

Lost, Strayed or Stolen: Payment for Currency Sheets at The Bureau

By M. O. Warns



This incomplete note is minus the Treasury Seal, Bureau serial number and the bank officers' signatures. The overall obverse first was printed in black ink, followed by the red bank tally number 993. This clearly indicates the order of printing in the production of these notes.

The note illustrated here is from the initial order for circulating notes of The Merchants National Bank * of Milwaukee, Wisconsin, which was chartered as No. 1438 on 25 September, 1865. This note is believed to have finally arrived for the first time in the city in which it was intended to be circulated one hundred years later! It had been in estates handed down over the years in the eastern part of our country. This note not only had an inauspicious beginning but also had the distinction of being a sinister representative of its bank. It came from one of the sheets of four impressions each, of which there were 149 sheets representing 39 different banks that were reported missing at the Bureau of Engraving and Printing from 1864 through 1867. During the year of 1865, six sheets representing six different banks were reported missing. The Milwaukee sheet was stolen some time between September 30th and October 5th of 1865, within 10 days after the bank had received its charter!

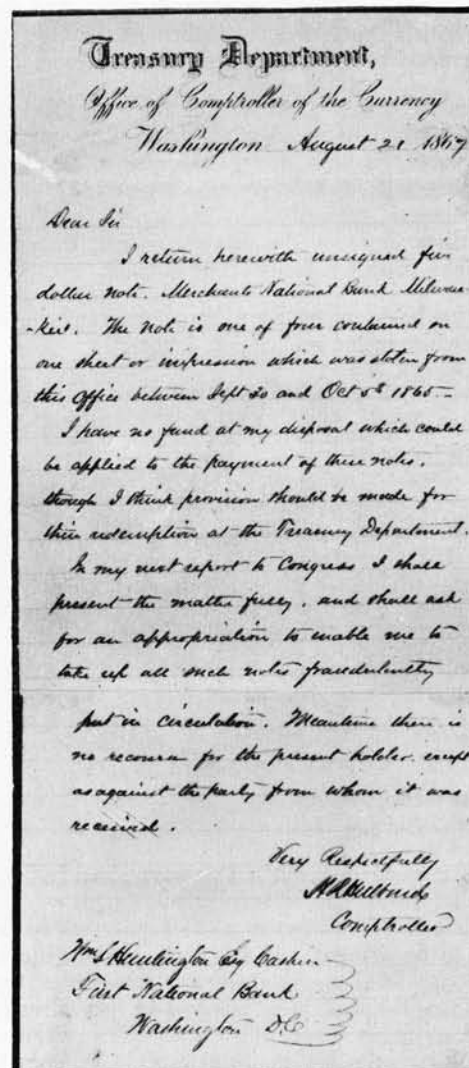
The fact that the note was observed in circulation less than two years after its removal from the Bureau and its uncirculated condition strongly point to the possibility that an employee of the Bureau was involved. This note first came to the attention of William S. Huntington, cashier of the First National Bank of Washington, D. C. (Charter No. 26), who had requested reimbursement for the unsigned note from the Comptroller of Currency. There were no typewriters ** at the time, hence the long, hand-penned letter to Cashier Huntington from the Comptroller of Currency, Hiland R. Hulburd, reproduced here. A transcription of the letter reads as follows:

TREASURY DEPARTMENT
OFFICE OF COMPTROLLER OF THE CURRENCY
WASHINGTON

August 21, 1867

Dear Sir:

I return herewith unsigned five dollar note, Merchants National Bank, Milwaukee. The note is one of four contained on one sheet or impression which was stolen from this Office between Sept. 30 and Oct. 5th 1865.



Treasury Department's letter

I have no funds at my disposal which could be applied to the payment of these notes, though I think provision should be made for their redemption at the Treasury Department.

In my next report to Congress I shall ask for an appropriation to enable me to take up all such notes fraudulently put in circulation. Meantime there is no recourse for the present holder, except as against the party from whom it was received.

Very respectfully

H. R. Hulburd
COMPTROLLER

Wm. S. Huntington, Esq Cashier
First National Bank
Washington, D. C.

Suspicion centered around an employee in the counting room of the Bureau who was arrested in 1865 after

MISSING IMPRESSIONS OF NATIONAL BANK NOTES						
Date	Imp.	Designation and Name of Bank	Plate	Bank number	Treasury number	Amount
Sept. 13, 1864	1	First National Bank, Peru, Ill.	5 5 5 5	1	18565	\$20
	1	First National Bank, Lacon, Ill.	5 5 5 5	1201	894600	20
	1	First National Bank, La Salle, Ill.	5 5 5 5	1962	211586	20
	1	First National Bank, Canton, Ill.	5 5 5 5	1144	996281	20
	1	First National Bank, Canton, Ill.	5 5 5 5	1145	996282	20
	1	First National Bank, Centerville, Iowa	5 5 5 5	2000	45134	20
	1	First National Bank, Milwaukee, Wis.	5 5 5 5	2327	817016	20
	1	First National Bank, Washington, Iowa	5 5 5 5	343	834067	20
	1	Mechanics' National Bank, Chicago, Ill.	10 10 10 20	900	149179	50
1865	1	Appleton National Bank, Lowell, Mass.	5 5 5 5	3000	310144	20
	1	Merchants' National Bank, Milwaukee, Wis.	5 5 5 5	993		20
	1	Sussex National Bank, Newton, N.J.	5 5 5 5	1565	463539	20
	1	Mechanics' National Bank, Boston, Mass.	5 5 5 5	2553	404244	20
	1	National Central Bank, Cherry Valley, N.Y.	10 10 10 10	188	498897	40
	1	Importers & Traders' National Bank, New York, N.Y.	10 10 10 10	3835	507843	40
1866	1	Washington National Bank, Boston, Mass.	5 5 5 5	7904		20
	1	Tremont National Bank, Boston, Mass.	5 5 5 5	3466		20
	1	Atlantic National Bank, Boston, Mass.	5 5 5 5	8000		20
	1	Revere National Bank, Boston, Mass.	5 5 5 5	1422		20
	1	Tioga National Bank, Owego, N.Y.	5 5 5 5	905		20
	1	Lee National Bank, Lee, Mass.	5 5 5 5	3601		20
	1	First National Bank, Knightstown, Ind.	5 5 5 5	419		20
	1	National State Bank, Lafayette, Ind.	5 5 5 5	1		20
	1	Salem National Banking Company, New York, N.Y.	5 5 5 5	1500		20
	1	Mechanics & Farmers' National Bank, Albany, N.Y.	5 5 5 5	1733		20
	1	Savannah National Bank, Savannah, Ga.	5 5 5 5	1999		20
	1	Pacific National Bank, New York, N.Y.	5 5 5 5	500		20
	1	Chicopee National Bank, Springfield, Mass.	5 5 5 5	3767		20
	1	National Union Bank, Kinderhook, N.Y.	5 5 5 5	1		20
	1	Norwalk National Bank, Norwalk, Ohio	5 5 5 5	2300		20
	1	Metacomet National Bank, Fall River, Mass.	5 5 5 5	10064		20
	1	National Bank of Republic, New York, N.Y.	5 5 5 5	646		20
	1	Third National Bank, Baltimore, Md.	5 5 5 5	6152		20
	1	Third National Bank, Baltimore, Md.	5 5 5 5	6167		20
	1	Washington National Bank, Westerly, R.I.	5 5 5 5	660		20
	1	Mechanics' National Bank, Newark, N.J.	10 10 10 10	1		40
	1	Peoples' National Bank, Pittsburgh, Pa.	10 10 10 20	4840		50
	1	Rockport National Bank, Rockport, Mass.	10 10 10 20	741		50
	1	Newark City National Bank, Newark, N.J.	50 100	213		150
1867	30	National City Bank, Lynn, Mass.	50 100	121 to 150	66796 to 66825	4,500
	80	First National Bank, Jersey City, N.J.	50 100	871 to 750	19609 to 19688	12,000
						\$17,560

Chart from 1867 report of the Comptroller of Currency

an investigation of the missing nine sheets in 1864 and six in 1865. He was later released because the evidence against him was not considered conclusive at the time. There was a marked lull in the pilferage of sheets during the last six months of 1865, but the condition flared up again in 1866, when 24 sheets representing 23 different banks were purloined during the latter part of that year. In the early part of 1867, the Bureau was agog with the announcement of a still bolder theft of \$4500 in \$50 and \$100 notes printed for the National City Bank of Lynn, Massachusetts, together with \$12,000 in \$50 and \$100 notes printed for the First National Bank of Jersey City, New Jersey. These last two thefts precipitated the action that found the original suspect rearrested, tried and convicted; however, a motion in arrest judgment was granted by the court for a defect in the indictment.

Reimbursement For Notes . . . 27 Years Later

In Comptroller Hulburd's letter to Cashier Huntington in August of 1867, he stated that he had no funds at his disposal that could be applied to reimburse the First National Bank of Washington, D. C. for the note sent to him; however, he did state that in his next report to Congress he would ask for an appropriation to cover notes placed in circulation fraudulently. The authorization came 27 years later through an act of Congress. The provisions of the Act of July 12, 1892 prescribed that notes issued or to be issued to or received by any national bank were to be redeemable notwithstanding such notes may have been lost or stolen from the bank and put into circulation without the signature or upon forged signatures of the president, vice president and cashier.

For many years shortages occurred in the manufacturing of currency. A particular employee to whom a missing sheet or sheets could be traced was held individually responsible. In the event a loss could not be traced to a specific person or group, all employees in the section or group in which the discrepancy took place were assessed for the loss. In the Secretary of the Treasury's report of 1864, Spencer M. Clark, Chief of the Bureau, indicated that this policy had been in force since the early part of that year. Still later, in his report for 1874, George B. Cartee stated he had served six years as Chief of the Bureau and during that time there had been but three discrepancies. Two of these losses amounting to \$830 were found not to be chargeable to an individual or group of persons; as a consequence, these two losses were paid by the Chief of the Bureau and his assistants.

Later the following rule was approved by the Secretary of the Treasury on November 1, 1880: "The employees of each division will be held responsible by the superintendent of the division for work while in their custody. When sheets or parts of sheets having value or designed to represent values, shall be lost by the division, the employees of the division will be assessed the full value of such discrepancy, and may in addition be subjected to a rigid examination in the endeavour to discover the mislaid sheets or parts of sheets representing values."

Whenever a shortage was discovered, a "pay receipt" covering the face amount of the missing item was obtained from the responsible person or the superintendent of the division involved. The pay receipt authorized the Bureau's disbursement officer to withhold from the

employee's salary an amount equal to the shortage, provided the missing shortage had not been otherwise adjusted within a period of 30 days.

Still later, on May 25, 1925, the Secretary of the Treasury approved a procedure which resulted in the creation of a fund known as Special Deposit Account No. 29. Moneys collected from the Bureau personnel were held in this account so that the Government could be reimbursed in the event of securities lost in the course of manufacture being put into circulation irregularly; refunds could be made to the employees in case the missing items were found. The first deposit in the amount of 10c was made on 17 September, 1925. In its 26 years of operation, the special account received about \$10,700. Approximately \$135 was returned to employees and \$1,465 was withdrawn by the government for securities irregularly issued. During this same period some 2½ trillion dollars in various securities were printed by the Bureau, a statistic that demonstrates remarkable honesty and efficiency on the part of Bureau employees.

In 1950, in light of changed management-labor relationships not only in government but private industry as well, the Bureau undertook a thorough study of the policies and practices relating to compensation for security shortages. In response to a request for his opinion, the General Counsel for the Treasury advised the Director of the Bureau that (1) the government is not obligated to redeem incompletable paper which has been placed in circulation by a wrongdoer and, therefore, there appeared to be no justification for collections made from the employees of the Bureau to cover the losses of such incompletable securities; (2) federal laws contain the authority to protect the United States from fraud and loss in the preparation and issue of securities; therefore assessment against an individual responsible for loss of completed securities would be permissible; (3) it was improper to solicit funds or contributions to make restitution for the losses.

On October 19, 1951, the Director issued a bulletin establishing a policy which remains in effect today. It provides that when individual responsibility for a loss can be fixed, the person involved will be required to make reimbursement for the security which the government is called upon to redeem. In other cases of shortages, disciplinary action will be taken; the practice of soliciting contributions from employees was discontinued.

The balance in the Special Deposit Account No. 29 was transferred as miscellaneous receipts to the general fund of the Treasury in July of 1954, and the account closed; thus ended the 90-year practice of employee contribution for missing valued paper in the Bureau.

*\$90,000 in circulating notes had been issued to the bank up until the time of its liquidation, July 14, 1870, transferring its business obligations to the Manufactures National Bank of Chicago, Illinois (Charter 724), which itself was liquidated three years later.

**Almost coincident at the time was the invention of the typewriter in Milwaukee in 1869 by Latham C. Sholes in a machine shop. After further development with money advanced by James Densmore, the invention was sold to E. Remington & Son of Ilion, New York.

SOURCES

Secretary of the Treasury & Comptrollers' reports for 1865-7, 1874, and 1892

History of the Bureau of Engraving and Printing, 1862-1962, Treasury Dept., Washington, D. C.

Milwaukee County Historical Society, Milwaukee, Wis.

\$100 Coin Notes

By M. Perlmutter

It is well known that the \$100 Coin Note of 1890 (Fr. 377, "Watermelon" note) was a limited issue. During fiscal 1891, 30,000 sheets were delivered, notes A1* to A120000*. (The star was part of the design, and did not indicate replacement.) There were no other printings, and the entire issue was placed in circulation. It is believed that no more than ten or twelve specimens are known to be extant at this time.

The \$100 Coin Note of 1891, however, (Fr. 378, open reverse), remained a mystery for many years. Reports of the Comptroller of the Currency for fiscal 1893 show 18,000 sheets (72,000 notes) delivered and for fiscal 1894, 2,000 sheets (8,000 notes) for a total of 80,000 notes, believed to be B1* to B80000*. Despite these listings, this note was unknown for decades. Neither Blake's "United States Paper Money" (1908) nor Raymond's "Standard Catalogue" (1933) showed this note. It must be pointed out here that the notation of "notes delivered" in the Reports meant just that; deliveries to the Treasury Department disbursing unit. This did not necessarily infer that all such deliveries were placed in circulation. (The \$500 Coin Note, Series 1891, bearing the likeness of Gen. Sherman, apparently was never placed in circulation. No specimen has ever been seen, despite the fact that 4,000 sheets [16,000 notes] were delivered to the Treasury during fiscal 1893.)

No specimens of the \$100 1891 Coin Note were seen, and it was justifiably assumed that the notes were never circulated. It is believed that the first such note was not discovered until the late 30's or early 40's. According to Mr. Aubrey E. Bebee, eminent Nebraska numismatist, the James Wade specimen was originally discovered in the coat-lining of a vagrant. This may have been the first-known specimen of this note.

This was not the first time that Treasury records were in error regarding the issuance of certain notes, or the lack of same. It is believed that there are only six to eight such notes extant today. Treasury Department records as of December 31, 1968, list \$2,000 in \$100 Treasury Notes of 1890 as outstanding, with no notation as to 1891 notes. The writer would appreciate very much hearing from those who could shed more light on this situation. To determine the actual 1890 and 1891 \$100 Coin Notes still extant, and arranged by serial number sequence, would aid greatly in research work.