



A Forgotten Chapter:

The United States Postal Note

By NICHOLAS BRUYER

SPMC No. 3448



(Continued from PAPER MONEY No. 49, Page 29)

THE FIFTH ISSUE: A NEW MONEY ORDER

NEW contracts for the engraving and supplying of books, forms and notes went into effect on Sept. 3, 1891. The Dunlap & Clarke Company of Philadelphia was successful in the bid for this work, and began officially issuing postal notes with their imprint on this date. The obverse and reverse of an unsevered pair of specimen notes are shown in Plates 29 and 30. The design and engraving of these notes are identical to that of American's notes, except that the American Bank Note Company imprint has been removed from both sides of the note, and that of "DUNLAP & CLARKE, PHILADELPHIA, PA." filled into American's old imprint on the obverse.

The possibility has been raised by several individuals that, upon completion of their contract with the government, American turned their postal note plates over to Dunlap & Clark. Once in their hands, the Dunlap & Clarke people transferred their name onto the plates after erasing that of American. Nowhere on the note does Dunlap & Clarke claim credit for the engraving. Thus, some Dunlap & Clarke notes may be exact duplicates of certain American notes, excepting, of course, the change in company name, serial number, etc.

Plates 31 and 32 illustrate the obverse and reverse of the Dunlap & Clarke note as issued.

Costs and Security

Some information culled from volumes of the Annual Report of the Postmaster General for the years 1889 to 1894 reveals that the average cost to the POD for books of engraved postal notes was about \$17,500 per year. It also seems that the Post Office purchased the postal note punches used by the local postmasters to designate the amount of the note and to cancel it. From 1890 to 1894, the POD spent \$10,245 on postal note punches alone, and of this \$4,971 was spent in 1893 for the punches! I believe that these were bought for postmasters only during these last few years, as there is no accounting of them before 1890, and the cost for punches in that year was only \$914.00.

The primary problem still aggravating officials of the Post Office was that of the security of the postal note. Myron H. Ross, in an article on the postal note, comments that for several years the Money Order Division noted that losses in postal notes due to fraud and other illegal activities were on the increase. A POD publication resulting from an extensive study of the money order system in 1915 remarked that during the issue of postal notes "it was found that because the postal notes were payable to bearer, mail depredations had materially increased, and it was estimated that thousands of pieces of mail which contained no (money) at all were destroyed in efforts by thieves to obtain postal notes." In his report of 1892, the Postmaster General made suggestions for improving the note:

It is evident that the postal note might be rendered less insecure for remittances by inserting therein the name of the person for whom it is intended as payee; and the files of correspondence in this Department contain abundant evidence that the objection to its use on the part of many would be largely overcome if the purchaser were accorded the privilege or option of entering therein himself the name of the intended beneficiary or payee.

Dissatisfaction with Postal Notes

The Postmaster General then recommended that 1) a new postal note be issued allowing space for the name of the payee, if the purchaser should so desire, and 2) that the person designated payee on the note may, by his written endorsement thereon, direct payment of the same to any other person. In other words, the Post Office wished to give the purchaser the option of making the note payable to bearer or to any specific person. Unfortunately, the Postmaster General's recommendations never materialized, and criticism grew more pronounced.

The First Assistant to the Postmaster General, giving his opinion of the postal note and the money order; said:

It seems to me unnecessary and confusing to have two systems so nearly alike, for the transmission of money by the Post Office Department; and if the reduced fee for postal notes should be applied to money orders, on amounts up to \$2.50, the average postal note now being for only about \$1.65, why would it not be for the greater efficiency of the service, and a saving of time to postmasters, . . . to withdraw the postal note and provide better facilities, if need be, to a prompter return and scrutiny of postmasters' money order accounts.

The defects of his argument are obvious, but his reasoning seems to be exemplary of the thoughts coursing through the minds of postal officials at this time. The postal note was created and served to *save* time and *increase* efficiency for the postmasters; this it did. Reverting to the old form would increase the burden of the post offices, not relax it. However, the POD had in mind a new money order, borrowing for it some of the postal note's better points.

Problems with Money Orders

Actually, many of the charges leveled at the postal note, such as the one above, occurred under the heavy problems developing with the U. S. money order. The average value of the postal note declined steadily over the years, shrinking from an average of \$2.01 in 1884 to \$1.60 in 1894, a decrease of about four cents per year. This decline in value roughly mirrored that of the money order, but the decline in the money order was much more critical than that of the postal note. Three cents was charged for issuing a postal note, regardless of the amount for which it was issued, while in the money order business the fee charged was directly proportional to the value of the money order. A decrease in the average value of the money order thus caused a decrease in the revenue of the POD, although the exact same amount of time, labor and materials were involved. This steady decline in revenue eventually resulted in deficits for the money order division.

One can easily see why the Post Office was more than ready to exterminate the postal note if there was any possibility that it would increase the revenues of the money order service. On November 9, 1893, the POD recommended the discontinuance of the postal note, replacing it with the money order at a reduced fee of 3c on amounts less than \$2.50.

Congress passed an act of January 27, 1894 ordering that no more postal notes be produced, that the issuance of postal notes cease on July 1, 1894, and that a new

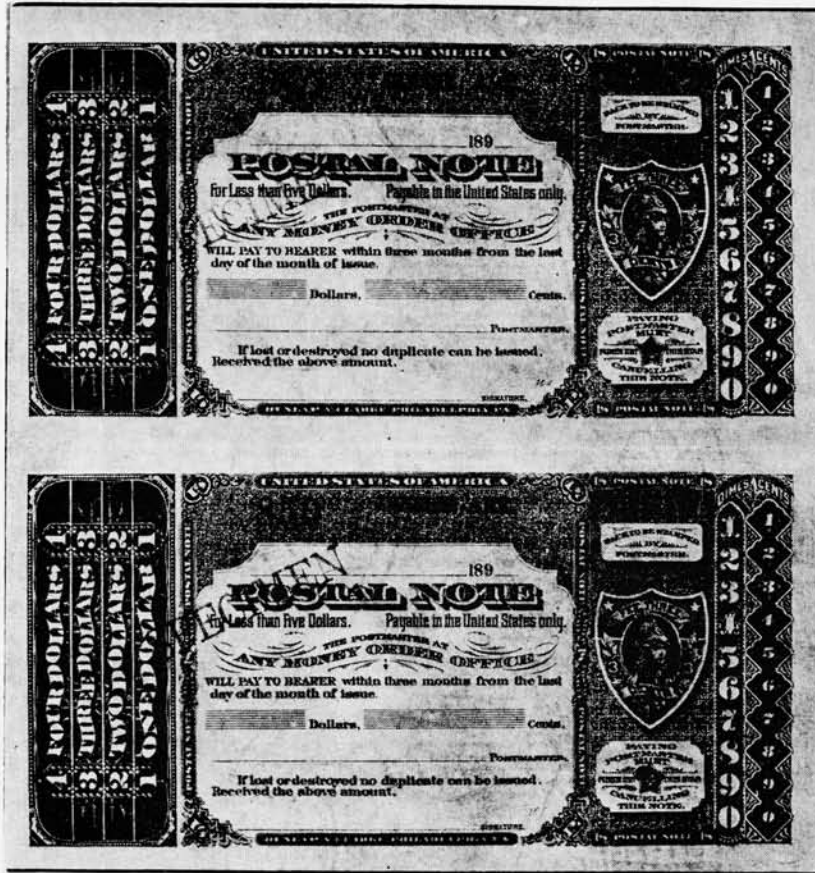


Plate 29. A specimen sheet of the Fifth Issue U. S. postal note, a product of the Dunlap & Clarke Co., Philadelphia.

"limited money order" would take its place. On July 1, the name of the 723 postal note offices then existing was to be changed to "Limited Money-Order Office," able to issue, but not pay, money orders. The act also provides that a postal note itself shall not be paid after one year from the last day of the month of issue, but instead shall be paid by a warrant drawn on the Treasurer of the United States against a special fund created for their payment.

Another bill was proposed, S. 751, to provide for a "Postal Fractional Currency." However, this bill was reported back to the Senate "adversely" by the Post Office and Post Roads Committee, and dropped.

The Last Days of the Postal Note

As mentioned earlier, nearly all of the notes illustrated in this article were obtained as souvenir specimens by the general public and postal employees. In June of 1894, just before cessation of the postal note issue, there was a very busy souvenir hunter in Portland, Oregon. He bought notes, issued to him for 1c sort of wholesale, as shown by consecutive serial numbers of notes still extant. These numbers show that between June 5 and June 28 he must have purchased at least 69 postal notes. All issues of postal notes have a signature line at the bottom of the note, to be signed by the person presenting the note for payment. All of these Oregon souvenir notes are meticulously signed by E. O. Norton, our prolific collector. Doubtless this E. O. Norton has provided modern collectors with the largest existing cache of postal notes and earned some notoriety for his (her?) signature in the process.

As with the first day of issue of the postal note, the last day was some cause for souvenir collecting also.

Plate 33 illustrates a page of notes dated June 30, 1894, both for 1c, yet with all dollar coupons left attached, signed by the postmaster and his assistant. On that day, in accordance with the law, blank postal notes remaining unused were recalled, examined and destroyed. Earlier legislation made postal notes older than three months from the last day of the month of issue invalid and replaceable by application for a duplicate. Compared with the number of postal notes issued, very few were replaced by duplicates.

Quantities Issued and Extant

Table C lists numbers of invalid notes replaced by duplicates for the years of issue, 1884 to 1895. Notice that in 1895, 5,277 postal notes were replaced by duplicates; it is possible that these were replaced by duplicate *postal notes*, and thus there is the possibility that there still exists a postal note dated later than June 30, 1894.

Table D is a complete listing of the total numbers of U.S. postal notes, 1883 to 1894, issued, paid and outstanding, and the amounts for which they were issued and paid.

During the years of fractional and postal currency issue, 1862-1876, a total of 1,804,000,000 notes were issued, worth some \$367 million. It has been estimated that of the \$14.7 million worth of fractional currency left outstanding after redemption, only about \$500,000, or 3.4% are still in existence today, roughly equivalent to 2,460,000 individual notes (page 35, Limpert, *United States Postage Currency—August 1862 to May 1863—and Fractional Currency—October 1863 to February 1876*).

During the years of postal note issue, 1883 to 1894, a total of 70,824,173 notes was issued, worth some \$126.5

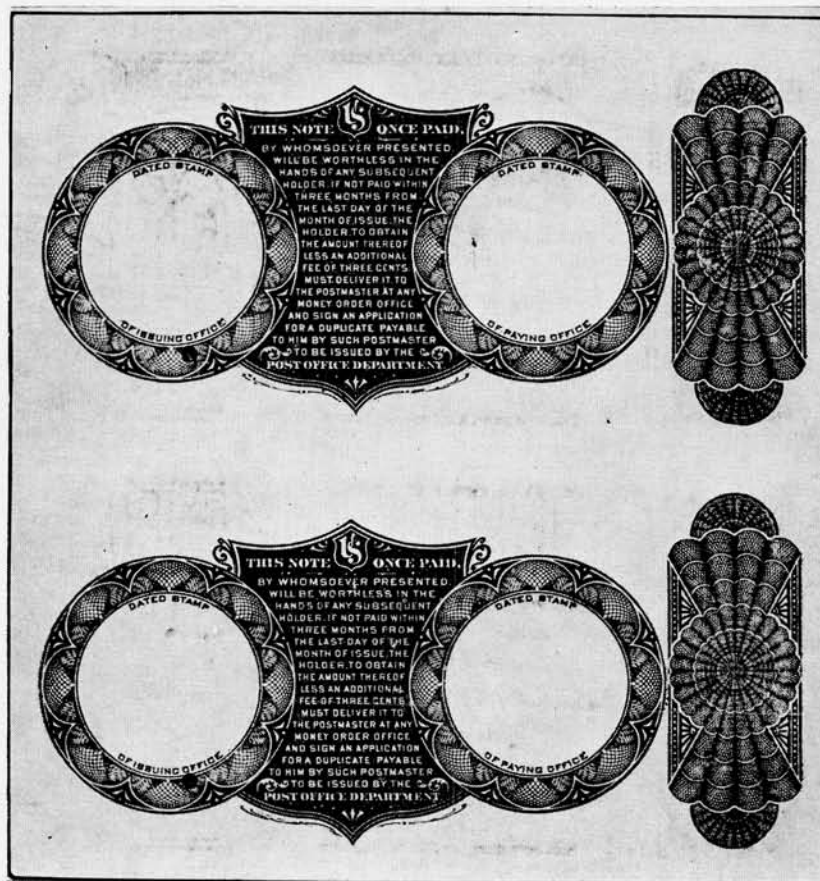


Plate 30. Reverse of the Dunlap & Clarke Fourth Issue specimen sheet. Note engraving of the dollar coupons at right, American Bank Note Co. designation removed from bottom of note.

TABLE C: NUMBERS OF INVALID NOTES REPLACED BY DUPLICATES, (1884-95)

Year	Number of Notes Replaced
1884	1,175
1885	3,963
1886	4,214*
1887	4,515
1888	6,436
1889	8,083
1890	7,404
1891	8,466
1892	8,438
1893	9,316
1894	9,604
1895	5,277**
Total:	76,891*

* Estimated.
 Postal Notes more than 12 months old.
 ** During this year 1,815 Treasury warrants were also issued for

TABLE D: NUMBERS AND AMOUNTS OF POSTAL NOTES ISSUED AND PAID, FIRST SERIES, 1883-1897:

Year	Total Issued	Total Paid	Out-standing	Amount Issued	Amount Paid
1884	3,689,237	3,398,416	290,821	\$ 7,411,992	\$ 7,254,126
1885	5,058,287	5,012,097	46,190	\$ 9,996,274	\$ 9,948,024
1886	5,999,428	5,952,200	47,228	\$ 11,718,010	\$ 11,666,931
1887	6,307,552	6,286,000	21,552	\$ 11,768,825	\$ 11,726,767
1888	6,668,006	6,631,990	36,016	\$ 12,134,459	\$ 12,104,881
1889	6,802,720	6,787,454	15,266	\$ 12,082,191	\$ 12,078,078
1890	6,927,825	6,865,911	61,914	\$ 12,160,499	\$ 12,128,574
1891	6,802,558	6,780,117	22,441	\$ 11,753,849	\$ 11,714,431
1892	7,059,040	7,011,490	38,550	\$ 11,895,766	\$ 11,871,393
1893	7,753,210	7,741,423	11,787	\$ 12,903,077	\$ 12,914,674
1894	7,765,310	7,762,654	2,656	\$ 12,649,095	\$ 12,644,845
1895		116,544			\$ 187,142
1896		1,221			\$ 1,589
1897		759			\$ 1,035
Totals: 6/30/97	70,824,173	70,348,276	475,897	\$126,474,027	\$126,242,489

million: Only 4% as many postal notes as postage and fractional notes were issued. It is known that a maximum of 475,897 postal notes were left outstanding as of June, 1897. This means that there were only 16% as many postal notes outstanding in 1897 as there are postage and fractional notes today. Yet, the number of postage and fractional notes still around takes into account a theoretical loss of them over the years through fire, theft, loss, etc., while the number of postal notes listed as outstanding *does not take this factor into consideration*. Clearly, the postal note as a species is far more scarce than the postage and fractional issues.

Collectors have realized the scarcity of the U. S. Postal note for many years. In a recent article on the postal note appearing in *Postal Stationery*, a publication of the United Postal Stationery Society, the author, E. Norman Lurch, recounts that it has taken him "about fifteen years to locate and obtain a copy of each of the four types." (At the time he wrote this article he was unaware of the existence of the Third Issue postal note.)

Frederick A. Brofos, in an article on the notes appearing in 1954, suggests one reason for their rarity: "Money Orders and Postal Notes . . . in order to serve their purpose had to be cashed in—and so passed from the public back to the Post Office from whence they came and where they usually met a fiery end. The majority having thus been incinerated it is not surprising that the early issues seem out of reach." Mr. Brofos had heard of the postal notes, but had never seen one until he chanced to come across a few specimens in a currency display at the Chase Manhattan Bank in New York, which, incidentally, still retains these few postal notes in its museum collection.

Table E is a list of the 1883-1894 series of U.S. postal notes issued in different states, compiled from infor-

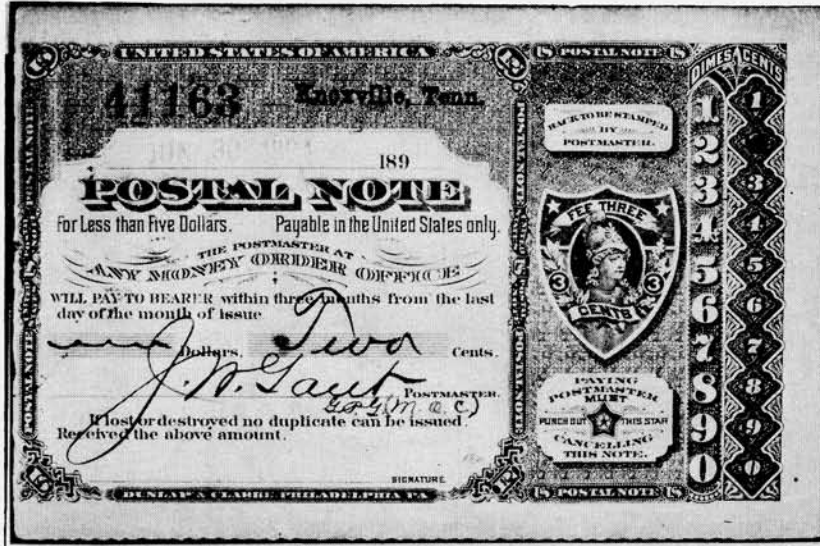


Plate 31. The Fifth Issue postal note, as issued. Dated last day of issue, June 30, 1894. (Courtesy of U. S. Postal Service)



Plate 32. The reverse of the Fifth Issue note, as issued.

mation in the Annual Report of the Postmaster for the years 1884-1895. The first two columns are for comparative purposes, to illustrate the growth in postal note issuance between 1884 and 1894, while the third column gives the total number of postal notes issued for all years. The most common states of postal note issuance are New York, Illinois, Iowa, Ohio and Pennsylvania, while the rarest include Alaska, Oklahoma, Indian Territory, Nevada, Delaware and Wyoming. Stars at the left of certain states indicate that the author has seen or heard of notes still existing from them, while he does not know of any notes still surviving from the unstarred states. Information on this is still being compiled.

This table readily shows that the circulation of postal notes from one state to the next differed radically. The larger, more heavily populated states such as New York issued as many as 5.5 million notes over the years, while smaller states like Vermont issued only one-tenth this. Perhaps more research will uncover the names of the individual money order and postal note offices that issued notes in these states, and numbers of notes they issued, much like the Federally-chartered National Banks that were allowed to circulate National Currency bearing their imprints.

ONE FAILURE: TRY AGAIN

PURSUANT to the act of Congress, the postal note was retired on June 30, 1894, the names of the postal note offices were changed to limited money order offices, and a newly redesigned money order was placed on sale on July 1.

A description of the new money orders was offered by the Postmaster General: "The (new) money orders are now lithographed upon bond paper of a superior quality, and have an underlying tint, adding much to the appearance of the order and affording a safeguard against attempts at alterations and erasures." Plate 34 shows an example of the obverse of one of the new money orders, along with its advice (compare with Plate 1). The new order has a bit of artistic flair in it, although it is still large and requires some time of fill out and issue. At left are the dollar and cent coupons, which I theorize read from top to bottom when not cut off: 10 DOLLARS/20 DOLLARS/etc . . . 1 DOLLAR/2 DOLLARS/etc . . . 10 CENTS/20 CENTS/etc . . . 1 CENT/2 CENTS/etc . . . Unlike the old form, the new order did list the name of the person to be paid on it.

TABLE E: POSTAL NOTES ISSUED, BY STATE:

State	1884	1894	1883-1894 Total-est.	State	1884	1894	1883-1894 Total-est.
Alabama	36,690	72,480	722,700	+Nebraska	97,285	260,004	2,191,450
Alaska	—	1,153	3,050	Nevada	9,152	11,724	127,900
Arizona	5,602	20,068	151,950	+New Hampshire	40,117	67,602	667,900
+Arkansas	40,420	77,508	740,750	+New Jersey	40,020	106,376	822,000
California	96,130	318,452	2,222,950	New Mexico	8,673	23,063	204,850
Colorado	41,502	125,542	1,071,000	+New York	307,320	633,723	5,525,250
+Connecticut	52,548	116,448	1,013,750	No. Carolina	53,553	87,599	876,750
Dakota	37,827	—*	556,500	North Dakota	—**	53,354	216,900
Delaware	7,044	14,282	137,850	+Ohio	278,999	482,037	4,682,250
D. C.	14,905	30,271	279,800	Oklahoma	—	24,240	64,750
+Florida	23,796	79,914	621,450	+Oregon	24,069	86,722	625,000
Georgia	55,006	137,376	1,172,900	+Pennsylvania	272,407	524,929	4,638,850
Idaho	5,030	25,660	182,900	Rhode Island	14,333	28,026	247,800
+Illinois	295,755	545,501	5,242,400	So. Carolina	30,504	56,305	547,450
Indiana	150,226	292,179	2,759,950	South Dakota	—	92,597	422,984
Indian Terr.	3,008	25,476	109,500	+Tennessee	44,310	74,723	751,150
Iowa	279,461	492,498	5,034,950	Texas	109,589	282,238	2,533,200
Kansas	186,604	352,603	3,777,750	Utah	7,407	26,192	203,950
Kentucky	38,014	88,457	749,750	Vermont	43,045	53,726	552,250
Louisiana	22,538	54,831	416,450	+Virginia	50,614	92,348	859,350
Maine	49,273	93,334	824,950	Washington ***	14,043	98,529	616,150
Maryland	35,180	71,179	657,550	West Virginia	24,710	58,554	467,800
+Massachusetts	119,059	275,096	2,442,300	+Wisconsin	130,040	218,891	2,249,550
Michigan	194,111	354,032	3,414,200	Wyoming	5,582	18,087	144,850
Minnesota	90,471	196,414	1,785,050				
Mississippi	42,427	76,072	646,950				
+Missouri	142,703	315,510	3,002,350				
Montana	15,135	51,385	399,600				

* See No. Dakota.

** See Dakota

*** 14,043 notes issued as Washington Territory



Plate 33. A page of Fifth Issue notes with all dollar coupons attached, countersigned by the assistant postmaster, dated last day of issue.

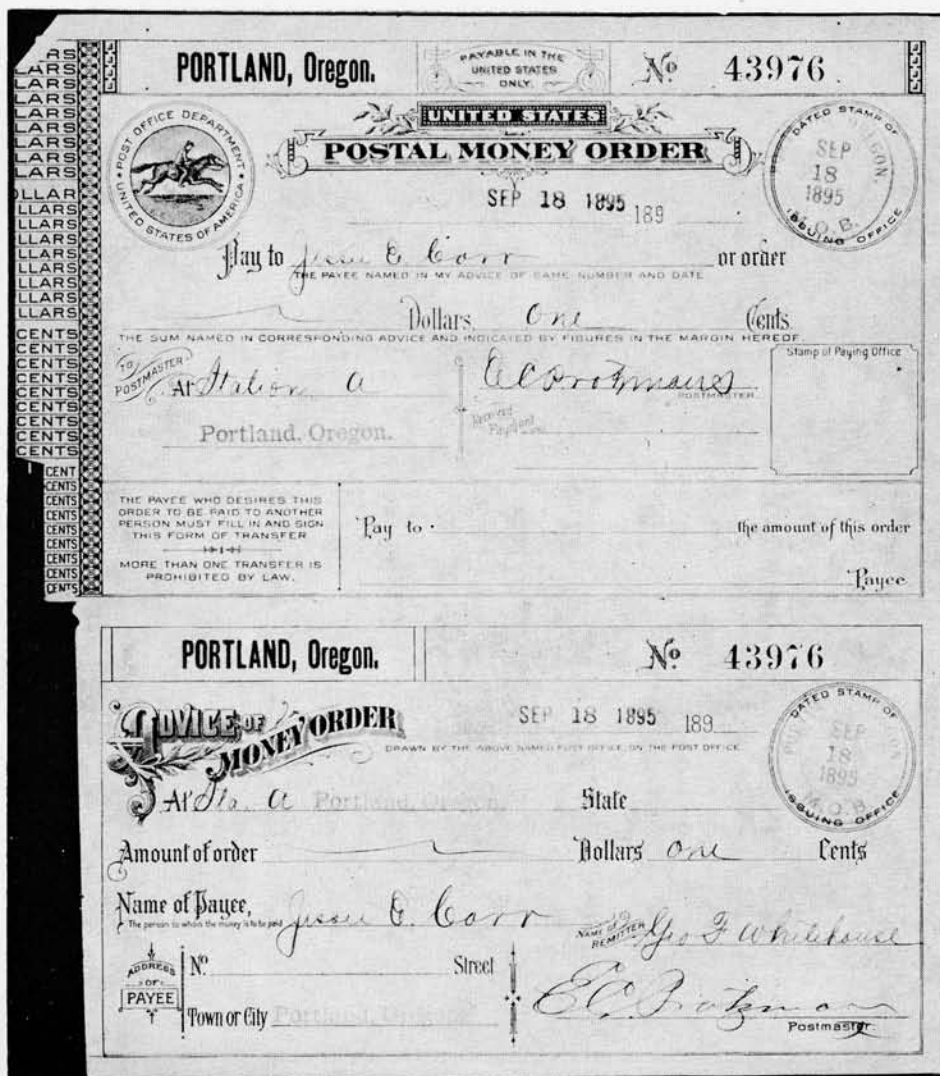


Plate 34. The new limited money order, with dollar and cent coupons at left, advice at bottom. Issued from 1895 to 1898. (Photo: Atsuhiko Tsunoda)

These "new improved" money orders, now carrying the full money order business without the aid of the postal note, did not last long. Their size and shape caused public complaint, there were imperfections in the format that made fraud a common occurrence, and the entire money order system was almost suspended for a time because of claims that the money order form infringed on a patent. In short, the form was disliked by the public and, in certain cases, facilitated rather than prevented fraud.

Thus on Sept. 4, 1899, another new money order form was issued, of a simple, small and clear design (Plate 35). It was much smaller and less costly than the old form and had a space on its reverse for the stamps of banks (from which I guess we can conclude that these new money orders were "bankable"). An entirely new addition was the use of a receipt to be issued by the purchaser. "In color the order is blue, having a light blue ground, with fine, closely interlaced, tinted lines of geometrical lathe-work, of darker shade . . . as an additional safeguard against counterfeiting, a horizontal water-mark, composed of the initials U.S.M.O. in broad, capital letters, has been wrought into the paper on which the new forms are printed." The POD had finally designed a practical money order.

It had announced on June 13, 1898 the opening of money order offices coincident with the establishment of

military postal stations at Cuba, Camp Alger, the Philippine Islands and Chickamauga Park. On July 21, 1898, like service was extended to Porto Rico. These "foreign" offices issued a form similar to that of the new money order, except that they were printed in yellow, had a different design of security printing, and different watermark. An example can be seen in Plate 36.

On December 31, 1900, all limited money order offices were discontinued as such and reopened as full money order offices.

For the years 1898-1902, amounts and numbers of invalid postal notes redeemed by the government were lumped together with numbers of money orders received, so that no statistics are available. However, amounts of invalid notes redeemed for the years 1903-1912 are listed in the Postmaster General's Annual Report. During this period \$840.00 worth of notes were received and warrants on the Treasury issued in their place. If we divide this amount by the average value for which a postal note was issued in 1894, \$1.60, we can estimate that approximately 525 invalid notes were redeemed during 1903-12, a span of ten years.

(A recapitulation of the first five issues of the first series Postal Notes follows on page 76 together with plates 35 and 36)

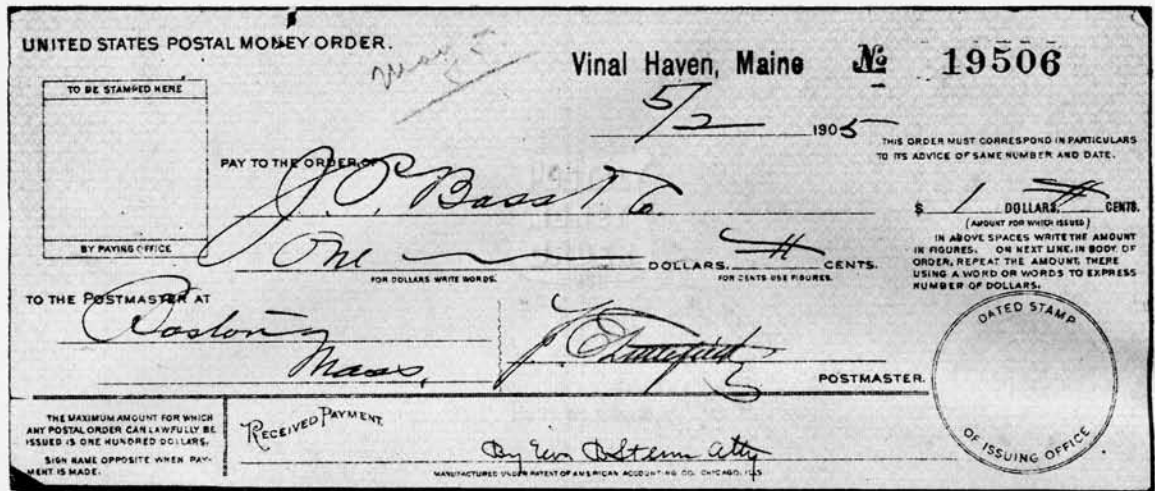


Plate 35. The money order issued from 1898, no advice or coupons, could be cashed at any money order office or bank.

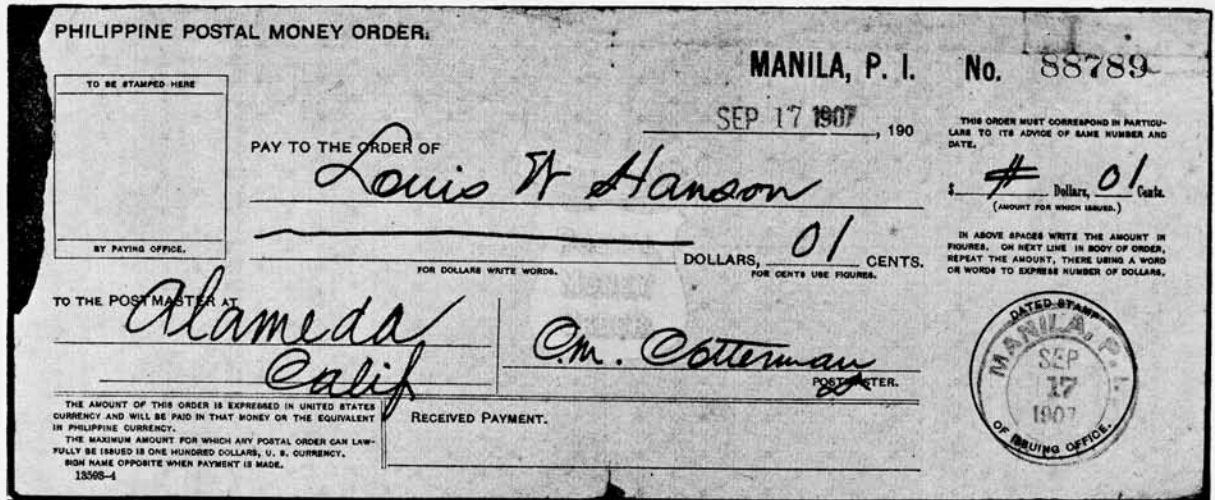


Plate 36. The money order of the type issued by military money order offices in foreign countries. Printed in yellow, this one is from the Philippines.

THE FIRST SERIES POSTAL NOTE, 1883-1894

First Issue: The Homer Lee Bank Note Company (see Plates 8 and 9). Probably issued from Sept. 3, 1883 to June 3, 1884. OBV. left: Columns for punching out the month and year of issue, two circles for applying the dated stamp of the issuing and paying offices and a vignette of Liberty with "FEE THREE CENTS." The body of the note has a red serial number, name of issuing office in blue, space to designate paying office, amount of order, and signatures of issuing postmaster and payee. Right: Columns for punching out dollars, dimes and cents. All engraving brown, text printed in black. REV.: Interwoven "US" between two large circles. "IF THIS POSTAL NOTE BE NOT PAID . . ." at top, "AFTER ONCE HAVING PAID . . ." at bottom. Printed in blue. Paper is yellowish.

Second Issue: Homer Lee Bank Note Co. (see Plates 17 and 18). Probably issued from June 3, 1884 to Jan. 3, 1887. OBV. (left to right): Detachable coupons for "FOUR DOLLARS," "THREE DOLLARS," etc. printed vertically. Serial number in red and place of issue in blue; spaces for date of issue, name of paying office, amount of note, signatures of issuing postmaster and payee. Vignette of Liberty with cancellation star at bottom, columns for punching in amount in dimes and cents. Text and engraving black. REV.: Instructions "THIS NOTE ONCE PAID, BY WHOMSOEVER . . . MUST DELIVER IT TO THE POSTMASTER AT THE PAYING OR AT THE ISSUING OFFICE . . ." between two large circles for postmarks of the paying and issuing offices. Printed in blue. Paper is greyish white.

Third Issue: Homer Lee Bank Note Co. (see Plates 23 and 24). Probably a stopgap patchwork note, issued sometime between Jan. 3, 1887 and Sept. 3, 1887. Apparently exactly the same as the Second Issue note except: OBV.: bottom, instructions modified from "This Note is also . . ." (as in Second Issue) to "If lost or destroyed no duplicate can. . ." REV.: Instructions modified to "THIS NOTE ONCE PAID, BY WHOMSOEVER . . . MUST DELIVER IT TO THE POSTMASTER AT ANY MONEY ORDER OFFICE. . ."

Fourth Issue: American Bank Note Co. (see Plates 26 and 27). Officially issued from Sept. 3, 1887 to Sept. 3, 1891. Design is basically similar to the Third Issue note, except that engraving is all new. Also OBV.: "THE POSTMASTER AT ANY MONEY ORDER OFFICE" is artistically engraved into the center of the note. REV.: Between two large circles a shield with instructions thereon; the dollar coupons are engraved on the reverse of the note as well as the obverse. Colors and paper all similar to Third Issue.

Fifth Issue: Dunlap & Clarke, Philadelphia (see Plates 31 and 32). Officially issued from Sept. 3, 1891 to June 30, 1894. Apparently identical to the Fourth Issue note, except "DUNLAP & CLARKE PHILADELPHIA PA" substituted for the American Co. designation on bottom obverse of note, and American Co. designation removed from bottom reverse.

NOTE: DATES OF ISSUE LISTED ABOVE ARE OFFICIAL, NOT NECESSARILY REFLECTING ACTUAL DATES OF ISSUE. NOTES OF EARLIER TYPE WERE USED UNTIL THEIR SUPPLY RAN OUT, AT WHICH TIME THEY WERE REPLACED BY THE NEWER TYPE NOTE.

(To be concluded, with information on the 20th century, "second series" postal notes)