

King *of the* Bucket Shops

LADIES BANKING HOUSE

T. BRIGHAM BISHOP
& CO

BANKERS & BROKERS

INVESTMENT SECURITIES

Bought & Sold on Commission

Home Office Boston

INTEREST ALLOWED ON DEPOSITS

32

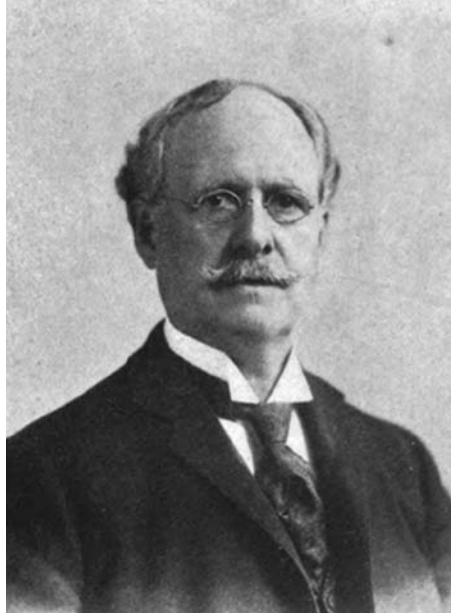
By Julia Bricklin

IN 1885, Julia E. Hetsch was just 22 years old and the mother of two tiny daughters when she gave Thomas Bishop her life's savings. His brokerage was doing well for thousands of investors, according to the advertisements Bishop placed with her husband's printing company. "T. Brigham Bishop & Co." catered to women. Its 14th Street offices even had separate parlors for the fairer sex, with quiet, smokeless and profanity-free lounges. At any time, Mrs. Hetsch could mingle with other middle-class women and have gentlemen assist her with ticket readings.

On April 11 that year, Hetsch went to claim her account, more than \$2,000. It's possible she had read in the papers about the growing number of alleged swindles associated with the firm throughout the country. Bishop refused to return her money. Shortly afterward, Bishop fled New York for Florida, but he underestimated Hetsch's rage.

Thomas Brigham Bishop was born in Wayne, ME, in 1836 to Joseph S. Bishop and Hannah Brigham, a physician's daughter. In 1860, he lived in Portland, ME, with a wife and child. A few years later, like most young men, he was drafted into the Army. Bishop paid a neighbor to take his place, but eventually ended up in Chattanooga, TN, where he started a minstrel company in 1864. He later claimed to hold various positions, including head photographer of the Army of the Cumberland, head engineer for General Garfield in Murfreesboro and commander of a company of soldiers, albeit "colored ones," a position he did not initially relish.

Although many of the highlights of Bishop's war career are rather outrageous and unsubstantiated, there is evidence to support some of his claims. There are photographs of military personnel with his name imprinted on them, and his entertainment of troops in Tennessee is well-described in contemporary newspaper accounts. Certainly, Bishop



Thomas Brigham Bishop

authored—or at least contributed mightily to—the famous Civil War ballads *Shoo Fly*, *Don't Bodder Me* and *When Johnny Comes Marching Home*. Julia Ward Howe allegedly borrowed the melody for *Glory, Glory Hallelujah* from his 1850s composition *John Brown's Body*.

After the war, Bishop returned to Portland and divorced his wife. In 1867 he married a glamorous actress, Sarah, whom he'd met in New York, and the couple had a son shortly afterward. Bishop resumed composing at a furious pace, churning out some 100 songs or so over the next decade. He toured Europe in the mid-1870s with his new family and, upon his return, managed successful female vocal and dramatic acts.

It is not hard to imagine why this fiercely energetic man might have entered the stock business. It was difficult to make the kind of money one might make today with hit songs, even for a prolific composer like Bishop. Copyright law was not consistent until the latter part of the century, and it was easy for publishing houses to estimate their receipts downward, or assign *noms de plumes* to songs, or buy a song outright with no royalty attachment. Bishop spent the better part of his young life traveling and singing his own songs, and fiercely guarding his titles in the press, but even the most gifted artist must slow down as age advances.

The same year Sarah and Thomas married, Edward Calahan invented the stock ticker, which allowed brokers to monitor price quotations and transactions on the exchange floor from a distance. In 1873,

Thomas Edison invented the quadruplex, a system that allowed four messages to travel simultaneously over one telegraph wire. Western Union used the ticker and the quadruplex together to corner the market on real-time financial information, the demand for which was growing exponentially from post-war speculation in government-issued bonds and paper currency. Around 1880, Bishop obtained several of these, and he opened his first brokerage office at 49 Broadway in New York City.

J.K. Hetsch Printers was on William Street, about a five-minute walk from Bishop's establishment. The usual advertisement, "T. Brigham Bishop have [*sic*] opened a special Banking House for Ladies!" ran with other enticements, such as notice that small orders from anywhere would receive special attention. This was very attractive to thousands of people, who were not at all associated with the Chicago or New York Stock Exchanges, but wanted to participate in the investment fervor sweeping the country. They could place relatively small sums on the price movements of stocks and commodities, effectively "margin calling." A patron could buy or sell as few as 10 shares of stock, on margins as low as \$2, representing a 2% decline or advance in the price of the stock.

What Mrs. Hetsch and many others did not realize is that the owners of unregulated stock market outlets—otherwise known as "bucket shops"—did not actually place customers' transactions on any of the stock or commodity exchanges, nor did their transactions affect the actual prices of shares or agricultural products. Often, as in the case of Bishop, the agents of a store would keep just enough money on hand to pay off the lucky few who had wagered correctly, which enticed them to come back and place even more cash or securities. This payoff was usually cash that came straight from someone else's pocket, not any returns from the stock market.

When Bishop refused to give Hetsch her deposit money back, she went back to her husband to discuss the matter. The couple returned to T. Brigham Bishop & Co. in a day or two to resolve the issue, but Bishop was gone. His brokerages in Boston and

Left: T. Brigham Bishop office building, as illustrated in the *New York Daily Graphic*, 1882.

outlying areas were shutting down, probably for two reasons: the first, a sudden rise in wheat prices that month, and second, rumors that an outside concern had purchased Bishop's business. Like the collapse of dominos, people demanded their earnings, and Bishop's shops could not cover them, spurring even more customers to try and collect. Bishop absconded to Florida, while his wife stayed in New Jersey. Even with thousands breathing down their backs, the Bishops began plotting their next fortune, while Julia Hetsch plotted her revenge.

It is not known how much money Bishop had made personally from his northern syndicate by 1885, but *The New York Times* reported in 1887 that four similar outfits—with approximately the same number of offices and time in business—had been making annual profits of \$100,000 to \$500,000. When the New Haven office failed in the spring of 1885, investors found themselves out of anywhere between \$25 and \$5,000. Assuming each office had a conservative estimate of 100 clients at any given time, and knowing that the firm had 53 branches in different cities, it is likely Bishop's franchises collected cash closer to the \$500,000 estimated by this report. Today, this would be about \$12 million. This does not take into account sums that were paid back to some clients, and wages paid to chiefs of each office, but even a conservative quarter of this amount would make Bishop a wealthy man.

Bishop was able to mastermind this scheme for several reasons. After the Civil War, many states established laws giving married women "separate use" of their property; by the time bucket shops opened up in the late 1870s and early 1880s, they were able to invest money that until that time would have been under the control of their husbands. Because Bishop had offices for females only, a woman would have no fear of losing her respectability. Also, using bucket shops allowed both men and women to effectively gamble, without the moral taint of gambling, because it was perceived as a way to get some return on their hard-earned wages from the largesse of the United States' grain and stock markets.

Moreover, Bishop was particularly gifted in getting people to part with their money. A British businessman recalled how the bucket shop king tricked him out of \$500. When the Brit came to interview



Illustration of the ladies' sitting room in Bishop's office, *New York Daily Graphic*, 1882.

him, Bishop rattled off names of famous clients to him, such as Vanderbilt, Gould and Sage. Then, Bishop cut himself off, and told the Londoner he should just sit awhile, and see who came in to invest with the firm. The businessman did just that. Over the next few hours, several people—actors, no doubt—came through the office, begging Bishop to allow them to do business with him. The Brit was convinced and forked over his money, then spent the next two years chasing down non-existent dividends.

Many ordinary citizens could reconcile margin trading with their moral barometers, but exchange personnel were irritated with people like Bishop for practical reasons. Bucket shops mimicked exchanges' transactions and competed with brokers for speculative customers trading on margin, thus calling into question the legitimacy of organized speculation. In November of 1877, the New York Stock Exchange formed a special committee to deal with bucket shops. It held several conferences with the Gold & Stock Telegraph Company—which rented tickers out to brokerages—and together they decided to better regulate the instruments. It's not clear how many machines T. Brigham Bishop & Co. owned or rented, but it's probable that it had at least one for every major franchise. In smaller cities, the company may have just used a black board to report downticks in prices, which almost always favored the house.

By the end of April 1885, Bishop could no longer get away with telling customers that he did not own the franchises that wouldn't pay, and he could no longer tell customers they just weren't savvy investors. Julia Hetsch filed suit in New York City, but it was too late. Bishop escaped to Ocala, FL, out of reach of New York legal authority, where he used some of his fortune to build the Silver Springs Hotel and several banks.

A tourist later recalled an encounter with Bishop there. Bishop told this fellow that he and his head building contractor were both suffering from a chronic syndrome contracted from their years in the Army, but that by drinking and bathing in the water near his hotel, they had been cured. Bishop also told this sympathetic stranger that jealous locals burned down his hotel—it actually had been lost in a fire—and he had no insurance for the structure.

Bishop did not receive insurance money for the building because he did not, in fact, own the land on which the hotel was built. He did, however, heavily furnish the hotel on credit, using his own Palatka National Bank as collateral. The bank failed soon after the fire, but Bishop had already collected insurance for the furnishings. Also, Bishop sold swampy Florida lots—many of which he did not own—to unsuspecting Northerners.

Meanwhile, Bishop's wife took on the complicated task of holding onto the cash he had made in New York. Until her teen



Ladies' banking room at T. Brigham Bishop & Co., *New York Daily Graphic*, 1882.

marriage to her first husband, she was a traveling spiritual medium, plying money from audiences wishing to speak with their dead relatives. She had purchased a considerable amount of property by the mid-1880s and continued to do so after her husband left for Florida. She acquired substantial lots of real estate in Brooklyn, Harlem and Clifton, NJ. Between 1883 and 1890, the titles to these properties circulated between her, her son William, Brigham's brother George in Massachusetts and son Clarence.

While Mrs. Bishop amassed property, Mrs. Hetsch watched T. Brigham Bishop & Co. very carefully. She hired Pinkerton detectives to investigate Bishop's family and cronies, and may have discovered after a time that his stepson had purchased the company's assets under the moniker "United Exchange Company." When Wall Street businessmen came into Hetsch's husband's shop to print bills and advertisements, she would ask them what the latest rumors about Bishop were.

In 1888, Bishop slipped back up north. He loved betting on horses, and bragging about his winnings, so it did not take long for Hetsch's detectives to find him. Officers followed him everywhere, but Sarah Bishop always handled her husband's business transactions in New York City, while he remained safely across state lines in Clifton.

In July of 1890, Mrs. Hetsch's investigators sent a banking imposter to meet with

Bishop in New Jersey. This man led Bishop to believe that a large sum of money was at his disposal, in New York, for one of his schemes. The trap worked. When Bishop arrived in the city, he was met by the sheriff. He was unable to furnish bail, so he was put in Ludlow Street prison. Sarah Bishop arrived shortly afterwards, with a friend. They put up collateral for his \$2,500 bail, which Hetsch's lawyer declared fraudulent, but the sheriff let him go. Bishop immediately went back to New Jersey and hid.

In November of 1891, Bishop was again induced to come to a rendezvous spot with the promise of a business opportunity. New Jersey police promptly arrested him for skipping bail in New York and placed him in Ludlow Street jail again. George Matthias, the "friend" who put up bond the previous year, was angry that Bishop had left town before trial, so he was forced to turn himself in. Furthermore, he said, Mrs. Bishop's lawyer had promised to pay him to go on bond, and had not. Matthias explained to the judge that Bishop was not penniless, as he claimed, but that the couple was tremendously wealthy, and had put all of their money and real estate in Sarah's name.

Mrs. Hetsch's lawyer wasted no time opening an examination of Mrs. Bishop's finances. On December 9, 1891, a city referee grilled Sarah. She finally admitted to owning parcels and homes in several states, but insisted they were all purchased before she married Bishop. She

also pleaded ignorance with regard to her husband's dealings, and that she only knew what his business was because of the sign on the window of his office.

Sarah's acting skills were not convincing enough. Bishop spent the next two months in jail, until Sarah could muster enough cash to get him out. As soon as he was freed in February 1892, Bishop filed suit against the Hetsches for perjury, claiming their false accusations had made his life miserable. In April, however, the city court put in a judgment of \$2,971 for Mrs. Hetsch, and the latter immediately countersued Bishop for the "trumped up" perjury charge. Threatened with more jail time, Bishop dropped the suit.

It is not clear if Mrs. Hetsch ever received her settlement, but the publicity surrounding her endeavors forced the Bishops to move around from hotel to hotel and state to state for years. In 1900, Bishop re-emerged in Philadelphia, using "Thomas B. Bishop" as his moniker, but failed to get any investors in his new wireless company. **\$**

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