



1879-93 AMERICAN BANK NOTE CO. ISSUES

IN 1877, DURING THE HAYES ADMINISTRATION and while Continental was still printing postage stamps, an Act of Congress required that printing of all United States notes and securities be transferred to the Bureau of Engraving and Printing. This law left the three big printing companies, National, Continental and American, with no new contracts for what had been a large part of their business. Faced with a shrinkage market, in December 1878 the three firms were consolidated into the American Bank Note Company. The stamp contract held by Continental was assumed by American in February 1879.

The same plates were used at the beginning of the American printings. The soft porous paper distinguishes the first American printing from earlier Bank Note stamps. The colors of the American printing are also different, and the impressions on the porous paper are less detailed.

In 1881 American altered the dies on the 1c, 3c, 6c and 10c stamps and produced new plates. Scott numbers 206 to 209 are known as the Re-engraved Issue. In 1882, less than a year after President Garfield's assassination, a new 5c stamp was designed with his portrait. It is said that his widow selected the color of the stamp. In 1883 the domestic letter rate was reduced to 2c per half ounce. In response the P.O. Dept. authorized two new issues, the 2c Washington (Red Brown) and 4c Jackson (Blue Green). The first day of sale was October 1, 1883. In 1887 a new 1c stamp was issued with a frame similar to the 2c and 4c. In 1887 and 1888 the colors of six current stamps were changed—these are the last of the so-called large Bank Note series.

American's contract was set to expire in 1889, and in June of that year the P.O. Dept. advertised

for bids on a new four-year contract, to begin on October 1. Two sizes of stamps were listed in the specifications, and bidders were asked to furnish proposals for both sizes. In response to the advertisement two firms submitted bids—the incumbent American Bank Note Co. and its rival, Charles F. Steel. American tried to have Steel disqualified on technical grounds, but the protest was withdrawn.

What happened next in the battle for the 1889 contract has never been fully told. The Third Asst. Postmaster General's report of October 30, 1890, stated that Steel was chosen as the lower of the two bidders and "preliminary to an award, Mr. Steel was, upon the 1st of August called upon to demonstrate his facilities for carrying out the contract. The specifications called for a fire-proof building in which to manufacture and store the stamps, but though called upon repeatedly to do so, Mr. Steel failed to submit for inspection suitable premises for the purpose... The award was consequently withheld... Mr. Steel was either unwilling or unable to comply with his proposal..."

What could not have been known to postal officials or to later historians is the existence of an internal memorandum (original and copy—see Figure O) between principals of the American Bank Note Co. and Charles F. Steel, dated August 23, 1889, entitled "Proposition of S- to A.B.Co.", which begins "That if the A.B.N.Co. get the contract at their present bid or a higher one S- agrees to accept \$50,000 from ABNCo. to be paid as follows... [explicit payment details]". The memorandum continues, "Said sum of \$50,000 shall be seemed to be paid to G [Gibson—an intermediary] and if so desired shall specify to be inconsideration of service of S. to ABNCo. without the said S. being restricted to hours or duties & also in consideration that said S. shall not enter into any business directly or indirectly that will be competitive with the ABNCo or do anything against the interests of said Co. during said term of five years."

The memorandum was distributed to "A. D. S." (A. D. Shepard), "J.M." (James Macdonough), "T.H.F." (Theodore H. Freeland), "J.T.R. & G." (? and Gibson). Whether or not Steel's proposal to be bought off was accepted, we cannot say. Steel did fail to meet the government's requirements, but it is possible that his failure was deliberate, if Steel and American actually entered into a non-compete agreement. Steel and American competed again in 1893 for the new stamp contract, so at best the period of the non-competition pact was less than the five years stated in the memorandum. Perhaps one of the parties reneged, which worsened the bad blood between Steel and American.

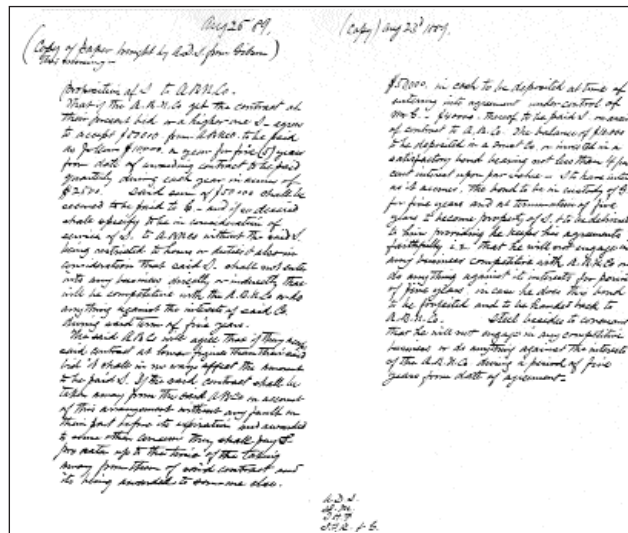


Figure O. One of two copies of a memorandum detailing Charles F. Steel's proposal for a non-competition pact with ABNCo.

