

Pennaluna shuts Wallace office/Wallace Street Journal

Wallace Street Journal this day . . .

Pennaluna & Co. is closing its Wallace doors to-day. This was one of the oldest stock brokerages in the nation, founded in 1926 by Alex Pennaluna, and led to the creation of the Spokane Stock Exchange, which bankrolled the Sunshine Mine and many other NYSE-listed mining companies, all starting as penny-stocks. Benny Harrison, the last dean of the Spokane Exchange, was CEO of Pennaluna and as Harry Magnuson said, died with his boots on his desk.

Jerome Bunde, Pennaluna's last Wallace broker, will be sorely missed. If you ever wanted your attitudes fixed, Jerome was the guy.

I have asked the SNP to give a tribute to this fine guy and his and his firm's service to our community.

Here is mine:

By David Bond

Anyone thinking about jumping into the metal stock market just needs to master three words: Discipline, discipline, and discipline.

That's the advice from Pennaluna & Co. broker and Wallace, Idaho denizen Jerome Bunde, who at age 79 still holds court, dispensing wry wit and salty, hard-rock-earned wisdom every morning and afternoon at Pennaluna's Wallace office on Sixth Street.

Bunde was "born in a haystack and grew up on a milking stool." As a youngster he "took the Eisenhower Express" from his native North Dakota to Wallace in 1956 with hopes of hiring on at one of the region's prolific silver, lead and zinc mines after a federal "soil-banking" program dried up demand for labor in his native farming country.

He rode the train out with two friends, brothers whose aunt and uncle owned a tavern in Osburn, about four miles west of Wallace, only to find that all but one of the Coeur d'Alene Mining District's major operations was on strike. That left only the fabled Sunshine silver mine to "rustle," and he soon landed a job there 3,700 feet underground helping to build a new hoist-room.

A year later, Bunde "bought a little uranium mining stock" from a brokerage office in Wallace on the advice of a gent who'd done well in silver shares, and got his first taste of investing: the "Irish dividend," whereby shareholders were assessed cash for their stock and if they didn't pay it, lost their shares. Jerome lost his.

"Then I bought a thousand shares in the Jack Waite Mine, and that disintegrated too," he recalls. But Bunde was persistent, and his next investments – Golconda at 10 cents, Coeur d'Alene Mines at 3 cents – did better. Then a purchase, with borrowed money, of Lucky Friday Mining stock prior to that mine's acquisition by Hecla Mining Co. – paid handsomely and got him hooked.

By 1961, he was working during his off-hours for Wallace stockbroker Dorothy Kottkey and in May of that year he'd had enough of the 100-degree underground temperatures at the Sunshine and quit full-time mining. Kottkey's husband, Fred, Bunde hired him at the old Wallace Supply Co. while Dorothy kept him busy at the brokerage.

He was a motorman on Bill Morrow's crew at the old Canyon Silver Mine up Burke Canyon when miners hit "the bonanza" there in May of 1968 – 18 feet of 20-inch-wide high-grade silver. Canyon Silver shares went from 30 cents to \$4.75 in a few short months. To celebrate, Morrow flew Bunde and the rest of Canyon Silver's miners to Waikiki Beach and put them up for a bash at the Hilton Rainbow Hotel, all expenses paid. (Morrow later died in an accident at the mine, which has been inactive for more than four decades now.)

"By 1976, I could see things starting to move. All the paper millionaires were going up in smoke." Silver, which had been removed from U.S. coinage in 1965 and in Canada a year later, was beginning an upward march from the \$1.25 per ounce price when it was removed from coinage to command more than \$4, and was on its way to 1980's average annual price of \$20, briefly peaking at nearly \$50.

So Bunde got his broker's license in 1977 and took over Pennaluna & Company's Kellogg brokerage office. Back then, teletypes clattered with the prices of daily penny-stocks trading over-the-counter and chalked up on a blackboard every morning at the old Spokane Stock Exchange as well as New York's trades in the exchange's registered shares in Hecla, Sunshine, Bunker Hill, Callahan, Coeur d'Alene Mines, Day Mines and the like. Off-shift miners wandered in to chat Bunde up about good finds on a certain level at some mine, and promoters certain they'd found the next Sunshine or Lucky Friday.

The stock exchange, the teletypes, and even most of the penny mining stocks are the stuff of memories now, but Bunde has remained in the business, still listening patiently to tales of bonanzas yet to come, still rendering his unvarnished observations on the world's follies.

"Fear, hate and greed are good for silver," he quips, then turns serious: "You've got to live in the real world. We were close to worldwide monetary disaster in 2008 and we only postponed it by deficit spending and printing more money. In 1973, when Nixon took the dollar off the gold standard, we said we could back the dollar by what we could produce.

"But now we've got free trade instead of fair trade, and the best middle-class jobs are working for the government. Our industrial jobs are fading away. Gold is for jewelry and kings, but silver is the working man's security. What I see is five or six more years before the effects of free trade come fully home. Then the wheels might just run out of grease."

It was the late Harry Magnuson, a legendary Wallace owner and booster of mining shares, who first set Jerome Bunde to rights in Dorothy Kottkey's office nearly 50 years ago. "Bunde, you'll do all right if you get yourself self-disciplined," Magnuson told the young miner.

Bunde said a half-century in the mining stock game has also taught him patience, that there's no share play so good it can't be thought for a night or two. "You might miss one in a hundred, but there'll be 99 you'll be glad you missed."

One chance he didn't miss was marrying his childhood sweetheart, Carlene, on the evening of Sept. 23, 2006 at the dedication of Wallace's Center of the Universe monument – a specially-cast manhole cover at the intersection of Sixth and Bank Streets a few doors down from where he daily holds court at Pennaluna. Wallace Mayor Ron Garitone performed the rites.

Bunde has no plans of retiring, and would like to see a company like Hecla eventually consolidate the Coeur d'Alene Mining District into a single, unitized entity.

One last bit of advice from the man who has worked every mining angle, from stope to stockbroker: "Anything that keeps you awake at night, sell it!"