

# FROM HABERDASHERY TO HIGH FINANCE.

Operations of Munroe Brothers, the "Laundry" Brokers in Wall Street.

## BEGAN ON CAPITAL OF \$1,600.00

Before Many Months the Two Young Men Were Dealing in Millions and Hobnobbing With Gotham's Most Influential Men—Their Dreams of Wealth Rudely Shattered.

New York.—"Failure in Wall Street." This is a headline that is often seen in Gotham dailies, but it seldom creates much comment. It only records the fact that another firm has been caught on the wrong side of the market and forced to suspend.

But the bankruptcy proceedings recently instituted against the Munroe brothers reveal a remarkable story of the operations of two young men whose only business experience before their advent among bulls and bears had consisted in the selling of collars and neckties in a distant and virtually foreign city, who came to New York with practically no capital and in the course of a few months were dealing in millions and negotiating with some of the most influential financiers of the "street," until the inevitable crash came.

They hobnobbed with millionaires and some of the best men of the metropol-

**The Beginning.**  
Until about four years ago, George and Alexander Munroe kept a little haberdashery shop in St. Catherine street, Montreal. They were quite young men and apparently devoted to their business.

It was generally understood that they received financial backing from J. N. Greenshield, a prominent Canadian broker of that city. George Munroe married a sister of Greenshield's and through his influence the brothers were introduced in good circles. There had always been speculation as to whether or not the haberdashery store prospered, but one day it was announced that the Munroes had sold the store. At this time the mining craze was springing up over the country, and the brothers went down to the financial center of Montreal, opened up an office and put out a sign, "Munroe & Munroe, Mining Brokers."

**Move to New York.**  
Although they dealt in a few stocks on commission, it was generally conceded that their chief business was the handling of mining stocks in which Greenshield was interested. Even in the mining business, however, they failed to attract any attention in Montreal, and not long afterward they came to New York and established themselves on Broad street, in the very heart of the financial district.

While in Montreal they had become connected with the Marconi Wireless Telegraphy company, of Canada, and, as it was understood that the stock was valuable, they began to advertise extensively on their arrival here, and worked up a wonderful trade among the Italians, who were attracted in part, no doubt, because of their kinship of nationality with the inventor.

Meantime the Munroes had also become interested in the Montreal & Boston Consolidated Copper company, which is at the bottom of the present

value of five dollars a share, and a contract was entered into by which the persons who were to underwrite it were to get the stock at one dollar per share.

Various persons went into the syndicate, with the provision that they were to take or underwrite a certain number of shares, paying one dollar per share, 20 per cent of the purchase price, at the outset and the balance within certain specified times.

The understanding was, however, that those who had underwritten the stock would not pay the one-dollar price unless the money became necessary for the development of the mining property, the promotion of stock sales, and so on. That is, while they agreed to pay a certain amount should the exigency arise, if it did not arise they would be so much more "to the good."

**Resort to Washing.**  
Brokers who were members of the exchange were readily found who were willing to dispose of a certain number of shares a month, and what they received was to go 60 per cent to them and 40 per cent to those who had underwritten the stock in the beginning. It was then decided that in order to sell the stock at a price above one dollar per share, it would be necessary to resort to the process known as "washing."

In other words, they agreed to themselves purchase the stock at a high figure, in order to set that as the market rate. Par being five dollars, and they having obtained it at one dollar, they arranged for street sales at \$2.50 and \$3, themselves buying at that rate, in order to show that the stock was active and to induce the public to buy at the same price.

In point of fact, so as to make a showing of large sales, those who were selling the stock were themselves bidding on it, all the transactions being credited on the books. It has been shown that, lured by this system, one outsider bought 50,000 shares, at from \$2.50 to \$3. In disposing of this stock, Munroe & Munroe "washed" about 2,000,000 shares or more in the process of getting rid of about 130,000 shares, for which they are said to have paid the company not more than \$130,000 in all. The brokerage on raising this \$130,000 is more than \$100,000, because they had to pay commissions on the whole 2,000,000 shares.

**Transactions of the Lawmakers as Shown by a Summary of the Daily Routine.**

Bismarck, N. D., Feb. 14.—In order to allow an opportunity to lay the new rug in the house chamber the session of that body was not held Saturday forenoon. The session was a short one and the senate session in the afternoon was brief, both houses adjourning until Tuesday afternoon—Monday being observed as the Lincoln holiday.

The effort to replace the Minnesota grain inspection by an inspection in Wisconsin came before the senate this afternoon. When Senator Brown's resolution was adopted, as follows:

Whereas, general dissatisfaction exists among the grain growers of the state of North Dakota with the Minnesota inspection and grading of grain—frequently grain grown on the same quarter section with conditions alike, shipped in different cars, receive grade and dockage widely apart, thus proving the inefficiency of the law or the incompetency of those chosen to administer it—

And whereas, it is to the interest of the farmers of this state to have competing markets for their grain, and

Whereas, there is now pending in the senate of the state of Wisconsin a bill—being senate bill No. 105—creating a grain commission for the state of Wisconsin, and providing for licensing and regulating warehouses and elevators, and for the storage, weighing and inspection of grain in the city of Superior and conditionally at other terminal points in said state;

And whereas, said bill provides that a commission of three shall be appointed by the governor of the state of Wisconsin, one of such by the request of the governor of the state of North Dakota, a third by the board of trade of the city of Superior, Wis., and the fourth by the board of trade of the city of Superior, Wis., in the past laborer diligently to give to this state a market for its grain, therefore be it

Resolved, by the senate, that the house of representatives concurring, that we are in favor of the passage of senate bill No. 105 and earnestly request and urge its passage, thereby creating a grain and warehouse commission at the city of Superior, Wis., thus giving to the farmers of this state a strong competing market in which to dispose of their grain, and be it further

Resolved, that copies of this concurrent resolution be sent to the senate of the state and the president of the senate of the state of Wisconsin.

**THE NEWS IN BRIEF.**

For the Week Ending Feb. 18.

Twelve buildings were destroyed by fire at Bryant, S. D. Loss is \$60,000; well insured.

Two men met death from falling rock in the Lake Superior copper mines at Calumet, Mich.

Four persons were found dead in a small house in Cleveland, O. The deaths had been caused by escaping natural gas.

One woman was burned to death and 15 men and women narrowly escaped in a fire which damaged the Hotel Winton, in New York city.

Mrs. Rebecca Snyder and her niece, Ida Shade, of Liberty, O., were killed near West Carrollton, O., by being struck by a train.

In a fit of insanity, Mrs. D. Groves, wife of a mail carrier at Kalamazoo, Mich., cut her left arm off with a hatchet. She died a few hours later.

Edinboro, Pa., the state normal school town, was visited by one of the most disastrous fires in its history. Loss estimated at \$50,000.

Dr. John H. Grannis, said to have been the first union soldier to enter the town of Gettysburg at the time of the battle, died at Saybrook, Conn., aged 60.

C. C. McKibben, a traveling salesman for a typewriter company of Derby, Conn., was killed by falling from a window of a hotel at Providence, R. I.

The Kentucky Wesleyan college, the official school of the Methodist Episcopal church south, burned at Winchester, Ky., causing a loss of about \$75,000.

Anton Westmark shot and fatally wounded his wife at her parents' home in Dubuque, Ia., and then blew out his brains. Jealousy caused the tragedy.

Alexander Mead, a colored man 116 years old, died at Toledo, O. Mead was born in slavery October 24, 1789, near the Big Sandy river, in Greenup county, Ky.

It is semi-officially announced that as a result of the disturbances at Lodi 144 bodies have been buried, while 200 wounded persons are still in the hospitals.

Claude S. Selvey, a prominent attorney, pleaded heading from the fifth-story window in the Lonsdale building, at Duluth, Minn., and was killed.

William Cullen Bryant, the publisher of the Brooklyn Times and secretary of the American Newspaper Publishers' association, died at a sanitarium in Plainfield, N. J.

Elkhart, Ind., reports that the interurban lines have suspended the operation of trains because of snow which in places has drifted higher than the roofs of the cars.

Fire practically destroyed the interior of a three-story brick building on Hennepin avenue, Minneapolis, Minn. The loss is estimated between \$75,000 and \$90,000.

At Kansas City, Mo., Charles Bieger, aged 57 years, fatally stabbed his invalid wife, Emma Bieger, aged 42 years, after which he severed his own jugular vein, dying instantly.

Four men killed and 14 injured, of whom three are in a critical condition, was the result of two explosions on board the British submarine boat "A-5" in the harbor at Queenstown, Ireland.

The strikers in St. Petersburg now total about 30,000. The temper of the men is more threatening and Cossacks and other troops have again been drafted into the city. The police are arresting the ringleaders.

A collision between trains on the Chicago, Milwaukee & St. Paul road at Melrose, Ill., killed Engineer William Dodson, of Chicago, and fatally injured Engineer Charles Stapleton, of Rock Island. No passengers were hurt.

John Shaw, residing on a farm about 20 miles northeast of Quincy, Ill., shot and killed his wife, and then ended his own life with the same weapon. Legal and domestic troubles extending over several years are responsible for this tragedy.

Funds with which to prosecute the inquiry into the methods of the Standard Oil company in Kansas were asked of the house by Secretary Metcalf, of the department of commerce and labor. In his communication the secretary says that this inquiry cannot be completed before July 1 next.

**NORTH DAK. LEGISLATURE.**

Bismarck, N. D., Feb. 15.—In the house yesterday the Brown resolution calling for the state of Wisconsin grain inspection was concurred in.

Bills were introduced prohibiting the use of dogs in chicken shooting; prohibiting the sale of firearms to minors under fourteen years of age; providing a general code for the government of cities by amending the present municipal bill.

In the senate, Senator Regan presented a bill providing for the division of the state into two congressional districts.

The appointments of the governor proposed by the committee on elections of the present week or the first of next week. The report of the senate committee on appropriations, which will comprise the budget for the session, probably will be made this week.

Bismarck, N. D., Feb. 15.—The primary election bill, known as senate bill No. 105, was reported to the house by the committee on elections. The committee reported a substitute bill, providing for the nomination of county and legislative officers by the direct primary. State officers, congressional candidates and judicial officers are to be nominated by delegates to be chosen at primary elections. Separate ballot boxes are to be provided at primary elections. The delegates to the state convention are to vote for candidates for nomination, by secret or Australian ballot. The bill is favored by the conservatives and it is believed it will be passed instead of the more radical bill formerly introduced and passed by the house.

The senate held a short session and passed the amended educational bill and passed to increase the pay of witnesses in district courts from \$1 to \$2 per day.

Shell's anti-trust bill passed the house by an almost unanimous vote. It is aimed at the alleged harvest trust.

Memorial exercises for the late John M. Cochrane, judge of the supreme court, were held in the house and senate today. Addresses were made by Father E. J. Conroy of Grand Forks, R. N. Stevens of the house, and A. Simpson of the senate, and S. G. Skulason of Grand Forks. The proceedings will be printed in the journal of the house as a tribute to the dead jurist.

Bismarck, N. D., Feb. 17.—The original primary election bill, known as senate bill No. 105, was reported to the house by the committee on elections. This bill eliminates state officers, congressmen, the judiciary and United States senators from the decisions of the bill, but provides for primary election of county officers and delegates to state conventions; abolishes the unit rule at state conventions; provides for a secret ballot by delegates and for separate ballot boxes in primary elections.

The vote on the adoption of the election committee's substitute was close, and the bill was adopted only after a hard fight. Fifty-five of the members of the house voted for the substitute and forty-four for the original bill. After the substitute had been adopted, the bill was passed by a vote of 65 to 32. The amended bill now goes to the senate.

It is said those who favored the radical original bill will attempt to defeat the substitute, but the Republican leaders believe that the amended bill shall pass the senate, as being in accord with party pledges and covering the instructions laid down in the Republican state platform.

The senate referred the bill providing for an increase in the salaries of district judges to the appropriations committee. A similar bill has been killed in the house. The bill was up for final passage when Senator Regan moved its reference to the appropriations committee and the motion carried.

Bismarck, N. D., Feb. 18.—The house substitute primary election bill that was reported as an amendment to the original primary bill was passed by the senate today by a vote of 23 to 15. It was reported that the members who had favored the original bill would oppose the substitute, but the Republican leaders of the senate united and secured the passage of the amendment. This ends the primary election battle for the session.

The senate appropriations committee made its report today. The senate committee bills provide for the total appropriation of out \$1,100,000 for the biennial period. The principal items of the budget are as follows: Irrigation bill, \$12,000; state university, \$102,000; institute for feeble-minded, \$72,000; insane hospital, \$145,000; deficits in state institutions, \$124,000; blind asylum, \$25,000; purchase of Cochrane library, \$10,000; new buildings at insane asylum, \$90,000; public expense, \$11,000; chemical laboratory, agricultural college, \$50,000; deaf school, \$12,000; new experiment station, \$20,000; epidemic reform school, \$50,000; reform school, Mandan, \$24,000; normal school, Valley City, \$51,000; Mayville normal school, \$45,000; academy of science, \$12,000; aid to high schools, \$30,000; increase in clerk hire, \$22,000; gymnasiums, agricultural college and state university, \$60,000; Lewis and Clark exposition, \$10,000.

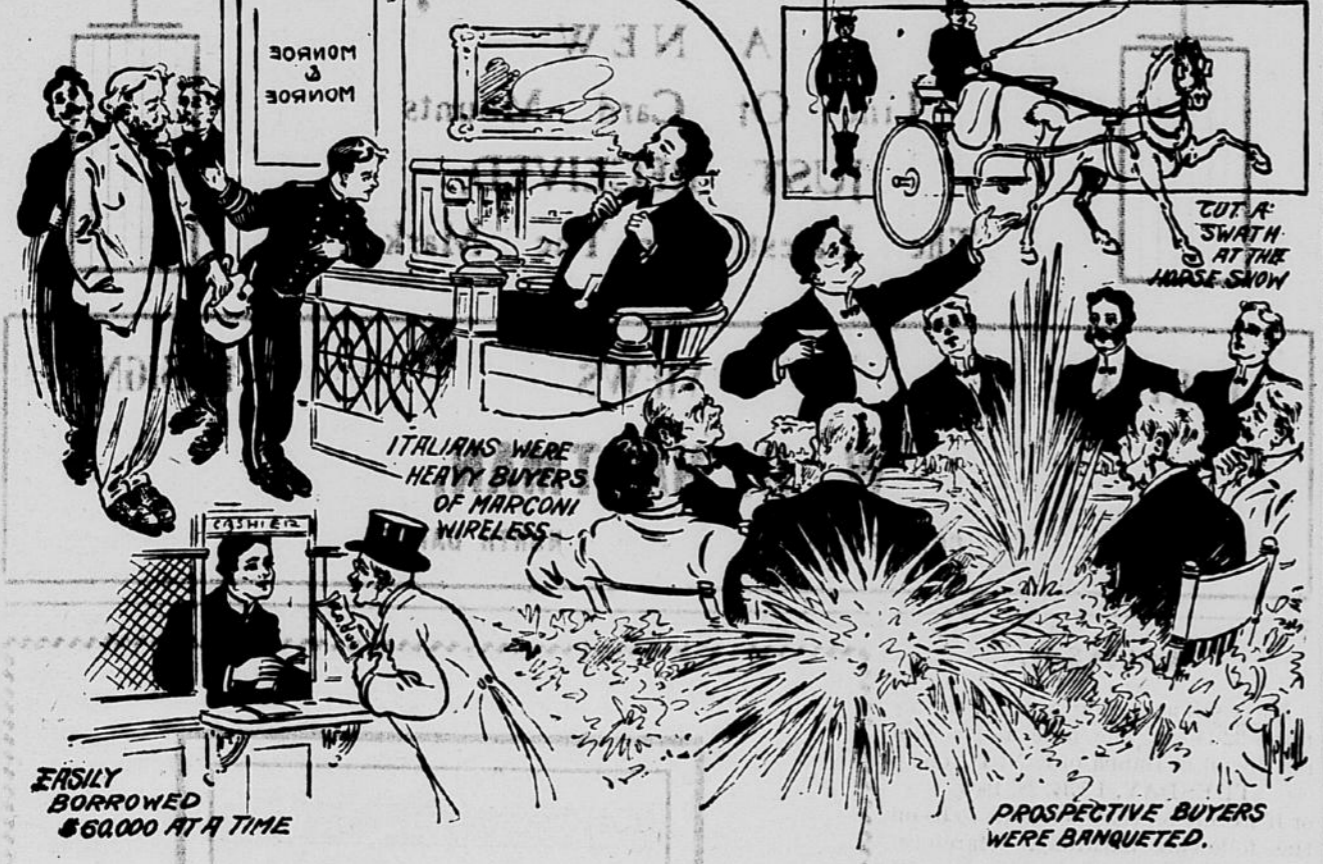
**NORTH DAKOTA BRIEFS.**

A building and loan society has been organized at Minot.

One of the business blocks in Dickinson was burned. The building contained two restaurants.

The village of Page is having trouble raising funds for a new school, owing to low assessment.

Red River valley papers favor the incorporation of a drainage feature to the irrigation bill, but doubt the possibility of the measure becoming a law.



dis and saw visions of wealth beyond the dreams of avarice for themselves, but, as a shrewd veteran of Wall Street said, "the game grew too big for them."

**Plan of the Brokers.**  
James Stillman, president of the National City bank, describes the transactions by which Munroe & Munroe, the "laundry" brokers, obtained from the bank a daily loan of \$60,000 for eight days on an unsecured and unsecured demand notes for the purpose of washing hundreds of thousands of shares of Montreal & Boston Consolidated Mining stock in the curb market, as the act of a junior officer of that institution.

That junior officer was Archibald G. Loomis, second vice president of the bank and the leading member of the Montreal and Boston underwriting syndicate. Of course there had to be somebody upon whom the responsibility could be placed by the public for the unusual transactions, and the curiosity of men on the street was satisfied when Mr. Loomis resigned.

bank and sent a collector down to Munroe & Munroe. "Why, certainly!" said that firm, obligingly, and drew at once a check for the full amount on a Montreal bank.

McHugh & Co. deposited the check that afternoon—December 2—and thought no more of it for a week. At the end of the week back came the check marked "N. G."

A member of the McHugh firm went down to investigate. He found a clerk

situation. After the smash in copper two years ago, however, they had a hard row to hoe, and little was heard of them in connection with this company. They nevertheless kept the Marconi stock to the front, and when there came a revival of the demand for copper abroad, their prospects brightened.

**Lay Plans for Coup.**  
They reorganized the Montreal & Boston, got some other properties together, and then laid plans for one of

It should be said, however, that in the transactions the bank was in no way discredited. The \$60,000 borrowed were paid back by Munroe & Munroe before the close of banking hours each day, so that the bank lost nothing.

An interesting phase of the negotiations was that the Munroes, unknown and untried youths, became close personal friends of Loomis.

**Began on Capital of \$1,600.**  
The worldly capital of the Munroes when they quit the genteel occupation of gentlemen's furnishes in Montreal to take up even a more genteel occupation in New York, was about \$1,600.

The furniture in the office would have cost more than that—if it had been paid for, and reflected great credit upon the good taste of the gentlemen. The desks were of the finest and most expensive make and the furnishings lavish. There was a grill of chastely ornamental iron work which confined the cashier, and probably kept him from absconding with the firm's heavily bonded debt.

The furniture included a set of big easy leather-lined chairs and an imposing sofa. There were other tasteful touches about the place, and everything suggested to the uninitiated that untold wealth was at their command.

But it was these same furnishings that first brought the trouble that resulted in bankruptcy proceedings.

They stopped at various cities on the way out and had a jolly time.

**Not Unlike Fiction.**  
The revelations in the Munroe case make it not unlike the story told in one of Emile Zola's novels in which a Parisian set of men in the sixties who needed office furniture rented it by the week from a firm whose business it was to outfit people who needed sumptuous offices temporarily.

The firm Gaboriau pictured could, on short notice, give any office the appearance of glittering wealth. It rented out massive desks, cashier's grills, safes and pictures. It kept constantly on hand a supply of curios for special purposes—mineral specimens for mining companies, oriental curios for people in the China trade, and chunks of crude rubber for rubber companies. Such objects, scattered carelessly about the office, gave an air of busy industry and genuineness to any old enterprise.

But it is not necessary to go as far as this in these days, as it is shown in this case that modern finance has brought improved methods.

**Bankruptcy Proceedings Instituted.**  
About October 1, Munroe & Munroe approached McHugh & Co. They wanted a bill of goods sent up to their Broad street offices.

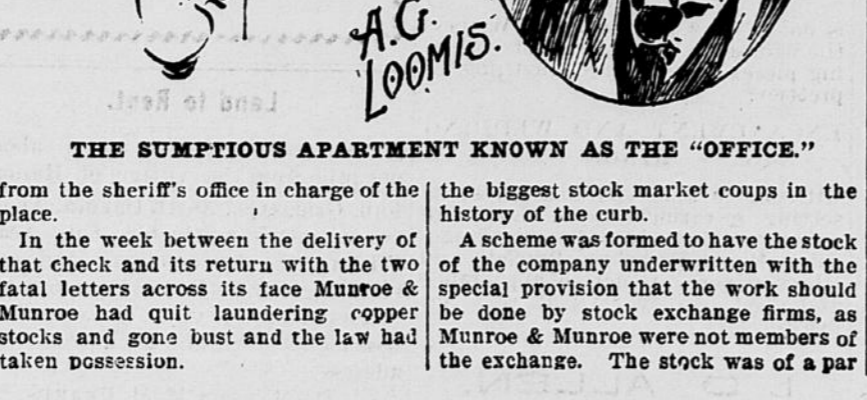
They mentioned as reference the National City bank, the institution which afterward lent them \$60,000 daily on their unsecured notes. McHugh & Co.

from the sheriff's office in charge of the place.

In the week between the delivery of that check and its return with the two fatal letters across its face Munroe & Munroe had quit laundering copper stocks and gone bust and the law had taken possession.

the biggest stock market coups in the history of the curb.

A scheme was formed to have the stock of the company underwritten with the special provision that the work should be done by stock exchange firms, as Munroe & Munroe were not members of the exchange. The stock was of a par



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**THE MARKETS.**

New York, Feb. 18.

**LIVE STOCK—Steers**..... \$4 50 @ 6 00  
Hogs, State, Penn..... 5 10 @ 5 50  
**SHEEP**..... 4 00 @ 5 75  
**FLOUR—Minn. Patents**..... 6 00 @ 6 75  
**WHEAT—May**..... 1 17 1/2 @ 1 17 1/2  
July..... 1 05 1/2 @ 1 05 1/2  
**CORN—May**..... 25 1/2 @ 27 1/2  
July..... 25 1/2 @ 27 1/2  
**OATS—Natural White**..... 17 @ 21 1/2  
**BUTTER—Creamery**..... 31 1/2 @ 32 1/2  
**CHEESE**..... 12 @ 25  
**EGGS**..... 12 @ 25

**CHICAGO.**

**CATTLE—Fancy Steers**..... \$5 50 @ 6 00  
Butts..... 2 25 @ 3 25  
Fair to Choice..... 5 00 @ 5 20  
Medium Best Steers..... 4 10 @ 4 20  
Calves..... 3 00 @ 3 50  
**HOGS—Assorted Light**..... 4 75 @ 4 90  
Heavy Packing..... 4 00 @ 4 25  
Heavy Mixed..... 4 10 @ 4 35  
**BUTTER—Creamery**..... 21 @ 23 1/2  
Dairy..... 15 @ 20  
**EGGS—Fresh**..... 24 @ 26  
**LIVE POULTRY**..... 11 @ 14  
**POTATOES—Per bu.**..... 20 @ 35  
**GRAIN—Wheat, May**..... 1 18 1/2 @ 1 21  
Corn, May..... 46 1/2 @ 46 1/2  
Oats, May..... 25 1/2 @ 25 1/2  
Barley, Mailing..... 20 @ 20  
Rye, May, Delivery..... 77 @ 77 1/2

**MILWAUKEE.**

**GRAIN—Wheat, No. 1 North**..... \$1 16 @ 1 17  
Corn, May..... 46 @ 47  
Oats, Standard..... 22 1/2 @ 23  
Rye, No. 1..... 53 1/2 @ 54 1/2

**KANSAS CITY.**

**GRAIN—Wheat, May**..... \$1 06 1/2 @ 1 06 1/2  
July..... 80 1/2 @ 80 1/2  
Corn, May..... 44 1/2 @ 44 1/2  
Oats, No. 2..... 22 @ 23

**ST. LOUIS.**

**CATTLE—Beef Steers**..... \$2 00 @ 2 00  
Texas Steers..... 3 00 @ 3 25  
**HOGS—Packers**..... 4 85 @ 5 00  
Butchers, Best Heavy..... 4 85 @ 5 00  
**SHEEP—Natives**..... 4 40 @ 5 00

**OMAHA.**

**CATTLE—Native Steers**..... \$3 25 @ 5 50  
Stockers and Feeders..... 2 00 @ 4 00  
Cows and Heifers..... 2 70 @ 4 00  
**HOGS—Heavy**..... 4 75 @ 4 85  
**SHEEP—Wethers**..... 5 00 @ 5 75