

# Manhattan Coin Club Minutes

## August 8, 2017

President Allan called the meeting to order at the American Legion.

### Old Business:

There was no old business.

### New Business:

The following announcements were made:

- Doyle informed the club that someone else would have to take over managing the coffee pot. His companion is ill and has moved to assistive living and therefore he will be missing meetings. No one has volunteered as of yet.
- Guy wanted the club to know that Dave was in the ANA magazine who recognized him as being a member of ANA for 50 years.
- Jerry announced the Wichita Stamp and Coin Show, <http://www.wichitastampclub.org/ictshow.html>.
- August, 19th and 20<sup>th</sup>, 2017 at the Cessna Activity Center, 2744 George Washington Blvd Wichita, Kansas from Saturday 9:00 to 5:00 and Sunday 9:00 to 4:00.
- Ray announced that he would be donating his petrified stump found by his great-grandfather in Osborne, KS to the KU Geology department for placement in a garden. He says they should be able to tell him more about it.
- Doyle told the club that there is an auction in Windom, KS on Saturday, August 12th, 2017 at 10:00 AM, <http://tandaauction.com/2017/08/12/>

### Program:

Matt presented a program on National bank notes.

In the 72 years of their issue more than 14,000 "home town" banks across the United States, the \$17,000,000,000 (\$17 billion) worth of National Bank Notes issued between December 1863, and May 1935, represents a widely collected series of United States paper money.

Their long and historically, as well as financially, interesting life began with the National Currency Act being signed into law by President Abraham Lincoln on Feb. 25, 1863. The dual aim of the legislation was to provide a ready and steady market for the sale of United States bonds issued to finance Federal involvement in the Civil War, and to create a sound bank currency to replace the generally insecure issues of the state banks then in circulation.

While National Bank Notes were only one of seven different types of U.S. paper money in circulation virtually simultaneously during and after the Civil War, they represent more interesting variations and types than any other. For more than half a century, from the implementation of the National Currency Act in 1863 until the creation of the Federal Reserve System in 1914, the National Bank Notes were an important part of the paper money in circulation.



Standard Catalog of United States Paper Money  
Standard Catalog of United States Paper Money  
No other guide gives you the depth of details,  
quality of photographs and thoroughly updated  
values like the STANDARD!  
Get your copy today!

The composition of these notes and the individual histories behind each of the issuing banks and its officers present unlimited fascination for the modern hobbyist.

The National Currency era came to an end in May, 1935, when the Comptroller of the

Currency shipped the last National Bank Notes to the issuing bank. The United States bonds which the banks had purchased to secure the value of their Nationals in circulation were called in for payment, ending nearly three-quarters of a century of an important era of "Main Street Banking."

Six distinct series make up the National Bank Note issue; four in large size, to in small size. Large size Nationals are comprised of 1) The Original Series, 2) Series of 1875, 3) Series of 1882 and 4) Series of 1902. In small size, there are the Series of 1929, Type 1 and Type 2. Within each of the large size series, there are several varieties and subtypes.

Alternatively, the Nationals are sometimes grouped according to Charter Period, thus: First Charter, Original Series and Series of 1875; Second Charter, Series of 1882; Third Charter, Series of 1902, and Small Size.

The terms Charter Period and Charter Number are particularly important to National Bank Notes and refer to the issuing authority of each particular bank.

The original National Currency Act of 1863 provided that banks organized under its provisions be chartered as National Banks for a period of 20 years. In anticipation of the expiration of those first charters in February, 1883, an act was passed on July 12, 1882, extending the banks' existence for another 20 years. A similar extension was granted with an Act of Congress on April 12, 1902, and just before the 1922 expiration date, the National Currency Act was amended to provide 99-year lives for all National banks. This, in turn, was amended five years later, on Feb.



25, 1927, with the endowment of perpetual succession of their corporate identity on National banks.

A better understanding of National Bank Notes as a whole can be gained by a study of the several unique component parts of the National Currency issues.

### Charter Number

Upon the approval of its organization as a National Bank, the Comptroller would issue each bank a unique charter number, designating its place on the roster of all such banks. Charter No. 1 was issued to The First National Bank of Philadelphia in June, 1863. Charter No. 14320, the highest to appear on a National Bank Note, was issued in early 1935 to The Liberty National Bank & Trust Company, Louisville, Ky.

The very earliest Original Series National Bank Notes were not required to have their charter number imprinted. However, when it was discovered that notes being presented at the Treasury for redemption could not be quickly sorted, an Act of June 20, 1874, was passed, requiring the charter number be overprinted twice on the face of each note. In the 1882 revision of the National Currency Act, the printing of the charter number as part of the engraved border design in six different places on the face of the note was required; this to facilitate the redemption of partial notes. The 1882 act also required the surcharge of the number on the face, and its printing in the center of the back, giving rise to the popular Series 1882 Brown Back type notes. The Aldrich-Vreeland Act of May 30, 1908, provided for dropping the charter number from the back of the note, thus creating the 1882 Date Back and Value Back series.

The Series of 1902 notes, authorized by the Act of April 12, 1902, again provided for the engraving of the charter number six times on the face border, and overprinting of the number twice on the face.

The small size National Bank Notes which debuted in 1929 were no longer printed from plates specially engraved for each bank. Rather, for the Type 1 notes, the charter number was overprinted twice in black on the face, along with the bank, city and state names, and the officers' signatures. On the Type 2 small size Nationals, the charter number was printed an extra two times on the face, in brown ink, matching the Treasury seal and serial numbers.

### Bank Title

Each National bank's title, once approved by the Comptroller of the Currency, was engraved on the face of all currency printing plates for that bank. On large size Nationals, the title, along with city and state of the bank's location, is printed in a variety of bold and interesting type faces in the center of the note. On small size Nationals, the title is printed to the left of the portrait. Prior to May 1, 1886, it took an act of Congress to change the title of a National Bank. Legislation on that date, though, gave the banks authority to change their name upon a vote of the stockholders, and with the approval of the Comptroller of the Currency.

### Date

While the engraved date near the title on the face of all large size National Bank Notes remains something of an enigma, it is generally believed to have been chosen by the Comptroller of the

Currency to represent the approximate date of issue for the note. This is not an absolute indicator of issue, though, and thus has little significance to the collector.



### Treasury Serial Number

From the first issues of National Bank Notes of Dec. 21, 1863, to Aug. 22, 1925, all National Bank Notes carried a U.S. Treasury serial number on the face of the note. On all notes except the \$1 and \$2, the Treasury serial number appears somewhere in the upper right of the note. On the First Charter \$1 and \$2 notes, the Treasury number runs vertically at the left end of the note. After Aug. 22, 1925, the Treasury number was replaced by a second impression of the issuing bank's serial number.

### Bank Serial Number

Found on all National Bank Notes, except for the small size Type 2 notes, it indicates how many impressions of a particular plate configuration had been printed for a bank. For the Type 2 small size notes, the bank serial number is an indicator of how many notes of a particular denomination had been issued by a bank.

### Treasury Signatures

On all National Bank Notes, the engraved signatures of the Register of the Treasury and the Treasurer of the U.S. appear on the face, usually just above center, the Register's to the left of the bank title, and the Treasurer's to the right; though there are exceptions to this placement. The particular combination of these signatures can pinpoint the period in which a plate was engraved for a given bank.

## Bank Officers' Signatures

The original National Currency Act of 1863 required that each National Bank Note be signed by the Cashier and the bank's President or Vice President. These signatures, whether pen autographed, rubber stamped, or engraved, always appear at the bottom of the face of the note, the Cashier to the left, the President (or VP) to the right. The signatures gave a local stamp of approval to this type of currency, probably an important consideration when it was first issued and at a time when paper money was often distrusted. The thousands of persons whose signatures appear on National Bank Notes help give each individual note a unique history not found in other forms of U.S. currency.

## Treasury Seal

Found on the face of all National Bank Notes, the overprinted Treasury seal was the final Federal authentication of the note, giving each note its validity as circulating currency. Generally found on the right side of the note's face, it varies in color (red, brown, blue), size and embellishment (8 or 12 scallops, 34 or 40 rays).

## Geographic Letters

From 1902-1924, large block letters were overprinted with and near the bank's charter number on each National Bank Note to facilitate sorting at central redemption points. Each letter stood for a particular geographic area of the country where the issuing bank was located: N for New England, E for Eastern, S for Southern, M for Midwest, W for Western and P for Pacific.



## Plate Position Letters

On all large size National Bank Notes, a letter from A through D appears twice on the face of the note to indicate from which position (top, 2nd, 3rd or bottom) on a printing plate the note had been produced. Because of the great variety of plate configurations used, there is little significance attached by collectors to plate letters, except perhaps in the case of bank serial number 1 notes, in which case the A-position notes might be of greater value. Among small size Nationals, the plate position letter is part of the serial number. On Series 1929 Nationals, the prefix

letter of the serial number is the plate position. Since 1929s were printed six-up in a sheet, the plate positions letters (prefix) run from A through F.

## Denominations

National Bank Notes were authorized, over the course of their history, in denominations of \$1, \$2, \$3, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, and \$10,000. No notes of the \$3 or \$10,000 denomination

were printed. No surviving \$1,000 Nationals are known, although the Treasury still reports 21 outstanding. Only three, of a reported-outstanding 173, \$500 Nationals are known in collections. It should also be noted that not all banks issued all denominations in all series.

## Circulation

While the original National Banking Act of Feb. 25, 1863, authorized state, as well as National, banks to issue circulating currency upon deposit of U.S. bonds with the Treasury as security, no state banks took advantage of this privilege before it was withdrawn from them by the Act of June 3, 1864, leaving the National banks in a monopoly position as far as bank-issued currency.

The 1863 legislation allowed National banks to issue notes to the total of 90% of the market value of specified series of United States bonds which they had deposited with the Treasurer of the United States. The revision of June 3, 1864, limited the total amount of National Bank Notes in circulation to \$300 million; while a provision to apportion that total was added in March 3, 1865, legislation. That act - which also imposed a 10% tax on state bank notes in circulation, effectively killing them off specified that half of the circulation be apportioned on the basis of population, and half on the basis of banking capital.

In 1870, additional circulation of \$54 million was added to the total, and measures taken to more equitably distribute it, while a \$500,000 circulation per bank limit was imposed. In 1875, the restrictions on a per bank basis, as well as total circulation, were taken off. In 1900, banks were allowed to issue notes to the full 100% market value of their bond deposits, instead of the 90%.

The circulation privilege was effectively withdrawn in favor of the Federal Reserve Bank System in July, 1935, when the last of the U.S. bonds carrying that privilege were called in. No new bonds of the type have been issued since.

## Closing

A National bank could wind up its affairs in one of three manners, as specified by law. A bank which violated provisions of the current legislation or charter, or which refused to redeem its notes, could be placed in charge of a receiver by order of the Comptroller of the Currency. It may have been allowed to reopen if it could be proved to be sound. If not, the receiver liquidated the bank's assets so as to provide for meeting the greatest amount of the bank's liabilities.

A bank could also go into voluntary liquidation on a two-thirds vote of the stockholders. Such might be done to allow the bank to be absorbed by or to absorb and consolidate with another bank, either National or state.

After Nov. 18, 1918, a National Bank could also close its corporate doors by consolidating with another bank, but not liquidating its assets.

## National Bank Note Chronology

Act of Feb. 25, 1863. The original National Currency Act allowed banks with more than \$50,000 capital to organize as National banks. Before starting business as such, the bank was required to deposit with the Treasurer of the United States, specified U.S. bonds to the amount of not less than

one-third of its capital stock. With that deposit, the Comptroller of the Currency would issue the bank its "Certificate of Authority to Commence Business," its charter. Banks organized under this act were given a corporate life of 20 years from the date of the act.

Act of June 3, 1864. This act provided that any National bank now organized would have a 20-year charter from the date of organization. It also required that bonds deposited against note-issue be registered, interest bearing U.S. bonds.

Act of March 3, 1865. Besides provision mentioned in the earlier text, this allowed state banks with branches to convert to National status. At that time, National banks were not allowed to establish branch banks.

Act of July 12, 1870. This act provided for the organization of National Gold Banks. Subject to greater restrictions than other National Banks, the National Gold Banks could issue currency only to the total of 80% of their deposited bonds, and had to maintain in their vaults gold and silver equal to 25 % of their circulation.

Act of Feb. 14, 1880. The act permitted the conversion of National Gold Banks to regular National banks, and allowed them to keep their original date of organization.

Act of July 12, 1882. This act created the Second Charter Period, allowing National banks to extend their charters for another 20 years.

Act of March 14, 1900. This act greatly increased the number of National banks by allowing the organization of banks with a minimum of \$25,000 capital in localities of fewer than 3,000 population.

Act of April 12, 1902. This act created the Third Charter Period by extending the charters of banks chartered or re-chartered under the 1882 act for another 20 years.

Act of May 30, 1908. A response to the financial panic of 1907, this act, known as the Aldrich-Vreeland Act, allowed the formation of voluntary National Currency Associations. To form such an association required at least 10 National banks with a total of at least \$50 million in capital and a surplus of at least 2. After formation, such associations could deposit "other securities" against which they could circulate notes to the extent of 75% of their value. These other securities were usually short-term notes, payable within six months. Due to expire on June 30, 1914, the act was extended by the Federal Reserve Act of Dec. 23, 1913, to June 30, 1915, when it did expire.

Act of July 1, 1922. The act provided that all National banks then in existence would have a corporate life of 99 years from the date of the legislation. All National banks organized after this date would have a corporate existence of 99 years from the date of organization. Act of Feb. 25, 1927. This act provided perpetual corporate life for all National banks then in existence or to be organized in the future. It also allowed National banks to establish branch banks and for the assumption of state banks by National banks.

#### First Charter Notes

Although the First Charter Period ran from Feb. 25, 1863, through July 11, 1882, notes of the First Charter type were issued until 1902, a 40-year period. This was due to the authorizing legislation

which granted a National bank a charter good for 20 years from the date of reorganization, not the date of the National Bank Act (Feb. 25, 1863). Once a bank was chartered in this period, it issued the same type of notes for 20 years, despite the fact that the Second Charter Period may have come into effect (July 12, 1902) during the course of that time. When the bank's original 20-year charter expired, and it was re-chartered under the Second (or even Third) Period, it would begin issue of Second (or Third) Period notes, as appropriate to the date of its charter extension.

During the First Charter period, two different series of notes were issued, Original Series and Series of 1875.

Notes of the Original Series appeared in denominations from \$1 through \$1,000, and are distinguishable principally by their lack of overprinted charter numbers, although some banks did issue Original Series notes with charter numbers surcharged. The nearly identical Series 1875 notes all have red (or in rare cases, black) charter numbers imprinted, along with the notation at the left of the bank title "Series 1875."

Serial numbers of First Charter notes appear in either red or blue, with the blue variety being the scarcer.

Obligation of the face of the note reads: "This note is secured by bonds of the United States deposited with the U.S. Treasurer in Washington ... The (name and location of bank) will pay the bearer on demand – dollars." On back, there is the inscription: "This note is receivable at par in all parts of the United States, in payment of all taxes and excises and other dues to the United States, except duties on imports, and also for all salaries and other debts and demands owing by the United States to individuals, corporations and associations within the United States except interest on the public debt."





## Second Charter Notes

Three distinct note issues make up the National Currency of the Second Charter Period, July 12, 1882, through April 11, 1902. These types differ principally in their back designs for which collectors have evolved the nicknames Brown Back, Date Back and Value Back.

Like the notes of the First Charter Period, the Second Charter Period currency was issued for a span of 40 years, until 1922, when all charters had to be renewed.

The Brown Backs of Series 1882 were placed in circulation that year, and were issued until 1908. The Brown Backs take their name from the large charter number printed on the back in the center of two cartouches of geometric design in brown ink. All other printing on back was also in the brown shades which matched the predominant color of the note's face.

Called Date Backs because of the large 1882-1908 dates on their green-printed backs, the second issue of Series 1882 Nationals was a result of the previously described Aldrich-Vreeland Act. Denominations from \$5-\$100 were in circulation from June, 1908, to July, 1916, and the \$50s and \$100s continued current in this type until 1922. Date Back 1882 Nationals were issued only by banks which had issued Brown Backs, and the charter of which were still in force. Those banks whose charter expired in the 1908-1916 period were re-chartered and issued notes of the Third Charter Period.

The expiration of the Aldrich-Vreeland Act in 1915 gave rise to the third type of Series 1882 Nationals, the rare Value Backs (sometimes called Denomination Backs). As implied, the name comes from the large spelled-out indication of value in the center of the back design. As a type, they are the rarest of National Bank Notes, having been issued in the period 1916-1922 by banks which had issued the Date Back type and for which the charter was still in effect. Naturally, this number dwindled each successive year as banks were re-chartered and their note issues switched to the Third Period types.

The Date Back and Value Back notes of Series 1882 were something of emergency issues, produced at a time when it was felt an increase in the supply of currency in circulation was needed to combat hard times. Accordingly, for their issue, the Treasury accepted certain securities other than U.S. bonds on deposit against circulation. This addition is stated on the obligations of these notes.

## Third Charter Notes

Passed to extend the life of those National banks whose charters were coming to expiration beginning in 1902, the Currency Act of April 12, 1902, created the Third Charter Period and the three distinct types of National Currency issued thereunder.

In 1922, Congress did away with the need for continual renewing of charters every 20 years by granting National banks perpetual charters to operate.

Issued from 1902 until they were replaced by the small size National Currency in 1929, the Third Charter Nationals represented a change in design to distinguish them from the notes of the Second Charter Period.

The first issue of the Third Charter Period was the popular and often-rare Red Seals. Issued only from 1902-1908, due to the intervention of the Aldrich-Vreeland Emergency Money Act, the Red Seals were issued for a shorter period and by fewer banks than the other two Third Charter types. Their rarity, and the fact that they were issued by every U.S. state and Territory except Hawaii, make them a challenge among collectors who seek to build a state set of this type.

The latter two issues of the Third Charter Period both feature blue Treasury seals, and are principally distinguished by their backs.

The Series 1902 Date Back carries the dates 1902 and 1908 in the white space on the upper back. Like the Second Charter Date Backs, they are something of an emergency issue, having been released during the term of the Aldrich-Vreeland Act, 1908-1915, with the \$50s and \$100, as in Series 1882, being issued later, until 1926.

Upon expiration of that emergency currency measure, the issues of the Third Charter Period continued with the 1902 Plain Backs, named thus for their lack of the 1902-1908 dates on back. The most plentiful of all National Bank Notes, they were issued from 1915 to 1929, when they were superseded by the small size issue.

### Small Size Nationals

When the rest of the currency classes were “down-sized” in July, 1929, the National Bank Notes were included. At the same time, their designs were standardized to fit in with the other types of notes in the same denominations.

Two separate types of small size Nationals were issued. Type 1, current from July, 1929-May, 1933, is distinguished chiefly by the appearance of the bank charter number only twice on the face of the note, in heavy black numerals. Serial numbers of the Type 1 notes consisted of a prefix letter A through F (corresponding to the note’s position on the printing plate), six digits and the suffix A (or B, in the case of Ch. No. 2379, The Chase N.B., New York City, the only bank to issue more than six million small size notes in any denomination). The Type 2 Series 1929 Nationals had the same two charter imprints as Type 1, but had an extra pair in brown ink alongside the serial numbers. Serial numbering of the Type 2 notes was also different, being made up of prefix letter A (B only in the case of The Bank of America National Trust and Savings Association of San Francisco) along with six digits.

The obligation was changed on the Series 1929 Nationals, to read “follows: “National Currency secured by United States bonds deposited with the Treasurer of the United States of America ... The (bank name and city/state) will pay to the bearer on demand – dollars.” At right, across the brown Treasury seal, was the obligation: “Redeemable in lawful money of the United States at United States Treasury or at the bank of issue.”

The calling in of the bonds which secured the National Currency issue ended this Golden Era for U.S. paper money in May, 1935.

## Surviving National Bank Notes

Of the approximately \$17 billion worth of National Currency issued between 1863-1935, it is estimated that some \$50 million worth remain outstanding today, with most knowledgeable observers in agreement that the surviving amount is about equally divided between large and small size issues, representing about 3/10 of 1% of the total issue.

Jess won the door prize again along with a second award won by Guy of a proof Morgan and proof Liberty. Sarah won the children's door prize.

John will have the program in September on Korean money. Following the closing of the bid table the meeting was concluded.