



A Forgotten Chapter:

The United States Postal Note

By NICHOLAS BRUYER

SPMC No. 3448



THE HISTORY of United States fractional currency is often generally summed up thus: "Congress authorized, first, the use of postage stamps for change; second a modified form of postage stamp called postal currency; and, finally, fractional paper currency."* Recent consideration of this topic would seem to prove this summary a bit hasty. The issuance of fractional paper ceased, by act of Congress, on February 15, 1876. Did this signify its true conclusion? Was that the final act; the curtains drawn up tight, the concept of fractional currency spirited away to the dusty and unkind grave of a cupboard within the back room of some decaying government building? The answer is plainly No. On the contrary, the ideal of a fractional currency as a viable, perhaps necessary, means of conducting business and serving the general public persisted and ruggedly reasserted itself for some seventy-five years after its issuance was allegedly terminated in 1876.

The fifth issue of fractional currency (1874-76) was not the end of the fractional note as an entity, but rather just another of many steps that had their conclusion on March 31, 1951, when the last United States Postal Note was withdrawn from sale.

If the postage stamp has been honored as the forefather of fractional paper, then so must fractional currency be revered as the progenitor of the United States postal note. All three of these types of paper were used in the 19th century to bolster the circulation of coinage, which always seemed to be in short supply. Stamps, postage and fractional currency and postal notes all were transmitted through the mails for the payment of small sums of money. All were for the general use of the people, all payable to bearer. Yet, when the histories of paper money were written, the postal note somehow became separated from its compatriots.

* See page 4, *Classified List of U.S. Postage and Fractional Currency*, by Dr. F. A. Limpert, First edition, 1947.

ANCESTORS

U. S. Money Order System

THE U. S. money order system was created on May 17, 1864, its need accentuated by "the privation suffered by soldiers' families because there was no safe method of sending money by the mail," sullen testimony to the epidemic numbers of mail robberies that occurred during and after the Civil War. Actual issuance of the money orders began on Nov. 1, 1864, and an example of this early type of order is illustrated in Plates 1 (obv.) and 2 (rev.). Although this particular money order shown here is dated 1894, it is substantially identical to all money order forms used from 1864 until 1894. These money orders were designed for maximum security on the part of the Post Office Department, and were thus extensive and complicated, demanding a great deal of time on the part of the postal employee and patron to complete, and were large and unwieldy.

The form itself consisted of two major parts: the money order form itself, and the attached *advice*. The

actual money order was a document issued to the purchaser for the amount of money desired and hand-cancelled at the upper left obverse by the issuing office with a stamp marked "M.O.B." (Money Order Business) at bottom. Like present-day money orders, this was to be mailed or delivered to the person to be paid, and the reverse of the money order allowed the payee to endorse it and make it payable to another party if he desired. However, the person to whom the money order purchaser was sending the order was never actually mentioned on the money order; there was no "Pay to the order of —," as there is on all modern-day checks and money orders. This was the money order's foolproof security feature: Since the name of the payee was nowhere to be found on the form, it would be absolutely worthless to anyone who might obtain it by theft or otherwise as, not knowing who he would have to fraudulently represent himself to be in order to cash it in at the designated money order office, he could not sign for it or in any way prove that he was the legitimate owner.

This is where the second part of the money order, the *advice*, came into play. At the time of issue, the name of the payee was written into the *advice*. This *advice* was then detached from the money order and immediately mailed by the issuing postmaster to the designated office of payment. Thus the *paying* office, upon receipt of the *advice* in the mail, had the full name and address of the payee, and only the person mentioned on the *advice* could cash the money order.

This system, though complicated, afforded absolute security for the POD, the purchaser and the payee. This security also severely restricted the usefulness of the

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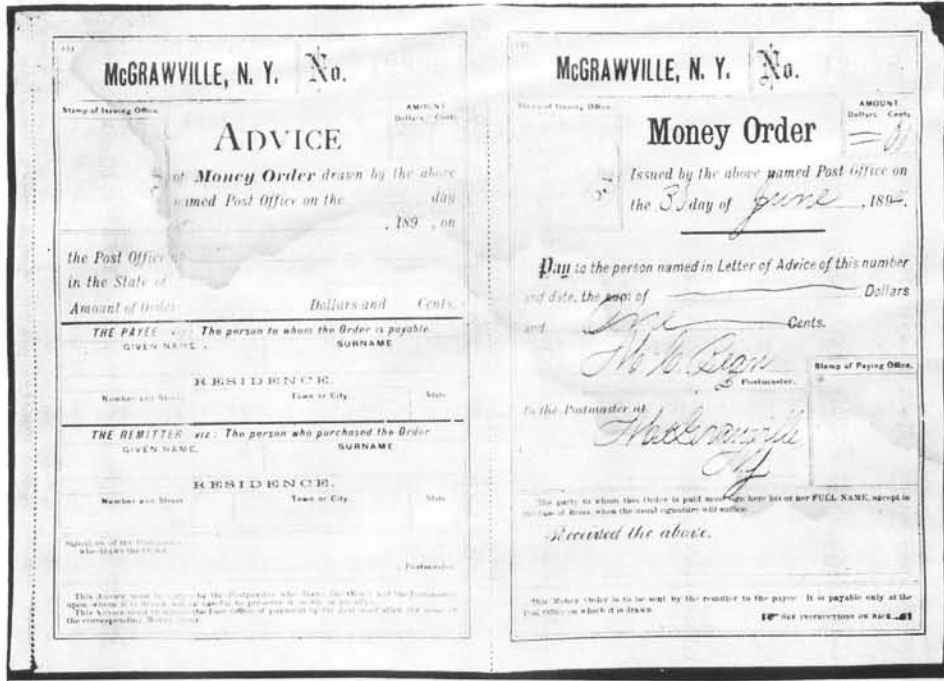


Plate 1. Old form of money order, in service from 1864 to 1894. Advice at left. It has been issued for June 30, 1894, the last this form of order was used.

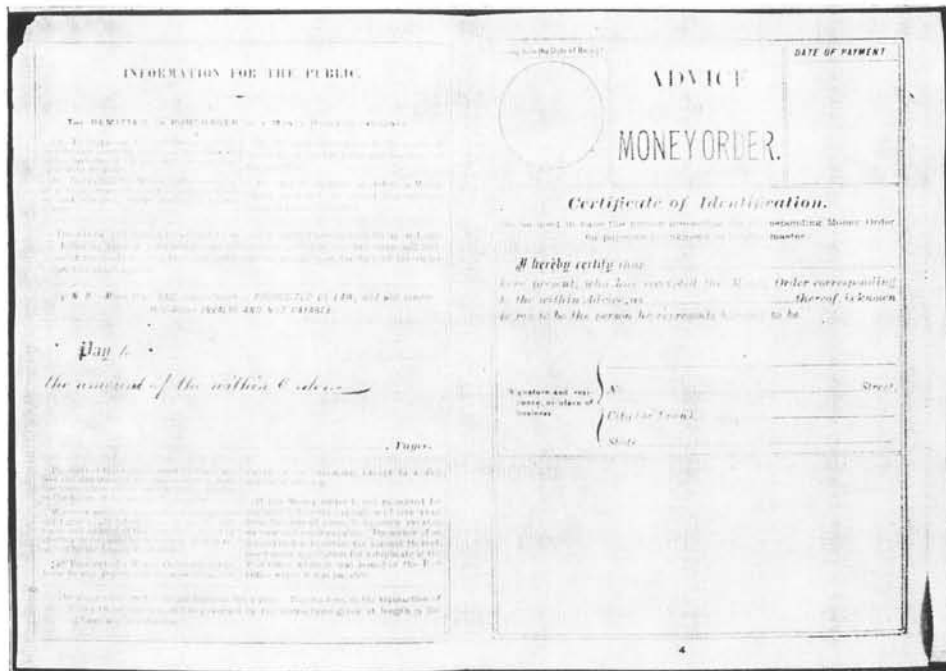


Plate 2. Reverse of old form of money order, with attached advice at right. Notice extensive and complicated instructions. (Courtesy Chase Manhattan Money Museum)

money order: It was payable exclusively at the money order office designated on the face, not negotiable through banks, and could not be paid until the corresponding advice had reached the paying office. If the advice was lost, stolen or delayed, the payee was out of luck, and the original purchaser probably had to apply for a duplicate.

These inconveniences were somewhat tolerable for the person who wished to send large sums of forty, fifty or a hundred dollars through the mails, but for small remittances of a few dollars or cents such extensive precautions were simply absurd.

Postage and fractional U. S. currency served the public from August, 1862 until February, 1876, when its issuance was officially stopped. These notes were widely enjoyed by the people who, short of coin in light of the Civil War, had to revert either to sticky, messy postage stamps or credit to conduct their everyday business and

make remittances by mail. Because of their size and lack of bulk, the fractional notes could be made to be undetectable in a letter, thus increasing the chances of the money arriving along with the letter, rather than disappearing into the pocket of some unscrupulous government employee.

A NEW NOTE

Preparations and Legislative Planning

WITH the retirement of fractional currency there came, not unreasonably, a great clamor from the public for something to take its place. Postal officials were highly aware of this problem and did not want the public to revert to sending stamps or coin in the mail. In 1944, the Postmaster General, recounting a bit of the history of the Money Order System, said in his annual Report: ". . . Postal notes were first given thought in 1875, when the fractional currency (shin-plasters) was discontinued. This currency had been used extensively to send small amounts by mail." The Post Office Department began to consider proposals from both within and outside its administration for a suitable note to take the place of fractional currency.

The new note should be oriented towards the public's own convenience and utility; it should "be of a convenient size for enclosure in the ordinary letter-size envelopes, engraved upon thin bank-note paper, and provided with effective checks against counterfeiting." The design of its form should be relatively simple, easy to fill out and understand. Preparations on a new note, a Postal Note, were seriously under way by 1880-81, and in 1882 a bill was prepared to be put before Congress. In drawing up the bill it was noted that on March 1, 1882, the American Express Company put into operation a money order system. American Express money orders were issued for sums less than \$5.00 at a cost to the purchaser of 5c; the money orders could not be drawn for amounts less than \$1.00, nor for sums not a multiple of 5c. Study of the Post Office's Money Order System showed that nearly half of all their orders issued were for sums less than \$5.00. Thus, the new postal note would be highly competitive and useful if it might be issued for *any* sum less than \$5.00, at a cost to the purchaser of 3c.

The Bill, H.R. no. 5661, was debated by the House during the 47th Congress, first session, June 23 to July 25, 1882. Mr. Bingham of the Post Office Department, presenting this bill to the House, said: "(This) bill meets a positive and urgent demand for transmission through the mails of small sums of money at a very low fee, and with wise safeguards, which the bill indicates as a postal note, payable to bearer." The distinctive features of the postal note, as originally conceived and submitted to Congress, are as follows:

1. No written application to be required from the transmitter.
2. The postal note to be issued for sums less than \$5.00.
3. It is to be issued without advice.
4. It is to be made payable at a particular money order office.
5. The orders are to be numbered consecutively for each office of issue.
6. The stub in the book of forms is the only record of issue to be kept in the post office.
7. The orders are to be payable to bearer.
8. A duplicate cannot be issued of a postal note lost in the mails or otherwise.
9. The orders are to be payable at any time within three months from the last day of the month of issue. If presented after the expiration of three months from the last day of the month of issue, they are to be cashed for an additional fee, equal to the original fee, for every three months, or fraction of three months in excess of such period.
10. The orders are to be printed in sheets, upon thin bank note paper, from engraved plates, and are to be separated from each other, and from the stubs, by perforated lines. The sheets are to be bound in book form.

In discussing the bill, several alterations were made or proposed. The clause concerning redemption of invalid

postal notes was modified so that a fee of 3c would be charged for replacement of any postal note older than three months from the last day of the month of its issue, regardless of how old the note was, whether three months, ten months or ten years. Thus any postal note rendered invalid by age could be replaced for a simple fee of 3c, whereas under the originally proposed legislation the replacement fee would have been 3c for each three months the note was invalid (a postal note invalid for 12 months would have cost four times 3c=12c, but under the bill as passed replacement only cost the standard 3c replacement charge). Another portion of the original bill stated that:

. . . all blanks, blank-books, and printed or engraved matter supplied to postmasters by the Postmaster-General or used in his Department for the transaction of the money-order business shall be obtained from the lowest bidders for furnishing printed and engraved matter, respectively, under separate advertisements calling for proposals to furnish the same for a period of four years, upon such conditions as the Postmaster-General may prescribe; and the Public Printer and the Chief of the Bureau of Engraving and Printing of the Treasury Department are hereby authorized to submit proposals in conformity with the provisions of this section to furnish, respectively, such printed and engraved matter as may be required for use in the money-order business.

Under this proposed section of the bill the Public Printer and the BEP were empowered to bid alongside private companies for the work of engraving and otherwise manufacturing a postal note. A Mr. Robinson, Congressman from Massachusetts, inquired as to the nature and value of pitting the government against private companies in a bid for its own work:

Mr. ROBINSON. Then how can outside parties compete with the Government? Can they furnish this work at less than cost?
 Mr. BINGHAM. I do not know that.
 Mr. LACEY. This provision is to place this matter upon the same ground as the printing of postage stamps. Postage stamps are now supplied by competitive bids; they are not engraved by the Department, but supplied by contract.
 Mr. ROBINSON. Does the Public Printer or the Chief of the Bureau of Engraving and Printing put in proposals for postage-stamps in the same manner as provided here?
 Mr. LACEY. I do not know about that.
 Mr. ROBINSON. I think not.
 Mr. LACEY. The bill as first submitted by the Department left that clause out; but it was thought best to let the Public Printer and the Chief of the Bureau of Engraving and Printing come in as bidders, and if they bid below private parties, then they should take the work. It is to be let to the lowest bidder, especially as these are to be steel engravings.
 Mr. ROBINSON. My only suggestion is that there do not seem to be certain analogies which ought to obtain between the office of the Public Printer and the office of the Bureau of Engraving and Printing and outside printers. . . . I think it hardly a proper thing for us to provide that public officers of the Government shall, by making proposals for doing printing, come in competition with private parties.
 Mr. BINGHAM. I admit that the criticism of the gentleman is a fair one.

As a result this section was amended so that, upon completion of the bidding, the BEP and the Public Printer could submit separate bids for the work if they believed that they could do the work cheaper. Also, the reference to "lowest bidders" in the original clause was changed to "lowest responsible bidders."

At the time this bill was being considered, there were about six thousand post offices designated money order offices in the United States, allowed to issue and pay money orders drawn upon them. There was a total of about 45,000 post offices in existence in America at that time. The government believed it would not be prudent to allow all 45,000 offices, most ignorant of the money order business, to issue the new postal notes; the notes were largely an experiment, and any problems that might arise

would be more easily handled by the 6,000 "veteran" first class offices, rather than 45,000 mainly inexperienced ones. Thus, under the guidelines to be established, only post offices able to issue money orders (offices with an annual revenue of \$250.00 or more) would also issue postal notes. Because of these guidelines, some areas of the West were entirely devoid of any money order service at all. A Mr. Dunn of Arkansas addressed himself to the problem making this rousing speech to the House:

Mr. Speaker, I believe that our postal service, with all its benefits and privileges, ought to follow the footsteps of the hardy pioneer wherever he may go in his brave and rugged march over our broad Western plains and distant mountains, for he it is who opens and smooths the pathway for the onward march of civilization and who receives the first as well as the rudest shock in conflict with the savage and other elements of obstruction that oppose its advance. I believe that it is the duty that the Government owes to that gallant pioneer to keep up this line and means of communication between him and the civilization that is behind him.

However, the post office officials were adamant in their refusal to issue postal notes to the minor post offices. A money order office *would* be opened anyplace, the West or otherwise, that did \$250.00 or more each year in business; by experience the Post Office found that offices doing less than \$250.00 per year could not sustain the monetary demands of the money order business (remember that money order offices must *pay out*, as well as issue, money orders). Despite these seemingly reasonable answers, the problem of equally distributing the postal note service to all people remained to be of some concern, and will be heard more of later.

It has formerly been reported in another article on the U. S. Postal Notes that they were rendered "worth-

less" after a certain period of time; this is false. As this bill plainly states:

But nothing contained in this act shall be so construed as to prevent payment, out of current money-order funds, by duplicate under the authority of the Postmaster-General, of any . . . invalid postal note more than seven years old, upon presentation of satisfactory proof to the Postmaster-General of any . . . invalid postal note more than seven years old, upon presentation of satisfactory proof to the Postmaster-General of the ownership of . . . such invalid postal note in accordance with provisions of section 1 of this act.

There is, then, a distinction between an unredeemable, worthless note, and an invalid note. An invalid postal note is one that, by reason of its age, being older than three months from the last day of the month of issue, cannot be redeemed through normal money order office channels, but rather must be redeemed through application filed with the Post Office Department.

Finally, the bill included practical measures for implementing the postal note business and a prototype illustration of the proposed postal note, as a guide to be later used by the firm successful in obtaining the contract for the production of the postal note form:

There is now employed at New York City a postage-stamp agent, with a force of clerks under his charge, whose duty it is to receive from the manufacturers supplies of postage stamps and to dispatch the same to postmasters. There will be the same necessity for the employment of a responsible officer at the place of manufacture, who shall give bond for the faithful performance of his duties, to receive from the contractor (a) supply of postal notes, dispatch the same to postmasters, and generally to act as a responsible medium between the Department and the contractor for furnishing postal notes.

Development of the First Design

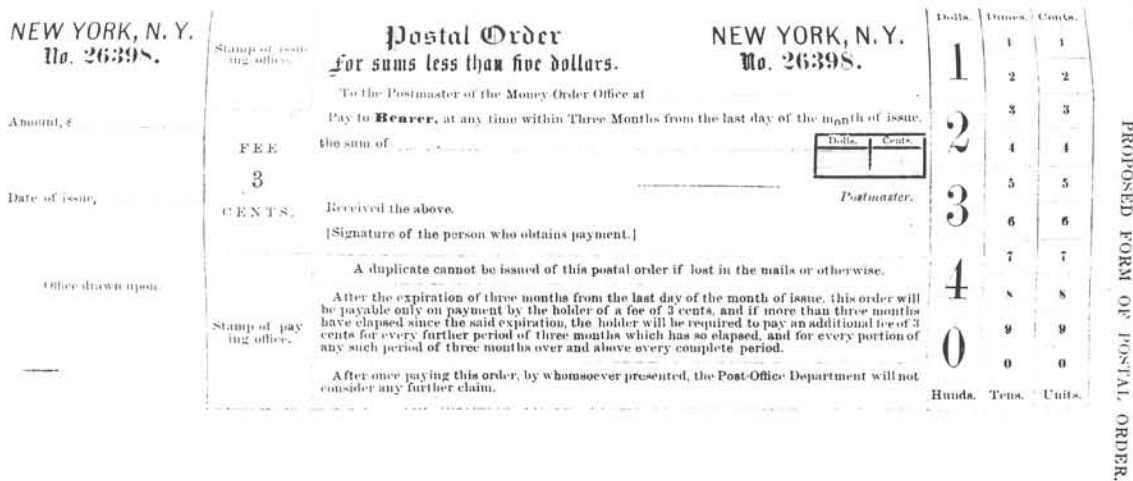


Plate 3. Prototype "postal order," typeset design as appears in the Postmaster General's Annual Report and in the Congressional Record.

The prototype note is shown in Plate 3. The portion at left of the note is the stub, to be retained in the post office. The far right of the prototype is to be used for punching out with a standard conductor's ticket punch the amount for which the note is to be issued to the purchaser, in "Dolls.," "Dimes" and "Cents.," or "Hunds.," "tens" and "Units," printed at bottom. The cost of engraving and printing a postal note was estimated at three-quarters of a cent each.

The annual report of Postmaster General Walter Q. Gresham (1883) read:

An act entitled "An act to modify the postal money-order system and for other purposes" passed both houses of the Congress, and was approved by the President on March 3, 1883.

It authorized the issue of the postal note for sums less than \$5, payable to bearer, provided for the purchase of all printed and engraved matter for the money-order system from the lowest responsible bidder under contract for a term of four years. . . .

Contracts have been duly executed with the Homer Lee Bank Note Company for furnishing postal notes and money-order drafts; with Messrs. Wynkoop & Hallenback, of New York, for furnishing bound blanks and blank books for the money-order business; and with Messrs. Natlack & Harvey, of Philadelphia, for furnishing unbound blanks for that business.

The Homer Lee Bank Note Co., successful bidders for the engraving and printing of the first issue of postal notes, went right to work on their government project. Following the lead of the prototype note developed by the POD, they began to design a postal note that would be



Plate 4. Liberty vignette for the First Issue U. S. postal note.

secure, practical, yet modestly attractive. A vignette of Liberty, encompassing the fee of three cents that was to be charged for issuing the note, was designed (see Plate 4). A sheet of four notes, printed only with the first plate used in manufacturing the note, is shown in Plate 5. A minimum of four, and perhaps five, printings were necessary to produce a complete postal note, and Plate 5 represents only the first plate impression, that of the security background design. After the sheet of notes was completely printed, it was cut in half, perforated between the remaining pair of notes in each half, and finally bound into a book of 500 pages, ready to be sent to some money order office. As one may readily see in Plate 5, the security engraving executed by Homer Lee is extremely small and complex. Mr. Gilbert L. Peakes, an experienced and knowledgeable collector in the field of postal notes, describes the obverse background of the note: "The fine-print background of the body of the Note is not, as might be expected, an engine-lathe job . . . but rather some fine lettering. The top part of this background printing is in a diamond-shaped pattern carrying the words 'UNITED STATES' and 'POSTAL NOTE' plus a federal shield, a winged wheel, and an orb carrying the letters 'US.' The lower part of the printed background is a tangle of ribbons containing 'U S P N UNITED - STATES U S P N' and 'POSTAL NOTE' with a few pairs of letters such as 'US' and 'PN' thrown into the spaces between the ribbons. All lettering is small, such that the word 'POSTAL' is only 4 mm. long."

The second plate used in printing the note, containing designations, instructions, spaces for signatures and for punching the amount for which the note was to be issued, was not engraved but rather typeset. It can be seen, overprinted upon the first printing, in Plate 6 (compare with Plate 5). This plate also contained the printing for the post office record stub, seen at left. While the primary background plate was printed in brown ink, this second printing is in black.

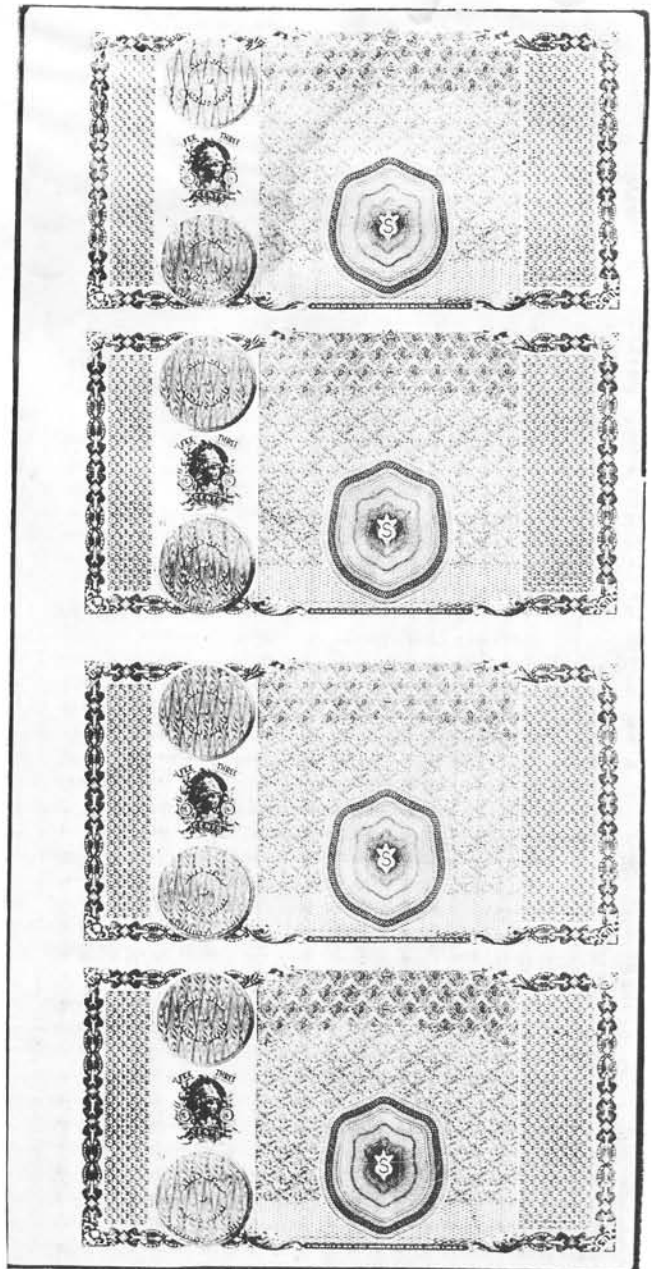


Plate 5. A complete sheet of postal notes after first printing, later to be overprinted, cut in half and bound in a book of 500. Note plate letters A, B, C, D, from top to bottom on each note to lower left of Liberty vignette. (Courtesy Gilbert L. Peakes)

The third (and fourth?) printings are that of the name of the issuing money order office, printed in black, and the serial number of the note, printed in red (Plate 7). Compare this with the prototype note designed by the POD, Plate 3. Notice how strictly the format was followed, though incorporating artistic license. All features of the note are as they should be.

The reverse of the note is the final printing. It is entirely blue in color, and not printed from an engraved plate. This is probably one of the strangest designs ever used on a circulating currency issued by the United States (Plate 8). At first glance it does not strike one as being a product of our country at all, but rather

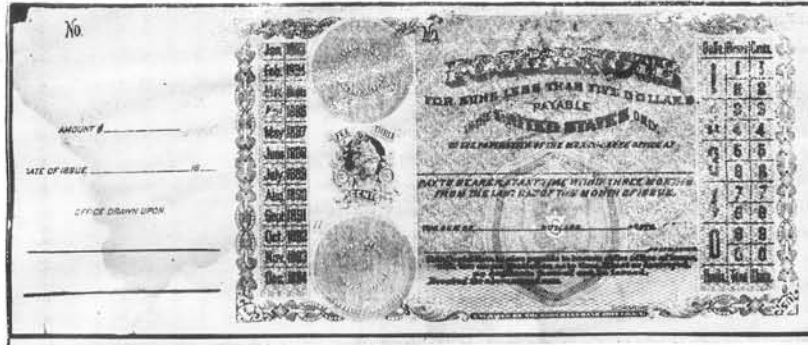


Plate 6. The First Issue postal note after first overprint. Receipt to be retained in issuing office at left. (Photo: Adrien BOUTRELLE)



Plate 7. Postal note with all printing complete, including serial number and issuing office. Error note: Issuing office spelled "Granville" on receipt at left, but "Grayville" on face of note.

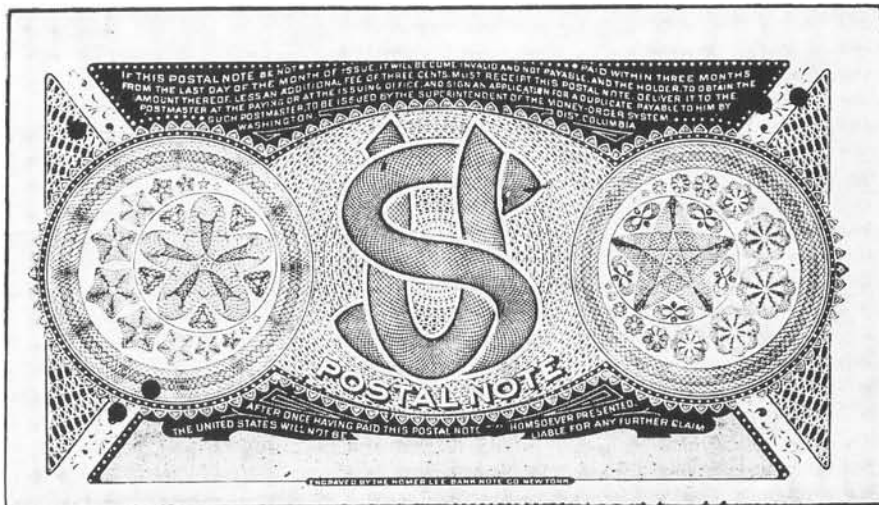


Plate 8. Reverse of the First Issue U. S. postal note, as issued. Printed in blue.

some foreign issue. The design is rather informal and somewhat whimsical, as opposed to the normally stolid, bold and formal lines that dominate our paper currency, fractional currency and postage stamps.

Instructions at the top of the reverse read: "If this Postal Note be not paid within three months from the last day of the month of issue it will become invalid and not payable, and the holder, to obtain the amount thereof, less an additional fee of three cents, must receipt this Postal Note, deliver it to the postmaster at the

paying or at the issuing office, and sign an application for a duplicate payable to him by such postmaster. To be issued by the Superintendent of the money-order system. Washington, Dist. Columbia." The bottom reverse of the note states: "After once having paid this Postal Note by whomsoever presented, the United States will not be liable for any further claim."

The Postmaster General announced that "The postal-note business was commenced simultaneously at all money-order offices on September 3, 1883. Some difficulty was

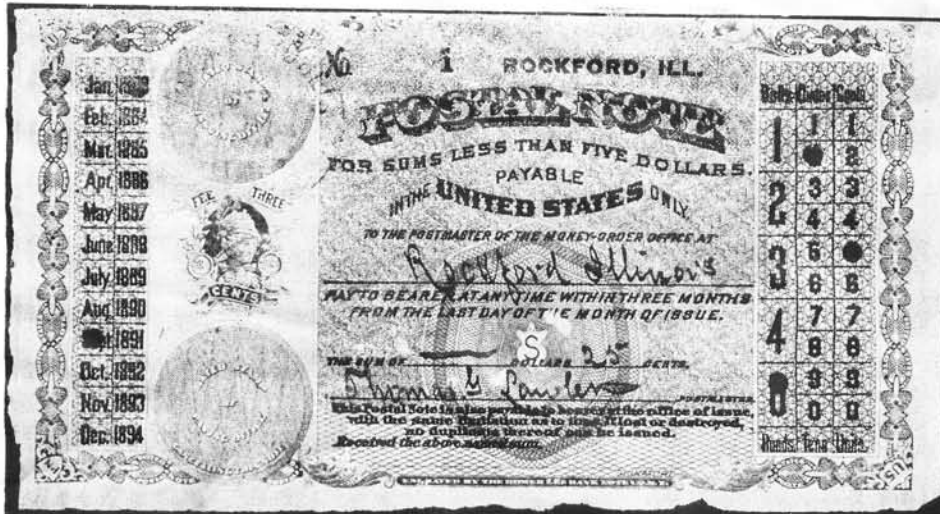


Plate 9. Obverse of First Issue postal note, as issued. First day of issue, 9-3-87. (Courtesy U. S. Postal Service)

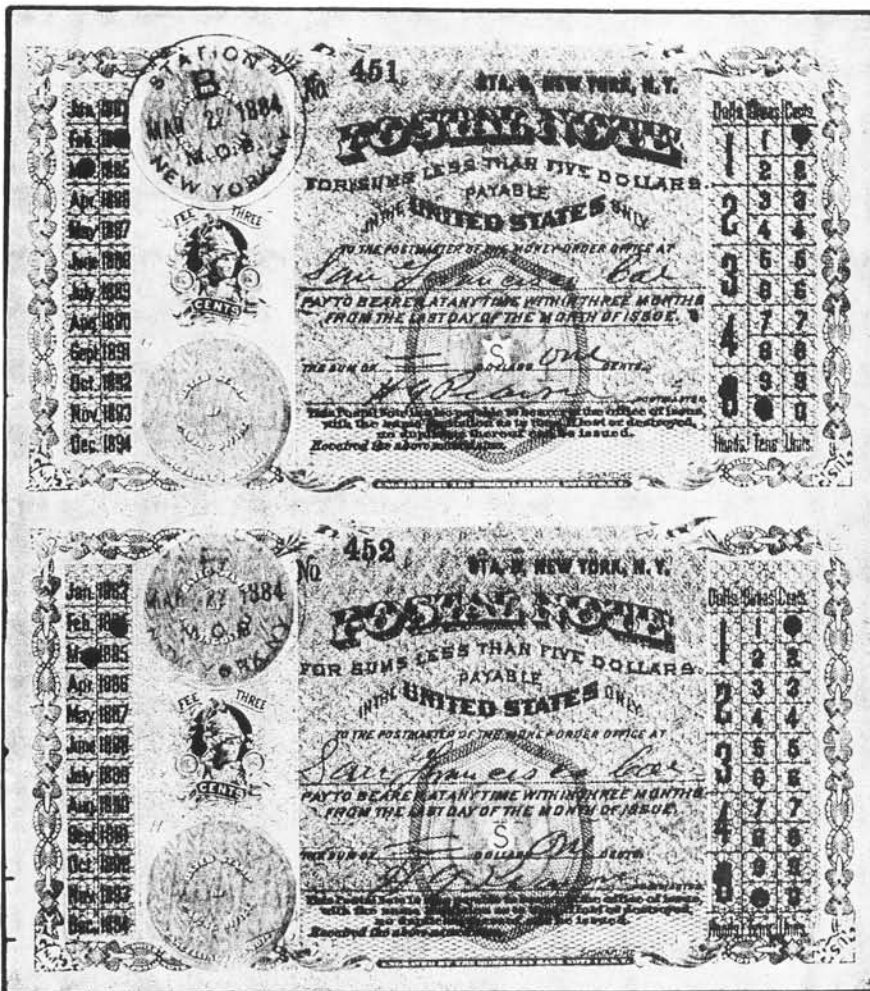


Plate 10. An uncut page of First Issue notes, as issued. Issued for 1c each.

encountered at the outset by reason of the lack of familiarity of the postmasters with the new forms, and system of punching adopted for designating the amount, but complaints on that score have very sensibly diminished. This means of making small remittances by mail has been extensively employed by the public from the inception of the system."

A first day of issue postal note, serial no. 1, filled out, stamped and punched for the amount of the note, 25c, is shown in Plate 9. This is a U. S. postal note *as issued*. The postmaster filled in the name of the issuing office and amount of the note, signed it by hand, punched the two left columns for the month and year of issue and the three right columns for the amount of the note, and stamped the upper left circle with the cancellation mark of the issuing office.

Plate 10 shows a photo of a page of unsevered notes as issued from the book. These particular notes were written in to be payable only at the San Francisco money order office, although they were issued in New York. These notes, like nearly all postal notes now existing in collections' hands, were issued solely as a souvenir, a collector's item. It is issued to the purchaser for only one cent on each note, although it cost the purchaser 6c to obtain this pair of notes. Almost all postal notes to be found nowadays are issued for the amount of only one or two cents, and this author knows of only three notes issued for 25c, and merely two for 50c. I have never seen or heard of any postal note still existing that was issued for more than 50c, although POD records show that the average amount for which a postal note was issued in 1884 was \$2.01.

(To be continued)

LIBRARY NOTES

MEMEBERS are reminded that all requests for library materials should be addressed to the new Librarian, Wendell Wolka, P. O. Box 366, Hinsdale, IL 60521. By the time you receive this issue of PAPER MONEY, you will have received or will be receiving shortly the new roster-cum-library catalog. Use it to keep Mr. Wolka busy!

Dr. John Muscalus continues to supply us with copies of his interesting booklets and checklists, as detailed below. Also added to our collection are two brochures given to guests at our annual banquet in Boston by the American Bank Note Co. There evidently were other brochures available, too, but before SPMC officials, who were "trapped" on the dais, could get to the display, all were gone. Some people were seen leaving with several copies of each item, thus spoiling the good intentions of the donor to give everyone attending a copy of each item.

The 1972 ABN Annual Report is a work of art with an engraved cover and a frontispiece of actual engraved vignettes with Chinese motifs once used on stamps and paper money. There is also a full-color, two-page spread of engraved stock certificates, currency, traveler's checks, driver's licenses, and postal souvenir panels produced by American.

The fraudulent security booklet contains an actual specimen of an engraved stock certificate and a lithographed fraudulent version of it for comparison.

The Thailand catalog is an 8½ x 11 paperbound, offset printed work. It contains an introduction, num-

bering chart, illustrated list covering all issues since 1902, values, illustrations and identification of signatures and historical notes. Copies are also available for \$5 each from the author at 7134 Carol Lane, Falls Church, VA 22042.

The Haseltine Confederate catalog is a straightforward descriptive listing, with no illustrations, and is chiefly useful for its historical value.

The missing number of the *Bank Note Reporter* was supplied by Richard T. Hooper and Keith Colman.

New Accessions

- | | |
|------------|---|
| GA70
A1 | American Bank Note Co. Detection and recognition of fraudulent securities. 4p. New York, N. Y. |
| UM60
L1 | Little, Silas. Banknotes of Thailand. Falls Church, Va. 1973. 24 p illus. (gift of the author) |
| US25
A1 | American Bank Note Co. Annual report 1972. New York, N. Y. 16 p. illus. |
| US20
M9 | Muscalus, John A. Bank notes commemorating the landing of the Pilgrims at Plymouth. Bridgeport, Pa., 1973. 7 p. illus. |
| US60
H3 | Haseltine, John W. Descriptive catalogue of Confederate notes and bonds. Philadelphia, 1876. 36 p. (gift of Marvin Ashmore) |
| US60
M1 | Muscalus, John A. Recycled southern paper money. Bridgeport, Pa., 1973. 24 p. |
| US70
M1 | Muscalus, John A. National bank notes of Buffalo and vicinity, 1865-1929. Bridgeport, Pa., 1973. 26 p. illus. |

Corrections and Additions to

Descriptive Listing of MONTANA

Bank Notes, Drafts, Scrip and Warrants

By Harry G. Wigington

Please make the following corrections to my listing in PAPER MONEY No. 46:

Page 58. Bozeman First National Bank: dates of operation should read 8-14-1872 to 9-14-1873 (not 1873)

Page 61. Fort Benton No. 3: imprint should be WESTERN BANK NOTE COMPANY (not "None")

Pages 61 and 70. Fort Maginnis No. 1 and Old Agency No. 1: The name of the Indian agent is H. A. Kennerly (not Rennerly)

Just before the listing appeared, some 30 new unlisted items from Virginia City and Helena showed up. Since the listing appeared, more additions and some corrections have been submitted. These will be incorporated into a supplementary listing. Anyone having any more information on the subject is requested to write to the author at 4227 E. Williamsburg Dr., Harrisburg, PA 17109 so that the supplement will be as inclusive as possible.