

The Other Side of the Coin



“Happiness is not a station you arrive at, but a manner of traveling.” ~ Ogden Nash (humorist)

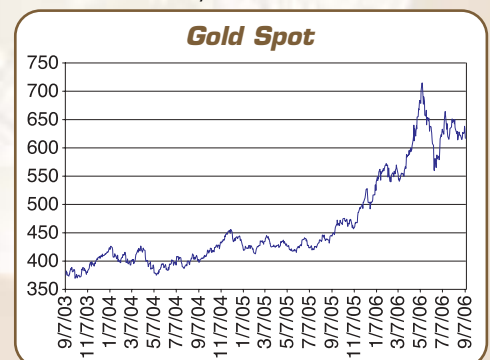
U.S. Assay Office Fifty Dollar Gold “SLUGS”

The 1848 discovery of gold in California created special problems for some of the state’s inhabitants. The massive influx of people, coupled with inflation and a lack of coins with which to conduct business, led to great difficulties. Gold dust became a defacto currency, but measurements varied, often to the detriment of the owner of the dust (The size of a “pinch” of gold was directly related to the size of man’s finger and thumb). Private minters moved in to fill the void, producing a variety of gold coins of somewhat suspect quality and purity. To help solve the problem, the U.S. Assay Office was created in 1851 in San Francisco under the direction of Augustus Humbert. Humbert contracted with the firm of Moffat & Company to produce massive \$50 coins (legally termed “ingots”) with eight sides and nearly 2.75 troy ounces of pure gold. Known today as “Slugs,” these big and heavy coins created a new level of confidence with the general public, essentially driving the underweight and impure coins out of circulation. Unfortunately, the “Slugs” failed to address the need for smaller denomination coins. Because they were technically ingots and not coins, the \$50 Slugs were not required to be of the same 90% purity as federal gold coins. Thus, four different finenesses appear on the \$50 Slugs: .880, .884, and .900. The earliest versions had lettered edges and later versions had reeded edges. Some varieties required as many as 14 steps to produce a single coin! Although they were produced in large quantities, most of the \$50 Slugs were melted down and

converted into U.S. gold coins once the San Francisco Mint began operations in 1854. Today, \$50 Slugs are prized, impressive reminders of an important part of our American heritage. Although thousands of U.S. Double Eagles were found in the wreckage of the steamer SS Central America, which sank in 1857, very few \$50 “Slugs” were discovered, most of which were Augustus Humbert issues. When the great treasure was first discovered, it was speculated that “Slugs” would become much more available. The opposite has occurred because the publicity of the SS Central America has created increased demand for all territorial gold coins.

Designed by Charles Cushing Wright and Augustus Humbert, the obverse shows an eagle on a rock clutching a shield, a bundle of arrows, and an olive branch while holding a scroll in its beak. A scroll above the eagle states the fineness of the coins (e.g., 800 THOUS.) “UNITED STATES OF AMERICA” and the denomination surrounds the eagle. The outer margins are plain or lettered, depending on the variety. The reverse is an engine-turned design, sometimes with a target in the center and sometimes with the number “50” (for the denomination) punched in the center. Standards: weight 83.50 to 85.50 grams,

depending on fineness; composition 88 to 90% gold with the remainder being made up of silver and trace metals; diameter 41 mm edge to edge. Edge: reeded or lettered, depending on the variety. Around the same time Augustus Humbert was minting these behemoth slugs, Kellogg & Co. was minting the “King of Territorial’s;” the \$50 Kellogg was in a round proof format. With only about a dozen known, this coin ranks as one of the most sought-after numismatic prizes. Wass Molitor also coined \$50 gold pieces to meet demand for larger transactions. In 1877, the United States mint had on trial the \$50 gold coin termed the “Half Union,” which is an extremely rare seven figure numismatic coin. There is speculation that other \$50 slugs were minted by the U.S. assay office and other private mints, but their whereabouts remain a mystery. The last slug struck in the United States was a Gold Commemorative coined in San Francisco in 1915. They were struck to commemorate the opening of the Panama Canal. These large and impressive coins are a great reminder of a special time in American history.



Source: Bloomberg

