

Coin Chronicles

The Newsletter of the Trenton Numismatic Club

January 2018

Fractional Currency

Fractional currency, also referred to as shinplasters, was introduced by the United States federal government following the outbreak of the Civil War. These fractional notes were in use between August 21, 1862 and February 15, 1876, and issued in 3, 5, 10, 15, 25, and 50 cent denominations across five issuing periods.

The Civil War economy caused a shortage of United States coinage. Gold and silver coins were hoarded, given their intrinsic bullion value, relative to irredeemable paper currency at the time. In late 1861, to help finance the Civil War, the U.S. government borrowed gold coin from New York City banks in exchange for treasury notes and the New

York banks sold them to the public for gold to repay the loan. In December 1861, the Trent Affair shook public confidence with the threat of war on a second front. The United States Department of the Treasury suspended specie payments, or the payments made in gold and silver in redemption of currency notes, and banks in New York City stopped redeeming paper money for gold and silver. In the absence of gold and silver coin, the premium for specie began to devalue paper currency. After the New York banks suspended specie payments (quickly followed by Boston and Philadelphia), the premium on gold rose from 1-3% over paper in early January 1862 to 9% over paper in June 1862, by which time one paper dollar was worth 91.69 cents in gold. This fuelled currency speculation (e.g., redeeming banknotes for silver coin which was then sold at a premium as bullion), and created significant disruption across businesses and trade. Alternate methods of providing small change included the reintroduction of Spanish quarter dollars in Philadel-

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phia, cutting dollar bills in quarters or halves, refusing to provide change (without charging a premium for providing silver coins), or the issuance of locally issued shinplasters (i.e., those issued by businesses or local municipalities) was forbidden by law in many states.

Treasurer of the United States Francis E. Spinner has been credited with finding the solution to the shortage of coinage: he created postage currency (which led into the use of Fractional currency). Postage (or postal) currency was the first of five issues of US Post Office fractional paper money printed in 5-cent, 10-cent, 25-cent, and 50-cent denominations and issued from 21st August 1862 through 27th May 1863. Spinner Proposed using postage stamps, affixed to Treasury paper, with his signature on the bottom.

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COIN SHOW SCHEDULE

By Bill Liatys

February 2018 LOCAL SHOW SCHEDULE

New York International Numismatic Convention

Jan 12th - 14th, 2018 Fri 10:00 AM - 7:00 PM Sat 10:00 AM - 7:00 PM

Sun 10:00 AM - 3:00 PM Waldorf Astoria Hotel 301 Park Avenue New York City, NY 10022

Colts Neck Coin & Currency Show February 10th Sunday 9 AM - 3 PM

St Mary's Church Rt 34 North & Phalanx Rd. Colts Neck, NJ 07728

Old Bridge February 2th Sunday

Old Bridge First Aid & Rescue Bldg. 200 Marlboro Rd. Old Bridge, NJ 08857

Whitman Coin & Collectibles Baltimore Expo

Mar 22nd - 25th, 2018 Thursday - Sunday

Thursday - Noon - 6 PM Friday - Saturday - 10 AM - 6 PM Sunday - 10 AM - 3 PM

Baltimore Convention Center One W. Pratt Street Baltimore, MD

WORLD'S FAIR OF MONEY

Pennsylvania Convention Center

Philadelphia, PA - August 14-18, 2018

Tuesday 1 p.m. to 5:30 p.m.; Wednesday-Friday 10 a.m. to 5:30 p.m.

Saturday 10 a.m. to 4 p.m. (FREE admission on Saturday!)



Give us your two cents!

Send an article to Coin Chronicles.

Joe@pargola.com

The club depends on the contributions of its members.

Think about an article today!

Based on this initiative, Congress supported a temporary solution involving fractional currency and on 17th July 1862 President Lincoln signed the Postage Currency Bill into law. The intent, however, was not that stamps should be a circulating currency.

The design of the First Issue (postage currency) was directly based on Spinner's original handmade examples. Some varieties even had perforated stamp-like edge. While not actually legal tender, postage currency could be exchanged for United States Notes in \$5 lots and were receivable in payment of all dues to the United States, up to \$5. Subsequent issues would no longer include images of stamps and were referred to as Fractional Currency. Despite the July 1862 legislation, postage stamps remained a form of currency until postage currency gained momentum in the spring of 1863. In 1863, Secretary Chase asked for a new fractional currency that was harder to counterfeit than the postage currency. The new fractional currency notes were different from the 1862 postage currency issues. They were

more colourful with printing on the reverse, and several anti-counterfeiting measures were employed: experimental paper, adding surcharges, overprints, blue end paper, silk fibres, and watermarks to name a few. Fractional currency shields which had single sided specimens were sold to banks to provide a standard for detecting counterfeits. Postage and fractional currency remained in use until 1876, when Congress authorized the minting of fractional silver coins to redeem the outstanding fractional currency.

The First Issue released from 21st Aug 1862 to 27th May 1863 in denominations of \$0.05, \$0.10, \$0.25 and \$0.50. They were issued as postage currency with two main varieties: 1) edges (straight versus perforated), and 2) monogram (presence or absence of the American Bank Note Co. monogram (ABCo) on the reverse). All four denominations bear the stamp motif on the obverse.



Second Issue was released from 10th Oct 1863 to 23 Feb 1867 in denominations of \$0.05, \$0.10, \$0.25 and \$0.50. The Introduction of numerous anti-counterfeiting measures: bronze oval (obverse), bronze ink surcharge (reverse), use of fiber paper etc. were employed.



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Trenton Numismatic Club

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Trenton Numismatic Club is members of:



American Numismatic Association

Third Issue was released from 5th Dec 1864 to 16th Aug 1869 in denominations of \$0.03, \$0.05, \$0.10, \$0.25 and \$0.50. Sporadic use of surcharges, signatures introduced (except 3-cent) both printed (PS) and autographed (AS), design features (or position indicators) – either the letter “a”, the number “1”, or both, on the extreme left obverse. All were designed to improve the look and thwart counterfeiting.



Fourth Issue was released from 14th Jul ,1869 to 16th Feb, 1875 in denominations of \$0.10, \$0.15, \$0.25, and \$0.50. Additional anti-counterfeiting measures: watermarked paper (“US”), embedding of large silk fibers, blue tinted end paper were used.



Meeting Schedule

The Trenton Numismatic Club meets on the fourth Monday of each month at the

HAMILTON PUBLIC LIBRARY
 ONE JUSTICE SAMUEL A. ALITO JR. WAY
 HAMILTON, NJ 08619-3809

Mailing Address: T.N.C. P.O. BOX 8122
 Hamilton, New Jersey 08650

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depicting William Tecumseh Sherman and Ulysses S. Grant had not been completed and thus fell under the scope of the new law. The Sherman-Grant notes exist only as specimens.



Three people were depicted on fractional currency during their lifetime: Francis E. Spinner (Treasurer of the United States), William P. Fessenden (U.S. Senator and Secretary of the Treasury), and Spencer M. Clark (Superintendent of the National Currency Bureau). Both Spinner and Clark decided to have their portrait depicted on currency, which created controversy. Republican Representative Martin R. Thayer of Pennsylvania was an outspoken critic, suggesting that the Treasury's privilege of portrait selection for currency was being abused. On 7 April 1866, led by Thayer, Congress enacted legislation specifically stating "that no portrait or likeness of any living person hereafter engraved, shall be placed upon any of the bonds, securities, notes, fractional or postal currency of the United States." On the date of passage, the plates for the 15-cent note



The General Public is usually surprised to know that we used paper currency for such small amounts. In the 14 years of these issues, (1863-1876) there were 369 million dollars of Fractional Currency printed. Very little exists today. Only about \$1.8 million dollars exists today. Many Americans have never seen a Fractional Note.

Collectors, on the other hand like collection of these because it is a short but varied series. A denominational series consists of only 6 notes, A Type Set can be made with only 25 notes and a Complete Collection would consist of 140 Notes and about 50 Specimen proofs.

They are easy to find on EBay in all grades and fun to collect.

Fifth Issue was released from 26th Feb, 1874 to 15th Feb, 1876 in denominations of \$0.10, \$0.25 and \$0.50. Color tinting in paper, and silk fibers were used to thwart counterfeiting.

