

captured, and the story of his burglary and punishment is one of the most interesting chapters in the history of bank detectives.

#### Can bonds be counterfeited?

Yes; and there have been many attempts of this kind. The only really successful one, however, was in connection with Jay Cooke & Company. These bankers once bought \$80,000 worth of coupon bonds of the denomination known as seven-thirties. They were pronounced counterfeiters by the Treasury Department, and although the Banking Company sued the government for the value they represented they lost the case. The counterfeit was made with the aid of a lead impression taken from the genuine plate in the bureau of engraving and printing at Washington by an unfaithful employe, which accounted for the wonderful likeness of the spurious article to the genuine.

The most extensive attempt at wholesale counterfeiting of government coupon bonds was undertaken in 1880 and nipped in the bud by the secret service officials of the Treasury Department. The officials were on the track of the counterfeiters for a long time, but allowed them to perfect their plans to the point of execution, when they were stopped. On October 21, 1880, James B. Doyle was arrested in Chicago as he was alighting from a New York train. He carried in his satchel counterfeit government bonds to the amount of \$204,000. They were of the denomination of \$1000, and were excellent likenesses of genuine government obligations of that class. At the same time, other secret service officers raided the house of William E. Brockway in Brooklyn. He was known as a counterfeiter and was suspected of complicity in the deal. He turned state's evidence and confessed to having made them. He guided the officers to a spot in the woods where they dug up twenty-two steel and copper plates, about \$50,000 in counterfeit national bank notes and a plate for \$1000 5 per cent bond which had not yet been used. Two or three years later he was again rounded up through the efforts of secret service officers and caught in the act of making plates for counterfeit railway bonds. This man Brockway was one of the most noted counterfeiters in the United States and is now alive, and, while in destitute circumstances, is said to be leading an honest life. His partners and associates have also been made to suffer for their crimes, and are now aged and broken.

There are lots of interesting things about these valuable bits of paper Uncle Sam issues. If any reader of this paper could have the biggest bond given out by the Treasury Department he would be rich beyond the dreams of avarice. This bond is now in the register's office of the treasury at Washington. It has been redeemed and canceled by the government. It is the only one of its kind ever issued and it was engrossed by hand. It represents the enormous sum of \$15,500,000 and it was given out when the Geneva award compelled Great Britain to pay this country \$15,500,000 on what was known as the Alabama claims the money was paid to Hamilton Fish, then Secretary of State. Congress had made no provision for the disbursement of this sum, and pending legislation upon the subject Secretary Fish invested the money in government

five per cents, receiving one bond of the face value of his investment.

The oldest bond now extant is also in the possession of the treasury. It is a faded document about the size of a \$5 bill, dated February 6, 1777, by which the government acknowledges the receipt of \$300 from John Bonfield, which it agrees to repay on February 6, 1780, with 4 per cent interest. A cancellation mark on the face shows that Uncle Sam redeemed his promise to Mr. Bonfield.

The largest denominations of bonds now outstanding are those of \$50,000. The fortunate possessor of one of these draws \$2,500 interest every year and his original investment has increased in value about \$7,000. This denomination of bond is held by trust companies and millionaires. There are a great many bonds outstanding of the denomination of \$10,000. The holders of these draw \$100 interest every three months upon each bond.

The largest issue of bonds ever made by this government at one time was in 1877, when a total of \$741,000,000 was issued. Of course the public debt was not increased to that extent, as a portion of the bonds redeemed others outstanding at the time. They had fallen due and Uncle Sam was not prepared to meet the obligation with ready cash, so he did what you would try to do if your note in bank should fall due and you had no money to take it up—you would give another note in its place. This was a very popular loan, drawing 4 per cent interest, and was negotiated without trouble.

Uncle Sam has, however, had his money troubles in times past. His credit was once quite low and just before and during the war the money lenders were not so greedy for the government cribs. The first bonds that were sent out were sold with some difficulty and the financial skies looked dark. Many of the banks had very little faith in the future of the government and the treasury had to call upon bankers and capitalists to help them in placing their bonds. It was the faith which Jay Cooke had in the government that made his great fortune. J. Cooke & Company at the beginning of the war did a great deal for the United States Treasury. The firm possessed the confidence of Salmon P. Chase, who was then Secretary of the Treasury, and they made a great deal of money by taking the bonds from the government in big blocks and dealing them out in smaller lots to purchasers.

At times of great financial depression throughout the country caused by a downright scarcity of money the Treasury Department may come to the relief of capital by anticipating the redemption of bonds. That is, if a bond has not yet reached its maturity and the owner has no legal right to call upon the government for payment, yet would like the money, the Secretary of the Treasury may waive the technicalities and take up the pledge, giving the owner his equivalent in cash. The department sometimes anticipates the payment of interest also to relieve a temporary stringency in the money market. This has been done in several notable instances and has never failed, it is said, to have a good effect immediately upon the money market. The alternate of such action is left largely to the discretion of a Secretary of the Treasury, but as this official

is presumed to be the leading financier of the country and to be in sympathy with the promotion of the financial interests of the whole nation his acts are seldom questioned except for political effect.

The negotiation of the present issue of bonds has not been attended with any difficulties. On the contrary, instead of Uncle Sam begging for takers of his promissory notes he has been besieged by capitalists anxious to lend him their money. Several firms immediately signified their willingness to take the entire issue of \$50,000,000 at an increase of even the Secretary's premium. He fixed \$117.223 as the minimum price of a \$100 bond, and the sharp demand for the securities ran the bids up to \$118. The price of the bonds was paid in gold to the assistant treasurer in New York city, who delivered the securities.

The history of the United States bonds is interesting.

The first loans ever negotiated by this government were with foreign countries, France, Spain, Belgium and Holland furnishing the money in several small sums.

The first issue of anything like a bond for home investment occurred in 1775, when the government negotiated what were then called loan office certificates. This scheme was modeled upon a plan proposed in the Virginia legislature ten years earlier, when the junior branch of the legislative body of that state proposed to borrow £240,000 sterling at five per cent interest. The fund for payment of interest and principal was to have been raised by an impost duty on tobacco. That scheme was abandoned by Virginia, but the general government remodeled it in 1775. Congress believed that if a popular loan was proposed the people would subscribe liberally, and the government would raise all the funds needed for the exigencies of that occasion. The loan office certificates which were issued in accordance with this plan were of two kinds, one bearing interest in specie, the other in paper money. Unfortunately these certificates were immediately thrown into circulation, which was contrary to the expectations of the promoters in Congress. The fact that these certificates bore interest induced many persons to prefer them to paper money. Contracts were drawn requiring payment in loan certificates, and they soon became the preferable medium of exchange, decreasing the value of the paper currency. Finally the government could no longer pay interest on the loan certificates and the holders of them were in dismay. Many persons during the great popularity of the certificates had sold their worldly possessions to invest in certificates and now found them on a par with the depreciated currency.

In 1790 the first issue of bonds to any considerable extent was made. It was found then that the indebtedness incurred by the war of the revolution was a matter of grave importance. The indebtedness was in many forms, and on numerous accounts. Alexander Hamilton came to the front with a plan, which, after a long and heated debate in Congress, was adopted. It was decided to fund the revolutionary debt by means of a bond issue. The bonds ran in three series, the bulk of them drawing 6 per cent interest, the total issue amounting