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Wall Street Scheming in the Gilded Age

By Edward Kosner

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SAVE PRINT TEXT

Before Bernard Madoff, before Charles Ponzi, there was Ferdinand Ward—a pioneer American scamster. In barely five years during the 1880s, this pale, weedy spawn of a sanctimonious Presbyterian missionary managed to rock the stock market, doom a proud New York bank, loot the municipal treasury and ruin America's reigning hero, former President Ulysses S. Grant, who went to bed thinking himself a multimillionaire and woke up with \$4,000 (in today's money) to his name.

Ward introduced many of the techniques later used by Madoff, especially the magical aura of stealth wizardry. None of the marks could know anything about the secret government "contracts" that the young man alchemized into unheard-of returns—and even the most sophisticated investors of the time obediently didn't ask. They were content to pocket their monthly profits of 20% or more and shower their boy genius with fresh capital. Until the end, Ward skittered a step ahead of his backers greedy for their profits. "I had to rob Peter to pay Paul," he finally admitted as Peter and Paul wept.



An 1885 Puck magazine cartoon called "The Prison Barber Shop" shows Ferdinand Ward (right)—the great-grandfather of author Geoffrey C. Ward.

KNOPF/COURTESY OF GEOFFREY WARD

We have the rogue's great-grandson, Geoffrey C. Ward—a biographer of FDR and longtime collaborator with the documentary-makers Ken and Ric Burns—to thank for "A Disposition to Be Rich." The book is a beguiling reminder that human nature doesn't much change from one Gilded Age to another, although each new con merchant brings fresh wrinkles to the racket.

Based on troves of letters and other memorabilia that Mr. Ward patiently amassed over many years, "A Disposition to Be Rich" is actually a family chronicle of sorts, in which Ferdinand is by no means the most demented ancestor. Nearly a third of the book is taken up with a tedious account of the misadventures of his father, also Ferdinand, a prig, zealot and conniver so infatuated with "old-school" Presbyterian accommodation to slavery that he scorned Abraham Lincoln and voted for the racist, nativist Know-Nothing party. The elder Ferdinand and his even more pious wife, Jane, took a brief spin as missionaries in southern India, but turned out to be such troublemakers that they had to retreat to a ministry in upstate New York, where Ferd, their third child, was born.

Mr. Ward implies that the parents' yearnings and neuroses contaminated young Ferdie, but his older siblings proved to be exemplary citizens, and the wimpy boy seems to have been trouble from the start. After intermittent spasms of education and indifferent attempts at working in his hometown, Geneseo, N.Y., Ferdie landed a job, with a brother's assistance, at the Produce Exchange in Lower Manhattan, in 1873. He was 21 and less than a decade from being anointed "the Young Napoleon of Finance."

A networker before the concept was recognized, Ferdie managed to enlist two core collaborators—although only one seems to have had any idea of what he was up to. His key enabler was James D. Fish, the graying head of the Marine National Bank, an outwardly upstanding rapsSCALLION with a leech for music-hall damsels in distress.

But the key to Ward's long con was Ulysses S. Grant. In the early 1880s, the former president and military savior of the Union was a global celebrity with no pension living in a brownstone at 66th Street and Fifth Avenue bought for him by his admirers. Ward opened a brokerage with one of Grant's sons—Ulysses S. Grant Jr., known as Buck—and began doling out dividends to the grateful hero.

A DISPOSITION TO BE RICH

By Geoffrey C. Ward

Knopf, 418 pages, \$28.95

At the heart of Ward's scheme were hush-hush federal contracts that he told his investors were surreptitiously steered to the firm by the ex-president. For the sake of appearances, the Grant connection could only be whispered to insiders and never mentioned to outsiders—or to the crusty old general himself. These

contracts for grain and other commodities were as spurious as they were lucrative. There were other supposed bonanzas, too, including contracts with the city: New York's two top fiscal officials were part of Ward's enterprise as well.

Ward did make some investments, but the contracts were a chimera. Grant and his son were ignorant of the scam. Ward kept a satchel of bonds and used them as collateral for clandestine "loans" from Fish's Marine National Bank. Millions more were siphoned out of the city treasury. Everybody made out like, well, bandits. Fish alone trousered \$8.6 million (in today's money) in just 1882 and '83. Ward lived like a pasha in a sumptuous Brooklyn Heights mansion and Connecticut retreat, and he lavished his church-mouse parents and siblings with gifts. Grant contentedly puffed his cigar stubs in the bliss of sham prosperity.

Inevitably, the pyramid crumbled. Like Bernie Madoff, Ward believed for a while that he'd be able to sustain the hustle, but his investors' clamor for ever more profits finally outran his frenetic efforts to recycle his dwindling cash and raise more from new suckers.

In the rubble, Grant was financially ruined. Fish went to prison. The luckiest of Ward's investors melted away with their riches—there were no clawbacks of ill-gotten gains in those days. The losers kept silent in their ignominy. And Young Napoleon himself? His third act was in, its way, as gaudy as his second.

He spent 17 months in the Ludlow Street Jail, where in those days a prisoner could rent a suite with a sitting room, have his meals and drink brought in, and pay the sheriff or his flunkies to accompany him on jaunts around town. Ward had time on his hands because the district attorney was having trouble assembling a case against him: Participants in his scams were too embarrassed to appear as witnesses. Finally he was convicted on a relatively minor charge and packed off to Sing Sing, where again he paid his way into a cushy cell with an Oriental rug and whiled away his short sentence printing stationery for the warden and his staff.

Once freed, Ward had one last moneymaking idea: kidnapping and ransoming his son Clarence—Geoffrey Ward's grandpa—from the good people who were raising him. The scheme turned into a Keystone Kops fiasco. When Ward died in 1925 at 73, he was living in a boardinghouse in White Plains, N.Y. Clarence, by then a college professor, had been keeping him afloat with \$20 a month.

Ferdinand Ward the younger was plainly a sociopath and self-pitying, too. From childhood, he'd proclaimed: "I want to do right, but it seems my fate to do wrong." The world's Ponzis and Madoffs are rarely so honest.

—Mr. Kosner, the former editor of Newsweek, New York, Esquire and the New York Daily News, is the author of a memoir, "It's News to Me."

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