# A Nation of Investors or a Procession of Fools? Re-evaluating the Behaviour of Britain’s Shareholding Population through the Prism of the Interwar Sharepushing Crime Wave

### Introduction

After years of relative neglect, there has in recent times been a notable, and much needed, increase in the number of works dealing with the history of shareholding and investing in Britain. For the disciplines of Business and Economic History, this new wave of research has proved to be of immense academic value not only in the sense that it has allowed researchers to get a much clearer idea of the rate at which Britain’s shareholding population increased from the eighteenth century onwards, but also in the fact that it has helped to highlight the manner in which the demographics of this population correspondingly changed over the course of this period (notably, in terms of the number of women and working-class people who chose to invest in shares and stocks).[[1]](#endnote-1)

Nevertheless, despite these significant recent advances, there still remain a number of under-explored and under-researched areas in the historical literature on shareholding in Britain.[[2]](#endnote-2) Prominent among these is the problematic issue of how exactly this rapidly expanding shareholding population went about the process of choosing their respective investments. Did they look at the available financial figures? Did they rely upon the advice of others? Did they adopt particular investment strategies? Previous attempts to deal with these sorts of issues have tended to focus on the changing ‘knowledge frameworks’ within which British investors operated, looking in particular at the various investment manuals, company prospectuses, stock price lists, and other similar texts that were available to investors in the past.[[3]](#endnote-3) However, whilst such works have certainly done much to increase our understanding of the amount of information that was available to investors in the past, they tell us little about how individual investors comprehended and made sense of this potentially confusing world of stocks and shares.[[4]](#endnote-4)

In order to get around these sorts of problems, this article will come at the issue of investor behaviour in Britain from a slightly different perspective — namely, by focusing in on the surviving evidence relating to the spate of ‘sharepushing’ scams that took place in Britain during the interwar years (1919–39). From an empirical perspective, this is an approach that, I believe, has the potential to contribute significantly to our understanding of investment behaviour in Britain during the interwar period as it brings into the discussion insights about the sort of stock market information that was prioritised during this era, as well as the kind of information sources that were deemed to be most trustworthy. Moreover, as will be seen, it is also an approach that contributes much to wider debates about what motivates shareholders and how people make investment decisions more generally.[[5]](#endnote-5)

In terms of its structure, the remainder of this article will unfold in the following way. In the next section, some background information about sharepushing in Britain will be provided, along with a fuller explanation as to why these crimes offer a useful prism through which to understand the behaviour of Britain’s shareholding population. In the next section, the focus will then turn to looking at what the newspapers and publications produced by these sharepushers can reveal to us about how investors went about obtaining information related to the securities market. The following section will then build upon this discussion by considering what these scams can reveal to us about how investors went about the process of picking intermediaries to carry out their stock market transactions on their behalf. Finally, the article will then conclude by drawing together the main findings from the preceding discussion.

### Background and Context

Before proceeding onto the main, substantive sections of this paper it is first necessary to outline the boundaries of this particular piece of research and to make explicit what exactly this paper is able to contribute to the wider historiographic literature. In particular, it is worth emphasizing that though this paper is primarily interested in the behaviour of interwar British investors, it by no means purports to provide an exhaustive explanation for every investment decision that was made in Britain during the interwar period. Rather, it is perhaps more helpful to think of this paper as providing something akin to a snapshot (rather than a complete picture) of how investors at this time understood and engaged with the securities market.

In a similar fashion, it is also worth noting at the outset that whilst this paper does (necessarily) devote a not insignificant amount of space to discussing the intricacies of various sharepushing schemes, it does not, and does not purport to, offer a comprehensive historical overview of sharepushing in Britain during the interwar era.[[6]](#endnote-6) Instead, its primary focus is centred upon using the surviving evidence related to these crimes as a lens, or prism, through which to view and hopefully better understand the ways in which investors at this time went about their investment decisions. As a result, the broader historical question of how far, or to what extent, the various sharepushing scams featured in this paper differed or compared with those that took place in other historical eras is one that remains left open for other studies to investigate in more depth.[[7]](#endnote-7)

#### Definitions and scope of study

In nineteenth- and twentieth-century Britain, a ‘sharepusher’ was commonly understood to be someone who was engaged in the selling of worthless or inferior securities to members of the public for a profit.[[8]](#endnote-8) On some occasions, these securities would be devalued shares (‘penny stocks’) in already-existing joint-stock companies that they had picked-up on the cheap (usually because the company had fallen on hard times); on other occasions, the securities would be shares in newly-formed (often by the sharepushers themselves) joint-stock companies that had yet to be floated on the markets.[[9]](#endnote-9) In either case, the actual value of the tangible assets held by these companies was almost always vastly inferior to the price put on them by the sharepusher.[[10]](#endnote-10)

Without exception, the individuals involved in these sharepushing activities were unregulated outside brokers (i.e. not registered members of the London Stock Exchange), operating out of unregulated outside brokerage firms (or ‘bucket shops’ as they were more commonly known).[[11]](#endnote-11) Although this meant that they did not have direct access to the Stock Exchange floor (instead, they had to rely on inside brokers to carry out their requests), it did mean that they were unconstrained by the rules and regulations of the Exchange.[[12]](#endnote-12) One of the chief advantages of this was that, unlike those firms who were members of the Exchange, they were allowed to advertise and promote their business in the national and local press.[[13]](#endnote-13) In addition, it also meant that individuals who had formerly been declared bankrupt or been convicted of criminal offences were able to set themselves up as brokers without any official scrutiny.[[14]](#endnote-14)

Although it is difficult to pinpoint a specific starting date for when these sort of scams first emerged, it is clear that by the mid-nineteenth century they had become a fairly common feature of the British securities market.[[15]](#endnote-15) For instance, during the so-called ‘railway mania’ of the 1840s, numerous misleading and outright fraudulent promotions were launched that sought to capitalise on the speculative frenzy surrounding the expansion of Britain’s railway networks at this time.[[16]](#endnote-16) Likewise, during the latter years of the nineteenth century, there were frequent accounts of ‘alley-men’ peddling worthless shares in moribund joint-stock companies to unsuspecting or speculative investors on the outskirts of London’s financial district.[[17]](#endnote-17)

Given this long history of stock-market fraud and deception in Britain, the question naturally arises as to why this article is focussed specifically on the interwar period. Put simply, this time-period was decided upon for two main reasons: (1) whether reflective of reality or not, this period was widely perceived to be one in which the sharepushing problem reached unprecedented levels, with both the press and the government elevating the issue so that it became a matter of national debate; and (2) partly as a result of this increased public attention, there is far more surviving evidence from this era relating to these sorts of sharepushing scams than is available for any previous period (thereby, making it easier to investigate how these schemes appealed to investors). The remainder of this section will now discuss these two factors in more depth so as to both contextualise this study further and so as to make clear the sources and methodology used in this study.

#### A sharepushing crime wave?

Given the shady and inevitably unrecorded nature of so many of these transactions (not to mention the fact that many of the victims of these crimes appear to have been reluctant to report their losses) it is perhaps unsurprising that there is very little in the way of accurate data relating to the total number of people who fell victim to sharepushing scams in Britain during the nineteenth and twentieth centuries. In fact, the closest that we have to an official estimate of how big a problem the sharepushing phenomenon was at this time is that provided in the Board of Trade’s 1937 report into sharepushing by an unnamed lawyer, who suggested that the total amount lost by British investors to those involved in the sharepushing game during the 1920s was roughly £5 million a year (though it is not clear where or how this figure was produced).[[18]](#endnote-18)

What is evident, however, is that, regardless of whether or not there actually were more of these scams taking place, there does appear to have been a widespread belief, or a perception, amongst contemporaries that the scale of the sharepushing problem escalated and peaked during this period between World War I and World War II. Indeed, one contemporary stockbroker even went so far as to suggest that the period in-between the two World Wars could perhaps best be characterised as ‘the bucket shop era’ in the long history of the City of London.[[19]](#endnote-19)

How far such characterisations truly reflected what was happening in London at this time is difficult to know for certain; what can said with some certainty, however, is that the number of reported incidents of sharepushing did escalate quite significantly in the years after World War I.[[20]](#endnote-20) Indeed, according to one MET Police Inspector, twice as many sharepushing cases were reported to them during the interwar period than had been the case prior to World War I.[[21]](#endnote-21) Similar findings have also been recorded by Christopher Swinson, who has estimated that there were at least 66 cases relating to sharepushing between 1930 and 1938 that resulted in civil or criminal actions.[[22]](#endnote-22)

For the purposes of this paper, the significance of this (real or perceived) increase in the scale of the sharepushing problem during the interwar period was that it helped to transform what had previously been a relatively underreported aspect of the financial market into one of wider national significance. This shift in emphasis was particularly noticeable in the press, with publications such as *The Daily Mail* and *The Financial News* devoting considerable space to discussing these sorts of scams during this period.[[23]](#endnote-23) It was also reflected in the increased attention the subject got in parliament, with politicians such as Waldron Smithers (Conservative MP for Chislehurst) calling for parliament to prevent the ‘heart-breaking distress…being brought into the homes of many of our people’ and protect the ‘good faith and good name of financial houses, the Stock Exchange and the big business centres of the country’.[[24]](#endnote-24) As will be discussed later on this paper, this elevation of the sharepushing problem to one of national importance not only helped to increase public awareness of the sharepushing problem, it also led to the first real significant legislative efforts to confront the issue of sharepushing head-on.

#### Sources and evidence

From a historiographical perspective, one of the major challenges associated with studying black-market activities like sharepushing is trying to find sufficient, reliable evidence. This is particularly true with respect to the activities of those who engaged in sharepushing prior to World War I — most of whom did not officially register their companies or keep detailed records of their transactions.[[25]](#endnote-25) Further complicating matters in this respect is the fact that, prior to 1914, neither the police nor the law appear to have been particularly proactive in terms of their approach towards the sharepushing problem, meaning that there is also little in the way of police or legal records relating to these crimes for this period.[[26]](#endnote-26)

By contrast, the amount of surviving source material relating to sharepushing for the interwar period — although by no means plentiful — is both far greater and far richer than that available for the years prior to World War I. In large part, this greater breadth and depth of primary material is reflective of the fact that, as mentioned in the preceding section, the interwar period was one in which the issue of sharepushing started to attract far more public attention and debate. As a result, far more stories related to sharepushing appeared in the national and local press. Likewise, there also began to be far more discussion of the subject in parliamentary debates and official government publications (most notably the 1937 Bodkin Report into sharepushing).

This following article has made extensive use of both kinds of sources in order to get a better picture of what these crimes can reveal to us about the behaviour of investors in interwar Britain. In addition to these printed sources, it has also made use of a number of archival files held in the National Archives (notably Metropolitan Police and Board of Trade files related to these sorts of schemes), along with a range of other surviving printed material produced by interwar sharepushers themselves (notably newspapers and other promotional material).[[27]](#endnote-27) Whilst such evidence can by no means be considered to provide a complete or comprehensive overview of sharepushing during the interwar period, it does at least allow for detailed insights to be gained into how these scams operated in practice — which, in turn, makes it possible to start to get some sense of how interwar British investors understood and engaged with the wider securities market at this time.

### Good Advice and Bad Advice

One consequence of the continued growth (and diversification) of the British shareholding population during the late-1800s and early-1900s was that a far larger share of the national press output began to be devoted to investment and finance-related matters.[[28]](#endnote-28) For instance, in publications such as *The Times* and *The Economist*, more space began to be given to reporting the movement of share prices, as well as the proceedings of important annual general meetings and other important events in the City.[[29]](#endnote-29) In addition to this increased coverage from the mainstream newspapers, there also emerged an increasing number of newspapers that were specifically finance and investment-orientated. Typically, these publications would feature extended reports of conditions in different industrial sectors, tables of share prices, ‘gossip columns’ containing the latest rumours from the City of London, news of new share issues, extensive advertising, and advice columns with tips on how to invest one’s money.[[30]](#endnote-30) Some indication of the scale of this growth can be seen by the fact that whereas in 1874 there were only 19 titles listed under the heading ‘Finance and Investment’ in *May’s British and Irish Press Guide*, by 1914, this number had increased to 109.[[31]](#endnote-31)

For the interwar British investor, this large amount of newspaper coverage devoted to financial matters was both a positive and a negative development. On the plus side, it provided ordinary investors with the means to directly obtain information about changes in stock prices or developments in the market for themselves — thereby increasing their capacity to make more informed investment decisions.[[32]](#endnote-32) On the flip side, however, the fact that there were so many different publications to choose from did create problems in the sense that it made if far more difficult for investors to know which sources to trust and which ones to ignore. This was certainly the conclusion reached by one contemporary journalist who noted that, ‘the average investor, with but an elementary knowledge of finance, has been to an extent bewildered in his choice of available media.’[[33]](#endnote-33)

For those involved in the sharepushing game, this sense of confusion amongst investors over which newspapers to trust was certainly something that they sought to exploit for their own advantage. Perhaps the most skilled proponent in this respect was the shadowy figure of Jacob Factor (a.k.a. ‘Jake the Barber’ — brother of the famous cosmetics magnet Max Factor and long-time associate of Arnold Rothstein and the New York mafia), who is estimated to have swindled the British public out of well over £2 million during the 1920s through a series of well-orchestrated sharepushing scams.[[34]](#endnote-34) Central to Factor’s illicit schemes was a small publishing firm called the Broad Street Press Company (owned by Factor), which published a series of weekly financial newspapers with grandiose-sounding titles such as *The Stock Exchange Observer, City News, The Financial Observer,* and *Finance*.[[35]](#endnote-35) Unlike standard financial newspapers, these publications were generally not available to buy in the shops. Instead, free sample copies were distributed by post to specific regions/districts of the country that Factor and his associates felt would be particularly receptive to his message. Those recipients who wanted to receive more copies could then subscribe for three months for a cost of five shillings.[[36]](#endnote-36)

In terms of their style, Factor’s newspapers made no secret of the fact that they were explicitly targeted at the small-time investor who likely lacked a full-understanding of the intricate workings of the British securities market.[[37]](#endnote-37) Indeed, right from the start, Factor’s publications sought to differentiate themselves from their more distinguished competitors by emphasising their accessibility and down-to-earth style, as this editorial from the first edition of *City News* illustrates:

‘[My friends] tell me that if I write about money matters in any other than a highbrow, impersonal vein, akin to the dignified manner of the old ‘Thunderer’, neither I, nor my paper will be taken seriously…I beg to differ. *Times have changed.* We are living in a brighter age, in a more enlightened age…I do not believe that the *City News* and *Stock Exchange Observer,* under my sprightly direction, will ‘lose caste’ by reason that it is our intention to present a paper, every line of which we wish to have *read* — to entertain as well as at the same time instruct.’[[38]](#endnote-38)

Alongside this more accessible style, Factor’s publications also went to great lengths to contrast themselves from the mainstream financial press by playing up their apparent ‘independence’ (and, by extension, their trustworthiness), with one editorial stating that: ‘*The City News* is different from any other financial paper. It is independent and therefore impartial.’[[39]](#endnote-39) Buttressing these claims to independence and trustworthiness, was the insinuation — reiterated time and again throughout the pages of Factor’s publications — that the financial elite (or ‘professional market operators’) were somehow out to dupe the small-time investor out of his or her hard-earned savings.[[40]](#endnote-40) In particular, it was frequently intimated that brokers on the London Stock Exchange would have one set of recommendations for their most wealthy clients and one set for those of smaller means, with the result being that the smaller investor would inevitably always lose out to the wealthier investor.[[41]](#endnote-41) Likewise, it was also often suggested (not entirely unreasonably) that those who worked within the heart of the City of London operated within a closed system that was impenetrable to the small-time investor who likely lacked the ‘financial and market connections from whom [they could] receive most valuable information as to *what is going on*.’[[42]](#endnote-42)

To further support this David vs. Goliath narrative, Factor and his associates went to great lengths to present their publications as being on the side of the little man, stating that they were ‘written and compiled for the service of Investors, as distinct from professional people interested in Stock and Share business.’[[43]](#endnote-43) In addition, they also strove to emphasise the trustworthiness of the advice provided in their columns, stating that: ‘…there is never a line written in *The City News* which is not genuine and the subject of much thought and research.’[[44]](#endnote-44) And, to some extent, Factor’s publications were indeed able to back up such promises. Up-to-date stock exchange quotations, for instance, were always featured in Factor’s publications, as were detailed reports from various annual general meetings (just as in a ‘legitimate’ financial publication). Likewise, there would often also be relatively topical news about developments in different industries, as well as passages discussing the implications of various pieces of legislation for those who held stocks and shares.[[45]](#endnote-45)

Tucked away amidst this useful content, however, were always passages or sections that were written with the sole intention of persuading the reader to entrust his or her savings to Factor and his associates.[[46]](#endnote-46) Most notably, there were the weekly full-page adverts for the respective newspaper’s in-house ‘stock and share departments’ (a novel service not offered by any of the mainstream financial publications at this time), imploring readers to take on their advice and services:

‘Our expert staff will give you a private and confidential report on your holdings and advise you whether they should be held, sold or exchanged. You can frequently increase your income without sacrificing safety by a wise exchange of investments. This service is entirely free to all subscribers, and we invite you to make full use of it.’[[47]](#endnote-47)

‘We have exceptional facilities for dealing and every buying order is executed at the lowest possible price…It is impossible for anyone to do better than allow us to transact their stock and share business for them and we guarantee the utmost satisfaction regarding any business that is entrusted to us.’[[48]](#endnote-48)

Not all of the appeals for reader’s savings that featured in Factor’s publications were as overt as these, however. Small passages on particular industries or shares, written in such a way so as to persuade readers that they would be wise to invest in a particular security (typically one that Factor had cornered the market in), were also often featured too.[[49]](#endnote-49) Typically, this sort of content would be produced by professional writers, as the Commissioner of the Metropolitan Police noted: ‘There is a type of individual who is well able to write [and] for some reason or another, cannot get other employment and he is prepared to use what talents he has undoubtedly got for putting together any article.’[[50]](#endnote-50)

In addition to these advice columns, each of Factor’s newspapers also featured a weekly correspondence section containing supposedly legitimate letters and telegrams from members of the public. Many of these letters were essentially just ‘success-stories’, written by anonymous investors who had supposedly got-rich-quick by following the advice offered in the pages of that newspaper, as the following extract from one correspondent illustrates:

‘…I have to thank you for your advice…The result is I expect to receive about £525 profit from my broker on the next settling day. But for your thoughtful telegram I should not have noticed the big rise in the shares as I have so much to attend to in my professional business that I am afraid I do not watch what is happening merely close enough.’[[51]](#endnote-51)

Alongside these success-stories, there were also a number of pieces of correspondence in which either dissatisfaction was expressed regarding the conduct of some other broker or in which ‘advice’ was sought regarding how best to go about buying securities. In either instance, the standard response provided by Factor’s publications was generally the same: use their in-house stock and share departments.

By using tactics such as these, Factor was able to build up and gain the trust of a large pool of investors who not only relied upon the advice provided in his newspapers, but also conducted all of their investment activity through one of his various brokerage firms.[[52]](#endnote-52) Moreover, because he got all his clients to sign up to one of his mailing lists, he also held a great deal of personal information on the individuals who subscribed to his newspaper, including details about their pre-existing shareholdings (information that all subscribers were instructed to provide).[[53]](#endnote-53) This, in turn, also meant that he could directly contact those who might have had doubts about his schemes and arrange for one of his ‘salesmen’ to visit them in their homes and convince them of the ‘soundness’ of his offerings.[[54]](#endnote-54)

Similar tactics to those used by Factor were also adopted by a number of other notable British sharepushers during this period.[[55]](#endnote-55) Stanley Tanfield, for instance, dumped thousands of pounds of worthless shares on British investors during the early 1930s with the assistance of his own bucket-shop newspaper, *The Financial Telegraph*, which, like Factor’s publications, inundated readers with misleading advice about the securities that they should invest in.[[56]](#endnote-56) Near identical tactics were also adopted by Walter Cousins and Edgar Gordon, who used their own sham publications — *The People’s Financial* and *Golden Hints* — to offload thousands of worthless penny stocks in the years prior to World War II.[[57]](#endnote-57)

Contributing no doubt to the success that these sharepushers were able to achieve with these bucket-shop newspapers was the fact that, during the interwar era, the ‘legitimate’ mainstream financial press was often also a fairly unreliable source of investment information. Advertising space, for instance, was frequently sold with the tacit acknowledgement that the company that purchased the space would also receive positive comments in the columns of that newspaper.[[58]](#endnote-58) Collusion with stockbrokers was also rife, whilst relationships between newspaper reporters and company promoters were often extremely opaque.[[59]](#endnote-59) Moreover, as Dilwyn Porter and James Taylor have shown, it was also not uncommon for mainstream financial publications to accept bribes or favours in return for writing favourably about a particular company.[[60]](#endnote-60)

Making matters harder for interwar investors (particularly those with limited experience of investing) was the fact that many other printed sources of information about the stock market were often also fairly unreliable during this period. Company prospectuses, for instance, were often awash with showy fonts and images and light on hard financial data about the organisation’s performance.[[61]](#endnote-61) Moreover, even when companies did publish their balance sheets, they were often produced in such a way that they told the prospective investor little about the underlying financial health of the enterprise.[[62]](#endnote-62) For instance, in the British banking sector at this time, it was common practice for hidden (or ‘inner’) reserves to be aggregated with total deposits in published balance sheets so as to help ‘smooth’ over losses during lean years.[[63]](#endnote-63) Similarly, as the 1933 Royal Mail Case so starkly illustrates, the standard of auditing at this time was also often notoriously lax.[[64]](#endnote-64)

For those looking to offload worthless shares, the generally low standard of company prospectuses at this time meant that it was also easier for them to produce — and to pass off as legitimate — lavish pamphlets and prospectuses of their own for the enterprises they were pushing. Typically, such documents would include not only promises of the returns that investors could expect, but also endorsements from apparent ‘experts’ in the industry that the company was operating in.[[65]](#endnote-65) An example of this kind of information manipulation can be seen in the pamphlets that James Wilson (a.k.a. Paul Simon) produced in order to help push shares in ‘Consolidated Gold Alluvials of British Columbia Ltd’ — a speculative, and unlisted, gold mining concern in Canada that he had bought up shares in. Alongside the inevitable promises about the potential profitability of the proposed mine (‘…the results will be exceptionally remunerative’), Wilson’s pamphlets also contained a number of extracts from supposedly authentic cables that were related to the proposed mine, including the following lines from David Melvin (purportedly ‘a leading authority on the Australian System of deep lead mining’):

‘After preliminary inspection lasting ten days and examination of relevant data and boring records, consider property a most valuable one possessing great possibilities…’

‘Have had every opportunity for thorough examination and can strongly recommend proper financial support is justified. Am confident mine will rank as a record gold producer under experienced deep-lead management.’

‘…have written my friends r.e. this: *Reserve fifty thousand shares if possible.*’[[66]](#endnote-66)

Whilst, in reality, these cable messages were entirely fictitious, they do appear to have fooled a number of investors (over 1,500 investors are estimated to have subscribed) into purchasing the shares being offered by Wilson — suggesting once more that, at least some, interwar British investors may not have had the investment experience or knowledge to distinguish a reliable source of investment advice from an unreliable one.[[67]](#endnote-67)

Another factor that helped sharepushers such as Wilson pass off their worthless shares as potentially profitable investments was the fact that there were such a bewildering array of securities available to purchase. Most notably, whereas prior to World War I the majority of securities on the market had been in UK and foreign debt, by the interwar period there were far more commercial and industrial shares (particularly in new industries such as radio and gramophone) for the public to invest in.[[68]](#endnote-68) Some indication of this increased diversity can be seen by the fact that whereas only 7.4% of securities listed on the London Stock Exchange in 1893 were classified as ‘other shares’ (i.e. not government debt, railway shares or securities in banking firms), by 1933 this percentage had increased to 20.2%.[[69]](#endnote-69) In addition, the capital shortages confronting many British firms during the interwar period also meant that the number of new public share offerings greatly increased during these years (in 1928–1929 alone there were 287 new public offerings worth just over £96.7 million).[[70]](#endnote-70) Whilst this increase in investment options may have been good for British investors in the sense that it provided them with more choice, it did also make the process of researching and cross-referencing all of the securities that they were presented with that much more difficult. Again, such uncertainty on the behalf of (some) British investors served to play into the hands of those looking to push worthless shares as it meant that it became far easier to pass off their securities as legitimate investments.

Taken together, then, what the preceding paragraphs have shown is that, during the interwar period, the informational environment of the British securities was one that was not only extremely crowded, but also occasionally quite misleading. For the average interwar British investor, this meant that it could be difficult to know which sources to turn to for accurate and unbiased information about the underlying value of a particular financial security. Those who were involved in the sharepushing game sought to exploit and capitalise upon this confusion by flooding the market with their own deceptive financial newspapers and publicity material. As this section has shown, these outputs typically mimicked many of the core stylistic elements used in mainstream financial publications, whilst simultaneously also appealing to reader’s base instincts by presenting them with promises of spectacular wealth. In this way, they were able to successfully convince many investors to hand over their savings.

### Navigating the Market

Alongside the decision about which information source (or sources) to rely upon for investment advice, another choice that all interwar investors had to make was to pick the institution they wanted to carry out their stock market transactions for them. For much of the nineteenth century, such decisions were relatively straightforward as there were essentially just two options open for those individuals or organisations who wanted to invest in the stock market: (1.) they could hire a registered broker with the London Stock Exchange, who would be able to buy and sell securities listed on the London Stock Exchange on behalf of his clients through a ‘jobber’ (an independent dealer in securities); or (2.) they could approach a local broker, who would be able to negotiate the buying and selling of those securities that were listed on their nearest provincial exchange (predominantly railway and bank securities, along with some shares in small local joint-stock companies).[[71]](#endnote-71)

By the start of the interwar period, however, the shape and structure of the UK securities market had changed quite significantly, giving prospective investors a far wider variety of ways to invest in the stock market. In particular, the emergence of the telegraph and the telephone meant that it became possible to conduct far more trade (including inter-market trade and complex trades like arbitrage) remotely from outside London.[[72]](#endnote-72) Similarly, it also provided the means for provincial jobbers — who, unlike their compatriots on the London Stock Exchange, were not prohibited from dealing with the public — to deal directly with the public and provide price quotations and buy/sell orders on request.[[73]](#endnote-73)

Nevertheless, despite these changes, it still remained relatively difficult for small investors to find registered brokers who could invest in securities listed on the London Stock Exchange on their behalf. The main reason for this came down to the fact that, in order to actually gain access to a broker on the London Stock Exchange, one had to either obtain a personal invitation or be personally introduced to a broker through a half-commission man (who in turn received an agreed upon percentage of any commissions earned as a result of the new client).[[74]](#endnote-74) Whilst such a system may have worked well for those with wealth and connections, it was often not that convenient for the small investor (particularly the non-London-based small investor), who likely lacked the sort of contacts necessary to gain a personal introduction to a London stock broker.[[75]](#endnote-75) Further complicating matters for the average interwar investor in this respect was the fact that many of the more prestigious licenced London Stock Exchange brokers remained reluctant to deal in the sorts of small blocks of shares that the ordinary investor would typically be interested in (as evidenced most clearly by their refusal to lower the brokerage fees they charged to small investors).[[76]](#endnote-76) The general sense of disaffection that this engendered in many small-time investors was something that was picked up upon by the Bodkin Committee — the body appointed by the government in 1936 to look into the sharepushing problem — which noted that: ‘…very often the small investor feels that his business, to which he probably attaches great importance, does not in that way get the more personal attention that he desires.’[[77]](#endnote-77)

Ultimately, therefore, despite the advances in telephone communications occurring at this time, many of those with only small sums of money to invest continued to be reliant upon outside intermediaries (local brokers, banks, lawyers, provincial jobbers, etc.) to conduct their investments for them.[[78]](#endnote-78) As mentioned previously, such intermediaries were not only unconstrained by the rules and regulations of the London Stock Exchange; they were also far less tightly supervised than those brokers licensed by the London Stock Exchange. This, in turn, meant that this sector of stock market was far more liable to infiltration by a whole raft of sharepushers and other felonious non-London Stock Exchange brokers, all looking for ways to trick the investing public out of their savings.[[79]](#endnote-79)

Making matters even harder for the average investor was the fact that such individuals inevitably did all that they could to publically present themselves as legitimate and trustworthy business intermediaries. For instance, they would often choose monikers for their enterprises that they believed had a regal or ‘official’ sound to them (the rationale being that this might confuse uninformed investors into thinking that they were legitimate and upright establishments).[[80]](#endnote-80) A similar trick that was also used by a lot of sharepushers during this period was to assign names to their brokerage firms that sounded similar to those of legitimate business concerns in the City of London.[[81]](#endnote-81) A typical example in this respect would be the misleadingly-titled “Prudential Exchange” (an institution that, in reality, had no official links to the widely-known Prudential Insurance Company), which was set up in 1909 by Robert Forbes, Charles Isaacs and Charles Harrison and, into which, thousands of ill-informed investors sunk their savings.[[82]](#endnote-82)

Another similar tactic that a lot of interwar sharepushers adopted was to make sure that one of the ‘Big Five’ joint-stock banks acted as the receiving institution for the new share subscriptions of whatever venture that they were promoting. Again, this was largely a ‘window-dressing’ exercise as it meant that they could then subsequently have the name of that particular (respected) bank written out in bold across the front of their prospectuses and publicity material.[[83]](#endnote-83) As the Bodkin Committee noted, this proved to be a particularly dangerous tactic because it fooled many investors into thinking that that bank had in some way vouched for the legitimacy of the new issue (when, in actual fact, the bank in question had probably done little more than ensure that the format of the prospectus was basically in compliance with the law).[[84]](#endnote-84)

In those situations where the shares that were being pushed were not yet listed on the markets, sharepushers would also often make (unfounded) promises about the imminent listing of that particular security on the London Stock Exchange or some other equivalent market. For instance, in the letters that Louis B. Siegel and his gang (operating under the title of ‘A. White Limited’) sent out to prospective investors, advising them to invest in an speculative and unlisted Canadian gold mining concern called Cryderman Gold, it was claimed that ‘…we [have] received from our solicitors in London word advising that preparations was under way at this time to list this issue on the London Exchange.’[[85]](#endnote-85) Similarly, in the letters and pamphlets that James Wilson sent out touting the shares of Consolidated Gold Alluvials of British Columbia, it was repeatedly stated that ‘…the Company should be in full production by the end of the year, and it is confidently expected that the shares will then be introduced at a substantial premium on the London market.’[[86]](#endnote-86) Again, the rationale behind making such promises was to try and convince prospective investors that the securities that they were being offered were as reputable as those already listed on these markets.

Finally, to further protect themselves in case any doubtful prospective investor might try and do some background research on their credentials, a number of interwar sharepushers also rented out office space in prestigious buildings with ‘imposing addresses’ near the London Stock Exchange.[[87]](#endnote-87) Often, these offices would be lavishly furnished and decorated in the most expensive fashion, as the following passage from the Director of the Metropolitan Police makes clear: ‘They are usually much better furnished and set out than many genuine businesses. There are plenty of telephones, every office equipment that is either necessary or unnecessary is usually there, and there is a general air of wealth and prosperity about the place.’[[88]](#endnote-88) A typical example in this respect was the temporary headquarters set up in 1934 by James Wilson at Kent House, Regent Street, which were described by one police officer who visited them as ‘furnished in such a manner as to create an air of affluence’.[[89]](#endnote-89) In most cases, rented offices such as these would be hired for a short period of time (often a matter of weeks) and then vacated as soon as the securities in question had been disposed of.

Taken together, then, what the preceding paragraphs suggests is that, for the average interwar British investor, deciding whom to employ to carry out their stock market transactions was far from a straightforward decision. On the one hand, there were the licenced London Stock Exchange brokers, regulated by the rules of the Exchange yet extremely difficult to get in direct contact with; on the other hand, there were a plethora of outside brokers and middlemen, largely unregulated but far easier for the small investor to communicate with. Given such a choice, it is unsurprising that so many smaller investors appear to have preferred to conduct their stock market transactions through individuals and organisations operating outside of the London Stock Exchange, rather than go through the effort of trying to get in contact with a licenced broker. For those implicated in the sharepushing game, however, this created an ideal opportunity to further deceive the investing public. Unconstrained by the regulations governing those brokers connected to the London Stock Exchange, they were able to set up brokerage firms that to all intents and purposes looked the same as the many legitimate and reputable brokerage firms that operated outside of the Stock Exchange during this period. In this way, they were able to successfully convince many investors that they were trustworthy conduits through which to invest in the securities market.

### Conclusion

#### Tackling the sharepushing problem

In response to the increased public concern over sharepushing during the interwar period, the government began to make moves to try and better protect British investors. Initial moves to clean up the securities market were made with the passing of the Companies Act 1929, which, under section 275, stipulated that any director found guilty of running a company with intent to defraud would be liable to an unlimited extent for the debts of that company.[[90]](#endnote-90) Then, in 1936, the government set up a departmental committee within the Board of Trade under the command of Sir Archibald H. Bodkin — the eminent English lawyer and former Director of Public Prosecutions — to conduct an official enquiry into the sharepushing problem.[[91]](#endnote-91) This subsequently resulted in the publication of the 82-page Bodkin Report in August 1937. Chief among the recommendations outlined in this document was the need for all outside brokers (or ‘dealers’ as the Report preferred to label them) to register with the Board of Trade and abide by the rules laid out by them. On top of this, it also stipulated that no person engaged in the selling of shares should be allowed to describe themselves as a ‘stockbroker’ or ‘stock and share broker’ unless they were a registered member of an officially recognised stock exchange. Finally, it also recommended that all undischarged bankrupts should be disqualified from registering as dealers in stocks and shares.[[92]](#endnote-92)

Although these recommendations were not actually translated into law until 1944, there does still seem to have been a fairly noticeable drop-off in incidents of sharepushing following the publication of the Bodkin Report.[[93]](#endnote-93) Part of the reason for this decline appears to have been down to the activities of the Metropolitan and City of London Police, who, from the mid-1930s onwards, began devoting far more effort and resources towards tackling these sorts of offences — even going so far as to establish a special Sharepushing and Confidence Trickster Investigation Group in 1935.[[94]](#endnote-94) On top of this, it also appears as if the Metropolitan and City Police started to take a more proactive approach towards the sharepushing problem, with officers often posted outside the homes or offices of suspected sharepushers to ‘shake them up’ and let them know that they were being watched.[[95]](#endnote-95) Finally, they also began to take reports or allegations of sharepushing activity more seriously, with officers from the Crime Investigation Department increasingly sent round to investigate those under suspicion.[[96]](#endnote-96)

In addition to these changes in policing tactics, greater efforts were also made to raise public awareness about the sharepushing problem, with warning leaflets from the Board of Trade distributed freely to members of the public and notices featuring in various financial publications.[[97]](#endnote-97) In a similar vein, the mainstream press also began to feature more in-depth bucket-shop exposés about the tactics employed by those in the sharepushing game.[[98]](#endnote-98) For instance, in response to James Wilson’s efforts to offload shares in a speculative gold-mining concern in British Columbia, the editors of the *Financial News*, the *Financial Times* and the *Investors’ Chronicle* came together with representatives from the Canadian mining industry in 1935 to issue a joint warning to the public, urging them to be extremely wary of the promises made in Wilson’s circulars.[[99]](#endnote-99) Thanks partly to initiatives such as this, when the abovementioned recommendations from the Bodkin Committee were eventually brought into law in 1944 through the Prevention of Fraud (Investors) Act, public awareness of the risk of sharepushing seems to have been far greater.

#### Findings and wider implications

As outlined previously in this article, the shareholding population of interwar Britain was both large and heterogeneous, with investors from a range of backgrounds and with differing levels of experience in financial matters.[[100]](#endnote-100) Catering to this diverse investor market was a sizeable financial press, which provided these interwar investors with unprecedented levels of information about happenings in the money markets. What the findings from this article suggest is that, whilst the interwar British investor may well have had far more potential sources of advice and information open to them then their nineteenth-century forebears, this did not necessarily mean that they were any better informed about the workings of the British securities market. Indeed, for some investors, the presence of more potential sources of information and investment advice seems only to have increased their sense of confusion about which source to turn to for accurate information. As a result, they not only found it hard to navigate around the expanding informational environment of the interwar period, they also became far more susceptible to the false promises and misleading advice put forward by sharepushers like Jacob Factor in bogus publications such as *Finance* or *The City News.*

In a similar vein, although the interwar British investor may have had more potential conduits through which to invest in the securities market than his or her predecessors, this did not necessarily mean that they were better able to distinguish between a trustworthy intermeidary and an untrustworthy one. Indeed, as the preceding paragraphs of this article have shown, there were a number of investors who mistakenly entrusted their savings to individuals whose sole intention was to rob them of their money. Whilst such decisions can be partly be attributed to the difficulties that many small investors still faced in terms of gaining direct access to a licenced London Stock Exchange broker, they also appear to reflect a wider lack of understanding amongst some investors about how the stock market in Britain operated and which agents to trust.

From a broader historical perspective, the fact that such a lack of understanding existed at this time (even if it was only amongst a minority of investors) can tell us much about the interwar British investment market. Most notably, it indicates that, whilst the ‘knowledge frameworks’ within which investors were operating may have expanded during this period, there still remained a number of investors who were woefully ill-informed about the workings of the British securities markets. That this was the case suggests that not all of those who purchased securities during this period did so with complete knowledge of what they were investing in.

Looked at from a broader, more theoretical perspective, therefore, the findings presented by this article can be seen to lend weight to those who have challenged the rationalist underpinnings of the efficient market hypothesis by highlighting how, in actuality, it is extremely rare for all market participants to be as equally well informed as each other.[[101]](#endnote-101) In a similar vein, the findings presented in this article also speak to the burgeoning literature on trust and investment behaviour, by providing another example of how, when forced to make decisions with imperfect knowledge, individuals often rely more on subjective factors than objective ones.[[102]](#endnote-102) In this instance, such tendencies can to be seen to have manifested itself in the preference that many interwar British investors seem to have had for newspapers, prospectuses, or organisations that were outwardly appealing (or which seemed to speak to them), rather than for those that simply provided the best quality service or product. Finally, the fact that sharepushers such as Factor and Wilson were able to convince investors to trust them largely through the power of the words contained in their newspapers and printed material also highlights the importance that language and the ability to communicate with investors — something that most sharepushers were better able to do than their more legitimate competitors — on their level has in influencing investor behaviour.[[103]](#endnote-103)

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1. See for instance, Rutterford and Maltby, “The Widow, the Clergyman and the Reckless”; Rutterford et al., “Who Comprised the Nation of Shareholders?”; Freeman et al., “A Doe in the City”; Newton and Cottrell, “Female Investors”; Preda, “The Rise of the Popular Investor”. Equally as important, it has also enabled those with an interest in Britain’s securities market to get a better picture of the sorts of shares that Britain’s growing shareholding population preferred to invest in (and how this varied over time and amongst different investor groups). See for instance, Perriton and Maltby, “Working-Class Households”; Dixon et al., “Shareholders and Shareholding”; Newton, *Credit and Capital*. [↑](#endnote-ref-1)
2. Perriton and Maltby, “Working-Class Households”, 438; Rutterford et al., “Researching Shareholding in England and Wales”, 270. [↑](#endnote-ref-2)
3. Preda, “The Rise of the Popular Investor”, 206. See also, Rutterford, “‘Propositions Put Forward by Quite Honest Men’”. [↑](#endnote-ref-3)
4. Rutterford (2011) and Rutterford and Maltby (2006) have recently sought to fill this gap by making use of investor’s personal diaries and correspondence to better understand their investment decisions. [↑](#endnote-ref-4)
5. Baker and Ricciardi (eds.), *Investor behavior*; Montier, *Behavioural Investing*. [↑](#endnote-ref-5)
6. For a more comprehensive historical overview of sharepushing and other types of stock market scams during the interwar period see, Hollow, *Rogue Banking*; Swinson, “Share Trading”; Robb, *White-Collar Crime*, 84–9. [↑](#endnote-ref-6)
7. Similarly, this paper does not purport to offer a comprehensive history of stock market regulation. For more on this subject see, Swinson, “Share Trading”. [↑](#endnote-ref-7)
8. Hollow, *Rogue Banking,* 68–86. [↑](#endnote-ref-8)
9. Robb, *White-Collar Crime,* 88–9. In this latter situation, there would be no way for the investor to make any informed assessment of the price they were being quoted as the shares would not be listed on any official market. [↑](#endnote-ref-9)
10. Smithies, *The Black Economy*, 58–9. [↑](#endnote-ref-10)
11. The term ‘bucket shop’ first began to enter common parlance during the late 1800s in both the UK and the USA. See Nicholls, *Crime within the Square Mile*, 151; Ferris, *The City*, 46. [↑](#endnote-ref-11)
12. Hollow, *Rogue Banking,* 70–2. [↑](#endnote-ref-12)
13. Porter, “Speciousness”, 107–9. [↑](#endnote-ref-13)
14. Thomas, *Provincial Stock Exchanges,* 198–200 [↑](#endnote-ref-14)
15. Indeed, one could even go as far back as 1720s and the furore surrounding the South Sea Company to find evidence of company promoters making false and fraudulent claims about their companies in order to swindle unsuspecting investors out of their savings. Taylor, *Creating Capitalism;* Johnson, *Making the Market*. [↑](#endnote-ref-15)
16. Bryer, “Accounting for the ‘railway mania’”; McCartney and Arnold, “George Hudson’s financial reporting”; Rutterford, “Propositions put forward by quite honest men”, 886. [↑](#endnote-ref-16)
17. Robb, *White-Collar Crime*, 87–8; Evans, *Facts, Failures and Frauds*, 62. [↑](#endnote-ref-17)
18. This would be equivalent to about £300 million in today’s money. Board of Trade, *Share-pushing: Report of the departmental committee appointed by the Board of Trade 1936–37,* Cmd. 5539 (1937), p. 17. [↑](#endnote-ref-18)
19. Ferris, *The City*, 46. [↑](#endnote-ref-19)
20. Smithies, *The Black Economy,* 59. [↑](#endnote-ref-20)
21. ‘Evidence on Behalf of the Commissioner of Police of the Metropolis’, The National Archives (TNA) 55/109 (8 February, 1937), 28. [↑](#endnote-ref-21)
22. Swinson “Share Trading”, 232–5. [↑](#endnote-ref-22)
23. Porter, “A Trusted Guide”, 1–4; Smithies, *The Black Economy,* 59. [↑](#endnote-ref-23)
24. Hansard HC Deb, vol. 213, col. 1453 (21 February 1928). [↑](#endnote-ref-24)
25. Robb, *White-Collar Crime,* 88–9. [↑](#endnote-ref-25)
26. Wilson, *The Origins of Modern Financial Crime,* 48–59. [↑](#endnote-ref-26)
27. All of the promotional material produced by sharepushers that is featured in this article was accessed via the British Library. [↑](#endnote-ref-27)
28. Although exact figures for the number of shareholders in Britain have been notoriously difficult to obtain, most historical studies agree that the number of people investing in the securities market increased rapidly during the nineteenth century and early-twentieth century. See, Rutterford and Sotiropoulos, “The Rise of the Small Investor”; Foreman-Peck and Hannah, “Extreme Divorce”; Rutterford et al., “Who Comprised the Nation of Shareholders”. [↑](#endnote-ref-28)
29. Rutterford and Sotiropoulos, “The Rise of the Small Investor”, 5–6; Jones, *Powers of the press*. [↑](#endnote-ref-29)
30. Porter, “‘A Trusted Guide of the Investing Public’”, 1–3. [↑](#endnote-ref-30)
31. See *May’s British and Irish Press Guide* (London: Frederick L. May & Co.). Continued after 1890 as *Willing’s British and Irish Press Guide.* Quoted in Porter, “A Trusted Guide of the Investing Public”, 1. [↑](#endnote-ref-31)
32. Preda, “The Rise of the Popular Investor”, 206–8. [↑](#endnote-ref-32)
33. *The Stock Exchange Times* (9 January, 1937), 5. [↑](#endnote-ref-33)
34. See, Nicholls, *Crime within the Square Mile*, 155–8; Hollow, *Rogue Banking,* 74–9; Touhy, *When Capone’s Mob*, 129–31. [↑](#endnote-ref-34)
35. In addition to this, Factor also orchestrated a takeover of a struggling financial newspaper called the *Financial Recorder* in 1927, which he then relaunched with an entirely new (dummy) editorial team. See, McConnell (1943), 8. [↑](#endnote-ref-35)
36. *The City News* (12 September 1928), 5. A similar distribution policy was adopted for Factor’s other financial publications. [↑](#endnote-ref-36)
37. For more on the increase in the number of small investors in Britain see: McKibbin, *Classes and Cultures*, 44–9; Preda, “The Rise of the Popular Investor”, 208–10. [↑](#endnote-ref-37)
38. *The City News* (12 September 1928), 4. [↑](#endnote-ref-38)
39. *The City News* (26 September 1928), 12. In this respect, Factor can be seen to have been replicating the business model pioneered so successfully by papers like *City News* during the latter years of the nineteenth century (see Porter “Aspects of the New Financial Journalism”). [↑](#endnote-ref-39)
40. *The City News* (19 December 1928), 4. [↑](#endnote-ref-40)
41. *The City News* (19 September 1928), 6. [↑](#endnote-ref-41)
42. *The City News* (12 December 1928), 12. [↑](#endnote-ref-42)
43. *The City News* (17 October 1928), 6. [↑](#endnote-ref-43)
44. *The City News* (10 October 1928), 6. [↑](#endnote-ref-44)
45. See for instance, *Finance* (19 February 1930), 2–5. [↑](#endnote-ref-45)
46. It should be noted that Jacob Factor’s name never appeared in any of his publications. Instead, names of fictional editors would appear at the top of his publications. [↑](#endnote-ref-46)
47. *City News* (12 December 1928), 16. [↑](#endnote-ref-47)
48. *Finance* (30 July 1930), 11. [↑](#endnote-ref-48)
49. McConnell, *Luck and Witless Virtue*, 9. A favourite tactic — adopted particularly successfully by Factor — was to make sure that those who invested in his penny stocks initially made a profit on their investments by paying them huge dividends; then, once their trust had been acquired, he would ‘advise’ them to put all their savings into whatever batch of penny stocks he wanted to get rid of. See Hollow, *Rogue Banking*, 75–8. [↑](#endnote-ref-49)
50. ‘Evidence on Behalf of the Commissioner of Police of the Metropolis’, TNA 55/109 (8 February, 1937), 9. [↑](#endnote-ref-50)
51. *The City News* (3 October 1928), 7. [↑](#endnote-ref-51)
52. Contemporary estimates suggest that Factor’s publications were being read by close to 300,000 individuals each week. See Nicholls, *Crime within the Square Mile*, 157, [↑](#endnote-ref-52)
53. Factor also proved adept at getting people to disclose their personal information to him through various competitions and prize draws. [↑](#endnote-ref-53)
54. Factor’s own in-house salesmen would typically be well-dressed and equipped with high-powered cars. See Nicholls, *Crime within the Square Mile*, 157–8. [↑](#endnote-ref-54)
55. Newman (1984: 62–65) has in fact identified 43 bogus financial newspapers and reviews that were in circulation in the years between 1926 and 1937, although, as Porter (2006: 119) notes, the figure is likely to have been far higher. [↑](#endnote-ref-55)
56. The Manchester Guardian (30 May, 1931), 16. [↑](#endnote-ref-56)
57. ‘Statement of Evidence to be given by Mr J. Barwick Thompson, Official Receiver in Companies Liquidation’, TNA, BT 58/215 (1938), pp. 1–6; Nicholls, *Crime within the Square Mile*, 146. [↑](#endnote-ref-57)
58. Robb, *White-Collar Crime,* 116–8. [↑](#endnote-ref-58)
59. Porter, “‘A Trusted Guide of the Investing Public’”, 1–3. [↑](#endnote-ref-59)
60. Porter, “‘A Trusted Guide of the Investing Public’, 3; Taylor, “Watchdogs or apologists?”, 634–7. [↑](#endnote-ref-60)
61. Rutterford, “‘Propositions Put Forward by Quite Honest Men’”, 867–9. Though it should be noted that, overall, the quality of company prospectuses was significantly better than it had been during the nineteenth century and that many interwar prospectuses actually contained more financial information than they were required to by the regulations of the London Stock Exchange. [↑](#endnote-ref-61)
62. Arnold, “Should historians trust”, 41–3. [↑](#endnote-ref-62)
63. This was a practice that banks continued to engage in up until the 1960s. See, Billings, “Financial Reporting”, 288–9; Arnold and Matthews, “Corporate financial disclosures”, 3–4. [↑](#endnote-ref-63)
64. Indeed, up until the passing of the Companies Act 1948, the legislative requirements on companies to disclose accurate and full information about their financial position and progress were, in fact, extremely modest. Edwards, *A History of Financial Accounting*, 150–3. [↑](#endnote-ref-64)
65. ‘Memorandum by the Director of Public Prosecution’. TNA BT 58/108 (1938), 1. [↑](#endnote-ref-65)
66. ‘Particulars: Consolidated Gold Alluvials of British Columbia Ltd’. TNA MEPO 3/1460 (27 December 1934), 2. [↑](#endnote-ref-66)
67. *Ibid.* [↑](#endnote-ref-67)
68. Michie, *The London Stock Exchange*, 276–9; Chambers, “Financial dependence”, 8–10. [↑](#endnote-ref-68)
69. Quotes in Rutterford et al., “Research shareholding”, 278. [↑](#endnote-ref-69)
70. Chambers, “Financial Dependence”, 28. [↑](#endnote-ref-70)
71. Attard, “The jobbers”, 6–8; Campbell et al., “The rise and decline”, 4–5. [↑](#endnote-ref-71)
72. Campbell et al., “The rise and decline”, 2. [↑](#endnote-ref-72)
73. Michie, *The London Stock Exchange*, 237–8. In addition to these technological transformations, an increasing number of local bank branches, lawyers and accounts with direct links to London Stock Exchange brokers also agreed to start taking orders (for a fee) from members of the public who wanted to invest in the securities market, see: Thomas, *Provincial Stock Exchanges*, 88–90, 102–4; Michie, “The Stock Exchange”, 103–9. [↑](#endnote-ref-73)
74. *Ibid.*, 203–8. [↑](#endnote-ref-74)
75. Kynaston, *The City of London,* 295–7; Michie, *The London Stock Exchange*, 205. [↑](#endnote-ref-75)
76. Porter, “‘A Trusted Guide of the Investing Public’”, 12. [↑](#endnote-ref-76)
77. ‘Evidence of R. B. Pearson, Chairman of the London Stock Exchange’, TNA BT 55/109 (11 March, 1937), 51. See also, ‘Evidence of Mr R. Pearson’ (1937), TNA BT 55/109. [↑](#endnote-ref-77)
78. Again, this was something that was picked up on by the Bodkin Committee, who noted that: ‘It has been rather represented to us that difficulty of personal contact between the small investor and the Stock Exchange firms provides a part of the opportunity for the outside broker, and particularly the dishonest outside broker.’ See ‘Evidence of R. B. Pearson, Chairman of the London Stock Exchange’, TNA BT 55/109 (11 March, 1937), 51. [↑](#endnote-ref-78)
79. An archetypal example in this respect is the case of Stanley Grove Spiro, an undischarged bankrupt who was found guilty of siphoning off investors’ money into his own personal account and then using the money to pay ‘dividends’ to other clients. In this way, it is estimated that Spiro and his associates were able to extract close to £600,000 from their victims in the space of just a few months during 1936. See, ‘Stanley Spiro: Record’ (1938), TNA, MEPO 3/1467. [↑](#endnote-ref-79)
80. Newman, *Financial Marketing,* 61–4. [↑](#endnote-ref-80)
81. Hollow, *Rogue Banking*, 70–6; Newman, *Financial Marketing*, 61–4. [↑](#endnote-ref-81)
82. Nicholls, *Crime within the Square Mile*, 143. [↑](#endnote-ref-82)
83. ‘Evidence of D’Arcy Hart’, TNA BT 55/109 (January, 1937). [↑](#endnote-ref-83)
84. Board of Trade, *Share-pushing*, 391. [↑](#endnote-ref-84)
85. ‘Letter from A. White Limited, Investment Securities’. TNA MEPO 3/1461 (18 March 1935). [↑](#endnote-ref-85)
86. ‘Particulars: Consolidated Gold Alluvials of British Columbia Ltd’. TNA MEPO 3/1460 (27 December 1934), 2. [↑](#endnote-ref-86)
87. *The Sunday Times* (12 August, 1937), 8. [↑](#endnote-ref-87)
88. ‘Evidence on Behalf of the Commissioner of Police of the Metropolis’, TNA BT 55/109 (8 February, 1937), 8. [↑](#endnote-ref-88)
89. ‘Central Officer’s Special Report. Subject: Sharepushing’. TNA MEPO 3/1460 (27 February 1935). [↑](#endnote-ref-89)
90. Wortley, “The Interpretation of the New Fraudulent Trading Section”, 405. Though the effectiveness of this measure in actually preventing fraudulent (or at least misleading) promotional activity on the part of company directors has been strongly questioned; see Bircher, *From the Companies Act*, pp. 42–6. [↑](#endnote-ref-90)
91. HC Deb (10 November 1936), vol. 317 cc. 672–4. [↑](#endnote-ref-91)
92. Board of Trade, *Share-pushing*, pp. 67–9. [↑](#endnote-ref-92)
93. Newman, *Financial Marketing*, 44–5; Porter, “Speciousness is the Bucketeer’s Watchword”, 123; Smithies, *The Black Economy*, 59. [↑](#endnote-ref-93)
94. This group was subsequently replaced by the Metropolitan and City Police Company Fraud Department in 1946. Houlbrook, *Prince of Tricksters,* 102; Newman, *Financial Marketing*, 63; Swinson “Share Trading”, 234. [↑](#endnote-ref-94)
95. ‘Central Officer’s Special Report. Subject: Sharepushing’. TNA MEPO 3/1460 (27 February 1935); [↑](#endnote-ref-95)
96. ‘Chief Inspector Bell’s Report’. TNA MEPO 3/1463 (1 February 1937). [↑](#endnote-ref-96)
97. Board of Trade, *Share-pushing*, pp. 72–5. [↑](#endnote-ref-97)
98. Newman, *Financial Marketing,* 65; Porter, “A Trusted Guide of the Investing Public”, 1–4; Smithies, *The Black Economy,* 59. [↑](#endnote-ref-98)
99. ‘Memo from Consolidated Gold Alluvials of British Columbia Ltd’. TNA MEPO 3/1460 (25 November 1936). [↑](#endnote-ref-99)
100. Rutterford et al., “Who Comprised the Nation of Shareholders?”, 163–5. [↑](#endnote-ref-100)
101. Aboody and Lev, “Information asymmetry”, 2747–55; Lambert et al., “Information asymmetry”, 3–12; Kohler, “Is the market rigged?”, 4. [↑](#endnote-ref-101)
102. Shiller, *Irrational Exuberance*; Dhaoui et al., “The impact of investor psychology”, 36–9; Crook, “Suspect Figures”, 165–73. [↑](#endnote-ref-102)
103. Hales et al., “Who believes the hype?”, 223–8; Grinblatt and Keloharju, “How distance, language and culture”, 1053–9. [↑](#endnote-ref-103)