The Unknown Factor Revealed

A Campaign to Wipe Out Indians

California War Bond Coupons

By LAWRENCE F. McGRAIL

THE CALIFORNIA War Bond Coupons submitted by Don C. Kelly for the May/June issue of PAPER MONEY were issued by the state of California and paid by the U. S. government for the debts arising from suppressing Indian hostilities during the 1850's.

Between 1769 and 1846, the California Indian population had dropped from 275,000 to about 100,000 due largely to the effects of epidemics. As the American expansion gradually progressed further west, the removal policy used as a general solution to the "Indian problem" was put to a severe test. In California, where it was no longer possible to remove the Indian to lands furthur west, many American settlers argued that the only solution was to remove them from the face of the earth. Governor Burnett told the legislature that a "war of extermination will continue to be waged between the races until the Indian race becomes extinct," and that it was "beyond the power or wisdom of man" to avert the inevitable destiny of this race.

One method of solving the Indian problem was to enact laws to protect the citizens from them. The Act of April 22, 1850, entitled "An Act for the Government and Protection of Indians" provided in part:

> Sect. 20. Any indian able to work and support himself in some honest calling, not having wherewithal to maintain himself, who shall be found loitering and strolling about, or frequenting public places where liquors are sold, begging or leading an immoral or profligate course of life, shall be liable to be arrested on the complaint of any resident citizen of the county, and brought before any justice of the peace . . . and if said justice . . . shall be satisfied that he is a vagrant . . . he shall make out a warrant . . . authorizing and requiring the officer having him in charge or custody, to hire out each vagrant within 24 hours to the best bidder . . . for the highest price that can be had, for any term not exceeding 4 months. . . . The money received for his hire, shall, after deducting the costs, and the necessary expense for clothing for said indian, which may have been purchased by his employer, be, if he be without a family, paid into the county treasury, to the credit of the indian fund.

Sect. 6 provided:

> Complaints may be made before a justice of the peace, by white persons or indians; but in no case shall a white man be convicted of any offence upon the testimony of an indian, or indians.

Units loosely organized as state militia went on ineffectual and expensive Indian hunting expeditions in 1850. In 1851, Governor John McDougal asserted in a letter to President Millard Fillmore that 100,000 Indian warriors were in a state of armed rebellion.

Cost of the Militia

The state's politicians demanded that the federal government provide the funds to pay the expenses of campaigns conducted against the Indians by state militia volunteers. This, at first, the federal authorities refused to do. General Persifor F. Smith complained that the pay of a private in the latest Indian campaign of the California militia was equal to the salary of any officer in the Regular Army, except his own.

The Act of March 17, 1851 provided for the pay of those called up to suppress the Indian hostilities under that act. Entitled "An Act authorizing the Governor to call out troops to defend our frontier, and providing for their pay and compensation," it stated:

> "Whereas, our Eastern frontier is now being ravaged by hordes of savages, who are murdering our citizens and destroying property of great value, and whereas the existence of such a state of things demands from us prompt, immediate, and determined actions. Therefore:
>
> Sect. 1. The Governor is hereby authorized to call into service any number of men, not exceeding 500 in addition to those already engaged, . . . for the purpose of defending our Eastern frontier against the attacks of Indians on others.
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> Sect. 3. All persons now engaged . . . and all others who may enter the service under the call of the Governor . . . shall be entitled to receive out of the "War Loan Fund," the following pay **per diem** . . . Each Major ten dollars, each Captain eight, and each Lieutenant six; each Sergeant five, each Corporal five, each Private four, each Quarter Master eight, each Commissary eight, each Surveyor eight, each Adjutant eight, each officer and private who has furnished his own horse one dollar per day."

The Act of March 7, 1851 provided for payment for services rendered in the Indian wars, since November 13, 1849:

> ". . . to each Major $15, Captain $12, Lieutenant $10, Sergeant $7, Corporal $6, Private $5, Quarter Master $12, Commissary $12, Surveyor $12, Adjutant $12, plus $1 per day per horse furnished."

Secretary of War C. M. Conrad wrote to Governor McDougal that the pay of California's volunteer Indian-fighters was "exorbitant and beyond anything ever known in this country";that "in a population like that of California, where there are so many ardent young men, the love of adventure with some and the high pay with others" offered "inducements to perpetuate collisions with the Indians" and that this abuse was "as injurious to the State" as it was "revolting to humanity."

Features of the Loan

Under the Act of February 15, 1851, entitled "An Act Authorizing the Treasurer of State to Negotiate a Loan upon the Faith and Credit of the State, for the Purpose of Defraying the Expenses which have been, and may be, Incurred in Suppressing Indian Hostilities in this State, in the absence of Adequate Provisions being made by the General Government", $500,000 was authorized, payable in 10 years, or at any period after five years at the pleasure of the state, at a rate of interest of 12% payable annually or semi-annually, by virtue of the power given the legislature by the constitution of the state "in case of war to repel invasion or suppress insurrection."

It was intended that the obligations provided for by the Act should be payable out of any money which should at their maturity or thereafter be found in the state treasury, and at which time it reached the treasury, had not been appropriated to some other purpose.

By the Act of May 3, 1852, entitled "An act authorizing the treasurer of the state to issue bonds for the payment of the expenses of the Mariposa, Second El Dorado, Utah, Los Angeles, Clear Lake, Klamath and Trinity, and Monterey expeditions against the Indians" it was provided:

> Sect. 1. "A sum not exceeding $600,000 is hereby appropriated and set apart as an additional war fund, payable in 10 years, out of any moneys which may be appropriated by congress to defray the expenses incurred by the state of California and interest thereon at the rate of 7% per annum, in the suppression of Indian hostilities, . . . and should no such appropriation be made, or if an amount sufficient should not be appropriated within the said 10 years, then the bonds authorized to be issued by this act shall be good and valid claims against the state. . . ."

Sect. 5 authorized the State Treasurer "to cause suitable Bonds to be provided for said payment in sums of $100, $250, $500, and $1,000 each."

The interest was represented by coupons attached to the bonds, each coupon representing one year's interest. These coupons were alike in general language, and differed only in number, amount, and date of maturity. Coupons numbered 2, 3, and 4 were for $70 each. Coupon number 5 was for $46.66 each. I have been unable to discover the amount on coupon number 1, or whether there were coupons numbered higher than 5.

Repayment of the Loan

In January, 1854, a bill was introduced in Congress to appropriate sufficient funds to cover California's liability on the bonds. The amount of bonds issued by the state in liquidating valid claims existing against it for expenses it had incurred in the suppression of Indian hostilities within the state was as follows:

Bonds issued under act of Feb 15, 1851	$200,000
Bonds issued under act of May 3, 1852	600,000
Bonds issued under act of Apr 16, 1853	23,000
Bonds issued under act of Apr 16, 1853	2,500
Bonds issued under act of May 18, 1853	23,000
	$848,500

On August 5, 1854, Congress passed an act (10 Stat. 576) whereby the Secretary of War was authorized and directed to examine into and ascertain the amount of expenses incurred and actually paid by the state of California, prior to January 1, 1854, and then pay that amount into the state treasury, provided that amount should not exceed $924,259.65.

At the time this act was introduced in Congress—in January 1854—the amount specified was estimated to cover all the state's liability, both principal and interest, under the Acts of 1851 and 1852. But, at the time the act passed, April 5, 1854, interest had accrued on the bonds issued under those acts, so that the amount appropriated by Congress fell short of the total amount of principal and interest then due.

The amount due on the bonds issued as of January 1, 1854 was $995,290. The amount of the same debt owing and unpaid on August 5, 1854, with interest, was $1,036,634.13. The amount of the same debt owing and unpaid on September 1, 1856 was $1,180,243.32.

On or about September 1, 1856, the Secretary of War paid $914,071.02 on the state bonds dated prior to January 1, 1854. This left $10,183.63 of the congressional appropriation remaining.

On June 23, 1860, Congress provided (12 Stat. 104 § 4) for payment out of the unexpended balance of the appropriation for California's war debt for bonds bearing date subsequent to January 1, 1854.

Apparently no bonds were turned in based on this appropriation, and the balance left in the fund lapsed and reverted into the treasury on June 30, 1863.

Again, on July 25, 1868 Congress passed an act (15 Stat. 175) "to reappropriate an unexpended balance of an appropriation made by an act approved August 5, 1854" for the amount of $10,183.63.

Since under the Act of 1851 California would not become obligated on the bonds until there were sufficient funds in the treasury that had not been appropriated for other purposes, California never paid on these bonds until 1890. From 1862 to 1889 there was not any surplus in the fund of the treasury not already allocated for other purposes. In 1890, for the first time, a surplus of about $500,000 was received into the state treasury. At that time California became liable for the unpaid bonds. As late as 1901 over $34,000 was paid on outstanding war bonds.

References

Bean, Walton E., California: An Interpretive History, 2d ed. New York. McGraw-Hill. 1973.

Statutes and Amendments to the Codes of California U.S. Statutes at Large.

Sawyer v. Colgan, 36 Pac. 580.

Reis v. State, 59 Pac. 298, reversed 65 Pac. 1102.

Mead v. Same, 59 Pac. 1112, reversed 65 Pac. 1105.

First Charter One-Dollar Nationals: Part III

By HOWARD W. PARSHALL

THIS ARTICLE is a supplement to two articles by the same title which appeared in earlier issues of PAPER MONEY (Whole Nos. 47 and 52). Its purpose is to report the existence of additional note varieties on previously reported banks and the existence of notes on banks not previously reported.

Of the 88 banks reported under "states" in this article, 62 are in addition to those identified in the earlier articles. An additional District of Columbia note (#2358) has been reported and three additional uncut sheets of notes, two from Indiana (#55, #804) and one from New York (#1416).

The series of notes issued by a bank is indicated immediately following its charter number. The symbols used are as follows: Original (1865) series, (65); 1875 series (75). Banks issuing Original series notes *with* charter number are indicated by the addition of a "W" to the identifying series symbol, thus: "65W".

If a bank issued Original series notes without *and* with the bank charter number, this would be indicated in the following manner: (65, 65W). If it issued *both* Original and 1875 series notes, the symbols would be: (65, 75).

If *no* notes were reported on the bank in the two earlier articles, an asterisk follows the bank charter number. When an asterisk does not appear after the charter number it indicates that an additional variety (65, 65W, 75) has been reported.

This series of articles has raised a number of questions about this brief but significant series of notes. For instance, which banks are known to have issued all three varieties (65, 65W, 75) of notes? Why did the charter number appear on some Original series notes and not on others? How many banks are known to have issued $1.00 Nationals of which none is known to exist today? The author hopes to speak to these and related questions in future articles.

The reader is urged to share additional information on this early series with the author. Send to Howard W. Parshall, P. O. Box 191, Pineville, Louisiana 71360.

Uncut sheets: 3

INDIANA, #55* (75).
INDIANA, #804* (65).
NEW YORK, #1416* (65).

District banks: 1

DISTRICT OF COLUMBIA, #2358* (75).

Banks by states: 88

CONNECTICUT: 2 banks, charters #845* (65), 1314* (75).
DELAWARE: 1 bank, charter #1281 (75).
ILLINOIS: 8 banks, charters #320* (65), 531* (65), 759* (65), 967 (65W), 1792* (65), 1909* (75), 2042* (65W), 2048 (65W).
INDIANA: 3 banks, charters #968* (65), 1967* (75), 2119 (65W).
KANSAS: 1 bank, charter #1902* (65).
KENTUCKY: 1 bank, charter #995* (not known).
MAINE: 5 banks, charters #65* (65), 330* (75), 782* (65), 2089* (65), 2306* (75).
MASSACHUSETTS: 31 banks, charters #14* (65), 439 (75), 442* (65), 462* (65), 484* (75), 510 (65W), 578* (75), 582* (75), 595* (75), 603 (75), 609 (75), 615* (65), 647 (65W), 669 (65), 688 (65W), 712* (65, 75), 714* (65), 716* (65), 806* (65), 833* (75), 934 (65), 957* (65W), 985 (65W), 1028* (75), 1099* (65), 1107 (65W), 1144* (65, 75), 1260* (65), 1367* (65), 2265* (65W), 2304* (75).
MICHIGAN: 1 bank, charter #191* (65).
NEW HAMPSHIRE: 2 banks, charters #318* (65W), 1059* (75).
NEW JERSEY: 1 bank, charter #374* (65).
NEW YORK: 9 banks, charters #34* (75), 262* (65W), 963* (65), 1231* (75), 1250 (75), 1264 (75), 1344 (65W), 1350* (65), 2370* (75).
OHIO: 2 banks, charters, #422* (65W), 2181 (75).
PENNSYLVANIA: 4 banks, charters #293* (65), 371 (65), 774* (65), 1579* (65).
RHODE ISLAND: 9 banks, charters #983* (75), 1035 (65), 1126* (65), 1283 (65W), 1366 (75), 1402* (65), 1419 (65W), 1472 (65), 1616* (75).
VIRGINIA: 1 bank, charter #1137* (65W).
VERMONT: 7 banks, charters #404* (65), 489 (65), 820* (65), 1004* (65), 1197 (65W), 1488* (65W), 2109* (65).