

When Counterfeiting Was Legal

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Counterfeiting is a serious crime with harsh penalties. It may seem strange, but counterfeiting American coins wasn't even illegal until 1806.

The United States Mint opened its doors in 1793. At first, the Mint was only a small business run by the government. Coins are obviously more convenient than bullion and the Mint made a small but steady profit by exchanging new American coins in return for bullion and foreign coins.

When the Constitution was first drafted, the need for a federal mint was not at all clear, but both Thomas Jefferson and Alexander Hamilton were committed to the idea. For one thing, it would allow the government to issue coins that announced American values and ideas to the world at large. Most important, of course, was the understanding that coinage is the prerogative of a sovereign government.

Since the Mint was only a government business selling a convenience, counterfeiting was legally impossible. In those days, all coinage circulated by weight. Americans were accustomed to doing business in whatever coinage crossed their hands. As long as a coin was good metal, it was accepted. So, when the United States began producing its own coins in 1793, some private moneyers copied these designs.

Finally, in 1806, Congress made counterfeiting illegal. But it would be another 30 years before the Mint came under the control of the US Treasury in 1837 -- and until then, the Mint remained what it was from the beginning, a business of convenience operating on a small profit, striking coins that publicized to the world, the virtues of the new republic.