

Small Size \$500 And \$1000 Notes

By Marc Michaelson

High denomination notes, like most collectible currency, have fared well during 1998. Significant increases in premiums (over face value) have brought more notes to market. A hoard of approximately 600 notes (many in low grade) was brought to auction by Spink America in June. In October, Currency Auctions of America auctioned a diverse group of higher grade, scarcer Federal Reserve \$500 and \$1000 notes, including a large number of Series 1928 notes.

High denomination notes have done very well during the holiday season. These notes have become *novelties* to some buyers, but the recent price increases can be attributed, at least in part, to marketing efforts that have brought high denomination notes to the public in general.

The market, outside of traditional collecting circles, has exploded due to promotions and giveaways of these notes. One of the largest consumers in 1998 were “punchboard” promoters who gave these notes as prizes to lucky winners. More notes were offered to the public *en mass* via television and home shopping networks. Even though great numbers of high denomination notes became available through foreign banks this year, similar numbers of higher quality high denominations went to collectors in the Far East.

The collector remains the **backbone** of the market. Collector demand has increased significantly for a number of reasons:

- The availability of a standard reference book titled *Small-Size U.S. Paper Money* by Oakes and Schwartz.
- More collectors with additional discretionary income entering the market as a result of more available data.
- New designs of circulating \$100, \$50 and \$20 Federal Reserve Notes.
- The possible issuance of a new \$500 note.

Collectors' needs have broadened. While some may seek a high grade \$500 or \$1000 Federal Reserve Note for Type, the connoisseur has much more specific needs. For the elite collectors, there are an infinite number of ways to collect these notes (great patience and deep pockets is required). Some seek the highest grade available for each of the 12 Federal Reserve Districts. Others even more ambitious combine this endeavor for all three issues: 1928, 1934 and 1934A. Some search only the scarce quality 1928-issue notes. Other collectors try to locate high-grade notes with rare Federal Reserve Districts

such as Minneapolis. Some will collect by Federal Reserve seal color. Others collect notes with interesting serial numbers. The ways to collect are endless.

One of the most challenging ways to collect \$500 and \$1000 notes is putting together a Federal Reserve District set of Star notes, or replacement notes. The combination of low printing and low survival rates of high denominations, make star notes very rare. If there is just one \$500 or \$1000 star note reported from a particular Federal Reserve District, it certainly limits the number of sets that can be completed. With more data becoming available, collectors eagerly hunt for Star notes on high denominations.

Another area of particular interest has been 1928 \$500 and \$1000 Gold Certificates. These notes seem to consistently bring strong prices, as witnessed during every currency auction held this year. Price levels for these notes have simply been depressed too long. Price increases are largely due to interest in high denominations combined with enormous price gains in smaller denomination Gold Certificates – most recently the \$10 and \$50 notes.

In conclusion, the market for high denomination notes is very healthy. Better Federal Reserve District notes in high grade, and particularly 1928 notes, are doing very well. Generic notes in lower grade of more common Districts seem to be finding their own levels. As more data becomes available, more collectors enter the market. A collecting area formerly reserved for just a few collectors has now spread to a much greater number. Unfortunately, their search may be for a limited number of notes.

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