



A Forgotten Chapter:

The United States Postal Note

By NICHOLAS BRUYER

SPMC No. 3448



THE HISTORY of United States fractional currency is often generally summed up thus: "Congress authorized, first, the use of postage stamps for change; second a modified form of postage stamp called postal currency; and, finally, fractional paper currency." * Recent consideration of this topic would seem to prove this summary a bit hasty. The issuance of fractional paper ceased, by act of Congress, on February 15, 1876. Did this signify its true conclusion? Was that the final act; the curtains drawn up tight, the concept of fractional currency spirited away to the dusty and unkind grave of a cupboard within the back room of some decaying government building? The answer is plainly No. On the contrary, the ideal of a fractional currency as a viable, perhaps necessary, means of conducting business and serving the general public persisted and ruggedly reasserted itself for some seventy-five years after its issuance was allegedly terminated in 1876.

The fifth issue of fractional currency (1874-76) was not the end of the fractional note as an entity, but rather just another of many steps that had their conclusion on March 31, 1951, when the last United States Postal Note was withdrawn from sale.

If the postage stamp has been honored as the forefather of fractional paper, then so must fractional currency be revered as the progenitor of the United States postal note. All three of these types of paper were used in the 19th century to bolster the circulation of coinage, which always seemed to be in short supply. Stamps, postage and fractional currency and postal notes all were transmitted through the mails for the payment of small sums of money. All were for the general use of the people, all payable to bearer. Yet, when the histories of paper money were written, the postal note somehow became separated from its compatriots.

* See page 4, Classified List of U.S. Postage and Fractional Currency, by Dr. F. A. Limpert, First edition, 1947.

ANCESTORS

U. S. Money Order System

THE U. S. money order system was created on May 17, 1864, its need accentuated by "the privation suffered by soldiers' families because there was no safe method of sending money by the mail," sullen testimony to the epidemic numbers of mail robberies that occurred during and after the Civil War. Actual issuance of the money orders began on Nov. 1, 1864, and an example of this early type of order is illustrated in Plates 1 (obv.) and 2 (rev.). Although this particular money order shown here is dated 1894, it is substantially identical to all money order forms used from 1864 until 1894. These money orders were designed for maximum security on the part of the Post Office Department, and were thus extensive and complicated, demanding a great deal of time on the part of the postal employee and patron to complete, and were large and unwieldy.

The form itself consisted of two major parts: the money order form itself, and the attached *advice*. The

actual money order was a document issued to the purchaser for the amount of money desired and hand-cancelled at the upper left obverse by the issuing office with a stamp marked "M.O.B." (Money Order Business) at bottom. Like present-day money orders, this was to be mailed or delivered to the person to be paid, and the reverse of the money order allowed the payee to endorse it and make it payable to another party if he desired. However, the person to whom the money order purchaser was sending the order was never actually mentioned on the money order; there was no "Pay to the order of —," as there is on all modern-day checks and money orders. This was the money order's foolproof security feature: Since the name of the payee was nowhere to be found on the form, it would be absolutely worthless to anyone who might obtain it by theft or otherwise as, not knowing who he would have to fraudulently represent himself to be in order to cash it in at the designated money order office, he could not sign for it or in any way prove that he was the legitimate owner.

This is where the second part of the money order, the *advice*, came into play. At the time of issue, the name of the payee was written into the *advice*. This *advice* was then detached from the money order and immediately mailed by the issuing postmaster to the designated office of payment. Thus the *paying* office, upon receipt of the *advice* in the mail, had the full name and address of the payee, and only the person mentioned on the *advice* could cash the money order.

This system, though complicated, afforded absolute security for the POD, the purchaser and the payee. This security also severely restricted the usefulness of the

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McGRAWVILLE, N. Y. No.

ADVICE

of Money Order drawn by the above named Post Office on the 30th day of June, 1894, on the Post Office in the State of

Amount of Order Dollars and Cents

THE PAYEE The person to whom the Order is payable.
GIVEN NAME SURNAME

RESIDENCE
Number and Street Town or City State

THE REMITTER viz. The person who purchased the Order
GIVEN NAME SURNAME

RESIDENCE
Number and Street Town or City State

Stamp of Postmaster who draws the Order

McGRAWVILLE, N. Y. No.

Money Order

Issued by the above named Post Office on the 30th day of June, 1894.

Pay to the person named in Letter of Advice of this number and date, the sum of Dollars and Cents.

Stamp of Paying Office

Stamp of Postmaster

In the Presence of

The party to whom this Order is paid must sign here his or her FULL NAME, except in case of those where the usual signature will suffice.

Received the above.

This Money Order is to be sent by the remitter to the payee. It is payable only at the Post Office in which it is drawn.

Plate 1. Old form of money order, in service from 1864 to 1894. Advice at left. It has been issued for June 30, 1894, the last this form of order was used.

INFORMATION FOR THE PUBLIC.

THE REMITTER viz. The person who purchased the Order
GIVEN NAME SURNAME

RESIDENCE
Number and Street Town or City State

THE PAYEE The person to whom the Order is payable.
GIVEN NAME SURNAME

RESIDENCE
Number and Street Town or City State

ADVICE

of Money Order drawn by the above named Post Office on the 30th day of June, 1894, on the Post Office in the State of

Amount of Order Dollars and Cents

THE PAYEE The person to whom the Order is payable.
GIVEN NAME SURNAME

RESIDENCE
Number and Street Town or City State

THE REMITTER viz. The person who purchased the Order
GIVEN NAME SURNAME

RESIDENCE
Number and Street Town or City State

Stamp of Postmaster who draws the Order

McGRAWVILLE, N. Y. No.

Money Order

Issued by the above named Post Office on the 30th day of June, 1894.

Pay to the person named in Letter of Advice of this number and date, the sum of Dollars and Cents.

Stamp of Paying Office

Stamp of Postmaster

In the Presence of

The party to whom this Order is paid must sign here his or her FULL NAME, except in case of those where the usual signature will suffice.

Received the above.

This Money Order is to be sent by the remitter to the payee. It is payable only at the Post Office in which it is drawn.

Plate 2. Reverse of old form of money order, with attached advice at right. Notice extensive and complicated instructions. (Courtesy Chase Manhattan Money Museum)

money order: It was payable exclusively at the money order office designated on the face, not negotiable through banks, and could not be paid until the corresponding advice had reached the paying office. If the advice was lost, stolen or delayed, the payee was out of luck, and the original purchaser probably had to apply for a duplicate.

These inconveniences were somewhat tolerable for the person who wished to send large sums of forty, fifty or a hundred dollars through the mails, but for small remittances of a few dollars or cents such extensive precautions were simply absurd.

Postage and fractional U. S. currency served the public from August, 1862 until February, 1876, when its issuance was officially stopped. These notes were widely enjoyed by the people who, short of coin in light of the Civil War, had to revert either to sticky, messy postage stamps or credit to conduct their everyday business and

make remittances by mail. Because of their size and lack of bulk, the fractional notes could be made to be undetectable in a letter, thus increasing the chances of the money arriving along with the letter, rather than disappearing into the pocket of some unscrupulous government employee.

A NEW NOTE

Preparations and Legislative Planning

WITH the retirement of fractional currency there came, not unreasonably, a great clamor from the public for something to take its place. Postal officials were highly aware of this problem and did not want the public to revert to sending stamps or coin in the mail. In 1944, the Postmaster General, recounting a bit of the history of the Money Order System, said in his annual Report: "... Postal notes were first given thought in 1875, when the fractional currency (shin-plasters) was discontinued. This currency had been used extensively to send small amounts by mail." The Post Office Department began to consider proposals from both within and outside its administration for a suitable note to take the place of fractional currency.

The new note should be oriented towards the public's own convenience and utility; it should "be of a convenient size for enclosure in the ordinary letter-size envelopes, engraved upon thin bank-note paper, and provided with effective checks against counterfeiting." The design of its form should be relatively simple, easy to fill out and understand. Preparations on a new note, a Postal Note, were seriously under way by 1880-81, and in 1882 a bill was prepared to be put before Congress. In drawing up the bill it was noted that on March 1, 1882, the American Express Company put into operation a money order system. American Express money orders were issued for sums less than \$5.00 at a cost to the purchaser of 5c; the money orders could not be drawn for amounts less than \$1.00, nor for sums not a multiple of 5c. Study of the Post Office's Money Order System showed that nearly half of all their orders issued were for sums less than \$5.00. Thus, the new postal note would be highly competitive and useful if it might be issued for *any* sum less than \$5.00, at a cost to the purchaser of 3c.

The Bill, H.R. no. 5661, was debated by the House during the 47th Congress, first session, June 23 to July 25, 1882. Mr. Bingham of the Post Office Department, presenting this bill to the House, said: "(This) bill meets a positive and urgent demand for transmission through the mails of small sums of money at a very low fee, and with wise safeguards, which the bill indicates as a postal note, payable to bearer." The distinctive features of the postal note, as originally conceived and submitted to Congress, are as follows:

1. No written application to be required from the transmitter.
2. The postal note to be issued for sums less than \$5.00.
3. It is to be issued without advice.
4. It is to be made payable at a particular money order office.
5. The orders are to be numbered consecutively for each office of issue.
6. The stub in the book of forms is the only record of issue to be kept in the post office.
7. The orders are to be payable to bearer.
8. A duplicate cannot be issued of a postal note lost in the mails or otherwise.
9. The orders are to be payable at any time within three months from the last day of the month of issue. If presented after the expiration of three months from the last day of the month of issue, they are to be cashed for an additional fee, equal to the original fee, for every three months, or fraction of three months in excess of such period.
10. The orders are to be printed in sheets, upon thin bank note paper, from engraved plates, and are to be separated from each other, and from the stubs, by perforated lines. The sheets are to be bound in book form.

In discussing the bill, several alterations were made or proposed. The clause concerning redemption of invalid

postal notes was modified so that a fee of 3c would be charged for replacement of any postal note older than three months from the last day of the month of its issue, regardless of how old the note was, whether three months, ten months or ten years. Thus any postal note rendered invalid by age could be replaced for a simple fee of 3c, whereas under the originally proposed legislation the replacement fee would have been 3c for each three months the note was invalid (a postal note invalid for 12 months would have cost four times 3c=12c, but under the bill as passed replacement only cost the standard 3c replacement charge). Another portion of the original bill stated that:

... all blanks, blank-books, and printed or engraved matter supplied to postmasters by the Postmaster-General or used in his Department for the transaction of the money-order business shall be obtained from the lowest bidders for furnishing printed and engraved matter, respectively, under separate advertisements calling for proposals to furnish the same for a period of four years, upon such conditions as the Postmaster-General may prescribe; and the Public Printer and the Chief of the Bureau of Engraving and Printing of the Treasury Department are hereby authorized to submit proposals in conformity with the provisions of this section to furnish, respectively, such printed and engraved matter as may be required for use in the money-order business.

Under this proposed section of the bill the Public Printer and the BEP were empowered to bid alongside private companies for the work of engraving and otherwise manufacturing a postal note. A Mr. Robinson, Congressman from Massachusetts, inquired as to the nature and value of pitting the government against private companies in a bid for its own work:

Mr. ROBINSON. Then how can outside parties compete with the Government? Can they furnish this work at less than cost?

Mr. BINGHAM. I do not know that.

Mr. LACEY. This provision is to place this matter upon the same ground as the printing of postage stamps. Postage stamps are now supplied by competitive bids; they are not engraved by the Department, but supplied by contract.

Mr. ROBINSON. Does the Public Printer or the Chief of the Bureau of Engraving and Printing put in proposals for postage-stamps in the same manner as provided here?

Mr. LACEY. I do not know about that.

Mr. ROBINSON. I think not.

Mr. LACEY. The bill as first submitted by the Department left that clause out; but it was thought best to let the Public Printer and the Chief of the Bureau of Engraving and Printing come in as bidders, and if they bid below private parties, then they should take the work. It is to be let to the lowest bidder, especially as these are to be steel engravings.

Mr. ROBINSON. My only suggestion is that there do not seem to be certain analogies which ought to obtain between the office of the Public Printer and the office of the Bureau of Engraving and Printing and outside printers. . . . I think it hardly a proper thing for us to provide that public officers of the Government shall, by making proposals for doing printing, come in competition with private parties.

Mr. BINGHAM. I admit that the criticism of the gentleman is a fair one.

As a result this section was amended so that, upon completion of the bidding, the BEP and the Public Printer could submit separate bids for the work if they believed that they could do the work cheaper. Also, the reference to "lowest bidders" in the original clause was changed to "lowest responsible bidders."

At the time this bill was being considered, there were about six thousand post offices designated money order offices in the United States, allowed to issue and pay money orders drawn upon them. There was a total of about 45,000 post offices in existence in America at that time. The government believed it would not be prudent to allow all 45,000 offices, most ignorant of the money order business, to issue the new postal notes; the notes were largely an experiment, and any problems that might arise

would be more easily handled by the 6,000 "veteran" first class offices, rather than 45,000 mainly inexperienced ones. Thus, under the guidelines to be established, only post offices able to issue money orders (offices with an annual revenue of \$250.00 or more) would also issue postal notes. Because of these guidelines, some areas of the West were entirely devoid of any money order service at all. A Mr. Dunn of Arkansas addressed himself to the problem making this rousing speech to the House:

Mr. Speaker, I believe that our postal service, with all its benefits and privileges, ought to follow the footsteps of the hardy pioneer wherever he may go in his brave and rugged march over our broad Western plains and distant mountains, for he it is who opens and smooths the pathway for the onward march of civilization and who receives the first as well as the rudest shock in conflict with the savage and other elements of obstruction that oppose its advance. I believe that it is the duty that the Government owes to that gallant pioneer to keep up this line and means of communication between him and the civilization that is behind him.

However, the post office officials were adamant in their refusal to issue postal notes to the minor post offices. A money order office *would* be opened anyplace, the West or otherwise, that did \$250.00 or more each year in business; by experience the Post Office found that offices doing less than \$250.00 per year could not sustain the monetary demands of the money order business (remember that money order offices must *pay out*, as well as issue, money orders). Despite these seemingly reasonable answers, the problem of equally distributing the postal note service to all people remained to be of some concern, and will be heard more of later.

It has formerly been reported in another article on the U. S. Postal Notes that they were rendered "worth-

less" after a certain period of time; this is false. As this bill plainly states:

But nothing contained in this act shall be so construed as to prevent payment, out of current money-order funds, by duplicate under the authority of the Postmaster-General, of any . . . invalid postal note more than seven years old, upon presentation of satisfactory proof to the Postmaster-General of any . . . invalid postal note more than seven years old, upon presentation of satisfactory proof to the Postmaster-General of the ownership of . . . such invalid postal note in accordance with provisions of section 1 of this act.

There is, then, a distinction between an unredeemable, worthless note, and an invalid note. An invalid postal note is one that, by reason of its age, being older than three months from the last day of the month of issue, cannot be redeemed through normal money order office channels, but rather must be redeemed through application filed with the Post Office Department.

Finally, the bill included practical measures for implementing the postal note business and a prototype illustration of the proposed postal note, as a guide to be later used by the firm successful in obtaining the contract for the production of the postal note form:

There is now employed at New York City a postage-stamp agent, with a force of clerks under his charge, whose duty it is to receive from the manufacturers supplies of postage stamps and to dispatch the same to postmasters. There will be the same necessity for the employment of a responsible officer at the place of manufacture, who shall give bond for the faithful performance of his duties, to receive from the contractor (a) supply of postal notes, dispatch the same to postmasters, and generally to act as a responsible medium between the Department and the contractor for furnishing postal notes.

Development of the First Design

NEW YORK, N. Y. No. 26398.		Postal Order for sums less than five dollars. To the Postmaster of the Money Order Office at Pay to Bearer , at any time within Three Months from the last day of the month of issue, the sum of _____ FEE 3 CENTS. Received the above. [Signature of the person who obtains payment.] A duplicate cannot be issued of this postal order if lost in the mails or otherwise. After the expiration of three months from the last day of the month of issue, this order will be payable only on payment by the holder of a fee of 3 cents, and if more than three months have elapsed since the said expiration, the holder will be required to pay an additional fee of 3 cents for every further period of three months which has so elapsed, and for every portion of any such period of three months over and above every complete period. After once paying this order, by whomsoever presented, the Post-Office Department will not consider any further claim.		NEW YORK, N. Y. No. 26398.	
Amount, \$		Dolls.	Dimes	Cents	
Date of issue,		1	2	3	
Office drawn upon,		2	4	5	
		3	6	7	
		4	8	9	
		0	0	0	
		Hunds.	Tens.	Units.	

PROPOSED FORM OF POSTAL ORDER.

Plate 3. Prototype "postal order," typeset design as appears in the Postmaster General's Annual Report and in the Congressional Record.

The prototype note is shown in Plate 3. The portion at left of the note is the stub, to be retained in the post office. The far right of the prototype is to be used for punching out with a standard conductor's ticket punch the amount for which the note is to be issued to the purchaser, in "Dolls.," "Dimes" and "Cents," or "Hunds.," "tens" and "Units," printed at bottom. The cost of engraving and printing a postal note was estimated at three-quarters of a cent each.

The annual report of Postmaster General Walter Q. Gresham (1883) read:

An act entitled "An act to modify the postal money-order system and for other purposes" passed both houses of the Congress, and was approved by the President on March 3, 1883.

It authorized the issue of the postal note for sums less than \$5, payable to bearer, provided for the purchase of all printed and engraved matter for the money-order system from the lowest responsible bidder under contract for a term of four years. . . .

Contracts have been duly executed with the Homer Lee Bank Note Company for furnishing postal notes and money-order drafts; with Messrs. Wynkoop & Hallenback, of New York, for furnishing bound blanks and blank books for the money-order business; and with Messrs. Natlack & Harvey, of Philadelphia, for furnishing unbound blanks for that business.

The Homer Lee Bank Note Co., successful bidders for the engraving and printing of the first issue of postal notes, went right to work on their government project. Following the lead of the prototype note developed by the POD, they began to design a postal note that would be



Plate 4. Liberty vignette for the First Issue U. S. postal note.

secure, practical, yet modestly attractive. A vignette of Liberty, encompassing the fee of three cents that was to be charged for issuing the note, was designed (see Plate 4). A sheet of four notes, *printed only with the first plate* used in manufacturing the note, is shown in Plate 5. A minimum of four, and perhaps five, printings were necessary to produce a complete postal note, and Plate 5 represents only the first plate impression, that of the security background design. After the sheet of notes was completely printed, it was cut in half, perforated between the remaining pair of notes in each half, and finally bound into a book of 500 pages, ready to be sent to some money order office. As one may readily see in Plate 5, the security engraving executed by Homer Lee is extremely small and complex. Mr. Gilbert L. Peakes, an experienced and knowledgeable collector in the field of postal notes, describes the obverse background of the note: "The fine-print background of the body of the Note is not, as might be expected, an engine-lathe job . . . but rather some fine lettering. The top part of this background printing is in a diamond-shaped pattern carrying the words 'UNITED STATES' and 'POSTAL NOTE' plus a federal shield, a winged wheel, and an orb carrying the letters 'US.' The lower part of the printed background is a tangle of ribbons containing 'U S P N UNITED - STATES U S P N' and 'POSTAL NOTE' with a few pairs of letters such as 'US' and 'PN' thrown into the spaces between the ribbons. All lettering is small, such that the word 'POSTAL' is only 4 mm. long."

The second plate used in printing the note, containing designations, instructions, spaces for signatures and for punching the amount for which the note was to be issued, was not engraved but rather typeset. It can be seen, overprinted upon the first printing, in Plate 6 (compare with Plate 5). This plate also contained the printing for the post office record stub, seen at left. While the primary background plate was printed in brown ink, this second printing is in black.

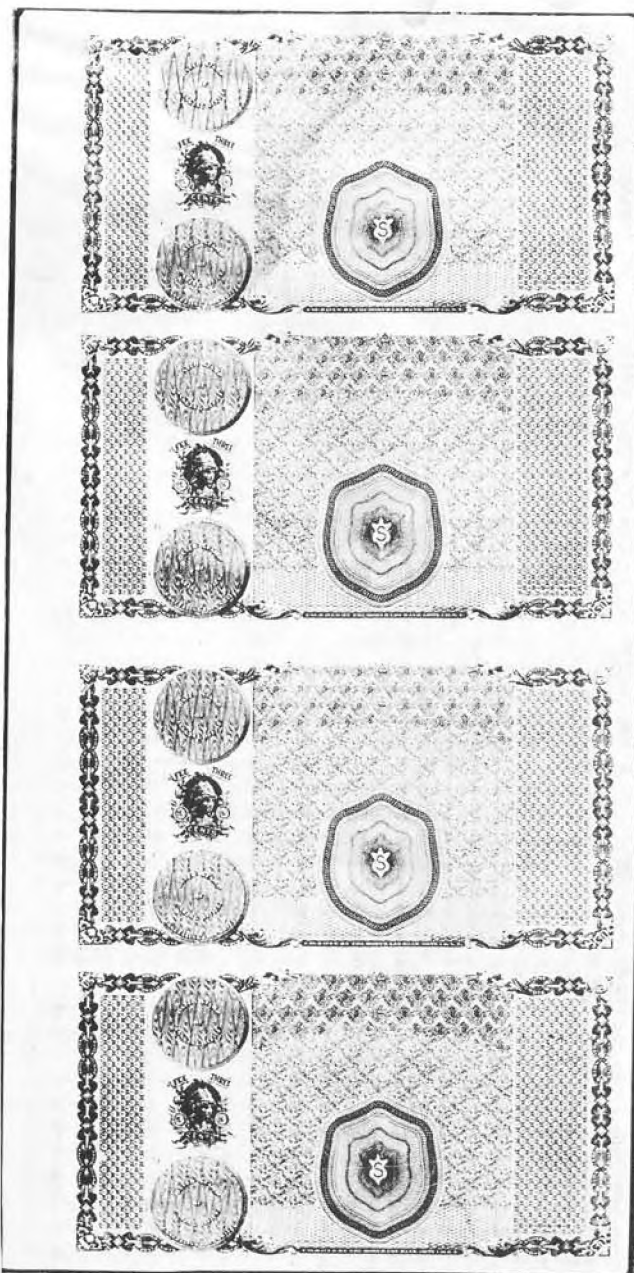


Plate 5. A complete sheet of postal notes after first printing, later to be overprinted, cut in half and bound in a book of 500. Note plate letters A, B, C, D, from top to bottom on each note to lower left of Liberty vignette. (Courtesy Gilbert L. Peakes)

The third (and fourth?) printings are that of the name of the issuing money order office, printed in black, and the serial number of the note, printed in red (Plate 7). Compare this with the prototype note designed by the POD, Plate 3. Notice how strictly the format was followed, though incorporating artistic license. All features of the note are as they should be.

The reverse of the note is the final printing. It is entirely blue in color, and not printed from an *engraved* plate. This is probably one of the strangest designs ever used on a circulating currency issued by the United States (Plate 8). At first glance it does not strike one as being a product of our country at all, but rather

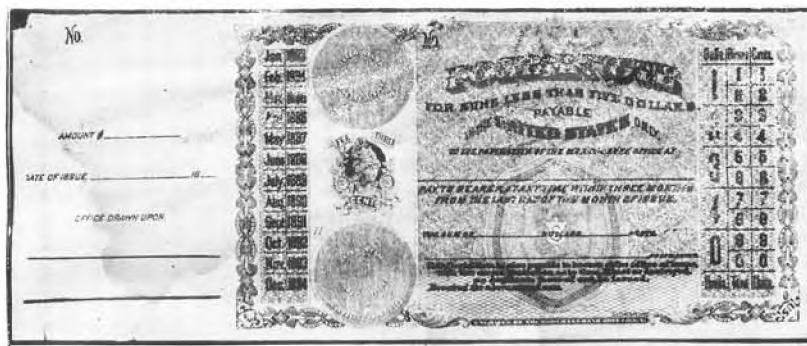


Plate 6. The First Issue postal note after first overprint. Receipt to be retained in issuing office at left. (Photo: Adrien Boutrelle)



Plate 7. Postal note with all printing complete, including serial number and issuing office. Error note: Issuing office spelled "Granville" on receipt at left, but "Grayville" on face of note.

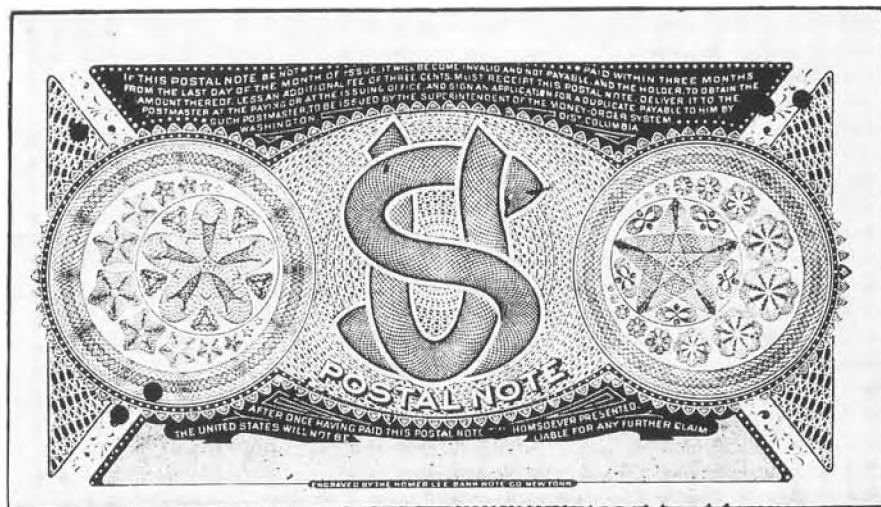


Plate 8. Reverse of the First Issue U. S. postal note, as issued. Printed in blue.

some foreign issue. The design is rather informal and somewhat whimsical, as opposed to the normally stolid, bold and formal lines that dominate our paper currency, fractional currency and postage stamps.

Instructions at the top of the reverse read: "If this Postal Note be not paid within three months from the last day of the month of issue it will become invalid and not payable, and the holder, to obtain the amount thereof, less an additional fee of three cents, must receipt this Postal Note, deliver it to the postmaster at the

paying or at the issuing office, and sign an application for a duplicate payable to him by such postmaster. To be issued by the Superintendent of the money-order system, Washington, Dist. Columbia." The bottom reverse of the note states: "After once having paid this Postal Note by whomsoever presented, the United States will not be liable for any further claim."

The Postmaster General announced that "The postal-note business was commenced simultaneously at all money-order offices on September 3, 1883. Some difficulty was

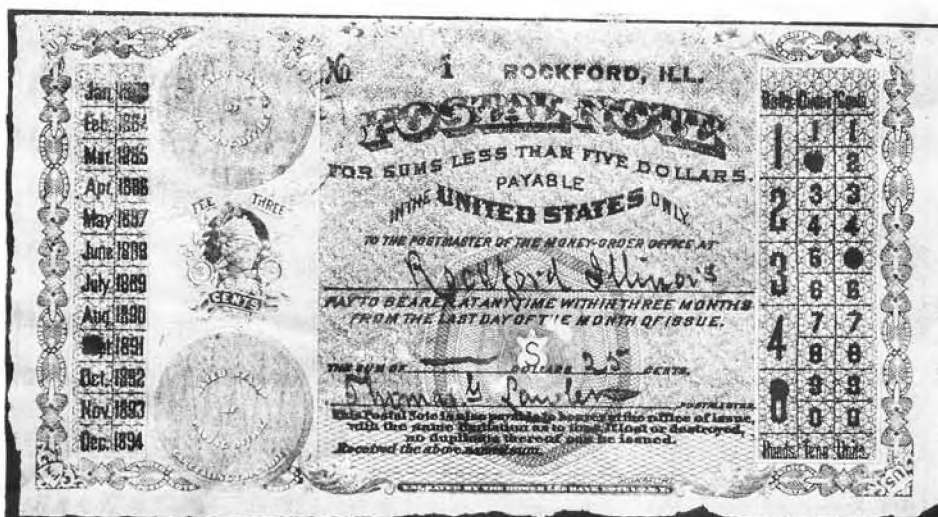


Plate 9. Obverse of First Issue postal note, as issued. First day of issue, 9-3-87. (Courtesy U. S. Postal Service)



Plate 10. An uncut page of First Issue notes, as issued. Issued for 1c each.

encountered at the outset by reason of the lack of familiarity of the postmasters with the new forms, and system of punching adopted for designating the amount, but complaints on that score have very sensibly diminished. This means of making small remittances by mail has been extensively employed by the public from the inception of the system."

A first day of issue postal note, serial no. 1, filled out, stamped and punched for the amount of the note, 25c, is shown in Plate 9. This is a U. S. postal note *as issued*. The postmaster filled in the name of the issuing office and amount of the note, signed it by hand, punched the two left columns for the month and year of issue and the three right columns for the amount of the note, and stamped the upper left circle with the cancellation mark of the issuing office.

Plate 10 shows a photo of a page of unsevered notes as issued from the book. These particular notes were written in to be payable only at the San Francisco money order office, although they were issued in New York. These notes, like nearly all postal notes now existing in collections' hands, were issued solely as a souvenir, a collector's item. It is issued to the purchaser for only one cent on each note, although it cost the purchaser 6c to obtain this pair of notes. Almost all postal notes to be found nowadays are issued for the amount of only one or two cents, and this author knows of only three notes issued for 25c, and merely two for 50c. I have never seen or heard of any postal note still existing that was issued for more than 50c, although POD records show that the average amount for which a postal note was issued in 1884 was \$2.01.

(To be continued)

LIBRARY NOTES

MEMEBERS are reminded that all requests for library materials should be addressed to the new Librarian, Wendell Wolka, P. O. Box 366, Hinsdale, IL 60521. By the time you receive this issue of PAPER MONEY, you will have received or will be receiving shortly the new roster-cum-library catalog. Use it to keep Mr. Wolka busy!

Dr. John Muscalus continues to supply us with copies of his interesting booklets and checklists, as detailed below. Also added to our collection are two brochures given to guests at our annual banquet in Boston by the American Bank Note Co. There evidently were other brochures available, too, but before SPMC officials, who were "trapped" on the dais, could get to the display, all were gone. Some people were seen leaving with several copies of each item, thus spoiling the good intentions of the donor to give everyone attending a copy of each item.

The 1972 ABN Annual Report is a work of art with an engraved cover and a frontispiece of actual engraved vignettes with Chinese motifs once used on stamps and paper money. There is also a full-color, two-page spread of engraved stock certificates, currency, traveler's checks, driver's licenses, and postal souvenir panels produced by American.

The fraudulent security booklet contains an actual specimen of an engraved stock certificate and a lithographed fraudulent version of it for comparison.

The Thailand catalog is an 8½ x 11 paperbound, offset printed work. It contains an introduction, num-

bering chart, illustrated list covering all issues since 1902, values, illustrations and identification of signatures and historical notes. Copies are also available for \$5 each from the author at 7134 Carol Lane, Falls Church, VA 22042.

The Haseltine Confederate catalog is a straightforward descriptive listing, with no illustrations, and is chiefly useful for its historical value.

The missing number of the *Bank Note Reporter* was supplied by Richard T. Hooper and Keith Colman.

New Accessions

- | | |
|------------|---|
| GA70
A1 | American Bank Note Co. Detection and recognition of fraudulent securities. 4p. New York, N. Y. |
| UM60
L1 | Little, Silas. Banknotes of Thailand. Falls Church, Va. 1973. 24 p illus. (gift of the author) |
| US25
A1 | American Bank Note Co. Annual report 1972. New York, N. Y. 16 p. illus. |
| US20
M9 | Muscalus, John A. Bank notes commemorating the landing of the Pilgrims at Plymouth. Bridgeport, Pa., 1973. 7 p. illus. |
| US60
H3 | Haseltine, John W. Descriptive catalogue of Confederate notes and bonds. Philadelphia, 1876. 36 p. (gift of Marvin Ashmore) |
| US60
M1 | Muscalus, John A. Recycled southern paper money. Bridgeport, Pa., 1973. 24 p. |
| US70
M1 | Muscalus, John A. National bank notes of Buffalo and vicinity, 1865-1929. Bridgeport, Pa., 1973. 26 p. illus. |

Corrections and Additions to

Descriptive Listing of MONTANA

Bank Notes, Drafts, Scrip and Warrants

By Harry G. Wigington

Please make the following corrections to my listing in PAPER MONEY No. 46:

Page 58. Bozeman First National Bank: dates of operation should read 8-14-1872 to 9-14-1878 (not 1873)

Page 61. Fort Benton No. 3: imprint should be WESTERN BANK NOTE COMPANY (not "None")

Pages 61 and 70. Fort Maginnis No. 1 and Old Agency No. 1: The name of the Indian agent is H. A. Kennerly (not Rennerly)

Just before the listing appeared, some 30 new unlisted items from Virginia City and Helena showed up. Since the listing appeared, more additions and some corrections have been submitted. These will be incorporated into a supplementary listing. Anyone having any more information on the subject is requested to write to the author at 4227 E. Williamsburg Dr., Harrisburg, PA 17109 so that the supplement will be as inclusive as possible.



A Forgotten Chapter: The United States Postal Note

By NICHOLAS BRUYER

SPMC No. 3448

(Continued from PAPER MONEY No. 48, Page 178)

THE SECOND ISSUE NOTE

Defects in the First Issue

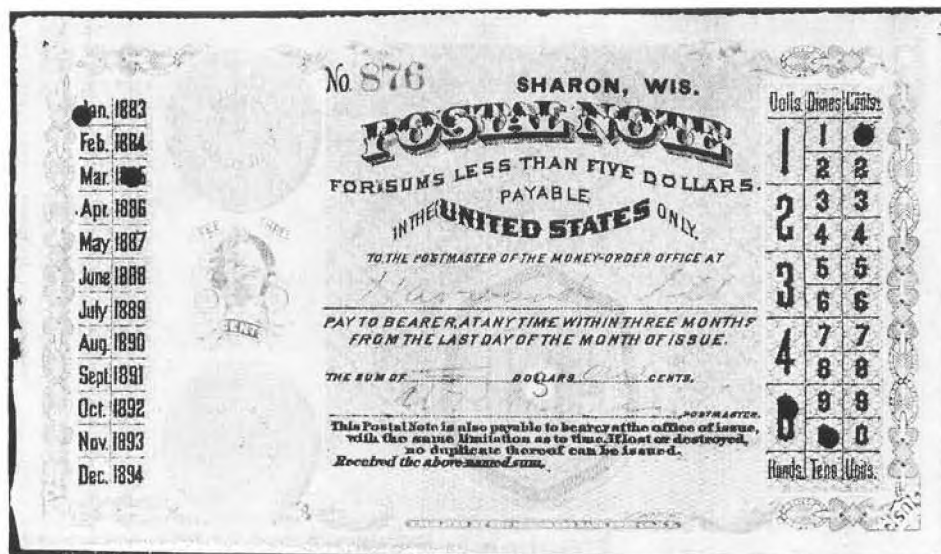


Plate 11. First Issue note with dated stamp of issuing office absent. (Photo: William R. Devine)

THE U. S. postal Note, as originally planned and issued, suffered from more, and more serious, difficulties than hinted at by the Postmaster General in his report. There were defects in the design. The postmark of the issuing office was often illegible because of the heavy engraving behind it, as in Plate 9, or sometimes missing altogether through the carelessness of the postmaster, as in Plate 11. Of course, these identical problems occurred also when the note was handed in to be *paid*. The ornate engraving also interfered with the legibility of the body of the note. Instructions for the purchaser, especially those on the reverse of the note, were excessively complicated and confusing.

There already were some complaints by the public about the security of the note and the tight restrictions governing its payment. Plates 12 and 13 are of a U. S. postal card, UX7, dated 8/30/84, used by the Northwestern Masonic Aid Association of Chicago, Ill. These cards were apparently sent out as receipts for monies sent to the association. The reverse top of the card warns its recipient: "Do NOT use Postal Notes, they are Unsafe, Not Bankable and a nuisance." This refers to the fact that the postal note was payable to bearer, not payable through banks, and could only be cashed at the money order office designated by the purchaser on the face of the note. This postal card was originally printed up for the association in 1883, the year the postal note was first placed into circulation.

New Design Features

In cooperation with the Homer Lee Co., the Post Office sought to improve the design of the note, from both the

artistic and practical perspectives. The preliminary result of this cooperative modification is shown here in Plate 14. This is an experimental proof impression, with no reverse, and is probably unique. Compare this experimental note with its offspring, the note that was derived from it and finally approved from circulation, Plate 15. Generally, this new design of note differs from the First Issue note by the points that are emphasized as important to the security of the note and to the public. The trial proof (Plate 14) is totally devoid of background engraving in the body of the note, the most obvious deviation from the notes of the First Issue. However, notice that the new note as approved for circulation (Plate 15) *does* have some background engraving, at the top in the area reserved for the serial number and the name of the issuing office.

A completely new feature of this new type note is the dollar coupons at its left. This space was formerly occupied by columns to be punched out for the month and year of issue of the note, but this is completely eliminated on the new, Second Issue note. These coupons are to be detached in accordance with the amount for which the note is issued: If the postal note is issued for under a dollar, no coupons will be left attached to the note when it is given to the purchaser; if the note is made out for more than one, but less than two dollars, then only the portion of the coupon stating "ONE DOLLAR" will be attached to the note as issued. For this reason an entire Second Issue postal note has rarely, if ever, been seen by those few interested in them, as there are very few specimens still surviving with all coupons attached.



Plate 12. Obverse, U. S. postal card, UX7. (Courtesy Gilbert L. Peakes)

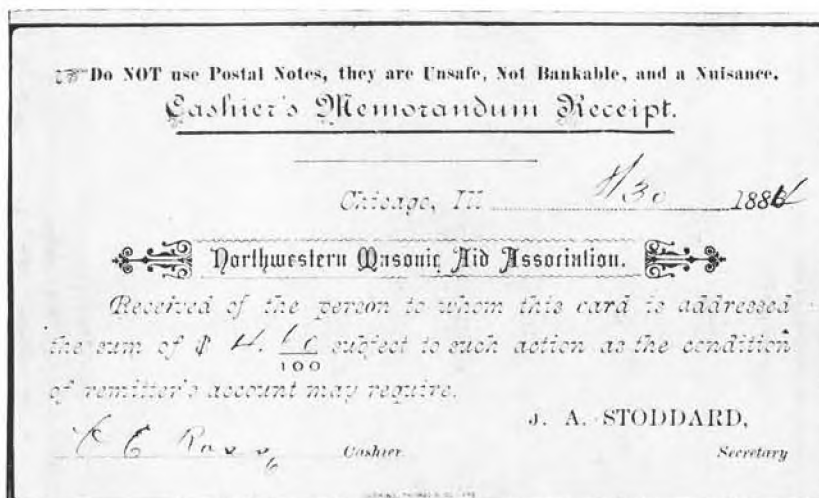


Plate 13. Reverse of postal card issued by the Northwestern Masonic Aid Association. Notice warning about postal notes at top of card.

Another improvement appearing in this Second Issue note is the cancellation star in the box at right, bottom, below the Liberty vignette, which has now been placed in a shield. The box instructs the *paying* postmaster that he must "Punch out this star cancelling this note." On the earlier notes of the First Issue, the only evidence on it indicating that it had been paid was the postmark of the paying office. As mentioned earlier, this cancellation was sometimes faded severely or missing altogether. I suspect that the reason for the introduction of a cancellation star was purely for security; perhaps some unscrupulous individuals had obtained some previously paid (and thus cancelled) postal notes, removed what there was of the cancelling stamp of the paying office, and then simply re-redeemed them. Now a punched cancellation, clearly visible on both sides of the note, solved the problem.

The language of the conditions under which these notes were issued was also improved in the Second Issue note. Formerly stating that "After once having been paid this Postal Note, by whomsoever presented, the United States will not be liable for any further claim," the Second Issue postal note made it perfectly clear that "This note once paid, by whomsoever presented, will be worthless in the hands of any subsequent holder." It seems unmistakable from this language and other modifications made in the security of the note that some First Issue notes had been fraudulently "recycled."

The cancellation spaces for stamps of the issuing and paying offices were not eliminated from the Second Issue note. Instead they were moved to the *reverse* of the note, as shown in Plate 16. The areas for the cancellations are blank, thus enhancing the visibility of the postmarks.

The obverse and reverse of the Second Issue postal note, properly filled out, punched and stamped, are seen in Plates 17 and 18. The obverse is now printed in black, with serial number red and place of issue blue. Unlike the First Issue note, this issue is printed using only one plate for both the background security engraving and also the instructions, designations, etc. This saved money and time involved in using two plates and also solved the problem of correctly aligning the two plates. The reverse is again printed in blue.

Up to this point only the *differences* between the First and Second Issues have been emphasized. We should not neglect the fact that there are points common to both issues, and to *all* issues of U. S. postal notes in general. Both the First and Second Issues have the same Liberty vignette, although that of the Second Issue has a shield placed about her. Both issues retain the columns for punching in the amount for which the note is to be issued, and both still require the issuing and paying postmasters to stamp cancel the notes, although the Second Issue has moved this operation to the reverse,



Plate 14. Trial proof impression of design for the Second Issue postal note. Trial printed in brown on brown paper: note lack of engraving over "POSTAL NOTE" and space for amount of the note above Liberty vignette. (Photo: Boutrelle)

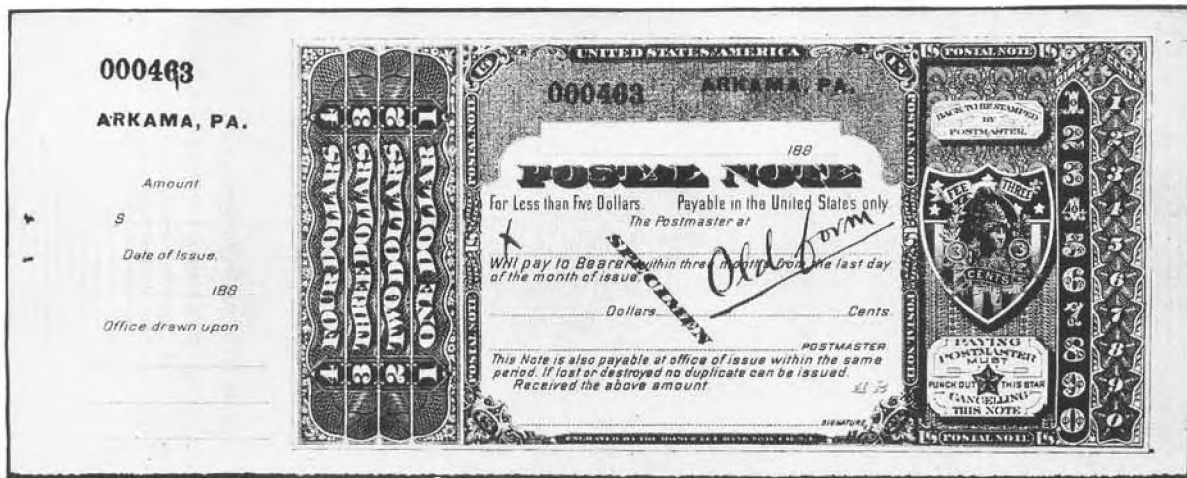


Plate 15. The Second Issue note, obverse, ready to be issued. Note dollar coupons. (Photo: Atsuhiko Tsunoda)

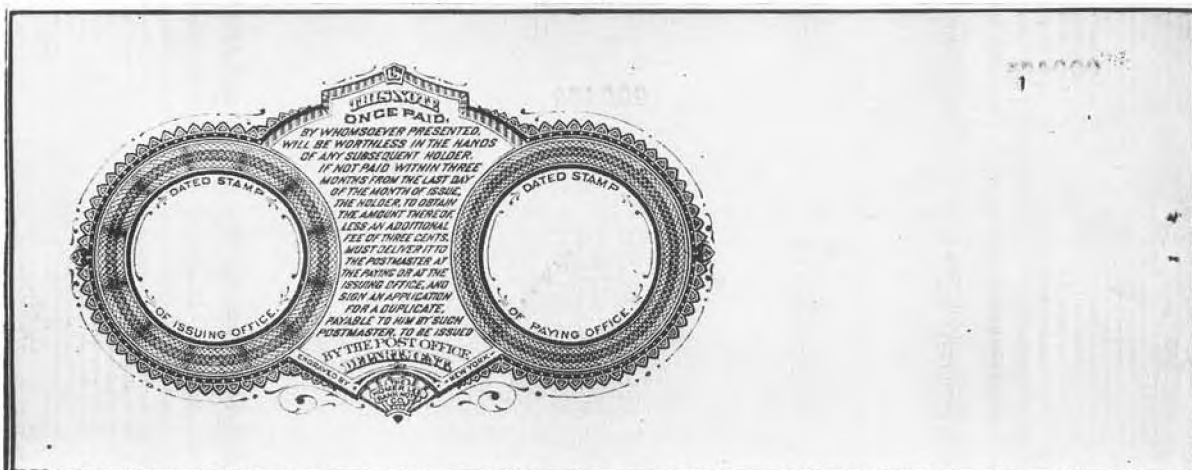


Plate 16. Reverse of the Second Issue note, as prepared for issue. (Photo: U. S. Postal Service)

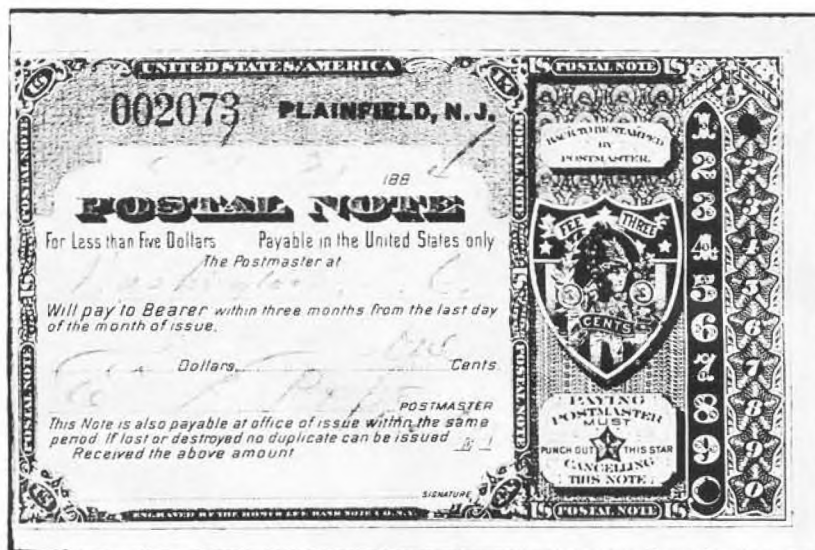


Plate 17. The Second Issue postal note, as issued. Sold at the Plainfield, N. J. money order office, payable at the Washington, D. C. office.

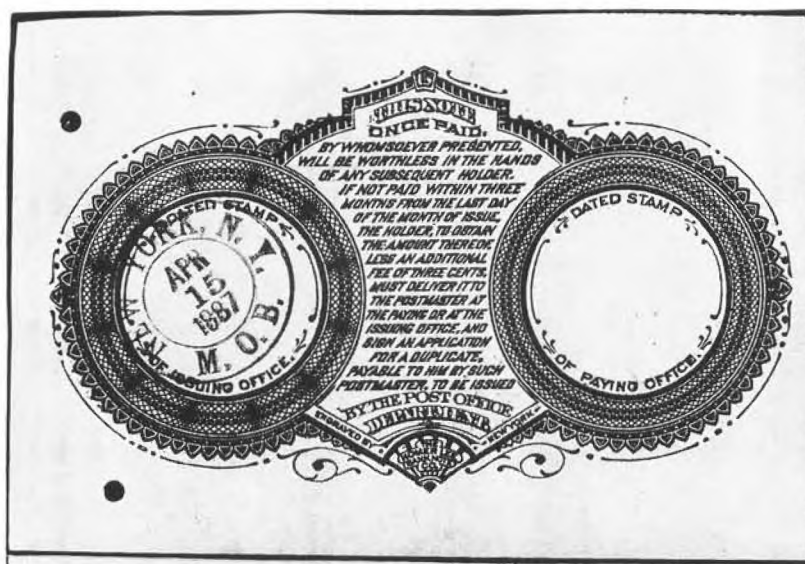


Plate 18. The new Homer Lee reverse, designed for the Second Issue note.

rather than obverse, of the note. The notes were still sold for 3c, still issued only for amounts less than \$5.00.

All issues of postal notes are printed on watermarked paper, the watermark being in *all* cases similar to that shown in Plate 19. The actual size of this watermark is approximately 105 mm. by 35 mm. The only postal note printed not carrying this watermark is the experimental trial design (Plate 14) mentioned earlier. This proof, printed in brown on brown paper, has a watermark of an anchor with "SAFETY" above and "PAT-ENTED" below, and "N" at left, "P" at right. The letters of the words are framed within curved lines.

The usual stamped cancellation of the issuing office is like that shown in Plate 18. The name of the issuing office, the date, and "M.O.B." (Money Order Business) all can usually be found within the round stamp. An interesting variation on this stamp is seen on the unsevered page of Second Issue notes in Plate 20. This page, which is part of a collection of postal notes in the Chase Manhattan Money Museum, bears octagonal can-

cancellations, the only variation from the norm this author has seen.

Dates of Usage

Excepting Sept. 3, 1883, there were no first days of issue on subsequent issues of postal notes, as they were issued to postmasters on requisition after the remainder of the older type notes were used up. A notice from the Superintendent of the Money Order System dated April 25, 1884, specified that the numbering of the Second Issue notes would be a continuation of the numbering on the previous First Issue notes, and these new notes would be furnished after "the present supply of each office shall have been sufficiently exhausted." It is believed that the Second Issue notes were not officially released by the POD for use in the money order offices until June 3, 1884. Since some money order offices used up their stock of postal notes more quickly than others, some First Issue postal notes were issued *later* than some Second Issue notes, and we have a case in which the older type



Plate 19. Simulation of watermark used on all postal notes of the First Series (1883-1894) of U. S. postal notes. Actual size: 35 by 105 mm.

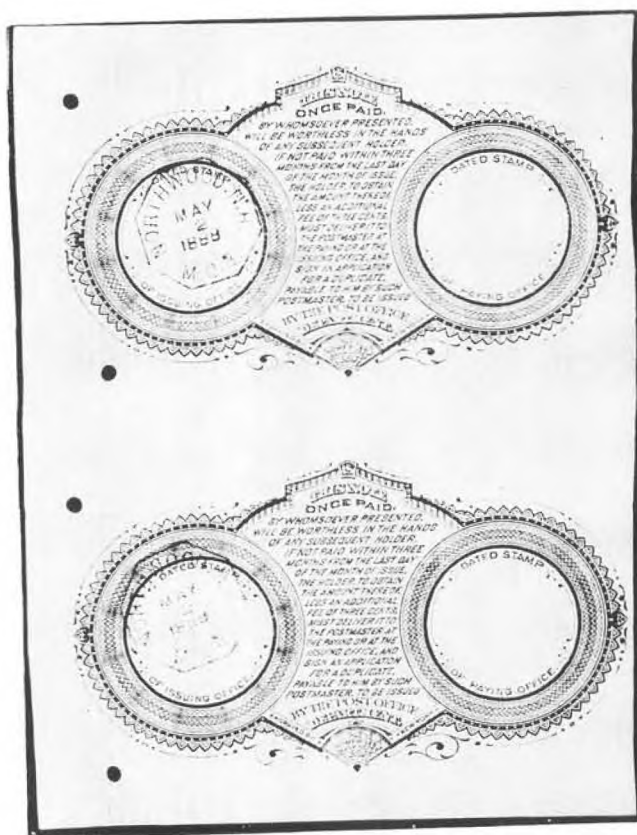


Plate 20. Page of Second Issue notes, as issued. Notice octagonal stamps.

of note may have a later date on it than on the newer type of note. The First Issue note shown in Plate 11 has a date of Jan. 1885 punched for it at left, while Plate 17 illustrates a Second Issue note dated Nov. 1884. This confusing situation plagues all the different issues of postal notes, and is the reason that, up until now, the official dates of issuance of the various types of postal notes were largely unknown to collectors.

NEW LEGISLATION: A THIRD ISSUE

THE Second Issue note adequately solved some of pressing problems needing solutions with respect to the security and simplicity of the postal note. Yet, certain difficulties regarding the utility of the note and the need for its equal distribution to all who needed it caused the POD to reconsider the role of the postal note, eventually resulting in further legislation rendering it more fluid and available.

Establishment of Postal Note Offices

On Feb. 23, 1886, Mr. Jones of Texas, member of the Committee on Post Offices and Post Roads, reported a bill, H.R. 5878, to amend the laws governing postal notes. This bill, presented to Congress on July 19, 1886, empowered the Postmaster General to make the postal note payable at *any* money order office, where formerly the note could be paid *only* at the office designated on the face of the note or the office at which the note was issued.

Secondly, this bill also granted the Postmaster General power to establish "Postal Note Offices." This provision extends to "post offices situated in the smaller towns and villages where, for lack of post-office capital, a general money-order business cannot be maintained, a medium of exchange greatly needed, and in many localities urgently demanded. Sparsely settled communities where there are no banks will thus be supplied with a convenient means of remitting small sums to business centers." It cannot be disputed from this clear definition of the intended function of the postal notes that it was a legal medium of exchange, necessary to fill the gap left between the demise of the fractional currency and the regular circulating paper money of one dollar or more. These small postal note offices were to be allowed to issue, *but not pay*, postal notes. Under this legislation, the notes were payable at all money order offices, but none of the postal note offices.

On January 3, 1887, Congress empowered the Postmaster General to establish guidelines for the issuance, circulation and payment of postal notes as proposed under this act. Immediately, 197 new postal note offices opened, and the number of these new offices would greatly increase within the next year, since a "recently executed contract" had made arrangements for supplying these offices with books containing 300, 200 or 100 pages, rather than the 500 page books of postal notes. This improvement allowed these minor offices to issue postal notes without the need of "heavy bonds" to cover the postmasters' liability in case of loss, theft, or what-may-come of the postal notes in their possession.

Table A shows the numbers of money order and postal note offices that were in operation from 1882 to 1894. In 1883, there were 5,927 money order offices issuing postal notes. By 1894, this number reached 19,264. During the fiscal year of 1887 (June 30, 1887 to June 30, 1888), 229 postal note offices were opened, able to issue but not pay postal notes. By 1894, some 723 of these offices were functioning. For one reason or another, some post offices discontinued their money order business, as is indicated in the second column. Most postal note offices listed as "closed" in this table simply grew large enough to become full money order offices and thus were no longer listed as "postal note offices."

Technical Difficulties

The new postal note legislation brought with it new technical difficulties for the Second Issue postal Note. The note as issued instructed the purchaser that it was payable only at the office designated on the face of the note, as in Plate 17. This particular note was issued at Plainfield, N. J., and is designated payable only at Washington, D. C. The new legislation allowed this note to be paid at *any* money order office. As a result of this conflict, all money order offices were authorized by the postmaster to write or stamp "any money order office" into the space formerly used to designate a specific office, so that the note now read: "The Postmaster at ANY MONEY ORDER OFFICE will pay to Bearer. . . ." An example of such a note is shown in Plate 21.

A second discrepancy between the Second Issue note and the law, as newly instituted, now also appeared on the reverse on the note (Plate 18). The instructions on the reverse of the note state that if the note is rendered invalid by its age, the holder "MUST DELIVER

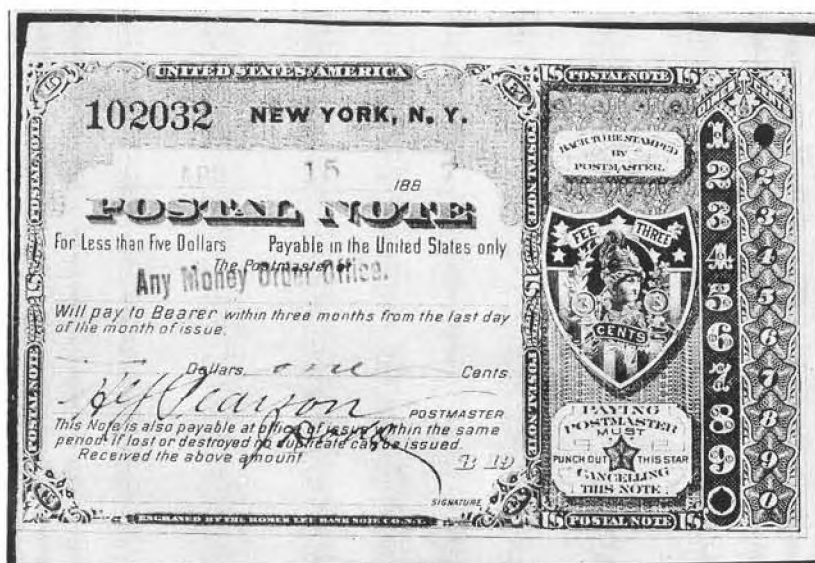


Plate 21. Obverse of Second Issue note, with "ANY MONEY ORDER OFFICE" rubber-stamped in place of a designated office of payment.

TABLE A: MONEY-ORDER AND POSTAL NOTE OFFICES IN OPERATION AND OFFICES DISCONTINUED AS SUCH, 1882-1894:

Year	M.O. Offices	M.O. Offices Closed	P.N. Offices	P.N. Offices Closed	Year
1882	5,491	—	none	—	1882
1883	5,927	13	—	—	1883
1884	6,310	8	—	—	1884
1885	7,056	16	—	—	1885
1886	7,357	20*	—	—	1886
1887	7,853	25	229	—	1887
1888	8,241	22	311	4	1888
1889	8,727	26	557	30	1889
1890	9,382	19	728	52	1890
1891	10,070	18	703	166	1891
1892	12,069	24	717	135	1892
1893	18,434	36	711	137	1893
1894	19,264	122	723	93	1894
Totals:	19,264	349*	723	617	

* Estimated.

IT TO THE POSTMASTER AT THE PAYING OR AT THE ISSUING OFFICE. . . . This was now totally inaccurate. If the note had been sold at a postal note office, it could not be paid or repaid there under any circumstances. However, the note could be paid at any money order office, not just the paying (or in some cases also the issuing) office. There was no way for the POD to correct the instructions on the reverse of this note in any makeshift fashion. Clearly a new, reworded postal note was necessary.

As the Homer Lee Co. still had the contract for production of the note (a four-year contract effective on Sept. 3, 1883 meant that their contract expired as of Sept. 3, 1887), they set to work to rearrange the Second Issue note, to make it conform to the letter of the law. Their work can best be described as a stopgap effort. A few trial runs of notes that might be described as hybrid trial specimens, some printed in orange, some in blue, were made, as the note shown in Plate 22. Printed with no reverse, these differed from the Second Issue obverse only in that "ANY MONEY ORDER OFFICE" was engraved into the plate, in the space formerly left blank for the designation of a specific paying office. These trial specimens, curiously, did not reflect all of the modifications finally executed for the note issued to replace the Second Issue postal note.

A Previously Unknown Note

Plates 23 and 24 illustrate the Third Issue postal note. The exact date when these notes were completed and

introduced to the money order and postal note offices is not known but for practical purposes we will consider the date to be Jan. 3, 1887, the date of enactment of the new legislation. The obverse of the Third Issue note differs from the trial specimen (and from the Second Issue) in the instructions located at the bottom of the note. In the Second Issue these instructions read: "This Note is also payable at office of issue within the same period. If lost or destroyed no duplicate can be issued." The new note omitted the first sentence and simply read: "If lost or destroyed no duplicate can be issued." On the reverse, the instructions were changed to read that the holder: "MUST DELIVER IT TO THE POSTMASTER AT ANY MONEY ORDER OFFICE" (author's emphasis). That this was a hack job is clearly noticeable in this instruction change: The engraver cut into the right circle in order to make the lettering fit, and the size of the lettering is clearly larger.

This Third Issue note was previously unknown to collectors, and is here listed in an article for the first time. Only two specimens of this issue are known to the author, both of which went previously unnoticed as a separate and distinct type.

ABN CO.: THE FOURTH ISSUE

THE Homer Lee contract for the engraving and printing of postal notes concluded on Sept. 3, 1887. During the summer of '87, bids were solicited from companies interested in handling the business. The following establishments submitted their bids for supplying books, blanks and engraved materials: Dunlap & Clarke, of Philadelphia; Weed, Parsons and Co., of Albany, N.Y.; American Bank Note Co., of New York; Wynkoop, Hallenbeck and Co., of New York City; Avil Printing Co. of Philadelphia; and Henry Goodman of La Porte, Indiana. The contract was awarded to the American Bank Note Company, the lowest bidder. Homer Lee was conspicuously absent from the bidding.

The contract, considered to be "exceedingly advantageous to the (Post Office) Department," was to again last for four years. A chart (Table B), from the Annual Report of the Postmaster General for 1887, indicates the amount of money the Department expected to save on the cost of books of postal notes. This, together with the favorable bid on the engraving and printing of the note, cause the POD to expect to save some \$21,955 per annum.

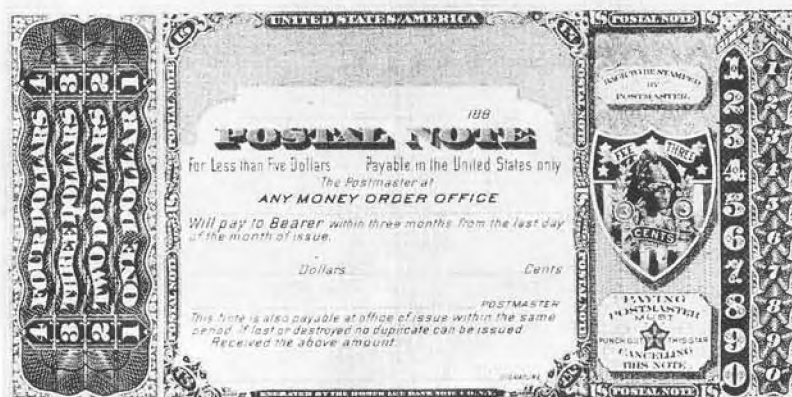


Plate 22. Trial hybrid proof of modifications to be made in the Second Issue note for the Third. No reverse printing. (Courtesy of Gilbert L. Peakes)

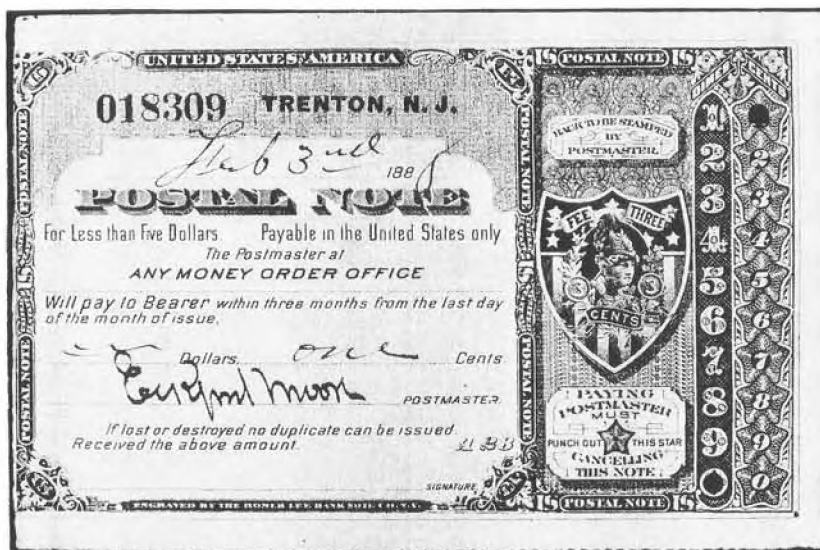


Plate 23. The obverse of the Third Issue postal note, as issued. (Photo: Boutrelle)

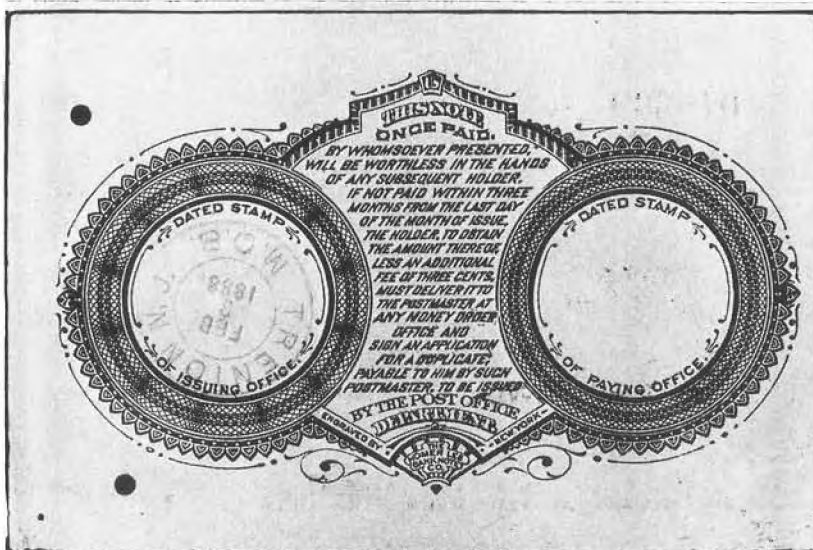


Plate 24. Reverse of Third Issue note, as issued.

TABLE B: COST AND COMPARISON CHART OF PRICES FOR POSTAL NOTES AND BLANKS:

Postal Notes	Books Used Per Year		Price Per Book 1883-7	Price Per Book 1887-91	
500 form book	8,622	Equals 14,000	\$1.58	\$1.10	Amounting to
300 form book	2,085	Books of 500	none	\$0.70	A savings of
200 form book	6,432	Forms each	none	\$0.45	\$6,372
100 form book	8,273		none	\$0.25	

improvements and modifications, it still suffered from difficulties in its issuance and its acceptance by the public. Plate 28 illustrates the fact that as long as human beings had to issue the postal note mistakes would be made. This note, though issued for the amount of 1c, has a dollar coupon still attached to it. Whether the postmaster was ignorant of the correct rule for issuing the note or simply left the coupon attached by accident is something

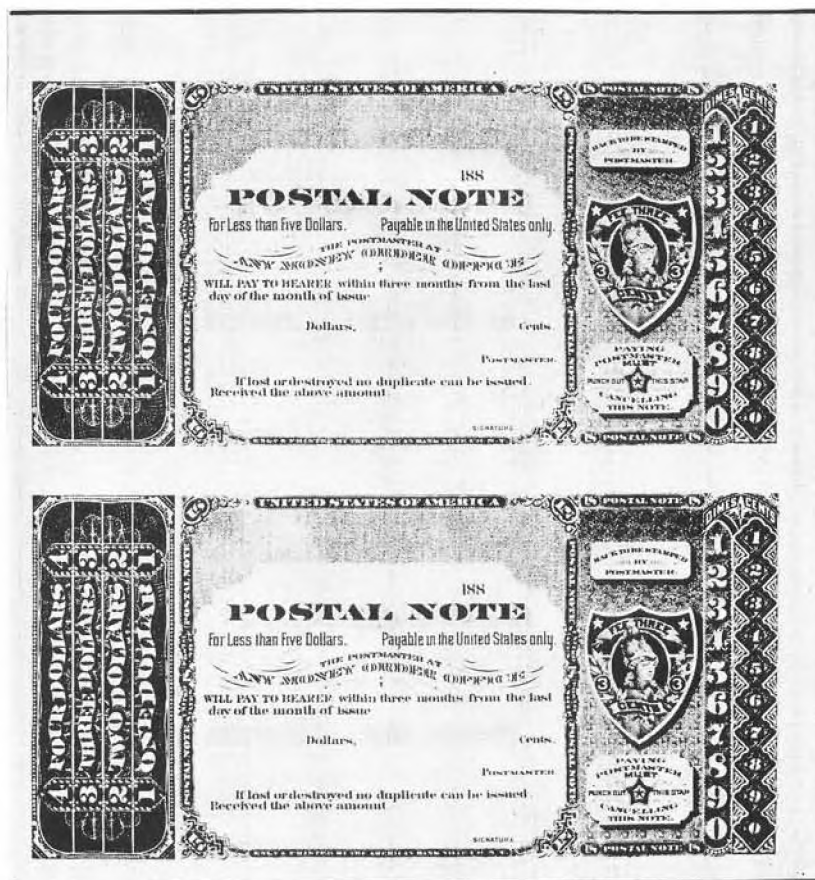


Plate 25. A specimen sheet of Fourth Issue postal notes, a product of American Bank Note Company.

In 1887, Thomas F. Morris, later to become a designer with Homer Lee and then the Bureau of Engraving and Printing, was employed with American. His diary, in which at this time he listed only the designs on which he worked overtime, show that he was busy designing (or rather, *re-designing*) the postal note for ABNCo, the Fourth Issue postal note, between July 3 and July 15, 1887. The design, shown in Plate 25 as a proof impression printed on only one side of the paper, is similar to the Third Issue of Homer Lee, but the style is entirely new. Liberty, though retaining her helmet, received a complete face-lifting, with much esthetic improvement. The overall lines of the notes are more crisp, clean and strong.

The Fourth Issue note was officially placed into service on Sept. 3, 1887. The obverse and reverse of the note, as issued, appear in Plates 26 and 27. Like the obverse, the reverse is also much cleaner in style, a shield now used as the centerpiece, with a wheel on each side.

Deficiencies Still Apparent

The U. S. postal note had come a long way to be what it embodied in the American note. Despite its many

we shall probably never know. At any rate, it must have been a bad day for him; in writing the date he put in the wrong year, noticed his error and corrected it.

Another problem plaguing the note was the punching of the dimes and cents column at right. Postmasters often either punched the wrong denomination or else forgot to punch out the amount altogether. Also, the conductor's punch sometimes proved defective, so that, while the holes were punched in the note, the superfluous paper remained, and could be carefully replaced in the original positions and the note re-punched for another, higher amount. Breaches such as these in the security of the postal note caused officials much irritation.

Furthermore, efforts by the Post Office to satisfy the demand for a cheap, convenient method of sending money through the mail seemed to be slowly losing ground. During 1888, four formal petitions were submitted to Congress by private and public parties concerning the postal note. These were submitted by the Algona Grange of Iowa, a Mr. A. C. Stoddard, the State Board of Agriculture of New Jersey, and the Greenwood Grange of Pennsylvania. Two of these petitions called for the abolition of the postal note, while two requested a reissue of fractional currency in place of the postal note. These petitions ominously forewarned of the brooding discon-

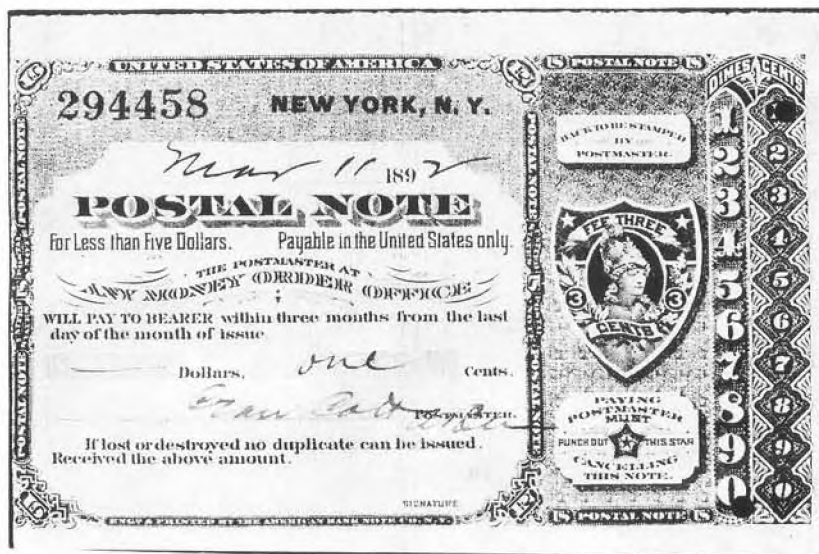


Plate 26. The obverse of the Fourth Issue note, filled out and issued.



Plate 27. Reverse of the Fourth Issue note, as issued.

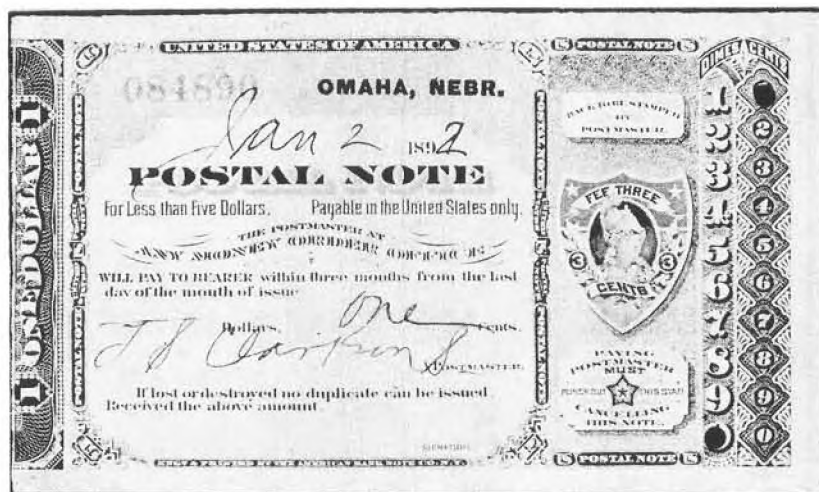


Plate 28. Error note, Fourth Issue. Dollar coupon mistakenly attached at left, year of issue corrected. (Photo: William R. Devine)

tent slowly growing about the note, both by private parties and certain Post Office officials.

The Fourth Issue note ran its four years with little trouble in its design that would not require Congressional

legislation to alter, and no changes were made in its design, unlike Homer Lee's postal note.

(To be continued)

Geographical Letters on National Bank Notes

By Charles G. Colver



Third chapter notes from Lordsburg and later La Verne, Cal. showing types with overprint "P" and without.



COLLECTORS of National Bank Notes are familiar with the prominent geographical letters overprinted on the face of most large-size notes. The purpose of these letters is commonly known as quoted from Friedberg:

"In the later periods of National Bank history, many thousands of notes were daily being presented to the Treasury Department for redemption. The sorting of these notes was complicated and time consuming and in order to increase sorting efficiency, a so-called geographical letter was printed on notes issued from about 1902 to 1924. These letters, which indicated the geographical region of the issuing bank, were printed in large capital type twice on the face of each note, in both cases near the charter number and in the same ink as the charter number. The letters used and the various regions are as follows; N for New England; E for East; S for South; M for Midwest; W for West; and P for Pacific region."

However, often a question arises regarding the letter used for any specific state. Some states obviously would fit into only one geographical bracket, but many are questionable. How the Treasury Department determined what letters to use is unclear, but the following listing of each area should be helpful to collectors.

"N" (6)

Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

"E" (6)

Delaware
Washington, D.C.
Maryland
New Jersey
New York
Pennsylvania

"S" (14)

Alabama
Arkansas
Florida
Georgia
Kentucky
Louisiana
Mississippi
North Carolina
Puerto Rico
South Carolina
Tennessee
Texas
Virginia
West Virginia

"M" (8)

Illinois
Indiana
Iowa
Michigan
Minnesota
Missouri
Ohio
Wisconsin

"W" (9)

Colorado
Kansas
Montana
Nebraska
New Mexico
North Dakota
Oklahoma
South Dakota
Wyoming

"P" (9)

Alaska
Arizona
California
Hawaii
Idaho
Nevada
Oregon
Utah
Washington



A Forgotten Chapter:

The United States Postal Note

By NICHOLAS BRUYER

SPMC No. 3448



(Continued from PAPER MONEY No. 49, Page 29)

THE FIFTH ISSUE: A NEW MONEY ORDER

NEW contracts for the engraving and supplying of books, forms and notes went into effect on Sept. 3, 1891. The Dunlap & Clarke Company of Philadelphia was successful in the bid for this work, and began officially issuing postal notes with their imprint on this date. The obverse and reverse of an unsevered pair of specimen notes are shown in Plates 29 and 30. The design and engraving of these notes are identical to that of American's notes, except that the American Bank Note Company imprint has been removed from both sides of the note, and that of "DUNLAP & CLARKE, PHILADELPHIA, PA." filled into American's old imprint on the obverse.

The possibility has been raised by several individuals that, upon completion of their contract with the government, American turned their postal note plates over to Dunlap & Clark. Once in their hands, the Dunlap & Clarke people transferred their name onto the plates after erasing that of American. Nowhere on the note does Dunlap & Clarke claim credit for the engraving. Thus, some Dunlap & Clarke notes may be exact duplicates of certain American notes, excepting, of course, the change in company name, serial number, etc.

Plates 31 and 32 illustrate the obverse and reverse of the Dunlap & Clarke note as issued.

Costs and Security

Some information culled from volumes of the Annual Report of the Postmaster General for the years 1889 to 1894 reveals that the average cost to the POD for books of engraved postal notes was about \$17,500 per year. It also seems that the Post Office purchased the postal note punches used by the local postmasters to designate the amount of the note and to cancel it. From 1890 to 1894, the POD spent \$10,245 on postal note punches alone, and of this \$4,971 was spent in 1893 for the punches! I believe that these were bought for postmasters only during these last few years, as there is no accounting of them before 1890, and the cost for punches in that year was only \$914.00.

The primary problem still aggravating officials of the Post Office was that of the security of the postal note. Myron H. Ross, in an article on the postal note, comments that for several years the Money Order Division noted that losses in postal notes due to fraud and other illegal activities were on the increase. A POD publication resulting from an extensive study of the money order system in 1915 remarked that during the issue of postal notes "it was found that because the postal notes were payable to bearer, mail depredations had materially increased, and it was estimated that thousands of pieces of mail which contained no (money) at all were destroyed in efforts by thieves to obtain postal notes." In his report of 1892, the Postmaster General made suggestions for improving the note:

It is evident that the postal note might be rendered less insecure for remittances by inserting therein the name of the person for whom it is intended as payee; and the files of correspondence in this Department contain abundant evidence that the objection to its use on the part of many would be largely overcome if the purchaser were accorded the privilege or option of entering therein himself the name of the intended beneficiary or payee.

Dissatisfaction with Postal Notes

The Postmaster General then recommended that 1) a new postal note be issued allowing space for the name of the payee, if the purchaser should so desire, and 2) that the person designated payee on the note may, by his written endorsement thereon, direct payment of the same to any other person. In other words, the Post Office wished to give the purchaser the option of making the note payable to bearer or to any specific person. Unfortunately, the Postmaster General's recommendations never materialized, and criticism grew more pronounced.

The First Assistant to the Postmaster General, giving his opinion of the postal note and the money order; said:

It seems to me unnecessary and confusing to have two systems so nearly alike, for the transmission of money by the Post Office Department; and if the reduced fee for postal notes should be applied to money orders, on amounts up to \$2.50, the average postal note now being for only about \$1.65, why would it not be for the greater efficiency of the service, and a saving of time to postmasters, . . . to withdraw the postal note and provide better facilities, if need be, to a prompter return and scrutiny of postmasters' money order accounts.

The defects of his argument are obvious, but his reasoning seems to be exemplary of the thoughts coursing through the minds of postal officials at this time. The postal note was created and served to *save* time and *increase* efficiency for the postmasters; this it did. Reverting to the old form would increase the burden of the post offices, not relax it. However, the POD had in mind a new money order, borrowing for it some of the postal note's better points.

Problems with Money Orders

Actually, many of the charges leveled at the postal note, such as the one above, occurred under the heavy problems developing with the U. S. money order. The average value of the postal note declined steadily over the years, shrinking from an average of \$2.01 in 1884 to \$1.60 in 1894, a decrease of about four cents per year. This decline in value roughly mirrored that of the money order, but the decline in the money order was much more critical than that of the postal note. Three cents was charged for issuing a postal note, regardless of the amount for which it was issued, while in the money order business the fee charged was directly proportional to the value of the money order. A decrease in the average value of the money order thus caused a decrease in the revenue of the POD, although the exact same amount of time, labor and materials were involved. This steady decline in revenue eventually resulted in deficits for the money order division.

One can easily see why the Post Office was more than ready to exterminate the postal note if there was any possibility that it would increase the revenues of the money order service. On November 9, 1893, the POD recommended the discontinuance of the postal note, replacing it with the money order at a reduced fee of 3c on amounts less than \$2.50.

Congress passed an act of January 27, 1894 ordering that no more postal notes be produced, that the issuance of postal notes cease on July 1, 1894, and that a new

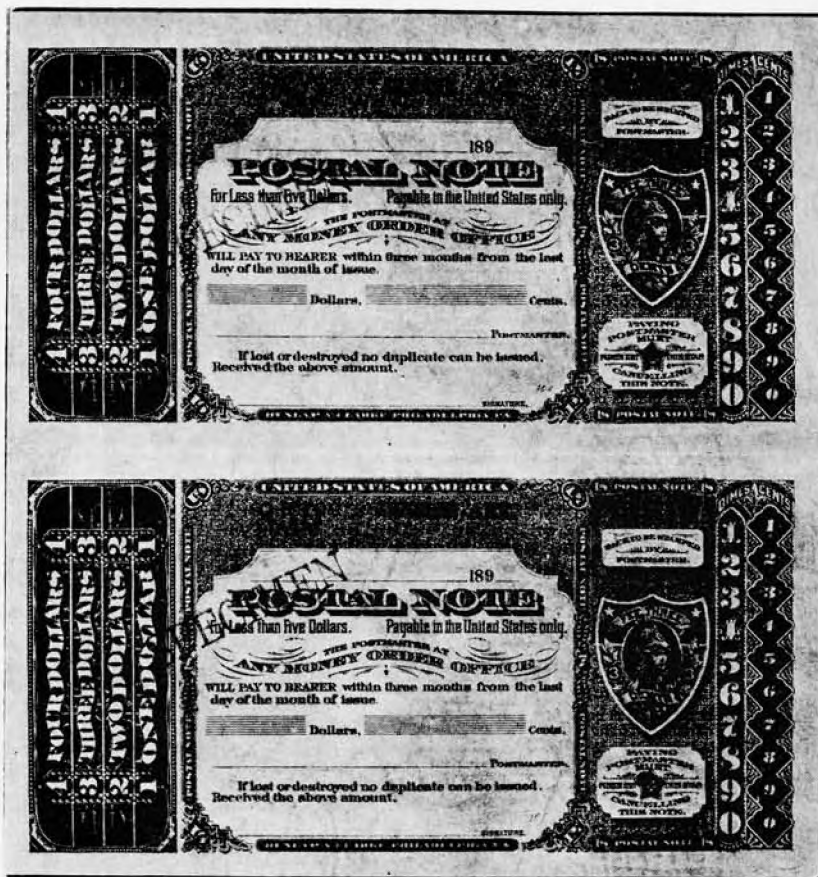


Plate 29. A specimen sheet of the Fifth Issue U. S. postal note, a product of the Dunlap & Clarke Co., Philadelphia.

"limited money order" would take its place. On July 1, the name of the 723 postal note offices then existing was to be changed to "Limited Money-Order Office," able to issue, but not pay, money orders. The act also provides that a postal note itself shall not be paid after one year from the last day of the month of issue, but instead shall be paid by a warrant drawn on the Treasurer of the United States against a special fund created for their payment.

Another bill was proposed, S. 751, to provide for a "Postal Fractional Currency." However, this bill was reported back to the Senate "adversely" by the Post Office and Post Roads Committee, and dropped.

The Last Days of the Postal Note

As mentioned earlier, nearly all of the notes illustrated in this article were obtained as souvenir specimens by the general public and postal employees. In June of 1894, just before cessation of the postal note issue, there was a very busy souvenir hunter in Portland, Oregon. He bought notes, issued to him for 1c sort of wholesale, as shown by consecutive serial numbers of notes still extant. These numbers show that between June 5 and June 28 he must have purchased at least 69 postal notes. All issues of postal notes have a signature line at the bottom of the note, to be signed by the person presenting the note for payment. All of these Oregon souvenir notes are meticulously signed by E. O. Norton, our prolific collector. Doubtless this E. O. Norton has provided modern collectors with the largest existing cache of postal notes and earned some notoriety for his (her?) signature in the process.

As with the first day of issue of the postal note, the last day was some cause for souvenir collecting also.

Plate 33 illustrates a page of notes dated June 30, 1894, both for 1c, yet with all dollar coupons left attached, signed by the postmaster and his assistant. On that day, in accordance with the law, blank postal notes remaining unused were recalled, examined and destroyed. Earlier legislation made postal notes older than three months from the last day of the month of issue invalid and replaceable by application for a duplicate. Compared with the number of postal notes issued, very few were replaced by duplicates.

Quantities Issued and Extant

Table C lists numbers of invalid notes replaced by duplicates for the years of issue, 1884 to 1895. Notice that in 1895, 5,277 postal notes were replaced by duplicates; it is possible that these were replaced by duplicate postal notes, and thus there is the possibility that there still exists a postal note dated later than June 30, 1894.

Table D is a complete listing of the total numbers of U.S. postal notes, 1883 to 1894, issued, paid and outstanding, and the amounts for which they were issued and paid.

During the years of fractional and postal currency issue, 1862-1876, a total of 1,804,000,000 notes were issued, worth some \$367 million. It has been estimated that of the \$14.7 million worth of fractional currency left outstanding after redemption, only about \$500,000, or 3.4% are still in existence today, roughly equivalent to 2,460,000 individual notes (page 35, Limpert, *United States Postage Currency—August 1862 to May 1863—and Fractional Currency—October 1863 to February 1876*).

During the years of postal note issue, 1883 to 1894, a total of 70,824,173 notes was issued, worth some \$126.5

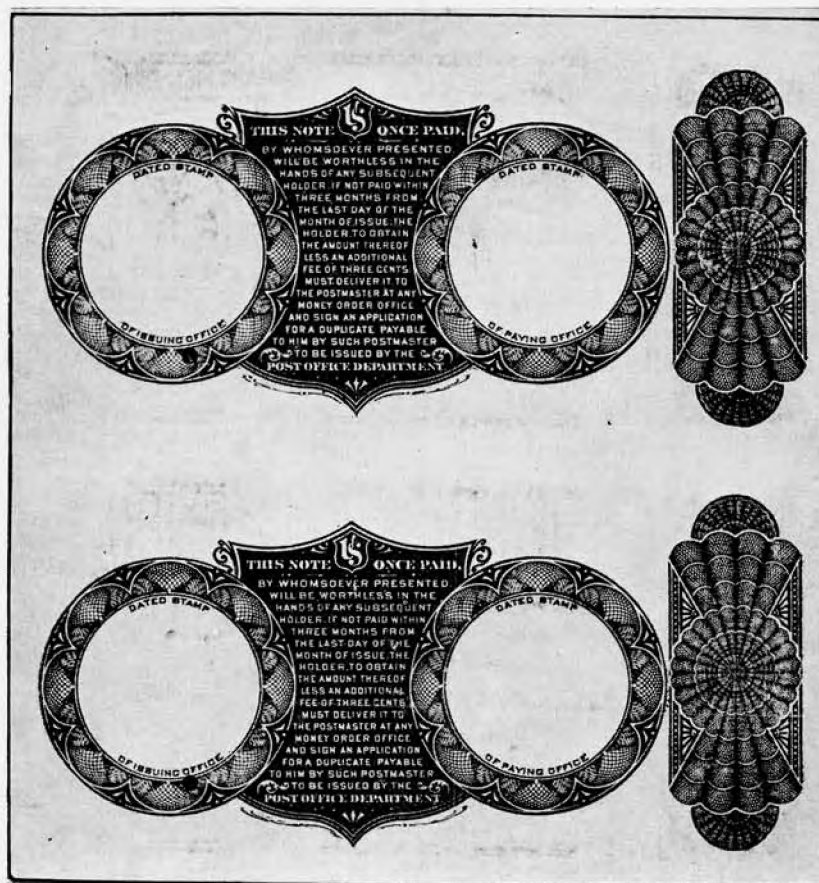


Plate 30. Reverse of the Dunlap & Clarke Fourth Issue specimen sheet. Note engraving of the dollar coupons at right, American Bank Note Co. designation removed from bottom of note.

TABLE C: NUMBERS OF INVALID NOTES REPLACED BY DUPLICATES, (1884-95)

Year	Number of Notes Replaced
1884	1,175
1885	3,963
1886	4,214*
1887	4,515
1888	6,436
1889	8,083
1890	7,404
1891	8,466
1892	8,438
1893	9,316
1894	9,604
1895	5,277**
Total:	76,891*

* Estimated.

Postal Notes more than 12 months old.

** During this year 1,815 Treasury warrants were also issued for

TABLE D: NUMBERS AND AMOUNTS OF POSTAL NOTES ISSUED AND PAID, FIRST SERIES, 1883-1897:

Year	Total Issued	Total Paid	Out-standing	Amount Issued	Amount Paid
1884	3,689,237	3,398,416	290,821	\$ 7,411,992	\$ 7,254,126
1885	5,058,287	5,012,097	46,190	\$ 9,996,274	\$ 9,948,024
1886	5,999,428	5,952,200	47,228	\$ 11,718,010	\$ 11,666,931
1887	6,307,552	6,286,000	21,552	\$ 11,768,825	\$ 11,726,767
1888	6,668,006	6,631,990	36,016	\$ 12,134,459	\$ 12,104,881
1889	6,802,720	6,787,454	15,266	\$ 12,082,191	\$ 12,078,078
1890	6,927,825	6,865,911	61,914	\$ 12,160,499	\$ 12,128,574
1891	6,802,558	6,780,117	22,441	\$ 11,753,849	\$ 11,714,431
1892	7,050,040	7,011,490	38,550	\$ 11,895,766	\$ 11,871,393
1893	7,753,210	7,741,423	11,787	\$ 12,903,077	\$ 12,914,674
1894	7,765,310	7,762,654	2,656	\$ 12,649,095	\$ 12,644,845
1895		116,544			\$ 187,142
1896		1,221			\$ 1,589
1897		759			\$ 1,035
Totals:	70,824,173	70,348,276	475,897	\$126,474,027	\$126,242,489
6/30/97					

million: Only 4% as many postal notes as postage and fractional notes were issued. It is known that a maximum of 475,897 postal notes were left outstanding as of June, 1897. This means that there were only 16% as many postal notes outstanding in 1897 as there are postage and fractional notes today. Yet, the number of postage and fractional notes still around takes into account a theoretical loss of them over the years through fire, theft, loss, etc., while the number of postal notes listed as outstanding *does not take this factor into consideration*. Clearly, the postal note as a species is far more scarce than the postage and fractional issues.

Collectors have realized the scarcity of the U. S. Postal note for many years. In a recent article on the postal note appearing in *Postal Stationery*, a publication of the United Postal Stationery Society, the author, E. Norman Lurch, recounts that it has taken him "about fifteen years to locate and obtain a copy of each of the four types." (At the time he wrote this article he was unaware of the existence of the Third Issue postal note.)

Frederick A. Brofos, in an article on the notes appearing in 1954, suggests one reason for their rarity: "Money Orders and Postal Notes . . . in order to serve their purpose had to be cashed in—and so passed from the public back to the Post Office from whence they came and where they usually met a fiery end. The majority having thus been incinerated it is not surprising that the early issues seem out of reach." Mr. Brofos had heard of the postal notes, but had never seen one until he chanced to come across a few specimens in a currency display at the Chase Manhattan Bank in New York, which, incidentally, still retains these few postal notes in its museum collection.

Table E is a list of the 1883-1894 series of U.S. postal notes issued in different states, compiled from infor-

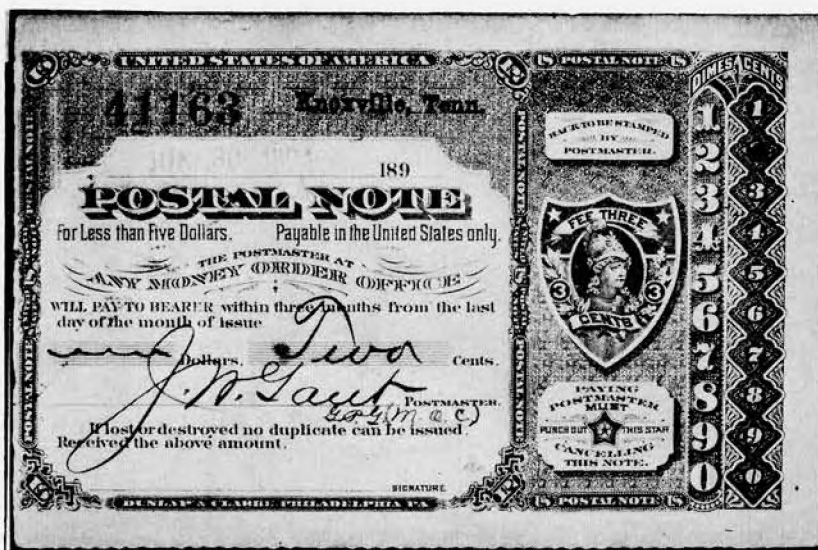


Plate 31. The Fifth Issue postal note, as issued. Dated last day of issue, June 30, 1894.
(Courtesy of U. S. Postal Service)



Plate 32. The reverse of the Fifth Issue note, as issued.

mation in the Annual Report of the Postmaster for the years 1884-1895. The first two columns are for comparative purposes, to illustrate the growth in postal note issuance between 1884 and 1894, while the third column gives the total number of postal notes issued for all years. The most common states of postal note issuance are New York, Illinois, Iowa, Ohio and Pennsylvania, while the rarest include Alaska, Oklahoma, Indian Territory, Nevada, Delaware and Wyoming. Stars at the left of certain states indicate that the author has seen or heard of notes still existing from them, while he does not know of any notes still surviving from the unstarred states. Information on this is still being compiled.

This table readily shows that the circulation of postal notes from one state to the next differed radically. The larger, more heavily populated states such as New York issued as many as 5.5 million notes over the years, while smaller states like Vermont issued only one-tenth this. Perhaps more research will uncover the names of the individual money order and postal note offices that issued notes in these states, and numbers of notes they issued, much like the Federally-chartered National Banks that were allowed to circulate National Currency bearing their imprints.

ONE FAILURE: TRY AGAIN

PURSUANT to the act of Congress, the postal note was retired on June 30, 1894, the names of the postal note offices were changed to limited money order offices, and a newly redesigned money order was placed on sale on July 1.

A description of the new money orders was offered by the Postmaster General: "The (new) money orders are now lithographed upon bond paper of a superior quality, and have an underlying tint, adding much to the appearance of the order and affording a safeguard against attempts at alterations and erasures." Plate 34 shows an example of the obverse of one of the new money orders, along with its advice (compare with Plate 1). The new order has a bit of artistic flair in it, although it is still large and requires some time of fill out and issue. At left are the dollar and cent coupons, which I theorize read from top to bottom when not cut off: 10 DOLLARS/20 DOLLARS/etc . . . 1 DOLLAR/2 DOLLARS/etc . . . 10 CENTS/20 CENTS/etc . . . 1 CENT/2 CENTS/etc . . . Unlike the old form, the new order did list the name of the person to be paid on it.

TABLE E: POSTAL NOTES ISSUED, BY STATE:

State	1884	1894	1883-1894 Total-est.	State	1884	1894	1883-1894 Total-est.
Alabama	36,690	72,480	722,700	+ Nebraska	97,285	260,004	2,191,450
Alaska		1,153	3,050	Nevada	9,152	11,724	127,900
Arizona	5,602	20,068	151,950	+ New Hampshire	40,117	67,602	667,900
+ Arkansas	40,420	77,508	740,750	+ New Jersey	40,020	106,376	822,000
California	96,130	318,452	2,222,950	New Mexico	8,673	23,063	204,850
Colorado	41,502	125,542	1,071,000	+ New York	307,320	633,723	5,525,250
+ Connecticut	52,548	116,448	1,013,750	No. Carolina	53,553	87,599	876,750
Dakota	37,827	—*	556,500	North Dakota	—**	53,354	216,900
Delaware	7,044	14,282	137,850	+ Ohio	278,999	482,037	4,682,250
D. C.	14,905	30,271	279,800	Oklahoma		24,240	64,750
+ Florida	23,796	79,914	621,450	+ Oregon	24,069	86,722	625,000
Georgia	55,006	137,376	1,172,900	+ Pennsylvania	272,407	524,929	4,638,850
Idaho	5,030	25,660	182,900	Rhode Island	14,333	28,026	247,800
+ Illinois	295,755	545,501	5,242,400	So. Carolina	30,504	56,305	547,450
Indiana	150,226	292,179	2,759,950	South Dakota		92,597	422,984
Indian Terr.	3,008	25,476	109,500	+ Tennessee	44,310	74,723	751,150
Iowa	279,461	492,498	5,034,950	Texas	109,589	282,238	2,533,200
Kansas	186,604	352,603	3,777,750	Utah	7,407	26,192	203,950
Kentucky	38,014	88,457	749,750	Vermont	43,045	53,726	552,250
Louisiana	22,538	54,831	416,450	+ Virginia	50,614	92,348	859,350
Maine	49,273	93,334	824,950	Washington ***	14,043	98,529	616,150
Maryland	35,180	71,179	657,550	West Virginia	24,710	58,554	467,800
+ Massachusetts	119,059	275,096	2,442,300	+ Wisconsin	130,040	218,891	2,249,550
Michigan	194,111	354,032	3,414,200	Wyoming	5,582	18,087	144,850
Minnesota	90,471	196,414	1,785,050				
Mississippi	42,427	76,072	646,950				
+ Missouri	142,703	315,510	3,002,350				
Montana	15,135	51,385	399,600				

* See No. Dakota.

** See Dakota

*** 14,043 notes issued as Washington Territory

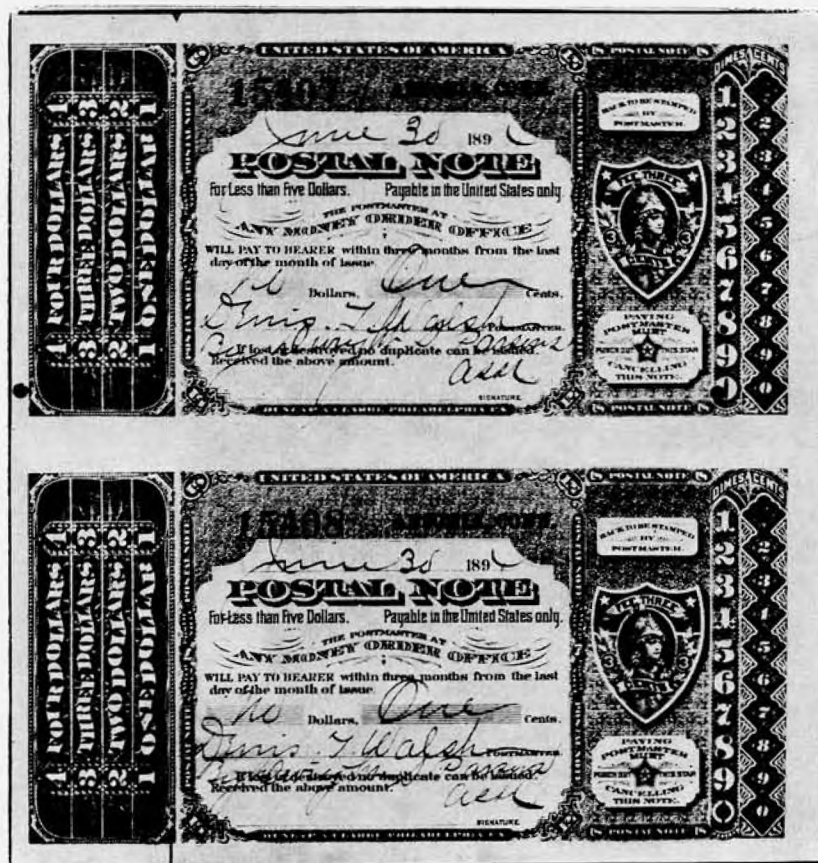


Plate 33. A page of Fifth Issue notes with all dollar coupons attached, countersigned by the assistant postmaster, dated last day of issue.

PORTLAND, Oregon. No. 43976
 PAYABLE IN THE UNITED STATES ONLY.
 UNITED STATES
POSTAL MONEY ORDER
 SEP 18 1895 189
 Pay to *Jesse E. Carr* or order
 THE PAYEE NAMED IN MY ADVICE OF SAME NUMBER AND DATE
 Dollars *One* Cents
 THE SUM NAMED IN CORRESPONDING ADVICE AND INDICATED BY FIGURES IN THE MARGIN HEREOF.
 TO POSTMASTER *At Portland, Oregon*
 Stamp of Paying Office
 THE PAYEE WHO DESIRES THIS ORDER TO BE PAID TO ANOTHER PERSON MUST FILL IN AND SIGN THIS FORM OF TRANSFER
 Pay to _____ the amount of this order
 Payee _____
 MORE THAN ONE TRANSFER IS PROHIBITED BY LAW.

PORTLAND, Oregon. No. 43976
 SEP 18 1895 189
LIMITED MONEY ORDER
 DRAWN BY THE ABOVE NAMED POST OFFICE, ON THE POST OFFICE.
 At *Portland, Oregon* State _____
 Amount of order _____ Dollars *one* Cents
 Name of Payee, *Jesse E. Carr*
 The person to whom the money is to be paid
 ADDRESS OF PAYEE No. _____ Street _____
 Town or City _____
 NAME OF REMITTER *J. F. Whitcomb*
 Postmaster _____

Plate 34. The new limited money order, with dollar and cent coupons at left, advice at bottom. Issued from 1895 to 1898. (Photo: Atsuhiko Tsunoda)

These "new improved" money orders, now carrying the full money order business without the aid of the postal note, did not last long. Their size and shape caused public complaint, there were imperfections in the format that made fraud a common occurrence, and the entire money order system was almost suspended for a time because of claims that the money order form infringed on a patent. In short, the form was disliked by the public and, in certain cases, facilitated rather than prevented fraud.

Thus on Sept. 4, 1899, another new money order form was issued, of a simple, small and clear design (Plate 35). It was much smaller and less costly than the old form and had a space on its reverse for the stamps of banks (from which I guess we can conclude that these new money orders were "bankable"). An entirely new addition was the use of a receipt to be issued the purchaser. "In color the order is blue, having a light blue ground, with fine, closely interlaced, tinted lines of geometrical lathe-work, of darker shade . . . as an additional safeguard against counterfeiting, a horizontal water-mark, composed of the initials U.S.M.O. in broad, capital letters, has been wrought into the paper on which the new forms are printed." The POD had finally designed a practical money order.

It had announced on June 13, 1898 the opening of money order offices coincident with the establishment of

military postal stations at Cuba, Camp Alger, the Philippine Islands and Chickamauga Park. On July 21, 1898, like service was extended to Porto Rico. These "foreign" offices issued a form similar to that of the new money order, except that they were printed in yellow, had a different design of security printing, and different watermark. An example can be seen in Plate 36.

On December 31, 1900, all limited money order offices were discontinued as such and reopened as full money order offices.

For the years 1898-1902, amounts and numbers of invalid postal notes redeemed by the government were lumped together with numbers of money orders received, so that no statistics are available. However, amounts of invalid notes redeemed for the years 1903-1912 are listed in the Postmaster General's Annual Report. During this period \$840.00 worth of notes were received and warrants on the Treasury issued in their place. If we divide this amount by the average value for which a postal note was issued in 1894, \$1.60, we can estimate that approximately 525 invalid notes were redeemed during 1903-12, a span of ten years.

(A recapitulation of the first five issues of the first series Postal Notes follows on page 76 together with plates 35 and 36)

UNITED STATES POSTAL MONEY ORDER.

Vinal Haven, Maine No. 19506

52 1905

TO BE STAMPED HERE

PAY TO THE ORDER OF J. O. Bassett

BY PAYING OFFICE

TO THE POSTMASTER AT Boston Mass.

FOR DOLLARS WRITE WORDS. DOLLARS 52 CENTS.

FOR CENTS USE FIGURES.

THE ORDER MUST CORRESPOND IN PARTICULARS TO ITS ADVISE OF SAME NUMBER AND DATE.

\$ 1 DOLLARS. CENTS.

IN ABOVE SPACES WRITE THE AMOUNT IN FIGURES. ON NEXT LINE IN BODY OF ORDER, REPEAT THE AMOUNT THERE USING A WORD OR WORDS TO EXPRESS NUMBER OF DOLLARS.

RECEIVED PAYMENT

POSTMASTER.

THE MAXIMUM AMOUNT FOR WHICH ANY POSTAL ORDER CAN LAWFULLY BE ISSUED IS ONE HUNDRED DOLLARS. SIGN NAME OPPOSITE WHEN PAYMENT IS MADE.

MANUFACTURED UNDER PATENT OF AMERICAN ACCOUNTING CO. CHICAGO, ILL.

DATED STAMP OF ISSUING OFFICE

Plate 35. The money order issued from 1898, no advice or coupons, could be cashed at any money order office or bank.

PHILIPPINE POSTAL MONEY ORDER.

MANILA, P. I. No. 88789

SEP 17 1907, 190

TO BE STAMPED HERE

PAY TO THE ORDER OF Louis H. Hanson

BY PAYING OFFICE.

TO THE POSTMASTER AT Alameda Calif.

FOR DOLLARS WRITE WORDS. DOLLARS 01 CENTS.

FOR CENTS USE FIGURES.

THE ORDER MUST CORRESPOND IN PARTICULARS TO ITS ADVISE OF SAME NUMBER AND DATE.

\$ # DOLLARS. CENTS.

IN ABOVE SPACES WRITE THE AMOUNT IN FIGURES. ON NEXT LINE IN BODY OF ORDER, REPEAT THE AMOUNT, THERE USING A WORD OR WORDS TO EXPRESS NUMBER OF DOLLARS.

RECEIVED PAYMENT.

POSTMASTER.

THE AMOUNT OF THIS ORDER IS EXPRESSED IN UNITED STATES CURRENCY AND WILL BE PAID IN THAT MONEY OR THE EQUIVALENT IN PHILIPPINE CURRENCY. THE MAXIMUM AMOUNT FOR WHICH ANY POSTAL ORDER CAN LAWFULLY BE ISSUED IS ONE HUNDRED DOLLARS, U. S. CURRENCY. SIGN NAME OPPOSITE WHEN PAYMENT IS MADE. 18908-4

DATED STAMP OF ISSUING OFFICE

Plate 36. The money order of the type issued by military money order offices in foreign countries. Printed in yellow, this one is from the Philippines.

THE FIRST SERIES POSTAL NOTE, 1883-1894

First Issue: The Homer Lee Bank Note Company (see Plates 8 and 9). Probably issued from Sept. 3, 1883 to June 3, 1884. OBV. left: Columns for punching out the month and year of issue, two circles for applying the dated stamp of the issuing and paying offices and a vignette of Liberty with "FEE THREE CENTS." The body of the note has a red serial number, name of issuing office in blue, space to designate paying office, amount of order, and signatures of issuing postmaster and payee. Right: Columns for punching out dollars, dimes and cents. All engraving brown, text printed in black. REV.: Interwoven "US" between two large circles. "IF THIS POSTAL NOTE BE NOT PAID . . ." at top, "AFTER ONCE HAVING PAID . . ." at bottom. Printed in blue. Paper is yellowish.

Second Issue: Homer Lee Bank Note Co. (see Plates 17 and 18). Probably issued from June 3, 1884 to Jan. 3, 1887. OBV. (left to right): Detachable coupons for "FOUR DOLLARS," "THREE DOLLARS," etc. printed vertically. Serial number in red and place of issue in blue; spaces for date of issue, name of paying office, amount of note, signatures of issuing postmaster and payee. Vignette of Liberty with cancellation star at bottom, columns for punching in amount in dimes and cents. Text and engraving black. REV.: Instructions "THIS NOTE ONCE PAID, BY WHOMSOEVER . . . MUST DELIVER IT TO THE POSTMASTER AT THE PAYING OR AT THE ISSUING OFFICE . . ." between two large circles for postmarks of the paying and issuing offices. Printed in blue. Paper is greyish white.

Third Issue: Homer Lee Bank Note Co. (see Plates 23 and 24). Probably a stopgap patchwork note, issued sometime between Jan. 3, 1887 and Sept. 3, 1887. Apparently exactly the same as the Second Issue note except: OBV.: bottom, instructions modified from "This Note is also . . ." (as in Second Issue) to "If lost or destroyed no duplicate can. . . ." REV.: Instructions modified to "THIS NOTE ONCE PAID, BY WHOMSOEVER . . . MUST DELIVER IT TO THE POSTMASTER AT ANY MONEY ORDER OFFICE. . . ."

Fourth Issue: American Bank Note Co. (see Plates 26 and 27). Officially issued from Sept. 3, 1887 to Sept. 3, 1891. Design is basically similar to the Third Issue note, except that engraving is all new. Also OBV.: "THE POSTMASTER AT ANY MONEY ORDER OFFICE" is artistically engraved into the center of the note. REV.: Between two large circles a shield with instructions thereon; the dollar coupons are engraved on the reverse of the note as well as the obverse. Colors and paper all similar to Third Issue.

Fifth Issue: Dunlap & Clarke, Philadelphia (see Plates 31 and 32). Officially issued from Sept. 3, 1891 to June 30, 1894. Apparently identical to the Fourth Issue note, except "DUNLAP & CLARKE PHILADELPHIA PA" substituted for the American Co. designation on bottom obverse of note, and American Co. designation removed from bottom reverse.

NOTE: DATES OF ISSUE LISTED ABOVE ARE OFFICIAL, NOT NECESSARILY REFLECTING ACTUAL DATES OF ISSUE. NOTES OF EARLIER TYPE WERE USED UNTIL THEIR SUPPLY RAN OUT, AT WHICH TIME THEY WERE REPLACED BY THE NEWER TYPE NOTE.

(To be concluded, with information on the 20th century, "second series" postal notes)



A Forgotten Chapter: The United States Postal Note

By NICHOLAS BRUYER

SPMC No. 3448

(Concluded from PAPER MONEY No. 50, Page 76)



INTERMISSION

A COMMITTEE appointed by the Postmaster General to report on the status of the money order system remarked of the now retired note: "The popularity of the postal note could be foreseen before its adoption, because it met an overwhelming demand for a cheap and convenient method of transmitting very small sums of money . . . (However), it was shown by experience that the money order form itself, although not fully convenient, with a slight reduction in fee, could have given the same utility for small sums, but without increased liability." In spite of the difficulties suffered by the public and the POD with the use of the postal notes, it was generally well-received, a useful currency employed extensively by the public.

The spirit of the note was still held in high regard by postal officials. While the little note had physically disappeared, their concept was kept alive by "almost constant discussion" ever since. When the postal note was discontinued in 1894, it was thought that two money order systems were not necessary. Yet, necessity and demand from the public conclusively proved otherwise. Beginning in 1906 and for four years thereafter, legislation authorizing the issuance of postal notes in various forms and amounts was proposed by the POD to Congress. "The reasons advanced were practically all based upon objections to the use of postage stamps for remittances of small sums of money." The 1907 Report of the Postmaster General states:

There is a great demand from the public for postal notes . . . the Third Assistant Postmaster General was directed to thoroughly investigate the subject and to prepare a suitable postal-note bill which would furnish a cheaper and more convenient form of remittances through the mails in denominations of 10, 20, 30, 40, 50, 60, 70, 75, 80, and 90 cents, \$1, \$1.50, \$2, and \$2.50 . . . The passage of such a measure is of the utmost importance both to the public and to the Department.

A fee of not more than 2c was to be charged to issue this proposed note.

A law enabling the reestablishment of the postal note passed Congress on March 4, 1911. Curiously and, I believe, unfortunately, this legislation was never exercised, for reasons unknown to this author. The postal note was to remain in limbo for many years to come.

DEJA VU: THE SECOND SERIES

THE money order system, existing continually from its establishment on May 17, 1864, "while providing an excellent service, requires considerable work and time on the part of the patrons and postal personnel. It also has been conducted for many years at considerable loss to the Government." The U. S. Government lost \$40 million on the sale of money orders during the period 1940-1944, and these war years were considered to be good ones for the system, as "prior to that time the loss was even greater." Money order fees were gradually edging upward over the years, and many persons were again making remittances in the mail of coins, currency and stamps, rather than pay the required fees.

In 1941, the Post Office Department made an extensive study of the subject of postal notes, resulting in the enactment by Congress of a law authorizing establish-

ment of postal notes in amounts up to and including \$10.00, at a fee of 5c. Based on this law, a postal note was devised and placed on sale at all First Class offices on Feb. 1, 1945 (see Plate 37). Ultimately, as sufficient stock was printed, the service was extended to all post offices. No less an ovation was given these new notes by the Department than that "It is believed that it will be the greatest single improvement in money transmission since the establishment of the Money Order System".

The new postal note was to be a sort of testing ground for a new concept in money orders. This latest form of note was designed in a perforated, or punched card form, "for the express purpose of affording the Department an opportunity to determine the feasibility of a punched card money order system." This new postal note was then to be a transient thing, existing only to benefit its big brother, the money order. The notes were issued for the express amounts of \$1 to \$10, with the addition of a note for amounts less than \$1. Odd amounts were arranged by affixing special postal note stamps, as in Plate 38. These engraved stamps, Scott numbers PN 1-18, are rotary-press printed in black on unwatermarked paper by the Bureau of Engraving and Printing, perforated 11 by 10½.

It is rather interesting to note that, with the appearance of this new postal note, the issue of fractional currencies has come full circle: First, postage stamps, then postage currency in imitation of stamps, then a full-fledged fractional currency, followed by the First Series postal note, and concluded by this Second Series postal note, a synthesis of fractional currency and the postage stamp.

The note as described by the Department is in three parts: Part 1, the body of the note, on which the purchaser writes the name and address of the payee and the payee signs his name when the note is paid (this is the exact recommendation of the Postmaster General back in 1892); part 2, the paying office coupon, bearing any necessary stamps for odd amounts; and part 3, the purchaser's receipt.

The notes were to be paid within two months of issue and were payable at any bank or post office. Purchasers were allowed to make claims for reimbursements for invalid notes and notes lost or erroneously paid. The perforation of the notes allowed the mechanical sorting by denomination and filing for the purposes of inquiry, claim and accounting. It could be issued in half the time it took to issue a money order, although the security protection afforded it was equal to that of the money order. Especially advantageous was the flat fee of five cents charged for the postal note, a savings to customers of 40%. In 1944, approximately 70% of the money order business was for amounts of \$10.00 or less.

Nearly eight million postal notes were issued in the first half of 1945 (see Table F). On October 1, 1945, postal note service was extended to second class post offices. Government reports indicated that while appeal for the note was proven by public usage, some "inconveniences and faults" were discovered in the system that might make necessary some changes. "In conjunction with this experiment, intensive studies are being made of the entire money order system, particularly looking into the feasibility of a punch card money order, new mechanical accounting methods and equipment and other

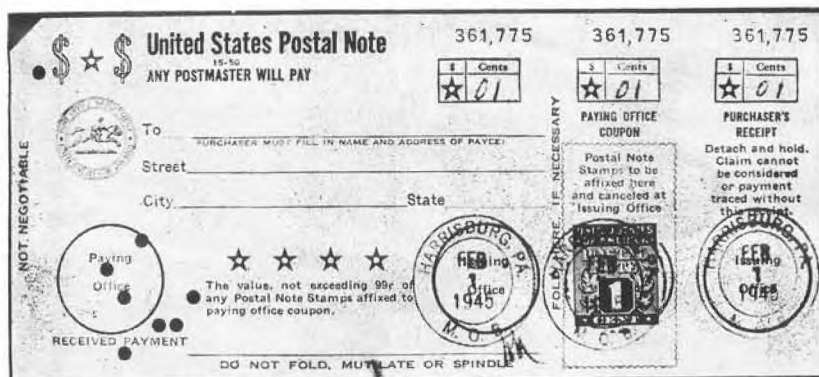


Plate 37. The Second Series postal note. A punched card form, this particular note was issued for 1c. The detachable coupon, to be retained in the paying office and bearing a postal note stamp, is at right, while the purchaser's receipt coupon is at far right. Also notice the cancellation star at upper left. This particular coupon was used only for amounts under one dollar, as evidenced by stars in the dollar columns at upper right.

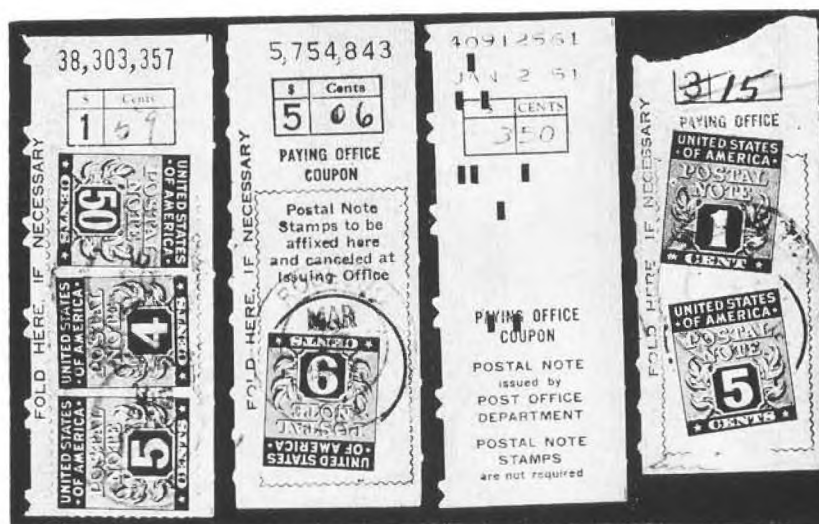


Plate 38. Several paying office coupons detached from the postal notes. Quite an interesting selection, as there are three distinct varieties represented here. The second from left and the right end coupons are of the earliest varieties, while the far left is of an intermediate type and the second from right is the latest type. Notice the form of perforations at the left of each coupon, and the style of serial number printing at the top of each. The last type (second from right) has eliminated the use of stamps. On the coupon for \$5.06 an inverted 9c stamp has been used to signify 6c, while the \$3.15 coupon has substituted 1c and 5c stamps to indicate 15c, indicative of the resourcefulness of the American postal system.

procedures. . .” On Jan. 1, 1949, the fee for the issuance of a postal note was increased from 5c to 8c.

Public Law 486, chapter 21 (H.R. 6475), approved April 28, 1950 by the 81st Congress, second session reads:

Provided, That no claim for the amount of a postal note which is filed later than 1 year from the last day of the month of issue will be considered unless the original postal note is presented with such claim and no duplicate postal note has been issued therefor.

This act, then, provides that all postal notes ever issued can at present be redeemed for their full amount, if the original note is submitted along with the claim. Thus, postal notes issued as long as 90 years ago are still redeemable, if submitted through the proper channels.

The Second Series postal note served the public successfully from 1945 to 1951. Postal notes were withdrawn from sale on March 31, 1951, in order to remove them from circulation prior to the introduction of a new punched card money order. To quote the Postmaster General: “the postal note has served its purpose.”

TABLE F: NUMBERS AND AMOUNTS OF SECOND SERIES POSTAL NOTES ISSUED, PAID AND OUTSTANDING, 1945-53:

Year	Number Issued	Amount Issued	Amount Paid	Outstanding
1945	7,958,100	\$ 38,756,399	\$ 38,152,128	\$ 604,271
1946	27,542,693	\$ 132,242,529	\$ 131,858,880	\$ 383,648
1947	54,975,236	\$ 270,803,722	\$ 269,911,457	\$ 892,265
1948	73,048,954	\$ 373,829,571	\$ 373,474,298	\$ 355,274
1949	90,114,385	\$ 470,342,872	\$ 470,081,645	\$ 261,227
1950	96,338,185	\$ 523,644,668	\$ 523,189,343	\$ 455,326
1951	73,447,758	\$ 415,915,067	\$ 416,765,195	—
1952	—	—	\$ 262,680	—
1953	—	—	\$ 28,597	—
Totals:	423,425,311	\$2,225,534,828	\$2,223,724,223	\$1,788,096*

* Official amount outstanding, as reported in the annual report of the Postmaster General, 1953.

As of June 30, 1953 there were officially \$1,788,096 of these Second Series postal notes left outstanding. If we divide this amount by the average value of postal notes issued in 1948, \$5.12, we can estimate that a maximum of 350,000 postal notes remained unredeemed as of 1953, or 74% as many notes as First Series notes

outstanding in 1897, only 14% as many notes as fractional notes believed extant today.

The author is interested in obtaining further information about postal notes, and about other specimens that may be existing in others collections, especially from states not known by the author to exist. Please contact Nicholas Bruyer, 1503 W. 5th St., Irving, Texas 75060.

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Banknote Nemesis of a Train Robber

By CHARLES C. COLVER

USUALLY money is the downfall of a thief, as proved to be the case with "Kid" Curry. A little-known incident in history is the story of how a National Bank Note played a part in the capture of the famous outlaw Harvey Logan, alias Kid Curry, in 1901.

After killing Pike Landusky in a saloon shoot out at Landusky, Montana, Curry ran off to join forces with Butch Cassidy and Sundance Kid. This notorious "Wild Bunch" was in need of funds for their routine drinking and gambling activities. They held up the Great Northern Railway express train at Wagner, Montana, on July 3, 1901. After blowing up the mail-express car with dynamite, they escaped on horseback with \$80,000 in loot consisting of new, uncut, unsigned, National Bank Notes destined for some of the Far Western banks. These notes, of course, were readily identifiable, to the dismay of the bandits.

The notes were stashed away until the heat was off. Later, Kid Curry traveled to Knoxville, Tennessee to visit with relatives and decided he could pass some of the hot money there without danger. He was wrong. A sharp-eyed clerk spotted the offered unsigned \$50 note as one of the stolen pieces. The law was summoned and after considerable effort the kid was captured at Jefferson City and jailed. He later escaped by overpowering a guard. He met his end a short time later during another holdup attempt. Exit Kid Curry and his Helena, Montana notes!

Correction to

"Known Counterfeit First Charter National Bank Notes"

The compilation under the above title which appeared on page 188 of PAPER MONEY No. 48 continued two errors. Please note these corrections:

Under the Two Dollar category, Peekskill, N. Y. should read *Peekskill*. Under the Ten Dollar category, the Peekskill bank is listed as Winchester National. The Westchester County Bank was established as a state bank in 1833. Since June 30, 1865, it has been known as the *Westchester County National Bank*.

Stamp collectors among paper money collectors have noticed the appropriate "bank note green" chosen for the new 21c denomination in the regular series picturing A. P. Giannini of the Bank of America. The finely engraved stamp was initially designed with the spelling of his first name as AMEDEO instead of AMADEO. A reported 40 million of the wrongly printed version were destroyed at a cost of \$15,000. The correct version was issued June 27, 1973 at San Mateo, California.