

American Express and Wells Fargo Express – American Business Response to the California Gold Rush

The Early history of the American Express and Wells Fargo Companies and their Stock Certificates

By Fred N. Holabird, copyright 2021

Introduction

The formation of the American Express Company came about because of the need for transporting packages, packets, mail, money and specie at a time when America was exploding because of the California Gold Rush. Both the American Express Co. and Wells Fargo & Co. have a unique story all unto themselves, but this essay will examine the “big picture” – the creation and formation of a business model that changed the way business operated forever. The business model was to utilize the fastest transportation methods to get mail, packages, money or specie to a destination at the lowest cost. Until this business model was emplaced, the only alternative was the Federal Government Post Office, which was slow, expensive, and slow to adapt to a rapidly changing business environment.

The Birth of the Express Business, c1838

The express business probably got its start by a person paying another person to take an item somewhere. In history, this has probably got roots back thousands of years.¹ Indeed, it could be argued that Greek warrior Philippides was the first “express agent” when he carried an important message 26 miles to Athens. After the Greeks defeated the Persian forces at Marathon in 490 BC, Philippides observed a Persian Vessel changing course in an attempt to attack Athens and thus take control of all Greece, and ending the Greco-Persian wars. His message saved the day for the Greeks, but cost him his life, as he collapsed and died after running the entire 26 mile distance, honored today by the creation of the “marathon”, a 26 mile run made popular by the Olympics.

In the United States, it is commonly thought that Harnden’s Express was the first “company” to get the new business of Express rolling in late 1838 or early 1839.² Harnden, known as the “Father” of the express business, delivered packages between New York and Boston, using a railroad line and/or a stage from time to time. The United States Post Office was poorly organized, ill-equipped to handle the industrial revolution which came on with an explosion by the creation

of the steam engine and invention of railroads. By 1840, railroads had become commonplace in most well structured Eastern towns.³

While Harnden opened for business in 1839, Alvin Adams came in right behind him, following in the concept, running an express line between Boston & Worcester, buying out his former boss, who became disenchanted with the new idea of an “express” business. A year later, Adams ran a competing line between Boston and New York and later to Albany. Within a decade, Adams had bought out Harnden, the business had grown to most of the major cities as Adams & Co.’s Express.

Henry Wells and the Birth of an Integrated Express System

Henry Wells was a man who was one of Harnden’s first messengers in 1841, or agents carrying goods from place to place. After a couple of months on the job, Wells left Harnden’s employ after Wells suggested implementation of an express line to Buffalo, the central trading and transportation port for all travel west and north, but Harnden rejected the idea. By 1843 Wells joined with George E. Pomeroy and Crawford Livingston in an express service between Albany and Buffalo. Within a short time, the business expanded to New York City and surrounds, utilizing river steamers, railroad lines, stage coaches and any form of transportation that could get a messenger to a destination fastest. William G. Fargo became a messenger for the same company in 1842. By 1844, Wells et al’s express business was so popular that they undermined the Post Office’s business, which charged two to four times as much.⁴

In 1845 Wells, Fargo and a partner organized Wells & Co. Western Express. They had set upon a complex system of travel from Buffalo to Cincinnati, St. Louis, Albany and Chicago. A year prior marked the beginning of a long battle with the US Post Office, which the Postmaster General was running somewhat like a private business,

¹ In early nineteenth century English language, the word “express” indicates the process was to be quick, or “to take this item expressly to another person.” Webster’s 1828 Dictionary states “Express-noun- a messenger sent on a particular errand or occasion.

² Stimson, A.L., *History of the Express Companies*, 1858, p33,

³ Wells Fargo later hired Harnden’s son as a clerk in the San Francisco office. Stimson, p 182.

⁴ *Dictionary of American Biography*, v19, p639-640. This was the start of more than two decades of competition and resultant “trouble” with the Post Office. In 1845, the Post Office was forced to lower their rates, the first of several such moves in response to Wells’ express businesses.

charging exorbitant rates with a poorly developed business infrastructure. Over the next two decades, Wells Fargo battled the Post Office. Wells Fargo messengers were arrested, mail confiscated and ever-changing laws and regulations were thrown at the express companies in order to quell the competition. After all, Wells Fargo and American Express were better, faster and cheaper than the Post Office, which ultimately led to the Post Office lowering the price of a letter from 25 cents to 3 cents. The Post Office hold over competing American business was so great in the late 1840s to early 1850s that the express business is not mentioned in prominent business publications such as Merchants Magazine, published in New York.⁵

In 1846, Wells sold his interest in the company to William Livingston, possibly Crawford's brother.⁶ The new company became Livingston, Fargo. Meanwhile, Wells went to New York to work for (Crawford) Livingston, Wells & Co. in New York. A year later after Crawford Livingston died and passed his interest to Johnston Livingston, the new firm became known as Wells & Co. (1848).

John Butterfield was a stage driver in upper New York. Like many before him including Adams, he bought out his boss, brought in a partner, and started Butterfield, Wasson & Co. in 1849. John Butterfield and James Wasson decided the Albany-New York route used by Wells had room for competition and got their express business going in late 1848 or early 1849. They struck an exclusive contract with the New York Central RR that effectively left out Wells. This was the first, but not the last, instance where Wells ignored the value of a rail line in the express business. Normally, Wells used rails to his advantage. But in the later 1860's, Wells' failure to realize the completion of the transcontinental railroad would inevitably change the express business forever.

To Compete or Not To Compete, That is the Question

Wells, Fargo, Butterfield and partners met in Albany in early 1850 and decided to put all their efforts together into a larger, more organized, streamlined operation, and called it the American Express Company.

In so doing, the group became a family of businessmen who spent their remaining years co-investing in each other's ventures and bringing in family members to assist in the various businesses. The Wells-Fargo-Butterfield-Livingston "business family" was a true business family, investing in stage lines, express businesses, telegraph companies, banks, steamship companies and more for upwards of the next twenty years until the elder statesmen began to pass away.

⁵ There are many articles discussing the finances of the US Post Office in detail in this publication.

⁶ The familial relationship between the three Livingstons is still unclear, not discussed in any of the Wells Fargo histories, nor classic biographical works..

The American Express Company was formed **March 18, 1850** by a merger of the companies owned by Henry Wells, John Butterfield (1801-1869) and William Fargo. The three companies put into American Express were: Wells & Co. (Crawford Livingston⁷ & Wells); William A. Livingston, Fargo; Butterfield & Wasson.

Henry Wells was the first President, John Butterfield as Vice President and William G. Fargo as Secretary.

In this new venture, Butterfield and Wells got all the business west of Buffalo, and Fargo et al got all the business east of Buffalo, a major trade center. The revenues were divided up as such. The Association was written for ten years.

The original Board was Henry Wells (New York), Johnston Livingston (New York), John Butterfield (Utica), James Wasson (Albany), W. A. Livingston (Cincinnati), W.G. Fargo (Buffalo) and James Mackay (Buffalo).

The formation of the American Express Company on March 18, 1850 was for an "Unincorporated Association", a form of company in which all of the members are responsible for their debt. Clearly, the express business had been so successful up to this point, that the members felt very comfortable with a sort of "private" company, in which no stock could be sold to another without unanimous approval by the Board members. While originally written for a ten year period, it appears that "Unincorporated Association" was only retained for a period of two years. The original capital was \$150,000 in 1500 Capital Shares.⁸

The New York newspapers of the 1850-1855 period never mentioned changes in the Capital Stock of American Express until March, 1852, when it was noted that the Capital Stock was 200,000 shares. Advertising for the American Express Company consistently showed this amount of Capital Shares through 1855, an unexplainable error in light of the printed stock certificates, which show otherwise.⁹ At present, there are no known printed 200,000 shares of Capital Stock certificates.

Continuing along the line of creating new companies to enlarge the presence of the new American Express Company, the Directors formed the Merchants Dispatch Company to operate along the New York and Erie Railroad, which put them in the "fast freight business."¹⁰

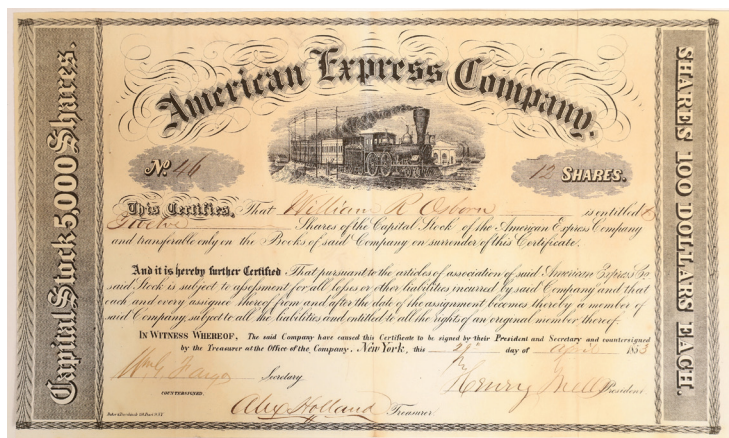
⁷ William A. Livingston, agent in Buffalo

⁸ Hatch, p28 shows the original incorporation.

⁹ March 19, 1852 is the first occurrence of an advertisement in the Buffalo Daily Republican showing 200,000 shares of Capital Stock. There are also no news articles discussing the share expansion. The very same Capital Stock number is placed in all American Express advertisements through at least mid-1855.

¹⁰ Hatch, p34. This company is not discussed in Stimson.

In a meeting of the Directors in 1852, Wells brought up the concept of expanding to California. Adams had established a strong presence but there was much room for growth. American Express had centered their express business on the railroad/stagecoach model, and Wells correctly foresaw the gold/mining express in addition to the railroad/stagecoach express business would easily outgrow the older railroad/stage model. Butterfield did not understand Wells' vision and voted against it. Two other directors voted with him. The result was a friendly formation of Wells, Fargo & Co on March 18, 1852, and the formation of a new stock corporation of the American Express Co. at \$200,000 in 2,000 shares. This early "public" company appears to be the first issuance of printed stock certificates for American Express. The Company retained their ten year business window effective to December 31, 1859.



Earliest Known American Express Stock Certificate, Period 1
[Lot 1266 - May 2021 Holabird Signature Auction](#)

The Period 1 Stock certificates

The discussion of what constitutes a Period 1 American Express stock certificate can only be made after a careful review of internal American Express archives, which may no longer exist. A review of published historical sources clearly shows:

1. An initial underwriting of 150,000 shares at \$100 each in an "Unincorporated Association" March 18, 1850. There were seven directors. How was the 150,000 shares divided?
2. The first increase in the issuance of Capital Stock to a Capital Stock of \$200,000, first published March 19, 1852. No stock certificates are known. Are some of the first 45 certificates from this period?

3. The second increase in the issuance of Capital Stock to a Capital Stock of \$500,000 as early as April, 1853, as evidenced by American Express stock certificate #46, dated April 29, 1853. The actual date of the formal approval of the stock increase is not known, and was not published in newspaper advertisements for the company. This may be the first issuance of stock to outside third parties, as the company sought additional investment for expanded operations.

The Printed 500,000 Capital Share Certificates. Period 1.

At present, only five of these certificates are known to the writer, though it was opined by RM Smythe Co. in 2006 that perhaps 15 are known. Our list from the Prag Collection is composed of cert #46 (April, 1853), #122 (in RM Smythe Sale, Auction #262, 2006, estimated at \$12,000-\$18,000); cert #262 (sold in Smythe Sale, Auction # 217, \$28,050), cert #455 and #481. We do not know if others exist, were sold privately or into the European market. Certificate #46 is the earliest known American Express certificate to date.

American Express Buys a Competitor- United States Express

In 1854, the Express business was so strong and profitable, that new companies were springing up to cover specific routes where transportation of packages became essential. In competitive business ventures, some companies are formed for perhaps all the wrong reasons – things such as creating havoc, just so you can get bought out. Such was the case, as opined by A. L. Stimson in *History of the Express Companies and Origins of American Railroads* published in 1858. Three New York men, seeking "to inflict great injury to the established express" formed the United States Express Company in 1854.¹¹ The company never made money, but caused havoc with American Express. The result was a buyout through stock purchase of United States Express by American Express, paid for by a new underwriting of stock increasing the Capital to 7,500 shares, additionally placing one of their principals on the American Express Board, Hamilton Spencer. Within a year, another company emerged as the United States Express Co., but it was completely different. On its Board and President was D. N. Barney, a part of the Wells Fargo business "family", president of Wells Fargo from 1853-1866. This company was formed to utilize the New York and Erie Railroad routes for express business.¹² The 1854-1859 period was anything but calm. With an explosion of the express business caused by not only the fast development of inter-state railroad development east of the Missouri River, but more importantly by the extreme amount of business generated by the California Gold Rush.

¹¹ Stimson p158. The United States Express was founded by Charles Backus, Hamilton Spencer, and Henry Dwight.

¹² Stimson, p184.

California Gold Rush Changes Everything

California was bounding in gold production. It changed everything. The added \$50 million per year brought in from California gold for all of the 1850 decade was more new money placed into any political economy than anywhere else in the world through history. Somebody had to figure out how to handle it, pay for it, transfer it, and ship it safely to appropriate points, particularly East to the New York Assay Office, banks and the Mint in Philadelphia. Indeed, the “tide of population” and business was sweeping westward.¹³ Alvin Adams and his express business, having purchased the original Express business of Harnden, was among the first on the scene in California. Small express companies sprang up all over California and the West, just like they had in the early years of eastern rail transportation. Adams established a number of offices in California to add to the huge number of offices the company held throughout the eastern portion of the United States.

Wells Fargo had formed in 1852 especially to acquire routes to California and do business within California, particularly in the mining regions rich with gold. They hired Louis McLane, Jr. to run the California business, and quickly opened up more than 45 offices statewide throughout the gold regions. McLane, though, was far different from Adams. He had vision, was able to quickly understand that gold production was coming from all quarters, and Adams only had a few offices. Wells Fargo could garner the majority of the gold business if they established offices in the very hearts of these mining camps, and found a way to safely transfer money and gold, as well as the usual express business of packages and mail. This they did, and with great success. You’ll recall the rest of the American Express- Wells Fargo “family” headed by John Butterfield opted not to go to California in 1852. He would change his mind within a few short years and operate the first transcontinental Overland Mail.

Along the way, the banking and money business underwent great change. In the West, gold was the currency. Companies had to find a way to trade gold and keep it honest, not a simple feat. Complex monetary systems were developed by trial and error. These included: buying of gold dust at a standard rate, until they found out not all gold had the same purity; establishment of assay offices for receiving and paying for gold; the minting of gold coins by private firms; the building of a Branch Mint in San Francisco in 1854; the development and implementation of an “exchange” system that had first been tried in the early 1840s; the creation of banking firms who took cash deposits and handled hand written checks for money transfer; and so forth. McLane looked at all these complexities and with great mastery, began a system of offices that allowed for the

deposit, transfer and shipment of gold in a safe and secure manner. One of the first things he did was drastically lower the freight cost of goods to San Francisco to 40 cents per pound, down from the 75 cents per pound charged by some competitors. McLane’s boss, after all, was D.N. Barney, a prominent New York banker, who understood the need for new banking markets in California. Wells Fargo soon was near the top of the heap. By 1854, there were three major companies in or strongly related to the banking industry, moving money and gold in and out of California: Adams & Co., Page, Bacon & Co. based in St Louis, and Wells Fargo. Almost overnight, everything changed in 1855. Page, Bacon & Co. became insolvent as the result of a heavy investment in the failed Ohio and Mississippi Railroad (Cincinnati to St Louis) and closed its doors. A “run” on the other two major companies ensued. Adams & Co. was far overextended, and also failed. Wells Fargo closed their doors temporarily, but as a company run by competent bankers and expressmen, they reopened nearly immediately, and soon took top position in the West, never to extinguish their position at the top of the pyramid again.

Adding misery to an already troubled period, American Express suffered its first major “theft” in September, 1855, which was also its second major loss. The Dubuque, Iowa American Express agent accepted two treasure boxes reportedly containing \$50,000 in gold sent from P. Quigley, Assistant Treasurer of the US in Dubuque, to John Chives, the Asst. Treasurer of the US in New York (possibly at the US Assay Office). By the time the boxes reached New York, it was evident the box tops had been tampered with, as one of them was still loose, exposing some unfortunate contents. When the boxes were opened, “they contained a very fine collection of lead bullets.”¹⁴ The boxes, it was surmised, were either switched in Dubuque or while in route to New York. While American Express “made good” on the shipment, it is a sure bet there was big trouble in Dubuque.¹⁵

American Express had not “lost” a cargo of that value since 1852, when the steamer Atlantic sunk on Lake Erie. Numerous attempts were made to retrieve the treasure box with more than \$50,000 in gold, but none were successful. On September 12, 1855, three years later, just days before the second \$50,000 loss, it was reported in the Albany *Journal* that a man named Green had undertaken to dive and recover the treasure, which was unsuccessful and injured

¹⁴ Hatch, Alden, *A Century of Service*, 1950, p37

¹⁵ Stimson p138, Hatch p37. Brooklyn *Daily Eagle*, Sept. 22, 1855. While news of this “theft” is found in American Express reference works, it is not found in the annals of the New York *Tribune* for September or later. While an article was found in the Brooklyn *Daily Eagle*, the company kept it reasonably quiet. The majority of American Express news was published in the various Buffalo newspapers. Wells Fargo detective James Hume, hired by Wells Fargo in 1873, would have loved to unravel this theft!

¹³ Hatch, p15.

him greatly.¹⁶ The loss of two gold shipments adding up to half the Company's Capital value could not have been easy to absorb.

Contracts for the Mail provide Major Revenue Source

The United States Post office was an early creation by our Founding Fathers. "It facilitated expansion into the West by creating an inexpensive, fast, convenient communication system", wrote the Post Office on their History web site. But the reality was anything but. The first stamps were issued in 1847, possibly in an effort to compete with or stop the express carrying of mails, as delivery of the mail through the US Postal system slowed to a slothly rate.

The Post Office was slow to develop in California during the gold rush. Express companies easily controlled the business by allowing for speedy delivery. Elsewhere in America, the Post Office, understanding their inefficiency in their national infrastructure, looked to private companies to transfer mail through the awarding of sometimes very lucrative contracts. Many of the Express companies made their own stamps, and some got around new and changing laws designed to force the mail business to the national government system by also placing US postage on the express envelopes, an idea first conceived of and enacted upon by McLane and Wells Fargo in 1856.

While California was exploding, John Butterfield, one of the founders of American Express who had voted not to go into California, realized that maybe there was another way to enter the market. He sought the US Mail contract for delivery to California as early as 1855. He successfully garnered the contract from the Government in 1857, creating the Butterfield Overland Mail from St Louis to California, via St Louis to Fort Smith, to El Paso, Tucson, San Diego and north to San Francisco. It took him a few years to fund and implement the system (formal corporation formed 1859 at \$2m), which covered 2812 miles and was the first Transcontinental stage line in America.¹⁷ The first trip was September 16, 1858. His new enterprise used virtually every form of transportation to expedite the delivery-packet lines, plank roads, turnpikes, stage coaches, steamers and river boats, pony delivery, you name it, he used it. It was an outstanding success, as written by Leroy Hafen in *The Overland Mail*, 1926. Butterfield's son Daniel became an integral part of Butterfield's businesses, later to become a Union General in the Civil War, which ultimately destroyed Butterfield's Overland Mail enterprise by the end of 1861.

The 1856-1857 period was particularly active for Butterfield. He became the Mayor of Buffalo. With his "Wells Fargo friends" Wells and Livingston, they created the New York, Albany and Buffalo Telegraph Co.; he became a Director of the Utica National Bank. His Butterfield Overland Mail Co. also used

many of his friends: Fargo and Barney were directors and Johnston Livingston was an officer of the new company.

Henry Wells in New York, 1856

Meanwhile, Henry Wells was having problems of his own in New York. His firm of Livingston, Wells & Co., as part of the American Express Co., had expanded to western Europe. But the business play evidently did not work, and they closed their Paris office. Livingston, Wells & Co. had a debt to the new version of US Express Co., and Wells had to give up some of his stock to Wells Fargo. During this troubled time for Wells, he may have asked Butterfield to sign in his stead, resulting in a rare autograph pairing of Butterfield and Fargo during the period of October, 1856 through November, 1857.¹⁸ By this time they had received a contract with the powerful New York Central Railroad.

In 1858, the American Express Co. built and occupied new, expansive (and expensive – a cost of \$100,000) quarters in New York, large enough to allow for direct delivery of freight rail cars to the offices using the Hudson River Railroad. With the American Express-Wells Fargo "family" well intact, Butterfield's Overland Mail company occupied the second floor.

1859. The Year of Change

The original term of the American Express Company was ten years. While that period possibly ran out March 18, 1859, it may in fact have been set for year-end 1859. At a Board meeting on September first, the Board decided to sell the entire works to Aaron Freeman, a representative for all the shareholders, "for an amount not to exceed \$750,000."¹⁹ The Company was duly dissolved December 31, 1859, and the next day on January 1, 1860 Freeman and the shareholders officially bought the Company for \$600,000 and formed a company of the same name and ownership.

¹⁶ *Albany Journal*, Sept. 12, 1855. It is unknown if this treasure was ever recovered.

¹⁷ Reports of the actual length of the line vary widely. It is fully discussed in Conklin, *Butterfield Overland Mail*, 1947. The shorter lengths, according to Conklin, did not take into account the need to change routes in California, which added more than 100 miles.

¹⁸ There is no discussion of the specific 1856-1857 period of American Express corporate matters in published works that I found.

¹⁹ Hatch, Alden, *American Express, A Century of Service*, 1850-1950, p44

Discussion of the Stock Certificates from the 7,500 share, \$750,000 Capital Period, 1854-1859

Stock certificates issued and used through the 1854-1859 period evidence three different printed and several different signature varieties, which allows for advanced collectors to acquire rarities. All of these certificates carry the "Capital Stock 7,500 shares" designation at the far left of the certificate in big bold print.

During this period, Henry Wells did not sign all the certificates as president, and instead John Butterfield signed in his stead as Vice President from about August 1 to about the 20th of December, 1859. The last ten days or so of the Company, Wells continued to sign the newly issued certificates. The very last group of certificates from December appear to reflect last-minute trading before the company was sold to the shareholders. The few blank certificates are clearly unissued remainders from the "back of the book."

The New Company, Re-emerged, 1860-1862

The new company that emerged from the shareholder buyout started with a Capital stock of 2,000 shares. The Company completely changed the physical appearance of the stock certificates, opting for a "Safety and Dispatch" theme with a vignette that represented more express wagons, steamship lines, package delivery, with less emphasis on trains, though they kept a train in the background on the left side of the vignette. These certificates were issued for a scant two years.

The Civil War and the Increase in Capital Shares to 6,000 in 1863

Butterfield's health was poor during this period, and he had stepped back from most of his business duties. The beginning of the Civil War may have brought on substantial stress, as his Butterfield's Overland Express had been a smashing success, running twice a week to California, covering the distance in 25 days. But with Confederate lines closing routes, hijacking stages and goods, Butterfield and the Government shut down the business in March, 1861. The Government "transferred" the route to the Central Route, awarded to Ben Holladay (1819-1887) after he purchased the Pony Express of Russell, Majors and Waddell, without any remuneration to Butterfield and his partners.²⁰ Fargo later purchased the route from Holladay.

²⁰ Thrapp, D. *Encyclopedia of Frontier Biography*, 1988, p201-202. See also p669. See also *Dictionary of American Biography*, v3, p375. The political scene surrounding the ending of the Southern Route and award of the Central Route is a terrific, complex story. See Conkling, v2, p335- on and Hafen p317-on.

The express business was busy during the first years of the Civil War. American Express had a near monopoly on parts of New York, and in early 1863 was paying the Hudson River Railroad nearly \$100,000 per year to run freight. At about 12% of the total freight revenue, it was too expensive, and the owners of the rail kept changing rates and conditions. What exactly took place between the two companies in an effort by American Express to lower and stabilize the rates, is not fully known, but American Express seems to have cut a deal with the Hudson River RR, and possibly Cornelius Vanderbilt, who got control of the rail line in 1864, right after he got control of the New York & Harlem RR on the other side of the Hudson River. It could be argued that American Express made a play to use the New York & Harlem RR, now under control of Vanderbilt, which would have caused a loss of the \$100,000 per year in much needed revenue to the Hudson River RR. The Hudson River RR "came around", but Vanderbilt bought them the next year anyway in a successful effort to control freight and passenger lines on both sides of the Hudson River.

Additionally, American Express bought the National Bankers Express Co. with stock in a bit of a "blackmail" play.²¹ This period is when American Express increased their capital stock to 6,000 shares and issued new certificates. Near the end of the Civil War, American Express increased capital to 10,000 shares on Feb. 11, 1865. New certificates were made, but they were not ready in time for the official distribution, such that a few certificates were issued in late February and March with a rubber stamp placed over the "old" 6,000 share certificates showing the new Capital stock amount and the date. Interestingly, Butterfield, in poor health, signed several (or all) of the early rubber stamped varieties as Vice President until the new printed issue was available in April and Wells, Fargo and Holland could continue to sign them. Also of interest to collectors is that some of the 6,000 Capital Share certificates that were sold or transferred at a later date were also stamped with the rubber stamp overprint, but it was done after the issue of the new 10,000 share Capital Stock issuance. This must be so because the certificate serial numbers continue in sequence.

The Transcontinental Railroad

The California Gold Rush brought so many people West, and so much money East, that it was imperative a railroad be built crossing the country. Numerous surveys had been conducted looking for the best possible route across the massive American West. Certainly the stage routes had been established by the likes of Butterfield, Holladay and others, but where would the rail line be constructed? Some of the express company managers were skeptical that such an undertaking could ever be completed, much

²¹ Hatch, p54

less in a few years. Louis McLane for Wells Fargo was one of them, as were perhaps his bosses back in New York. Butterfield had started out with strong skepticism, but upon realizing there might be a giant Government contract for mail at the end of the rainbow, realized he had to strike. Ben Holladay was another. Holladay sold his Central stage route to Wells Fargo in 1866. But the writing was on the wall. The stagecoach travel across the United States would end with the completion of the transcontinental railroad. American Express, and their business partner Wells Fargo, would have to find a way to adjust. Capital would be needed for as-yet unknown expenditures necessary for garnering control over the railroad.

Little did they know as the year 1869 approached that the transcontinental railroad would break up the long successful run of the Wells-Fargo-Butterfield-Livingston business family.



Merchants Union Express Company Stock Certificate
[Lot 1305 - May 2021 Holabird Signature Auction](#)

Another Competitor Arises: Merchants Union Express

Near the close of the Civil War, Merchants Union Express was created specifically to compete with American Express and the Wells-Fargo-Butterfield-Livingston business family. The Merchants Union Express raised capital with American Express. In a swift corporate move, American Express increased their capital stock to 18,000 shares on May 1, 1866, still with Wells, Fargo and Holland at the helm. This increase in capital would allow the Company the freedom to buy other express, steamship or rail lines to strengthen their hold on a monopoly of the express business east of the Missouri River. The prospect of purchasing the Merchants Union Express was a long one. Finally, Capital Stock was issued and the companies merged November 25, 1868, allowing for a new company to emerge, The American Merchants Union Express Co.



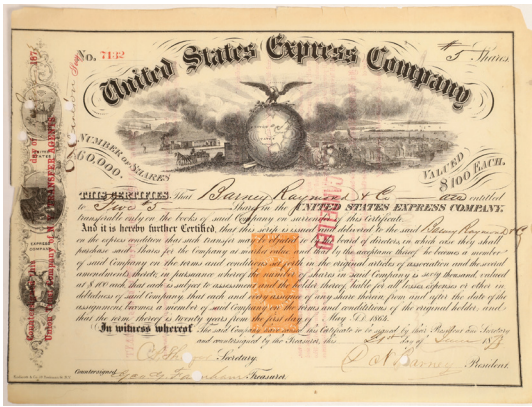
American Merchants Union Express Co. Stocks Signed by Fargo
[Lots 1313 & 1316 - May 2021 Holabird Signature Auction](#)

The new company of American Union Merchants Express came at a stiff price. Henry Wells had enough of the rough corporate play, and resigned before the merger was completed. The new company was headed by men from both companies. William Fargo was elected as President of the new firm.

The increase of Capital Stock in American Express to 18,000 shares up from 10,000 shares just thirteen months later (May 1, 1866), with certificates only printed for 11 months with the new "10,000 shares of Capital Stock" offer a bonus for collectors. This very short issue is very rare, with only two certificates in the Prag Collection. The 18,000 share certificates were again completely changed, this time with a blue border added.

Transcontinental Railroad Becomes A Reality

Lack of action by Wells Fargo in the days leading up to the completion of the transcontinental railroad cost the company dearly. Skeptical to the bitter end, the Wells Fargo Board, including Barney, seemed not to understand the real progress of the rail line and what would happen if completed in 1869, essentially on schedule. Wall Street took notice, and stock prices on Wall Street in Wells Fargo fell precipitously. By early 1868, the Wells Fargo Board ordered the sale of the stage lines. Not all agreed. McLane correctly understood that stages would continue to be a necessity for travel within the mining regions until a rail system was built, and few were completed to that point in time.



**United States Express Company Stock Certificate issued to Barney
Lot 1320 - May 2021 Holabird Signature Auction**

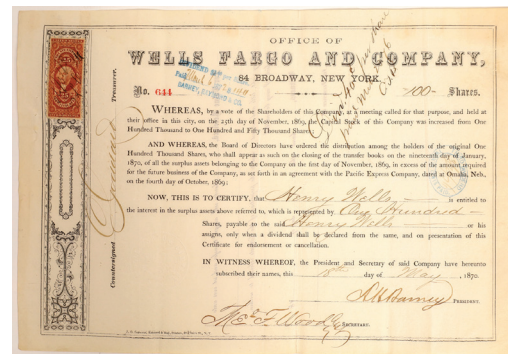
The express business system was also in a wild state of flux. The United States Express Co, an arm of American Express, had procured a deal with the new Union Pacific Railroad for exclusive express service from Ogden, Utah to Omaha. Aside from the express company wars, was a war for Government subsidies as part of the Union Pacific - Central Pacific race to complete miles of track. These business wars necessarily involved mail contracts for existing express routes with and without rail service, and which contracts would succeed with the new transcontinental railroad.

California business financiers Lloyd Tevis, D.O. Mills and Charles Crocker, heads of the newly chartered Central Pacific Railroad, began buying up Wells Fargo stock quietly. Their game plan was to control the express business from coast to coast. By late 1869, they had procured an exclusive contract with the Central Pacific Railroad through their ownership of the Pacific Express Co. About this time, stagecoach pioneer, and part-founder of American Express, John Butterfield died. On October 4, 1869, William G. and Charles Fargo (founder and officer of Wells Fargo), A.H. Barney (President of Wells Fargo) met Tevis and Mills behind closed, locked doors in Omaha.²²

Through a complicated merger agreement, quite typical of Wells Fargo and American Express in years of old, a new company arose of that meeting, retaining the great name of Wells Fargo, but with Lloyd Tevis now at the command. The move was pure Wells-Fargo-Butterfield-Livingston in concept "It is better to join forces than to fight," but now the "family" included Tevis and his business family, inclusive of D.O. Mills and one or more members of the Central Pacific Railroad group.

²² Loomis, p211-212 mentions a man named "Bacon" in his discussion of the Treaty of Omaha. No other printed discussion of this event has this name.

For scripophily collectors, this historic meeting created a new certificate, a Wells Fargo piece issued in May, 1870 as a direct result of the October, 1869 Omaha meeting and resultant "Treaty of Omaha" in which Tevis took control of Wells Fargo.



**1323 Wells Fargo Company, Omaha Treaty Stock Certificate, 1870
issued to Wells**

Lot 1323 - May 2021 Holabird Signature Auction

The only problem for entire control of the transcontinental route was the Ogden to Omaha stretch, where Wells Fargo could not accept any express. Instead, it had to be contained in locked separate rail express cars. Wells Fargo's old corporate partner, American Express through it's affiliate U.S. Express owned that small portion of the entire transcontinental route.

At the end of the day, the Omaha settlement was similar to original plans of the American Express Company. The two different companies agreed to keep specific geographic regions. In this case, Wells Fargo got the Missouri River West and American Express kept the Eastern sector.

1873. A New Beginning.

One of the last "great" changes in the nineteenth century to American Express came in 1873 when American Express got its original name back, expanded the Capital Shares to 180,000 shares and new certificates were issued, and any printed reference to "Merchants Union" was dropped. American Express has gone on to continue to grow, recognize, implement and capitalize new and emerging markets.

The American Express Stock Certificates

The reader is reminded that there are two prior Capital Stock issues. These are:

- A. An initial underwriting of 150,000 shares at \$100 each in an “Unincorporated Association” March 18, 1850. There were seven directors. How was the 150,000 shares divided?
- B. Capital Stock of \$200,000, first published March 19, 1852. No stock certificates are known. Are some of the first 45 certificates from this period?

The Stock cert varieties based upon this Collection are²³:

- 1. **Capital Stock 5,000 shares** (at left), train vignette, 4 lines on telegraph poles, “to” after “entitled” is in manuscript; New York Office, signed by Wells, Fargo and Holland as treasurer, printed by Baker & Duyckinck, 158 Pearl St. NY. (3) Certs: 46 (apr 1853), 455 (Nov 1853), 481, 12/1/1853, 2 sh
- 2. **Capital Stock 7,500 shares. 1854-1859**



- a. 1854 (6), Wells, Fargo, Holland. Same printer. March 1854 has 4 telegraph lines, after has 3 telegraph lines



- b. 1855 (3), Wells, Fargo, Holland. Different telegraph lines and pole locations



- c. 1856 (1) Butterfield, Fargo, Holland. Same printer. Train, 2 telegraph lines



- d. 1857 (5) Butterfield, Fargo, Holland. John H. Duyckinck printer, 164 Pearl St. NY



- e. 1858 (2) Wells, Fargo, Holland. Same printer. Train, 2 telegraph lines



- f. 1859 (21). Same printer 134076
 - i. Feb-April (4), Wells, Fargo, Holland. Train, 2 telegraph lines.

²³ After completion of this manuscript, I was able to locate additional certificates which expands the date ranges for a couple of the varieties listed here.

- ii. Aug 1-12/14 (14), Butterfield, Fargo, Holland. Telegraph dropped as were the buildings at right, now gone. After October, 1859, a second mountain is added to the far right of vignette. That mountain is again dropped after Dec. 13 issue. Dec. 5/1859 (3). Butterfield (as VP), Fargo, Holland. Two mountains at right
- iii. Dec 23/1859 (1), Wells, Holland. Vignette as last stage above.
- iv. 12/29-30/1859 (2), Wells. The secty and Treas are blank. Vignette as last stage above.



- 5. **Capital Stock 6000 shares, March 19th, 1863 with 10,000 shares overprint** (Auth. Feb. 11, 1865) in blue. (8). **1863-1865**. Same printer, same vignette **[Why is there an 1865 overprint on stocks clearly dated before the overprint date?]** stamp must have been applied at a later date, perhaps when the certificate was transferred or sold. Correct- the check with cert #s confirms this.

- a. 1863 (3) Wells, Fargo, Holland



- g. Unissued, unsigned (5). These are the last stage vignette as above, one mountain, no telegraph. Clearly printed in late December, 1859.



- b. 1864 (2) Wells, Fargo, Holland
- c. 1865 (5) March, 1865 Butterfield (as VP), Fargo, Holland 134075

- 6. **Capital Stock 10,000 shares, Feb 11th 1865**. safety and dispatch vignette. **1866**.



- 3. **Capital Stock 2000 shares. Safety and Dispatch vignette, 1860-1862** (10). J.H. Duyckinck, Stationer, 164 Pearl St., NY. All Wells, Fargo, Holland.



- a. (1), Wells, Fargo, Holland
- b. (1) Wells, Fargo

- 4. **Capital Stock 6000 shares, March 19th, 1863. (1863-1865)** Safety & Dispatch vignette. Same printer.



- a. 1863. Wells, Fargo, Holland (4)
- b. 1864. Same (2)
- c. 1865, Jan. Wells, Fargo, Holland (1)
- d. 1865, April. Butterfield (as VP), Fargo, Holland (1)



- 7. **Capital Stock 18,000 shares, May 1, 1866**, blue border, Safety & Dispatch vignette (3). Wells, Fargo, Holland



8. **Capital Stock 180,000 shares, 1873-96.** (4) Dog vignette. Fargo, Knapp, Jas. Fargo.
- 1873-sept 1877, Fargo, Knapp, Holland (2)
 - Sept 6, 1877, Fargo, Knapp, Jas Fargo (1)
 - 1896, Jas. Fargo, Seward, Jas Fargo (1)

Related Wells Fargo Certificate

The Treaty of Omaha, which ended the long association of American Express and Wells Fargo, resulted in the issue of Wells Fargo & Co. Distribution Certificates, 1870. May, 1870 (2), Barney, Wood (asst Secty). This is the last of the certificates issued under the "old" familial control. Tevis became President immediately afterward.

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