

December 2015

Dear Clients and Friends:

There was a time in America when banks could print their own currency, known as the “Free Banking Era.” By 1860, there were thousands of state-chartered banks circulating paper bills in denominations from one-half cent to \$20,000.

In 1861, the fun came to an end when the U.S. Treasury Department was given the exclusive right to produce legal tender. The first dollar bill issued by the United States during the Civil War was known as a “Greenback,” because the back side was printed entirely in green.



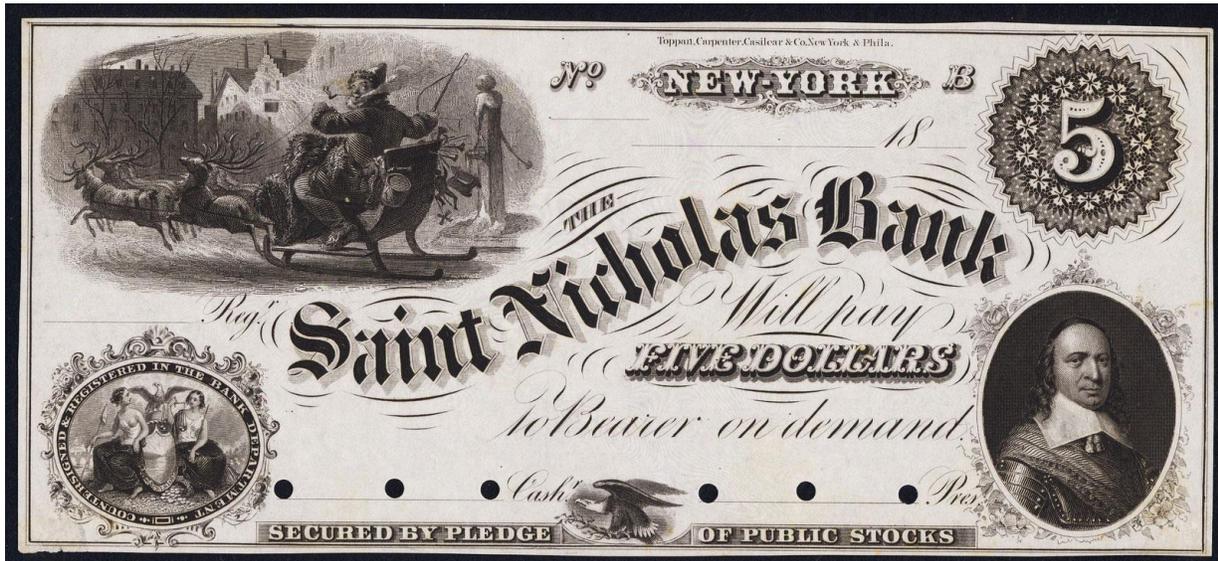
The South took a different approach, leaving the backs of Confederate bank notes totally blank. In circulation they became a dirty shade of gray, and were known as “Greybacks.”

Today, we see only a few familiar designs when we exchange paper money. But go back 150 years, and bank notes differed wildly. Some were in color, others black and white.

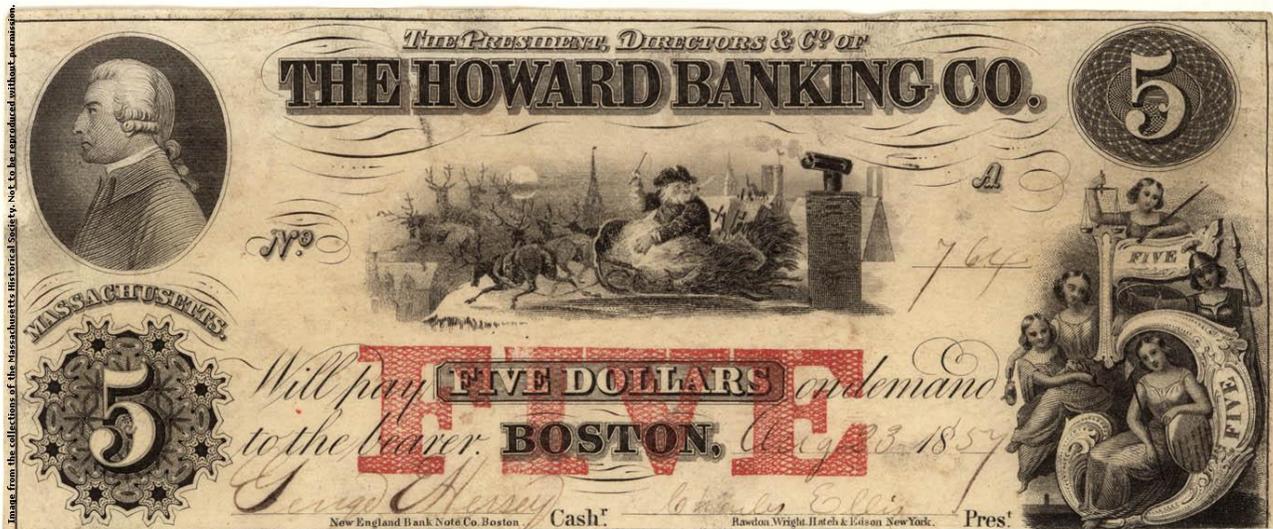
There were scenes from the Revolutionary War, lots of reclining women in classical poses, and pictures of sailing ships, trains, cattle, frogs -- and Santa Claus.

Christmas had just been declared an official holiday in many of the northern states in the mid-1800's, and Santa was a popular figure. Banks printed bills in small denominations featuring Santa and his sleigh, because people would hold on to the notes as keepsakes and not redeem them for their underlying gold value.

Saint Nicholas National Bank printed a \$5 bill, sporting only four reindeer pulling a sleigh towards town. We see Santa, but where's the big bag of presents?



Here's a bill from The Howard Banking Company, this time with more reindeer but still no one to light the way. Rudolph didn't come along until 1939, when he first appeared in a booklet published by Montgomery Ward.



Santa's always had a good appetite. Everyone knows he likes milk and cookies best. Some thoughtful folks also leave treats for the reindeer, like apples or carrots. Mrs. Claus needs to put this pudgy fellow on a diet --



Sad to say, all good things come to an end. After the Treasury took over the production of legal tender, banks found themselves out of the printing business and these bills became obsolete. Today they have no value other than what they're worth as collectibles.

And how much is that? Some will bring only a few dollars, while others can be worth five figures. If you have one with a jolly Santa, that might be worth holding on to for the grandkids.

Enjoy the season,

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Charles M. Shackelford