



R.M.S. Republic



Cargo: Russian State Bank Shipment

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May 26, 2025

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Table of Contents

Cover	1
Table of Contents	2
Abstract	3
Following the Money Forty Fathoms Deep	4
The Borrower	14
Cargo: The Russian State Bank Shipment	15
Russian State Bank Shipment	17
The "Secret" September, 1905, \$22,000,000 U.S. Coin Export to France	18
The Mechanics of the Specific Transaction	21
Fear of a Run on the Banks	22
The Russo-Japanese War – A Sub Rosa Agreement	26
Solved: The Mysterious 30 Day Loan, A Foreign Exchange Transaction	33
The 1917 Bolshevik Revolution	35
The US Government’s Claim to “all” Gold Aboard Republic	36
Russian Bonds Sold at a Discount	37
Summary	38
Shipment	39
A Witness: The \$25 Million Shipment	39
Recapitulation: The Conversion Process, 1904 Bonds for 1909 Bonds Plus Cash	41
The 1909 Loan: Conclusion	44
Final Remarks	44
Exhibits	45
I 1909 Loan Syndicate Agreement, with P. 6a (translation)	45
II Another “Mysterious” \$3,000,000 Transaction?!	61
III Goldman Sachs Foreign Exchange Ledger, Analysis	68
IV 1904 Bond with Terms	84
V Credit Lyonnaise Archives, Results of 1909, 1904 bond redemption provision, with P. 2a (translation).	87
VI Minister of Finance instructions to Credit Lyonnaise and Society General for the February 22, 1909, for the transfer to the State Bank of 5,000,000 francs each, 10,000,000 francs total.	103
VII Hottinguer and PariBas. for the collective transfer on February 22, 1909 of 5,500,000 francs to the State Bank.	110
VIII September 1905 Market Activity	113
IX Senior Executives of the Russian State Bank, (retrieved 2018)	122
X Bank Of France, Special Account	126
XI Crédit Lyonnais, 1909 Bond Settlement Summary (February 3, 1909)	143

Abstract

A shipment of approximately \$22 million in gold eagle coins arrived in France from the United States in September 1905. There is no corresponding U.S. export report for this shipment. France shows this gold coin shipment as received from the U.S. in its official published customs reports.

The Portsmouth Peace Conference ended the 1904-1905 Russo-Japanese War. The Treaty of Portsmouth was signed on September 5, 1905, after negotiations from August 6 to August 30. We believe that this September, 1905, \$22 million shipment was a sub-rosa settlement payment by Japan to Russia. These funds were most likely used by Russia to purchase an equivalent amount of its outstanding 1904 war bonds, to apply these funds directly to its corresponding war debt. The 1904 bonds would have been purchased at very favorable rates (given Russia's defeat in the Russo-Japanese War) by the Russian State Bank on the French Bourse. The purchase would have also shored up market price-support/stability for its depreciated 1904 bonds.

The approximately \$150 million of Russia's 1904 war bonds were to mature May 14, 1909. In order to meet this critical payment obligation, Russia organized its January 22nd 1909 4 ½% \$240 million 50 year "conversion" bond permitting 1904 bondholders (primarily Paris banks and financiers) to exchange their nearly fully matured 1904 bonds for 1909 bonds during the designated exchange period, January 13th through January 22nd, 1909. The 1909 bonds could be acquired at .88 percent of their face value with the balance owed on the redemption of their nearly matured (near full face value) 1904 bonds, to be paid in cash. \$25 million face value in nearly matured 1904 bonds would exchange for \$25 million face value 1909 bonds, but since the 1909 bonds were for future payments, they could be acquired at the discounted \$22 million price with the \$3 million balance due, to be paid in cash.

Once the redemption of 1904 bonds had been exchanged for 1909 bonds plus cash, the 1909 bonds could then be sold/resold to buyers at the discounted price of .88 of their face value.

The Russian State Bank and all of the French 1909 bond syndicate banks were designated redemption agents for the exchange of 1904 bonds for 1909 bonds plus cash. If, indeed, the Russian State Bank held 1904 bonds acquired from the Portsmouth Peace Conference, it would exchange during the redemption week its \$25 million in now-matured face value 1904 bonds for \$25 million face value 1909 bonds at their discounted price of \$22 million, plus receive the \$3 million balance, in cash. The Russian State Bank, or any other redeemer or redemption agent of 1904 bonds, were entitled to full payment at the time of redemption, January 13th through January 22nd, 1909. However, since the first disbursement by the French syndicate banks to Russia of 1909 bond proceeds did not begin until thirty days later, the first taking place on February 22, 1909, the \$3 million cash component of the \$25 million redemption would have to be borrowed until repayment could be made from the 1909 bond proceeds.

The Russian State Bank as well as all of the French 1909 bond syndicate banks, were all authorized redemption agents of 1904 bonds. They were selling their (or their 1904 bond redeeming clients) 1909 bonds for gold. Gold was what was needed by Russia, and was wanted by the original 1904 bond holders. Why wait until May 14th, 1909, to redeem their 1904 bonds, when they can get cash on January 22, 1909?

Conclusion

\$143 million of 1904 bonds were redeemed during the ten days January 13th through January 22nd, 1909. We have identified one \$25 million gold eagle shipment by the Russian State Bank on January 22, 1909. The other 1909 bond sellers, other French and Russian former 1904 bondholders, may have also sold their 1909 bonds and shipped gold. Any shipments which departed New York on January 22nd, 1909, were lost as a result of a collision at sea; they remain forty fathoms deep, entombed aboard the sunken shipwreck RMS Republic - to be recovered.

Following the Money Forty Fathoms Deep

Evidence that the Proceeds from Only One Transaction, the Sale of \$25,000,000 in January 22, 1909, Tsarist Bearer Bonds on Wall Street – US Gold Eagles worth Close to Ten Billion Dollars Today – Lies off the Coast of Nantucket in the Sunken Hull of the White Star Liner RMS Republic.

Other Additional Related Cargoes are Possible.

On January 14, 1909, a distinguished visitor arrived in New York City. Gregory Wilenkin, the Tsar of Russia's financial agent was, according to all accounts, on vacation. He brought along his wife and the two would stay at the St. Regis Hotel, dining out and being entertained by various dignitaries and other notables of New York society until their departure on January 23.

On the surface, there was nothing especially remarkable about this visit by Tsar Nicholas II's representative. He and Madame Wilenkin enjoyed their time, according to the society papers, and then it was off to San Francisco, Honolulu, and eventually Tokyo. Rather it's *below* the surface where things get interesting. Way below. Forty fathoms below, as a matter of fact.

Two intriguing things occurred during Gregory Wilenkin's stay in New York, both seemingly unconnected to his visit and both seemingly unconnected to each other. The first was a rather exceptional transaction on the New York money market: a loan of three-million dollars at 1.5 percent interest for thirty days. The amount, in and of itself, was noteworthy – close to four hundred million dollars in today's terms.¹ But it was the low interest rate that was record-breaking. Money brokers, according to the *New York Times*, "were unable to recall any cheaper rate...the lowest recorded quotation for thirty-day money was 2-½ per cent in 1904."² More interesting still: the parties to the loan, both the lender and the borrower, remained unidentified.

The second intriguing occurrence was the departure of a certain ship. RMS *Republic* was a luxury White Star liner, just like her future fleet mate *Titanic*. Dubbed the "Millionaires' Ship" because of the number of famous Americans who traveled by her, she steamed out of New York Harbor on January 22; the next day, Wilenkin also departed the city.

There may never have been anything by which to connect these seemingly random events – Gregory Wilenkin's visit, the record-breaking transaction, the departure of *Republic* –

¹ In 1909, the gold price was set at \$20.67 per troy ounce. \$3,000,000 would be 145,137.88 troy ounces.

² *New York Times*, "'Low Rate for Money Loans", January 16th, 1909, p. 14:2. See also: Exhibit II, Another "Mysterious" \$3,000,000 Transaction?!

without another remarkable occurrence. On the morning of January 23, just a little over fourteen hours from the time she left New York, *Republic* collided with the Lloyd Italiano liner S.S. *Florida* in heavy fog off the coast of Nantucket. She floated for quite a while, enough time for all the passengers, save two who had been killed in the collision, to be transferred by lifeboats to a rescuing ship. A third passenger would die of his injuries two days later in a Brooklyn hospital, but 742 passengers and crew members would survive. *Republic*, however, would not be so fortunate. Though an attempt was made to tow her to shore by the U.S. Revenue Service Cutter *Gresham* (the U.S. Revenue Cutter Service would become, six years later, the U.S. Coast Guard), the damage to *Republic's* underside proved fatal. She sank on January 24.

Almost immediately, there came certain rumors. *The New York American* printed the day after her sinking that “An unconfirmed report has it a large sum of money was on board the *Republic*.”³ The *New York Sun* followed up on the report, inquiring as to whether money had been shipped aboard *Republic* for Italy. It was a logical question. In December, there had been a devastating earthquake and resultant tsunami; one-hundred thousand people had been killed in the Messina and Calabria regions, two-hundred thousand had been left homeless. The world was responding with donations and *Republic* had been headed towards the Mediterranean. White Star denied that money was on board for earthquake relief, but a representative chose his words carefully. No “such” money had been turned over to the steamship company, he told the *Sun*.⁴

The rumors have never gone away. References of treasure aboard *Republic* have been popping up here and there ever since. In an August 23, 1914 article in the *Washington Post*, regarding new diving technology and the prospects of salvaging previously unreachable wrecks, *Republic* is mentioned: “She is in 245 feet of water and has a rich cargo.”⁵ Five years later, a Chicago salvage company, Twentieth Century Deep Sea Salvage Syndicate, inquired of the Coast Guard about the rumored treasure, actually meeting with Commodore Commandant Ellsworth P. Bertholf. Bertholf seems like a person who would have been in an excellent position to have known about the cargo aboard *Republic*. He was a celebrated personality of the period, a Congressional Gold Medal recipient, and the Coast Guard’s first Captain-Commandant, the highest ranking officer of the Coast Guard at the time. Who can say what was discussed in the meeting? But in a follow-up letter to Bertholf dated February 8, 1919, W. Schneider, President of Twentieth Century, references \$3 million in American Eagle gold coins. “We would like,” wrote Schneider, “to know how much information you or your Department could give us concerning [*Republic's*] location and other general data.” Bertholf’s reply, dated February 11,

³ *New York American*, January 25th, 1909, p. 2:7.

⁴ *New York Sun*, January 25th, 1909, p. 2:2.

⁵ *Washington Post*, August 23rd, 1914, p. 3:4.

refers Schneider to Captain K.W. Perry, commander of *Gresham*, the U.S. Revenue Cutter Service ship that attempted to tow *Republic* into port, “as to the exact location of her sinking.” As to the three million dollars in gold coins, Bertholf’s reply is as interesting for what it leaves out as to what it keeps in; namely, a denial. All Bertholf says regarding the cargo is, “you are referred to files of any of the daily papers published at that time.”⁶

Harold T. Wilkins, writing for *Popular Mechanics* in March of 1928 lists, among other “rich treasure wrecks”, *Republic*, “the \$2,000,000 bullion wreck...off Nantucket lighthouse.” Two years after Wilkins’s piece, a curious Mr. Louis Miller of Brooklyn, New York, aiming to learn exactly what the Coast Guard knew, sent an inquiry regarding the rumored cargo to the Coast Guard and no less a figure than Captain Benjamin M. Chiswell, World War I recipient of the Navy Cross and man considered to be the father of Coast Guard aviation, wrote back, saying, “Unofficial information at the time suggested that the *Republic* may have had on board \$3,000,000 in American Gold Eagles.”⁷

What was this unofficial information to which Chiswell referred? Whatever it was, and from wherever it was originally leaked, it continued to stoke the imagination of treasure hunters throughout the 20th century. Dozens of references can be found of the rumored treasure in newspapers and magazines and books from 1909 onward, including this from the 1964 book, *A Guide to Sunken Ships in American Waters*, co-authored by Coast Guard Commander Adrian L. Lonsdale: “Riches beyond most men’s wildest dreams – \$3,000,000 in American...gold pieces – reportedly lie in the hulk of the liner *Republic*.”⁸

There are two common denominators to the rumors. The first is an amount of three million dollars (plus or minus). The second is that the sum is in American Gold Eagle coins. The problem, however, is that until now, there’s never been anything uncovered that would specifically tie three million dollars in gold coins to *Republic*; no reason, in other words, for the gold to be aboard her. Yes, earthquake relief was being sent to Italy from various sources, but what was being sent was mostly in the form of supplies – food and clothing and building materials. Whatever money was coming from the United States came mainly through the Red Cross and it was wired to Italy, not sent in ships.

A second theory suggests the money was on board to be delivered to President Theodore Roosevelt’s Great White Fleet. Sixteen battleships, painted stark white, had been circumnavigating the globe since 1907 in a patriotic show of U.S. naval power. Part of *Republic*’s

⁶ Deep Sea Salvage Syndicate, letter dated February 8, 1919, NARA, RG 26, General Correspondence, File 651 (“RE,” includes *Republic*).

⁷ *Ibid.*

⁸ Lonsdale, Cmdr. Adrian L., H.R. Kaplan, *A Guide to Sunken Ships in American Waters*, Arlington, VA: Compass Publications, 1964.

itinerary included a rendezvous with the Fleet in Gibraltar. *Republic* carried supplies to replenish supplies that the Fleet had diverted, via two of its store ships, to Messina to help with earthquake relief. But research points to more than supplies on board *Republic* for the Fleet. There is ample evidence of a Navy payroll on board as well. Still, such monies cannot account for the rumored three-million dollars. Based on a detailed history of the Navy's financial accounting, the sum for the shipment to the Fleet is \$800,000, not an insignificant sum on its own, appraised today at about \$200 million.⁹

At two-hundred and fifty feet below the surface of the Atlantic Ocean (approximately forty fathoms), *Republic* presents a challenge for obtaining direct evidence of the rumored treasure. In diving lingo, she's known as a "Triple D" threat – deep, dark, and dangerous. It would take a skilled crew working from an expensive salvage ship outfitted with pressurized chambers to be able to do the job justice. And even then, one would need to know precisely where to look. *Republic* is 570 feet in length. Searching her for treasure would be like looking for a particular bedroom in a 60-story building that has been shaken violently and thrown on its side.¹⁰

To take a chance, a treasure hunter would want solid evidence that the three-million dollars (or more) was aboard and the details of the transaction that put that cargo aboard, the *why*. Even the most capricious treasure hunter wants to prefer mitigating his risk at least a little. But for over a hundred years, that evidence remained hidden and *Republic* remained, for the most part, untouched, even though her resting place had been found in 1981 (by this author, as it happens). Minor dives have been made and dinner plates bearing the White Star insignia have been brought to the surface, along with wine bottles and silverware and miscellaneous souvenirs. There was one major dive undertaken in 1987 (again, by this author), but without the benefit of the evidence that could show irrefutably that the treasure was aboard (and where on this immense ship, precisely, it might be).

But then the mystery loan of 1909 came to light. The loan took place just days prior to the sailing of *Republic* and it was for three-million dollars. The number in the rumors. But although it was in all the papers, nobody had ever bothered to make the connection. Nobody had followed the money.¹¹

To do so, one needs to ask who might have been involved in such a loan. For a sum as large as \$3 million, and at such a low rate, only one kind of entity can realistically be assumed to

⁹ See "Appraisal within Executive Summary and Navy Report, both at: https://lordsoffortune.com/catalog/index.php?main_page=index&cPath=8

¹⁰ See Location Report at: https://lordsoffortune.com/catalog/index.php?main_page=index&cPath=8

¹¹ See Exhibit II, Another \$3,000,000 "Mysterious" Transaction?!, newspaper accounts of Wall Street activity in the week preceding *Republic's* departure.

be the borrower: an entity as substantial as a sovereign government.

Enter Gregory Wilenkin, financial agent for the Tsar of Russia. But of what need would the Tsar have for such a sum of money? As it happens, Tsar Nicholas had a loan coming due in May of 1909, and a not insubstantial one. In 1904, he had borrowed \$150 million from primarily French banks and financiers to help finance Russia's war with the Japanese. The Russo-Japanese War had begun in February of 1904, the result of both nations having designs on Manchuria and Korea – Japan, becoming a modern nation, looking to expand her interests beyond the shores of her crowded islands, Russia seeking a warm water port and a buffer zone to her south. The war lasted until September of 1905. A peace treaty was hammered out – none other than Teddy Roosevelt being awarded the Nobel Prize for his role in brokering the peace – but the war was a disaster for Nicholas. Russia had been chased out of Manchuria as well as Korea, Nicholas was politically wounded at home and abroad, and to add insult to injury, Russia was also now many millions of dollars in debt - and that debt was coming due.

If you owe someone a little, goes the old saying, you have a creditor; if you owe someone a lot, you have a partner. Russia's 1904 war bond was to be replaced by a 1909 loan consisting of \$240 million in 4 ½% Tsarist Bearer Bonds. Russia secured a new loan from France called the "Conversion Loan" – \$150 million to pay the old loan which was to mature and be payable on May 14, 1909, and an additional \$90 million to keep the Tsar afloat, much of which was needed immediately to satisfy Russia's 1909 budgetary requirements. The loan closed on January 22. An interesting date – the date *Republic* steamed out of New York.

But what's the connection between a loan to Russia from France, and the Tsar's representative showing up in New York? For that, one needs to look at the terms of the 1904 and 1909 loans. The funds from the sale of the 1909 bonds were to primarily repay the Russia's 1904 bonds which were to fully mature on May 14, 1909. The 1904 bondholders had a priority to purchase 1909 bonds. The conversion worked as follows: on January 22, 1909, one 500 franc 1904 bond could be exchanged for one 500 franc 1909 bond. Since the 1904 bonds had essentially fully matured (with full maturity rapidly approaching), but the 1909 bonds were to mature over fifty (50) years, the 1909 bonds could be acquired at a discount of .88 of their face value with the balance owed to the 1904 bond holders upon the redemption of their bonds, to be paid in cash.¹²

The 1909 loan closed on January 22, 1909, and the loan had been fully subscribed, in fact over-subscribed. However, Russia didn't get a penny, or more appropriately a franc, from the French bank syndicate on that date. The \$90 million in new money from the 1909 bond

¹² See Exhibit IV, 1904 Bond with Terms, and Exhibit V, Credit Lyonnaise Archives, Results of 1909, 1904 bond redemption provision, p. 2a (translation).

proceeds was to be parceled out from the French syndicate banks to Russia over a period of six months with the first distribution to be made in 30 days. Twenty percent was to be released to Russia on February 22nd, 20% on March 22nd, and 15% on the 22nd of each of the following four months, through July.¹³ What that meant initially was that the Tsar would have to wait an entire month after the loan closed before he received the first installment. But if Russia couldn't meet her 1909 budget obligations, she would have needed money sooner. She would have needed on its face a bridge loan of sorts; if you need money today, but have money coming to you in the future, you borrow against that future money.

This would initially explain the need for the three-million dollar loan of the type which appeared in the New York newspapers, the term of the loan (30 days), and the unprecedented rate. The loan was practically risk-free; one month later, Russia was receiving \$18 million from the French. But of course even a risk-free loan would certainly warrant a market rate. Banks are in business to make money, after all. But there is more than one way to make a loan profitable. A loan to Russia, paid off in thirty days by, essentially, French banks, would effectively result in a free exchange of dollars for European currency. The lending New York bank (or banks) would then have foreign monies available, francs, which they could sell at a profit to their New York clients, clients who had to make payments within France.

For her part, Russia needed gold. Liquidity of real value. The Tsar's conversion loan from the French had been under negotiation since early 1906. *The Commercial and Financial Chronicle* in January of 1909 described the difficulties: "[The loan] was inevitably postponed, first, on account of the great strain then existing on the whole world's money markets [in 1906]; again, in 1907, because of the well-known panic conditions throughout the financial world. Efforts were made on two or three occasions during 1908 to bring the matter to a head, but were defeated through [recent unrest in the Balkan states]."¹⁴ After the loan eventually closed and after the sinking of *Republic*, Eduard Netzlin, lead negotiator for the French banking consortium of the loan, would write to V.N. Kokovtsov, Russia's Minister of Finance, summing up the experience: "I hope that my information will give the same satisfaction to your Excellency and you will be willing to recognize that it was uneasy to guide this operation via all the underwater rocks it was facing on its way."¹⁵ Interesting choice of metaphor.

In any event, by the time the loan had finally closed, it's reasonable to assume that the Tsar's coffers were under a significant strain. Hence, Gregory Wilenkin's trip to New York – the likely place to procure gold. With a favorable exchange rate and seemingly unending supply, New York was where the world went for gold. As *Bankers Magazine* put it in their April, 1909

¹³ See Exhibit I, 1909 Loan Syndicate Agreement, Article XIV, p. 11.

¹⁴ *Commercial and Financial Chronicle*, January, 1909, p. 128:2.

¹⁵ Arkhiv, Krasnyi, *The Correspondence between V.N. Kokovtsov and Eduard Netzlin (1906-1909)*, 4:131-156.

issue, “Should the Timarch of Timbuktu desire to buy new hats for his wives, he would doubtless ask Uncle Sam to fork over a few millions in Eagles.”¹⁶ Specifically, the \$20 gold double eagle, the highest denomination available was the most practical way to ship gold to someone in need of liquidity.

For the Tsar’s part, an advantageous interest rate of 1-½% on the loan would have been made even more attractive by the fact that France was paying Russia 1-¼% for the 30 days that they were holding the first installment of \$18 million.¹⁷ If Russia had an immediate need for gold, it would have bordered on financial irresponsibility *not* to have borrowed it from New York, if such favorable terms were available. And we know by the news reports that those terms were, indeed, available to someone.

Did Gregory Wilenkin, Russian financial agent, represent the mystery borrower? Forty-five years old, Wilenkin was attached to the Russian embassy in Washington, D.C. where he had been since May of 1904. As a Russian Jew, he had been sent to the U.S. as financial agent in order to better develop Russia’s connections and influence with prominent Jewish principals of New York’s banking industry. And he had been successful, making “a most favorable impression,” reported the *Jewish Chronicle* in September of 1905.¹⁸

Working directly under Sergei Yulyevich Witte, Russian Minister of Finance, Wilenkin was instrumental in the acquisition of the \$150 million loan from France during the war in 1904. Too, he had intimate knowledge of the Treaty of Portsmouth, the treaty brokered by Roosevelt to end the war. Witte had been called upon by the Tsar himself to negotiate for Russia, his efforts earning him the title of Count. Wilenkin was his secretary/advisor.

For his visit to New York, Wilenkin applied for and received diplomatic credentials from the U.S. State Department. This seems odd. According to accounts of his trip to New York in the social sections of the daily newspapers, it was one of pleasure, not business. He was reportedly on leave from his duties. Was the vacation story a ruse? Diplomatic status might have been a necessity if the trip to New York wasn’t quite the holiday it was projected to be. Wilenkin would have needed it in order to obligate the Russian State Bank in a foreign loan. That he sought diplomatic status is eyebrow-raising enough. More interesting still is that Wilenkin’s status came with an exemption from having to have his luggage inspected. A special letter from the U.S. Treasury Department dated January 14th, 1909 confirmed that instructions were sent to the Collector of Customs in New York directing him “to extend the usual courtesies, including

¹⁶ *Bankers Magazine*, April, 1909.

¹⁷ See Exhibit I, 1909 Loan Syndicate Agreement, Article XIII, p. 11.

¹⁸ *Jewish Chronicle*, September 1st, 1905, p. 10.

the free entry of his baggage, to Mr. Wilenkin, Commercial Attaché.”¹⁹ Not that there may have been anything out of the ordinary in his luggage upon arrival in New York. But the exemption would certainly have gone a long way towards keeping questions to a minimum regarding anything he brought with him and any related cargo to be loaded aboard *Republic* with the name Gregory Wilenkin and Imperial Russia attached to it.²⁰

A few facts to pull this together. Since the sinking of *Republic* there have been rumors of lost gold, \$3 million being the number most associated with the rumors. A “mysterious loan” of \$3 million was announced in New York on January 15, 1909, the day after Russia’s financial agent, Gregory Wilenkin, arrived in New York. *Republic* sailed from New York on January 22. Wilenkin left New York on January 23, before reports of *Republic*’s collision reached New York. Russia had an urgent need for funds, and a 30-day loan at a favorable rate (almost free when taking into account the interest France was paying Russia for those thirty days) would have been too perfect to pass up. And it would have carried Russia to February 22, the date of the first disbursement from the French.

As for the actual delivery of the gold, at least a couple options present themselves. Several countries sent ships to greet the American fleet in Gibraltar, *Republic*’s destination. Russia, as it turns out, had her Baltic fleet (the remnants anyway, since the war) in attendance. *The Boston Journal* of February 1 described the scene: On the arrival of the American fleet, “the Russian battleships *Tsarevitch* and *Slava*, and the protected cruisers *Bogatyr* and *Oleg*, and the French gunboat *Cassini*, and the Dutch gunboat *Heindall*, lying inside the breakwater, with sides manned, flags dipping and bands playing, greeted the Americans as each in turn entered and was berthed. The American battleships responded with flags and music, the band on board the *Connecticut* playing the national anthem of each country represented. As they passed the Russian warships ...the American bands rendered ‘God Save the Czar.’”²¹ Nothing less than battleships would provide the security Russia no doubt felt it needed to transport from Gibraltar a Tsar’s fortune in gold.

The straightest route would have been through the Mediterranean, the Turkish controlled Dardanelles and Bosphorus straits, and into the Black Sea from where Russia’s southernmost ports could be accessed. However, by an 1841 agreement between England,

¹⁹ National Archives Microfilm Publication M862, State Dept. correspondence for 1906-1910, roll 85, document 17409.

²⁰ Interestingly, Wilenkin was connected by marriage to the London branch of Seligman Brothers (The Reform Advocate, May 14th, 1910, p.1), the London fiscal agent for the U.S. Navy. This relationship becomes more interesting in light of the missing Navy payroll and more interesting still when Seligman’s relationship with Louis Hirsch and Company is considered. Hirsch was a Paris banking concern that shipped, at least in part, the gold aboard *Oceanic*. Wilenkin, it seems, knew all the right people in all the right places.

²¹ *Boston Journal*, February 1st, 1909, p. 12:1.

France, Russia, Austria, and Prussia (reaffirmed in 1856 by the Congress of Paris at the end of the Crimean War), the Bosphorus and Dardanelles straits were closed in peacetime to all warships except Turkish warships, a convention that would remain in effect until World War I.

More than likely then, the Russian warships, equipped with ice-breaking bows, would have sailed the gold through any one of several Russian Baltic Fleet naval bases, including the base at Kronstadt, a satellite town of St. Petersburg located on Kotlin island in the Gulf of Finland, a mere 18 miles from the Tsar's capital. Or perhaps to the normally ice-free naval base at Reval (Tallinn in today's Estonia), at the mouth of the Gulf of Finland and 230 miles from St. Petersburg. There was also the ice-free naval base at Libau (Liepaja in today's Latvia), 560 miles from St. Petersburg. And there were other ports, any one of which could provide rail access to the Tsar's Winter Palace.

However it would get there, it would have been in everybody's best interest – Russia, France, the United States, as well as Great Britain – to keep the gold shipment (and its subsequent loss) a secret. France was Russia's ally at a time when seemingly every country in Europe was allied with at least one other. Since Otto Von Bismarck's Germany rose to military prominence with its victory over the French in the Franco-Prussian War of 1870-'71, all of Europe had been made wary. Germany, a loose confederation of states before Bismarck, was now a power to be feared. France to Germany's west allied with Russia on Germany's east. Britain, fearing a German attack from the Channel, allied with Belgium and France. Serbia was allied with Russia. Germany, for her part, was allied with the Austro-Hungarian Empire. It was, of course, a tinderbox that needed little more than the assassination of an Austrian archduke in Bosnia to serve as the match. The ensuing conflagration, begun in 1914, would become known as The Great War until an even greater one would come along and impose a name change: World War I.

The revelation of the short-term loan borrower, if indeed Russia, and the subsequent loss of \$25 million would have exposed the precariousness of the Tsar's financial condition. Bondholders in Europe might well have panicked. The Russian government itself might have collapsed, eight years before it, in fact, did. Propping up the Tsar was a political necessity for France as well as for the stability of an already-teetering Europe. War was closing in. And the loan would have called even more public attention to the nature of the alliance, thus vexing Germany and Austria in the process.

The combination of Russia's shaky financial condition and her alliance with France (and by extension Great Britain) must not be underestimated with respect to historical importance. Undercurrents of the revolution that would ultimately topple the Tsar were, by 1909, becoming apparent. Already Nicholas had been forced to cede some of his autocratic power to a parliament that had been established in 1906 – that in response to riotous political and social

unrest throughout all of Russia. The workers of the Russian world were beginning to unite, finding voice in an exiled Vladimir Ilyich Lenin. The loss of Russia to revolution would mean grave consequences for France. If Germany had no serious threat from her east, it would mean she could concentrate all of her forces to her west, overrunning Belgium and France in short order and establishing a valuable, dangerous, launching point for a naval invasion of England. As it played out, the Russian revolution was delayed, taking place three years into World War I, causing Germany to split her forces and get hopelessly bogged down in the trenches of France.

Keeping the loss of Russia's gold shipment a secret explains this surprising fact: there was no public inquiry into the sinking of *Republic* – by the U.S. or Great Britain (RMS stood for Royal Mail Ship, after all) – even though inquiries for maritime accidents were mandated by British law, and were even held for insignificant bumps and scrapes. *Republic* was the largest and most technologically advanced vessel lost at sea in history to her time. Serious questions needed answering, questions about the ship's speed under adverse conditions, bulkhead construction, the efficacy of wireless telegraphy, and – its absence positively tragic three years later with *Titanic* – a formal line of questioning about the adequacy of the ship's lifeboats.

An official explanation for the lack of a formal public inquiry was offered in June of 1909. The British Board of Trade, presided over at the time by none other than Winston Churchill, made the statement that “No formal investigation was ordered into the case, as there was no power to compel the attendance of witnesses from the Italian vessel; and, in their absence, any public inquiry would have been of an *ex parte* character, and possibly prejudicial...”²² The question was important enough to be raised again three years later after the sinking of *Titanic*. Realizing that an opportunity was lost by not having an official inquiry into *Republic* three years prior, the Board of Trade was asked again why no inquiry had taken place and offered the same explanation in the House of Commons, *using almost the exact same wording*: “...there was no power to compel the witnesses from the Italian vessel...any public inquiry would have been of an *ex parte* character, and possibly prejudicial...”²³

This reasoning – flying in the face of precedent (many inquiries were conducted pursuant to British law under similar circumstances, and even when entire ships and their crews had disappeared and there were *no* witnesses available to testify) – meant effectively that no investigation would take place regarding the largest ship ever lost to the sea up until that time.

What did Winston Churchill know? Since there was no public inquiry held in the United States either, what did Teddy Roosevelt know? The loss of a politically sensitive gold cargo would have resulted in congruent methods of secrecy. Probably offset by a captive private

²² House of Commons, Parliamentary Debates, 30 June 1909 Vol. 7, 379-80.

²³ House of Commons, Parliamentary Debates, 12 July 1912, Vol. 40, p. 747.

insurer (a common device used by Governments to self-insure), the loss of the Tsar's gold remained beneath the surface.

The circumstantial evidence for the mysterious loan being a loan to the Tsar and also being the rumored \$3 million aboard the sunken *Republic* seems clear. The Russians had motive (a desperate need, in fact), they had the means (\$18 million coming to them in a month from French banks), and they had the opportunity – one Gregory Wilenkin, Russian financial agent, arriving in New York the day before the mystery loan was announced and departing the day after *Republic* left New York harbor.

The Borrower.

Even the loss of a shipment of gold derived from a loan will still require that the borrower repay the loan. Again, let's follow the money. If Russia borrowed \$3 million for thirty days from New York, one might hope that, in terms of evidence, there may be separate disbursement orders somewhere from Russia to the participating French banks, making arrangements specifically for \$3 million of the \$18 million due to the Russians on February 22nd to be released so that Russia could pay her short-term New York creditors. Since all of the syndicate banks were involved in disbursing the loan proceeds, and with each French bank holding only its share of 1909 bond receipts that it had committed to sell, and with no one bank holding an amount of bond proceeds sufficient to disburse the entire \$3 million on February 22, the 30-day loan's repayment had to be cobbled together. Through painstaking, needle-in-haystack research, I originally found two such disbursement orders in two French bank archives. One is addressed to the bank Crédit Lyonnais and the other to the bank Société Générale. Both are from the Russian Ministry of Finance and are worded almost identically. These are the instructions I described in my 2013 book *The Tsar's Tresasure*. The letters request the banks, upon disbursement of the February 22nd loan proceeds, to "be kind enough to transfer the sum of 5,000,000 Francs to the [Russian] State Bank."²⁴ Two points here. First, five million Francs in February, 1909 were worth roughly one million dollars. The two disbursement orders, then, would account for two thirds of the short-term loan. Recently, within the State Bank's archives in St. Petersburg, Russia, we've found the remaining instructions.²⁵ The French syndicate disbursed to the State Bank on February 22, 1909, a total of 15,500,000 francs; Hottinguer (4,000,000 francs) and Banque de Paris et des Pays-Bas (Paribas) (1,500,000 francs) provided the balance needed in order for the State Bank to repay its 30-day \$3 million loan obligation. The availability of 15,500,000 in francs on February 22, 1909, allows the State Bank to repay its

²⁴ Exhibit VI, Minister of Finance instructions to Credit Lyonnaise and Society General for the February 22, 1909, for the transfer to the State Bank of 5,000,000 francs each, 10,000,000 francs total. Respective archives.

²⁵ Exhibit VII, Hottinguer and PariBas. for the collective transfer on February 22, 1909 of 5,500,000 francs to the State Bank. Russian State Bank Archives, RGIA, Record Group 588-3.

\$3,000,000 30-day loan, an obligation it had incurred on January 22, 1909, the day of RMS Republic's departure.

In addition, all of these disbursements were paid to the State Bank's "compte de versement," or payment account (!), on February 22, 1909, an account maintained by the State Bank at the Banque Française pour le Commerce et l'Industrie (BFCI), another 1909 loan syndicate bank. The State Bank's PAYMENT ACCOUNT!²⁶

All of these February 22, 1909 Minister of Finance orders, too, instruct that the 15,500,000 francs be deposited into the Russian State Bank's payment account. What's noteworthy about this is that every other disbursement instruction, including any balance from these banks due Russia on February 22, 1909, including ALL of the disbursements made to Russia for loan proceeds held by the syndicate France banks during the following five months of loan disbursements of the \$90 million in "new" money, required that the loan proceeds be sent to the Imperial Treasury, not the State Bank. But it would be the State Bank, not the Imperial Treasury, which would enter into a short-term loan such as a \$3 million loan from New York. The State Bank was Russia's foreign exchange bank, after all. And it was the State Bank that was reported to have received a short-term loan from France of \$10 million back in '06 when France and Russia were beginning the thorny negotiations of the long-term \$160 million loan ("All the French Bankers Will Do Is To Make Short-Term Advances," read the subheading in a New York Times article from January 7, 1906). It would be the State Bank, then, that would pay back the New York banks. It would be the Russian State Bank that would have immediate need of \$3 million of the \$18 million disbursed on February 22nd.

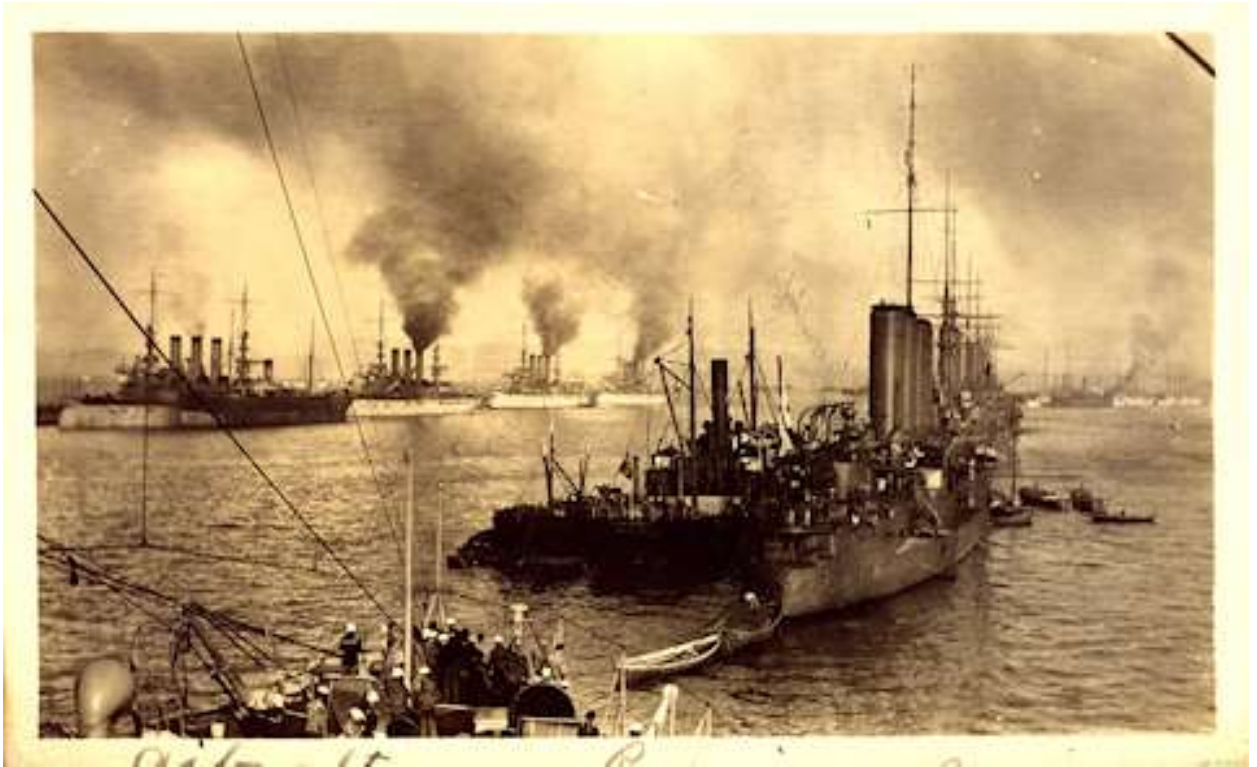
Cargo: The Russian State Bank Shipment

Now we build upon the research contained within my 2013 book, *The Tsar's Treasure*²⁷, which discusses in detail the 30-day below-market-rate \$3,000,000 loan, the updated synopsis of which has been provided above.

This remainder of this research report focuses on an additional \$22,000,000 shipment to the Russian State Bank, St. Petersburg, with proposed transshipment via Russian warships then at Gibraltar, a destination port for RMS Republic.

²⁶ The gold standard was in effect at the time. Mint Parity was 1£ = \$4.8665 = Fr25.2525. At mint parity, Fr15,500,000 would equal \$2,987,061. BFCI also held funds for disbursement to Russia on February 22, 1909. The 30-day loan was also most likely made under a favorable rate of exchange for the New York lender. Any fine-tuning for the repayment of the 30-day loan, including its interest cost as well the rate of exchange, could be done through the BFCI payment account.

²⁷ Available from Amazon, <https://www.amazon.com/Tsars-Treasure-Sunken-Billion-Dollar/dp/0988876000>



Gibraltar Harbour, January 31, 1909
 US Atlantic Battleship Fleet (Great White Fleet) in background.
 Russian Baltic Fleet's cruiser *Admiral Makarov*,
 battleships *Tsesarevich*, *Slava*, cruisers *Bogatyr* and *Oleg*, foreground.
 Photo taken from USS *Wisconsin*.²⁸

The additional \$22,000,000 in double gold eagles are believed to be the proceeds from Russia's sale of \$25,000,000 in 4 ½% January 22, 1909 Russian State Bonds at the discounted rate of .88 for \$22,000,000 and receiving the additional \$3,000,000 to balance the transaction - at New York.

The details of the US Navy's \$800,000 coin-monies shipment, at least \$400 million today, are also contained within my book, and a separate updated report, including the recently acquired US Treasury Department's payment to White Star Line for that shipment, is available at:

https://lordsoffortune.com/catalog/index.php?main_page=index&cPath=8

²⁸ For more photos of Gibraltar Harbour, January 31, 1909, visit: <http://www.rms-republic.com/gallery3/index.php/search?album=1&q=gibraltar>

These values are all 1909.²⁹ Today, the value of RMS Republic's cargoes exceeds several billion dollars; our treasure recovery will be the GOAT, the Greatest Of All Treasures, the largest sunken treasure recovery in history bar none.³⁰

Russian State Bank Shipment

The \$240 million 4 ½% Russian State Bond closed its subscriptions in Europe at 3pm Paris time, January 22nd, 1909.³¹ The RMS Republic departed New York six hours later, 3pm New York time - that very same day.

Gregory Wilenkin, the Tsar's Financial Agent to the US, arrived in New York City on January 14th, 1909, a day before the reports of a \$3 million 30-day short-term loan begin to appear in the newspapers; he departed New York City January 23rd, 1909, the day after the Republic sailed (but before the collision was reported).³²

Before Wilenkin arrived, the Russian Government specifically requested from the US State Department that Wilenkin's luggage be exempt from inbound inspection.³³ Our new thought beyond the information found in my book *The Tsar's Treasure* regarding Russia's request is that Wilenkin (Russia's designated Financial Agent to the United States) was bringing something into the United States, something to sell for gold in New York City: securities, bonds - what Russia is selling at the time in every major financial market around the world, London, Paris, Amsterdam, Berlin and others, their 4 ½% January 22nd, 1909 bonds. Russia would certainly be doing the same in another major financial market, New York, where money was "easy."³⁴ Perhaps Wilenkin had a quota of funds to acquire at New York, and when he didn't reach that quota, he borrowed the \$3 million shortfall. What was the purpose of the mysterious below market \$3 million 30-day loan picked up by the New York newspapers,³⁵ the same amount most often quoted as the cargo lost aboard RMS Republic and discussed in my book *The Tsar's Treasure*?³⁶

The simple explanation: Russia needed money. Russia would in sequence: 1. Retrieve any surplus funds on deposit but not needed in New York, then; 2. sell its January 22, 1909 4 ½% bonds for gold (what Russia is doing at the time in every other financial market around the world, Paris, London, Amsterdam, Berlin - and they would certainly be doing the same in New

²⁹ See Appraisal for current cargo values in Offering Memorandum, available to Accredited Investors at <https://LordsOfFortune.com/catalog>.

³⁰ <https://www.linkedin.com/pulse/what-greatest-treasure-ever-lost-sea-capt-martin-bayerle>

³¹ See generally <https://www.rms-republic.com/conceal01.html>

³² Martin Bayerle, *The Tsar's Treasure*, p. 113 et. seq.

³³ Loc. cit.

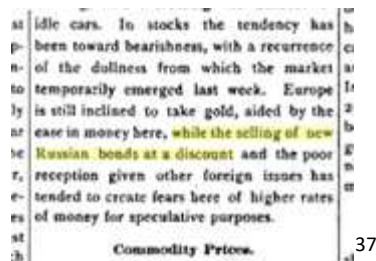
³⁴ *Bankers Magazine*, April, 09, 573 Comment

³⁵ Bayerle, Op. cit. 1, p. 108, et. seq.

³⁶ See https://www.rms-republic.com/story_rumor.html

York), then and only as a last resort; 3. borrow the balance of whatever funds Russia needed in order to fulfill Wilenkin's quota.

Russia was indeed selling its new bonds at New York and *in sufficient quantity* to potentially affect the rates of money on Wall Street.



Therefore, the \$3 million 30-day loan which I've previously identified in my book *The Tsar's Treasure* is only the shortfall, the amount after all else was acquired, to reach the amount Russia immediately needed. A \$10 million or even \$20 million Government shipment of gold (and even, should I be so bold to say, more) is not unreasonable.

The "Secret" September, 1905, \$22,000,000 U.S. Coin Export to France.

Russia and Japan ended their hostilities, the Russo-Japanese war, by treaty on September 5, 1905. A shipment of in excess of \$22 million in US gold coin arrived in France from the US shortly thereafter. This shipment was not revealed in US newspaper accounts nor was it contained within US official gold export reports.³⁸

Japan had financed its war with Russian by floating four foreign loans. Of the \$410 million face amount total negotiated by Japan during the war, New York banks shared in the underwriting of \$180 million.³⁹ Japanese loans placed in the US were denominated in sterling, but at a fixed (4.87 dollars to the pound) rate of exchange to dollars, and the balance held in New York banks was reported by the Wall Street Journal, August 29, 1905, 8:1, as follows:

"Two results at least seem likely to follow adjournment sine die of the peace conference after signing a protocol declaring agreement impossible. The first result expected is that Japan would withdraw to Europe money now on deposit in New York and also the proceeds of the loan which was placed here last July, payment upon the bonds having been set for October 16 next. ... Persons with good opportunities for

³⁷ Bradstreets Weekly, January 30, 1909, p. 69.

³⁸ The published French customs states that \$22 million US gold coin arrived from the US in September, 1905. See: http://www.rms-republic.com/repub_data04-14.html

³⁹ Financing a Foreign War: Jacob H. Schiff and Japan, 1904–05

Gary Dean Best, *American Jewish Historical Quarterly*, Vol. 61, No. 4 (JUNE, 1972), pp. 313-324 (12 pages), Published By: The Johns Hopkins University Press

judging estimates of the amount of money now on deposit in New York to the credit of the Japanese government say it does not exceed \$20,000,000 to \$25,000,000.”

Normally, the settlement of international exchange would have required the shipment of gold bars, not coin. This excess is unusual in its composition: gold coin, currency corresponding to the proceeds of a converted-to-dollars "loan."

It is very interesting to note that this export was NOT reported by the US Government. Such an amount of money – the equivalent of more than several billion in today's dollars - withdrawn from the New York market in 1905 would have had a significant negative effect. The planning to move this cash, too, would have required several weeks of advance coordination to both assemble and ship such a large sum. Money is seldom idle. Banks would use these funds; until Japan required these funds, the proceeds of the Japanese war loans were available to the New York banks to make short-term loans to other borrowers. The short-term loans that had been made would have to be recalled. This "constraint" would affect the New York money market.

The US Government had the recent experience of moving \$40 million in gold to Paris during April and May, 1904, for the purchase of the Panama Canal. The payment by the United States government for the Panama Canal property was the largest single international payment in the nation's history and one of the largest payments ever made within so short a space of time.⁴⁰ Even then, only \$6,250,000 in coin was shipped; the in-excess of \$30 million balance was in the form of gold bars. But, of course, the payment for the Panama Canal was expected by the public, and was adjusted within the market. The Government's planning for the physical transfer of funds for the Panama Canal payment began in February, a full two months before the funds were shipped. The Government's concern for the effects of so large a payment is obvious; Treasury Secretary Shaw was instrumental in coordinating the transfer of funds for the Panama Canal purchase, as was J. P. Morgan.

The September, 1905, shipment of another extremely large amount of gold, but entirely in the form of gold coin - NO gold bars, may have been in that form specifically to aid in the secrecy of the shipment. Describing the export of gold in 1909, and reporting requirements, the Wall Street Journal stated:

“... If gold is exported under present conditions, it will not appear in the report of the transactions of the banks with the Sub-Treasury, because the Assay Office has no bars available for export [which would appear in Assay Office export records], *and exports of coin do not appear in the Sub-Treasury operations.* [Emphasis supplied.] Gold

⁴⁰ The Panama Canal Payment, Maurice L. Muhleman, The Journal of Political Economy, Volume 12, Issue 4 (Sept. 1904, 473-494).

coin is obtainable in payment of gold certificates and the transactions are not reported in Sub-Treasury operations any more than would be the exchange of any form of currency for another. ..."⁴¹

For these reasons, the 1905 \$22 million shipment could not have been exported without the US Government's knowledge, consent and participation. And yet, the Wall Street Journal, September 2, 1905, 8:2, reported the comments of Secretary of the Treasury Shaw, a person who would have certainly been involved in authorizing and - as he had done in the Panama Canal payment transaction - organizing such a shipment. The Wall Street Journal entitled the article: SECRETARY SHAW ON GOVT. FINANCES, *Unusual Demand* [Emphasis supplied.] for Money for Crops – No Indication of Any Stringency. The article continued:

"Government finances are in good shape," says Secretary of the Treasury Shaw. "Customs receipts are keeping up, and for the current fiscal year are nearly six millions ahead of what they were for the same period last year. There is also an increase of \$1,500,000 in internal receipts.

"There has been an unusual August demand for crop moving money, but the supply has been ample, and there is no indication of any stringency." In answer to an inquiry as to whether *any unusual provision would be made by the department to strengthen the money market in case the strain from the west and south should continue* [? Emphasis supplied.], the secretary said that bridge would be crossed when arrived at, but there was nothing in the present situation to call for any extraordinary action."

The "money to the interior to pay for crops" cover story had been placed.

A sampling of relevant newspaper articles, excerpts and our notes for future study/research of/on this secret shipment can be acquired here.⁴² There are numerous clues in the reported actions of the banks (recalling short term loans), the money market (increasing rates for short term loans), commentary on the discrepancies in bank and Government currency statements, discussions concerning the financial consequences of the outcome of the Russo-Japanese peace, to provide both the motivation and method for this "secret" shipment. Suffice it to say that, given the political necessity, to maintain market stability, the government can intervene. It seems likely that this was a sub-rosa payment by Japan to Russia as a result of the Portsmouth Peace Conference, to Paris, the location of Russia's bankers.

⁴¹ Wall Street Journal, January 21, 09, 8:1

⁴² Exhibit VIII September 1905 Market Activity.

The Mechanics of the Specific Transaction

Since this was likely a payment resulting from the war settlement, how would Russia apply these funds? Russia's bonds were tanking on the Paris market as a result of the adversities she was suffering during the Russo-Japanese war. Russia would most likely apply this payment to its corresponding 1904 debt, i.e. buy back 1904 bonds on the Paris market thereby also strengthening the market for its bonds.

Now, what does the State Bank do with the \$22 million 1904 bonds it acquired in 1905? In 1909, they mature to \$25 million.

The 1909 bonds were designed specifically to be applied to the 1904 debt. The 1904 bond holders were given a preference for the acquisition of 1909 bonds. \$25 million in matured 1904 bonds were specifically redeemed in the following manner: the investor could get his 1909 bonds at a face discount of .88, and receive the balance in cash. The numbers are exact. \$25 million in matured 1904 bonds would acquire \$25 million face value in 1909 bonds, but since the 1909 bonds are not matured, the investor would acquire them at the discounted \$22 million rate - and then take the balance, \$3,000,000 - in this exact example - in cash!⁴³

The State Bank, since it held the matured 1904 bonds and therefore was owed \$25 million, sold the 1909 bonds it was to receive and borrowed the \$3 million in cash it was also to receive. That \$3 million was repaid from 1909 funds payable to Russia, in accordance with the 1909 bond syndicate agreement, on February 22. The transaction balances exactly.

Not only was the State Bank the foreign exchange bank for the Russian Government, it was also the 1904 Russian agency responsible for the redemption of the 1904 bonds.⁴⁴ Although I suspect that the secret shipment of \$22 million to Paris in 1905 was used by the bank to purchase part of Russia's corresponding war debt, to purchase its 1904 bonds on the Paris Bourse (which would also shore up the market for Russian bonds) - that very interesting possible connection is really irrelevant. The State Bank could have been redeeming 1904 bonds it owned, or acquiring gold for the redemption of 1904 bonds in general on behalf of its clients. From the State Bank's website, "The State Bank was a short-term commercial credit bank and, as its statute said, its aim was 'to boost trade turnovers and strengthen the monetary system'. Its functions were to discount bills of exchange and other government and public interest-bearing securities and foreign bills, buy and sell gold and silver, receive payment on bills and

⁴³ The gold standard was in effect at the time. Mint Parity was 1£ = \$4.8665 = Fr25.2525. At mint parity, Fr15,500,000 would equal \$2,987,061.

⁴⁴ See: Exhibits I and IV.

other fixed-term monetary documents for the account of trustees, accept deposits, extend loans and buy government securities for its own account.”⁴⁵

Fear of a Run on the Banks – The Need for Market Stability

Banks never let money sit idle. The banks loan their depositors’ funds out. But if the depositors require its return, if they wish to withdraw their deposits in quantity (hopefully not in significant quantity to cause a panic “run” on the banks), the banks will have to call in their loans and the rates to borrow money will increase. The law of supply and demand applies to money as well.

The actions of all the financial market participants can be seen and felt, i.e. the banks recalling short-term loans and the lenders increasing their rates for money, by the market's other participants. The "why" is what was needed in order to mitigate any responsive anxiety which might develop in the financial market. The potential for a financial crisis, the runs on banks like the one which had recently occurred in the panic of 1907⁴⁶, had to be avoided. Another financial crisis would have possibly ensued if it had become known that this immense amount of gold was leaving the country; hence the need for an explanation, a cover story.

To whom was Wilenkin selling Russian Bonds? Kuhn Loeb, Jacob Schiff’s financial powerhouse was second only to, and a competitor of, the House of Morgan?⁴⁷ Perhaps the deal Russia got as a part of the settling of the Japanese-Russian War of 1904-1905 (through the auspices of President Theodore Roosevelt which culminated in the Treaty of Portsmouth) was also the opening of the US financial markets for the sale of Russian securities - something Russian had wanted for years and was one of Russia’s specifically desired goals to be obtained during the Portsmouth Peace Conference negotiations.

No. 12. Report from Washington Vilenkin⁴⁸ to Minister of Finance VN Kokovtsev .

Your Excellency, Vladimir Nikolaevich!

...

Russia's acceptance of Roosevelt's proposal [to mediate a peace settlement] and, on the other hand, the appointment of Baron Rosen here, who enjoys special sympathy

⁴⁵ See: Exhibit IX, Senior Executives of the Russian State Bank, (retrieved 2018).

⁴⁶ See https://en.wikipedia.org/wiki/Panic_of_1907 See also <https://www.investopedia.com/terms/b/bank-panic-of-1907.asp> and <https://www.federalreservehistory.org/essays/panic-of-1907>

⁴⁷ See https://en.wikipedia.org/wiki/Kuhn,_Loeb_%26_Co.

⁴⁸ Retrieved June 23, 1905; Vilenkin [Wilenkin] was the Ministry of Finance’s representative in Washington.

for the Americans, are the best factors for restoring friendly relations between Russia and the United States and with the onset of the autumn season, when the financial world will return to New York from European resorts or summer residences, the opportune moment of the day of attracting the New York money market to Russia will come, and we must not miss this moment.

In view of the fact that at the present moment there is a complete lull in the local market, which will continue until the middle of September, by which time it would be very important to prepare a plan of action, I have the honor to humbly ask your Excellency to notify me if you will find it useful to allow me to come Petersburg to personally report to your Excellency about the conversations I have had recently with the local bankers and their views on the possibility of placing Russian securities on the New York Stock Exchange and attracting American capital to Russian enterprises.

It is with deep respect and utter devotion that I have the honor to be your Excellency's humble servant.

Grigory Vilenkin.

Washington June 8/21, 1905 No. 181.⁴⁹

Gregory Wilenkin was selected as Russia's Financial Agent to the US for this specific reason: Wilenkin was a prominent Russian Jew who the Tsar had believed could influence the New York Jewish bankers to open the New York financial market for Russian securities.⁵⁰ His wife Irma Sara Wilenkin (Seligman), too, was a Seligman; he was married into a prominent New York Jewish banking family, J. & W. Seligman & Co. Wilenkin was also selected because he was distantly related to Jacob Schiff.⁵¹ Wilenkin, Jacob Schiff, and representatives of Kuhn, Loeb & Co. and J. & W. Seligman were all attendees at the Portsmouth Peace Conference.⁵² "During the Portsmouth negotiations between Japan and Russia in 1905 he [Wilenkin] acted as chairman of the Russian financial commission."⁵³

The Russian delegation to the Portsmouth Peace Conference was led by former Finance Minister Sergei Witte. In Witte's 1905 discussion with J. P. Morgan on the method by which Russia might open the US market to Russian securities, Witte wrote:

⁴⁹ Portsmouth, No. 12. Report from Washington Vilenkin to VN Kokovtsev, Krasnyi Arkhiv, No. 6, 1924, p. 18.

⁵⁰ Jewish Bankers and the Tsar, C. C. Aronsfeld, Jewish Social Studies, Vol. 35, No. 2 (Apr., 1973), pp. 100-101.

⁵¹ <https://kiddyclub.ru/sk/dve-samy-e-bogatye-semi-reiting-samyh-bogatyh-semei-planety/>

⁵² The Memories of Count Witte, Doubleday, 1921, p. 163.

⁵³ <https://www.ita.org/1930/01/10/archive/first-jew-in-russian-diplomatic-corps-dead>

No. 82. Telegram from S. Yu. Witte to Minister of Finance V. N. Kokovtsev dated August 27 (September 9) 1905

Today for the first time had a business conversation with Morgan, which, by all accounts, is the most solid monetary power in America, is recognized as such in the highest financial spheres of Europe and, moreover, during the entire war did not take and did not want to take any part in the affairs of Japan. He finds that America in the last five years has begun to become a world banker, which operations have not been engaged in before, that with the huge growth of free capital, which will continue to increase, America will soon become the main banker in the world. Believing that this opinion has some basis, I, for my part, in any case, find that Russia needs to settle in the American market in order to acquire greater freedom of action. Before I could not do it - now the time has come when it is possible to achieve it. For this, according to Morgan's fundamental opinion, it is necessary, first of all, to accustom the public to Russian funds. For this, it would be inconvenient to make a special loan in America for the first time. At first, it should only take a serious part in the Russian international loan. When Russian funds enter circulation in this way, it will be easy, according to Morgan, to make large special Russian loans in America. ... They find that the first operation must be given special benefits to the American market. ...⁵⁴

“At first, it should only take a serious part in the Russian international loan” and, “the first operation must be given special benefits to the American market.” The sale of January 22, 1909 bonds on Wall Street “at a discount” complies exactly with this strategy.

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⁵⁴ Portsmouth, No. 82. Telegram from S. Yu. Witte to V. N. Kokovtsev dated August 27 (September 9) 1905, Krasnyi Arkhiv, No. 6, 1924, p. 45.

R 7, 1905.

E SAYS MIKADO AND CZAR HAVE A SECRET PACT

**Prof. Martens, Legal Ad-
visor of Witte, Makes Re-
markable Statement.**

Prof. F. Martens, who was the legal adviser to Mr. Witte and Baron Rosen, the Russian peace envoys, at the recent peace conference, sailed to-day on the French liner *La Lorraine*. He arrived at the steamship early and pleasantly greeted a large number of friends who were there to see him off.

"I had a most pleasant time in the United States," he said, replying to questions, "and it was due entirely to your President. I feel overworked and tired and am anxious to get home. I have a copy of the treaty for the Czar. Next to your President, Mr. Witte is a past master as a diplomat. Your President, however, is possibly better.

"Witte was at his best during the conference, and the outcome is a great victory for the Russians. He will issue an invitation to the President on behalf of the Czar to visit Russia at any time."

Prof. Martens was asked if he would exhibit the copy of the treaty he had.

"I cannot," he replied. "There is a secret treaty which no one but the Czar and the Mikado will know."

Then he stopped suddenly, as if he

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"I cannot," he replied. "There is a secret treaty which no one but the Czar and the Mikado will know."

Then he stopped suddenly, as if he had said too much, and refused to continue his conversation when pressed by the newspaper men.

Another passenger was Mrs. Rojstvensky, a niece of the Russian Admiral by that name. She had been visiting in this country for a couple of months, and she appeared on the deck of the ship with a French poodle under her arm.

She expressed herself as delighted with the outcome of the Peace Conference and concluded her conversation by saying: "New York is the best place to buy a French poodle. It is far ahead of Paris."

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The Russo-Japanese War – A Sub Rosa Agreement

The Russo-Japanese war ended in September 1905 through the auspices/negotiation of Theodore Roosevelt. The secret \$22 million shipment of Japanese gold to Paris in September 1905 may have been a payment by Japan to Russia for the Russian lands and assets Japan had seized during the war, a payment which would have been, if disclosed, very unpopular with the Japanese people for a war they had "won" on the battlefield.

"Reparations" was the sticking point which resulted, ultimately, in the Treaty of Portsmouth.⁵⁶ Kohn Loeb, the financial firm which had raised money for the Japanese during the Russo-Japanese War, attended the Portsmouth Peace Conference too.

Russia needed both immediate money and access to the New York Financial market. She got both. I. Immediate money: the remaining proceeds from the sale of Japanese war bonds in New York raised by Kuhn Loeb, the \$22 million secretly shipped to Paris, *supra*. Japan had raised that money for war. Why not use it for a guaranteed peace? And Russia gets "reparations," compensation for the lands Japan had won in war. The Japanese public felt the public Treaty of Portsmouth cheated them.⁵⁷ The sub rosa payment to Russia had to be kept secret; and II. Access to the NY financial market: the sale of \$25 million in 1909 Russian bonds.⁵⁸

We have a similar January, 1909, Treasury Department cover story to that which it disseminated in September, 1905, to conceal the \$22 million of Japanese gold shipped to Paris - for its assembling of \$25 million in 1909.

... by the trust companies to add to their reserves interfere.
A feature of the day in money was the placing of thirty day money at 1½ per cent, loans so made running over the period when the treasury will be recalling \$25,000,000, and the trust companies are adding nearly as much to their present reserves.

59

The "thirty day money at 1½ percent" references the specific and only transaction at that rate, the \$3,000,000 transaction. The short term loan is linked to the Treasury Department's recalling \$25,000,000 from the banks.

⁵⁶ See: <https://www.portsmouthpeacetreaty.org/schiff.cfm> and <https://www.portsmouthpeacetreaty.org/wentworth6.cfm>

⁵⁷ <https://www.theodorerooseveltcenter.org/Learn-About-TR/TR-Encyclopedia/Foreign%20Affairs/The%20Treaty%20of%20Portsmouth> See also: <https://history.state.gov/milestones/1899-1913/portsmouth-treaty>

⁵⁸ See on the secret Japanese shipment in September 1905, and related Treasury Department "cover story": https://www.rms-republic.com/details_expnimp3.html

⁵⁹ Chicago Daily Tribune, Jan 16, 1909, p. 13

CALL ON NATIONAL BANKS.

Request for Return of \$25,000,000 Not Made for Urgent Need of Cash.

The Secretary of the Treasury yesterday announced a call upon the national bank depositaries for approximately \$25,000,000 of government deposits, \$15,000,000 to be paid on or before January 25, 1909, and the remainder to be paid on or before February 10, 1909.

This call on national banks for the return to the Treasury of \$25,000,000 is not made necessary by any urgent need of cash, the balance on hand and available for all purposes being fully \$29,000,000, with the revenue showing slight increases over one year ago.

The Secretary's desire to provide ample funds for Treasury needs at the beginning of the new administration about eight weeks hence is believed to be the only purpose in making a call at this time.

The banks are said to be in condition to spare the cash without any embarrassment, and it is believed that most of them are quite willing to surrender a considerable share of the government holdings.

The government deposits yesterday in national banks were \$112,394,255, exclusive of disbursing officers' balances.

60

⁶⁰ Evening Star (Washington DC), January 10, 1909, p. 10

DOUGH

To the Extent of 25 Millions Is Called From Govern- ment Depositories

Washington, D. C., Jan. 3.—The secretary of the treasury today announced a call on the national bank depositories for approximately \$25,000,000 of government deposits, \$15,000,000 to be paid on or before January 25, 1909, and the remainder to be paid on or before February 10, 1909. This call on national banks for the return to the treasury of \$25,000,000 is not made necessary by any urgent need of cash, the balance on hand and available for all purposes, being fully \$29,000,000 with the revenues showing slight increases over the one of a year ago.

The secretary's desire to provide ample funds for treasury needs at the beginning of the new administration about eight weeks hence, is believed to be the only purpose in making a call at this time.

⁶¹ Bismarck Daily Tribune, January 10, 1909, p.1

C. SECRETARY OF THE TREASURY
MAKES DEMAND FOR
\$25,000,000.

The government deposits today in the national banks were \$112,394,255, exclusive of disbursing officers' balances.

TREASURY CALLS IN \$25,000,000.

Done to Provide Ample Funds for Beginning of New Administration.

Washington, Jan. 11.—The secretary of the **treasury** Saturday announced a call upon the national bank depositaries for approximately \$25,000,000 of government deposits, \$15,000,000 to be paid on or before January 23, 1909, and the remainder to be paid on or before February 10, 1909. This call on national banks for the return to the **treasury** of \$25,000,000 is not made necessary by an urgent need of cash, the balance on hand and available for all purposes being fully \$29,000,000, with the revenues showing slight increases over one year ago. The secretary's desire to provide ample funds for **treasury** needs at the beginning of the new administration about eight weeks hence is believed to be the only purpose in his making a call now.

The banks are said to be in condition to spare the cash without any embarrassment, and it is believed that most of them are quite willing to surrender a considerable share of the government holdings. The government deposits Saturday in the national banks were \$112,394,255, exclusive of disbursing officers' balances.

63

trust companies not reporting to the clearing house gained approximately \$1,500,000 in their cash holdings. It is a fact worth noting that the deposits of the government in New York banks amount to less than \$7,000,000, showing a decrease of about \$2,000,000 during the week, traceable to the fact that the banks are anticipating the recall by the **Treasury** of \$25,000,000 in public funds now deposited with banks. Money is **flowing** freely to this center from the interior, and even the gold exports are not sufficient to counteract the gain which New York banks are making from this movement.

64

⁶³ The Barre daily times., January 11, 1909, p. 2

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66

The San Juan Islander
The Islander Company, Publishers
Friday Harbor, - - - Wash.

**Minor Happenings
of the Week**

Secretary Root has signed arbitration treaties with Ecuador, Bolivia and Hayti.

The secretary of the **treasury** has called in \$25,000,000 from national bank depositories.

The first steel rail has been turned out at the Indiana Steel Company's new plant at Gary, Ind.

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⁶⁴ Evening Star, op. cit., January 17, 1909, p. 13.

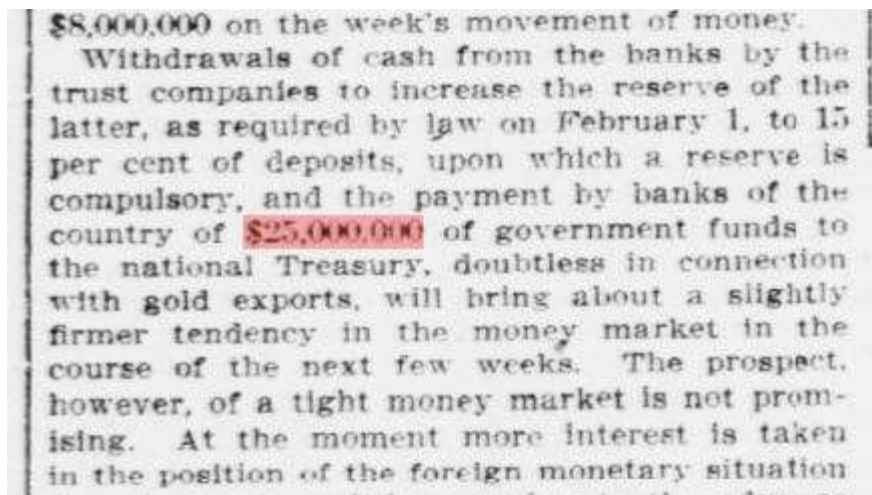
⁶⁵ The Salt Lake Tribune., January 17, 1909, p. 31.

⁶⁶ The San Francisco Call., January 17, 1909, p. 38.

⁶⁷ San Juan Islander, January 29, 1909, p. 2.

The Treasury Department's 1905 cover story to conceal the shipment of \$22 million of formerly Japanese gold to Paris in September of that year, "that the requirements of the interior this fall for cash from New York on account of the movement of the crops will be larger than ever before."⁶⁸ And, "SECRETARY SHAW ON GOVT. FINANCES, Unusual Demand for Money for Crops – No Indication of Any Stringency,"⁶⁹ at least made some sense. It was after all September, the harvest season. Gold was not leaving the country, but was merely being redistributed internally, made some sense. But now we are in January 1909, the winter, and another movement-of-crops cover story wouldn't work. So what other event was taking place? A new President was to be inaugurated on March 4th, 1909, the Taft administration. The 1909 cover story released by the Treasury Department (the same Roosevelt Administration's Treasury Department which issued the 1905 cover story), "to provide ample funds for treasury needs at the beginning of the new [Taft] administration ..." was used. Apparently, it was the best they could think of. However, it really makes no sense. What difference does it matter where the Government keeps its gold? Most of the Government gold, 70% at its peak, was held at that time at the New York US Sub Treasury, in New York City, the country's financial center.⁷⁰

One newspaper, the New York Tribune, recognized the Government's assembling of gold for what it was, "doubtless in connection with gold exports."



\$8,000,000 on the week's movement of money. Withdrawals of cash from the banks by the trust companies to increase the reserve of the latter, as required by law on February 1, to 15 per cent of deposits, upon which a reserve is compulsory, and the payment by banks of the country of \$25,000,000 of government funds to the national Treasury, doubtless in connection with gold exports, will bring about a slightly firmer tendency in the money market in the course of the next few weeks. The prospect, however, of a tight money market is not promising. At the moment more interest is taken in the position of the foreign monetary situation

71

The conclusion: just like 1905, an immense shipment of gold was leaving the country from New York.

⁶⁸ Wall Street Journal, September 4, 1905, 8:1

⁶⁹ Wall Street Journal, September 2, 1905, 8:2

⁷⁰ Carmody, Deirdre (October 21, 1972), *Federal Hall Memorial Is Reopened as Museum*, The New York Times. ISSN 0362-4331. Retrieved February 6, 2021

⁷¹ New York Tribune, January 16, 1909, 14:2

Solved: The Mysterious 30 Day Loan, A Foreign Exchange Transaction

A mysterious \$3,000,000 loan for at a 1.5% rate, below the 30 day 2.5% market rate, took place in New York. Exhibit II. If the borrower desired to ship this gold from New York, it would ship at the borrower's/shipper's expense, not the lender's.

In preparation for the closing of the January 22, 1909, 4 1/2% Russian loan, on January 13, 1909, Goldman Sachs shipped \$1,000,000 in gold coin to Paris aboard the White Star Liner RMS Oceanic; that gold arrived in sufficient time and appears within the Bank of France's gold ledger. This was the gold which we had originally thought was placed aboard our White Star Liner RMS Republic.

In the discussion below, all costs are derived from the Goldman Sachs foreign exchange ledger for its above \$1,000,000 transaction; an analysis of the ledger is attached as Exhibit III.

The total costs for Goldman Sachs \$1,000,000 foreign exchange transaction, including its profit on the transaction, was \$2,666.15. If we deduct that foreign exchange transaction's interest costs and its profit, we are left with the fixed costs of a shipment of \$1,000,000 of gold coin to Paris.

Total costs w/profit 2666.15

Interest -55.55

Interest -278.39

Profit -517.01

Total costs to ship one million: \$1,815.2

Therefore, total costs on \$3 million shipment, excluding interest and profit, would be \$5,445.60.

A \$3,000,000 loan at 2.5%, after 30 days, would require a repayment of \$3,006,250. The same "mysterious" loan at 1.5%, \$3,003,750. The difference between the two rates, the standard and the "mysterious" is \$2,500. This is the amount the lender lost on the below market loan.

Now, add this amount plus its foreign exchange profit, (\$517.01*3), \$1,551.03, and you get the amount of money the lending bank should have made:

Costs on \$3 million 5445.6

Loss on loan -2500

Standard profit for \$3 million F/E -1551.03

Extra Profit \$1,394.57

Since the foreign exchange bank saved the \$5,445.60 costs for exchange in order to acquire a 15,500,000 franc credit in Paris in 30 days, thirty days from the departure of RMS Republic, February 22, 1909, we deduct its loss on the below market loan, \$2,500 from it savings. We also deduct its foreign exchange profits; the foreign exchange bank/lender could easily reduce the "mysterious" 30 day loan rate from the standard 30 day money rate of 2.5% to the reported 1.5%, and actually make a greater profit!

Add the rate of exchange, and you get 15,500,000 francs required in Paris in order to repay the "mysterious" 30 day \$3,000,000 loan, a total of \$3,003,750 at the 1.5% interest! This would be at an exchange rate of 5.16 francs to the dollar at New York. The rate offered on January 22, 1909, was between 5.15625 and 5.16 francs per dollar!

MONEY AND EXCHANGE.		
<p>MONEY MARKET.—Money on call opened at 2 per cent; highest, 2 per cent; lowest, 1½ per cent; last loan, 1½ per cent; closing, 1½ @ 2 per cent; ruling rate, 1½ per cent. Time money was practically unchanged, a fair demand being met by an ample supply. Rates: Sixty days, 2½ per cent; ninety days, 2¾ per cent; four months, 2¾ @ 3 per cent; five and six months, 3 @ 3¾ per cent.</p> <p>Mercantile paper continued in excellent demand, and there was rapid absorption of the rather meagre amount of choice paper which appeared on the market. Rates, 3½ @ 4 per cent for sixty and ninety days' indorsed bills receivable, 3¾ @ 4¾ per cent for choice four and six months' single names, 4½ @ 5 for others.</p> <p>FOREIGN EXCHANGE.—The foreign exchange market opened easier, with sterling rates down about 10 points to 4.87½ @ 4.8755 for cables, 4.8720 @ 4.87¼ for demand sterling and 4.8490 @ 4.85 for sixty day bills. Short francs were quoted at 5.15½ less 5-64 and short reichsmarks at 95½ plus 1-32. The market held steady in the morning and early afternoon, with rates practically unchanged from the opening. Cables were quoted at 4.87½ @ 4.8755, demand sterling at 4.8720 @ 4.87¼, and sixty-day bills at 4.8490 @ 4.85. Short francs held around 5.15½ less 3-32 and short reichsmarks at 95½ @ 95½ plus 1-32.</p> <p>Bankers' posted rates were as follows:</p>		
	Sixty days.	Demand.
Sterling	4.85½	4.88
Germany, reichsmarks	94¾	95½
Paris, francs	5.16	5.14¾
Belgium, francs	5.20	5.16¾
Switzerland, francs	5.18¾	5.15
Holland, guilders	40½	40¾

⁷² New York Tribune, January 22, 1909, 10:4.

We have now solved how a significantly below the 2.5% 30 day market rate, a 1.5% 30 day loan, was made, a mystery which even financial market journalists couldn't solve at the time!

The 1917 Bolshevik Revolution

When the Bolsheviks nationalized all private property in 1917 - everything became property of the State (communism); American properties in Russian, Americans holding monies in Russian bonds - were all lost. The Bolsheviks repudiated all Tsarist debt, including the 1909 bonds.⁷³ The Russian Tsarist bonds became worthless. In response, the United States froze all Tsarist assets within the United States. In 1918, the US actually sent troops to fight the Bolsheviks⁷⁴ - now you know one reason why.

As of January 31, 1923, the US Government held \$187,729,850 in Russian securities.⁷⁵ In 1933, the US Government reported these same securities as "unfunded."⁷⁶

This situation of frozen assets existed until 1933 when the US formally recognized the Soviet Union through a series of letters by and between President Franklin D. Roosevelt and Maxim M. Litvinov, the USSR Commissar for Foreign Affairs: the Roosevelt-Litvinov agreements.⁷⁷ In pertinent part, the Soviet Union would assign all of its assets (its now State property, formerly Tsarist Government and private assets) which the US Government had seized to the US Government to do with as the US Government deemed appropriate – in exchange for the US Government's recognition of the Soviet Union. Of course, the US Government applied those assets to outstanding Tsarist debt owed to and claims made by US holders. Naturally, this would *include* any debt owed to the US Government itself! Since the purchase of the Tsarist bonds by the US Government or the US Government's guarantee of those bond sales to New York bankers was secret, the repayment of that debt to itself would also be secret!

Now, since the US Government was repaid for the Russian bonds it held or guaranteed, it really has no claim to the gold aboard RMS Republic. So, it couldn't defend that ownership claim!

⁷³ See https://en.wikipedia.org/wiki/Repudiation_of_debt_at_the_Russian_Revolution

⁷⁴ <https://www.smithsonianmag.com/history/forgotten-doughboys-who-died-fighting-russian-civil-war-180971470/>

⁷⁵ Statement of the Public Debt of the United States, January 31, 1923, [US] Treasury Department, Office of the Secretary of the Treasury, <https://www.treasurydirect.gov/govt/reports/pd/mspd/1923/opdm011923.pdf>

⁷⁶ Statement of the Public Debt of the United States, January 31, 1933, [US] Treasury Department, Office of the Secretary of the Treasury, <https://www.treasurydirect.gov/govt/reports/pd/mspd/1933/opdm011933.pdf>

⁷⁷ <https://nsarchive2.gwu.edu/coldwar/documents/episode-1/fdr-ml.htm>

Part of the Litvinov Agreement states:

The Government of the Union of Soviet Socialist Republics further agrees, preparatory to the settlement referred to above, not to make any claim with respect to:

(a) judgments rendered or that may be rendered by American courts in so far as they relate to property, or rights, or interests therein, in which the Union of Soviet Socialist Republics or its nationals may have had or may claim to have an interest; or,

(b) acts done or settlements made by or with the Government of the United States, or public officials in the United States, or its nationals, relating to property, credits, or obligations of any Government of Russia or nationals thereof.

That is precisely what we have, a US District Court decision awarding us title to the RMS *Republic* and her cargoes.

The US Government's Claim to "all" Gold Aboard Republic

When the US Government appeared and filed their claim in our admiralty action, they had claimed to own "all" the gold aboard the Republic based on "Mr. Bayerle's good faith research."⁷⁸

Of course, I had *never* indicated that I had believed all the gold aboard Republic was US Government gold. Just the opposite: the \$800,000 was a US Navy shipment, and the \$3 million was a short-term loan either owned by the French (the syndicate of French banks which had underwritten the loan), or the Russians. (The Russian State Bank's \$25 million shipment had not been identified at that point.) I had always wondered why the US Government would claim "all" the gold.

Jacob Schiff and other bankers from Kuhn Loeb (the "Jewish bankers" as they were called at the time) attended the Portsmouth Peace Conference for a reason. Why were they there? They had raised \$180 million in New York for Japan by underwriting Japan's 1904-1905 war bonds.⁷⁹ I believe the Jewish bankers obligated themselves to open the New York financial market, to finance the Tsar in a subsequent financial offering, with their agreement to purchase Russian securities, securities ultimately guaranteed by the US Government. This could have been negotiated as a sub-rosa part of the Treaty of Portsmouth; remember, too, Wilenkin had also attended the Portsmouth Peace Conference.

⁷⁸ See: https://www.rms-republic.com/legal/us_claim.html

⁷⁹ Gary Dean Best, *Financing a Foreign War: Jacob H. Schiff and Japan, 1904-05*, American Jewish Historical Quarterly, Vol. 61, No. 4 (JUNE, 1972), pp. 313-324 (12 pages), <https://www.jstor.org/stable/23880523?seq=1>

“What happened to Russian bond-holders when debt repudiation was made public in February 1918?

In France, in September 1918, the government proposed to exchange Russian bonds for French debt-paper. Russian bond-holders could acquire bonds for the new loan that the French government was making. In July 1919, the French government repeated the operation. In Rome, London and Washington the authorities did the same: they exchanged Russian bonds respectively for Italian, British or US bonds.”

Source: <https://www.cadtm.org/Russian-bonds-never-die>

And the International Claims Settlement Act of 1949, as amended (in regard to outstanding pre-1933 claims against the Soviet Union) 22 U.S.C. 1641 in which the US specifically, effectively prioritized any claim the US itself may have had: “All awards or payments made pursuant to this subchapter shall be without prejudice to the claims of the United States against any foreign government.” 22 U.S.C. 1641(l).

In brief, the US Government bailed out all Tsarist claimants. If the US Government bailed out those bankers who possessed 1909 bonds shortly after the Bolsheviks repudiated the debt in 1918 by reissuing US obligations to those bankers in exchange, the US would have paid themselves first, "without prejudice," from seized Tsarist assets. Since they had already been paid, the US wouldn't be able to double-dip into the gold aboard RMS Republic - the most likely reason the US did not appeal the Court's award of title to my company MVSHQ.

So, neither Russia nor the United States have a claim to gold aboard Republic.

Our estimate now is that the Russian State Bank shipment was \$25 million, \$22 million the proceeds from January 22, 1909 bond sales, and a \$3 million 30-day short-term loan to balance the redemption of \$25 million in 1904 bonds.

Russian Bonds Sold at a Discount

We have said that Russia sold \$25 million in bonds for \$22 million, and borrowed the \$3 million shortfall.

$$22/25 = .88$$

The syndicate banks acquired their bonds for resale at 85.5.⁸⁰

⁸⁰ See Syndicate Agreement, *ibid*.

What was the initial offering price to the public?

"The official prospectus of the new Russian loan was made public in London on Saturday of last week. The amount of the issue is stated as 280 million dollars; the sum heretofore reported was 240 millions. *The issue price is 88¾* [emphasis supplied]; previous reports placed it at 89.90. The rate of interest is 4½%, which agrees with the original statement. It is further officially announced that the loan will not be disturbed for a period of ten years; after which a sinking fund and annual drawings will be applied to such redemption; it is calculated that the entire loan will be paid at par by Jan. 15 1959 through the process above stated – the application of sinking fund and annual drawings. ..."⁸¹

The ¾ of a point was the additional incentive at New York in order to open the US market for Russian securities as suggested by JP Morgan's discussion with Witte, *supra*, and well within a negotiating range given the syndicate cost.

We came upon the selling price from the other direction, arriving at the same discount!

Furthermore, the redemption of matured 1904 bonds for discounted 1909 bonds plus cash, is exact; \$25 million in matured 1904 bonds could be redeemed for \$25 million face value 1909 bonds for \$22 million plus \$3 million cash.

Summary: The \$25 Million Transaction

Wilenskin sold \$25 million face value 4 ½% January 22, 1909 Bearer Bonds at the discounted \$22 million price plus \$3 million in cash, the result of a redemption by the State Bank of \$25 million in matured 1904 bonds. Just as in the assembling of the Japanese gold in 1905, it took weeks to assemble that volume of gold - with the banks having to recall their short term loans and the lenders raising their money rates. The market notices this activity, so the Treasury Department puts out a cover story to "explain" it just like their 1905 cover story when a comparable amount of Japanese gold was shipped out of the country. A cover story was necessary to calm the markets: no money was leaving the country; the gold was merely being re-shifted domestically.

The Russian State Bank borrowed \$3,000,000 at New York for the cash portion of its redemption of \$25 million in 1904 bonds, sold the 1909 bonds it received at a discount for \$22 million, shipped the resulting \$25 million aboard RMS Republic for delivery to its Baltic Fleet then at Gibraltar, and repaid that "mysterious" loan at the prevailing foreign exchange rate, at Paris, with 15,500,000 francs.

⁸¹ The Commercial and Financial Chronicle, Jan. 23, 09, 183:1.

Shipment

The physical storage, too, of that much gold was an issue. This is the same amount of gold (\$25,000,000) shipped aboard the RMS *Laurentic*, like RMS *Republic* and similar in many respects, and another H&W liner built for Dominion Line and transferred to White Star Line. The RMS *Laurentic* struck a mine in 1917. Her gold was placed in her second class baggage room because the volume exceeded the capacity of her specie room.

The volume of \$25 million in gold, 625 160-pound boxes each containing \$40,000 face value in double gold eagle coins, 45 tons of gold, explains why there were no second class cabin passengers on Republic⁸² - there was no place to store their baggage, and emptying the second class (upgrading the few they had to First Class), made more secure the shipment.

The US Navy coin-monies shipment was available January 18⁸³, and will be found in the Specie Room. The Russian gold would not have moved until the bankers were satisfied the Russian Bond was a success in Europe when it closed 3 pm Paris time, January 22, 1909, Republic's day of departure, 3pm New York time. That's enough time to move the gold a few blocks from the New York Sub Treasury to the White Star Line pier.⁸⁴ The Second Class baggage room was also higher up, which would not stop the loading of other cargo before January 22.

A Witness: The \$25 Million Shipment

In her 2009 presentation,⁸⁵ Jack Binns' (the wireless operator on Republic) granddaughter⁸⁶ talks specifically about the market conditions in 1907, the depression in 1908, Russia's need for money and Republic's cargo, "\$25 million," 1909 value.

"Now this is the captain. His coolness in the face of the situation, according to my grandfather, was instrumental also in keeping everybody cool calm and collected and making the transfer of the passengers possible. And he actually, as we'll see in a few seconds, he was actually a relative of J Bruce Ismay who was the Builder, eh the owner rather of the Titanic. And when my grandfather thought he might want to write this up,

⁸² New York Sun, January 24, 1909, p2:6.

⁸³ Bayerle, op. cit., Exhibit-Q.

⁸⁴ In 1892, the Treasury Department loaded a special train in San Francisco with \$20 million in gold packed in 500 boxes, gold to be transported to the New York Sub Treasury. "The gold boxes arrived at the train station in guarded wagons and were stowed safely aboard the trains in less than five hours. Quite a feat for boxes that weighed 160 pounds each!" Pope, Nancy (2010, August 4), *The Gold Train*, Smithsonian National Postal Museum, <https://postalmuseum.si.edu/node/1909>

⁸⁵ BCAMTV. (2009, April 29). *HRT Jack Binns Part 6* [Video]. YouTube. <https://www.youtube.com/watch?v=2uB-hs4D4tY> (at 1:12, 10 minutes total)

⁸⁶ Dr. Virginia Utermohlen Lovelace is the eldest grandchild of Jack Binns, RMS Republic's "Marconiman." A brief description of her relationship with her grandfather and her bio can be found at: <http://jackbinns.org/vul.html>

this whole adventure, because he liked writing, he asked [the Republic's Captain] Sealby whether it would be okay. And Sealby said "no, keep quiet, don't say anything." And in fact there was never an inquiry into this sinking at all on either side of the Atlantic. And there is reason to believe that the ship was actually carrying a fortune in gold. It went down and the great fear was that this would cause a huge financial panic. In 1907 there had been a big financial panic. In 1908 there was a huge depression across all of Europe and America. In 1909, we're talking here again we're in 1909, uh you know the thought that I don't know **25 million dollars** [emphasis supplied] in those days of gold went down in the ocean and the Russians could not meet their financial obligations which were coming due in January-February of 1909. Mind you the Russians were very shaky financial shape at that point as just before the Russian Revolution uh World War I and so the result is that everything was hushed up and the result of that was that the report on what had happened and how this whole thing had worked was never never ever really published."

I recall hearing her presentation around that time, and discounted her figure - since I was the "expert." All my work focused on what we now know to be the \$3 million 30-day loan, the amount always associated with the Republic. The \$3 million was often quoted as Republic's cargo; the \$25 million – *never!* I did not develop the \$25 million conclusion, independently, until 2017 - *after* the 2013 release of my book *The Tsar's Treasure*, and *after* my 2016 History Channel Series *Billion Dollar Wreck!* My book, the series, and all my early online research focused only on the oft-quoted \$3 million Republic cargo. Nor did *any* of my research delve into market conditions in 1907/1908, but focused solely on Russia's 1904 and 1909 bonds.⁸⁷ Her information was not derived from my work.

I believe Dr. Lovelace (her educational and medical credentials are impressive, and increases her credibility) was asked by her grandfather to keep secret what he had revealed, from a grandfather to his granddaughter, regarding the Republic's cargo.

[This space is intentionally left blank.]

⁸⁷ This is an interesting assessment, describing the panic of 1907 and the run on the banks, and the 1908 recession - all as discussed by Ms. Lovelace in her 2009 presentation!: https://en.wikipedia.org/wiki/Panic_of_1907 See also: <https://www.federalreservehistory.org/essays/panic-of-1907>



Virginia Utermohlen Lovelace is Jack Binns' eldest granddaughter, with Capt. Bayerle. Republic's 14,900 lb port anchor in background.

I had met Virginia in 2015 at the Marine Museum at Fall River when we were filming Billion Dollar Wreck; by then I had completely forgotten about her 2009 presentation. Of course I had asked her if "Binnsy," her affectionate nickname for her grandfather, had ever mentioned to her anything regarding the Republic's cargoes. She told me, "no." She obviously could not reveal her grandfather's secret to me. I - as the treasure hunter - would have required that she break her promise to her grandfather. On the other hand, her 2009 presentation to a group of nerdy (no offense intended) radio enthusiasts who were interested in Marconiman Jack Binns, wireless hero of the RMS Republic, was not threatening; when she made her spontaneous utterance to that very limited audience, I am sure, she felt her remarks would go no further.

Had the disclosure of both the export of \$25 million in gold and its loss been made public, the loss would have resulted in the failure of the 1909 bond and the Tsar's inability to repay Russia's 1904 Russia War Bond coming due in May 1909 and would have caused not only a panic on Wall Street, but a world financial panic. That's also the same reason the export of \$22 million in September of 1905 was concealed, the other secret shipment we've confirmed.⁸⁸

Recapitulation: The Conversion Process, 1904 Bonds for 1909 Bonds Plus Cash

The approximately \$150 million of Russia's 1904 war bonds were to mature May 14, 1909. In order to meet this critical payment obligation, Russia organized its January 22nd 1909 4 ½% \$240 million 50 year "conversion" bond permitting 1904 bondholders (primarily Paris banks and financiers) to exchange their nearly fully matured 1904 bonds for 1909 bonds during the designated exchange period, January 13th through January 22nd, 1909 (which, incidentally, corresponds precisely to Russia's Financial Agent's, Gregory Wilenkin's, visit to New York City). The 1909 bonds could be acquired at .88 percent of their face value with the balance owed on

⁸⁸ See: http://www.rms-republic.com/details_expnimp3.html

the redemption of their nearly matured (near full face value) 1904 bonds, to be paid in cash. \$25 million face value in nearly matured 1904 bonds would exchange for \$25 million face value 1909 bonds, but since the 1909 bonds were for future payments, they could be acquired at the discounted \$22 million price with the \$3 million balance due, to be paid in cash.

Once the redemption of 1904 bonds had been exchanged for 1909 bonds plus cash, the 1909 bonds thus acquired could then be sold/resold to buyers at the discounted price of .88 of their face value. It is fair to say, given the political turmoil on Tsarist Russia at the time, the smart money did not want to hold Tsarist paper; any 1909 bonds received by the 1904 bond redeemers (primarily banks and financiers) could be sold at a discount for gold to the general public and whoever else would buy them.

The Russian State Bank (as well as all of the French 1909 bond syndicate banks) was designated a redemption agent for the exchange of 1904 bonds for 1909 bonds plus cash. If, indeed, the Russian State Bank held 1904 bonds acquired from the Portsmouth Peace Conference, it would exchange during the redemption week its \$25 million in now-matured face value 1904 bonds for \$25 million face value 1909 bonds at their discounted price of \$22 million, plus receive the \$3 million balance, in cash. The Russian State Bank, or any other redeemer or redemption agent of 1904 bonds, was entitled to full payment at the time of redemption, January 13th through January 22nd, 1909. However, since the first disbursement by the French syndicate banks to Russia of 1909 bond proceeds did not begin until thirty days after the subscriptions closed, the first taking place on February 22, 1909, the \$3 million cash component of the \$25 million redemption would have to be borrowed until repayment could be made from the 1909 bond proceeds.

The syndicate France banks, including the Russian State Bank, were selling their (or their 1904 bond redeeming clients') 1909 bonds for gold. Gold was what was needed by Russia, and was wanted by the original 1904 bond holders. Why wait months, until May 14th, 1909, to redeem their 1904 bonds, when they can get cash on January 22, 1909?

The 1909 bond was reportedly oversubscribed. Although subscriptions for the 1909 bond closed on January 22, 1909, the subscription funds were submitted to the Bank of France on January 23rd and were sorted out, oversubscriptions cancelled and refunds or bonds issued on January 25th, 1909. Exhibit X. The 1904 bond redemption period, the exchange of 1904 bonds for 1909 bonds plus cash, took place during the ten day period January 13th through January 22nd, 1909; this redemption obligation was firm. Cash for any redemption balance, plus the issuance of the 1909 bonds in the redemption process, was required. Since the 1909 bonds had to be made available to the redeemers, those bonds also became available for sale. In brief, the 1904 bonds were redeemable between January 13th and January 22, but the French banks received their subscription funds from the 1909 bond, and surplus funds from oversubscriptions for refund, both kept in the Bank of France's Special Account, which became available for ultimate settlement to the syndicate banks and 1909 bondholders only on January 25th. They were working over the weekend. The syndicate banks were depositing subscription money into

the Bank of France's Special Account in the early morning hours on Saturday, January 23rd, 1909; no money was available to the banks for distribution until January 25. See Exhibit X. This complies exactly with the newspaper articles in Exhibit II describing the buying activity of the French banks in the week before January 22nd, 1909, and also the Goldman Sachs transaction where the Paris banking house of Louis Hirsh sold francs to Goldman Sachs on January 12, 1909, but those francs were not available to Goldman Sachs until January 25. Exhibit III.

If we can determine how the value of 1904 bonds redeemed for 1909 bonds during the redemption period, we can determine the total possible gold needed in the redemption process and the total amount of 1909 bonds which were available for sale during the redemption week.

Fortunately, we have acquired an internal Crédit Lyonnais report which provides an "after-action" analysis of funds remaining to redeem 1904 bonds on that bond's ultimate redemption date, May 14th, 1909. A February 3, 1909, Crédit Lyonnais document (Exhibit V) identifies exactly the amounts remaining for the redemption of 1904 bonds payable on May 1/14 (Julian/Gregorian calendars). Therefore, we know precisely the value of the 1904 bonds which were redeemed between January 13th and January 22nd, 1909.

Crédit Lyonnais held 9,032,705.40 francs, their 23.75% of the total which was put aside for the remaining redemption of the still outstanding 1904 bonds payable on May 1/14. The total francs put aside for redemption is therefore $9032705.40 / .2375 = 38032444$ francs. At an exchange rate of 5.18 francs to the dollar, that's \$7,342,171. Therefore, of the original 1904 \$150,000,000 bond, \$143 million in 1904 bonds were exchanged for discounted 1909 bonds plus cash during the redemption week.

With the identification of the Bank of France's establishment of a Special Account for 1909 bond subscription allocation, the delayed payment to January 25th is explained; this is why the French banks were buying gold at New York through January 22, 1909, Exhibit II. And, since the 1904 bonds were redeemed for 1909 "paper," the corresponding gold on the exchange and/or sale of 1909 bonds could go directly to Russia.

The one transaction we have identified so far, the \$25 million redemption, of the total \$143 million in redeemed 1904 bonds, may be only the tip of the iceberg (yes, a Titanic reference) to the amount of gold shipped and lost aboard RMS Republic. \$143 million in 1909 at \$20.67 per troy ounce is approximately 7 million troy ounces of gold. The melt value of this possible additional gold cargo, at a current \$2,650 per ounce, exceeds \$18 billion. Coin hoard values typically average two to six times melt value.

The RMS Republic's cargo's recovery will be, truly, the GOAT, the Greatest Of All Treasures.

The 1909 Bond: Conclusion

Eduard Netzlin, of the Banque de Paris et des Pays Bas, was the lead negotiator for the French banking consortium on the 1909 loan. In The Correspondence Between V. N. Kokovtsov (Russia's Minister of Finance) and Eduard Netzlin (1906-1909), Krasnyi Arkhiv 4:131-156, only one letter concerns the 1909 loan, and that was written by Netzlin to Kokovtsov as a summation of its outcome. Certainly there would have been other letters concerning the details and the negotiations of the loan, but, apparently, none have survived. Netzlin concludes the letter with the following intriguing comment:

Personally
Haussmann Boulevard 73, Paris, February 11, 1909

Your Excellency!

...

I hope that my information will give the same satisfaction to your Excellency and you will be willing to recognize, that it was uneasy to guide this operation via all the underwater rocks it was facing on its way.

Sincerely, Netzlin.

... an interesting choice for a metaphor.

Final Remarks

The direct evidence of the Russian State Bank shipment is clear. But, the validation of our proof, the recovery of the "riches beyond most men's wildest dreams," is just ever so slightly out of reach. A salvage operation planned for 2024 by Lords Of Fortune will bring it to the surface – at least \$25 million of it and possibly up to \$143 million - that is to say, in 1909 dollars when gold was \$20.67 per troy ounce. The G.O.A.T., the Greatest Of All Treasures, the Tsar's century-old secret, hidden 40 fathoms deep, will be revealed this coming summer.

– End –

EXHIBIT I

ENTRE LES SOUSSIGNÉS :

Son Excellence M. Léonide Davydof, Directeur de la Chancellerie des Opérations de Crédit au Ministère Impérial des Finances à Saint-Petersbourg, agissant au nom et pour le compte du Gouvernement Impérial de Russie, en vertu des pleins pouvoirs qui lui ont été donnés, à la date du 19 Décembre 1908 (V. S.), par Sa Majesté l'Empereur de Russie, ainsi qu'il résulte d'une déclaration en date du 25 Décembre 1908 (V. S.), signée par Son Excellence le Secrétaire d'État de Sa Majesté Impériale, Ministre des Finances,

d'une part,

et un SYNDICAT composé :

1° — Pour le GROUPE FRANÇAIS, de :

la Banque de Paris et des Pays-Bas ;

le Crédit Lyonnais ;

MM. Hottinguer et C^{ie} ;

le Comptoir National d'Escompte de Paris ;

la Société Générale pour favoriser le développement du Commerce
et de l'Industrie en France ;

la Société Générale de Crédit Industriel et Commercial ;

2° — Pour l'ANGLETERRE :

de MM. Baring Brothers and C^a L^{td} ;

3° — Pour le GROUPE HOLLANDAIS, de :

MM. Hope et C^{ie} ;

MM. Lippmann Rosenthal et C^{ie} ;

d'autre part ;

il a été convenu ce qui suit :

ARTICLE PREMIER

En vertu de la loi en date du 6/19 Décembre 1908, l'État Russe procédera à l'émission d'un Emprunt destiné à pourvoir au Remboursement des Bons du Trésor 5 % 1904, et à faire face aux dépenses extraordinaires du Budget de 1909.

Cet Emprunt sera d'un montant nominal de :

Roubles.	525.000.000
Francs	1.400.000.000
Livres Sterling.	55.580.000
Reichsmarks.	1.151.200.000
Florins des Pays-Bas.	669.200.000

Cet Emprunt recevra la dénomination de :

EMPRUNT DE L'ÉTAT RUSSE 4 1/2 % DE 1909

et il sera émis pour le capital et les intérêts :

en Roubles, suivant la loi monétaire du 7 Juin 1899 (le Rouble contenant 0,774254 grammes d'or fin) et en Francs, Livres Sterling, Reichsmarks et Florins des Pays-Bas sur la base de :

$$R^{\circ} 187,50 = Fr. 500 = \pounds 19,17,0 = Rms. 404 = Fl. P. B. 259$$

Cet Emprunt sera divisé en 280 Séries désignées de 1 à 280 de chacune 10.000 obligations et numérotées de 1 à 10.000.

ARTICLE II

Cet Emprunt sera émis en coupures de une, cinq et dix obligations, chaque obligation étant de R[°] 187,50 = Frs. 500 = \pounds 19,17,0 = Rms. 404 = Fl. P. B. 259.

Le Ministre des Finances de Russie, sur la proposition de chacun des groupes du Syndicat, fixera le nombre de coupures de chaque espèce.

Les titres du nouvel Emprunt pourront être, soit au porteur, soit nominatifs; l'échange de l'une de ces deux catégories de titres contre l'autre se fera conformément aux dispositions réglementaires de Son Excellence Monsieur le Ministre des Finances.

Le texte des titres sera libellé au recto en russe, et au verso, en français, anglais et allemand.

Les titres indiqueront les guichets désignés pour le service de l'Emprunt.

ARTICLE III

Les Obligations du présent Emprunt porteront 4 1/2 % (quatre et demi pour cent) d'intérêt par an sur le Capital nominal. Les intérêts commenceront à courir à dater du 15 Janvier 1909 (N. S.) et seront payables au moyen de coupons semestriels les 15 Janvier et 15 Juillet (N. S.) de chaque année.

Les coupons sont payables en:

Pour les obligations unitaires	Pour les coupures de 5 Obligations	Pour les coupures de 10 Obligations
R ^e 4,21 7/8	21,09 5/8	42,18 3/4
Frs. . . . 11,25	56,25	112,50
£ 0:8/11 1/5	2:4/8	4:9/4
Fl. P. B. 5,58	26,80	53,78
Rms. . . 9,09	45,45	90,90

L'Emprunt sera remboursable au pair, par voie de tirages au sort annuels, suivant un tableau d'amortissement commun à l'ensemble des Séries. A l'amortissement, il sera affecté, à dater du 15 Janvier 1919, une annuité de 0,954515 % du montant nominal de l'Emprunt.

Cette allocation s'accroîtra annuellement des intérêts correspondant aux obligations sorties aux tirages réguliers stipulés sur le tableau d'amortissement. Le premier tirage aura lieu le 15 Octobre 1919 (N. S.) pour le remboursement des titres désignés par le sort avoir lieu le 15 Janvier suivant (N. S.).

Chaque tirage devra précéder de trois mois la date d'exigibilité du remboursement et la totalité de l'Emprunt devra être amortie le 15 Janvier 1959 au plus tard.

Jusqu'au 15 Janvier 1919 (N. S.) l'Emprunt ne pourra être converti ou appelé au remboursement anticipé ni en totalité ni en partie.

Si, à partir de 1919, il est opéré un ou plusieurs amortissements facultatifs, les numéros des titres ainsi remboursés non obligatoirement continueront à participer aux tirages subséquents.

Les obligations sorties au tirage seront payées contre remise des titres munis de leur talon et de tous les coupons à échoir après le terme fixé pour le remboursement. Le montant des coupons qui manqueraient sera déduit du Capital à rembourser. Les numéros des titres sortis à chaque tirage seront dûment publiés, aux frais du Trésor Impérial, en Russie et à l'Étranger, dans deux journaux de Saint-Petersbourg, deux de Paris, deux de Londres, deux d'Amsterdam, et dans un journal de Bruxelles et un de Genève.

Les coupons et les titres remboursables se prescrivent, les premiers par 10 ans (dix ans), les seconds par 50 ans (trente ans) à dater du jour où le paiement en est exigible ; en conséquence, les porteurs de coupons échus et de titres remboursables de cet Emprunt ont le droit d'en obtenir en tout temps le paiement, depuis le jour de l'échéance jusqu'aux termes ci-dessus fixés pour la prescription. A l'expiration de ces termes, le paiement des coupons échus et des titres remboursables n'est plus exigible.

ARTICLE IV

Le service des titres, intérêts et amortissement, s'effectuera aux domiciles suivants :

à SAINT-PÉTERSBOURG :

à la Banque de l'État ;

à PARIS :

à la Banque de Paris et des Pays-Bas ;

au Crédit Lyonnais ;

chez MM. Hottinguer et C^{ie} ;

au Comptoir National d'Escompte de Paris ;

à la Société Générale pour favoriser le développement du Commerce et de l'Industrie en France ;

à la Société Générale de Crédit Industriel et Commercial ;

à BRUXELLES et GENÈVE :

aux Succursales et Agences des Établissements français ci-dessus indiqués ;

à LONDRES :

chez MM. Baring Brothers and C^o L^{td} ;

à AMSTERDAM :

chez MM. Hope et C^{ie} ;

à la succursale de la Banque de Paris et des Pays-Bas ;

chez MM. Lippmann Rosenthal et C^{ie} ;

à BERLIN :

aux guichets que pourra désigner le Gouvernement Russe.

Ces paiements auront lieu, au gré des détenteurs :

à SAINT-PÉTERSBOURG,	en Roubles ;
à PARIS,	en Francs ;
à BRUXELLES et GENÈVE,	en Francs, au change du Paris à vue ;
à LONDRES,	en Livres Sterling ;
à AMSTERDAM,	en Florins P. B. ;
à BERLIN,	en Reichsmarks ;

et ce, pour les montants respectifs stipulés aux Articles I et III.

ARTICLE V

Les titres et les coupons de cet Emprunt seront exempts à tout jamais de tout impôt russe présent ou futur.

Les titres non encore sortis aux tirages seront admis comme cautionnement dans les Contrats de fourniture avec l'État, et en garantie de droits de douane et d'accise à acquitter conformément aux lois de l'Empire.

Les coupons échus, ainsi que les titres sortis aux tirages, seront acceptés au pair en paiement des droits de douane.

ARTICLE VI

A l'épuisement des feuilles de coupons du nouvel Emprunt, et contre remise des talons appartenant aux obligations non sorties aux tirages, le Ministre des Finances fera opérer, aux caisses chargées du service de l'Emprunt, le renouvellement desdites feuilles de coupons, sans aucuns frais pour les porteurs, et franco de tout impôt russe.

Le renouvellement se fera par les Maisons et Institutions contractantes moyennant une commission, à Paris, de Fr. 0,10⁴/par coupure, et, sur les autres places, moyennant l'équivalent au change du jour. Cette commission sera à la charge du Trésor Impérial.

ARTICLE VII

Le Ministre des Finances pourvoira en temps utile celles des maisons désignées nominativement à l'Article 4 pour le service de l'Emprunt des montants à ce nécessaires, dans la mesure des besoins normaux qui seront constatés par elles. Les fonds destinés à Genève et à Bruxelles seront centralisés aux Sièges de Paris des Établissements de Crédit chargés du service de l'Emprunt.

★

Les conditions des comptes courants à établir de ce chef seront réglées d'après celles existant actuellement pour d'autres Emprunts, ou bien à déterminer, en harmonie avec ces mêmes conditions, entre le Ministre des Finances et chacune des Maisons et Institutions chargées du Service du présent Emprunt.

La commission allouée sur le montant des coupons et titres du présent Emprunt effectivement acquittés est uniformément, pour toutes les Maisons et Établissements, fixée à $1/8\%$ (*un huitième pour cent*)

Les coupons payés et les titres remboursés seront tenus, sur chaque place de paiement, à la disposition du Trésor Impérial.

ARTICLE VIII

Chacun des groupes contractants offrira, par voie de souscription, le 22 Janvier 1909 (N. S.), sur la place le concernant, la partie garantie et la partie facultative de l'Emprunt de l'Etat Russe $4\frac{1}{2}\%$ de 1909 lui revenant conformément aux articles IX et X.

Le prospectus d'émission sur les différentes places, prospectus dont les prix et les conditions seront établis par les contractants, sera soumis à l'approbation du Gouvernement Impérial.

Les détenteurs de Bons du Trésor Russe 5% , 1904 auront le droit de souscription par préférence, aux conditions de l'émission publique, sur la partie de l'émission réservée au Groupe Français, conformément à l'Oukase Impérial en date du 29 Avril 1904, et à l'Avis Officiel publié par le Ministère Impérial des Finances.

Ce droit de préférence ne sera pas exercé titre pour titre, mais les Bons remis par les Souscripteurs du nouvel Emprunt seront décomptés en espèces et ne seront pas rendus aux porteurs.

Chaque Bon sera accepté en paiement de la souscription en France pour son montant nominal augmenté de la partie courue du coupon, jusqu'à la clôture de la souscription, soit le 22 Janvier 1909.

ARTICLE IX

Les contractants s'engagent, dans les conditions et proportions énoncées ci-après, à garantir le placement d'un Capital nominal de : R^e 262.500.000, soit Frs 700.000.000 de l'Emprunt créé jouissance 15 Janvier 1909 (N. S.), et prennent cet engagement par le fait que le présent contrat deviendra valable, ainsi qu'il est dit à l'article XX ci-après.

Les titres ci-dessus, dont le placement est garanti, seront décomptés au Gouvernement au prix de $85\frac{1}{2}\%$ (*quatre vingt cinq et demi pour cent*) du Capital nominal.

The conditions of the current accounts to be established on this account will be settled according to those currently existing for other Loans, or to be determined, in harmony with these same conditions, between the Minister of Finance and each of the Houses and Institutions responsible for Servicing this Loan.

The commission allocated on the amount of coupons and securities of this Loan effectively acquired is uniformly, for all Homes and Establishments, fixed *1/8at, (m% eighth percent)*

The paid coupons and the refunded titles will be kept, on each payment place, at the disposal of the Imperial Treasury.

Article VIII

Each of the contracting groups will offer, by way of subscription, on January 22, 1909 (N. S.), on the place concerning it, the guaranteed part and the optional part of the Loan of the Russian State 4 1/2 % of 1909 falling to it in accordance with Articles IX and X.

The issue prospectus on the various exchanges, prospectuses whose prices and conditions will be established by the contractors, will be subject to the approval of the Government-Imperial ment.

Holders of Russian Treasury Bills 5% 1904 will have the right to subscribe by preference, under the conditions of the public show, on the part of the show reserved for the French Group, in accordance with the Imperial Oukase dated April 29, 1904, and the Opinion Official published by the Imperial Ministry of Finance.

This right of preference will not be exercised title for title, but the Vouchers given by the Subscribers of the new Loan will be counted in cash and will not be returned to the bearers.

Each Voucher will be accepted as payment for the subscription in France for its nominal amount increased by the accrued part of the coupon, until the closing of the subscription, that is, on January 22, 1909.

Article IX.

The contractors undertake, under the conditions and proportions set out below, to guarantee the placement of a nominal capital of: R ° 262,500,000, ie Frs 700,000,000 of the Loan created enjoyment January 15, 1909 (N. S.), and make this commitment by the the fact that this contract will become valid, as stated in Article XX below.

The above securities, the placement of which is guaranteed, will be credited to the Government- taken at 85 4% (analre twenty and a half hours before cont) of the Nominal Capital.

Les différents groupes s'engagent à participer dans la garantie de placement sus-énoncée dans les proportions suivantes, savoir :

Le GROUPE FRANÇAIS pour :

Fr. 610.000.000 Capital nominal, le prix à $85\frac{1}{2}\%$ étant payable par lui en francs, à Paris, soit pour une somme de Fr. 521.550.000..

Le GROUPE ANGLAIS pour :

Fr. 75.000.000 = £ 2.977.500 Capital nominal, le prix à $85\frac{1}{2}\%$ étant payable par lui en £ à Londres, soit pour une somme de £ 2.545.762-10/..

Le GROUPE HOLLANDAIS pour :

Fr. 15.000.000 = Fl. P. B. 7.170.000 Capital nominal, le prix à $85\frac{1}{2}\%$ étant payable par lui en Florins à Amsterdam, soit pour une somme de Fl. P. B. = 6.130.350..

Les contractants du Groupe Français s'engagent à remettre en paiement au Gouvernement Russe les Bons du Trésor 5 %, 1904 qui seront présentés à leurs guichets pour bénéficier du droit de préférence stipulé à l'article VII.

Ces Bons seront décomptés au Gouvernement Russe au pair de Fr. 500 augmentés des intérêts courus du 14 Novembre 1908 au 22 Janvier 1909, soit Fr. 4,72, et de la commission de $1/8\%$ prévue à l'Article VII du contrat en date du 12 Mai 1904.

Les Bons seront annulés par les soins des contractants du Groupe Français et tenus à la disposition du Trésor Impérial, soit à Paris, soit sur les places étrangères désignées par lesdits contractants.

ARTICLE X

Quant au solde de l'Emprunt, soit Rⁿ 262.500.000, Fr. 700.000.000, Capital nominal, créé Jouissance 15 Janvier 1909 (N. S.), dont les contractants ne garantissent pas le placement, le Gouvernement Impérial de Russie consent, dès à présent, à le mettre à la disposition des contractants si ceux-ci en font la demande.

Ces demandes pourront s'effectuer en une ou plusieurs fois, sur tout ou partie de ce solde. Elles ne pourront porter que sur des séries entières de 10.000 obligations et devront être formulées par télégrammes recommandés, expédiés au plus tard le 4 Février prochain (N. S.) à Son Excellence le Ministre des Finances de Russie à Saint-Petersbourg.

Le Gouvernement Impérial de Russie autorise, dès à présent, les contractants à comprendre la totalité de ce solde dans l'émission publique, à laquelle il sera procédé le 22 Janvier courant (N. S.).

Les titres qui auront fait l'objet de demandes dans les conditions indiquées plus haut, seront décomptés au Gouvernement au prix de $85\frac{1}{2}\%$ (*quatre vingt cinq et demi pour cent*) du Capital nominal.

De même que pour le décompte de la partie de l'Emprunt dont le placement est garanti (Art. IX), les contractants du Groupe Français, pour le décompte des titres qui auront fait, de leur part, l'objet de demandes dans les conditions du présent article, s'engagent à remettre en paiement au Gouvernement Russe les Bons du Trésor 5% 1904, qui seront présentés à leurs guichets, pour bénéficier du droit de préférence stipulé à l'Article VIII. Ces bons seront, ainsi qu'il est dit à l'Article IX, décomptés au Gouvernement Russe au pair de Fr. 500, augmentés des intérêts courus du 14 Novembre 1908 au 22 Janvier 1909, soit Fr. 4.72, et de la commission de $1/8\%$ prévue à l'Article VII du contrat en date du 12 Mai 1904; ils seront annulés par les soins desdits contractants et tenus à la disposition du Trésor Impérial, soit à Paris, soit sur les places étrangères désignées par les contractants.

Les différents groupes participent dans le solde ainsi mis à leur disposition dans les proportions suivantes :

Le Groupe Français pour	Fr. 610.000.000	Cap. Nom.
Le Groupe Anglais pour	Fr. 75.000.000	—
Le Groupe Hollandais pour	Fr. 15.000.000	—
	<hr/>	
	Fr. 700.000.000	—

Les titres ci-dessus, pour lesquels les contractants n'auront pas présenté de demandes le 4 Février prochain (N. S.) au plus tard, pourront être attribués par le Gouvernement Impérial à celui des groupes contractants qui lui conviendra, mais le Gouvernement Impérial ne pourra, avant le 1^{er} Mai prochain (N. S.), les céder à des tiers, sans qu'il ait d'abord offert la préférence, à conditions égales, à l'ensemble des Banques contractantes.

Le prix des titres, sur lesquels les groupes contractants auront respectivement présenté des demandes, sera payable dans les mêmes conditions que celles stipulées à l'Article IX, pour les titres formant l'objet de la garantie de placement.

ARTICLE XI

Tous les timbres effectivement déboursés en France, Angleterre et Hollande du chef des certificats provisoires et des titres définitifs, tant des obligations ayant formé l'objet de la garantie de placement (Art. IX) que de celles sur lesquelles auront porté des demandes (Art. X) seront à la charge du Trésor Impérial.

ARTICLE XII

Le 15 Novembre 1909 (N. S.) au plus tard, Son Excellence le Ministre des Finances aura fait confectionner les titres définitifs du présent Emprunt, pourvu que le Syndicat lui ait donné tous les renseignements nécessaires à cet effet avant le 15 Mars 1909 (N. S.). Ces titres seront munis de coupons semestriels à partir de l'échéance du 15 Janvier 1910.

Les groupes contractants auront le droit de se faire délivrer avant le 15 Décembre 1909 (N. S.) lesdits titres définitifs, en tout ou en partie, respectivement à Saint-Petersbourg, Paris, Londres, Amsterdam, Bruxelles et Genève.

Les frais de confection et d'envoi de ces titres définitifs seront à la charge du Trésor Impérial.

Jusqu'à la délivrance des titres définitifs, les Groupes Français et Hollandais feront confectionner à leurs frais, sur leurs places respectives, au nom du Gouvernement Impérial, des certificats provisoires, au porteur, correspondant aux Séries émises par chacun d'eux.

Son Excellence le Ministre des Finances désignera des représentants sur chaque place pour signer, au nom de l'État Russe, ces certificats provisoires.

D'autre part, ces mêmes certificats porteront une signature de contrôle donnée par les Groupes Français et Hollandais.

La signature manuscrite pourra, dans l'un et l'autre cas, être remplacée par l'apposition d'une griffe.

Par exception à ce qui a été dit à l'Article III, second alinéa, les certificats provisoires émis en France porteront un coupon de Fr. 10,80 à l'échéance du 15 Juillet 1909 (N. S.). Les certificats provisoires émis en Hollande porteront un coupon de Fl. P. B. 5, 161/2 à l'échéance du 15 Juillet 1909 (N. S.).

Les Groupes Français et Hollandais débiteront respectivement valeur 15 Juillet 1909 (N. S.) le Trésor Impérial de la différence entre le montant des coupons pleins, soit Fr. 11,25 et Fl. P. B. 5,58 et le montant des coupons intérimaires ci-dessus de Fr. 10,80 et de Fl. P. B. 5,161/2.

En ce qui concerne les séries émises par le Groupe Anglais, le Gouvernement Impérial remet à MM. Baring Brothers and Co L^d une Obligation Générale (General Bond) de £ 2.977.500 Capital nominal (soit 150.000 Obligations de £ 19.17.0) représentant la partie de l'Emprunt, dont le placement est garanti, les concernant et s'engage à leur remettre une Obligation Générale (General Bond), représentant la quantité d'obligations pour laquelle ils auront adressé des demandes sur la partie facultative de l'Emprunt les concernant. Les titres compris dans cette ou dans ces Obligations Générales seront jouissance du 15 Janvier 1909 (N. S.) donnant droit au coupon de 2 1/4 % du capital nominal à l'échéance du 15 Juillet 1909 (N. S.).

En représentation de cette ou de ces Obligations Générales, MM. Baring Brothers and Co^l sont, en vertu du présent Contrat, autorisés par le Gouvernement Impérial à faire confectionner à leurs frais et en leur nom des Certificats Provisoires au porteur, correspondant aux séries émises par eux. Ces Certificats Provisoires seront munis d'un coupon intérimaire à l'échéance du 15 Juillet 1909 (N. S.).

ARTICLE XIII

Le produit des titres placés résultant, soit de la partie garantie, soit de la partie facultative de l'Emprunt, sera décompté au Trésor Impérial au prix de $85\frac{1}{2}\%$, valeur unique 7 Février 1909 (N. S.).

Les contractants du Groupe Français porteront en déduction du produit des titres par eux placés le montant des Bons du Trésor à eux remis en paiement, comme il est stipulé à l'Article IX.

Sur le solde existant, après cette déduction, chez les contractants du Groupe Français, et de même, au besoin, sur le produit des titres placés par les contractants des Groupes Anglais et Hollandais, seront prélevées les sommes nécessaires au remboursement des Bons du Trésor à $\frac{1}{2}\%$ 1904, dont les porteurs n'auront pas fait usage du droit de préférence qui leur est réservé aux termes de l'Article VIII.

Ces sommes seront portées dans un compte spécial "A" ouvert chez chacun des contractants du Groupe Français et, au besoin, des Groupes Anglais et Hollandais, dans les proportions ci-dessous indiquées ; ces sommes seront affectées au remboursement des dits Bons à leur échéance.

Elles produiront au profit du Trésor Impérial un intérêt au taux de $1\frac{1}{4}\%$ l'an jusqu'à la date du 14 Mai 1909 (N. S.).

A cette même date du 14 Mai 1909 (N. S.), les contractants des Groupes Anglais et Hollandais devront, s'il y a lieu, tenir à la disposition de la Banque de Paris et des Pays-Bas, à Londres en Livres Sterling et à Amsterdam en Florins des Pays-Bas, les sommes figurant chez eux au crédit du compte "A", augmentées des intérêts à $1\frac{1}{4}\%$ à partir du 7 Février 1909 jusqu'au 14 Mai suivant (N. S.). Ces sommes seront décomptées au Trésor Impérial, par la Banque de Paris et des Pays-Bas, au change du jour des Livres Sterling et des Florins des Pays-Bas, sans commission.

Le surplus du produit des titres placés, non porté au crédit du compte spécial "A", sera porté au Crédit du Trésor Impérial dans un Compte spécial "B", distinct du

précédent, qui lui sera ouvert chez chacun des contractants désignés ci-après, et dans la proportion suivante pour chaque groupe, savoir :

Pour le GROUPE FRANÇAIS, à Paris en Francs :

Banque de Paris et des Pays-Bas.	23.75 %
Crédit Lyonnais.	23.75 "
MM. Hottinguer et C ^e	17.50 "
Comptoir National d'Escompte	13.75 "
Société Générale pour favoriser le développement du Commerce et de l'Industrie en France	15. " "
Société Générale de Crédit Industriel et Commercial.	6.25 "
	<hr/>
	100 %

Pour le GROUPE ANGLAIS, à Londres en Livres Sterling,

chez MM. Baring Brothers and C^o L^{td}. 100 %

Pour le GROUPE HOLLANDAIS, à Amsterdam en Florins,

chez MM. Hope et C^{ie}. 50 %

MM. Lippmann, Rosenthal et C^{ie}. 50 %

100 %

Les sommes portées au crédit de ce Compte spécial "B" produiront au profit du Trésor Impérial un intérêt au taux de $1 \frac{1}{4}$ % l'an, jusqu'aux dates auxquelles elles seront mises à la disposition du Trésor conformément à l'Article ci-après. Elles cesseront de porter intérêt à partir de ces dates, sauf entente spéciale entre le Trésor Impérial et les Membres des différents groupes contractants, chacun en ce qui le concerne.

Tous les timbres, effectivement déboursés en France, Angleterre et Hollande, du chef des certificats provisoires et des titres définitifs, seront également portés au débit du Trésor, valeur du jour des débours respectifs.

ARTICLE XIV

Les retraits de fonds portés au crédit du compte spécial "B" n'auront lieu qu'aux dates et dans les proportions suivantes :

20 % le 22 Février 1909	} (N. S.)
20 % le 22 Mars 1909	
15 % le 22 Avril 1909	
15 % le 22 Mai 1909	
15 % le 22 Juin 1909	
15 % le 22 Juillet 1909	
<hr/> 100 %	

Toutefois, chacun des contractants dépositaires de fonds aura individuellement, moyennant un préavis télégraphique de huit jours, la faculté de se libérer à toute époque, par anticipation, des sommes portées au crédit du Trésor Impérial dans le Compte spécial "B" ouvert chez lui.

ARTICLE XV

Son Excellence le Ministre des Finances ne pourra disposer des sommes versées par les Contractants et portées au Crédit du Trésor que sous forme de paiements à faire sur la place même où ils auront été déposés, ou sous forme de remises à faire en traites sur d'autres places.

Dans ce cas, les dépositaires des fonds achèteront ces traites au mieux des intérêts du Trésor Impérial, sans prélever de commission.

ARTICLE XVI

Les groupes contractants participent au présent Emprunt sans solidarité ni entre les divers groupes, ni entre les divers éléments d'un même groupe, dans les proportions suivantes, savoir :

	Dans la partie de garantie de placement. Capital nominal.	Dans la partie facultative. Capital nominal.
	Fr.	Fr.
Groupe FRANÇAIS : Séries 1 à 244.		
Banque de Paris et des Pays-Bas	144.875.000	144.875.000
Le Crédit Lyonnais	144.875.000	144.875.000
MM. Hottinguer et C ^{ie}	106.750.000	106.750.000
Le Comptoir National d'Escompte de Paris.	83.875.000	83.875.000
La Société Générale pour favoriser le développement du Commerce et de l'Industrie en France.	91.500.000	91.500.000
La Société Générale de Crédit Industriel et Commercial.	38.125.000	38.125.000
	<u>610.000.000</u>	<u>610.000.000</u>
Groupe ANGLAIS : Séries 245 à 274.		
MM. Baring Brothers and C ^{ie} L ^{td} Fr.	75.000.000	75.000.000
	<u>75.000.000</u>	<u>75.000.000</u>
Groupe HOLLANDAIS : Séries 275 à 280.		
MM. Hope et C ^{ie} Fr.	7.500.000	7.500.000
MM. Lippmann Rosenthal et C ^{ie}	7.500.000	7.500.000
	<u>15.000.000</u>	<u>15.000.000</u>

ARTICLE XVII

La Banque de Paris et des Pays-Bas, à Paris, est désignée pour correspondre au nom du Groupe FRANÇAIS avec Son Excellence le Ministre des Finances du Gouvernement Impérial de Russie, et pour centraliser toutes opérations concernant la partie de l'Emprunt prise par ledit groupe ;

Le Groupe ANGLAIS sera représenté par MM. Baring Brothers and Co^{rs} L^{ds} à Londres ;

Le Groupe HOLLANDAIS par MM. Hope et Co^{rs}, à Amsterdam ;

La Banque de Paris et des Pays-Bas correspondra également avec Son Excellence le Ministre des Finances pour les questions d'ordre général.

ARTICLE XVIII

S'il survenait des événements extraordinaires, ou si la cote à terme d'un des fonds suivants tombait au-dessous des cours ci-après :

La Rente Russe 5 % 1906.	à Paris	97.55
La Rente Russe Consolidés 4 % (1 ^{re} - 2 ^{me})	à Paris	82.25
La Rente Russe 4 % 1902.	à Berlin	81.87 1/2
Les Consolidés Anglais 2 1/2 %	à Londres	82.37 1/2
La Rente Française 5 %	à Paris	95.75
La Rente Autrichienne 4 % Couronnes	à Vienne	92.90

le Syndicat aurait le droit de décliner l'exécution du présent contrat ; toutefois, cette faculté de résiliation n'est ouverte que jusqu'à la publication de l'Oukase Impérial relatif à la présente opération et l'approuvant, laquelle publication aura lieu avant l'émission, mais au plus tôt le 21 Janvier courant (n.s.)

Dans le cas de résiliation des engagements du Syndicat, le présent contrat devient nul et de nul effet.

ARTICLE XIX

Le présent contrat est affranchi de tout droit de timbre Russe. L'exemplaire original sera déposé au Ministère Impérial des Finances et il en sera expédié autant de copies

que le syndicat comporte de membres. Ces copies seront affranchies, comme l'original, de tout droit de timbre Russe.

ARTICLE XX

Le présent contrat n'est valable qu'à la condition d'être approuvé par Sa Majesté l'Empereur.

Fait et signé à Paris, à l'Hôtel de l'Ambassade de Russie,
le 15 Janvier 1909.

EXHIBIT II

The following is a sampling of newspaper accounts that relate to the \$3 million 30-day below market interest-rate loan and contemporaneous market activity. Neither the borrower nor the lender is identified. As can be seen, Paris bankers were also aggressively pursuing gold at New York in preparation for the imminent January 22, 1909, Russian loan. This activity suggests that additional gold shipments may be aboard RMS *Republic* beyond those currently supported by the research.

Another "Mysterious" \$3,000,000 Transaction?!

A good deal of curiosity was evinced as to the particulars of the \$3,000,000 thirty-day loan at 1 ½ per cent., the parties to the transaction, and the nature of the collateral, etc., as it was thought the loan might have some bearing on some heavy railroad deals. In some quarters doubt was cast on the authenticity of the report because of the exceedingly low rate. But on every hand there was evidence that banks were lending very freely to-day and that money was a drug on the market.

The Globe and Commercial Advertiser, January 15, 1909, 12:5.

The money market was exceedingly dull to-day and money almost unlendable. Six months money was obtained at 3 per cent. A thirty day loan of \$3,000,000 was made at 1 ½ per cent. It was a record loan for rate and amount.

The Globe and Commercial Advertiser, January 15, 1909, 13:3.

FOREIGN EXCHANGE

The chief event of interest in the market to-day was an active demand for cables on a higher basis. There was some talk of remittance in connection with a marine loss and also of operations between spot cables and long bills to arrive at a certain difference, but probably the main source of the inquiry for cables was the desire of money parties here to transfer funds for the purpose of subscribing to the Russian loan.

New York Evening Mail, January 15, 1909, 12:2.

PARIS BORROWING AT LONDON

Paying 4 1/2 Per Cent. for Money with
Which to Subscribe for Russian
Loan.

[Special Cable Dispatch to The Evening Post.]

LONDON, January 15. - Everything in Europe's financial markets is now dominated by preparations for the £56,000,000 Russian loan, which is to be floated next week. Interest in these preparations, which is keen, was given a new turn to-day by announcement that France is actually borrowing in this market at 4 1/2 per cent., money to carry over the date of subscription this in spite of the fact that money is much more plentiful at Paris than here, the market loaning rate there being only 2 5/16 per cent.

New York Evening Post, January 15, 1909, 1:6.

LOW RATE FOR MONEY LOANS.

\$3,000,000 Placed at 1½ Per Cent. for Thirty Days Interests the Street.

While Wall Street has grown accustomed in recent months to low rates of interest in the money market, particular attention was attracted yesterday by the placing of a large amount of 30-day money at 1½ per cent., an abnormally low rate.

This loan was made in a single block of \$3,000,000, which is an unusually large amount for a thirty-day loan. Money brokers were unable to recall any cheaper rate for this period. The lowest recorded quotation for thirty-day money was 2 ½ per cent. in 1904.

N.Y. Times, January 16, 1909, 14:2

Paris Will Pay 5% for Money.

Certain foreign bankers here were in receipt of cables yesterday [January 14!] from Paris bankers offering to pay 5% for money from Jan. 22 to Jan. 25, or in other words, to carry over the period of the flotation of the Russian loan. In consequence of this, franc cable remittances were very scarce to-day.

Wall Street Journal, January 16, 1909, 8:2.

What looked like a record in easy money was told of during the afternoon [yesterday], when it was said \$3,000,000 had been placed for thirty days at 1½ per cent. Traced to its source, the author insisted that the report was correct, but he would not give names. No one else would admit having any knowledge of the affair.

New York Herald, January 16, 1909, 16:5.

Seemingly money is the cheapest thing in town with all the money in the world heading this way. Despite gold shipments, recalling of Treasury funds and other demands that ordinarily could be depended upon to make trouble, there is no dearth of funds. Some of the houses with foreign connections were offered five per cent for money from January 22 to 25, through the period of the flotation of the Russian loan in Paris.

New York Herald, January 16, 1909, 16:5.

No gold will be remitted to Europe to-day, notwithstanding a decline in Paris sterling and the reported bidding of 4 to 5 per cent for money in Paris for use at the end of next week in connection with the Russian loan. It is fairly understood, however, that unless something unforeseen occurs gold will be shipped from New York early next week. The local banks are not averse to this outflow, since current interest rates are unremunerative. ...

The latest cables from London state that the Russian loan is at a nominal premium of ¾ of 1 per cent. Paris is likely not only to absorb the whole of the amount offered in France, but to bid for the \$30,000,000 to be offered in London.

Journal of Commerce, January 16, 1909, 3:1.

The relative firmness in money at London and Paris as compared with New York, where call funds are in unlimited demand below 2 per cent, undoubtedly will bring about a resumption of gold outflow next week. Paris is expected to bid for the new supplies arriving in London, and New York may also be called upon to ship additional quantities in connection with the Russian loan to be floated Friday next.

Journal of Commerce, January 16, 1909, 3:3.

... Borrowings of money were reported to-day for thirty days use at 1 ½ pr cent., nearly the lowest if not the lowest ever known at this season, and, in banking circles the commonly expressed opinion is that there is likely to be an actual glut of money here for the next few months at least. One matter concerning which a good deal of curiosity was expressed to-day was the action of the Bank of France in offering to pay as high as 5 per cent. in this market for the use of money between January 22 and 25, the time covered in the bringing out of the new Russian loan. A proportionate interest was also offered by the bank for English funds during the same period.

New York Sun, January 16, 1909, 10:2.

NOTES (2006):

The following research was emphasized after Ms. Hohneck presented her December, 2004 report:

If we disregard the fact that occasionally large US gold shipments were received by France without any corresponding export report appearing within the US export data, regarding the "second" \$3 million negotiated the 15th/16th of January, here's another reason that gold may not have been reflected in the US Export data:

The US Export reports usually came out on Mondays, and covered the immediately preceding week ending Saturday. The Republic departed New York Friday, was in collision early Saturday morning, and sank Sunday night. The Republic was front page news on Saturday night and Sunday, and the Collector of the Port of New York, Col. Fowler (the person directly responsible for keeping the New York port's export data, and who made these official reports) can be found meeting with White Star Line officials that very Saturday night.

See: http://www.rms-republic.com/story_coll06.html#fowler and related footnote.

So, if concealment was desired, he'd simply pull the item before making the report ...

Gregory Wilenkin was Russia's Financial Agent, based in Washington DC. He arrived in New York on January 14, 1909, one day [before](#) the loan reports appear, and departed New York on January 23, 1909, the day [after](#) the Republic's departure.

Ellisland.org record.

First Name: Gregory Last Name: Wilenkin Ethnicity: Ru..., Tokio Last Place of Residence: Date of Arrival: January 14, 1909 Age at Arrival: 44y Gender: M Marital Status: M Ship of Travel: Prinz Friedrich Wilhelm Port of Departure: Southampton Manifest Line Number: 0018 We can hypothesize: Wilenkin arrives in New York on January 14 (no doubt after conducting some preliminary correspondence/arrangements with the New York banks), concludes (signs as the authorized Russian Government "financial agent") the \$3 million loan arrangements on January 15 (when the New York Newspapers first report the loan). The loan receipts would most likely only be disbursed/received on January 22 (for thirty days, only after the New York bankers confirm that the European loan has successfully closed and that the requisite collateral exists), for payment (probably by francs to the New York banks in Paris) on February 22, 1909 - when Russia receives the first installment of the European Loan's proceeds.

In 1906, Russia borrowed \$10 million short-term in anticipation of her 1906 loan. See: [Russian Advances](#) and [06 Temporary Loan](#) .

Given that the 1909 loan had been proposed and postponed since "the early months of 1906," [RMS Republic - Concealment Motivation: The 1909 Loan](#), Russia may well have required interim funds.

RUSSIA FAILS TO GET LOAN.

**All the French Bankers Will Do Is to
Make Short-Term Advances.**

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RUSSIA FAILS TO GET LOAN.

New York Times (1857-Current file); Jan 7, 1906; ProQuest Historical Newspapers The New York Times (1851 - 2001) pg. 3

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PARIS, Jan. 6.—The marked weakness of Russian Government securities on the Bourse to-day is attributed to the refusal of the French bankers to entertain the proposals for another Russian loan of approximately \$160,000,000.

The negotiations for the loan have been pending for a long time, being first deferred owing to the internal disorders in Russia. These having calmed down, the Russian financiers considered the time opportune to reopen the question, and M. Kokovsoff, the ex-Russian Minister of Finance, has been here conferring with Premier Rouvier and the local bankers. It is understood that M. Rouvier inclined against the loan on the ground that sufficient French capital was already invested in that quarter.

The bankers took the position that the present monetary conditions and the disturbed political situation over Morocco made it unwise to attempt to float another Russian loan at the present moment. However, they indicated their willingness to give relief to Russian finances in another form by advancing gold to the Russian State Bank against suitable guarantees, in order to maintain the bullion reserve and protect the ruble against depreciation.

Plans are still under discussion for the purpose of making short-time advances which would insure the continued stability of Russian finances until a propitious moment arrives for the flotation of a loan.

THE FINANCIAL MARKETS

Stocks Irregular; Call Money
Rates, 5@8 Per Cent.

Market Sells Off After Early Strength
—Time Money Rates Easier.

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THE FINANCIAL MARKETS

New York Times (1857-Current file); Jan 10, 1906; ProQuest Historical Newspapers The New York Times (1851 - 2001) pg. 10

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In the forapart of yesterday's Stock Exchange session trading in stocks was active, and prices as a whole displayed much strength. There were sharp advances in particular issues, including St. Paul, Pennsylvania, and Canadian Pacific among the standard railroad shares and Chicago and Northwestern, "So," and Great Northern preferred among the high-priced issues. Various industrials, such as Virginia-Carolina Chemical and the Southern iron and steel group of stocks, also rose sharply, the impetus in the case of the second-named group coming from Wall Street's understanding of the terms upon which these companies are to be merged. United States Steel preferred also participated in this morning advance, touching a new high record, but later, with the common stock, it became heavy, and, with Union Pacific and the copper shares, formed the most uncertain features of the wavering movement of the afternoon. This hesitation in prices, which lasted until the close, when losses and gains were about equally divided, was to all appearances due to realizing sales, such as were prominent in the market on Monday, although they were slightly more effective on prices yesterday. There was no evidence of haste in this realization, and the undertone of the market in general was firm throughout the day, while the halt itself was not unnatural, after the very substantial advances scored in the rising market of the previous three business days.

There was once more a paucity of developments bearing in any way on the market or on financial affairs generally, although again the possibility of gold exports was canvassed. The movement of foreign exchange yesterday brought exports of gold no nearer than they were on the previous day, the rates for demand sterling closing practically unchanged. Advice from Paris yesterday contained the information that reports were general there that the French banks were discussing the possibility of advancing \$10,000,000 to Russia in the shape of a temporary loan, pending the ultimate flotation of a large loan. Such an operation, in view of the strong position of the French banks, could readily be carried through without any call on the gold supplies here, and if it is finally determined upon it may turn out that any movement of gold from this city will be small until the main Russian financing comes to the fore. The reports regarding this temporary financing were responsible for the strength of Russian securities in London and Paris yesterday, these markets otherwise being quiet, and the London market being busily engaged in consummating the fortnightly statement. Money on call was again easy, most of the day's loans being consummated at 6 per cent. or better, while the highest quotation made was 8 per cent. A very decided improvement in the local money situation was evidenced by the disappearance of the commission premium, which since early December has been regularly added to the time money rates. Time money was freely offered yesterday without commissions, the short-term loans commanding from $5\frac{1}{2}$ to 6 per cent., while six months' money was obtainable at $5\frac{1}{2}$ per cent. The banks lost some \$550,000 yesterday as a result of transfers through

EXHIBIT III

**Analysis of Page 199
Goldman Sachs & Co.'s
F Foreign Exchange Ledger
January 1, 1909**

By
Martin Bayerle
April 18, 2002(b)

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Table of Contents

Cover and Confidentiality Stipulation	1
Introduction	3
I Definitions	4
II Discussion and Analysis	7
The Transaction	8
Conclusion	10
Further Goldman Sachs Inquiry	10
Online References	10
Page 199 Left (re-created for clarity)	11
Page 199 Right (re-created for clarity)	12

Introduction

The RMS Republic, a palatial White Star Line passenger liner, as a result of a collision, foundered 50 miles South of Nantucket Island on January 24, 1909 – beyond the reach of the Edwardian era's technology to recover.

Scores of professional researchers who have attempted to verify the rumored cargo of the RMS Republic – a cargo rumored to have consisted of a shipment of \$3 million (face value) in newly minted American Gold Eagle coins – have been thwarted by the lack and inaccessibility of source documentation.

On January 12, 1909, just ten days before the RMS Republic left New York bound for Mediterranean ports, it was reported that French banking interests secured \$3 million in newly minted American Gold Eagles. The French banks' reported purpose for the acquisition of this gold was to assist in the financing of the imminent 4 ½% Russian Loan, which was to close its subscriptions on January 22, 1909. \$2 million of the \$3 million was acquired from National City Bank, today's Citibank. The remaining \$1 million was acquired from Goldman Sachs & Company. It is this specific transaction that we believe to have been shipped and lost aboard RMS Republic. We have reached this conclusion only after a thorough examination of the early twentieth century New York Foreign Exchange Market, its operations and business practices, as well as an Export-Import study of all gold transactions leaving New York for the period 1904 through 1914, and shipped to France. The research that we have conducted, although predominately circumstantial, and that has led us to this conclusion – that this specific transaction remains aboard the sunken RMS Republic - can be found at our website:

<http://rms-republic.com>

This gold, if indeed aboard RMS Republic and if it can be recovered, may exceed \$5 billion in today's prices – based primarily on the today's potential numismatic value of the individual coins.

This Document

We are the first to examine and analyze an actual source document, Goldman Sachs & Company's internal ledger entry page for its January 12, 1909, \$1 million component of the \$3 million in gold that we believe to be aboard RMS Republic.

This document contains our confidential and proprietary analysis of Page 199 of Goldman Sachs' F Foreign Exchange Ledger, January 1, 1909

**Analysis of Page 199
of Goldman Sachs & Co.'s
F Foreign Exchange Ledger, January 1, 1909**

By
Martin Bayerle
April 18, 2002

I Definitions

Provided below are definitions for terms that appear within Goldman Sachs' *F Foreign Exchange Ledger, Page 199*. The definitions are drawn from several contemporaneous Foreign Exchange texts. Fortunately, the texts also provide examples of gold shipments for the period, and typically the example is for a \$1 million shipment of gold to/from London and Paris

Column 2 – contains apparent references to Journals of Original Entry from where the information concerning several of the transaction entries on this page were derived. The “@” sign in this column may make reference to a page within the same ledger. For example, @193 may indicate another entry for the payment of the gold within this ledger.

Column 3 –

Freight - Examples of freight costs for the export of gold are provided in several contemporaneous Foreign Exchange texts, e.g.:

1/8 per cent¹
5/32 per-cent^{2,3}
3/16 of 1% of the value⁴

Conclusion: The freight charge of 1/8 percent is, therefore, appropriate.

Int 1 day @ 2% - See: “Int. to Jan 16” and Discussion and Analysis, *infra*.

Cooperage & Packing – The price for the purchase of gold kegs for the shipment of gold bars is quoted in several texts as:

\$2 per keg⁵
\$2.25 per keg (includes also carting expense)⁶

Conclusion: \$1 million in coin would require 25 boxes. At the \$48.00 expense indicated, this would calculate to a cost of \$1.92 per coin box and, therefore, is consistent with the gold packaging costs for the period.

¹ Banking Practice and Foreign Exchange, Howard Jefferson and Franklin Escher, De Bower-Elliott Company, Chicago-New York, 1910, Page 378.

² Elements of Foreign Exchange, Franklin Escher, 2nd Ed., The Bankers Publishing Company, New York, 1911, Pages 115, 118, and 121.

³ Ibid. 1, 377.

⁴ Foreign Exchange, Albert C. Whitaker, D. Appleton and Company, New York, 1919, examples on Pages 524, 529, 531, and 533.

⁵ Ibid. 4, Page 524.

⁶ Ibid. 1, Page 377.

Cartage & Petties⁷ – This would be the expense for delivery (today's armored car transport) from the Sub Treasury to the steamship company or bonded store. Typical expenses for the period were:

Packing and cartage (\$1 million gold coin to London) . . . \$60⁸
Cartage and packing (\$997,567 gold bars to Paris) . . . \$60⁹
Cartage and packing (\$250,000 gold bars to London) . . . \$20¹⁰
Packing, cartage, etc. 5 kegs at \$2.35 per keg (\$205, 271.29 bar gold to Europe)
. . . \$11.25¹¹
Cartage \$1 per keg¹²

Conclusion: Because several of the examples include Cooperage and Packing, a separate expense for Goldman & Sachs, the cartage (and petties) expense of \$35.00 is consistent for one delivery of \$1 million (25 boxes) from the Sub Treasury to the steamship company or bonded store.

Ins. On Gold – Contemporaneous texts quoted the following rates for insurance costs for trans-Atlantic gold shipments:

1/20 of 1% of value¹³
4 ½ cents per \$100¹⁴
1-20 per cent, less 10 percent¹⁵

Conclusion: The insurance expense of \$454.30 is entirely consistent as the insurance premium expense that would have been incurred for a typical \$1 million trans-Atlantic shipment.

Int. to Jan. 16 – Interest expense is typically the opportunity cost of the exporting banker for what his cash could have earned had it been placed in interest bearing securities between the time the banker pays for the gold at the Assay Office (gold bars) or Sub Treasury (gold coin), including amounts paid for the transaction's associated expenses, and the time when the banker receives his funds for the transaction – or can safely sell drafts. See Discussion and Analysis, *infra*.

"A banker will of course figure the interest costs on the basis of the *actual* [original emphasis] time elapsed between investment in exchange and realization

⁷ Ibid. 1. "Petties" was used to describe, essentially, miscellaneous related expenses at Page 377.

⁸ Ibid. 4, Page 524, and Footnote 2 on Page 527, "This information the author owes to the kindness of Mr. G. E. Gregory of the National City Bank of New York. The freight, insurance, and cartage rates used in the calculations in the text, are those given by Mr. Gregory as being in force shortly before the war began. ..."

⁹ Ibid. 2, Page 121.

¹⁰ Ibid. 2, Page 115.

¹¹ Ibid. 1, Page 377.

¹² Ibid. 4, Page 524.

¹³ Ibid. 4, Page 524, 529, 531, 533, and 562. And, also, Ibid. 2, Page 115.

¹⁴ Ibid. 2, Page 121. And, also, Ibid. 1, Page 378.

¹⁵ Ibid. 1, Page 377. This amount is also equivalent to 4 1/2 cents per hundred dollars.

on the gold, a period depending on circumstances.”¹⁶

In other words, the banker could have invested his money in interest-bearing securities rather than buying non-interest bearing gold and incurring the gold shipment's related expenses. His loss of this interest on what he could have earned on his funds if they had been placed in interest bearing securities is an expense of the transaction, and the exporting banker continues to incur this expense until he is able to re-invest his funds in interest-bearing securities. Interest was calculated for a 360-day year, simple interest.

The following interest rates were quoted for this expense as examples in contemporaneous texts:

2 per cent (1910)¹⁷

New York market rate 4% (1919)¹⁸

6% (1911)¹⁹

Conclusion: The rate of interest that Goldman Sachs used for this expense, 2%, is consistent with the prevailing rate and industry practice. However, see: Discussion and Analysis, *infra*.

Proceeds of Gold – is the amount, denominated in French francs, which Goldman Sachs was able to realize from the transaction and issue in drafts. See: Discussion and Analysis, *infra*. Goldman Sachs received additional French francs also for the following two items.

Refund of charges – denominated in French francs, an expense paid in francs - unknown.

2 0/00 on 5163818.75 & 153 – denominated in French francs, is most probably a line item for “Commissions or Expenses Abroad,”²⁰ an expense paid in francs. 2 0/00 is equivalent to .2%. 1/40 per cent (.0025) commission²¹ was common,

Conclusion: .002 is an appropriate commission rate. The total of items in French francs is the total Goldman Sachs received in French francs and paid-in-franc expenses for their gold.

Int. – Denominated in dollars, a reduction of interest of 75 cents - unknown.

Transfer P&L – this is the profit or loss that Goldman Sachs made on the transaction and entered into its Profit and Loss Ledger.

¹⁶ Ibid. 4, Page 534.

¹⁷ Ibid. 1, Page 378. “From time gold is shipped to Paris until the drafts on London can be sold.”

¹⁸ Ibid. 4. Pages 532, 539, 540, 562. And, also Ibid. 2, Page 115.

¹⁹ Ibid. 2, Page 118. For a New York gold *importer*. “Interest on cost of gold and on charges, while gold is in transit, 10 days at 6 per cent.” Page 121, for an export engagement. See Discussion and Analysis, *infra*.

²⁰ Ibid. 4, Page 524. Whitaker includes an example of a \$1 million gold coin shipment to London. In his example, he includes a comparable line item for the proceeds (in this shipment-to-London example) denominated in pounds.

²¹ Ibid. 1, Page 377. And, Ibid. 2, Page 121, \$250 commission paid on a \$997,567 transaction.

“Special circumstances apart, it may be said banks do not care to move gold for a profit of less than 1/32 of 1%, which means almost exactly 15 points, or 15/100 of 1 cent per pound. ... Mr. Gregory [of National City Bank] states that a bank would hardly expect to move gold for a profit of less than 1/32 of 1%.”²²

“As a rule, however, when exchange is scarce and the demand so great that bankers who do not themselves owe money abroad see a chance to supply the demand for exchange by shipping gold and drawing drafts against it, the profit amounts to anywhere from \$400 to \$1000 on each million dollars shipped – for less than the first amount named it is hardly worth while to go into the transaction at all; on the other hand, conditions have to be pretty much disordered to force exchange to a point where the larger amount named can be carried.”²³

“Under ordinary circumstances, if a banker makes between \$500 and \$1000 on a million dollar shipment he considers himself very well paid.”²⁴

Conclusion: Goldman Sachs shows a profit of \$517.01 on the transaction, which is typical of the profit that is required by bankers in order to undertake a gold export. Barring special circumstances, according to Mr. Gregory, the minimum profit required to motivate a bank to enter into a \$1 million foreign exchange transaction (1/32 of 1%) would have been \$312.50.

II Discussion and Analysis

“A gold export is a business transaction involving a money outlay and a money return. The main outlay is made on the day when the gold is withdrawn from the general resources of the bank while the return is realized on the day when payment is received for the exchange which is sold against the export. If outlay and return occur on the same day, the transaction is not chargeable with an expense for interest. If on the other hand three days, say, should intervene between outlay and return, a charge of three days interest – at the home market rate of interest – is to be reckoned against the operation.”²⁵

Goldman Sachs required for itself or for its customers, or saw an opportunity to sell at a profit, drafts denominated in French francs that could be cashed/paid in France. Goldman Sachs would calculate its costs for the acquisition of gold (gold coins, as the “coin of the realm” would have had to have been purchased at face value), freight, insurance, its interest on its money had it been used in alternative investment, and other expenses related to the transaction, and add onto these expenses its desired profit. Goldman Sachs would calculate how much it required in francs, or how much revenue (in dollars) it would need to derive from the sale of drafts denominated in French francs. If Goldman Sachs’ sale (in dollars received) of French franc denominated drafts met its expenses and required profit, it would commit to the transaction.

Louis Hirsch & Company had (or would have, as a result of the Russian Loan) francs, but required gold.²⁶ Hirsch would attempt to acquire the maximum amount of delivered gold, after all

²² Ibid. 4, Page 525, 526 and Footnote on Page 528. And at Page 530, “As already said, we should assume that banks must ordinarily obtain a profit of 1/32 of 1% before they will undertake specie shipments”

²³ Ibid. 2, Page 116, 117.

²⁴ Ibid. 1, Page 378.

²⁵ Ibid. 4, Page 526.

²⁶ Support for Louis Hirsch & Company’s need for this gold “to aid Russia,” for use in the imminent 4 ½% 1909 Russian Loan, can be found at our website: <http://www.rms->

expenses are paid, at the lowest expenditure of francs.

Goldman Sachs would pay all of the expenses for the export of gold in dollars, simply because dollars were the legal currency that would be required to discharge debts at the port of export. Louis Hirsch & Company had francs, which Goldman Sachs wanted, but francs could not be used to pay the expenses of the export. The expenses paid by Goldman Sachs would be all expenses relating to the shipment in order to export the gold from its origin, including freight and insurance.

Goldman Sachs ultimately acquired 5174299.70 francs from the transaction at its costs of \$1,002,666.15 (with all expenses included, and including Goldman Sachs' profit of \$517.01.). Louis Hirsch exchanged 5174299.70 francs for \$1 million in gold coin delivered.

Goldman Sachs' Ledger *Page 199* provides the details of this transaction. The details, coupled with our knowledge of the mechanics of the New York Foreign Exchange market in 1909, enable a near-complete re-construction of the physical movement of this gold.

The Transaction

"Gold export against a sale of demand drafts involves no interest cost if incidental circumstances are the most favorable possible, because the return from the sale of drafts may be had on the same day with the outlay for gold. But, more frequently from one to three days elapse between the payment for the gold and the receipt of money for the drafts. The true interest charge depends simply on the actual loss of time experienced. As far as the time consumed in the transatlantic passage is concerned, the gold, which will be credited to the account of the New York exporting bank, travels just as fast as the drafts which will be debited."²⁷

"...in gold export there is either no interest loss or else a very slight one."²⁸

Goldman Sachs' F Foreign Exchange Ledger, January 1, 1909, Page 199 describes such a transaction. Goldman Sachs exported gold against its sale of demand drafts.

On January 12, 1909, Goldman Sachs paid \$1,000,000 for gold coin at the New York Sub Treasury.²⁹ This is confirmed both by the listed date of transaction, and also by the fact that – because those funds were no longer available to Goldman Sachs for alternative interest-bearing investment – Goldman Sachs begins to incur its interest expense on the transaction, charging 2% APR simple interest (360 day year), or \$278.39, for the period between and including January 12 and January 16 (five days, money spent on the 12th cannot earn interest for that day. There is a sixth day of interest expense listed, "Int 1 day@2%," which covers January 17 – interest is charged until Goldman Sachs sells its drafts on the 18th.)³⁰ Although now owned by Goldman Sachs, the gold apparently remained at the Sub Treasury since only one carting fee is reported. If

republic.com/details_marknexp.html

²⁷ Ibid. 4, Page 536. See also our website: http://rms-republic.com/exchange_costs.html

²⁸ Ibid. 4, Page 544.

²⁹ A discussion of the mechanics of the acquisition of gold coin (and gold bars) for Foreign Exchange at New York can be found at our website: http://www.rms-republic.com/details_market.html

³⁰ A 360 day year was used for interest calculation in the examples contained in all of the above texts. Interest on this ledger was calculated at 2% on all expenses (excluding the one-day interest expense of \$55.55) for six (6) days, for a total interest expense of \$333.9384. The original \$55.55 interest for one day is then deducted from this total (since Goldman Sachs already charged this expense), leaving \$278.3884 as the remaining interest expense, in conformance with the interest expense Goldman Sachs applied to this transaction.

Goldman Sachs had paid for the gold and removed it to its location, two carting fees would have been applicable – but only one fee is itemized as its expense. Alternatively, the gold may have been delivered to the steamship company on the 12th, but without transfer of title.

Presumably, once Goldman Sachs became owner – even with the gold remaining at the Sub Treasury or at the steamship pier – they would have insured their ownership interest. Insurance is generally based on some finite time period, with the common time for a trans-Atlantic gold shipment taking 7-10 days.³¹ If insurance was acquired for a definite time period - to cover the typical 10 day trans-Atlantic crossing - Goldman Sachs' policy would have expired January 22, 1909.

Title to the gold would have transferred to Louis Hirsch & Company once the gold was delivered to the steamship company or bonded storage and accepted by them or on their behalf.³² And once owned by Louis Hirsch & Company, and although freight and insurance (for some period of time) was pre-paid by Goldman Sachs, Louis Hirsch & Company could dictate the gold's destination.³³

Once delivery was made, Goldman Sachs would have been able to safely sell demand drafts in New York on its now (or soon to be) created Paris balance, *safely* because the drafts could not reach Paris before the credit is established. *Page 199* indicates that delivery of the gold was made on Saturday January 16, at which point title would have passed to Louis Hirsch & Company. Goldman Sachs sold fourteen (14) French franc denominated drafts on Monday, January 18 on the balance that the export of gold would create for them in Paris. The important consideration, here, is that the credit for Goldman Sachs was apparently NOT available to it until January 25, 1909 – the Monday AFTER Friday, January 22, 1909 – the date the Russian loan had closed.

Normally in an export engagement, it is the shipped gold – upon its arrival - that creates the cash balance in Paris against which the French franc denominated drafts issued in New York would have been drawn. In fact, demand drafts on an export of gold frequently were sent on the very same ship that carried the gold.³⁴ However, Louis Hirsch and Company (or the French Banks themselves, if Louis Hirsch transferred the gold to them) who received French francs from their clients for subscriptions to the Russian Loan in Paris, could have created the balance for Goldman Sachs with those surplus francs, and shipped the gold directly to Russia to settle *their* payment obligations to the Russian government for the Russian Bonds that they had sold to their clients. And, the French banks would have created the credit balance for Goldman Sachs only once or AFTER they had incurred their obligation to the Russian Government when the loan closed, on January 22, 1909.

Indirect shipments of gold, or “triangular” foreign exchange transactions, were not uncommon.³⁵

The *Page 199* export engagement appears to be directly related to the closing date of the

³¹ Ibid. 4, Page 534, “Ten days is a liberal allowance for the transatlantic mail and express, and frequently the cable and sight draft operations of our illustration can be brought to conclusion in shorter periods than we have assumed.”

³² Sequence in title is discussed at our website: http://rms-republic.com/exchange_costs.html

³³ See “Re-consignment” at our website: http://www.rms-republic.com/details_market6.html

³⁴ Ibid. 2, Page 114. “Assuming that the draft is drawn and the gold shipped at the same time, the draft will be presented fully three days before the gold is credited, that being the time necessary for assaying, weighing, etc.” And, Ibid. 27, “As far as the time consumed in the transatlantic passage is concerned, the gold, which will be credited to the account of the New York exporting bank, travels just as fast as the drafts which will be debited.”

³⁵ See: Indirect Gold Shipments, at our website: <http://www.rms-republic.com/indirect.html>

Russian Loan. Since Goldman Sachs had purchased the gold on January 12th, and if they had shipped their gold on the *Oceanic*, they would have incurred only one day of interest expense (perhaps this is the reason for the “Int 1 Day at 2%” ledger entry, which is separate from the “Int. to Jan 16” ledger entry), and they would have sold their drafts on January 12 or 13. One has to ask, Why the delay?

Conclusion –

The *Page 199* shipment was delayed until, at the earliest, January 16, 1909, when title to the gold transferred. Goldman Sachs' French francs were not available to them until AFTER the loan closed. These facts strongly suggest that the gold did NOT go to Paris, but to some other destination. Normally, the drafts would be sent on the same ship with the gold, because it was the receipt of the gold that would be redeemed in francs upon arrival and allow the drafts to be cashed. Here, it was not the receipt of gold (they could have sent it out on the *Oceanic* and issued their drafts on the 12th or 13th) that would give Goldman Sachs the desired French franc credits, but, apparently, the closing of the loan.

Further GS Inquiry –

Goldman Sachs' insurance policy for this gold shipment would provide invaluable information, or, at least, if they can identify their insurer we would be able to contact them directly. For how long did they insure this shipment? To whom, and when, did GS make its freight payment for this shipment? Does a Bill of Lading and their cable communications survive? Who was the company that carted the gold from the Sub Treasury to the pier, and when did that company make delivery? Has their Accounts Payable ledger (where their expenses were recorded) survived? In what French banks did GS maintain accounts? On which French bank (or banks, given the different draft numbering schemes) were their drafts drawn?

Online References –

Louis Hirsch

[illegible]

79

199 (Right Page)

Paris Gold Shipment Jr a/o 1139 (?)

1909		
Jan. 18	D81(?)	Check 2567
		" 68
55.55556		" 8314
1.92		" 74
		" 8516
		" 71
500		" 72
		" 73
278.3884		" 95
	D82(?)	" 94
		" 96
		" 260214 (?)
		" 2593
		" 2610
		Cables
Mch(?)17	J121	Transfer TEJ(?)
		Transfer P&L

[illegible]

Jan 16	13571.52	5.15786
16	759.04	5.157831
16	48469.70	5.157862
16	96939.40	5.157862
16	290818.19	5.157862
16	242348.49	5.157862
16	193878.79	5.157862
16	48469.70	5.157862
16	26.96	5.155786
16	4846.98	5.157851
16	3877.58	5.157856
16	8336.79	5.157861
16	120.58	5.156328
16	48469.71	5.15786
	1732.72	
	<u>1002666.15</u>	

FOREIGN
EXCHANGE
LEDGER

1909

G. S. & CO.

JAN. 1ST 1902

3

1909



81

7502⁸¹-22-18

Arise Gold Shipment N. 46-439

from N. 46

10000	Jan 16	1547182
2915	"	71401
20000	16	114677
10000	16	969446
10000	16	2901189
10000	16	2412010
100000	16	10317379
20000	16	410092
129	16	2696
2000	16	415495
20000	16	357718
2000	16	832679
0175	16	72018
20000	16	410092

Caden - A

F

2425 Jan 25

1000000 Jan 25
1000000 Jan 25

1000000 Jan 25
1000000 Jan 25

1000000

517424970

83

1000000000

EXHIBIT IV

GOUVERNEMENT IMPÉRIAL DE RUSSIE

Bons du Trésor 5 % 1904

créés en vertu de l'oukase Impérial du 29 Avril 1904, pour un montant nominal de 300 millions de roubles = 800 millions de francs, représenté par 1,600,000 Bons de 187 roubles 50 copek = 500 francs, numérotés de 1 à 1,600,000 et divisés en coupures de 1 et de 10 Bons

BON de 187 roubles 50 copek = 500 francs

AU PORTEUR

N°

inscrit au Grand-Livre de la Dette publique

Le porteur du présent titre a droit à un montant de cent quatre-vingt-sept roubles, cinquante copek = cinq cents francs, rapportant cinq pour cent l'an jusqu'à leur remboursement, le rouble contenant, suivant la loi monétaire du 7 Juin 1899, 0,774234 grammes d'or fin.

Le paiement des intérêts et le remboursement du capital sont à jamais affranchis de tout impôt russe.

Le paiement des intérêts s'effectuera semestriellement, le 1/14 Mai et le 1/14 Novembre, contre remise des coupons respectifs, au choix du porteur :

en **Russie**, en roubles, à la Banque de l'État ;

à **Paris**, en francs, le franc étant décompté à 37 1/2 copek, chez MM. Hottinguer et C^o ;
à la Banque de Paris et des Pays-Bas ;
au Crédit Lyonnais ;
à la Société Générale pour favoriser le développement du Commerce et de l'Industrie en France ;
au Comptoir National d'Escompte de Paris.

Le présent titre sera remboursé au pair le 1/14 Mai 1909 au choix du porteur :

En **Russie**, en roubles, et à **Paris**, en francs, aux guichets indiqués pour le paiement des coupons.

Chaque Bon est muni de dix coupons. Les coupons se prescrivent par dix ans à compter de leur échéance, et les titres par trente ans, à partir du jour fixé pour leur remboursement.

Les coupons, tant échus qu'ayant moins de six mois à courir avant leur échéance et, à partir du 1/14 Mai 1909, les Bons mêmes seront acceptés au pair en paiement des droits de douane, pour autant qu'ils n'aient pas été atteints par les termes de prescription susmentionnés.

Les Bons seront acceptés, à des prix fixés, chaque semestre par le Ministre des Finances et portés à la connaissance générale, comme cautionnement : 1^o dans les contrats de fournitures et de travaux avec l'État ; 2^o pour le règlement de droits d'accise à acquitter et 3^o pour le règlement de droits de douane à payer. Ces prix ne pourront être inférieurs à 90 % du montant nominal.

Si, dans le courant des six mois qui précéderont la date fixée pour le remboursement des Bons, le Gouvernement impérial émet un emprunt à long terme dont le produit serait affecté jusqu'à due concurrence à leur remboursement, le détenteur du Bon a le droit, par préférence, de souscrire aux conditions de l'émission publique, aux obligations de cet emprunt. Le présent Bon sera accepté en paiement de la souscription pour son montant nominal, augmenté de la portion courue du coupon.

En outre, le détenteur du présent Bon a le droit par préférence de souscrire en espèces, aux conditions de l'émission publique, aux obligations de tous Emprunts Russes à long terme qui seraient émis sur le marché français pendant le cours de la durée des Bons.

Les demandes des porteurs de Bons seront satisfaites proportionnellement au rapport existant entre la somme représentée par les Bons et le capital nominal des nouveaux emprunts respectifs, sans que toutefois les montants attribués puissent dépasser pour chaque porteur le montant des Bons lui appartenant.

IMPERIAL GOVERNMENT OF RUSSIA

Treasury Bonds 5% 1904

created by virtue of the Imperial ukase of April 29, 1904, Four a nominal amount of 300 million rubles = 800 million francs, represented by 1,600,000 Bonds of 187 rubles 50 copek 500 francs, numbered from 1 to 1,600,000 and divided into denominations of and 10 Vouchers

VOUCHER from 187 rubles 50 copek = 500 francs

TO THE BEARER

N^o

inserted in the Public Debt Ledger

The bearer of this title is entitled to an amount of one hundred and eighty-seven rubles, fifty copek five hundred francs, yielding five percent per year until their repayment, the ruble containing, according to the monetary law of June 7, 1899, 0.774234 grams of fine

gold. The payment of interest and the repayment of capital are never freed from any Russian tax.

Interest will be paid semi-annually, on May 1/14 and November 1/14, against delivery of the respective coupons, at the bearer's choice:

in Russia, in rubles, at the State Bank;

francs, the franc being deducted at 37 1/2 copek. reimbursement

at Messrs. Hottinguer and C:
at the Banque de Paris et des Pays-Bas;
at Credit Lyonnais;
to Société Générale to promote the development
of Commerce and Industry in France; at the
Comptoir National d'Escompte de Paris,

This title will be redeemed at par on May 1/14, 1909 at the option of the bearer:

In Russia, in rubles, and in Paris, in francs, at the counters indicated for the payment of coupons,

Each Voucher comes with ten coupons. The coupons are prescribed by ten years from their maturity, and the securities by thirty years, from the day fixed for their reimbursement,

Coupons, both due and having less than six months to run before their expiry date and, from May 1/14, 1909, the same Bonds will be accepted at par in payment of customs duties, provided that they have not not been met by the aforementioned prescription terms.

a The Bonds will be accepted, at prices set, each semester by the Minister of Finance and brought to the general knowledge, as security: 1° in supply and works contracts with the State; 2° for the payment of excise duties to be paid and 3° for the payment of customs duties to be paid. These prices may not be less than go %, of the nominal amount.

If, during the six months preceding the date fixed for in Paris, in the Bonds, the Imperial Government issues a long-term loan, the proceeds of which would be allocated up to a due amount to their reimbursement, the holder of the Bond has the right, by preference, to subscribe to the conditions of the public issue, to the obligations of this loan. This Warrant will be accepted in payment of the subscription for its nominal amount, increased by the accrued portion of the coupon.

In addition, the holder of this Bond has the right by preference to subscribe in cash, under the conditions of the public issue, to the bonds of all long-term Russian Loans which may be issued on the French market during the course of the term. goods.

The requests of holders of Warrants will be satisfied in proportion to the relationship between the sum represented by the Warrants and the nominal capital of the respective new loans, without however the amounts allocated being able to exceed for each bearer the amount of the Warrants belonging to him,

EXHIBIT V

Notes et Calculs

EMPRUNT RUSSE 1909

MONTANT NOMINAL : Frs. 1.400.000.000

R^e 525.000.000 = £g. 65.580.000 = Bmk. 1.131.200.000 = Fl.P.B. 669.200.000

offert en souscription publique en France, en Angleterre et en Hollande.

	ferme	option	TOTAL
Emission française :	610.000.000	610.000.000	1.220.000.000
" anglaise	75.000.000	75.000.000	150.000.000
" hollandaise	15.000.000	15.000.000	30.000.000
	700.000.000	700.000.000	1.400.000.000

EMISSION RESERVEE A la FRANCE

1.220.000.000 soit 2.440.000 titres

de Frs. 500 - R^e 187,50 - £g. 19.17.0 - Bmk. 404 - Fl. P.B. 239

représentées par des titres de 1, 5 et 10 Obligations

Prise ferme } 610.000.000
option { 610.000.000

Emprunt destiné jusqu'à concurrence de Fra. 800.000.000 au rembourse-
-ment des Bons du Trésor 5 % 1904

Conformément à l'Oukase du 29 Avril 1904 (V.S.) et à l'avis officiel
publié par le Ministre Impérial des Finances de Russie en exécution de cet Oukase,
les porteurs de Bons du Trésor 5 % 1904 ont eu le droit de souscrire par préfé-
-rence au nouvel emprunt du 13 au 22 Janvier 1909, leurs Bons étant décomptés
pour leur valeur nominale. s Frs. 800
augmentés des intérêts à 5 % du 14 Novembre 1908 (date du der-
-nier coupon échu) en 22 Janvier 1909, soit..... 4,72

soit un total par bon..... Frs. 804,72

Chaque porteur d'un bon recevait donc, en échange de son bon, un
titre nouveau décompté à Fra. 446,25, plus une souste en espèces pour toute
somme ne pouvant pas être représentée par un titre pour les porteurs de plusieurs
Bons du Trésor.

DATE DE LA SOUSCRIPTION : 22 JANVIER 1909

Contrat signé à Paris, hôtel de l'Ambassade de Russie le 13 Jan-
-vier 1909

Déclaration faite au Timbre le 30 Décembre 1908

Jouissance 15 JANVIER - 15 JUILLET

Loan intended up to a maximum of Fra. 800 000 000 in rembour-
-increase in Treasury Bills 5% 1904

In accordance with the Oukase of April 29, 1904 (V.S.) and the official
notice published by the Imperial Minister of Finance of Russia in fulfillment of this
Ukase, holders of 5% 1904 Treasury Bills had the right to subscribe by preference-
-rence to the new loan from January 13 to 22, 1909, their Vouchers being counted
for their nominal value, either..... Frs. 500
increased intôrêts to 5% from November 14, 1908 (date of the
der- -(coupon due) on January 22, 1909, ie..... " 4,72

that is a total per voucher..... Fre. 504,72

Each bearer of a voucher therefore received, in exchange for
his voucher, a new title counted down to Frs. 446.25, plus a cash scult
for any amount that cannot be represented by a security for holders of several
Treasury Bills.

Date of subscription: January 22, 1909

Contract signed in Paris, Russian Embassy hotel on Jan 13-
-february 1909

Declaration made at the Stamp on December 30, 1908

Enjoy JANUARY 15 - JULY 15

- 3 -

Emprunt amortissable en 40 ans de 1919 à 1959
Inconvertible avant le 15 Janvier 1919

Prix d'émission 89 1/4 % ou Frs. 446,25 par obligation,
payables :

Pour les titres libérés :

20 %	ou Frs. 100	en souscrivant;
89 1/4 %	ou Frs. 346,25	à la répartition (du 1er au 4 Février)

Pour les titres non libérés :

20 %	= Frs. 100	en souscrivant;
20 %	= " 100	à la répartition;
25 %	= " 125	le 15 Avril 1909 { plus 2 % d'intérêts
24 1/4 %	= " 121,25	le 15 Juillet 1909 } à partir du 22 Jan- -vier 1909

Le prix de placement, pour les titres non libérés ressortait
ainsi à 88,72 %

Faculté de se libérer par anticipation à toute époque.

Coupons échéances 15 JANVIER - 15 JUILLET de :

Frs. 11,25 = R^o 421 7/8 = £s. 0.8.11 1/5 = Rmk 9.09 = Fl. P.B. 5,38

Bruxelles et Genève : au change à vue sur Paris.

Coupon intérimaire Frs. 10,80 à l'échéance du 15 Juillet 1909

P A R T I C I P A T I O N S
MOITIE FERME - MOITIE OPTION .-

BANQUE DE PARIS	23,75	½
CREDIT LYONNAIS	23,75	½
HOTTINGUER et Cie.....	17,50	½
COMPTOIR NATIONAL D'ESCOMPTE.....	13,75	½
SOCIETE GENERALE.....	15, " "	½
CREDIT INDUSTRIEL.....	6,25	½
	<hr/>	
	100, " "	½

RETROCESSIONS COLLECTIVES

Des rétrocessions collectives, suivant état joint, ont été accordées à divers Etablissements et Maisons de la place de Paris et aux Banques Russes.

Elles se sont élevées à Frs. 283.600.000 (ferme et option) soit 23,84 ½ environ.

La Direction du Syndicat était confiée aux 6 contractants.

La Banque de Paris était chargée de la centralisation de l'opération et de la correspondance avec le Ministère Impérial des Finances de Russie.

RETROCESSIONS PARTICULIERES DU CREDIT
LYONNAIS

Les rétrocessions particulières du Crédit Lyonnais se sont élevées, suivant état joint, à..... Frs. 99.516.000 (ferme et option).

Prix d'achat au contrat.....	85,60	%
moins :		
différence de coupons :		
11,25 - 10,80 = 0,45 soit.....	0,09	
Commission de remboursement des		
Bons 1904 (1525883).....	0,0828	
	<u>0,1728</u>	0,1728
NET.	8,5	3272
Prix du p l a...o .en...a...b ...t.....	8...9	,25
Mar ....2.....6.....		<u>3,9228</u>

se décomposant comme suit :

Commission de Négociation.....	0,25775
- " - de placement.....	1,75740 *
Publicité.....	0,16706
Frais de mission.....	0,036
C harit.....	0,0164
Frais divers.....	0,0191
Allocation M	0,05
Perte sur rachats (3.711.000).....	0,3011
Bénéfice Syndical.....	1,32
	<u>3,9227</u> %

- * La commission de placement fut de 1,50 % sur les titres placés; mais l'application de cette même commission aux titres rachetés pour compte du Syndicat porta le total des commissions payées à 1,75740 du capital nominal.

RESULTATS DE LA SOUSCRIPTION

ATTRIBUTION

Les résultats de la souscription furent les suivants :

EMPRUNT RUSSE 4 $\frac{1}{2}$ % 1909

RESULTATS DEFINITIFS DE LA SOUSCRIPTION

au 28 JANVIER 1909

	BONS	IRREDUC- -TIBLES	REDUC- -TIBLES	SOUSCRIPTION	ATTRIBUTION sur réfinitibles	TOTAL
BANQUE DE PARIS	209.651	237.120 13,74 %	4.153.750 26,79	76.175 13,86	162.073 14,30	399.193 13,96 %
CREDIT LYONNAIS	633.736	716.771 41,53 %	2.386.960 16,15	201.356 36,61	399.242 35,24	1.116.013 39,04 %
M.M. ROTTINGUER et C ^o	59.779	67.611 3,92 %	1.246.467 8,01	44.560 8,12	100.716 8,89	168.327 5,89 %
SOCIETE GENERALE	335.282	379.211 21,97 %	3.495.897 22,48	100.705 18,31	235.195 20,76	614.406 21,49 %
COMPTOIR d'ESCOMPTE	224.086	253.446 14,69 %	3.588.664 23,06	100.705 18,31	192.730 17,01	446.176 15,61 %
CREDIT INDUSTRIEL	63.349	71.649 4,15 %	701.267 4,51	26.400 4,80	39.955 3,53	111.604 3,90 %
AGENTS DE CHANGE	"	"	"	"	3.000 0,27	3.000 0,11
	1.525.883	1.725.808 100 %	15.558.006 100 %	550.000 100 %	1.132.911 100 %	2.658.719 100 %

Pour maintenir une prime suffisante sur le cours du nouvel emprunt 4 $\frac{1}{2}$ % la Banque de Paris dut racheter sur le marché pour le compte du Syndicat, une grosse quantité de titres.

A la clôture de la souscription, le solde était acheteur de 418.719 titres, - soit de plus de 17 % du montant de l'emprunt.

Dans une réunion des Etablissements, il fut décidé d'englober ces 418.719 titres dans la répartition à faire aux souscripteurs de réductibles afin d'assainir le marché.

La répartition fut la suivante :

aux souscripteurs d'une obligation	:	1 titre
" " " de 2 " "	:	2 "
" " " de 3 à 160	:	3 "

aux souscripteurs de 161 et au-dessus : 1,90 % sans tenir compte des fractions.

A la répartition (le 4 Février 1909) sur 1.132.911 obligations attribuées aux souscriptions contre espèces, 792.317 furent libérées intégralement.

Sur 399.242 titres attribués au Crédit Lyonnais dans les réductibles, 303.214 furent libérés intégralement et 96.028 non libérés furent demandés.

PROT O C O L E

Le 9 Janvier 1909, dans une réunion tenue à la Banque de Paris, il fut rédigé un protocole signé par les 6 contractants et arrêtant les dispositions suivantes :

La commission de placement de 1 $\frac{1}{2}$ % sera répartie aux Etablissements émetteurs sur le barème suivant :

CREDIT LYONNAIS.....	36,81
BANQUE DE PARIS.....	13,85
COMPTO I R.....	19,31
SOCIETE GENERALE.....	18,31
HOTTING U E R.....	8,12
CREDIT INDUSTRIEL.....	4,80

100 - %

quelle que soit la quantité de souscriptions irréductibles présentée par chacun.

Sur les titres réductibles, il fut attribué un nombre maximum de souscripteurs qui fut ainsi fixé :

CREDIT LYONNAIS.....	201.366
COMPTO I R.....	180.705
GEN E RALE.....	100.705
BANQUE DE PARIS.....	76.176
HOTTINGUER.....	44.660
INDU ST RI E L.....	28.400

560.000

Le surplus étant réparti au prorata des demandes.

Comme il est dit plus haut, le solde acheteur du Syndicat fut compris dans la répartition faite aux souscripteurs de réductibles et vint l'augmenter dans de fortes proportions.

BENEFICE DU CREDIT LYONNAIS

1°.- Commission de placement :

36,61 % de la Commission totale de 7,50 x 2.958.719 titres

(rachats compris)

7.849,327,70

2°.- Bénéfice Syndical :

1,32 % - sur Frs. 222.395.000, chiffre ramené par les ré-

-trocessions particulières à Frs. 122.879.000

= 1.622.002,80

3°.- Commission des contractants :

23,75 % de cette commission de Frs. 3.144.555,04

ou 0,25775 %

746.830,80

10.218.151,10

Nous avons à déduire :

1°.- perte sur réalisation de portefeuille 76.332,10

2°.- allocations diverses..... 80.000

136.332,10

A ce bénéfice de Frs. 10.218.151,10 viennent s'ajouter les bonifications d'intérêts pour les titres non libérés qui rapportent 2 % aux Etablissements, alors que nous ne donnons au Gouvernement Russe que 11/4 % d'intérêt.

NOTA -

NOTA : Si la commission de placement de Frs. 7,50, au lieu d'être répartie conformément au protocole avait été distribuée proportionnellement au nombre de titres attribués, le Crédit Lyonnais, qui a eu une attribution de 39,04 % ou 1.116.013 titres, aurait encaissé une commission de placement de 8.370.097,50 Frs alors que nous avons e ne a 1.22 4..... 7.849.327,70 "

En mo 1.22..... 520.769,80 Frs

OBSERVATIONS :

Conformément au contrat (article 13) les contractants décomptent le montant de l'emprunt au prix de 85 $\frac{1}{2}$ %, moins le timbre) valeur unique 7 Février, déduction faite des Bons remis à eux en paiement.

Sur le solde existant, après cette déduction, sont prélevées les sommes nécessaires au remboursement des Bons du Trésor 5 % 1904 non échangés.

REGLEMENT AVEC LE GOUVERNEMENT RUSSE

COMPTE "A" et COMPTE "B"

Le Gouvernement Russe sera crédité chez les Contractants français de :

1.220.000.000 à 85,50 % Frs. 1.043.100.000,"

Il sera débité de :

1^{re}.- Frs. 504,72 par Bon, plus commission prévue
de 1/8 % : Frs. 0,6309

Frs. 505,3509 Ensemble par Bon
soit pour 1.525.883 Bons..... Frs. 771.106.347,35

2^e.- Timbre français..... " 24.400.000,"

Fr. 795.506.347,35 Frs. 795.506.347,35

RE ST R..... Frs. 247.583.658,65

BENEFICE DU CREDIT LYONNAIS

1^{re}. - Commission de placement :

36,51% de la Commission totale de 7,50 x 2.858.719 titres

(rachats compris)

7.849,327,70

2^{de}. - Bénéfice Syndical :

1,32% - sur Frs. 222.395.000, chiffre ramené par les ré-

-trocessions particulières à Frs. 122.879.000

= 1.622,002,80

3^{de}. - Commission des contractants :

23,75 % de cette commission de Frs. 3.144.555,04

ou 0,25775 %

746,830,60

10.218.151,10

Nous avons à déduire :

1^{re}. - perte sur réalisation de portefeuille 76.332,10

2^{de}. - allocations diverses 80.000

136.332,10

A ce bénéfice de Frs. 10.218.151,10 viennent s'ajouter les bonifications d'intérêts pour les titres non libérés qui rapportent 2 % aux Etablissements, alors que nous ne donnons au Gouvernement Russe que 1 1/4 % d'intérêt.

NOTA -

dont :

COMPTE "A" : 74.117 Bons du Trésor
à 512,50 plus commission prévue de 1/8 %
soit 0,640625 par Bon

Ensemble Frs. : 512.140625 x 74.117 Frs. 38.032.443,70
Valeur 7 Février 1909 - Taux 1 1/4 %
Echéance 14 Mai 1909

COMPTE "B" :

Le solde, s o i t Frs. 209.561.208,95
Valeur 7 Février 1909 - Taux 1 1/4 %

ECHÉANCES : 20 % le 22 Février 1909
20 % " 22 Mars 1909
15 % " 22 Avril 1909
15 % " 22 Mai 1909
15 % " 22 Juin 1909
15 % " 22 Juillet 1909

PART DU CREDIT LYONNAIS

COMPTE "A".- La part du Crédit Lyonnais dans le Compte "A" est
de 23,75 %, s o i t Frs. 9.032.705,40

COMPTE "B".- La part du Crédit Lyonnais dans le Compte "B" est
de 23,75 %, s o i t Frs. 49.770.787,10

ECHÉANCES :

Compte "B"	22 Février 1909	.....	Frs.	9.954.157,40
" "B"	22 Mars 1909	.....	Frs.	9.954.157,40
" "B"	22 Avril 1909	.....	Frs.	7.465.618,05
" "A"	14 Mai 1909	.....	Frs.	9.032.705,40
" "B"	22 Mai 1909	.....	Frs.	7.465.618,05
" "B"	22 Juin 1909	.....	Frs.	7.465.618,05
" "B"	22 Juillet 1909	.....	Frs.	7.465.618,10

Commission pour coupons et remboursement 1/3 %

Renouvellement feuilles de coupons 0,100/mes par coupure.

Comptes coupons régis d'après les conditions existantes chez chaque Etablissement pour les emprunts précédents.

Approbation de S.M. l'Empereur de Russie le 21 Janvier 1909

PART DE LA CHAMBRE SYNDICALE DES AGENTS DE CHANGE :

50 millions dans le Syndicat et une attribution supplémentaire dans le placement de 3.000 Obligations en sus du chiffre lui revenant d'après la répartition.

EXHIBIT VI

22 Février

9

Monsieur le Ministre

Nous avons l'honneur de vous acc.
réception de votre lettre du 5 Février 1909 (n° 132)
qui nous porte les instructions relatives à la
somme de F^s 9.954.157, 42, que nous avons
à tenir à votre disposition le 22 Février.

Suivant ces instructions nous avons:

1^{re} viré la somme de — F^s 5.000.000...
au crédit du compte chez nous de
la Banque de l'Etat, valeur 22 C^t.

2^{de} porté le solde du dit montant F^s 4.954.157, 42
au crédit du compte "Trésor
Impérial", valeur 22 Février.

Veillez agréer, Monsieur le Ministre,
l'assurance de notre haute considération.

A Son Excellence

Ben Grinsand

Monsieur Rokowtsoff
Ministre des Finances
de l'Empire de Russie

St. Pétersbourg, le 5 Février 1909

MINISTRE DES FINANCES.

1334



C r é d i t L y o n n a i s ,
P A R I S .

*Vire au compte
de la Banque de
l'Etat
Fr. 5.000.000.-
Nal. 22 février
6 22/2/09
CORRESPONDANCE
DIRECTION*

Conformément à l'article XIV du contrat de l'Emprunt
4 $\frac{1}{2}$ % de 1909 le Trésor Impérial disposera chez vous le
22 Février n. st. d'une somme de Fres 9.954.157,42.

Ainsi je vous prie de vouloir bien transférer sur
cette somme Fres 5.000.000 au compte de la Banque de
l'Etat chez vous et de porter le solde dudit montant au
crédit du compte " Trésor Impérial " .

Le Secrétaire d'Etat, Ministre des Finances *W. Souchouff*

Le Directeur *L. Danyloff*

St. Petersburg, February 5th...1909

Minister of Finance.

1334

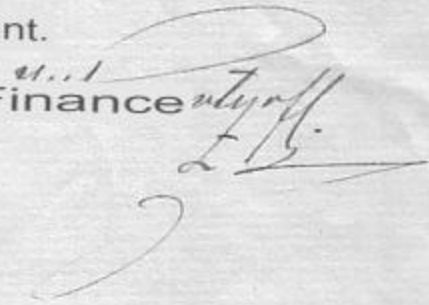


cr e a i t l y o n s o r a
P A R I S .

*Vire au compte
de la Banque de
l'Etat 000.-
Val. 22 février
le 22/2/09
CORRESPONDANCE
DIRECTION*

in accordance with Article XIV of the contract of Borrowing
43% of 1909 the Imperial Treasury will dispose of at
your place on February 22 n. st. from a sum of Fros
9.954.157,42. So I ask you to kindly transfer to this
sum Fros 5,000,000 to the account of the Bank of the State at
your place and to carry the balance of said amount to the
credit from the "Imperial Treasury" account.

The Secretary of State, Minister of Finance



The Director *L. Danyloff*

L.G.

97

CRÉDIT LYONNAIS

Fondé en 1863

SOCIÉTÉ ANONYME

Capital entièrement versé :

250 MILLIONS

Adresse télégraphique :

CRÉDIONAIS

DIRECTION

N° 2256

Paris le 22 Février 1909

Кама



BANQUE de l'ETAT

Comptoir de St. Pétersbourg

St. PETERSBOURG

Messieurs,

Nous avons l'honneur de vous informer que nous avons
crédité votre compte de

Fcs. 5 000 000 . - (cinq millions de francs)

Valeur 22 février ,

conformément aux instructions que nous avons reçues du Ministère
des Finances de Russie.

Veillez agréer, Messieurs, nos salutations distinguées

CRÉDIT LYONNAIS

Le Directeur

[Signature]

D. Cyrenus Serpandus

Pr. mek. sup. D. No. 10000

18750000

ПРОВЕДЕНО

В/н

Кама

MINISTRE DES FINANCES.

St. Pétersbourg, le 5 Février 1909

1335

Comptable

Société Générale
pour favoriser le développement du commerce et
de l'industrie en France .
P A R I S .

Conformément à l'article XIV du contrat de l'Emprunt
4^{1/2}% de 1909 le Trésor Impérial disposera chez vous le
22 Février n. st. d'une somme de Frcs 6.286.836,27.

6286.836,27
Ainsi je vous prie de vouloir bien transférer sur
cette somme Frcs 5.000.000 au compte de la Banque de
l'Etat chez vous et de porter le solde dudit montant
au crédit du compte " Trésor Impérial " .

Le Secrétaire d'Etat, Ministre des Finances *W. Stassov*

Le Directeur *L. Dary*

2010/10/12 15:24

St. Petersburg, on...February 5... 190 9

1335

Minister of Finance.

Comptab

General Society

to promote the development of trade and
from 1'industrie in France .

PARIS .

In accordance with Article XIV of the Loan Agreement
4% of 1909 the Imperial Treasury will dispose of at
your place on February 22 n. st. of a sum of Frcs
6,286,836.27. So I ask you to kindly transfer
to this sum frcs 5,000,000 to the account of the Bank of
the State at your place and to carry the balance of said amount
to the credit of the "Imperial Treasury" account .

The Secretary of State, Minister of Finance

W. G. G. G. G.

The Director *g*

2010/10/12 15:24

EXHIBIT VII

Adresse Télégraphique :
HOTTINGUER - PARIS

Paris 22 Février 1909

70



Banque de l'Etat

St Petersburg

Карна

Messieurs,

Nous avons l'honneur de vous informer que Son Exc. Monsieur le Ministre des Finances de Russie nous a donné ordre de vous bonifier une somme de :

на сумму Frs. 4.000.000.- dont nous vous créditions.

Veuillez agréer, Messieurs, nos salutations distinguées.

Thiquet

D. Cyrenus Sarganov

W m. cr. D^{re} 200,000 R^{bl}
1.500.000 p⁵

13/11

kgz

112

EXHIBIT VIII

The following is a sampling of newspaper accounts that relate to the French import, in September, 1905, of in-excess of \$22,000,000 in U.S. gold coin from the United States – where there is no corresponding US export report. This shipment was apparently designated “secret” in order to maintain market stability within the United States.

Should Japan take advantage of low rates of exchange to transfer to London so much of her balance here as may not be needed for purchases in the United States, the effect upon the money market would be nil, for the cash would remain and be available for the crop movement and for loans.

It is clear, therefore, that the controlling influence in the money market for the next three or four months will be the movement of currency to the interior to move the crops.

Wall Street Journal, August 10, 1905, 8:1.

The advance in sterling on Thursday was ascribed to covering of maturing finance bills and to purchases for remittance on Japanese account. It is understood that the Japanese balance of the proceeds of loans placed in the United States is being loaned on call and that the depository banks and trust companies are not averse to the withdrawal of part of this balance for the purchase of exchange so long as call money continues at 2% and below. By such operations a portion of the Japanese special fund is transferred to the general fund of banks and other institutions, becoming thereby available for all purposes without restriction.

The tone of Paris exchange on London and the cheapness of bar gold at London are indications that peace negotiations are coming to be regarded as a negligible factor in the money markets of London and Paris for some time to come, and that they may be so treated at New York until the crop movement is over. For it is Russia's desire to place part of the forthcoming loans in the United States Russian financiers would not think of offering the bonds either here or in Europe until after January 1, 1906, even if a treaty of peace should be agreed upon earlier.

Wall Street Journal, August 12, 1905, 8:1.

The inquiry for remittance was largely of the usual seasonable mercantile character but it was believed that some of the buying was for the remitting part of the proceeds of the Japanese loan. This loan is payable, principal and interest, at the fixed rate of exchange of 4.87, so there is a small profit in remitting the proceeds to London at any rate of exchange below 4.87. As demand sterling approaches that quotation the inquiry for Japanese accounts falls off.

Finance bills were very little in evidence. Trust companies were supplying time money, while the call money rates were too low to attract foreign capital. Upon this point C. Schumacher & Co. say:

“It is most likely that time and call money will advance within a fortnight, as funds are steadily being withdrawn for the purpose of moving our crops. If this should be the case, it will help to bring into the market any number of finance bills. The fact that such bills are being drawn, while temporarily depressing the market, will ultimately result in a demand for remittances abroad later on.

“Foreign exchange is being influenced at all times by any number of factors which make it difficult to correctly forecast its course for any length of time. For instance, the Japanese government with its purchases of supplies on one hand and remittances of proceeds of bonds on the other; the cotton market, the wheat market, and the attitude of foreign buyers of our products and the size of our crops; the yellow fever situation; the peace conference ...”

Wall Street Journal, August 21, 1905, 8:1.

The inquiry for remittance was made mainly on mercantile account and to cover maturing finance bills but there were some purchases of bills for remittance of Japanese funds. The Japanese bonds were issued at the fixed rate of exchange of 4.87 and when they can obtain only 2% for the proceeds of the bonds on call here, and can remit at 4.86½ there is a profit in doing so. The volume of business for the week was quite small and the market was unusually dull.

With regard to the future of the market C. Schumacher & Co. say:

“We are told that while foreigners hesitate to pay the high prevailing price for cotton, yet the outlook for early exports of this staple is most excellent. During the past week exchange against the new crop was offered for delivery within the next eight to ten days. As soon as actual new cotton is received in large quantities at the seaports, the market will probably decline and result in a liberal export movement. This we expect to take place in about two weeks and the exchange market is only waiting for this movement to start before assuming its natural and customary downward course for September.”

Wall Street Journal, August 28, 1905, 8:2.

THE MONETARY SITUATION.

SOME OF THE POSSIBLE EFFECTS OF THE FAILURE OF THE PEACE CONFERENCE.

Two results at least seem likely to follow adjournment sine die of the peace conference after signing a protocol declaring agreement impossible. The first result expected is that Japan would withdraw to Europe money now on deposit in New York and also the proceeds of the loan which was placed here last July, payment upon the bonds having been set for October 16 next. It was stated about two months ago that the balance to the credit of the Japanese government in New York banks was approximately \$56,000,000, which was being loaned in the market and on call. The payments on the new loan of \$25 on July 17 and a like amount on August 3 were \$5,000,000. It is understood that the option to make payment in full of subscriptions on August 3 was not

generally exercised. The amount due to be paid under the terms of the subscription on October 16 is \$39,397,000, and of this amount it is estimated that about \$35,000,000 remains to be paid; \$9,797,000 would be added to the proceeds of the previous loan deposited here to the credit of the Japanese government, or in all \$65,397,000.

But the Japanese bonds are in sterling at a fixed exchange rate of 4.87 and with call money ranging at 2% and below in this market and with exchange at the rate of 4.86½ or lower for demand sterling, there would be a profit in transferring the Japanese funds from New York to London. Ever since the rate for demand sterling declined to 4.86½ about the middle of July the feature of the foreign exchange market has been the purchase of bills for remittance by the Yokohama Specie Bank, which is the representative of the Japanese government. **Persons with good opportunities for judging estimates of the amount of money now on deposit in New York to the credit of the Japanese government say it does not exceed \$20,000,000 to \$25,000,000** [Emphasis supplied.], which would make the amount required to be remitted between now and the end of next October after the subscriptions to the new loan have been paid in about \$60,000,000. These remittances in view of the large amount of cotton and wheat which is certain to be exported this fall could be easily made without exporting gold, and, therefore, would have little effect upon the money market in comparison with the movement of cash from New York to the interior to move the crops.

In the second place, the failure of the conference to agree would make it certain that no loan would be issued by Russia either for the payment of an indemnity or to finance peace. Foreign bankers, therefore, who have accumulated large amounts of liquid capital for the purpose of financing the loans expected to be made by both belligerents after the conclusion of peace will find it necessary to seek other employment for their funds, and they are now satisfied that there is no better field in the world than the United States for investment either in good securities or in loans upon collateral. **The exchange which would be created by the transfer of funds for investment here would probably be more than sufficient to meet whatever requirements might result from the transfer of Japanese funds from New York to London.** [Emphasis supplied.]

Wall Street Journal, August 29, 1905, 8:1.

THE MONETARY SITUATION.

TIME MONEY AND FOREIGN EXCHANGE RE- SPONSIVE TO THE CROP MOVEMENT.

With the end of August four months' loans mature over the turn of the year and the rate of interest on four to six months' money advanced to 4a4¼%. It was to have been expected that the time money market would grow firmer after **the record breaking transfers of currency to Chicago through the sub-treasury this week** [?], and an advance in rates for call money to parity with those for time loans is looked for before long. But the firmer tone of the time money market caused foreign bankers to increase their loans through exchange operations, and demand sterling was sold on Wednesday as low as 4.8620a4.8625, recovering at the close to 4.8625a4.8630.

As money becomes firmer at this time of the year, with large crops at high prices to be moved, exchange always grows weaker, reflecting sales of bills by foreign bankers who intend to loan the proceeds and expect to be able to recover at a profit when exchange declines still further under the pressure of cotton and grain bills two or three months later.

While such loans do not effect the cash reserve of banks, there is always the possibility that large exports of cotton and breadstuffs may depress the rates of exchange to the gold import point, in spite of the extended short interest in exchange that must be covered. **Paris at present is increasing her stock of gold by purchases in the London open market** [?], but the agreement of the peace envoys has reduced very materially the possible demands upon Paris for which preparation has been made, and if New York should really need gold during the next three months it is not unlikely that Paris might supply a round amount of the metal at a price.

Wall Street Journal, September 1, 1905, 8:1.

SECRETARY SHAW ON GOVT. FINANCES

Unusual Demand [Emphasis supplied.] for Money for Crops – No Indication of Any Stringency

Washington – “Government finances are in good shape,” says Secretary of the Treasury Shaw. “Customs receipts are keeping up, and for the current fiscal year are nearly six millions ahead of what they were for the same period last year. There is also an increase of \$1,500,000 in internal receipts.

“There has been an unusual August demand for crop moving money, but the supply has been ample, and there is no indication of any stringency.”

In answer to an inquiry as to whether any unusual provision would be made by the department to strengthen the money market in case the strain from the west and south should continue [? Emphasis supplied.], the secretary said that bridge would be crossed when arrived at, but there was nothing in the present situation to call for any extraordinary action.

Wall Street Journal, September 2, 1905, 8:2.

THE MONETARY SITUATION.

EVIDENCE ACCUMULATING THAT DEMAND FOR CURRENCY AT THE INTERIOR THIS YEAR WILL BE ENORMOUS.

Evidence is accumulating that the requirements of the interior this fall for cash from New York on account of the movement of the crops will be larger than ever before.

The net loss to the interior for the week ending Aug. 31 was \$4,261,000, comparing with losses for corresponding weeks of \$111,000 in 1904, \$647,000 in 1903, \$2,820,000 in 1902, \$1,834,000 in 1901. For the past four weeks the net losses to the interior amounted to \$15,320,000, comparing with gains of \$6,815,000 in 1904, \$6,235,000 in 1903, and losses of \$2,748,000 in 1902 and \$3,552,000 in 1901.

The treasury has received inquiries which induce the belief that shipments of money from New York to Chicago, St. Louis and New Orleans during the next two weeks will be quite large. **Transfers of currency through the sub-treasury to Chicago during the month of August were largest on record, notwithstanding that several Chicago bankers a few weeks ago demonstrated to their own satisfaction that the west would take very little money from the east this year.** [Emphasis supplied.]

Payments by New York banks into the sub-treasury here on account of internal revenue collections deposited with correspondents have this year greatly exceeded similar payments a year ago. The losses of the banks on sub-treasury operations proper, representing chiefly such transfers of internal revenue collections and payments into the 5% fund of correspondents for the past four weeks were \$13,767,400, comparing with \$8,365,800 for the corresponding period of last year. Such payments are equivalent for all practical purposes to the shipment of currency to the interior since they make available there cash which would otherwise have to be paid over to the treasury.

...

Wall Street Journal, September 4, 1905, 8:1.

THE MONETARY SITUATION.

DISCREPANCIES BETWEEN BANK STATEMENTS AND REPORTED MOVEMENTS OF MONEY.

It is natural that discrepancies should occur between the bank statement of cash held by the banks and the gains or losses indicated by the reported movements of currency between the banks and the interior and the sub-treasury. The average system makes it impossible for the currency report and the bank statement to agree, and the many unreported local movements cause other disagreements. Nevertheless as an index to the future course of the money market the actual weekly receipts of currency from the interior and shipments to the interior as reported to the Wall Street Journal by the banks and the receipts and disbursements of the sub-treasury as reported by that institution are more reliable than the bank statement.

The discrepancy between the reported movements of currency and the bank statement for the past four weeks is peculiar in that the bank statement shows a loss of \$7,295,400 less than that indicated by the currency reports. [Emphasis supplied.] The record follows:

Loss of cash indicated by reported movements of currency since the beginning of the crop movement compared with that shown in the bank statement:

1905		
Week ending.	Cur. Report.	Bank state.

August 12	\$1,099,000	\$1,933,500
August 19	8,468,400	3,018,100
August 26	4,659,500	9,440,200
September 2	7,572,800	7,103,500
<hr/>		
Total	\$21,790,700	\$14,495,300

Currency report shows loss of \$7,295,400 more than bank statement.
[Emphasis supplied.]

...

Wall Street Journal, September 6, 1905, 8:1.

THE MONETARY SITUATION.

THE PERIOD OF CHEAP MONEY AT AN END – TRUST COMPANIES AND FOREIGN BANKERS NOW LOANING AT CALL.

In the opinion of bankers the period of cheap money on call has come to an end and it is not expected to return at least until January when currency is flowing to New York from the interior. There is no apprehension of any stringency but at this time of the year there is always more work for the money of the world to do than at any other period and the earnings of money always correspond to the requirements made upon those who control it in liquid form. The demand for time money is increasing, and it is reported from Philadelphia that there is a good deal of inquiry there from New York for time money at higher rates than are now quoted here for loans on good mixed collateral.

The effect of shipments of currency to the interior by the New York banks and of heavy payments to the sub-treasury for account of correspondents is cumulative. First, there is a restriction on time loans while funds available for call loans are not disturbed. Then, as the steady drain for the crop movement continues, the amount of money that banks can loan on call is diminished, necessitating shifting of loans and higher rates for call money. Last week's loss of cash made six months' money firm at 4a4¼% and the loss this week to the sub-treasury, in addition to the loss by direct shipments to the interior, has increased the rate for call loans to 2½a3% with only a few transactions at 2%.

The permanent advance in rates for call money above 2% will bring into the market trust companies and other institutions, which while the rate is not higher than 2%, let the money which they cannot put out on time remain in banks where it draws 2%. Foreign bankers will also be quick to take advantage of the opportunity to transfer their credits to New York through exchange operations. In fact, they began to do so on Wednesday as soon as the rate on call touched 3%.. Offerings of finance bills were large enough on that day to break the exchange market from 4.8605a4.8610 for demand sterling at the opening to 4.8585a4.8590 at the close. The advance in call money rates may induce the Japanese government to let its balances remain in New York, or that

government may take advantage of the decline in exchange to increase its remittances to London. The result would be practically the same whichever course may be adopted. For the demand for remittance would sustain the exchange market and thus encourage the issue of finance bills, so that the transfer of Japanese funds to London would not decrease at this time the amount of money available here, and it is certain that at some time in the near future nearly all the Japanese balance will be sent to London.

Wall Street Journal, September 8, 1905, 8:1.

SECRET TREATY ALLEGED
BETWEEN RUSSIA AND JAPAN.

Indicated by Chance Remark Made by
Professor Martens.

That Japan may not have fared so badly as her people seem to think in the peace negotiations and that under the treaty made public there is a secret treaty that may have far-reaching consequences, transpired yesterday through a chance remark of Professor Martens, who aided in drafting the treaty that ended the war.

Mr. Martens, when asked if he would exhibit the copy of the treaty, said: "I cannot. There is a secret treaty that no one but the Czar and Mikado will know."

He stopped abruptly, as though he had said too much, and refused to continue the conversation with the newspaper men by whom he was surrounded. The conversation referred to occurred just before the departure of the French liner La Lorraine, on which the legal adviser of the Russian plenipotentiaries sailed for Europe.

That the peace treaty means much more than appears on its face, that it means a permanent peace between Russia and Japan, came out in a conversation later with the Japanese official spokesman. "The peace," said Mr. Sato, "which has been arranged is permanent and is for the best interests of Japan."

Journal of Commerce, September 8, 1905, 1:4.

BANKS REPORT HEAVY
REDUCTION IN LOANS.

LOSS OF \$20,000,000 OFFSETS CASH
DECREASE OF \$7,400,000

Loss in Surplus Only \$196,000 – Falling
Off in Loans Accounted for by Oper-
ations of Trust Companies and For- eign
Bankers – Principal Changes In Cash
and Loans.

Wall Street was again treated to a surprise Saturday in the shape of a reduction in the loan account of \$20,861,000, the more remarkable in view of the fact that the past week was not one of liquidation in the stock market, which factor had been responsible for the previous losses in this item. The inference was naturally drawn that the larger interests were not favorable to an elimination of the surplus reserves such as was suggested by the indicated loss in cash of \$7,238,700. The actual cash decrease came very near the forecast, amounting to \$7,463,400. The decrease in loans by the banks was accounted for by the shifting of the burden to trust companies and foreign bankers who have recently been lending freely, thus relieving the banks. Within the past two weeks the decrease in loans has amounted to \$50,898,500. The surplus of \$4,635,600 is about \$25,000,000 less than that of a year ago.

...

Journal of Commerce, September 18, 1905, 3:5.

Notes:

1. The placement of the several Japanese war loans in New York is covered very well in the New York Times (1904-5).
2. Gold imports from Europe to the US resume in mid-September. Therefore, this shipment took place before exchange became adequate for settlement. Gold had to be shipped.
3. There are “private” meetings between Japan’s Baron Kaneko and President Roosevelt (NY Herald, August 19, 1905, 4:4 and August 22, 1905, 4:3). The withdrawal of Japanese funds, no doubt, would have been discussed. Secretary of Treasury Shaw would have discussed the issue with Roosevelt.
4. American Ambassador had a private meeting with the Czar (NY Herald, Aug. 24, 1905, 4:3). A payment of \$22 million of Japanese money to Russia may have been discussed.
5. J. P. Morgan meets with Roosevelt (Journal of Commerce, Aug. 29, 1905, 1:2.) Morgan, of course, was instrumental in assembling large sums of money (i.e. Panama Canal payment). His advice would have been sought on the movement of Japan’s funds, and consequent market effects.
6. The gold may have been shipped aboard La Lorraine. “The conversation referred to occurred just before the departure of the French liner La Lorraine, on which the legal adviser of the Russian plenipotentiaries sailed for Europe.”

Journal of Commerce, September 8, 1905, 1:4.

EXHIBIT IX

Senior Executives of the State Bank

The State Bank of the Russian Empire was founded in 1860 as Russia's entire banking system was overhauled. It was established when capitalism was gaining ground in the Russian Empire and it became the first "great reform," carried out Emperor Alexander II. Considerable state interference in the economy, necessitated by the specific conditions of Russia's economic development, predetermined the genesis of the State Bank as an institutional element of the government's economic policy.



The State Bank was a short-term commercial credit bank and, as its statute said, its aim was "to boost trade turnovers and strengthen the monetary system". Its functions were to discount bills of exchange and other government and public interest-bearing securities and foreign bills, buy and sell gold and silver, receive payment on bills and other fixed-term monetary documents for the account of trustees, accept deposits, extend loans and buy government securities for its own account.



The activities of the State Bank of the Russian Empire may be divided into two periods. During the first period (from 1860 to 1894) the State Bank was largely an auxiliary institution of the Finance Ministry. Most of the State Bank resources were absorbed by direct and indirect financing of the Treasury. It was vested with the functions pertaining to the Finance Ministry apparatus: conducting the buy-out transactions and handling all paperwork related to them, propping up the state mortgage banks, and so on. Until 1887 the State Bank settled the accounts of pre-reform banks. All settlement operations were conducted at the State Treasury's expense, which was debtor to these banks, but since the budget deficit made it impossible for the Treasury to provide the necessary funds, until 1872 the State Bank annually used a large part of its commercial profits for these purposes. Government debt to the State Bank was settled during the second period of the State Bank's activities (in 1901). Throughout the entire pre-revolutionary period the State Bank, being an instrument of the government's economic policy, participated in establishing and subsequently supporting commercial banks (for example, it extended unstatutable loans to them). Bankrupt banks were subsidised, financed, acquired or taken into receivership by the State Bank before being sold.



In the early 1880s the State Bank began to prepare a monetary reform, which was launched in 1895 and ended in 1898 with the introduction of gold monometallism in Russia. In the course of the reform the State Bank was granted the right to issue currency.



The State Bank's second period began with the adoption of its new charter in 1894. After the monetary crisis of 1905-1906 caused by the Russo-Japanese war and revolution, the State Bank began to be transformed into a banks' bank. By the beginning of the First World War the State Bank had become one of the most influential lending institutions in Europe. It had vast gold reserves, whose ratio never fell below 93%, except in the crisis year

of 1906, and on average exceeded 100%. The State Bank regulated Russia's money circulation and foreign exchange settlements and through commercial banks actively participated in crediting industry and trade.



During the First World War the State Bank mainly financed Russia's war effort and on the eve of the October 1917 revolution the lion's share of its assets was represented by treasury bills and loans against interest-bearing securities. Its gold reserves shrank from 1,604 million rubles as of June 16, 1914, to 1,101 million rubles as of October 8, 1917. The pre-revolutionary history of the State Bank ended on October 25 (November 7), 1917, when its Soviet history began.

- | | |
|--------------------|-------------------------------------------------------------------------------------------|
| 1. Stiglitz A.L. | — Governor of the State Bank in 1860-1866 |
| 2. Lamansky E.I. | — Acting Governor of the State Bank in 1866-1867, Governor of the State Bank in 1867-1881 |
| 3. Tsimsen A.V. | — Governor of the State Bank in 1881-1889 |
| 4. Zhukovsky Yu.G. | — Governor of the State Bank in 1889-1894 |
| 5. Pleske E.D. | — Governor of the State Bank in 1894-1903 |
| 6. Timashev S.I. | — Governor of the State Bank in 1903-1909 |
| 7. Konshin A.V. | — Governor of the State Bank in 1910-1914 |
| 8. Shipov I.P. | — Governor of the State Bank in 1914-1917 |

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Address: 12 Neglinnaya Street, Moscow, 107016 Russia
tel.: +7 495 771-91-00, fax: +7 495 621-64-65

EXHIBIT X

19

BANQUE
DE PARIS & DES PAYS-BAS
SOCIÉTÉ ANONYME

M. Paris le 20 Janvier 1909.

Capital: 75 Millions de Francs

3, RUE D'ANTIN

SECRÉTARIAT

Élégrammes: Paribas
PARIS.

401
me
par

Monsieur le Gouverneur,

En vue de l'émission de l'Emprunt
RUSSE 4 1/2 % 1909, nous avons l'honneur de vous prier de bien
vouloir faire ouvrir à notre Etablissement, un Compte tempo-
raire intitulé " Compte Spécial Souscription Emprunt RUSSE
4 1/2 % 1909 " au crédit duquel nous verserons le samedi 23
courant, avant 3 heures, l'intégralité des mandats qui nous
seront remis le soir de la souscription par les six émetteurs
français, c'est-à-dire notre Etablissement, le CREDIT LYONNAIS
M.M. HOTTINGUER & Cie., le COMPTOIR NATIONAL D'ESCOMPTE DE
PARIS, la SOCIÉTÉ GÉNÉRALE pour favoriser le Développement du
Commerce et de l'Industrie en France et la SOCIÉTÉ GÉNÉRALE
DE CREDIT INDUSTRIEL ET COMMERCIAL.

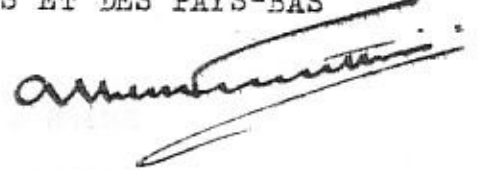
Nous croyons devoir vous prévenir
que, dès le 25 Janvier au matin, nous émettrons sur ce même
Compte " Spécial " des mandats à l'ordre des six Etablissement

Monsieur le Gouverneur
de la BANQUE DE FRANCE
Paris.

et Maison ci-dessus indiquées, en remboursement des sommes qu'il y aura lieu de restituer aux souscripteurs suivant le résultat de l'émission, le solde devant ensuite être transféré au crédit de notre Compte-Courant Ordinaire à la Banque de France.

Nous espérons que vous ne verrez aucun inconvénient à nous donner satisfaction et, en vous remerciant par anticipation, nous vous prions d'agréer, Monsieur le Gouverneur, l'assurance de notre plus haute considération.

BANQUE DE PARIS ET DES PAYS-BAS

A large, stylized handwritten signature, likely "J. Chabot", written in dark ink. The signature is fluid and extends downwards and to the right.A smaller, more compact handwritten signature, likely "A. Mouton", written in dark ink. It is positioned to the right of the larger signature.

199

BANK

FROM PARIS & THE NETHERLANDS

M. Laris on

January 20,

1909.

ANONIMOUS SOCIETY

Capital: 75 Million of French Kus

3, RUE D'ANTINAS

SECRETARIAT

Telegrams:

Paribas

PARIS

yot

Mr Governor,

In view of the issuance of the

RUSSIAN Loan 4 1/2% 1909, we have the honor to ask you to kindly open at our Establishment a temporary account entitled "Special Subscription Account for the RUSSIAN Loan 4 1/2% 1909" to the credit of which we will pay on Saturday the 23rd, before 3 a.m., the entirety of the mandates which will be given to us on the evening of subscription by the six French issuers, that is to say our Establishment, the CREDIT LYONNAIS M.M. HOTTINGUER & Cie., the COMPTOIR NATIONAL D'ESCOMPTE DE PARIS, the SOCIETE GENERALE to promote the Development of Commerce and Industry in France and the SOCIETE GENERALE DE CREDIT INDUSTRIEL ET COMMERCIAL.

We believe we must inform you that,

as of January 25 in the morning, we will issue mandates on this same "Special" Account to the order of the six Establishments

Mr. Governor

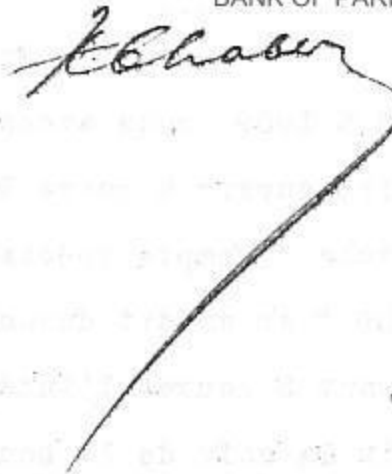
of the BANK OF FRANCE

Paris

and House indicated above, in reimbursement of the sums which will have to be returned to the subscribers following the result of the issue, the balance having to then be transferred to the credit of our Ordinary Current Account at the Bank of France.

We hope that you will not see any inconvenience in giving us satisfaction and, thanking you in advance, we ask you to accept, Mr. Governor, the assurance of our highest consideration.

BANK OF PARIS AND THE NETHERLANDS

A handwritten signature in dark ink, appearing to read 'J. Chasor', with a long, sweeping underline that extends across the page.A handwritten signature in dark ink, appearing to read 'Amundsen', with a long, sweeping underline.

BANQUE
DE PARIS & DES PAYS-BAS
SOCIÉTÉ ANONYME
Capital: 75 Millions de Francs

3, RUE D'ANTIN
SECRÉTARIAT

Élégrammes: Paribas
PARIS.

23
L. Paris le 23 Janvier 1909.

Cuivre
23 JAN 1909
Monsieur le Gouverneur,

Nous avons l'honneur de vous accuser réception de votre lettre du 21 courant.

Selon nos accords, nous vous remettons, sous ce pli, 6 mandats d'ensemble :

Frs. 1.375.890.100.-, savoir :

notre propre mandat de :	Frs. 318.000.000.-
un mandat du CREDIT LYONNAIS de :	Frs. 167.027.400.-
" du COMPTOIR NATIONAL D'ESCOMPTE de :	Frs. 356.089.300.-
" de la SOCIÉTÉ GÉNÉRALE de :	Frs. 340.000.000.-
" de M.M. HOTTINGUER & Cie. de :	Frs. 124.646.700.-
" du CREDIT INDUSTRIEL & COMMERCIAL de :	Frs. 70.126.700.-
Total égal :	<u>Frs. 1.375.890.100.-</u>

que veuillez faire porter au crédit de notre Compte "Spécial Souscription Emprunt RUSSE 4 1/2 % 1909," à la Banque

Monsieur le Gouverneur
de la BANQUE DE FRANCE
P a r i s .

BANQUE
DE PARIS & NETHERLANDS
LIMITED COMPANY
Capital: 75 Million Francs
3, RUE D'ANTIN
SECRETARIAT

L. Larrs, January 23, 1902.27

Telegrams: Paribas
LAUGH

Cook

23 JAN 1902

Mr Governor,

We have the honor to acknowledge receipt
of your letter of March 21.

According to our agreements, we give you,

under this cover, 6 overall mandates:

Frs. 1,375,890,100.-, namely:

our own mandate to:	Frs. 318.000.000.-
a mandate from CREDIT LYONNAIS to:	Frs. 167.027.400.-
" of the COMPTOIR NATIONAL D'ESCOMPTE of:	Frs. 356,089,300,
" of the SOCIETE GENERALE of:	Frs. 340,000,000.-
" of M.M. HOTTINGUER & Cie. from:	Frs. 124,646,700.-
" INDUSTRIAL & COMMERCIAL CREDIT of:	Frs. 70.126.700.-
Equal total:	<u>Frs. 1.375.890.100.-</u>

which please credit our "Special Russian Loan
Subscription 4 1/2% 1909" Account to the Bank

Mr. Governor
of the BANK OF FRANCE
Paris.

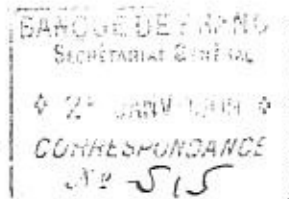
BANQUE
DE PARIS & DES PAYS-BAS
 SOCIÉTÉ ANONYME
Capital: 75 Millions de Francs

C. *Paris, le* 23 Janvier 1909. 27

3, RUE D'ANTIN

SECRÉTARIAT

Telegrammes: *Paribas*
 PARIS.



Monsieur le Gouverneur,

Nous avons l'honneur de vous confirmer
 notre première lettre de ce jour.

En nous référant au deuxième paragra-
 phe de notre lettre du 20 courant, nous venons vous informer
 que nous émettons les mandats suivants sur la Banque de France:
 Frs. 338.284.835.- à l'ordre du COMPTOIR NATIONAL D'ESCOMPTE DE
 PARIS,

X	Frs. 323.000.000.-	"	de la SOCIÉTÉ GÉNÉRALE
	Frs. 158.676.030.-	"	du CRÉDIT LYONNAIS,
	Frs. 118.414.365.-	"	de M.M. HOTTINGUER & Cie,
	Frs. 66.620.365.-	"	du CRÉDIT INDUSTRIEL & COMMERCIAL,
X	Frs. 302.100.000.-	"	de notre Etablissement,
Y	Frs. 68.794.505.-	"	— d° —

Ensemble :

Frs. 1.375.890.100.- que vous voudrez bien faire porter au débit

Monsieur le Gouverneur
 de la BANQUE DE FRANCE

P a r i s .

de notre Compte " Spécial Souscription Emprunt RUSSE 4 1/2 %
1909 " à la Banque de France, lequel se trouvera ainsi soldé.

Veillez agréer, Monsieur le Gouver-
neur, l'expression de nos sentiments très distingués.

BANQUE DE PARIS ET DES PAYS-BAS

Ci-joint, nous vous remettons les
deux mandats à l'ordre de notre
Etablissement, d'ensemble:
Frs. 370.894.505. dont veuillez

nous créditer en Compte Ordinaire .

BANK
OF PARIS & THE NETHERLANDS
LIMITED COMPANY

Capital: 75 Million Francs

3, RUE D'ANTIN

SECRETARIAT

Telegrams: Paribas
PARIS

C. Paris.on

January 23,

1909.27

SECRETARIAT
& SAL MANG BOAT

CORRESPONDENCE
No 515

Mr. Governor...

We have the honor to confirm

our first letter of today.

Referring to the second paragraph of

our letter of March 20, we inform you that we are issuing

the following mandates on the Bank of France:

Frs.338,284,835.- to the order of COMPTOIR NATIONAL D'ESCOMPTE DE
PARIS,

X	Frs.323.000.000.-	"	of SOCIETE GENERALE
	Frs.158.676.030.-	"	of CREDIT LYONNAIS,
	Frs.118.414.365.-	"	of M.M.HOTTINGUER & Cie,
	Frs. 66.620.365.-	"	of INDUSTRIAL & COMMERCIAL CREDIT,
X	Frs.302.100.000.-	"	of our establishment,
Y	Frs. 68.794.505.-	"	ao
<u>Fs 1,375,890,100.-</u>		Together :	

which you would like to debit

Mr. Governor

of the BANK OF FRANCE

Paris.

from our "Special Subscription RUSSIAN Loan 4 1/2% 1909"
Account to the Bank of France, which will thus be settled.

Please accept, Mr. Governor, the
expression of our very distinguished feelings.

BANK OF PARIS AND THE NETHERLANDS

Abhaber



Enclosed, we give you the two
mandates payable to: our

Establishment, overall:
Frs.370.894.505. of which please

credit us in Ordinary Account



Le SECRÉTAIRE GÉNÉRAL a l'honneur de porter à la connaissance des Services intéressés qu'un compte temporaire intitulé " Compte Spécial Souscription Emprunt Russe 4 1/2 % 1909 " est ouvert, sur nos livres à la Banque de Paris et des Pays-Bas ; - au crédit de ce compte seront versés le samedi 23 courant avant 3 heures tous les mandats remis le soir de la souscription par les 6 émetteurs français de l'Emprunt susvisé, c'est-à-dire la Banque de Paris et des Pays-Bas, le Crédit Lyonnais, MM. Hottinguer & Co, le Comptoir National d'Escompte de Paris, la Société Générale et le Crédit Industriel et Commercial .

Dès le 25 Janvier au matin, la Banque de Paris et des Pays-Bas émettra sur ce même compte des mandats à l'ordre des 6 Etablissements et Maison ci-dessus indiqués en remboursement des sommes qu'il y aura lieu de restituer aux souscripteurs, le solde devant ensuite être porté au crédit du compte courant ordinaire de la Banque de Paris et des Pays-Bas .

Paris, le 21 Janvier 1909.

Le Secrétaire Général,

M. le Contrôleur Général ,

M. le Caissier Principal

M. le Chef de la Comptabilité Générale

Anticard
Sanha
Guatavuit
V. Zott

Bank of France

20

General Secretary

The SECRETARY GENERAL has the honor to inform the Services concerned that a temporary account entitled "Comote Soécial Sousscription Russian Loan 4 1/2 & 1909" has been opened, on our books at the Bank of Paris and the Netherlands to the credit of this comote will be paid on Saturday 23rd before 3 a.m. all the mandates renounced on the evening of subscription by the French issuers of the above-mentioned Bond, that is to say the Banque de Paris and of the Netherlands, Crédit Lyonnais, MM. Hottinguer & Co, the Comptoir National d'Escompte de Paris, the Société Générale and the Credit Industriel et Commercial

As of January 25 in the morning, the Bank of Paris and the Netherlands will issue mandates on this same account to the order of 6 Establishments and Houses indicated above in reimbursement of the sums which will have to be returned to the subscribers, the balance must then be credited to the ordinary current account of the Banque de Paris. and the Netherlands.

Paris, January 21, 1909.

The Secretary General,

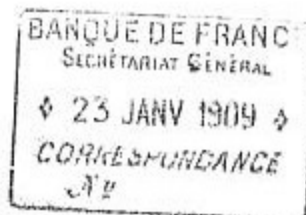
Mr. Controller General,

Mr. Principal Cashier

Mr. Head of General Accounting

Richard
Sanha
Guatavus
V. 300

23 Janvier 1909
Joindre au dossier
par



Résultats de la Souscription à l'Emprunt Russe

	Bons 1904 à présent	Titres souscrits à titre irréductible	Titres souscrits à titre éventuel
M. M. Hottinguer et c ^{ie}	24.338	26.830	40.946
Crédit Industriel	13.238	14.559	13.993
Société Générale	11.246	12.367	17.368
<i>Notance</i>	48.822	53.756	72.307

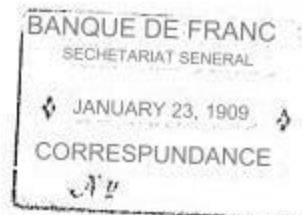
January 23, 1909

Attach to the file

Results of

the

Subscription to the Russian Loan



	Good luck to present	Citres subscribed to irreducible titze	Sonserito titles for possible title
M. M. Hottinguer and quote	24,338	26,830	40,946
Industrial Credit	13,238	14,559	13 993
Societe Generale	11,246	12,367	17 368
<i>Botane</i>	48,822	53,756	72.307

Journal officiel

du

27 Janvier 1909



AVIS ET COMMUNICATIONS

Ministère des finances.

Les 2,440,000 obligations de l'emprunt de l'Etat russe 4 1/2 p. 100 1909, qui ont été émises en France le 22 janvier 1909, sont réparties ainsi qu'il suit :

a) 2,220,000 titres unitaires, en 222 séries, n°s 1 à 222, de chacune 10,000 certificats, numérotés, dans chaque série, de 1 à 10,000.	2.220.000 oblig.
b) 22,000 titres de cinq obligations, en 11 séries, n°s 223 à 233, de chacune 2,000 certificats, numérotés, dans chaque série, de 1 à 2,000, soit en tout.	110.000 —
c) 11,000 titres de dix obligations, en 11 séries, n°s 234 à 244, de chacune 1,000 certificats, numérotés, dans chaque série, de 1 à 1,000, soit en tout.	110.000 —
Total.	2.440.000 oblig.

Le ministre des finances a décidé, le 20 janvier 1909, que, sous la condition préalable du paiement des droits, les certificats provisoires de ces obligations seraient dispensés de l'empreinte matérielle du timbre, et que la présente insertion tiendrait lieu de cette formalité, en ce qui les concerne.

Le droit de 2 p. 100 a été acquitté à Paris le 25 janvier 1909.

Les certificats provisoires de l'emprunt russe 4 1/2 p. 100 1909 pourront donc, jusqu'à leur échange contre les titres définitifs, au sujet desquels il n'est apporté aucune dérogation aux règles en vigueur, être négociés, exposés en vente, ou énoncés dans les actes ou écrits visés par la loi du 28 décembre 1895 (art. 5), sans être revêtus d'aucune empreinte, ni d'aucune mention de visa pour timbre.

En cas d'énonciation dans les actes, c'est la présente insertion qui devra être rappelée pour satisfaire aux prescriptions de l'article 5, 5° alinéa, de la loi précitée. C'est également cette insertion qui sera mentionnée dans les inventaires, dans le cas prévu par le 5° alinéa de l'article 7 de la loi du 28 décembre 1907.

Quant aux titres définitifs, ils seront timbrés en la forme ordinaire.



Official Journal

Ju

January 27, 1909



NOTICES AND COMMUNICATIONS

Ministry of Finance.

The 2,440,000 bonds of the Russian State loan 4 1/2 p. 100 1909, which were issued in France on January 22, 1909, are distributed as follows:

a) 220,000 unit titles, in 222 series, no. 1 to 222, of each 10,000 certificates, numbered, in each series, from 1 to 10,000. 2,220,000 bonds.
b) 22,000 titles of five bonds, in 11 series, nos. 923 to 233, of each 2,000 certificates, numbered, in each series, from 1 to 2,000, i.e. in all 110,000.
c) 11,000 securities of ten bonds, in 11 series, no. 234 to 244, of each 1,000 certificates, numbered, in each series, from 1 to 1,000, i.e. in all 410,000.

Total 2,440,000 bonds.

The Minister of Finance decided, on January 20, 1909, that, under the precondition of payment of duties, the provisional certificates of these obligations would be exempted from the physical imprint of the stamp, and that the present insertion would hold place of this formality, as far as they are concerned.

The duty of 2 p. 100 was acquitted in Paris on January 25, 1909.

The provisional certificates of the Russian loan 4 1/2 p. 100 1909, may therefore, until their Exchange for the definitive securities, regarding which no exemption is made from the rules in force, be negotiated, exhibited for sale, or set out in the acts or writings covered by the law of December 28, 1895 (art. 5), without being bearing any imprint or any visa mention for stamp.

In case of statement in the acts, it is the this insertion which must be recalled for satisfy the requirements of article 5.5 above, it is also this insertion which will be carried out in the inventories, in the case provided for by the 5th paragraph of article 7 of the law of December 8, 1907.

As for the definitive titles, they will be stamped in the ordinary form.



EXHIBIT XI

Paris 3 Février 1909

Monsieur le Ministre,

En nous référant à la lettre qui vous a été adressée ce jour par la Banque de Paris et des Pays-Bas relativement au décompte de la partie française de l'Emprunt Russe 4 $\frac{1}{2}$ % de 1909, nous avons l'honneur d'informer Votre Excellence que nous portons au crédit d'un Compte Spécial "A" que nous ouvrons, sur nos livres, au Trésor Impérial une somme de Frs. 9.032.705,40
valeur 7 Février.

Ce montant représente notre part de 23,75 % dans le dépôt des fonds affectés au remboursement, au 1/14 Mai 1909, de 74.117 Bons du Trésor 5 % 1904.

Nous créditons, en outre, le Trésor pour notre même part de 23,75 % dans le solde du produit de la partie française de l'Emprunt ' de..... Frs.49.770.787,10
valeur 7 Février,

dans un Compte Spécial "B" que nous lui ouvrons également sur nos livres.

Ces comptes seront régis par les conditions stipulées aux articles 13 et 14 du Contrat du 13 Janvier 1909.

Nous vous prions de vouloir bien agréer, Monsieur le Ministre, l'assurance de notre haute considération.

Signé : Bon BRINCARD

A SON EXCELLENCE

MONSIEUR LE MINISTRE DES FINANCES

St PETERSBOURG

Paris February 3, 1909

Minister,

Referring to the letter sent to you today by the Bank of Paris and the Netherlands regarding the settlement of the French part of the Russian Loan 4 of 1909, we have the honor to inform Your Excellency that we enter into the account of a Special Account "A" that we open, on our books, at the Imperial Treasury a sum of Frs. 9,032,705.40

value February 7.

This amount represents our share of 23.75% in the deposit of funds allocated to the reimbursement, on May 1/14, 1909, of 74,117 Treasury Bonds 51904.

We also order the Treasury for our same share of 23.75 in the balance of the proceeds of the French part of the Loan

of Frs.49,770,787.10

value February 7.

in a Special Account "B" that we also open for him on our books.

These accounts will be governed by the conditions stipulated in articles 13 and 14 of the Contract of January 13, 1909.

Please accept, Mr. Minister, the assurance of our highest consideration.

Signed: Bon BRINCARD

TO HIS EXCELLENCE

THE MINISTER OF FINANCE

St PETERSBOURG