Financial Instruments and Practices in 1850s-1860s French Music Publishing

Analysis from the Ikelmer et Cie Bankruptcy Report (1860)

The bankruptcy report of Alfred Ikelmer et Cie provides valuable insights into the financial instruments and commercial practices of the mid-19th century French music publishing industry, with particular attention to the geographic dimensions of these financial operations.

1. Acquisition Financing

Promissory Notes (Billets à Ordre)

The primary financing instrument for business acquisitions was the promissory note:

"Le prix en était réglé en billets à ordre dont les échéances étaient échelonnées à diverses époques."

[Translation: "The price was settled in promissory notes with maturities staggered at various dates."]

These notes were used to finance all three major acquisitions (Benatty, Guidi, and Ledentu), allowing the Ikelmer brothers to:

* Make substantial acquisitions (95,000 francs total) despite limited capital
* Structure payments over time with "échéances échelonnées" (staggered maturities)
* Enter the music publishing industry with minimal initial investment

1. The Jouvin Relationship and Financial Crisis of 1857

Professional Relationship with Xavier Jouvin et Cie

Alfred Ikelmer had a significant prior and ongoing relationship with Xavier Jouvin et Cie (also spelled "Jauvan" in parts of the bankruptcy document):

* **Employment History:** Alfred worked as a bookkeeper ("teneur de livres") for Xavier Jouvin et Cie since "185V" (likely 1854 or 1855)
* **Geographic Structure of Jouvin:** The firm operated in two locations:
* Main operation in Paris (rue de Rougemont)
* Manufacturing facility in Grenoble (glove manufacturing)
* **Concurrent Employment:** Even after establishing his own business in 1856, Alfred continued maintaining the books for Jouvin

The 1857 Financial Crisis as Catalyst

The commercial crisis of 1857 (a global financial panic) had direct consequences:

* **Impact on Jouvin:** The crisis affected Jouvin's banker in Grenoble
* **Emergency Financing:** This forced Jouvin to create bills of exchange drawn by the Paris office on the Grenoble office
* **Ikelmer as Intermediary:** Alfred was entrusted with negotiating these bills with various Paris bankers
* **Geographic Leverage:** The physical distance between Paris and Grenoble created a delay in verification that would later facilitate fraud

The newspaper article notes that between November 1857 and April 1858, Jouvin entrusted Alfred with negotiating 92,595 francs worth of bills, of which he only remitted 63,500 francs, retaining 29,095 francs to address his own financial troubles.

1. Fraudulent Financial Instruments

Creation and Circulation of False Bills of Exchange

Building on his legitimate role with Jouvin, Alfred began creating fraudulent financial instruments:

* **Types of Instruments:** Two types of fraudulent papers:

1. False bills of exchange (traites) drawn with forged Jouvin signatures
2. Fictitious bills supposedly subscribed by Jouvin's debtors and endorsed with forged Jouvin signatures

* **Geographic Structure:** Bills payable in multiple cities including London, Bordeaux, Marseille, and Grenoble
* **Scale:** According to the newspaper account, the total fraudulent bills created between September 1858 and September 1860 amounted to 818,772 francs, of which 630,733 francs were paid, leaving 188,039 francs unpaid
* **Mechanics:** Required sending funds to correspondents in these cities to honor the bills when presented

The geographic dispersion was a deliberate strategy that:

1. Created complexity that hampered detection
2. Leveraged distance and communication delays between financial centers
3. Required maintaining a network of correspondents in multiple cities
4. Necessitated costly fund transfers to these locations

This resulted in an increasingly expensive spiral:

"Cette circulation devint excessivement onéreuse, car aux frais de négociation, il fallait encore ajouter ceux de l'envoi des espèces sur les lieux de paiement"

[Translation: "This circulation became extremely costly, because in addition to the negotiation fees, one had to add those for sending funds to the payment locations"]

1. Banking Relationships and Discounting

Banking Network

The documents reveal an extensive network of banking relationships across multiple cities:

* **Paris-Based Bankers:** The bankruptcy report mentions Jolibois, Devez et Cie; H. Cahen et Cie; Simon Eudon et Cie
* **Additional Bankers:** The newspaper article adds several other affected bankers: Garant, Lafontaine, Bernou, Emden, Teuze, Emile Gautherin, Joliclère
* **Grenoble Banking:** Reference to Jouvin's banker in Grenoble being affected by the 1857 crisis
* **Discount Operations:** Banks regularly discounted (purchased at a discount) bills of exchange
* **Geographic Trust Networks:** Banks accepted bills payable in distant cities based on established trust

The fraud was eventually discovered when one bank (Jolibois, Devez et Cie) contacted the purported issuer (Xavier Jouvin et Cie) to verify the transactions. According to the bankruptcy report, they specifically contacted M. Benoit, the manager of the Paris office, highlighting the importance of geographic verification in uncovering the scheme.

4. Security Interests (Nantissement)

Collateralization Practices

After the fraud was discovered but before bankruptcy declaration, security arrangements were established:

* **Physical Collateral:** Engraved music plates held by printers served as security
* **Geographic Distribution:** Collateral spread across multiple locations with different printers:

• Kuand (printer in Montmorency, outside Paris)

* Bauer/Bauve (printer in Paris)
* Benfant (lithographer in Paris)

This geographic dispersion of production materials complicated the bankruptcy proceedings by:

1. Requiring coordination with multiple third-party holders
2. Creating jurisdictional complexities
3. Necessitating legal actions in different locations
4. International Commerce

Cross-Border Operations

The company initially operated as an export commission business:

"...la commission pour l'exportation de marchandises françaises en Angleterre, et le commerce de la Musique"

[Translation: "...commission for the export of French merchandise to England, and the music business"]

The newspaper article provides additional detail, noting that the Ikelmer business was established in 1856:

* Located at rue de Rougemont, 11 in Paris (the same street as Jouvin)
* Conducted commission business with French departments (domestic)
* Operated export business with foreign countries
* Ran the music business (managed primarily by Désiré Ikelmer, described as a "musical artist")

This international focus suggests:

* Regular cross-border financial transactions
* Familiarity with international bills of exchange
* Experience managing currency exchange issues
* Established correspondent relationships in England and possibly other countries

1. Bankruptcy Administration and Geographic Challenges

Multi-Jurisdictional Assets

The bankruptcy faced additional complexity due to geographically dispersed assets:

**Production Materials:** Spread across multiple printers in different locations

**Receivables:** Required collection from debtors in various locations

**Security Interests:** Legal actions necessary in different jurisdictions

The syndic (bankruptcy trustee) needed to coordinate across these locations to inventory and preserve assets.

1. Accounting Practices

Financial Reporting and Valuation

The bankruptcy accounting reveals several practices:

* **Asset Categories:** Clear distinction between tangible assets (plates, stones) and intangible assets (musical properties)
* **Geographic Notation:** Assets listed with their physical locations
* **Valuation Methodology:** Physical assets assigned specific values, intangible rights marked as "Mémoire" (for the record)

Conclusion: Geographic Dimensions of Financial Practice

The documents reveal a financial world that was simultaneously local, national, and international, with geography playing a crucial role in both legitimate business and fraud:

1. Multi-City Business Networks:

* Xavier Jouvin et Cie operated in both Paris and Grenoble
* Ikelmer maintained relationships with bankers across Paris
* The music publication business involved printers in Paris and Montmorency

1. International Operations:

* Regular transactions with England through the export business
* Fraudulent bills created for payment in multiple cities including London

1. Geography as Fraud Enabler:

* Distance between Paris and Grenoble created verification delays
* Physical separation between bankers and supposed debtors
* Time required for communication between financial centers

1. Global Financial Crisis Context:

* The 1857 commercial crisis (a global financial panic) directly precipitated the sequence of events
* Impact on provincial banking (Jouvin's Grenoble banker) had ripple effects in Paris

Crisis created the initial legitimate need for bills of exchange that Ikelmer would later forge

1. Geographic Distribution of Legal Proceedings:

* Court proceedings in Paris (Cour d'assises de la Seine, as mentioned in the newspaper)
* Bankruptcy proceedings involving assets in multiple locations
* Complex jurisdictional issues with creditors in different cities

This geographic complexity demonstrates how mid-19th century financial systems were sophisticated networks spanning multiple locations, creating both opportunities and vulnerabilities. The case illustrates how the physical distances between financial actors, before instant electronic verification, created spaces for both legitimate business operations and fraudulent manipulation.

The total projected dividend for creditors (10-11.5%) reveals the significant financial losses typically experienced in such failures, particularly given the geographic dispersion of assets, operations, and the international dimensions of the fraud.