

Chapter D29

by
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Origin of the Certification of National Bank Note Plates



Figure 1. This is the first certified proof made from a national bank note face plate. It is signed by Edward McPherson, Chief of Bureau, and dated May 25, 1878. Smithsonian photo.

The first national bank note plate to be formally certified was the Series of 1875 50-100 plate made for The Gallatin National Bank of the City of New York, charter 1324. Bureau Chief Edward McPherson signed off on the proof lifted from the finished plate on May 25, 1878.

A certified proof carried in the lower selvage of the proof the signature of the Bureau Chief or Acting Chief, his title, and the date of the signing. This was accompanied by the initial(s) of inspectors who had gone over the proof to be certain every detail was present and correct.

The certification processes served two functions: the obvious being a quality control check, the less obvious being an accountability measure to judge that the various people who worked to produce the plate had performed admirably.

The certification process was an innovation that began to evolve in 1876 when someone, likely a

Table 1. Listing of the first national bank note proofs that exhibit dates associated with the completion of the plates or proofs that were formally certified.

D - proof has a date only.

CD - Formally certified prpft.

NOTICE - if a plate was finished during this period but its proof is missing from this list, the proof either was not certified or no date was written in the lower selvage.

D - Date only

CD - Formally

NARA Scan Number	Ch.No.	State	Town	Bank	Series	Plate Combo	Pl. Ltrs.	Register	Treasurer	Plate Date	Certified
NU.297219.015942	2265	MA	Fitchburg	Wachusett National Bank of	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1875-06-15	1876-06-08 D
NU.297219.014723	690	MA	New Bedford	National Bank of Commerce of	1875	10-10-10-20	A-B-C-A	Allison	Wyman	1865-01-10	1876-07-21 D
NU.297219.023377	340	NY	Batavia	First National Bank of	1875	1-1-1-2	A-B-C-A	Allison	Wyman	1865-01-02	1877-05-12 D
NU.297219.004455	2358	DC	Washington	German American National Bank	1875	1-1-1-2	A-B-C-A	Allison	Wyman	1877-05-25	1877-06-15 D
NU.297219.005343	1177	IL	Mendota	First National Bank of	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1865-07-01	1877-07-18 D
NU.297219.039564	2118	TX	Austin	First National Bank of	1875	5-5-5-5	A-B-C-D	Allison	Gilfillan	1873-08-15	1878-03-29 D
NU.297219.024846	1324	NY	New York	Gallatin National Bank of the City of	1875	50-100	B-B	Scofield	Gilfillan	1865-08-01	1878-05-25 CD
NU.297219.034577	2384	PA	Annaville	Annaville National Bank	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1878-06-15	1878-05-27 CD
NU.297219.034585	2385	PA	Easton	Northampton County National Bank	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1878-06-15	1878-06-04 CD
NU.297219.005757	2386	IL	Bloomington	National State Bank of	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1878-06-25	1878-06-07 CD
NU.297219.015941	2265	MA	Fitchburg	Wachusett National Bank of	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1875-06-15	1878-06-08 D
NU.297219.025613	2376	NY	Olean	Exchange National Bank of	1875	5-5-5-5	A-B-C-D	Allison	Gilfillan	1878-01-25	1878-06-15 CD
NU.297219.017497	2387	MN	Cannon Falls	First National Bank of	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1878-06-25	1878-06-18 CD
NU.297219.014022	440	MA	Clinton	First National Bank of	1875	1-1-1-2	A-B-C-A	Scofield	Gilfillan	1865-01-02	1878-06-21 D
NU.297219.033266	542	PA	Philadelphia	Corn Exchange National Bank	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1864-10-28	1878-06-22 D
NU.297219.013924	379	MA	Boston	National Bank of the Republic of	1875	5-5-5-5	E-F-G-H	Scofield	Gilfillan	1864-04-15	1878-07-08 CD
NU.297219.021911	2399	NJ	Vineland	Vineland National Bank	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1878-10-15	1878-10-05 CD
NU.297219.034592	2397	PA	Dillsburg	Dillsburg National Bank	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1878-10-15	1878-10-07 CD
NU.297219.014353	588	MA	Malden	First National Bank of	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1864-12-02	1878-10-21 D
NU.297219.025633	2400	NY	Little Falls	National Herkimer County Bank of	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1878-11-15	1878-??-12 CD
NU.297219.000930	2412	CA	Stockton	First National Bank of	1875	50-100	A-A	Scofield	Gilfillan	1879-03-15	1879-03-06 CD
NU.297219.005768	2413	IL	Princeton	Citizens National Bank of	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1879-03-15	1879-03-06 CD
NU.297219.003592	2414	CT	Winsted	First National Bank of	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1879-03-15	1879-03-11 CD
NU.297219.003591	2414	CT	Winsted	First National Bank of	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1879-03-15	1879-03-11 CD
NU.297219.034600	2415	PA	Pittsburgh	Fort Pitt National Bank of	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1879-03-25	1879-03-15 CD
NU.297219.009184	2417	IA	Oskaloosa	Oskaloosa National Bank	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1879-04-15	1879-03-27 CD
NU.297219.003598	2419	CT	Winsted	Winsted National Bank	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1879-04-15	1879-03-27 CD
NU.297219.025659	2418	NY	Johnstown	First National Bank of	1875	5-5-5-5	A-B-C-D	Scofield	Gilfillan	1879-04-15	1879-03-29 CD
NU.297219.000931	2412	CA	Stockton	First National Bank of	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1879-03-15	1879-03-31 CD
NU.297219.003599	2419	CT	Winsted	Winsted National Bank	1875	10-10-10-20	A-B-C-A	Scofield	Gilfillan	1879-04-15	1879-03-31 CD

plate prover, wrote the date in the lower margin of a smattering of the proofs. See Table 1. The blossoming of the formal certification protocol came about in 1878, a year after McPherson took control of the Bureau. Obviously, McPherson oversaw its implementation as an instructional formality that proved to be useful.

Backstory

The certification process was an outgrowth of a far-reaching political event that swept over the Bureau during McPherson's tenure. It is incumbent on me to place its adoption into this broader context.

The Bureau of Engraving and Printing was young in 1878, having originated during the Civil War in 1862 and gradually having developed an identity as an agency within the Department of the Treasury. Eventually the Bureau had its own Congressionally authorized budget. In 1878, the Bureau printing operation was still housed in the attic of the Treasury building complete with its noise, fumes, industrial traffic, and, worst, serious fire-hazard. These factors served as a distraction and annoyance for the Treasury staff who occupied the lower floors. At the time, there was a contingent in both houses of Congress to do away with the operation and contract out its work to the private bank note companies.

Republican Rutherford B. Hayes positioned himself as a reform candidate in his bid for President in the 1876 election. Significant planks in his political platform were financial reforms focused heavily on a full return to the gold standard, fighting currency inflation, and eradicating political patronage. Upon election, consistent with the spoils system at the time, he appointed as Secretary of the Treasury like-minded highly accomplished and regarded former Ohio Republican Senator John Sherman, brother of famed Civil War General William Tecumseh Sherman. Sherman, in turn, installed Republican Edward McPherson as Chief of the Bureau of Engraving and Printing. Both took office in March 1877, along with installation of Hayes as President. A reform administration was firmly in place with a primary focus on the U.S. Treasury Department.

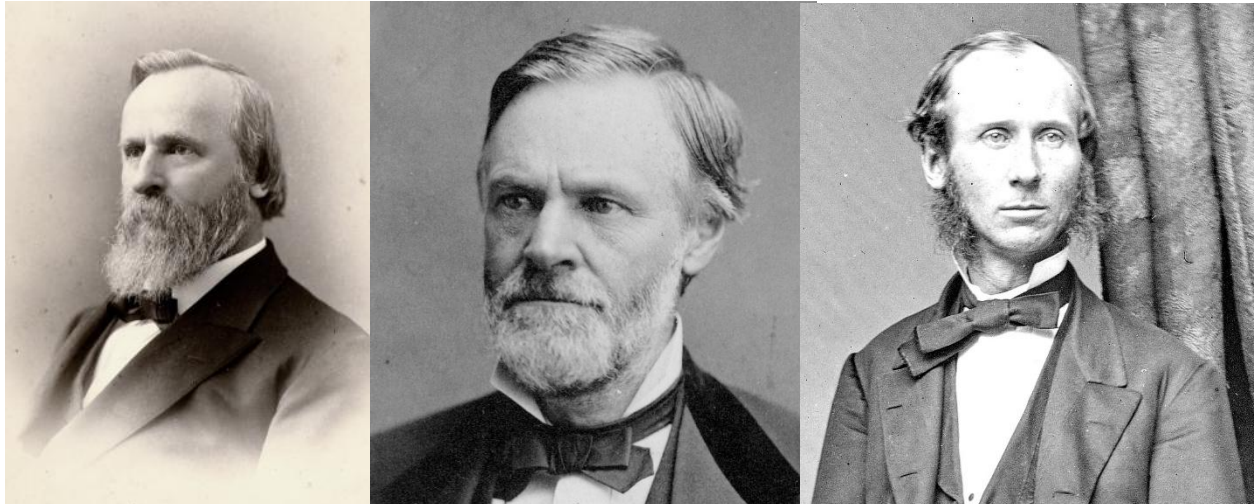


Figure 2. Republican reformers, all of whom took office March 1877. Left: President Rutherford B. Hayes (Oct 4, 1822-Jan 17, 1893) in office 1877- 1881 (Wikipedia photo). Center: Secretary of the Treasury John Sherman (May 10, 1823-Oct 22, 1900) in office 1877-1881 (Wikipedia photo). Right: Chief of Bureau of Engraving and Printing Edward O. McPherson (Jul 31, 1830-Dec 14, 1895) in office 1877-1878 (National Portrait Gallery photo). Photo of McPherson is from a portrait taken c. 1860 at Mathew Brady Studio that may have been a legacy photo commissioned by him in the event he didn't return from the Civil War.

Immediately upon taking office, Secretary Sherman appointed a committee of three, chaired by Edward Graves, to examine the operations of the Bureau. The other members were Edward Wolcott of the Comptroller of the Currency's office and E. R. Chapman of the Internal Revenue Commissioner's office.

What the 1877 committee found in terms of employment was a Bureau payroll bloated by lavish Congressional appropriations that were used to cover appointments made to the workforce on the behalf of Congressmen "without the regard to the fitness of the appointees or the necessities of the work. * * * Moreover, the Bureau has been made to subserve, to a great extent, the purposes of an almshouse or asylum" (Graves and others, 1877, p. 9). The issue was job creation under the political spoils system whereby Congressmen with a sympathetic ear were creating employment for Union veterans and constituents left bereft by the Civil War through death or infirmity of providers who served the Union.

The following examples were provided (Graves and others, 1877, p. 8).

We are informed and believe that the force employed in some divisions was for a number of years together twice as great as was required for the proper performance of the work, and that in others it was three times as great as necessary. In one of these divisions a sort of platform had been built underneath the iron roof, about seven feet above the floor, to accommodate the surplus counters. On this shelf, on parts of which a person of ordinary height could not stand erect—deprived of proper ventilation, and exposed in summer to the joint effects of the heated roof above and the fumes of the wetted paper beneath—were placed some thirty or more women who had received appointments, and for whom room must be found. * * * the surplus force stowed away in the loft was entirely unnecessary; and that some of them, at times for lack of occupation, whiled away the time in sleep.

* * *

In the printing division we found twenty female messengers, sixteen of whom were ostensibly engaged in taking the sheets, as received from the printers, to the examining division. As soon as a few hundred sheets were ready they were taken up on a board and carried by a messenger through a narrow passage to the examiners. The messengers were so numerous as to be actually in each others' way. On our

recommendation they have all been discharged and replaced by one man, who takes all the sheets to the examiners on a truck, and finds time for other work besides.

Secretary Sherman was so intent on implementing reforms at the BEP that he began instituting changes being suggested by the committee before the report was finalized. In the realm of employment, the workforce at the Bureau was reduced from 958 on April 1, 1877 to 367 by June 10th when the report was submitted for publication (Graves and others, 1877). This constituted a 62 percent reduction of the workforce. More reductions followed.

The committee also examined practices that would provide security against fraudulent issues, which led them to question why Congress had been progressively assigning more work on the notes to the Bureau. The committee concluded “the public confidence in such security would be promoted by a division of the work between Government and private agencies, each of these agencies doing one or more of the printings necessary to wholly complete any obligation of the Government. * * * we accordingly recommend that at least one plate-printing on all legal-tender notes, national-bank notes, and United States bonds, be executed by capable, experienced, and responsible bank-note companies; and that, if it should be thought advisable to have a greater number of printings done outside of the Bureau, no company be permitted to execute more than one of them upon any obligation. * * * To obtain the full measure of security contemplated by this plan, the plates with which each establishment does its portion of the printing should be prepared by itself, and, together with the stock used in their preparation, should remain in its custody” (Graves and others, 1877, p. 12-13).

For his part, McPherson faced a quagmire when he took over Bureau management. He imposed a business approach to its management and accounting emulating the best of the bank note company practices. To accomplish this, he reorganized and simplified Bureau management to more efficiently handle the work by consolidating sundry divisions; had the production lines streamlined through measures such as reducing handling by eliminating useless counts and examinations between operations: placed the plate printers on a piece-work rather than per diem basis: based promotions on a merit basis; and tightened internal record keeping and security safeguards to meet industry standards.

The culling of redundant employees from the work force coupled with the foregoing efficiencies brought immediate results. “Of the \$800,000 appropriated for the labor and expenses of the Bureau for the fiscal year ending June 30, 1878, \$600,000, at least, will remain unexpended at the close of the year” (McPherson, 1877, p. 8).

McPherson went on to state: “In this connection, it may not be improper for me to suggest the expediency of the appropriation by Congress of a sum sufficient to erect, for the purposes of this Bureau, a plain, substantial, fire-proof building, on one of the unappropriated lots convenient to the Treasury Department.” The implication being that the savings he was creating would quickly pay for a dedicated



Figure 3. Edward O. Graves (1843-1909) chairman of the 1877 committee commissioned by Secretary of the Treasury Sherman to evaluate the Bureau of Engraving and Printing. Graves eventually served as Chief of the Bureau from 1885 to 1889. BEP photo.



Figure 4. This bottom photo is of a progress proof lifted during the alteration of the Original Series plate into its Series of 1875 form. “The” in the bank title was removed as a convenience when the Colby-Spinner signatures were removed for replacement by those of Allison-New. “The” in the bank title and the Printed at the BEP notations inside the borders on both subjects are yet to be rolled in. Top: Heritage Auction Archives photo, bottom: Smithsonian photo.

home for the Bureau. By this point in time, it was clear that the Bureau was here to stay so temporarily housing it in the Treasury Building was increasingly inappropriate.

It was natural that under McPherson’s administration certification of currency plates would be adopted. The practice was not mentioned in his two annual reports or in the reports of the Secretary of the Treasury. In the grand scheme of the reforms that both made, such a detail was hardly worthy of mention. However, the practice was institutionalized as worthwhile not only for national bank note plates but all the intaglio printing plates made for whatever purpose thereafter.

Pre-Certification Practices

Important is the observation that prior to the adoption of the certification process, Bureau personnel systematically saved proofs from their intaglio plates; however, not all were prints from fully completed plates. Those from seemingly completed plates often have notations written by an inspector pointing out parts of the image that needed to be cleaned. Occasionally, the proof that was filed was an intermediate or late-stage progress proof lacking one or more key design element. Often on these, the inspector noted elements that needed to be added or corrected by the siderographer. Such notations were written in the margins.



Figure 5. These are the bottom two subjects of an uncertified early-stage progress proof filed as the Series of 1875 representative for this plate. They had just begun to remove the Colby-Spinner Original Series Treasury signatures as a first step in the alteration of the plate into its Series of 1875 form. Smithsonian photo.

However, we also find progress proofs with missing element without inspector notations. Adam Stroup, a prolific contributor of bank histories to the Banks and Bankers data base maintained on the Society of Paper Money Collectors website, brought the following example of a progress proof to my attention. His modus operandi is to collect images of notes and proofs from the banks he profiles and uses them as anchors for his discussions.

This example involves The New England National Bank of Boston, with early charter 603. Among the items he captured were a \$100 Original Series note that had passed through Heritage Auctions and the 50-100 Series of 1875 proof in the National Numismatic Collection. Original Series plates were altered into their 1875 form when the Bureau of Engraving and Printing took over printing nationals beginning in 1875.

“The” in the bank title for the New England bank was on the Original Series \$100 note but missing from the Series of 1875 proof. “The” is also missing from the \$50 subject. How was this possible when both prints came from the same plate and the Series of 1875 proof was second in line?

The alteration of a subject on an Original Series plate into an 1875 form involved replacing the Treasury signatures with those in office at the time the plate was altered and adding a “Printed at the BEP” statement.

Take a look at the photo of the Original Series note and notice how the Colby-Spinner Treasury signatures and officer titles below crowd against “The” in the bank title. It was close messy work to remove those signatures and officer titles so the person doing that work simply took out “The” at the same time to save a lot of bother. I had never observed this before.

The idea was that it was easier to lay-in a new “The” than work around the original, so they got rid of it. Also gone were a few flourishes from under “Treasurer.”

A legitimate question is: Why is the word “The” missing from the 1875 proof now that the new Allison-New signatures have been laid-in? Well, that is interesting. If you examine the proof carefully, you also will see that they haven’t laid-in the “Printed at the BEP” statement along one of the borders on either subject. Clearly, this is a progress proof, not a proof lifted from a fully altered plate!

Replacing “The” introduces an interesting possibility. If “The” was removed frequently during such alterations, there is a good chance that the engraving of it used to lay-in the replacement on a particular subject could differ from that used on the Original Series notes. I wouldn’t be surprised if it happened occasionally.

You can be reasonably assured in this case that the siderographer added “The” and the “Printed at the BEP” statement to the two subjects so the full title appeared on the Series of 1875 notes. Stroup likely didn’t find an error here.

A Caveat

An important fact for numismatists to be aware of is that an uncertified Series of 1875 proof with a missing design element doesn’t necessarily translate into the discovery of a plate-making error. Many Series of 1875 proofs are progress proofs, not final proofs. Consequently, there is a good possibility that the missing item was rolled into the plate before it was placed in production

I used the titles as found on Series of 1875 proofs to identify Original/1875 plates with missing items when I compiled Table 1 entitled *Master list of national bank title discrepancies that appeared on national bank notes* for Chapter L06 in the Huntoon-Shiva Encyclopedia of NB Notes. This table is that which is published on the Society of Paper Money Collectors website. Be wary of those listings. Before getting too excited about such entries, verify that the proof was not certified. If so, the proof may be a progress proof and the problem may have been remedied before the plate was finished.

Postscripts

President Hayes’ Republican team sharply exposed the need for replacement of the political spoils system by a qualification/merit based civil service system for staffing government jobs using the Bureau of Engraving and Printing as the poster boy entreaty to Congress to enact such a reform. The legislative body was listening but just couldn’t muster the votes to pull it off because members on both sides of the isle didn’t want to yield their patronage power. Reform had to wait until passage of the Pendleton Act of January 16, 1883 during the Republican administration of Chester Arthur. The migration of support for the reform is attributed in part to the assassination of President James Garfield in 1881 at the hands of a disgruntled office-seeker. On June 29, 1888, President Grover Cleveland ordered that virtually all of the positions in the Bureau be covered by the Civil Service Act (BEP, 1962, p. 55). This occurred while Edward Graves was its Chief.

Edward McPherson, Chief of the Bureau of Engraving and Printing in 1877 and 1878, seems an unlikely candidate for the position based on his credentials. He studied law, then edited newspapers in Pennsylvania. He won election to the U.S. House of Representatives in 1858 where he served two terms. In 1863 President Lincoln appointed him Deputy Commissioner of Internal Revenue, and later that year he was appointed Clerk of the House of Representatives, a post he held until 1875. He presided over the

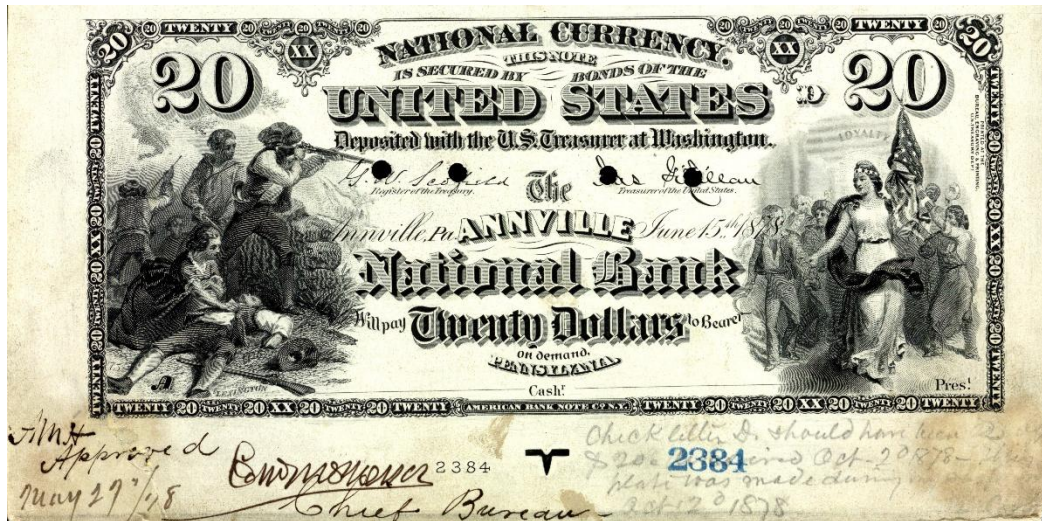


Figure 6. This \$20 is the bottom subject on the Series of 1875 proof from the 10-10-10-20 plate for this Annville bank. It was the second proof to be certified, being signed off by McPherson on May 27, 1878. Notice that the upper right plate letter is mistakenly lettered D instead of A. Smithsonian photo.

Republican National Convention in 1876, becoming a political appointment as Chief of the Bureau of Engraving and Printing in 1877. What he brought to the job was excellent business and organizational acumen coupled with the energy to carry much of the Hayes-Sheridan reform agenda to fruition. He was pivotal in getting the BEP a building of its own. After his stint as Chief, he returned to his former position as Clerk of the House of Representatives from 1880 to 1891. He was publisher of the Gettysburg, Star and Sentinel in Pennsylvania from 1880 to his death in 1895. (BEP, 2004).

McPherson's request that Congress authorize the construction of a dedicated home for the Bureau of Engraving and Printing was not new but it quickly gained traction. Land for the building was purchased at what is now the northwest corner of 14th Street and Independence Avenue on June 28, 1878. Construction commenced within a month. The red brick 3-story building with basement, attic and 140-foot-tall belfry tower was completed July 1, 1880 at a cost of \$300,000. That building with subsequent additions served the Bureau from then until 1914 when the currently active larger complex was completed to its south. (BEP, 1962, chapter III).

Edward Graves, chair of Secretary Sherman's 1877 committee to investigate the Bureau of Engraving and Printing was the ideal candidate to spearhead Sherman's reviews. He possessed an intimate knowledge of the inner workings of the Treasury Department and progressive views toward reforming it. He had been hired as a clerk under U.S. Treasurer Francis E. Spinner in 1863. On July 1, 1874, he was appointed by Spinner as the first superintendent of the newly organized National Bank Redemption Agency within the Treasurer's office. This agency was established by the Act of June 20, 1874, to carry out an expedited procedure for removing unfit national bank notes from circulation. He then served as Assistant to U.S. Treasurer Arthur Wyman for two years before being appointed Chief of the Bureau between 1885 and 1899. His appointment as Bureau Chief was by Secretary of the Treasury Daniel Manning, who in turn had been appointed by Democratic President Grover Cleveland. (BEP, 2004).

A security recommendation in the 1877 committee report to Secretary Sherman was that different printing operations on currency should be split between the Bureau and the bank note companies so that employees in the Bureau couldn't conspire to print every feature on the notes and place them in circulation.

This idea was given life in 1885 when the printing of seals on Treasury currency was transferred to the Treasurer's office. The concept in doing so was that the Treasury seal was used to monetize the notes so monetization would be lodged with the Treasurer as a final printing step before the notes were released by him for circulation. This was ironic because it moved this printing operation from the new BEP building back into the Treasury building. Finally, the printing of the seals on Treasury currency was returned to the Bureau in 1910. (Huntoon, 2019).

Adam Stroup, while vetting and editing this article, happened to look up the second proof that was certified; specifically, the first plate made for The Annville National Bank, Pennsylvania, a Series of 1875 10-10-10-20. The proof was signed off by Bureau Chief McPherson on May 27, 1878. Of all things, Stroup spotted that the upper right plate letter was mistakenly rolled in as a D instead of an A. A penciled notation on the right side of the lower selvage states "Check letter D should have been letter A on the \$20 - Reexamined Oct 2^d. 1878 - this plate 1000 made & delivery Oct 2^d, 1878."

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This chapter is from The Encyclopedia of U. S. National Bank Notes published jointly by the National Currency Foundation (www.nationalcurrencyfoundation.com) and Society of Paper Money Collectors (www.spmc.org)