

Manhattan Coin Club Minutes

August 14, 2018

President Randy called the meeting to order.

The club welcomed Fred L. to the meeting. Fred collects double strikes.

Old Business

Club members welcomed back to the meetings Tom K. who had been laid up with a broken leg. Larry C. is making progress and the club is looking forward to his return.

New Business

President Randy reported he had talked with James Mitchell, Abe Lincoln impersonator, about the cost for attending our coin show and said it would be between \$50 to \$75. Dave S. made a motion to have him attend and the motion passed unanimously.



Randy reminded members that the final proposed 'America the Beautiful' quarter dollar design will include the Kansas Tallgrass Prairie coin.



Treasurer's Report

Treasurer Dave reported a club balance of \$2,987.10. He also reminded us that the club has two versions of the commemorative rolled penny, one with the 1941 to 2011 with 60 years and one with 70 years. They are free to members.

Auctions

Doyle reviewed upcoming auctions. He mentioned three specifically: LG Auction in Hiawatha; Swift-n-Sure Auction in Emporia, and Prideaux Auction Service in Pittsburg. Doyle said the auction in Emporia has bulk silver. You may find a listing of auctions at: <https://kansasauctions.net/calendar/>.

Mark R. and Larry K. brought up counterfeiting of PCGS slabs. In recent days, counterfeit coins in counterfeit PCGS slabs have begun to appear on eBay, the online auction site. All of the counterfeit coins/holders seen so far are coming out of China. Alert members of the PCGS Message Boards were the first to notify PCGS of the counterfeit coins/holders. More information may be found here: <https://www.pcgs.com/news/counterfeit-pcgs-holders>.

Matt O. said he has started doing free advertising for the Club's coin show. He reminded us that we can no longer bring food into the show but the hotel will have a waiter to take orders for vendors.

Matt also pointed out that Coin World will be starting a Marketplace, an online venue for collectors and dealers to safely buy and sell coins and other numismatic items that will make its official debut from Amos Media Company during the American Numismatic Association World's Fair of Money Aug. 14 to 18 in Philadelphia. Matt thought the fees they are charging are too high and may change based on seller's

feedback. <https://www.coinworld.com/news/us-coins/2018/07/coin-world-launching-marketplace-site.all.html>

The Wichita Coin and Stamp show is this weekend, Feb 17th - 18th at the Cessna Activity Center, 2744 George Washington Blvd., in Wichita. There will be 60-64 tables and admission is free. It is open from Sat 9:00 am - 5:00 pm Sun 9:00 am - 4:00 pm.

Program

Allan T. presented a program on Professional Evaluation and Grading of Coins. (When Allan's notes are available I will forward them.)



Coin grading is the process of determining the grade or physical condition of a coin, which is the key factor in its value. When buying and selling coins, it's important to have basic knowledge of grading and its terms, since a small difference in grade can mean a big difference in price. Consider purchasing grading publications from top grading services that you can reference to better understand grading.

High-quality grading services such as Numismatic Guaranty Corporation (NGC) and Professional Coin Grading Service (PCGS) use a thorough process that involves numerous steps and specialized expertise along the way. Each step is performed with the goal of accurately and safely grading your coins, after which they're typically sealed in protective holders, marked with codes delineating their grade, and entered into the service's database for later identification.

Not surprisingly, proper coin grading requires expert numismatists that can accurately compare your coins against published references. The best coin graders have had experience in the commercial sector, many having been professional coin dealers. It's also common for ethical grading services to prohibit their graders from actively buying and selling coins so that there's no conflict in their ability to appropriately grade your items.

Years ago, grading by descriptive adjectives such as "poor quality" or "mint condition" was used by American numismatists, but today, most graders prefer the numerical system.

Each grading service has its own philosophy about the fundamental purpose of grading, such as whether it's simply a descriptive tool to communicate the amount of damage sustained after striking, or a ranking system to determine value. They agree, however, on these descriptive adjectives and numeric grades for proof coins, business strikes, and many world coins:

- MS 60-70: Uncirculated.
- AU 50, 53, 55, 58: About/Almost Uncirculated.
- XF 40, 45: Extremely Fine.
- VF 20, 25, 30, 35: Very Fine.
- F 12, 15: Fine.
- VG 8, 10: Very Good.
- G 4, 6: Good.
- AG 3: About/Almost Good.
- FR 2: Fair.
- PR 1: Poor.

The 4 most respected grading companies are PCGS, NGC, ANACS, and ICG. These can be trusted for authentication, finding problems and grading. PCGS and NGC will not grade coins with problems, but will slab them. ANACS & ICG will slab the coin, and list on the slab whatever the defect is. ANACS & ICG will also give the coin a "details" grade. For instances a Very Fine Lincoln cent with a scratch will be graded "VF details, SCRATCHED".

PCGS - Considered by many collectors the best grading service around. PCGS stands for "Professional Coin Grading Service" and began grading coins in 1986. Collectors of PCGS certified coins can join the PCGS Set Registry which allows participants to showcase their coins. The PCGS Set Registry only accepts PCGS certified coins. Also, buyers will usually pay the highest premium for PCGS certified coins. PCGS does not certify all Lincoln cent varieties.

NGC - Similar to PCGS, the Numismatic Guaranty Corporation, NGC, is a very well respected grading service. NGC began grading coins in 1987. NGC also has a Set Registry that accepts both PCGS and NGC certified coins. NGC does not certify all Lincoln cent varieties.

ANACS - American Numismatic Association Certification Service, was the one of the first coin grading companies. ANACS was as part of the ANA, American Numismatic Association, until 1990. Before the advent of coin slabs, ANACS used photo certificates of coins. In 1989 ANACS began using plastic slabs. ANACS has always been a trusted coin grading company with high standards. ANACS certifies most Lincoln cent varieties. Unlike, NGC and PCGS, you do not need to be a member to send in coins for certification yourself.

CG - Independant Coin Grading is a newer grading company. IGC is well respected by most collectors. ICG has an average turnaround of ten days on U.S. Coins.

If you are purchasing valuable or key date coins, it is strongly recommended that you only purchase coins certified by PCGS, NGC, ANACS or ICG.

Slabbing has revolutionized the rare coin market, fundamentally changing the way people buy and sell coins.

Since its introduction in 1986 by the Professional Coin Grading Service (PCGS), slabbing—the encapsulation of coins in sonically sealed, hard plastic holders with tamper-evident holograms—has greatly diminished the grading controversy that plagued the market prior to that time. It also has eased the crisis of confidence that up to then was spreading insidiously through the marketplace. Today, there is widespread acceptance of the grades assigned to rare coins by PCGS and the Numismatic Guaranty Corporation of America (NGC). But while the Slab Revolution has been a tremendous blessing, it also has given rise to a number of misconceptions—some of them downright myths—among the coin- buying public. Some of these have even been perpetrated, or perpetuated, by members of the numismatic press—the very journalists whose knowledge, integrity and independence serve as security blankets for their readers. Some of these misconceptions are fairly obvious; others are more subtle. But either way, a myth is as good as a mile.

THE 10 GREATEST MYTHS OF 'SLABBED' COINS

Posted October 10, 2009 by Scott Travers
In Articles, Coin Grading by Scott A. Travers

MYTH NO. 1: You can't get ripped off when you buy a certified coin. This is absolutely not the case: You can get a terrible deal on any kind of coin if you choose the wrong dealer. Certified coins offer important

safeguards. First and foremost, they carry grades assigned to them by impartial experts—informed, independent assessments regarding their level of preservation—and these provide protection against overgrading by unscrupulous sellers. It's up to the consumer to correlate this grade with a reliable price guide stating how much each coin is worth in the designated level of preservation.

In one recent case some years back, a coin dealership grossly overcharged customers for coins which had been certified by major grading services. The grading itself was fine, and many of the coins were extremely rare and highly desirable. The problem: The dealer priced the coins at multiples of their fair market value. Just because a coin is accurately graded, that doesn't mean it's fairly priced. Overpricing also occurred in connection with esoteric coins which have been certified—unusual pattern coins, for example. Often, these coins fall into gray areas and people have difficulty determining their value. You might have a coin of which only three examples have been independently certified—but that doesn't necessarily mean that it's worth a great deal of money.

You need to do your homework—your research—in order to establish the fair market value of any coins you're interested in buying. Just because a coin has been independently certified doesn't mean it's a good value. The first step in protecting yourself as a consumer is to get the coin properly certified, and the second step is to pay a fair price at the correct time in the market cycle.

MYTH NO. 2: All slabbed Mint State-65 coins are created equal. Coin grading is performed on a spectrum—on a continuum. Some coins are high-end for a given grade, some are low-end. Some coins graded 65 are magnificent—beaming with luster and shimmering in their allure, to the point where they might be just a hair away from meriting a grade of 66. Others are dingy, lackluster, spotted or lightly fingerprinted, and barely qualify as 65s. Still others are somewhere in between.

NGC recognized this early on by using the letters A, B and C internally in the grading room. Shortly after NGC's founding in 1987, I worked there for three years as a part-time grader. If we looked at a coin that we believed was a high-end 65 (or a high-end coin of any grade, for that matter), we would use the letter "A." If we believed it was a low-end coin, we would use the letter "C." And if we believed it was in between, we'd use no letter at all or the letter "B." To add to the confusion (or at least to the complexity), there are A-plus and A-minus coins, C-plus and C-minus coins and so forth.

My discussions and explanations in public forums of this coin grading spectrum were relentless over many years. Despite David Hall, founder of PCGS, publicly disagreeing with my explanation, in 2010, he did an about-face and asked me to introduce PCGS's new system of recognizing that coins are graded on a spectrum. PCGS introduced "plus" grading, and I cheerfully accepted the post of its paid spokesman in the rollout. NGC caught up quickly and joined the "plus" revolution, recognizing with PCGS that not all coins of the same grade are equal—at least not all coins bearing higher grades.

So whether the coin is graded with or without a plus, you should take a close look at any coin you're thinking of buying, even if it's housed in a slab. If it looks attractive to you, it might very well be attractive to someone else, as well. But if it looks ugly to you—if it looks as if you had taped it to the bottom of your shoe and tap-danced on it—then pass on the coin and tap-dance to the next deal.

MYTH NO. 3: Population and census reports tell you exactly how many coins are available. For a number of years, PCGS and NGC have been issuing periodic population and census reports detailing how many coins of each date, mint and type they have certified in each of the various grades—and these can be extremely useful to buyers and sellers. By no means, however, should these be considered precise reflections of how many different coins are actually available. The problem is, these reports contain no consistent corrective mechanism to account for resubmissions—cases where the same coin is submitted

over and over in hopes that it will receive a higher grade the second, third, fourth or 50th time around. A given coin might have been graded dozens of times because the submitter thought it might be given the next-higher grade and thus command a much higher price. In such a situation, the population and census reports can be extremely misleading.

Take the case of a coin worth \$1,000 in Mint State-64 and \$10,000 in Mint State-65. If it's a very high-end MS-64 piece, its owner might crack it out of its holder multiple times and keep resubmitting it, trying to get it upgraded to 65 and thus increase its market value \$9,000. The population and census reports do not correct for this irregularity.

MYTH NO. 4: Slabbing has established a completely fixed, totally consistent grading standard. The grading services may indeed have striven for completely fixed, totally consistent grading standards. But the realities of the marketplace—and of the slabbing business—have at the very least created the perception that the standards have not remained fixed. The Rosen Numismatic Advisory, an award-winning newsletter published by market analyst Maurice Rosen, conducts a “crystal ball” survey each year in which leading professionals in the coin industry express their views on the market. In the 1994 survey, virtually every participant stated that since the mid- to late 1980s, grading standards have loosened at both PCGS and NGC—despite representations by the companies and their backers that the standards have been fixed. These experts could be wrong, of course—but even if they were, complete precision and total consistency are impossible in the real world. Almost any dealer who handles certified coins will tell you that although the services' standards are reasonably consistent today, they are certainly not totally consistent—and it's possible to take a high-end 65 one day, crack it out of its holder, and next day get a grade of 66.

In the face of falling revenues caused by declining interest in rare coins, the grading services might very well be tempted to increase their business by loosening their grading standards slightly.

MYTH NO. 5: Slabbed coins protect you against volatility and make better investments than unslabbed coins. This statement is so fallacious that PCGS warns consumers that this is NOT the case. In its literature, it places the following statement: “Certification by PCGS does not guarantee protection against the normal risks associated with potentially volatile markets. The degree of liquidity of PCGS-certified coins will vary according to general market conditions and according to the particular coin involved. For some coins, there may be no active market at all at certain points in time.”

If anything, the advent of certification actually has created more volatility in the marketplace. And limiting your purchases to certified coins isn't going to protect you from this volatility. Let's say a Mint State-65 Saint-Gaudens double eagle is worth \$1,050 sight-unseen in a slab and suddenly the sight-unseen price increases to \$1,500 and then, at the snap of a finger, plunges in a day down to \$900. The fact that the coin is certified will enable you to sell it at its high when it's \$1,500 ... or sell it quickly at its low for \$900—but won't protect you against the market conditions themselves. Anyone who thinks or says otherwise doesn't understand the nature of the marketplace or is misrepresenting the way the marketplace works.

Buying slabbed coins helps to protect you against two primary risks: the acquisition risk and the sale risk. The acquisition risk is the risk that you might overpay when you buy a coin. With a slabbed coin, the grade is established and all you have to do is look in a price guide to be sure you're not overpaying. The sale risk is the risk that you might be offered less than a coin is worth when you go to sell it— that someone might offer you a Mint State-63 price for a Mint State-65 coin. Again, with a slabbed coin, you know the grade and thus can determine the value quite readily. Certification doesn't necessarily make

coins a better investment, but it does eliminate some of the acquisition risk when you buy a coin and helps you maximize your return when you sell that coin.

MYTH NO. 6: A coin can't deteriorate once it is encapsulated in a slab. On the contrary, the deterioration of coins—even when housed in slabs—is a source of growing concern and represents a problem that's likely to occupy us increasingly over the next several years. NGC conducted some very intriguing age-acceleration simulations in which coins that were sonically sealed in tamper-resistant holders had their age accelerated by decades. The results proved unsatisfactory, at least in terms of copper coins: The coins actually deteriorated while they were in the holders. I have seen a number of copper coins in PCGS holders which actually broke out in spots while in the holders.

There's really no way that a coin can be completely protected against environmental variables, whether it's in a slab or otherwise. We have seen a number of cases where moisture in the air permeated the holders, as well as other cases where coins made of highly susceptible and vulnerable metals such as copper were, in a sense, choking in their holders—trapped inside with airborne particulate matter which was causing the coins to deteriorate. Because copper coins are so susceptible to damage and deterioration, NGC does not guarantee the grades it assigns to them, as it does with coins produced in other metals. PCGS does guarantee the grades of copper coins—but I have seen no difference in the way these coins deteriorate while encapsulated, whether the holders came from one service or the other.

This is a real problem, one I sense we'll have to address more urgently over the next several years as coins that are susceptible grow older in holders and their deterioration becomes more apparent.

MYTH NO. 7: Slabbed coins can always be liquidated at Coin Dealer Newsletter prices. Dream on! The Coin Dealer Newsletter (familarly known as the Greysheet) does not determine the marketplace; the marketplace is supposed to determine the values that are listed in The Coin Dealer Newsletter—and often, there's a great discrepancy.

To cite just one example, the monthly Coin Dealer Newsletter listings for Mint State-65 Barber half dollars early this year were, in my opinion, just about double what they should have been. There were coins listed for \$6,000 which my own company, Scott Travers Rare Coin Galleries of New York, was offering to clients for half that much—\$3,000 to \$3,500. Many CDN prices are notoriously high. Conversely, if you have one of these Barber half dollars and you see it listed for \$6,000 in the CDN Monthly Summary, don't think you can sell it for \$6,000. You might be lucky to get \$3,000 for it. There are many similar examples, but this should suffice. The Certified Coin Dealer Newsletter (or Bluesheet) is more accurate, especially for generic, fungible coins—coins which are available in great quantity and tend to duplicate each other. The Bluesheet is certainly a better reflection of market conditions than the Greysheet. But once you start talking about truly rare coins costing many thousands of dollars, the publishers of the Bluesheet and Greysheet have greater difficulty determining the levels at which these coins actually trade, and have difficulty confirming transactions. As a consequence, the price levels listed in these guides become less reliable for such coins.

Just because a coin has a value of \$20,000 or \$30,000 in the Bluesheet or Greysheet, there's no assurance at all that you can get that much for it if you sell it. The transaction reflected in the listing may have occurred many months ago and the market may have dropped 10 or 15 percent in the interim.

MYTH NO. 8: Slabbing has attracted billions of dollars from Wall Street, and the money is here to stay. The money that entered the coin market from Wall Street sources, through limited partnerships, amounted to millions of dollars, not billions. And to those Wall Street sources— companies such as Merrill Lynch and Kidder Peabody—this was really an experiment. On Wall Street, where stocks trade at the rate

of \$40 million per minute, rare-coin funds totaling \$10 million apiece, or \$20 million—or even \$50 million— don't represent a major outlay. The experiment proved to be unsuccessful; as a result, the money left the coin market as quickly as it had arrived. Given that experience, it's highly unlikely that new Wall Street money will be flowing into the coin market anytime soon—and anyone who says it will return soon is either misinformed or an outright liar.

MYTH NO. 9: Inexpensive slabbed coins are always worth at least as much as the fee you pay to get them certified. This is a myth with special appeal to the unwary. Many non-knowledgeable investors buying inexpensive coins feel comfortable paying \$40 or \$50 apiece for these coins because that represents such a modest markup over the certification fee. They assume that since the slabbing fee was \$25 and they're paying just \$15 or \$25 more than that, they must be getting a good deal.

The fact is, coins can and do change hands for less than the amount of the certification fee. When all is said and done, you're buying the coin, not the plastic, and you should never pay more than the coin itself is worth. Many inexpensive coins—common-date silver dollars and modern U.S. coins, for example—are readily available for significantly less than what it cost to get them certified.

MYTH NO. 10: It's easy to crack slabbed coins out of their holders. In reality, it takes a great deal of time and effort to remove a coin from a slab—and it takes even more time and effort, combined with practical experience, to avoid damaging the coin in the process. These holders are sonically sealed, and they're meant to be permanent. Ease of removal wasn't a key concern in their design. Dealers often do crack coins out of slabs in order to resubmit them in quest of a higher grade—and even they have trouble on occasion. If you go to a coin show, you'll sometimes see dealers trying in vain to remove such coins. Occasionally, when an inexperienced person does the cracking, you'll even see coins fall to the floor as they're being removed.

This sort of thing can be traumatic, and I strongly recommend that if you want some coins cracked out of slabs and you're not an expert yourself, you entrust the job to a professional.

Third-party certification has been highly beneficial for numismatics. But, like anything else, it needs to be put in perspective.

Allan T. won the door prize of a colored silver eagle and Brennan won a ½ oz. silver round.

The upcoming programs are:

- September—Steve C.; to be announced.
- October—Jess E., Elephants and Coins.
- November—Matt O., Using Online Resources.

Following the silent auction with no further business the meeting adjourned.

(Reminder: Past newsletters may be found on our webpage at <http://www.manhattancoinclub.org> or by contacting the newsletter editor.)