

From California Gold Rush

# National Bank Charter No. 1741

to Great Depression Days

By MICK BURKETT

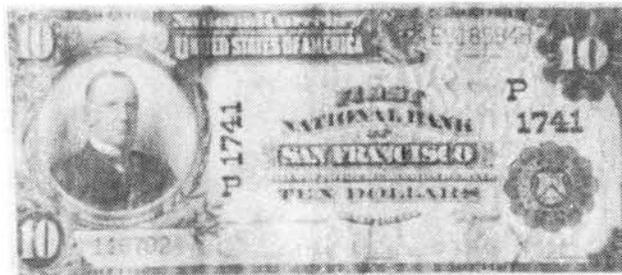
National Bank Charter #1741 is not a particularly early one as it was not assigned until seven years after the first charter was issued in 1863. The main interest in this charter is that it was the first one issued in California and to the first gold bank to issue gold notes to the public. The Kidder National Gold Bank of Boston, Mass., Charter #1699, was the first gold bank charter to be issued in the United States, but there is no record of any circulation of its gold notes, and it was liquidated on November 8, 1872. The national gold banks were organized under the amended national banking legislation of July 12, 1870, which authorized establishment of these banks to issue notes redeemable in gold.

The First National Gold Bank of San Francisco, Charter #1741, was chartered on November 30, 1870, and opened its doors to the public early in 1871 with issuance of its first gold notes. It was almost eighteen months before another bank was organized on June 3, 1872. Between 1870 and 1875, a total of nine gold banks were organized. Gold bank notes were gradually accepted by the public and finally achieved fair to good circulation.

The amended authorization for gold banks required the banks to maintain twenty-five percent specie in reserve against their notes issued, versus a lesser requirement for national banks issuing regular notes. Furthermore, they could only circulate up to eighty percent of the value of bonds deposited with the Treasury, whereas regular national banks could circulate ninety percent value of their bonds. These restrictions on the gold banks reduced the profit to be made by their issuing privilege. Also, the great

financial crisis and depression of 1873 in the East finally spread to the West and forced the first gold bank to suspend in the summer of 1875. Some other banks followed, and the refusal of one bank to redeem its notes caused widespread suspicion of all gold bank notes, and many were sent in for redemption. Even in the face of their many financial problems, seven of the gold banks survived and four of them immediately took advantage of the amendment of February 14, 1880, allowing them to convert to regular national bank status while keeping their original charter numbers.

The First National Gold Bank of San Francisco was one of the last two gold banks converting to regular status, and on February 25, 1884, it became the First National Bank of San Francisco with the same charter number. On December 31, 1925, it assumed Charter #3555 by consolidation and a change in title to the Crocker First National Bank of San Francisco. This was not to be the last change, as it was assumed by consolidation to the Crocker First Federal Trust Co. on May 31, 1934. But this new name had no effect on national bank notes, which ended with the small-size issues of 1929.



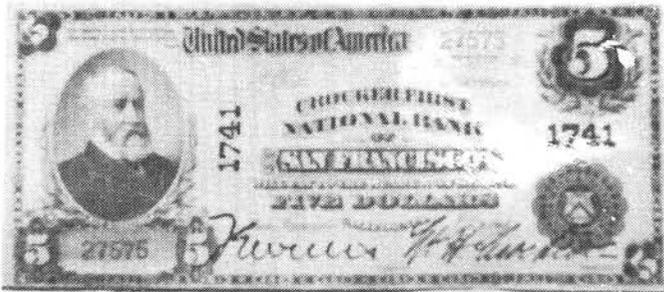
Charter 1741, The First National Bank of San Francisco.



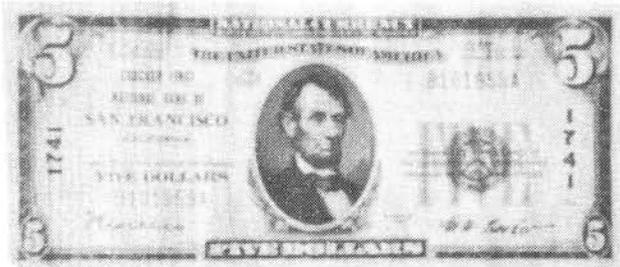
Charter 1741, First National Gold Bank of San Francisco \$5 gold note.

The total amount of gold bank notes circulated by all gold banks in California was not great and reported to be less than three million dollars at the peak in 1875. Of this amount, Charter #1741 issued over one million dollars. This bank issued national notes from Original in 1870 through the small issues of 1929, the total amount being over fifty-two million dollars, which includes notes assumed by Charter #3555.

Thus we have traced this charter from the First Charter Original Gold Bank Notes, First Charter 1875 Gold Bank Notes, First Charter 1875 National Bank Notes, Second Charter Brown Backs, Second Charter



Charter 1741, Crocker First National Bank of San Francisco.



Charter 1741, Crocker First National Bank of San Francisco small-size National note.

1882-1908 Backs, Third Charter 1902-1908 Backs, Third Charter Plain Backs Blue Seal, and the 1929 small-size nationals — a most colorful existence from the California Gold Rush to the Great Depression Days.

#### REFERENCES

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*Financial California*; Leroy Armstrong and J. O. Denny. The Coast Publishing Co., San Francisco, 1916.

*A History of Banking in the U. S.*, John J. Knox. Bradford Rhodes and Co., New York, 1903.

(This article is a revision of one which originally appeared in *The Bank Note Reporter*.)

## ABN Co. Latent Image Used on Food Coupons & Foreign Notes

SPMC membership cards bear the patented American Bank Note Co. "latent image" device consisting of the year of its founding visible only when the cards are tilted at a certain angle. Now the ABN Co. reveals in the 1980 annual report of its parent International Bank Note Co. that the latent image has been incorporated in "several countries" currencies as well as state motor vehicle certificates of title and driver's licenses. Also, the U. S. Department of Agriculture "incorporated the use of the Latent Image in certain denominations of food coupon books to help deter the circulation and use of fraudulent 'food coupons'".

## British Forgeries Use Printed Metallic Security "Thread"

SPMCer John Glynn of London sent an article from the *Daily Mail* of May 9, 1981 telling of the discovery of a counterfeiting ring that used a printed line to simulate the metallic security thread. (See Richard Kelly's article in PM No. 86, March/April 1980.)

The article reads:

POLICE have seized near-perfect £5 notes with a face value of £2 million in a raid on a counterfeiting factory.

Flying Squad officers struck as the first batch of 400,000 notes were being prepared for international distribution.

Four men were held and three others picked up later in a series of raids at houses in London and the Home Counties.

Scotland Yard's Deputy Assistant Commissioner David Powis said last night that the forgeries were almost indistinguishable from real notes.

"They are the best I have seen in 35 years in the police force. The only flaw in the notes is the lack of a metal strip through the paper.

"The Flying Squad has hipped a very serious threat in the bud," he said.

Information about the secret printing plant, at Wanstead, London, E., came to light during Robbery Squad investigations into a series of crimes in South London several weeks ago.

The Flying Squad moved in as the notes, packed in 47 boxes about the size of attache cases, were being moved to a van.

Mr. Powis said the press was advanced, the cutting was ingenious and the dieing system was sophisticated.

Detective Superintendent Little of the Flying Squad said officers had kept watch on the premises for long period before the raid.

"When we moved in the notes were actually being taken out of the building to a van to be distributed. We don't think that any of the notes got into circulation."

Information on the forgery centre came as a "spin off" from the Robbery Squad investigations, said Mr. Powis.

Even the missing metal strip was hardly noticeable because the forgers had carefully printed in a false line on the notes to look like the strip.

Seven men were helping police.