

# The Planchet

A Publication of the  
Indianapolis Coin Club

September 2008 Issue 497

## **THE NEXT MEETING WILL BE MONDAY, SEPTEMBER 22ND 2008**

The Meetings of the Indianapolis Coin Club are held  
the fourth Monday of each month at the  
**Northside Knights of Columbus**  
**2100 E. 71st Street in Indianapolis, Indiana.**

The Meetings consist of a business session, an intermission, educational program,  
and a numismatic auction. Doors open at 6:00pm, meeting will begin at 7:00pm.

## 2008 Meeting Dates:

Sept. 22nd

Oct. 27th

Nov. 24th

December is our Banquet  
and there is no meeting

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The Monthly Planchet is the official publication of the Indianapolis Coin Club. It is published monthly in Indianapolis, Indiana. All inquiries should be sent to ICC, P.O. Box 2897, Indianapolis, Indiana, 46206.

**The 2008 Indianapolis Coin Club Officers and Board Members**  

<b>President</b>	<b>Mark Eberhardt</b>
<b>Vice-President</b>	<b>Jim Roehrdanz</b>
<b>Secretary</b>	<b>Vinton Dove</b>
<b>Treasurer</b>	<b>Karl Kreck</b>
<b>Editor</b>	<b>Matt Dinger</b>
<b>Past President</b>	<b>Vinton Dove</b>
<b>Sgt-at-Arms</b>	<b>Jim Warden</b>
<b>Board Member 2007-2008</b>	<b>Dave Reid</b>
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<b>Board Member 2008-2009</b>	<b>Charles Alber</b>
<b>Board Member 2008-2009</b>	<b>Don King</b>

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**MORGAN DOLLARS**  
**1890 – 1921**  
**The Sherman**  
**Silver Purchase years**  
by  
Michael Schmidt

The massive purchases of silver for the Morgan dollars was intended to be a price support for the silver mining interests in the western states, a subsidy to try and guarantee them a stable price even though they were producing metal from the mines at a much greater rate than the marketplace could absorb. So even with purchases of two million dollars worth of silver a month, the market price continued to sink lower and lower. To try and stem the decline and provide a further subsidy to the mine owners the Bland-Allison Act was replaced with the Sherman Silver Purchase Act. The Bland-Allison Act had required the purchase of two to four million dollars worth of silver a month. Since the Mint had not wanted to strike the dollars they kept the purchases down to the legal minimum and at most bought about 3 million oz per month. But the Sherman Act required the purchase of four and a half million ounces of silver every month. This resulted in an even greater inflation rate implied upon the economy. The economy could probably have survived the increased inflation, but the Sherman Act had a fatal flaw. While the Bland-Allison Act had paid for the silver with silver certificates and then used the dollars struck from the silver as backing for the certificates, the Sherman Act paid for the silver with a newly created class of Treasury Note known as the Coin Notes of 1890. These notes were legal tender and were redeemable in either gold or silver at the option of the depositor. But the falling value of the silver being sold to the government meant that the silver could be sold to the government for the Coin Notes and then the notes could be redeemed for gold with a bullion value greater than that of the silver. The idea had been for the notes to enter circulation and help stimulate the economy. Instead they were immediately redeemed and rather than stimulate the economy they resulted in a major drawing down of the US government gold reserves (This is why today the Coin Notes of 1890 are some of the scarcest of all US notes. Over 96% of them were redeemed for gold within two years of their being issued.). This was a problem because the Federal gold reserves were needed to back government obligations which by law HAD to be paid in gold. By law the government reserves had to be kept above a minimum figure of one hundred million dollars. In 1893 the reserve fell below that legal requirement and continued to fall. At the time the government had a national debt of eight billion dollars and it now appeared that due to their inability to pay their gold obligations, the government may have to default. This resulted in a financial panic both domestically and internationally, and a banking collapse in 1893. The Sherman act was immediately repealed but the damage was done and the economy continued in the doldrums until 1896.

Continued on page 6

**Indianapolis Coin Club  
Treasurer's Report August 2008  
Income:**

<b>50/50</b>	<b>\$ 55.00</b>
<b>Tom Schroeder - dues, Check # 1882</b>	<b>\$ 12.00</b>
<b>Paul Griffin - dues, Check # 622</b>	<b>\$ 12.00</b>
<b>Jim Stanley - dues, Check # 622</b>	<b>\$ 12.00</b>
<b>Donated items fo Auction</b>	<b>\$ 21.50</b>

**Total                   \$ 112.50**

**Expenses:   N o n e**

<b>July Checkbook Balance</b>	<b>\$ 2,487.07</b>
<b>August Checkbook Balance</b>	<b>\$ 2,599.57</b>
<b>I.C.C. CD Balance</b>	<b>\$ 19,057.52</b>

**Respectfully submitted,  
Karl Kreck**

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## **August 25, 2008 - Minutes of the Indianapolis Coin Club Meeting.**

**Open** - The meeting was called to order at 7:00 PM by President Mark Eberhardt. 31 people signed the attendance book. We met at the Northside Knights of Columbus Hall, 2100 E. 71st Street.

**Visitors** – The visitors introduced were Maurice Howery, (father of Steve Howery) and Tom Schroeder. Tom became our newest member.

The **Secretary's report** and the **Treasurer's report** were read and accepted.

**Old Business** – Life Member, Jim Goaziou, suggested that the Club should send a letter to the ANA to attempt to educate them as to the positive attributes of our Club and the City of Indianapolis, since the ANA had expressed doubts as to the ability of the City to host a show like the ANA.

Mark then informed the Club that in an article in COIN WORLD magazine, he was given an opportunity to comment on the fact that the ANA had decided not to come to Indianapolis in August of 2011.

Wendell Wolka, ICC member and ANA Board Member, informed the Club that the ANA Board had considered the following facts in making their decision:

- 1) there are far fewer airline flights in and out of Indianapolis than Chicago;
- 2) coin sales in Indianapolis would be subject to Sales tax, but not in Chicago;
- 3) the auction companies had informed ANA that they would bid \$250,000 - \$500,000 less for the rights to conduct an auction in Indy than Chicago; and
- 4) the dealers who purchase tables at the ANA shows were polled and they had expressed a preference for Baltimore (#1), Chicago (#2) and Indianapolis was #16 on their list.

Wendell suggested that the City of Indianapolis should continue to promote the advantages of bringing the show to Indy, such as the downtown availability of family entertainment, which Chicago does not have at the Rosemont meeting hall, and hoped that the ANA would come to Indy in the future.

Vinton reported (officially) that he was traveling to Baltimore to meet with the ANA about the 2011 show when he had a telephone call from Barry Stuppler. Barry said that in his opinion, the tremendous loss of auction revenue would be the deciding factor in an upcoming vote of the Board as to the location of the 2011 Show. He was very apologetic, and explained that one of the promises he made while campaigning for the office of President was to balance the ANA Budget, and he didn't think it would be prudent to walk away from an additional \$250 – 500,000 by coming to Indy. Vinton said he assured Barry that the Club would understand, but not to "leave us with nothing." He encouraged Barry to have the ANA consider Indy in the future. Vinton said that he continued to Baltimore, and that he and Matt Dinger had met on the bourse floor of the show.

Jim Goaziou praised the Board of the ICC for doing an outstanding job of preserving the Club's funds since the 1997 Central States show. He said that the balance in the Club's treasury was virtually the same as it was at the end of 1997.

**New Business** – Mark suggested that the Club commemorate its 70th anniversary in 2009 by having a minimum of 300 coins encapsulated with an appropriate notation on the encapsulation. He thought it would be appropriate to encapsulate Indiana Statehood Quarters. This project would cost about \$1.70 per coin. Club members seemed to like the idea.

Bob Bettcher reported concerning the ICC table at the ISNA show in November. He had filled the time slots for manning the table, but encouraged the member to check at the table when they arrived at the show to see if help was needed.

The Club also needs more material for its "goodie bags" which will be handed out at the ISNA show. Members are encouraged to bring such materials to the next Club meeting.

Marty Moore reported that the ICC exhibit for the ISNA show is almost ready. It is titled "Grading Coins" and was on display at the Club's Exhibitors Night.

**The Educational Program** – The program for the night was Exhibitors Night, chaired by Club Secretary, Vinton Dove. Prizes were awarded to each participant, with the winner choosing first from the available prizes.

The **50/50 Drawing** was run by Kurt Miller and Tom Ferverda.

**Auction** – After the break, Mark ran the Club Auction. Bob Bettcher, Don Beard and Vinton Dove assisted.

The club adjourned at 8:55 PM. Vinton Dove, Secretary

The financial instabilities began by 1892 and combined with the new coinage of the Barbercoinage resulted in a decline in the dollar coinage. Then with the panic in 1893 and the poor economy for the next few years dollar coinage remained low. This accounts for the rarity of the 1892 to 1895 dollar coins. (1895 was the low point with coins only 850,000 coins being struck, roughly half and half at New Orleans and San Francisco. No dollars at all were struck in Philadelphia. The official records state that 12,000 dollars were struck plus 880 proofs. But examination of the records shows an \* with a notation in red at the bottom that 12,000 coins were struck all dated 1894. The missing 1895 business strikes are a myth.) But even though the Sherman act was no longer requiring the actual purchase of silver there was a huge stockpile in the vaults which by law still had to be coined into dollars. Even though no more silver was acquired it still took until 1904 to coin all those tons of silver. And once that was all gone the Mint thought "Hurray no more Morgan dollars!" and scrapped the dies and hubs.

Fourteen years later though all those hundreds of millions of dollars in the vaults once again came in handy. World War I was waging in Europe and Britain was in need of silver to purchase critically need war supplies from India and they didn't have it. So they made a deal with the US to purchase the silver from us. This led to the Pittman Act of 1918 which called for the melting down of up to 300 million silver dollars in the vaults and selling the bullion to Britain. It then called for the government to buy newly mined silver from American mines to replace all of the dollars melted down. Eventually this resulted in the destruction of 250 million Morgan dollars. This also resulted in a problem for the mint. They now had to strike the new silver into dollars and they had no dollar hubs or dies. The process of having a new design approved would be a drawn out affair and not something that really had a priority with the war going on. (Once the war ended there was a movement to create a new design but that is a matter for a later article.) So the mint had to recreate the Morgan dollar design. To the casual observer the 1921 looks just like the earlier coins but to the dollar specialists there are many subtle differences. This has actually come in handy for counterfeit detection since many of the fakes coming out of China have used reverse dies based on the least expensive and easiest dollar they could get, the 1921. When you see a key date dollar from the 1800's and it has a reverse used only in 1921, you don't have to worry about how much free cash you have in your bank account.

In any case the Morgan dollar resumed in 1921 with over a third of the melted Pittman dollars were replaced in that one year. The final important feature of the Morgan dollars series also appears this year the only year that a Morgan dollar was struck in Denver.