

Cornering the market

(*The Gold Ring: Jim Fisk, Jay Gould and Black Friday, 1869*, by Kenneth D. Ackerman, Dodd, Mead & Co., 1988, New York, 340 pps.)

There's an old adage among men that says if you go after peanuts you end up making peanuts. Nineteenth-century scoundrels Jim Fisk and Jay Gould certainly were no dumbos. Had the feds been around in the summer of 1869, they would have had a field day—as they did recently swooping down on the Chicago exchanges—with Fisk and Gould, the brassy inventors of such tricks as the money lock-up, the watered stock ploy and the gold squeeze. They were the Boeskys and Hunts of their era, a pair of insiders who pulled financial strings like puppeteers on their way to cornering the national gold supply. Sure, it was a game. But a deadly serious one. And a big one.

Ackerman, a former counsel with the Commodity Futures Trading Commission, spins this true-life tale with a novelist's eye for detail and a lawyer's penchant for fact. The book reads like an enlightened brief spiked with nuggets of anecdote and a you-are-there style.

How could he miss? Fisk and Gould are two of the most colorful—and despicable—characters ever to saunter down the shady side of Wall Street. And two of the greediest. Never have a pair of financial gunslingers been so driven to the point of plotting to cripple the national economy in the name of personal gain. In fact, the fallout from their shenanigans makes today's market machinations seem like penny-ante poker.

Fisk, Gould and their gang manipulated prices to such an extent that legitimate commerce was actually fro-

zen. That was only part of the 24-karat chaos they showered on the nation. When the Treasury finally broke the corner on Black Friday, Sept. 24, the price of \$100 in gold coin fell from \$160 to \$133 in 15 minutes, unleashing a national financial panic, a stock market depression and the bankruptcy of a number of major trading houses. Even more embarrassing, the scandal seeped into the very household of President Ulysses Grant. Lucky for Fisk and Gould that their pal, Boss Tweed of Tammany Hall, helped save them from personal ruin.

Damon Runyon couldn't have conjured up a more lively cast of characters than those found in *The Gold Ring*. In Fisk and Gould you have Harry the Horse, Sky Masterson and Nicely Nicely all rolled into two gamblers who played their game with mir-

rors. The scam was simple: To buy up all the gold then circulating in New York banks. The Fisk-Gould clique would buy the gold, lend it back to traders, buy it back again from the borrowers, then lend it out again, then buy it back—all without pulling a cent out of circulation. In the process, they acquired a chokehold over New York gold by owning two or three times as much as actually existed. The vise was tightened at will by merely calling in the gold loans.

By December 1869 a new Congress had convened. Topping the agenda was the gold corner, which had become a hot political issue. From the California farmer to the Boston merchant, business across the country had been hurt by the incident. Voters demanded answers. How could such a thing happen? Who was responsible? Democrats saw it as a chance to tarnish the Republican White House. Republicans hoped an investigation of Fisk and Gould and their Democratic cronies by a body outside Tammany-controlled New York would expose them. A special investigation was carried out by the Senate Banking Committee with two questions in mind: What did Grant know and when did he know it?

In the end, the law never laid a finger on the gold bandits. It wasn't surprising, since there was no law in America that blocked two individuals from buying all the gold they wanted.

Some things die hard in the world of markets. Manipulation is one of them. The game never changes, just the pockets. —B.T.



PLOTTING THE GREAT GOLD RING OF '69

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