

The Paper Column

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Act of 1863 Gold Certificates



Figure 1. Act of 1863 \$20 gold certificate. Only the \$20 through \$1000 notes were payable to the bearer. Face, Heritage Auction archives photo; back, National Numismatic Collection proof.

Abstract

Of all the U. S. currency issues, none rival the group of Act of March 3, 1863, gold certificates for rarity. They were created during the Civil War as yet another means to help finance the Treasury. However, the first of them weren't issued until November 1865 after the war ended.

The notes were printed by the National Currency Bureau for use by the U. S. Treasury in Washington and subtreasuries in New York, Boston and Philadelphia. They were issued in \$20, \$100, \$500, \$1000, \$5000 and \$10,000 denominations. The \$20s through \$1000s were payable to the bearer so classify as currency. In contrast, the \$5000s and \$10,000s were checks representing gold coin or bullion deposited with the Treasury by some person or entity that were payable in gold to a second person or entity.

The Treasury was authorized to issue notes amounting to 120 percent of the gold on deposit, with the first draw on the extra 20 percent to be used to pay interest on the public debt.

The series was phased out in 1870, whereupon they were supplanted by Series of 1870 uniface gold notes. The 1870 notes were checks identical in character to the 1863 \$5,000 and \$10,000 notes.

All the reported issued 1863 gold certificates are from New York.

Origin

By 1863, the southern states had long ago split from the Union and the Civil War had raged inconclusively since April 12, 1861. The opposing forces found themselves locked in a grim war of attrition of men and materiel.

The cost to the Union was countless lives and averaged \$2 million per day, with no end in sight. Without heavy borrowing, the Union Treasury would have run out of money long before. The Treasury had suspended specie payments December 28, 1861, in order to conserve gold.

Secretary of the Treasury Salmon P. Chase and his Congressional allies were implementing every tactic they could to raise money. Congress authorized the issuance of a total of \$60,000,000 worth of demand notes in the Acts of July 17, 1861, and February 12, 1862, that were circulating non-interest-bearing national debt to be exchanged by the Treasury for coin or to pay salaries and other debts owed by the United States. Because they were issued before the suspension of specie payments, the demand notes were accepted by the Treasury as coin notes that could be used to pay customs taxes.

In acts of desperation as the cost of the war deepened, Congress authorized the issuance of legal tender notes, notes that were nothing more than circulating debt instruments that bore no interest with a promise to pay their face amount with dollars of unspecified value at some unspecified future date. This was fiat money passed off with a legal tender currency decree meaning it couldn't be refused to satisfy debts between debtors and creditors.

The first \$150,000,000 worth of legal tenders were authorized by the Act of February 25, 1862. Another \$150 million was authorized by an Act passed July 11, 1862, and a third \$150 million by the Act of March 3, 1863. The Act of February 25, 1862, explicitly prohibited the use of legal tender notes for the payment of customs taxes and the government couldn't use them to pay interest on the public debt.

These limitations were strategic. A primary source for revenue to the Treasury was customs taxes, so by a Congressional mandate in Section 5 of the Act of February 25, 1862, they were payable in gold or demand notes of 1861-2. Congress couldn't allow customs taxes to be paid with legal tender notes because those taxes were the primary source for gold so critically needed by the Treasury.

Conversely, the credibility of the Treasury as a borrower could be maintained only if it repaid interest on its debt with specie. Consequently, Section 5 of the February 25, 1862, act stipulated that the primary use for gold received from customs taxes was the payment of interest on the public debt.

Throughout the entire war, sales of Treasury notes, bonds and certificates of indebtedness continued unabated. Some of those debt issues, such as certificates of indebtedness authorized by the Act of March 17, 1862, were used specifically to purchase gold coin in order to allow the Treasury to pay out that coin for the interest on the accumulating national debt.

New, even more creative strategies, were implemented. One to pass Congress was an act dated February 25, 1863, authorizing the establishment of the national banking system, with its new form of bond-secured national currency. The new national currency was founded on legal tender currency into which national bank notes could be redeemed.

Specifically, bankers were required to purchase Treasury bonds that they would then deposit with the U. S. Treasurer to secure national bank notes issued to them amounting to 90 percent of the face value of the collateral bonds. This money was theirs to loan. They also earned interest on their bonds, so they earned interest twice on the same investment, a strong incentive to play in this arena.

The Treasury also was a winner because the bankers used legal tender notes to buy their bonds because it was the cheapest money they could accumulate. Thus, the national banking system created a strong market for both the Treasury's legal tender notes and also the Treasury's bonds, both of which had been meeting resistance in the market. In addition, the bankers also had to hold reserves for both the deposits they held and their outstanding national bank notes. Those reserves had to be lawful money; specifically, legal tender notes. Large volumes of legal tender notes were thus tied up in bank reserves creating further demand for them.

A creative means for obtaining gold for the Treasury was incorporated into the Act of March 3, 1863. That act authorized a variety of government debt instruments including the final \$150,000,000 of

legal tender notes. Of primary interest to this discussion was Section 5, which authorized the issuance of non-interest-bearing gold certificates of deposit against gold deposited with the Treasury that was to be held for their redemption. The Treasury was authorized to issue these notes to the extent of 120 percent of the value of the gold received, and use the certificates to pay interest on the public debt as well as allow holders to use the certificates to pay customs taxes. Section 5 is reproduced in total here.

Act of March 3, 1863

An act to provide ways and means for the support of the Government

Section 5. That the Secretary of the Treasury is hereby authorized to receive deposits of gold coin and bullion with the Treasurer or any assistant treasurer of the United States, in sums not less than twenty dollars, and to issue certificates therefor, in denominations of not less than twenty dollars each, corresponding with the denominations of the United States notes. The coin and bullion deposited for or representing the certificates of deposit shall be retained in the Treasury for the payment of the same on deposit. The coin and bullion deposited for or representing the certificates of deposit shall be retained in the Treasury for the payment of the same on demand. And certificates representing coin in the Treasury may be issued in payment of interest on the public debt, which certificates, together with those issued for coin and bullion deposited, shall not at any time exceed twenty per centum beyond the amount of coin and bullion in the Treasury; and the certificates for coin or bullion in the Treasury shall be received at par in payment for duties on imports.

The Act of 1863 provided a convenient means for gold producers to turn their bullion into money and holders of coin to convert that cumbersome medium into more readily transportable paper. The certificates thus made available were, of course, convertible into gold coin on demand at the convenience of the holder.



Figure 2. Notice that the \$20 is *payable to the bearer*, whereas the \$10,000 is *payable to the order of* National Numismatic Collection proofs.

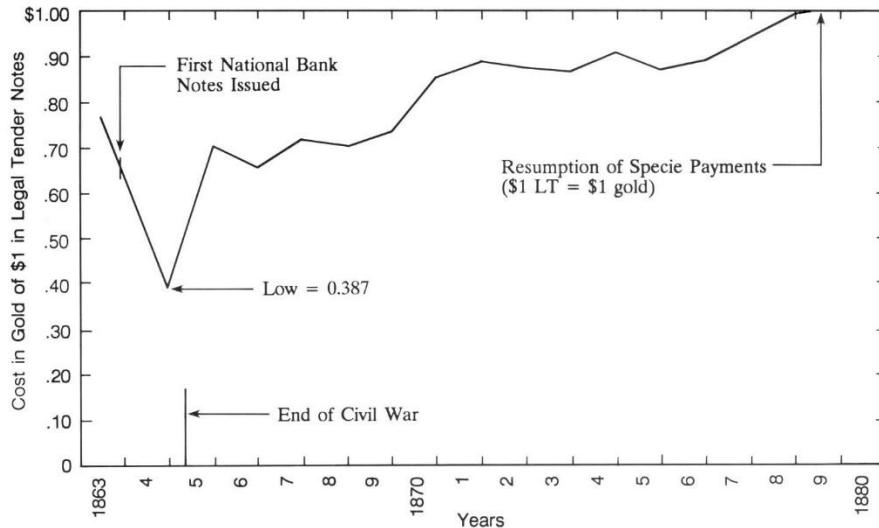


Figure 3. Price of a legal tender dollar in gold prior to the resumption of specie payments by the U. S. Treasury on January 1, 1879. Data from Knox (1877, p. XIII; 1879, p. XV).

By providing this service, the Treasury was authorized to issue certificates equal to 20 percent beyond the value of the bullion and coin held for their redemption. This overage was to be used primarily to pay interest on the national debt. The expectation was that the Treasury would accumulate a considerable volume of gold, the users would prefer to hold the paper, and the Treasury could create for itself the additional 20 percent it needed on the float.

This paper had value because it was convertible into gold coin but also because it could be accumulated in financial markets to conveniently pay customs taxes, whereupon the government could reissue it. The 1863 act called these notes certificates of deposit, but the lower denominations also served as a form of circulating currency. The notes were issued in \$20, \$100, \$500, \$1000, \$5000 and \$10,000 denominations.

The \$20 through \$1000 denominations were payable *to the bearer* so they could circulate.

The \$5000 and \$10,000 denominations were payable *to the order* so they functioned as checks for the transfer of large sums of gold. It is theoretically possible that some of the high denomination notes were made out in favor of the purchaser and held as a store of wealth; however, that made little sense. Instead, their utility was to be made payable to another party in order to make gold transfers such as to the Treasury to pay customs taxes or for use between banks, etc. The high denominations weren't designed to circulate so they don't meet the definition of currency.

The first of the Act of 1863 gold certificates was issued November 13, 1865 (Spinner, 1869, p. 247). They were phased out in 1870 with the advent of the uniface Series of 1870 gold notes and subsequent Series of 1875 gold certificates, all of which were certificates of deposit *payable to the order* of specified entities designated by the purchasers identical to the \$5,000 and \$10,000 Act of 1863 notes.

The low denomination Act of 1863 notes could circulate and the public could take them instead of gold coin in payment for interest on Treasury bonds that they held. However, their circulation among the public was minimal to nil. The commercial economy of the country during their existence was conducted on a legal tender currency basis along with equivalent-value national bank currency. That currency was discounted against gold as shown on Figure 3 until the resumption of specie payments on January 1, 1879. Consequently, the reality was that using gold certificates would have been as cumbersome as using gold coin because goods were priced in legal tender dollars so to use them would require everyone to scramble to determine the current exchange rate. Instead, their use was largely confined to importers to pay customs

Table 1. Currently reported Act of 1863 gold certificates. Data from Gengerke (2014).

Den	Office	Signatures	Serial	Pos	Grade	Whereabouts
20	New York	Colby-Spinner and hand counter signature	416	D	xf	private
20	New York	Colby-Spinner and hand counter signature	4069	A	vf	private
20	New York	Colby-Spinner and engraved H. H. Van Dyck counter signature	36621	A	canceled	Bureau of the Public Debt
20	New York	Colby-Spinner and engraved H. H. Van Dyck counter signature	41146	B	vf	private
20	New York	Colby-Spinner and engraved H. H. Van Dyck counter signature	45149	A	vf	private
20	New York	Colby-Spinner and engraved H. H. Van Dyck counter signature	48545	A	canceled	National Numismatic Collection
100	New York	Colby-Spinner and hand counter signature	11811	C	canceled	National Numismatic Collection
100	New York	Colby-Spinner and hand counter signature	46425	A	vf	private
100	New York	Colby-Spinner and engraved H. H. Van Dyck counter signature	112853	A	fine	National Numismatic Collection
1000	New York	Colby-Spinner and hand counter signature	19683	C	canceled	Bureau of the Public Debt
5000	New York	Colby-Spinner and hand counter signature	42023	C	canceled	Bureau of the Public Debt

taxes, gold bullion dealers and foreign exchange brokers. Most of this type of business was carried out in New York City.

Besides, the purchasing power of even the lowest denomination 1863 gold notes was a reach for most citizens. The fact that they were largely out of the reach of the general public helps explain why so few survive.

Release, Acceptance and Use

An article in the New York Times (October 21, 1865) explained the need for and anticipated use for the gold certificates. A correction to a reporting mistake is shown in [].

The Secretary of the Treasury has determined to issue to the extent that the public may lodge their Gold in the Treasury, Gold back Certificates, free of interest, of the denominations of \$20, \$50 [no \$50s made], \$100 and \$500, payable to the bearer, and of the denomination of \$1,000 [\$1000 payable to bearer], \$5,000 and \$10,000, payable to the order of the depositor, under authority of the fifth section of the Loan Act of March 3, 1863 * * *.

The Certificates will be ready for employment in a few days. They are engraved and printed in the Department at Washington, in the very finest style, not only with reference to the artistic skill of the work, but with special reference to security and protection against the possibility of counterfeiting. A specimen was shown at the Treasury Office in this city to-day, which certainly reflects the very highest credit upon the government engravers.

The new arrangement for facilitating all transactions in Gold as well with the Government in the receipt of Customs and the payment of Gold Interest, as with Bullion dealers, foreign Exchange Brokers and Bankers, and the public generally, who desire to have a secure place of deposit for their Gold, and a convenient and transferable representative of such deposit. * * *

The inconvenience of repeatedly counting, transferring and recounting the Gold which the government has been in the practice of selling for the last ninety days, to receive the constant and large Customs demand—as well as to keep down the surplus Gold balances in the Treasury—has been seriously felt: 1. In the sale of the Gold in the Open Market, deliverable in bags from the Treasury. 2. In the receipt of the same Gold at the office of the Cashier of the Customs-house, most generally the same day. 3. In recounting the same Gold at the Treasury Office, also the same day when put in, as it must be by 3 or 4 o'clock, from the Custom-house.

But above these considerations is the high credit and security and convenience of the Treasury of the United States in all the Gold transactions of the public whether growing out of the business of Customs, Gold Interest of the Public Debt, the Foreign Exchanges, or the direct deposit of Gold Coin for safe keeping. The Secretary has been induced to exercise the authority of the Act of Congress on this subject by reason of the very large movement of Gold of late, at and through his New-York office. He has no solicitude to have the public avail of the new arrangement one dollar beyond their own convenience. They can take their Gold Interest of him in Coin or in Gold back Certificates; the Importers and Bullion Brokers can buy Gold of him deliverable in bags or in Gold Cash Certificates to represent it, nor will it pay a premium in the shape of interest for having the Gold left in the Treasury.

Contemporary newspaper accounts provide revealing glimpses into when the 1863 gold certificates became available, how well they were received, and how most were used. The following compilation is

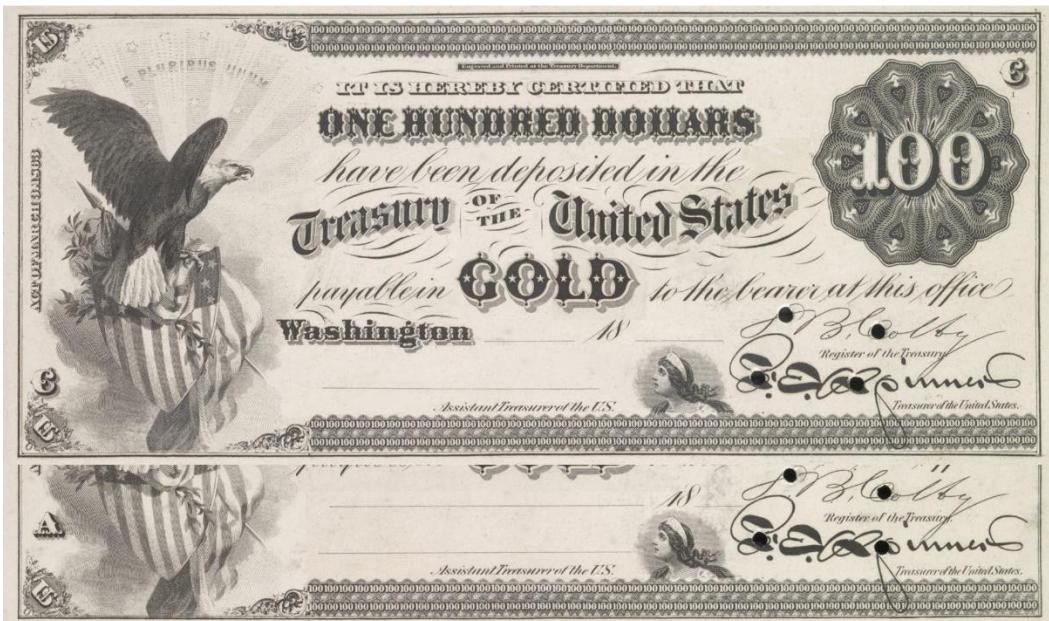


Figure 4. The 1863 gold certificates issued by the U. S. Treasury in Washington featured an elaborate rendering of *Treasury of the United States* in the middle of the faces. Those issued by the Boston and Philadelphia subtreasuries were identical except *Washington* was removed in front of the blank for the date. National Numismatic Collection proofs.

arranged in chronological order of publication date and focuses on New York where they were first released and most were used. Corrections to reporting mistake are shown in [].

“These gold notes will be receivable for customs, and will be largely used in adjusting balances in New York. * * * Proofs of the backs, printed in gold-colored ink, have already been sent to the U. S. Assistant Treasurer in this city—Hon. Mr. Van Dyck—for his inspection and suggestions. Several denominations of the new gold backs will be ready for issue at the New York office in the course of a few days” (Brooklyn Union, Oct 20, 1865).

“Deputy Treasurer Van Dyck yesterday received the first installment of the new gold certificates of the denomination of \$5,000. * * * The issue of the certificates will not commence for a couple of weeks” (New York Times, Oct 28, 1865).

“The Secretary of the Treasury has informed the assistant treasurer at New York, that the new gold certificates of the denomination of hundred and one thousand dollars, will be sent to this city early next week. The twenty, fifty, and five hundred dollar notes may not be ready for some time. It is intended to begin to issue these certificates to depositors next week” (Hartford Courant, Nov 2, 1865).

“New York, Nov. 5. The first batch of gold certificates of \$1,000 went forward to the New York Sub-Treasury to day. The \$20 notes are in press, having elaborately engraved backs of the double eagle. Part of this issue of gold-notes will be printed on buff-colored paper. In other respects they will be like Bank of England notes. When once they come back to the Treasury they will not be re-issued” (Detroit Free Press, Nov 6, 1865).

“The Secretary of the Treasury has addressed a circular to the officers of the customs instructing them to receive in payment of duties on imports gold certificates of deposit issued by the Treasurer or Assistant Treasurer of the United States, but in no case to receive such certificates for duties in excess of the amount to be paid” (Baltimore Sun, Nov 10, 1865).

“No Certificate drawn to order, will be deemed a sufficient delivery if passed to a second indorsement. This proviso is consistent with the wishes of the Treasury. New Certificates will be issued, and the old ones canceled, whenever presented for payment; so that there will be no excuse for circulating



Figure 5. Assistant Treasurer H. H. Van Dyck's signature was engraved on the second \$20 and first \$100 plates for the New York subtreasury. National Numismatic Collection proofs.

the originals with more than the single indorsement of the depositor or of the Cashier of the Treasury Office, to whose order they will be drawn, unless otherwise requested" (New York Times, Nov 10, 1865).

"The Treasury Office in this city is to-day receiving Gold on deposit and issuing therefor Gold Certificates of the denominators of \$100, \$1,000 and \$5,000, to suit the convenience of the depositors. * * * They are originally signed and sealed at Washington by the Treasurer and Register of the United States, and countersigned by the Assistant Treasurer in New York. The amount offered for to-day is over \$500,000, of which the Bank of New York took out \$250,000" (New York Times, Nov 16, 1865).

"The importers have increased facilities for arranging their payments, and the handling of gold in bags is already sensibly reduced. The gold certificates that are received at the Customs Houses, for duties, are canceled by stamping upon them the date of receipt; on the same day they are sent to the Treasury offices, where the cancellation is completed. The Customs House cashiers register the date on which each number passes through their hands, and no corresponding numbers are to be reissued on new certificates. The government purposes to cancel the large certificates, \$500 [should be \$1,000] and upward on payment; no second use is to be made of the same paper" (Philadelphia Inquirer, Nov 20, 1865).

"The \$5,000 notes appear to be most in demand" (New York Times, Nov 26, 1865).

"Only ten days have elapsed since the deposits of gold for certificates commenced at the United States Treasury in this city, and during the ten days \$6,679,680 worth of certificates have been issued. In the same period the redemptions only reach \$1,284,000. The twenty dollar certificates have only been issued three days" (Chicago Tribune, Nov 28, 1865).

Reported Notes

Act of 1863 gold certificates are ultimate rarities. They were printed for issue by the Treasury in Washington, DC, and subtreasuries in New York, Boston and Philadelphia. By far, the vast majority of them were issued through the New York subtreasury.

Currently, eleven issued notes are documented, all from the New York subtreasury. Six are in the possession of National Numismatic Collection or the Bureau of the Public Debt, five of which are canceled. Four \$20s and one \$100 are in private hands. See Table 1.

Table 2. Proofs in the National Numismatic Collection from Act of 1863 gold certificate face plates.

Entries arranged by denomination then when the plate was begun.

Scan No.	Den	Payable to	Office ¹	Signers: Register, Treasurer, Ass't Treasurer	Sub	Plate Letters	Pl. No. ²	Begun ³
111257	20	to bearer	New York	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A1-B1-C1-D1	(1)	Nov 11, 1865
111256	20	to bearer	Washington	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A1-B1-C1-D1	(2)	Nov 13, 1865
111258	20	to bearer	New York	Colby-Spinner-engraved Ass't Treasurer H. H. Van Dyck line under VanDyck	4	A2-B2-C2-D2	(3)	Nov 22, 1865
111255	20	to bearer	Washington	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A-B-C-D	4	Nov 23, 1865
111254	20	to bearer	blank	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A-B-C-D	5	Nov 27, 1865
111253	20	to bearer	blank	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A-B-C-D	6	Dec 1, 1865
111252	20	to bearer	blank	Colby-Spinner & countersigned by hand by the Ass't. Treasurer no line under Ass't Treasurer signature	4	A-B-C-D	7	Dec 9, 1865
111263	100	to bearer	New York	Colby-Spinner-engraved Ass't Treasurer H. H. Van Dyck	4	A1-B1-C1-D1	(1)	Nov 10, 1865
111260	100	to bearer	Washington	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A1-B1-C1-D1	(2)	Nov 10, 1865
111262	100	to bearer	New York	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A2-B2-C2-D2	(3)	Nov 11, 1865
111259	100	to bearer	blank	Colby-Spinner & countersigned by hand by the Ass't. Treasurer work on plate unfinished	4	A-B-C-D	(4)	Nov 20, 1865
111261	100	to bearer	blank	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A-B-C-D	(5)	Dec 12, 1865
111264	500	to bearer	New York	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A-B-C-D		Oct 24, 1866
111265	1000	to bearer	New York	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A-B-C-D		Nov 1, 1865
111266	5000	to the order of	New York	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A-B-C-D		Oct 23, 1865
111271	5000	to the order of	Washington	Colby-Spinner & countersigned by hand by the Ass't. Treasurer with record stub	1	A		Dec 7, 1865
111276	5000	to the order of	New York	Colby-Spinner & countersigned by hand by the Ass't. Treasurer	4	A2-B2-C2-D2		Mar 24, 1866
111267	10000	to the order of	New York	Colby-Spinner & countersigned by hand by the Ass't. Treasurer with record stub	1	A		Jan 24, 1866

1. Blank indicates plates made for the Boston and Philadelphia subtreasuries where the city was written in.

2. Plate numbers from BEP (1865-6). Brackets indicate the plate number was not placed in the lower margin of the plate.

3. Data from BEP (1865-6).



Figure 6. Attached record stubs were included on the one-subject \$5000 Washington and \$10,000 New York plates. National Numismatic Collection proof.

We wouldn't know what most of them looked like if it weren't for Bureau of Engraving and Printing proofs in the National Numismatic Collection and canceled notes saved in the Treasury.

The faces had elaborate background tints as observed on Figure 1. If you wish to see the tints used on the higher denominations, consult the images in Hessler (2004) and Hessler and Chambliss (2007).

Varieties

Two distinct layouts were used to print the black intaglio image on the Act of 1863 faces. As illustrated on Figure 2, the notes issued directly from the Treasury in Washington, DC, have *Treasury of the United States* boldly displayed across the center and *Washington* printed boldly to the left of the blank for the date. Those from the New York subtreasury have *Assistant Treasurer of the U. S. in New York* in subdued hollow letters and *New York* in script to the left of the blank for the date. The notes printed for the Boston and Philadelphia have the identical layout as the Washington notes except *Washington* was omitted from the space to the left of the blank for the date. See Figure 4.

The New York notes from some \$20 and \$100 plates carry the engraved signature of Assistant Treasurer H. H. Van Dyke as illustrated on Figure 5.

All the proofs in the National Numismatic Collection from the Act of 1863 face plates are listed on Table 2. This listing is useful for identifying plate-specific details. This holding is complete.

Table 3. Summary statistics for the Act of 1863 gold certificates on June 30, 1871, after the last of the notes had been issued, supplemented by outstanding amounts for 1873, 1875 and 1877.¹

Part I - Dollar amounts:

Den	On Hand ²	Issued	Redeemed	Out Jun 30, 1871	Out Jun 30, 1873	Out Jun 30, 1875	Out Jun 30, 1877
20	160	960,000	880,300	79,700	43,600	5,500	2,000
100	800	11,644,900	11,009,600	635,300	25,400	12,000	10,000
500	4,000	9,000,000	8,772,000	228,000	6,000	2,500	2,000
1000	8,000	60,000,000	59,792,000	208,000	21,000	16,000	15,000
5000	40,000	323,000,000	322,760,000	240,000	60,000	25,000	15,000
10000	0	25,000,000	25,000,000	0	0	0	0
Totals	52,960	429,604,900	428,213,900	1,391,000	156,000	61,000	44,000

Part II - Numbers of notes:

Den	On Hand ²	Issued	Redeemed	Out Jun 30, 1871	Out Jun 30, 1873	Out Jun 30, 1875	Out Jun 30, 1877
20	8	48,000	44,015	3,985	2,180	275	100
100	8	116,449	110,096	6,353	254	120	100
500	8	18,000	17,544	456	12	5	4
1000	8	60,000	59,792	208	21	16	15
5000	8	64,600	64,552	48	12	5	3
10000	0	2,500	2,500	0	0	0	0
Totals	40	309,549	298,499	11,050	2,479	421	222

1. Data from Spinner (1871, p. 316; 1873, p. 341), New (1875, p. 496) and Gilfillan (1877, p. 384).

2. Unissued notes saved in the Treasurer's office that were destroyed in 1873 (Spinner, 1873, p. 339, 341).

As illustrated on Figure 6, a one-subject \$5000 *to the order of* plate was made for the Treasury complete with an accounting stub. Notice that both the depositor and payee were to be recorded on the stub, it being a true check-like certificate of deposit. The \$10,000 for New York illustrated on Figure 2 came with a similar stub.

The Act of 1863 notes were printed on both sides with spectacular orange backs sporting intricate repetitive geometric designs that resemble Persian rugs. Proofs of all the backs except for the \$10,000 reside in the Smithsonian holdings. The \$10,000 is illustrated in Hessler (2004, p. 218) and Hessler and Chambliss (2006, p. 280) from a die proof held by the Bureau of Engraving and Printing.

Statistics

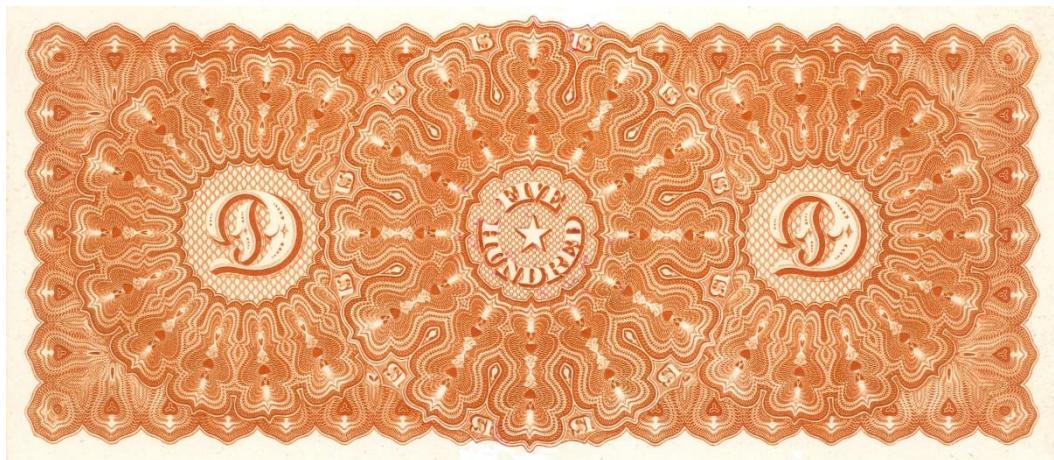
There are two invaluable summaries for the overall issuances of the Act of 1863 gold certificates. Table 3 lists the totals for each of the denominations that were issued based on data in the annual Treasurer's reports. Table 4 provides a snapshot of the printings for the various issuing offices as of January 24, 1867.

The data in the two tables may appear to be inconsistent. This perception results from the fact that printings continued after the data on Table 4 were compiled, including an additional 400 \$10,000 notes.

The grand total number of notes issued was 309,548, yet 704,000 of them are listed on Table 4 as having been printed with more printings yet to come. Despite the fact that 704,000 isn't the final total, these totals reveal that far more than half of the notes that were printed were never issued during the life of the series, a startling fact borne out elsewhere in the annual reports. The destroyed notes produced gaps in the continuity of the serial numbers, thus explaining why serial numbers on the later issued notes can be higher than the totals listed in Part II of Table 3.

The data on Table 3 demonstrates that the attrition of the notes was horrific. Notice that by 1877, only 222 of the notes were listed as unredeemed. No \$10,000s were outstanding by June 30, 1871, a finding that makes perfect sense because those notes were in fact checks used to transfer gold, which would have been promptly exercised upon receipt.

One particularly titillating fact revealed on Table 3 is that Treasurer Spinner allowed eight of each denomination except the \$10,000 to be saved unissued within the Treasurer's office. Sadly, he reported that they were destroyed in 1873 (Spinner, 1873, p. 339, 341).



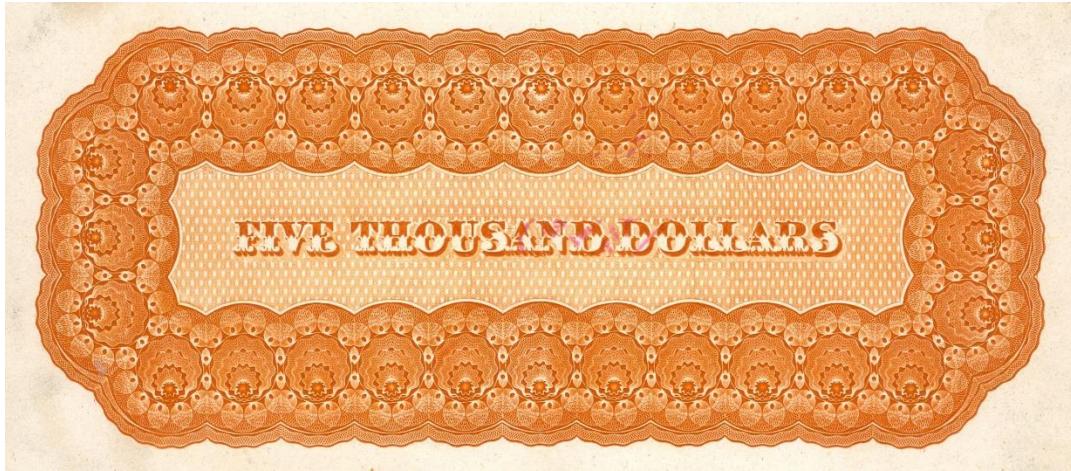


Figure 7. The Persian rug designs made of repetitive geometric lathe work on the backs of the 1863 gold certificates was nothing short of fantastic. National Numismatic Collection proofs.

Table 4. Act of 1863 gold certificates printed as of January 24, 1867, as per Edmunds (1869, p. 123-124).

Part I - Dollar amounts:

	\$20	\$100	\$500	\$1,000	\$5,000	\$10,000	Totals
Washington	800,000	6,000,000			3,000,000		9,800,000
New York	4,080,000	12,000,000	40,000,000	40,000,000	292,000,000	210,000,000	598,080,000
Boston	400,000	2,000,000					2,400,000
Philadelphia	400,000	2,000,000					2,400,000
Totals	5,680,000	22,000,000	40,000,000	40,000,000	295,000,000	210,000,000	612,680,000

Part II - Numbers of notes:

	\$20	\$100	\$500	\$1,000	\$5,000	\$10,000	Totals
Washington	40,000	60,000	0	0	600	0	100,600
New York	204,000	120,000	80,000	40,000	58,400	21,000	523,400
Boston	20,000	20,000	0	0	0	0	40,000
Philadelphia	20,000	20,000	0	0	0	0	40,000
Totals	284,000	220,000	80,000	40,000	59,000	21,000	704,000

A primary value of the data reported on Table 4 is that you can see the printings of the notes for the various issuing offices. New York handled the vast majority of them and was the only office to utilize all the denominations.

Printings of \$20s and \$100s were made for Boston and Philadelphia. Data in Edmund (1869, p. 166) reveals that they had been delivered to the respective offices before March 24, 1867.

The data on the production and issuance of the Act of 1863 gold certificates is quite academic because the redemption of the notes was so thorough. However, it is obvious that there are potential discoveries yet to be made. The most likely is a note from Washington. The most exciting would be a survivor from the Boston or Philadelphia emissions.

Doug Murray has labored over the available data and has made a valiant attempt to deduce the numbers printed for each of the possible plate varieties. These data appear in Hessler and Chambliss (2007) and Bowers (2009). His data are revealing, but we have little handle on how many of most varieties actually were issued.



Figure 8. This is the only 1863 \$100 gold certificate in private hands. Heritage Auction archives photo.

Boston and Philadelphia Issues

The issuance of 1863 gold certificates from Boston and Philadelphia was unknown to numismatics prior to publication of Bowers' catalog in 2009. Bowers found mention of these printings and deliveries in Edmonds (1869) during the process of compiling data for that catalog.

The Edmonds' Senate Committee Report owes its origin to a concurrent resolution of the House and Senate adopted in March, 1867, that contained the following directive.

That the Joint Committee on Retrenchment be, and are hereby, instructed to make a careful and minute examination of the method adopted by the Treasury Department to print the bonds, notes, and securities of the United States, what guards have been adopted to prevent fraud or mistake, and what additional guards, if any, ought to be adopted to prevent fraud or mistake; whether there has been any fraudulent or erroneous issue of bonds, notes, or coupons, and, if so, by whose fault or negligence, and the proper remedy and prevention thereof; and especially to examine the official conduct of those charged with the printing, registration and issuing of any notes, bonds or securities of the United States; and that said committee have power to sit during the recess of Congress, to send for persons and paper, to examine the same, to take testimony, and report at the next session of Congress (Edmunds, 1869, p. 1).

The committee was comprised of Republican Senator George F. Edmunds from Vermont, Democratic Representative Charles R. Buckalew from Pennsylvania, and Republican Representative George A. Halsey from New Jersey. Their two-year effort, including testimony they received, culminated in a 436-page report that yields an invaluable snapshot of the National Currency Bureau, which became the Bureau of Engraving and Printing.

Items documenting the existence of the Boston and Philadelphia 1863 gold certificates included in the report consist of a reproduction of an audit report of the National Currency Bureau that was ordered by Secretary of the Treasury Hugh McCulloch on December 17, 1866. Every piece of security paper delivered from or still in possession of the bureau as of January 24, 1867, was accounted for when work was stopped for the audit. At that moment, all the Boston and Philadelphia notes listed on Table 4 had been printed recently and were still in the possession of the bureau. Chief Spencer M. Clark, in written comments responding to the audit in a July 31, 1867, letter to McCulloch, also reproduced in the report, attested to the accuracy of the figures presented in Table 4 (Edmunds, 1869, p. 139-140).

In due course the committee asked Clark to provide a summary of the currency and securities that passed through his bureau from its inception through March 24, 1867. In that summary, he advised that by then all the Boston and Philadelphia 1863 gold certificates had been delivered to those subtreasuries (Edmunds, 1869, p. 166).

The \$20 plates listed on Table 2 are subdivided into two groups with headers "New York" and "Washington & other Cities" (BEP, 1865-6, p. 153). The plates on Table 2 with *blank* for the office of issue



Figure 9. Series of 1870 uniface gold notes supplanted the 1863 gold certificates. These currency lookalikes were *payable to the order* checks purchased through the deposit of gold with the Treasury by the payer that the payee could redeem for gold. As a class, they were single-use instruments that generally were thoroughly redeemed. National Numismatic Collection photo.

are listed in the Washington & other cities group and are obviously the plates used to print the Boston and Philadelphia notes. Those plates had identical layouts as the Washington plates except *Washington* was omitted from them as illustrated on Figure 4. The Assistant Treasurer had to write in the city as he filled out the notes.

The Definition of Currency and an Opinion

The definition of currency is a medium of exchange for goods and services usually issued by a government and generally accepted at its face value as a method of payment. In short, it is money with the expectation that it circulates freely within its region of origin.

The Act of 1863 gold certificates straddle this definition. They were defined in the Act of March 3, 1863, as certificates of deposit. In reality, the \$20 through \$1000 notes could circulate because they were payable to the bearer in gold so this qualified them as currency. In contrast, the \$5000 and \$10,000 notes were checks purchased with gold or gold bullion deposited by a buyer that were payable in gold to some recipient. Those notes certainly don't qualify as currency and they didn't circulate. All the subsequent Series of 1870 gold notes and Series of 1875 gold certificates that supplanted them functioned in identical fashion; that is, as checks used for the transfer of gold between parties.

It is our opinion that the \$5000 and \$10,000 Act of 1863 gold certificates and all subsequent Series of 1870 gold notes and Series of 1875, 1888 and 1900 gold certificates do not qualify as bona fide currency.

Acknowledgment

The National Numismatic Collection, source of the photos of the proofs, is housed in the Smithsonian Institution, American Museum of History, Washington, DC.

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