashed immediately. Thus the company could not have derived any benefit from the use of some of the cash raised, while the investors could pocket the difference between the discounted and par value of the bonds.

The precarious nature of the York Buildings Company's bond issues is further demonstrated by the exchange of stock for bonds following the attempted take-over of the Charitable Corporation in 1724.²⁵⁰ In essence, the York Buildings Company intended to make stockholders transfer half their stock to the company at £13 per cent, for which they would receive receipts. On the strength of this, £100,000 in bonds was to be lent to

249. E.U. Laing MSS La 11.693. *State of the Process Sir John Meres v York Buildings Co.*

250. For full details of the link with the Charitable Corporation, vide infra. Ch.6; for details of the stock manipulation and its effects on the company vide supra. pp.83-89.

the Charitable Corporation for seven and a half years, when the bonds were to be repaid to the York Buildings Company stockholders. in return for their receipts.²⁵¹ As the receipts were to bear interest at 4% this would have made them the equivalent of bonds. After much heated debate, the scheme was abandoned.²⁵² However, as the half-stock had already been transferred to the company, it was decided to exchange the receipts issued to the stockholders under the old scheme, with the bonds which were to have been lent to the Charitable Corporation. Consequently, on 2 June 1725, the company issued a notice to the effect that from Midsummer 1725, receipts given out for half stock could be exchanged for bonds.²⁵³ These bonds, like the one destined for the Charitable Corporation, were at 4% for seven and a half years, an interest rate which at this time could be obtained from both South Sea and East India Company bonds.²⁵⁴ These bonds, subsequently known as long bonds within the company were indeed to have a long and complicated history.

The total amount of long bonds issued for stock was £71,026.²⁵⁵ As the price was computed at £13 per cent this meant that stock to the value of £547,738 should have been exchanged for bonds, whereas the actual sum exchanged has been quoted as £543,010.²⁵⁶ The difference represents bonds to the value of around £364, but whether or not this was an overissue, cannot be determined. Some proprietors refused to transfer half of their stock to the company's trustees. Others did so in order to be able to dispose of the other half but filed lawsuits against the company, protesting at the enforced

251. PRO.T11/258/13, Extracts from Minutes and comments therein.

252. Vide infra. Ch.5.

253. PRO.C11/119/43, Church v York Bldgs.Co. Answer of Co.

254. Dickson, Financial Revolution, p.411.

255. SL,CSP.F29;24 Delavalle & ors.Crs. of Co. v York Bldgs Co. 1788, Case of Delavalle.

256. SL.CSP.428;23 York Bldgs. Co. v Perieva & ors.1801,Answers for Co.

transfer, and the issue of bonds.²⁵⁷ One such complainant, Thomas Church, complained the whole scheme was contrary to "equity and good conscience".²⁵⁸ The company, in reply pointed out that the price rise which came after the scheme, allowed those who sold their stock at that time to make considerable gains. The company claimed that Church not only sold his remaining stock, but his receipts for his transferred half stock as well, and made more money than would have been possible by selling his whole stock at the time the decision to implement the scheme was taken.²⁵⁹ Thus, even before the bonds for the transferred half stock were issued there was an active market in the receipts for it, which were in effect, bonds under another name.

The company's claim that capital gains were possible as a result of the scheme can be demonstrated by an examination of the price of York Buildings Company stock during this period. The month of August 1724 had witnessed a decline from 8½ to 6½.²⁶⁰ At the time of the first meeting concerning the Charitable Corporation scheme and the halving of stock, the price stood at 7.5/8.²⁶¹ During October and November the price rose steadily reaching a peak of 27½ around 20 November.²⁶² Thereafter, it fell back to 14½ at the end of the year.²⁶³ During the early months of 1725 there was a steady rise until a peak of 53½ was reached around 20 May.²⁶⁴ On 2 June, when the exchange of receipts for bonds was announced, a price of around 50 could be

257. PRO.T1/258/13 Extracts of Minutes and comments thereon.

258. PRO.C11/1192/43, Church v York Buildings Co. Complaint of Church.

259. *Ibid.* Answer of Co.

260. Daily Courant, 3 August, 1 September 1724.

261. Ibid. 25 September 1724.

262. Ibid. 20 November 1724.

263. Ibid. 30 December 1724.

264. Ibid. 20 May 1725.

obtained for York Buildings Company stock.²⁶⁵ None of the major stocks conformed to this pattern. On 15 September 1724, South Sea Company stock was quoted at 117.1/8, Bank of England at 132 and East India Company at 147. On 1 June 1725, these figures were 122½, 134 and 166 respectively.²⁶⁶ The Royal Exchange Assurance though rose from 54 to 80 during the same period.²⁶⁷ The indications are, therefore, that the York Buildings Company rise was due to internal factors rather than wider trends. This view is to a certain extent substantiated by the fact that other stocks held comparatively steady for the remainder of the year while the Royal Exchange advanced to around 90.²⁶⁸ The York Buildings Company meanwhile had fallen back to around 20.²⁶⁹ It is not known to what extent, if any, large gains were made but these movements do lend credence to the company's claim that this did happen.

The company soon began to fall behind in the payment of interest on the long bonds, little being paid after 1726.²⁷⁰ By 1731, the debt for principal and interest on this security was estimated to be in the region of £100,000.²⁷¹ As the date of the repayment of the principal approached, several creditors began to think of legal proceedings to ensure the safety of their capital. As the company was in general financial difficulties, it was decided, in October 1731, to pay off the long bondholders by means of a new bond issue.²⁷² This device of paying off creditors by

265. *Ibid.* 2 June 1725.

266. *Ibid.* 15 September 1724; *Daily Post*, 1 June 1725.

267. *Ibid.*

268. *Daily Post*, *passim*.

269. *Daily Courant*, 31 December 1725.

270. SL.CSP.F29;24. Case of Delavalle etc.

271. SL.CSP.428;23, 1801, Answer for Co.

271. SL.CSP.F29;24, Case of Delavalle & ors.

creating new debts was to complicate the company's financial position, and store up further trouble for the organisation.

The idea behind the new scheme approved on 24 December 1731, was that long bondholders would apply for new bonds which were to become known as subscription bonds. Furthermore, it was decided that the company's estates should be vested in trustees as security for the issue. Also, subscription to this issue of bonds could be in money, the company's existing bonds or slips for bonds. The new bonds were to bear 5% interest, and be payable on 25 March 1735.²⁷³ At this time, South Sea and East India bonds bore 4% interest.²⁷⁴ Thus, because of the higher risk attached to its dealings, the York Buildings Company had to offer higher interest rates to attract investors. Bonds, however, were the only practical source of short term finance for the company. Banks demanded security for any advances they made. In the case of the York Buildings Company this was on the personal security of officers or interested parties. For example on 29 January 1731, the company asked the Royal Bank of Scotland for credit of up to £1,000. This was granted, but Col. Horsey, Alexander Garden of Troup, George Buchan and Robert Dalrymple, a Writer to the Signet in Edinburgh were bound jointly and severally as security for the debt.²⁷⁵ That the guarantors could be called upon to pay such debts, is shown by the fact that on 24 April 1736, a bond from Horsey, Daniel Campbell of

273. Ibid.

274. Dickson, Financial Revolution, p.411.

275. R[oyal] B[ank of Scotland] A[rchives] Minute Book of Court of Directors Vol.2, f 2, 29 January 1731.

Shawfield and his son John was received in settlement of £1,500 principal and £173.8s6d interest outstanding on a bond to the company dated 23 December 1730.²⁷⁶ The dangers of encroaching on the Bank of England's monopoly made it difficult to raise short term cash without being accused of taking deposits. Given these factors, therefore, the directors would use bonds, whenever practical, as the most suitable way of raising short term finance.

In this field also, the granting of security was a problem. The company intended to give the holders of bonds issued in 1731 security by means of their Scottish estates. However, they could only offer these bond holders second preference as the annuitants had a prior claim on these lands.²⁷⁷ This fact was not mentioned when it was announced the following May, that a list of all bondholders would be made on the back of the deed between the company and the trustees in whom the estates were to be vested, in compliance with the agreement.²⁷⁸

There is some doubt as to what happened next. The stockholders claimed in 1733, that the company having appointed trustees, subscriptions of £72,785 were made for bonds from various individuals, and £27,215 was subscribed for on behalf of the company, making the issue £100,000.²⁷⁹ Another source states that long bondholders generally became subscribers²⁸⁰ in the first category. The stockholders maintained, though, that bonds to the value of £109,837 were issued, of which only £13,877 went to long

276. RBA Journal F.G.H. f34, 24 April 1736.

277. SRO.CS.232/Y11/16, Petn. of Samuel Bosworth, 1793.

278. Daily Courant, 8 May 1732.

279. The Case of the Proprietors of Stock of the York Buildings Company. Goldsmith's Library Pamphlets (1733).

280. SL.CSP.F29;24 Case of Delavalle & ors.

bondholders. The remaining £95,960, instead of going to this group, were sold by the company's agents, in effect creating a new debt of that amount, and, in effect, giving the new bondholders preference, because of the security of the company's estates.²⁸¹

The governor of the company at this time, Col. Samuel Horsey, denied the accusation that the long bondholders were being defrauded. He stated that the issue of subscription bonds had been so successful in its initial stages that it reduced the discount on the company's bonds from 18 to 20% before the scheme, to 15% after it had been announced. Far from attempting to defraud the long bondholders by selling out the bonds, Horsey claimed that false rumours caused an upset in the market, and there was a reluctance to take up subscriptions. The directors were thus forced to sell out the bonds. Horsey said that as a result of this, the credit of the company had sunk so low, that creditors were claiming at least double the value in bonds of funds actually advanced, with any overplus on realisation of the bonds to be refunded to the company.²⁸²

The general trend in York Buildings Company stock prices tends to undermine Horsey's arguments of favourable market reaction. At Christmas 1731, the price of York Buildings stock stood at 14.²⁸³ By the end of January 1732, the price had fallen to 12½,²⁸⁴ though lack of data has made it impossible to trace the movement of prices during this period. The trend in

281. Case of Proprietors of Stock (1733)

282. Case of Samuel Horsey, 26 March 1733.

283. Daily Post, 27 December 1731.

284. Daily Courant, 31 January 1732.

February, for which daily figures have been traced, was generally downwards, finishing the month at 7.7/8.²⁸⁵ For the remainder of the year the movement was again generally downwards finishing at 2¼.²⁸⁶

It is possible that the rumours Horsey referred to, included links between the York Buildings Company stock and the Charitable Corporation fraud which was the subject of a parliamentary enquiry at this time,²⁸⁷ and it is fair to assume this affected the price of York Buildings Company stock and could have made long bondholders reluctant to take out new bonds until the situation cleared.

Although it is probable that the bond market did not necessarily fluctuate in exact co-ordination with the market for stocks, the price of stock would most likely have an influence on the rate of discount at which bonds changed hands. Unfortunately, no evidence of day to day changes in the rate of discount has come to light but such considerations demonstrate the problems faced by the York Buildings Company in raising short term finance.

The company later admitted in reply to a bill of complaint in Chancery that there had been some difficulty filling the subscription. It was stated that on 8 December 1731, the court of assistants had given Horsey the power to come to an agreement with anyone to raise a sufficient sum to pay off the company's debts and complete the subscription. This, together with a decision of the court of assistants on 3 November 1731, to

285. Ibid. 1 March 1732.

286. Ibid. 1 January 1733.

287. Vide infra, Ch.6.

empower the governor to borrow money and give a proportionable security in bonds²⁸⁸ was to have widespread repercussions for the company which will be discussed below. This contradicts Horsey's statement that the bond issue was successful.

Col. Horsey certainly had grounds for claiming that creditors were demanding security on bonds, considerably in excess of the value of their debts. For example, one creditor, Fotherly Baker, was given £34,000 of subscription bonds as security for a debt of £12,000. Benjamin Foxley and Solomon Ashley, both involved with the company, Foxley as one of Horsey's assistants and Ashley, his successor as governor, held subscription bonds as security for loans. Foxley held £7,500 in bonds as security for an advance of £4,956. Ashley £1,200 in bonds as security for a loan of £739.²⁸⁹ At Christmas 1732, the company had borrowed £55,500 for which it had given securities in bonds amounting to £120,500. Of this £88,200 was in the form of subscription bonds.²⁹⁰ The situation is reflected in the company's total bond debt at Christmas 1732.

TABLE 3:10.

York Buildings Company bonds outstanding on 25 December 1732.

| | |
|--|-----------------|
| Long Bonds | £57,329. |
| Subscription Bonds issued for long bonds | 13,877 |
| Bonds for Waterworks Debts | 2,587 |
| Bonds issued as security for money loaned (incl. Subs. Bonds) | 120,500 |
| Bonds issued as security for debt. | 1,300 |
| Bonds deposited as security for supply of coal to Strontian in hands of Sir James Lowther | 200 |
| Bonds deposited with creditors as security for judgements | 1,850 |
| Bonds given in lieu of interest payments | 210 |
| Total bond debts at 25 December 1732. | <u>£205,853</u> |

SOURCE: RHC, Vol. 1. p. 592.

288. PRO.C11/2446/33, Munoz v York Bldgs. Co., Reply of Co.

289. RHC, Vol. 1. pp. 589-591.

290. Ibid.

Richard Birch, the company's accountant, said that if the bonds used as security for money borrowed, and for debts, together with the bonds given to Horsey, were transferred by those to whom they had been given (presumably at face value as opposed to the value of the debts they represented) the bond debt would increase to £241,491.²⁹¹

Another important factor arising from Horsey's disclosure is that it gives us an opportunity to calculate the real rate of return on some of these bonds. If, as Horsey claimed, the discount on York Buildings Company's bonds had fallen to 15% the yield from these bonds at 5% was 5.88%. This is again indicative of the York Buildings Company's standing in the market as East India and South Sea bonds were being issued at a rate of 4%.²⁹² The yield in East India bonds at this time has been estimated to be slightly under 4%, implying that these bonds were at a premium.²⁹³ The York Buildings Company had to offer higher rates and yields had to be higher to attract capital, which was very likely to be risk capital. Unfortunately, there is no indication as to whether the capital being attracted to the York Buildings Company was coming solely from London, or if the net was wider. The main reason for the disparity in interest rates between the York Buildings Company and the monied companies, therefore, would appear to lie in the more dubious reputation of the former organisation.

The company was concerned about the situation in which

291. *Ibid.* p.592.

292. *Dickson, Financial Revolution*, p.411.

293. *Ibid.* p.471.

it had been placed regarding its outstanding bonds in 1732. Some of the problems arose from the considerable freedom given to the governor, Col. Horsey by the court of assistants, to issue bonds as security for debts. On 13 August 1730, the court of assistants empowered Horsey to raise money to pay the company's debt to the government for its estates and ordered 350 bonds of £100 each to be sealed and placed at his disposal, as security for funds raised. On 22 August 1731, it was reported that Horsey had given 208 bonds with a face value of £20,800, as security for debts of £5,850, the remaining bonds being returned and cancelled.²⁹⁴

The intricacy of Horsey's dealings in bonds while he was governor are shown in Table 3:11.

TABLE 3:11.

Bond Dealings of Col. Samuel Horsey.

| <u>Bonds charged to Horsey</u> | <u>Persons with whom bonds were deposited</u> | <u>Amount of debt secured.</u> |
|--------------------------------|---|---|
| Dated Aug.1730 £18,600 | Mrs. Blunt £15,100 | £9,600 |
| Dated Aug.1731 4,500 | Sir Andrew Chadwick 2,000 | 1,200 |
| Dated Dec.1731 6,000 | Charles Kellow 2,500 | 1,000 |
| Subs.Receipts 14,400 | Abraham Munoz 32,600 | 13,065 |
| Subs.Bonds 26,300 | Gilbert de Flienes 1,000 | 1,650 |
| | Isaac Desbordes 500 | 500 |
| | Samuel Grove 1,000 | 1,100 |
| | Mr. Grace & Isaac Pollok 7,300 | 3,150 |
| | Claude Johnson 2,000 | 1,300 |
| | Col.Horsey. 5,800 | Security for sums Horsey was bound in for Co. |
| <u>£69,800</u> | <u>£69,800</u> | <u>£32,505</u> |

SOURCE: RHC, Vol.1.p.701.

294. SRO.CS232/Y11/14, Replies of Martha Grove & others, 1786.

It has only proved possible to identify some of the people with whom these bonds were deposited. Mrs. Elizabeth Blunt was the widow of a London linen draper.²⁹⁵ She appears to have been involved in other aspects of share dealings as she is reported as having been employed by Aaron Hill in August 1729 to demand York Buildings stock due to him from the goldsmith John Ewer who had acted as Hill's agent.²⁹⁶ Sir Andrew Chadwick was a stockholder in the York Buildings Company owning £2,000 to £3,000 worth of stock and following a report of a master in Chancery in the 1740's ultimately became a trustee for the subscription bond creditors.²⁹⁷ Charles Kellow was possibly a stockbroker as he sold York Buildings Company stock on William Burroughs behalf during the Charitable Corporation fraud.²⁹⁸ Abraham Munoz was a city stockbroker with whom Horsey was associated²⁹⁹ and who was also involved with William Burroughs in his dealings in York Buildings Company stock, holding £6,000 worth for Burroughs on 27 September, 1732.³⁰⁰ Gilbert de Flienes was a stockholder of the York Buildings Company, owning £5,587.10s-d worth of stock on 18 January 1734. He was elected as an assistant on 26 June 1733 when Horsey and his associates were removed from office. However, he was not an associate of Ashley and his group who took effective control of the company's affairs.³⁰¹ De Flienes was another involved with Burroughs in York Buildings Company stock dealings.³⁰² Samuel Groves was a cleric and a bachelor of laws, a creditor of the York Buildings Company and a shareholder

295. SL CSP.160; 4, York Blds.Co. v Walsh & ors, 1778.Petn. of Walsh & ors, 28 November 1778.

296. HCJ.Vol.22,p.181.

297. Ibid.; List of Members of York Buildings Co., 1735.

298. Burroughs Estate, p.33.

299. PRO C11/2446/33 Munoz v York Bldgs. Co., Reply of Co., SL CSP.470;7, McKelcan v Lloyd 1806-7, Petn. of McKelcan.

300. Burroughs' Estate, pp.30,64-65,68.

301. RHC, Vol.1.pp.658,661.

302. Burroughs' Estate,pp.33,50-51.

in the Charitable Corporation.³⁰³ No information has come to light regarding the others. From information available, though, it can be deduced that the majority of these bonds found their way into the hands of city financiers, or those in a suitable position to put them on the London market through associates. The most significant factor, perhaps, was the involvement of three city men, with both Burroughs and Col. Horsey, linking the company directly with one of those at the heart of the Charitable Corporation fraud.³⁰⁴

The great fear of the company was that those who had been given bonds as security in excess of the amount of their debt, would transfer the bonds at face value, thus increasing the company's debts. Accordingly on 4 December 1732, the court of assistants, following the recommendation of a committee of inspection appointed by a general court, took action. It was ordered that a list of all the company's bonds given as security for debt, should be published to prevent their sale at "large and unreasonable discounts" and that this was to apply to bonds given to the governor, as well as subscription bonds. The announcement appeared in the newspapers in December 1732 and again in July 1734 after the first parliamentary enquiry warning the holders that they need not expect the company to honour these bonds at full value. In particular the company was concerned with Mrs. Blunt's bonds and tried, unsuccessfully

303. SRO GD345/780/15 Grant of Monymusk MSS, Letter W. Grant to Sir A. Grant, 1 December 1735; SL CSP 160;f York Buildings Co. v Walsh and ors., Petn. of Walsh & ors., 28 November 1778; List of Proprietors of the Charitable Corporation, 1 October 1731. Copy at BL.712 k.1(1).

304. Vide infra. Ch.6.

to get her to appear before the company and state her exact position as regard to bonds and debts.³⁰⁵ The company's fears concerning them was still in progress in the 1780's and it was being stated then, that Horsey's claim that the bonds exceeded the actual amount of the debts was being questioned.³⁰⁶

The complexity of the situation caused by these bonds proved difficult to unravel to allow the company to determine exactly who was owed what amount. It was proposed, and indeed agreed by a general court on 5 December 1733, that disputes such as those concerning Horsey's bond dealings would best be dealt with by arbitration, avoiding the expense of a lawsuit.³⁰⁷ The governor who succeeded Horsey, Solomon Ashley, M.P., refused to do this, stating the management preferred to settle the matter by a lawsuit in Chancery. In the bill of complaint against Horsey, the company demanded £50,000 claiming that Horsey had procured bonds to the value of £150,000, part of which had been applied for his own use, and in settlement of his own debts.³⁰⁸ In reply, Horsey said the bonds given to him totalled £79,400, which were for the use of the company, and to indemnify him against debts he had entered into on the company's behalf.³⁰⁹ Both sides claimed the other owed them considerable sums of money, judgement eventually being given for the company.³¹⁰

In the aftermath of the parliamentary enquiry of 1735, the company attempted to do something to assist their long and

305. SRO CS232/Y11/14, Replies of Martha Grove and ors., 1786.

306. Ibid. Duplies for Richard Brown, Lunatic, to replies for Martha Grove & ors., 1786.

307. RHC, Vol. 1. p. 694.

308. PRO C11/114/19 York Bldgs. Co. v Horsey, Complaint of Company.

309. Ibid., Reply of Horsey.

310. Murray, York Buildings, p. 83, For the wider implications of Horsey's role in the company, vide infra. Ch. 8.

subscription bondholders. On 29 July 1737, a general court agreed that the company should allow stock at the rate of £13 per cent for all receipts for stock and the bond issue resulting from it in 1724, the long bonds, and for all bonds issued in the years 1730 and 1731, which included the subscription bonds.³¹¹ The bond creditors did receive some payment out of the proceeds of the parts of the estates of Marischal, Panmure, Southesk and others leased to Sir Archibald Grant of Monymusk and Alexander Garden of Troup, sold under an act of Parliament of 1763. Following litigation in England in the 1740's the subscription bondholders debt had been determined at £40,403 principal. Interest in 1764 added £22,289. In 1764 the creditors received £13,583 (33.6%) on account of principal and interest.³¹²

An act of 1777, designed to bring the remaining estates to sale, brought trouble to the bond creditors. The common agent, appointed by the Court of Session to look after the interests of all concerned, attempted to remove the bond creditors on the grounds that, under English law, as no steps had been taken within twenty years presumption of payment should be made. The agent also claimed, that under Scots law, as there had been no diligence against the company or their estates for forty years, the principals of negative prescription should apply. However, on 12 March 1788, the House of Lords decided that interlocutors of the Court of Session, upholding the principle of negative

311. SL CSP.423;28, Waterworks Bond Crs. v York Buildings Co. 1801, Infor. for Crs.

312. SL CSP.160;4, Petn. of Walsh & ors., 22 June 1779.

prescription be reversed.³¹³ This left the way open for the long and subscription bondholders to be ranked as creditors.

The picture was further complicated by a smaller bond issue, based on the subscription bonds, and known as the "secondary trust bonds" issued on 25 March 1732.³¹⁴ These bonds were circulated under powers in the trust deed for the subscription bonds, which allowed the company to issue more bonds, on the security of the estates, to the limit of £20,000. Like the other subscription bonds, they bore interest at 5% and were payable on 25 March 1735. On 23 June 1732, a court of assistants decided, that 100 bonds of £100 each, sealed under these provisions, be given to the governor, Col. Horsey, to raise money to provide assistance for the company's works in Scotland. Horsey soon put these bonds into circulation, twenty of them through Abraham Munoz. The £10,000 of bonds so issued largely accounts for the difference in amounts between these in Table 3:11 and these stated by Horsey as having passed through his hands. These bonds were clearly regarded as secondary to the main issue of subscription bonds. This was confirmed by Lord Chancellor Hardwicke on 25 March 1745, when he clearly stated that such bondholders could only be accommodated when those holding preferential interests had been accommodated. As the proceeds of the sale of the Widdrington estate, the only one within the jurisdiction of the English courts, were insufficient to meet all such creditors, secondary trust bondholders were, by 1788, seeking redress against the company's Scottish estates.³¹⁵

313. SL CSP.F29;24, Case of Appellants, 1788.

314. SRO CS.232/Y11/16, Pent. of Samuel Bosworth 1793.

315. SL.CSP.470;7, McKelcan v Lloyd 1806-7, Petn of McKelcan.

In 1730, the company issued annuity bonds for twenty-four years as a means of making the annual payments to the owners of the original lease of the Strontian mines, from whom they had obtained a sub-tack.³¹⁶ These bonds, amounted to £3,600 the annual amount due under the agreement. Each owner received an amount in proportion to his original holding, e.g. Sir Archibald Grant who held a sixteenth share received bonds to the value of £225.³¹⁷ As with other bonds, the issue was complicated by Grant transferring his holding as security for a loan raised through John Thompson, one of his associates in the Charitable Corporation. This particular debt was extinguished by the York Buildings compounding with Grant and his colleagues for a total of £82,000 plus interest at 4% from 23 June 1755, the agreement being ratified by Parliament in 1763.³¹⁸ Any further suits on these bonds had to be brought against the individuals passing them on by endorsement, as any obligations had to be met by them out of the sums received under the agreement of 1763. As late as 1780, two years after his death, Sir Archibald Grant's bonds were still the subject of litigation.³¹⁹

Col. Samuel Horsey's removal from the governorship of the company in 1733, did not end the company's role in the issue of bonds. On 24 May 1734, a general court of the company agreed to give bonds bearing interest at £3 per cent to those paying calls on share capital totalling £2 per cent by 24 June 1734.³²⁰

316. Vide infra. Ch.4.

317. HLRO Appeal Cases Norfolk v York Bldgs Co. 21 May 1742. Case of Co. SL.CSP.191;23 Grant v Tyrconnel & Shergold. Memo of Sir A. Grant, 27 April 1780.

318. Murray, York Buildings, p.91.

319. SL CSP.191;23, Grant v Tyrconnel & Shergold, 1780.

320. For details of the scheme as it affected the company's stock, vide supra, pp100-105.

These bonds were known as waterworks bonds and the total issue amounted to £13,100.³²¹ A second source puts the figure at £13,053,³²² so it is fair to assume that a figure of around £13,000 is a fairly accurate estimate. Although the House of Commons condemned the issue as an "unwarrantable increase of the debt of the company," on 1 May, 1735, the bonds were not declared null and void.³²³ Indeed on 29 July 1737, the company, now under the governorship of Thomas Pembroke, who had succeeded Solomon Ashley, voted to take in the waterworks bonds and issue stock valued at £10 per cent in their place. It cannot be determined how many waterworks bond creditors took up the offer before 1743, but between 22 December 1743, and 13 February 1756, bonds to the value of £3,091 of principal and interest to Lady Day, 1737, were exchanged for stock to the value of £30,906.³²⁴ Another source, however, states that the bonds traded in for stock amounted to £2,852.³²⁵ Thus, although the sum cannot be accurately determined, it is clear that some bondholders, at least, exchanged bonds for stock. On 24 October 1740, Lord Chancellor Hardwicke had stated that waterworks bondholders were to take second place to judgement creditors when it came to allocating the profits of the waterworks.³²⁶ It is possible that this decision influenced some bondholders to the extent of making them feel, that it may have been possible to raise some money at least, by the possibility of being able to make a sale of stock.

321. PRO C11/520/38, Hall v York Bldgs Co., 1735, Reply of Co.

322. SL CSP.423;28, Info. for Crs., 1801.

323. HCJ. Vol. 22, p. 482.

324. SL CSP.423;28, Info. for Crs., 1801.

325. SL CSP.455;16 York Bldgs Co. v Pereira & ors., Petn. of Pereira & ors., 28 November 1803.

326. SL CSP.423;28, Info. for Crs., 1801.

It would appear that after 1737, no further significant moves were made to settle the waterworks bond debt, but matters were still before the Court of Session in Edinburgh at the turn of the nineteenth century, cases being brought by those who had inherited their bonds from the original holders, or others, by way of settlement of separate debts.

The final group of bonds to be promoted by the York Buildings Company, were the half stock bonds to be issued on 15 June 1734, in a fraudulent attempt by the directors to make them preferential to other bonds issued by the company, by means of sending them to Scotland and getting judgement on them in the Court of Session, secured on the Scottish estates. The scheme was declared null and void by the House of Commons on 1 May 1735.³²⁷ The governor of the company at the time the scheme was devised, Solomon Ashley, M.P. for Bridport, was lucky to escape censure or expulsion over the affair. Members seemed unable to make up their minds if Ashley was a "fool or a knave."³²⁸ A motion, indeed was about to be put for expelling Ashley over the bond fraud, but it was later reported that the unnamed mover was persuaded by one of the members for the city of London, that Ashley "was no object worthy of attention of the House; for he was a fool".³²⁹ Ashley, a considerable merchant in the city was saved by the city interest.³³⁰

In the issue of bonds, as with so many of its other

327. Vide supra.p.104.

328. Sedgewick, Commons, Vol.1.p.423.

329. SL CSP.453;22, York Bldg. Co.v Pereira & ors.,Petn of Co. 22 March 1803.

330. Sedgewick, Commons, Vol.1.p.423.

financial ventures, the York Buildings Company, by mismanagement, and the fraudulent designs of its directors and officers, succeeded in complicating the company's financial situation, which was already in a precarious position. The company, in the words of one group of litigants, created difficulties for those who were "fair and onerous purchasers" of its bonds.³³¹ The difficulties chiefly arose because of the issue of bonds which changed hands at a considerable discount, perhaps up to 20% and the use of others as security for loans which were considerably less than the value of bonds required as security. This was in strict contrast with East India bonds, which usually circulated at a premium and where "a fall to discount was a symptom of monetary stringency and a low state of confidence".³³² For the York Buildings Company, an issue of bonds was an easy way to postpone the payment of pressing debts but, as the complications from an attempted exchange of long bonds for subscription bonds demonstrated, market forces could combine with the dubious activities of the board, to wreck the original purpose of the issue and leave the company with increased debts. However, there was a limit to which mismanagement and fraud could be conducted without outside interference, and this is most clearly shown by parliament's veto of the half-stock bonds in 1735. It must not be forgotten, though, that the company did make use of bonds as a convenient means of raising short term finance and often did meet its obligations on time. Unfortunately, these incidents have been overshadowed by the more dubious aspects of the issues, a factor which was all too often to prove the case in York Buildings Company finances.

331. SRO CS 230/Y11/18 *Bludwick & ors. v York Bldgs. Co.*

332. Ashton, *Economic Fluctuations*, p.112.

5. Dividends.

The rate of dividend paid by a public company is generally taken as a reflection of its profitability. Consequently, this factor is taken into account by the stockmarket in determining the quoted price of a given security. The York Buildings Company, despite a number of setbacks, paid a series of dividends commencing in 1721. The purpose of this section is to examine the reasoning behind these payments in relation to the profitability, or otherwise, of the enterprise, together with the relation of dividend payments and proposals to stock prices. The general effect of the dividends is outlined in Table 3:12.

TABLE 3:12.

| <u>York Buildings Company Dividends Paid.</u> | | | | | | | |
|---|-------------|--------------|----------------|------------------------------|--------------------------------|------------------------|--------------------------|
| <u>Div. Date</u> | <u>Rate</u> | <u>Stock</u> | <u>Amount</u> | <u>Amt. pd to S/holders.</u> | <u>Amt pd to Com of Treas.</u> | <u>of Holding Co.%</u> | <u>Amt rem'g Unpaid.</u> |
| 1st Nov 1721 | 1½% | £538,155 | £ 8,072 | £ 7,221 | £ 672 | 8.32 | £ 179 |
| 2nd Mar 1722 | 1½% | 535,180 | 8,028 | 7,212 | 637 | 7.99 | 178 |
| 3rd Dec 1722 | 2% | - | 7,212 | 7,212 | - | - | - |
| 5th Dec 1723 | ½% | 574,05(OLD) | 2,873 | 2,478 | 279 | 9.71. | 116 |
| | ½% | 600,000(NEW) | 3,000 | 2,975 | | | 25 |
| 6th June 1724 | ½% | 574,695(OLD) | 2,873 | 2,489 | 249 | 8.66 | 136 |
| | ½% | 600,000(NEW) | 3,000 | 2,584 | | | 416 |
| 7th Dec 1724 | ¾% | 560,595 | <u>2,803</u> | <u>2,663</u> | <u>21</u> | 0.76 | <u>119</u> |
| | | | <u>£37,861</u> | <u>£34,834</u> | <u>£1,858</u> | | <u>£1,169</u> |

SOURCE: RHC. Vol. 1. p. 599.

The first dividend to be paid by the company was decided upon at a court of assistants on 22 November 1721,³³³ and proposed by the governor, the Earl of Westmoreland, at a general court six days later. The rate was fixed at one and a half per cent for

333. HCJ, Vol. 22, p. 177.

the half year to Michaelmas (29 September) 1721. In justification of this distribution, Westmoreland outlined the plans behind the purchase of the forfeited estates, which he declared brought the company the favour of the government. The trade in coal and salt which had begun from the Scottish estates promised well for the organisation. The company's lottery also appeared set to produce improvements, and Westmoreland stated that the first lottery blanks were undervalued on the market and their price should rise. The stockholders accepted the proposal unanimously.³³⁴ The company's future, though, was not as bright as that painted by Westmoreland. As we have already seen, the company's first lottery could already be classed as a relative failure and this was reflected in the market price of the company's stock.³³⁵ On 28 November 1721, the price with the dividend was 34.³³⁶ By 3 December the price without the dividend was 33½,³³⁷ indicating an advance of 1 point discounting the dividend altogether. This advance could not be maintained and the price finished the year around 29.³³⁸ The market was clearly unimpressed by Westmoreland's optimistic announcements. Dealers were well aware of the progress of the lottery, the coal and salt trade had yet to show returns, and the company's estates were not yet fully paid. No attempt was made to produce proper accounts before the dividend was declared,³³⁹ and therefore, it was not based upon an accurate assessment of profits. The dividend had to be paid

334. Daily Courant, 1 December 1721; Weekly Journal or British Gazetteer, 2 December 1721.

335. Vide suprap. 119.

336. Daily Post, 29 November 1721.

337. Ibid. 4 December 1721.

338. Ibid., 30 December 1721.

339. HCJ., Vol. 22. p. 178.

out of capital funds and can be regarded as an attempt to placate the stockholders and possibly boost the market price of the stock. If the latter was the case, the company met with a singular lack of success. It is difficult to establish whether Westmoreland was firmly of the opinion that the company's prospects were bright, or whether he was merely acting as a spokesman for his fellow directors who had provided him with false information. Certainly, when Westmoreland resigned as governor, despite press reports of his wishing the company well, there were allegations that he had been badly used,³⁴⁰ which could indicate the latter. However, it would seem that Westmoreland himself was not above making profits out of the company. His attorney, Anthony Steventon sold blanks in the lotteries for him and pressed the company for bond payments at awkward moments on his behalf. Steventon was later said by Burgess, the company's cashier, to have carried out dealings in Exchange Alley as if he had inside information, implying it came from Westmoreland.³⁴¹ It was therefore, in Westmoreland's own interest to press the company's case whether he believed in it or not.

Having established a precedent of paying a dividend on stock, the company continued this on a half-yearly basis until 1724. The second dividend, declared on 27 April 1722, was also for one and a half per cent and was for the half year to Ladyday, (25 March) 1722.³⁴² The market would appear to have

340. PRO.T1/258/13, Extracts from Minutes; Daily Journal, 8 August 1723; British Journal, 10 August 1723.

341. PRO.C11/1816/1, Westmoreland v York Bldgs.Co; H.C.J., Vol.22.ppl76-177.

342. Daily Post, 28 April 1722.

been anticipating the announcement as the price, which had been between 25 and 27½ for most of April 1722, dropped to 22 to 23½ without the dividend on 27 April.³⁴³ There was a further slight fall to 7 May on which date the price fell from 20½ to 16½.³⁴⁴ This was due to rumours of a plotted rebellion. The York Buildings Company, being the proprietors of estates forfeited after the 1715 rebellion, therefore, could expect a fall in their stock, in this case 18.5% on the day. Other stocks also experienced a fall. South Sea Company stock fell from 89 to 82½, a drop of 7.02% and East India stock from 137 to 133, 2.9%.³⁴⁵ Neither of these were as severe as the York Buildings Company, confirming the company's weakness in this type of situation. When the panic died down, the York Buildings Company recovered somewhat, passing the 20 mark on 20 May 1722.³⁴⁶ Any hopes the company might have had of boosting their stock price by means of a dividend, therefore, were defeated by factors outside its control.

Of the amount paid out in the first two dividends, £672 and £637.10s-d respectively were payable to the committee of treasury of the company itself, presumably in respect of stock held in the company's name or in trust for it. At the respective dates, this represented 8.32% and 7.99% of the company's stock in general circulation. This was in addition to the half stock transferred to the company in lieu of the call of £23 per cent in

343. Ibid; Daily Courant, 28 April 1722.

344. Daily Courant, 8 May 1722.

345. Ibid.

346. Ibid., 21 May 1722; Daily Post, 21 May 1722.

December 1720. Although it is impossible to trace precise dealings one can conclude that the company was continuing to trade in its own stock. Given the difficulties faced by the company in its lotteries and in the payment of its debts this increased expenditure of around £16,000 cannot be justified on rational commercial grounds.

The company, however, continued to radiate a degree of optimism. In November 1722, a rumour was circulating to the effect that the company had a scheme in hand to pay the money outstanding on the last four returnable instalments on the sixth call of £6 per cent. In addition, it was planned to pay the company's debts, provide a dividend of three per cent per annum to Ladyday (25 March) 1723 and leave enough over to provide for future dividends.³⁴⁷ The stock market reacted slightly to this. The price jumped from 16½ to 18 but settled back to 16½ a few days later.³⁴⁸ The general reaction was one of indifference and the plan did not materialise.

The reality was somewhat different. As with the stock, the payment of dividends was closely related to attempts to boost the company's lotteries. On 6 December 1722, a general court authorised a third dividend of two per cent to all those taking their proper share of tickets in the third part of the second lottery before 31 December 1722.³⁴⁹ Dividend warrants for these were later exchanged for bonds bearing interest at five per cent. The account of the company's dividends drawn up in 1733

347. *Ibid.*, 13 November 1722.

348. *Ibid.*, *Daily Courant*, 14 November 1722.

349. *Vide supra.* pp. 134-135.

by the accountant, and later secretary, Stephen Monteage, states, "the said warrants will amount to £7,212," but does not state if such an amount was paid.³⁵⁰ There is no amount for this in the bond debt at Christmas 1732³⁵¹ so they would appear to have been paid. As the dividend warrants had been payable to the stockholder or bearer, they had become a marketable commodity in Exchange Alley, and some stockholders had raised cash by trading in these certificates.³⁵² However, the move failed to rouse the stock market which witnessed a slight decline in the York Buildings price to 15 by the end of 1722 and to 13½ in early March 1723.³⁵³

The fourth dividend of one and a half per cent was also tied in with lottery proposals. In this instance, stockholders who took one ticket in the third lottery for every £100 of stock held were to be able to purchase such tickets at £3 each instead of £4.10s-d. The £1.10s-d deducted was declared a dividend on the stock of one and a half per cent for the half year to Midsummer (24 June) 1723.³⁵⁴ Unfortunately, there is no indication as to how many stockholders availed themselves of this privilege.

The payment of dividends was also tied in with the scheme devised by the company in 1723 to revive the half stock acquired in 1720.³⁵⁵ On 6 January 1724, the company declared a sixth dividend of one-half per cent at Christmas 1723, on both old and newly revived stock. Those holding the old half stock were to receive payment by warrant. Those possessing the newly

350. RHC, Vol.1.p.599.

351. Ibid., p.592.

352. PRO C11/1730/17, Elliot v York Bldgs. Co; vide supra.pp.135-136.

353. Daily Courant, 1 January, 5 March 1723.

354. RHC., Vol.1.p.599.

355. Vide suprapp.81-82.

revived stock were to have the amount of their dividend allowed against the second payment due on their stock, provided they paid the balance of the instalment before 1 February 1724.³⁵⁶ This pattern was repeated with the sixth dividend of one-half per cent declared at Midsummer 1724, the allowance for new stockholders being against the fourth payment of their revived stock.

The amounts involved were similar for both dividends. In each the amount due to be paid out in old stock was £2,873. For the fifth dividend £2,478 was given to proprietors, £279 was delivered to the committee of treasury for stock held by the company, representing a holding of 9.71% and £116 was never claimed. On the £600,000 new stock £2,975 out of £3,000 was allowed on the second payment implying that only three-quarters per cent of new stockholders had failed to make it. For the sixth dividend, the payments on old stock were remarkably similar to those six months previously. Old stockholders, received £2,488, the company received £249 (8.66%), and £136 was never claimed. The amount allowed in the payment of new stock fell to £2,584, showing that 4.89% of holders of new stock did not meet their payments at this time.³⁵⁷ The effect of these manipulations on the stock price has already been examined.³⁵⁸ It seems fair to conclude, therefore, that the aim of the four dividends, starting with the third payment, was not principally to pay stockholders or to boost the price of stock, but to encourage the

356. Daily Journal, 7 January 1724; Daily Courant, 9 January 1724.

357. RHC. Vol.1.p.599.

358. Vide supra. pp.83-87.

stockholders to participate more widely in the schemes of the company, when they would have been less than willing to do so otherwise.

The seventh dividend paid by the company had no conditions attached to it. This was a payment of one-half per cent for the half year to Christmas 1724 and paid out after 26 January 1725.³⁵⁹ The price of stock stood at 18¼ to 19¼³⁶⁰ on the latter date, having risen from 14¼³⁶¹ at the beginning of the year. However, this rise, one feels, was due more to the company's schemes to halve the stock again, than to the dividend. Of the total of £2,803 due to be paid, £2,663 went to stockholders, £119 was unclaimed and only £21 (0.76%) was payable to the company.³⁶² This represents a considerable fall in the amount of stock held on the company's behalf. It is possible that stock held was disposed of at a profit during the price rise of the latter part of 1724, implying inside dealings on the part of the directors, or, more simply it might have been written off during the moves to halve the stock in the autumn of 1724.

The seventh dividend was the last to be paid by the company. There was a rumour of a further distribution of one and a half per cent to be paid after Michaelmas 1732, but it was merely part of a device by the governor, Col. Samuel Horsey to promote the company's stock³⁶³ and was never put into effect.

The payment of dividends between 1721 and 1725 is of

359. RHC., Vol.1.p.599; Daily Courant, 27 January 1725.

360. Ibid.

361. Ibid., 2 January 1725.

362. RHC., Vol.1.p.599.

363. HCJ, Vol.22.p.599.

great significance. Leaving aside the third and fourth dividends which were linked to the companies lotteries, and the dividends on new stock which were allowable as capital payments, a total of £22,064 was paid out to investors in cash. At this time, £223,155 had been called up from stockholders and was not returnable.³⁶⁴ Thus stockholders had received back 9.88% of the amounts paid in by way of cash dividends equivalent to an actual yield of approximately 2% per annum over a five year period. When one adds to this £2,975 and £2,584 allowed as payments for new stock and bonds of £7,212 payable to those who took advantage of the company's concessions in the third dividend and deducts £310 of dividends received back by the company, the net outlay amounts to £34,255. Assuming the dividend bonds were redeemed at par, this represents a return of 15.35%, or an actual yield of 3.07% over the five year period. In addition stockholders now held bonds for the proportion of their stock re-transferred to the company under the 1724 scheme. These yields could not be justified in the light of the company's overall performance. Sir John Meres, governor from September 1723 to October 1726, admitted to the Commons investigating committee in 1733, that while he was a director, the company did not make any profits, and if this was to be the sole criterion for paying dividends, none would have been paid. The only accounts to have been made up before dividends were declared were cash accounts designed to ascertain if there were sufficient funds to meet the payments.³⁶⁵

364. RHC, Vol.1.p.599.

365. Ibid; HCJ.Vol.22.p.178.

6. Losses.

There is no doubt that by 1732, the financial affairs of the York Buildings Company were in complete confusion. Losses were mounting and the stockholders were becoming restless. Creditors too, were seeking payment and looking to the courts for remedy. Pressure began to mount for an internal inquiry in the latter months of 1732, but the court of assistants, deeply involved itself, was reluctant to do anything about it. The directors managed to stifle one attempt to set up an investigation on 31 August 1732 when a ballot of proprietors went their way.³⁶⁶ However, this proved to be only a temporary respite. A committee of inspection was installed by December 1732, with power to compel the court of assistants to call a general court so that it could report its findings to the proprietors.³⁶⁷

On 12 January, 1733, a general court decided on the basis of the findings of the committee of inspection to petition parliament for relief on the grounds that the directors had been involved in embezzlements and the employees were so far under the influence of the directors that the committee had been unable to gather all the information it needed for the completion of its investigations.³⁶⁸ The proprietors claimed that over £423,382 could not be accounted for on the basis of calculations set out in Table 3:13.

366. Read's Weekly Journal, 2 September 1732.

367. Daily Journal, 4 January 1733.

368. H.C.J., Vol. 22, p. 54; Daily Courant, 15 January 1733.

TABLE 3:13.York Buildings Company Misappropriated Funds as Claimed by Stockholders 1733.Receipts of Capital

| | | |
|---|--|----------------|
| Money calls not returnable | | £ 290,067 |
| Sale of Annuities | | 134,217 |
| Stock sold(not including£201,430 sold without authorisation of a general court) | | 147,912 |
| Bonds issued by governor and assistants | | <u>134,576</u> |
| | | 706,772 |

Payments out of Capital

| | | |
|------------------------------------|---------------|------------------|
| Purchase Money of Scots Estates | 207,091 | |
| Part Payment of Widdrington Estate | 48,987 | |
| Dividend payments | <u>27,312</u> | 283,390 |
| Balance unaccounted for | | <u>£ 423,382</u> |

SOURCE: The Case of the Proprietors of Stock of the York Buildings Company.(1733)

The proprietors claimed that

"this balance hath been so effectually squandered away and embezzled, that the company have not money in cash, sufficient to satisfy the wages of their clerks and menial servants, most of whose salaries are in arrear above two years and a half." 369

The desperate position of the company was acknowledged by the parliamentary committee set up to examine the company's affairs in 1733 as a result of the stockholders' petition, and a further committee which sat in 1735, following a petition from the creditors. These reports enable us to ascertain where some of the missing funds went, but unfortunately still leave considerable sums unaccounted for.

TABLE 3:14.Major Losses and Expenditure incurred by York Buildings Company 1719-1733.

| | | |
|--|--|-----------------|
| Losses on industrial enterprises | | £68,696 |
| Interest paid on loans, bonds, estate purchase etc. | | 72,326 |
| Due from Col. Horsey in Cash and Bond Account | | 51,600 |
| Balance of cash due from John Billingsley, written off. | | <u>27,727</u> |
| | | <u>£220,349</u> |

SOURCES: RHC, Vol.1. pp.586,707; HCJ, Vol.22. pp.189-190,198.

369. The Case of the Proprietors of the Stock of the York Buildings Company.(1733), Goldsmith's Lib. Pamphlets.

The difficulty of the Commons committees in ascertaining exactly where the company's funds had gone was exacerbated by the fact that no general ledger existed,³⁷⁰ which would have enabled errors and frauds to have been detected and assisted the preparation of detailed, accurate accounts. As to the figures in Table 314, it is impossible to determine how far the losses on industrial ventures were paid out of cash, and how much was outstanding by way of debt. The fact that John Billingsley's debt had been written off is a prime example of the chaos in which the company's affairs stood. Some of the capital funds were probably used to subsidise the day-to-day running of the company as it always operated at a loss. Philip Carteret Webb, the company's solicitor, giving evidence before the Commons committee in 1735, stated that annual receipts were £12,455 and annual payments amounted to £22,136, producing an annual deficit of £9,681.³⁷¹ Sir John Meres, giving evidence before the committee of 1733, had stated that while he was governor, between 1723 and 1726, losses ran between £4,000 and £6,000 per year.³⁷² It is likely that some of these amounts are reflected in the company's debts, but it is likely that considerable sums were taken out of the capital fund to meet operating needs, and this would be reflected in the sum of £423,382 which the proprietors claimed was missing.

The company's mounting losses were reflected in its debts. At Christmas 1732, these stood at £170,289, not including money

370. RHC, Vol. 1. p. 585.

371. Ibid. p. 689.

372. HCJ, Vol. 1. p. 178.

owed to the government on the Widdrington estate, debts on the works in Scotland or, claims on the Scottish estates. Amounts due to annuitants were also omitted, on the grounds that revenues from the estates, including arrears of rent, should pay them,³⁷³ which would seem an overoptimistic claim. Against this should be set the fact that the company's cash in hand amounted to a mere £192. This was indicative of the dire straits in which the company found itself. The debt, too was constantly increasing. On 25 March 1734, the sum outstanding with the same exclusions amounted to £204,612.³⁷⁴ By 1738 it was over £250,000.³⁷⁵ The company could not hope to satisfy these debts out of its day to day revenue, and the concern of future managements was to consist of paying off the debts and trying to salvage something for the investor.

Given the lack of adequate accounting and proper control by the directors and employees, it seems fairly certain that opportunity existed for embezzlement from the York Buildings Company on a grand scale. However, it has proved impossible to determine with any accuracy the exact scale of any malfeasance. Fraud, though, was not confined to the distinct possibility of defalcation. Manipulation of stock and bond issues, together with irregularities in the company's lotteries meant that it was possible for those with inside knowledge of the company's affairs to make use of this in stock and bond dealings. This was normal

373. RHC, Vol.1.p.591.

374. Ibid. p.678.

375. HCJ.Vol.23.p.265.

business conduct at this time and generally acceptable. What was not to be tolerated by the stockholders, or indeed the government, was the fraudulent way in which the interest of ordinary stockholders and the creditors were overridden by those entrusted with the company's management. A considerable part of the company's deficiency, as we have seen, came from its losses on industrial ventures, and it is to the detailed examination of these that we now turn.

CHAPTER 4.THE TRADING COMPANY.1. Extension of Corporate Powers 1728.

The fact that the York Buildings Company held its estates by virtue of Act of Parliament presumably allowed it to dispose of the produce of these estates. This did not apply, however, to trade in the produce of estates on which the company was merely a tenant nor did the company have powers to conduct trade in general. Thus, when in 1727 the company was actively interested in acquiring the woods on Speyside, it was necessary to approach the government to secure letters patent to set out the additional powers required to give the company powers to engage in trade.

In a memorandum to the Treasury dated 8 December 1727, which was passed to the Privy Council, the company set out several reasons why it felt that new provisions were necessary. In the first place it claimed to have suffered from the high prices paid for its estates and complained of the difficulty of collecting and returning rents. This, it was felt, made the annual produce rather uncertain. The problem was heightened by the difficulties in transmitting specie. The company was of the opinion that this problem would be solved if it was granted the power to trade, thus putting the specie into goods such as timber, masts and other commodities including cattle and linen.¹

1. PRO PC1/4/66, Memo York Bldgs Co. to Treasury, 8 December 1727;
PRO PC2/90/247-248, Minutes Committee of Privy Council, 7 March 1728.

This document was passed to the Attorney-General for his opinion.

The Attorney-General, Sir Philip Yorke, concurred with the general view that an extension of powers was necessary if the trade mentioned was to be carried on. He was not particularly anxious though, to see these powers include the ability to deal in cattle. He claimed that although the sixth article of the Treaty of Union of 1707² had broken down internal trade barriers between Scotland and England, the English Parliament before the union had been reluctant to allow the import of cattle. Yorke felt that these wishes should be considered alongside the point as to whether it was advisable to grant a public corporation power to carry on such a trade.³ Despite this reservation, Yorke was of the opinion that the king could lawfully grant the company powers to carry on trade with Scotland. The Treasury agreed with this opinion. Consequently, a committee of the Privy Council advised the king to issue letters patent subject to provisions and regulations to prevent abuses or inconvenience to the shareholders and annuitants.⁴ It is significant that at an earlier meeting of the Privy Council on 15 February, when the matter was remitted to the committee, the Earl of Westmoreland, the former governor, and Sir Robert Sutton, director of the Charitable Corporation and involved in the lead mines at Strontian to be leased by the company, were among those present.⁵

The machinery required to bring this decision into

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2. E.N. Williams, A Documentary History of England, Vol. 2. 1559-1931. (1965), pp. 138-139.
 3. PRO PC1/4/66, Opinion of P. Yorke, 12 January 1728.
 4. PRO PC2/90/247-248, Minute of Committee of Privy Council, 7 March 1728.
 5. PRO PC2/90/232-233, Minute of Privy Council 15 February 1728.

effect ground slowly on. On 21 March 1728, the Privy Council ordered the Attorney-General and the Solicitor-General to prepare a draft for consideration.⁶ On 25 May this was presented to the council and referred to a committee.⁷ This committee sat on 2 August and being satisfied that the necessary safeguards were included, authorised the king or any six or more of the Privy Council to grant the letters patent.⁸ Thus when the actual draft came before the full council for approval on 15 August 1728,⁹ it had gone through a process similar to that required to pass a bill through Parliament.

The provisions of the letters patent gave the company powers to deal in any of the goods, wares and merchandise of Scotland and to carry these to England. Although not specifically mentioned, the phrasing of this section would seem to preclude dealing in cattle. At any rate there is no evidence of the company dealing in this sector. Before the company could embark on any venture in trade or set aside the necessary funds for its development, it was necessary to obtain the consent of a general court. The meeting of such a court required at least seven days notice in the London Gazette. Power was also given to substantial shareholders to summon a general court. Any nine or more proprietors each holding £1,000 or more of company stock could demand in writing that such a meeting be held. The company was required to convene and hold the general court

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6. PRO PC2/90/260, Minute of Privy Council, 21 March 1728.
 7. PRO PC2/90/346, Minute of Privy Council, 25 May 1728.
 8. PRO PC2/90/353, Minute of Committee of Privy Council, 2 August 1728.
 9. PRO PC2/90/358, Minute of Privy Council, 15 August 1728.

within twenty days of receipt of the request. In default of this the shareholders themselves could, upon seven days notice in writing, published in the London Gazette, summon and conduct a general court and appoint one of their own number to take the chair. In any court so to be held, or indeed at any general court, the members then present were to have free access to the company's books of account. The same privilege was to be extended to any members appointed to do so by the general court, provided that each person making such a demand was in possession of or entitled to £1,000 worth of stock and produced an affidavit to that effect sworn before a Justice of the Peace or a Master in Chancery. If these conditions were not complied with, the company was not required to call the meeting. The company was also required to keep such books as were necessary to record the transactions carried out as a result of the new powers. If at any future time it was felt that the letters patent contravened the public interest, they could be revoked.¹⁰ The document was signed and sealed on 28 August 1728.¹¹

The acquisition of these powers was important for several reasons. In the first place it allowed the company to lease and operate the woods on Speyside and the ironworks which it established there. Secondly, it meant that the company could now consider grander schemes such as the lead mines at Strontian. Thirdly, it increased the accountability of the directors to the ordinary stockholders. In a clearly defined process, the

10. PRO SP57/32/116-121, Draft of Letter Patent.

11. Murray, York Buildings Company, p.58.

larger of them could lead a move to sweep aside the board and call a general court. This latter power was to prove of considerable significance in 1733 when it was used to carry out a coup to remove Col. Horsey and his associates from the direction and elect a completely new governor and court of assistants. The inclusion of such powers of supervision was also an indication of government feeling towards joint stock companies in the wake of the crisis of 1720. One can assume that the government saw this measure as a means of allowing responsible shareholders to police the company's affairs and to curb the worst excesses of management. To a certain extent this did happen, but a parliamentary enquiry was necessary before the full facts became known and the powers in question employed.

The company did not acquire the additional powers for nothing. The actual sum expended cannot be accurately determined. One item in the company's trade journal consisted of an amount of £2,400.

"For rewards, gratuities, and presents to sundry persons for obtaining a charter for the carrying on trade to Scotland, an Act of Parliament for obtaining a bounty on the Scotch timber, and other services for the company's benefit, by order of a committee" 12

This was later stated before the committee of the House of Commons to be a fictitious entry designed to cover a deficiency in cash resulting from the sale of company stock at a lower rate than that determined by a general court.¹³ An account of the charges of the Scottish works from 1727 to 1732 shows £3,799 unallocated

12. RHC, Vol.1.p.585.

13. Ibid. pp.585-586.

expenditure and a loss of £24,861 on the timber operation. It is possible that one or other of these figures contains this expenditure.¹⁴ The first report of this committee for 1733 also indicates that far from keeping the necessary books demanded by the letters patent, the company followed their normal slipshod methods of accounting. Richard Birch, the trade accountant, stated before the committee that he had only been able to acquire information from Horsey to make up accounts for 1726, 1727 and 1728. Horsey himself said in evidence that papers relating to 1729 could not be found.¹⁵

Thus in 1728 Horsey and his associates, by obtaining additional powers not only changed the course of the company's activities but sowed the seeds of their own destruction. The continually mounting losses and mismanagements brought about by the expansion of industrial activity were to lead to major shareholders using their power to by-pass the court of assistants and convene a general court to remove those whom they considered responsible for the company's continuing abysmal state.

2. Timber and Iron Operation.

The purpose of extending its powers in 1728 was to enable the York Buildings Company to trade in timber, masts, marble and other products of the forest of Abernethy in Inverness-shire. The scheme was promoted inside the company by the governor, Col. Samuel Horsey, but as in the case of the other major industrial project,

14. HCJ, Vol. 22. p. 189.

15. RHC, Vol. 1. p. 585.

the lead mines at Stontian, the idea emanated from an outside source. The originator of the scheme was Aaron Hill who combined the roles of poet, theatre manager, operatic impresario and speculator. As with so many of the company's other ventures, what seemed on paper to be a sound and profitable scheme, proved otherwise. Attempts were made to recoup losses by branching out into charcoal burning and iron manufacture, but these too proved abortive. The works were eventually abandoned by the company leaving a trail of debts, although in this case work did continue under the supervision of an agent of Governor Thomas Pembroke on his own behalf.

The idea of exploiting the pinewoods of Abernethy to provide masts for ships of the Royal Navy was not new. In 1631, sections of the forest had been leased to a Captain John Mason, who reported to the Commissioners of the Navy that the timber could prove useful to the service.¹⁶ It is not known what, if anything came of this intelligence. In August 1704, William Batt, foreman to the mast-maker at Deptford naval yard, visited the area and stated that the woods of Abernethy were "likelist to serve her Majesty and Government."¹⁷ Having felled eight trees in several parts of the forest, Batt found them to be long and of breadth varying from 52 inches to 64 inches. The timber was said to be of the quality of that of Riga, an important source of British naval supplies. The logs, Batt stated, could be carried to the Spey a mile and a

16. H.M. Steven and A. Carlisle, The Native Pinewoods of Scotland (Edinburgh 1959), p.116.

17. HCJ, Vol.22.p.182.

half away and floated down the river, which was wide enough to take thirty masts. One fall, at a rock called the Lynn, meant that the masts would probably have to be taken out of the river and pulled for three-quarters of a mile.¹⁸

The reasons for the search for an adequate source of home-grown naval timber were not hard to seek. Naval stores, in the main, came from the Baltic. In the second half of the seventeenth century this had led to a balance of payments deficit between England and that particular area.¹⁹ In mercantilist terms, this would have led to an undesirable outflow of bullion. Political disturbances and wars in the Baltic region could also seriously disrupt supplies with the result that the British government had despatched units of the Royal Navy to the area no less than nine times between 1715 and 1727.^{19(a)} To combat this, an act was passed giving a premium to anyone who after 1 September 1713, brought trees from Scotland in a British ship, which were fit for masts and bowsprits, or obtained any other naval stores grown or manufactured in Scotland.²⁰ It is certainly significant that this act should have been passed so soon after the Act of Union of 1707, and there is little doubt that it influenced Aaron Hill in his consideration of the possible commercial development of Scottish timber.

Aaron Hill (1689-1750) was an unusual man. He was a poet of sorts and had been manager of Drury Lane theatre, a position of power in the theatrical world, which probably led to

18. *Ibid.*

19. Charles Wilson, *Mercantilism*, (repr. 1971), p. 18.

19(a) Wilson, *England's Apprenticeship*, p. 283.

20. PRO T1/269/50, Memo. York Bldgs Co. to Treasury, 2 October 1728.

some deliberate flattery and overemphasis of his talent. He was also a business projector of note, having been the originator of the Beech Oil Company in 1714 and of the Golden Islands scheme. The former was a somewhat dubious project to extract oil from beech trees, the latter a company for colonial development in North America.²¹ These operations had gained for Hill a rather dubious reputation and this eminently qualified him to be associated with a project in connection with the York Buildings Company. It is possible that he read the reports on the Speyside woods prior to a visit to Scotland in 1726. During this visit Hill was well received by the Duke and Duchess of Gordon,²² an indication of the position he held in society. Another factor influencing Hill could have been that discussions with the Laird of Grant, Sir James Grant of Grant, on whose lands the forests lay, had convinced him that the woods were ripe for commercial exploitation.²³ Sir James Grant was a relative of Sir Archibald Grant of Monymusk.²⁴ It is possible, therefore, that Sir Archibald had a hand in devising this scheme as he had in so many other ventures involving the company. This idea is given further credence by the fact that Sir Archibald Grant had been involved in a timber scheme on his own estate of Monymusk in 1719 which had netted him a fair profit and another in 1726 which was not so successful.²⁵ Given his own interest in timber it seemed only natural that he would extend this to the York Buildings

21. Scott, Constitution and Finance, Vol.3.pp.115-117,458.

22. Dictionary of National Biography, Vol.14,pp.838-840.

23. Asher Forsyth, 'Notes on York Buildings Company in Abernethy,1728', Transactions of the Inverness Scientific Society and Field Club, Vol.5.pp.186-187.

24. Sedgewick, Commons,Vol.2.p.78.

25. M.L.Anderson, A History of Scottish Forestry,(1967)Vol.1,p.439.

Company. Whatever its origins, Hill later claimed that the idea was solely his own when he was giving evidence before a Commons committee in 1733.²⁶ He first proposed the scheme to Horsey in a letter, the negotiations continuing on a personal basis during or after February 1727.²⁷ In view of Hill's poor image in the business community, it was decided not to publicise his connection with the project. The scheme was, therefore, put forward as the brainchild of the company's Scottish agents, Thomas Fordyce and William Adam.²⁸ The former was an uncle of Sir Archibald Grant,²⁹ another indication that Grant may have had a hand in devising the whole operation.

At a meeting of the court of assistants on 11 August 1727, Horsey outlined the timber project. The directors expressed their approval and on the same day placed the proposals before a general court. It was emphasised to the stockholders that no calls were to be made to finance the operation. Instead, the capital stock of the company was to be increased by £200,000 by reviving stock previously written off. The promoters of the venture were to have the privilege of acquiring this stock at £10 per cent.³⁰ At this date the market price of York Buildings Company stock was 8½ to 8.7/8.³¹ The decision, and its possible effects, clearly had a hand in forcing up the price. When the scheme was again discussed and approved by a general court on 9 November 1727, following counsel's opinion,³² the price had risen to 12.³³

26. HCJ, Vol.22.p.180.

27. Ibid.

28. Ibid.p.181.

29. Murray, York Buildings,p.50.

30. HCJ, Vol.22.pp.178-180.

31. Daily Courant, 12 August 1727.

32. HCJ, Vol.22.p.180.

33. Daily Courant, 10 November 1727.

The money for the revived stock was to be paid in stages as it was required to carry on the trade, although the entire sum had to be subscribed within twelve months of the date of the agreement. The £20,000 raised by this method was to constitute a fund for carrying on the trade under the company's direction, but it was also to be available for use in developing any of the company's estates, subject to the consent of a general court. The stock was to be transferred by the governor and two assistants to the nominees of the promoters once the £10 per cent had been paid. An inspector was to be chosen by the company and sent to Scotland to assist in the management of the enterprise, and to report on its future profitability and its potential in providing regular dividends to shareholders. In the interim, the promoters were to carry on the trade at their own expense. They were, however, to be repaid the prime costs and charges of commodities imported under the direction of the company's inspector who was to have the right of refusal if profit seemed uncertain.³⁴ On the face of it the idea was that any loss should accrue to the promoters until such time as the report on profitability was received, and the company was convinced of the viability of the scheme. It seems more likely, though, that the promoters were being used as nominees to conduct the operation while the additional powers were being obtained to allow the company to carry on the business. The general court on 11 August agreed to the proposals for the new trade,

34. H CJ, Vol.22,pp.179-180.

with the condition that nothing be done contrary to the interests of the company or against the powers of its charter. Counsel's advice was to be taken concerning the legality of reviving stock previously written off. The very fact that such a transaction was contemplated introduced directly the further possibility that financial speculation played as important a part as industrial development and profit.

A general court returned to this matter on 9 November 1727.³⁵ Counsel's opinion was received to the effect that the dead stock might be revived. Horsey informed the court that he had ordered Fordyce to examine the woods. In a letter to Horsey, Fordyce stated that the trees were the largest and finest in Scotland and were most accessible. He added that there was water on which sawmills could and had been built and that the largest trees could be floated down river for shipment. In Fordyce's estimation, upwards of 60,000 trees could be purchased at a rate of 2s6d. each, or as many as the company required, the price depending upon the quantity acquired and reducing as the number of trees rose. On hearing this the company passed a resolution reviving £200,000 of stock and authorising its transfer by the governor and any two assistants to Mr. John Ewer, goldsmith and agent of Aaron Hill, for the use of the promoters. This was entered in the minutes where it was also stated that Ewer should pay the £10 per cent agreed upon.³⁶ The evidence of successive

35. Ibid. p.180.

36. Ibid.

witnesses to the parliamentary committee in 1733 shows that payment was not in fact made and the implications of this have already been discussed.³⁷

The company now took further steps to implement the venture. On 11 December 1727, the court of assistants decided to employ a Mr. Allen, formerly a foreman to the king's master builder at Deptford, to survey the woods. The parliamentary committee of 1733 could find no evidence of his going to Scotland, or any traces of a report from him. The only reports recorded in the minutes were from a Lieutenant Floyd, commissioned to survey the mouth of the Spey, and from John Batt, an employee at the naval yards at Deptford. These reports favourable but vague, bear more than a slight resemblance to those made in 1704 by William Batt. Indeed it is possible that John Batt was a relative, perhaps even the son of William Batt. John Batt gave it as his opinion that the timber was of the quality of that of Riga.³⁸ William Batt's report of 1704 contained exactly the same statement.³⁹ On these exceedingly unsatisfactory reports, the scheme was firmly launched.

While bureaucracy was slowly grinding towards a decision, Horsey had been very active on his own behalf. On 7 December 1727, he together with Ewer, reached an agreement with Sir James Grant of Grant concerning the woods. By a contract drawn up on that date, they purchased 60,000 trees at a price of £7,000 sterling.

37. Vide supra, p92-95.

38. HCJ, Vol.22.p.180.

39. Ibid. p.182.

Horsey and Ewer also undertook to get Fordyce and Adams, or two other persons, to sign that or a similar contract. On 5 January 1728, however, the company's seal was affixed to the contract, thus making the company's officials responsible for the undertaking.⁴⁰ This was rather surprising in view of the fact that the company had not yet obtained the necessary powers to conduct the trade, thus making the fulfillment of the contract outwith its powers at this time. The sum of £7,000 due to Grant was to be paid in seven annual instalments due on 1 August each year, the first payable in 1728, and the last in 1734. Power to cut trees for a period of fifteen years was granted to the company. In addition, the nearby farm of Culnakyle was rented from Grant for an additional yearly payment of £25. There was to be a penalty of £200 for each term's failure and interest from the time payment was due.⁴¹ Thus, although the contract was essentially between individuals, it was clear from the company's actions that they intended to be the operating body.

The situation was further complicated by the matter of security. Horsey and Ewer gave Grant a bond for the penal sum of £14,750 to secure the payment of the instalments. In a suit in Chancery, begun in 1736, the company attempted to claim that this was a personal bond and that the company bore no responsibility for it.⁴² In a pleading later in the century it was argued that a condition of the bond was that the company

40. PRO C11/1833/23, Grant v York Bldgs.Co. 1736 Answer of Co.

41. SL CSP F34;13 Grove & ors. v Grant 1785 Respondent's Case.

42. PRO C11/1833/23 Grant v York Bldgs Co. Answer of Co.

should pay the sums due at the specified times, and duly perform the contract.⁴³ The first three instalments were made in reasonable time. The fourth was somewhat delayed. Col. Horsey, writing to Grant on 20 November 1731, said delay was due to the company's credit being harmed by the Charitable Corporation affair. Horsey said this had nothing to do with the company⁴⁴ but later revelations were to counteract this view. The balance outstanding in this instalment was paid in December.⁴⁵ The fifth payment was not made in time and Horsey, who was in Strathspey in 1732 was arrested and had to pay the sum to avoid going to jail.⁴⁶ The whole affair was ultimately placed before the courts in England and later Scotland as the company failed to pay the last two instalments, totalling £2,000 plus interest. Ewer was bankrupt and Horsey was dead long before the case was settled. In fact the suit in Scotland was allowed to lapse, and attempts by the Grant family to revive it finally failed in 1785. By this time the situation was so complex that it was probably impossible to find out how much, if anything was owed to the Grants as dividends had been received out of Ewer's estate.⁴⁷ The efforts of Horsey and Ewer, though, do show that they were determined to pursue the scheme and the general courts were not really being consulted as to the policy but manipulated into approving actions already carried out by Horsey.

The main reason for Horsey and Ewer entering into the

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43. SL CSP F34;13 Grove & ors. v Grant Respondent's Case.
 44. SRO GD 248/47/3 Seafield MSS Letters S.Horsey to Sir J.Grant 20,27 November 1731.
 45. Ibid., Letter S. Horsey to Sir J.Grant, 18 December 1731.
 46. Anderson, Scottish Forestry, Vol.1.p.443.
 47. SRO CS 232/Y13/3 York Bldgs. Co. v Grant.

contract with Grant on a personal basis was not to allow profitability to be assessed, but to ensure that work could be carried on while the procedures for obtaining the necessary additional powers were completed. In fact, operations started before the contract was actually signed on 5 January 1728. Newspaper reports state that on 2 January 1728, a ship, the Nathaniel and James bound from London to the Spey was wrecked near Dundee. The object of the voyage had been to collect masts for the York Buildings Company.⁴⁸ This was a clear indication that the scheme was identified in the public's mind with the company. The reports, together with the general court decisions of 11 August and 9 November 1727, clearly indicate that the company meant to adopt the scheme, and that Horsey and Ewer were agents on its behalf. Later attempts to encumber Horsey and Ewer with liability, therefore, can be said to be no more than legal manoeuvres by the company to lessen the burden of its debts.

The entire timber scheme was founded on one basic misconception, that the forests on Speyside would produce timber suitable for mainmasts on naval vessels. The report of Messrs. Floyd and Batt quoted in the minutes, was not presented to the general court in full. In fact these gentlemen said that there was no timber fit for the mainmast of any ship in the navy, but that much strong and useful wood existed. William Corbet, one of the assistants at the time of the scheme, when questioned by

48. The Evening Post, 18 January 1728; Daily Journal, 18 January 1728.

the Commons committee about the report, stated that it had not been presented to a general court because he had never told that body that trees fit for mainmasts in first rate ships existed on Speyside.⁴⁹ Col. Horsey had informed the court of their existence, which made suppression of this report unjustifiable.⁵⁰ The principal reason for this concealment was probably the fact that the company intended to press the government to revive the subsidy on home-produced timber suitable for naval stores. On 27 October 1728, the day on which the additional letters patent granting powers to the company to carry on the trade were sealed, the company presented a memorial to the Treasury. It requested that a bill be presented, or a clause inserted in a bill, to encourage trade in naval stores between Scotland and England by giving premiums to the importers. In this memorandum, the company stated quite clearly that they had entered into a contract for a large quantity of timber "fit for masts and yards, bowsprits and planks."⁵¹ This statement is in direct contrast to the information that the company had received from Floyd and Batt. By an act passed around this time, the bounty was set at £1 per ton on all timber fit for masts, yards and bowsprits imported from Scotland "hewed eight square and of twelve inches diameter."⁵² There is no indication, however, how much if anything the company received as a result of this legislation.

There was an attempt to convince the public at large of

49. HCJ, Vol.22.p.181.

50. Daily Post, 21 November 1727; Short Abstract of the Hon. Col. Samuel Horsey Governor of the York Buildings Company, His Speeches at their General Courts. A copy as at BL 8223 d 44 (1).

51. PRO T1/269/50 Memo York Bldgs Co to Treasury, 21 October 1728.

52. SRO CS232/Y13/3, York Bldgs Co v Grant, State of 28,000 Fir trees.

the viability of the scheme. This came in the form of a letter, ostensibly from a stockholder in the company to a friend in the country.⁵³ The letter paints an extremely over-optimistic picture of the scheme and its effects, which leads one to the conclusion that it emanated from the company itself. Not surprisingly this letter resulted in a stinging reply from a critic of the company, in a letter from an Edinburgh gentleman to a friend in London.⁵⁴ All aspects of the company's alleged misconducts were placed under his microscopic examination but special venom was directed at the timber scheme.

The critic objected to the timber project on several grounds. In the first place he felt that if the scheme was as profitable as the company made out, the owner of the woods would not have been willing to part with his rights. Also the owner would have been in a position to cut, transport and sell the wood more easily than a company strange to the area.⁵⁵ Against this, it could be argued that the owner may not have had the capital to finance an operation on this scale. If this had been the case, the most likely outcome would have been for the owner to form a partnership or float some form of joint venture. The fact that Grant preferred to lease the timber concession for cash is a fair indication of how he regarded the profitability of the venture.

The critic's second, and perhaps principal objection,

53. Daily Post, 21 November 1727.

54. Letter for a Gentleman.

55. Ibid.

came on geographical grounds. Horsey had painted a very rosy picture of the possibilities of the mouth of the Spey as a fine natural harbour, and the river itself as one of the most navigable in Scotland.⁵⁶ The critic felt that such claims were based on information provided by Aaron Hill, who was relying on the directors' ignorance of the terrain, to have his scheme carried. The real situation it was stated, was nothing like that claimed by the company. The harbour at Garmouth, the only place where timber could be loaded, was dry at every tide. The depth of the harbour at neap tides was only 6 or 7 feet and at spring tides 9 or 10 feet. The depth of the water at the bar was little different from that in the harbour. The mouth of the river was fairly well exposed, which increased the danger to shipping, by leaving it vulnerable to storms, particularly at spring tides. The bottom of the harbour was loose shingle and sand. Thus, when the river was in spate, ships were in danger of dragging their anchors and being forced on to sand banks. A further consequence of flooding was to cause the river to change its course and also to force timber which was being floated down the river, out to sea and lost. The lack of depth made it difficult for suitable ships to enter the harbour, and loading vessels in the open sea would be awkward because of the lack of suitable boats to carry the timber to these ships. The danger of storms in the area would mean that prudent seamen would only risk such a voyage in summer. A further drawback was that if

56. Daily Post, 21 November 1727; Short Abstract.

winds were not favourable for the return voyage to London, the ship either had to cruise in dangerous waters or sail to Cromarty on the other side of the Moray Firth to await a suitable change in conditions. The dangers of the area had been highlighted by the fact that in the previous November, two ships had been lost on voyages to collect timber. This, it was claimed, was unfortunate for the owners of the vessels and those drowned, but fortunate for the company which did not have sufficient timber to provide half a load for one vessel.⁵⁷ Though several of these objections could have been overcome, there is little doubt that most were accurate and that the mouth of the Spey was far from being an ideal harbour. This had been clearly demonstrated in 1726 when Alexander McGill, Architect to the city of Edinburgh had carried out a survey of the area at the request of the Court of Session. McGill found that the river tended to shift its course suddenly because of its fast flowing nature.⁵⁸

The third objection, almost a corollary of the first, was that in Queen Anne's reign, inspectors sent to examine woods in the North of Scotland, though they found some suitable trees for masts, had come to the conclusion that the cost of obtaining them was too high. It was also stated that the company was in fact to take over the houses and sawmills left by Quakers who had also abandoned the idea of profit in the woods. "'Tis possible though," opined the critic, "that what breaks industrious

57. Letter from a Gentleman.

58. BL Add MSS. 36149 ff 186 V-187. Part of a Plan of the River Spey 1726.

Quakers, may enrich a company that's under so frugal and wise a direction."⁵⁹

Despite the apparent drawbacks, the company proceeded to put the timber scheme into operation. Henry Strachey, formerly agent of the company on the Winton estate, and afterwards its secretary, held the position of chief agent at Abernethy.⁶⁰ Strachey had already reported on the state of the woods, although the critic of the scheme complained that Strachey had no experience of that part of the country, and that his report had been dictated by others.⁶¹ On 31 December 1728, he was succeeded by William Stephens (1671-1753) who was given a salary of £200 per annum.⁶² Stephens, who served until 1735, was formerly Tory M.P. for Newport, Isle of Wight, and an assistant in the company in 1732.⁶³ Ruined by his own extravagance, he had been found this job in the York Buildings Company by friends, presumably with the idea of keeping him out of London. It is possible he was a friend of Col. Horsey as his next appointment, 1735-1737 was as agent for an unnamed friend in South Carolina.⁶⁴ Horsey, after many years of trying, was finally appointed governor of that colony in 1738,⁶⁵ but died before he could take up the appointment. An examination of his record, therefore, leads one to the conclusion that Stephens was not particularly suited to his job in the north of Scotland.

* Both Aaron Hill and Horsey took a keen interest in the early operations and spent some time on the site in Strathspey.

59. Letter from a Gentleman.

60. Murray, York Buildings, p.55.

61. Letter from a Gentleman.

62. Murray, York Buildings, p.59.

63. Daily Courant, 30 September 1732.

64. Sedgewick, Commons, Vol.2.p.445.

65. Gentleman's Magazine, Vol.8,1738, p.109.

Horseley left Edinburgh for the north in September 1729, sending in advance 100 horses supposedly for use in transporting timber.⁶⁶ In fact, these were probably for transporting iron ore from Tomintoul to Abernethy.⁶⁷ Hill, who was possibly at Abernethy around the same time, was involved in further practicalities of the project. He has been given credit for developing a system for sending timber to the sea by means of large rafts. Some 60 to 80 trees were bound together, and a platform made of deals. Two men fore and aft, with oars to navigate the craft, were responsible for taking it to the sea. Rocks in the river were removed by the simple expedient of lighting fires on them when the river was low, then cracking the heated stones by pouring water over them.⁶⁸ These developments certainly removed one of the Edinburgh gentleman's criticisms, namely that it had taken 20 to 26 men seven weeks to take about sixty small round and squared trees down the Spey to Garmouth.⁶⁹

When the agreement with Sir James Grant of Grant had been drawn up in January 1728, a further agreement had been made with Sir Archibald Grant and Alexander Garden of Troup, that they should transport timber from the Spey to Gollachy as part of the conditions of their lease of the company's estate of Panmure.⁷⁰ At Christmas 1732, Grant and Garden were creditors for £159 in respect of the cost of a ship allowed to them by Fordyce in his accounts.⁷¹ Under the terms of the agreement, Grant and Garden were obliged to carry 6,000 trees per year from the mouth

66. Daily Courant, 11 September 1729.

67. Forsyth, Transactions, p.191.

68. Steven and Carlisle, Native Pinewood, p.116.

69. Letter from a Gentleman.

70. Murray, York Buildings, p.58.

71. HCJ, Vol.22.p.189.

of the Spey to Gollachy gratis or 2,000 trees a year gratis to Findhorn or Cromarty and to provide boats to carry 4,000 more to either port at ordinary rates.⁷² Unfortunately, there is no indication as to how much timber was actually carried under this agreement, but it raises the possibility that the company was aware of the dangers to navigation around the Spey and was transferring timber to ports where it could be transhipped to larger vessels.

A certain amount of timber was reaching London. On 23 December 1728, a ship of 400 tons arrived in the Thames carrying timber. The report added that this was one of the ships belonging to the York Buildings Company and that three more were expected in the near future.⁷³ It was not made clear if these ships were owned or leased by the York Buildings Company. No other evidence has come to light concerning the possibility of the company owning ships for use in the timber trade, but in view of the figures given for losses in the trade it is not completely outwith the bounds of possibility. Neil Munro speaks of ships being built at the mouth of the Spey using timber floated downstream from the company's woods but no other evidence has come to hand which confirms this.⁷⁴ The role of the company as a shipowner, therefore, only remains an intriguing possibility.

There is distinct evidence of capital investment in the

72. SRO CS232/Y13/3 York Bldgs Co v Grant, State of 28,000 trees.

73. London Evening Post, 24-26 December 1728; H.C.J., Vol. 22, p. 182.

74. Neil Munro, The History of the Royal Bank of Scotland 1727-1927, (Edinburgh, 1928) p. 106.

woods of Abernethy. Further sawmills and houses were built to supplement those taken over at the commencement of the lease.⁷⁵

In 1735, there were at least 20 sawmills on the site.⁷⁶ James Robertson, visiting the area in 1771 on behalf of the Commissioners of the Forfeited Estates, noted that there was a boring mill at Abernethy, and also one at Rothiemurchus, where wooden pipes were produced and despatched to London for use in water supply.

Steven and Carlisle assume that this operation was commenced by the York Buildings Company and this is probably correct.⁷⁷ On occasions the company did use the produce of its industrial enterprises in other activities such as the waterworks.

Despite considerable investment, or perhaps because of over-investment, the enterprise failed to show a profit. In the period to Christmas 1732, losses, after adjustment for errors were in the region of £26,500.⁷⁸ This appears to justify many of the objections of the Edinburgh critic. It is certainly fair to add that the type of timber available did not come up to Hill's eulogic picture of the area. Francis Place who surveyed the woods in 1733, reported that of 60,000 trees purchased, 20,000 good trees worth about 2s.4d. each had been cut down, 10,000 trees of the same value suitable for planks or deals, stood but the remaining 30,000 trees were not worth more than 6d. each.⁷⁹ Considering the original idea was for the company to pay 2s6d. per tree, losses are hardly surprising. Between 31 January 1728

75. Murray, York Buildings, p.59; Steven and Carlisle, Native Pinewoods, p.112.

76. Forsyth, Transactions, p.192.

77. Stevens & Carlisle, Native Pinewoods, p.116.

78. HCJ, Vol.22.pp.189-190.

79. Ibid. p.180.

and 18 February 1734, the company in fact felled 24,385 trees.⁸⁰

No mention is made of trees suitable for mainmasts, the nearest to this coming in the evidence of Robert Inwood, a shipwright, to the Commons committee of 1733. He spoke of trees fit for topmasts, bowsprits and yards.⁸¹ Costs appeared to be high and the timber expensive in comparison with existing suppliers in areas such as Norway. On 18 September 1730, Francis Place, then manager of the company's lead mines at Strontian, informed the court of assistants of the company that he believed it would be cheaper to bring in the timber necessary for the mines from Norway rather than Abernethy.⁸² If the company could not supply its own operations at a reasonable cost, there was no chance of their making a fair return in the open market.

Activities in the timber trade also highlighted the company's cash flow problem. In a letter to William Stephens on 17 February 1733, the court of assistants ordered him to send his next cargo of timber deals direct to Richard Banks, one of the company's solicitors, who was to dispose of it and use the proceeds to reduce the debt to Sir James Grant.⁸³ This was a clear indication of the lack of ready money to meet firm obligations. This factor was confirmed by the company's dealings in the area surrounding the works. Stephens issued notes of hand which passed in the district for money.⁸⁴ The precise amount of such paper in circulation cannot be determined but when the company's

80. SRO GD 248/135/1 Seafield MSS, Certificate of Nos. of trees felled for the use of the York Bldgs. Co.

81. H CJ, Vol.22, pp.182.

82. Ibid. p.196.

83. SRO CS232/Y13/3, York Bldgs. Co. v Grant, Letter Co. to W. Stephens, 17 February 1733.

84. Ibid.

credit collapsed, John Grant of Burnside, Sir James Grant's factor, was able to purchase £400 worth relatively cheaply.⁸⁵

This must have caused severe problems in an area where hard cash was not particularly common at this time.

The company was not merely content to operate the timber scheme. Iron ore was to be obtained in the area around Tomintoul, and it was decided to carry it to Abernethy where the necessary plant would be erected to smelt it. The ore was carried to Abernethy from the Lecht mine some 20 miles away by means of 120 horses equipped with panniers and driven by scores of men.⁸⁶ The ore itself, which came from outcrop quarries, was a brown hematite said to contain 40 to 50 per cent of the metal with 1½ to 4 per cent manganese.⁸⁷ Accordingly, the company entered into a further agreement with Sir James Grant of Grant on 21 April 1729 to pay royalties on any mines operated and developed at the company's expense on Grant's estates. The lease was to run for fifty years with the option of renewal for a similar period on payment of a grassum of £500.⁸⁸

There was a fair degree of incentive for the company to enter the iron industry.. The 1720's had been a good decade for the industry. Product prices remained high and after 1724, the price of charcoal had dropped. Such a degree of prosperity is indicated by the fact that in the period 1720-1729, nine charcoal blast furnaces were erected with only a single closure.^{88(a)}

85. Forsyth, Transaction, p.192.

86. Ibid.

87. Ibid. p.195.

88. SRO GD248/81/1 Seafield MSS, Indenture between Sir J. Grant and York Bldgs Co., 21 April 1729.

88(a) C.K. Hyde, Technological Change and the British Iron Industry 1700-1870, (Princeton, 1977) pp.45,218.

This was not the first example of English investment in the iron industry in the Highlands. In 1727, the Rawlinsons of Furness had opened up works at Invergarry to exploit the surrounding woods as a source of charcoal. Ore for the furnaces was brought in from Furness.⁸⁹ An abundant supply of wood for charcoal, coupled with a supply of iron ore within twenty miles, albeit over difficult terrain, no doubt led the York Buildings Company to the conclusion that it could produce iron more economically than at Invergarry and played a significant part in enticing the company into further expansion. Indeed charcoal played a part not only in providing fuel for the company's own works, but as a revenue item in that quantities of it were exported to England and Holland along with quantities of bar iron produced from the company's four forges.⁹⁰ A specific contract allowing the company to cut wood for charcoal was signed on 25 October 1732 this wood not being included in the original contract for 60,000 trees.⁹¹

The iron works was built on the Riven Nethy with smelting furnaces at Balnagowan and a mill for forging and other purposes further upstream. Foundation beams and broadheaded iron beams were still visible in the 1890's. Some form of machinery for pounding ore must have been in use as a hammerhead used in this type of plant was uncovered by floods in 1829. The flood also revealed the framework of a gangway across the water, and a

89. A. Raistrick, Quakers in Science and Industry, (Newton Abbot 1968), p.102.

90. SRO.CS232/Y13/3, York Bldgs Co v Grant; Forsyth, Transactions, p.190.

91. SRO CS232/Y13/3, York Bldgs Co. v Grant.

platform which seemed to have been the foundation of a muthouse. Also on the banks of the Nethy, the flood exposed a bed of charcoal 18 inches thick⁹² stored either for use in the furnaces or perhaps even for sale.

The furnaces and forges were, according to Forsyth, as complex as any at that time.⁹³ An inventory of 1734 revealed that at the furnaces and forges, there were hammers and a chaffrey, with bellows completely geared and in working order. Other equipment listed included fineries, wheels, bloomery wheels, bellows, hammers, anvils, boring rods, augers and weighing equipment.⁹⁴ Both pig and bar iron were produced at the works.⁹⁵

Horsey was so convinced of the potential profitability of the ironworks that in 1730 he was willing to switch £10,000 per annum from the timber scheme to finance the ironworks and the lead mines at Strontian.⁹⁶ As with all other company ventures with which he was involved, Horsey's confidence was misplaced. The accounts at Christmas 1732 showed a loss of £6,935. To this should be added the greater part of £573 of William Stephens' account in the timber trade which more correctly belonged to the ironworks. These sums, taken together with an indeterminable sum in respect of timber used in building and taken from the woods for use in the ironworks would place the total loss considerably over £7,000.⁹⁷

No doubt the company's customary profligacy contributed to the loss but this was compounded by general economic trends

92. Forsyth, Transaction, p.191.

93. Ibid. p.193.

94. Ibid. p.192.

95. Ibid. p.190.

96. HCJ, Vol.22.p.191.

97. Ibid.pp.189-190.

which saw falling prices and losses in the 1730's. The iron industry saw a reversal of the favourable trends of the previous decade. The 1730's marked a period of depression for the industry, particularly after 1735. Prices of products fell more rapidly than costs which squeezed some producers out of the market. The period 1730-1739 saw only two furnaces erected but eleven closures. The decade was also marked by a considerable increase in iron imports. In the 1720's the annual average imports of bar and pig iron had been 19,650 tons and 328 tons respectively. In the period 1730-1734 these rose to 23,727 tons and 2,381 tons.^{97(a)} The price of imported iron had dropped during the period and this could have helped to account for the upward movement. In February 1729, Swedish bar iron cost £16.10s-d per ton; in January 1732 this had dropped to £15.10s-d.^{97(b)} Given the desirability of Swedish bar iron in some sectors of the market, this was a clear incentive to higher imports. These problems were compounded by a further increase in average imports to 27,529 tons and 2,544 tons per annum for bar and pig iron in the period 1735-1739. Hyde claims that these figures were mainly responsible for the downturn in the iron industry, particularly among producers of bar iron.^{97(c)} In the case of the York Buildings Company, however, the 1730-1734 figures were the more serious. The company was producing both bar and pig iron with the result that foreign competition was eroding potential markets before the works were

97(a)Hyde, Technological Change, pp.45-46.

97(b)J.C.T.Rogers, A History of Agriculture and Prices in England, (Oxford,1902), Vol.VII pt i, p.387.

97(c)Hyde, Technological Change, pp.45-46.

fully operational. This point is clearly emphasised by the losses accumulated by 1732. Despite general economic factors and the crisis the company went through following the parliamentary enquiries of 1733 and 1735, production continued at Abernethy until 1739.⁹⁸

There is evidence to show that the Speyside works were under severe pressure in 1734. On 2 March 1734, William Stephens, who was still in the company's service there, wrote to the court of assistants informing them that Sir James Grant's bailiff had laid an arrestment on all iron, coal and other materials for the behoof of Grant.⁹⁹ It was claimed that iron was being removed surreptitiously from the works, thus lessening Grant's security, and that some of it was being converted to private use. Stephens informed the company that he knew that Bayliss, one of the company's employees, was sending parcels of iron to his son-in-law at Findhorn, but took it for granted the directors were aware of this practice, if they had not in fact ordered it. Stephens also informed the court that Bayliss had been distributing iron among the work force in lieu of wages, in order to prevent the works being closed. This was a further indication of a severe liquidity problem not only at the works, but most likely throughout the company as Stephens made no claims for money to alleviate the situation. He did complain of his lack of power to do anything constructive, an indication of his lack of authority, not only with

98. John Butt, Industrial Archaeology of Scotland, (Newton Abbot, 1967) p.105.

99. SRO CS232/Y13/3, York Bldgs Co. v Grant, Letter Stephens to Co. 2 March 1734.

the company's workforce, but in the surrounding area.¹⁰⁰ This highlights a major difficulty of the company in being a stranger in a country which was relatively hostile to it. Secondly, one can point out that as no one seemed to be in overall charge of the operation, particularly no one of ability, it could prove easier for Sir James Grant's agents to manipulate operations to suit Grant's ends.

The difficulties were further highlighted in a letter from Stephens to the company on 30 March 1734.¹⁰¹ Stephens was finding it impossible to work the company's farm at Culnakyle. He was getting no co-operation from the local inhabitants who appeared to be under an influence stronger than the Laird of Grant. Stephens had made reference to the identity of the family behind the disruption in an earlier letter but unfortunately does not name them in either of the two letters examined here. Possibly it was the Duke of Gordon, one of the most powerful figures in the area, known to have Jacobite sympathies. Wherever the malign influence came from, Stephens feared it as he requested the directors not to make public disclosure of any letter he sent, lest it be traced to him, which would "make Strathspey too hot an abode" for him.¹⁰² The situation on the farm was complicated by the fact that the company's horses had been pledged, and were not available for ploughing. This necessitated an attempt to recruit outside help for ploughing and sowing. Sir James Grant's

100.Ibid.

101.Ibid. Letter Stephens to Co. 30 March 1734.

102.Ibid.

brother had been no help, which led Stephens to the conclusion that the malign influence was even more powerful than the Laird himself.

A further attempt to relieve the cash flow problem met with failure as Stephens had been unable to sell planks and deals. He ascribed this to two factors. In the first place, he claimed that the area was really a barter economy. Secondly, he pointed to the fact that the company's storekeeper, Alexander Rankine had been given £40 worth of timber in lieu of wages, in accordance with the company's instructions dated 12 January, but had been unable to dispose of it. This baulked Stephens' design of pledging timber to ensure the continuity of the works.¹⁰³

Stephens was also disturbed by the actions of John Grant of Burnside, the Laird's factor. John Grant claimed the right to cut down trees on the estate. Stephens informed the directors that all pressure on Grant to produce evidence of his entitlement to do so had failed. Stephens said he had seen a copy of the company's lease which only allowed wood to be cut to enable Sir James Grant's tenants to carry out repairs or for supplying timber to the Duke of Gordon for the repair of Gordon castle only. John Grant had even had the temerity to ask Stephens for the use of a sawmill now that the company was not using them, claiming that he had possessed such a right before the company came on the scene, and had given it up before he needed to do so.¹⁰⁴

103. Ibid.

104. Ibid.

There is no indication as to whether John Grant was acting on his own behalf, or in the interests of Sir James Grant in this respect.

John Grant also caused trouble in the following year.

In the absence of hard currency, Stephens, during his tenure of office, had issued notes on behalf of the company which had become a marketable commodity in the area. With the general collapse of the company's credit they fell sharply in value and John Grant was able to acquire £400 worth of them cheaply. He took the company to court over the notes and obtained two judgements concerning them in 1734-35.¹⁰⁵ He put his decrees into execution by pointing company property, including a quantity of iron - 52 tons from the furnace doors labelled Strathdown pigs, and a further 2½ tons labelled Glengarry pigs. The company would therefore appear to have been bringing in iron from Invergarry, possibly for use in the forges, implying that the company's own iron was not good enough, or not being produced in sufficient quantities to satisfy production needs. Overall, therefore, although timber operations had declined drastically, it seems some degree of activity in the iron-making side of the business was still taking place. John Grant did find himself unable to sell the iron he seized, an indication that in a period of falling prices, the asking price was possibly too high.

The next event of significance for the Speyside operation took place on 29 September 1738. On this date an agreement was

105. Murray, York Buildings, p.64.

drawn up between the company and William Bartlett, a London carpenter, giving the latter title to the company's woods together with the plant, ore, iron, charcoal and tools at the company's timber and ironworks in or near Culnakyle and Garmouth. The price was given as £5,000.¹⁰⁶ The exact position of Bartlett in this enterprise is uncertain. Sir James Grant and his agents were certainly under the impression that he was an agent of the company. Grant was informed by his son Ludovick in December 1738 that a gentleman, presumably Bartlett, had been recommended to him as having been "sent to Scotland from the York Buildings Company to look after their effects at Culnakyle".¹⁰⁷ In January 1739, Grant wrote to Thomas Pembroke, governor of the company, telling him that he had been informed that someone had been sent to Scotland by the company with full powers to manufacture what remained of the trees. Grant made it clear to Pembroke that unless the outstanding balance due to him was received from the company, he would take any action necessary to safeguard his position.¹⁰⁸ He did this in the following year by attempting to enforce previous judgements.

Bartlett, however, appears to have been connected with Pembroke. In a letter to Pembroke dated 20 September 1741, he clearly refers to our servants at Culnakyle, and the whole tenor of the document implies a business association between the two men.¹⁰⁹ It seems possible, therefore, that there was a private

106.SRO CS232/Y13/3, York Bldgs Co v Grant Indenture between York Bldgs Co and Wm. Bartlett, 29 September 1738.

107.SRO GD248/135/1 Letter L.Grant to Sir J.Grant, 21 December 1738.

108.SRO CS232/Y13/3, York Bldgs Co. v Grant Letter Sir J.Grant to T.Pembroke, Janaury 1739.

109.Ibid. Letter W. Bartlett to T. Pembroke, 20 September 1741.

agreement between Bartlett and Pembroke. The former extended his activities in the north of Scotland by leasing the lands of Fetteresso and Dunnottar, on the estate of Marishall in Kincardineshire from the company from Whitsunday 1740 for a period of 19 years at an annual rent of £566.¹¹⁰ It is not known if Pembroke was associated with this venture.

The timber trade continued intermittently in the 1730's but the exact level cannot be determined. Giving evidence before the Commons committee in June 1733, Francis Place stated that up to 18 April, when he had visited the woods, some 20,000 trees had been cut down.¹¹¹ An advertisement published around 1742 offering for sale the remaining trees in the woods leased by the company, states that by 1733, the company had cut down 32,000 trees.¹¹² Both of these figures are only rough estimates. The number of trees certified as felled between 31 January 1728 and 18 February 1734 amounted to 24,385.¹¹³ Some work, therefore, appears to have been carried out between 1734 and 1742, the bulk of it probably coming after Bartlett became involved with the works in 1738. The determination to exploit the woods at this period is further shown in a letter in September 1740 in which the company reminded Sir Archibald Grant and Garden of Troup of their obligation to carry timber for the company and requested them to do the same for their assignee Bartlett.¹¹⁴

On 20 September 1741, Bartlett informed Pembroke that a

110. SRO GD345/854/8, Grant of Monymusk MSS, Rental of York Bldgs Co. Estates.

111. HCJ, Vol. 22, p. 180.

112. SRO CS232/Y13/3, York Bldgs Co v Grant, State of 28,000 trees.

113. SRO GD248/135/1, Seafield MSS, Certificate of trees felled.

114. SRO GD345/575/18, Grant of Monymusk MSS Letter Co. to Sir A. Grant and A. Garden, 17 September 1740.

Mr. Grant had seized all the cattle, carriages and utensils necessary to operate the timber works and the farm at Culnakyle. He had also seized all the corn and hay Bartlett had left before setting out for Stonehaven, and he had taken from the country people the tops of the trees that Bartlett had sold them. Despite an agreement between Pembroke and Sir James Grant that everything should be given back, the other Grant had sold the oxen and the other possessions of the company that he had seized, then left for London with Sir James Grant. The country people, were naturally incensed and threatened Bartlett with all sorts of legal action.¹¹⁵ Consequently, Bartlett urged Pembroke to see Grant as soon as he arrived in London to get these actions reversed.

Sir James Grant obtained a degree of compensation for the debts he claimed were outstanding to him from the estate of John Ewer who had become bankrupt. Grant received £2,850 from King Gould, Ewer's trustee who in return was authorised to remove up to 15,000 trees without making any further payment to Sir James Grant. The York Buildings Company was supposed to pay Grant 2s.4d. for each tree cut down during this period in order to pay off its arrears and interest, but it cannot be determined how much, if anything, was paid to Grant.¹¹⁶ As a result of the payment received from Ewer's trustees, Grant extended the company's tenure of the woods from 5 January 1742 to 5 January 1745.¹¹⁷

115.. SRO CS232/Y13/3, York Bldgs Co. v Grant, Letter W. Bartlett to T. Pembroke 20 September 1741.

116. Ibid., Agreement between K. Gould and Sir J. Grant n.d.

117. Ibid., State of 28,000 trees.

This enabled the company to dispose of its interest and Thomas Pembroke acquired the right to the 28,000 trees remaining at a cost of £1,950 on 5 and 12 August 1742.¹¹⁸ It seems likely, therefore, that Pembroke gained a proper legal title to the wood which he had most likely enjoyed in practice since 1738 through his link with Bartlett. The sale of the company's interest appears to have been carried out in a public manner and no evidence has come to light of underhand dealings to obtain the contract for Pembroke.

There were further unsuccessful attempts to extend the York Buildings Company's timber operations in the 1730's. The first of these was in Strathglass in Inverness-shire. In 1730, the York Buildings Company purchased from the local landowner Roderick Chisholm, "his wood of whatever kind for thirty years, with all mines and minerals discovered," for £2,000.¹¹⁹ This resulted in a proposal being put before the company to exploit the woods. As in the case of the Speyside operation, it was planned to float the timber down to the sea, this time to the Beaully Firth. The plan stated that timber both for masts and other naval use, and for deals and planks would be found. The latter were to be manufactured at mills near where they were felled then floated down river. From the Beaully Firth it was expected that the timber would be shipped to London. The anonymous proposer of the scheme felt that as there were about

118. *Ibid.* Account bet. Co. and T. Pembroke, 1742.

119. Anderson, Scottish Forestry, Vol.1.p.443.

40,000 trees between 12 inches and 36 inches in diameter the operation could be profitable. Each such tree could produce 10 deals 16 feet long by 1½ inches thick, and also top ends and backs or slabs. Therefore, it was declared that the Strathglass forest could produce 400,000 deals; three or four sawmills could produce 20,000 deals a year which would give the woods an effective life of twenty years. The cost of producing and carrying one hundred deals to London was estimated at a maximum of £6.10s-d and the selling price was said to be £11 to £14 for the same quantity. If annual production could be maintained at 20,000 deals it was estimated that profits in the region of £1,000 to £1,200 per annum could be earned.¹²⁰ The scheme came to nothing although 2,400 large trees were felled and left to rot.¹²¹ Chisholm, however, was determined to get something out of his bargain, if need be by legal action. In a letter to Col. Horsey on 21 December 1731, produced at the parliamentary enquiry in 1735, Thomas Fordyce said that Chisholm's agents would proceed against the company unless they were paid. Therefore, Fordyce proposed to draw a bill for as long a term as possible.¹²² On 4 January 1732, Fordyce again wrote to Horsey acknowledging receipt of a letter from the latter saying that he would draw a bill on the cashier as instructed by Horsey for £500 payable to Chisholm in February.¹²³ No evidence has come to light to show if the bill was honoured, or when any further payments were made.

120. SRO GD345/854/17, Grant of Monymusk MSS, Proposal to York Bldgs Co for managing their fir wood in Strathglass.

121. Anderson, Scottish Forestry, Vol.1.p.443.

122. RHC, Vol.1.p.699.

123. Ibid.

It seems likely that some agreement was reached with Chisholm as the company put its rights in the area up for sale at £750 and these were acquired by Thomas Pembroke on 3 September 1742 at a price of £810.¹²⁴ The company also entered into an agreement with Lord Lovat to lease woods he held near Beauuly and also woods near the sea. The lease was for 19 years at a rental of £500 per annum but, like the agreement with Chisholm, does not appear to have become operationally effective.¹²⁵

Alfred Fell, examining links between the iron industry in Furness and that in the Scottish Highlands claims that the company also operated the ironworks at Glenkinglass in Argyll.¹²⁶ The evidence for this seems rather dubious and appears to be contradicted by J.M.Lindsay. He states that Glenkinlass was developed by an Irish consortium under a Captain Galbraith. It later came into the hands of the owner of the land on which it was situated, Sir Duncan Campbell of Lochnell and his partners, who ultimately included Daniel Campbell of Shawfield, tenant of the company's estate at Kilsyth.¹²⁷ No further evidence has come to light to link the company directly with this enterprise.

The company's timber and iron operations played a significant role in the company's affairs in Scotland. The entire scheme showed a loss of nearly £35,000 at Christmas 1732. This accounted for almost one half of the company's industrial losses in Scotland to that date.¹²⁸ The reasons for the lack of

124. SRO CS232/Y13/3, York Bldgs Co v Grant, Acc bet. Co. & Pembroke 1742.

125. Anderson, Scottish Forestry, Vol.1.p.443.

126. A.Fell, The Early Iron Industry of Furness and District, (repr.1968) pp.379-380.

127. J.M.Lindsay, "The Iron Industry in the Highlands", SHR Vol.56 (1977), pp.56-57.

128. H.C.J., Vol.22.pp.189-190.

success were pretty straightforward. In the first place the timber on Speyside was never as good as originally claimed by Aaron Hill and the chances of producing suitable timber to qualify for government subsidies were fairly remote. Secondly, there is no evidence of adequate costing being done in the operation, and previous reports showing the high cost of operations in this area were either not consulted or, more likely, ignored. Thirdly, the management at the works was poor. Horsey and Hill seemed to contribute some degree of worthwhile effort when they were at the works, but from the tenor of his letters, William Stephens seemed unable to cope with the situation. Those actually engaged in production at the ironworks may have been a trifle more efficient than their counterparts producing timber, as the losses from the former were smaller, but in the absence of figures relating to turnover this cannot be accurately determined. Fourthly, remoteness from the centre of ultimate control seems to have played a part and this, allied to bad management both in London and Scotland was undoubtedly a major contributory factor to the lack of success of the whole enterprise. Fifthly, general economic factors were working against the company. Prices in the period 1730-1734 were generally down on those of the previous quinquennium.¹²⁹ Also a slight recession in 1731 probably contributed to the company's problems.¹³⁰ Sixthly, there was the link with Sir Archibald Grant. As in so many other aspects

129. Peter Mathias, The First Industrial Nation (1969), p.454.

130. Ashton, Economic Fluctuations, p.59.

of the enterprise he appears to have had a role either behind the scenes or through relations connected with the company, in this case Sir James Grant and Thomas Fordyce. It is possible, therefore, that he encouraged the scheme as part of an overall plan to boost York Buildings Company stock. There were undoubtedly some benefits to the area. Despite the debts left by the company, and the collapse of their note issue, some money would almost certainly have found its way into the pockets of local inhabitants. Some timber operations did continue after the company left and thus their capital investment was not entirely wasted. In the end, however, most of the blame for the failure can be laid squarely on the company itself, as the overall aim seemed not merely to be the achievement of a degree of self-sufficiency or industrial profits, but also part of another round in the perennial battle to push up the price of the company's stock. This was certainly the case with the company's other major industrial concern, the lead works. In both timber and lead works though one is left with the distinct impression that diversification without the necessary expertise in management that this entailed, was a major factor at the root of the company's problems.

3. Lead Mining.

The York Buildings Company's first excursion into mining outside its own estates came in 1729 with the lease of lead mines belonging to Charles Hope, 1st Earl of Hopetoun (1681-1742), in West Lothian. These were never worked to any great extent but they did provide an important link in the chain of events leading to the acquisition in the following year of the more considerable works at Strontian. Murray claims that this was part of Col. Horsey's design for the company to control every lead mine in Scotland,¹³¹ but some doubts can be advanced as to the validity of this theory. Thus the lead mining operations should be considered as part of the overall structure of the company's industrial operations.

The mines at Tartraven in West Lothian had been in the possession of the family of the Earl of Hopetoun for some considerable time and evidence of working had been traced as far back as the reign of James VI.¹³² In 1729, the company had the mines inspected. The report of this investigation indicated that the operation could prove beneficial to the company. Col. Horsey, the governor, who was then in Scotland on company business took personal charge of the negotiations for a lease on its behalf.¹³³ By this document, executed on 19 and 22 December 1729, the company was to hold the mines for nineteen years from 30 April 1730, in return for royalties of one-seventh of the

131. Murray, York Buildings p.67.

132. SR0 CS232/Y14/2, York Bldgs Co v Hopetoun. Answer for James, Earl of Hopetoun.

133. SL CSP.F34;7 Grove & ors. v Hopetoun 1785, Hopetoun's Case.

dressed ore. This was the easiest mining lease the company was to acquire and the terms provide a distinct contrast to the severe rent and royalties agreed on for the works at Strontian.

Operations at Tartraven came under the direction of Francis Place who came to be in charge of the company's other mining ventures in Scotland. At the beginning of May 1730, Place reported to Horsey that work was progressing satisfactorily. The old level on the lead vein was being cleared up and seven men were at work there.¹³⁴ A horse engine was constructed to clear this level.¹³⁵ Indeed the indications seemed so favourable that on a visit to Scotland in the autumn of 1730, Horsey negotiated a new lease of the mines.

This second lease was to run from the expiry of the first in 1749, in terms much more advantageous to Hopetoun than those of the first document. The company was to pay a premium of £1,000 sterling on 1 April 1735, together with £200 for expenses in case of failzie. An annual rent of £1,000 was payable from May 1749 and the royalties due to Hopetoun increased from one seventh to one-sixth of dressed ore. The directors had written to Horsey on 12 November 1730 stating they were pleased to hear that he had prolonged the lease "according to the terms proposed by Sir Archibald Grant and Captain Burrows, [sic] which we hope will be of great advantage to the company."¹³⁶ Once more the shadow of Sir Archibald Grant was cast over the company's

134. HCJ. Vol. 22. p. 191.

135. SRO CS232/Y14/2 York Bldgs. Co. v Hopetoun Answer of Hopetoun.

136. SL CSP F34; 7 Grove & ors. v Hopetoun 1785, Hopetoun's case.

affairs. This second contract was signed by Horsey at Hopetoun House and at Edinburgh on 5 and 6 February 1731. A form of ratification was agreed upon and drawn up by the governor and court of assistants in London on 17 March 1731.

The company later claimed that only test explorations were made and that although they were anxious at one stage to carry on the works, this intention was soon abandoned.¹³⁷ This can be backed up by figures taken from the accounts presented to the Parliamentary committee in 1733 as shown in Table 4:1.

TABLE 4:1

Expenditure on Tartraven Mines 1730-1732.

| | |
|-----------------------------------|--------------|
| Debit Balance at Christmas 1732 | £281 |
| Thomas Fordyce's Disbursements | 26 |
| Balance of Joshua Place's Account | <u>641</u> |
| | <u>£ 948</u> |

SOURCE: HCJ, Vol.22.p.190.

The fact that the loss was under £1,000 means that this venture had the lowest net outlay of any of the company's industrial operations. This indicates either that little was spent and that work was soon abandoned or, that the works proved successful and that some of the capital outlay had in fact been recovered. If the latter had been the case, it would have been used by the company to attempt to justify persistence with other lead concerns and almost certainly mentioned in evidence to the Parliamentary committee investigating the company's affairs in 1733 and in court cases concerning the mining operations. In the absence of such evidence one can only assume that the former explanation is the correct one.

137. Ibid. Case of Grove & ors.

The fact that the bulk of the money spent on the Tartraven mines was due to Joshua Place is also of great significance. Two other members of his family, Francis and Abraham were also involved in the company's mining operations. The loyalty of Francis Place the leading member of the family, appeared to change several times in the course of the 1730's but at least until the middle of the decade, he appeared to be on good terms with Sir Archibald Grant, as was his brother Abraham. It is not known how or on whose recommendation the Place family came to be associated with the company. Abraham Place was a Devon man¹³⁸ and so it is possible that the family had been involved at one stage in the Cornish tin industry.

Although the company never worked the mines to any significant extent and had certainly abandoned them long before 1 April 1735, when the sum of £1,000 was due to be paid, the Hopetoun family pursued their claim for the entry fee, the penalty and interest to the total sum of £3,433. The case lay dormant for many years only occasional action being taken, finally coming before the House of Lords in 1785. The company claimed that the original lease contained a clause rendering it null and void if working ceased for three months. It was clearly stated that this had happened as the company had never entered the mines under the terms of the second lease.

The company also declared that although ratification of

138. SRO GD345/576/13 Grant of Monymusk MSS. Protest taken by Sir A. Murray against York Bldgs Co. 1734.

the later agreement had been discussed on 17 March 1731, no document endorsed in the form described had been produced. Also it was stated that the contract contained a clause allowing the company to quit the contract before 1 April 1735, which could be presumed to have been done.¹³⁹ This explanation was acceptable to the Lords who, on 21 March 1785, dismissed Hopetoun's appeal. The activities at Tartraven, together with some lead working at Glenesk on the Southesk estate between 1724 and 1731,^{139a} about which little is known, merely provided the prelude to the company's major lead mining venture at Strontian.

The acquisition by the York Buildings Company of the lease of the lead mines at Strontian in Argyllshire from the Duke of Norfolk and his partners marked the summit of the organisation's industrial aspirations and served to highlight the weaknesses in the corporation which were contributing to its overall difficulties. The mines, if carefully worked could have been made to show a modest profit. Unwise financial policy and considerable capital expenditure turned this into staggering losses and thus exacerbated the company's problems.

The Strontian mines lay in the barony of Ardnamurchan in north-west Argyll. The estate was acquired around 1714 by Sir Alexander Murray of Stanhope in Peeblesshire. Murray, it has been stated,

"was one of those men who, possessed of some talent and insight, are so little under the government of common prudence and good temper, that they prove rather a trouble than a benefit to their fellow creatures." 140

He was convinced that many of the mountains in the Western

139 SL CSP F34;7 Grove & ors. v Hopetoun 1785, Case of Grove & ors.

139a SRO GD18/1185 Clerk of Penicuik MSS, Memorial of a mine at Glenesque.

140 Robert Chambers, Domestic Annals of Scotland, (2nd ed. Edinburgh, 1861), Vol.3.p.474.

Highlands and Islands were rich in minerals and could provide a great amount of wealth. On his own lands in Ardnamurchan, he claimed to have discovered for himself ten promising veins bearing lead near the surface, together with traces of copper and other minerals discovered by workmen.¹⁴¹

On 3 October 1724, an advertisement appeared in the London press soliciting interested parties to enter into negotiations with Sir Alexander or his representatives, with a view to taking a share in the working of the mines.¹⁴² By a lease dated 15 February 1725, and drawn up in the English form, the mines were leased, for a period of thirty years, to the Duke of Norfolk, Sir Gervase Clifton, Sir Robert Clifton, David Murray and Charles Murray, brothers of Sir Alexander. The shares in the enterprise were divided one-fourth to Norfolk, one-fourth to the Cliftons and one-fourth each to the Murrays.¹⁴³ Though not directly concerned himself at this stage, Sir Alexander Murray retained a strong interest through family connections. The lessees were empowered to build houses and other necessary buildings on the site, and compelled to work the mines in a proper manner. Failure to comply with the latter would give Sir Alexander the right to apply to the courts for repossession of the mines. In return for the lease, the partners were to pay to Sir Alexander Murray one-sixth of all ore mined "dress'd washed and made merchantable at their costs". The partners

141. Sir Alexander Murray, The True Interest of Great Britain, (1740)p.12.

142. Daily Post, 3 October 1724.

143. EU Laing MSS Add 11. Petn. of York Bldgs Co., 24 February 1743.

took possession of the mines which they proceeded to work "at great expense."¹⁴⁴ Francis Place estimated this expenditure to have been between £14,000 and £15,000.¹⁴⁵

The partnership was by no means static. On 31 July 1730, those holding an interest in the venture were Thomas, 8th Duke of Norfolk (1683-1732), the Cliftons, Sir Robert Sutton, Sir Archibald Grant, General Wade, William Neilson, Richard Graham, Peter Murdoch and Sir Alexander Murray. No evidence has come to light stating exactly when each person became interested, but one source indicates that they came to be concerned at different times.¹⁴⁶ Of this group, four were sitting M.P.s in 1730, all of them Whigs. Sir Robert Clifton and Sir Robert Sutton were members for Nottinghamshire seats where the Duke of Newcastle was a major source of influence. Sutton sat for the county (where his family counted among the leading Whigs) and Clifton for the borough of East Retford.¹⁴⁷ Grant sat as the Whig for Aberdeenshire though he voted with the Opposition after 1727.¹⁴⁸ Wade sat for Bath.¹⁴⁷ Murdoch and Graham were merchants in Glasgow,¹⁵⁰ Neilson was a merchant in Edinburgh,¹⁵¹ Sir Alexander held his interest as a partner in addition to that as the landlord. Sutton and Grant were both closely involved with the Charitable Corporation and were expelled from the House of Commons after the investigation into its affairs in 1732.^{151(a)} Among the facts brought to light at this enquiry was that the £12,000 of

144. *Ibid.*

145. *H.C.J.*, Vol.22.p.192.

146. *EU Laing MSS II 693, Defences for Norfolk etc. against John Pringle 1739.*

147. *Sedgewick, Commons, Vol.1.pp.298-299.*

148. *Ibid.* Vol.2.p.77.

149. *Ibid.* p.501.

150. *Murray, York Buildings, p.69.*

151. *SRO GD 345/576/13 Grant of Monymusk MSS. Abstract of Subtack.*

151(a) *Vide infra* p,p.448-449.

funds embezzled from the Corporation had been employed in lead mines in Morvern near Strontian in which Grant and William Burroughs, another Charitable Corporation director, had an interest.¹⁵²

Grant at this time held a considerable shareholding in the York Buildings Company, mostly acquired with embezzled Corporation funds, and was involved in many other projects involving the York Buildings Company. Thus when the company began to show an interest in the Strontian mines, Grant, like Murray had an interest in more than one side of the bargain. This strengthens the idea of the company being closely tied to the Whig interest and also emphasises the underlying link with the Charitable Corporation. It was in the interest of Grant and Sutton, therefore, to make the mines as attractive a proposition as possible to the company and to the public, in order to enhance the price of York Buildings Company stock.

The first indication of interest in the mines by those concerned with the management of the York Buildings Company, derives from a letter written by the governor, Col. Samuel Horsey, to Francis Place on 28 March 1730, at this time engaged in work at the Tartraven mines and in similar works being carried out on the company's own estates at Edzell in Angus. In a letter, Horsey states that he and some friends had the opportunity of purchasing some of the shares of the lead mines near Fort William and requesting Place to travel incognito to examine them.¹⁵³

152. RHC, Vol.1.p.372.

153. HCJ, Vol.22.p.190.

Place's report on the mines, dated 16 April 1730, was generally favourable.¹⁵⁴ The mines were open cast.¹⁵⁵ The main vein was worked to around 40 feet at the deepest point. The bottom of the main work extended some 1,500 to 1,800 feet and there were many branches. Place added that the vein had been discovered with ore in it for about 1½ miles. The mines were worked on a bargain system employing about 70 men in eleven setts. The men paid for candles and powder though few of the former were required in an open cast mine. The lessees for their part provided the necessary tools and tackle. The men were paid on average 14s-d per bing of dressed ore, a bing being equal to 8 cwts. Carriage of ore from the works to the smelting mills, a distance of two miles, cost the operators 2s-d per bing. Lead was made by a blast using coal and peat. Peat had begun to replace charcoal in Scotland around 1690, an admixture of coal being introduced some time later.¹⁵⁶ A workhouse had recently been built with three hearths, none of which were operating at the time of Place's report. When in blast they could produce 2 tons 2 cwts. of lead in a twenty-four hour period using twelve men at a wage of 10s-d each per week. Other workhouses built by those currently operating the mines were being used as dwelling houses by the men. Furthermore there was a good outlet to the sea from the river by means of a lock which meant that ships of a reasonable size could come

154. *Ibid.* p.191.

155. Murray, *True Interest*, Map VII; T.C.Smout, 'Lead Mining in Scotland 1650-1850' in P.L.Payne (ed.), *Studies in Scottish Business History*, (1967), p.108.

156. *Ibid.*, p.105.

within a comparatively short distance of the smelting mill.¹⁵⁷

This lock is not shown in Bruce's plan of the area drawn up in 1733.¹⁵⁸ Place was not completely happy with the mines as they stood, but was confident that under good management, they could show a fair profit.

On 2 May 1730, Horsey wrote to Place informing him that he had opened negotiations with a view to acquiring the mines for the company. This was not proving easy as some of the partners claimed they knew them to be rich and that the consortium had once had an offer of £40,000 for their lease. Horsey believed he could get the mines for an annual rent "not exceeding the interest of the money" i.e. £2,000 representing five per cent of £40,000. To achieve this Horsey was willing to abandon the timber project on Speyside and employ £10,000 per annum designated for that scheme on the Strontian mines, together with lead operations at Tartraven and Edzell and the iron works at Abernethy.¹⁵⁹ Place's reply was cautious. While not openly doubting that the partners had been offered £40,000 for the works, he did not think anyone would be so indiscreet as to make a positive agreement without expert advice. One cannot help but think that this was a veiled warning to Horsey to proceed with caution, as he stressed that no one who knew the business would place so high a value on the works. This was partly due to the fact that he felt that royalties of one-sixth

157. H CJ, Vol.22.p.191.

158. Murray, True Interest, Map VII

159. H CJ, Vol.22, p.191.

of the produce represented a particularly heavy burden.¹⁶⁰ Few works, he opined, were able to bear such a high level of payment. The normal rate would appear to have been one bar of lead in seven or eight, or even as low as one in twelve, much depending on the capital investment required to exploit the minerals. Only when a mine proved prolific and had been put in reasonable running order was it usual to have the proportion as high as one in six.¹⁶¹ The heavy tack duty, coupled with the fact that the mines were not being worked was thus a burden on the consortium. As a result of this they were anxious to get rid of their obligations at the mines and were keen to enhance their value to the representatives of the company. It is, therefore, possible that Grant took an active part in the negotiations with Horsey.

In a letter to Horsey dated 8 May 1730, Place gave a thumb-nail sketch of the possible profitability of the mines. He believed one hundred and twenty men could be employed on bargain in raising ore and another eighty in making discoveries. Allowing for bad weather, he felt that 1,200 tons of ore could be raised in a year of forty working weeks. Deducting royalties, this left 1,000 tons for the company's benefit. Place's calculation of profit is set out in Table 4:2.

160. *Ibid.* p.192.

161. Smout, 'Lead Mining', p.113.

TABLE 4:2.Profit on Lead Raised at Strontian.

| | | |
|--|--------|---------------|
| Price of 1,000 tons of ore at £8 per ton | | £8,000 |
| Cost of rais'g 3,000 bings(1,200 tons)ore @ 14s-d per bing. | £2,100 | |
| Wages of 80 men on discoveries 40 wks @ 8s.p.w. | 1,600* | |
| Prime cost of tools. | 200 | |
| Repairing tools per year. | 800 | |
| Two Smiths per year | 30 | |
| Two Timbermen per year | 80 | |
| Timber and ropes. | 200 | |
| Salaries and incident charges. | 290 | 5,300 |
| Balance in favour of the work | | 2,700 |
| A reduction ratio of 14 in 20 means 1,000 tons ore makes 700 tons lead @ £3 per ton profit. | | 2,100 |
| Possible profit on operation | | <u>£4,800</u> |

Source: H CJ, Vol.22.p.192.

* This is an error on Place's part representing 50 weeks instead of 40.

of 40. As Place's calculations were based entirely on estimates one can only describe the end result as possible profit. His figure of £8 per ton for ore seems quite low when an inventory reportedly taken on the transfer of the mines in July 1730 shows ore being priced at £9.17s3d, and finished lead at £14 per ton.¹⁶² Place gives no indication of the selling price of finished lead on which his calculations were based, nor does he give details of the type of costs and expenses to be deducted from this figure before arriving at a profit of £3 per ton. As a caveat he stressed that these figures were dependent on the supposition that the works could produce the amounts he specified but that this could not be accurately determined. Further, he pointed out that £4,000 would perhaps require to be advanced in the first year

162. EU Laing MSS Add 11, Inventory of Ore, Lead, Provs. etc. delivered to York Bldgs Co. by Duke of Norfolk and Partners, 1730.

to carry on the mines and smaller sums in ensuing years to maintain the outgoings.¹⁶³ On the other hand, with all its weaknesses, this was certainly the most accurate estimate available to the company and makes the subsequent actions of Horsey seem very dubious indeed.

More important than his figures, perhaps, were Place's comments on the nature of a suitable lease and the amount to be offered for it. He was firmly of the opinion that the company should be aware of the precise details of the commitments of the existing partners under their lease. He considered it essential that the company have the power to relinquish both the works and the rent, upon giving notice such as three or six months. Above all, he considered a rent of £2,000 per annum, based on the partners' calculation of interest on a value of £40,000 as extravagant, the works, in his opinion, being worth no more than a quarter of that sum. Place felt that an examination of the books was essential to ensure that the profitability was all that the partners claimed it to be. His idea of payment was to set a fair valuation on the mines and pay that sum out of half of the profits, reserving to the company the power to quit the mines if circumstances should so warrant it.¹⁶⁴ Horsey, and later the court of assistants, chose not to accept this exceedingly sound advice.

The most likely explanation for ignoring Place's

163. H.C.J., Vol.22.pp.192-193.

164. Ibid.

report is that the directors of the York Buildings Company, including Horsey and his son Jerome, were convinced that the company's salvation lay in this direction. Secondly, it is possible there; was subtle pressure behind the scenes by Sir Archibald Grant and William Squire, who were anxious that the deal go through as part of a scheme to boost York Buildings Company stock in which they, and others were speculating using funds embezzled from the Charitable Corporation.¹⁶⁵ Indeed Squire was to get himself elected as a director of the York Buildings Company to promote the scheme.¹⁶⁶ The idea of behind-the-scenes manipulation is given further credence when one examines the evidence given by General Wade, one of the partners, to the Commons Committee of 1733. He said that "the proprietors of the Company of Mine Adventurers would have given as much," but it was believed by the partners that the credit of the York Buildings Company was better.¹⁶⁷ The whole affair can be seen, therefore, as a ploy to entice the York Buildings Company into taking the mines at an inflated rent. Whether Horsey was a dupe or a willing accomplice in the plot cannot be accurately determined.

On the other hand it was possible that the Company of Mine Adventurers was seriously interested in the Strontian mines as they appeared to obtain an interest in Scottish lead a few years later. Sir Archibald Grant and William Burroughs,

165. Vide infra. Ch. 6.

166. RHC, Vol.1.p.545.

167. H CJ, Vol.22.p.186.

two of these involved in the Charitable Corporation fraud, were among those leasing mines at Morvern only a few miles from Strontian under the name of the Morvern Company. The agent operating this concern for them was William Bain.¹⁶⁸ In 1734, Bain is described as agent for the Company of Mine Adventurers at Morvern.¹⁶⁹ Following the revelations concerning the Charitable Corporation and as a result of losses arising from them, Grant was anxious to get rid of the Morvern mines and had offered them to the Duke of Chandos, former governor of the York Buildings Company, in 1733, but without success.¹⁷⁰ Among the directors of the Company of Mine Adventurers in 1731 was Sir Robert Clifton, one of the partners in the group who sub-leased the mines to the York Buildings Company.¹⁷¹ It is possible, therefore, that Clifton was the source of the rumour in 1730, whereby the Mine Adventurers were linked with the Strontian project. Clifton, also, could well have been the link through whom the Morvern mines were acquired by that concern from Sir Archibald Grant and his partners between 1733 and 1734. Another possible source was Charles Waller, governor of the Mine Adventurers in 1731¹⁷² and also an assistant in the Charitable Corporation.¹⁷³ It seems likely that the Company of Mine Adventurers had taken over the operation at Morvern. It seems possible, therefore, that they were potential competitors with the York Buildings Company for the Strontian mines but

168. SRO GD345/895 Grant of Monymusk MSS. Statement of Wm. Bain concerning debt of York Bldgs Co.

169. Ibid. GD 345/576/13 Affidavit of Bain.

170. Ibid. GD 345/725 Letter Sir A. Grant to Duke of Chandos, 13 June 1733.

171. Gentleman's Magazine, Vol.1.p.497. 12 November 1731.

172. Ibid.

173. RHC. Vol.1.p.439.

whether they would seriously have considered meeting the partners terms cannot be determined.

The first official indication that the York Buildings Company was interested in the Strontian mines appeared in a minute of the court of assistants of 14 May 1730. The governor acquainted his fellow directors of the fact that the company had the opportunity of "getting the valuable mines of Swinehard" and told them of Place's earlier report in his letter of 23 April. Horsey also informed his colleagues that the partners in the mines were asking for a rental of £3,600 per annum and that another concern presumably the Company of Mine Adventurers, was also interested in acquiring them. A decision was deferred until the following day when it was decided that the mines could be worked at a profit because the York Buildings Company as a corporation could afford to invest the necessary capital, which was beyond the means of the existing partnership. Given sufficient investment, it was felt that the resultant production would be more than enough to show a fair profit. The calculations and forecasts, however, were based on figures supplied by the existing partners.¹⁷⁴ These were ultimately to prove over-optimistic.

Several significant factors arise from this decision. In the first place it can be argued that Horsey could have been withholding information from the other directors. Place's letter of 7 May could have been in Horsey's hands before the

174. H CJ, Vol. 22. pp. 185-186.

meeting on 14 May or that of 15 May. There would even be a remote possibility of Horsey having the letter of 8 May. The court would appear to have been unaware of the letters even on 19 May when they wrote to Place requesting his opinion on the terms offered to the company by the partners in the original lease. They would also appear to be unaware of his comments on 21 May, when they wrote a further letter requesting he send them "only a calculation upon one thousand ton of ore, which will be a guide to us for the rest."¹⁷⁵ It is interesting to note that Horsey was a signatory to both of these letters. His motives became even more questionable when on 23 May, he acknowledged a letter from Place dated 15 May. Secondly, the company appeared to be taking the partners' estimates for possible production at face value and only later calling in their own expert for advice, a rather rash approach to such a major transaction. Thirdly, one must question their reasoning behind the current lack of profitability at the mines. They laid the blame on the fact that as a co-partnership, the current operators were not in a position to mobilise the necessary capital to ensure proper supplies to the mines. Although we can accept that this was a valid reason, nothing so far had indicated that the company was in any sense better placed to fulfil the necessary obligations. A joint-stock company was certainly needed for this operation, but it was

175. Ibid. p.193.

certainly not a task for an underfinanced organisation such as the York Buildings Company which was already overstretched in other commercial and industrial ventures.

The fact that the company was manipulated into accepting the partners' terms emerges from the ensuing correspondence between Place and Horsey. In a letter to the directors dated 30 May 1730, Place re-iterated the calculations he had made and the advice he had given to Horsey concerning the terms of the lease.¹⁷⁶ His warning went unheeded, and he was snubbed by Horsey in his reply of 6 June, being requested in future to confine himself to facts and leave the directors to manage the other affairs! Given the fact that he had been specifically asked for such advice, it seems likely that in the interim strong pressure was being put on the company to accept the lease despite the apparently unfavourable terms. This idea is strengthened by the tenor of the remainder of Horsey's letter. He said that the existing partners were very reluctant to part with their interest and would not permit a quit clause. The reason for this, Horsey claimed, was that they were afraid that the company by virtue of the "power of money and hands, [would] work out all the riches in half the time, or less, and then give them warning."¹⁷⁷ Horsey was also afraid that to insist on this point would lead to the partners for their part pressing for restrictions, to the detriment of the company's interest.

176. Ibid. p. 194.

177. Ibid. p. 195.

One senses from the tone of the letter that Horsey's anxiety to acquire the mines at any price had become apparent to the partners and that they were anxious to exploit this to their best advantage, possibly using the Company of Mine Adventurers' alleged interest as a carrot. Horsey also claimed at this stage that Place's indiscretion in insisting on an escape clause had already caused trouble. William Corbet, one of the assistants, already on the unsuccessful end of a bear transaction in company stock, had disclosed this factor as a means of gaining revenge. Horsey repeated the reluctance of the partners to give up their interest which he claimed was only possible because of their difficulties in solving managerial problems and because they were being given the opportunity to become involved in the company's stock.¹⁷⁸ Corbet disqualified himself from office by his transactions, his place in the management of the company being taken by William Squire.¹⁷⁹ This clearly indicates that stock jobbing, as much as commercial interests in mining were involved in this venture and in the light of the Charitable Corporation scandal, demonstrates the close involvement of Sir Archibald Grant.

To give the partners better security in return for a lease, the company offered them annuity bonds to the amount of the annual rent.¹⁸⁰ Sir Archibald Grant's share of this was represented by bonds to the value of £225.¹⁸¹ The partners

178. Ibid.

179. Daily Journal, 3 October 1730.

180. SL CSP F23;12, Norfolk v York Bldgs Co 1742 Case of Norfolk.

181. Grant's Estate, p.6.

thus had their way and the company was left with the heavy obligation of an annual rent of £3,600 together with royalties of one-sixth of dressed ore produced, which latter had been the sole obligation of the original partners. In addition, the company was to pay for the ore already above ground and also pay for the stores, but to have the tools, materials and buildings without charge.¹⁸² Assuming Place's calculations to be extremely accurate, which is highly doubtful, the company could expect a profit of around £4,800 for every 1,200 tons of ore raised and smelted into lead. At this point, it must be stressed that the mines had never produced anything like this amount in a full year. Place testified to the Commons committee that, according to the books, only around 245 tons of lead had been smelted before the company took over the mines.¹⁸³ It would certainly be necessary to put a great deal of extra capital into the mines before such high production targets could be reached. Thus severe criticism must be brought to bear on the directors of the York Buildings Company for entering into a contract of this nature against the advice of a professional miner, however tentative his estimates might have been.

A deed of sub-tack in Scots form, drawn up between the Duke of Norfolk and partners on the one part and the York Buildings Company on the other, was executed on 31 July 1730. According to this agreement, the company was to hold the mines from 24 June

182. H.C.J., Vol. 22. p. 193.

183. Ibid. p. 186.

1730, for the remainder of the partners lease of thirty years, the original lease having been drawn up in the English form. The company was bound by all the terms of the original lease. In addition, the organisation was required to give the partners bonds for the security of the tack duty, in default of which, the mines were to be subject to re-entry and repossession by the partners. For further security, the company was to grant a pledge on their estates subject though to the prior security of the annuitants.¹⁸⁴ Thus, not only was the company faced with a particularly heavy lease, but it had left itself open to legal attack and attachment of its major asset, its estates, in default of payment of the required rent. This, in effect, made the partners of the mines, to some extent, preferred creditors. The bonds issued as part of this transaction merely added to the amount of paper the company had placed on the London money market.

One aspect of this whole transaction was successful, at least in the short term, namely the adjustment of stock prices. The York Buildings Company stock price which had stood at 19 on 31 July 1730,¹⁸⁵ moved to 19½ to 19½ on 14 August,¹⁸⁶ and 24½ to 25 on 30 August.¹⁸⁷ By the beginning of October the stock had risen to 38,¹⁸⁸ a rise of almost 100% in two months. Stock-jobbers and speculators had considerable scope for profit. This was helped by a report in the press that the company had chartered six ships to sail to Scotland and that they would

184. EU Laing MSS Add 11 Petn. of York Bldgs Co 24 February 1743.

185. Daily Courant, 1 August 1730.

186. Ibid. 15 August 1730.

187. Ibid. 31 August 1730.

188. Ibid. 2 October 1730.

return with lead ore in about six weeks.¹⁸⁹ The report of the Commons Committee of 1733 states that there was "no proof of any private consideration obtained by the governor, or any of his assistants in making this bargain."¹⁹⁰ The stringency of the terms agreed only serves to harden the alternative conclusion; that the directors were incompetent in agreeing to such a contract.

One must now consider the state of the new venture of which the company had taken possession. Place, writing to the directors from Strontian on 13 July 1730, two weeks before the formal execution of the sub-lease, noted that he had "found things in the greatest confusion imagineable and the works very much out of repair."¹⁹¹ He envisaged a fair degree of trouble in setting things right. This was demonstrated by the fact that the hearths in operation were producing only 13 cwts of lead per twenty-four hour period. Place gave immediate orders for a fourth hearth to be put into operation and hoped to step up production to 16 or 18 cwts in the same time. Place had earlier placed the possible output at 2 tons 2 cwts per twenty-four hour period. He was planning to build two more hearths, but this required additional buildings. He also complained of a shortage of peat and coal. The former manager had not cut enough peat and allowed the coal to run down to less than half a ton. Place hoped to make up the deficiency by obtaining billet wood from Sir Alexander Murray and coal from Glasgow.

189. *Ibid.*

190. *H.C.J.* Vol. 22, p. 186.

191. *Ibid.* p. 195.

He was further burdened by the need to produce lead and potters ore to fulfil contracts entered into before the company took possession of the mines.¹⁹²

The slowness of the former operators in working the smelting side of the business is shown by the inventory of ore at the mines in 1730. Undressed ore at the groves amounted to 202 tons 8 cwts valued at £1,996, or £9.17s3d per ton. The total of washed ore at the same rate was 318 tons 12 cwts. valued at £3,142.¹⁹³ It is not clear what proportion of this ore had been mined between 24 June and the date of the inventory which was probably completed in early August.¹⁹⁴ It is significant that this amount of ore would be sufficient to match the entire previous production of finished lead. Certain aspects of the inventory do not coincide with figures quoted by Place in his letters published with the Commons report; therefore, one cannot say how accurate the inventory was. It did show a total amount due of £8,534.¹⁹⁵ The amount due to the partners on 23 March 1732 after allowing a deduction of £3,000, other payments and certain abatements stood at £4,578.¹⁹⁶ By Christmas 1732 the figure had come down further to £3,578.¹⁹⁷ A later pleading in the Court of Session claimed that all along, the partners made false representation to the company, not only of the amount of ore raised, but of the productive capacity of the mines.¹⁹⁸

192. *Ibid.*

193. *EU Laing MSS. Add 11, Inventory of Ore etc.*

194. *H CJ, Vol. 22, p. 196.*

195. *EU Laing MSS Add 11, Inventory of Ore etc.*

196. *SRO CS30/15 pp. 21-22 Decreet of Ranking and Sale.*

197. *RHC, Vol. 1, p. 590.*

198. *SRO CS232/Y12/2, York Bldgs Co v Douglas Heron & Co. Info for York Bldgs Co., 12 February 1783.*

Throughout the late summer and autumn of 1730, Place worked hard to expand the lead smelting capacity of the business. On 31 July, he wrote to Horsey stating that he hoped to have two more hearths in operation in two months. This had been made possible by the offer of Sir Archibald Grant and William Burroughs, partners in the Morvern Mines Company, who were in the area at the time, to allow Place to draw on any of the stores at Morvern.¹⁹⁹ The manager at Morvern, William Bain, later stated that between 16 July 1730 and 27 April 1732, goods and services to the value of £2,330 were given to the York Buildings Company. This included £770 for the use of the Morvein Snow, presumably a vessel, for 22 months at £35 per month and there was also evidence of shorter term charters of other vessels in the total amount. Bain said that he could get no one from the company to sign a statement that the account was correct, nor could he get an account for items that he had received from the Strontian stores, which he said were negligible.²⁰⁰ In all the York Buildings Company appears to have obtained goods to the total value of £3,288 of which only £400 was paid. In 1735 Sir Archibald Grant settled the account with Bain, as by this time he had taken a more active interest in the Strontian operation.

On 18 August, Place confirmed that work on the new smelting mills was progressing well. Having commenced eight days previously, he expected the stonework to be completed in another two. He also stated that he had all the materials for

199. HCJ, Vol.22.p.196.

200. SRO GD 345/895, Grant of Monymusk MSS, Account of York Bldgs Co. with Morvern Co.

the furnace on hand and hoped to complete that part of the operation soon. He also informed Horsey that he had sent moulds to the Glenkinglass works in order to have new hearthplates cast which were of a new variety. These he claimed would lead to higher productivity and a better quality product. The works, Place said, were growing "richer every day since I came here," allowing him to lower the price per bing on each bargain he made, thus reducing the company's costs.²⁰¹

By the middle of September four hearths were in operation, capable of producing 15 tons of lead per week. This output was subject to delays because of excess smoke making working conditions intolerable by the creation of poisonous fumes or, more seriously by the lack of properly dried peat. By that time also the new mill was well advanced which Place hoped would produce an additional 9 tons of lead per week. A reverberatory furnace was also under construction which, when completed would produce 2 tons 8 cwts in a twenty-four hour period. Place also wished to construct a slag furnace which he hoped to work on slugs only and from that to produce 15 tons per week. This had been delayed because of lack of bricks. The bricks, which the managers of the Morvern mines claimed to have ordered, and on which Place was depending, were not forthcoming. Place therefore requested the directors to send Windsor bricks and also Windsor loom. In addition

201. HCJ, Vol.22.p.196.

he required skull iron and bushel iron which he said could be acquired at various places in and around London.²⁰² Loom and bricks were in fact supplied by the Morvern Company the former in September and the latter in October.²⁰³ However, Place's problems were not entirely solved as on 4 November he was complaining that the furnaces would be of little use unless he could obtain supplies of skull or scrap iron to work the slugs.²⁰⁴

There were signs of trouble brewing which were to plague the company throughout its entire span of operations at Strontian. The first was an indication of unrest coming from local inhabitants, who did not particularly care for the outsiders in their midst. Sir Alexander Murray had been a victim of this attitude when he took over the estate, finding his cattle stolen or hamstrung and his sheep forced over a precipice.²⁰⁵ Place, contrary to the abhorrence of arms one might have expected from a Quaker, was pleased to note that Horsey had ordered weapons for him. He noted that

"They cannot be altogether useless in this place, where the very name of them will keep troublesome neighbours at their due distance."²⁰⁶

This was reinforced by the fact that Sir Archibald Grant had requested General Wade, his partner in the original lead venture, to send a sergeant and twenty men to the area, no doubt with the intention that they should protect his lead interests at Morvern

202. HCJ, Vol.22.p.197.

203. SRO GD 345/895, Grant of Monymusk MSS. Account of York Bldgs Co with Morvern Co.

204. HCJ, Vol.22.p.197.

205. Chambers, Domestic Annals, Vol.3,p.476.

206. HCJ, Vol.22.p.196.

as well as Strontian. Place urged Horsey to add his weight to this plea, and at the same time acquire the necessary permit to use the arms to be acquired. Place's fears were justified by an incident that autumn when the new smelting mill was broken into, and a set of bellows destroyed. Despite the announcement of a reward of twenty guineas, no information as to the culprits was forthcoming.²⁰⁷

Another problem facing the company was that of transport. Seasonal factors played a large part in the availability of shipping and the willingness of masters to sail to Strontian, Place was informed by Sir Archibald Grant, that when Glasgow shipping would be available for Strontian it would be just as cheap to employ London or Bristol vessels. Secondly, there was the problem of the size of vessel which could be most economically employed. On 18 September, Place informed the directors that the Hudson of 340 tons, which they had agreed to send for lead, would be filled to the best of his ability, but he was of the opinion that smaller vessels would be best suited to this purpose.²⁰⁸ As we have already seen, payments in respect of shipping were made to the Morvern Company between 1730 and 1732 and it seems fair to assume that some degree of co-operation took place between these ventures which were both situated on the same arm of the sea, Loch Sunart.

A third problem concerned fuel, timber and supplies

207. Ibid. p.197.

208. Ibid. p.196.

necessary for the smooth working of the mines and lead producing operations. In his letter of 18 September, Place requested that any ships sailing from London should call at Newcastle and take on at least two thirds of their loading capacity in coal, thus allowing it to come freight free.²⁰⁹ Coal was also acquired from the Morvern Company²¹⁰ and later from Sir James Lowther's mines in Cumberland. At Christmas 1732, Lowther held a bond for £200 as security for coal to be supplied to the Strontian works.²¹¹ The problem of the supply of timber he felt should be left till the following summer to see whether the Norwegian timber or that of Abernethy should be cheaper. Place seemed to think the Norwegian source would prove the better bargain.²¹² Considering the company itself operated the Abernethy concession, this seems a clear indication that the timber was not necessarily of the correct quality, or that costs of maintaining the lumber operation were too high. During 1730, though, there is evidence that the company was importing timber from Speyside which was coming to Strontian through the works at Morvern. In 1731, a load of Norwegian timber was acquired from the same source which cost the York Buildings Company £48.²¹³ The previous November a ship had arrived direct from Norway with timber for the Strontian operation.²¹⁴ Both types of timber, therefore were in use in the early stages of the operation.

The company also proved incapable of organising its

209. Ibid.

210. SRO GD 345/895, Grant of Monymusk MSS, Account of York Bldgs Co with Morvern Co.

211. RHC, Vol.1.p.592.

212. HCJ, Vol.22.p.196.

213. SRO GD 345/895, Grant of Monymusk MSS, Account of York Bldgs. Co. with Morvern Co.

214. HCJ, Vol.22.p.197.

shipping requirements properly. In particular, they did not allow ships enough time to turn round at Strontian. On 4 November 1730, Francis Place complained of the impossibility of loading and unloading a ship of 150 tons in the time allotted to him. Thus demurrage was incurred much earlier than was necessary, Place was also forced to send the ship which had arrived from Norway with timber on an extra voyage to Glasgow for coal before he would load it with lead.²¹⁵ This was no doubt inspired by the thought that if he loaded the ship with lead in the first instance, he was unlikely to get his cargo of coal.

As the mines were in an extremely remote part of the country, the York Buildings Company, in common with other organisations engaged in lead mining in Scotland, had to import a considerable amount of labour from outwith the country.²¹⁶ At the height of the company's operation, the labour force at the works exceeded four hundred men, mostly from England, Wales and the Low Countries. By 1734, the work force had declined to around two hundred. Conditions by this time, had become so bad that Abraham Place, brother of Francis, said that some men had chosen to abandon any claims they had against the company and left the mines, some resorting to begging to find their way home. Abraham Place blamed this on several factors. He said the lack of encouragement, insecurity of payment and lack of regular

215. *Ibid.*

216. Smout 'Lead Mining', pp. 120-121.

provisions had all combined to drive many men away.²¹⁷ Problems of securing adequate provisions were in evidence from the early stages of the operation. In November 1730, Francis Place reported that the meal expected by some of Sir Archibald Grant's ships had not arrived and that he had sent one Captain Thomson to the Firth of Forth to obtain supplies. At this stage there were only 500 bolls of meal in store and the weekly consumption of around .50 bolls could soon lead to a serious situation.²¹⁸ Continued shortage led to serious problems in February 1731 with an outbreak of sickness. The doctor at the mines said that this was due to many people drinking water because of a lack of malt²¹⁹ for producing more palatable beverages. Labour problems also occurred due to the fact that the men were not paid regularly and Abraham Place claimed that there were frequent revolts by the men seeking security for sums owed to them. The result of this was that the works were only being carried on at a fraction of their true capacity because of this discontent. By 1734, Abraham Place said that some of the workers had been forced to go to law to secure payment and had obtained decreets against the company, for the execution of which they had seized all the ore at the works and were determined to defend their rights against all comers.²²⁰

During the first year of operation, when the mines were under his management, Francis Place claimed that he sent almost 750 tons of lead and over 132 tons of potter's ore to London. These figures were confirmed by Jerome Horsey, son

217. SRO GD345/576/13, Grant of Monymusk MSS, Queries and Answers anent the present state of the mines.

218. *H.C.J.*, Vol.22.p.197.

219. SRO GD 345/830, Grant of Monymusk MSS, Letter T. Blacknall to Sir A Grant, 27 February 1731.

220. *Ibid.* GD345/576/13 Queries and Answers.

of the governor Col. Samuel Horsey, and a member of the court of assistants, who arrived at Strontian on 16 April 1731 to take up the position of overseer of the company's operation. During 1731 building at Strontian continued, and under Francis Place's direction, several houses were built. These were ready framed and had been imported from London under an agreement between Francis Place, William Burroughs and Sir Archibald Grant. Also in 1731 under the direction of Charles Mildmay, who had been sent to Strontian by the directors, a malthouse, brewhouse and kiln were started. The malthouse and brewhouse had been necessary because of the outbreak of sickness in February which had been traced to the drinking of water. This work was done without proper authority and was stopped by Jerome Horsey after his arrival at the works, and these structures remained unfinished in 1733.²²¹

In August 1731, Francis Place was dismissed, and the whole works came under the direction of Jerome Horsey.²²² The reason for Francis Place's dismissal is uncertain. He believed that the company had struck a bad bargain despite his optimistic letters to the company of progress being made to bring the mines into some sort of order. In 1733, he told the Commons Committee that he believed the lease to be worth no more than £1,000 per annum plus the royalties. The arrival of Jerome Horsey must have put Francis Place in an extremely awkward position and it is possible that Horsey was sent to learn all he could about the mines from Place before ousting him. Whatever the reasons behind it, the dismissal of Francis Place was a mistake as there

221. HCJ, Vol.22.pp.186-187.

222. Ibid.

is no indication that Jerome Horsey had the necessary experience to operate a concern on this scale.

At the request of the stockholders who had petitioned parliament for an enquiry, Francis Place returned to the mines in 1733. His report was not favourable as one might expect. He found a level which had been worked in his time was now discontinued, and that the best part of the mine was under water. Production had fallen as between the summer of 1731 and April 1733, 537 tons of lead had been recorded as shipped, another 170 tons shipped but not recorded, and 82 tons remained in the storehouse. Jerome Horsey agreed that these figures were approximately correct. The two men disagreed on the potential of the mines, Place estimating them to be capable of producing 1,500 tons per annum and Horsey placing this at 2,000 tons. Horsey also disagreed with Place over the detrimental effect of water stating that for a little extra consideration, he had agreed with the miners to drain it away.²²³ Examination of the statistics proves that Francis Place had the stronger case, and there seems little doubt that the mines declined after he left. This is further confirmed by the fact that on 5 January 1733, Sir Alexander Murray gave the company notice to improve their conduct at the mines and rectify their neglect or he would proceed to re-enter the mines²²⁴

Between 1730 and 1733 the mines proved to be a

223. *Ibid.* p.186.

224. SRO GD345/830 Grant of Monymusk MSS, Notice given by Sir A. Murray to York Bldgs Co. 5 January 1732/33.

considerable drain on the company's already depleted resources and added considerably to the debts caused by the company's other industrial ventures. The detailed account submitted to the committee of the House of Commons is outlined in Table 4:3.

TABLE 4:3.

NET COST OF STRONTIAN MINES TO XMAS 1732.

| | | |
|--|--------------|-----------------------|
| Debit Balance at 31 July 1732. | | 9,944 |
| Present Balance | | 1,633 |
| Thomas Fordyce's payments to Xmas 1732 | | 19 |
| Balance of Francis Place's account | | 6,378 |
| Balance of Jerome Horsey's account | 758 | |
| Paid to him by Fordyce to Xmas 1732 | <u>1,010</u> | 1,768 |
| Balance of Charles Mildmay's account | 5,184 | |
| Paid to him by Fordyce to Xmas 1732 | <u>6</u> | 5,190 |
| Balance of William Hart's account | | 17 |
| Balance of Robert Charlesworth's account | | 294 |
| Balance of Patrick Smith's account | | 13 |
| Balance of William Watkinson's account | | 61 |
| Balance of Abraham Place's account | | 293 |
| Balance of Thomas Tipping's account | | 75 |
| Balance of Alexander Grant's account | | <u>171</u> |
| | | <u><u>£25,856</u></u> |

Source: HCJ. Vol.22.p.189.

Figures published in an earlier report of the committee indicated that a balance of £3,578²²⁵ was due to the former partners for stores, £3,600 due for one year's rent at Christmas 1732 and a balance of over £1,000 of principal and interest due to William Burroughs for the balance of money borrowed and items supplied to the lead works.²²⁶ This particular account states that "debts due at the several works in Scotland" are not included; hence it is possible that these figures are additional to those in Table 4:3. If this is the case, the loss would have been

225. RHC, Vol.1.p.592.

226. Ibid. p.589.

raised to around £33,000 by 1733. The company had also incurred debts by providing goods for their workmen on account of wages. As an example of this, two notes signed by Jerome Horsey on 19 March 1733, denote £264.14s9½d due to William Stewart and £65.1s6d. to James Cook, both merchants in Crieff.²²⁷ Such debts were common in a period when specie, particularly of lower denominations was hard to come by and especially in such remote areas as the Scottish highlands, where such a problem must have been exacerbated.

It is impossible to trace in detail how such vast sums as those quoted were spent on the Strontian project. Place reckoned that the houses, presumably buildings to house smelting mills and other plant, cost around £5,000.²²⁸ The main clues to the additional expenditure came from the narrative published on Bruce's plan of Loch Sunart in 1733.²²⁹ Whereas the previous occupants had worked the mines in an opencast manner, the York Buildings Company sunk shafts and sumps, and had driven drifts to find better ore. The new works had been successful in that in some places the vein was reported as being three and a half yards wide "all spangled ore, interspersed with a kindly spar". In other places it was "of solid ore bedded in a stiff loam". The workmen were reported as being confident that things would get better the deeper the mines became.²³⁰ The sinking of these shafts must have used up considerable sums, and

227. SRO CS232/Y11/52. York Bldgs Co. v Richard Cameron.

228. HCJ, Vol.22.p.186.

229. Murray, True Interest, Map VII

230. Ibid.

a certain degree of this expenditure was completely wasted as some shafts were sunk in incorrect places, away from the lead vein.²³¹

In addition to the buildings already mentioned, the company built a house for the manager, one for the governor or any member of the court of assistants who happened to be visiting the mines, storehouses, a quay and a cooperage.

Lodging houses for the workmen were built at Strontian and at New York, a settlement near the mines. The company also constructed stables, workhouses, peat barns, timber and coal yards. Roads were laid from the mines to the mills and furnaces, and the streets of Strontian paved or laid with gravel. The company also performed its share of local roadworks.²³²

Such activities while providing the infrastructure of a growing community, were bound to be a drain on the company's finances. The despatch of a mere 1,500 tons of lead between 1730 and 1733 was insignificant against this level of expenditure. The blight cast by the revelations of the committee of the House of Commons led to a crisis of confidence in the company which ruined any chance of significant progress in the potential profitability of the mines.

The dismissal of the Horseys and their associates from the direction of the company in 1733 led to a decline in the company's interest in the mines. The confusion following the parliamentary report, together with the concern of the new directors to turn the financial situation in London to their

231. SRO GD 345/576/13 Grant of Monymusk MSS Queries and Answers.

232. Murray, True Interest, Map VII.

own advantage, added to the difficulties at Strontian. One source indicates that between 1733 and Christmas 1737, the mines were worked by the company's employees on their own behalf, and for their own subsistence. They consumed the stores left by the company, and when it ceased supplying the mines, the employees contracted more debt.²³³ This seems to be confirmed when one examines the answers for Richard Graham, merchant in Glasgow (one of the Duke of Norfolk's partners) to the bill of suspension of John Richardson, one of the company's former managers.²³⁴ From this document, it appears that the former managers continued to operate the mines and to provide the necessary goods and materials, pledging their own credit. They were not prompt in payment which forced Graham to sue. This case does, however, highlight the fact that Norfolk's partners were involved with the company other than as landlords.

On the other hand, another document indicates that the mines were once more under the management of Francis Place on behalf of the company. In a case concerning wages in 1734, he was found pressing the company's point of view. The dispute in question arose from the fact that groups of workmen were attempting to obtain judgement in respect of sums they claimed were due to them in September 1733. Place, on behalf of the company, maintained that advances and goods supplied were more than enough to offset the debt.²³⁵ As in other branches of

233. SRO GD 345/830, Grant of Monymusk MSS, Proposal to York Bldgs Co. by Mr. Halley, 20 July 1742.

234. SRO CS271/19878, York Bldgs Co. v Richard Graham 1739,

235. SRO CS 271/52438, York Bldgs Co. v Tephard 1734.

mining, such transaction were inevitably complicated, especially when settlement was determined over a fairly long period. As to control of the mines, it would seem that although Place represented the company, the latter took little interest in affairs at Strontian. Under these circumstances, Francis Place began to pay increasing attention to the interests of Sir Archibald Grant.

Sir Archibald Grant had acquired a one-third interest in Sir Alexander Murray's royalties before 1 January 1731. On that date, Grant valued this asset at £4,500 including £500 of arrears.²³⁶ Between 1 January and November 1731, he paid £2,270 to Murray in respect of the balance of the purchase price of this right.²³⁷ Grant used this acquisition as security for a loan of £1,000 he received from Zachariah Foxall on 8 November 1731. It is possible that the amount was borrowed to pay Murray, as the same amount was paid to him a few days later, Grant also used this asset as security, subject to the first assignment, on £800 for which his brother Francis Grant and others were bound on his behalf, to William Gordon. A further assignment to William Grant, another brother, together with his other shares of leases of lead mines in Argyllshire at Morvern, covered payment to William and his four younger sisters under their father's marriage settlement, and to Sir Archibald's own two daughters under his late wife's marriage contract. Thus

236. Grant's Estate, p.5.

237. Ibid. pp.18-20.

Sir Archibald Grant had a strong vested interest in securing the continued operation of the mines.

Grant's first step was to ensure the payment of royalties, and to this end, he drew up instructions for Abraham Place, brother of Francis, and representative of Sir Alexander Murray at the mines. Abraham Place was to ensure that before any further lead was shipped, the arrears of royalties were to be paid off. In future, before any lead was despatched, this obligation had to be complied with first. Grant countered the argument that it was necessary to release some lead to ensure the continued supply of provisions and stores to the mines by saying that a considerable quantity of lead had already been sent from the mine, ensuring a satisfactory situation in this respect for some considerable time.²³⁸ Two problems of the Strontian operation are clearly demonstrated here. Firstly, the heavy burden of royalties was resented by the operators who would try to avoid it or allow arrears to accumulate. Secondly, the collapse of the company's credit made it difficult to ensure supplies without ready cash to pay for them. This could only be solved by the sale of lead to ensure an adequate flow of funds to meet day-to-day obligations.

Difficulties in obtaining adequate supplies continued to haunt the operation, particularly in winter. Abraham Place, writing to Grant on 4 January 1735, complained of the delay of

238. SRO GD 345/830, Grant of Monymusk MSS, Letter Sir A. Grant to Ouchterlony, 22 June 1733.

a ship bringing meal which continued bad weather seemed set to prolong. Place also experienced difficulty in getting a cargo of coal, the master of the vessel refusing to come to Strontian without a fresh order. The perennial problem of cash flow was again at the root of the trouble. Abraham Place believed that if money was forthcoming such difficulties could be resolved. Due to this situation, many of the agreements for raising ore had also expired, and Francis Place was engaged in resolving difficulties arising from this factor. Abraham Place was still convinced that given proper supply, the mines could be worked in a reasonable manner.²³⁹

Despite this optimism there were problems at the mines as Abraham Place, himself, had outlined as a result of an inspection carried out for Sir Alexander Murray. Place claimed that the works required a great deal of timber to be replaced underground if they were to be made safe.²⁴⁰ This was confirmed by the evidence of George Pierce, a Welsh timberman, who stated that some of the wood set aside for such work had lain around for so long that it was rotten. The result of this had been near fatalities in June 1733 and July 1734 due to collapsing timber.²⁴¹ Abraham Place claimed that a great deal of money had in fact been wasted as shafts had been sunk in the wrong places which were off the vein, and improper drainage had led to flooding in the best ore producing areas. He added

239. *Ibid.*, Letter A. Place to Sir A. Grant, 4 January 1735.

240. *Ibid.*, GD345/576/13, Queries & Answers

241. *Ibid.*, GD345/576/725, Timberman's declaration, 28 September 1734.

that the smelting mills had not been used for two years and required extensive repairs as some of the parts had been broken or removed. The water race and the dam constructed to provide water power all required extensive repair. The need to re-stock and re-equip the mines and provide a new labour force would prove to be very expensive for whoever decided to operate the mines once more ²⁴²

The York Buildings Company was, by this stage, becoming more reluctant to take anything further to do with the mines. Around the end of November 1734, the company offered to surrender their lease to the original lessors if they agreed to subscribe the debt outstanding on the stores originally taken over, and discharge the company of the three years rent due at Christmas 1734. This was rejected out of hand and particularly annoyed Alexander Ouchterlony, a London merchant of Scottish origins, who held the interest of the remaining two-thirds of Sir Alexander Murray's royalties ²⁴³ A further meeting around the turn of the year between Ouchterlony, the company and some of the creditors did nothing to solve the impasse, and the only result was a complaint about the low level of production at the mines. Francis Place contemptuously dismissed this because of the difficulties of supply and the local weather which continued to haunt the operation ²⁴⁴

By the end of January 1735, the deadlock between the

242. Ibid., GD345/576/13, Queries and Answers.

243. Ibid , GD345/830, Letter A. Ouchterlony to Sir A. Grant, 5 December 1734.

244. Ibid., Letter F. Place to Sir A. Grant 4 January 1735.

parties had been broken. Alexander Ouchterlony reported to Sir Archibald Grant that an agreement had been reached with the York Buildings Company regarding the mines and only wanted the consent of the original lessors. This, Ouchterlony expected, would be forthcoming unless counsel for the lessors objected on the difficult problem of re-entry to the mines. In outline, the scheme provided for the Duke of Norfolk and partners to take an assignation of the mines from the company for the space of ten years. The Duke and his partners were to guarantee to raise and smelt at least five hundred tons of lead per year, exclusive of royalties. All lead raised - exclusive of royalties, was to be delivered at an agreed price to the lessors or their agents. If it was so agreed, the minimum quantity could be raised or lowered. All clear profits accruing to the enterprise were to be applied to discharge the annual rent of £3,600 together with the arrears. Any surplus was to be passed on to the company. Under the agreement, the company was not required to advance money, nor was it to be responsible for any losses accruing beyond the yearly obligation of £3,600. The company was to have quarterly accounts of ore extracted and lead produced, and the right to appoint an agent to view the work and to inspect the books. The lessors were also to produce annual accounts for the company. Nothing in the new agreement was to run contrary to the terms of the original

sub-lease granted to the company. A suit pending between the company and Sir Alexander Murray was to be discharged and the lessors indemnified against any proceeding by Murray during the ten years. In addition, a further suit by the proprietors of the company for the sale of the estates was to be discharged and no new case in this respect commenced during the period. Finally, an inventory of stores and tools was to be taken and the value of these was to be returned to the company at the end of the period.²⁴⁵

This was an extremely radical proposition, which in effect handed the mines back to the previous operators.

Ouchterlony was not happy with this proposal, preferring that a sub-tack be granted by the company and the produce assigned by it. This, Ouchterlony felt, would avoid the possibility

of the mine being constructed as a re-entry by the former proprietors, which could cause all sorts of legal problems.

He also thought that the figure of 500 tons per year should be altered to allow deficiencies in one year to be made up in another, the final obligation being 5,000 tons in ten years.²⁴⁶

Ouchterlony was anxious that the involvement of Grant and his associates in the agreement be kept secret. It is possible that neither Ouchterlony nor Grant wished that the latter's partners in the original lease should know of his current intentions.

Sir Archibald Grant also had reservations about the

245. *Ibid.*, Letter A.Ouchterlony to Sir A.Grant, 28 January 1735.

246. *Ibid.*, Letter A.Ouchterlony to Sir A.Grant, 4 February 1735.

deal. He pointed out the dangers of penalty clauses should the required quantity of lead not be raised. The price of lead had been fixed at around £8 per ton, but on the price of lead rising again to £12 per ton or more, Grant felt that damages could prove a costly bargain indeed. This could also be the case if an amount of 500 tons per annum was fixed and not reached, the shortfall being presumed a penalty under the contract. He was also worried about the need to ensure the continued good working and preservation of the mines. It was felt that the grand level was dangerous and expensive, perhaps calling for expenditure of £2,000. Thus Grant felt, that at this stage, a guaranteed price of £8.10s-d per ton with 10s-d per ton to be devoted to carrying on work on the level until it was completed, would be a more satisfactory agreement.²⁴⁷

At this stage, Francis Place was also preaching caution. In a letter to Sir Archibald Grant, he reiterated the danger of being compelled to produce a fixed quantity in such a risky venture. He also indicated that the mines had become somewhat run down by referring to the employment situation. However, he told Grant that there was no need to recruit by means of agents outside the area at this particular time. Place reckoned that when the occasion came to expand the operation, their good reputation would lead to their own men bringing in sufficient recruits. He did stress, though,

247. Ibid. Letter Sir A. Grant to A. Ouchterlony 11 February 1735.

that they would not want many men as frugality was to be the keynote of the operation. Place's letter also brings out an important general point concerning the continued existence of the mines. He pointed out that some of the important personages in the area, together with many of the workmen, were considerable creditors of the company and had obtained decreets against it. They had so far restrained from putting these into effect as they had no wish to jeopardise the operations at the mines. They had even gone to the extent of allowing funds which should have been paid them to be employed in developing the works.²⁴⁸ There was, however, a danger both for the company and the creditors in this state of affairs. For the company, this lay in the fact that the operation could be stopped at any time by a creditor attempting to enforce a judgement made in his favour. For the creditor, the problem was to weigh up the advantage of allowing operations to continue in order to enhance his security, against the disadvantage that someone else could enforce his settlement to the disadvantage of other creditors. No business let alone one as risky as mining could be carried on satisfactorily under such circumstances.

The proposed take-over of the mines by the original syndicate came to nothing, and Sir Archibald Grant was forced to look elsewhere to ensure the safety of his interest. The company continued to show little concern for the works. Francis

248. Ibid. Letter F. Place to Sir A. Grant 17 February 1735.

Place in a letter to Sir Archibald (dated 25 April 1736) noted that the company's negligence was reflected in the conduct of their servants. He himself had had no communication from the directors for some time and intended to pay them a visit in London. The situation appeared to be delicately balanced as Place complained of "the many plagues I meet with amongst an insolent set of enraged workmen."²⁴⁹ The situation in London was little better. The company proposed discharging their arrears on the mine bonds by means of acquiring them at eight years purchase. They also hoped to pay off half the sums due for the stores. To raise the money, the company proposed to make a call on the stock but Alexander Ouchterlony in London did not feel that this was a practical proposition. He believed it would have "the fate of their other projects."²⁵⁰ The company, it seemed was resolved to hold on to the mines and if possible let them to Mr. Crawford. If this were to be the case, Ouchterlony, mindful of his own interest, recommended Sir Archibald to instruct Place to smelt as much lead as possible on account of the royalties.

The problem of supply continued to plague the company during 1736 and 1737. Place, together with Archibald Cameron and John Richardson, the trustees and managers for the company's creditors, on occasions found it necessary to resort to barter. The progress of one such transaction can be used to illustrate

249. Ibid.

250. Ibid., Letter A. Ouchterlony to Sir A. Grant, 15 June 1736.

this device. During September and November 1736, Captain Alexander Campbell, the Lieutenant-Governor of Fort William and Donald Macdonald of Kinlochmoidart, sold considerable quantities of meal for use at Strontian. In payment they received thirty-four tons of lead at the equivalent of £12.10s-d per ton on 7 and 9 June 1737, which they sold to Bailie William Anderson in Glasgow. Campbell received half of his share, but before any other sums could be paid, the remainder was arrested in the hands of Anderson by the merchants Richard Graham and Peter Murdoch who claimed that the lead delivered had been legally poinded by them six weeks before the transfer. Campbell, who had received an assignment of Macdonald's interest, contested the poinding on the grounds that it had not been carried out in a proper manner.²⁵¹ This process, however, did show that, on occasions, the creditors were willing to take up the decreets they had obtained.

It was also becoming apparent that production at the mines was still well below expectations. Between 30 March and 11 June 1737, two hundred and forty bings of ore (96 tons) were moved to the furnaces to be smelted.²⁵² This would produce 65 to 70 tons of lead. In addition, during the previous two years, the mines had been twice visited by persons acting on behalf of Sir Alexander Murray. The first visit on 16 April 1735 resulted in a claim that the mines were not being worked

251. SL CSP F7;16 Campbell v Murdoch & Graham, 1741 Memo for Campbell, 17 December 1740.

252. Ibid., Memo for Murdoch & Graham, 7 January 1741.

in a proper manner and that ore was not being suitably prepared and delivered to sites by the royalties. The second visit on 21 February 1737, was made by Charles Murray, Sir Alexander's brother. He also claimed that the mines were not being properly worked and were in fact under water. In both cases strong representations backed up by legal threats, were made to the company to carry on the mines in a proper manner.²⁵³

The last attempt to do something constructive with the mines came with the sub-lease to Francis Grant, brother of Sir Archibald, in whose interest he was to conduct the operations. Entry was fixed for Christmas 1737, the period of the lease being ten years, but evidence given in one legal action suggests that Grant had taken over control before this date.²⁵⁴ Francis Grant was to deliver lead to the company at £8 per ton, the company's profit to come from re-selling the lead above this figure. In 1739 the price was raised to £9 per ton. As the company was not to be trusted with paying the agreed price the lead was to pass through the hands of a person acceptable to both parties who was to pay Grant the fixed price and the company the remainder. The person fixed upon was Alexander Ouchterlony who had previously been engaged with Sir Archibald in drawing up schemes to ensure the continuation of the mines. Until early 1740 this arrangement seemed to work satisfactorily. Francis Grant claimed that lead to the value of £6,907 was

253. SL CSP F23;12, Norfolk v York Bldgs Co. 1742, Case of Sir A Murray.

254. SL CSP 14;1 Campbell v Crawford 1753, Answer of Patrick Crawford, 1 June 1751.

shipped to Ouchterlony for which Grant received £5,081. The balance inevitably became the grounds for a legal suit in which conflicting claims and counter-claims only served to cloud the issue. The uncertainty of getting lead to suitable markets was partly responsible for the dispute. In one case lead was despatched from Strontian and the ship proceeded to Bergen to load fish, before proceeding to Leghorn. Instead of sailing north from Bergen and from there direct to the Mediterranean, the captain proceeded to sail to Dover to wait for a convoy. The convoy being missed, men deserted or were lost to the press gangs. The ship eventually put into Plymouth and then sailed for Rotterdam.²⁵⁵ This at a time of approaching war put the cargo at risk from the French. Another source cites Grant's guaranteed price as £8.5s-d per ton for lead, and £6.5s.-d for potter's ore.²⁵⁶ Grant's own account of lead produced confirms the raising of the price to £9 but does not clearly indicate when this took place.²⁵⁷

The decline in expected returns from Strontian was shown in the contracted amounts of lead to be delivered by Francis Grant. Between Christmas 1737 and Christmas 1738 the figure was 250 tons. Between Christmas 1738 and Midsummer 1739 (24 June) the amount was again 250 tons. Between Midsummer 1739 and Ladyday 1740 (25 March) the figure was stepped up to 562½ tons.²⁵⁸ In two years three months, therefore, the total

255. SL CSP F42;34 Grant v Ouchterlony.

256. EU Laing MSS. Add 11 Pet. of York Bldgs Co 24 February 1743.

257. SRO CS 228/G2/27 F. Grant v York Bldgs Co. 1744.

258. Ibid.

amount of lead to be produced was 1,062½ tons, a far cry from the figure of 1,000 tons per annum being quoted in 1730. It proved impossible to reach even this reduced target. According to his own account, Francis Grant produced only about 963 tons, a short fall of around 99 tons. At a penalty of £1.10s-d per ton, this meant that a sum of almost £150 was due to the company. Thus even when Sir Archibald Grant was in a position to have the mines run for his own benefit, production never came remotely close to making the original annual rent of £3,600 anything like a viable proposition. . . . Francis Grant surrendered his lease on Ladyday 1740. However, he continued to operate them on the company's behalf until Michaelmas 1741.(29 September).

The association between the Grants and the Ouchterlonys also came to an end in this period. A dispute between Francis Grant and George Ouchterlony, (brother of Alexander) led to the former discontinuing to send lead to the latter. This disagreement ended up in the courts adding to the growing number of suits hanging over the company's operations. In place of Ouchterlony, Patrick Crawford of Auchenames was the recipient of the lead. Crawford, a merchant who claimed to have experience in dealing in lead from Leadhills, Wamlockhead and Strontian conveyed the produce to his brother in Rotterdam, and to other agents. Ouchterlony had accounted for five-sixths to Grant and one-sixth to Sir Duncan Campbell of Lochnell, who now held an interest in

the royalties as a preferred creditor in respect of feu duty owed to him by Sir Alexander Murray. Crawford, however, paid the full amount to Grant, less his commission.²⁵⁹ Thus it became the responsibility of Francis Grant to account to the company for the excess obtained above the agreed price. Grant eventually accounted to the company for 245 tons disposed of in this fashion.²⁶⁰ It was also Grant's responsibility to account for the royalties to Sir Duncan Campbell. Eventually this was done by Grant drawing a bill on Crawford who paid the proceeds of 60 tons of lead at £11 per ton to Campbell. The complication arising out of this transaction laid the grounds for more court room battles, this time between Crawford and Campbell.

Francis Grant ran into serious trouble in the winter of 1740-41. On 22 September 1740 John Richardson, formerly a company employee but since 1738, judicially appointed factor on Murray's estates in sequestration, protested that the works were not being carried on in a proper manner. Richardson had formerly been accountant to the company.²⁶¹ He desired an immediate visitation of the works, and until this could be carried out insisted that Grant "should desist working upon the sides or middling part of the works."²⁶² The company later claimed that this action, together with the severity of the weather in 1739, led to the run down in production already noted and on which Richardson was trying to regain possession

259. SL CSP 14;1 Crawford v Campbell, 1753, Petn of Patric Crawford of Auchinaines, 12 November 1753.

260. SRO CS228/62/27 F. Grant v York Bldgs. Co. 1744.

261. SRO CS181/1438, John Cameron v York Bldgs Co 1741.

262. EU Laing MSS Add 11 Petn of York Bldgs Co. 24 February 1743.

of the mines on behalf of Sir Alexander Murray. It was also claimed that at this time around 300 people were employed at the mines and that numerous others were engaged in dressing and smelting the ore. The total community was reckoned to be around 1,500 people. An additional reason for slowing down the works was that Francis Grant was waiting for the price of supplies to become more reasonable. Several times during October 1740, Richardson entered the mines with armed men, allegedly on the orders of Sir Alexander Murray's baillie, and carried off considerable quantities of lead. Despite these drawbacks it was claimed that men were at work repairing and securing levels and shafts until Richardson forcibly entered the mines on 20 January 1741.

The company vigorously denied the accusation of incompetent working which had provoked the repossession. In corroboration of this they cited the evidence of Bell, the grove steward who had been employed as Sir Alexander Murray's overseer. Bell stated that Grant consulted him before concluding bargains with miners as to whether or not such agreements would be prejudicial to the workings and that he could not remember an occasion when Grant acted contrary to his advice. The company also claimed that, unlike coal mines, ore did not come in large parcels and that it was not always possible to construct inter-related workings. Often what seemed a promising area turned

out to be less valuable than expected and levels were not always completed. In particular the company stated that the complaint concerning the part of the mines known as the grand level was unjustified as it would have cost £1,500 to bring it up to the vein and a considerable sum to carry it on. Furthermore, the company claimed there was no specific contractual obligation for them to do so. It was most clearly implied that Murray and the Norfolk partnership were taking a most unrealistic view of what constituted negligence and that their aim was to take over the buildings and plant which would fall to Sir Alexander Murray on the repossession of the mines.²⁶³

It would appear from other evidence that there was a fair degree of justification for the claim that Grant had not worked the mines in an incompetent manner. A report, presumably prepared for Sir Archibald Grant gives some indication as to the state of things.²⁶⁴ The report is undated, but internal evidence indicates it was prepared at some time during Francis Grant's period at the mines. Each vein in turn is discussed and the prospects of continuing some of the workings considered. No reference is made to water levels upon which Murray and the Norfolk partnership commented at great length. The one criticism levelled against Grant was that in one particular bargain on the lowest level of the east grove he had not contracted enough men to make sufficient process and that there were no

263. *Ibid.*

264. SRO GD345/830, Memorial concerning the levels in the Strontian mines [n.d.]

provisions for gunpowder for blasting nor timber for shafts. The report, in the nature of a feasibility study, concluded that £400 per annum needed to be spent upon the levels and recommended £100 each from Francis Grant and the owners of the royalites and £200 from the Norfolk partnership and the company. Attached to this report was a memorial concerning the letting of further veins. It appeared that some parties (it is not exactly clear which ones) were concerned lest any new levels should lead the company to abandon the present workings. The argument to counter this ran to the effect that the existing workings would only be abandoned if they were found impracticable, but that in any case the new works would imply continued revenue. Unfortunately there is no evidence to indicate that either of these reports were implemented.

Richardson's action in repossessing the mines did little to help make the works a more viable concern. In June it was stated that Richardson would not allow employees to take away private possessions which resulted in things being lost or stolen. In September 1741 some of the workmen were dressing ore they had raised when Richardson stopped this. In October it was the smelter's turn when lead was taken out of the furnace as the result of a show of force.²⁶⁵ Grant had complained to Alexander Macmillan, Sir Duncan Campbell's factor, concerning Richardson's conduct. Macmillan wrote twice to

265. EU Laing MSS Add 11 Petn of York Bldgs Co. 24 February 1743.

Richardson in June 1741 informing him that 60 tons of lead was to be removed to pay accumulated royalties. Grant eventually called on Sir Duncan Campbell's help. Campbell sent his brother James who arrived at the mines on 3 October 1741. It was considered wise to make an account of the lead and deliver it to him for Sir Duncan. Despite the precautions taken some 40 tons of lead was lost.²⁶⁶

Despite the interruptions caused by Richardson in 1741 Francis Grant had been doing a certain amount of business. He had negotiated an agreement with a plumber in Edinburgh by the name of Graham, to supply lead for a contract the latter had with the town of Montrose. Lead was to be delivered at either Montrose or Port Seton at £13.5s-d per ton. It was found that Graham had acquired his lead elsewhere but the load was disposed of by a Mr. Forrest of Edinburgh at £13.10s-d per ton. Another load dispatched to Graham met with a similar fate, this time the cargo eventually being sold in Holland.²⁶⁷

Francis Grant left the mines at the end of 1741 but one incident which took place in 1742 is worthy of mention. Grant appeared to be trying to control things from a distance. He wrote to James Grant the overseer to smelt ore pointed on behalf of Sir Duncan Campbell. On 23 June 1742 Campbell countermanded these orders and instructed James Grant to send any lead on hand to Mingary Castle for safety. While lead X

266. SRO CSP 14;1 Crawford v Campbell 1753, Petn of Crawford 12 November 1753.

267. Ibid.

was being put on a vessel at Mingary it was set upon by thieves, seized and carried off in boats. Sir Duncan ordered boats to pursue the thieves who, being becalmed off Canna, abandoned their cargo and fled. Some 15½ tons of lead were recovered and sent to Dunstaffnage for greater safety where it remained until September 1742.²⁶⁸

By this time, though the company was trying hard to find someone to take over its obligations. On 18 August 1742, the mines were let, on a private basis to the governor, Thomas Pembroke, who agreed to pay £5 per ton in advance.²⁶⁹ There is no indication, though as to whether this payment was for lead ore or finished lead though the level of the price leads one to suspect that it referred to lead ore. Nor, unfortunately is there any indication if Pembroke ever worked the mines or paid any money.

Involvement in the lead industry, particularly at Strontian was one more chapter in the disastrous attempts of the York Buildings Company to expand its activities. Despite the counsel of its professional adviser in this field, the company chose to enter into a lease whereby it was committed to pay a rental and royalties which could not be met out of the produce of the mines, let alone return a profit. Added to this, large sums were spent on capital development at Stontian which added to the company's considerable cash flow problems and could never

268. Ibid.

269. SRO CS232/Y13/3; York Bldgs Co v Grant, Account bet Co. & T. Pembroke. 1742.

hope to provide a commercial return, even in the long run. Considerable sums were never paid and so the creditors had to resort to the courts to secure payment, once more adding to the company's mounting problems. One of the main reasons for the failure was the geographical situation of the works. Although most lead mines were situated in comparatively inaccessible places e.g. Leadhills and Wanlockhead, Strontian had the added disadvantage of being situated in a remote area which could become hostile on two counts. . Poor weather conditions could mean virtual isolation to a community dependent on the sea for all of its major links with the outside world. particularly in winter. Add to this the actual hostility of the native highlanders to the strangers in their midst and the problem was exacerbated. The difficulties associated with supplying the mines with the necessary stores was also a significant reason for the failure of the works. Lack of circulating capital, again brought about by cash flow problems, meant that there were never enough supplies to keep the mines in proper order or keep the men paid and provided with the basic necessities of life including food and drink. As a result of this, output suffered and continuous production could not be maintained. Thus what could have been a major capital investment programme for Scotland, and in particular for the highlands, never took off because of bad planning and poor management.

The shadow of Sir Archibald Grant is once more apparent in this venture as in so many of the company's major activities. It is possible, therefore, that the whole scheme was devised to boost the price of York Buildings Company stock as part of the Charitable Corporation fraud. It is conceivable, therefore, that the management of the York Buildings Company, was led on by false promises of a solution to their own problems into yet another costly failure.