

# Why So Few Series 1923 \$10 Legal Tenders Were Issued By Lee Lofthus

**T**HE SERIES OF 1923 LEGAL TENDER \$10 NOTE (FR-123) IS A scarce and desirable type note. Only 696,000 were issued. The limited issuance was the result of recommendations made in 1925 and 1926 by an internal Treasury Department group known as the Currency Board. This article explains the purpose and actions of the board, the background behind the Series of 1923 notes, and why the issuance of the \$10 Jackson note was abruptly discontinued.

Jackson's portrait on the face, the red overprint, and the attractive "poker chip" back made for a striking design. The Jackson note replaced the long-lived Bison \$10 note. More than 200 million Bison notes were issued over a period of twenty-four years; 696,000 Jackson notes were delivered over a period of fifteen days in February 1926. No additional deliveries occurred, leaving the Jackson note with a minuscule issuance that paled in comparison to the Bison note as well as the other new designs that were part of the Series of 1923.

## The Series of 1923 Currency Redesigns

The Treasury had sought to simplify the types of currency in circulation for several years leading up to the early 1920s. The Fiscal Year 1921 Annual Report of the Secretary of the Treasury noted that redesigning the currency "has been before this department for more than a decade." The report cited the unsatisfactory "multiplicity and confusion" of the notes currently in use, and recommended the creation of uniform designs with key features being consistent across the differing types of currency. Reducing the size of the currency was another significant part of Treasury's redesign intentions.

The Secretary's report for Fiscal Year 1923 stated "Plans for the revision of paper currency designs, referred to in the previous annual report[s], have been completed." The plans for the new faces called for the elimination of allegorical designs in favor of portraits that would be standardized by denomination. Similarly, the new back designs would be uniform for each denomination across the differing types of notes, e.g. the backs of one dollar United States notes (herein Legal Tender notes) would be the same as the backs on one dollar Silver Certificates. The discussion to reduce the currency size created controversy, as it had in the past, so that initiative was omitted in the final 1923 plans.

Secretary of the Treasury Andrew Mellon announced the redesign decisions on September 10, 1923. Mellon indicated the Bureau of Engraving and

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COMMISSIONER OF THE PUBLIC DEBT  
Currency Control.

## TREASURY DEPARTMENT

OFFICE OF THE SECRETARY

WASHINGTON

November 17, 1925.

*Currency  
Control*

TO MR. DEWEY,  
MR. BROUGHTON,  
MR. EDDY.

In arranging for the meeting of the Currency Board to be held on November 18th, the Chairman stated that he intended to present for consideration at this meeting the subject of discontinuing the issue of \$10 United States Notes and to arrange for the issue of such notes in the smaller denominations.

To assist the Board in its consideration of this subject, I have made a rather hurried survey to ascertain whether such a plan could be made effective at the present time and provide sufficient money value production to meet the redemptions of United States Notes, and in what smaller denominations should the issues be made if the plan is adopted.

Attached hereto is a statement showing the present status of the production of \$10 U.S. Notes, the number of sheets available for use if 10's are discontinued, and the total money value that may be produced in United States Notes if the plan is adopted. It will be noted that there will be a greater money value production than is actually needed but this is due to the fact that the printing in the \$2 and \$5 denominations for the past few months has been entirely in United States Notes, the issue of silver certificates of these denominations having been suspended, but this will be more fully discussed later on in this memorandum.

It seems to me that it would be very desirable and tend to establish a more equitable balance of United States currency in each denomination to eliminate the \$10 U.S. Note and divert all proposed production therein to the \$5 U.S. Note, for the following reasons:

- (a) There is no demand from the banks for \$10 U.S. Notes, the supply of \$10 gold certificates being ample to meet the requirements for United States currency in this denomination, and the use of \$10 U.S. notes being largely a matter of providing money value to meet United States Note redemptions, which can be readily overcome by additional \$5 U.S. notes.

Printing (BEP) had been given the authority to execute the new designs, and that the new style notes would be issued over the course of time, beginning with the one dollar notes.

The announcement said the new face designs would use the following portraits: Washington on the \$1 note; Lincoln on the \$5; Jackson on the \$10; Cleveland on the \$20; Grant on the \$50; and Franklin on the \$100. The \$2 note was omitted from the announcement since Treasury was then considering its elimination. The standard portraits would be used on Legal Tender notes, Silver Certificates, and Gold Certificates. The design changes were not immediately applicable to national bank notes or Federal Reserve notes, pending further study of those classes of currency.

The redesign plan also included changes to the color of the Treasury seals: Silver Certificates would continue to use blue seals; future Legal Tender notes would use green seals; future Federal Reserve Notes would return to the use of red seals; Gold Certificates would retain yellow seals; and national bank notes would return to the use of brown seals.

The matter of seal color provoked internal debate before the colors were adopted because the Treasurer's office and the Public Debt Service predicted numerous sorting and identification problems if the Legal Tender notes were to receive green seals. Redeemed Legal Tenders were sorted with commingled Silver Certificates, and it was feared worn blue seals and green seals would not be distinguishable in the high volume, high speed sorting operations. The practical arguments prevailed, and the seal decision was revised on December 4, 1923. Thereafter, future Federal Reserve Note designs would receive green seals, and Legal Tender notes would continue use of red seals.

The first of the new notes, designated Series of 1923, were released on December 1, 1923 with the delivery of the \$1 Silver Certificates. The \$1 Legal Tender notes followed January 3, 1924. The \$5 Silver Certificate Lincoln Porthole notes entered circulation on August 7, 1924.

Regarding the Jackson \$10 notes, the BEP had plates ready in February 1924, and Treasury reported in mid-1924 that "printing of the United States notes of the \$10 denomination has commenced." The 1925 annual report of the Treasury noted, somewhat sheepishly, that the new Series of 1923 designs were "admittedly utilitarian in character. . . ."

## **Complications with the Currency Supply**

Treasury was battling other currency supply problems while the BEP made progress creating the new designs. In the Secretary's Fiscal Year 1924 report, Treasury noted a dire need for additional \$1 notes and that the supply of seasoned currency sheets was dangerously low. "Seasoned" sheets were those that received a proper period of aging prior to final printing, a process that improved the wear qualities of the notes and extended their life in circulation. Unfortunately, seasoning the sheets was a luxury when BEP was struggling to establish even a minimal reserve of notes.

Through late 1924 the currency supply conditions worsened. Treasury reported that demand for "additional amounts of \$1 notes continued unabated." The fitness of the notes in circulation was generally "far below an acceptable standard." "Reserve stocks in the bureau [BEP], in the office of the Treasurer of the United States, and in the Federal reserve banks were depleted almost to the vanishing point."

## **Treasury Creates the Currency Board**

Faced with growing problems over the supply of paper currency, Secretary Mellon established the Currency Board on January 8, 1925. The three





person board was comprised of Assistant Fiscal Secretary Charles S. Dewey (as chair), Commissioner of the Public Debt William S. Broughton, and Federal Reserve Board secretary Walter L. Eddy. W. J. Collins, of the Currency Control Unit, Division of Loans and Currency, Public Debt Service, served as secretary. The board was to analyze currency printing, supply, and distribution requirements.

The Board's initial efforts focused on increasing the printing of one dollar notes and gold certificates, increasing the standard of fitness for notes in circulation, and creating a working reserve of partially completed sheets at the BEP. The board met monthly throughout 1925 to ensure adequate currency supplies were being made available to the banking system and economy.

### The Board Moves to Simplify Currency Denominations

One factor apparent to the Board was the workload difficulty faced by BEP because of the need to engrave plates and produce notes for so many differing types and denominations. The Board moved quickly to simplify things for the BEP and for the other offices in Treasury responsible for note redemption, sorting, and accounting. On February 21, 1925, Assistant Secretary Dewey wrote to BEP Director Alvin W. Hall, indicating the board was working to eliminate the duplication of the kinds and denominations of notes. Dewey instructed Hall to eliminate printing \$1 Legal Tender notes and \$5 Silver Certificates, effective as soon as the plates for those notes became worn out.

### The Board Ends the \$10 Legal Tender Denomination

On November 17, 1925, in preparation for a meeting the following day, board secretary Collins sent a memo to the Board outlining Chairman Dewey's intention to discuss "the subject of discontinuing the issue of \$10 United States Notes and to arrange for the issue of such [Legal Tender] notes in the smaller denominations."

Collins stated that "it would be very desirable and tend to establish a

Treasury intended the Series of 1923 notes to have standardized portraits for each denomination. This BEP model shows a Jackson Series of 1923 \$10 Gold Certificate was being designed to join the Jackson \$10 Legal Tender. The gold note model never made it to production.



The Series of 1923 Legal Tender \$10 note (Fr-123) was the last of its kind. The Treasury Department's Currency Board decided to stop issuing \$10 Legal Tenders within weeks of the new Jackson design entering circulation. (Illustration courtesy of Heritage Auctions/CAA)

more equitable balance of United States currency in each denomination to eliminate the \$10 U.S. Note and divert all proposed production therein to the \$5 U.S. Note. . . ." The rationale for eliminating the \$10 was essentially three-fold: (1) adequate \$10 Gold Certificates in circulation meant there was no demand from banks for the \$10 Legal Tenders, and issue of the \$10 notes was largely required only to meet redemptions of worn Legal Tenders; (2) banks wanted more \$5 notes in circulation; and (3) additional \$5 Legal Tender notes would satisfy both the redemption requirement and the desire of the banks for more \$5 notes.

Collins added that "Personally, I am very much in favor of simplifying the currency as far as possible through the restriction of kinds to denominations." Collins said he believed the "ideal line up" would be \$1 notes as Silver Certificates only, \$2 and \$5 notes as Legal Tender notes only, and all notes \$10 and up as Gold Certificates. He concluded by saying "There seems to be no practical objections to the elimination of the \$10 U.S. note and substituting in lieu thereof the \$5 U.S. Note. . . ."

The Board approved the simplification plans. However, on December 11, 1925, it indicated that the November 18th decision to eliminate the \$10 Legal Tender denomination and confine the \$2 and \$5 notes to Legal Tenders was being delayed pending a legal opinion from Treasury's internal Legal Sub-committee on whether \$2 and \$5 Silver Certificates could be entirely discontinued within current laws.

### BEP Delivers the Series 1923 \$10 Legal Tenders

While the Currency Board was planning the demise of the \$10 Legal Tender note and awaiting the legal opinion, the pressing demands to maintain adequate currency in circulation continued. As January 1926 arrived, additional Legal Tender notes were needed to maintain the legally required U.S. note circulation of \$346,681,016. The BEP turned to its Series of 1923 Jackson notes. Between February 6th and February 20th 1926, the BEP delivered to the Treasurer serial numbers A1B to A696000B in \$10 Jackson notes. The February deliveries account for the entire issuance of the Fr-123 Legal Tender \$10 notes, including a small number of star replacement notes.

No further Series of 1923 Legal Tender \$10 notes were delivered. The December 1925 issue referred to the Legal Sub-committee was resolved, and the Board implemented the plan to eliminate certain currency types and denominations. Although the available Currency Board documents at the Archives made no further reference to the legal matter, I suspect the issue most likely concerned the provision of law (31 U.S.C. §406) that stated "Silver Certificates shall be issued only of denominations of \$10 and under" and whether that language per-

mitted the discontinuance of \$2 and \$5 Silver Certificates. The Legal Sub-committee's apparent conclusion was that the Secretary of the Treasury had the discretion to decide what Silver Certificate denominations would be issued, as long as they were \$10 or less.

With no legal objections to the Currency Board's recommendations, the Board's plan to restrict types and denominations was put into effect. By August 12, 1926, Collins reported that \$10 Legal Tenders in circulation had declined by over \$31 million due to the redemption of the \$10 notes without replacement. U.S. Note circulation was maintained by an increase in the issuance of the \$5 Legal Tenders.

## Conclusion

The short-lived \$10 Jackson Legal Tender notes owe their existence to a design modernization plan implemented in 1923. They owe their demise to the fact the 1923 plan fell short in two areas: (1) it did not address Treasury's great desire to reduce the overall size of the currency, and (2) it did not go far enough in reducing the myriad of competing currency types and denominations in use. The Currency Board's efforts to pursue additional streamlining resulted in the recommendation to end the \$10 Legal Tender notes.

Four new designs made it into circulation: the new one dollar Legal Tender and Silver Certificate Washington designs, the Lincoln Porthole \$5 Silver Certificate, and the Jackson \$10 note. Additional Series 1923 prototypes were developed, but never saw production [Hessler, 1979]. Specific to the Jackson \$10 design, the Smithsonian has a BEP model for a Series of 1923 Jackson \$10 in Gold Certificate form, but the model went unused.

By 1926-27, Treasury was planning the more dramatic currency overhaul that soon ushered in the era of small size notes. Jackson's portrait was moved to the \$20 design and, despite the preparation of dies and production plates for small size \$10 and \$20 Legal Tender notes in late December 1932 and January 1933 [Hessler, 2nd Ed., pp 49-50; certified proofs from the plates are in the Smithsonian, compartment 16:3], there is no record of their production. The Currency Board's decision rendered the Series of 1923 \$10 Legal Tender a limited issue and the last of its kind.

Appreciation is due to Doug Murray for supplying BEP delivery dates for the Series of 1923 Legal Tender notes, to Peter Huntton for information on the certified proofs, and to James Hughes of the Smithsonian for information on Series of 1923 and 1928 designs.

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