

# THE SUCCESSFUL BRITISH COUNTERFEITING OF AMERICAN PAPER MONEY DURING THE AMERICAN REVOLUTION

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## A NEW USE FOR COUNTERFEITING

COUNTERFEITING of paper money as a new form of economic warfare was undertaken and encouraged by the British during the American Revolution of 1775–83. Historically this appears to be the first use of such tactics. While counterfeiting for personal gain has a record as old as currency itself, counterfeiting as a means of winning a war by undermining the economic stability of the enemy and accelerating the rejection of its currency by its own people was then a novelty. The success of British counterfeiting in America resulted in the subsequent adoption of similar tactics by the British in the French Revolution, by the French in the Napoleonic conquest of Austria, by Union printers in the American Civil War, by the Germans in World War I and World War II, and by others. Counterfeiting is now planned and guarded against as an important element in the strategy of modern warfare.

In World War II the preparation of counterfeit English £5 notes by the Germans enabled them to secure information and the cooperation of key persons in anticipation of the parachute attack to capture Mussolini. Eliaza Bazna, valet to the British Ambassador to Turkey, who microfilmed secret documents for the Germans, was paid liberally in these same counterfeit £5 notes.<sup>1</sup>

During the American Revolution the method devised by the British was a powerful three-pronged attack. It consisted of (1) the preparation and distribution of actual counterfeits of the American paper money; (2) the encouragement of 'tories' and cheats to counterfeit and pass counterfeits independently; and (3) the issuance of propaganda as to the excellent quality and enormous quantity of counterfeits in circulation. The degree of effectiveness of these activities cannot be measured other than by recognizing that American paper money depreciated most when British counterfeiting activity was at its height. Following a \$40 for \$1 exchange ordered by the Continental Congress in 1779, the entire \$200,000,000 issued by the United States of America became worthless in 1781 and has never been redeemed in whole or in part. Admittedly the quantities of authorized paper money depreciated by virtue of its own abundance, but the speed with which prices rose and paper money became unacceptable was materially stimulated by British counterfeiting activity.

There were eleven issues of American paper money authorized by the Continental Congress, the first dated May 10, 1775 and the last dated January 14,

<sup>1</sup> Murray Teigh Bloom, *Money of Their Own* (New York, 1957), p. 236.

1779. All denominations of the May 20, 1777 Philadelphia issue and the Yorktown April 11, 1778 issue were called in for exchange solely because of the devastating effect of British counterfeits.

The British counterfeiting sponsorship during the American Revolution was somewhat contrary to the earlier thoughts of Patrick Gordon, a British Lieutenant-Governor of the Colony of Pennsylvania, who in a speech before the Pennsylvania Assembly on March 30, 1727 warned of the perils of counterfeiting and described it as 'the blackest, and the most detestable Practice that is known, and which the Law of Nations, and those of War condemn even in declared Enemies, for as that destroys the Lives of the innocent in taking their Natural Food, this would effectually overthrow all Credit, Commerce and Traffick . . .'.<sup>1</sup>

Benjamin Franklin in his eightieth year wrote an ironical essay concerning American debts to British merchants in which he clearly analysed the effect of British counterfeiting of Continental Currency as follows:

Paper money was in those times our universal currency. But, it being the instrument with which we combated our enemies, they resolved to deprive us of its use by depreciating it; and the most effectual means they could contrive was to counterfeit it. The artists they employed performed so well, that immense quantities of these counterfeits, which issued from the British government in New York, were circulated among the inhabitants of all the States, before the fraud was detected. This operated considerably in depreciating the whole mass, first, by the vast additional quantity, and next by the uncertainty in distinguishing the true from the false; and the depreciation was a loss to all and the ruin of many. It is true our enemies gained a vast deal of our property by the operation; but it did not go into the hands of our particular creditors; so their demands still subsisted, and we were still abused for not paying our debts!<sup>2</sup>

#### THE PROPAGANDA CAMPAIGN

The British forces, while occupying New York City, arranged to have published in the *New York Gazette* of January 20, 1777 an announcement emphasizing the deceptive character of counterfeit Continental Money as follows:

There has lately been, as we understand by a Gentleman just arrived from New-England, a large Distribution in the Country of counterfeited Continental Bills, so amicably executed, as not easily to be discerned from those issued by Order of Congress. This has contributed not a little to lower their Value, and will be one effectual Bar to the Repayment or Liquidation.

The natural effect of this propaganda on the innocent reader would naturally induce him to discuss this matter with others within and beyond British occupied areas and thereby spread seeds of distrust as to the buying power of Continental Currency.

<sup>1</sup> *Minutes of the Provincial Congress of Pennsylvania* (Philadelphia, 1852), vol. iii, p. 268.

<sup>2</sup> 'The Retort Courteous', published in 1786, *The Writings of Benjamin Franklin*, edited by Albert Henry Smyth, New York, MacMillan Co., 1907, vol. x, p. 111. Also, *The Works of Benjamin Franklin*, edited by John Bigelow, New York, Putnam's, 1888, vol. x, p. 129.

Then sarcasm was added as further propaganda when the same newspaper on March 31, 1777 stated:

In order, as 'tis supposed, to increase the Credit of the Continental Currency, a vast Number of Paper Dollars, counterfeited in a very masterly manner, have been thrown into Circulation in the several Colonies, within the Course of last Fall and Winter. Many Reams have been brought over by merchants and others, and distributed for that Purpose.

A notice most irritating to the Americans was placed in New York newspapers on April 14, 1777 and read as follows:

Persons going into other Colonies may be supplied with any Number of counterfeit Congress-Notes, for the Price of the Paper per Ream. They are so neatly and exactly executed that there is no Risque in getting them off, it being almost impossible to discover, that they are not genuine. This has been proved by Bills to a very large Amount, which have already been successfully circulated.

Enquire for Q.E.D. at the Coffee-House, from 11 P.M. to 4 A.M. during the present month.<sup>1</sup>

Washington recognized the danger of this advertisement and in sending a copy to the President of Congress from staff headquarters at Morristown, New Jersey, on April 18, 1777 stated:

I have inclosed a Copy of an Advertisement published in Gaine's Paper on the 14th, which shews that no Artifices are left untried by the Enemy to injure us. Before the appearance of this unparalleled piece, I had heard, that a person was gone from York to Rhode Island with a Quantity of Counterfeit Money.<sup>2</sup>

The April 14, 1777 notice was obviously intended more for propaganda purposes than for distribution of counterfeits. It had its humour in pretending the money was being distributed at the Coffee-House in the late hours of the night and by the fictitious reference to Q.E.D. as a person.

While Americans were put on their guard by these announcements, such tactics were influential in undermining confidence in Continental Currency. One American, commenting on the notices, did not readily realize their subtlety when, in complaining about British counterfeiting, he said: 'Their folly in this manœuvre exceeded their villainy; for they weekly advertised their money for distribution, in a New York paper.'<sup>3</sup>

Thomas Paine, one of the most outspoken supporters of American independence, could not miss an opportunity to stir up anti-British feeling when on March 21, 1778, at Lancaster, Pennsylvania, he wrote to General Sir William Howe an open letter over the signature 'Common Sense', stating:

You, sir, have abetted and patronized the forging and uttering counterfeit continental bills. In the same New York newspapers in which your own proclamation

<sup>1</sup> *New York Gazette*, Apr. 14, 1777; *Weekly Mercury*, Apr. 14, 1777; *Pennsylvania Evening Post*, May 13, 1777; mentioned in *Connecticut Currant*, May 12, 1777. See Kenneth Scott, 'New Hampshire Tory Counterfeiters Operating from New York City', *The New York Historical Society Quarterly*, Jan. 1950, vol. xxxiv, No. 1, p. 38; Frank Moore, *Diary of the American Revolution*, New York, 1860, vol. i, p. 440.

<sup>2</sup> *The Writings of George Washington*, edited by John C. Fitzpatrick, Washington, D.C., 1931 et seq., vol. vii, p. 434.

<sup>3</sup> *New Jersey Gazette*, Jan. 7, 1778.

under your master's authority was published, offering, or pretending to offer, pardon and protection of these states there were repeated advertisements of counterfeit money for sale, and persons who have come officially from you, and under the sanction of your flag, have been taken up in attempting to put them off.

. . . You, sir, have the honor of adding a new vice to the military catalogue; and the reason, perhaps, why the invention was reserved for you, is, because no general before was mean enough even to think of it.<sup>1</sup>

Every effort was made by the British to deny and ridicule any accusation of participating in counterfeiting. When General John Burgoyne surrendered on October 16, 1777 at Saratoga to the Americans under General Horatio Gates, the British troops, pursuant to the terms of the Treaty of Convention, were to be permitted to return to Europe. A delay in so doing arose because of disagreements about paying for provisions for American prisoners in British hands and because the British had purchased supplies with counterfeit Continental currency.

General Sir William Howe, commander of the British forces in America, wrote to General Washington from Philadelphia on February 5, 1778 that the detention of Burgoyne's troops was in part grounded 'not only upon a requisition of mine for provisions to be sent in for the subsistence of the prisoners in my possession, and for the purchase of other necessaries, but upon a forgery by my agents, emissaries, and abettors, of what are called continental bills of credit. This last allegation is too illiberal to deserve a serious answer'.<sup>2</sup> Howe used this opportunity to belittle Continental currency as well as to be evasive in answering the accusation of counterfeiting made by General Heath of the American forces.

### THE TROJAN HORSE OF COUNTERFEITS

The improper use of a British wagon train proceeding under a flag of truce gave rise to 'the idea of a Trojan Horse travelling thro' our land, not filled with men but most probably with the more dangerous Enemy, Counterfeited Continental money . . .'.<sup>3</sup> General Howe had requested permission to bring clothing and medical supplies to the British, German, and Tory prisoners held by the Americans. General Washington in an effort to secure exchanges of prisoners and better treatment for American prisoners in British hands granted passports for a wagon train with the requested supplies to go from British-occupied Philadelphia to Lancaster escorted by two American officers. During the journey the wagon train was halted by the Americans at the Spread Eagle public house on the ground that the British had blocked shipments to American prisoners. It was then determined that the British had sent two more officers than their passports called for and Captain McLeod and Lt. Sterling were asked to leave the wagons and return to Philadelphia. During the delay

<sup>1</sup> Thomas Paine, *The Crisis*, assembled and republished, (Middletown; New Jersey, 1839), no. v, p. 135.

<sup>2</sup> *The Writings of George Washington*, edited by Jared Sparks, Boston, 1834, vol. v, p. 535 (Appendix).

<sup>3</sup> Letter dated Jan. 26, 1778 from Gen. Daniel Roberdeau at Yorktown to Pres. Thomas Wharton of Pennsylvania, Pennsylvania Archives (1st Series), vol. vi, p. 206.

caused by this controversy a heavy rain soaked some of the shipment including two bags full of Continental bills of credit. Captain James Christy, one of the American escort, reported that the bags were opened and after the contents were dried they were sent back to Philadelphia with McLeod and Sterling. Christy also indicated that he previously had slept on one of the bags and realized he 'had had a very costly pillow'. Sterling expressed surprise at the discovery of the currency and said he was ignorant of its inclusion in the shipment. It was not ascertained whether these bills of credit were counterfeit, but from subsequent events such a conclusion may be drawn.

Captain Christy stayed with the wagon train for four days and by the time it arrived at Lancaster the probability that the wagon train was among other things being used to distribute counterfeit Continental money was recognized by the Americans. Proof was obtained in Lancaster when one of the wagon drivers passed a Counterfeit \$6 Continental bill (May 20, 1777 emission). This driver had five more of these same counterfeits on his person. Three other wagon drivers were arrested and searched and more of the same counterfeits were found on each, but the officers were not searched because of their immunity under the flag of truce. The entire contents of the wagons were detained and all of the party were confined. To add to the confusion the British claimed that Mr. Herbert, a Lancaster innkeeper, overcharged the convoy for necessaries and that they had to pay specie at the same rate as paper money.<sup>1</sup>

The situation was reported by Pennsylvania authorities to General Washington on January 22, 1778 and it was brought to the attention of the assembled Continental Congress on January 26. For a venture which was to create goodwill in the British and American relationship as to prisoners it could not have caused more difficulty. On January 26 Washington ordered the wagons and their contents released and the two officers, the doctor and his two attendants freed because he had authorized his aides to issue passports to them.<sup>2</sup> Neither the contents of the wagons nor the officers were searched for counterfeit money, but two of the wagon drivers were held for trial. Two sergeants (apparently wagon drivers) who were permitted to leave with the British party left the group on the return journey and were arrested for molesting women on farms far off the route back to Philadelphia.

Congress on January 30 ordered an investigation of the entire matter to be made by the Board of War. The Pennsylvania authorities who had uncovered this plot were angered by Washington's action because they felt that the flag of truce was violated by the British use of counterfeits. Washington's position was excused by the Board of War in a letter to President Wharton of Pennsylvania dated January 31, 1778 on the ground that Washington did not have information of the improper behaviour of the group, an allegation which was not accurate. Washington did not wish minor violations of a flag of truce to interfere with his prisoner exchange negotiations. Washington excused the British for sending two more officers than stipulated because he felt the size of wagon train made it reasonable to have them. The Army justified the innkeeper's prices on the ground that the same prices would have been asked for

<sup>1</sup> See Pennsylvania Archives, vol. vi, pp. 200, 201, 206, 214, 216, 217, 233, and 268.

<sup>2</sup> *The Writings of George Washington*, vol. x, pp. 351, 355, and 356.

payment in Continental Currency and no premium for specie payment was permitted by law.

Pennsylvania claimed that 'Congress has no right to interfere in our civil policy' as the Pennsylvania statute passed March 20, 1777 authorized the punishment of persons knowingly passing counterfeit Continental money. The whole affair was embarrassing to the Americans and all of its goodwill value was destroyed. It left the members of Congress from Pennsylvania at odds with other members of Congress. Congress on April 14, 1778 received the report of the evidence collected by the Board of War with respect to the wagon train and promptly referred it to a new committee in order to avoid further discussion and controversy and the matter was buried in that committee.

Two of the wagon drivers were tried on April 10, 1778 and were released because of a loophole in the Pennsylvania counterfeiting law. As Thomas Paine humorously said of the incident, quoting from a comment once made by a member of the British House of Commons, 'There never was but one Act which a man might not creep out of it, i.e. the Act which obliges a man to be buried in woollen'.<sup>1</sup>

#### THE AMERICAN REALIZATION

The idea of counterfeiting Continental currency probably came to the attention of the British through a prominent doctor and politician, Dr. Benjamin Church, Director General of Hospitals of the Continental Army, who was embarrassed financially by living beyond his means. His brother-in-law John Fleming, was a printer. When in September of 1775 a letter in code giving military information to the British at Newport, Rhode Island, was intercepted, Washington reported the matter to Congress<sup>2</sup> and Church was jailed. Church's interest in counterfeiting was reported in a letter dated February 14, 1776 from Arthur Lee, American representative in London, which read:

Great expectations, too are entertained from treachery in the provincials. Dr. Church was in league with others, particularly Fleming the printer. This I have from a ministerial authority which may be depended on. They will endeavour to depreciate the Congress paper by throwing in forged notes.<sup>3</sup>

The earliest indication that there was British participation in counterfeiting Continental Currency was evidence given in connection with the indictment of George and John Folliott. It was said that these men in January, 1776 engaged in counterfeiting Continental Currency (the \$30 bill of the May 10, 1775 emission) in New York Harbor on board the British warship, H.M.S. *Phoenix*.<sup>4</sup>

<sup>1</sup> Letter dated Apr. 11, 1778 written at Lancaster to Henry Laurens, President of the Continental Congress. See Moncure D. Conway, *The Life of Thomas Paine*, New York, 1892, vol. i, p. 102.

<sup>2</sup> Letter dated Oct. 5, 1775, *The Writings of George Washington*, vol. iv, p. 9.

<sup>3</sup> Letter addressed to Lt.-Gov. Colden of New York in the event of its capture, but apparently sent by messenger to Samuel Adams. *The Revolutionary Diplomatic Correspondence of the United States*, edited by Francis Wharton, Washington, 1889, vol. ii, p. 78; vol. i, pp. 521 and 657.

<sup>4</sup> Kenneth Scott, 'A British Counterfeiting Press in New York Harbor, 1776', *The New York Historical Society Quarterly*, Apr.-July, 1955, vol. xxxix, No. 2-3, p. 117.

The Continental Congress on January 2, 1779<sup>1</sup> in calling for redemption of bills of credit approved May 20, 1777 at Philadelphia and April 11, 1778 at Yorktown stated that 'counterfeits of those emissions have lately been issued by our enemies at New York, and are found to be spreading and increasing fast in various parts of these United States . . . '.

A circular letter from the Board of Treasury to the States dated January 13, 1779 accused 'our enemies of the highest rank' of counterfeiting which was described in the preliminary draft of the letter as taking place 'from their Garrison at New York'.<sup>2</sup>

Counterfeiting (probably of part of the issue of September 26, 1778) was reported by the American General, Alexander McDougal in a letter written on March 25, 1779 from Headquarters at Peekskill, New York, to President Joseph Reed of Pennsylvania in which it is stated: 'He [the enemy] is now counterfeiting another emission, which will soon be out.'<sup>3</sup>

General Washington on September 8, 1779 forwarded from West Point to the President of Congress an intelligence report which advised of the British preparation 'of a new emission of bills of sixty dollars lately done in New York'. The intelligence agent had secured and enclosed such a note (the September 26, 1778 emission) and went on to say: 'The person from whom I received it informed me that a great quantity of this kind is put into the country by way of Kingsbridge and Bergen.'<sup>4</sup>

George Washington again affirmed the problems in a letter from Morristown, New Jersey dated December 7, 1779, written to the President of Congress, in which Washington stated: 'I have received a letter from a confidential correspondent in New York. . . . But the most important part of the letter relates to the indefatigable endeavours of the enemy to increase the depreciation of our currency, by increasing its quantity of counterfeits.'<sup>5</sup>

Under martial law capital punishment for espionage based primarily upon evidence of passing counterfeit Continental Currency was enforced. At a court martial held October 8, 1778 at Danbury, Connecticut, 'David Farnsworth and John Blair were tried for being found about the Encampment of the Armies of the United States as Spies and having a large sum of counterfeit Money about them which they brought from New York, found guilty of the charges against them and sentenced (two thirds of the Court agreeing), to suffer death.' General Washington in a letter to General Gates about the case stated 'The crime of passing counterfeit Bills of Credit, by which our currency has been extremely depreciated, added to the strong suspicion of their being both Spies, will render it necessary to have them executed according to their Sentences.'<sup>6</sup>

<sup>1</sup> On Dec. 16, 1778 after considerable debate Congress resolved that it was necessary to withdraw these issues but did not make the redemption call until Jan. 2, 1779.

<sup>2</sup> Papers of the Continental Congress, No. 136, iii, folio 7; see *Journals of the Continental Congress*, minutes of Jan. 13, 1779.

<sup>3</sup> William B. Reed, *Life and Correspondence of Joseph Reed*, (Philadelphia; 1847), vol. ii, p. 58. See Henry Phillips, Jr., *Continental Paper Money* (Roxbury, Mass., 1866), p. 114.

<sup>4</sup> *The Writings of George Washington*, vol. xvi, p. 255.

<sup>5</sup> *Ibid.*, vol. xvii, p. 230.

<sup>6</sup> *The Writings of George Washington*, edited by John C. Fitzpatrick, Washington, D.C., 1931 et seq., vol. xiii, p. 139; vol. xiii, p. 54.

David Gamble deserted the Continental Army and when counterfeits were found in his possession was ordered executed.<sup>1</sup>

On March 18, 1778 a court martial sentenced Abel Jeans of Pennsylvania to 100 lashes and confinement at hard labour for the balance of the war for supplying the British with money, trading with them, and buying and passing counterfeit Continental money.<sup>2</sup>

The quantity of counterfeit Continental currency found on those who were deliberately circulating those notes was often large. Thomas Cockayne had been caught in Sussex County, Pennsylvania, with 199 counterfeit \$30 bills in his possession or a total of \$5970.<sup>3</sup> Jonathan Jennings, as reported in the *Virginia Gazette* of May 15, 1778, was jailed in Alexandria, Virginia, for passing one \$5 and one \$8 Continental note and had in his possession twenty-five \$5 notes dated February 26, 1777, one \$6 note and eighty \$8 notes dated May 20, 1877, all counterfeit, making a total of \$771.

The American frigate *Deane*, on August 9, 1779, captured the *Glencairn*, a British ship *en route* from Glasgow to British-occupied New York. The report of Commodore Samuel Nicholson of the *Deane* to the Continental Congress, as published in the *Virginia Gazette* of October 2, 1779, stated:

On board the *Glencairn*, a person says he had in charge a box, which was to be delivered to some person in New York, but upon our coming up with them and the ship striking, threw it overboard; upon which we went immediately after it, and with difficulty got it before it sunk, when upon examination we found it contained materials for counterfeiting our currency, consisting of types, paper with silk and isinglass in it &c. We have however determined to secure the person, as we believe him to be the sole intender of the villainy: The box we have on board and shall bring it with us to Boston.

A conclusion can readily be drawn that, since New York was the destination of the *Glencairn*, the counterfeiting of Continental paper money was intended rather than the counterfeiting of any separate state issue. This is also corroborated by the paper containing mica and silk. The inclusion of type indicated a desire to improve the quality of counterfeits since most counterfeits of earlier Continental issues were made from engraved copper plates and were more readily distinguishable from the genuine notes than typeset counterfeits. As to whether the captured passenger was 'the sole intender of the villainy' is an opinion which, no doubt, was modified by the American authorities on further investigation.

Exaggeration of the *Glencairn* incident in numismatic literature began in 1851 when it was said that 'a vessell, coming from Scotland to New York, was captured by an American privateer, with many millions of dollars of forged paper money, on board, and with the requisite materials to falsify that which might be hereafter issued by the United States'.<sup>4</sup> Subsequent writers enlarged this misstatement to a 'shipload' of counterfeit Continental

<sup>1</sup> General Orders of Oct. 13, 1780, *ibid.*, vol. xx, p. 179.

<sup>2</sup> General Orders issued Mar. 25, 1788 from Washington's Headquarters at Valley Forge, *ibid.*, vol. xi, p. 142.

<sup>3</sup> Pennsylvania Archives, vol. v, p. 525.

<sup>4</sup> Adolphus M. Hart, *History of the Issues of Paper-Money in the American Colonies anterior to the Revolution*, (St. Louis, 1851), p. 16.

Currency.<sup>1</sup> From such an assumption it was erroneously stated that the counterfeits were prepared in England.<sup>2</sup>

The fact that there was no finished counterfeit money found was confirmed when the *Glencairn* sailed into Boston Harbour and the Massachusetts Council on October 11, 1779 ordered that there be delivered to the Secretary of the Commonwealth of Massachusetts 'the printing types and Paper, taken by the Ship Dean, to be designed for counterfeiting the Currency of the United States'.<sup>3</sup>

The counterfeit Continental currency which was captured by the Americans from the British armed forces in the vicinity of New York was in very large quantities, further indicating New York as its source. In January, 1780, during a raid by Major Lee's Rangers on a British outpost within one-half mile of the lighthouse on Sandy Hook, about \$45,000 in counterfeit Continental money was obtained along with seven prisoners, some hard money, and some dry goods.<sup>4</sup>

When Capt. Marriner, in the early morning of April 20, 1780, seized the British ships *Blacksnake* and *Morning Star* at anchor off Sandy Hook and brought his prizes into Egg Harbour, New Jersey, much counterfeit Continental currency was reported to have been found on board.<sup>5</sup> Allan McLane, a participant in the capture, stated in his diary that 'a Million of Counterfeit bills ameditedly [admittedly] from Great Britain well executed' were found,<sup>6</sup> but the official naval report stated that no information on the source was available as the owner was mortally wounded in the action.<sup>7</sup> The quantity also seems somewhat exaggerated. Yet on one ship which escaped capture in the Sandy Hook affair a numismatic writer increases the total to one hundred million dollars and places the source as Scotland.<sup>8</sup> These assertions can be as readily accepted as the weight of the fish which got away.

### AN OFFICIAL DESCRIPTION OF COUNTERFEITS

An official printed broadside describing counterfeit Continental currency is among the papers of the Continental Congress. It is entitled:

DESCRIPTION OF COUNTERFEIT BILLS which were done in Imitation of the True Ones ordered by the Honorable the CONTINENTAL CONGRESS, bearing Date 20th May, 1777, and 11th April, 1778.<sup>9</sup>

At the bottom of the Broadside in the handwriting of John Gibson, Auditor General, there is a warning as to the importance of the document, 'Permit no Copy of these Descriptions to be taken unless at the Request of the Executive

<sup>1</sup> Henry Phillips, Jr., *Continental Paper Money* (Roxbury, Mass., 1866), p. 71.

<sup>2</sup> Laurence D. Smith, *Counterfeiting, Crime against the People* (New York, 1944), p. 71.

<sup>3</sup> Joseph B. Felt, *Historical Account of Massachusetts Currency*, (Boston, 1839), p. 252.

<sup>4</sup> New Jersey Archives, 2nd Series, vol. iv, p. 134.

<sup>5</sup> *Ibid.*, p. 351.

<sup>6</sup> Manuscript in the New York Historical Society, vol. ii, p. 56.

<sup>7</sup> *Writings of George Washington* (New York, 1932), vol. xxvii, p. 422 n.

<sup>8</sup> Eben Mason, 'Continental Paper Money and Its Imitations', *Mason's Coin and Stamp Collectors' Magazine*, (Philadelphia, 1871), vol. v, No. 6, p. 85.

<sup>9</sup> This broadside is referred to in *Journals of the Continental Congress*, vol. xv, p. 1451, item 238 under date of Jan. 2, 1779.

Authority of the State to be placed in Confidential Hands.—John Gibson, A.G.’

This Broadside was distributed in January, 1779. It described only 5 counterfeits, the \$6 and \$8 of the May 20, 1777 Philadelphia emission and 3 varieties of the \$40 note of the April 11, 1778 Yorktown issue. It indicates no knowledge of the other counterfeits of these two issues, namely the \$30 of May 20, 1777 and the \$4, \$5, \$7, and \$20 of April 11, 1778. These omissions must have resulted in a large and unintentional redemption and destruction of unlisted counterfeits. The *Connecticut Courant* of November 10, 1778 had already published a description of the \$5 counterfeit of April 11, 1778. No counterfeits of issues other than the two issues called for redemption are mentioned in the Broadside. A most important fact pointed out in the Broadside is that the first four specimens and the back of the fifth were struck from engraved copper plates and not from set type and cuts as were the genuine.

Why all denominations of each of these two issues were called for redemption when only two denominations of one issue and one of another were known to have been counterfeited is difficult to fathom. It had been strongly argued in Congress in December, 1778 that all earlier issues be redeemed and replaced. The confusion resulting from the redemption notice was worse than the counterfeits. The notes with which the called issues were to be redeemed were not ready and delays in the exchange were as much as 60 days. Depreciation was taking place at a rapid rate at that time and many holders had to travel substantial distances to official exchange agencies and spend money and time so doing. The called issues immediately lost their acceptability in normal transactions and merchants advertised that they would take in the called money for goods at prices which obviously were much higher than current.<sup>1</sup> William A. Atlee (no relation to James F. Atlee, the die sinker for copper coins who was a partner in Machin’s Mills) wrote concerning the redemption notice to his brother, Samuel Atlee, a delegate in Congress from Pennsylvania:

Pray, my dear Brother, how comes it that Congress by their resolve relating to the two emissions of May, 1777 and April, 1778 have set the Country in such a ferment . . . it is rendered twenty-five p. cent worse than the other emissions, which God knows were sunk low enough before.<sup>2</sup>

Due to the exigencies of war the original date for the redemption of the May 20, 1777 and April 11, 1778 emissions was extended first from June 1, 1779 to January 1, 1780 and subsequently to January 1, 1781.<sup>3</sup> In view of the prolonged period for redemption the great bulk of the genuine May 20, 1777 and April 11, 1778 issues were withdrawn from circulation. Those redeemed were at first ordered crossed, punch cancelled, and burned, but subsequently the requirement of crossing and punch cancelling before burning was waived.<sup>4</sup> On occasion genuine bills of these issues are found crossed in ink and since crossing customarily denotes a counterfeit it must be assumed that someone

<sup>1</sup> Albert S. Bolles, *The Financial History of the United States from 1774 to 1789*, New York, 1879, p. 154.

<sup>2</sup> Pennsylvania Archives, vol. vi, p. 212 (undated but apparently early in 1779).

<sup>3</sup> *Journals of the Continental Congress*, minutes of July 2, 1779 and Mar. 28, 1780.

<sup>4</sup> *Ibid.*, minutes of Feb. 26, 1779.

made a mistake in identification rather than that redeemed bills were not destroyed.

The precaution as to releasing to the public official descriptions of counterfeits of the May 20, 1777 and April 11, 1778 issues was motivated by a fear that specific differences would result in a prompt correction of the counterfeit plates. The circular letter of the Board of Treasury of January 13, 1779 states:

The danger from counterfeits can only be avoided by calling in and exchanging the emissions, which have chiefly suffered by that species of fraud. To publish the marks of detection and still to leave the true bills current will not be prudent, as it must afford an opportunity for correcting defects and cheating more securely.<sup>1</sup>

It should be noted that the word 'chiefly' as used above indicates that counterfeits of other emissions were known to be in circulation, but not in sufficient quantity to be dangerous.

The refusal to publish the marks of detection was a change in thinking, as John Gibson, Auditor General, had officially published in newspapers in 1777 descriptions of the \$30 counterfeit of May 10, 1777 and the \$8 counterfeit of May 9, 1776 pursuant to the authority of the Board of Treasury.<sup>2</sup>

Whether the decision of the Treasury Board and the Auditor General not to publish further descriptions of counterfeits was correct or not, it is clear that they did not realize that descriptions of the commonest Continental Currency counterfeits had already been published in the press. The *Connecticut Courant* of November 10, 1778 attempted to describe the \$40 and \$5 counterfeits of April 11, 1778 and the \$8 and \$6 counterfeits of May 20, 1777, as well as two varieties of the \$30 counterfeit of February 26, 1777. Shopkeepers must have posted the clipping from the newspaper, thus eliminating any possibility that passers of counterfeits would not become aware of the information.

### COUNTERFEITING STATE AND CITY ISSUES

Each of the thirteen American colonies as English possessions and during the transition to independent states issued paper currency of its own. There had been plagues of counterfeiting before the Revolution and therefore the British and their sympathizers did not neglect state issues in their counterfeiting activities. The highest denomination of the May 10, 1775 Connecticut currency, being a 40 shilling type-set issue, was counterfeited with notes struck from engraved copper plates. Before the British occupation of New York City the *New York Gazette* and the *Weekly Mercury* of April 15, 1776 carried a notice to that effect and admitted that the notes were 'upon the whole, a good imitation of the true Bills' and described the distinctions. The excellence of the engraved counterfeit of the type-set genuine note is readily apparent in the accompanying illustration (Pl. XIII, 1). The notice concluded with a statement that counterfeit Connecticut 10 shilling notes of May 10, 1775 were said to be in circulation, but failed to give any confirmation or

<sup>1</sup> *Journals of the Continental Congress*, minutes of Jan. 13, 1779, *Virginia Gazette*, Feb. 19, 1779.

<sup>2</sup> *Virginia Gazette*, June 13, 1777 and *Pennsylvania Gazette*, July 16, 1777.

denial of the assertion. Such an admitted lack of facts as to the 10-shilling note could only have created further chaos.

Counterfeit issues were so effective that Jonathan Trumbull, a member of George Washington's military staff, wrote on September 16, 1776 from his Connecticut headquarters: 'So much counterfeit money being of late brought into this camp from the Eastern parts of the Continent, the General forbids any money passing or being received but Continental money.'<sup>1</sup>

Apparently he was unaware that counterfeits of Continental money were actually more numerous.

One of the reasons why Massachusetts Bay endeavoured to call in all of its paper money and use only Continental Congress issues was British counterfeiting of Massachusetts issues. A leaflet distributed to each town by order of the House of Representatives of Massachusetts Bay issued December 15, 1777 read:

It is also notorious that numbers of our enemies have counterfeited large quantities of the paper currency of this and the neighbouring States and that by means of all this, the quantity of circulating paper medium has long since increased vastly beyond all pretensions of usefulness, and manifestly to the enhancing the demand of all commodities to an extravagant price.

New York City had circulated currency issues dated from August 25, 1774 to March 5, 1776 in order to build a new steam-operated pump for the city's water supply. A drawing of the proposed pump adorned the notes. The only evidence of counterfeits of this issue indicates complete British sponsorship under the supervision of and with the cooperation of top officials.

The deposition of Israel Young, given on June 26, 1776, while the Americans still held New York, recites that Thomas Vernon told Young when they were in jail together that Vernon had on many occasions visited the British ship *Duchess of Gordon*, on which William Tryon, the British governor of New York, conducted official British activities in New York harbour during the early part of the Revolution; that Gov. Tryon was seen on board and often spoken to; that various types belonging to the New York printer, James Rivington, were on board as well as one of his printers; that Vernon saw them counterfeit Water Works notes there; that they had a chest full of such notes, which were of excellent quality except that the paper seemed too thick.

There appear to be many notes of this New York City issue in collectors' hands. A search through quantities of them and through major collections has not revealed any counterfeit note. The cuts for the notes had been originally made by Elisha Gallaudet<sup>2</sup> and the type was furnished by Hugh Gaine, the printer, both of whom were devoted to the cause of independence. James Rivington was a rival New York printer with 'tory' sympathies and could readily obtain the two colours of papers required for separate printing of the front and back. This leads to the conclusion that the genuine forms for printing this currency were obtained by British Colonial government from the City officials who had them in safe keeping.

Efforts to eliminate state and city paper money issues were constantly

<sup>1</sup> Peter Force, *American Archives* (5th Series), vol. ii, p. 476.

<sup>2</sup> Eric P. Newman, 'The Continental Dollar of 1776 Meets its Maker', *The Numismatist*, vol. lxxii, No. 8 (Aug. 1959), p. 915.

recommended by the Continental Congress primarily in order to secure state tax support to sink the Continental Currency and thereby sustain its value. It was also realized that there were too many state and local issues which could be counterfeited and that one national issue was the ideal. In an appeal made by Congress in May, 1778 to the people, urging them to continue to support the American cause, it was asked, 'What, then, are the reasons that your money hath depreciated?', and one of the answers given was 'because their [your enemy's] agents have villainously counterfeited your bills'. It then continued, 'How is this dangerous disease to be remedied?', and answered, 'Let the several legislatures sink their respective emissions, that so, there being but one kind of bills, there may be less danger of counterfeits'.<sup>1</sup>

### CONCLUSION

The excitement in America must have run high when an American privateer intercepted a British vessel carrying a letter from Sir Henry Clinton, Commander-in-Chief of the British Forces in North America, to Lord George Germain, British Secretary of State. The message written on January 30, 1780 from Savannah, Georgia, stated:

I should be wanting to my civil commission, in closing this letter, without a few reflections on the present state of the money of America. Every day teaches me the futility of calculations founded on its failure. No experiments suggested by your Lordship; no assistance that could be drawn from the power of gold, or the arts of counterfeiting, have been left unattempted. But the currency like the widow's cruize of oil, has not failed the Congress. . . . I shall, nevertheless, my Lord, continue while I have the honor to command in America, assiduous in the application of those means entrusted to my care; if they cannot work its (the Continental Currency's) destruction, yet they embarrass Government . . . .

This letter was published at Philadelphia on April 8, 1780 in the *Pennsylvania Journal* and later that year in England.<sup>2</sup> It is an incontestable admission that the British Civil government as well as the military leaders approved and directed the counterfeiting of American paper money.

Counterfeits in quantity played a material part in the final worthlessness and repudiation of Continental Currency at the end of hostilities. It appeared to Captain Thomas Anburey, a British officer, that counterfeiting caused the depreciation when he wrote in a letter dated May 12, 1779:<sup>3</sup>

The depreciation of Congress money arises from the vast quantity of the counterfeit, which any person who hazards the risk, may have gratis, at New York, to circulate throughout the province, and to point out to you what confusion there must be at the conclusion of this unhappy contest, on whichever side it may terminate, when I inform you that there are many persons now in actual possession of

<sup>1</sup> 'An Address of the Congress to the Inhabitants of the United States of America', *Journals of the Continental Congress*, minutes of May 8, 1778.

<sup>2</sup> *The Remembrances of Impartial Depository of Public Events*, J. Almon, London, 1780, vol. x, p. 40. See Albert S. Bolles, *The Financial History of the United States from 1774 to 1789*, New York, 1879, p. 152.

<sup>3</sup> *Travel through the Interior Parts of America in a Series of Letters* (London, 1789), vol. ii, p. 399.

plantations, which they purchased with the counterfeit money they brought from New York.

In American areas occupied by British forces no Continental Currency was permitted to circulate, genuine or counterfeit.<sup>1</sup> When the British occupied New York City they did not neglect other means for depreciating the currency in surrounding areas when they placed the following in the *New York Gazette* of October 28, 1776:

#### WANTED

By a gentleman fond of curiosities, who is shortly going to England, a parcel of Congress notes, with which he intends to paper some rooms. Those who wish to make something of their stock in that commodity, if they are clean and fit for the purpose, receive at the rate of one guinea per thousand for all they can bring before the expiration of the present month. Inquire of the printer.

N.B.—It is expected they will be much lower.

Ezra Stiles, President of Yale College, apparently engaged in wishful thinking when after commenting on British counterfeiting in his diary on June 2, 1777 he added: 'The plot is detected & checked.'<sup>2</sup>

A description of the known counterfeits of Continental Currency<sup>3</sup> includes thirty-two different issues. Those of finer quality than the originals are British sponsored. A comparison of the genuine and counterfeit issues in the accompanying illustrations (Pls. XIII–XIV) shows the deceptiveness of the counterfeiting techniques and readily indicates the destructive effect the British counterfeits had on American currency during the American Revolution.

<sup>1</sup> Thomas L. Elder, 'Vicissitudes of Continental Paper Money', *The Numismatist*, vol. xxxviii, No. 4 (April, 1925), p. 216.

<sup>2</sup> *Literary Diary of Ezra Stiles, President of Yale College*, (New York, 1901), vol. ii, p. 164.

<sup>3</sup> Eric P. Newman, 'Counterfeit Continental Currency Goes to War', *The Numismatist*, vol. lxx, No. 1 and 2 (Jan. and Feb. 1957), pp. 5 et seq.