



Palm Beach Coin News

THE MONTHLY NEWSLETTER OF THE PALM BEACH COIN CLUB

June 2017

Volume 27, Number 6

June 2017 Events

June 4

Gold Coast Coin, Stamp & Collectible Show
Mardi Gras Casino, Hallandale

June 11

Coin, Stamp and Collectible Show
Eau Gallie Civic Center, Melbourne

June 14

PBCC Meeting: Doors open at 5:00PM
Meeting Begins at 7:00PM
★ **PBCC Club Website** ★

By Bruce Ollis

June 18

Coin and Stamp Show
Volunteer Park Community Center, Plantation

June 25

PBCC Coin Show
American Polish Club,
4725 Lake Worth Rd., Greenacres

June 28

PBCC Meeting: Doors open at 5:00PM
Meeting begins at 7:00PM

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

President's Message

Our club picnic Saturday, May 13th at John Prince Park was well attended by 68 members and the food and weather were both great. Club membership is currently at 310 paid members. Last year we ended up with 331.

At the Wednesday, June 14th meeting our club webmaster Bruce Ollis will show us all about our club website, <http://pbcc.anacclubs.org>. Bruce is updating the site.

Friday, July 7th is our club bus trip to *Summer FUN* in Orlando. The bus leaves at 7AM from Inglesia Familiar Church, 855 Jog Rd., near the NW corner of Jog & Summit Blvd. There is a \$10 refundable deposit for this trip. See Tony to sign up.

There will be a Free Food Night Wednesday, September 13th at 6PM. We will have pizza, Stromboli, calzone, desserts from Columbino's and subs from Vince's.

The club voted to have Special Auction #3 on Wednesday, October 11th. This will be a mostly certified coin auction and both the buyer & seller will pay a 5% commission. Tony is taking consignments. The consignment deadline is September 13th.

Tony

Obsolete Currency 1782- 1866

Early History

After the Revolutionary War, there was a shortage of money to conduct commerce. Paper money was used in the war so it was only logical to continue using it. Individual states chartered their banks. The first bank in this new era was the Bank of North America in Philadelphia, 1782. Prominent early printers were Jacob Perkins, Abel Brewster, and Abner Reed. The panic of 1819 put many banks into bankruptcy. By 1830 there were 330 banks. By 1838 there were 829 banks, half of

which failed. In 1836 there was \$80 million in notes circulating with \$20 million in the bank vaults. Bank notes were local and regional. The farther the note travelled from its bank, the less it was worth. It was discounted. People made a living buying discounted notes and taking them back to the bank of origin for full value. Coins were always preferred over currency. In good times, coin would trade for a 4% premium over currency. In bad times, the margin was 11%. Between 1782 and 1866 it is estimated that there were 3000 to 4000 banks. There were tens of thousands of different notes printed.

The panic of 1837 ushered in the Free Banking Era. In New York City, 100 banks failed in 1837 causing a ripple down effect. But, by 1840 there were 901 banks.

The panic of 1857 forced seven printers to merge into the ABNC.

Notes were printed for banks, mining & manufacturing companies, schools, railroads, insurance companies, cities, counties, and states.

The Printers

There are 365 engravers & printers listed in Whitman's Volume 1. Here are a few:

- 1795 - Robert Scot, the first engraver at the US Mint started printing currency, founding Murray, Draper, Fairman & Co. They made the majority of early bank notes. Out of Albany, NY.
- 1801 to Present - Crane & Co., Dalton, MA. Makes paper for printing bank notes. They currently supply the BEP with 30% of their paper. Two other paper suppliers were Hudson & Co., Hartford, CT, Wilcox & Co., Ivy Mills, Delaware County, PA.
- 1825 - Rawdon, Clark & Co. then Rawdon, Wright, Hatch & Co., New York City, Boston, Cincinnati, New Orleans, & Philadelphia. They made the first US stamps, #1, #2, etc.
- 1858 - American Bank Note Co, Ft. Lee, NJ. Formed from merger of seven printers:
 1. Rawdon, Wright, Hatch & Edison (23.9% share)
 2. Toppan, Carpenter & Co. (22.4% share)
 3. Danforth, Perkins & Co. (21.8% share)
 4. Bald, Cousland & Co. (13.3% share)
 5. Jocelyn, Draper, Welsh & Co. (8.4% share)
 6. Wellstood, Hay & Whiting. (8.2 % share)
 7. John E. Gavit (2% share)

ABNC made the first Federal Currency in 1861. BEP took over in 1862. They printed US Postal Notes, the first Travelers checks, Stock & bond certificates, US postage stamps from 1879-1894 including the Columbian Expo Set. They printed currency for 115 foreign countries.

The Notes

Bank note paper was bonded paper made of linen rags. The majority of the notes are printed on one side. Most notes were printed vertically in sheets of four, shipped to the bank, signed by the President and cashier and then cut.

- 1782 - 1805 Early period, they were black & white and printed on one side only. Most notes of this period did not have vignettes, just writing. Many counterfeits. The average note surviving is Poor to Good.
- 1805 - 1820 Many of the same vignettes were used on multiple denomination notes. The same vignette was used at different banks in different states. Standard denominations were \$1, 2, 3, 5, 10, 20. Later \$50, 100, 500, 1000. Odd denominations were 61/4 ct., 12½ ct., 25ct, 50ct, 75ct., 1.25, 1.50, 1.75, 4, 6, 7, 8, 9. The most popular bill was the \$5 note. Notes of this period generally had small vignettes, top center. Average grade available is VG-F. Only 10 states or territories had banks with banknotes west of the Mississippi river. They are AR, CA, CO, IA, KS, MN, MO, NE, TX, and UT. Western states preferred hard currency, gold & silver.
- 1820 - 1850 Better printing. Better designs, Mostly one sided. Late 1840's printed on both sides and beginning to use color. The average grade is F with VF being most popular.
- 1850 - 1866 American Bank Note Co. 1858. The golden age of Obsolete currency. Very colorful, printed on both sides. The average grade of a note is VF/XF.
- 1862 - 1866 Civil War period - In 1861 the Confederacy took control of the Southern Bank Note Co. (A division of ABNC) in New Orleans and printed Confederate Bonds. The National Bank Note Co. of Philadelphia printed the first Confederate notes. Printers in the north could not print for southern states. Southern printers popped up. Paper was scarce, printing on blank side of old notes. By 1866, the federal government put a 10% tax on state chartered bank notes, effectively ending the state chartered bank note.

Proof notes were specially made notes shown to perspective note clients. Only a few notes were made. They usually had wide margins, on card stock, printed on thin India paper, and with sharp details. Some proofs had four or five holes at the bottom. Some proofs were printed on white rice paper.

Value of Notes

In the mid 1980's many Obsoletes sold for \$5 or less and very few collectors wanted them. In 1988 the Haxby books came out and this upped the prices.

As long time collectors changed their collecting habits and started collecting currency, it became more popular. Interest in notes probably peaked in 2005 to 2010. Notes are still pretty strong today. Prices of notes vary between dealers. One dealer may ask \$100 for a note and another dealer may ask \$200 for an identical note. Shop carefully.

Condition of the notes was not that important until PMG & PCGS started certifying currency. Now, high grade Obsoletes bring big premiums. Here is a generalization of values for grades:

- An uncirculated Obsolete, fairly common, not certified, \$30-50
- PMG note MS-63, \$50-60
- PMG note MS-64, \$60-75
- PMG note MS-65, \$75-\$100
- PMG note MS-66, \$100-\$150
- PMG note MS-67, \$150-\$250
- PMG note MS-68, \$250-\$350
- PMG note MS-69, \$300+

The rarity of a note also determines its value. Here is the Universal Rarity Scale:

URS-1	1 Known	URS-7	33-64 Known
2	2 Known	8	65-124 Known
3	3-4 Known	9	125-249 Known
4	5-8 Known	10	250-499 Known
5	9-16 Known	11	500-999 Known
6	17-32 Known	12	1000-1999 Known

There were very few Proof notes in the early years, less than a few thousand.

In the 1980's, the Alexander Vattermare albums came out. And in the early 1990's, the American Bank Note Company hoard came on the market.

Key to Availability

Sound Banks - usually redeemed their notes and retired them (destroying).

Redeemed & Used notes - Many notes that were redeemed had cuts or holes in them to denote that they were redeemed. Many notes like this were kept in bank vaults.

Failed Banks - The majority of notes available today.

Fraudulent or non-existent banks - many available today.

Remainders - unused or un-issued notes readily available.

There are remainders or unissued notes that are not signed. Issued notes, signed by the bank President and Cashier, in high grade, are worth more than unissued notes.

Beware of counterfeit notes, altered denomination notes, and spurious notes, notes bearing the name of banks that never existed, or banks that never opened for business.

Uncut Sheets - Sheets were printed with four notes on it, delivered to the bank, signed, then hand cut. Most sheets remaining today are unsigned. Most sheets graded, start out at \$200 and up; Ungraded, \$100 and up.

Hoards - Naturally the more notes available, the less they are worth. Hoards of uncut sheets and single notes have come on the market from time to time. Here are a few:

- 1818 Cincinnati Payable to James Monroe - at least 100 sheets
- 1875 Louisiana Baby Bond - 250+ sheets
- 1859-60 Farmers Bank of Kentucky - some sheets & singles in \$5, \$10, & \$20
- 1850's Canal Bank - sheets & singles readily available
- 1860's Citizens Bank of Louisiana - sheets are out there.

Collecting Obsolete Notes

With coins we tend to think of completing collections. Louis Eliasberg collected one of every date of US coin, half cent to \$20 gold piece. In obsolete currency, this is impossible. The most any one has collected only approaches 50% of the known varieties.

The most popular way to collect is by State. The northeast had lots of banks (New York 600). The south are more difficult, and the west, very few to non-existent.

Collecting by Vignette is popular. You can collect animals, ships, trains, buildings, famous people, gods & goddesses, famous scenes, and yes, even Santa Claus.

You can collect simply because you like the note, it tells a story.

References

- Haxby - four books, 1988, 2700 pages. Put on CD's by Krause Publications
- Individual State Books - KY- Hughes, 1995
- Whitman - Encyclopedia of Obsolete Paper Money, 1782-1866, multiple volumes
- Hugh Shull price lists - stopped in 2010
- Auction results - Heritage, Lyn Knight, Stacksbowers, Goldbergs

Other sources of information - Dealers, shows, Internet, SPMC, Bank Note Reporter, The Engravers Line, The Essay Proof Journal

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PBCC Membership Application

Dues are \$15 for the year

Name _____

Address _____

Phone _____ (optional)

Date _____

How did you hear about us? _____

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Mail your completed application and check for \$15 to:

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