ACCent: The Monthly Newsletter of the Anchorage Coin Club

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The Award Winning Monthly Newsletter of the Anchorage Coin Club

Membership meeting is held on the first Tuesday of each month

Volume 32, Number 6 June 2019

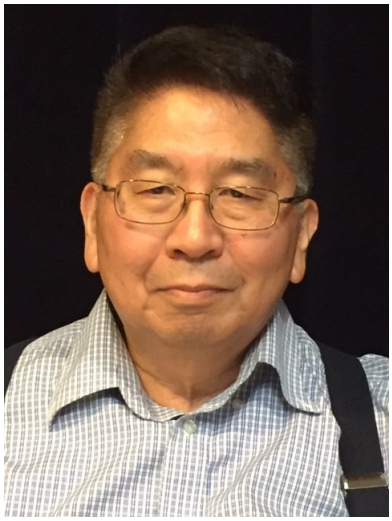
Monthly Membership Meeting

Tuesday June 4, 2019 Central Lutheran Church at 15th and Cordova 7:00 PM

Membership Meeting Highlights

- **The June meeting will be Chili Dogs.** Members are asked to bring in side dishes, salads, and desserts to augment the chili dogs. The Club will provide the chips, soda, and water.
- **Larry Nakata will giving a presentation on *"The History of Paper Currency- Part Four- U.S. Paper Currency-Federal Currency".***
- **The monthly raffle item is an 1889-P Morgan Dollar graded ANACS MS-63.**
- Live and Silent Auctions

President's Column: Who's who – Larry Nakata



I have been a coin club member since 1989, a year after the Anchorage Coin Club was established. During the past 30 years, I have served in every board position, including president, and am presently serving as your secretary.

My interests in coin collection began when I was 13 years old when two of my school buddies got me started. I had a newspaper route at that time, which gave me an opportunity to fill my Whitman Coin folders. Back then it was common to see Walking Liberty half dollars, Standing Liberty Quarters, Mercury dimes, Buffalo nickels, and early date Lincoln cents when I went through the loose change from the moneys I collected from my paper route.

I lost interest in collecting coins when I went through college and got back into the hobby after I came to Alaska. Turns out that my mother kept all of my coin books and coins in a safe deposit box all those years and turned them over to me in 1987. Since 1987 I've continued to build on my collection. My interests are in U.S. $1 currencies, U.S. uncirculated rolls, and collection US coins by date and mintmark. – Larry Nakata

May 7th Anchorage Coin Club Membership Meeting

The Anchorage Coin Club membership meeting was called to order at 7:15 pm by Club **President Jerel Price**.

Door prizes were drawn. Door prizes won:

- 1973-S Clad Proof Ike Dollar won by **Eddie Hoecher**.

- 1974-S Clad Proof Ike Dollar won by **Dan James**.

Jerel gave a quick bio and spotlight of **Dan Barnhart**/ Vice President of this club.

Announcements were then made:

- The club's summer picnic will be held on the afternoon of Saturday, July 13th at the Abbott Community Park located on Elmore Road in Anchorage. Our club has traditionally held our summer picnics over the year at the park's pavilion. Event will start at 12 noon and run through the afternoon. Food, games, and prizes will be awarded during the picnic. Club will provide the chips, dips, hamburgers, hotdogs, soda pop, lunch ware items (such as plates, forks, spoons, napkins, etc.). Members are asked to bring potluck items such as salads, desserts, and side dishes. **The main event of the summer picnic will be our club's annual Summer Donation Auction in which we ask our club members to donate coins and numismatic items with the proceeds of the auction going to the club for our programs.** We are accepting donations at this time for the Summer picnic auction. Members can bring the donated items to our next club meeting on June 4th, drop them off at Carl's place of business at the University Center, or just bring them to the summer picnic event on July 13th.

- Our monthly raffle coin was an *1887-P Morgan Dollar graded ANACS MS-63*.

- Larry Nakata gave a presentation that evening on *"The History of Paper Currency- Part Three-U.S. Paper Currency".*

- Live and Silent Auctions were conducted following the award of the monthly raffle coin and Larry Nakata's presentation.

Announced was that our next club's Board meeting to be held on May 15th 6:30 pm at ***Kay's Family Restaurant*** located at 3002 Spenard Road. Members welcomed to attend Board meeting.

As there was no further old business or new business to bring up, **Larry Nakata** then proceeded to give his evening's presentation on the subject of ***"The History of Paper Currency- Part Three-U.S. Paper Currency".*** (**Note:** This presentation will also be an article for those who could not attend the meeting in the newsletter.)

Following Larry's presentation, the May monthly raffle prize, ***1887-P Morgan Dollar graded ANACS MS-63***, was won by **Steven Myers**.

Live and Silent Auctions were then conducted with the membership meeting ending at 8:30 pm…..***Larry Nakata/Secretary.***

Minutes of the May 15th Anchorage Coin Club Board Meeting

The Anchorage Coin Club meeting was called to order at 6:30 pm by Club President **Jerel Price**. Board meeting held at "***Kay's Family Restaurant".***

President Jerel Price informed the Board that he will not be able to attend our June 4th membership meeting as he will be out of town. Vice President Dan Barnhart will chair that meeting.

Jerel also informed board that notices have been mailed to those members who have not yet paid their dues for this year. Since our June 2019 newsletter will go out prior to the end of May (when all dues are expected to be paid), delinquent members will not receive their July 2019 newsletters or email newsletter if not paid by the end of May.

Financial report given. Club finances remain good. Dan Barnhart, who is in charge of finishing our club's Policy and Procedure Manual, requested that we include a Finance section in the manual. Larry Nakata will work on this.

Dan Barnhart then gave progress report on club's Policy and Procedure Manual. The majority of information is now in hardcopy as well as on thumb drive. Looks good that we should have a finished product by end of calendar year.

The Board then went into the planning of our club's Summer picnic event. **Bill Rodeck** will be heading up the games for the event. Discussion ensued on types of prizes for winners of the games. Board members will donate the prizes…one of which will be a gold coin. Since the members will be asked to

bring in desserts, salads, and side dishes for the event, it was decided that:

- If your last name starts with the letters A-H bring a salad,
- If your last name starts with the letters I-P bring a side dish,
- If your last name starts with the letters Q-Z bring a dessert.

The Summer picnic raffle coin (for our July 13th Summer Picnic event) will be a ***U.S. 1926-P $2 & ½ Gold Indian graded PCGS AU Cleaned Genuine.***

As in years past, our July 13th Summer picnic will be our official membership meeting date for the month of July. Accordingly, when we go out with our July newsletter, **members will be reminded NOT to show up at the Central Lutheran Church on the first Tuesday of July (July 2nd).**

Under New Business:

- At our next meeting in June, remind members submitting coins for the Live Auction that they are responsible for settling up the Live Auction fees with Larry Nakata.
- Agenda for June 4th Membership meeting (First Tuesday of June):
- Refreshments will be Chili Dogs, chips, soda pop supplied by the club. Members are asked to bring in side dishes, salads, and desserts to augment the chili dogs.
- Larry Nakata will be giving a presentation on: ***"The History of Paper Currency- Part Four- U.S. Paper Currency-Federal Currency".***
- The May raffle coin will be an ***1889-P Morgan Dollar graded ANACS MS-63***.

The next Board meeting to be held on June 19th (3rd Wednesday of June) 6:30 pm at Jimmy's Sushi Restaurant located at 550 W. Tudor Road. Members welcomed to attend Board meeting.

As there was no further business to discuss, the Board meeting subsequently adjourned at 7:30 pm……***Larry Nakata/Secretary.***

"THE HISTORY OF PAPER CURRENCY- PART THREE- U.S. PAPER CURRENCY" by Larry Nakata (Life Member #3)

In Parts One and Two, we covered how paper currency evolved into in China and in Europe. At the conclusion of Part Two, I made the point that the United States had considerable impact in the 20th Century on how paper currency evolved around the world to where things stand today. In this article (Part Three) I will be covering how paper currency evolved up to the U.S. Civil War in the United States.

Let me start Part Three by stating that use of paper money really began in Colonial times….prior to the creation of the United States. In colonial times, there was not sufficient coinage to satisfy the needs of the American colonies. In 1690, Massachusetts issued paper money to fund their military expeditions into Canada. Other colonies would soon follow suit. These forms of money were called "Bills of Credit"….and were called such to appease the mother country (England). The rationale was that these "bills of credit" were treated as a loan used for a specific public purpose. It was a quaint way of getting around the mother country's rules.

With the coming of the French and Indian Wars in the mid-18th century, more and more of these "Bills of Credit" would circulate throughout the colonies. The effect of having this paper currency was that it helped stimulate the economies of the colonies. Such currency could be exchanged for coins (when coins were available).

With the conclusion of the French and Indian Wars, England took measures to repress any further issuance of these "Bills of Credit" in 1764. Such measures resulted in an adverse effect on the economies of the colonies. This was viewed as meddling in the economic affairs of the colonies and would prove to be one of causes for the

Revolutionary War. In fact, on the eve of the Revolutionary War, Alexander Hamilton (who would become the first Secretary of Treasury for the United States) estimated that the money supply in America was 1/4th coin and 3/4th paper money.

During the Revolutionary War, Continental Congress would issue Continental Currency used to fund the war effort. Each state was asked to issue such currency and to support it. Some did…some didn't. Still…some $241 million of Continental Currency was issued during the war. The public's faith in such currency would decline as the currency exchange rate changed from 1-1, to 40-1, and later to 250-1….as the war years progressed.

Aggravating this problem were two developments as the war progressed:

- During the Revolutionary War, England counterfeited large amounts of Continental currency to undermine its value.
- We see the development of State Bank Notes in which each state would encourage local banks to make and issue their own currency. Such currency to be backed by the local bank's reserves of gold and silver coinage and bullion.

By the end of the Revolutionary War, the failure of Continental Currency would undermine any attempts to issue a national paper currency system in the United States. The State Bank Note system then became the prevailing system used until the Civil War.

In the early days of the United States, the Constitution of the United States proved to be a dilemma in terms of monetary policy for paper currency. On one hand it allowed each state the right to have local banks issue their own paper currency. Yet, on the other hand, the Constitution also allowed for the Federal Government to establish a National Bank that would act as a repository for federal funds and act as the Federal government's fiscal agent.

So, in 1791, Secretary of Treasury Alexander Hamilton would establish the First Bank of the United States with the authority to issue its own paper currency. This would create an intense rivalry between both banking systems. What was at stake was the power of the Federal Government vs. State Rights in determination of monetary policy.

Foreign countries at that time liked doing business with the Bank of the United States rather than having to deal with individual state banks. Dealing with one national bank made sense to such foreign countries. States contended that the Bank of the United States was too conservative in its monetary policies thus causing constraints to their respective State economies. The states lobbied and were successful in 1811 in preventing the renewal of the First Bank of the United States charter….thus forcing it out of operation.

The War of 1812 would result in the creation of the Second Bank of the United States. In order to finance the War of 1812, the United States Government had to establish a national bank that could deal with foreign countries. It was simply a matter that foreign countries liked doing business with one national bank rather than a number of State banks.

After the War of 1812, the Second Bank of the United States would continue until 1836, when President Andrew Jackson would not allow renewal of the charter for the Second Bank of the United States. Thus in 1836, the Bank of the United States would again be forced out of operation. At this point, the State Bank system would again prevail and be used as the primary paper currency system until the Civil War.

The State Bank system had its problems:

- Differing monetary policies between each state was a problem. No two states did it the same.
- Foreign governments really wanted to deal with one national bank rather than a number of state banks.
- Problems with local banks "going under". A bank that issued its own paper currency was only as good as the gold and silver reserves in its vaults. In all cases, the bank always issued more paper currency than what gold and silver was in the vaults. As long as the public had faith in that bank, they would continue to use that bank's paper currency. If there was any sign of instability, the public would be quick in turning in that currency for gold and silver coinage (or bullion)…thus causing a "run on the bank". A lot of banks went under in this

manner…resulting in economic instability by the start of the Civil War.

Upon the start of the Civil War, the problem of funding the war effort resulted in the North and South taking measures to issue national paper currency.

- The Federal Government in the North would immediately force all state banks in the North to deposit (from their vaults) gold and silver equivalent to 10% of the value of their bank's paper money that was issued. This amounted to a 10% federal tax on the North's economy. The federal government would later do away with State Bank Notes and replace those notes with federal paper currency (which was introduced in 1862).
- The Confederate Government in the South would allow State Bank Notes to continue, but did not impose a tax. Instead, the South issued Confederate paper currency. At first, the populace of the South supported the Confederate paper currency. But as the Civil War dragged on, support crumbled…not only for Confederate currency, but also the State Bank Notes in the South. It especially got aggravated in the latter years of the war when the South was losing…..by which time both paper currency systems in the South essentially became worthless forcing the South's economy to one of "barter and trade".

With a stronger economic base in the North, the North was able to avoid these problems and in the end prevailed in the U.S. Civil War. When the North won the war, the State Bank notes of the South and the Confederate paper currency would be demonetized. At this point, Federal U.S. paper currency dominated and in 1866, the last of the State Bank Notes in the North were issued.

The Civil War would thus result in the demise of the State Bank Note system…thus the term "Obsolete State Bank Notes".

Federal currency prevails today…and the federal currency from 1862 still remains legal tender so that a $1 note from 1862 can be exchanged for a $1 Federal Reserve Note ….though I doubt a collector would be crazy enough to make such an exchange.

All other U.S. Currencies have been rendered obsolete and have been demonetized.,In ***Part Four " History of Paper Currency-Federal Currency"***, I will be covering how U.S. Federal Paper Currency evolved from the Civil War to the point where it is today…….***Larry Nakata***.

List of Auction Items Submitted for June 4th Meeting:

For Live Auction: Submitted by Bill Fivaz

1. 1850 Large Cent MS-64 BN Minimum Bid (MB) 315 (Bids @ $400)
2. 1913-P (T-1) Buffalo 5c MS-65+ (Full Strike) MB 75
3. 1945-S Jefferson 5c NGC MS-65 Full Steps MB 250 (Extremely rare in Full Steps)
4. 1890-O Morgan $1 NGC MS-64 MB 210 (Bids @ $250)
5. 1899 $2 & ½ Gold Liberty PCGS MS-62 MB 415 (Bids @ $450)

For Silent Auction: Submitted by Bill Fivaz

1. 1914-P Lincoln Cent MS-63 BN MB 35 (Bids @ $55)
2. 1922-D (Weak D) Lincoln Cent VG-10 MB 45 (Bids @ $150)
3. 1931-S Lincoln Cent AU-58 MB 75 (Bids @ $95)
4. 1938-D/S Jefferson 5c OMM#1 (Strong) MS-65 MB 75 (Bids @ $100)
5. 1940-D Mercury 10c MS-66 FSB (P/L) MB 35 (Bids @ $48)
6. **Donation Item:** 1937-P Buffalo 5c AU-58+ No Minimum

For Live Auction: Submitted by Debbie Coon

1. Set of six (6) Indian Cents: 2 each 1861 Good, 1863 Good, 1864 Good, 1879 Good, 1909 Fine MB 65
2. Circulated Roll of 50 Indian Cents Various Dates 1890-1907 Good to Fine MB 60
3. Circulated Roll of 50 Indian Cents Various Dates 1880-1889 AG to Fine MB 50

For Silent Auction: Submitted by Debbie Coon

1. Full circulated roll (40 coins) of Liberty V-Nickels (dates from 1900-1912) MB 20
2. Full circulated roll (40 coins) of Liberty V-Nickels (dates from 1891-1912) MB 20
3. Full circulated roll (40 coins) of Liberty V-Nickels (dates from 1894-1912) MB 20
4. Two (2) BU Rolls of 1957-P Lincoln Cents MB 10
5. One BU Roll of 1956-P Lincoln Cents MB 7
6. Partial Roll of 42 Indian Cents Circulated Condition 1880-1907 AG to VF MB 45

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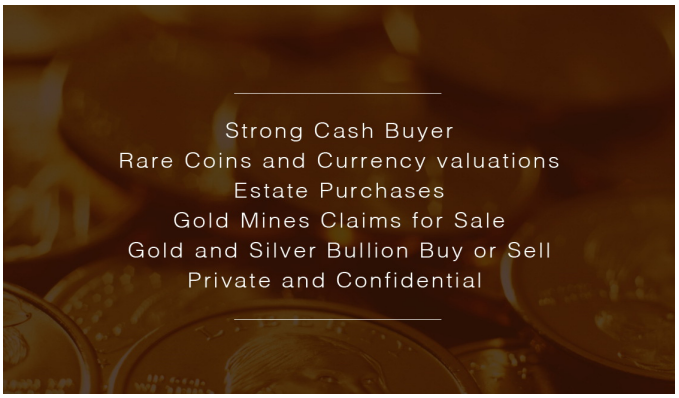

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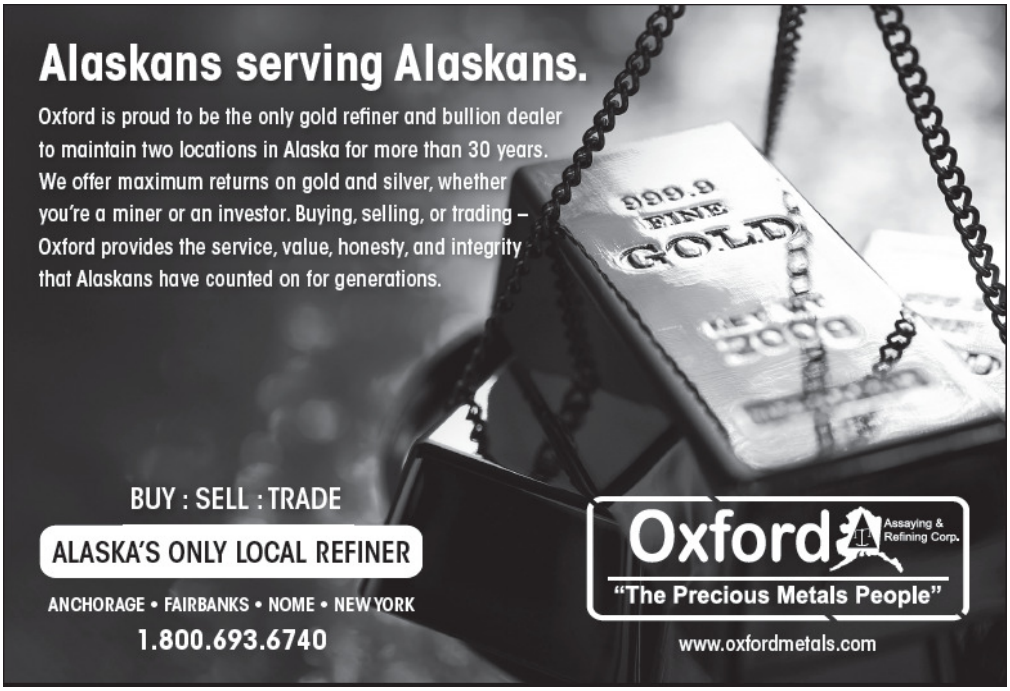
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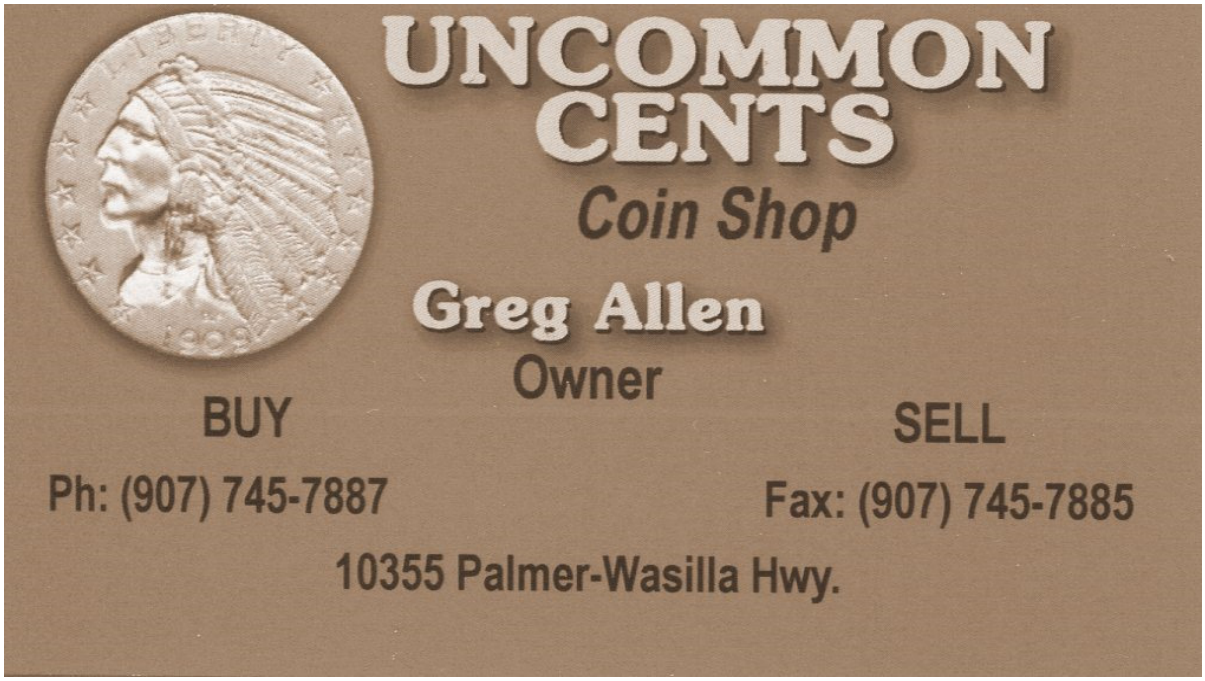
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ANCHORAGE COIN CLUB
June 4th RAFFLE

Tickets $5 each, 5 tickets for $20, or 11 tickets for $40.
Purchase and Drawing at the monthly meeting.

- **The Raffle Item is an 1889-P Morgan Dollar graded ANACS MS-63.**

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