

# "High Denom's"

By Marc Michaelsen

## Certified \$500 and \$1000 Federal Reserve Notes



No single area in US Currency "trades" like \$500 and \$1000 Federal Reserve Notes. By that I mean, these notes change hands in a similar fashion to bullion coins, like the American Gold Eagle. Generally, the "spreads" on these notes are far thinner than the the bids and offers you find in other areas of coins and currency. These high denomination notes are very liquid and trade readily at relatively small margins. Sounds like bullion gold doesn't it?

The advent of 3<sup>rd</sup> party grading has made these notes even more liquid. When a "market maker" in such notes has an order to fill he runs a tight spread: For example he may buy CH CU 63 500s at \$1150.....and sell CH CU 63 500s at \$1200. Aggressive buyers who run close spreads like this have large sell orders to fill. It's not about making just \$50. It's about making \$50 many times over.

So where is the hidden value in these notes? Sometimes one can acquire a "better district" for type price. In other words, you may be lucky enough to buy a CH CU \$1000 on Kansas City for the same price (or a tad more) than what you would have paid for a CH CU \$1000 drawn on New York (a far higher printing) - Furthermore, I feel the real value is in high denoms is the 64 grade. These are notes that grade out

at the high end of the CH CU scale. They are as close to GEM as possible (without being gem) but don't carry that HUGE incremental spread (dollar spread to be exact) that GEM notes have. I like the value here.

Third party grading has come full circle and is now available to dealers, and public alike. Many of us, this author included, have sent scores of high denoms to the two independent grading companies only to find that they are both very strict in grading these type of notes. So what's it take to "make" a GEM CU 65 \$500 note? I certainly don't have the all the answers but I've experienced the following:

**EMBOSSING:** The greatest single reason the grading services seem to preclude a high denom from the 65 grade is embossing. (or more accurately.....the lack of) These notes, particularly the "G" and "B" districts were printed in large quantities and the majority of notes are flat with little or no embossing. I don't know if it was because the printing plates were overused or what the cause may have been. Generally speaking though, the later the series .....the less embossing is evident. Many series 1928 high denoms have good embossing. Some 1934 notes do also. The majority of UNC 1934A high denoms however have little to no embossing.

**HANDLING:** Many 500s and 1000s are "victims" of teller handling (in many cases excessive) It seems, and rightfully so, that a note with too much or excessive teller handling will immediately be downgraded to the CH CU or CU category. We see this handling in the form of internal "folds" usually on the right side where a teller has "maliciously thumbed through a pack." Also evident is associated teller "dirt" or "smudges" (also usually on the right side) where dirt from the bank teller's fingers ingrains itself onto the note. Figure if these bank tellers were counting a pack of 1000s, they wanted to make sure not to miss one!

(continued on pg. 12)

**PAPER QUALITY:** The paper, on which 1928 and 1934 notes were printed, is whiter than notes printed for 1934A. It appears that this "nicer look" for the earlier notes has resulted in some higher grades being assigned for these series. The "dingy" paper used for series 1934A notes seems to be looked upon in opposite fashion. Comparatively, there are far less 1934A notes graded GEM CU. This seems to be a matter of eye appeal, a factor as important in grading US coins as it is in US currency.

**CENTERING:** Generally speaking, the early notes (1928 high denoms) come dreadfully centered. They were haphazardly cut and poor lay out was the norm. Well-margined, evenly centered examples are the exception. Hence, huge premiums are assigned to GEM 1928 high denoms as they are very rare.

If you have a \$500 or \$1000 Fed with bright paper, great embossing, no handling and exceptional centering.....well, then you've really got something! - It's always been a pleasure for me to share information about these fantastic notes. Please don't hesitate to getting in touch with me if you ever want to chat about this fascinating subject, high denomination notes.