

NEVADA'S MANHATTAN MINING COMPANY SCRIP

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Private paper currency or scrip was issued in many parts of the U.S. during the nineteenth century, but only a handful of firms ever attempted this measure in the "hard-money" West. This was especially true throughout the silver and gold mining regions of Nevada. The few issues that did exist were at best short-lived and at worst dismal failures. Today surviving notes are generally rare with the exception of those printed for the Manhattan Silver Mining Company of Austin. While never issued, these well-executed bills are vivid reminders of a little-known conflict in Western economic history.

Austin was only 12 years old when these colorful notes were created. Discovered in May 1862 by a stage station employee chasing runaway horses, the rich silver mines of the area promoted the "Rush to Reese River" the following year. Soon the new town of Austin boasted a population of more than 2,000 people and was determined to become as famous as Virginia City.

As mining locations were discovered in central Nevada, Austin also became a supply center for outlying camps. Mills were built, schools and churches were established and the frantic days of the initial rush gave way to the steady activity of a successful mining community.

While the Comstock boom primarily drew its investors from the Pacific Coast, especially San Francisco, Austin's initial rush attracted quite a bit of Eastern capital. Nevada had been a state less than a year when New York financiers purchased the North Star, Oregon and Southern Light mines located just over the hill to the north of the town. These properties were united with other later acquisitions under the name of the Manhattan Mill and Mining Co., which in 1865 was renamed the Manhattan Silver Mining Co. of Nevada.

The "Rush to Reese River" also attracted the pioneer Virginia City banking firm of Paxton &

Thornburgh. Their Austin branch, opened in 1863, became the banking house of Paxton & Co. five years later when John A. Paxton bought out his partner.

As the Manhattan Mining Company continued to grow and prosper, buying up most of the major mines in the Reese River Mining District, it first began shipping bullion through the local express company. "This afternoon some 30 large bars of bullion from the Manhattan Co. were delivered at the office of Wells, Fargo & Co." reported the *Reese River Reveille* in 1867, "but the circumstances received no more notice from the passers than would a load of bricks. They were used to it."

Gradually the firm began to do more of its business through Paxton's bank, especially as the shrewd banker had quietly begun to purchase stock in the Manhattan Company as early as 1868. By 1872 Austin was the second largest city in Nevada when Allen A. Curtis, superintendent of the Manhattan Company, became Paxton's partner, changing the bank's name to Paxton & Curtis. So successful was this partnership that within two years they had acquired a controlling interest in the Manhattan Company, spending a reported \$500,000 in the process.

By 1875 John Paxton was a well-respected businessman and financier, although he lived full-time in California and only occasionally visited his far-flung banks and mines which stretched from Hamilton to Lida to Reno. It was Allen Curtis who really controlled the partners' eastern Nevada businesses. Besides managing the huge Manhattan Mining Company and supervising the region's most active bank, he was also elected county treasurer and town alderman.

Yet while the banking house of Paxton & Curtis was a strong, well-managed firm, it suffered from the same lack of hard coinage as did the rest of the West. From the earliest days

Incorporated under the laws of the State of New York.

Number
333

Manhattan Silver Mining Company

OF NEVADA



Shares
100

This Certificate that Proddus Sherman — is entitled to
 give _____ Shares of One Hundred Dollars each
 of the Capital Stock of the MANHATTAN SILVER MINING COMPANY OF NEVADA transferable
 only on the Books of the Company in person or by Attorney on the
 surrender of this Certificate.

In Witness Whereof the President and Secretary have hereunto affixed their signature
 in the City of New York this 31st day of March A.D. 1866

Henry Wood SECRETARY Wm. Augustus Taylor PRESIDENT

AUSTIN, NEVADA.

For Value Received I hereby assign and transfer to Robert A. Gault
 _____ Shares of the above mentioned Stock and do hereby constitute and appoint
Robert A. Gault to my Attorney to transfer the same on the Books of the Company
 Witness Hand and seal this 28th day of August A.D. 1868
Wm. Augustus Taylor

small change was nearly unknown. Silver dimes, called "shortbits" were occasionally seen. The smallest coin usually encountered was the quarter, as that was often the price of a shot of decent whiskey. To compound this problem, much of the small change which did find its way to Nevada was counterfeit.

"Spurious ten-cent pieces are circulating along the line of the railroad," reported the *Reese River Reveille*. "No fear of their doing any harm if they are introduced in Austin, as such insignificant coins are not recognized as money here. In our highest social circles they are used as poker chips." Not long afterward Paxton & Curtis received "a new-fangled contrivance for detecting counterfeit silver coin," which bank cashier C.P. Soule stated, "works like a finger in a knot-hole."

Paper currency was another problem. Ever since its introduction during the Civil War and its subsequent discounting in relation to silver and gold coins, westerners had consistently refused to accept federal paper money. Privately-issued currency, such as was common in Eastern states from the late 1700's through the 1870's, was shunned outright in the Far West. A few attempts were made to issue private scrip in California in the 1850's, but all failed or were extremely short-lived. Only the private currency issued by the Mormon Church and affiliated Utah companies seems to have been actually circulated and only in an extremely limited region.

So repugnant was the concept of private paper currency, considered "flat money" with no intrinsic value, that the Nevada Constitution specifically prohibited its use. "No bank-notes or



Austin Library and Historical Society

paper of any kind shall ever be permitted to circulate as money in this state," wrote the Constitutional drafters in 1864, "except the federal currency and the notes of banks authorized under the laws of Congress."

Such was the situation facing Allen Curtis early in 1875 as an expanding payroll caused an increasing demand for gold and silver coin. However, the "Crime of 73" had demonitized silver two years earlier. This, coupled with the increased production from other Nevada mines and the failure of many European countries to maintain a silver standard, forced the price of silver down and imposed a discount on its value as well. U.S. mints ceased production of silver dollars; the newly-established mint at Carson City was only striking pitifully small quantities of coins, and the larger mint at San Francisco could not begin to keep up with the demand for gold and silver coinage throughout the "hardmoney" West.

Curtis couldn't create gold coins out of thin air, but he thought he had found a way to continue to meet payrolls. Instead of issuing true private scrip, which was not only abhorred in the West but was illegal in Nevada as well, he

designed what amounted to bearer checks payable on his bank, denominated in seven values ranging from \$1 to \$100. The existence of these notes was kept secret until they had been printed by Major & Knapp in New York and shipped to Austin.

To introduce Austin's citizens to this new money, Curtis planned a Silver Picnic on May 31, 1875, where the guests would each be presented with a little silver brick. As the mining company's "silver checks" were payable in "merchantable" silver, he intended prominent merchants and businessmen to be able to hold a sample of the mine's product in their hands. Two days before the event several Austin businesses advertised in the local newspaper that they would accept "merchant bullion checks at par."

Probably Curtis believed that getting merchants to accept this form of money would be the major hurdle to overcome, and this seemed to have been accomplished with some ease. The miners were another aspect, though. Previous union successes in Virginia City and Gold Hill should have made him more aware of their strength.

Shortly after 6 p.m. on May 31, 1875, the

streets of the peaceful mining camp of Austin began to fill with disgruntled miners. Within an hour more than 400 men had gathered. They were quietly determined to shut down the area's major mine if its owners actually followed through with their insidious scheme to undermine the workers' economy.

At 7:30 the men peacefully filed into the International Hall where they quickly organized a miners' union. Their first act was the passage of a resolution demanding that all members be paid the standard miner's wage of \$4 per day and only in gold coin. A committee was then appointed to appear before the superintendent of the Manhattan Silver Mining Co. to tell him that a strike would be forthcoming should their demand not be met. Worse yet, the miners only guaranteed to operate the pumps for another 48 hours, after which the underground workings would quickly fill with water and completely shut down the giant operation.

When the new Austin Miners' Union met with Curtis on the morning of June 1, they were quite capable of causing the complete ruin of the Manhattan operation. If the pumps were allowed to fall idle, thus flooding the underground workings, the company might not be able to weather the huge expense needed to reopen the mines at a later date.

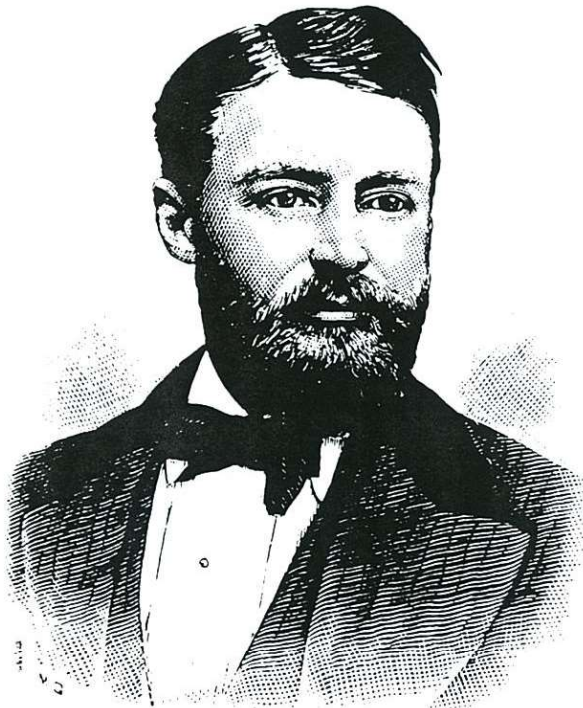
Curtis tried to buy some time to explain his reasoning to the irate miners. "He had no desire or intention to reduce wages," reported the

Reveille, "but as the company suffers from the existing large discount on silver bullion, he thought he could divide the loss among the community in such a manner that it would not be felt by any individual. The checks he proposed to issue in lieu of coin would pass at par for all purposes of trade, and the only ones who would suffer loss would be those who would send money out of the country, who would be obliged to pay five per cent for drafts or bills of exchange."

When several hours of intense discussions had no effect on the determined men, Curtis was finally forced to accede to the miners' demands of \$4 per day in gold. "it is not looked upon by them as 'backing down' or 'taking water,' but simply a pursuance of the wisest course open to him under the circumstances."

Obviously, the miners were protesting more than just the introduction of despised paper money. They were also fearful that the decrease in the price of silver, and the corresponding decrease in the value of silver coin, would result in a decline in the buying power of their fixed wages. For several years other companies throughout the West had been buying up half dollars at a discount, then paying them to their laborers at par. In 1875 trade dollars began to be used for this purpose, with merchants responding by advertising "Silver Taken at Market Value." In turn, merchants had to pay most of their wholesalers in gold coin, forcing





W. Paxton & Curtis

them to either absorb the loss or raise prices to compensate for transactions made with silver coin.

The miners' refusal to accept paper money put the Manhattan Co. in a jam. The company's payroll was \$33,000 per month, all 115 pounds of gold had to be shipped to Austin in the form of gold coin from San Francisco. The failure of the Bank of California two months later put an even greater strain on Curtis, and he was forced to delay the September payday by more than two weeks. Curtis finally came through with the gold, and it was business as usual for a while.

A reporter for the *Reveille* was in Curtis' bank on the December 17 payday, six months after the miners' protest. "for upwards of three fourths of an hour a steady stream of miners poured into the bank, each in turn presenting his check and following each other so closely as to keep Mr. Soule, who's no slow counter of money, busily engaged in handing out the bright, jingling coins."

Curtis managed to keep the monthly gold shipments flowing into his bank for payroll, but the profitable years were fading for silver mines all throughout the West. Increasing strain on the company's finances and a shrinking silver market forced Paxton and Curtis to place Manhattan stock on the open market for the first time in 1876. The stock's first assessment was levied two years later. Curtis became involved in the building of a street railway in Austin and the Nevada Central Railroad which connected Austin



with the Central Pacific Railroad in Battle Mountain, but the pair's activities in silver mining gradually declined.

The Manhattan Company shut down in 1887, after producing some \$19.2 million in silver, although new owners managed to reopen the extensive property under a different name. Two years later the Paxton & Curtis bank was sold. John Paxton retired to his estate in Healdsburg, California, while Allen Curtis turned his involvement to iron mines near Puget Sound and partial ownership of two banks in Eureka, California.

The reorganized but greatly diminished Manhattan Company was again sold in 1891. It completely failed in the nation-wide financial panic of 1893 and struggled through the early years of this century under the name of Austin Manhattan Consolidated Mining Co.

Serial numbers indicate that Curtis had ordered 2,000 notes of each denomination printed in 1875, and these were eventually placed in storage. Over the years the bulk of these remainders were dispersed to dealers and collectors throughout the country. The \$3, \$50, and \$100 notes, while printed in quantities of more than 2,500 each denomination, are today scarce as most are still held in private hands.

Although none of the Manhattan notes are known to have been issued, four notes are proving difficult to trace. These notes were recently found, fastened together with an old rusted straight pin, bearing the Paxton & Curtis



John A. Paxton



bank's proper canceling imprinting on the reverse. One note even had "cancelled" stamped in the lower right signature block. The only problem is that the date these were supposedly cancelled is three years prior to their proposed issuance!

Perhaps if Curtis had created these "bearer checks" payable in gold coin at his bank, they might not have created such a furor. Yet even this measure would probably not have satisfied the anti-currency miners. Westerners, as a rule, and most especially Nevadans, continued to demand hard money over paper until there finally was no

hard money to be had.

When the San Francisco Mint ceased production of gold coins for a short while in 1911, the *Coast Banker* magazine commented, "the people of the Pacific Coast will be educated to use paper money instead of gold coins." Perhaps they did elsewhere, but Nevadans demanded gold coins until production was halted in 1933. They insisted on silver dollars until they were permanently withdrawn from circulation in 1964 and have never, to this day, accepted privately-issued paper scrip.