

AN ABORTIVE ATTEMPT TO ESTABLISH A MEXICAN MINT IN SAN FRANCISCO.
by A.F. Pradeau

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Americans, particularly Californians, will be interested in learning that Mexico once considered establishing a mint in San Francisco, California.

For centuries Mexican pieces-of-eight or pesos have been the official media of exchange in China, but the shipments of coined silver from the Mexico City mint to the distant Orient seldom reached their destination without mishap.

The first phase of the long journey from Mexico City to the port of embarkation on the Pacific Coast was so precipitous that, often, one or more pack animals forming the convoy lost footing and crashed to the bottom of the canyon. There were streams to cross, which, during the rainy season were so swelled as to cause the native barges or rafts to overturn; and lastly, there were occasional hand to hand encounters with marauding bands, which from 1810 to 1870 increased in frequency.

The second phase of the journey was the sea voyage begun usually from the port of Acapulco, or, less frequently, from the port of San Blas. During the Spanish-Colonial period the Philippine galleons were employed and the stories of how buccaneers and corsairs waited to loot them are traditional. Until comparatively recent times the long voyage was always risky, for the Pacific Ocean was either stormy or extremely calm. In the first instance, if the sailing vessels were sturdy enough and the wind was favorable the voyage was completed in record time, otherwise the ship was thrown off course; in the second the windless expanse of the Pacific becalmed the vessel, which drifted at the mercy of the currents, delaying the voyage and increasing the menace of the dreaded scurvy.

Prior to the Mexican War, 1846-1848, there was no port of sufficient importance on the long Mexican Coast to be selected as a site for a branch mint. From 1810 on, various branch mints were opened in Mexico, but these were located so far inland as to make them, as far as the coinage for China was concerned, about as inaccessible as the parent mint at Mexico City. With the discovery of gold in California in January 1818, San Francisco became a flourishing city which, by 1851, according to Eckfeldt & DuBois, had fourteen private minting enterprises. This opportune situation prompted an adventurous New Yorker to concoct a scheme whereby Mexican silver pesos would be coined in San Francisco and shipped from there to China. Apparently the fact that California, by virtue of the treaty of Guadalupe Hidalgo of February 2, 1848, was a part of the United States, was not considered an obstacle, at any rate, not an insurmountable one.

William Montgomery Churchwell, desirous of taking a trip from New York to Mexico City, thought of a plan that would pay his expenses. On February 4, 1861, he wrote to Messrs. Duncan, Sherman & Co., also of New York, proposing to them that if they would pay him \$500 he would go to Mexico City and obtain a concession giving them the exclusive right to coin Mexican pesos in California for shipment to China, thus effecting a considerable saving in

transportation costs to the Mexican government and to the traders. It is likely that Churchwell also took into consideration that Mexican coinage was in circulation in the south-west of the United States in spite of the Act of Congress of February 21, 1857.

Although, unfortunately the reply given to Churchwell by Duncan, Sherman & Co., is not known to be preserved, nevertheless, they must have given him tacit consent to proceed, because, the following April, Churchwell returned to New York with an undated contract having the following clauses:

1. The Mexican government grants to Duncan, Sherman & Co and to William M. Churchwell, their heirs and transferees, the exclusive right of coining in San Francisco, California, silver pesos, similar in design and of same weight and fineness as those issued by the government mints of Mexico.
2. This concession shall be for a period of 20 years counting from the date coining starts, provided that date does not exceed nine months from the day this contract is signed.
3. Should the government of Mexico desire to prolong the life of this contract, the holders of the concession shall have the right of preference, on equal basis, over other applicants.
4. The concessionaires shall pay to the Mexican government as seignorage 1% of the amounts coined during the first 14 years, and for the remaining six years, 1½%.
5. The Mexican government retains the right to appoint two superintendent-assayers whose duty shall be to see that the coinage issued meets the requirements stipulated in Article 1 of this grant. The salary of the head assayer (\$4,000) and that of his assistant (\$3,000), in addition to their traveling expenses, shall be paid by the concessionaires.
6. Should any differences arise they shall be settled by arbitration, in which case, each contracting party shall appoint a representative. In case of dissension of the two appointees they shall choose a third disinterested party whose decision must be final. All arbitration shall be conducted in the City of Mexico.
7. As a token of good faith the concessionaires shall deposit either in London or New York, with a banking firm selected by the Mexican government, \$100,000 in Mexican bonds.
8. Should the company be unwilling to submit to arbitration any disputed question within 90 days after due notification, the bond mentioned in Article 7 shall be forfeited and, automatically, the contract cancelled.
9. The concessionaires obligate themselves to pay certain notes not to exceed \$20,000 issued by D. Ignacio Galindo. As an alternative, this amount may be deposited with the Mexican Legation in Washington within 60 days after acceptance of this document. This indebtedness to be considered an advance reimbursable out of the coinage revenue stipulated in Article 4.
10. After the first year of operation the concessionaires shall pay in advance the quarterly payroll of the Mexican legations in the United States and Great Britain. The amounts of these advances is to be deducted from the seignorage revenue. Should there be a surplus, it shall be delivered to the National Treasury of Mexico.

This document was properly notarized and registered as a duly executed contract in Mexico City, March 23, 1861.

It is surmised that Churchwell had been sincere in his promise to procure for the New York firm alone the contract here translated, but having obtained the acquiescence of the Mexican

Government and realizing the possibilities for enormous profits, he had his name included as joint beneficiary (Article 1).

At about the same time, Churchwell was presenting the above dated contract to Duncan, Sherman & Co. in New York City, the Mexican Minister to the United States, Don Matias Romero, received from the Secretary of Foreign Relations of Mexico, a copy of the document. Romero, assuming that the contract had been signed and ratified by Congress proceeded on July 1, 1861 to make written demand upon Duncan, Sherman & Co.

To his utter amazement the Mexican diplomat received a curt reply from the New York firm, dated July 8th which in essence had this to say:

- (1) that Mr. Churchwell had not been empowered to act in its behalf;
- (2) that his scheme as presented to them on February 4th had been to obtain a concession giving the firm the exclusive right and not jointly with him;
- (3) that the terms of the grant were so onerous to the firm as to be considered by it as not only absurd but unacceptable.

The Mexican Minister made these facts known to the Foreign Secretary of Mexico and complained - justly enough - that he had not been thoroughly informed of what had transpired. It was not until September 24th, 1861, that the Mexican Legation was informed that the Churchwell contract had been ordered held in abeyance by the Mexican Congress on May 12, 1861, and repudiated the early part of September 1861.

Thus ended an episode that might have resulted in the inclusion of San Francisco among the mint cities of the Mexican Republic. (1.)

(1) See "Correspondencia de la Legación Mexicana en Washington, 1860-61", Mexico, 1870, pages 455f, 460f, 789f, 824, 827, 862, 874 for the documentary sources.

A .F. Pradeau

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