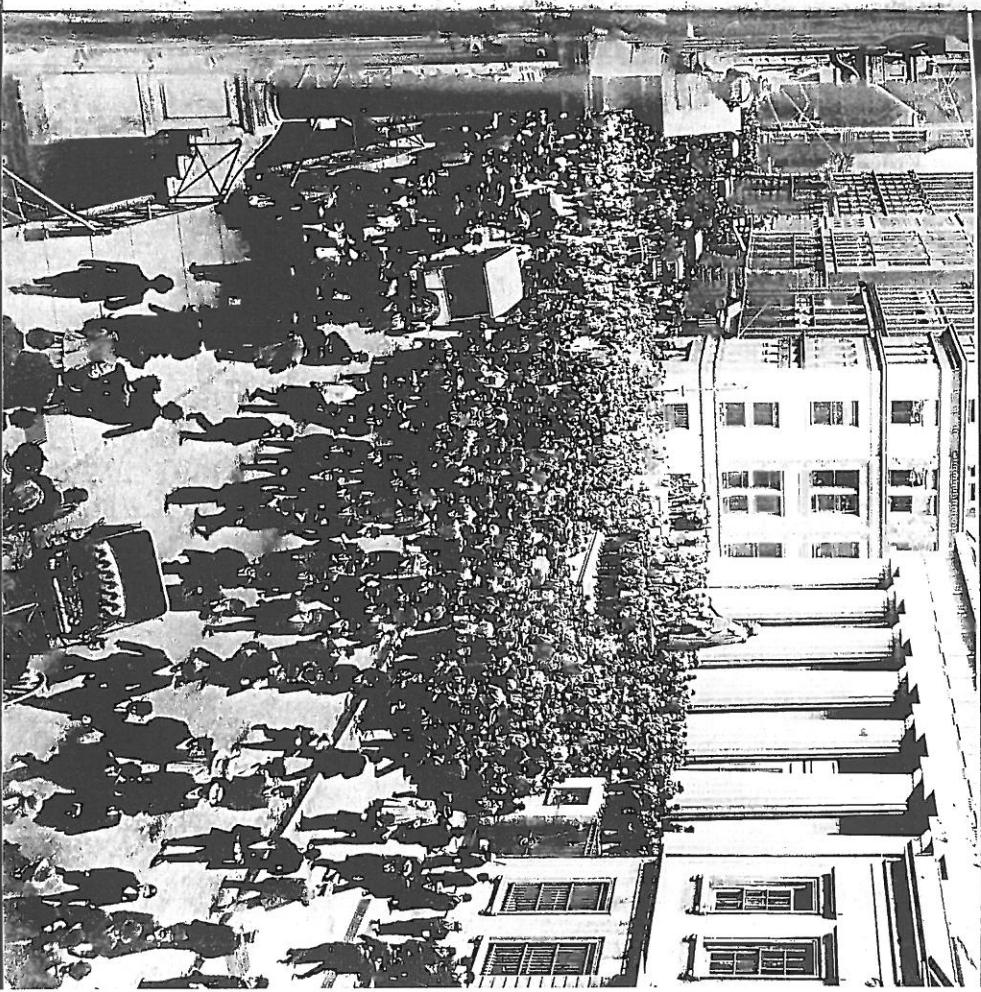


village made up mostly of New York commuters." The death of his mother shortly thereafter was a difficult blow, but one perhaps lessened in the spring of 1899 when Moody married Anna Mulford Addison (1877-1965), who hailed from Brooklyn, New York, but who had been born in Nice, France. It was "a match made in heaven," said Moody.

Moody was now earning a respectable \$3,000 a year as head of research at Spencer Trask. His experience there had provided him every opportunity to receive a broad and diversified training in banking and finance. Toward the end of the decade, Moody recalled, "there was no phase of the investment banking business that I did not know something about, or in which I had not had some experience." He was ready to move on.

STRIKING GOLD, AND GOING BUST

The First Moody's Manuals (1900-1908)



THE STORY OF THE FIRST MOODY'S MANUAL, published in late 1900, begins about a year earlier. Just married, Moody was still the successful and well-respected head of research at Spencer Trask & Company, but getting restive. Now past thirty, he saw little opportunity of progressing in his current position.

With a possible partnership likely decades away, Moody began dreaming of ways to participate in the rising tide of prosperity in the United States after the Spanish-American War. He decided that the only way to make big money, and make it fast, would be as a business-getter and a business-builder rather than "doomed indefinitely to an expert job."

One morning in 1899, he was reading an article in the *Wall Street Journal* by the brilliant young editor Thomas F. Woodlock, who was advocating the need for greater knowledge and understanding of corporation statistics. After putting the article down, Moody had an epiphany: The thought flashed through his mind that, "Somebody, sooner or later, will bring out an industrial statistical manual, and when it comes it will be a gold mine. Why not do it myself?"

Moody set out almost immediately to do just that. Unannounced, he ventured into Woodlock's office on Broad Street, where he outlined his plan for publishing a statistical manual, and asked the editor's opinion of the scheme. Woodlock thought it a splendid idea, provided he could find sufficient financial backing. Moody then canvassed Wall Street to estimate demand for such a book.

MOODY'S MANUAL OF INDUSTRIAL AND MISCELLANEOUS SECURITIES

MOODY'S MANUAL
OF INDUSTRIAL
AND MISCELLANEOUS
SECURITIES

1900

FIRST ANNUAL
N.Y.M.B.E.R.
JOHN MOODY
F.D.T.O.R

COMPOSED FOR THE O.C. LEWIS COMPANY
PRINTERS, 151 WALL STREET, NEW YORK



Some were positive about the idea. But, as Moody told the story, one hard-headed banker voiced sentiments typical of the nay-sayers: "If you begin to flaunt too many facts," he said, "there won't be much inside knowledge left to work on; you will be spoiling our game. Use your information yourself; don't be a philanthropist. There's no money in it!"

Others told Moody that it would cost at least \$20,000—\$30,000 to get out a book of statistics and that he ought to be prepared to sink as much again before the tide turned his way.

Moody had no money to invest. But the idea of bringing out a book—even a mere compilation—fired his imagination. He also had plenty of experience in financial research, having already begun a similar project at Spencer Trask.

At the time, even conservative bankers were increasing their dealings in securities other than those of railroads and municipalities; and with the era of giant industrial combinations in full swing, Moody witnessed securities of newly formed companies flooding into the markets every day. Most companies did not hold shareholders' meetings, and they practically never published reports to individual shareholders; nor was there any source, outside Poor's railroad manuals, that investors could turn to for reliable corporation statistics. He knew he was on the right track.

PUBLISHING ON A SHOESTRING

Moody discussed his idea with a young colleague at Spencer Trask by the name of Eliphalet Nott Potter, who also saw potential in it. Both "imaginative dreamers" and "impulsive plungers," the two quickly formed a private partnership. Potter was able round up \$5,000 to start the wheels turning.

But Moody had several other bright ideas during this time. *Moody's* prepared an elaborate prospectus for "The Forthcoming 1900 Edition of Moody's *Manual of Industrial and Corporation Securities.*" Apparently, he felt that the funds Potter collected were far from enough; and, remembering the bad experiences with his youthful publishing ventures, he likely feared going into debt. Whatever the reason, Moody set out to publish on a shoestring, and on his own. To stir up advance sales, he prepared an elaborate prospectus for "The Forthcoming 1900 Edition of Moody's *Manual of Industrial and Corporation Securities,*" including an "Enclosed-please-find-check" order form designed to invite advance payment.

It took two weeks to get the wording right. But when the prospectus was finished, Moody writes: "I was ready to stake my life that Wall Street would turn somersaults in their rush to purchase an article so convincingly described. My faith

in success was now as colossal as my venturesome spirit."

Fired with enthusiasm, Moody was able to convince a printer to hold his \$300 bill for printing the prospectus until the manual was published. Sometime in mid-1900, he mailed the prospectuses to the entire Stock Exchange directory, to other bankers and brokers, and to banks and insurance companies. Moody paid the \$200 postage out of pocket, addressed and stamped the envelopes himself, and lugged the entire 5,000 copies of his circular up to the New York Post Office in a big bag on his back. Within two weeks, he received several hundred orders with more than enough checks enclosed to cover his mailing and printing expenses.

He then got busy on the new manual, working nights, weekends, and holidays, mainly at home. His wife Anna (who was in the early stages of pregnancy with the couple's first child) helped when she could with typing and dictation. After seven or eight months of lightning-speed compiling, the job was completed and delivered to the printer. Only then did Moody resign his job at Spencer Trask.

All the while, Moody had been taking additional steps to push for advance business. He commissioned an experienced salesman named Orlando Lewis to solicit advertising and subscriptions. Lewis, who was known on the Street as a "monumental windbag" and had been selling Poor's Railroad Manuals for years, turned out to be a star salesman for Moody's Manual. He sold several hundred copies, plus over \$2,000 of ad space (which is why the first Moody's Manual has the Guaranty Trust Company's name on the front cover).

The book, now titled *Moody's Manual of Industrial and Miscellaneous Securities*, was ready for delivery in late October 1900. Moody held it back, however, until a few days after William Jennings Bryan's second defeat as U.S. President. Then, says Moody, the stock market literally boiled over, making it the right psychological moment to publish the Manual. Within a week, Moody had enough cash in the bank to pay both his printer and Orlando Lewis.

statistics and other information

on 1,800
corporations.

The first Moody's manual had 1,100 pages and provided statistics and other information on 1,800 corporations.

A SELL-OUT SUCCESS

The first Moody's Manual had more than 1,100 pages and provided statistics and other information on 1,800 distinct corporations, representing total capital of over \$9.3 billion, along with information on securities in the New York market as well as those dealt in other important American cities. Its twelve sections covered industries ranging from steel and iron to automobiles, compressed air, textiles, mining, telephone and telegraph, and a few railroads covered under "miscellaneous." Moody published his manual with a red cover to distinguish it

HENRY VARNUM POOR FOUNDS THE MANUAL BUSINESS

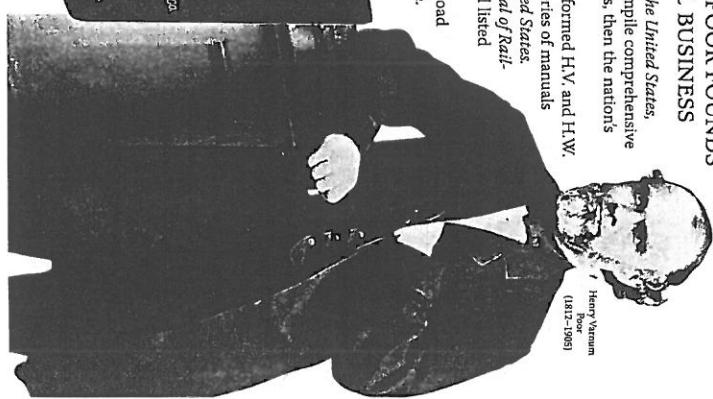
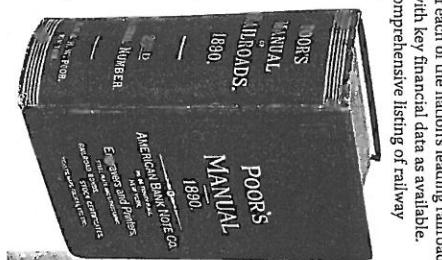
Mr. Poor's *History of the Railroads and Canals of the United States*, published in 1860, was the first major attempt to compile comprehensive financial and operating information on U.S. railroads, then the nation's largest, most capital intensive industry.

Six years later, Poor and his son Henry William formed H.V. and H.W. Poor Company and began publishing the first in a series of manuals covering the railroad industry: *Railroads of the United States*. Subsequent annual editions were titled *Poor's Manual of Railroads*. In more than 1,500 pages, Poor's 1890 manual listed details on the lines of road, rolling stock, history, and management of each of the nation's leading railroad companies, along with key financial data as available. It also included a comprehensive listing of railway officials, car painters, and master mechanics.

When Henry Varnum retired in 1873, his son took over the company. The firm was sold in 1914 to Roy Porter, who combined it with other interests to create Poor's Publishing Company, a predecessor of today's Standard & Poor's.

POOR'S	ANNUAL	POOR'S
MANUAL	MANUAL	MANUAL
RAILROADS.	RAILROADS.	RAILROADS.
1890.	1890.	1890.

AMERICAN BANK NOTE CO.
PRINTERS AND PUBLISHERS
1890. 1890. 1890.



from the Poor's railroad manuals, which were bound in green.

The Manual was favorably reviewed. It received a particularly warm welcome from the *Wall Street Journal*, which acknowledged the book as "the first systematic attempt to gather and publish on a comprehensive scale the financial data of American industrial corporations." That field, the *Journal* review continued, "has heretofore been practically unoccupied, and it is believed that the new publication will prove fully as valuable to industrial investors and interests as Poor's manual has to railroad interests. The editor, Mr. John Moody . . . is to be congratulated on the

HOW IS THIS?

*The Financial Editor
of one of New York's
leading dailies writes
of Moody's Manual
for 1901:*

"I regard the work as the most valuable ever... ever... book published in recent years. Without question, even with... it is now in my personal library of congratulating you on the publication of a reference book so complete and so exact that with last year's issue it has become a necessity to financial writers."

Price, bound in cloth,
in ~~50c~~, \$1.00 per copy

JOHN MOODY & CO., Publishers
35 Nassau Street, New York

Moody ran frequent advertisements in financial media to support his growing manual sales. The ad above ran November 1, 1901 in *The Wall Street Journal*. In his ad for the 1902 manual, Moody termed it "The Official Reference Book of the Corporations of the United States," boasting that it was "AT WITH FACTS."

As it turned out, Poor's did not expand their manual for several years. Even though Moody raised the price of his new and improved manuals for 1901 and 1902 from five dollars to \$7.50 per volume, they sold well. Thanks in part to extensive advertising and a sales trip to the West Coast, Moody recalled, "Moody's Manual was a household word by the end of 1903—not only in Wall Street but as far south as St. Louis and as far west as San Francisco."

Moody ran frequent advertisements in financial media to support his growing manual sales. The ad above ran November 1, 1901 in *The Wall Street Journal*. In his ad for the 1902 manual, Moody termed it "The Official Reference Book of the Corporations of the United States," boasting that it was "AT WITH FACTS."

John Moody & Company and issuing more stock. He then got to work compiling the manual himself, working many a long night at his 6 Wall Street office until the Trinity Church chimes struck midnight.

As it turned out, Poor's did not expand their manual for several years. Even though Moody raised the price of his new and improved manuals for 1901 and 1902 from five dollars to \$7.50 per volume, they sold well. Thanks in part to extensive advertising and a sales trip to the West Coast, Moody recalled, "Moody's Manual was a household word by the end of 1903—not only in Wall Street but as far south as St. Louis and as far west as San Francisco."

fullness and manifest value of the first number of the Manual."

Moody published 5,000 copies of the 1900 Manual. Sold at five dollars apiece, it turned a good profit. But that first and only print run ran out within sixty days, so he immediately began signing up orders for the 1901 edition.

Aside from his partnership with Eliphalet Potter, Moody and

Orlando Lewis had set up O.C. Lewis Company in May 1899. With \$25,000 in capital (including \$20,000 of common and \$5,000 of preferred stock, likely supplied by Potter), the company was formed to do general advertising business and operate a bureau of financial information. Allowing for the expenses of setting up a small office and hiring a stenographer and assistant editor, final profits exceeded \$5,000. To celebrate, Moody declared a 20 percent dividend on common stock.

The future was looking bright for Moody in 1901. Not only was his manual a self-out success, his first son, John Edmund Moody, had been born the year before, just as the Manual was being published. "I now had two 'babies' on my hands," reflected Moody.

Moody had heard rumors that Poor's was planning to cover industrial companies in their forthcoming 1901 edition, which was due to come out in the fall. He quickly decided to "steal a march" on the competition by adding to the 1901 edition more comprehensive statistics—not only on railroads, but on the rapidly growing field of public utilities.

To finance the operations, he restructured his firm, calling it

the failing *Elizabeth Times*—New Jersey's only remaining Democratic daily at the time. Forgetting his earlier disasters in newspaper publishing, he began by taking a half-interest, but was soon forced to buy the paper outright.

Finally, after a long, losing battle, he gave the publication to another reform-minded optimist so as to avoid further losses.

Moody's second son, Ernest Addison Moody, was born in 1903, adding to his financial burdens at home, while competition was heating up in the financial publishing business.

The same year, Roger Babson, operating out of Wellesley, Massachusetts, entered the New York market with his Bond and Stock Statistical Card Service. Then, in 1904, Luther Lee Blake began developing his Standard Statistics Bureau (founded formally in 1906). But Moody's chief concern at this time was his rivalry with Poor's Railroad Manual Company. The firm had hired

STRIKING GOLD, AND GOING BUST

RUNNING ON MULTIPLE TRACKS

About a year after the first manual was published, Moody moved his offices a few blocks north to 35 Nassau Street. He also hired Louis Hirschuh, who would remain a central figure in the firm throughout Moody's early history.

During the same period, Moody was succumbing to the get-rich-quick atmosphere on Wall Street. Like his father before him, he couldn't resist the lure of speculation. As stock prices soared, Moody bought Missouri Pacific at 125 on a 10-point margin. Five days later, on May 9, 1901, the day of the famous Northern Pacific "corner," his stock dropped to 55 and Moody was wiped out, along with his pipe dream of sailing to Europe and buying two or three houses!"

His nest egg gone, Moody resolved never to speculate in the securities markets again. But for the next several years, as his business continued to prosper, Moody found other ways to dissipate his income.

In 1901, he was elected chairman of the Union County Democratic Committee, New Jersey, beginning a six-year foray into progressive politics. As party leader, he was also an enthusiastic speaker, preaching what he and his reform-minded colleagues called "The True Democracy" movement (with the ultimate aim of making Henry George's single-tax reform proposals a reality across America).

In the process, Moody recalls that he "dove head first" into a project to save the failing *Elizabeth Times*—New Jersey's only remaining Democratic daily at the time. Forgetting his earlier disasters in newspaper publishing, he began by taking a half-interest, but was soon forced to buy the paper outright.

Finally, after a long, losing battle, he gave the publication to another reform-minded optimist so as to avoid further losses.

Moody's second son, Ernest Addison Moody, was born in 1903, adding to his financial burdens at home, while competition was heating up in the financial publishing business.

The same year, Roger Babson, operating out of Wellesley, Massachusetts, entered the New York market with his Bond and Stock Statistical Card Service. Then, in 1904, Luther Lee Blake began developing his Standard Statistics Bureau (founded formally in 1906). But Moody's chief concern at this time was his rivalry with Poor's Railroad Manual Company. The firm had hired

a new editor and manager and had begun to

beginning an a

six-year foray

into progressive

politics.

In 1901, Moody was elected chairman of the Union County Democratic Committee, New Jersey,

beginning an a

six-year foray

into progressive

politics.

In 1901, Moody was elected chairman of the Union County Democratic Committee, New Jersey,

beginning an a

six-year foray

into progressive

politics.

In 1901, Moody was elected chairman of the Union County Democratic Committee, New Jersey,

beginning an a

six-year foray

into progressive

politics.



Roger W. Babson became

Moody's first serious competitor

in the business of providing

data on the securities of

industrial companies when

he entered the New York

market with his Stock and

Bond Statistical Card Service

in 1903. Babson would soon

become a determined adversary

in the manual business as well.

He is best known today as the

founder of Babson College.

BABSON'S BOND DESCRIPTIONS.

Important, Accurate, Complete, Conveniently Arranged, Containing revised every day.

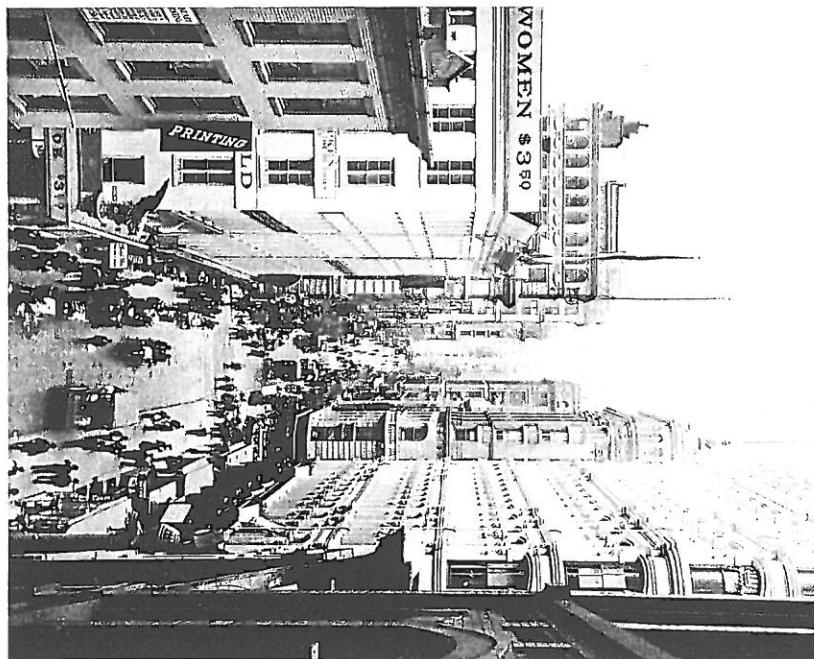
With Roger W. Babson, Inc., Boston, U. S. A.

This ad for the bond portion of Babson's service ran in *The Wall Street Journal*, June 5, 1906.

compete more directly with Moody's, finally bringing out a separate volume on industrials and utilities in 1904. Moody retained the advantage, however, covering the entire field in one volume, at a price of \$10 a copy, compared with \$14 for the two Poor's books.

That year, Moody had twenty employees and his offices at 35 Nassau Street

occupied a third of a floor (at a rental of \$5,000 a year).



In late 1901, John Moody & Company moved from 6 Wall Street to new offices at 35 Nassau Street. Through many ups and downs, Moody would maintain offices there for the next 26 years.

The building was located on the west side of Nassau Street, between Liberty and Cedar Streets. Though not clearly visible in this 1905 photo of Nassau Street looking south, No. 35 was most likely located after the third full building on the right.

MOODY PUBLISHING COMPANY

All the while, Moody was lifting his sights well beyond the manual business. By the time the 1903 Manual was released, the company had another new name: Moody Publishing Company, with advertised capital of \$125,000—and two new lines of business,

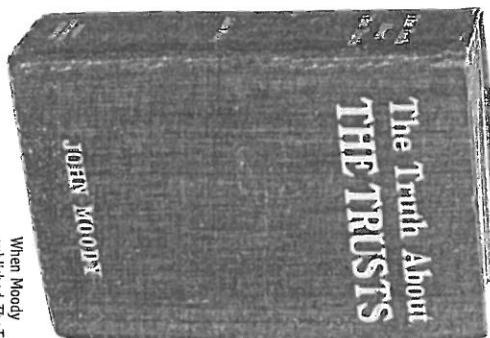
One was The Bureau of Corporation Statistics, which he billed as "a financial library of nearly 2,000 volumes, and current data (increasing daily and systematically revised) regarding American corporations and investments of every kind and nature." For a fee, subscribers were entitled to full use of the Bureau's statistical files, and to make special inquiries whenever they desired.

Moody also began to publish what he called "other financial and economic literature." Among his first offerings was *The Truth About the Trusts*, an ambitious 500-plus page book with description and analysis of the American trust movement. Authored by Moody, it was based on information compiled by his Bureau of Corporation Statistics.

The trust movement was then the main political issue discussed across the country, and the book soon became a best-seller. The author felt it was "a good publicity stunt for the business." Indeed, the book helped to put the Moody's brand on the financial map. Moody conceded, however, that "it made little or no money and diverted attention from our real publishing job."

Moody published many other books around this time, with mixed reviews. One was titled, perhaps too ironically, *I Have a Little Money; How Shall I Lose It?* It fell flat. Moody recalled, *How to Judge of a Horse* received "the loudest kind of guffaw." *How to Invest Money Wisely* sold well. It, too, didn't generate much cash, but it did help to raise Moody's public profile.

Moody's public speaking activity was also good publicity, both for him and for the firm. Since publishing the first manual, he had become well known as a speaker on financial as well as political topics. For example, his six-month courses on Wall Street investing, with lectures every Monday evening at the West Side Young Men's Christian Association, were widely advertised and well attended—so well, in fact, that his financial teachings there were strongly criticized by a prominent socialist as being inappropriate for a Christian organization.



THE MOODY CORPORATION

In late 1904, to accommodate his broadening horizons, Moody restructured the company again. This time, he formed The Moody Corporation.

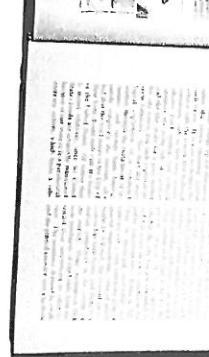
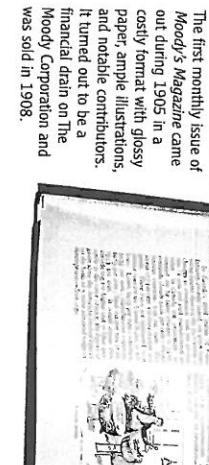
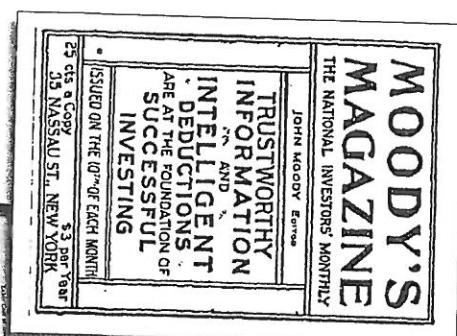
With an advertised \$1,000,000 of capital and surplus, the corporation's announced purpose was to "establish a general plant for the furnishing of financial facts and statistics." In addition to Moody, the company had ten directors, with his long-time friend Eliphabet N. Potter serving as treasurer; Frederick B. Adams as vice president; and Louis W. Holschuh, secretary.

As shown in the advertisement below, the new firm included The Moody Publishing Company, billed as the publisher of "Moody's Manual, etc." and the Bureau of Corporation Statistics, which supported Moody's Manuals and offered Bureau of Corporation Statistics, which supported Moody's Manuals and offered

The Moody Corporation Dispensers of Financial Statistics Capital and Surplus, over \$1,000,000 <small>incorporated under the laws of the State of New York</small>		
DEPARTMENTS:		
Book Publishing: MOODY PUBLISHING CO. Publishers of Moody's Manual of Investments and Moody's Industrial Manual. <small>(Issued annually in May.)</small> Moody's Commercial and Industrial <small>(Issued quarterly in December)</small> <small>Also, miscellany on financial and economic publications, (send for Catalogue.)</small>	Financial Information: THE BUREAU OF CORPORATION STATISTICS <small>Published in monthly issues, Moody's</small> <small>Manual, furnish report Railroad</small> <small>and other Corporation investments of all</small> <small>kinds, both American and Foreign, in-</small> <small>valuable to bankers, dealers, investors,</small> <small>and other buyers, etc. Highly com-</small> <small>monly used by leading financial</small> <small>bourses.</small> <small>CHAS. L. F. BRIDGE, Manager.</small> <small>(Send for Circulars.)</small>	
Periodical Publishing: PUBLIC AFFAIRS PUBLISHING CO. <small>Publishers of a monthly magazine, or</small> <small>periodical, "Public Affairs," in price,</small> <small>entitled "Public Affairs," in period-</small> <small>ical institutions, large capacity,</small> <small>(Send for prospectus.)</small>		Mechanical: AN UP-TO-DATE PRINTERY <small>A book and commercial printing plant,</small> <small>including a large capacity of books, article</small> <small>and general publications, large capacity,</small> <small>(Send for information.)</small>

The corporation also included two new lines of business, both of which turned out to be disasters. Public Affairs Publishing Company was set up to publish a monthly magazine, which Moody expected to call *Public Affairs*. When the first issue was published in 1905, it was called *Moody's Magazine*, with Byron W. Holt as editor. Each monthly issue contained some 100 to 130 glossy pages, with photos and illustrations, The ad to the left outlining the four departments of The Moody Corporation and listing its management appeared in *The New York Times*, February 24, 1905, shortly after the new corporation was formed.

34



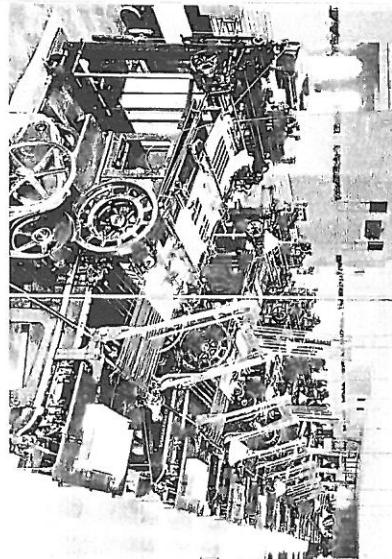
and articles on a broad range of topics such as "The Amazing Prosperity of the United States" by Carl Snyder; "The Romance of the Telephone" by H. C. Nichols; "The Cuban Sugar Situation" by Henry Hale, and "Quantity Theory Applied" by Professor Irving Fisher.

"Someone put the notion into my head that the publication of a monthly magazine of popular character for investors would make as big a hit on Wall Street as our Manual had," said Moody. With a low subscription price, it was expected it to be a "feeder" for the manual, vastly expanding its market. Indeed, *Moody's Magazine* was "a good little publication," and many on Wall Street liked it. But it only generated a few thousand subscriptions. Moody lamented that he "had gone into the venture as our Manual had."

and articles on a broad range of topics such as "The Amazing Prosperity of the United States" by Carl Snyder; "The Romance of the Telephone" by H. C. Nichols; "The Cuban Sugar Situation" by Henry Hale, and "Quantity Theory Applied" by Professor Irving Fisher.

"Someone put the notion into my head that the publication of a monthly magazine of popular character for investors would make as big a hit on Wall Street as our Manual had," said Moody. With a low subscription price, it was expected it to be a "feeder" for the manual, vastly expanding its market. Indeed, *Moody's Magazine* was "a good little publication," and many on Wall Street liked it. But it only generated a few thousand subscriptions. Moody lamented that he "had gone into the venture as our Manual had."

35



Moody's up-to-date printing facility (smaller than the one shown above from around the same time) was located in Elizabeth, New Jersey.

printing. That, he later concluded, turned out to be a "silly and childish" idea. Moody bought a building in nearby Elizabeth, New Jersey, not far from his birthplace. He added an extension, and equipped it with modern machinery. But its payroll grew by leaps and bounds; and the plant proved too small to print the manual (its main job), so Moody still had to call in outside printers at great expense.

BRICKS AND MINES

By late 1905, Moody was already \$50,000 in personal debt. Nevertheless, boom times continued in America, and his credit was good. He continued to be a borrower and an endorser to fund his ever expanding visionary and speculative activities, hoping that the next investment would save his fate. "I kept on excavating my financial grave," he recalled, "and mortgaging everything I possessed."

One such venture involved a half-interest in a brick factory in upstate New York. In 1904, when Moody's political activities were first becoming a heavy drain, he viewed it as a golden opportunity. He issued bonds and learned enough about the technicalities of making sand-lime bricks to write a book on the subject. But soon he was forced to borrow loan after loan for working capital and other purposes. "I wanted to drop it," says Moody, "but had a bear by the tail and couldn't let go."

Around the same time, members of the True Democracy movement persuaded Moody to invest in a gold mine in Nevada. He again thought that a successful

without really knowing a thing about its possible market; hiring an expensive editor who needed a group of assistants, and sinking money into it recklessly." Instead of a "feeder" for the manual, it turned out to be a frightful "sucker."

The corporation's second new line of business—a printing plant—turned out to be the biggest money-sucker of all. It was advertised as an up-to-date printery, "making a specialty of high-class, artistic printing, for bankers, brokers, and financial institutions."

Moody also intended to save the firm thousands of dollars by doing his own work. It was the "biggest" "money-sucker" of all Moody's financial missteps during this period.

A HOUSE OF CARDS COLLAPSES

In August 1905, the Moody's sailed for Liverpool, fulfilling a youthful call to wan-

wheels were even then revolving to destruction." Moody recalled, "but I shut the door on them, and turned my eyes to the mystic East!"

Moody went to Europe with introductions to London bankers and businessmen, and used them to make contacts which proved useful in later years. He was also armed with letters from his American radical friends to their counterparts overseas. Clarence Darrow, for example, gave him letters to George Bernard Shaw and various "modernistic writers." Others supplied introductions to single-tax leaders, one of which enabled him to meet David Lloyd George, who was then coming into prominence in British politics.

With his wife in tow, Moody wandered through London, indulging his longstanding interest in British history and literature, then moved on to Paris and Geneva. The couple traveled by horse-drawn carriage over the Alps into Italy, and went on to visit Venice, Florence, and Rome—all the while bringing to life Moody's autodidactic studies in Continental history.

Returning to New York in the fall, Moody found his business wheels had kept

investment could help him salvage his other obligations. Within a few months, not only had he sunk large sums of borrowed money into this mining promotion, he had interested others in the venture. Still not satisfied, he then endorsed notes to finance a silver mine in Canada.



Hoping to recoup his mounting losses, Moody invested in a Nevada goldmine like the one shown here. It was another misadventure that only pushed him deeper into debt.

STRIKING GOLD, AND GOING Bust

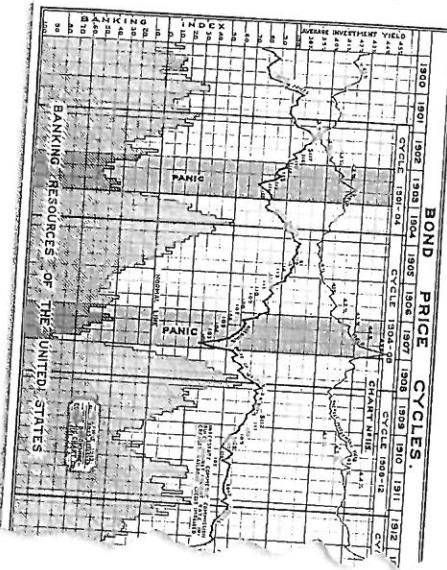
turning, and in all of 1906 he continued to believe his resourcefulness would pull him through. But the year 1907 turned out to be the low point in his financial life. The so-called Rich Man's Panic brought all his fragile debt-financed speculations to a disastrous finale.

Moody's businesses had weathered the money panic of 1903, when stock and bond prices plunged, business activity slackened, and liquidity had returned from the marketplace to banks, as shown in the chart below. The Moody Corporation prospered on the upswing of the next cycle, but the subsequent downturn presented a stiffer challenge than anything Moody had faced before. The panic hit in April 1907 and continued through the fall, as the Dow-Jones Industrials plunged from a high of around 70 to below 40 in October.

"So it was," Moody recalled, "when fateful 1907 arrived and abolished the 'new era' with one mighty stroke, destroying values by the billions, replacing confidence with fear and foreboding, annihilating credit and driving interest rates up to the moon, my house of cards collapsed with the rest, and all my business interests fell in ruin at my feet."

First, the brick plant was pushed into bankruptcy by a disastrous fire combined with a decline in demand for bricks. Next, the Nevada gold mine, "which was to open up a mammoth bonanza vein about that time, disgorged nothing but mud and rocks." The silver mine went broke, and *Moody's Magazine*, "slid into the abyss."

Moody's business weathered the Panic of 1903, but his house of cards finally collapsed during the "Rich Man's Panic" of 1907, as bond prices fell to decade lows and investment yields rose off the chart in the fourth quarter of that year. The chart appeared in the June 1913 issue of *Moody's Magazine*.



Babson moved the manual business to offices at 33 Broadway, now calling it Moody Manual Company. *Moody's Manuals* were published there for the next sixteen years without any association with John Moody. Babson hired Charles W. Jones, a salesman from his home town of Wellesley, Mass., to manage the business. Moody also lost ownership of *Moody's Magazine*. He sold it in the summer of 1908 to Augustin Ferrin, whom he termed an "ambitious literary lamb" and "a noble martyr who sweated blood and sunk capital into it for the eight years," publishing all the while out of Moody's offices at 35 Nassau Street.

Moody's association with *Moody's Magazine*—and the offices at 35 Nassau—around this time are unclear. He continued to be listed as editor in advertising for the magazine and for his courses in finance at the West Side YMCA, but he was not listed as editor in the magazine itself until 1915. Long before that, however, his monthly commentary on business and financial markets began appearing at the beginning of each issue.

In early February 1908, a notice appeared in the *New York Times* saying that a petition of bankruptcy had been filed against The Moody Corporation by a group of creditors including Eliphalet Potter. The corporation had already been declared insolvent, Moody was fired, and Potter had succeeded Moody as president.

A few months later, Moody's competitor, Roger Babson, bought Moody Publishing Company. In his 1937 autobiography, *Actions and Reactions*, Babson tells the story this way:

Unfortunately, John had had a New York training instead of a New England training, and hence got caught in the panic of 1907. He was being financed by Mr. E. N. Potter, a splendid young man, who was senior partner of the Stock Exchange firm of Potter, Choate & Prentiss. Mr. Potter, who was one of my clients, asked if I would be interested in purchasing the assets of the Moody Manual Company, which was to be sold at public auction. I replied that I had been a manufacturer of services and not a purchaser of services. I was benefiting from a lesson which I had learned years previously—namely, that it is more profitable to manufacture bonds than to buy them! However, I was the only one who then had the necessary capital as well as the courage to supply it. I therefore took over the Moody Manual Company.

A notice of bankruptcy filing against the Moody Corporation appeared in *The New York Times*, February 9, 1908.

