

Peninsula Diary Mayo Hayes O'Donnell

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### **First Form of California Gold**

In California in the early 1850's there was not enough of locally-made money. Business grew faster than the coins could be produced. It was unsatisfactory, too, first because without the government stamp it was unacceptable at the Custom House, and second because the stamp of value upon it was no better than the reputation of the men who made it. Also the real value was always less than the stamped value. This meant that the last holder would lose when the coins were turned into the mint. Nor was there any uniformity in these lowered values, for some coiners added more silver than did the others.

Historians write that for these reasons both the public and the government authorities disapproved of the private mint system. In April, 1850, the legislature passed a law prohibiting it and creating a state assay office to accomplish the same thing in a better way. O.P. Sutton was its director, Frederick D. Kohler its assayer. They produced the same ingots as did the private coiners, often chipping them to weigh exactly \$50. The state assay office issued the first \$50 octagonal "slugs" or Quintuple Eagles which became quite famous.

Dye's Encyclopedia describes the California State coins as including also the denominations \$25, \$10, \$2.50, \$1, as well as 50-cent and 25-cent pieces in gold. Some of the private coiners are also known to have made small coins.

The state assayer's stamped values were accurate enough, and only a reasonable charge was made for converting gold into money. But the problem was by no means solved. The office was small, its output limited. The law against private coinage was soon forgotten. The little mints worked with scarcely the loss of a day.

Then a surprising thing happened and we go back for this information to the article in "California History Nugget" (1938). The good work of the state assay office actually displeased a large number of the merchants. They were accustomed to a profit both on their merchandise and on the gold for which they exchanged it. Fixing the value of gold coin greatly reduced this profit on the gold itself. They bitterly opposed Kohler's lawful money. Many even refused to accept it.

Fortunately Congress decided to establish a United States assay office in San Francisco. It was opened Feb. 1, 1851, and its first business was to make contact with Moffat and Company, perhaps the most reliable of the private coiners, requiring them to turn out \$50 "slugs" and to do nothing else. These, with the federal government's stamp upon them at last, were the first form of California gold to be received at the Custom House.