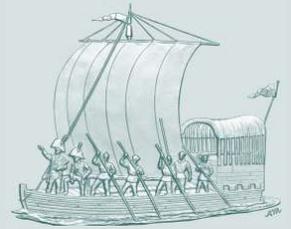




# THE KEELBOAT

North Hills Coin Club Presents

Pittsburgh's Premier Numismatic Publication



February 2006

## HONEST MONEY

Part IV: Treasury Notes



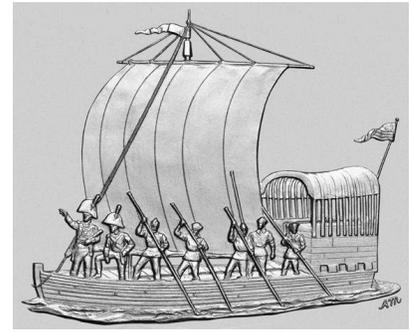
**Ultra-rare doubloon  
comes to Orlando**

**Historic Nickel with Forward-  
Facing Jefferson Heads into  
Circulation**



**Misprinted \$20 bill with fruit  
sticker sells for \$25,300 at auction**

# THE KEELBOAT



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The fourth of a six part story

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**To the Northland Public Library for the use of their meeting rooms, equipment and facilities.**

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**Founded in 2004**

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**The North Hill Coin Club is a non-profit organization dedicated to the preservation and education in the numismatic community.**

**The North Hills Coin Club is a proud member of the American Numismatic Association**



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## **From the Editor,**

Hello everyone, another news letter ready to go. Sorry about the delay again...I have had a lot going on the last two weeks including a death in the family. At least I am consistently late.

I did get the opportunity to attend the last day of the South Hills coin show. I purchased an 1868 Shield Nickel in AU with a nice repunched date. When I got home, I was looking up which variety it was and determined that this coin is of the second reverse and it is a possible NEW variety as no possible NEW variety as no repunched date with second reverse exists like the one I purchased. I also met a dealer who wants me to take pictures of his coins and include them in my book. He is a Half Cent variety collector/dealer who wants to be more recognized in the Numismatic Community.

Congratulations  
Pittsburgh Steelers  
for winning  
Super Bowl XL

Hope to see you at the March Meeting!!

**What year was the First year for the words "In God We Trust" added to a U.S. coin?**

- 1.) 1793
- 2.) 1856
- 3.) 1864
- 4.) 1880
- 5.) 1909

**Answer on page 19**

# In The News

## American Bank Note Co. printing plate archives bought From Bank Note Reporter

A warehouseful of printing plates, rollers, dies and other archival materials from the American Bank Note Company has been purchased by John Albanese. Albanese, of Archival Collectibles, LLC, Far Hills, N.J., announced on Dec. 9, 2005, that he purchased the archives in August 2004 for an undisclosed price. He said he wants to preserve, exhibit and eventually offer to collectors many of the pieces. [American Numismatic Rarities](#) plans to offer material from the holdings starting in 2006. The items, once used by ABNC and its related firms to produce paper money, stock certificates, stamps, tickets and other things, date back to the 1820s or further. "There are just so many printing plates, maybe as many as 300,000, that we've probably inventoried only 20 percent of the items so far," said Albanese. "Many of them are engraved with incredibly beautiful vignettes with scenes of daily life, famous people or allegorical representations. This is art in its original form by some of America's most skilled and famous engravers." The 200 tons of engraved steel was shipped over an eight-month period to New Jersey from near Nashville, Tenn. Archival Collectibles is now cataloging each item. The archives cataloged so far include plates for various denominations from 25 cents to \$500 from scores of different banks. Among discoveries are an engraved plate used for printing Hawaiian Islands Certificate of Deposit \$10 notes "Payable in Silver Coin on Demand" in the 1890s.

Most of the plates were created over a century ago in the New York city area. "American Bank Note was the dominant force in creating designs and printing paper money from the second half of the 19th century to the early 20th century. The printing plates and transfer rollers in these archives were used for creating Gold Rush-era bank notes, postage stamps and thousands of stock certificates, tickets and engraved invitations," said Q. David Bowers, numismatic director of American Numismatic Rarities of Wolfeboro, N.H.

Bowers is currently writing a reference book about the art, history and financial aspects of 19th century U.S. paper money with ABNC as a prime focus. "Many of these printing plates have wonderfully ornate engravings of presidents, goddesses and American scenes. After being used, they were wrapped in paper printed with the particular engraving on the plate or marked with crayon notations on the paper, and then essentially untouched, in some case, for 150 years. It is very exciting to open a package that was sealed in 1845 or 1858! The research possibilities are immense," Bowers said.

Steve Blum, president of Archival Collectibles, has been sifting through the material and making inventory lists since September 2005. "These printing plates helped fuel the Industrial Revolution. They printed the stock certificates and bonds that raised cash for companies in the 1800s," said Blum. "The tremendous importance of the country's railroad system in the 19th century can be seen through the hundreds of different plates used to make stock and bond certificates and passenger tickets for the railroads. Some engravings of locomotives and railroad cars are incredibly detailed," said Blum. Included are plates and steel rollers used for printing: Paper money from three dozen U.S. states and territories. Bank notes and postage stamps for a dozen foreign countries from Asia and Latin America. Thousands of stock certificates, bonds and interest bearing coupons for municipalities, railroads and major corporations from the 1800s to the 1960s. Admission tickets to political national conventions and the World's Columbian Exposition. Posters celebrating the U.S. Centennial. Tickets "good for passage of one horse drawn" carriage on the Brooklyn Bridge. Invitations to the Aug. 5, 1884, dedication of the Statue of Liberty's pedestal. The archives also include a six-foot tall, hand-operated printing press. "In addition to creating a reference book about the material, we plan to exhibit some of the printing plates at collectors' shows around the country, and we'll donate some to various museums," said Blum. "Eventually, most of the archives will be offered for sale to collectors."



## Misprinted \$20 bill with fruit sticker sells for \$25,300 at auction

BY MATT JOYCE THE ASSOCIATED PRESS

ORLANDO -- A \$20 bill printed on paper that mysteriously had an ordinary fruit sticker on it sold Friday for \$25,300, an auction company official said. The flawed note bears a red, green and yellow Del Monte sticker next to Andrew Jackson's portrait. The buyer at the auction in Orlando did not want to be identified, said Dustin Johnston, director of auctions for Heritage Galleries and Auctioneers of Dallas. The 1996 bill originated at a U.S. Treasury Department printing facility in Fort Worth, but how the fruit tag found its way onto the paper of the greenback is unknown. "I've collected for probably seven years now and nothing comes close to the way people react to it -- their eyes pop out," said Daniel Wishnatsky, a Phoenix currency collector who bought the bill online in 2003 for \$10,100. Jason Bradford, president of PCGS Currency in Newport Beach, Calif., authenticated that the error was genuine and not faked outside the printing plant. Currency goes through three printing stages, Bradford said: first the back is printed, then the face, and then the bill receives serial number and Treasury seal stamps. In the case of the Del Monte note, the seal and serial number are both printed on top of the sticker, meaning the fruit tag must have found its way onto the bill midway through the process, he said. The note, in nearly perfect condition, has achieved celebrity status among currency collectors, appearing on the covers of the Bank Note Reporter and Numismatic News.

# In The News

## The Banana Note

By MATT JOYCE, Associated Press Writer Thu Jan 5, 5:21 PM ET

DALLAS - An ordinary fruit sticker that mysteriously ended up on a \$20 bill could spur collectors to bid up to 1,000 times the bill's face value at an auction Friday. The "banana note" bears a bright red, green and yellow Del Monte sticker next to Andrew Jackson's portrait. The flawed bill originated at a U.S. [Treasury Department](#) printing facility in Fort Worth, but just how the fruit tag found its way onto the greenback is unknown.

"I've collected for probably seven years now and nothing comes close to the way people react to it — their eyes pop out," said Daniel Wishnatsky, a Phoenix currency collector who paid \$10,100 for the \$20 bill in a May 2003 eBay auction.

Heritage Galleries and Auctioneers of Dallas is auctioning the bill for Wishnatsky on Friday in Orlando, Fla. The auction company and Wishnatsky, a member of the Society of Paper Money Collectors, think the bill could fetch two to three times his investment.

Jason Bradford, president of PCGS Currency in Newport Beach, Calif., authenticated for the auction company that the error was genuine and not faked outside the printing plant.

Currency goes through three printing stages, he said: first the back is printed, then the face, and then the serial number and treasury seal are stamped on. In the case of the banana note, the seal and the serial number are both printed on top of the Del Monte sticker, meaning the fruit tag must have found its way onto the bill midway through the process, he said.

The note is all the more rare because the Bureau of Printing and Engraving diligently inspects and destroys flawed currency before it escapes the plant, Bradford said.

He said there's no way to know whether a mischievous printer might have placed the sticker intentionally.

How the sticker ended up on the \$20 bill is also a mystery to the Bureau of Printing and Engraving, which investigated the note's history after the misprint surfaced but couldn't pinpoint a cause.

Spokeswoman Dawn Haley said the bureau has stepped up its inspection of currency with examination technology meant to catch foreign objects. "We have very strict rules and guidelines on what can and can't be done," she said.

The note, which is in nearly perfect condition, has achieved celebrity status among numismatists, appearing on the covers of the Bank Note Reporter and Numismatic News. As of Thursday, the auctioneers had already received an online bid of \$14,000.

Heritage Galleries and Auctioneers, <http://www.heritagegalleries.com>

### Description

**Fr. 2084-H \$20 1996 Federal Reserve Note. PCGS Choice New 63PPQ.** This colorful error is commonly referred by collectors in the numismatic fraternity as "The Del Monte Note," simply because of the banana sticker that is a retained printed obstruction. Most obstructions fall off shortly after printing leaving a blank area of paper missing the design, but errors with objects that "stick" to the note are very rare. Objects seen on other obstruction errors include a Band-Aid, paper fragments, scotch tape, and wood shavings. United States Currency is essentially printed in three stages: the first printing is the back of the note, the second printing provides the face devices, and the third, final printing includes the Treasury Seal and the serial numbers. When this note was printed at the Fort Worth facility of the Bureau of Engraving and Printing, it went through first and second printings before the sticker found its way onto the surface. The sticker's placement is ideal, as it covers part of the second printing details and is overlaid by part of the Treasury Seal and serial number from the third printing.

Most would conjecture that this note was no accident and probably the result of some very bored or creative BEP employee. Its presence in the market place however is not dubious as it passed through the regular channels of the Federal Reserve before it was released in circulation. In the summer of 2004 a college student in Ohio received it as part of an ATM withdrawal and shortly there after posted it on eBay where it sold to the highest of 12 bids. The note was a bargain at around \$10,000 on eBay as news of the note had barely hit the collecting community. In subsequent weeks it was the cover story in Bank Note Reporter and Numismatic News. This fabled error is now looking for its third home, but we suspect it will take serious consideration and a very strong bid to be the successful bidder.

*From the Scottsdale Collection* Estimate: \$20,000 - \$25,000.

Lot: 16409

**Auction: [396](#)**



# In The News

## Historic Nickel with Forward-Facing Jefferson Heads into Circulation

coinage has depicted profiles of presidents for nearly a century. This new image of President Thomas Jefferson is based on a Rembrandt Peale portrait of Jefferson, painted in 1800.

The United States Mint expects to ship approximately a billion of the new five-cent coins (nickels) to the Nation's 12 Federal Reserve banks. It will take several weeks for the 2006 nickels to circulate and to reach most Americans' pockets. The forward-looking Jefferson is expected to grace the five-cent coin for years to come.

The new coin completes the United States Mint's popular Westward Journey Nickel Series™ that commemorates the bicentennials of the Louisiana Purchase and the Lewis and Clark expedition.

"This nickel features a forward-looking President Jefferson who recognized that the Louisiana Purchase and Lewis and Clark expedition would expand our horizons in numerous ways," said United States Mint Acting Director David A. Lebryk. "This is a hopeful, positive image, emblematic of a bright future for our Nation."

The Lincoln cent (penny) of 1909 marked the first time the United States Mint used the image of a President on the Nation's circulating coinage. The image of President Abraham Lincoln, and other Presidents on later coins, is in profile.

The forward-looking 2006 nickel obverse (heads side) was designed by Concord, North Carolina, artist Jamie Franki, who was inspired by the Rembrandt Peale painting of 1800. United States Mint Sculptor-Engraver Donna Weaver sculpted the new nickel obverse. As on the 2005 nickels, the word "Liberty" in Thomas Jefferson's own handwriting has been inscribed on the nickel obverse. Jamie Franki's forward-looking image of Thomas Jefferson was selected from 147 design candidates submitted by the United States Mint sculptor-engravers and artists from throughout the country in the United States Mint's Artistic Infusion Program. Franki also designed the reverse image on the 2005 American Bison nickel.

The United States Mint has titled the new nickel "Return to Monticello" because the familiar image of President Jefferson's stately Virginia home returns to the reverse (tails side) after a two-year (2004 and 2005) absence. This nickel also symbolizes Lewis and Clark's return from their 8,000-mile journey. The 1938 classic rendition of Monticello by Felix Schlag will be more detailed than Americans have seen it in recent years, having been carefully restored by United States Mint Sculptor-Engraver John Mercanti, using Schlag's original work. Over more than 65 years of production, the United States Mint had slightly modified the reverse design for technical reasons.

Bags and rolls of 2006 nickels may be ordered from the United States Mint starting at noon (ET) today at [www.usmint.gov](http://www.usmint.gov) or by calling 1-800-USA-MINT (872-6468). Lesson plans about the new 2006 nickel may be downloaded free from the United States Mint website at [www.usmint.gov/kids](http://www.usmint.gov/kids).

A law passed by Congress, and approved by President Bush in April 2003, authorized the redesign of the nickel for the first time since 1938 to commemorate the bicentennials of the Louisiana Purchase and the Lewis and Clark expedition. The United States Mint's Westward Journey Nickel Series was the result, and the 2004 Peace Medal nickel was the first design. It went into circulation in March 2004, and the Keelboat nickel followed in August. In 2005, the United States Mint changed the nickel's obverse for the first time since 1938, incorporating a new profile image of Thomas Jefferson on the obverse and two new designs, the American Bison and Ocean in View images, on the reverse.

Members of the National Endowment for the Arts participated on a United States Mint panel that evaluated the nickel design candidates for all of the Westward Journey Nickel Series coins, including the 2006 obverse. In the case of "Jefferson, 1800," the panel selected the 8 most promising images for the obverse, which then were submitted to the Commission of Fine Arts and the Citizens Coinage Advisory Committee for their review. The Secretary of the Treasury considered the comments and recommendations of these two panels in approving the final design.

Contact: Press inquiries: Michael White (202) 354-7222

Customer Service information: (800) USA MINT (872-6468)

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North Hills Coin Club on-line at  
<http://groups.yahoo.com/groups/NHCC>

Now you can get automated announcements of future meetings, post messages, chat room is available, post pictures, download this Newsletter and much, much more. Sign up today, it's FREE

### DID YOU KNOW?

- The first paper currency issued by the U.S. Department of the Treasury were Demand Notes Series 1861.
- During the Civil War period, the Bureau of Engraving and Printing was called upon to print paper notes in denominations of 3 cents, 5 cents, 10 cents, 25 cents, and 50 cents. The reason for this is that people hoarded coins because of their intrinsic value which created a drastic shortage of circulating coins.

# In The News

## Trafalgar coins mark anniversary



The Royal Mint is marking the 200th anniversary of the Battle of Trafalgar with two commemorative £5 crowns.

A portrait by James Butler of Nelson in the uniform of a Vice Admiral with the dates 1805 and 2005 features on the reverse of the first coin.

A companion piece designed by Clive Duncan details a battle scene.

The signal sent by Nelson ahead of Trafalgar - "England expects that every man will do his duty" - is inscribed on the edge of the collector's items.

### National hero

A series of events are being held this week to mark the bicentenary of Nelson's victory at the Battle of Trafalgar.

"We are delighted to be able to honour the momentous achievements of such a significant character in British history," said Gerald Sheehan, Chief Executive of the Royal Mint.

"We hope that by creating a coin to commemorate Lord Nelson, he will be remembered by generations to come as a national hero."

The portrait of The Queen on the crowns by Ian Rank-Broadley is the same design that has appeared on UK coinage since 1998.

**We hope that by creating a coin to commemorate Lord Nelson, he will be remembered by generations to come as a national hero**

Gerald Sheehan, Royal Mint

## 25-year prison term for former Sheboygan coin dealer

Associated Press

Posted on Thu, Jan. 05, 2006

**MILWAUKEE** - A coin dealer accused of using a pyramid scheme to scam investors out of millions of dollars was sentenced Thursday to 25 years in prison.

Leslie John Hamilton, 54, whose address was listed by federal prosecutors as both Sheboygan and Las Vegas, had been convicted by a U.S. District Court jury in April on 28 counts of mail and wire fraud.

Prosecutors said Hamilton operated a pyramid scheme in which he convinced several hundred people, many of them from Wisconsin, that they were investing in rare coins, but instead of buying the coins and reselling them at a profit as he said he would, Hamilton used money from new investors to pay off old ones.

According to government restitution figures, the investors collectively lost more than \$14 million, prosecutors said.

Hamilton's girlfriend, Angelina Roebuck, 53, also of the Las Vegas area, pleaded guilty to one count of mail fraud for helping with the scheme and was sentenced in July to six months in prison and six months of home confinement.

Court records showed that in the 1990s, Hamilton, also known as John Halvorson, ran several businesses from a Sheboygan office, with satellite offices throughout Sheboygan County and in Milwaukee County.

He moved to Nevada in 1999.

11/25/2005 | 11:49

Ancient Coins found in Iceland

Morgunbladid reports that two coins from the 11th century reign of Norwegian King Haraldur which were found in the ruins of three houses which were discovered last year at Háls at Kárahnjúkar have now been examined.

The house ruins are almost 600 metres above sea level. Páll Pálsson, farmer at Adalból, found them, and Landsvirkjun (the National Power department) decided to have them examined, a process that was only completed this year.

According to Anton Holt, a coin expert at the Sedlabanki Íslands coin collection, these coins are very rare. He says that today there are only 33 other known specimens of this coin.

The value of the coins was not mentioned.

Nickel to be seen sooner

Collectors will get to see the newly redesigned nickel quicker. Sales of the 2006 nickel bags and rolls to collectors have been moved up to Jan. 12, the U.S. Mint said.

That date has been confirmed. Originally, the Mint reported a tentative release date of Feb. 28 for the 2006 nickel bags and rolls.

The 2006 nickel will, for the first time, feature a forward-facing Thomas Jefferson portrait on the obverse, done by Artistic Infusion Program artist Jamie Franki.

The reverse is a familiar but more detailed version of Felix Schlag's 1938 rendition of Jefferson's Virginia home of Monticello. Mint sculptor-engraver John Mercanti restored the image.

Check the Mint's Web site, [www.usmint.gov](http://www.usmint.gov), for prices and ordering information.

# In The News

Ultra-rare doubloon comes to Orlando  
Chris Cobbs | Sentinel Staff Writer  
Posted January 5, 2006

You've probably never heard of it, but this golden oldie carries a \$6 million insurance policy and comes with a security detail fit for a superstar.

It's the Brasher Doubloon. Still doesn't ring any bells? Don't sweat it.

The doubloon is a rare coin -- so rare, in fact, that only coin collectors and fans of 1940s movies may recognize it. The 219-year-old gold piece was kept from public view for much of its history. But since last year, when a Los Angeles-area collector paid about \$3 million for it, the coin has been on a U.S. tour with stops ranging from New York to San Francisco and now Orlando. Starting today and continuing through Saturday, mere mortals will be able to catch a free glimpse of the shiny piece in a strictly look-but-don't-touch kind of way at the Orange County Convention Center, where it will be one of the key exhibits at the 51st annual Florida United Numismatics Convention. The coin -- struck in 1787 by New York City silversmith Ephraim Brasher, a neighbor of George Washington's -- will be heavily protected by a private California security firm and off-duty deputies. Those who get close enough to the nearly perfect gleaming gold doubloon will notice details such as Brasher's initials carved on the breast of the eagle featured on one side. For much of its life, the doubloon was considered a mystery coin, the holy grail of collectors, so mysterious and valuable that it is featured in a Raymond Chandler novel and subsequent film in which hard-boiled detective Philip Marlowe hunts for the missing coin. "This is the first gold coin that was truly symbolic of Americana," owner Steven Contursi said. Contursi, 53, who grew up in New York City, has always had something of a Midas touch with coins, which he began collecting at age 5. By the time he finished high school, his collection was worth about \$8,000. These days, though, most of Contursi's coins are in his collection. He rarely carries or pays cash for anything, preferring the convenience of plastic.



Chris Cobbs can be reached at [ccobbs@orlandosentinel.com](mailto:ccobbs@orlandosentinel.com) or 407-420-5447.

The legendary Brasher Doubloon, the first gold coin made in the United States and insured today for \$6 million, will be publicly displayed in Orlando for the first time ever as part of a cross-country educational tour.

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## New Fee Structure for Collectors Society and ANA Members

Posted by at 1/4/2006 6:16:03 PM

Effective January 15, 2006, NGC will be implementing a new fee structure for some of its services. Fees for Office Walkthrough, Earlybird, GoldRush, Economy, World Express, World Standard and World Gold submissions remain unchanged. Also unchanged are NGC's Designation Review, VarietyPlus and Reholder services. Express will increase to \$55, Specialty Gold will increase to \$26.75, Modern will increase to \$12.50 and World Value will be changed to \$16.50.

NGC's onsite Show grading remains unchanged at \$100 for coins valued over \$1500 and \$65 for those valued at \$1500 or less. However, Gold coins valued at \$1500 or less, when submitted five or more at a time, will be \$50 per coin. Guaranteed delivery within four hours of submission at shows may be purchased for an additional \$150 per coin under NGC's Expedite Service.

NGC's Photo Proof Service prices remain unchanged at: Deluxe \$50, Classic \$40, Passport \$28. Duplicates of the Deluxe, Classic and Passport are \$10 each. The Photo Proof Paradigm is \$20 for one copy, \$17 for 2-10 copies of the same title, and \$15 for 11 or more of the same title.

For a complete listing of NGC Services please visit [Services and Rates](#)

New Fee Structure for NGC Authorized Dealers:

Effective January 15, 2006, NGC will be implementing a new fee structure for some of its services

Dealers, please login to the Dealer Area of the NGC website for a complete listing of NGC Services and pricing information. If you do not already have a login, please contact Customer Service by calling 1.800.NGC.Coin

# In The News

January 2006

## New \$10 release to come March 2 From Bank Note Reporter

Release to circulation of the newly redesigned Series 2004A \$10 Federal Reserve Note will begin March 2, 2006.

As of that date, Federal Reserve banks will begin distributing the notes with added colors and design features to the public through U.S. commercial banks. Release worldwide will follow.

“As always, you don’t have to trade in your old \$10 notes for new ones. Both new notes and old notes maintain their full face value,” said Federal Reserve Board Assistant Director of Reserve Bank Operations and Payment Systems Michael Lambert.

New to the \$10, which is third in what has been called the NexGen series of design, are images of the Statue of Liberty’s torch and the words “We the People” from the U.S. Constitution, as well as subtle background colors, in shades of orange, yellow and red.

Like the redesigned NexGen \$20 and \$50 that preceded it in 2003 and 2004, the new \$10 incorporates updated security features to thwart counterfeiting, including color-shifting ink, a security thread and a watermark.

The area of the watermark has been designated more clearly on the \$10 than on the NexGen \$20s and \$50s currently circulating.

“We expect to update currency every seven to ten years in order to stay ahead of the latest digital technology available to would-be counterfeiters,” said Bureau of Engraving and Printing Director Tom Ferguson. “Each time we introduce a redesigned note into circulation, our objective is its seamless transition into daily commerce, both in the United States and around the world.”

The \$100 note will be the next denomination to be redesigned, with release expected about a year after that of the \$10.

The government currently has no plans to redesign the \$5, and repeatedly states that \$1 and \$2 notes will not be redesigned.

The U.S. Treasury and Federal Reserve made the \$10 release date announcement Dec. 2. Though the announcement said the new \$10 would be dated Series 2004, the BEP has confirmed that the notes introduced will be dated Series 2004A as was seen on images of the new \$10 unveiled Sept. 28.

The announcement is a signal to retail businesses, banks and cash machine operators to undertake any final preparations and training.

Free educational materials, posters, “take one” cards, training videos and CD-ROMs are available to businesses, professional associations, citizen groups and individuals to help familiarize the public with the new design, which also helps to protect against counterfeits.

For more information, visit Web site [www.moneyfactory.gov/newmoney](http://www.moneyfactory.gov/newmoney).

Since the BEP began taking orders for educational materials describing changes to the 2004-dated currency in May 2003, about 70 million pieces of training materials have been ordered by businesses and other organizations to help them train their cash-handling employees.

## The penny which is worth a mint

**LISA HORTON**

A 1,000-year-old coin which once would have bought a meagre meal could go for a mint this weekend.

The medieval silver penny was made in Norwich while Edward the Confessor was king. According to history experts the coin would have paid for no more than a few loaves of bread or some vegetables. But the currency will go under the hammer on Sunday and is expected to fetch hundreds. The coin is made of solid silver and depicts the king sitting on a throne on the heads side. The text in old English reads Edward Rex Ang meaning Edward King of England. On the reverse, or tails side, is a cross with eagles in the quarters and the letters '+DVRFVRONNODP' which means it was made by somebody called Thurfeth in Norwich. The mint masters were required to brand their name on the coins they made as a guarantee of the metal content and the value. Chris Elmy of auction house Lockdales, which will be taking bids on the coin, said: "It is about the same size as a one pence piece today but its value would have been greater in comparison. "In its day it would have been worth its weight in silver. It would not have bought a great deal but would have perhaps been enough for something to eat such as a couple of loaves of bread or some vegetables – enough for a meal.

"The coin was found in the Norfolk area and it was almost certainly found using a metal detector. It is in good condition and we are expecting it will go for a few hundred pounds." A part from a Celtic charriot found in Norfolk will also be auctioned off on Sunday. The bronze ring was once thought to have been part of a chariot yoke. It is thought the ring, which dates back to 43 AD, once belonged to the Icenii tribe led by Queen Boudicca. It is estimated the ring will go for at least £130. Both items will be auctioned at Lockdales' 51st auction on Sunday at the Novotel in Grey Friars Road, Ipswich. The sale begins at 12noon with viewing between 10am and 1pm. For more information log on to [www.lockdales.com](http://www.lockdales.com)

Have you found buried treasure? Telephone Evening News reporter Lisa Horton on (01603) 765704 or e-mail [lisa.horton@archant.co.uk](mailto:lisa.horton@archant.co.uk)

## Why did Brasher move his "EB" hallmark? - October 29, 2005

Historic Brasher Doubloons Now Labeled America's First \$15 Coins  
Following a new examination of three Brasher Doubloons, researchers have a new theory about why New York silversmith, Ephraim Brasher, moved the location of his hallmark on the first gold coins struck in the United States. The researchers now also agree with a theory initially proposed 13 years ago that these coins had a contemporary value of \$15 each, not \$16 as earlier assumed by many numismatists.



The three Brasher Doubloons now housed in Professional Coin Grading Service holders with the denomination of each listed as \$15 are the unique 1787 punchmark-on-breast specimen; the Yale University 1787 punch-on-wing specimen; and the Lima-style dated 1742 but probably struck in the mid 1780s. The unique specimen with the "EB" hallmark on the eagle's breast was displayed for the first time in its new PCGS holder at the American Numismatic Association Coin, Stamp & Collectibles Show in Las Vegas, October 28 - 30, 2005. The coin is owned by Steven L. Contursi, President of Rare Coin Wholesalers of Dana Point, California, and Donald Kagin, President of Kagin's of Tiburon, California.

The recent examinations of the coins led researchers to a new conclusion about why Brasher moved his "EB" hallmark from the eagle's breast to the eagle's right wing: punching his initials on the eagle's breast created a problem on the other side of the coin.

"It has been generally accepted that the punch-on-breast variety is the earlier of the two; with the proffered explanation that Brasher was made to move his counterstamp because the public felt his initials should not be located so prominently. Upon reflection, this theory is unsatisfactory. If the public was offended by Brasher's countermark at the center of the coin's obverse, would they not have found his signature on the reverse equally troubling?," said David McCarthy, numismatic researcher for *The Brasher Bulletin*, the newsletter of the Society for Private and Pioneer Numismatics.

"A careful examination of the punch-on-breast doubloon reveals that it is of an earlier die state than the Dupont, Gilmore, Newcomer and Yale specimens, indicating it was struck before these pieces. However, this fails to explain why Brasher changed the location of his countermark on these later pieces. The answer to the puzzle becomes quite obvious when viewing pictures of all the New York-style doubloons side-by-

side," said McCarthy.

"On most of the coins, an area of flatness is found on the side opposite the EB counterstamp. On the punch-on-wing specimens, this shows up as a little weakness in the mountains to the left of the sun, while on the punch-on-breast doubloon the sun and central mountains - the focal point of the coin's design - are flattened. It seems that Brasher changed the position of his countermark for purely aesthetic reasons. If this is true, the punch-on-breast doubloon is not only unique among

Brasher's New York-style pieces, it is also the earlier known specimen of this important and storied type."

The \$15 designation was first suggested in a comprehensive article about Brasher Doubloons written by numismatist William Swoger and published in the June 1, 1992 issue of *Coin World* magazine. Additional information about weights and measures of the era was published in the 1993 book, "Money of the American Colonies and Confederation," by Phil Mossman.

McCarthy and noted numismatic researchers John Dannreuther and Ron Guth concur with the evidence.

"The coinage standards of weight and value established by the Bank of New York in 1784 indicate that doubloons weighing 17 pennyweights (approximately 26.5 grams) were valued at \$15. Brasher's doubloons weigh 17 pennyweights, and therefore, would have been \$15 coins," said McCarthy.

Guth, President of PCGS, stated: "The relationships between doubloons and dollars, gold and silver have always been in a state of flux, due to competitive forces and the economic needs of the marketplace. Just as such uncertainty exists today, it existed in 1787. In a vain attempt to control these relationships, the New York State legislature fixed the value of all gold coins at 89 cents per pennyweight, thus valuing the Brasher 'Doubloon' at approximately \$15. PCGS accepts this as the 'official' value of the Brasher 'Doubloon,' fully realizing that the real-world value of the coin could - and did - fluctuate on a daily basis."

McCarthy says the \$16 denomination attributed earlier by others to Brasher Doubloons probably was based on ignorance or erroneous assumptions.

"Some researchers simply may not have been aware of the Bank of New York standards or simply ignored them. Some researchers made what we now believe to be incorrect assumptions that the Brasher Doubloons were struck as patterns for proposed copper coinage for the State of New York. If so, why were they made in gold, and why are there no known copper specimens?"

Another theory now believed false is that the coins were intended as souvenirs for visitors to Brasher's neighbor on Cherry Street in New York City, George Washington. However, the coins were dated 1787 and Washington did not live next to Brasher until 1789.

"Why would anyone go to such extravagant expense of making an expensive gold coin for a mere souvenir?," asks McCarthy. "And why do these pieces then lack any direct reference to the first President of the United States?"

Although lighter in weight at 17 pennyweights, Brasher Doubloons contain finer gold, approximately .9089, than the slightly heavier Spanish doubloons with .9010 fineness produced after Spain debased its coinage starting in 1772.

In the 1981 catalog for the sale of the unique punch-on-breast Brasher Doubloon then owned by Johns Hopkins University as part of the Garrett Collection, Q. David Bowers describe it as "the single most important coin in American numismatics."

In a new article for *The Brasher Bulletin*, McCarthy wrote:

"The Brasher punch-on-breast doubloon is the first gold coin of a distinctly American design to be denominated in dollars and struck to the standard that would be adopted for all U.S. gold coins. It is the first truly American gold coin, and is the forerunner of all gold coins struck by the United States. No other U.S. Colonial or Federal coin can lay claim to such historical significance, placing Brasher's first New York-style doubloon in a class by itself. The history surrounding its origins, its distinction as the product of the first issuer of private gold coins in America and its status as the first gold coin depicting specific American themes make the Brasher punch-on-breast doubloon the single most important coin in the canon of American numismatics."

## Honest Money Part IV: Treasury Notes by Douglas V. Gnazzo

### THE POWER TO BORROW MONEY

Article I, Section 8, Clause 2 of the Constitution grants Congress the power "to borrow money". During several occasions in the 1800s, Congress used the power to borrow money by issuing Treasury Notes, which were paper claims of public indebtedness.

In keeping with the constitutional mandate against "emitting bills of credit", all but one series of Treasury Notes, until the Civil War, were issued accordingly: without creating any type of paper currency with legal tender authorization.

The Civil War changed, however, what had been up until that time, a faithful record of Congress in regards to the power to "borrow money". This change left the door open for the moneychangers to enter into the temple, and disgrace the hallowed halls.

The elite collectivists had their paws all over private banking, but now they were after bigger game: the control of the government's note issue as well, as this would give them even more leverage to perpetuate the servitude of the People, using the chains of national bonded debt.

But they are a most patient group; decades are insignificant in their quest for power, extending their dominion and rule over nations and continents for centuries to come. They respect no bounds and accept few rules - such are the masters of the universe, at least as perceived within the limited confines of their own minds.

### TREASURY NOTES FROM 1812 - 1814

The War of 1812 gave cause for the first issue of Treasury Notes, at least the first significant amount. From 1812 to 1814 Congress emitted four series of notes, basically all with the same stipulations.

The Treasury Notes were designed not to circulate as currency. The following short synopsis of the basic provisions illustrates this point most clearly:

- The notes could be issued only to persons who "may choose" to receive them.
- The notes paid interest (which makes them almost impossible to circulate as currency).
- The notes were not payable to bearer, but had to be transferred by endorsement only.
- The notes could not be reissued.

This was all in keeping with the Constitution. Further proof that to do otherwise would be straying from the Constitution, is a resolution placed before the House in 1814, which stated: "the Treasury notes which may be issued... shall be a legal tender in all debts due". The resolution was voted down 95 to 42. It seems that some Congressmen understood the Constitution.

### TREASURY NOTES OF 1815

Congress parted from the path of the Constitution with the note issue of 1815, which included the provision that certain denominations of notes (less than \$100) were payable to the bearer; transferable by mere delivery; paid no interest; and could be reissued. The question of the notes constitutionality was never raised, although a later series in 1844, based on the same provisions, was ruled to be unconstitutional..

### JOINT RESOLUTION OF 1816

The provisions of the resolution of 1816 provides clear evidence that Congress was fully aware of the difference between bills of credit and legal currency; and that it did not consider that Treasury Notes were legal currency - let alone a constitutional form of money. As stated in the Resolution:

"...that the Secretary of the Treasury be required and directed to adopt measures to cause all duties, taxes, debts, or sums of money, accruing or becoming payable to the United States, to be collected and paid in the legal currency of the United States, or treasury notes, or notes of the bank of the United States, or in notes of the bank of the United States, or in notes of banks which are payable and paid on demand in the said legal currency of the United States."

Clearly evident from the above wording, legal currency was distinctly set off from treasury notes by the use of the word "or". Also included as distinct from legal currency by the self-same use of the word "or", were notes of the bank of the United States, and "in" notes of the bank of the United States.

So what was the legal currency of the United States referenced in the resolution? According to the detailed listing of the several non-legal forms of currency, by process of elimination - silver and gold coin were the only candidates left standing as legal currency: a most clandestine declaration and testimony to Honest Money.

In 1817, Congress decided to repeal all authority to issue Treasury Notes. The rights of individuals that held pre-existing notes were kept intact. The next issue would not occur for twenty years.

### TREASURY NOTES FROM 1837 - 1843

The various note issues of this period were very similar to the earlier ones, in regards to their adherence to the Constitutional power to "borrow money", as distinct from the express prohibition not to emit bills of credit that could circulate as legal tender currency. One slight exception was that some of the bills could be reissued under limited circumstances.

Providing more proof that Congress was very aware that only silver and gold were legal tender, as opposed to any type of paper money, was the following wording in the general appropriations acts of 1834 and 1835:

"Nothing herein contained shall be construed to make any thing but gold and silver a tender in payment, of any debt due from the United States to individuals."

## **TREASURY NOTES OF 1844**

The Treasury Notes of 1843-1844 were the most significant of all. Congress declared that certain new notes, that were to be issued to redeem outstanding notes, that were presently paying interest above the then current market rate of interest, were "payable in coin at par on presentation." The House of Representatives rightly questioned the constitutionality of these Notes. The Ways and Means Committee investigated the issue, including questioning and receiving the written opinion of the Secretary of the Treasury, on his reasoning behind the provision under review. After a very thorough investigation, the committee clearly expressed that the power to borrow was distinct from any possible or supposed power to emit bills of credit. The committee also correctly established, that although bills of credit were unconstitutional, this prohibition did not prevent Congress from issuing "paper" (i.e. constitutional treasury notes), if the "paper" issued was only written evidence of the loan - not a medium of exchange intended to circulate as legal tender currency.

The above ruling was one of the more enlightened and clear-headed moments of our elected officials. Today's monetary officials would do well to emulate such financial understanding and patriotic valor.

## **TREASURY NOTE FROM 1857-1860**

The last three series of Treasury Notes prior to the Civil War were in accordance with the standard constitutional format, including the various provisions that precluded them from circulating as a legal tender medium of exchange or paper currency.

## **SUMMARY OF PRE-CIVIL WAR TREASURY NOTES**

As we have seen, in all of the many issuances of Treasury Notes from 1812 through 1860, Congress faithfully followed the letter of the Constitution in regards to the power to borrow money per Article I, Section 8, Clause 2 on all but two occasions: the first being the 1815 issue and the second being the 1844 series.

However, the rejection in 1844 by the House of Representatives of the provision "payable to bearer", including a House Resolution stating that such legislation was unconstitutional, and beyond the authorized power to "borrow money" - illustrated that Congress was clearly aware that the power to coin silver and gold as money, was explicitly distinct from the power to borrow money. And furthermore, that the power to borrow money did not include the power to emit bills of credit.

## **GREENBACKS & THE LEGAL TENDER ACT OF 1862**

The devastation of the Civil War had the dreaded affect of changing Congress' tradition of following the hard-money standard of our constitutional heritage: by issuing paper currency, although originally purported to be redeemable in specie, redemption in gold and silver was suspended until 1879.

The seeds were sown for the future plague of paper fiat and fractional reserve lending, evil twins that gave birth to a pestilence of wealth transference, by monetizing government debt and circulating it as legal tender currency. Such is the scourge of present day monetary policy.

In 1861, Congress tried to raise a 10 million dollar loan by issuing interest paying Treasury Notes to pay the costs of war. In its basic premises, these Notes were not constitutionally much different from preceding issues.

However, soon there followed Treasury Notes that were not only interest bearing; but notes that did not pay interest, and were payable on demand. These Notes were no different than the Treasury Notes of 1844 that Congress refused to accept for being unconstitutional. Precedent had now been set for the Greenbacks to come, and come they did.

The Secretary of the Treasury, Salmon Chase, attempted the first large funding for the war in 1861, by floating a \$150 million dollar bond issue to the nation's leading banks. The bonds were supposed to be backed by specie, but the banks did not have the gold and silver on deposit. Once again, the banks suspended redemption in specie. The Treasury quickly followed suit on its Notes.

The allowance of irredeemable currency provided the excuse for the Legal Tender Act of 1862: authorizing Congress to issue \$150 million in new Treasury Notes - called Greenbacks. The Greenbacks were made legal tender for all debts, both public and private. The one "redeeming" quality was that the interest on the notes was to be paid in specie.

Originally the Treasury said that this would be a one time occurrence; however, later that year another \$150 million were issued and another \$100 million the following year. The Act of 3 March 1863 was for \$450 million. By the end of 1863, Congress had authorized the printing of \$850 million worth of Greenbacks.

Over the course of the War, the money supply increased from \$45 million to \$1.77 billion - an increase of almost 140%. Needless to say, prices of goods skyrocketed - prices at the end of the war were up over 110%. Unfortunately, inflation was alive and well, while the People suffered the burden.

Senator Sherman was a strong supporter of the Greenbacks, always reminding Congress: "The men who have loaned you money (bankers) are the very men who now beg you for this measure of financial aid". The Senator was making a sales pitch for his favorite special interest group - the bankers.

Recall that redemption of bank notes in gold and silver had been suspended. With the passage of the Legal Tender Act, the banks could use the Greenbacks to redeem their own bank notes. Even better, they could use the Greenbacks as bank reserves, against which they could then issue their own paper bank notes and demand deposits.

The government was bailing out the banks, siphoning wealth from the People by the deceit of paper money; all built upon an inverted pyramid of debt. The Resumption of Specie Act was not passed until 1875, and was not put into effect until 1879.

During hearings on the passage of the legal tender bill, Representative Conkling summed things up quite well when he stated, "this bill is a legislative declaration of national bankruptcy." Now why would Representative Conkling say this? As he further explained:

"No precedent can be urged in its favor; no suggestion of the existence of such a power can be found in the legislative history of the country; and this amounts to affirmative authority of the highest kind against it. Had such a power lurked in the Constitution, as construed by those who ordained and administered it, or at least referring to it, has repeatedly arisen; and had such a power existed, it would have been recognized and acted upon. The uniform and universal judgment of statesmen, jurists, and lawyers has denied the constitutional right of Congress to make paper a legal tender for debts to any extent whatever."

## CONSTITUTIONALITY OF GREENBACKS

In 1867 the issue of the Greenback's constitutionality as legal tender finally reached the Supreme Court in the case of Hepburn v. Griswold. The Court ruled the Legal Tender Acts invalid. Chief Justice Salmon Chase wrote the final decision, admitting that his actions as Secretary of the Treasury to pass the Legal Tender Acts was wrong, and he apologized for his "different views, never before entertained by American statesman or jurists."

Needless to say, the powers that be were not ecstatic over the decision. President Grant (he was the guy that passed the Act of 1869 to Restore The Public Credit) came to their rescue by appointing two new Supreme Court Justices. Both were lawyers for the major railroads who were one of the powers not happy with the ruling.

The Legal Tender Acts were revisited in the case of Knox v. Lee, resulting in a five to four majority reversal of the Hepburn v. Griswold case. President Grant proved to be a powerful ally to the elite international collectivists.

This was a damaging and bitter defeat. The moneyed powers were gaining strength from the usurpation of the common man's constitutional rights of Honest Money. Their new world order was beginning to be placed above The Supreme Law of the Land.

The Knox ruling essentially gave Congress the leeway to do whatever it thinks prudent to "preserve the government" - even if such actions include trampling over and undermining the Constitution. It was a sad moment in the affairs of man that would have grave consequences for decades to come.

Unfortunately, further progress down the ever-winding road of monetary debasement had taken place: the long desired precedent was finally in place. The creatures were breeding, the gates wide open; the writing on the wall: Charon knows not the foolish want that accepts the unacceptable; betwixt his teeth he tests the mettle of the coin; for the ferry so guided to the other shore.

Douglas V. Gnazzo

Douglas V. Gnazzo is CEO of New England Renovation LLC, a historical restoration contractor that specializes in restoring older buildings that are vintage historic landmarks. He writes for numerous websites, and his work appears both here and abroad. Just recently he was honored by being chosen as a Foundation Scholar for the Foundation of Monetary Education (FAME).

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## Money in North American History

### From Wampum to Electronic Funds Transfer

**How did the United States develop into the world's richest and most powerful nation from an inauspicious beginning as a collection of colonies where currency was in such chronically short supply that all sorts of substitutes, e.g. tobacco and wampum, had to be used as money?**

A part from its intrinsic interest, history can often shed light on current political controversies. Many political disputes revolve around questions of economics and of all the matters that fall under the purview of economic history there is one that has had, and still has, a profound impact on many aspects of everyone's daily life, and that is money. This essay is based on a book on monetary history by [Glyn Davies](#) which contains a considerable amount of material on the financial development of the United States.

The reference is:

*Davies, Glyn. A [history of money](#) from ancient times to the present day, 3rd ed. Cardiff: University of Wales Press, 2002. 720 pages. Paperback: ISBN 0 7083 1717 0.*

### The Potlatch, Gift Exchange and Barter

Money is often, mistakenly, thought to have been invented simply because of the inconvenience of barter. In fact the development of money was due to many causes and even barter itself often had important social functions in addition to its purely economic purposes.

The potlatch ceremonies of Native Americans were a form of barter that had social and ceremonial functions that were at least as important as its economic functions. Consequently when the potlatch was outlawed in Canada (by an act that was later repealed) some of the most powerful work incentives were removed - to the detriment of the younger sections of the Indian communities. This form of barter was not unique to North America. Glyn Davies points out that the most celebrated example of competitive gift exchange was the encounter, around 950 BC, of Solomon and the Queen of Sheba. "Extravagant ostentation, the attempt to outdo each other in the splendour of the exchanges, and above all, the obligations of reciprocity, were just as typical in this celebrated encounter, though at a fittingly princely level, as with the more mundane types of barter in other parts of the world." (page 13).

### Wampum - Monetary Uses by Native Americans and Settlers

Since the use of primitive forms of money in North America (as in the Third World) is more recent and better documented than in Europe, the American experience is discussed in the introductory chapter on the origins of money. Whereas the [Incas](#) in Peru had reached a high level of civilization without the use of money, in Mexico the Aztecs and Mayas used gold dust (kept in transparent quills) and cocoa beans (kept for large payments in sacks of 24,000) as money. The best known form of money among the native Americans north of Mexico was wampum, made out of the shells of a type of clam. However its use was not confined to the coastal states but spread far inland, e.g. the powerful Iroquois amassed large quantities by way of tribute.

Wampum's use as money undoubtedly came about as an extension of its desirability for ornamentation. Beads of it were strung together in short lengths of about 18 inches or much longer ones of about 6 feet.

Wampum came to be used extensively for trade by the colonists as well as the natives, e.g. in 1664 Stuyvesant arranged a loan in wampum worth over 5,000 guilders for paying the wages of workers constructing the New York citadel (page 458). Like more modern forms of money, wampum could be affected by inflation. Some tribes such as the Narragansetts specialized in manufacturing wampum (by drilling holes in the shells so that the beads could be strung together) but their original craft skills were made redundant when the spread of steel drills enabled unskilled workers, including the colonists themselves, to increase the supply of wampum a hundredfold thus causing a massive decrease in its value. A factory for drilling and assembling wampum was started by J.W. Campbell in New Jersey in 1760 and remained in production for a hundred years.

## Forms of Money in use in the American Colonies

The British colonies in north America suffered a chronic shortage of official coins with which to carry out their normal, everyday commercial activities. An indication of the severity of this shortage and of the resultant wide variety of substitutes is given by the fact that during 1775 in North Carolina alone as many as seventeen different forms of money were declared to be legal tender. However, it should be remembered that all these numerous forms of means of payment had a common accounting basis in the pounds, shillings and pence of the imperial system.

The main sources which provided the colonists with their essential money supplies fall into five groups.

Traditional native currencies such as furs and wampum which were essential for frontier trading with the indigenous population but thereafter were widely adopted by the colonists themselves, e.g. in 1637 Massachusetts declared white wampum legal tender for sums up to one shilling, a limit raised substantially in 1643.

The so-called "Country Pay" or "Country Money" such as tobacco, rice, indigo, wheat, maize, etc. - "cash crops" in more than one sense. Like the traditional Indian currencies these were mostly natural commodities. Tobacco was used as money in and around Virginia for nearly 200 years, so lasting about twice as long as the US gold standard. Unofficial coinages, mostly foreign, and especially Spanish and Portuguese coins. These played an important role in distant as well as local trade. Not all the unofficial coins were foreign. John Hall set up a private mint in Massachusetts in 1652 and his popular "pine-tree" shillings and other coins circulated widely until the mint was forced to close down in 1684.

The scarce but official British coinage.

Paper currency of various kinds, particularly in the colonies' later years.

The first State issue of notes (in north America) was made in 1690 by the Massachusetts Bay Colony. These notes, or "bills of credit", were issued to pay soldiers returning from an expedition to Quebec. The notes promised eventual redemption in gold or silver and could be used immediately to pay taxes and were accepted as legal tender. The example of Massachusetts was followed by other colonies who thought that by printing money they could avoid the necessity to raise taxes.

Another early form of paper money used in north America was "tobacco notes". These were certificates attesting to the quality and quantity of tobacco deposited in public warehouses. These certificates circulated much more conveniently than the actual leaf and were authorized as legal tender in Virginia in 1727 and regularly accepted as such throughout most of the eighteenth century.

In addition to the State issues, a number of public banks began issuing loans in the form of paper money secured by mortgages on the property of the borrowers. In these early cases the term

"bank" meant simply the collection or batch of bills of credit issued for a temporary period. If successful, reissues would lead to a permanent institution or bank in the more modern sense of the term. One of the best examples was the *Pennsylvania Land Bank* which authorized three series of note issues between 1723 and 1729. This bank received the enthusiastic support of Benjamin Franklin who in 1729 published his [Modest Enquiry into the Nature and Necessity of a Paper Currency](#). His advocacy did not go unrewarded as the *Pennsylvania Land Bank* awarded Franklin the contract for printing its third issue of notes.

Gradually the British government began to restrict the rights of the colonies to issue paper money. In 1740 a dispute arose involving a "Land Bank or Manufactory Scheme" in Boston, and the following year the British parliament ruled that the bank was illegal in that it transgressed the provisions of the *Bubble Act of 1720* (passed after the collapse of the *South Sea Bubble* - one of the most notorious outbreaks of financial speculation in history). Restrictions were subsequently tightened because some colonies, including Massachusetts and especially Rhode Island, issued excessive quantities of paper money thus causing inflation. Finally, in 1764 a complete ban on paper money (except when needed for military purposes) was extended to all the colonies.

## The American Revolution and the War of 1812

When he was in London in 1766 Benjamin Franklin tried in vain to convince Parliament of the need for a general issue of colonial paper money, but to no avail. The constitutional struggle between Britain and the colonies over the right to issue paper money was a significant factor in provoking the American Revolution.

When the war broke out the monetary brakes were released completely and the revolution was financed overwhelmingly with an expansionary flood of paper money and so the American Congress financed its first war with hyperinflation. By the end of the war the *Continental*s had fallen to one-thousandth of their nominal value. Yet although the phrase *not worth a Continental* has subsequently symbolized utter worthlessness, in the perspective of economic history such notes should be counted as invaluable as being the only major practical means then available for financing the successful revolution.

During the Revolution the *Bank of Pennsylvania* was established (with the support of Thomas Paine) in June 1780 but it was little more than a temporary means of raising funds to pay for the desperate needs of a practically starving army. The Bank of North America was a more permanent institution, granted a charter by Congress (by a narrow margin of votes) in 1781 and beginning its operations in Pennsylvania on 1 January 1782. It was followed after the war by the *Bank of New York* and the *Bank of Massachusetts*, which both opened in 1784, and the *Bank of Maryland* in 1790.

The financial chaos of the aftermath of the revolution and outbreaks of violent conflict between debtors and creditors led to the establishment of [the dollar as the new national currency](#) replacing those of individual states. However, owing to shortages of gold and silver bullion and the rapid disappearance of coins from circulation legal tender was restored to Spanish dollars in 1797 and it was not until 1857 that the federal government felt able to repeal all former acts authorizing the currency of foreign gold or silver coins, but by then coins were merely the small change of commerce.

After the revolution one might have expected the newly independent Americans to have welcomed with enthusiasm their freedom to set up banks but in fact there was a great deal of opposition to banking in general. The first true American bank, the *Bank of North America* had its congressional charter repealed in 1785. The first national bank, the *Bank of the United States*, though a financial success, was forced to close when its charter was not renewed. As a result, when the 1812 War broke out there was no government bank to exert a restraining hand on the commercial banks which issued far too many notes backed by far too little specie and the American financial scene reverted to its familiar inflationary pattern. After the 1812 War the *Second Bank of the United States* was set up but once one of the heroes of that war, General Jackson, became president it was doomed to failure. Jackson admitted to Nicholas Biddle, the last president of the Bank, "ever since I read the history of the *South Sea Bubble* I have been afraid of banks." By killing the *Second Bank* Jackson delayed the establishment of a sensibly regulated banking system for eighty years. During this period the Treasury was left to carry out the increasingly difficult task of being its own banker. There was a divergence between the more settled areas of the country, such as New England where opinion veered towards sounder money, and the frontier states which tended to welcome easy credit but following the Californian gold discoveries in 1848 even the sound-money men became expansionist.

## The US Civil War

The war required a rapid transfer of resources from diffused and decentralized civilian expenditure to concentrated and centrally controlled military expenditure, by means of some combination of taxing, borrowing and printing money. The mixture actually chosen differed markedly between the Unionists and the Confederates.

The Union government levied two direct taxes; the first was on each of the states in proportion to population rather than ability to pay and it was therefore regarded as unfair by the poorer states. Rather better yields were obtained by a general income tax but even so these two taxes together yielded less than \$200 million. Much more important were indirect taxes which at their maximum rates yielded over a billion dollars. Initial attempts at long term borrowing were not very successful but after an Ohio banker, Jay Cooke, was put in charge of marketing bonds an issue of \$500 million was oversubscribed by the public. During 1863 and 1864 another \$900 million were issued but the low interest rate no longer appealed to the public and so the Union had to rely on the assistance of the banks to ensure the sale of the debt instruments.

In the South the imposition of adequate taxes and their collection was a case of too little too late. The Confederacy's borrowing policy was more successful than its taxation policies but was still inadequate. The Southern states relied on Europe's dependence on "King Cotton" to raise loans of \$15 million but because of the blockade only around a quarter of the expected supplies came from such sources. The one seemingly unlimited resource was the printing press and hyperinflation resulted from its use. The South could probably at best only have moderated hyperinflation to a limited degree as the mix of fiscal and financial policies available to the Union was just not possible for the Confederacy to put into effect.

## Greenbacks

The secession by the anti-federalists opened the way for monetary reforms by the Union government, and "Greenbacks" came into existence when the Treasury was given the right, in 1862, to issue notes that were not convertible into specie but were authorized as legal tender for most purposes. Although the North's record on inflation stands up well in comparison with the experience of victorious countries in later wars, the Greenbacks worth in gold fell to half their nominal value. Their use had in any case only been intended as a temporary measure and the government started reducing the number in circulation, but this coincided with and reinforced a depression which led to the formation of a Greenback Party in 1875 which campaigned for an increase in note circulation and returned 14 members to Congress in 1878. As a compromise it was agreed to fix the number of Greenbacks in circulation at the then current amount.

## The Gold Standard

In practice, if not in law, by 1873 when the silver dollar ceased to be the standard of value America was virtually on the gold standard. Williams Jennings Bryan campaigned vigorously but unsuccessfully against crucifying mankind "on a cross of gold." His fears were not realized as new discoveries in Alaska, Africa and Australia led to an enormous increase in gold supplies, stimulating the world economy and in 1900 America officially accepted the gold standard. Meanwhile banking was becoming increasingly important. Already by 1890 over 90 percent in value terms of all transactions were carried out by cheque (or *check*, to use the American spelling) and in 1913, after a series of bank failures in New York and growing public unease about the concentration of financial power in a few hands, the *Federal Reserve System* ("Fed") was set up to provide a more effective supervision of banking.

## The Great Depression

If the years 1914-1928 were the period in which the *Fed* found its feet the next 5 years revealed it to have feet of clay. In 1928 the *New York Federal Reserve Bank* cut its rediscount rate, partly to help Britain to stay on the gold standard (a goal more easily achieved if US rates were lower than those of Britain) and the *Fed* also expanded credit by purchasing securities. These moves came at the worst possible time. The speculative fever that gripped America during the second half of the 1920s had just moved from land in Florida to the New York Stock Exchange and the easing of credit helped feed the boom on to its inevitable collapse.

On Black Thursday 24 October 1929 the collapse came. Having fed the fever the monetary authorities now proceeded to starve the sick economy by persisting in a contraction of credit which is probably the most severe in American history. Net national product fell by 53 per cent. The *Fed* which had been set up to provide an elastic currency strangled its patient. Roosevelt's first action on becoming president was to declare a bank holiday. The world's largest economy was left virtually bankless for at least 10 days as a necessary prelude to the enforced reform of the whole financial system.

## From the New Deal to the Apogee of American Power

The New Deal required a new banking system to restore business confidence in order to revive industry and agriculture and reduce the country's appalling total of 13 million unemployed. The first relief agency (which had already been set up by President Hoover in 1932) was the *Reconstruction Finance Corporation* which played an important role not only in the recovery from the Depression but also supplied vitally needed investment for military purposes during the 2nd World War. From \$16 million in 1930 the national debt rose to \$269 billion in 1946. This immense increase in borrowing was accomplished at very low interest rates (2.5% or less) which showed the great strength of the reformed financial system, as did the swift and gigantic change over that the US economy made from war to peace afterwards. American strength was also manifested in helping to rebuild war-shattered Europe, through the *Marshall plan*, and in helping to ensure a generation of growth and relative stability for the world economy, through the *Bretton Woods* agreement.

## Relative Decline of the US Financial System?

However in the last couple of decades certain signs of relative decline have become apparent, in the financial sector as well as in American industry. Losses estimated by the Brookings Institute as exceeding \$100 billion, or \$400 per US citizen, were incurred as a result of the numerous failures of Savings and Loan Associations or thrifts in the late 80s. A more insidious relative decline is demonstrated by the fact that in 1970 the ten largest banks in the world were all American but by June 1991 there were no American banks in the top 20.

It is still incredibly incongruous when millions of dollars can instantly be transmitted across the globe by satellite that US banks, the main creators of the country's money, may still not be allowed to open a branch even a few miles away (especially in other States) without quite disproportionate effort. The complexity of the American financial system has provided a paradise for lawyers, while the Byzantine supervisory structure has imposed heavy annual operating costs, currently of over a billion dollars, which have to be carried by banks and their customers, quite apart from the periodic massive reconstruction costs borne impatiently by the US taxpayers.

Although America has officially enjoyed a single currency since 1790 it has not yet achieved a single banking market. It is one of history's exquisite ironies that Europe, or most of it, reached the goal of a single market by 1992 and, despite considerable scepticism, has now achieved its other goal of a [single currency](#). The *Euro* was adopted by the banking systems of the participating countries in 2001 and although it lost value against the dollar after its launch it nevertheless remains a potential threat to the supremacy of the dollar in the international financial system, despite the interest in *dollarization*, or the substitution of the US dollar for national currencies, in parts of Latin America.

Nevertheless whatever the future of money, an optimally adjusted supply is the foundation both of capitalism and of freedom. In the words of Dostoevsky (in *House of the Dead*, part 1, chapter 2):

*"Money is coined liberty"*

# Calendar of Events

## February 2006

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4 South Hills Coin Show
5 South Hills Coin Show	6	7	8	9	10	11
12 Nickel Trader Show	13 Meeting 7PM	14	15	16	17 OH Coin Expo	18 OH Coin Expo
19 OH Coin Expo	20	21	22	23	24	25
26 Greensburg Coin Show	27	28				

## March 2006

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4 Hagerstown Maryland
5 Hagerstown Maryland	6	7	8	9	10 York, PA March 10-11	11 Indiana, PA March 11-12
12 Nickel Trader Show	13 Meeting 7PM	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

## **LAST MONTH MEETING/ MEMBERSHIP REPORTS**

Meeting held at the  
**Northland Public Library**  
Meeting Room  
300 Cumberland Road  
Pittsburgh, PA 15237

Second Monday of Each  
Month

### **Directions to Northland Library from the North**

Take Route 19 South towards Pittsburgh. After you pass through the Wexford business district, Route 19 will separate into Truck 19/McKnight Road (the right lane) and Route 19/Perry Highway (the left lane). Follow Route 19/Perry Highway to the third light and turn left onto Cumberland Road. The Library is located on the right side of Cumberland across from St. John's Church.

### **Direction to Northland from the South**

Take 279 North to the McKnight Road exit. Follow McKnight Road past Ross Park Mall and Northway Mall. Make a left at the eleventh light onto Cumberland Road. The Library is located on the left side of Cumberland across from St. John's Church.

**The correct answer is #3,**

**1864 was the first year for the words In God We Trust to appear on a US Coin..**

**It appeared on the 2 cent piece.**

# INTERNET RESOURCE GUIDE

## [Virtual Coin and Token Library](http://www.shawneecoin.com/library/)

[www.shawneecoin.com/library/](http://www.shawneecoin.com/library/)

Information on US coins, tokens, "novelty coins", and coin trivia

## [Mintage Figures for Circulation Coins](http://www.coinfacts.com/Administrative/mintage_chart_circulation_strikes.html)

[www.coinfacts.com/Administrative/mintage\\_chart\\_circulation\\_strikes.html](http://www.coinfacts.com/Administrative/mintage_chart_circulation_strikes.html)  
*Mintage figures for US Coins 1793-1839, 1/2 cents-\$10 gold*

## [The Coins of Colonial and Early America](http://www.coins.nd.edu/ColCoin/index.html)

[www.coins.nd.edu/ColCoin/index.html](http://www.coins.nd.edu/ColCoin/index.html)

*Great site with lots of info on ALL colonial and Early American coins.*

## [Rotated die coin census](http://www.geocities.com/RodeoDrive/9830/)

<http://www.geocities.com/RodeoDrive/9830/>

*Information about the Federal Reserve and the Federal Reserve System*

## [Bust Coin Information Pages](http://www.byronreed.com/BCTC/link.htm)

[www.byronreed.com/BCTC/link.htm](http://www.byronreed.com/BCTC/link.htm)

*Information regarding all Bust coinage, buy, sell, also has a forum.*

### **Fun Facts**

#### **DID YOU KNOW?**

- Between the Fort Worth, Texas and the Washington, DC Facilities approximately 18 tons of ink per day are used.
- The following information regarding the average life of a Federal Reserve Note was provided by the Federal Reserve System - please note that the life of a note depends on its denomination:

\$ 1 .....	22 months
\$ 5 .....	24 months
\$ 10.....	18 months
\$ 20 .....	25 months
\$ 50 .....	55 months
\$100 .....	60 months

Advertising space available

Inquire with Dean K  
or email at  
[overdate@yahoo.com](mailto:overdate@yahoo.com)  
Subject: The Keelboat

# Classified Ad's

## Wanted

Buying all coins and paper money.  
Gold and Diamonds of Coraopolis  
412-269-0181



## For Sale



## For Trade



## Services

I will provide coin variety attributions of your coins. Contact Dean K or email to [overdate@yahoo.com](mailto:overdate@yahoo.com) Subj: The Keelboat

Need top quality photos of a coin? Contact Dean K for more information or email to [overdate@yahoo.com](mailto:overdate@yahoo.com) Subj: The Keelboat



Looking to advertise.  
Contact Dean K  
[overdate@yahoo.com](mailto:overdate@yahoo.com)  
Subject: The Keelboat



A club member asked me about taking pictures of coins. Here are some pictures that I took from my collection. All coins were certified and slabbed by a major grading company. Hi-resolution pics are available upon request. Pictures of raw coins will turn out better.



All pictures were taking with just a digital camera, light source and a tripod.



Do you want to have some of your coins pictured on the Keelboat Museum Page?

Contact Dean K  
 overdate@yahoo.com  
 Subject: The Keelboat



# NORTH HILLS COIN CLUB

## MEMBERSHIP APPLICATION

Please Print

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Birth Date: \_\_\_\_\_ Age: \_\_\_\_\_

Phone Number: Home (\_\_\_\_) \_\_\_\_\_ Work (\_\_\_\_) \_\_\_\_\_

E-Mail: \_\_\_\_\_

Occupation: \_\_\_\_\_

Business Address: \_\_\_\_\_

Coin Specialty: \_\_\_\_\_

Signature of Applicant: \_\_\_\_\_

Sponsor: As a member in good standing, I hereby recommend this applicant for membership in the North Hills Coin Club

Signature of Sponsor: \_\_\_\_\_ Member #: \_\_\_\_\_



**(Please return this form to the club Treasurer with your initiation dues).**

**DO NOT WRITE IN THIS SECTION, FOR CLUB USE ONLY**

Initiation Fee: \$10.00                      Membership Number \_\_\_\_\_

First Reading Date \_\_\_\_\_      Second Reading Date \_\_\_\_\_

Membership Approved                      Yes    No

Treasurer \_\_\_\_\_