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Robert K. Hill

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"WATERED STOCK."**Robert K. Hill**

The term "watered stock" is a common expression in the parlance of the lawyer, financier and accountant; yet few know its origin. In a biographical manuscript unearthed some years ago in New York appears an incident which probably explains its source.

The present day highly organized system of meat production and distribution was unknown in New York in the early part of the nineteenth century. Butchers of the growing town were dependent upon drovers who scoured the surrounding country for stock and drove them to New York for their meat supply. As the population increased and the demand for meat became more difficult to satisfy, the resources of the immediately adjoining counties became insufficient, the herds were driven longer distances and the price advanced. An increased cry for meat produced an incentive for the practice of a fraud out of which arose the transaction originating the term "watered stock."

Drovers and butchers met at a tavern known as the "Bull's Head," the cattle market of the city, where the droves were corralled for inspection. Among the enterprising butchers was Henry Astor, one of the founders of the Astor fortune, who with his wife, Dorothy, was accounted the shrewdest trader in the city. His constant eagerness to purchase fat beeves led at one time to his fleecing by a drover. The drover, a fellow named Drew, had collected a herd of cattle of ordinary condition in the Mohawk valley and was driving them to New York. As he neared the city a message was dispatched to Astor that he had a choice herd and a meeting was arranged at the "Bull's Head." On the night before their arrival, after the cattle were loosed in the pasturage, Drew liberally bestrewed the ground with salt. All water was removed. In the morning the herd was lowing for water but none was given them. During the major part of a hot and dusty day they were driven waterless until they came to the prearranged meeting place. Astor was waiting. While Drew engaged him in conversation in the tavern, the cattle boys pumped water for the cattle in the rear. The salt answered all of Drew's expectations and the herd, nearly crazy for thirst, drank until their sides bulged. When all signs of water had been removed, Drew led Astor to them. Their plump condition impressed him. After some haggling Drew sold them at three cents a pound on the hoof, a top price for that day. and Astor, secretly pleased with his prime beef, drove away the herd for killing.

However, only a few hours afterward much of the "beef" for which Astor had paid by the pound began to evaporate, for each animal contained at least fifty pounds of water. Nor was Astor the only butcher who was so deceived. Others were likewise misled by the same trick until the expression "watered stock" became current. Hence in time, when corporation stock juggling became common, the phrase was appropriated to designate an issue of corporate stock which had no tangible property to support it.

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The class of '27 is literally backing into the Law, taking their Senior course at the completion of the Freshman year.