VII. INTEREST BEARING NOTES

Interest Bearing Notes are the rarest of all issues of American currency. Even advanced collectors after many years of ardent search may not have had the pleasure of seeing one. Such rarity is only natural for these notes, and applies as well to all three types of American currency which bore interest, the Compound Interest Treasury Notes, the Refunding Certificates and these Interest Bearing Notes. When one considers the perilous state of the nation during the Civil War, the scarcity of money and the general fear, it was a rare person indeed, one either supremely confident or sublimely ignorant, who did not turn in his interest bearing money the moment the interest became payable. That is why so few of these notes exist today and why so many of the higher values are completely unknown.

Like the Compound Interest Treasury Notes, the Interest Bearing issues were authorized by Congress because of the many financial emergencies during the Civil War years.

There are three separate issues of these notes, the One Year, Two Year and Three Year notes which indicate the length of time for which the interest was computed.

The One Year Notes bore interest at five per cent for one year. They were issued under the Act of Congress of March 3, 1863. The interest became payable to bearer at the end of the year upon presentation of the notes for redemption. They were issued in seven denominations from 10 to 5,000 Dollars. Please see the text for fuller descriptions.

The Two Year Notes bore interest at five per cent for two years. They were also issued under the Act of Congress of March 3, 1863. There were only four denominations of these notes from 50 to 1,000 Dollars. In this case, the interest became payable at the end of two years.

There are three known separate issues of the Three Year Notes. All of these bore interest at 7 3/10 per cent for a period of three years. The three Acts of Congress which authorized these issues are of July 17, 1861, June 30, 1864 and March 3, 1865. This interest of 7 3/10 per cent is the highest ever paid by the Government on its notes. The Three Year Notes were issued in five denominations from 50 to 5,000 Dollars.

The interest earned on these notes per day is actually stated on the notes. The 50 Dollar note has the clause “Interest one cent per day,” the 100 Dollar note, “Two cents per day” and so on for the other denominations.

All Three Year Notes were made payable to order, and there is a line on the obverse for a name, and another line on the reverse for the endorsement of the payee. See Notes 207-212 in the text.

These notes are also distinguished by a feature unique in United States paper money. When first issued to the public, all Three Year Notes had five coupons attached, each coupon bearing the interest for a six month period. At the end of a six month period, one coupon could be detached and the interest on it collected. In this instance, the notes are like bonds. However, since they are Three Year Notes, there should have been six coupons, not five, and therefore the interest for the final six month period was payable only on presentation of the note itself. This method of payment is so stated on the notes.

For example, the full interest on a 100 Dollar Note was $21.90. Each of the five coupons, therefore, had a face value of $3.65 and the final $3.65 was paid when this 100 Dollar note was presented to the Treasury, at which time the holder received $103.65. (See Note 212 in the text.) This partly accounts for the extreme rarity of these notes, since all holders in the past were anxious to collect the interest. The obligations on these various types of Interest Bearing Notes are similar. On the One Year Notes, for example, it reads as follows, “Legal Tender for___ Dollars. One year after date, the United States will pay to bearer Dollars with interest at five per cent ... This note is a legal tender at its face value, excluding interest, for all debts public and private except duties on imports and interest on the public debt.”

On the Three Year Notes the obligation is “Three years after date, the United States promise to pay to the order of___ dollars with 7 3/10 per cent interest payable semi-annually in lawful money.” (See note 212 for the convertibility clause.)

A. 60 DAY NOTES. Issued under the Act of March 2, 1861.

The notes of this issue bore interest at 6% for 60 days.

195b. 50 Dollar Note. One Proof known.
195c. 100 Dollar Note. One Proof known.
195d. 500 Dollar Note. One Proof known.

B. ONE YEAR NOTES. Issued under the Act of July 17, 1864.

195e. 5 Dollar Note. Unknown
195f. 10 Dollar Note. Unknown
195g. 20 Dollar Note. Unknown

C. ONE YEAR NOTES. Issued under the Act of March 3, 1863.

The notes of this issue bore interest at 5% for a period of one year.

DESIGN A1

(Notes 196–196a)

Bust of Salmon P. Chase. At the center is an eagle holding the flag. At the right is a female allegory representing Peace.
Reverse of Design 4 1

Illustration courtesy of Martin Gengerke.

196. 10 Dollar Note. Very Rare (about 9 known). ABN Co.
196a. 10 Dollar Note. Rare (about 28 known). BEP

DESIGN 4 2

(Notes 197–197a)

Bust of Abraham Lincoln at right. The female allegory at the left represents Victory. At the lower center is a mortar firing.

Design 4 2 Reverse

The note illustrated is from the collection of the American Numismatic Association, no. 1988.0017.0144.

197. 20 Dollar Note (about 9 known). ABN Co. at left/ NBN Co. at bottom
197a. 20 Dollar Note (about 26 known). BEP (Treasury Dept.)
**DESIGN 45**

(Note 198)

Bust of Alexander Hamilton at right. On the left is a female allegory representing Loyalty.

**Design 45 Reverse**

Illustration courtesy of Martin Gengerke.

198. 50 Dollar Note. American Bank Note Co. at top right
198a. 50 Dollar Note. BEP (Treasury Department) at top right

**DESIGN 46**

(Note 199)

Washington standing between female allegories representing The Guardian, left, and Justice, right.

**Design 46 Reverse**

Illustration courtesy of Martin Gengerke.

199. 100 Dollar Note (Two known).
200. 500 Dollar Note. The Ship New Ironsides.
201. 1,000 Dollar Note. Liberty and Justice.
202. 5,000 Dollar Note. Female Allegory.
D. TWO YEAR NOTES. Issued under the Act of March 2, 1861.
The notes of this issue bore interest at 6% for a period of two years.

DESIGN 47-A
(Note 202a)

Female allegory representing Justice flanked by vignettes of Andrew Jackson at left and Salmon P. Chase at right.

Design 47-A Reverse

Illustration courtesy of Paul Kagin and Martin Gengerke.

202a. 50 Dollar Note.
202b. 100 Dollar Note.

Reduced size illustration of proof note courtesy of Donald H. Kagin.

202c. 500 Dollar Note.

Reduced size illustration of proof note courtesy of Donald H. Kagin.

202d. 1,000 Dollar Note.

One Proof known.
E. TWO YEAR NOTES. Issued under the Act of March 3, 1863. The notes of this issue bore interest at 5% for a period of two years.

**DESIGN 4 8**

(Note 203)

Allegory of three females representing Caduceus, at the left; Justice, center; and Loyalty.

![Illustration of the 50 Dollar Note](image)

**Design 4 8 Reverse**

Illustration courtesy of Martin Gengerke.

203. 50 Dollar Note.

**DESIGN 4 9**

(Note 204)

The vignettes show Science and Mechanics, left; the Treasury Building, top center; and Naval Ordnance, right.

![Illustration of the 100 Dollar Note](image)

**Design 4 9 Reverse**

Illustration by courtesy of the Citizen’s National Bank, Lebanon, Ky. and Martin Gengerke.

The Two-Year Interest Bearing Note of 1864 shown above was discovered in 1961. It had previously been unknown in any collection and it was presumed that no specimens were extant.

204. 100 Dollar Note. Liberty and Eagle. Unknown DESIGN 50

205. 500 Dollar Note. The Ships Guerriere and Constitution. Unknown DESIGN 51
F. THREE YEAR NOTES. Issued with 5 coupons attached.
The notes of this issue bore interest at 7-3/10% for a period of three years. For an explanation of the coupons, please refer to the introduction of this section.

1. Notes issued under the Act of July 17, 1861.

**DESIGN 52**

(Note 207)

With minor variations, the obverse is similar to Design 57.

**Design 52 Reverse**

The reverse is as shown.

A unique specimen is known of this note with two of the coupons still attached.

This illustration is of a proof or specimen note courtesy of Heritage Auction Galleries.

207. 50 Dollar Note. Large eagle. Issued August 19, 1861.
207a. 50 Dollar Note. Large eagle. Issued October 1, 1861. Red serial numbers.
207b. 50 Dollar Note. Large eagle. Issued October 1, 1861. Blue serial numbers.
208. 100 Dollar Note. Head of General Winfield Scott. Issued August 19, 1861.
208a. 100 Dollar Note. Head of General Winfield Scott. Issued October 1, 1861. Red serial numbers.
208b. 100 Dollar Note. Head of General Winfield Scott. Issued October 1, 1861. Blue serial numbers.

**DESIGN 54**

(Note 209)

Bust of George Washington in center. Allegorical vignettes representing Justice seated at left; Transportation at right.
INTEREST BEARING NOTES
THREE YEAR NOTES

Design 3 A Reverse

Illustration courtesy of Donald H. Kagin and Heritage Auction Galleries.


DESIGN 5 5
(Note 210)

Bust of Salmon P. Chase.

Design 5 5 Reverse

This illustration is of a proof or specimen note courtesy of Heritage Auction Galleries.

210. 1,000 Dollar Note. Issued August 19, 1861.
210a. 1,000 Dollar Note. Issued October 1, 1861. Red serial numbers.
210b. 1,000 Dollar Note. Issued October 1, 1861. Blue serial numbers.

DESIGN 5 5
(Note 211)

The female allegory at the left represents Justice. At the top center is a Native American female.
INTEREST BEARING NOTES
THREE YEAR NOTES

Design 6 6 Reverse

This illustration, at 65% of actual size, is of a proof or specimen not courtesy of Martin Gengerke and Spink & Sons.

211. 5,000 Dollar Note. Issued August 19, 1861.
211a. 5,000 Dollar Note. Issued October 1, 1861. Red serial numbers.
211b. 5,000 Dollar Note. Issued October 1, 1861. Blue serial numbers.

DESIGN 6 7
(Note 212)

Large eagle. The illustration shows the last of the 5 coupons still attached.

Design 6 7 Reverse

Illustration courtesy of Heritage Auction Galleries.

2. Notes issued under the Act of June 30, 1864.
212. 50 Dollar Note. Issued August 15, 1864
212-1. 50 Dollar Note. Issued March 3, 1865

DESIGN 6 7-A
(Note 212-a)

Bust of General Winfield Scott, General-in-Chief of the Army, 1841-1848 and 1855-1861.
212a. 100 Dollar Note. Issued August 15, 1864
212a-I. 100 Dollar Note. Issued March 3, 1865

212b. 500 Dollar Note. Issued August 15, 1864
212b-I. 500 Dollar Note. Issued March 3, 1865

212c. 1,000 Dollar Note. Issued August 15, 1864. Probably issued.
212c-I. 1,000 Dollar Note. Issued March 3, 1865
212c-II. 5,000 Dollar Note. Issued August 15, 1864
212c-III. 5,000 Dollar Note. Issued March 3, 1865

Design 57-5 Reverse

Illustration courtesy of Donald H. Kagin and Lyn Knight Currency Auctions.

(Note 212b)

Bust of Alexander Hamilton, top center, between a mortar firing, at the left and the figure of George Washington.

Design 57-5 Reverse
3. Notes issued under the Act of March 3, 1865.

**DESIGN 57-D**

*(Note 212-d)*

With minor variations this obverse is similar to Design 57.

**Design 57-D Reverse**

The reverse is similar to Design 57 except for the large “50” overprinted in gold.

Illustration courtesy Heritage Auction Galleries.

212d. 50 Dollar Note. Issued June 15, 1865
212d-I. 50 Dollar Note. Issued July 15, 1865

**DESIGN 57-E**

*(Note 212e)*

Bust of General Winfield Scott, General-in-Chief of the Army from 1841-1848 and 1855-1861.

**Design 57-E Reverse**

This illustration is of a unique note. It is the only one which has survived in its original state of issue, with all 5 coupons still intact. One similar specimen exists of Design 57-d. A few other specimens are known of these notes, but some or all of the coupons have been removed (as shown immediately above).

Illustration courtesy Heritage Auction Galleries.

212e. 100 Dollar Note. Issued June 15, 1865
212e-I. 100 Dollar Note. Issued July 15, 1865
(Note 212f)

Bust of Alexander Hamilton at top center. Mortar at left, half-length bust of George Washington at right.

Design 57-6 Reverse

Illustration of a canceled note courtesy Heritage Auction Galleries.

212f. 500 Dollar Note. Issued June 15, 1865
212f-I. 500 Dollar Note. Issued July 15, 1865

(Note 212g)

Justice seated. The illustration shows the last of the five coupons still attached.

Design 57-6 Reverse

This illustration, with an unusual cancelation, courtesy National Numismatic Collection, Smithsonian Institution.

212g. 1,000 Dollar Note. Issued June 15, 1865
212g-I. 1,000 Dollar Note. Issued July 15, 1865
212h. 5,000 Dollar Note. Issued June 15, 1865
212h-I. 5,000 Dollar Note. Issued July 15, 1865

Three known
Unknown
Unknown
Unknown

DESIGN NO. 57-h.