



# THE KEELBOAT

North Hills Coin Club Presents

Pittsburgh's Premier Numismatic Publication

Volume 1 Issue 2



November 2005

## HONEST MONEY

The Constitution and our Money



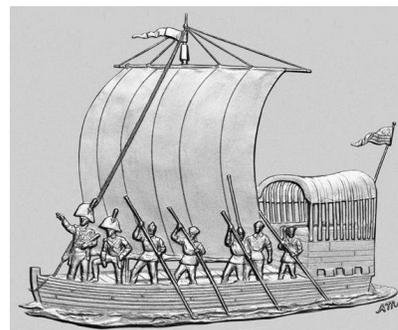
**U.S. Mint in violation  
of  
Copyright Law?**

**3 TIMES A CHARM  
WILL WE SEE A  
NEW DOLLAR COIN?**

**Question :What does the Callaway County Sheriff's  
Department, a Christian radio station and a Florida man all  
have in common?**

**Answer: \$4.3 million dollars in stolen coins**

# THE KEELBOAT



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### Honest Money Part 1

The first of a six part story

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# Special Thanks

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

## From the Editor,

Well, another month has flown by. PAN Show is over. Unfortunately, the only day I made it there was Sunday. I missed a few dealers. This show was better for me than the May show though.

I apologize about the issues everyone had with downloading the first issue and I believe everything is solved now. I did receive some feedback but as always, feedback is welcome.

I would like to hear what everyone collects. I would like to include articles that everyone would like to read but if nobody collects foreign coins, I would rather not include articles on foreign coins.

This issue includes more "In The News" articles than the first issue and I will try to include as much or a little more of these types of articles.

Thanks again and hope you enjoy this issue.

## Correction

The article on the History of the 1933 Double Eagle was not from Heritage Auction House but from the Sotheby Auction House

Sorry for the misprint.

## During the December Meeting

As per article III section 3 of the BY Laws

Election of Club Officers shall be made by written secret ballot or by voice if the office is uncontested.

**In what year were the first coins struck at the Denver Mint?**

- 1.) 1892
- 2.) 1901
- 3.) 1906
- 4.) 1911

**Answer on page 17**

## North Hills Coin Club

### Officers and Offices

**Acting President**  
Stephen L.

**Vice President**

**Acting Treasurer**  
Deborah L

**Acting Secretary**  
Deborah L

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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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# In The News

## Dropping the dime on a stolen nickel design

By GAIL KIMBERLING

NEWPORT — The majestic Oregon coastline is going nationwide on the back of a new nickel, and the image chosen for the 5 cent piece is based on a photograph taken by Newport resident Andrew Cier.

"It's quite exciting, as a professional photographer," Cier said from his

crowded workstation in the back of Newport Lazerquick.

But it's an honor that initially shocked Cier — the U.S. Mint used his work without his permission.

Fort Clatsop National Memorial Park (soon to be the Lewis & Clark National Park) Web site, had purchased rights for limited use of Cier's photograph.

Taken with a 35mm camera south of Cannon Beach, the photo shows weathered trees on steep mountainsides that plunge directly into ocean waves.

The new nickel design was created and released in a public ceremony held Aug. 5 at Cape Disappointment, Wash. — much to Cier's surprise.

"I had no idea my image had been used," Cier said. "My partner, LaRee Johnson, happened to be at the (nickel) unveiling selling our line of Lewis and Clark-related cards and prints. She recognized the back of the new nickel as my photo."

To be certain, Cier enlarged the nickel's image and compared its horizontal and vertical lines and placement with those of his photograph; it was indeed a match.

It appeared an independent artist working for the mint had used Cier's photograph without obtaining permission.

Cier contacted both the U.S. Mint and the artist and hired an attorney.

"Our stand from the beginning," he stressed, "is we wanted to take the high road, and not turn this into a negative thing."

A settlement was quickly reached, and the U.S. Mint has now changed its Web site to give Cier credit for the image. Cier is not allowed to disclose the terms of the settlement, but he did say the U.S. Mint will fly Cier and Johnson to Washington, D.C., in the near future to tour the facility.

The Oregon coast nickel, with the inscription "Ocean in view! O! The joy!" is part of the Westward Journey Nickel Series, commemorating the bicentennials of the Louisiana Purchase and the Lewis and Clark Expedition.



This year's new nickels include a more close up picture of President Jefferson on the front, along with two new reverse designs. Along with the Oregon coast nickel is a bison nickel, representing the American Indians and wildlife encountered by the Lewis and Clark expedition.

*The Newport News-Times is part of the Lee Enterprises newspaper chain, which also owns the Corvallis Gazette-Times.*



# In The News

## Florida man reports \$4.3M rare coin theft from Kingdom City, Mo., hotel (Columbia Daily Tribune, Mo.)

By Josh Flory, Columbia Daily Tribune, Mo.  
Knight Ridder/Tribune Business News

Sep. 28--The search is on for rare coins worth \$4.3 million that were allegedly stolen from a Florida man who left them in the trunk of a rented car while he stayed overnight at a Kingdom City hotel. It's a strange whodunit that involves the Callaway County Sheriff's

Department, two suitcases packed with coins, a Christian radio station and a Florida man who was traveling to Blue Springs. The alleged victim told investigators he planned to buy a house with the coins.

The sheriff's department said that Albert Guilder of Plantation, Fla., reported the theft on Sept. 20, after spending the night at the Days Inn in Kingdom City. He told investigators that the gray Chevrolet Impala he rented in Florida was missing, along with two brown-leather suitcases in the trunk that contained 771 rare coins. Callaway sheriff's Lt. Tim Osburn said that it rained the night that Guilder checked in at the hotel and that the victim told an investigator "he was worried about getting" the coins "wet."

Asked how the coins would get wet if they were inside suitcases, Osburn said, "I'm not satisfied with it either, but that's what we've got to go on."

Asked whether Guilder is a suspect, Osburn said, "We haven't ruled out anything yet."

Guilder declined today to answer questions from the Tribune about the case.

The car was found Monday morning near a transmission tower for KJAB-FM, a Christian radio station in Mexico, Mo. The license plates had been removed, and the dashboard had been dismantled.

"It obviously didn't belong there, so we reported it and found out it was stolen," said KJAB General Manager Kevin Weber. Osburn said Guilder inherited the coins when his wife died, and she got them from her father. He said Guilder's insurance company, AIG Inc., is also involved in the case and could offer a reward.

"I'm fairly confident it's going to be more than the \$1,000 CrimeStoppers puts out there," he added. AIG today had no immediate comment.

Osburn said that Guilder planned to use some of the coins to purchase a house and that the seller of the house is a coin dealer. Osburn declined to name that person.

The lieutenant said the sheriff's department initially declined to publicize the crime because they thought the thief might be unaware of the value of the stolen property. "Once the car was recovered, there was no reason to keep it close to the vest after that," he added.

The sheriff's department also has an appraisal of the coins. While Osburn declined to provide that appraisal, he did pass along the value of some of the coins that were stolen.

They include an 1892-S Morgan silver dollar valued at \$60,000; a 1921-S Walking Liberty half-dollar valued at \$30,000; and a 1918 Walking Liberty valued at \$25,000.

Now you can access the  
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. Signup today, it's FREE

# In The News

## U.S. Mint again tries to popularize dollar coin

By Andrew Becker

The Dallas Morning News

**DALLAS** | The granite wall of Mount Rushmore might be filled, but Americans could soon get a closer look at the foursome and 38 other presidential faces if the Senate supports a proposed dollar coin.

The program to reinvigorate the dollar coin would feature the faces of former presidents. Four coins would be minted each year, starting with George Washington in 2007. Sitting presidents would be excluded.

The measure could come before senators this fall. The House flipped over the coin program in April and approved it overwhelmingly.

The proposal is modeled on the popular 50-states quarters program, which the U.S. Mint rolled out with the Delaware coin in 1999. That program has generated more than \$4 billion in revenue, as 140 million Americans were willing to pay more than face value for packaged sets of quarters.

The U.S. Treasury could save as much as \$500 million a year on printing costs if the public accepts the presidential coin, according to a 2002 report by the Government Accountability Office.

That's because coins can last more than 30 years, compared with the 18-month life expectancy of paper money.

But not everyone supports the proposal. Rep. Ted Poe, R-Texas, who voted against the House bill, does not like the government forcing people to use coins they do not want.

"They have used taxpayer money to fund marketing for the latest dollar - \$62 million spent on promoting a coin Americans don't want to use," he said.

Larry Harmon, owner of texascoins.com and a coin collector since 1957, said the new dollar coin would be a flop, just like those before it.

His reasons for their failure: They're heavy (the Eisenhower dollar), ugly (the golden Sacagawea) or the wrong size (the Susan B. Anthony). People would rather fold than jingle, he says.

"As long as we have paper currency simultaneous to coinage, it will never work," said Harmon, of San Antonio. He said the government would be wise to mint a \$5 coin instead so that Americans would not be weighed down as much. Otherwise, the \$1 coin benefits only the U.S. Mint and collectors.

To date, the golden dollar coin, which features Sacagawea, the Shoshone interpreter who guided the Lewis and Clark expedition, has been stashed by collectors rather than cashed at the corner store.

The U.S. Mint expected more from the golden dollar when it introduced 1.6 billion Sacagawea coins in 2000. Last year, it minted 5.3 million of the coins, which went to collectors.

The Mint's frustration with the public's response to the golden dollar is evident on its Web site: "It's money. So use it," the site exhorts.

### Vignette on the Back of the Current \$2 Federal Reserve Note

The \$2 Federal Reserve Note features an engraving of John Trumbull's painting "The Signing of the Declaration of Independence." The original Trumbull painting portrayed 47 people, 42 of whom were signers of the Declaration (there were 56 total). However, because of a limited amount of space on the note, 5 of 47 men in the painting were not included in the engraving.

# In The News

## A First for the United States: Jefferson to Face Forward on 2006 Nickel

WASHINGTON – The Nation’s circulating coins have featured the profiles of presidents for nearly a century. The United States Mint is announcing that for the first time in history, the image of President Thomas Jefferson will face forward on the 2006-dated 5-cent coin (nickel). This new image, based on a Rembrandt Peale painting of Jefferson in 1800, is expected to grace the nickel for years to come. The United States Mint will launch into circulation the 2006 nickel, called “Jefferson, 1800,” early next year, concluding the Westward Journey Nickel Series™.

“The changing images in the Westward Journey Nickel Series™ lead us back to Thomas Jefferson, who envisioned the Louisiana Purchase and Lewis and Clark expedition as a way to move the Nation forward,” said United States Mint Acting Director David A. Lebryk. “The image of a forward-looking Jefferson is a fitting tribute to that vision.”

The Lincoln one-cent coin 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 United States Mint Artistic Infusion Program (AIP) artist Jamie Franki of Concord, North Carolina, using the Rembrandt Peale painting of 1800, the year Jefferson was elected President. The new nickel obverse will be sculpted by United States Mint sculptor-engraver Donna Weaver. As on the 2005 nickels, the word “Liberty” in Thomas Jefferson’s own handwriting will be inscribed on the obverse.

The 1938 classic rendition of President Jefferson’s Virginia home of Monticello by Felix Schlag will return to the reverse (tails side) of the 2006 nickel. However, the reverse design, “Return to Monticello,” 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. During more than 65 years of production, the United States Mint had slightly modified the reverse design for technical reasons.

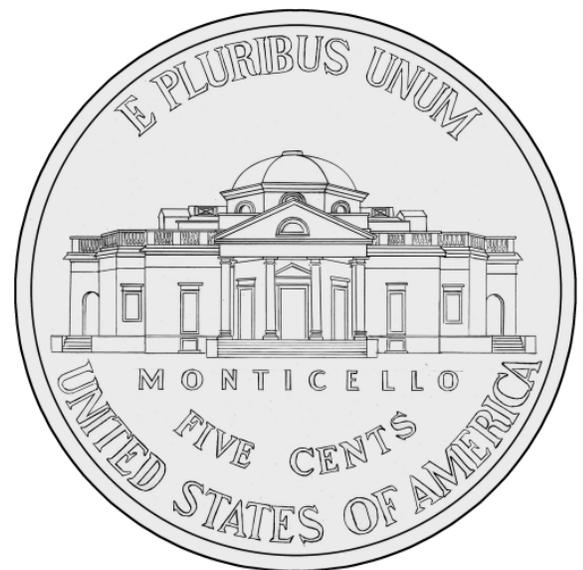
Jamie Franki’s forward-looking image of Thomas Jefferson was selected from 147 designs submitted by the United States Mint sculptor-engravers and AIP artists from throughout the country. Franki also designed the reverse image on the 2005 American Bison nickel.

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.

A panel composed of officials from the National Endowment for the Arts and the United States Mint 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 12 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.

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# Honest Money Part I

by Douglas V. Gnazzo

## Introduction

The recent bull market in gold and silver has generated much discussion in the media regarding the "gold standard" of the past - versus the present system of irredeemable paper fiat currency known as Federal Reserve Notes.

Even the issue of the constitutionality of the Federal Reserve and the irredeemable fractional reserve banking system it wields, as the Sword of Damocles above unwary heads, has been debated. Many well-intentioned and knowledgeable writers have rightfully questioned both the efficacy and the soundness of the present monetary system of paper fiat.

Numerous articles often discuss the "gold standard" of past history, including the recommendation of a return to the standard of old, as being both the financial and constitutional "fix" for our present financial problems.

However, is the "gold standard" as popularly put forth and understood by most of these well-intentioned articles, the same as the original constitutional standard and "hard" money system, as stated within the Constitution of the United States?

And perhaps of even greater importance, is whether returning to the "gold standard" of old - at least the "version" that is most often referenced and discussed, in contra-distinction to the original constitutional standard - is truly the fix-all for the debilitated and debased state of our present monetary system of irredeemable paper currency.

Most, but not all, of those friendly to the precious metals or hard money persuasion, sometimes referred to as gold-bugs, speak of the "gold standard" of the past as if it were sacrosanct and beyond reproach - and thus the standard deemed most suitable as the model for modern day monetary reform. But perhaps this model is flawed, which inherently, yet almost unknowingly, except to the elite few who perpetrated the crime, contributed to its intended demise.

The belief seems widely accepted, that the "gold standard" of the later 1800's and the early 1900's, is sufficient historical documentation of our monetary system to explain not only the problems with the present fiat currency; but to also provide the remedy for any such ills to simply be a return to the "gold standard" of the past.

Such views may very well explain and offer the best course of monetary reform, but then again, perhaps they do not: perhaps there are other more sound and honest alternatives; that are closer in keeping with our original Constitution - as opposed to the present system of irredeemable promises to pay.

The "gold standard" most often discussed, is the standard whereby, U.S. Notes, or Treasury Notes or Federal Reserve Notes are redeemable in gold coin. Occasionally, those of a "purer" ideal, refer to the establishing of the one dollar gold coin - which was set by statute as the standard unit of our monetary system - hence the term "gold standard".

However, this setting of the one dollar gold coin as our standard unit of account, did not take place until 1873; and more importantly, is whether the Act was and is, in accordance with the Constitution and the Original Coinage Act of 1792?

To use the creation of the "gold standard" as a starting point for monetary reform, involves taking quite the leap of faith - as there may be much more to understanding our currency system than just the "gold standard" that involved various paper issuances, that were supposedly backed by, and could be, redeemed for gold coin. Even the minting of gold coins such as the gold eagles; or the coining of a gold "dollar"; or the coining of the magnificent gold double eagles, leaves out a great amount of very important monetary history and policy.

Such a leap in faith may end up missing the original Constitutional Standard - that set the standard for honest money - of silver and gold coin - not of paper redeemable in specie. It may even be, although unintentionally, offering a cure that is as deadly as the disease it seeks to remedy.

It must be remembered, that even a "gold standard" that has 40% of the currency backed or redeemable in gold may appear to be solvent - but it is not liquid - as there is only backing for 40% of the currency and that's it. What about the other 60%? Is it any less real than the first 40%?

And the above is premised on the gratuitously supposed fact or pretense, that the issuance of paper bills of credit is even allowed or granted by the Constitution - regardless if they (bills of credit) are redeemable or not in gold or silver coin; and more importantly - whether the Constitution directly forbids the issuance of such paper money.

Many of these well-intentioned articles on gold and or the "gold standard" often use the word "dollar" in describing "money", almost in a flippant manner - as if the definition of a "dollar" is automatically understood, both by the general reading audience, and by most writers on the subject as well.

Most often it is taken for granted, that the definition of the "dollar" has always been one and the same - which it has been constitutionally, and according to the Original Coinage Act of 1792. Various subsequent coinage acts, however, and the generally false beliefs of both government officials and the public at large, that such legislation was intended to, and did perpetuate; have seemingly changed the definition of the "dollar" from the original intent of the Constitution.

All of which has led to the present make believe world of the Federal Reserve, and the infamous Federal Reserve Note or dollar bill; and whether it just may be possible that a dollar bill, and a "dollar", are two distinct and separate entities - as different from one another as night and day.

In lieu of the above, we are naturally led to ask whether or not the above assumptions of most present day writers on the "gold standard" and the "dollar" are correct, according to the actual history that has transpired?

Also, is it possible that some of the history regarding these subjects has been left out and hidden from the public eye - by deceitful design and behind the scenes manipulation, undertaken by the self-same powers and interests that brought forth the Federal Reserve, and its irredeemable paper fiat currency: to purposefully confuse the issues and muddy the waters?

As unbelievable and stunning as it may prove to be, perhaps the powers that have brought us the Federal Reserve, also brought us the "gold standard"; and the First and Second Banks of the United States, pre-cursors of our central bank; and perhaps for the same reasons: as a means of implementing a wealth transference system of plunder - from "We The People" to "they" who control the system - by dishonest attempts to discredit both gold and silver, by entangling and implementing them in unworkable standards and systems, that were knowingly doomed to fail from the start.

Popular views have been put forth that under the "gold standard" money is gold - perhaps this is true - but perhaps there is a bit more to it. Is the meaning of the statement that money is gold, the same as - gold is money? This involves much more than mere semantics, as will be seen.

A famous quote states: "Of all the contrivances for cheating the laboring classes of mankind, none has been more effective than that which deludes them with paper money." This is very much true, but does it not include all paper money, even if fractionally backed by gold, as under a "gold standard"?

Is the "gold standard" where paper currency is backed by gold, the same as a system where only gold and silver coins are the medium of exchange?

Is a system of state or even national private banks that issue paper currency, the same as a system where the government becomes partners with a national central bank, that Congress grants the sole monopoly of power to issue bank notes to - that are only fractionally backed by gold?

And lastly, is the present system of paper fiat currency, that is not only irredeemable and no longer backed by gold; but is also the mechanism and means, by which all Treasury bond or government debt is monetized - exactly the same as any of the systems that came before it, and led to its creation; or is it a gross genetic mutation, engendered by the interbreeding of the preceding diseased and sickly schemes of issue?

So let's take a trip back in time and follow the money and see where it leads us - perhaps we will be able to discover a story not often told about our monetary heritage; and from whence this thing called "money" and "dollar" has come; all in the pursuit of: Honest Money.

We will start by examining "money" according to the Constitution and the Original Coinage Act of 1792. Next we will look at the subsequent Coinage Acts that defined our monetary system. Then the different Treasury Note Issuances will be looked at to see how they fit in. And finally we will go back to the pre-Constitutional history of Colonial America to see from whence this "business" of central banking was born. A summary of conclusions will then be provided.

## **Part I: The Constitution and Honest Money**

### **Seven Constitutional Monetary Clauses**

There are seven main clauses of the Constitution that deal with the issue of "money":

Article I, Section 8, Clause 2. The Congress shall have Power...To borrow Money on the credit of the United States.

Article I, Section 8, Clause 5. The Congress shall have Power...To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures.

Article I, Section 8, Clause 6. The Congress shall have Power...To provide for the Punishment of counterfeiting the Securities and current Coin of the United States.

Article I, Section 9, Clause 1. The Migration or Importation of such Persons as any of the States now existing shall think proper to admit, shall not be prohibited by the Congress prior to the Year one thousand eight hundred and eight, but a Tax or duty may be imposed on such Importation, not exceeding ten dollars for each Person.

Article I, Section 9, Clause 7. No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law.

Article I, Section 10, Clause 1. No State shall...coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debt.

Amendment VII. In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved...

## **Discussion of Early Monetary History**

Of particular interest and importance in reading over these provisions is to note that the word "money" appears but four times in the original constitutional document. The word "coin" appears five times; the word "dollar" appears but twice; the word "credit" twice; and the word "tender" appears but once. Conspicuously absent is the word - paper, although "bills of credit" is a close surrogate.

Most striking is the fact that nowhere in the Constitution is a literal definition of the "dollar" provided. Was the lack of such an important definition as to the dollar or unit of account of our monetary system an oversight by such an august and learned group of men as the First Congress?

Or did our Founding Fathers perhaps know uncontrovertibly the definition of the dollar that at the current time was universally accepted by all? - As in like manner, the usage of the word "day" or "time" within the Constitution was understood, and the definition was not seen to be needed, required, or given - as it was already known.

Perhaps by examining the past monetary history from which the Constitution evolved, as well as the monetary history the Constitution gave birth to, a clearer understanding of the Constitution's meaning and intent can be revealed.

As Blackstone noted in his "Commentaries": "Sir Edward Coke lays it down, that the money of England must be either gold or silver; and none other was ever issued by the royal authority till 1672, when copper farthings and half-pence were coined".

During our early Colonial history, Queen Anne's Proclamation of 1704, and the Parliamentary Act of 1707 both referred to "... regulation of coin according to their weight and fineness in proportion to the rate before limited and set for the Pieces of Eight of Sevil, Pillar, and Mexico... commonly known as the silver Spanish milled dollars".

In 1776 a report in the Journals of the Continental Congress referred to "the precise weight and fineness of the Spanish milled dollar now becoming the Money-Unit or common measure of other coins in these states".

The Continental Congress subsequently laid the groundwork for The Constitution with the Articles of Confederation in 1781. The following sections of the articles are the most noteworthy in regards to the present discussion:

"...The United States in Congress assembled shall never engage in a war, nor grant letters of marque or reprisal in time of peace, nor enter into any treaties or alliances, nor coin money, nor regulate the value thereof, nor ascertain the sums and expenses necessary for the defense and welfare of the United States, or any of them, nor emit bills, nor borrow money on the credit of the United States, nor appropriate money, nor agree upon the number of vessels of war, to be built or purchased, or the number of land or sea forces to be raised, nor appoint a commander in chief of the army or navy, unless nine States assent to the same: nor shall a question on any other point, except for adjourning from day to day be determined, unless by the votes of the majority of the United States in Congress assembled".

The First Congress followed with The Constitution of The United States, which was adopted in 1787 and ratified in 1788. The sections that express the monetary powers granted to Congress and that are of importance to this discussion have been previously listed above.

In 1791 Secretary of State Alexander Hamilton presented to Congress his report on the subject of a mint to "coin" the "money" the Constitution had mandated.

In Hamilton's report to Congress there are many passages that discuss the dollar or unit of money to be issued. The following depicts the definition of the dollar that is constantly used by Hamilton:

"It may, nevertheless, be advisable to repose a discretionary authority in the President of the United States, to continue the currency of the Spanish dollar at a value corresponding with the quantity of fine silver contained in it..."

The following year, The Second Congress passed the Coinage Act of 1792 by which The United States monetary system was enacted.

## **What the Constitution Did Not Say**

The Constitution was the written plan for the construction of our government, that was established and ordained by "We The People", according to the legislative powers that were granted to Congress by the People; including the limitations of such powers; the disabilities of the government in regards to such powers; as well as the delineation of all rights, duties, privileges, and immunities of the government.

Very often it is forgotten that what the Constitution didn't state is just as important as what it did state. The Constitution was the written expression of the People's will, to form a more perfect "Union", by granting to Congress specific powers to carry out the implementation of their new form of government - that the People had established and ordained.

Of particular interest is to note that the Constitution does not grant any of the following powers:

- No power to print paper money
- No banking powers or regulations
- No mention of fractional reserve banking policies
- No power to loan money - only to borrow
- No power to create any paper currency regardless if it was redeemable in specie
- No power to delegate non-existing Constitutional powers to private corporations
- No power to grant charters of incorporation to banks
- No power to form monopolies
- No power to issue forced loans
- No power to draw money from the Treasury, but in consequence of appropriations by law

### **Coinage Act of 1792**

The Coinage Act of 1792 was the legislative means to implement by statute, the monetary system of the government, according to the monetary powers granted in the Constitution.

The following are the most important sections of The Coinage Act of 1792 as related to the subject under question - what was the original Constitutional money or dollar?

Section 9. "And be it further enacted, That there shall be from time to time struck and coined at the said mint, coins of gold, silver, and copper, of the following denominations, values and descriptions, viz

- EAGLES - each to be of the value of ten dollars or units, and to contain two hundred and forty-seven grains and four eighths of a grain of pure, or two hundred and seventy grains of standard gold.
- HALF EAGLES - each to be of the value of five dollars, and to contain one hundred and twenty-three grains and six eighths of a grain of pure, or one hundred and thirty-five grains of standard gold.
- QUARTER EAGLES - each to be of the value of two dollars and a half dollar, and to contain sixty-one grains and seven eighths of a grain of pure, or sixty-seven grains and four eighths of a grain of standard gold.
- DOLLARS OR UNITS -each to be of the value of a Spanish milled dollar as the same is now current, and to contain three hundred and seventy-one grains and four sixteenth parts of a grain of pure silver, or four hundred and sixteen grains of standard silver. (Note no mention of gold in regards to the dollar)
- HALF DOLLARS - each to be of half the value of the dollar or unit, and to contain one hundred and eighty-five grains and ten sixteenth parts of a grain of pure, or two hundred and eight grains of standard silver.
- QUARTER DOLLAR - each to be of one fourth the value of the dollar or unit, and to contain ninety-two grains and thirteen sixteenth parts of a grain of pure, or one hundred and four grains of standard silver.
- DIMES - each to be of the value of one tenth of a dollar or unit, and to contain thirty- seven grains and two sixteenth parts of a grain of pure, or forty-one grains and three fifths parts of a grain of standard silver.
- HALF DIMES - each to be of the value of one twentieth of a dollar, and to contain eighteen grains and nine sixteenth parts of a grain of pure, or twenty grains and four fifths parts of a grain of standard silver.
- CENTS - each to be of the value of the one-hundredth part of a dollar, and to contain eleven pennyweights of copper.
- HALF CENTS - each to be of the value of half a cent, and to contain five pennyweights and a half a pennyweight of copper.

Section 11. And be it further enacted, That the proportional value of gold and silver in all coins which shall by law be current as money within the United States, shall be fifteen to one, according to quantity in weight, of pure gold or pure silver; that is to say, every fifteen pounds weight of pure silver shall be of equal value in all payments, with one pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

Section 16. And be it further enacted, That all the gold and silver coins which shall have been struck at, and issued from the said mint, shall be a lawful tender in all payments whatsoever, those of full weight according to the respective values herein before declared, and those of less than full weight at values proportional to their respective weights.

Section 20. And be if further enacted, That the money of account of the United States shall be expressed in dollars, or units, dimes or tenths, cents or hundredths, and the milles or thousandths, a dime being the tenth part of a dollar, a cent the hundredth part of a dollar, a mille the thousandth part of a dollar, and that all accounts in the public offices and all proceedings in the courts of the United States shall be kept and had in conformity to this regulation."

Now that we have before us the pertinent information regarding the original monetary policy of the United States, according to the Constitution and the Coinage Act of 1792, let's take a closer look at what was said.

### **Summary of the Constitution and Coinage Act of 1792**

Article I, Section 8, clause 5 of The Constitution states that Congress has the "power to coin money" and furthermore

Article I, Section 10, Clause 1 specifies that " No State shall...coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debt."

The Constitution undeniably grants Congress the power to coin money, i.e. to form and shape metal (silver, gold & copper) and to regulate its weight and purity and to affix the stamp of the issuing government thereon.

From ages past, before the time of the Bible, man has coined metal to be used as money. Accordingly, money is brought forth into society to be used as a medium of exchange to facilitate the trade of goods of all kinds. The use of money involves the progress from direct exchange or bartering of goods, to the indirect exchange of goods using a common medium: money.

The free acts of individual commerce, that collectively form an economic body of trade, chooses and decides by its own internal market forces of supply and demand, what commodity is most widely accepted as "the medium of exchange" - money.

We have seen that in early Colonial times that the Spanish milled Silver Dollar had been the most popular and widely accepted coin then current, although many other different types of coin also circulated.

The Constitution clearly states that money is to be coined and that only gold and silver coin (i.e. money) is a tender in payment of debt. Note that Congress was never granted the power to print money, only to coin it.

However, the Constitution does not define exactly what a "dollar" is, although twice it refers to the dollar - once in Article I, Section 9, Clause 1 and once in Amendment VII.

Let us now once again turn our attention to the Coinage Act of 1792 to see if the Founding Fathers and Congress expressly and explicitly defined the "dollar".

In Section 20 of the Coinage Act we read, "...that the money of account of the United States shall be expressed in dollars or units."

We are now getting closer to our goal for a definition of a dollar. Congress in Section 20 clearly states that the money of account of the U.S. is expressed in dollars, which are "units"

In Section 9 of the Coinage Act we read that "...That there shall be from time to time struck and coined at the said mint, coins of gold, silver, and copper, of the following denomination, values and descriptions, viz. Eagles-each to be of the value of ten dollars or units and to contain two hundred and forty-seven grains and four eighths of a grain of pure, or two hundred and seventy grains of standard gold."

Here we clearly see that Congress coined Eagles that were of the value of ten dollars or units. But an Eagle was not a "dollar", but of the value of ten dollars. So what is the definition of a dollar?

Further on in Section 9 it is stated, "...dollars or Units-each to be of the value of a Spanish milled dollar as the same is now current, and to contain three hundred and seventy-one grains and four sixteenth parts of a grain of pure silver, or four hundred and sixteen grains of standard silver."

At long last - the goal we have been searching for - the definition of "the dollar" or unit - each to be of the value of a Spanish milled dollar as the same is now current, and to contain three hundred and seventy-one grains and four sixteenth parts of a grain of pure silver, or four hundred and sixteen grains of standard silver.

According to the documents we have so far examined, we find that the Constitution grants Congress the power to coin money while explicitly limiting the states to make "any Thing but gold and silver Coin a Tender in Payment of Debt".

We further find in the Coinage Act of 1792, that the money of account of the United States shall be denominated in dollars or units of the value of a Spanish Silver Dollar, as was current at the time (1792). Also note that the Gold Eagle is to have a value of ten dollars or units.

This means that originally our monetary system had as its standard the Spanish Silver Dollar, and that the Gold Eagle coin was not a "dollar", but was measured against the silver standard, being valued at ten dollars or units or 3,712 - ½ grains of fine silver.

Congress had statutorily defined and legislatively implemented a bimetallic system of coinage - that had the Silver Dollar as the standard where:

"...the proportional value of gold and silver in all coins shall be fifteen to one, according to quantity in weight, of pure gold or pure silver and that all the gold and silver coins which shall have been struck at, and issued from the said mint, shall be a lawful tender in all payments whatsoever, those of full weight according to the respective values herein before declared, and those of less than full weight at values proportional to their respective weights".

The widely accepted belief that originally the United States was on a monometallic "gold standard" is incorrect. The idea that Congress had originally ever issued a gold "dollar" or that the Constitution ever granted Congress such power is also incorrect.

The first monetary standard was a silver standard that defined the "dollar" as a specific weight of silver, as well as establishing that the "dollar" was the "money or unit of account".

However, a bimetallic monetary system of coinage was also established by the Constitutional mandate to Congress to "coin Money, regulate the Value thereof".

The word "regulate" means to "adjust", as in one thing to another - which in the use of coins refers to systems of weights and measures and the regulation of such weights and measures to the standard, which is the "measure" they are to be regulated to or against.

As stated in the Coinage Act of 1792 - [Section 11](#) introduces an exchange ratio of 15 to 1, according to weight. Therefore, although a dollar was defined as 371.25 grains of silver, gold exchanged for a dollar at 24.75 grains of gold (10 x 371.25 divided by 15).

Also, [Section 9](#) of the act defined the Eagle as containing two hundred and forty-seven grains and four eighths of a grain of pure, or two hundred and seventy grains of standard gold.

To reiterate: the standard was Silver - the monetary system of exchange was a bimetallic system of coinage.

Note, however, that the "dollar" that the Coinage Act of 1792 statutorily decreed was not the exact original "Constitutional dollar" - but as the act says, "...each to be of the value of a Spanish milled dollar".

Thus "each" denotes something that is not the Spanish milled dollar but is to be the "value" (specific weight and fineness) of the Spanish milled dollar.

Furthermore, originally there was no gold dollar - only a gold Eagle valued at ten dollars. The Coinage Act of 1849 created the first gold dollar 57 years later. Any reference to an "original gold dollar" dating back to the Constitution is incorrect.

We have thus answered the question regarding whether or not the United States was originally on a "gold standard" according to the monetary powers granted in the Constitution and according to the subsequent legislative statutes of the original Coinage Act of 1792.

The answer emphatically being - No - the standard was the then current Silver Spanish Dollar known as Pieces of Eight, coupled with a bimetallic system of coinage using both silver and gold.

This is not a matter of semantics - there are very important distinctions of detail involved that have greatly affected our monetary history - especially our present system of irredeemable paper fiat currency - incestuously wedded to its sibling: fractional reserve banking, spawned in greed - nurtured by the lust for power.

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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### Origin of the \$ Sign

The origin of the "\$" sign has been variously accounted for. Perhaps the most widely accepted explanation is that it is the result of the evolution of the Mexican or Spanish "P's" for pesos, or piastres, or pieces of eight. This theory, derived from a study of old manuscripts, explains that the "S," gradually came to be written over the "P," developing a close equivalent to the "\$" mark. It was widely used before the adoption of the United States dollar in 1785.

## SAN FRANCISCO

### Vision of new life for Old Mint as history museum Exhibits would tell the story of the people of San Francisco

These fall days mark the beginning of a major effort by the San Francisco Museum and Historical Society to transform the venerable Old Mint at Fifth and Mission streets into a museum to celebrate San Francisco.

Groundbreaking for the first phase of a seismic upgrading of the building is Oct. 7, but dreams and a grand vision for the future already swirl around the gray granite walls. The society sees a museum that shows the essential story of the city itself, something none of the dozens of other San Francisco museums offers.

"There's no museum about San Francisco," said Gilbert Castle, executive director of the museum and historical society. "San Francisco is the way it is today because of how it developed," said consulting curator Robert Macdonald. The new Museum of the City of San Francisco would be a guide to understanding the fabric of the city, he said -- "a place to begin one's knowledge of San Francisco."

The museum would be contemporary, reflecting not only San Francisco's past, but its present diversity. "The people of San Francisco would come into this museum and see themselves in here," Macdonald said.

The cost: about \$55 million to \$60 million. Of that, Castle hopes to raise \$15 million from foundations and individuals, \$8.5 million from the sale of coins and other collectors items, and the rest, he said, from state and federal funds.

In the organization's vision statement, Castle calls the unborn museum a "center of learning and wonderment ... a gateway to our city for generations of San Franciscans and visitors."

That's pretty bold for a museum that consists so far of a 131-year-old landmark building, where the halls echo with the footsteps of the past, where the spooky, dusty basement is lined with steel vaults that used to hold millions of dollars in government gold. "It was the Fort Knox of its day," Castle said. "It is a great building, an iconic building, a symbol of American history," Macdonald said. "Most historians regard it as irreplaceable."

Built in 1874 to handle the outpouring of silver and gold from Nevada's fabulous Comstock Lode, the Old Mint survived the 1906 earthquake and fire, and it later survived a move of the minting facilities to a new mint on Duboce Street. The Old Mint was closed for a while, and went downhill so badly that 40 years ago, a Chronicle critic called it "a winebum of a building."



It got a new life in the 1970s when it was rehabilitated as a Treasury Department museum, but it closed again in 1994 and spent 10 years in limbo, neglected and forlorn. It was listed as one of America's 11 most endangered landmarks by the National Trust for Historic Preservation as recently as last year.

By then, the federal government had sold it to the city for \$1, and the city in turn leased it for another dollar to the San Francisco Museum and Historical Society to open it as a museum.



Just now, the Old Mint has one foot in the present and one in the past. Homeless people still sleep under the Greek revival columns at the Old Mint's grand entrance on Fifth Street, and the historical society offices in the building are equipped with big rat traps.

It's the future that interests the historians. In their view, the old building can be strengthened and turned into a 30,000-square-foot San Francisco Museum, with an additional 10,000 square feet for a museum of coin collecting and the Gold Rush -- in effect, a money museum. The Old Mint would also house the city's visitors center, now located at Hallidie Plaza near the Powell Street BART and Muni Metro station.

The historical society brought in Macdonald, a museum professional with 38 years of experience, as a consultant. He spent 17 years as director of the Museum of the City of New York, and has experience with converting historic buildings to new uses.

He brought a curating twist from New York -- asking the museum's potential audience for ideas on how the museum should look and what stories it should tell. He and the historical society have assembled a 22-page vision statement that covers the city from the days of the Ohlone Indians to the end of the 20th century as a kind of guideline.

It's not a blueprint or a plan -- that will come in part from the community and other historians -- but rather a way of drawing comment from the public.

The vision statement is available in public libraries and on the Internet ([www.sfhistory.org](http://www.sfhistory.org)). The society will also circulate the vision statement for comment and ideas to more than 400 San Francisco community groups, to academic historians, to community historians, and other groups such as the California Historical Society.

After that, a steering committee will look over the ideas and develop something called "an exhibition script" of what stories to tell and how to tell them. Something similar was done in New York, but Macdonald said, "As far as I know, no museum in the United States has gone through such an extensive process."



The U.S. Mint survives devastating 1906 earthquake and fire.



# Calendar of Events

## November 2005

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

## December 2005

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11 Nickel Trader Show	12 Meeting 7 PM	13	14	15	16	17
18	19	20	21	22	23	24
25 Merry Christmas	26	27	28	29	30	31 New Years Eve

## **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.

**Answer to question on page 3**

**The correct answer is 1906**

**How did you do?**

# INTERNET RESOURCE GUIDE

## [Coin Link](#)

[www.coinlink.com](http://www.coinlink.com)

*Link site to auctions, organizations, dealers, resources etc.*

## [Bust Coin Information Pages](#)

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

*Information regarding all bust coinage, buy and sell, also a forum.*

## [Confederate Collectors Page](#)

[www.csacurrency.com](http://www.csacurrency.com)

*Confederate currency, coins, stamps, bonds and flags*

## [US Treasury](#)

[www.ustreas.gov](http://www.ustreas.gov)

*About the US Treasury, educational links, sales and auctions, business opportunities, current headlines etc.*

## [Rotated Die Coin Census](#)

[www.geocities.com/RodeoDrive/9830](http://www.geocities.com/RodeoDrive/9830)

*Rotated coin die census with photo album, pic from his personal collection etc.*

### **Fun Facts**

#### **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.

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# Classified Ad's

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## For Sale



## For Trade



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Another coin on currency note.



Great design...there is actually a man on a horse under the bridge below the train!



Great Eagle Picture



Extremely rare FC block...only 12,000 printed



Just had to buy it...just to say I have a \$1000 bill.



Nice RADAR note on a Silver Certificate



Another great scene with an Indian over-looking a cliff with Indians chasing buffalo

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

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



Always loved coins on currency.



# 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 \_\_\_\_\_