The JOURNAL

OF THE RUTGERS UNIVERSITY LIBRARY

VOLUME XVI

DECEMBER 1952

NUMBER I

THE RUTGERS LOTTERIES

BY PHILIP G. NORDELL

Mr. Nordell, a resident of Ambler, Pennsylvania, has done considerable research in early American lotteries and is writing a history of the subject.

RUTGERS, along with very nearly all the other American men's colleges of pre-Revolutionary origin, raised money by lotteries. Washington and Lee may be excepted. If each of the two that were run for the benefit of Old Queen's failed to reach an altogether happy conclusion, the cause did not lie in any element peculiar to Queen's itself or to New Brunswick. Rather, the reason lay in prevailing economic and social conditions.

In their ever-present need for money the old colleges, of course, continually resorted to subscriptions. But while those fountains did often slake the thirst for funds, they also often ran dry. On a lower level were the lottery springs. The colonial and state governments sometimes did what they could to help, but with their own cupboards bare, the help they might be willing to extend occasionally took the form of a lottery grant.

To the sanguine trustees, a lottery grant may have borne a similitude to cash. But much had to be done in the way of selling tickets and, more to the point, making collections when they were sold on credit before the grant could be transmuted into ready funds. The process from beginning to end often ran as smoothly and quickly as one of our Red Feather campaigns with practically the full authorized sums raised. But more often than not trouble brewed.

In wave after wave, the psychology of the gold rush prevailed. Often there was the pressure of unused grants in the background. A while after the public's appetite had recovered from satiation, a lottery was run off quickly with machine-like precision. A few more



quickly followed and then came the deluge. Or, as one observer remarked two centuries ago, like cabbages planted too closely, they got into one another's way and all became stunted.

And thus a number of evils, none of them inherent, became all too common. Postponement followed postponement of announced drawing dates. The public lost confidence, would buy only on the eve of the drawing and then only on credit. In this dilemma the managers, loaded down with unsold tickets, announced a "peremptory"—that was the favorite word—date for drawing. So they began drawing but they would draw only a few tickets each week in order to continue the sale. I am now investigating one lottery that began drawing in July, 1797—the 250th and not the final drawing took place in the summer of 1800.

But back of all these factors directly connected with the management of lotteries lay others—far more potent—that continually limited the public's capacity to digest tickets. We might speak of them as economic ulcers. The upheaval of the Revolution did not confine itself to military and political affairs. Both during and after the war the pervading influences of the paper money inflation reached into every household and smothered the capacity if not the desire to speculate. The next generation's fervor for gambling was chilled by the Embargo and the War of 1812. Still it must be said that in spite of hard times and wars, lotteries continued to spring up even though they did not flourish as the weeds do in the garden.

The proper orientation of the Rutgers lotteries does require a few more words of background. In 1821 a new method of conducting lotteries, by means of which the drawing of each consumed no more than a few minutes, had its first successful workout. The professional lottery operators responsible for its introduction bought up one dormant grant after another, paid off the grantees of each, and began conducting a series of drawings. They were small and infrequent at first, but with the public's appetite whetted, the schemes grew larger and more frequent till finally the same lottery would have two drawings a day continuing year after year.

As the lottery picture changed from one in which inept amateurs without profit to themselves managed to raise a small sum for a local church or bridge, to one in which professionals carried on the business profitably to themselves, with many of the characteristics of horse-racing today, the reform element, already active in this and other

I William Cobat in a le with Rob. 9 Hayler Pir 1990 Rober Streeth D. C. M. By amounty you D. C. A. 186 3 Themmad for 1 3 th das. The obove ballones auout so within 30 " 1906 haing the form Chays Mallam Free you as for looke - -by myn regeneur 10 30 : ch how v. William Cobbert, or separated for tendoned dewie Aglance a co the some chape by by Parte --

fields, found it much easier to label lottery speculation a pernicious type of gambling. The drawing of the second Rutgers lottery felt the heavy hand of this rapidly spreading reform movement. It was proceeding merrily on its way in 1824 when brought to an abrupt end, but not before its objective was accomplished.

The first lottery act in favor of the struggling New Brunswick college was passed by the New Jersey Legislature on January 15, 1812. Later in that year when it was first drawn, the last class (or instalment) of the last lottery for the benefit of Harvard also reached the drawing stage as did the fourth of a very long series for the benefit of Union. But long before, way back in 1761, the wheel turned for the last of seven successful lotteries for the benefit of the present University of Pennsylvania and still before the Revolution Princeton was engaged in the last of five, only one of which had been authorized by New Jersey. Either before or after those for Rutgers, other colleges that raised money by lotteries included Yale, Dartmouth, Dickinson, Brown, William and Mary, the embryonic Williams and Columbia, and the Universities of Delaware and Maryland.

The cornerstone of Old Queen's was laid in 1809. At a meeting of the Trustees on October 15, 1810, they agreed to the draft of a petition to the Legislature on the subject of a lottery. The memorial was presented to the Assembly on January 17, 1811, leave was given to report a bill, but on the third reading, January 23, it lost 18 to 19.1

The next day a memorial was presented to the Legislative Council, reviewing the great losses sustained by Queen's during the Revolution and requesting a lottery to meet the present exigencies. The bill presented on the basis of this petition passed the Council January 31, 7 to 5, and concurrence by the Assembly was requested. After favorable action on the Council bill squeaked through on one close preliminary vote of 20 to 19, it came up for amendments when one motion, to amend the title to read "An act to promote gambling," lost by 12 to 24. The next day, February 21, the bill was defeated 16 to 19.

At the following session of the Legislature, on October 29, 1811, another petition from the Trustees was presented as well as one from a large number of New Brunswick citizens praying the lawmakers to

¹ It is to be understood that all my citations of legislative action are to be found in the session acts or Journals of the Assembly and Council, complete sets of which are in the New Jersey State Library at Trenton.

grant the petition of the Trustees. Almost certainly in the petition presented now rather than in either of those presented earlier in the year, the Trustees state that they are aware the Legislature has generally frowned upon projects of this kind. But inasmuch as they can see nothing unjust in the thing itself, inasmuch as the object is a great one, . . . and inasmuch [as] the neighboring states have always hitherto granted, and still continue to grant lotteries for public purposes of this kind, and the citizens of New Jersey continually supply themselves with their tickets so that at the same time that the evil apprehended here is no wise prevented or lessened, we are contributing largely to their public undertakings, while we are literally starving our own; and therefore they cannot but hope the legislators will entertain favorable sentiments. The bill on November 4 got so far as to be ordered to be engrossed, but that day the Legislature adjourned till the following sitting in January.

On January 13, 1812, the bill passed the Assembly 24 to 15 and on the 15th it passed the Council 7 to 5. It authorized the Trustees to raise by lottery up to \$25,000, of which sum \$5,000 was to be paid to the state "to be applied as the legislature may direct" (we may say this was their price) and the remainder to be appropriated by the Trustees "towards the finishing of their new college edifice, and the purchase of a library and philosophical apparatus." The term "philosophical" in those days meant scientific.

All the big lotteries were frequently advertised in the newspapers with pertinent details as to tickets and prizes. They were also advertised by means of broadsides, but while in most instances fair runs of the newspapers remain, the latter have become as rare as whooping cranes.³

The scheme of "Class No. 1. For the endowment of Queen's College" appeared in the *Guardian* for the first time on February 20, 1812, and in the *Fredonian* for the first time a week later on the 27th.

² The following extract from the petition is taken from the typescript of an address by Dr. David Murray, entitled "Lotteries," pp. 15-16, read before the New Brunswick Historical Club on March 6, 1890, and now among the papers of the Club kept in the Rutgers Library. The original or draft of it cannot be located there while a diligent search in the New Jersey State Library has also failed to unearth it.

³ The Library is particularly fortunate in owning six of these broadsides, each for a different class. From class to class and year to year the path of the drawings may be for the most part traced in the files of those issues now remaining of the three New Brunswick papers, the *Fredonian*, the *Guardian*, and the *Times*, in the Rutgers Library and in the Library of Congress. Unless otherwise stated the following details of the drawings are to be found in the broadsides or in these newspapers.

There were 15,000 tickets for sale at \$7 each, making \$105,000. This sum was divided into 5,031 prizes ranging from one of \$25,000 followed by one of \$10,000 down to 4,900 of \$10 each. The payment of these prizes was subject to a deduction of 15% from each, or \$15,750, which sum less expenses was to go toward making up the \$25,000 to be raised. Since all the tickets could not be drawn in one day, as usual in this type and size of lottery, a number of drawings were to be held, in this instance 38. And to forestall the ever-present managers' nightmare that most of the high prizes might be drawn early in the game—hence quenching public excitement and the continuing sale of tickets as the drawing progressed—some of the good prizes were made "stationary," such as the \$5,000 prize to go to the first number drawn on the 33rd day and the \$10,000 one to the last drawn number on the final day. The price of unsold tickets depended upon the "gain of the wheel" and would skyrocket before the final drawing. When the numbers remaining in the wheel got down to several, one of which would fetch \$10,000, naturally the value of the tickets representing these numbers would be worth more than their weight in diamonds!

On October 5, 1812, this class was first drawn followed by the other drawings throughout the winter. The date on the broadside of class 2—March 4, 1813—approximates the conclusion of the drawing of the first class and the launching of the second. In this, the number and price of tickets remained the same but with variations in the prizes; the two top or capital prizes were reduced to \$12,000 and \$5,000 whereas a much larger number of medium prizes appear in the scheme. When a drawing failed to elicit the hoped-for response, this juggling of the scheme had long since been a part of the stock-in-trade of the managers. Every effort was made by the dealers in tickets. D. & J. Fitz Randolph, for instance, informed the public that "a most desirable prospect is now presented to all who may be the least inclined to travel the high road to Fortune" and for the small consideration of \$7 they "will grant a passport to the favor of that alluring Goddess."

It had been proposed to begin the drawing in August and these proposals were accompanied by sly hints or open threats to advance the price of tickets. Yet when the drawing finally commenced it was October 5th again, with tickets still available at the original price. But by October 21st, with only one important "floating" prize drawn.

the price had advanced to \$7.50 and "fortune hunters" were advised to step forward while their chances were yet great. With 30 drawings scheduled, the results of the 16th were not published till the following March 24th, when adventurers were reminded that tickets were still to be had while "all the highest prizes are yet in the wheel!"

The mists of time have closed upon the dismal end of the lottery. If each class had yielded only \$12,500 of the possible \$15,750 gross, the total authorized avails of \$25,000 would have been raised. But, as they say, there is many a slip. That they did not yield so much is evident from the fact the Rutgers Library owns a partly used book of tickets of class 1 indicating perhaps about 2,500 tickets remained unsold, but more conclusive it also owns a book of unsigned tickets of an abandoned class 3.

Just what profit resulted from the two drawn classes seems to be an insoluble mystery—a problem that may be cogitated endlessly like the one concerning the lady or the tiger. Dr. David Murray back in 1890 said he had stated he thought the college had realized \$11,000, but then he went on to say he had in his hands "documents of the most positive character showing the college realized nothing. ..." One of the documents he no doubt had in mind is a petition from the Trustees to the Legislature dated November 6, 1822.4 They say "they did not succeed in realizing any more money than to pay prizes that were drawn, and incidental expenses." Another document in the Library which Dr. Murray probably saw is a manuscript copy of a letter to be given to a lottery committee at Trenton, which, from the context, was written very late in 1824. It states that "not a dollar had ever yet been realized from them. . . ." And to fortify this, a petition of the Trustees to the Legislature dated November 20, 1823,5 asserts categorically that the first lottery "did not however produce any sum above the expences attending the actual expenditures accompanying it." But several errors of fact in this latter petition throw a reasonable doubt upon its indisputable reliability. It should be borne in mind, too, that these three documents all originated in the same source.

As evidence that there was some profit, in the trustees' minutes

⁴ In Dr. Murray's above-mentioned typescript he says he has the petition before him. I have not been able to locate it. The part I quote is on page 19 of his article.

⁵ At New Jersey State Library.

for April 8, 1816, it is stated that \$5,814.62½ has been expended in completing the college building, "which by a resolution of the Board is chargeable to the proceeds of the Lotteries." And in the trustees' minutes of April 19, 1819, "the Committee on the accounts of the Managers of the Lotteries" report that they have examined the accounts and find that the following charges have been made:

"Vizt. For books, Globe & quadrants for use of the college Appropriated to College Building account of a former Committee "Paid Queens College old fund which is credited in the acct. herein above reported by Committee

\$1854.48 5814.62"

3897.99

\$11567.09"

"On these accounts it appears there is a balance due from the Trustees to the Managers of the Lottery of" \$911.44. "The managers however hold in their hands a number of debts due to the Lotteries amounting to \$2,435.92 the amounts of which they return in these accounts as the property of the College. A large proportion of which they suppose will be lost by Insolvency &c whatever portion of these debts are recovered will be to the Cr of the Trustees."

You have the data. How should these figures be interpreted? If you subtract \$911.44 from \$11,567.09, from which balance \$2,435.92 may be uncollectable, you still have a sum far above the absolute zero we are told about later in 1822, 1823 and 1824!

I have already mentioned that in 1821 a new system of lotteries by which the drawings could be concluded within a few minutes had been successful in practice. The two men most responsible for developing this system were Archibald McIntyre and Joseph R. Yates, operating as Yates and McIntyre. The Trustees received two communications from these gentlemen in letters dated July 3 and 16, respectively, 1822, representing that they would like to purchase the right to the lottery. As a result the Trustees resolved to negotiate with the lottery operators and at the same time attempt to procure from the Legislature an extension of time without which the 1812 act would remain dead. In the Library is a memorandum of agreement made August 28, 1822, between the parties, conditioned on obtaining an extension of the grant.

Acting upon the above-mentioned petition dated November 6, 1822, the Legislature refused an extension. In the later petition of November 20, 1823, also mentioned above, the Trustees tried again, and part of this new petition so well fits into the jigsaw picture of the lotteries that it should be quoted. Referring to the 1812 law,

they pray that "upon the faith of the said grant among other things your Petitioners incurred great expence in putting up a large and handsome College building of Stone & that for want of funds—they have been oblidged to discontinue the College exercises therein—That for the purpose of preventing a valuable literary institution falling entirely into decay—your Petitioners request of your Honourable body—an act for the extension of the time for raising the said sum contemplated by lottery—Should your Honourable body grant them this priviledge they guarantee to secure to the State Treasury the said Sum of five thousand Dollars before the sale of any tickets in the said lottery."

Inasmuch as the state never had received up to now the \$5,000 provided for in the 1812 act, which was to be paid by the Trustees "after the drawing is completed," this explicit guarantee to pay it "before the sale of any tickets" probably lit the fuse amongst the balky legislators. The "Supplement," passed December 4, 1823, repealed the purposes for which the \$20,000 was to be used and instead directed that it should be put out at interest "and that the interest only shall be applicable to the payment of the salary of a professor of mathematics in said college. . . ." And, of prime importance, no part of the act should go into effect until the Trustees "shall pay into the treasury of this state the sum of five thousand dollars."

In the minutes of the Board for December 30, 1823, the precise stipulations with Yates and McIntyre are listed. The lottery is transferred to them and they agree to pay \$5,000 to the state and \$20,000 to the Trustees, the latter in three equal annual instalments. In case of legislative interference so as to stop the sale of tickets, then the Trustees shall receive 5% on the amount of each class drawn. The minutes go on to say that "this day" Yates and McIntyre paid the \$5,000 to go to the New Jersey treasury.

It would require a separate article to discuss the question as to whether this "Supplement" constituted veritably a mere supplement or a new grant. I am conversant with the subterfuges of various legislators over a period of a century by which they pulled the wool over the eyes of their recalcitrant fellow members and obtained lottery grants. With not a single new lottery authorized by the New Jersey Legislature since the January, 1817, session and only five since 1795, most of the lottery petitions got exactly nowhere. The

1812 grant had long ago expired. If about the time of its expiration an application had been made for an extension it would have been a different matter. Perhaps we see here a motive for representing the 1812 grant as entirely fruitless. In any case, the question is purely academic and my decision to classify it as a new grant is arbitrary.

Altogether seven drawings took place under this rejuvenation. The name was changed on the tickets from "Queen's College Lottery" to "Queen's College Literature Lottery." The first newspaper advertisement of the first class of the new series appeared in the Fredonian, January 1, 1824. There were vast alterations from the old schemes. Each ticket had on it 3 numbers, from 1 up to 27, 35 or 50 and from the wheel, in which the corresponding number of tubes was placed, from 4 to 7 would be drawn. Thus, you might have a ticket with the numbers 40, 7, 23 on it, and if these numbers happened to be the first three drawn from the wheel it would win first prize. Other combinations of three of the drawn numbers would win high prizes, whereas if the ticket had two or even one number among those drawn, lower prizes would be won. Sometimes in this type of scheme the order of the drawn numbers decided the results.

This system had just come into vogue. Yates and McIntyre regularly drew on schedule no matter how many tickets remained unsold. In each drawing, if but a few tickets had been disposed of, they took the chance the highest prize might be drawn on a sold ticket and in that event would lose heavily. But with many grants bought up it was only a question of time before the law of averages would make them rich, just as it finally did.

None of these seven schemes were as large as the two old ones. In the first and smallest there were only 6,545 tickets selling at \$3.50 each or a fraction thereof for a corresponding share of a ticket. In the third and largest scheme there were 19,600 tickets selling at \$3. The first was drawn at New Brunswick, February 11, 1824; the second at Trenton, March 24; the third at Newark, May 19; the fourth was scheduled to draw at Jersey City, July 14; the fifth was scheduled to draw at Paterson, September 15; the sixth was

⁶ Besides the two books of tickets belonging to classes 1 and 3 of the first lottery, the Library possesses several other tickets, for the most part signed, in the first two classes. Several of the tickets are elsewhere. Tickets in the second lottery are extremely rare. Rutgers owns one each for class 1 for 1824 and the undrawn class 1 for 1825. Mr. Fred C. C. Boyd of Ringoes, N.J., owns one each for classes 3, 4 and 5, and two for class 6, each with a different signature. I don't know of any other tickets of these classes nor of any at all of classes 2 and 7.

drawn at New Brunswick, November 17; and the seventh and last was drawn at Elizabeth, January 19, 1825. The total of the seven schemes amounted to \$307,537.50, from which 15% was deducted from the prizes.

If all the tickets in each of these schemes had been sold, it will be seen that this 15% would have yielded sufficient funds for Yates and McIntyre to pay the full \$25,000 and still make a moderate profit. But the first two classes and one subsequent were drawn "with a great proportion of tickets on hand & . . . the loss of the contractors was great."

Besides the seven classes that were drawn, an eighth, class no. I for 1825 and larger than any of the others, was announced to be drawn at New Brunswick, April 20, 1825. It never materialized, for on the preceding November 24th the trustees' minutes record they had been informed a legislative committee had been appointed to make inquiries relative to the lottery grant and how it was being administered. It was thought some "abuses" had taken place, that Yates and McIntyre had raised the full amount to which they were entitled, and the upshot was that the Attorney General filed an "information," the Governor sustained it and issued his injunction which stopped all further progress of the lottery.

In vain did the trustees strive to prevent this action by submitting figures to show that if the drawings should cease the 5%, to which they would then be entitled, of the amounts of the classes already drawn would add up to less than \$17,000. Making no headway in this direction, they then petitioned the Legislature to return a pro rata part of the \$5,000 it had already received. A bill introduced for this purpose lost on a third reading, December 27, 1826, 14 to 23. Just six days earlier the Assembly defeated a lottery bill to raise \$100,000, one half of which was to go to the School Fund and the other half to be divided between Princeton and Rutgers. The vote was 18 to 19.

Though there does not seem to be anywhere a categorical statement as to just how much the college raised from this second lottery (or renewal of the old one)—and though strangely enough a

⁷ This figure is obtained from details in the various newspaper advertisements and is confirmed by a ms. summary of the schemes in the Rutgers Library. The Trustees' minutes of April 13, 1825, contain a table that adds up to \$336,997, the difference resulting from the figures given for the seventh scheme. But the figures for the first scheme are positively wrong and I believe they are for the seventh as well.

⁸ Ms. copy of a letter to be given to a lottery committee at Trenton, cited above in the text. Rutgers Library.

committee, appointed by the Trustees to determine how much Yates and McIntyre still owed, had to confess "This Calculation most probably is not accurate, but it is the best the committee could make"—it still seems highly probable the college received from them the full \$20,000. These avails went into the "Mathematical Fund."

Yates and McIntyre had agreed to pay this amount in three equal instalments, on January 1st of the years 1825, 1826, and 1827. Just exactly when the payments were made seems to have been an amicable matter altered and settled by them and the Trustees, giving or rebating interest, depending upon who needed the money the most. The lottery managers accommodated the Trustees by paying the first instalment some weeks before it was due. Then it was their turn to cry uncle. Various entries occur in the minutes regarding delays in payment, the giving of notes, with an extremely interesting one showing that \$750 of the money due went directly to pay for "the Telescope."

The nub of the matter lies in the minutes of the April 25, 1827, meeting. Still remaining unpaid, nevertheless the third and final instalment from Yates and McIntyre is entered in the form of a bond with accrued interest from January 1st. And right beneath, it is stated that Jacob R. Hardenbergh, Jr., the trustee most diligent and persevering in carrying through the affairs of the lottery, recently informed the Board "that he had received a note from the above named Gentlemen for \$5.000. payable June 1st.—and that he expected no objection would be made by them to paying the balance." Not only did the Mathematical Fund during the next few years reveal no sudden drop, but an entry in the minutes of the September 27 meeting of that year suggests so strongly that the instalment had been paid, that I think we may safely assume the bond was fully converted into cash. Apart from any consideration of equity, Yates and McIntyre may easily have stretched the point in view of the fact that they were operating many grants all over the East and with the tide turning in many places strongly against lotteries they had a stake in avoiding litigation and maintaining good will.9

⁹ The injunction and its aftermath in the effort of the college to obtain its due profits from the lottery, with the problem of how much was raised, are often so interrelated in respect to the source material that it becomes expedient to list the various items together. Assembly Journal: Dec. 23, 1824; Nov. 15, Dec. 14, 16, 21, 27, 1826. Session Laws: Resolution passed Dec. 27, 1824. Trustees' Minutes: Dec. 30, 1823; April 5, Nov. 24, 1824; March 25, April 13, May 24, 1825; April 1, May 29, Nov. 13, 1826; April 25, Sept. 27, 1827 and passion to Oct. 29, 1830. The "Information" against the trustees

We are now at the end of the story. The Board at its September 23, 1816, meeting had suspended undergraduate exercises and not till October 10, 1825, did it order the exercises to commence again. The name of the college was now changed to Rutgers, in honor of Col. Henry Rutgers; termed "their venerable and beloved patron," he reciprocated with a donation of \$5,000. We can come to the end in no better way than to quote a tribute offered to another benefactor by the Board at their September 27, 1827, meeting. After mentioning "the flourishing state of the funds," they go on to express their feelings toward:

J. R. Hardenbergh, Esq. the son of the venerable father of this institution, and first President thereof, for his indefatigable labours for many years to raise this long suspended Seminary—To whom under God in a great degree may be ascribed its present prospects of success.

The Mathematical fund of 20,000 Dollars fills an important page in the history of our funds—And this Board are not insensible that the active exertions and influence of that gentleman, has raised into existence the Mathematical department of this institution.—And as a tribute of grateful remembrance let the example of this devoted friend to Learning,—religion and hospitality ever be our object of imitation & affection.

Humbly I ask, should not his memory in some more visible form be honored?

signed by Frelinghuysen is in the Library. The Fredonian: Dec. 20, 1826. News and editorial comment.