

# **First: How a Stock Exchange Scare Dislocated the Life of the Empire**

Fred M. White

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# A Bubble Burst: How a Stock Exchange Scare Dislocated the Life of the Empire For Two Days

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The era of peace which seemed to be well-begun in 1906 was naturally marked by an extraordinary commercial and financial activity; an amount of world-wide speculations never equalled in intensity, even in the mad times of the South Sea Bubble, or when Hudson, the Railway King, flourished. The countless millions piled up in English banks earning a 2? per cent. interest were lavishly withdrawn, new mines had been started, everybody was going to be rich. On the face of it people had good grounds for their sanguine expectations. The Rand with its forty square miles of rich gold-bearing reefs containing an untold number of immense fortunes – the richest region on earth – was properly administered for the first time. From the highest to the lowest everybody was investing their savings in South Africa.

In other words, there was a tremendous "boom." Nothing like it had ever been seen in the history of commerce. It was the golden hour of the promoter. Yet, for the most part, the schemes promised well. There was, however, an enormous amount of rubbish ion the market. Some of the more thoughtful financiers scented danger ahead, but they were not listened to. The roar of the Kaffir circus resounded in men's ears and made them mad. Park Lane would never be able to hold the new millionaires.

All England was in the grip of the mania. Bona fide speculation and business had become gambling pure and simple. London thought of nothing else. The City was crammed with excited buyers and operators, the little outside broker of yesterday came down to his office behind a pair of blood horses, and his diamonds were a solid sign of his new prosperity.

A busy day was drawing to a close. Carl Ericsson sat in his office smoking a cigarette. Ericsson yesterday had been waiter in an unimportant restaurant. Today he had a fine set of offices and a small mansion at Hampstead. He had "arrived" on the crest of the wave as many far less astute adventurers had done. There was a peculiarly uneasy grin on his dark features, a curious twitching of the lips, and he had the tired eyes of the sleepless.

His partner sat opposite him behind a big cigar. He was a fat man with a big jaw and a merciless mouth. Six months before Eli Smith had been a fairly well-to-do suburban butcher. Now he was E. Asherton-Smith, the big financial agent. He boasted, with truth, that he could sign a cheque for £40,000 and be none the worse for it. In the area of the City it would have been difficult to find two choicer specimens of rascality than the partners in Ericsson & Co.

"Got a big card to play, eh?" Asherton-Smith asked.

Ericsson grinned nervously. His lithe little body was quivering with excitement. There was a furtive look in his drooping eyes.

"The ace of trumps," he gurgled; "the coup of the century. Eli, my boy, how much money could we make if we could scare South Africans down five or six points for a week?"

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Mr. Asherton-Smith's diamonds heaved with emotion.

"Millions," he said. "Just as many millions as we could stagger under. Makes my mouth like sawdust to think of it. But pass out a bottle of champagne."

Ericsson did so, rose from his seat and peeped into the outer office; the clerks had all gone home for the day. He closed the door gently.

"I'm going to tell you," he said. "If I don't tell someopyd I shall go mad. I can't sleep at nights for thinking of it. When I do doze off I'm sleeping in a river of sovereigns. With a bit of luck, it's a certainty."

"Get on, Carlo. You're just playing with my feelings."

"Well, it's just this way." — Ericsson's voice dropped to a whisper. "There are two lines of cable by which South Africa can communicate with the outside world — the East and West Africa cables. The West Coast line isn't to be relied upon; it breaks down at least once a week. At a time like this a breakdown is a serious matter. The directors have taken the bull by the horns, so at the present moment the West Coast line is out of our calculations. It's under repair, and it's likely to remain so for some time to come. I've ascertained that communication with South Africa by the Western line is impossible. For the next fortnight no message can come or go by that route. This leaves us only the Eastern line to grapple with. If that kindly breaks down for four—and—twenty hours, our fortunes are safe."

"Is it likely?" Asherton-Smith asked.

"Why, yes. It has happened three times during this year. I tell you I have followed this thing pretty keenly. It's more than on the cards. Suppose the breakdown did come, Eli, and we had the last message through? Look at this."

Ericsson took from a safe a sheet of paper — a cablegram message, in fact, sent out from the office of the East Africa company. It was a genuine document enough, with the date and the hour showing that it had been dispatched from Cape Town on the afternoon of the same day. There were words upon it to the effect that "Bertha has lost her aunt, and the water has been packed in the matchbox."

"That isn't our cypher," Asherton-Smith said.

"Quite right; it's the cypher used by The Messenger. The Messenger, my boy, enjoys as high a reputation as The Times. If a cablegram appeared in The Messenger tomorrow saying that there had been an earthquake on the Rand, and that the Johannesburg water-works had overflowed into the deep levels everybody could take it for gospel. That's why I managed to get hold of and learn The Messenger cypher.

"On the off-chance of the Eastern cable breaking down, I've had a cable sent to me every day from a friend in South Africa saying that there has been an earthquake in Johannesburg, and that the mines are flooded out. The cable comes to me in the cypher used by The Messenger people. That's what all that gibberish about Bertha and the water and the matchbox means.

"Suppose you were to walk into the office and say the Eastern line of cable had broken down. As the Western line is under repair that tells me that communication with South Africa is impossible for a day or more. Probably the lines would be unavailable for nearly a week. I've got a spare envelope or two used by the Eastern Company for their messages; I put this flimsy inside and alter my own address 'Bonan' to 'Bonanza' — which is the registered cable address of The Messenger — by the addition of two letters, and there you are. That's why I thought of 'Bonan' and that little office of mine in Long Lane, where I am known as James Jones.

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"I've had this scheme in my mind for years. A boy drops into The Messenger office and hands over the cablegram, and there you are. The thing looks perfectly in order; it is the private cypher of the big newspaper, and, moreover, it is quite up-to-date. If the cable breaks down no questions can be asked, and the thing goes into the paper. We've only got to get the same message sent to me every day, and sooner or later our chance comes."

Asherton-Smith was breathing heavily. The prospect was dazzling. Somebody was tapping at the outer door. A large man in a big fur coat entered.

"What are you beggars conspiring about?" he asked. "Got something extra special from down below? Egad, I'd give something for a private wire of my own! We'll get a rest for a day or two. The East Africa cable is bust up south of Mauritius."

The intruder helped himself to a glass of champagne that he obviously didn't want, and drifted out again. The partners glanced at one another without speaking. Perhaps they were just a little frightened.

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The thing appeared to be absolutely certain. So far as they could see, the story would be believed implicitly, for The Messenger was absolutely reliable.

The great beauty of the scheme was its conclusiveness. There had never been an earthquake on the Rand, but there was no reason why there shouldn't be. And an earthquake would assuredly destroy the Johannesburg water-works, which would mean the washing away of half the place and the flooding of some of the richest mines below the town.

The West Coast cable was under repair and incapable of use. But that frequently happened, as most people interested in South Africa knew. There was no chance of the truth trickling back to London via Australia or New York. And now the Eastern line had broken down also, as all deep sea cables do on occasion.

"Upon my word, I can't see a flaw anywhere," Ericsson remarked, in a voice that trembled. "If the Eastern line is repaired by morning we shall be none the worse off. Our coup will have miscarried, a few enquiries will be made, and James Jones will never be seen in Long Lane again."

Asherton-Smith went home and dined and drank; but sleep was not for his pillow that night. The papers were late in the morning, and that did not lessen his irritability. The breakfast stood untouched, beyond a little dry toast, and some brandy and soda water. Just for the moment the prosperous Asherton-Smith regretted the day when he had been the oily and irresponsible Eli Smith, butcher.

The papers came at last -- a whole pile of them; but Asherton-Smith only desired to see The Messenger. He fluttered it open with fingers that trembled. There it was -- the news that he sought. He drew a deep breath.

Usually The Messenger avoided sensation; but here was a "scoop" that no human editor could possibly resist. The headlines danced before the reader's eyes.

"Earthquake at Johannesburg. Destruction of the Water Works and the Flooding of the Mines. Great loss of life and property." The Messenger, alone of all the papers, contained this news.

A map of Johannesburg, right away from the water-works to the five-mile belt, where the world-renowned mines lay, only served to make the story more convincing. The water would have swept over the city, from the aristocratic suburb of Dorfontein to the auriferous belt that held the wealthy mines.

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There were hundreds of millions of money invested here. The news of the disaster would have a depressing estate upon the Stock Exchange. Weak holders would be pretty certain to lose their heads, and the markets would be flooded with shares. Asherton-Smith trembled as he thought of his forthcoming fortune.

A little after ten o'clock he was in the City. In the train and in the streets people were talking about nothing but the great disaster in South Africa. Nobody doubted the story, although only The Messenger contained it. Unfortunately the Eastern line had broken down at a crucial moment, and no details were forthcoming for the time being. The Messenger's cable had been the last to come through.

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"Going all right, eh?" Asherton-Smith asked. His teeth were chattering, but not with cold. "Pretty satisfied, eh?"

Ericsson nodded and grinned. He looked white and uneasy.

"I've started the machinery," he said. "When prices have dropped five or six points we are going to buy quietly. Mind you, I'm going to make no secret of it. I'm going to pose as the saviour of the market, the one man who refuses to bow to the panic — shall swagger about the stuff being there in spite of a dozen earthquakes.. I shall boast that at bed rock prices we can afford to buy to hold. That line will avert suspicion from us when the cat is out of the bag and our fortunes made. And you'll have to back me up on this. What a row there will be when the truth comes to be told!"

Ericsson and his partner pushed their way past inquisitive spectators who had nothing to lose, and therefore enjoyed the strange scene; they elbowed wealthy-looking men in all the garb of prosperity whose haggard faces gave the lie to their outer air.

Everybody was constrained and alert. The big financiers who usually controlled the markets were getting frightened. They assumed that there must be no panic, they desired that nothing should be done till the full magnitude of the disaster could be verified.

But people believed in the integrity of The Messenger which had never played them false yet. The great men of the exchanges and the marts had forgotten their human nature for the moment. They were asking poor humanity to put aside greed and self interest and love of money, the father to forget his savings, and the widow to ignore her dividends.. They might just as well have appealed to the common sense of a flood tide swept by the gale.

Two of the big men were penned on the pavement on Cornhill. Their names were good on "change" for any amount in reason; they reckoned themselves rich and comfortable. But the strain of the situation was getting on their nerves.

"I'd give £50,000 to have my way here for a few hours, Henderson," said one.

"I'd give twice that to feel that I had what I deemed myself to possess yesterday," said Sir James Henderson. "What would you like to do, Kingsely?"

"Clear the streets," the great bullion broker replied. "Get some troops and Maxims, and declare the City in a state of siege for eight and-forty hours. Pass a short Act of Parliament prohibiting people from dealing in stocks and shares for a week. By that time the panic would have allayed itself and folks regained their sanity. As it is, thousands are going to be ruined. Every share in the South African market is absurdly inflated, and, even if the disaster is small, prices must keep low. But there is worse coming than that, my friend."

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Already rumours were spreading far and wide as to the fall of certain shares. Mines that yesterday stood high in the estimation of the public were publicly offered at a reduction of from eight to ten points; even the gilt-edged securities were suffering.

The feeling grew that nothing was safe. It is the easiest thing in the world to shake public assurance where money is concerned. With one accord the thousands of large and small speculators had set out for the City to get rid of their liability on the earliest possible occasion. They asked for no profits, they demanded no margin — they would have been content to get out at a loss.

It never occurred to the individual that the same brilliant idea might strike a million brains simultaneously. With one accord they rushed to the line of action that might be the ruin of one-third of them. Just for the time purchases by a few bold speculators stopped the rush; but presently they got filled up or frightened so that by two o'clock some of the best paper in the market was begging at a few shillings the £1 share. When the fact struck New York and reacted on the London market, nobody knew what might happen.

It was fortunate that sellers could not unload at once. Sheaves of telegrams tumbled into brokers' offices, the floors were littered with orange envelopes, the City was musical with the tinkle of telephones. The heads of firms, half mad with worry and anxiety, were offering the girls in the telephone exchange large sums to connect them with this office and the other. The usually sane City of London was as mad now as it had been in the days of the South Sea Bubble.

By three o'clock, however, business on the Stock Exchange had practically come to a standstill. It was useless to deal with waste paper. To-morrow the crowd would doubtless be augmented by thousands of provincial speculators. Already the foreign Bourses were suffering under the strain. Early in the afternoon there were rumours and signs of an excited struggle in Lothbury.

What had happened now? People were straining their ears to listen. The news came in presently. There was a run on the South African Industrial Bank!

When the crowd began to clamour at the doors of the South African Industrial, the manager slipped out by a side entrance and made the best pace he could in the direction of the Bank of England. Once there, all his self-possession deserted him. He asked wildly to see the chief cashier, the general manager, the governors, anybody who might help him for the moment.

But the officials had other things to occupy their attention. From all parts of the country intelligence had arrived to the effect that the panic was at its height. It was only now that the big financiers realised what a large amount of fanatical gambling there had been in South Africans. Everybody had been going to make their fortunes, from humble clerks up to the needy aristocrats. Every penny that could be raked together had gone that way.

And now the country had taken it into its head that the Rand was lost. Wild appeals had been made to the Eastern Cable Company to do something, but they could only reply that their line had broken down somewhere beyond Mauritius, and that, until it could be fished up and spliced, South Africa might as well be in the moon. People were acting as if the Rand had been swallowed up altogether.

The Bank of England was full of great financiers at their wits' ends for some means of allaying the panic and restoring public confidence. The great houses, Rothschild, and Coutts, and the rest, were represented in the governor's parlour.

The presiding genius of the South African Industrial found his way into the meeting. He was sorry to trouble them; he would not have come unless he had been absolutely bound to. But there was a run on his bank, and he wanted £2,000,000 immediately. As to security —

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One of the grave financiers laughed aloud. It seemed an awful thing to do in that solemn and decorous parlour, but nobody seemed to notice. But there was a general consensus of opinion that the money must be forthcoming. If one sound bank was allowed to topple over, goodness only knew where the catastrophe might end.

"You will have to do with £500,000 for the present," the chairman said. "There are sure to be other applications. You must be diplomatic; *festina lente*, you know."

"If I could keep open straight away until —"

"Madness. Keep to your regulations. Close at four o'clock. Delay is everything."

The manager of the South African Industrial fought his way back to the offices with a little comfort at the back of his mind.

There was a lull as he appeared. He took advantage of it. His courage had come back to him now.

"Close the doors," he said sharply. "It is past four o'clock."

The mob yelled its protest. A big man climbed over the trellis along the counter. Just for a moment it looked like a lawless riot, but a cashier whipped a revolver out from a drawer, and as the big man looked down the blue bore his courage failed him. There was no further rush, but at the same time there was disposition on the part of the crowd to retire.

"We are closed for the day," the manager said with considerable coolness. "You can't expect me to stay here all night merely because you have taken it into your heads to want your money all at once. Come tomorrow and you shall all be paid."

A derisive howl followed, The manager whispered something to one of the clerks and the latter slipped out. Presently there was a commotion at the doors, and half-a-dozen helmets topped the crowd. There was a swaying movement till the long counter creaked again, an oath or two, uplifted sticks and the smashing of a policeman's helmet.

For the next few minutes there was something in the nature of a free fight; blows were freely exchanged, and more than one face bore traces of blood. But there is always something besides physical force behind law and order, and gradually the mob turned back. Gradually the counting-house was cleared and the iron shutters let down.

But the city did not clear. The wildest rumours were in the air. Other banks, doing a more or less large business in the way of withdrawals, had followed the example of the South African Industrial, and this had not tended to restore public confidence. It was pretty clear that every house would have to face a similar run on the morrow.

At eight o'clock the streets were still crowded. It was fairly warm; there was little or no traffic after dusk, and it became evident that thousands of people had all tacitly resolved to do the same thing — remain in the streets all night outside their particular offices or business houses, and wait so that they might have the first chance in the morning. People sat on the paths and in the roadway. Every City house of refreshment had been depleted of food long since.

Under the big electric lamps people reclined, reading the evening papers. It was a gigantic picnic, with tragedy to crown the feast. There was no laughter, nothing but grim determination of purpose.



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The papers were full of bad news from the provinces. Everywhere public credit was shaken to breaking point. There had been runs on scores of local banks.

In the West-End there was only one topic of conversation. But the theatres and restaurants were open, and life was going on much the same. In a private room at the Savoy Ericsson and his partner in guilt were dining. The waiters had gone, the wine and cigars stood on the table.

There was a subdued look about both of them, a furtive cast of the eyes and just a suggestion of slackness in their hands not due entirely to the champagne. It was a long time before either of them spoke.

"Pretty warm day, Eli," Ericsson suggested.

Asherton-Smith wiped his red damp forehead.

"Rather," he said. "I'm not so sharp as you, I know, but I'd forfeit a few thousands to be well out of this."

"Ericsson was not so contemptuous of his thick-witted partner as usual.

"I should like to know what you are driving at," he muttered.

"Well, we've been too sharp. We've played the game too far. Shares were only to drop a few points, and we were to buy for the rise. And what have we got? Some hundreds of thousands of shares a few points below par? Not a bit of it. If this panic waits two days longer we shall have exchanged all our own cash and our own credit for a ton or two of waste paper."

"It will all come back again." Ericsson said uneasily.

"Ah, but when? The bogey has been too big for the public. We've given them a scare that they will not get over in a hurry for many a day. We've shown them what might happen. And they tumble to the fact that things are far too inflated. The fall of a few points would have put millions into our pockets. As it is, we shall have to hold on perhaps for months. And we're not strong enough to do that."

"If the cable works again to-morrow." Ericsson said hoarsely after a pause "it—"

"Yes, and if it doesn't? And if the thing goes on, what then? And if there should be a run to-morrow on the Bank of England!"

Ericsson and Asherton-Smith were still sipping their brandy, but they were no longer gloating over their prey with shining eyes — they no longer counted their prospective millions. Like the greedy fox they had dropped the substance for the shadow. They were going to be ruined with their victims.

With moody, furtive, bloodshot eyes they looked at each other.

"I suppose we can't drop a hint," Ericsson suggested.

"Drop a hint," Asherton-Smith sneered. "You're a clever chap, you are — too clever by half. But if that's all the idea you've got you'd better shut up. Perhaps you'd like to go and tell the story to the Lord Mayor?"

Ericsson's fine turn for repartee seemed to have deserted him.

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"Who could have anticipated anything like this?" he groaned. "And the worst of it is that we dare not say a word. The merest hint would invite suspicion, and you may be pretty sure that they would make the punishment fit the crime. We'll just have to grin and bear it.

Asherton-Smith shook his fist in the speaker's face.

"You miserable swindler!" he yelled. "But for you I should have been a rich man to-day. And now I am ruined -- ruined!"

Ericsson bent his head meekly with never a word to say.

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The City was awake earlier than usual next morning; indeed, for once, it had not slept. By nine o'clock in the morning the streets were packed. The haggard-eyed, sleepless ones gained nothing by their tenacity, for they were pushed from pillar to post by others fresh for the fray.

The provincial trains from an early hour had commenced to pour fresh forces into London. A great many business men had slept as best they could in their offices, feeling pretty sure that it was the only way to be on the spot in the morning. They looked tired and worn out.

It was a quiet, persistent grim crowd. There was no hustling or horse-play, or anything of that kind; even the ubiquitous humourist was absent. They pushed on persistently, a denser crowd round the large banks. As soon as the shutters were down and the doors opened the human tide streamed in.

The run on the banks had set in grimly. Clerks and cashiers from distant branches had been brought up to meet the pressure.

There was a confidence in the way they bustled about and handled and paid out the money that was not without its effect. More than one man eyed the pile of notes in his hand and passed them back over the counter again. Here and there people were bewailing the loss of their money.

It was the golden hour of the light-fingered fraternity. They were absolutely covered by the dense crowd so that they could pursue their vocation with impunity. They had only to mark down some rich prize and plunder. Individuals shrieked that they had been robbed, but nobody took any notice.

A burley, red-faced farmer yelled that he had been robbed of £800 in Bank of England notes. Someone by him retorted that it was no loss, seeing that there was a run on the great National bank.

It was the thrilling moment of the day! A run on the Bank of England! And yet it seemed in the light of new circumstances to be the most natural thing in the world. Would the bank be able to cash its own notes? If not -- well, if not -- nobody could foresee the end.

There were thousands of curious people in the crowd who had no business there whatever. Not that there was any business properly so called done in London that day. There was a surging rush in the direction of Threadneedle Street. It would be something in after life to say that one had seen a run on the Bank of England.

Inside the paying departments huge piles of gold and silver glittered in the sunshine. It was a curious and thrilling contrast between the grave decorum of the clerks and the wild, fierce rush of the public.

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The piles of gold and the easy unconcern of the officials satisfied a good many people who pushed to the counters and then fell back again muttering uncomfortably; but, in real truth, the bank managers were becoming a little anxious.

Lord Fairchild, the great capitalist, with his houses in every big city of the world, contrived at length to reach the bank parlour. There was a full meeting of the chairman and governors. A cheerful tone prevailed.

"I sincerely hope we may weather the storm," the chairman said anxiously. " We have had no signal of distress from anyone; but I shall be glad when it is over."

Everybody looked tired and worn out. One or two of the governors had fallen asleep in their chairs. There was a litter of lunch on the table. But very few of those assembled there seemed to care anything for food.

"I calculate that we can last another day ," Lord Fairchild said. "By to-morrow I hope we shall have contact with Cape Town again."

Every effort was being made to bring about this desirable consummation. The broken line might be repaired at any moment. News had come from the Mauritius that the broken cable had been fished up, but there was no further information since midnight. Possibly, when contact could be made again, the disaster would prove to be much less than the last message had forecasted.

"It must come soon," one of the governors sighed, "It must come soon, or Parliament will have to deal with this question. Another two days —"

"I prefer not to think of another two days," Lord Fairchild replied. "If the worse comes to the worst, Government must guarantee our paper. We shall have to issue Treasury bills to make up our deficit. We — "

An excited individual burst without ceremony into the room. His hat was off; his smart frock coat was torn to ribands.

"I am from the office of the East Cable Company," he gasped "I was told to come here at once. My lord, I have the most extraordinary news. The great disaster at Johannesburg is— is— is——"

"Get on man; we are all impatience."

"Is— is no disaster at all. We have verified it. Our agent at Cape Town says he has heard nothing of it. Johannesburg stands where it did. There are four messages through and — well, there has been a cruel fraud, and we are doing our best to get to the bottom of it."

A rousing cheer echoed through the bank parlour. The governors yelled and shook each other by the hand like school-boys. Probably the decorum of that room had never been so grossly violated before.

Lord Fairchild passed into the great office where the public were still pushing and struggling. He stood on a table, his spare and striking figure standing out conspicuously. There were hundreds present who recognised that noble figure.

"Gentlemen," Lord Fairchild cried. "I have just received the most authentic information that Johannesburg stands intact to-day. There has been trickery somewhere, but, thank Heaven, the panic is over."

A perfect yell followed. Men went frantic with delight. When Lord Fairchild said a thing it was accepted as gospel. Hats went high in the air, people shook hands with perfect strangers, there was a rush to pay gold back

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and take notes instead.

The news spread in the marvellous magnetic way common to the ear of a huge multitude. It ran with lightning speed through the streets. Everybody seemed to know like magic that Lord Fairchild had made a short speech in the Bank of England to the effect that the scare was over. In less than ten minutes the various bank officials were deeply engaged in taking back again the piles of gold they had so recently paid out. The mob roared out patriotic songs, there was a rush in all directions. For the next hour or so the telegraph lines fairly hummed with messages. Within an hour the City had regained much of its usual busy decorum, save for the long stream of people who were getting rid of their gold once more.

With a view to prevent any further exploiting and financial uneasiness on the part of the speculating fraternity the committee of the Stock Exchange met and formally closed the House till Monday. Under the circumstances the step was an exceedingly wise one.

In the seclusion of the bank parlour Lord Fairchild was closeted with the editor of The Messenger. He had come down post haste to the City to vindicate his character. The famous cablegram lay on the table.

"I need not say, my lord," he began, "that I-- "

"You need not say anything about yourself," Lord Fairchild said kindly " We are quite convinced that you have been made a victim. But how?"

"I can only theorise at present, the Messenger editor replied. "And you, gentlemen, will understand, a great newspaper like ours has correspondants everywhere. We also have a special cypher known only to ourselves. Our man at the Cape is absolutely reliable. Now somebody must have stolen our cypher or possessed himself of the key. Cables come to us addressed to 'Bonanza.' Such was the cable that reached us on the day that the Eastern line broke down. Seeing that it was absolutely in order and apparently delivered in the usual way, we used it, under the impression that we had a great piece of news and one that possibly our rivals did not possess.

"There was nothing in the appearance of the cablegram to excite our suspicions, but since the news of its falseness has come through I have had it examined by an expert who reports that the original telegram had been directed to 'Bonan,' and not to 'Bonanza.' The last two letters had been cleverly forged, but under a very strong glass the forgery is clear. Now you can see the trap. I have been to the office of the Cable Company, and, as I expected, I find that a message was sent on the day in question from Cape Town to a registered 'Bonan'. This 'Bonan' turns out to be one James Jones who has an office in Long Lane. Of course that office was taken for the express purpose of getting that message, so that in case the Eastern line broke down the paper could be forced upon us. Unfortunately it was forced upon us with dire results. We find that the message was repeated day by day in the hopes of a breakdown.

"Now, lots of big houses down South cable quotations, lists of prices, finds of gold-dust and the like every day. All these are in cypher, and perhaps a fortnight might pass without any fluctuations, which would mean practically the receipt of an identical message for days. Nothing but a close search of the records could have aroused suspicion. Besides, the line had broken down, and all the energies of the company were devoted to that.

"If any of you gentlemen like to call at the Cable Company's offices and see the scores of duplicate cypher messages, all more or less alike, you will be convinced that the employees there are not in the least at fault. We have been the victims of a clever conspiracy. We can safely leave the rest to the police."

The City was becoming normal again. By four o'clock it was practically deserted. The offices of the various banks were bursting with the repaid gold. Many clerks were closing up the books and looking forward to a good night's rest.

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It was almost impossible to believe that these were the same streets of a few hours before.

Meantime, Ericsson and his partner in the inner room of their offices were gloating over a bewildering array of figures; their gains from the gigantic hoax they had played on the public promised to run into millions.

Rejoicing in the sudden turn in affairs, the two guilty men were building castles in the air with their ill-gotten wealth, when heavy footsteps came up from the office stairs; there was a knocking at the door. The two men started up. Their nerves were humming still from the strain of the past day and night.

"Come in," Asherton-Smith cried unsteadily.

A couple of men entered. One of them had a paper in his hand.

"Mr. Asherton-Smith and Mr. Carl Ericsson, alias James Jones," he said, "I have a warrant for your arrest which I will read to you presently. I warn you not to say too much. Your accomplice, Jacob Peters, has been arrested at Cape Town and I am instructed by cable that he has made a full confession."

The snarling oath died away on Ericsson's lips.

"It's all up," he said hoarsely. "but it was a chance. Curse Peters for a white-livered fool. But for him I should be worth fifty millions."