United States Paper Money
1861 – 1923
Illustrated by $10 Notes

Lecture Set #16

2/1/1953
Large Size Notes or “Bills”

Act of July 17, 1861 authorized the first United States Paper Money, a $10 Note

Act of August 10, 1861 authorized a $5 Note

These are called “Demand Notes”

There were signed by Government employees who were empowered to sign “For the Register of the Treasury and “For the Treasurer of the United States

The reverse of the notes gave them their distinctive name, “Greenbacks”
Entire design is made up of indications of the denomination, in Arabic & Roman numerals and written out in words.

The notes were payable “On Demand” but no form of redemption was specified.

Of course, only Gold and Silver were lawful money at the time, so naturally, they could only be redeemed by gold and silver coin.
Large Size Notes or “Bills”

Demand notes were issued in $5, $10, & $20 denominations up to $50 Million until February, 1862, then up to $60 Million after that date.
Legal Tender Note

Act of February 25, 1862

Payable “On Demand” omitted, Treasury Seal added

Back of note has legal status clearly stated

Signatures were engraved on the note so no need for individual to sign

“Legal Tender” technically means any creditor must accept note in payment of a debt
New reverse, states “Payable of all Loans made to the United States”

Over a period of months Congress raised the limit of notes to be printed from $150 Million to $250 Million & finally to $400 Million
Act of February 25, 1863

Banks were chartered for a 20 year period.

National Banks were established and could issue, within certain limits, notes from $1 to $1000 in lawful money.
With the national debt rising from $76 million in 1861 to $800 Million in 1863, Congress authorized interest-bearing notes on March 3, 1863.
Large gilt overprinted “Compound Interest Treasury Note”; bore interest for 3 years; reverse shows the compounding semi-annually & the amount at each incremental period until it matures @ $11.94
1869 Legal Tender Note

Obverse printed in the Bureau of Engraving & Printing, first note to contain “silk” Threads in the paper – reverse printed by National Bank Note Company

“Legal Tender” & warning against counterfeiting
1869 Legal Tender Note

This reverse was printed by the Columbian Bank Note Company
National Gold Bank Note

Authorized as part of the National Banking System by Act of July 12, 1870; this is a $5 note redeemable in gold coin. Issuing banks were required to keep 25% of the note’s value in gold.

The Act of March 3, 1875 imposed a 10% tax on all State Banks, the following year, this tax was imposed on individuals when using the notes!!

That tax eliminated such issues

Reverse is similar to regular National Bank Notes

Notes from $5 to $100 were issued by 9 banks in California and one in Boston, which is still unknown

All are rare
Refunding Certificates of 1879

Refunding Certificates are not actually notes; but were Certificates of Deposit not intended to be used as money.

All are dated April 1, 1879 and in $10 denominations.

Two types were issued; payable to the bearer or payable to the depositor.

Reverse shows the interest rate to be paid.
The Act of February 12, 1873 stopped the minting of silver dollars so the western silver interests finally were able to help pass the Bland-Allison Act which renewed silver dollar coinage and authorized Silver Certificates, $10 to $1000
2nd Charter National Bank Note

Very similar to the prior issues; differences being the Blue Seal and numbers instead of Red which was used on First Charter Notes. Renewing the charter for 20 years became a political issue for years.
2nd Charter National Bank Note

Different Reverse
2nd Design of $10 Silver Certificates

Used on Certificates of 1886, 1891, and 1908
The 1891 issue had a Red Seal with Scalloped Edges,
The 1908 series had a Blue Seal with Scalloped Edges
The Sherman Law of 1890 authorized issuance of Treasury Notes, also called “Coin Notes” because they were “payable to bearer in coin.” Although the notes were issued to be payable in Silver Coin, most were redeemed in Gold Coin.

Only 2 issues of Coin Notes, 1890 & 1891

Issued in denominations of $1 to $1000, except there are no $50 or $500 notes.
During the 3-year period of 1890-1893, the Treasury had purchased $147 million in Silver, but paid $132 million in Gold for it, so the stock of gold was dangerously low. President Cleveland called an extra session of Congress which repealed the silver purchase section of the 1890 Act.
Legal Tender Note of 1901

The only note with an animal portrayed; reverse features a Maiden representing Enlightenment. This 1901 note was issued under the authority of the Civil Wars Acts of 1862 & 1863.
National Bank Note of 1903

Missing
Federal Reserve Note - 1915

Missing
Federal Reserve Note - 1918

Missing
Legal Tender Note - 1923

Missing