

The Canadian Paper Money Journal

PUBLICATION OF THE CANADIAN PAPER MONEY SOCIETY

Vol 28, No 2

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Serial No 110



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The Canadian Paper Money Journal

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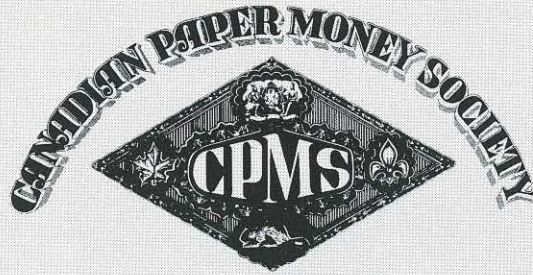
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The 1992 CNA Convention in Montreal in late July and early August is quickly approaching. I hope many of you are planning to attend this function, for it promises to be the main Canadian numismatic event this year. I would like to encourage you to create an exhibit of Canadian paper money for this convention, or for any local show. It is a means of promoting interest in the field that interests us so much.

In March of this year, I had the pleasure of watching an excellent television documentary produced by NOVA on the counterfeiting of currency, "Making a Dishonest Buck." I do hope many of you were able to see this documentary; it portrayed some of the existing problems associated with printing of paper currency, provided behind-the-scene footage of how currency is printed, and showed some of the technological advances that various printing companies around the world currently employ to foil counterfeiters. I highly recommend this documentary to all those interested in paper money and especially students interested in understanding current printing technologies.

I recently received a book called *My Two Cents' Worth*, by Jack Veffler. I would like to recommend this book to both advanced and novice collectors of paper money. I have read only a small portion of the book, but have found it very interesting, informative and amusing. The book contains many anecdotes, including background on a number of famous collectors from

around the world as well as a lot of unknown tidbits of interesting information. Flipping through the book I found many stories which I had heard over the years and it is enjoyable to see these in print. I also noticed many names of collectors, dealers and other people with whom I have had personal contacts over the past 30 years. Many of them are no longer with us, but their stories make interesting reading. Several of the stories bring back many memories, and I would like to congratulate Jack Veffler for sharing them with us. I hope Jack has started on a sequel, for there are still many more numismatic stories that need to be recorded for posterity.

Last, but not least, a signature change has been observed on the 1954 \$1000 note, with the most recently released notes showing the Thiessen-Crow signature combination. The last number for the Lawson-Bouey issue is A/K 1949400 and the first for the Thiessen-Crow issue is A/K 1949401.

Lub Wojtiw

President, CPMS

Recent issues of *Canadian Paper Money Journal* should serve as a guide to the format of articles. Footnotes should be used sparingly and be listed at the end of the manuscript. The recommended format for bibliography is as follows.

Allan, W D, ed (1989). *The Charlton Standard Catalogue of Canadian Bank Notes*. Toronto: The Charlton Press.

Kaslove, H (1990). Bank of Canada essay notes for the 1935 issue. *Canadian Paper Money Journal* 26: 102-110.

McCullough, A B (1984). *Money and Exchange in Canada to 1900*. Toronto: Dundurn Press.

Authors may make citations in the text either by clearly marked footnotes or by showing the author's last name, date of publication and page number in parentheses, for single (Kaslove 1990: 110) or multiple authors (Allan 1989: 141; McCullough 1984: 98-99).

Illustrations, wherever possible, should be black-and-white glossy photographs, preferably scaled to make the image either 4.5 inches or 5.4 inches in width. Even where this is not possible, please try to avoid

photocopies of poor quality, extremely small images, or mixing illustrations of varying sizes. Photocopies never reproduce very well and so should be a last resort. Please do not send unsolicited original notes or artwork, as the Canadian Paper Money Society and its officers cannot be responsible for their safe return.

In addition to regular articles, we encourage the submission of short reports, reviews of books on Canadian paper money or banking, and 'fillers' consisting of short quotations or observations relevant to Canadian paper money, or short research notes or enquiries.



I hope the long wait for the first issue of our journal in the new format was worthwhile, and I await readers' comments on it. Unfortunately, in addition to the fact that it was a more difficult issue than most to get ready, especially as there were so many photos, some initial delays pushed production of the journal into a period when I was extremely busy at the university, and then with preparations for my field expedition in Jordan this summer. I am glad that with volume 28, no 2, we are pretty well back on schedule and hope that there will be no noticeable delays of the summer or autumn numbers. This is a relatively short journal, to make up for the unusually long (and, I am sure, expensive) first number in the "new format."

The "new format" is still in the stages of settling down, and there are some new departments I would like to add for which we had either no room or no material in the first two numbers for 1992. I would like to encourage people to submit short pieces for a department on letters and research notes or requests for information. I also wonder if readers would like to see a regular department on municipal trade notes, in addition to departments on Bank of Canada prefixes and banknote vignettes. And what about cheques? Two of our readers have pointed out that we have no regular outlet in Canada for articles about cheques, unless we create one within these pages. If you have any comments about these or other suggestions for regular features in the *Canadian Paper Money Journal*, please do not hesitate to send them to me.

Spring is finally here, I have just emptied my apartment and I am about to catch a plane to Jordan where I will be doing archaeological fieldwork for three months. I expect to be

back just in time for the Canadian Numismatic Association's annual convention at the Sheraton Centre Hotel in Montreal, where CPMS will be holding its annual luncheon and meeting. I hope to see as many as possible of you there, where you can give me some feedback on the journal's development in person and, I hope, submit to me a manuscript or two. Although I still have a few manuscripts in the works, including one on CPMS medals and some on municipal trade notes, I don't like to see my file of manuscripts get too thin.

It is now somewhat old news, but some of our readers may not have seen the item in the *Canadian Press* last November about the imminent, widespread use of debit-card shopping. An article by Bruce Cheadle in the *Globe and Mail* on 14 November reported that a year-long pilot project by the Interac association of banks and trust companies to test consumer and retail reaction to the debit cards in the Ottawa area had been extended to British Columbia and Quebec. Debit cards allow shoppers in retail outlets to use their automated teller cards in paying for their purchases at the point of sale. The purchase price is immediately transferred from the customer's to the merchant's account. Starting in September, British Columbia and Quebec will be the first provinces in Canada to have widespread access to the debit-card system. The system will spread across the prairie provinces in 1993 and through Ontario and the Maritimes in 1994.

My thanks to those who have contributed material recently and in the past, and especially to those who have helped get the new journal off the ground, Walter Allan, Bob Dyer, Bob Graham, Ron Greene, Jerry Remick and Lub Wojtiw.

EBB □

THE DECLINE OF THE GORE BANK

R J Graham, FRNS, FCNRS

The Gore Bank was the last of three banks to go into operation under an Upper Canada charter, and was also the last of these to succumb. The seeds of destruction of all three were sown in the prosperous 1850s. Rapid railway development fueled rampant speculation in "wild lands," parcels of property beyond the limits of settlement. The Upper Canadian banks aided and abetted the speculation, gambling on continued growth. The good times came to an abrupt end with a sharp depression in 1857. The collapse of business left the banks burdened with bad debts, backed by overpriced and unsaleable wild lands. The new railroads failed to generate enough income to meet their loan repayment obligations to the larger banks and overseas lenders, and instead were often in need of fresh infusions of funds. The top bank executives became uncertain, confused and cranky with advancing age. Their talents had been equal to the demands of a frontier society, but not to the new economic realities at the beginning of industrialization. The disrespectful description applied to the directors of The Bank of Upper Canada, "cantankerous noodles,"¹ was likely applicable in general.

The Bank of Upper Canada hobbled along, insolvent, until it finally collapsed, not unexpectedly, in 1866. The Commercial Bank of Canada (chartered as The Commercial Bank of the Midland District), unable to carry on, was absorbed by The Merchants Bank in 1868, giving the latter institution a severe case of indigestion. The Gore Bank, reduced to a barely living skeleton, was taken over by The Canadian Bank of Commerce in 1869.

The Gore Bank opened for business in 1836, its charter having been obtained with the considerable assistance of Allan Napier McNab, a prominent and influential Hamilton politician. The Gore Bank charter introduced into Upper Canada the double liability clause, which made shareholders liable for debts of the bank to the value of stock held, in addition to the cost of the stock. It also forbade purchase of stock by any incorporated company.²

The Gore Bank tried to claim the portion of the province lying west of Hamilton as its sphere of operations³ although its competitors were also active in the region, especially in the larger towns. It seems generally to have been on good terms with other banks in the province, and took care to adopt policies in harmony with those of The Bank of Upper Canada. The Gore Bank generally carried on a profitable business, although the failure of its British agents, Reid, Irving and Co., in 1847 produced a temporary setback. The par value of the Gore Bank stock was reduced from £12.10 to £10 currency in 1848 to make up the resulting shortfall in capital. The bank recovered and was able to resume payment of good dividends, including a 25% bonus a few years later⁴. It was, however, sometimes guilty of operating incautiously. In 1853 it held only £12,000 in cash reserves against a circulation of £230,000⁵.

During the years of expansion, from 1850 until the fateful crop failure of 1857, The Gore Bank extended its operations through a network of branches in Galt, Guelph, London, Paris, Simcoe and Woodstock. The Gore shared in the rough and ready banking procedures of the time, and the branches were not subjected to the supervision and inspection that prudence would have suggested.

The depression ended in 1859, and The Gore Bank, like the Commercial and the Upper Canada, appeared to have survived, returning to near normal operation. The Gore continued paying dividends, at an only slightly reduced rate. Substantial sums were written off as bad debts. Even so, the pruning was largely superficial, and the bank was virtually crippled by the load of doubtful assets acquired during the period 1850 to 1857. A new cashier, or general manager, was appointed in 1863, Walter G Cassels replacing William G Crawford when the latter resigned. Crawford subsequently found a new career with The Royal Canadian Bank, as manager of its Hamilton branch. Cassels had formerly been employed by The Bank of British North America, and was a brother of Robert C Cassels, another Bank of British North

¹Peter Baskerville (1987), *The Bank of Upper Canada*, p cxxx.

²R M Breckenridge (1910), *The History of Banking in Canada*, pp 32, 33.

³Baskerville (1987), p xciv.

⁴*The Canadian Monetary Times and Insurance Chronicle* 6 Aug. 1868, p 526 (variously, *Monetary Times and Insurance Chronicle*; and *The Monetary and Commercial Times Insurance Chronicle*, all abbreviated hereafter as MT.)

⁵Baskerville (1987), p 211.

America veteran,⁷ who had undertaken the hopeless task of reconstructing The Bank of Upper Canada when appointed cashier of that institution.

Cassels struggled with branch managers to reduce the amount of their loans, a sign that the veneer of health and strength worn by the Gore was thin indeed. More trouble arrived when the Bank of Upper Canada failed on 18 September 1866. It had been handling business for the Gore in Montreal, and its suspension locked up \$78,000 owed to the latter. The Bank of Montreal then served notice on the Gore that balances between them were to be settled in specie or Provincial notes on a daily basis at points where both banks had branches. The position of the Gore was now so precarious that Cassels reinforced his usual instructions to branch managers to reduce lending with the admonition that the resultant loss of customers was of no significance.⁸ Still, the bank paid out 7% in dividends in 1867, and presented a balance sheet which seemed to reflect a healthy state, the directors "trust(ing) that the result of the business of the past year will be considered satisfactory". It was explained that the offer of government debentures at 7% interest was likely to draw off the bank's deposits, so contrary to their inclination, the directors were forced to restrict discounts.⁹ This convenient excuse did not succeed in sparing the bank further trouble, which was not long coming.

On 22 October 1867 The Commercial Bank of Canada suspended payment, unable to withstand the drain of its deposits any longer. The Commercial Bank had taken over the Montreal business of The Gore Bank, after the failure of The Bank of Upper Canada. No ultimate loss resulted this time, since the Commercial was not so much insolvent as just short of ready cash, but the public was rapidly losing confidence in the Gore. This distrust was enhanced by reports, some of them perhaps exaggerated, of failures of merchants indebted to the bank, including Buchanan, Hope and Co. which owed over \$100,000. It was later alleged that the Buchanan loan had been increased without the approval of the directors. Several large shareholders became alarmed and instructed their brokers to sell their Gore stock at almost any price. Thus the sense of insecurity spread. The pressure on the bank to redeem its notes and to pay out its deposits became relentless. Even the City of Hamilton demanded the return of its large deposit, a move condemned as "most cruel in its character, most extraordinary, and most disastrous to the bank...which deserved better treatment than that from the city".¹⁰

Nevertheless *The Canadian Monetary Times and Insurance Chronicle* bravely reported on 21 May 1868 that

Some uneasiness has been felt in reference to this bank for some time past, owing to the action of one or two of its largest customers, resulting in a rapid decline in the selling price of the stock. We have high authority for saying that the bank is thoroughly prepared to satisfy the public by the most substantial kind of proof of its ability to meet all demands.

The Bank of Montreal and other banks provided assistance to the extent of \$350,000, taking as collateral discounted promissory notes.

Over the year from 30 June 1867 to 30 June 1868 the balance sheet of the bank changed dramatically, reflecting on the one hand the bank's success in reducing its lending, and on the other its inability either to keep its notes in circulation or to prevent the loss of its deposits. Loans, under the heading of notes and bills discounted, were reduced by more than half, from \$1,685,000 to \$829,000. Circulation fell from \$550,000 to \$212,000 and deposits from \$1,068,000 to \$304,000.¹¹ (All figures have been rounded to the nearest thousand.)

The annual general meeting held in the summer of 1868 was not a reenactment of the cheerfully optimistic affair of a year earlier. The shareholders were decidedly grumpy, upon learning that losses of over \$200,000 had impaired the capital to the extent of 27.5%. Most of the losses had been in the operations of the head office in Hamilton, while the six branches also recorded losses, principally Woodstock which lost almost \$38,000. Other losses were attributed to the conversion of certain U. S. bonds, and on the sale of certificates of indebtedness from The Bank of Upper Canada, which were eventually to be paid to whatever extent the proceeds of its slow liquidation would allow. The entire board, with the exception of Dr Calvin McQueston, the vice-president, was retired. The former president, Thomas C Street, came under fire for not getting rid of the former cashier, Mr. Crawford, soon enough, and was accused by McQueston of breaking down discipline in the bank. Despite his long association with the bank (he was The Gore Bank, in the words of one shareholder), Street was replaced by Æmilius Irving. Irving resigned a short time later, to be succeeded by Edward Martin.

The shareholders also struggled with the question of what to do next. It was recommended that half of the branches, those at Guelph, London and Paris, Ontario, be closed. They had transacted no new business in some time, and little wonder, with discounting virtually forbidden. The option of

⁶Victor Ross (1920), *The History of the Canadian Bank of Commerce*, vol 1, p 228.

⁷Baskerville (1987), p 157n.

⁸Ross (1920), vol. 1, p 238.

⁹MT 15 Aug. 1867, p 2.

¹⁰MT 6 Aug. 1868, p 526.

¹¹MT 15 Aug. 1867, p 2; 6 Aug. 1868 p 526.

amalgamation with another bank found no support. Memories were fresh of the takeover of The Commercial Bank of Canada by The Merchants Bank, at what was then believed to be a ridiculously low price. (Subsequent unhappy discoveries by The Merchants Bank no doubt caused these opinions to be revised.) It was decided to struggle along for the time being, to continue the liquidation of assets, and to subject the affairs of the bank to a very thorough investigation.¹²

The committee appointed to perform the audit inspected the three remaining branches before tackling the head office. The business at Simcoe and Galt was found to be well managed. The Woodstock branch, in contrast, was heavily criticized. Loans had been given too freely, against doubtful security, and bad debts were mounting. The deposit account could not be verified, because the necessary receipts were not produced. The manager, Mr. Park, reacted by leaving the province. It was feared that he was in default to a large amount, but it was expected that Park's sureties would cover any loss. Park was fired and replaced by Mr. Smith, who had managed the former Guelph branch.¹³ It later transpired that poor Park disappeared under "mental excitement" and was able to account for the money presumed to be in default.¹⁴

Proceeding to the head office, the committee found the circulation account to be in harmony with the note register, although that book, dating back to the establishment of the bank, was no longer adequate. The staff was considered too large for the remaining business, and was consequently reduced by four employees. More bad debts were discovered and the former directors were chastized for not having written them off years earlier. They were also criticized for having, in the past, undertaken too large risks on too little capital. Finally, the committee concluded, it was a matter of regret that the old board had not "seen it to be their imperative duty ... fairly to confront the difficulties with which the institution has long been beset, and to bring their published statements into harmony with the actual facts of the case."

An appended statement showed that the drain of the bank's deposits had not ended, about \$120,000 more being drawn out over the summer. The new directors, elected less than three months earlier, responded quickly to the committee's recommendations. Action in the Woodstock situation and staff reduction at head office have already been mentioned. In addition, every debt considered bad was purged from the books, and allowance made for all doubtful debts. The loans from assisting banks were by this time fully repaid. However, now that the facts in the case were all laid bare, it was apparent that the deficiency in the bank's capital was considerably larger than previously believed. It was

suggested that a 40% reduction, from \$40 (£10 currency) per share to \$24, was in order. Otherwise, the charter prevented the payment of dividends until the capital was fully restored. The cashier, Walter Cassels, submitted his resignation, which was accepted. The board determined not to continue the office of cashier, but to appoint in due course a manager. Cassels consented to remain until a manager could be found. The job was given to Samuel Read, formerly manager of the Bank of Montreal at Brantford. Finally, the board decided that the name of The Gore Bank had become a liability, and proposed that it be changed to The Bank of Hamilton.¹⁵

It was about this same time, early in October 1868, that counterfeit \$4 notes of The Gore Bank began to be detected in circulation. The forgeries were extremely well done, and given the prevailing lack of confidence, the timing was particularly unfortunate for the bank. Victor Ross records that the dangerous and remarkably clever forgery was first spotted by a young discount clerk at The Canadian Bank of Commerce in Hamilton, who was noted for his talent for spotting counterfeits. He had been asked to check over the cash because of a recent outbreak of counterfeit \$4 notes of The Niagara District Bank. The clerk discovered the Gore \$4 forgery, and the note was taken over to The Gore Bank. There it was insisted that the note was perfectly genuine, and the allegation was just another attempt to discredit the bank. "The discount clerk in question," Ross tells us, "was sent for and roundly abused for his reckless statement" but he was able to convince the Gore head office that the note was indeed a counterfeit.¹⁶ The directors then proceeded to find 81 more of them in the Gore's own vault. Incidentally, the discount clerk at the Commerce was a recently hired youth of barely twenty years, named Edmund (later Sir Edmund) Walker.

The shareholders met again on 2 November to receive the report of the audit committee. Much discussion revolved around the questions of whether to change the name of the bank to The Bank of Hamilton, and whether to wind up the bank or to try to remain in business. The proposed name change was not approved, and one shareholder objected to including the name of Hamilton in any new bank name, because "the bank had nothing to thank the City of Hamilton for; the people of Hamilton were the first to labor for its embarrassment when it fell into difficulty." The point was made that the circulation should be called in and new plates engraved, because the old fashioned and plain style of the notes, still in use after more than thirty years, invited counterfeiting. It was finally decided that the bank should continue in business with a 40% reduction in capital, since the accounts it still had were of the finest character and quite profitable. The meeting ended with an expression of

¹²MT 6 Aug. 1868, pp 525-527.

¹³MT 22 Oct. 1868, p 148.

¹⁴MT 12 Nov. 1868, p 200.

¹⁵MT 29 Oct. 1868, pp 162, 163, 167.

¹⁶Ross (1920), vol 1, pp 236, 237.



Figure 1. A genuine \$4 note of the Gore Bank, 2nd Sept 1852 (photo by Zagon, courtesy of the National Currency Collection, Bank of Canada).

confidence in the current directors and the exoneration of the retiring cashier, Cassels.¹⁷ The market price of the stock, meanwhile, was showing some temporary signs of recovery. Shares selling at \$12 in late October were now in demand at \$16.40, with none being offered.¹⁸ By early December large blocks were trading at \$17.40.¹⁹

In March the directors announced their decision to close all remaining branches (Woodstock, Galt and Simcoe) and confine the operations of the bank to Hamilton under the management of Samuel Read. The business of the closed branches was transferred to The Canadian Bank of Commerce. An act of Parliament was obtained which reduced the capital stock to \$24 a share, reduced the number of directors from seven to five, and also allowed for the name of the bank to be changed to The Bank of Hamilton if the shareholders should so decide upon reconsidering the question. The option was also made available for the issue of new stock to bring the total capital to \$1,000,000. However it was rather too late, and the legislation was never acted upon.

It was no longer considered essential to keep large sums of cash on hand since the loss of deposits had finally slowed. But in fact the amount of deposits remaining by the end of the bank's fiscal year, on 30 June 1869, was extremely small, about \$104,000. The amount of notes in circulation was barely any greater, and it was clear that the bank had not

succeeded in winning back the trust of the community. Having such a relatively small amount of money on which to operate, the profits for the year were disappointing. When mention was made of possible amalgamation at the annual general meeting, the speaker was not shouted down this time. It was now recognized that the bank was effectively on the market. The only question was, what was the best price that could be expected for the stock? Offers had already been made by The Bank of Montreal and The Canadian Bank of Commerce.²⁰ Between these two a lively contest was to emerge.

A majority of directors decided in favour of the offer made by the Commerce but two dissidents did not find the proposal entirely satisfactory. Meanwhile the General Manager of The Bank of Montreal, Edwin King, was in town presenting his bid.²¹ The terms of the Commerce offer were presented to the shareholders on 31 August 1869. Briefly, the proposal was to exchange shares of The Canadian Bank of Commerce on the basis of \$22 par value for each share in The Gore Bank. The five remaining employees of the Gore (manager, accountant, teller, clerk and messenger) were to be given separation allowances if not hired by the Commerce. King was then introduced and produced a slightly sweeter proposal: \$22.80 per share in Bank of Montreal stock, with certain strings attached, and 7% interest to accrue until the

¹⁷MT 12 Nov. 1868, pp 193, 194.

¹⁸MT 12 Nov. 1868, p 200.

¹⁹MT 3 Dec. 1868, p 251.

²⁰MT 5 Aug. 1869, pp 807, 808.

²¹MT 27 Aug. 1869, p 23.



Figure 2. A counterfeit \$4 note of the Gore Bank, 2nd Sept 1852. This extremely clever counterfeit deceived even the staff of The Gore Bank (photo by Zagon, courtesy of the National Currency Collection, Bank of Canada).

Montreal stock began to bear dividend. Some hostility was expressed toward King, since he was considered to be quite intimidating and more than a little devious. McMaster, of the Commerce, then improved on the 7% interest proposed by King, by offering to pay it for two additional months. King responded by matching the offer. The subsequent voting produced 1498 votes for the Commerce proposal to only 423 for that of The Bank of Montreal.²²

The feelings against The Bank of Montreal in general and Edwin King in particular had much to do with this outcome. Although the shareholders made a small financial sacrifice in accepting amalgamation with the Commerce, it was considered that the latter institution would offer better facilities to Western Ontario. It was feared that The Bank of Montreal might not care to lend money in Hamilton while having to meet the needs of the government, and wanting "perhaps [to] take a hand in Wall Street when there was something to be made." The Gore Bank directors resigned on 6 September 1869, and Samuel Read resigned as manager. C R Murray was appointed as his successor. The business of The Gore Bank was transferred to the Hamilton branch of the Commerce. The amalgamation duly received legislative sanction, and Royal Assent was given in May 1870.

The passing of the Gore was noted with these words from *The Canadian Monetary Times and Insurance Chronicle* :

It is not without many a regret on the part of the farmers and business men of the West that this institution was suffered to disappear from the list of chartered banks. While the unfortunate circumstances which led to the necessity for such action as was taken at that meeting are to be deplored, few will deny that the wisest course was adopted.²³

The purchase of The Gore Bank proved profitable beyond expectations for The Canadian Bank of Commerce. In addition to a surplus exceeding \$100,000 above the par value of stock issued in payment, the purchase provided the Commerce with valuable business connections. Thomas Street, the once-maligned former president of the Gore, was elected to the board of the Commerce, vindicated at last.²⁴

Counterfeit Notes of the Gore Bank

The Gore Bank used but a single issue of notes throughout its lifetime. Only the dates and manuscript signatures provided any variation. The notes were printed by the New England Bank Note Co., Boston, in black with plain backs. The style was appropriate for the 1830's when the notes were introduced, but decidedly antiquated by the 1860's, offering excellent opportunities for the counterfeiter.

Notes were issued in \$1, \$2, \$4 and \$10 denominations. As far as is known, neither the \$1 nor \$2 was counterfeited.

\$20 and \$50 notes purporting to have been issued by "The Gore Bank of Hamilton" appeared as early as 1848. These poorly engraved concoctions were evidently designed to

²²MT 3 Sept. 1869, pp 36, 37.

²³MT 10 Sept. 1869, pp 52, 53.

²⁴Ross (1920), vol. 1, p 248; MT 15 July 1870, p 778.



Figure 3 (left). Detail of the upper part of the Royal Crest on a genuine \$4 note of The Gore Bank, 2nd Sept 1852; and figure 4 (right), detail of the same area on a counterfeit \$4 note. Note the poorly engraved lion and, particularly, the double I in QUI (photo by Zagon, courtesy of the National Currency Museum, Bank of Canada).

trade on the name of The Gore Bank, which never issued notes in these denominations. Such notes are not really counterfeits since they do not imitate any real note. They are best described as spurious.

Counterfeits of the Gore \$10 were reported in 1860. Described as photographic in origin, they bear the forged signatures of A Stevens and Wm G Crawford. No examples of the counterfeit \$10 are known to the author. It might be added that there are not very many genuine \$10 notes extant either.

Last and best, in terms of engraving skill, were the counterfeits of the \$4 of the 2 September 1852 issue. These were discovered near the beginning of October 1868, and were extremely deceptive. All Gore Bank personnel who handled them saw nothing amiss, and received them quite willingly, until the forgery was finally exposed. They have also deceived more than a few collectors! It is probably quite safe to say that counterfeit \$4 notes outnumber genuine examples in collections today. Neither the signatures nor the sheet numbers can be relied upon as a test. For example, all genuine examples in the National Currency Collection have manuscript signatures, and so do all counterfeits in the collection.

The only sure method of determining whether a note is counterfeit is by inspecting the engraving. On the counterfeits the date figures "1852" show a distinct tendency to rise to the right, while the digits are level on the genuine. The imprint on the counterfeit, as usual, is rather poorly done. For example, magnification reveals that the lower part of the letter "E" in "ENGLAND" is missing. However the simplest diagnostic, spotted by Paul Berry of the Bank of Canada, occurs in the motto "HONI SOIT QUI MAL Y PENSE" in the Royal Crest at the upper centre of the note. Here the counterfeiter made a slight blunder: the letter "I" in "QUI"

is somewhat doubled, as "QUII" (see enlarged photograph). Comparison with the genuine shows that legitimate engravers make mistakes too: vestiges of various letters below the crown indicate corrections were made. Also, the lion on top of the crown on the fake compares very unfavorably with that on the genuine note.

Unlike some counterfeits, in which the sheet numbers tend to be clustered, the numbers are well dispersed on the counterfeit Gore Bank \$4 notes. The following have been recorded: 43720/A, 50187/A, 60156/A, 73841/A, 81315/A and 81734/A. There are probably many more.

Acknowledgements

The assistance of Walter Allan, Paul Berry, Graham Esler and James Zagon, who provided photos or other material for this paper, is gratefully acknowledged. □

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\$6 and \$7 Notes of The Molsons Bank:

Two Rare Denominations of the 1870s

Ronald Greene, FCNRS

The Molson family operated a private bank, Thos & Wm Molson & Co, during the crisis of 1837 to 1838. Their subsequent application for a licence was turned down in 1839 on the grounds that they were involved in other, non-banking, businesses. The Molsons Bank resumed operation in 1853 under the Free Banking Act and obtained a charter two years later. The bank concentrated on the agricultural community, with a view to increasing the grain production needed by the Molsons's brewing and distillery operations.

Although in 1870 the bank had but two branches in Ontario, in London and St. Thomas, in the next four years it opened nine more in the province. Note circulation in 1871, the issue date of the \$6 and \$7 notes, amounted to \$837,809.

Over the years the bank grew slowly and conservatively but, by the 1920s, much as a number of other small and mid-sized Canadian banks, the bank's limited resources became a major handicap. Consequently the directors approached the Bank of Montreal with a view to amalgamation. The two banks had a long and close relationship and, after careful study, the larger Bank of Montreal absorbed the Molsons Bank in 1925. At the time the Molsons Bank had 125 branches, only eight of which were outside Ontario and Quebec.

The likenesses of John Henry Robinson Molson (1826-1897) and William Molson (1793-1875) appear respectively to the left and to the right of both notes. William was the third

son of John Molson Sr. The older two sons were John Jr. (1787-1860) and Thomas (1791-1863). Thomas and William were the original "bankers" in 1837. William became the president of the Molsons Bank in 1853 and held the position until his death. John Henry Robinson was the eldest son of Thomas. He followed John Molson III (son of John Jr., and son-in-law of William) and later Thomas Workman as bank president in 1889.

The Issue of \$6 and \$7 Notes

On Confederation in 1867 the Dominion government assumed the responsibility for banking. The first Bank Act received assent on 12 May 1870 during the second session of the first parliament of Canada. The relevant articles on note issue restricted banks to issuing notes in denominations of \$4 or more. The issue of notes of smaller denomination was to be the exclusive right of the Dominion of Canada. The notes for amounts less than \$4 that the banks had previously issued were to be called in and redeemed as soon as practicable.

Based on a count of the issued notes of proofs known, between 1870 and 1880 forty banks issued or contemplated issuing \$4 notes, but only two banks, The Molsons Bank and La Banque Nationale, issued \$6 notes. The Molsons Bank was the only bank to issue the \$7 denomination.

The reasons for issuing such denominations as the \$6 and \$7 do not appear to have been recorded; the minute book of the Bank is silent on the matter. A plausible explanation, however, is that issue of these denominations allowed the bank to increase its circulation which, since it in effect amounted to interest-free deposits, was one of the major sources of income for banks at the time. For example, while making a \$3 purchase someone ordinarily might receive \$2 in Dominion of Canada notes and a \$5 chartered bank note as change for \$10. If the change instead consisted of a \$7 chartered bank note, the result, theoretically, was an increase in the bank's note circulation amounting to 40% (\$7 instead of \$5). Since only two banks decided to issue a \$6 note, however, and only Molsons Bank decided to issue a \$7 as well, it seems that most bankers favoured other means of increasing their note circulation.

Continued on p 44...

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Photographic Essays from the ABN Archives

The Molsons Bank, 1914

W D Allan, FCNRS

The Molsons Bank had some very attractive banknotes during its many decades of operation. The \$20 and \$50 of 1853 and 1855 were particularly eye-catching, as were the \$6 and \$7 notes of 1871. The \$20 of 1904 and the Waterlow & Sons issues of 1912 and 1916 cannot be overlooked. The \$50 of 1914 also has a striking design.

Since a \$50 note had not been issued since 1891 and the need for notes of larger denominations was increasing, it would seem logical that officials of the bank in the early 20th century would have perceived the need for an issue of \$50 and \$100 notes. It appears that they approached the American Bank Note Company as well as British American Bank Note Company for models of a new issue. The three photographic

essays that ABN produced by 13 April 1914 were rejected, and the BABN designs (490-34-02 and 490-34-06, Allan 1989: 201) were accepted. The three photographic essays illustrated here, dated January 2nd, 1914, were by no means unattractive, and the \$50 (figure 2) I personally find extremely attractive. More on these beautiful photographic essays will appear in an upcoming article.

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Seated Woman on a \$50 Photographic Essay 9f 1914 for the Molsons Bank. The attractive central vignette represents "Knowledge" (photo by W D Allan).

... continued from p 43.

The first revision to the Bank Act in 1880, in any case, put an end to the option that The Molsons Bank had pursued. When it took effect the following year, the banks were further restricted to the issue of notes in amounts that were multiples of \$5.

Both notes are rare. The National Numismatic Collection has three examples of the \$6 and two of the \$7. The Bank of Montreal collection has one of each. Fewer than six other notes of each denomination have been traced in private collections, illustrations and auction catalogues.

Acknowledgements

Freeman Clowery, Archivist at the Bank of Montreal, and Graham Esler, Chief Curator, National Numismatic Collection, provided information for this article.

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Continued on p 45...



Brittania. A Molsons Bank \$50 Photographic Essay of 1914 with an exceptionally pleasing design (photo by W D Allan).



Molsons Bank \$100 Photographic Essay of 1914 with an attractive female "Commerce" figure (photo by W D Allan).

... continued from p 44.

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WHAT'S NEW IN PREFIXES

by Lub Wojtiw

Since January 1992, few new prefixes have appeared in circulation, with the chartered banks recycling used notes through the automatic teller machines. The prefixes which appeared in the past three months were in the \$2 1986 and \$10 1979 bird series, and will be the subject of most of this issue's column (we will return to other denominations later). The absence of crisp notes in \$20 and higher denominations seems to coincide with the national economic slow-down.

A surprise release was the observation of the 1954 \$1000 note with the Thiessen-Crow signature, since the \$1000 note of the bird series has been expected for the past few years. The 1954 \$1000 note has not been changed with changes in either the Deputy Governor or Governor of the Bank of Canada, and it has been many years since a change in the signature combination has occurred on this note. It is difficult to interpret what this signature change implies. Does it mean that it will be many months or even years before we see the new design for a \$1000 note of the bird series? Or is this simply a release of a short issue of the 1954 \$1000? The absence of the bird series \$1000 note seems further to suggest that there may be problems in applying the hologram to the notes.

A listing of recent prefixes for the \$2 and \$10 follows; other denominations will appear in the next column. Note that changes since last mention are in boldface type.

\$2 1986 Bird Series

This note was first introduced in 1986 and is currently printed by both printing companies in Ottawa, Canadian Bank Note Company (CBN) and British American Bank Note Company (BABN).

(i) Regular Notes

AR-Series, Crow-Bouey signatures (BABN)

ARF to ARZ (no ARS); 16 different prefix combinations

ARF, ARG, ARH, ARJ, ARK, ARL, ARM, ARN, ARP, ARR, ART, ARU, ARV, ARW, ARY, ARZ

AU-Series, Crow-Bouey signatures (BABN)

AUA to AUN; 13 different prefix combinations

AUA, AUB, AUC, AUD, AUE, AUF, AUG, AUH, AUJ, AUK, AUL, AUM, AUN

AU-Series, Thiessen-Crow signatures (BABN)

AUG to AUZ; 16 different prefix combinations

AUG, AUH, AUJ, AUK, AUL, AUM, AUN, AUP, AUR, AUS, AUT, AUU, AUV, AUW, AUZ

BB-Series, Thiessen-Crow signatures (BABN)

BBA to BBZ; 22 different prefix combinations

BBA, BBB, BBC, BBD, BBE, BBF, BBG, BBH, BBJ, BBK, BBL, BBM, BBN, BBP, BBR, BBS, BBT, BBU, BBV, BBW, BBY, BBZ

BG-Series, Thiessen-Crow signatures (BABN)

BGA to BGR; **17** different prefix combinations (currently in circulation)

BGA, BGB, BGC, BGD, BGE, BGF, BGG, BGH, BGJ, BGK, BGL, BGM, BGN, BGP, BGR, **BGT, BGV**

This series stopped at BGN more than a year ago, but resumed late in 1991.

EB-Series, Thiessen-Crow signatures (CBN)

EBA to EBZ; 22 different prefix combinations (currently in circulation)

EBA, EBB, EBC, EBD, EBE, EBF, EBG, EBH, EBJ, EBK, EBL, EBM, EBN, EBP, EBR, EBS, EBT, EBU, EBV, EBW, EBY, EBZ

(ii) Replacement Notes

ARX Crow-Bouey (BABN)

ARX Thiessen-Crow (BABN)

BBX Thiessen-Crow (BABN) (in production)

EBX Thiessen-Crow (CBN) (in production)

\$10 1989 Bird Series

This note was introduced in 1989 and is printed by British American Bank Note Company.

(i) Regular Notes

AD-Series, Thiessen-Crow signatures

ADA to ADZ; 22 different prefix combinations

ADA, ADB, ADC, ADD, ADE, ADF, ADG, ADH, ADJ, ADK, ADL, ADM, ADN, ADP, ADR, ADS, ADT, ADU, ADV, ADW, ADY, ADZ

AE-Series, Thiessen-Crow signatures

AEA to AEH; **11** different prefix combinations (current ongoing series)

AEA, AEB, AEC, AED, AEE, AEF, AEG, AEH, **AEK, AEL, AEM**

(ii) Replacement Notes

ADX Thiessen-Crow (in production)



NATIONAL CURRENCY COLLECTION

In this regular feature, with the help of J Graham Esler, Chief Curator, we present recent acquisitions at the National Currency Collection of the Bank of Canada.



The Bank of Upper Canada \$2, 2 July 1859, Montreal; 02266B. This note was previously unlisted (photo, Zagon).



The Bank of Upper Canada \$2, 1 January 1861; 39973/A. Overprinted LONDON B013 in red. This note was previously unlisted (photo, Zagon).



IN THE MARKETPLACE

The prices for paper money in the spring Torex sale were mixed.

In Dominion of Canada notes, a \$1 of 1878 in Fine (Halifax) did not do well, while a \$1 of 1911 in Uncirculated and the \$5 1912 notes all brought more than estimate. A \$2 1923 green seal in EF brought well over estimate, while the black seal brought half estimate. Prices for some choice Dominion of Canada die proof vignettes did well, bringing 80% to 100% of estimates.

Bank of Canada 1935 issues sold for strong prices, especially in EF or better grades. The \$50 English and French sold very well, while both \$100 notes sold for less than estimate. The lots of material from the 1937 issue sold generally from 60% to 75% of estimate, although a consecutive pair of \$1 narrow panel notes brought \$550. The 1954 "Devil's face" and "modified" notes were mixed, with asterisks bringing generally excellent prices. Centennial notes did quite well. Beattie-Rasminsky notes generally brought less than estimates, except for some asterisks. \$2

1974 Crow-Bouey replacement notes did well. A scarce \$10 EET anomaly pair sold for almost double the \$100 estimate. A \$5 1979 Crow-Bouey 31 replacement in Uncirculated went for \$575. Test notes were quite strong, especially a \$5 33 note in Fine, bringing \$700, and error notes also did very well, generally over estimate.

Canadian chartered banknotes generally did very well, especially the Barclays, Consolidated with overprint. The rare Crown \$5 and the Home Bank of Canada \$100 notes went for less than estimate. A \$2 Bank of Montreal with the rare Cornwall overprint, a \$5 Bank of Nova Scotia 1881 and a rare \$4 Standard Bank of Canada all brought excellent prices. Surprisingly some of the ABN proofs did not sell, even with low opening bids. The Union Bank of Newfoundland proofs did sell, although at bargain prices. In summary, the paper money market, although mixed, is holding at a fairly strong level, but in many cases, especially among proof notes, is unpredictable from one auction to the next. WDA □

DESCRIPTION	GRADE	EST	RLZD	DESCRIPTION	GRADE	EST	RLZD
\$1 Dominion of Canada 1878 Halifax DC-8h	Fine	\$1750	\$1200	\$1 Bank of Canada 1937 lot 929 Narrow panel pair		400	550
\$1 Dominion of Canada 1911 DC-18d	Unc	300	350	\$2 Bank of Canada 1974 ABX BC-476A Unc	150	190	
\$5 Dominion of Canada 1912 DC-21f	VF	235	260	\$5 Bank of Canada 1979 BC-53bA	Unc	350	575
\$2 Dominion of Canada 1923 DC-26d	EF	275	525	\$5 Barclays Bank CH-30-10-02b	Nice Fine	500	750
Dominion of Canada Logging Scene "Canada B-4"		100	100	\$5 Consolidated Bank CH-250-10-04 with D's		750	1000
\$5 Bank of Canada 1935 BC-5	Unc	350	450	\$5 Crown Bank 1904 CH-215-10-02	F-VF	3000	2500
\$50 Bank of Canada 1935 BC-13	VF	450	700	\$100 Home Bank of Canada 1917 CH-365-10-36	VG	2500	1800
\$50 Bank of Canada 1935 BC-14	VF+	750	950	\$5 Union Bank of Newfoundland \$5 proof		500	250
\$500 Bank of Canada 1935 BC-18P	Proof	1300	1280	\$50 Union Bank of Newfoundland \$50 proof		600	550



New Members

The following people have applied for membership in the Canadian Paper Money Society.

1023	Gordon Kotow	Valleyview, Alberta
1024	Frank Scott	Delta, British Columbia
1025	Steve B Taylor	Uxbridge, Ontario
1026	Thomas R Tynan	Whitmore Lake, Michigan
1027	David O Menard	Timmins, Ontario

Annual CPMS Luncheon and Meeting

Members should remember that the annual CPMS Luncheon and General Meeting will take place at the 39th Annual Convention of the Canadian Numismatic Association, d28 July to 2 August, at the Sheraton Centre Hotel, 1201 René Levesques Boulevard West, Montreal.

Three Souvenir Sheets

The Society is now offering sets of three Souvenir Sheets for sale. The set includes the following:

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- BABN Inc, CPMS 25 Years Commemorative souvenir sheet, intaglio printed by British American Bank Note Company.

Each set of three sheets costs \$14.95, including postage and handling, and is available from the

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Discovery of a 1979 \$4 Trade Note of St Jovité

Jerry Remick, FRNS

Le Club Optimiste de St Jovité, in the Laurentian Mountains just north of Montréal, Québec, issued \$1 and \$4 trade notes in 1979 to commemorate the Centennial year of St Jovité in that year. The entire issue was sold at face value to members of the club and to residents of the town and surrounding area.

Very little has been written about the \$1 trade note. It is rare and not even priced in the *CTD Pocket Guide* (Coté 1992).

The big surprise, however, is the existence of a \$4 trade note, which is not listed in Coté (1992) and was unknown to collectors until December 1991. Claude Proulx, of Val David, Québec, managed to obtain a pair of the notes and kindly sent me the details. Since neither of the notes has been sold openly by dealers or at auction, it is not possible to value them at present.

The notes were printed by the British American Bank Note Company, Ltd, Ottawa, and the firm's name is printed at the bottom of the face. The paper on which the notes are printed contains small coloured planchets, making counterfeiting difficult.

The face of both notes is the same except for the denomination. Pepere Jovité, a jovial old man with a long beard in a dancing position, and with a line of musical notes behind him, is pictured on the right side. The serial number in red is at the top, flanked by "1879" and "1979." The note is signed by Fernand Leonard, Mayor of the town of Saint Jovité, Raoul Davost, Mayor of the parish of Saint Jovité, and Denis Paquette, President in 1979 of the Club Optimiste de

Saint Jovité. A translation of the phrase at bottom is "this coupon is legal tender in St Jovité until 31 December 1979."

The Catholic Church and Convent in Saint Jovité appears on the back of the \$1 trade note, while the back of the \$4 shows the town of St Jovité.

The notes are 67 mm x 140 mm in size and are printed on white bond paper. The face of the \$1 is printed in green with the inscription in black, and the \$4 face is in red with black inscription. The back of the \$1 is in green and that of the \$4 in red.

The number of notes printed is unknown, but Mr Proulx suggests, as a possibility only, that 2000 of each denomination may have been printed, with the \$1 being numbered from 03000 to 04999 and the \$4 note being numbered from 01000 to 02999. This is only a theory that the supplier of his pair of notes advanced to him.

Realizing their great rarity and the fact that it would not be possible for most collectors to have specimens in their collections, Mr Proulx reproduced 25 pairs of the notes in full colour on a photocopy machine, adding the word "COPY" on the reproductions to distinguish them from originals. Readers may obtain a pair of these copies for \$9.00 postpaid from Mr Proulx at 1810 Gouin, Val David, Québec J0T 2N0 (or telephone 819-322-7224).

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Maxwell "Max" Brail

1910-1992

Maxwell E Brail, known to his friends as Max, passed away suddenly on 26 February 1992 in Jackson, Michigan at the age of 82. Max was born in Greenville, Michigan on 15 February 1910. He had resided continually in Jackson since 1922. A well known businessman, he sold his dry-cleaning business in 1974, after 41 years of community service.

Max was locally recognized for his deep interest in Jackson's history and held the honorary title of the town's unofficial historian. From 1973 to 1976 he was the president of the Jackson Historical Society and also served on the Jackson Historical District Commission. He was always willing to share his knowledge, but when quizzed on the matter he would simply say, "I am not a historian, just a person interested in things." As usual, he understated his case. Max never did things small. Remembering his early education in a one-room school house, in 1976 Max purchased and restored such a building. His superb restoration efforts enabled the McCain School to be placed on the State Register of Historical Sites. It is presently a private residence. He was also instrumental in 1983 in having a marker placed honoring Governor Austin Blair, Michigan's Civil War governor, and a resident of Jackson.

Other areas of interest that kept Max "young" was his interest in music and photography. Throughout his life Max was an active motorcyclist and until recently loved to ride his Harley Davidson on weekends. He also was a licensed pilot, having learned to fly in the mid-1930s and having continued to fly through the mid-1960s.

Numismatically, Max's interests were wide and varied. He always loved the rare and exotic collectible, but especially something that he could research for the story behind its issue or presentation. Max loved nothing better than to acquire a small medal presented especially for heroism or bravery, and through much personal research, find out all the details about its history and the individual who had been its recipient. At

most conventions you could usually find Max quietly sitting with a friend, discussing and displaying his most recently acquired "treasurer." Max was also an avid exhibitor. You never quite knew in advance what his cases would hold, but you could always be assured that whatever was on display commanded a prolonged and extended visit. Max liked to display in the non-competitive category — the interest of the viewers was his most precious award for his efforts. He disposed of the majority of his collection in the late 1970s and devoted his last years to research into numismatic subjects and Jackson's history.

Max was very active in the American Numismatic Association (ANA) and Canadian Numismatic Association (CNA). He proudly retained life membership #92 in both organizations. Max received his 50-year membership recognition in the ANA just last year at the organization's annual convention. He was also a life member in the Michigan State Numismatic Society and was very active in numerous other state and national numismatic organizations, including Sociedad Numismatica de Mexico.

Max's contributions to the CNA were many and varied. He was always a strong supporter of the Young Numismatist programme, he actively displayed, was a willing speaker at CNA educational forums, and was the CNA's Central US Director from 1972 to 1985. CPMS members will remember that until recently he was still serving as the Eastern US Director of CPMS, a post he had held since 1971, and was also its Publicity Director. Among his continuing legacies are several slide sets he produced and gave to the CNA and CPMS libraries for free distribution to their members.

Max is survived by his wife, Lucille, of 55 years, two sons and two granddaughters. Our prayers and thoughts go out to his family. Rest in peace, Max; we will miss you.

J Richard Becker

CANADIAN BANK NOTES

Bank of Canada

\$1 1937 Gordon-Towers
narrow panel (H/A) VF \$145

Royal Bank of Canada

\$5 1909 green 5's F \$100
\$10 1909 black frame F, 1/2" tear \$225
\$5 1913 CBN VF \$60
\$10 1927 Neill VF \$50
\$10 1927 Wilson EF \$75
\$20 1927 Neill VG+ \$100
\$20 1927 Wilson EF \$100
\$50 1927 Wilson VG \$110
\$5 1933 AU \$150
\$10 1933 VF+ \$75

Commercial Bank of Newfoundland

\$2 1888 green panel, tape repairs on back, Fair \$100

International Bank of Canada

\$50 1859, pin holes as usual EF+ \$250

Maritime Bank of the Dominion of Canada

\$5 1881 Fair \$250

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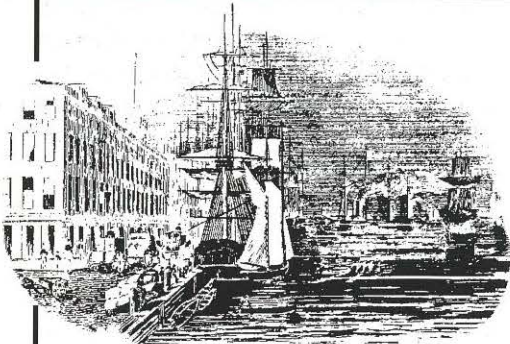
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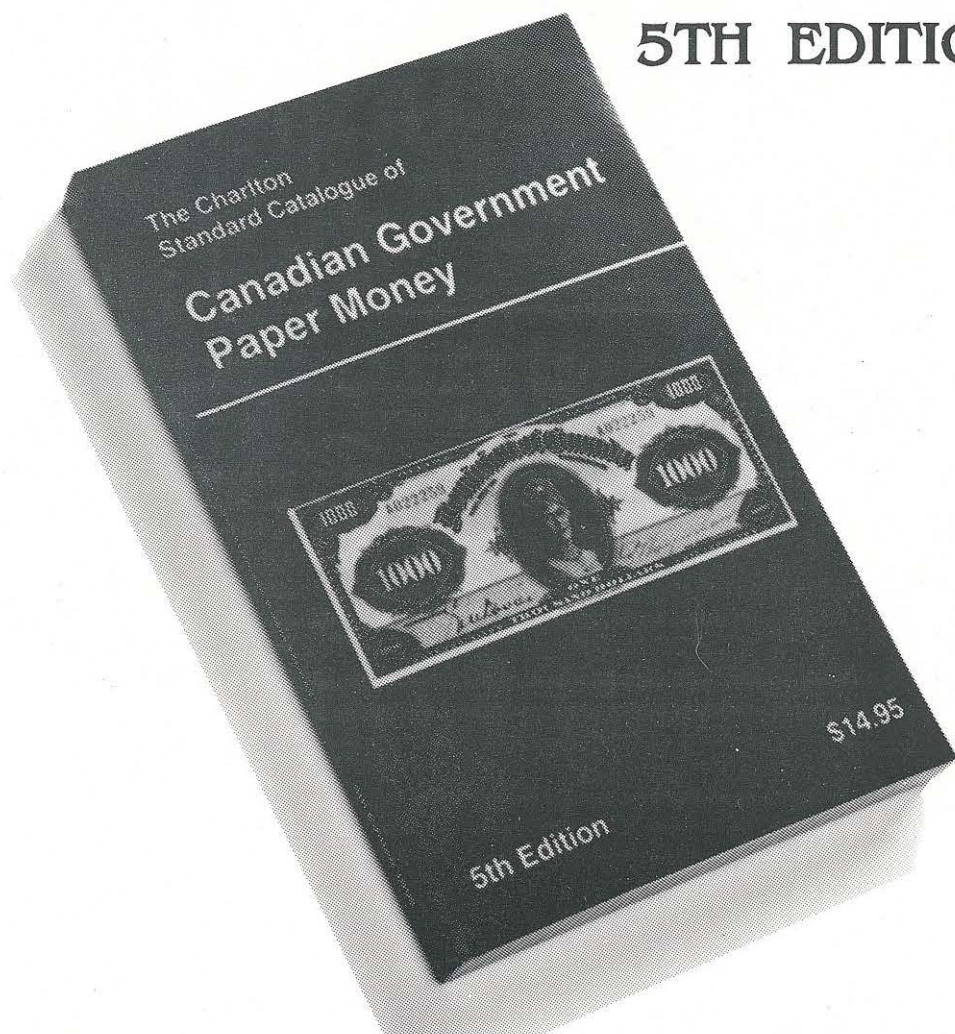
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