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"BETTER" \$500 AND \$1,000 NOTES AGGRESSIVELY PURSUED

By Marc Michaelson

It's been 2 years since I was last afforded the opportunity to write for the *Greensheet* about Small Size \$500 and \$1,000 Notes. A lot has transpired since then, most notably the data and price updates on the subject matter in the 4th edition of Oakes and Schwartz, *Small Size U.S. Paper Money*. Many new serial numbers for high denomination Star Notes have been reported. Price increases for high denoms are in some cases ten times the prices listed in the 3rd edition! "Better" Small Size \$500 and \$1,000 Notes have become the single most aggressively pursued Notes in U.S. Small Size Currency. "Better" meaning: high grade Types (1934 and 1934A), \$500 & \$1,000 Replacement Notes, Series 1928 high denoms, Gold Certificates, neat serial numbered high denoms, etc. Here are just a few examples of collector interest at an unprecedented level:

JANUARY 2001 CAA SALE

Lot 1107 FR. 2200-A is a 1928 Boston \$500 FRN. 3rd edition catalog value (the catalog in print at the time) was \$1,250 in CU. The Note, described as Choice CU opens on the floor with 5 Bidder cards in the air. After passing the five-figure mark, 2 Bidders are left. The lot closes at \$14,300. Knowledgeable collectors and dealers know this Note is rare. Interestingly, the Boston Note is not a grade rarity. It has a deceptively high printing yet data indicates that only a handful of 1928, "A" district \$500s exist in all grades combined!

MARCH 2002 EBAY

No sooner was the 4th edition in print, when a formerly unknown \$1,000 "E" Star makes an appearance on eBay. Combined data from specialists in the field indicated that until recently 1934 \$1,000 Stars on New York and Richmond districts were unknown (ironic as "B" district was a prolific issuer of \$1,000 FRNs) The eBay seller, apparently unaware of his windfall, had the Note modestly reserved and saw the circulated "E" Star quickly run up to \$25,000 in just a few days. Such feverish Bidding indicates that at least several Bidders are willing to pay dearly for this Note, and rightfully so. Whatever the amount....this Note is unique! With this Note in hand, only that one person can complete a district set of \$1,000 Star Notes. In the end, the seller closed this auction early. "Cutting off line deals" on eBay is commonplace and in this case, sources indicate that's exactly what happened. This Note did trade and did change hands as well, well above the 25K level where it was last seen on eBay.

MAY 2002 CAA SALE

A wonderful GEM, 1928 Dallas \$1,000 FRN makes an appearance during this Spring auction in Chicago. This original example is intact fully GEM with spectacular "strike a match on it" embossing that this author has never seen on this particular issue. The Note hammers at a whopping \$14,000 + 15% buyer's fee. Incredibly, the following lot is another 1928 "K" \$1,000 with even superior centering and paper

surfaces to the prior, (8 serial numbers apart) and closes "well into the twenties." These were previously unknown in this state of preservation. They are very rare and for two examples to have shown up at once boggles the mind. In retrospect, the prices realized seem reasonable when one considers the number of collectors trying to complete Uncirculated sets of 1928 \$1,000 Notes. Two collectors were very happy that day. As a side bar: All Series 1928 high denoms (both \$500 and \$1,000) are elusive in true Uncirculated condition. Generally these Notes are "poorly cut" and plagued with tight margins. Well-centered Notes are the exception. Moreover, 1928 was the first year of issue for Small Size high denomination Notes. Hence, they circulated hard. Most survivors are low grade. True Uncs are scarce. Exception: 1928 "H" \$500s (with surprisingly low printing.) Oddly enough the St. Louis Note was hoarded in "pack quantity." It's the "Type Note" for UNC 1928 \$500s. Even so, there aren't enough Uncirculated 1928 \$500 FRNs to fill collector needs. The draw of a high grade, high denom Note with that sought-after "redeemable in Gold" clause will always outstrip supply.

Gold Certificates of \$500 and \$1,000 continue to be in strong demand. Prior information on these Gold Seals was nothing short of speculative. Current data indicates about 300 pieces total (i.e. 150 of each denomination.) Unfortunately, well over 90% (an incredible 9 out of every 10) of the survivors have been heavily processed. These "enhancements" are nothing short of deception and fraud. Savvy collectors in the know stay away from such "treatments" like the plague. It takes on similarities to abrasive coin cleaning. Both are heavily frowned upon and such items are deeply discounted in the real market. The 1928 high denom Gold Certificates are similar to 1928 high denom FRNs in that both issues come poorly margined. \$500 Gold Certs for example have notoriously thin bottom margins. Significant (sometimes huge) premiums are assigned to original, well-margined examples.

So what's the "crème de la crème" in high denomination Notes? It's been confirmed that a Dallas \$1,000 Note exists with mismatched serial numbers. Coming up with a New York \$1,000 FRN Star Note would also be quite a feat. The single most adventurous endeavor however may be putting together a set of 1928 high denomination Star Notes. These high denoms are super rarities. Less than 10 Notes are known combined for both denominations. I don't think any one collector has a representative example of each 1928 \$500 and \$1,000 Star Note.

Every day new Notes are discovered. When a formerly unknown Note makes an appearance it brings with it incredible collector demand. Such is the case with National Bank Notes. With the broadening collector base in high denomination Notes, we are now seeing similar fervor for the better pieces within this collecting niche. We have certainly witnessed price increases such as never seen before.

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GRADING

Gem Crisp Uncirculated	An almost perfect Note. Better than average margins. No aging or fading.
Choice Crisp Uncirculated	A nice new Note but not quite Gem. Centering may be a little off. May show some aging or light counting smudges or wrinkles.
Crisp Uncirculated	No trace of circulation. Can have centering problems, pin holes, counting smudges, wrinkles, close margins, or a corner tip fold (not into design).
Almost Uncirculated	(Almost new) These will be much the same as a "new" Note except for a single fold or several corner folds.
Extra Fine	Circulated; may have some folds; still has some crispness.
Very Fine	Some circulation; may show several folds and will have lost some of its crispness and color.
Fine	Well-circulated with little crispness remaining; edges may be rough.
Very Good	Will be fairly well-soiled; may be significantly worn; might have roughness around the edges with only minute problems.