

New York Mortgage Endorsement, Secured Debts, and Investments Stamp Taxes, 1911–20

3. Tax on Investments, 1917–20

by Michael Mahler

Summary of Parts 1, 2, 3. In the early years of the twentieth century, New York residents were subject to an annual tax on personal property, both tangible and intangible, including mortgages and mortgage bonds. As mortgages of the day typically yielded about 4% annually, and the tax was roughly 2%, it was considered confiscatory and was widely evaded. In an attempt to salvage at least some tax revenue from mortgages, the state in 1905 exempted them from property tax provided an annual Mortgage tax of 0.5% was paid. In 1906 this was changed to a one-time recording tax at the same rate, 0.5%. The Mortgage Endorsement stamps of 1911–20 indicated payment of this tax on bonds secured by mortgage of property wholly or partly within the state.

Encouraged by the success of this tax, the state widened its net. The Secured Debts tax, effective September 1, 1911, offered New York residents the same inducement—permanent exemption from property taxes contingent upon a one-time payment of 0.5%—for all bonds, excepting of course those already subject to the Mortgage tax, and mandated creation of Secured Debt stamps to pay it. Effective May 1, 1915, the tax was increased to 0.75%, which now secured exemption from all other taxes for five years only. The Secured Debts tax was allowed to expire at the end of 1916.

The Investments tax, effective June 1, 1917, was essentially a renewal of the Secured Debts tax with a different name and increased rate, now 20¢ per \$100 per year, for up to five years. Tax on Investments stamps were created to pay the new rate, but were not available for nearly four months, during which the old Secured Debt stamps were used. 46 different bonds have been recorded showing payment of the Investments tax, with face values \$500 to \$100,000 and tax paid for one, two, three or five years, resulting in 14 different tax rates from \$1 to \$200; all 14 are known paid by Secured Debt stamps, and 11 by Investments stamps.

Distinctive cancels were utilized to indicate payment for one, two, three, four or five years. Where previously bonds could be stamped only at the offices of the Comptroller in Albany or his Deputy in New York City, a traveling agent, A. A. Kemter, was now appointed to collect the tax in other cities. Kemter used distinctive cancels identifiable by his initials AAK, first manuscript, later handstamped. He was very briefly succeeded by an agent so far identified only via his canceller incorporating the initials JGM, first used in late 1919. At Albany, agent W. B. LeRoy utilized handstamp cancelers incorporating his initials WBL. Bonds showing these traveling agent and Albany cancels are all rare.

Effective May 10, 1920, intangible personal property was made exempt from all state and local taxation, thus rendering the Investments tax meaningless, and it was simultaneously repealed.

1917 Tax on Investments

In its last incarnation, effective April 21, 1916, through December 31, 1916, the Secured Debts tax of 75¢ per \$100 had provided exemption from personal property taxes for five years for a wide class of bonds. The Investments tax, enacted

June 1, 1917, and effective immediately, was essentially a renewal of the Secured Debts tax with a different name and increased rate, now 20¢ per \$100 per year, for up to five years at the bondholder's discretion. The definition of "investments" was now streamlined somewhat:



Figure 59. Cancels showing payment of Investments tax for one, two, three and five years, each with distinctive frame (Pruess Types IVA, B, C, E).

[Article 15, Section 330]. Definitions. The word “investments,” as used in this article, shall include: Any bond, note, debt, debenture, equipment bond or note, or written or printed obligation, forming part of a series of similar bonds, notes, debts, debentures, written or printed obligations, which by their terms are payable one year or more from their date of issue and which are either secured by a mortgage, pledge, deposit, or deed of trust, of real or personal property, or both, or which are not secured at all;

excepting bonds of this state or any civil division thereof and such bonds, notes, debts, debentures, written or printed obligations, which are secured by a trust or mortgage recorded in the state of New York on real property situated wholly within the state of New York;

excepting also such bonds, notes, debts, debentures, written or printed obligations held as collateral to secure the payment of investments taxable under this article or of bonds taxable under article eleven of this chapter [the Mortgage tax];

and excepting also such proportion of a bond, note, debt, debenture or written or printed obligation, secured by deed of trust or mortgage recorded in

the state of New York of property or properties situated partly within and partly without the state of New York as the value of that part of the mortgaged property or properties situated within the state of New York shall bear to the value of the entire mortgaged property or properties.

The key provision of the statute follows:

331. Payment of tax on investments. After this article takes effect, any person may take or send to the office of the comptroller of this state any investment, and may pay to the state a tax of twenty cents per year on each one hundred dollars or fraction thereof of the face value of such investment for one or more years not exceeding five, ... and the comptroller shall thereupon affix stamps ... to such investment, which stamps shall be duly signed by the comptroller or his duly authorized representative and dated as of the date of the payment of such tax...

All such investments shall thereafter be exempt from taxation¹ in the state or any of the municipalities or local divisions of the state...

As with the Mortgage and Secured Debt tax statutes (Mahler, 2009a,b), once again the main thrust of the legislation—allowing exemption from the onerous personal property tax—is not obvious from its wording. Hopefully readers have by now adapted to this obscurity.

1. As with the Mortgage tax (Mahler, 2009a) exceptions were made for the taxes on bank shares (Chapter 62, Section 24), the franchise tax on insurance companies, trust companies, and savings banks (Chapter 62, Sections 187–9), the inheritance tax (Chapter 62, Article 10), and the stock transfer tax (Chapter 62, Article 12). And again, apart from the inheritance tax, all of these exceptions are puzzling; none seems to have been applicable to the investments defined here.

Investments Stamps

As in 1911 and 1916, the comptroller was directed to effect production of stamps in appropriate denominations and quantities. This resulted in Tax on Investments stamps in 16 denominations from 20¢ to \$100 (Cabot IT1–16, Hubbard D17–32). To date only nine—80¢, \$1, \$2, \$4, \$8, \$10, \$20, \$50 and \$100—have been recorded on intact bonds. Table 5 lists all recorded bonds stamped at the Investments rate, and Figures 62–86 and 89–98 illustrate selected examples.

Additional 5% Inheritance Tax on Unstamped Investments

The Act of June 1, 1917, included a novel incentive to payment of the Investments tax, modifying the state's long-standing inheritance tax. It provided that upon transfer of any investment held in an estate, on which neither the stamp tax nor the personal property tax had been paid during the year of the decedent's death, an additional transfer tax of 5% would be collected. The constitutionality of this tax was challenged in the courts and upheld, and it eventually added about \$1 million to the state's coffers. As reported in the *New York Times* of August 24, 1919, it resulted in the collection of an additional \$150,000 tax from the estate of banker James Stillman.²

Investment Tax Repealed 1920

Effective May 10, 1920, intangible personal property was made exempt from all state and local taxation, thus rendering the Investments tax meaningless, and it was simultaneously repealed.

2. Stillman had been president of the National City Bank, primary ancestor of present-day Citibank and Citicorp, and left an estate estimated at \$50 million. His name lived on through his grandson James Stillman Rockefeller, who eventually succeeded him as president and chairman of National City Bank, but achieved greater fame in old age; prior to his death in 2004 at age 102, James Stillman Rockefeller was America's oldest living Olympic champion, and the earliest living cover subject of *Time* magazine. In 1924 he had captained a crew of Yale teammates (including the future Dr. Benjamin Spock) who won the rowing eights gold at the Paris Games, then appeared on the cover of *Time* on July 7, 1924.

Investments Tax Paid by Secured Debt Stamps

The Investments tax is infinitely more interesting philatelically by virtue of three factors. Bondholders could choose to pay for one, two, three, four or five years, resulting in a satisfying array of rates; this led also to the creation of a set of distinctive cancels. And the initial unavailability of the new Investments stamps created a four-month window during which tax was paid with Secured Debt stamps.

The Act of June 1, 1917, which created the Investments tax, took effect immediately upon passage; this guaranteed that the new stamps mandated by the Act would not be available for the first weeks or months of the tax. A survey of surviving stamped bonds allows this transition period to be delineated precisely. The earliest recorded usage of Investments stamps is September 27, 1917, when the \$2 appears on bonds of the Baltimore and Ohio Railroad Co. Southwestern Division and the Lake Shore and Michigan Southern Railway Co.; the \$20 on bonds of the Western Maryland Railroad Co.; and the \$100 on bonds of the Atlantic Coast Railroad Co. (Table 5, Figures 66, 70). Prior to this more than 50 different rates on 44 different bonds, comprising some 175 individual examples, have been recorded with Investments tax paid by Secured Debt stamps, many from the days immediately preceding September 27, 1917. For the \$2 and \$20 rates, the latest recorded Secured Debt usages in fact occurred the same day as the earliest Investments usage, September 27. Two more observed Secured Debt usages straggle in on September 28 and 29. After this they cease abruptly, with the exception of a handful of usages in November and December 1917 by traveling agents whose stocks of stamps had evidently not been replenished with the new Investments issues. These will be discussed in due course. Leaving them temporarily aside, the latest recorded Secured Debt usages and earliest Investments usages for various rates are tabulated on the following page (all 1917 unless otherwise noted). It seems safe to pinpoint September 27 as the date Investments stamps were first delivered to the Comptroller, in at least \$2, \$20 and \$100 denominations and probably more. An excellent rule of thumb is that Secured Debt stamps were used until late September 1917, and Investments stamps thereafter.

Rate	Latest Use of Secured Debt Stamps	Earliest Use of Investments Stamps
\$1.80	(\$1+75¢+5¢) September 29	(\$1+80¢) April 30, 1918
\$2	[\$1(x2)] September 23, 24, 25, 27	(\$2) September 27
\$4	(\$3.75+25¢) September 21, 26	(\$4) June 12, 1918
\$5	(\$5) September 18	—
\$6	(\$5+\$1) August 30	—
\$9	[\$7.50+\$1+25¢(x2)] September 18	(\$8+\$1) November 20, 1918
\$10	(\$10) September 24, 26, 28	(\$10) June 25, 1918
\$20	(\$10 pair) September 27	(\$20) September 27
\$50	(\$50) September 20	(\$50) September 28, 1918
\$100	(\$100) July 20	(\$100) September 27

One, Two, Three, Four or Five Years?

Allowing bondholders to pay for one, two, three, four or five years multiplied fivefold the number of possible tax rates. The following table lists the rates on bonds of typical denominations for up to five years. Those already recorded on surviving bonds are in bold. The fact that they can be found paid by either Secured Debt or Investments stamps adds spice to the chase.

Amount	Exemption (Years)				
	One	Two	Three	Four	Five
\$500	\$1	\$2	\$3	\$4	\$5
\$1000	\$2	\$4	\$6	\$8	\$10
\$5000	\$10	\$20	\$30	\$40	\$50
\$10,000	\$20	\$40	\$60	\$80	\$100
\$50,000	\$100	\$200	\$300	\$400	\$500
\$100,000	\$200	\$400	\$600	\$800	\$1000

The Five Framed Cancels

The cancels normally used on stamps paying the Investments tax were described by Pruess (1969) as follows:

Type IV. Various framed designs, incorporated as part of handstamp... Dark blue or violet to black.

- A. "TAX EXEMPT FOR ONE YEAR" in a Circle
- B. "TAX EXEMPT FOR TWO YEARS" in an Octagon
- C. "TAX EXEMPT FOR THREE YEARS" in a Keystone
- D. "TAX EXEMPT FOR FOUR YEARS" in a Shield
- E. "TAX EXEMPT FOR FIVE YEARS" in a Square

All these cancels enclose a three-line date, and all incorporate script agent's initials, virtually all "AB". Figure 59 illustrates all

Figure 60. Type IVA cancels showing progressive rotation of Agent's initials "AB" from upright in 1917 to sideways by 1919.



but the four year cancel, which is evidently a great rarity even off document. Pruess had not seen an example, and based his listing on that of Kenyon (1920); the latter was presumably based on an actual example, as I am aware of no state directives prescribing the form of the cancels.

In addition to these datestamps, all stamps were cancelled by an embossed seal with "· STATE OF NEW YORK · TAX ON INVESTMENTS" in a beaded circle and "PAID" in its center.

Roughly two-thirds of all recorded stamped bonds show ONE YEAR cancels, and nearly all others FIVE YEARS. Only six different (a total of eight examples) have been recorded with TWO YEARS, and THREE YEARS has so far been seen only on two West Shore Railroad 1885 \$1000 bonds.

The Curious Case of the Rotating Initials

Virtually all Type IV handstamps incorporate the script initials "AB". On the workhorse ONE YEAR cancel, in 1917 these initials are roughly upright, perhaps tilting a bit to the right. By 1918 they have rotated right about 45 degrees; and by 1919 they are nearly sideways! This progression is neatly illustrated on a single bond of the Baltimore and Ohio Railroad Co. Southwestern Division with three Investments \$2 affixed successively in 1917, 1918 and 1919 (Figures 60, 66).



Figure 61. Type IVE cancels with initials "AB" upright within 22mm square in 1917, sideways within 21mm square in 1918.

A variation on this theme is seen on the Type IV FIVE YEARS cancels (Figure 61). In 1917 the initials are upright, and by 1918 they are nearly sideways. Here though, a new, shorter canceller was introduced in 1918, 21mm high instead of 22mm as in 1917, leaving no room for the initials to be upright!

One Year Payments

While one-year usages comprise the lion's share of recorded examples of the Investments tax, they can be found in an enjoyable variety. Nearly all show payment of \$2 tax on a \$1000 bond. On roughly half of these the tax was paid for one year only, made either by two Secured Debt \$1 (Figure 62) or occasionally by a single Investments \$2 (Figure 63). Payments for two or three successive years are seen with about equal frequency, again with yearly payments made by two Secured Debt \$1 or a single Investments \$2, in various combinations (Figures 64, 65; Part 1, Figure 3). The visually pleasing use of three Investments \$2 in 1917, 1918 and 1919 has so far been seen only on bonds of the Baltimore and Ohio Railroad Co. Southwestern Division and the Lake Shore and Michigan Southern Railway Co. (from the holdings of the same parties; Figure 66).

Until being pressed into service to pay the Investments tax, the Secured Debt \$1 had been rarely used. None are known paying the Secured Debt 0.5% rate of 1911–15. A few have been recorded paying the Secured Debt 1915 0.75% rate, in combination with the \$2.50 and 5¢ (x5) to make \$3.75 tax on \$500 bonds (Part 2, Figure 37), and a few pairs of the \$1 have been seen in exotic combinations paying the 1916 rate of 75¢



per \$100, used with the \$25, \$10 and 25¢ (x2) to make \$37.50 tax on \$5000 bonds (Part 2, Figures 50, 51).

As these various usages illustrate, payment of the Investments tax was essentially restricted to 1917, 1918 and 1919. The tax was in effect until May 10, 1920, but no 1920 usages have been recorded, nor are many to be expected. The annual property tax, from which payment of the Investments tax provided exemption, came due October 1, and all but a handful of recorded Investments tax payments during 1917, 1918 or 1919 were made in September or later. Presumably very few bonds were stamped in the early months of 1920 either.

Table 5 lists four \$5000 bonds showing the Investments one year tax of \$10: one with Secured Debt \$10 (Figure 67), one with Investments \$10 (Figure 68), one with both; the fourth shows an exotic combination of rates and stamps that will be illustrated in Part 4 of this series. Three \$10,000 bonds are known with Investments one year \$20 tax, comprising the only recorded usages of the Investments \$20 stamp. The Lake Shore and Michigan Central \$10,000 bonds include two with \$20 annual tax paid in successive years by Secured Debt \$10 pair, then Investments \$20 (Figure 69). The Western Maryland 1917 \$10,000 bonds (Figure 70) are remarkable in that the entire issue appears to have been issued to John D. Rockefeller; all recorded examples, with serial numbers ranging from X170 to X1072, bear his printed name. A thousand or so \$10,000 bonds makes \$10 million, an impressive holding even for the richest man in America.

Among the most impressive Investments usages are the New York Central and Hudson River \$50,000 debentures of 1904 with one year \$100 tax paid in successive years by Secured Debt \$100, then Investments \$100 (Figure 71); even apart from the extraordinary combination of stamps, the huge vignette and sumptuous magenta border make this one of the most visually appealing bonds of the period.

Figure 62. Morris and Essex Railroad Co. 1900 \$1000 bond with Investments tax paid for one year in 1917 by Secured Debt \$1 pair.



Figure 63. New Jersey and New York Railroad Co. 1892 \$1000 bond with Investments tax paid for one year in 1918 by Investments \$2.



Figure 66. Baltimore and Ohio Railroad Co. Southwestern Division 1899 \$1000 bond with Investments tax yearly payments in 1917, 1918 and 1919, each by Investments \$2. The payment on September 27, 1917, is the co-earliest recorded usage of an Investments stamp.



Figure 67. Lake Shore and Michigan Southern Railway Co. 1897 \$5000 bond with Investments tax paid for one year in July 1917 by Secured Debt \$10.



Figure 68. Michigan Central Railroad Co. 1902 \$5000 bond with Investments tax paid for one year in 1919 by Investments \$10.



Figure 69. Lake Shore and Michigan Southern Railway Co. 1897 \$10,000 bond with Investments tax paid for one year in 1917 by Secured Debt \$10 (x2), then in 1918 by Investments \$20.



Figure 70. Western Maryland Railroad Co. 1917 \$10,000 bond with Investments tax yearly payments in 1917 and 1918 each by Investments \$20. The entire issue appears to have been made to John D. Rockefeller. The payment on September 27, 1917, is the co-earliest recorded usage of an Investments stamp.



Figure 71. New York Central and Hudson River Railroad Co. 1904 \$50,000 debenture with Investments tax paid for one year in 1917 by Secured Debt \$100, then in 1918 by Investments \$100.

Table 5. Recorded Documents taxed at Investments Rate, 1917–20

Company/Bond	Cox #	Amt.	Bond Date	Stamp(s)	Stamp(s) Date	Comments
Atlantic Coast Line Railroad Co. First Consolidated Mortgage 4% Gold Bond, 1902	ATL-427-B-49a	\$5000	3/19/1912	Secured Debt \$5 Investments \$50	12/27/1917 12/26/1918	#V1111; tax paid for five years; co-latest use of Secured Debt stamp; to David Schoenfeld #V1144; tax paid for five years; to Anna Tinker; stamp piece missing
	ATL-427-B-50a	\$10,000	3/19/1912	Secured Debt \$100 Investments \$100 Investments \$100	12/27/1917 9/27/1917 12/26/1918	#X1265; tax paid for five years; co-latest use of Secured Debt stamp; to David Schoenfeld #X1386–8; tax paid for five years; co-earliest usage of Investments stamp; stamped before issue #X1329–30; tax paid for five years; to Anna Tinker
Baltimore and Ohio Railroad Co. 20-yr 4.5% Registered Gold Bond	BAL-662d-B-67	\$1000	9/9/1916	Secured Debt \$1 (x2) Investments \$2 Investments \$2	9/23/1917 9/25/1918 10/6/1919	#M118 #M192; Type IVA cancel with initials “J.G.M.”; \$2 perf 11
Baltimore and Ohio Railroad Co. Southwestern Division First Mortgage 3½% Registered Gold Bond	BAL-662e-B-56	\$1000	10/16/1912	Secured Debt \$1 (x2) Investments \$2 Investments \$2 Investments \$2 Investments \$2 Investments \$2 Investments \$2	9/24/1917 9/6/1918 9/27/1917 9/21/1918 9/26/1919 9/27/1917 9/21/1918 9/30/1919	#M506–15; to J. G. Hamilton and R. E. Prothero, Substituted Trustees under will of John Taylor Lord #M617, 619; to Irene Fraser; stamped before issue; co-earliest use of Investments stamps #M620–1; to Edward Whoriskey; stamped before issue; co-earliest use of Investments stamps
Big Sandy Railway Co. First Mortgage 4% Gold Bond	BIG-741-B-50	\$1000	6/1/1904	Secured Debt \$1 (x2) Investments \$2 Secured Debt \$1 (x2) Investments \$2 Secured Debt \$1 (x2) Investments \$2	9/13/1917 9/27/1918 9/??/1917 9/27/1918 9/??/1917 9/28/1918	#1026–7, 1152–5, 1158 #34 #815
Chicago and Erie Railroad Co. First Mortgage Gold Bond	CHI-177-B-50	\$1000	8/21/1890	Secured Debt \$1 (x2) Investments \$2	9/17/1917 9/21/1918	#467, 4214, 4949; “NOORD HOLLAND 2,50 GL.” blue h.s.’d revenue

Table 5. (cont.)

Company/Bond	Cox #	Amt.	Bond Date	Stamp(s)	Stamp(s) Date	Comments
Chicago and Erie Railroad Co. First Mortgage Gold Bond (cont.)	CHI-177-B-50	\$1000	8/21/1890	Investments \$2 Investments \$10	9/18/1918 4/5/1918	#5253; North Holland 2.50gl h.s.'d revenue #9047; tax paid for five years
Chicago, Indianapolis and St. Louis Short Line Railway Co. First Mortgage 4% Gold Bond	CHI-309-B-50	\$1000	4/1/1903	Secured Debt \$1 (x2) Investments \$2	9/27/1917 9/25/1918	#797
Cincinnati, Indianapolis, St. Louis and Chicago Rwy. Co. First Consolidated Mortgage Bond	CIN-382-B-41	\$1000	3/8/1880	Secured Debt \$3.75, 25¢	9/21/1917	#668; tax paid for two years
Cincinnati, Sandusky and Cleveland Railroad Co. Consolidated First Mortgage Bond	CIN-745-B-50	\$1000	1/1/1888	Secured Debt \$10 Investments \$10	9/28/1917 9/9/1918	#2284, 2291; tax paid for five years #2287, 2289, 2293–7, 2301–2; tax paid for five years
Cleveland, Cincinnati, Chicago and St. Louis Railway Co. First Collateral Trust Mortgage 4% Gold Bond, St. Louis Division, vertical format	CLE-413-B-10	\$1000	11/1/1890	Secured Debt \$10	9/8/1917	#1149; tax paid for five years; Gt. Britain red embossed £1 (4-16-07)
4% Gold Bond secured by First Mortgage of Cairo, Vincennes & Chicago Railway Co.	CLE-413-B-20	\$1000	1/1/1890	Secured Debt \$1 (x2) Investments \$2 Investments \$2	??/??/1917 ??/??/1918 10/7/1919	#1642
General Mortgage Gold Bond	CLE-413-B-30	\$1000	5/18/1893	Investments \$2 Investments \$2 U.S. R171 Investments \$4 Secured Debt \$10	9/27/1918 9/12/1919 6/1/1900 6/12/1918 7/31/1917	#20975; \$2 perf 11 #21695 #16,376; tax paid for two years #1262; tax paid for five years; Gt. Britain red embossed £1 and 1s (4-12-93)
Cleveland Short Line Railway Co. 50 Year First Mortgage Gold Bond of 1911	CLE-787-B-50	\$1000	4/1/1911	Secured Debt \$1 (x2) Investments \$2 Investments \$2 Secured Debt \$1 (x2) Investments \$2 Secured Debt \$1 (x2) Investments \$2 Secured Debt \$3.75, 25¢	7/15/1917 7/30/1918 9/25/1919 9/7/1917 8/9/1918 ??? 8/16/1918? 7/18/1917	#6838; \$1 magenta unframed circular cancels without initials (Pruess Type IIIA), ms. "AAK" added; \$2 Type IVA cancels with "A.A.K."; 1919 \$2 perf 11 #8201, 8433 #8173 #7848; tax paid for two years

Table 5. (cont.)

Company/Bond	Cox #	Amt.	Bond Date	Stamp(s)	Stamp(s) Date	Comments
Elmira and Williamsport Railroad Co	ELM-882-B-60	\$500	5/1/1863	U.S. R51c Secured Debt \$1 Investments \$1	8/1/1863 9/20/1917 9/20/191(8)	
City of Jersey City						
1902 4% Refunded Water Gold Bond		\$1000	4/1/1902	Secured Debt \$1 (x2) Investments \$2 Investments \$2	9/19/1917 9/17/1918 9/16/1919	#1203, 1207, 1209; others seen
1905 4% Refunded Assessment Gold Bond		\$1000	6/1/1905	Secured Debt \$1 (x2) Investments \$2 Investments \$2	9/19/1917 9/17/1918 9/16/1919	#3490
1905 4% School Gold Bond		\$1000	7/1/1905	Secured Debt \$1 (x2) Investments \$2 Investments \$2	9/19/1917 9/17/1918 9/16/1919	#10; others seen
1911 Water Gold Bond		\$1000	10/1/1911	Secured Debt \$1 (x2) Investments \$4	12/12/1917 12/9/1918	#6140; late use of Secured Debt stamps; \$4 pays tax for two years
Kanawha & Michigan Railway Co. 4% 100 year Gold Bond	KAN-062-B-60	\$1000	6/3/1890	Secured Debt \$1 (x2) Secured Debt \$1 (x2) Investments \$2 Investments \$2 Investments \$2 Investments \$2 Investments \$2 Secured Debt \$3.75, 25¢ Secured Debt \$10 Secured Debt \$10	9/12/1917 ??? 9/21/1918 9/30/1919 9/25/1918 9/30/1919 9/27/1918 9/26/1917 7/6/1917 9/26/1917	#2127 #1402 #1093 #1158, 1173; \$2 perf 11 #1156, 1169; tax paid for two years #1211, 1229; tax paid for five years; Type IVE cancel with initials "WBL", unrecorded by Pruess #919, 1725, 1987, 2075; tax paid for five years
Lake Shore and Michigan Southern Railway Co. 3½% Gold Bond, vertical format	LAK-627-B-30	\$1000	6/1/1897	Secured Debt \$1 (x2) Secured Debt \$1 (x2) Investments \$2 Investments \$2 Investments \$4 Secured Debt \$10 Secured Debt \$10	9/25/1917 9/27/1917 1/16/1919 8/12/1919 7/20/1917	#9925; vignette of Wm. K. Vanderbilt #4576 #2480, 28475; Type IVA cancel with initials "A.A.K." Three more with \$2 reported in dealer stock #1735, 2614; tax paid for two years #4428, 4442-4; tax paid for five years 48 more with \$10 stamp reported in dealer stock; tax paid for five years

Table 5. (cont.)

Company/Bond	Cox #	Amt.	Bond Date	Stamp(s)	Stamp(s) Date	Comments
Lake Shore and Michigan Southern Rwy. Co. (cont.) 3½% Registered Gold Bond, horiz. format	LAK-627-B-35	\$1000	12/18/1912	Secured Debt \$1 pair	7/3/1917	#M2697–9
			6/11/1897	Secured Debt \$1 pair Investments \$10	7/20/1917 6/25/1918	#M146; \$10 pays for five years
			6/21/1897	Investments \$2	9/27/1918	#M182-3
			10/14/1902	Investments \$2	1/10/1919	#M678–9; Type IVA cancel with initials “A.A.K.”; to Eliz. R. H. Bright (of Rome N.Y.)
			2/10/1903	Investments \$2	1/10/1919	#M707; Type IVA cancel with initials “A.A.K.”; to Eliz. R. H. Bright
			1/24/1906	Investments \$2	1/10/1919	#M933; Type IVA cancel with initials “A.A.K.”; to Eliz. R. H. Bright
			5/18/1898	Secured Debt \$10	9/24/1917	#M288–92; tax paid for five years
			6/15/1898	Secured Debt \$10	9/24/1917	#M297; tax paid for five years
			6/21/1898	Secured Debt \$10	9/24/1917	#M298; tax paid for five years
			7/14/1903	Investments \$10	3/27/1919	#M736–8; tax paid for five years; Type IVE cancel with initials “A.A.K.”; to Amelia S. Tracy (of Buffalo)
			12/18/1908	Investments \$10	3/27/1919	#M1628; tax paid for five years; Type IVE cancel with initials “A.A.K.”; to Amelia S. Tracy
	LAK-627-B-36	\$5000	12/18/1912	Secured Debt \$10	7/3/1917	#1788; early Investments tax
			6/3/1897	Secured Debt \$50	9/20/1917	#31; tax paid for five years
	LAK-627-B-37	\$10,000	12/18/1912	Secured Debt \$10 pair	7/3/1917	#2339; early Investments tax
				Secured Debt \$10 pair	9/27/1917	#1372
				Investments \$20	9/19/1918	
				12/2/1904	Secured Debt \$10 pair Investments \$20	9/28/1917 9/19/1918
25 Year 4% Gold Bond	LAK-627-B-40	\$1000	11/18/1903	Secured Debt \$1 (x2)	6/29/1917	#M7862–3; second-earliest Investments tax
				Investments \$2	6/13/1918	
				Secured Debt \$1, 75¢, 5¢	9/29/1917	#M4190; \$1.80 tax proportional to portion of road outside N.Y.
				Secured Debt \$1 (x2)	11/20/1917	#M1266–7; \$1 stamps faint Type IIIA cancel; \$2
				Investments \$2	11/28/1918	Type IVA with initials “A.A.K.” (1918), “J.G.M”
				Investments \$2	12/15/1919	(1919); 1919 \$2 perf 11
				Investments \$1, 80¢	4/30/1918	#M1790; proportional tax 1918, then full tax
				Investments \$2	1/30/1920	1920!
				Investments \$1, 80¢	9/27/1918	#M5159–60, 5186–8; proportional tax
Secured Debt \$7.50, \$1, 25¢ (x2)	7/18/1917	#M6918–23; \$9 tax paid for five years, proportional to portion of road outside N.Y.; stamps damaged on M6918				

Table 5. (cont.)

Company/Bond	Cox #	Amt.	Bond Date	Stamp(s)	Stamp(s) Date	Comments
Lake Shore and Michigan Southern Rwy. Co. 25 Year 4% Gold Bond (cont.)	LAK-627-B-40	\$1000	11/18/1903	Investments \$8, \$1	11/20/1918	Ditto, #M7100; only recorded usage of \$8
25 Year 4% Registered Gold Bond	LAK-627-B-50	\$1000	7/9/1909	Secured Debt \$1, 75¢, 5¢ Investments \$2	9/18/1917 10/11/1918	#RM534–5; to Jos. Chamberlain; \$2 perf 11
			2/14/1918	Investments \$2 Investments \$2 Investments \$2	9/27/1917 9/21/1918 9/26/1919	#RM973–6; to Irene Fraser
	LAK-627-B-52	\$5000	7/9/1909	Secured Debt \$7.50, \$1, 25¢ (x2) Investments \$10	9/18/1917 10/11/1918	#RVM206; to Joseph Chamberlain
	LAK-627-B-53	\$10,000	7/9/1909	Secured Debt \$10, \$7.50, 25¢ (x2) Investments \$20	9/18/1917 10/11/1918	#XM306–10; to Joseph Chamberlain
			11/9/1917	Secured Debt \$10 (x2)	9/27/1917	#XM473
	LAK-627-B-55	\$20,000	4/18/1904	Mortgage Endorsement orange Secured Debt \$100, \$50, \$25, \$5	5/3/1917 7/2/1917	#XXM1–10; to Atlantic Mutual Insurance Co.; Mortgage stamps ms. “Cancelled June 20/17” with agent’s signature
25 Year 4% Regis. Gold Bond of 1906	LAK-627-B-62	\$10,000	9/13/1906	Mortgage Endorsement orange Secured Debt \$50, \$25, \$10, \$5	5/3/1917 7/2/1917	#1–5, 10; to Atlantic Mutual Insurance Co.; Mortgage stamps ms. “Cancelled June 20/17” with agent’s signature
Michigan Central Rail Road Co. First Mortgage 4% Regis. Bond of 1890	MIC-182b-B-21b	\$5000	5/27/1913	Secured Debt \$50	8/1/1917	#665–71; tax paid for five years; to Mildred Bliss
Michigan Central Railroad Co. First Mortgage 4% Regis. Bond of 1902	MIC-182c-B-40	\$1000	3/2/1917	Secured Debt \$10	8/2/1917	#357–9; tax paid for five years; Type IVE cancel with initials “WBL”, unrecorded by Pruess
	MIC-182c-B-41	\$5000	10/1/1906	Investments \$10	6/19/1919	#252
Morris and Essex Railroad Co. First Refunding Gold Mortgage Bond	MOR-735b-B-50	\$1000	12/1/1900	Secured Debt \$1 (x2)	9/12/1917	#15422
New Jersey and New York Railroad Co. General Mortgage 40 Year 5% Gold Bond	NEW-236-B-56	\$1000	12/31/1892	Investments \$2	9/18/1918	#330
New York Central Railroad Co. 20 Year 6% Regis. Gold Debenture of 1915	NEW-530b-B-51	\$5000	8/27/1915	Secured Debt \$50	7/15/1917	#V6; Type IIIIE cancel in red violet, initials “AAK”; to Elizabeth Hollister of Rochester
			6/29/1917	Investments \$50	9/28/1918	#V67
New York Central and Hudson River R.R. Co. 30 Year 4% Gold Debenture (of 1904)	NEW-533a-B-13	\$50,000	2/1/1910	Secured Debt \$100	7/20/1917	#L183–4; to Emma S. Magee
			2/1/1910	Secured Debt \$100 Investments \$100	7/20/1917 6/6/1918	#L185–8; to Emma S. Magee

Table 5. (cont.)

Company/Bond	Cox #	Amt.	Bond Date	Stamp(s)	Stamp(s) Date	Comments
New York Central & Hudson River R.R. Co. (cont.)						
Mich. Central Collateral 1898 3½% Gold Bond	NEW-533a-B-60	\$1000	4/13/1898	Secured Debt \$1 (x2)	6/27/1917	#5627; earliest Investments tax; note Type IV cancel already in use
				Investments \$10	2/13/1919	#5689; tax paid for five years
Mich. Cent. Coll. 1898 3½% Regis. Gold Bond	NEW-533a-B-62	\$5000	6/20/1898	Secured Debt \$10	7/16/1917	#V15; \$10 Secured Debt unframed circular cancel (Pruess Type IIIIE), ms. "AAK" added; Investments \$10 Type IVA cancel with initials "A.A.K."; bond piece missing UR
				Investments \$10	10/9/1918?	
Norfolk and Western Railway Co.						
First Consolidated Mortgage 4% Gold Bond	NOR-080a-B-15	\$500	10/22/1896	Secured Debt \$5	7/20/1917	#D8583; tax paid for five years; unframed circular cancel (Pruess IIIIE), ms. "AAK"
Norfolk Terminal and Transportation Co.						
First Mortgage 4% Gold Terminal Bond	NOR-063-B-50	\$1000	2/1/1898	Secured Debt \$1 (x2)	9/20/1917	#374
				Investments \$2	9/26/1918	
				Investments \$2	9/19/1919	
Northern Pacific Railway Co.						
General Lien Railway & Land Grant Gold Bond	NOR-790-B-16	\$1000	11/10/1896	Secured Debt \$1 (x2)	9/??/1917	#M38856; \$1 unframed circular cancel (Pruess Type IIIA), ms. "AAK"; 1919 \$2 cancel Type IVA with initials "A.A.K."
				Investments \$2	??/??/1918	
				Investments \$2	11/25/1919	
				Secured Debt \$1 (x2)	??/??/1917	#M25920
Prior Lien Railway and Land Grant Gold Bond	NOR-790-B-25	\$500	11/10/1896	Secured Debt \$5	9/18/1917	#D12493; tax paid for five years; Netherlands embossed 1940 1g
	NOR-790-B-26	\$1000	11/10/1896	Investments \$2	9/11/1918	M77996; signed C. S. Mellen
Western Maryland Railroad Co.						
First Mortgage 4% Registered Gold Bond	WES-707b-B-75	\$100,000	5/??/1917	Secured Debt \$100 (x2)	???	#M853; to John D. Rockefeller; amount changed from \$1000 to \$100,000
	WES-707b-B-77b	\$10,000	6/4/1917	Investments \$20	9/27/1917	#X170, to John D. Rockefeller (printed); co-earliest use of Investments stamp; entire issuepresumably to Rockefeller, also X508, 511, 626, 656, 728, 752, 779, 827, 915, 949, 1011, 1035, 1045, 1072
				Investments \$20	9/26/1918	
West Shore Railroad Co.						
First Mortgage Guaranteed Bond vertical format, green & black	WES-304-B-51	\$1000	12/5/1885	Investments \$2	9/29/1918	#31,524; stamp damaged
				Secured Debt \$5, \$1	8/30/1917	#696, 2368; tax paid for three years, only recorded such usage



Two, Three and Five Year Payments

For the workhorse \$1000 bonds, two years tax was \$4. Just six different bonds showing this usage have been recorded. Happily for latter-day philatelists, until the Investments \$4 became available this tax was paid by Secured Debt \$3.75 plus 25¢ (Figure 72); three different bonds show this combination, all stamped between July and September 1917. Such bonds provide collectors a precious few more usages of the elusive Secured Debt \$3.75. This stamp had been created to pay the 1916 tax in that amount on \$500 bonds, but just one such usage has so far been recorded at that rate (Part 2, Figure 45). Figure 73 shows one of three recorded bonds bearing the Investments \$4, a Jersey City Water Bond with \$4 affixed December 9, 1918; one year's tax had already been paid by a Secured Debt \$1 pair affixed December 12, 1917, an anomalously late usage of Secured Debt stamps, normally not seen after September 1917. More will be said of this below.

The only recorded bond showing three-year payment is the West Shore Railroad Co. 1885 \$1000, with \$6 tax paid by Secured Debt \$5 plus \$1 (Figure 74). Two such bonds have been seen, both stamped August 30, 1917, and hopefully more will surface. These bonds are doubly extraordinary in that they are more usually found with Mortgage Endorsement stamps; again, more will be said of this later.

Payment of the Investments tax for five years proved wasteful; as already noted, the tax was rescinded after a useful life of only three years. It was nevertheless convenient, and five-year payments account for roughly a quarter of recorded bonds taxed at the Investments rate. For \$1000 bonds the tax was \$10, most often seen paid by Secured Debt \$10 (Figures 75, 76), less frequently by the Investments \$10; one Lake Shore and Michigan Central \$1000 registered bond has one year's tax paid in 1917, then five years more in 1918, the only such combination recorded to date (Figures 77, 78).

Figure 72. Kanawha & Michigan Railway Co. 1890 \$1000 bond with Investments tax paid for two years in 1917 by Secured Debt \$3.75 & 25¢. Just six different bonds with two-year payments have been recorded.



Figure 73. Jersey City 1911 \$1000 Water Gold Bond with Investments tax paid for one year in 1917 by Secured Debt \$1 (x2), then for two years in 1918 by Investments \$4.



Figure 74. West Shore Railroad Co. 1885 \$1000 bond with Investments tax paid for three years in 1917 by Secured Debt \$5 & \$1. The only recorded bond with three-year payment.



Figure 75. Cleveland, Cincinnati, Chicago and St. Louis Railway Co. 1890 \$1000 bond with Investments tax paid for five years in 1917 by Secured Debt \$10; alongside Great Britain 1907 embossed £1.



Figure 76. Cleveland, Cincinnati, Chicago and St. Louis Railway Co. 1893 \$1000 bond with Investments tax paid for five years in 1917 by Secured Debt \$10; alongside Great Britain 1893 embossed £1 and 1s.



Figure 77 Lake Shore and Michigan Southern Railway Co. 1897 \$1000 bond with Investments tax paid for one year in 1917 by Secured Debt \$1 (x2), then for five years in 1918 by Investments \$10.



Figure 78. New York Central and Hudson River Railroad Co. Michigan Central Collateral 1898 \$1000 bond with Investments tax paid for five years in 1919 by Investments \$10.



Figure 79. Northern Pacific Railway Co. 1896 \$500 bond with Investments tax paid for five years in 1917 by Secured Debt \$5, with Netherlands embossed 1g added in 1940.



Figure 80. Atlantic Coast Line Railroad Co. 1902 \$5000 bond with Investments tax paid for five years in December 1917 by Secured Debt \$50, an extraordinarily late use of a Secured Debt stamp.



Figure 81. Lake Shore and Michigan Southern Railway Co. 1897 \$5000 bond with Investments tax paid for five years in 1917 by Secured Debt \$50.

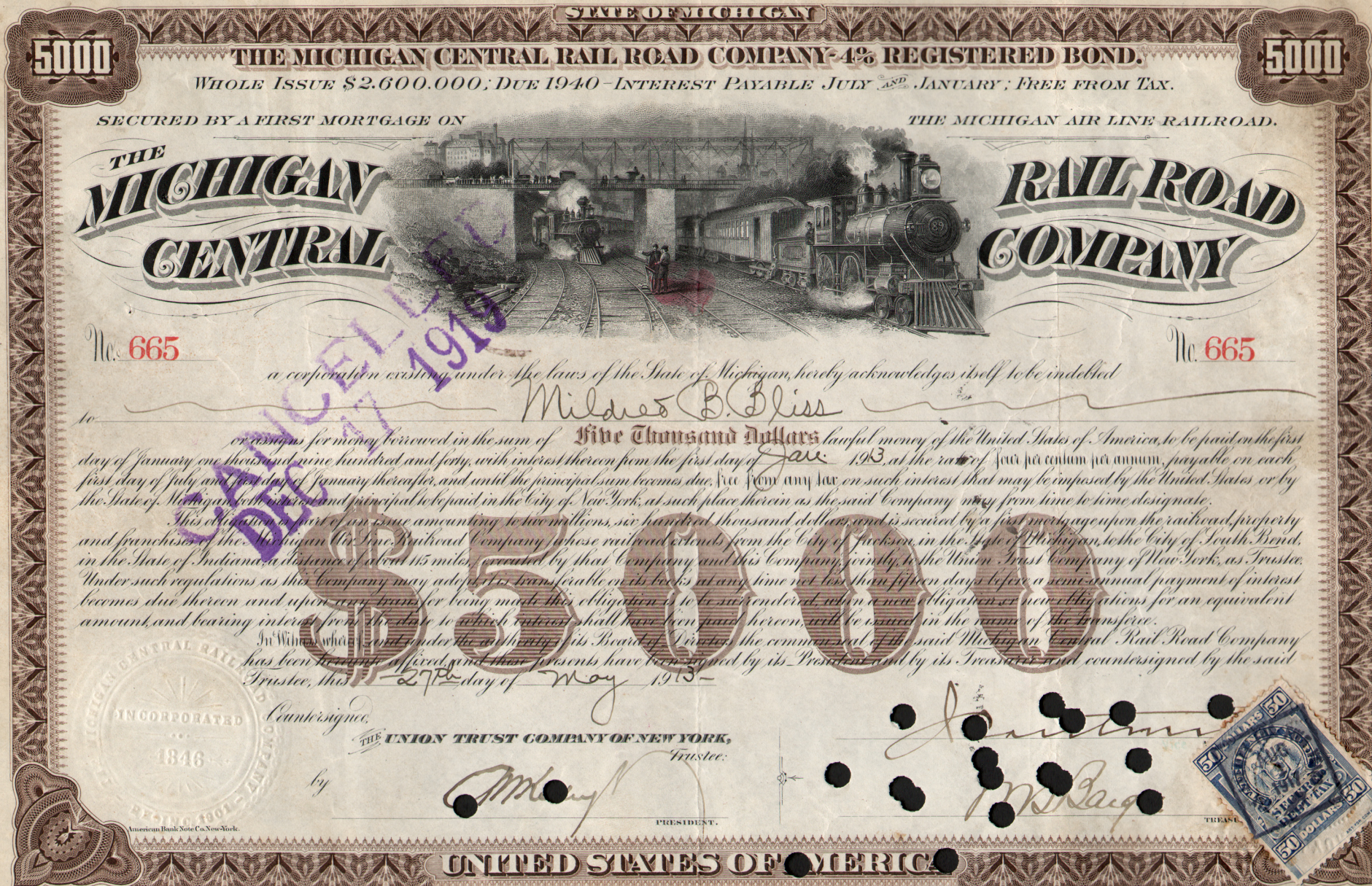


Figure 82. Michigan Central Rail Road Co. 1890 \$5000 bond with Investments tax paid for five years in 1917 by Secured Debt \$50.

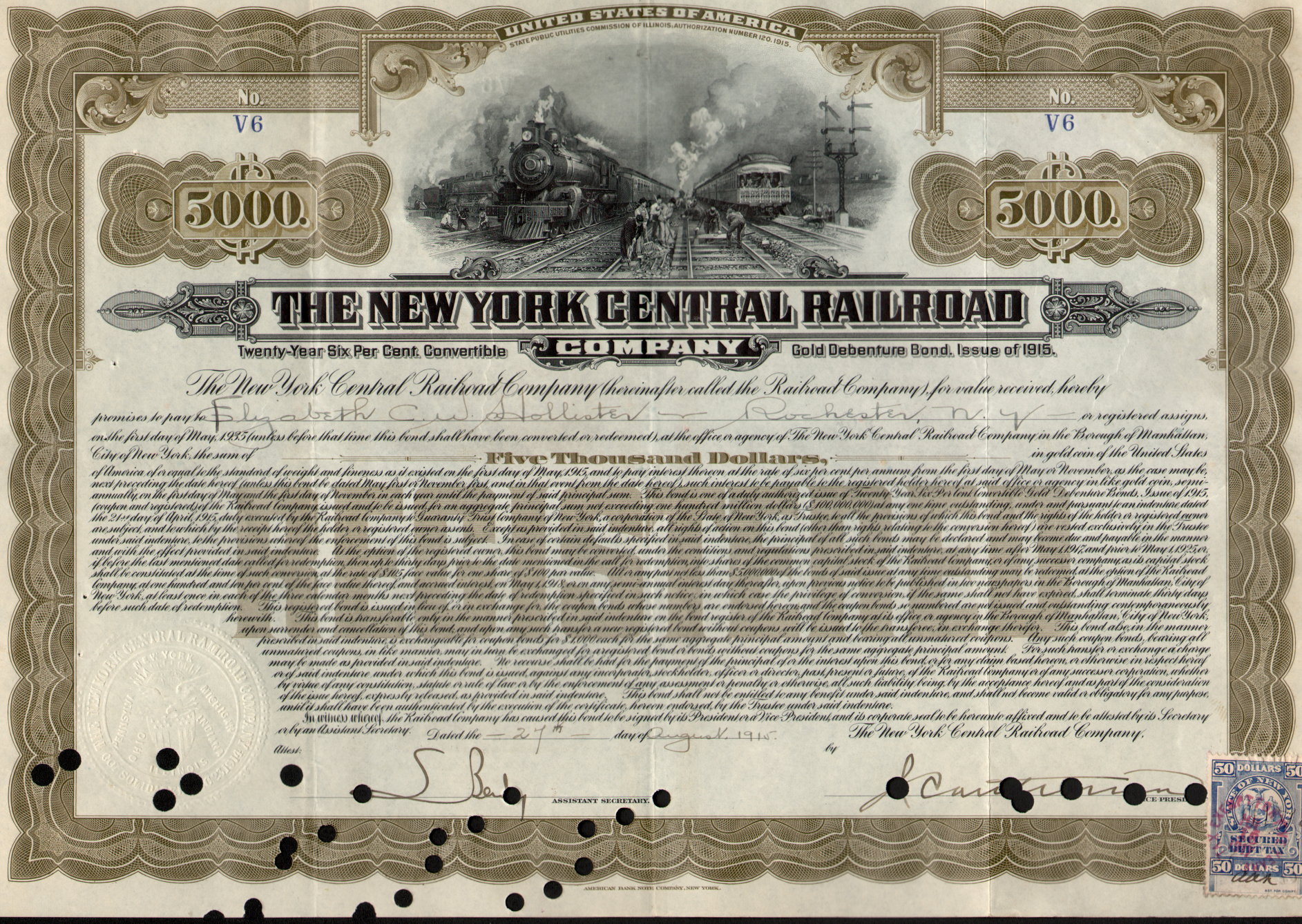


Figure 83. New York Central Railroad Co. \$5000 debenture of 1915 with Investments tax paid for five years in 1917 by Secured Debt \$50.



Figure 84. New York Central Railroad Co. \$5000 debenture of 1915 with Investments tax paid for five years in 1918 by Investments \$50, one of two recorded examples of this stamp on an intact bond.



Figure 85. Atlantic Coast Line Railroad Co. 1902 \$10,000 bond with Investments tax paid for five years in December 1917 by Secured Debt \$100, an extraordinarily late use of a Secured Debt stamp.



Figure 86. Atlantic Coast Line Railroad Co. 1902 \$10,000 bond with Investments tax paid for five years in 1918 by Investments \$100.



Figure 87. Left, close view of the stamp shown in Figure 83. “TAX EXEMPT FOR FIVE YEARS” cancel in an unframed circle, not a square, with no incorporated initials, but manuscript “AAK”. This is Pruess’s Type III E.

Figure 88. Right, Secured Debt \$1 (x2) with Type III A unframed “TAX EXEMPT FOR ONE YEAR” cancel in red violet dated July 15, 1917, again with manuscript initials “AAK”.

For \$500 bonds, five years tax was \$5. Table 5 lists two such usages (Figures 79, 89).

For \$5000 bonds, five years tax was \$50. Table 5 lists four such usages (Figures 80–84). One New York Central \$5000 debenture of 1915 is known with the Secured Debt \$50, another with the rare Investments \$50 (Figures 83, 84); a similar pair of Atlantic Coast \$5000 bonds bears the same stamps, but the Investments \$50 is defective; these are the only recorded examples of this stamp on intact bonds.

The Atlantic Coast \$10,000 bond of the same series is known with five years tax paid by either Secured Debt \$100 or Investments \$100 (Figures 85, 86).

The Mysterious Unframed Cancels

Besides the usual distinctive framed cancels, Pruess (1969) listed five more cancels, which appear to have been rarely used.

Type III. Design like Type II [the “TAX EXEMPT FOR FIVE YEARS” unframed circular datestamp used 1915–16], but without initials. Manuscript initials in space provided on stamps.

- A. “TAX EXEMPT FOR ONE YEAR”
- B. “TAX EXEMPT FOR TWO YEARS”
- C. “TAX EXEMPT FOR THREE YEARS”
- D. “TAX EXEMPT FOR FOUR YEARS”
- E. “TAX EXEMPT FOR FIVE YEARS”

Pruess had seen only A in blue and red violet and C in blue; the others were assumed to exist.

Figure 87 shows an example of Type III E, struck on the Secured Debt \$50 on the bond shown in Figure 83. It reads “TAX EXEMPT FOR FIVE YEARS” in red violet, dated July 15, 1917, with manuscript initials “AAK”.

Figure 88 shows Type III A, again in red violet, dated July 15, 1917, on two Secured Debt \$1 paying one year’s tax on a \$1000 bond of the Cleveland Short Line Railway Co.; again the manuscript initials are “AAK”.

Figure 89 shows a Type III E cancel dated July 20, 1917, yet again in red violet, on a Secured Debt \$5 paying five years tax on a \$500 bond of the Norfolk and Western Railway Co.; the same manuscript initials “AAK” appear. Even apart from the cancel, this usage is a scarce one; relatively few \$500 bonds were issued, and this one of only two recorded five-year payments.

Figure 89. Right, Norfolk and Western Railway Co. 1896 \$500 bond with Investments tax paid for five years in 1917 by Secured Debt \$5. Left, close view of the stamp showing Type IIIE unframed cancel in red violet dated July 20, 1917, with manuscript initials “AAK”.



Type III cancels have been recorded on three more bonds (a total of four examples), dated July 16, 1917, September 1917, and November 1917. Again the stamps have manuscript initials, never seen with Type IV cancels, and again they are all “AAK”.

The July 15–20 Type III cancel dates are early during the Investments period, which began June 1, but do not predate use of the Type IV framed cancels: Table 5 lists Type IVA cancels dated June 27, June 29, July 3 and July 20; the two-year Type IVB dated July 18; and the five-year Type IVE dated July 6, July 16, July 18 and July 20.

As noted by Pruess these Type III cancels were clearly patterned after the Type II cancels used in conjunction with the Secured Debts tax of 1915–16, with changes in wording to accommodate the new durations, but without the useful agent’s initials. They are just as clearly less suitable than the Type IV cancels, on two counts: the absence of initials, which necessitated their addition by hand; and the fact that the duration of payment was apparent only on rather close examination. These characteristics would fit a forerunner that was used briefly and discarded, but the dates of usage are



not consistent with this. Neither was this a cancel that could be pressed into service and used without thinking; one had to be cognizant of the necessity of adding one's initials. It is provocative that the five examples just described, dated four months apart, were initialed by the same party. Were the Type III cancels used in Albany, and Type IV in New York? Secured Debts tax receipts at Albany had accounted for only about 2% of the total,³ a figure consistent with the relative frequency of Type III. A completely unexpected answer emerged from a familiar source, the archives of the *New York Times*.

Mystery Solved: the Traveling Agent

The following notice appeared in the *Times* on July 13, 1917:

Investment Tax Payments.

ALBANY, N. Y., July 12.—Payments under the new Investment Tax law, which supplanted the old Secured Debt Tax law, may be made in the cities in which the investors reside instead of at Albany, State Comptroller Eugene M. Travis ruled today. Coincidentally, he announced the appointment of A. A. Kemter of Syracuse as collector for this class of taxes. Mr. Kemter will visit the various cities at stated periods to receive the payments.

It can be confidently predicted that A. A. Kemter's initials will be included in any subsequently reported Type III cancels dated at least to November 1917 and presumably beyond. The three-year Type IIIC cancels reported by Pruess (1969), on five Secured Debt \$5 all dated September 26, 1917, are indeed all initialed "AAK".⁴ Kemter no doubt carried a full complement of Type III cancellers from city to city.

3. During the first four months the Secured Debts tax was in effect, September through December 1911, only \$10,479 of the \$799,461 collected, just 1.3%, came from Albany. For the entire first year, this rose a bit to \$33,080 of a total of \$1,411,568, or 2.3% (Mahler, 2009b).

4. Kenneth Pruess, personal communication.

He must also have carried with him a stock of stamps. At first glance his three-year cancel seems unusual on the Secured Debt \$5. The three-year tax was 60¢ per \$100, so \$3 on a \$500 bond, \$6 on \$1000. Two lines of evidence suggest, though, that on September 26, 1917, Kemter would not have had the new \$6 Investments stamps. The earliest recorded use of Investments stamps is September 27, 1917, and Secured Debt stamps were routinely used throughout September 1917, as late as September 29. All these stamps bear the Type IV cancels, which must have been primarily used in New York. If Investments stamps were not available there by September 26, they would certainly not have reached Kemter on the road. In fact, Kemter was still using the Secured Debt \$1 as late as November 1917, suggesting that his stock had not been replenished even then. Table 5 lists two \$1000 bonds with three-year Type IV cancels, both with \$6 tax paid Aug 30, 1917, by Secured Debt \$5 and \$1 (Figure 67); the \$5 stamps with Type IIIC cancels were undoubtedly also used in combination with the \$1.

The bond shown in Figure 83, bearing a Secured Debt \$50 with red violet Type IIIE cancel dated July 15, 1917 (Figure 87) was issued to Elizabeth Hollister of Rochester, suggesting that this and the other three recorded Type III cancels dated July 15–20, all in red violet, were applied by Kemter on a visit to that city.

More Traveling Agent's Cancels

A. A. Kemter's use of the Type III unframed cancellers may have been restricted to 1917, but his work as traveling agent of the Comptroller's Investments Tax bureau was not. Proof of this is provided by cancels in the usual Type IV framed style, but with his incorporated initials "A.A.K." instead of the usual "AB". The circular ONE YEAR "A.A.K." cancel has been recorded on the Investments \$2 on five different bonds, with dates between July 1918 and November 1919 (Figure 90), and on the Investments \$10 on a sixth, dated October 1918. In four of these six cases the bonds also bear Secured Debt stamps affixed the previous year with Kemter's Type III cancels and manuscript initials "AAK".

The square FIVE YEARS "A.A.K." cancel has been seen on one bond, stamped in March 1919 (Figure 91).

Agent J.G.M.

Close examination of Type IV cancels yields two more surprises: they can also be found, albeit very rarely, with incorporated initials “J.G.M” (no final period) and “WBL”. The “J.G.M” cancel has been seen so far on just two bonds, in both cases struck on the Investments \$2, in October and December 1919, among the latest recorded examples of the Investments tax.

Two Lake Shore and Michigan Southern 1903 bonds, serial numbers M1266–7, serve as philatelic rosetta stones linking Kemter and agent J.G.M. (Figure 92): each bears two Secured Debt \$1 with faint Type IIIA cancels dated November 1917 with manuscript initials “AAK”; an Investments \$2 with Type IV cancel incorporating Kemter’s initials dated November 28, 1918; and finally an Investments \$2 with Type IV cancel incorporating initials “J.G.M” struck December 15, 1919. The only sensible interpretation is that these stamps were affixed during successive visits of traveling agents, and thus that J.G.M., like Kemter, must have been a traveling agent.

Was J.G.M. Kemter’s successor or co-worker? The scanty available evidence appears to be conflicting. The periods of use of “A.A.K.” and “J.G.M” cancels overlap slightly: the former has been seen as late as November 25, 1919, and the latter as early as October 6, 1919. This argues that the two were co-workers. On the other hand, the Comptroller’s budget appears to have included a salary for just one traveling agent, not two. The state’s appropriations for administration of the Comptroller’s Office during fiscal 1919 included a salary of \$2000 for a special agent of the Investments Tax bureau. This was the first year such an item had been budgeted, and undoubtedly refers to the traveling agent. That same year the Comptroller’s budget



Figure 90. Lake Shore and Michigan Southern Railway Co. 1897 \$1000 bond with Investments tax paid for one year in 1919 by Investments \$2. Inset: close view of the stamp showing Type IVA cancel with incorporated script initials “A.A.K.” of traveling agent A. A. Kemter.



Figure 91. Lake Shore and Michigan Southern Railway Co. 1897 \$1000 bond with Investments tax paid for five years in 1919 by Investments \$10. Inset: close view of the stamp showing Type IVE cancel with incorporated script initials "A.A.K." of traveling agent A. A. Kemter.

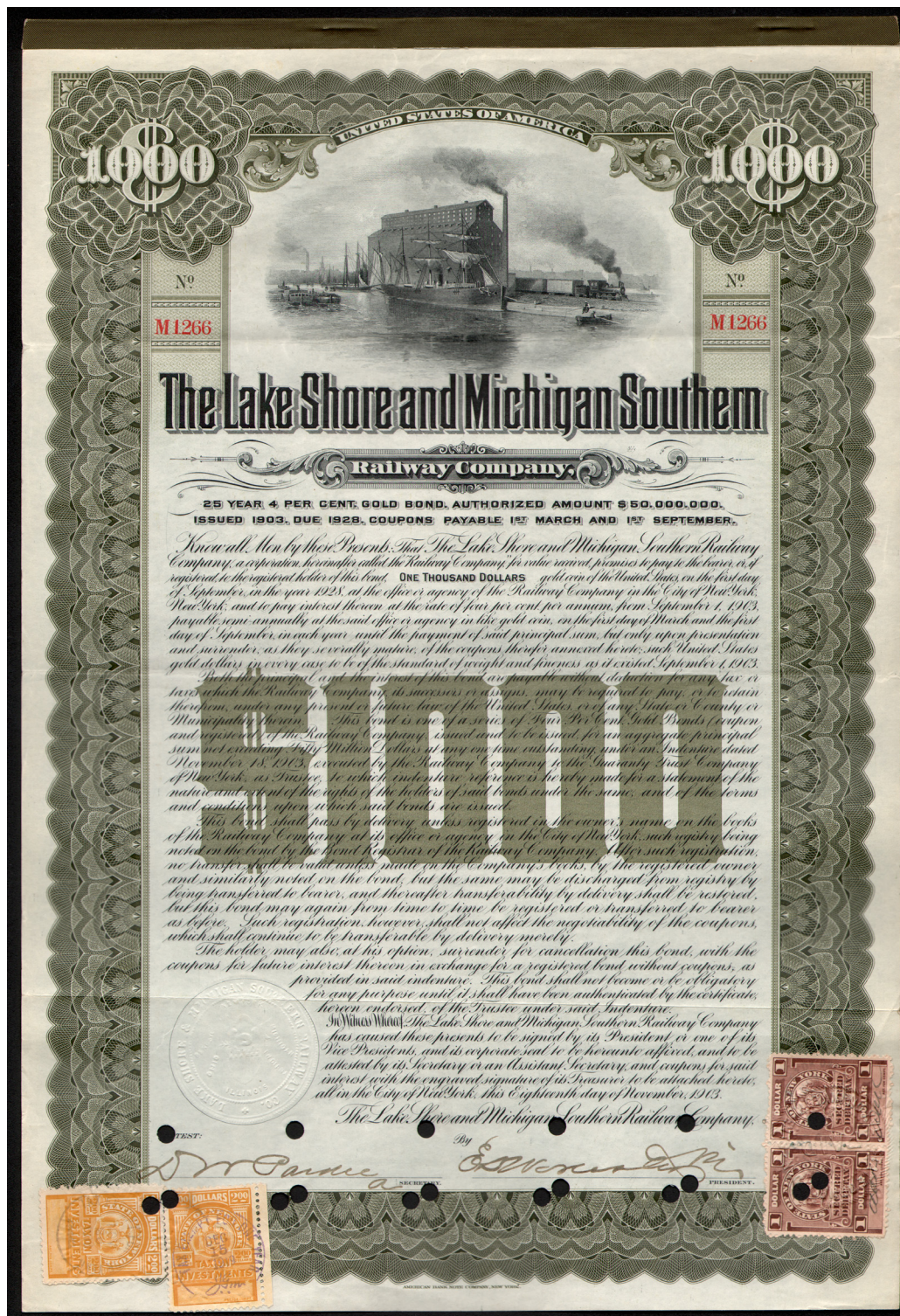


Figure 92. Left, Lake Shore and Michigan Southern Railway Co. 1903 “rosetta stone” bond. Above, close view of stamps from this and matching bond #M1267 showing 1917 faint unframed Type IIIA cancels with manuscript initials “AAK” of traveling agent A. A. Kemter; 1918 Type IVA cancel with incorporated script initials “A.A.K.”; and 1919 Type IV cancel incorporating initials “J.G.M”, showing that J.G.M., like Kemter, was a travelling agent.

included two more special agents, in the Corporation tax bureau with salaries \$2500 and \$2000. For fiscal 1920 the picture becomes murky, as appropriations are no longer segregated by bureau; the entire Comptroller’s budget included three special agents salaried at \$2600, \$2300 and \$2000. Probably these were the same three budgeted in 1919; if so they included just one Investments bureau traveling agent.

An Albany Canceler

The initials “WBL” seen on Type IV cancels are unmistakably those of W. B. LeRoy which were likewise incorporated into the Type II cancels used in 1915–16. From stamped Comptroller’s certificates bearing LeRoy’s signature (Part 2, Figure 54), we know he was Agent for the Comptroller at Albany, and the Type IV “WBL” cancels were presumably used there. To date only the FIVE YEARS cancel has been recorded, on two different bonds, in both cases on the Secured Debt \$10, in July and August 1917, quite early during the Investments period (Figure 93). The rarity of such cancels would be consistent with the fact that bonds stamped in Albany accounted for only about 2% of total receipts.³



Figure 93. Michigan Central Railroad Co. 1903 \$1000 bond with Investments tax paid for five years in 1917 by Secured Debt \$10. Inset: close view of the stamp showing Type IVE cancel with incorporated script initials "WBL" of W. B. Leroy, Agent for the Comptroller at Albany, unrecorded by Pruess (1969).

Table 6. Bonds with Traveling Agent or Albany Cancels

Cancel	Stamp(s)	Date	Bond
Type IIIA ms. "AAK."	Secured Debt \$1 (x2)	7/15/1917	Cleveland Short Line \$1000 #6838
	Secured Debt \$1 (x2)	11/?/1917	Lake Shore & Mich. Southern Railway Co. 1903 \$1000 #M1266-7
	Secured Debt \$1 (x2)	9/?/1917	Northern Pacific Railway Co. General Lien \$1000 #M38856
	Secured Debt \$10	7/16/1917	N.Y. Central & Hudson River R.R. Co. Michigan Central Collateral 1898 Regis. \$5000 #V15
Type IIIE ms. "A.A.K."	Secured Debt \$5	7/20/1917	Norfolk and Western Railway Co. 1896 \$500 #D8583
	Secured Debt \$50	7/15/1917	New York Central Railroad Co. 1915 \$5000 #V6; to Eliz. Hollister, Rochester
Type IVA "A.A.K."	Investments \$2	9/25?/1918	Cleveland Short Line \$1000 #6838
	Investments \$2	9/25/1919	ditto
	Investments \$2	11/28/1918	Lake Shore & Mich. Southern Railway Co. 1903 \$1000 #M1266-7
	Investments \$2	1/10/1919	Lake Shore & Mich. Southern Railway Co. 1897 Regis. \$1000 #M678-9, 707, 933; to Eliz. R. H. Bright (of Rome)
	Investments \$2	1/10/1919	Lake Shore & Mich. Southern Railway Co. 1897 coupon \$1000 #2480
	Investments \$2	11/25/1919	Northern Pacific Railway Co. General Lien \$1000 #M38856
	Investments \$10	10/9/1918?	N.Y. Central & Hudson River R.R. Co. Michigan Central Collateral 1898 Regis. \$5000 #V15
Type IVE "A.A.K."	Investments \$10	3/27/1919	Lake Shore & Mich. Southern Railway Co. 1897 Regis. \$1000 #M736-8, 1628; to Amelia S. Tracy (of Buffalo)
Type IVA "J.G.M"	Investments \$2	10/6/1919	Baltimore and Ohio Rail Road Co. 1913 Regis. \$1000 #M192
	Investments \$2	12/15/1919	Lake Shore & Mich. Southern Railway Co. 1903 \$1000 #M1266-7
Type IVA "WBL"	Secured Debt \$10	7/6/1917	Kanawha & Michigan Railway Co. \$1000 #1211, 1229
	Secured Debt \$10	8/2/1917	Michigan Central Railroad Co. of 1902 \$1000 #357-9

Table 6 lists all recorded bonds with traveling agent or Albany cancels. In addition to the \$1 stamps used in November 1917 by A. A. Kemter listed above, Table 5 includes three anomalously late usages of Secured Debt stamps in December 1917: a \$1 pair dated December 12 on a City of Jersey City 1911 \$1000 Water Gold Bond that would later have Investments \$4 affixed (Figure 73); and \$50 and \$100 stamps on Atlantic Coast Line Railroad \$5000 and \$10,000 registered bonds issued to one David Schoenfeld and both stamped December 27 (Figures 80, 85). Apart from these four, the recorded usages of Secured Debt stamps cease abruptly after September 29, 1917. The December cancels are the standard Type IV with "AB" script initials, but the dates suggest usage by a traveling agent from a stock of stamps not yet replenished with the new Investments issues. The Investments \$2 and \$100 had both been in use,

presumably in New York, since September 27. The December 1917 usages may have been Kemter's work; their dates fall between the latest recorded use of his Type III cancel with manuscript initials, in November 1917, and the earliest recorded use of his Type IV cancel incorporating script initials "A.A.K.", in September 1918.

Combinations with U.S. Stamps

Table 5 lists two bonds bearing both U.S. documentary revenues and New York stamps paying the Investments tax. An Elmira and Williamsport Railroad Co. \$500 bond of May 1, 1863, had U.S. 30¢ Foreign Exchange of the Civil War era affixed August 1, 1863, then Secured Debt \$1 added September 20, 1917, and Investments \$1 a year later. It is ex-Henry Tolman. These Elmira and Williamsport bonds are particularly abundant, so hopefully others with New York stamps have survived.



Figure 94 shows a Cleveland, Cincinnati, Chicago and St. Louis Railway Co. 1893 \$1000 bond with U.S. 50¢ “Battleship” affixed June 1, 1900, and Investments \$4 paying two years tax added June 12, 1918. The \$4 rate and stamp are rare in their own right: only six different bonds, and a total of eight examples, have been recorded showing this rate, of which only three bonds, and a total of four examples, bear the \$4 stamp. Moreover the initials on the cancel make the usage triply rare: they are certainly not the usual “AB” (Figures 60, 61), nor the rare “WBL” (Figure 93); the rounded first letter and two periods are reminiscent of the “A.A.K.” seen on Types IVA and IVE (Figure 90–92) or the Type IVA “J.G.M.” (Figure 92), but computer superposition shows significant differences from both.



Figure 94. Left, Cleveland, Cincinnati, Chicago and St. Louis Railway Co. \$1000 bond with U.S. 50¢ “Battleship” affixed in 1900 and Investments \$4 added in 1918. Above, close view of the \$4 stamp showing Type IVB cancel with unidentified initials.

The Curious Case of the Lake Shore and Michigan Southern

Figure 95 shows a 1903 \$1000 bond of the Lake Shore and Michigan Southern Railway Co. with Secured Debt \$1, 75¢ and 5¢ affixed September 29, 1917, paying the Investments tax for one year; each stamp is tied by the requisite "PAID" embossed seal, and there are no stamps missing. The tax was ostensibly \$2, and on first seeing this bond some years ago I naively classified it as a case of underpayment. Nevertheless I was only too happy to pursue it because of its odd combination of stamps; at the time it was the only usage I had recorded of the 75¢ on an intact bond, and one of only two with the 5¢.

Once it is realized that stamps were affixed, not by the bondholders, but by agents of the Comptroller, the notion of underpayment becomes implausible, and recently a cache of similarly stamped Lake Shore and Michigan Southern bonds surfaced that definitively shut the door on this possibility. Figure 96 shows another bond with \$1.80 tax paid, this time with Investments \$1 and 80¢ affixed September 27, 1918, one of six such usages recorded (Table 5; these are the only recorded usages of the 80¢). Figure 97 shows another with Secured Debt \$7.50, \$1 and 25¢ pair affixed July 18, 1917, paying the Investments tax for five years, a payment of \$9 rather than the expected \$10; five more consecutively numbered essentially identical bonds surfaced along with this one. Figure 98 shows yet another Lake Shore bond with \$9 paid for five years exemption, this time by Investments \$8 and \$1 affixed November 20, 1918, the only usage of the \$8 recorded to date.

Split Taxes on Interstate Mortgage Bonds

By now the conclusion is inescapable that the tax on these bonds was officially construed to be 90% of the normal

Figure 95. Lake Shore and Michigan Southern Railway Co. 1903 \$1000 bond with Investments tax paid for one year in 1917 by Secured Debt \$1, 75¢ & 5¢, a total of \$1.80 instead of the customary \$2. One of three recorded bonds bearing the Secured Debt 75¢.

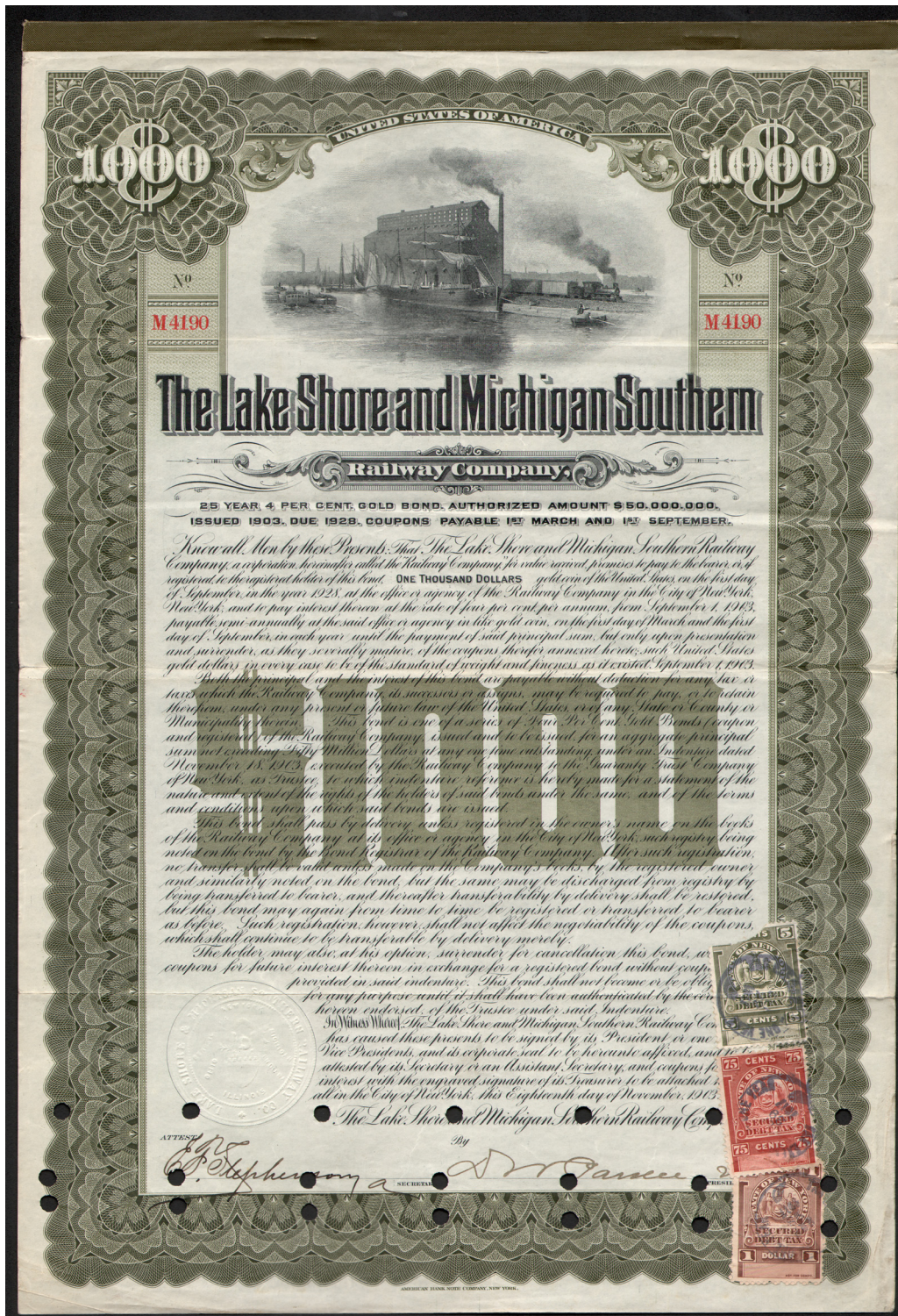




Figure 96. Lake Shore and Michigan Southern Railway Co. 1903 \$1000 bond with Investments tax paid for one year in 1918 by Investments \$1 & 80¢, a total of \$1.80 instead of the customary \$2. This and five similar bonds are the only recorded usages of the Investments 80¢.

levy, and a review of the statutes furnishes a satisfying explanation. If a bond was secured by mortgage of property situated partly within and partly without the state of New York, a portion of the bond was subject to the Mortgage tax, based on the value of the property within the state relative the value of the entire property (Part 2, Mahler, 2009b); the remaining portion, based on the value of the property outside the state, was subject to the Investments tax. On application by the bondholder to the Comptroller, the determination of these values was to be made by the State Tax Commission. The Lake Shore and Michigan Southern ran from its eastern terminus at Buffalo, along Lake Erie (the “Lake Shore” in the company name), then all the way to Chicago, with numerous branch lines in several states. A map of its holdings in 1914⁵ is perfectly consistent with an assessment that 10% of their value lay within New York, and that the applicable Investments tax was thus only 90% of the usual levy.

Waiving the Determination

These Lake Shore bonds, while correctly taxed at the Investments rate, nevertheless illustrate a problem common to bonds secured by mortgage of property straddling the state line. The Investments tax applied only to that 90% of the bond representing the portion of the road outside New York, but paying it exempted only 90% of each bond from property tax. To secure full exemption, payment of the Mortgage tax on the remaining 10% was required. Paying both taxes would have imposed an unreasonable burden on the bondholder, not so much

5. http://en.wikipedia.org/wiki/Lake_Shore_and_Michigan_Southern_Railway



Figure 97. Lake Shore and Michigan Southern Railway Co. 1903 \$1000 bond with Investments tax paid for five years in 1917 by Secured Debt \$7.50, \$1 & 25¢ pair, a total of \$9 instead of the customary \$10.



Figure 98. Similar bond with \$9 tax paid in 1918 by Investments \$8 & \$1, the only recorded usage of the Investments \$8. Only 90% of the full rate was due because 10% of the Lake Shore line lay within New York.

financially as in the time and effort required, and processing partial payments would have been similarly inconvenient and costly for the state. The Investments tax was paid to the Controller at Albany, his deputy in New York, or traveling agent, and transmitted by them to the state treasurer. The Mortgage tax was collected by the county clerks and paid over to their county treasurers, who in turn delivered half the proceeds to the state treasurer. There was no coordination between the two collecting agencies. Bondholders were presumably not particularly concerned with the fine points of the tax code, but wanted and expected a simple method of making their bonds fully exempt, and it was in the state's interest to accommodate them.

The Act of June 1, 1917, which established the Investments tax, accordingly gave bondholders another option in such cases, to "waive such determination and pay the tax upon the full amount of such investment, and thereafter the whole amount of investment shall be exempt from taxation..." This may explain why many Lake Shore and Michigan Southern bonds are known with Investments tax paid in full (Figures 67, 69, 77, 81, 90-92); some even show both options on a single bond (Table 5; Part 4).

Two other bonds of interstate railroads are known on which the full Investments tax was paid, thereby securing full exemption. Figure 63 shows an 1892 \$1000 bond of the New Jersey and New York Railroad Co. stamped with Investments \$2 on September 18, 1918. This road was part of the Erie Railroad system, running from Haverstraw, Rockland County, New York, south into Bergen County, New Jersey, through Jersey City, and finally to New York City, a distance of just over 38 miles. Some 65% of its track was in New Jersey. Figure 6 in Part 1 of this series (Mahler, 2009a) illustrates a similar New Jersey and New York bond with Mortgage Endorsement green imperforate affixed August 15, 1913, in Rockland County.

Figure 74 shows an 1885 bond of the West Shore Railroad Co. stamped with Secured Debt \$5 and \$1 on August 30, 1917, paying the Investments tax for three years, with distinctive keystone-shaped cancels. This and one similar usage are the only recorded three-year payments of the Investments tax. The

West Shore ran from Weehawken, New Jersey, across the Hudson River from New York City, crossing into New York via the Weehawken Tunnel under the New Jersey Palisades, north along the west shore of the Hudson to Albany, then west to Buffalo.⁶ Only a tiny fraction of its track lay outside the New York, and West Shore bonds, when stamped, typically bear Mortgage Endorsement stamps (Mahler, 2009a, Figures 4, 10, 13). The \$6 payment here is puzzling. By paying the \$5 Mortgage tax, permanent exemption from property tax would have been obtained for that 99% of the bond represented by the portion of the line within New York; the tax on the remaining 1% or so could have been covered by a token payment of the Investments tax, or simply foregone. As it was, only a three year exemption was secured.

Loose Ends

Recognizing the validity of proportional payment of the Investments tax on interstate mortgage bonds raises more questions than it answers. Similar provisions were included in the Mortgage tax law from its inception, and in the Secured Debts statutes after May 1, 1915, yet the few Lake Shore bonds described here and in Part 4 of this series are the only recorded examples of proportional payment. Moreover, 15 different bonds of four interstate railroads are known with full payment (or apparently full, in the case of the Mortgage tax, as the stamps indicate only "TAX PAID") of either the Mortgage or Secured Debts taxes. How was this possible, and why are proportional payments so rare? This will be addressed in Part 4.

6. In an earlier incarnation it had been the New York, West Shore and Buffalo Railway, merged in 1881 with the North River Railroad, forming one company in charge of the whole route from New Jersey to Buffalo. The New York Central bought the New York, West Shore and Buffalo on November 24, 1885 and reorganized their new acquisition as the West Shore Railroad on December 5, immediately leasing it for 475 years from January 1, 1886. This explains the statement on this and later West Shore bonds, "Principal due January 1, A.D. 2361" that has astounded scripphologists.

Perforations

According to Cabot (1940) and subsequent catalogs, both the Secured Debt and Investments issues were perforated “11 or 12 or compound.” This can be made more specific. As pointed out in Part 2 of this series, the ten Secured Debt denominations issued in 1911—1¢, 5¢, 50¢, \$1, \$2.50, \$5, \$10, \$25, \$50, and \$100—were perforated 12. The four denominations issued in 1916—25¢, 75¢, \$3.75 and \$7.50—were perforated 11x12. No Secured Debt stamps perforated 11 have been recorded on intact bonds.

For the Investments stamps, the 11x12 perforation used for the 1916 Secured Debt issues was retained for just two denominations, the \$2 and \$10. All others appear to have been perforated 11; this conclusion is valid for all examples of the denominations recorded on intact bonds—80¢, \$1, \$4, \$8, \$20, \$50 and \$100; for those yet to be seen—20¢, 40¢, 60¢, \$3, \$5, \$6 and \$40—it must be considered a likely prediction. The \$2 can also be found perforated 11, in roughly 10–15% of examples; in a survey of 74 stamps on intact bonds, 65 were perforated 11x12 and only nine perforated 11.

The \$2 and \$10 taxes on a \$1000 bond paid for one year or five years were by far the most common in the Investments schedule. Since these were the denominations for which the need was greatest, it makes sense that they would have been the first produced. Presumably the 11x12 perforation used only about a year earlier for the 1916 Secured Debt issues was retained simply out of inertia, before it occurred to someone to simplify matters by switching to uniform perforation, and gauge 11 was adopted. The \$2 in this gauge were evidently from a subsequent printing(s). The following is a chronological listing of dates on which the \$2 has been recorded on intact bonds; perforation 11 dates are in bold; duplication of dates indicates usage on different bonds; and initials are those of the traveling agents.

The stamps perforated 11 appear in two clusters: the first in September–October 1918, shoehorned in between long runs of 11x12; and the second late, on stamps used by the traveling agents.

9/27/1917	
9/27/1917	
6/13/1918	
7/30/1918	A.A.K.
8/9/1918	
9/6/1918	
9/17/1918	
9/17/1918	
9/18/1918	
9/21/1918	
9/21/1918	
9/25/1918	
9/25/1918	
9/25/1918	
9/26/1918	
9/27/1918	
9/27?/1918	
9/27/1918	
9/27/1918	
10/11/1918	
11/28/1918	A.A.K.
1/10/1919	A.A.K.
1/16/1919	A.A.K.
9/12/1919	
9/16/1919	
9/16/1919	
9/19/1919	
9/25/1919	A.A.K.
9/26/1919	
9/26/1919	
9/30/1919	
10/6/1919	J.G.M.
12/15/1919	J.G.M.

(To be continued)

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- . 1917. An act to amend the tax on investments. Chap. 811, p. 2742. Became law Aug. 27, 1917.
- . 1920. An act to repeal section 221b of the tax law, relating to additional tax on investments in certain cases. Chap. 644, pp. 1645–1646. Became law May 10, 1920.
- . 1920. An act to repeal article 15 of the tax law relating to tax on investments. Chap. 646, p. 1647. Became law May 10, 1920.
- . 1920. An act to amend the tax law, in relation to the exemption of intangible personal property. Chap. 647, p. 1647–1648. Became law May 10, 1920.
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Gallery.
Additional Bonds Taxed
at Investments Rate



Figure G1. Big Sandy Railway Co. 1904 \$1000 bond with Investments tax yearly payments by Secured Debt \$1 pair in 1917, then by Investments \$2 in 1918.



Figure G2. Baltimore and Ohio Railroad Co. \$1000 bond of 1913 with Investments tax paid for one year by Investments \$2, Type IVA cancel dated October 1919 with initials "J.G.M". One of two recorded bonds with this cancel, presumably that of a traveling agent (see also Figure 92).

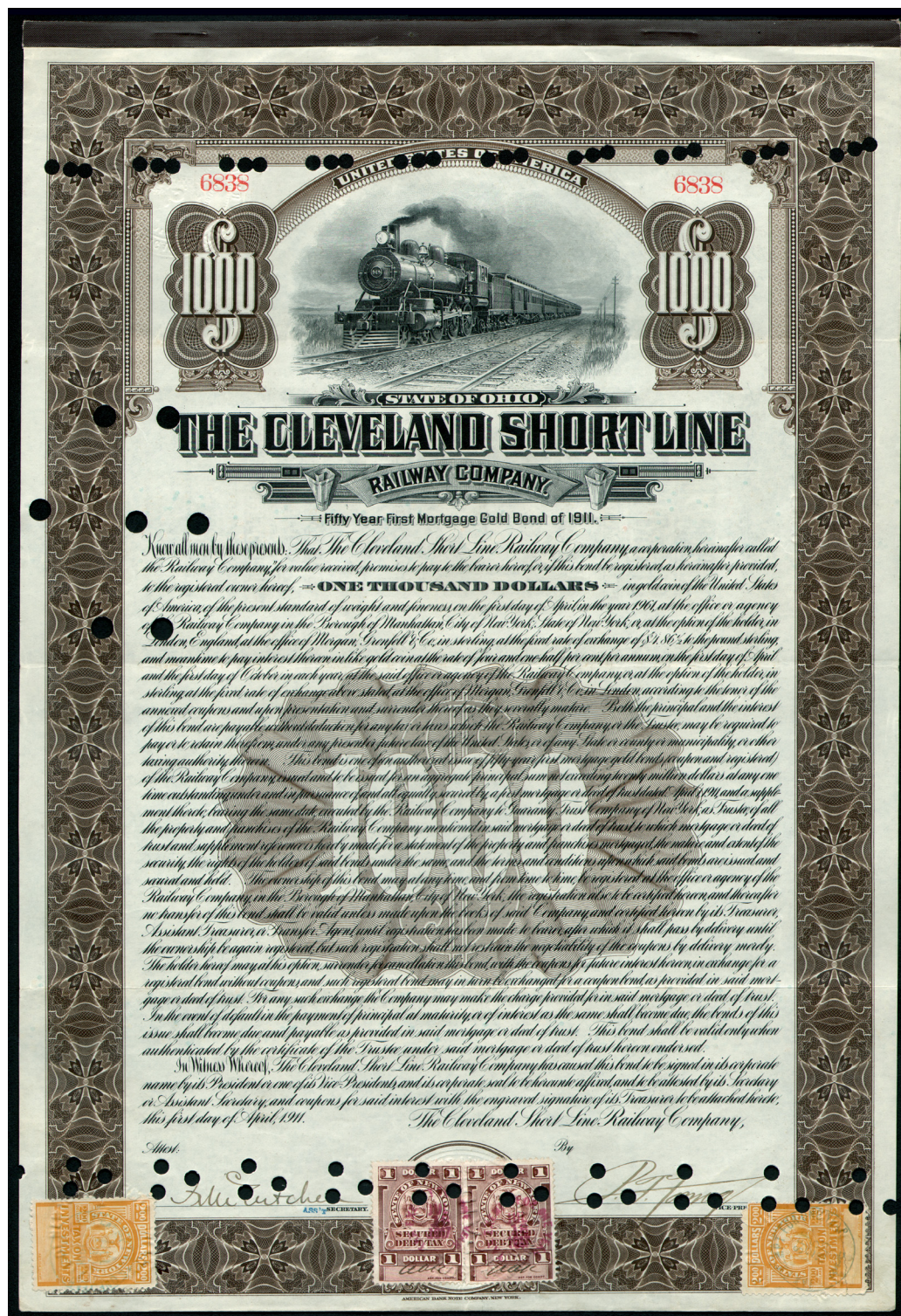


Figure G3. Cleveland Short Line Railway Co. 1911 \$1000 bond with Investments tax yearly payments by Secured Debt \$1 (x2) in 1917, then by Investments \$2 in 1918 and 1919, all to traveling agent A. A. Kemter: 1917 cancels unframed Type IIIA in red violet with manuscript initials "AAK"; 1918 and 1919 cancels Type IVA with incorporated script initials "A.A.K."



Figure G4. City of Jersey City 1902 \$1000 Water Bond with Investments tax yearly payments by Secured Debt \$1 pair in 1917, then by Investments \$2 in 1918 and 1919.



Figure G6. Cincinnati, Indianapolis, St. Louis and Chicago Railway Co. 1880 \$1000 bond with Investments tax paid for two years in 1917 by Secured Debt \$3.75 & 25¢. Just six different bonds with two-year payments have been recorded, of which three (and a total of four examples) bear the \$3.75 stamp.



Figure G7. Kanawha and Michigan Railway Co. 1890 \$1000 bond with Investments tax paid for five years in 1917 by Secured Debt \$10, Type IVE cancel with initials "WBL" of Albany agent W. B. Leroy. Only two bonds with this cancel have been recorded (see also Figure 93).

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