

The Counterfeit Money Speculators

“Money” —The Counterfeiters’ Moral Philosophy—The Cunning Of Bank Bills—No Valid Bank Bills Issued—A Trick Of The Banks To Evade The Law—Swindling Under “Color Of Law,” And In Defiance Thereof; A Vast Distinction—Counterfeiters As “Public Benefactors” —The Regular Counterfeiters Embarrassed By The Bogus Ones—Mr. “Ferguson’s” Marvellous Letter—Countless Complaints—The “Honest Farmer” Of Vermont, And His Speculation With The Counterfeit Money Men—What He Sent For, And What He Got—A Securely Done-Up Package—A “Down-Cellar” Scene—The “Honest Farmer’s” Confusion—A Bit Of Local History Relating To Thomaston, Conn.—The Honest Oyster Dealer There, And The Ninety Dollars “C.O.D.”—A Question Unsettled—How The “Honest Farmer” Of Vermont Cheated Me At Last.

So long as a false “representative of value” is made a “medium of exchange,” whether we call it “money,” or what not; or whether it be made of gold, silver, or paper, or any other material, so long, probably, will it, in all its degrees of professed value, be counterfeited; and shrewd men, men who possess logical discrimination enough to see that one humbug is no worse in principle (though worse, perhaps, in the degree of bad principle) than another, will always be devising “illegal” plans of making money, as subtle and keen, almost, as the regular banking business.

It is probable, I think, that nothing more clever in the way of cheating or robbery will ever be invented than the issuing of paper money by private banks; for the business is so adroitly managed that it is highly respectable, —which cannot exactly be said of some other modes of cheating. A bank president and the cashier command much respect in the city or the country village, and conduct their business openly, too. Indeed, they are usually magnates in the community in which they reside, and are entrusted, to large extent, with other people’s money, while the unfortunate fellow who cannot procure a proper bank charter, and so has to content himself with running illicitly a humble faro bank, is apt to be frowned upon by the community. Perhaps a more pertinent example of the inability of the masses to discriminate in moral affairs, could not well be suggested.

The country is flooded with counterfeit money, especially of the “fractional currency” kind. Everybody takes it, and nearly everybody who has a ten cent, or twenty-five cent, or fifty cent “representative of value,” of the spurious kind, lets it pass on, if it will. The public conscience is not disturbed by these little things; and there are a great many persons who let the one dollar and five dollar counterfeit bills which they chance to receive, “go on doing their accustomed good,” into the hands of others. This course is illegal, and therefore “immoral,” and not right; and in another sense it is immoral, because it is unjust and thievish in its character. But then, as some simple people may be surprised to learn, nearly all the issues of private banks are also thievish and unjust. Bank bills are not generally issued according to the requirements of the law, and are, therefore, not even legal money, and are of no more real worth than a counterfeit bill, so long as the latter passes. It is in their negotiability, or the passing thereof, that bank bills are valuable or useful as a means of exchange. The counterfeit bill is just as convenient so long as it does the work of “passing.”

I do not know what is the fact regarding the private banks of Connecticut, for example, nowadays; but a few years ago an eminent lawyer of that State told me that he presumed there was not a single bill legally issued by any of the Connecticut banks, the circulation of which amounted in the aggregate at that time to millions of dollars. The law of the State of Connecticut limited the issue of bills by any bank to not over ten times as much in representative amount as the “specie or bullion” which the given bank had constantly in its vaults. If the bank’s capital was, for example, \$200,000, but invested in real estate, then the bank could not properly issue a single dollar, unless by some means it possessed itself of specie to hold in its vaults; even then evading the spirit of the law. But my friend, the lawyer referred to, informed me that none of the banks complied with the rule of keeping the requisite specie in its vaults. Suppose a bank’s issues amounted to \$300,000; to respect the law it would have to keep \$30,000 specie on hand. Is it reasonable even to suppose it would do so when it could readily loan the \$30,000. to parties in New York at seven per cent, interest, and thus make them “earn” \$2,100 a year? Not at all; and the banks did not heed the law.

But there were Bank Commissioners, whose duty it was (and there are the same still, I suppose) to see to this matter, together with others relating to banks. They visited the banks once or twice a year. When about to make a visit, they sent word to the bank officers when to expect them, and the officers of a given bank in Hartford or New Haven, for example, went to other banks and borrowed from several, for the time being, specie enough in the aggregate to make a “show” with. As the commissioners, after visiting one bank, and making an examination, were about to leave it and go to another, the specie found in the bank examined, was sent off to the other bank, and there did service again; and so on through the series of the city banks. The isolated country banks, like that at Litchfield, had notice of the advent of the Bank Commissioners, and sent to the city banks for a temporary loan of the required specie.

Thus it was that the banks conducted their business illicitly, and it is probable that at no time was a single dollar of their issues properly predicated, and every dollar was therefore illegally issued. But the bills passed, —passed as well as undiscovered counterfeit bills, —and were, in reality, just as fictitious and illegal. But the banks being more sharp, and having more facilities for covering up their iniquity than have the counterfeiters, succeed in swindling the people, year after year, without detection, while the poor counterfeiters are frequently caught and punished, and their “capital” (dies for “making” the money, paper, etc.) is destroyed; and thus their business is interrupted, very much to the detriment of its profits, and their laboriously-earned skill, as “business men,” made as naught, and all their valuable time in perfecting themselves in their business also lost. It is sad to reflect upon this; but the picture would be sadder, perhaps, if added to these irregular swindlers, were the regular bank swindlers of the land.

So when one comes to analyze matters, no great moral distinction is found between two persons, one of whom swindles under “color of law,” while the other swindles in defiance of law. The latter is perhaps the braver (though less sagacious) man of the two. It is, after all, only a question of taste or expediency; and so is it that the great counterfeiters think. Officers arresting these men, frequently find them ready to defend their cause “on principle.” They always avow themselves “as good men as the bankers,” and they frequently declare themselves public benefactors, in that they make money plenty, and relieve the stringency of the money market!

“The only good of paper money,” once said a great counterfeiter to me, “is to pass; a counterfeit bill is just as good for passing as a genuine bill; and if you folks would let us “private bankers” alone long enough to give us time to perfect our business, we should be able to produce “goods” so perfect that nobody would find any fault with them, and all would feel grateful to us. But it costs us a great deal to get well started in business; and just as we are beginning to thrive, you step in and break us up!

The man to whom I allude was *serious* in what he said. Of course he was lacking in moral perceptions, and was, in one sense, demented, or a “great fool;” for he could not see the moral difference between one kind of robbery and another one just like it in principle. I pitied the man’s moral obliquity, while I handed him over to the jail-keeper to await trial. (I am sorry to say that the fellow, for some reason, was never brought to trial. The District Attorney “*nolled*” the case, although the evidence was clear enough against the “private banker.” I half suspect that the attorney admired the fellow’s reasoning, and sympathized with him.)

Under the circumstances, it is not then strange that a large number of persons of excellent talent, are engaged in counterfeiting, or in the distribution (or “shoving,” to use the technical phrase), of counterfeit money in this country, and the distributors are to be found in all classes. I have in my mind’s eye, as I write, an “honest farmer,” in a certain town in the State of Vermont, who manifested, in the goodly “year of our Lord,” 1870, an excellent disposition to help the counterfeiters distribute their goods, but who was sadly “disappointed” in his enterprising spirit.

Almost every business has its counterfeiters. As surely as a man conceives of some practical, easy, business way of making money, so sure is he to find a host of competitors springing up about him, and injuring his business. This has been the fate, to considerable extent, of the regular counterfeiters, —the men, who, by their great talent as engravers, have added so much to the mechanical skill of the country. There is aplenty of scamps in such a place as New York, for instance, who always stand ready to profit by other people’s labors. (I should not like to be called upon for a classification of these scamps, for fear that the various species of the genus “who profit by other people’s labors” might include some reader’s most respectable friends.) .

The regular counterfeiters have been greatly embarrassed, within the last two or three years, by a lot of unscrupulous villains, who pretend to deal in counterfeit money, and who send their advertising circulars into every town and hamlet in the land. The regular counterfeiters can only thrive when they are able to make their wares pass; and these unscrupulous villains, to whom I allude above, are likely to injure the business, and thus reduce the brave, bold, ingenious counterfeiters to the condition, perhaps, of “private bankers,” whose course is that only of cowardly, false pretenses, under “color” or shield of the law. This is a state of things which is not a little deplorable—for the counterfeiters.

The business of these unscrupulous villains, whom we will call, if the reader please, counterfeit money speculators (for “speculators” is a name which one should not fail to honor as often as he can), is very extensive. To give the uninitiated reader a little insight into the business of these men, one of their circulars is copied below. It is a fair sample, in regard to its substance, of all that are issued by these “speculators.” The one before me, and which I copy here, is a lithographed manuscript letter.

(To explain, for the benefit of youthful readers: —The “speculator” first writes a letter, in neat style of penmanship, and then gets it copied by an engraver on stone, and from the plate thus obtained is able to strike off a large number a day. Probably one third of those who receive these letters do not know that they are, in fact, “printed,” and each ignorant receiver feels nattered as he reads the letter that the “speculator” has taken the pains to write to him so extendedly, and is led to “think over” the matter, and finally to “invest,” when he would have taken no notice of a “printed” document.)

The letter alluded to runs thus: —

“DEAR FRIEND: While conversing with a gentleman from your locality recently, you were named as a shrewd and reliable person, and one likely to enter into a business, the nature of which will be explained in this letter. At all events, he said, whether you go in or not you would keep a still tongue, and would not expose me. He told me that under no circumstances must I inform you who recommended you: and as I claim to be a man of honor, I will never violate a pledge. I have on hand, and am constantly manufacturing large quantities of the best counterfeit money ever produced in the world. The sizes are two, five, and ten dollar bills, and fifty cent stamps. They are printed on first-class bank note paper. The signatures are perfect, and the engraving is admirable. Not one banker in five hundred can detect them. I will take a solemn oath that the bills which I send you will never be detected, unless you make known your business to persons who have no right to know it. I shall charge you ten dollars in good money for every one hundred dollars of mine. If you have confidence in yourself, and desire to push matters, you had better order as much as you can get rid of in a month or two. In that case, if you buy as much as five hundred dollars at a time, I will sell it to you for twenty dollars cash down, and will allow you thirty days credit for the remaining thirty dollars. If you purchase one thousand dollars, I will sell it to you for forty dollars cash down, and will wait thirty days for the remaining sixty. If you want to make a desperate, but successful, struggle for a fortune in a few weeks, I will send you five thousand dollars for one hundred and eighty dollars cash down, and will wait thirty days for the remaining three hundred and twenty. Under no circumstances will I sell less than one hundred dollars (price ten) at a time. When you send me any money, or a letter, go to the nearest Railway station, ask the express agent for a money envelope; insert your letter, seal the envelope, and see that it is properly directed to me. Don’t send me a letter through the Post Office. The Express Agent never heard of me, and he will have no idea of the nature of your business. I would prefer that you would send me money in advance. If you are unwilling to do so, I will ship whatever quantity you wish by express, and the Agent will hand you the sealed package as soon as you pay him the money. That is, I will collect my money on delivery of goods (C. O. D.). I will make it appear that your package contains jewelry. If you can spare time come on and see me. Call at my private office, No. 52 John Street, Room 5, up stairs, New York. I will then take you to my manufactory, and let you select whatever quantity of bills you desire. No person in the building knows what business I carry on. Therefore you are just as safe as if you were going into a theatre. If any person suspected my business I would not have you call. Now, sir, if you manage this business properly, you can clear twenty thousand dollars in a year. You have unusual advantages for passing the bills with perfect safety. Always ruffle them up to make them appear dirty and old. You can pass one of my bills at every store, and as the change you *receive* will be genuine, you will be enabled to clear at least two thousand dollars a month. Not one in a

thousand of your neighbors can distinguish a genuine bill from one of mine. Therefore you are foolish for not grasping an opportunity to make money that may never occur again.

I could name a man in your country who made a fortune in the same way. All his neighbors wonder how he made it. But he keeps a still tongue. Probably you know who I mean. I deal on the '*square*,' and if you are true to me you will never regret it. I pray you will not betray me in case you do not go in. You will find by dealing with me that I have the best counterfeit money in the country, and that I deal more honorably than any other man in the business, because I deal on the '*square*.' I would not ask you for any cash down for your first order only to secure myself for the cost of engraving, printing, etc. Read my terms carefully, and remember them. Bear in mind that I will give no more credit than I state in this letter. One or two of my counterfeit bills have already been passed on you, and you have in turn passed them on others. Therefore you should be familiar with their appearance and quality. Of course you did not know they were counterfeits.

Read the following instructions carefully. Be sure and follow them; then no mistake can be made. If you come on, call at 52 John Street, Office No. 5, up stairs. But if you send me money, or a letter by Express, direct it to my manufactory as follows: —

WM. J. FERGUSON,

No. 194 Broadway, New York City.”

Bold in its stupidities and brazen-faced in its assumptions as is the above letter, it has probably deceived hundreds, if not thousands, and the villain “W. J. Ferguson” could doubtless tell many a side-splitting story in regard to the simplicity of his victims. Copies of that and like letters, signed by other names, and sent out by different “speculators,” find their way to the farmers’, the mechanics’, the poor widows’, the shop-keepers’, and other hands, and hundreds send little sums of money in response—“just to try the thing,” if nothing more. I do not intend to animadvert upon the intelligence, sagacity, and moral worth of the masses of “the people of these States,” for sufficient comment thereon can be found in the fact that these “speculators” do a thriving business, and if not disturbed by the police authorities would soon be able to build as fine edifices as do the “private bankers,” and thus make themselves “a credit to the city of New York,” for example, by adorning it!

I have alluded to a man whom I have in my mind’s eye. He is a somewhat “queer crittur,” as one of his neighbors denominated him, though an “honest farmer,” and something of a “horse character,” being interested considerably in stock raising. He resides not a thousand miles from Rutland, Vermont, and is “well to do” in the world. The old fellow’s name I am under certain obligations to keep secret; but lest his neighbors (especially a jolly blacksmith living in the same “parish” with him, and who gave me some “light” regarding him, and “enjoyed the fun” when I told him of what facts I discovered), should, when reading this, entertain unjust suspicions as to exactly who the “honest farmer” (and member of the —— church, too!) is, I will simply use the fictitious name of W—orthy P. Row—ley to designate him by.

The exploiting of these “counterfeit-money speculators” became so extensive that at one time complaints were received by the score daily—by the Mayor of New York, and others; and it was finally thought best to take some notice of them. Various means were employed to detect the scamps. One of the most active persons, and who urged their detection and punishment most earnestly, was a man who is, undoubtedly, a regular counterfeiter. This was natural enough, as the “speculators,” as will be seen further on, were hurting his business. This man had relatives in Vermont, and in some way it became suspected that the “honest farmer,” who sometimes visited to New York, and put up at the Bull’s Head Hotel, on Third Avenue, bringing with him a blooded horse for sale now and then, was one of his relations. (But this proved not to be the case. He had been in his company, but was not related to him by blood, though slightly so, as the sequel will show, as a “business man.”)

Circumstances so occurred in the ferreting out of some counterfeiters, that suspicion fell upon the “honest farmer” as one of their aids in the distribution or “shoving” of the “queer” (the flash or business name for counterfeit money), and it was thought that he was wanted. So I was delegated to wait on the gentleman “at or near” his residence.

He was in the habit of visiting Canada two or three times a year to buy up stock (cattle mostly), and import them into Vermont, and prepare them for market. This was one of his “side issues,” as he said. When I arrived in his town I found he had gone to Canada, and that I should be obliged to wait a day or two for his return. Meanwhile I made as much investigation into the affairs of the old fellow (for he is a man of nearly sixty years of age) as I could safely; and from an enemy or two of his discovered enough to learn that he might be as guilty as he was suspected to be, and I prepared myself for “investigating” the old fellow on his return.

To go into details of how I approached the “honest farmer,” and what progress I made in studying him as connected with the regular counterfeiting business, as an agent in distributing the “queer” in Vermont, —and somewhat in Canada, as was supposed, —would make my narrative too long. But I found at last, to my satisfaction, and surprise as well, that that W. P. R., the “honest farmer,” had no connection with the business we suspected him to be engaged in. But I found also something which might have surprised me regarding a man of his general shrewdness, if I had not known many equally astute men made fools of.

The “honest farmer” had received, from time to time, letters like that which is quoted herein from Mr. “Ferguson.” At first he paid no attention to them. Finally his speculative nature became whetted, and out of “pure curiosity,” as he asserted to me so often as to excite my suspicions that he had far other motive, he entered into correspondence with the “New York gentlemen,” which resulted in his sending to the speculators ten dollars in greenbacks, for which he was entitled, according to their offer, to receive one hundred dollars in counterfeit bilk. He gave instructions as to how he would prefer to have it sent, namely, by express, in a square box, well wrapped and sealed up, and he stated about what size. His correspondents were instructed to write on the corner of the package, “One doz. Condition.” (This, he said, would be understood by “the railroad folks,” and his neighbors, if they saw it, to mean “Condition powders,”—medicine for horses.)

The box came to the railroad station near him. He was apprised of its arrival, and went for it himself. This was in the daytime, and he “wasted time” on his way home, so as to arrive in the night. (“Didn’t want to let his folks know,” he said, “how deuced foolish his curiosity had made him.”) He drove under the “shed” attached to his “home barn,” and quietly took the box down into a cellar of “the old house” —an old dilapidated, untenanted house, in which some of the products of the farm, and a few farm tools, and some old barrels were kept; and down into the cellar of the old house he went, and deposited there the box, and then went in, “washed up,” and sat down with his family to supper.

After supper he was uneasy to investigate the package; and making an errand “to the barn” procured an old candle, and (forgetting the “barn”) hastened into the cellar, managing to fasten the cellar door with a rope which he tied to the handle. He *said* he did this for fear somebody might see a light through an end “winder” of the cellar, and come down and “ketch” him at the “silly job;” but I have my suspicions that the “honest farmer” had other reasons than that of pride for his secrecy. He put the box on the head of an old barrel, and the candle on another, and began to unfold his treasures. Roll after roll of “old brown papers and newspapers” he cut off, and wadding them up, one after another, laid them on the head of the barrel on which stood the light, or threw them on the floor.

There was a marvelous waste of paper, he said, in “doin’ up that ‘are box.” At last he came to the box (a small, oblong, wooden, affair which he showed me), which I should think to be about eight inches in length by four in width and depth, and the original use of which, if it had any, I could not conjecture. The cover was barely tacked on. Pulling off this, he presently came upon a few scraps of old iron, and a few bits of what he thought were paving stones, and not a single dollar of counterfeit money did his search reveal.

At the bottom of the box, pasted in, was a paper, on which was written, in a bold, quite elegant hand, ‘Old fool!—ha! ha!’ And while he stood contemplating his folly, and holding up a bit of the old iron in his hand, the heap of paper on the other barrel (probably warped, or “cockled,” as paper-men would express it, by the heat from the candle) tumbled over into the flume of the latter. The old man said this frightened him at first, “like a judgment” on his folly, and he had close work for a minute or two to put out the fire. “I thought the old stairs would ketch,” said he, “and I couldn’t get up.” The story as he told it (for he has a considerable “knack at story-telling”) was not a little amusing, but I shall make no attempt to represent it here.

The counterfeit money speculators have no notion of getting themselves into serious legal difficulties, and so long as they only swindle such men as the “honest farmer” in question, the authorities of New York will probably take no great pains to disturb them. It would be rather amusing if one could watch the countenances of the poor dupes as they open their packages. Disappointed ambition, “castles in Spain” all tumbled down, visions of wealth broken into clouds upon their countenances, would probably be the tale they would tell. But warnings will do this class of people no good, and it is not “good” they seek; so we need have no pity for them.

If the counterfeit money speculators, of the kind I here speak of, do no good, they certainly do no harm, save to the regular counterfeiters, by forestalling their field, and getting away from the poor dupes money which might otherwise fall into the “regular” gentlemen’s hands. But perhaps

the result in the long run may be beneficial to the “regular trade,” inasmuch as the present victims, when they come to get possession of the real counterfeit money, may buy more than they otherwise would, to make up their former losses. In this they will imitate other business men, who, when chancing to lose by one attempted swindle, balance accounts of profit and loss by “doubling” in a successful swindle, or as gamblers “hedge” their bets on a horse-race.

At any rate, the “money-makers,” whether of bank bills, or other false pretenses, “regular” or “irregular,” will always, I suppose, manage to find “honest farmers,” and like victims, so long as the ignorance of the people sustains such institutions as private banks; and it matters but little whether a bank bill has passed under the eye of “Jones, president,” and “Williams, cashier,” or not, so long as it is well “executed” enough to “execute” its own mission, which is, to swindle labor out of its just dues. The man who devised paper money and “banking,” as it is generally conducted, was the shrewdest servant that the tyrant and sagacious classes ever had in aiding them to keep the laboring classes subjected and “contented” with being robbed. If any reader thinks my estimate of that man’s clever swindling capacity too emphatic or high, let him sit down soberly, and consider the subject in all its aspects, beginning with the cost of the paper, and the thousand profitable uses it is made to serve for the money-manufacturer, and then reflect how it is as much one man’s *natural* right to “make money” as another’s, but that the few manage to make a monopoly of the business.

The fact is, that the counterfeiters are really more democratic than the bank men, and only stick to their “constitutional rights,”—the right of individuals, as well as of bodies politic, to manufacture money. If the State would let the matter of money-making alone, and abolish all laws regarding it, it would not only abolish counterfeiters and counterfeiting thereby, and “bogus” counterfeit speculators also, but would, in so doing, leave a clear field for sensible political economists to work out a plan of exchange, in which some justice and honesty might be obtained. Till then, the counterfeiters, —the regular *bona fide* ones, and the bogus rascals, too, —will thrive; for no plan of “making money” is found so ingenious that these capable gentlemen cannot imitate it.

As I write (Feb., 1871), I note in a Connecticut newspaper an instance of the operation of these bogus counterfeit money speculators; and what surprises me a little is that their victim lives within four or five hours’ ride from New York, in the enterprising village of Thomaston, Litchfield County, Conn., which connects with New York several times a day by railway. It appears that a worthy dealer in “oysters and vegetables” recently received from “Chatfield & Co.” (professional dealers in counterfeit money, like “Ferguson”) a box marked C. O. D., the charges upon which were ninety dollars. “Of course” the man made no order upon “Chatfield & Co.” They sent the box voluntarily. “The charges were promptly paid” (I quote from the newspaper referred to), “and the box opened. The contents proved to be old iron, stones, shavings, and rubbish. These articles can be bought cheaper here. A factorizing suit was quickly served on the express agent here, the money detained, and by due process of law our neighbor... will get it back, less the expenses of the law. But we cannot help asking the question. Suppose he had received the “queer” instead of the rubbish for the ninety dollars, what would he have done with it? Charity says he would have carried it to the nearest justice, and had it duly stamped counterfeit, and so lost the investment;” and the article quoted from facetiously adds, “If it had been any one less honest than he is, We are afraid he would have ‘shoved the queer’ just to

get his money back, with a reasonable (say two per cent) profit. After all, the question is still unanswered.”

But the Thomaston people probably have more persons in their midst than the oyster dealer, who think that counterfeit money is good while it passes; and they should not feel sure, without looking, that they have not in their purses more or less of the “real genuine article” of counterfeit money, especially of the “fractional currency” kind; and it may be that some of the good housewives and marketing husbands of that goodly village have wittingly or unconsciously, from time to time, passed so much of it upon the unfortunate dealer in oysters and vegetables, as to inspire him with a sense of its great “convenience in trade,” and so he thought to enjoy the blessings thereof himself, and communicated with “Chatfield & Co.”

Drawing my article to a close, I was about overlooking a fact, which I ought not to forget to state here, in regard to the “honest farmer.” I had a little business transaction with him—the purchase, in fact, of a few pounds of very nice butter, which I took home with me. I gave him a five dollar bill, out of which he took his pay, handing me the “change,” which was two dollars and twenty cents. I took it (made up of sundry pieces of fractional currency), and gave it no attention beyond rapidly counting it, and chanced to place it in one division of my wallet by itself. At Springfield, Mass., I had occasion to use some of it, when I found that a fifty cent bill of it was counterfeit. I considered this “too good a joke to keep” all alone, so I sent the bill on to the “jolly blacksmith” I have alluded to before, and made him a present of it, with the suggestion to him to present it to the “honest farmer,” who, to my astonishment, when I heard of it, did not deny that he “might have let that New York fellow have it;” and he modestly took it, and gave another bill (*supposed* to not be counterfeit) in exchange. Whether the man knew it was counterfeit when he gave me the bill, is more than I dare say here; but his neighbors, on reading this, will probably decide that question for themselves. —S.

McWatters, George. *Knots Untied: Or, Ways and By-Ways in the Hidden Life of American Detectives*. Hartford: Burr, 1877 (848 pages).