



We recently wrote a blog on Tom Moore's Distillery which along with Park and Tilford and the National Distillers Products Corp. paid dividends in whiskey to their shareholders. Companies are not required to pay out cash dividends, and they can pay out in-kind dividends in any way they want. Back in the 1980s, Ranchers Exploration and Development Corp. paid their dividends in bars of gold and silver!

## From Uranium to Copper to Silver

Ranchers Exploration and Development Corp. incorporated in New Mexico in 1954. The company operated several uranium mines in New Mexico and Utah. Its principal uranium mine was the Johnny M Mine located near Granta, New Mexico. The company also mined uranium from the Small Fry Mine located near Moab, Utah, and mined cathode copper at its Bluebird Mine near Miami, Arizona. However, two of the company's mines produced precious metals. The company conducted placer operations for gold in Alaska, developed the Escalante Silver Mine in southwest Utah and the Revenue Virginus Silver Mine near Ouray, Colorado. During the first ten years of its existence, the Ranchers Exploration mines failed to generate any significant results, but in 1966, the Bluebird Copper Mine began to produce large amounts of copper and the price of the stock shot up from \$5 per share in 1966 to \$70 per share in 1967. The company used their increased valuation to acquire the Big Mike Corp. and expand its operations. In 1970, the company moved from the over-the-counter market to a listing on the American Stock Exchange where it stayed for the next 14 years. Ranchers Exploration and Development Corp. is another example of a company that made its major move over-the-counter before moving onto an exchange. By 1971, the company's sales had risen from \$400,000 in 1963 to over \$15 million in 1971, and to over \$30 million by 1978. The company had 2-for-1 splits in 1970 and 1980 and a 3-for-2 split in 1983.

The stock's next big move came in 1980 after the company discovered silver at the Escalante Silver Mine and the price of silver was pushed to unprecedented heights. It should be remembered that the Hunt Brothers and their Saudi investors put the squeeze on silver in 1979 and 1980 trying to corner the market and profit from the millions of ounces they had had delivered to them. The Hunts were able to drive the price of silver up from \$6 at the beginning of 1979 to \$51 in January 1980 when the price of silver peaked before dropping precipitously to \$11 by March of 1980.

## **Pay Me in Bars of Gold and Silver!**

Ranchers Exploration read the writing on the wall and began offering to pay dividends not in US Dollars, but in gold and silver, in part to attract shareholders to their stock. The Dutch East India Company had regularly paid in-kind dividends to its shareholders in the 1600s and the Ranchers Development and Exploration Corp. decided to follow in their footsteps. The June 1981 dividend was payable in 2.5 grams of gold for every 500 shares held. Holders who owned 6,221 shares received a one-ounce gold bar. Cash equal to \$0.0766 was paid for fractional shares. The September 1981 dividend was payable in 2.5 grams for each 400 shares held. Holders of 4,997 shares received a one-ounce bar in gold. Gold was selling at \$600 an ounce on June 8, 1981 and \$700 an ounce on September 24, 1981. In 1981, Ranchers Exploration had about three million shares outstanding, so the company would have paid out about 600 ounces in gold. In December, the company switched from gold to silver, and shareholders received a one-ounce bar of silver for every 120 shares that they owned. This would mean that the company paid out 25,000 ounces of silver to its shareholders. The March and June 1982 dividends were also payable in silver at the rate of 1 ounce of silver for each 120 shares, the September 1982 at the rate of 1 ounce of silver for each 100 shares, and the December 1982 dividend was payable in gold at the rate of 1 ounce of gold for every 4,977 shares. The 1983 dividends were payable at the rate of 1 ounce of silver for each 100 shares owned and the 1984 dividends were payable at the rate of 1 ounce of silver for each 150 shares owned. Investors who were tired of getting paid in dollars that were rapidly losing their value to inflation piled into the stock. The price of Ranchers Exploration shares gyrated with the price of gold and silver as the graph above illustrates. The stock price fell from over \$65 at its peak in April 1981 to \$12.50 in March 1982 and rose up to \$53 (\$35.25 after the 3-for-2 split) in April 1984. Other corporations saw value in the company, and on July 27, 1984, Ranchers Exploration and Development Corp. was acquired by Hecla Mining with shareholders receiving 1.55 shares of Hecla Mining Co. common stock, equivalent to about \$21 in cash. Hecla Mining did pay dividends to its shareholders, but in cash, not in gold or silver. Nevertheless, I would imagine that some of the former shareholders still probably hold bars of gold and silver they received from Ranchers Exploration and Development Corp. when it paid its dividends in bars of gold and silver.