

DISCOUNT COUPONS PASSED AS CASH

by FORREST W. DANIEL



The notorious Chicago Store "counterfeit" bill.

(This is a follow-up to, "Two Discount Coupons From Dakota Territory." See *Paper Money* No. 103, p. 12.)

WHEN Peter E. Sandager and Jacob P. Birder, young merchants doing business as The Chicago Store, ordered a printing of discount coupons from Krebs Lithographing Company in Cincinnati, they little knew what mischief they would cause a decade later. The coupons allowed a \$1.00 discount on purchases of at least \$10.00 when they were distributed from the Chicago Store in Grafton, Dakota Territory, in 1884, and it is assumed the coupons served their immediate purpose. In 1893 the coupons began to appear in trade, passed as bank notes, in towns some distance from Grafton — and caused one notorious case in Grafton.

The instability caused in August and September by the Panic of 1893 may have contributed to the acceptance of the "funny" money. At least that was the suggestion of the *Mayville Farmer* newspaper after three had been passed as \$10.00 bills by a hobo in Hillsboro. Certified checks, warehouse storage tickets, scrip and clearing house certificates were being used in place of United States currency, so there is some understanding that a bill resembling, even in a faint way, a bank note would be accepted at first glance. But most people eventually took a closer look at the bills — often too late — and realized they were worthless.

On October 24 John Larson of Fisher, Minn., used one of the Chicago Store discount coupons to pay a bill of \$6.00 at Grater & Sundet's saloon in Crookston. Back on the street he told how he had paid the bill and received change for a \$10.00 bill that cost him nothing. He was, however, arrested by Chief of Police Louis Gonyea and taken before Judge Gossman. Larson explained it was only a joke, but the judge did not see any humor in it and made him redeem the bill and pay court costs. Larson was then released.

Isolated cases of passing the bills got little publicity: the store owner absorbed his loss or the culprit was forced to make restitution. Another bill was passed in Crookston about two weeks later and from then on publicity about the swindle exposed at least some of its extent.

P.J. McCrystal and Peter Wallace, laborers on a ditching project at Beltrami, Minn., bought fifty-five cents worth of drinks at the California Wine House and received \$9.45 in change. The bartender upon looking closely at the bill saw it was no good and called Chief Gonyea to arrest the men. When they were searched only \$4.45 was found; but Gonyea was not satisfied and another search was made. That time a \$5.00 bill was found, and, because it was wet, appeared to have been in the mouth of one of the men during the first search. The men were held for the arrival of United States Attorney Hay.

Counterfeit Money

At a hearing before Justice Louis E. Gossman's court a few days later both men were discharged on a charge of petit larceny. It is not mentioned but possible they made restitution to the California Wine House. Immediately upon their discharge by Justice Gossman, both were arrested by Deputy U.S. Marshal Goodner and taken before U.S. Circuit Court Commissioner C.O. Christianson where they were charged with counterfeiting. Both pleaded not guilty and were held in \$300 bail for examination the following Saturday.

U.S. District Attorney Hay questioned several witnesses. Knute Nuland, the bartender, stated the men bought fifty-five cents worth of drinks and offered the ten-dollar store bill in payment remarking that it was Canadian currency. While somewhat suspicious he gave them change. Chief Gonyea testified he found \$9.45 on the accused. J. C. Anderson said

McCrystal and Wallace asked him earlier to change the bill and he told them it was no good. J.W. Lawrence, Minneapolis, special agent of the treasury department, stated the bill would be called a counterfeit inasmuch as it was made to represent a treasury bill.

McCrystal said he was a cook for the ditching crew and that he had never seen the bill before. He said the bill he spent at the California Wine House was good United States money. Wallace testified he never had the bill in his possession and the only time he saw it was when it was used to pay for the drinks. Attorney Hay asked Commissioner Christianson to hold the men for the grand jury to be held in Minneapolis. Bond was set at \$500 each and the men were escorted to Minneapolis by Deputy Marshal Goodner.

After the hearing a reporter for the *Crookston Times* asked Agent Lawrence about passing bills of the Chicago Store type and what penalty was attached to such an act. Lawrence said the penalty for passage and issuance of counterfeit money was imprisonment for from one to fifteen years. In the case of the Chicago Store bills, he said he believed the owners of the store could not be prosecuted since the bills were put into circulation a number of years earlier — "before there was any law against using a fac-simile of a treasury note as an advertising scheme." He said he had been in correspondence with the store in regard to the bills, and they said none had been distributed for some time.

Lawrence set out to investigate the extent of the swindle and to try to find the source of the "counterfeit" bills. He again arrested John Larson, the prosperous farmer from Fisher; this time on a charge of counterfeiting. Larson was taken before Commissioner Christianson and pleaded not guilty; he said he was not ready for examination and his case was postponed until November 29. Larson was known as a man of integrity and an excellent citizen, according to acquaintances. At the arraignment a week later, Larson was accused of passing counterfeit money. He was represented by counsel who fought the case on grounds that the bill was not a counterfeit bill but an advertising scheme by the Grafton store. Larson was held to the grand jury in St. Paul in \$200 bond, which he furnished.

Agent Lawrence traveled to Grafton, N. Dak., in an attempt to locate the source of the bills, two or three of which had been passed as far away as St. Paul and Minneapolis, he said.

The Chicago Store, which issued the bills, was out of business, and the successor merchant, W.W. Reyleck, said that about 5,000 of the bills, which were actually discount coupons, had been printed about nine years earlier. They were mailed out with advertising circulars, "a common promotional method of the time. It was said there was hardly a house in the area that did not have at least two or three of the bills. People around Grafton knew what the bills were. Jacob Birder, a partner in the store that issued the bills, was a banker in nearby Park River and he, too, may have received a visit from Agent Lawrence.

The Grafton Case

Earlier cases were recalled when publicity about passing the Grafton "bills" in Crookston appeared in many newspapers. Agent Lawrence's investigation in Grafton was not without local publicity, and a resident informed him about a case in July and

insisted upon having the passer arrested. As in many cases the recipient of the bill accepted the loss, although not without rancor, until it became known that a victim did have some recourse in law.

John Harrington was a well-known personality around the blind pigs of Grafton. On July 7, 1893, he passed a very dirty, almost illegible bill to Louise Burton for valuable consideration. Miss Burton, an inmate of a local house of ill repute, gave Harrington \$6.00 in change before she noticed the nature of the bill. She demanded her money back but Harrington refused to pay it over. Not only did he refuse to repay the cash, he insisted on "joshing" her about it. By December she'd had enough.

Harrington was arrested by U.S. Marshal Albert F. Price and brought before U.S. Commissioner Robert M. Carothers. He denied passing bad money, but Carothers held him under \$500 bond to the next grand jury. In lieu of bond Harrington was placed in the care of Sheriff John O. Fadden. It was reported "the bill is a deceptive looking piece of paper, and might readily be mistaken for money by lamp light." That statement may be a comment upon the condition of paper money in general since the bill itself is almost impossible to read in daylight.

While Harrington was in jail in Grand Forks, the case of Pat McCrystal was brought before a grand jury in St. Paul. On January 11 he was indicted for counterfeiting. Judge A.D. Thomas was sitting in St. Paul and may have heard the case. The court found the bill was not a counterfeit of government, or, bank notes, and consequently they could not convict McCrystal on that charge. *The Crookston Times* commented that the judgment would probably settle the other cases of similar nature, which had not yet come to trial. The editor mentioned the case in Grand Forks and said it, too, might not come to trial as a result of the case in Minnesota.

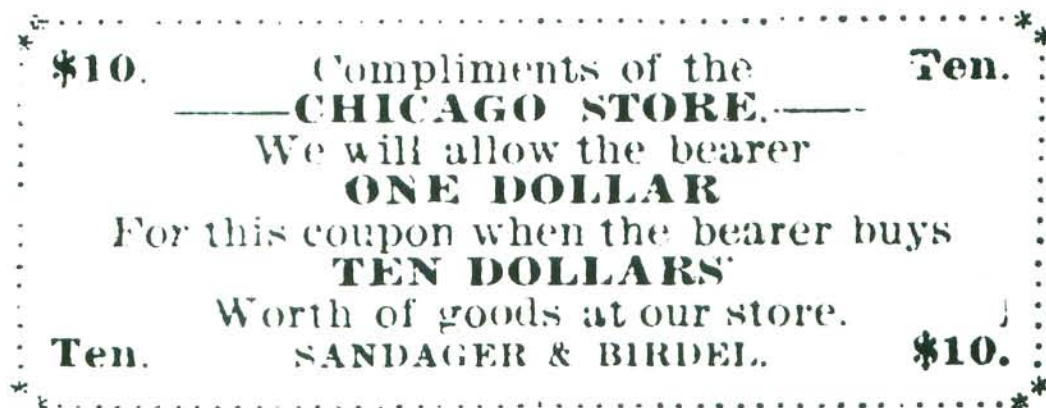
On March 3, 1894, Chief Louis Gonyea of Crookston was instructed to serve subpoenas upon Misses Lida Mountrail (Moun-treuil) and Louise Burton to appear as witnesses before the United States grand jury in Bismarck, N. Dak., investigating the Grafton note case. It appears Miss Burton had changed locations since December. Newspapers along the route mentioned that marshals escorting witnesses to the grand jury had a number of women in their charge.

John Harrington was arraigned on a charge of passing counterfeit money in the form of one of the Grafton Chicago Store coupons and securing change from an innocent person in the transaction. He was also charged with possession of the bill with intention to pass it to an unsuspecting party. He was given twenty-four hours in which to plead.

Harrington finally came to trial before Judge Thomas in Bismarck on March 13, 1894. In his opening statement Defense Attorney S.L. Glaspell charged the indictment was insufficient. He said the bill, which was passed, did not come within the provisions of statute, which provided punishment for passage of counterfeit United States obligations and securities. He claimed, in addition, the bill was not in likeness or similitude of any obligation of the United States; that the wording of the bill did not purport to make it an obligation of the United States, and that its being similar in size, shape and color was not sufficient to establish similarity with government currency.

he was rewarded by finding a five dollar bill, which one of the men had held in his mouth during the first examination, as it was all wet.

We give a fac simile of the bill which is just a trifle smaller than a genuine ten dollar note:



At the first glance the bill seems to be all right, and no doubt could be passed successfully on any person who was not used to handling paper money of that denomination.

The men will be held until the arrival of United States Attorney Hay, who has been notified, and will probably arrive

Fac-simile of the Chicago Store bill printed by the *Crookston Times*.

The prosecution argued that it was not necessary for a bill to be worded after the fashion of a treasury note to make it a counterfeit in the meaning of the statute; that it was enough that its general appearance, size and shape and color deceive the casual and unsuspecting observer. The arguments, citing numerous earlier decisions, occupied the entire morning.

Testimony was taken in the afternoon. It was established that Harrington had gone to a house of ill fame, passed the bill upon an inmate of the house and received \$6.00 in good money. Testimony was also taken relating to whether or not the bill would be likely to deceive. Arguments lasted until about 3 o'clock, when Judge Thomas charged the jury.

The jury was out only "a few moments," and returned a verdict of guilty on the second count, that of having the note in his possession and intending to use it.

Before sentence was passed the following morning, Defense Attorney Glaspell appeared for John Harrington and moved for an arrest of judgment. He argued the insufficiency of the indictment in that it did not allege the defendant had knowledge that the obligation in his possession was a forged obligation. Judge Thomas heard the argument and suspended sentencing the accused until the next term of United States Court at Fargo. Attorneys were told to present briefs of the law on the subject and final arguments and the case would be decided then. Glaspell had bought his client another ten weeks in jail. On June 1, John Harrington, "the Grafton dealer in counterfeit money" was fined \$250.00. He had been in jail since December.

Coda

Two boys, aged fourteen and seventeen years, purchased an accordion in Grand Forks on October 17; they paid for the instrument with a \$10 bill, which turned out to be one of the Grafton coupons. They received \$5 in change and disappeared. Grand Forks police searched all day and were unable to find the "youthful financiers." Police finally did get a lead that the boys were from Fisher, Minn., and Officer Hans Ellingson was sent over to bring them back for trial.

The boys were located in Fisher, but upon advice of the local marshal they refused to return to Grand Forks. The boys did return the money they received in change and, although it was not reported in the newspaper it is supposed, the accordion. The boys said they got the bill from a Grafton blind pig operator. ■

NOTE:

- * A detail not known when "Two Discount Coupons From Dakota Territory" was published: *Paper Money*, Vol. 22, No. 1, Jan./Feb., 1983.

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NEWSPAPER SOURCES:

Minnesota: *Crookston Times*, *St. Paul Pioneer Press*.
North Dakota: Bismarck: *Daily Tribune*, *Paladium*, *Fargo Forum*;
Grand Forks: *Daily Herald*, *Northwest News*, *Plaindealer*;
Grafton: *Weekly News and Times*, *Jamestown Weekly Alert*, *Mayville Farmer*.

Series 1923 One Dollar Silver Certificate Changeovers

F237/238, H59/60

by

Robert M. Lane

RECENTLY I acquired the F237/238, H59/60 changeover pair of the 1923 \$1 silver certificates. Curiosity compelled me to look for the earliest possible pair of changeovers in this series, and I was determined, if possible, to find the lowest serial number block. When I first purchased this block from Graeme Ton, Jr., he mentioned that he thought it was a very early changeover.

Chuck O'Donnell called Nancy Green, librarian of the American Numismatic Association and she immediately sent over two articles from *The Numismatist* of 1928. In the November issue of that year the following observation was printed:

Farran Zerbe reports that a novelty for collectors has been discovered on the notes introducing Woods' name; in that pane, sets of four notes bear numbers between panes of notes with Speelman's name.

An illustrative set is at hand, says Mr. Zerbe. Three panes of four notes each, are numbered X53742489D,—90, 91 and 92, Speelman; 93, 94, 95 and 96, Woods, and 97, 98, 99 and 00, Speelman. All of these are the left-hand pane with location letters A, B, C, D. The same novelty appears on right-hand panes with location letters E, F, G, H.

Credit is due an alert numismatic eye for the discovery. The various notes with Speelman's name numbered relating to, but higher than, notes with Woods' name that have been seen show that a good quantity of the novelty was issued.

In the December issue of *The Numismatist* of 1928, William A. Philpott, Jr. states that his Dallas Club had discovered the Y-D blocks, and they were the left hand panes with the location letters of A, B, C and D. The last two figures were identical with those cited by Mr. Zerbe in New York. The numbers were: Y70252889D, 90, 91 and 92 with Speelman signatures;