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PUBLISHER Shane Downing  
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Dept. CDn  
P.O. Box 7939

Torrance, CA 90504-7939

Phone: (310) 515-7369 <http://www.greysheet.com> • [greysheet@msn.com](mailto:greysheet@msn.com)

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## SMALL SIZE \$500 AND \$1000 NOTES

by Marc Michaelsen

High denomination Notes, like most collectible currency, have fared very well during 1998. Significant increases in premiums (over face value) have brought more Notes to the market. A hoard of approximately 600 Notes (many in low grade) were 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 high grade 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 the home shopping networks. Even though great numbers of high denominations 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 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 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 for the scarce quality 1928 issue Notes. Other collectors try to locate high grade Notes with rare Fed-

eral 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 Notes. 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 a greater interest in high denominations combined with enormous price gains in smaller denomination Gold Notes - 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 series 1928 Notes, are doing very well. Generic Notes in lower grade of the 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.

Marc Michaelsen, Inc  
P.O. Box 1949  
Boca Raton, FL 33429  
Phone 561-347-8300

### 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.