

LONG TERM WEALTH BUILDERS

How to Build and Conserve Wealth for You, Your Children, and Your Grandchildren

A Personal Message For You From David Hall

We, you and I, the productive members of society, have a problem...a long term financial problem. Our problem is...

THE DECLINE OF THE PURCHASING POWER OF THE U.S. DOLLAR.

I've been a coin dealer all of my life. I know that if I want to motivate you to buy coins, I'm supposed to write things like, "Ten Coins Guaranteed to Double in The Next 12 Months;" or "Five Coins Ready to Soar." You've probably received literature like that from other coin dealers, and back in the day, I used to write things like that.

For me, that's not the point anymore. What I'm really thinking about, is the long, "gradual," ...and at this point, inevitable...decline in the value of the U.S. dollar. I'm thinking about...worried about...the gradual destruction of wealth.

Let's ask ourselves a few questions, and let's jog our memories and talk about the price of...

everything!

Let's talk about some things you can do to protect yourself and your heirs; ways you can protect your hard earned wealth, and yes, even benefit from some real long term, "inflation adjusted" price appreciation.



First, think about what's going on with prices. Ask yourself the following questions...

WHAT'S THE LOWEST PRICE YOU REMEMBER FOR A GALLON OF GASOLINE?

When I first started driving in 1963, gasoline was 29 cents per gallon. With three or four gas stations at every busy intersection, there were occasional "gas wars" that drove the price down to 24 or 25 cents per gallon. I remember one day, during a gas war when gas was as low as 19.9 cents a gallon. On weekends, we used to give people rides to the beach if they could contribute a quarter for "gas money."

Has the price of gas gone up, or has the value of the dollar gone down relative to a gallon of gas? The fact is, relative to a gallon of gas, the dollar has lost approximately 90% of its purchasing power in the past 40 years.

WHAT'S THE LOWEST PRICE YOU REMEMBER FOR A NICE HOUSE IN THE NEIGHBORHOOD IN WHICH YOU WERE RAISED?

In 1960, my parents bought a modest house, (three bedrooms and small by today's standards, but it did have a swimming pool), in Santa Ana, California for \$14,000. I went by that house recently and not much had changed, though the demographics of the neighborhood have deteriorated somewhat. I found out from a realtor what that house is worth today...\$580,000.

Has the house I lived in as a teenager gone up in value, or has the value of the dollar gone down relative to that house? Fact is, relative to the house I lived in as a teenager in Santa Ana, California, the dollar has lost 97% of its purchasing power in the past 48 years.

WHAT ARE SOME OF THE OTHER PRICES YOU REMEMBER?

- In the early 1960's, the price of a new Volkswagen was \$950, a new Chevrolet, \$1500, a new Cadillac \$2400.
- In 1960, a pack of baseball cards was five cents. Today, it's 99 cents.
- In 1960, a movie ticket in Southern California was 25 cents, and popcorn was a dime. Today, a movie ticket is \$10 and popcorn (small) is \$5.50.
- Between 1961 and 1970, oil was \$1.80 a barrel. Today it's over \$90 a barrel.
- In 1963 a McDonald's hamburger was 15 cents, today its 89 cents.
- In 1964, a loaf of Wonder Bread was 29 cents, today it's \$2.89.
- In 1965, a taco at Taco Bell was 19 cents, today its 99 cents.
- In 1965, the Beatles album "Rubber Soul" was \$2.99. Today, the CD for that album is \$14.00 on Amazon.com.
- In 1965, a Der Wienerschnitzel hot dog was 15 cents, today it's \$1.51.
- In 1966 a box of Cheerios was 39 cents, today the same small box is \$4.39.

OK, that was all a long time ago. Let's not go back 40 years. What about the past 20 years, or even the past 10 years.

WHAT ARE SOME OF THE PRICES YOU REMEMBER FROM 10 OR 20 YEARS AGO?

- In 1986 (21 years ago), a barrel of oil was \$11. Today it's over \$90 a barrel.
- 20 years ago, a decent ticket to a good Broadway play was \$30. Today, it's \$100.
- In 1998, my country club monthly dues were \$300 per month. Today, they're \$600.
- 10 years ago, a decent ticket to a good Broadway play was \$60. Today, it's \$100.
- 10 years ago, a Saturday night movie ticket in Orange County was \$5. Today, it's \$10.50.

Three years ago, a 20 ounce Diet Coke from the vending machine in our company's lunchroom was 90 cents. Today, after three price increases from the vendor in three years, it's \$1.25, a 45% increase in just three years.

I have a friend who lives in Las Vegas. He's a mathematical genius (among other things). We were talking about the deterioration of the dollar and he had a few interesting stories. He likes to keep track of prices at the grocery store. A year ago, a gallon of milk at his grocery store was \$2.99. Today, same store and same brand of milk, that gallon costs \$4.17.

He likes McCormick Black Ground Pepper. A year ago, a container of the pepper was \$2.99. He ran out of pepper a week ago and bought a replacement, same size container, same brand, and same store. The price...\$6.99! He said he was having trouble with the math and figuring out how inflation was only 4% a year. So I helped him with the math. \$6.99 minus \$2.99 is four dollars, so inflation is obviously four percent per year!

We could go on and on, listing price after price, but I'm sure you see the point. We'll also admit that prices for some things have come way down. But these are mostly electronic gadgets...calculators, computers, cell phones...items where incredible innovation has dramatically improved performance and price.

The fact is, for the big things in life...housing, energy, food, transportation, travel, entertainment...prices have gone way up in the last 50 years, 40 years, 30 years, 20 years, 10 years, 5 years, and even just this past year. The fact is, the U.S. dollar has significantly deteriorated in value and has lost a significant portion of its purchasing power in the past 50 years...in the past 40 years...in the past 30 years...in the past 20 years...in the past 10 years...in the past 5 years...and even in the past year.

Why did this happen?

Why is the price of everything so much more than it was in the past?

How could the mighty U.S. dollar, the world's reserve currency for the past 60 years, deteriorate in value so dramatically?

What's going on?????

To find out the answer to the questions above, all you have to do is look at the change in your pocket and the money in your wallet.

BROKEN PROMISES...

The Rise and Fall of the American Dollar as Seen Through the History of the Coin and Currency of the Realm.

“Some have asked whether silver coins will disappear. The answer is definitely — No!...There will be no profit in holding them out of circulation for the value of their silver content.”

— President Lyndon B. Johnson
July 23, 1965



1886 \$5 silver certificate. Note the inscription:

“This certifies that there have been deposited in the treasury of the United States five silver dollars payable to the bearer on demand.”

Compare that to the inscription on a five dollar Federal Reserve Note in your wallet, *“This note is legal tender for all debts, public and private.”*

The United States now has a totally fiat monetary system. The coins in your pocket and the currency in your wallet are completely devoid of intrinsic value. This did not happen overnight. It was a gradual change, a subtle manipulation of the country’s collective monetary viewpoint which can be documented by the history of our coins and currency. An examination of the history of this monetary change will help us to understand the fundamental forces now at work, and show us the necessity of hedging against the inevitable collapse of the fiat money house of cards:

1793. The first official coinage of the United States—copper half cents and cents. The half cent continued to be produced until 1857. The last copper cent was made in 1982, when it was replaced by a cent made of copper plated zinc. The 1982 copper cent was our last “hard” money.

1794. The first U.S. silver coins were issued: half dimes, half dollars, and dollars. Dimes and quarters were first issued in 1796. Silver coins were issued continuously until 1964.

1795. The first U.S. gold coins were issued for circulation—the \$5 Half Eagle and the \$10 Eagle. Gold coins were issued until 1933 in denominations of \$1, \$2.5, \$3, \$5, \$10, and \$20.

1853. On February 21, 1853 the silver content of U.S. fractional coins (half-dimes, dimes, quarters, and half dollars) was reduced to the point that the silver value was less than the face value. A minor preview of things to come!

1861. For the 68 years between 1793 and 1860, copper, silver, and gold coins were the only official monetary issues of the United States government. Before 1861, the government did not issue paper money. However, the onset of the Civil War placed severe financial constraints on the government. Thus, the first United States currency was the \$60,000,000 of “Demand Notes” issued in 1861 to help finance the war effort. These were the famous Civil War “Greenbacks.” This first issue simply stated, “The United States promises to “pay the bearer on demand five dollars,” or ten dollars, or twenty dollars, etc. The public was quick to notice that these notes did not specifically promise to pay in either gold or silver; and, by the end of the war Demand Notes were trading at a substantial discount to gold. Since 1861, many different kinds of paper money have been issued by the U.S. government. Four of these issues deserve our attention:

Legal Tender Notes (1862 to 1969). These were the subject of major constitutional debate at the time of the issue. They did much to pave the way for future currency issues backed only by the “full faith and credit of the United States government.”

Silver Certificates (1878 to 1963). Literally a warehouse receipt and as such, real money, that is until the government decided to break the promise which was inscribed on every Silver Certificate: “This certifies that there has been deposited in the Treasury of the United States of America one (or two, or five, etc.) silver dollar(s) payable to the bearer on demand.”



Gold Certificates (1862 to 1928). During the time when U.S. currency was literally “as good as gold,” the obligation on Gold Certificates read as follows: “This certifies that there have been deposited in the Treasury of the United States of America ten dollars (or twenty, or fifty, etc) in gold coin payable to the bearer on demand.”

Federal Reserve Notes (1914 to date). The first obligation read, “...redeemable in gold on demand at the Treasury Department of the United States...” But that covenant was broken by the Emergency Banking Act of 1933. Beginning in 1934, notes read: “This note is legal tender for all debts, public and private, and is redeemable in lawful money at the United States Treasury, or at any Federal Reserve Bank.” Since 1963, Federal Reserve Notes have simply stated: “This note is legal tender for all debts, public and private.”

1933. At the height of economic despair, President Roosevelt had a free hand and he used it. It boggles the mind to think that he got away with it, but in 1933, he “demonetized” gold. All “good Americans” immediately turned in their gold coins, bullion, and gold certificates. A few smart Americans didn’t. Roosevelt then raised the “official” price of gold from \$20.67 to \$35.00 an ounce!

1964. You may remember the “coin shortage” of 1964/65. What actually happened was that rising silver prices made one dollar in 90% silver dimes, quarters and halves worth more than a one dollar Federal Reserve Note. The government responded by debasing the silver coinage, issuing copper-nickel “clad-coins.” True to Gresham’s Law, the 90% silver coinage immediately disappeared from circulation. President Johnson scoffed at the silver coin hoarders and told a national TV audience that silver coins would never be worth more than face value.

1968. By order of the Secretary of the Treasury, the government stopped redemption of Silver Certificates with silver bullion on June 24, 1968. There was plenty of warning and, in fact, coin dealers spent the twelve prior months counting Silver Certificates all day long. Today, like all U.S. currency issued since 1961, Silver Certificates retain their status as legal tender, though they are only convertible into current U.S. Federal Reserve Notes.

1971. Domestic U.S. inflation rates reached 4% and caused considerable uproar at the time. President Richard Nixon imposed wage and price controls, which were momentarily popular, but quickly failed and were abandoned. Most importantly, Nixon “shut” the international “window.”

1982. The last “hard” money of the United States – the copper cent – was debased. The Lincoln cent is now copper plated zinc. Today, because of rising copper prices, pre-1982 Lincoln cents have a “melt value” of about two cents.

December 16, 2006. The U.S. Mint implemented regulations making it illegal to melt or export pennies and nickels. The regulations state that individuals are prohibited from taking more than \$5 in pennies and nickels out of the country.



THE DOLLAR OF THE FUTURE... and what it means for you and your children.

The government figures say inflation is 3% to 4%. I've been trying to figure that out, but all I can say is, "Not in my neighborhood, and not at my gas station, and not at my grocery store!"

I, of course, believe that real inflation rates are significantly higher than 3% to 4%. I also find it interesting that we have now been conditioned to the point where we don't see 3% to 4% inflation as a problem. Remember, President Nixon imposed nation-wide wage and price controls in 1971 because 4% inflation was "not acceptable."

As you may know, government inflation figures no longer include housing or energy (I guess those two items aren't that important?!?!?). But let's say that inflation really is just 4% per year. And let's not call it inflation. Let's call this price inflation what it really is...deterioration of value for the U.S. dollar. Here's what happens when the value of the U.S. dollar deteriorates at 4% per year.

- After 5 years, the dollar loses 18% of its value and prices are 21.6% higher.
- After 10 years, the dollar loses 32.5% of its value and prices are 48% higher.
- After 15 years, the dollar loses 44.5% of its value, and prices are 80% higher.
- After 20 years, the dollar loses 54.4% of its value, and prices are 119% higher.



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And that's with U.S. dollar deterioration at the supposedly acceptable "low" rate of 4% annually. But we all know that prices are going up more than 4% per year and the value of the U.S. dollar is deteriorating at a much faster rate. But let's just finish the statistical exercise.

- At a 5% per year deterioration rate, the dollar loses 38.6% of its value in 10 years, and prices are 62.8% higher. It loses 62.4% of its value in 20 years, and prices are 165.3% higher.
- At a 6% per year deterioration rate, the dollar loses 45.2% of its value in 10 years, and prices go up 79.1%. In 20 years, the dollar loses 68.9% of its value, and prices go up 220.7%
- At an 8% per year deterioration rate, the dollar loses 53.7% of its value in 10 years, and prices go up 115%. In 20 years, the dollar loses 78.5% of its value, and prices go up 366%.

What's the real inflation rate?

How much does the value of the U.S. dollar really deteriorate each year?

I personally do not know the answer. I do know that the prices of nearly everything that's important in my life, keep going up...and up...and up...and up, year...after year...after year...after year. The purchasing power of the dollar keeps going down...and down...and down...and down, year...after year...after year...after year.

There is nothing on the horizon that is going to change this long term trend. There is no imminent government policy that will stop the future, further deterioration of the purchasing power of the U.S. dollar.

WEALTH THAT LASTS

There is no question in my mind that the purchasing power, i.e. the value, of the U.S. dollar will continue to deteriorate. It's been happening at various speeds for the past 65 years and the pace of deterioration seems to be accelerating. This monumental economic fact raises some questions which have huge financial consequences for you and yours.

- What can you do to protect your hard-earned wealth from the ravages of dollar-denominated deterioration?
- Are there alternatives...forms of wealth that are relatively immune from U.S. dollar deterioration?
- Is there a profit to be made from this locked-in, inevitable U.S. dollar decline...some real, "inflation adjusted" price appreciation?

Fortunately, there are forms of real wealth that seem to be immune from U.S. dollar deterioration and even show real, long term price appreciation. These forms of wealth include land, gold, top quality collectibles, and ownership of profitable companies (either your own company or stock in somebody else's). Consider the following:

Land. There is no question that real estate...land and the houses and buildings that are on it...has shown incredible price appreciation for just about any time period you can name. Real estate values have appreciated at a rate far in excess of the "official" government inflation rate of 3% or 4% per year. Real estate is wealth that lasts. But has the value of land increased, or has the value of the U.S. dollar decreased?

Equities. Stock prices have increased steadily for the long term. In the 1960s, the Dow hit 1000. Today, it's around 12,000, a 1000% increase over 40 years. No question that owning stock in well-run solid companies (including your own) offers protection from U.S. dollar deterioration.

Gold. The ultimate form of real money has seen its price increase over 2000% since the 1960s. Between 1933 and 1968, gold was \$35 per ounce. Today, gold is nearing \$1,000 per ounce, a nearly 3000% "price increase" in 40 years.

Collectibles. Top quality collectibles have shown phenomenal price appreciation for over 50 years. I'm not talking about the so-called collectibles you see on the TV shopping networks. I'm talking about significant collectibles, the truly rare, high demand items in the various collectibles fields. Here's a few examples from various collectibles markets.

Art. Prices for top quality art have gone up consistently for decades. Fifty years ago, Impressionist paintings that sell for \$10 million today were “only” a few hundred thousand dollars each. The first million dollar painting was in 1961 (\$2.3 million for a Rembrandt). The first \$10 million dollar painting was in 1985 (\$12 million for a Mantegna). The first \$100 million dollar painting was in 2004 (\$104 million for a Picasso). Obviously art is a form of real “forever” wealth.



Sports Collectibles. Prices for sport collectibles have soared during the past 25 years. The finest known example of the famous Honus Wagner baseball card has sold for \$450,000 in 1992, \$640,000 several years later, \$1,265,000 in 2000, \$2,350,000 in February, 2007 and \$2,800,000 in September, 2007.

Stamps. Rare stamps have seen significant long term price appreciation. The most famous U.S. stamp is the 1918 “Inverted Jenny,” the airmail stamp with the airplane mistakenly printed upside down. Single examples sold in the 1950s for several thousand dollars each. In 1969, the auction record was \$31,000. In 2005, an example sold for \$577,500. In 2007, an example sold for \$977,500. Rare stamps, like other rare collectibles, are wealth that lasts.

RARE COINS ARE “FOREVER” WEALTH

Land, businesses (equities), gold, and collectibles are real wealth...“forever” wealth. I’m a rare coin dealer, and have been all my adult life. Rare coins are my expertise, so I won’t talk about acquiring land, businesses/equities, or other collectibles. But we can talk about the best ways to acquire real “forever” wealth in the form of one of the Kings of collectibles...top quality rare coins.

Rare coins have been collected for over 2000 years. The Romans collected Greek coins. The famous Flemish master painter Peter Paul Rubens had a fabulous coin collection. The House of Rothschild started as a coin shop! Famous coin collectors include J.P. Morgan, the DuPont family, the Lilly family, LA Lakers owner Dr. Jerry Buss, Egypt’s King Farouk, and actors Buddy Ebsen, Adolphe Menjou, and Gary “Radar” Burghoff. Horse racing has been called the “Sport of Kings,” but coin collecting is the “Hobby of Kings.”

There has been an active rare coin market in the United States since just before the Civil War. And today, the U.S. market for rare coins is by far the world’s largest. Excluding the coins the U.S. Mint sells, and excluding gold and silver bullion coins, the market U.S. numismatic (rare) coins is estimated to be \$3 billion to \$5 billion per year.

Rare coins, like all major collectibles, have shown consistent long term price appreciation. From major rarities to more inexpensive coins, top quality rare coins have had significant price gains. In 1970, a Gem quality \$20 St. Gaudens gold coin was around \$50. Today, a Gem “Saint” is around \$2,000. The first \$100,000 coin was the 1913 Liberty nickel, which brought that price in 1972. In 2007, an example of this ultra rarity sold for \$5,000,000!

Ok, what have a rare coins done lately? As a matter of fact, the rare coin market has seen significant price gains in the past few years. We’re in the midst of a major bull

market! The factors that are bullish for rare coins are: inflation and inflation fears, a weak dollar, a moderate stock market, government deficits, and increasing gold bullion prices. As it is, all of these bullish factors are now present and it doesn't look like there's anything coming down the pike to change the scenario. It's a great time for rare coins.

How do you get involved? What's the right way to buy rare coins for maximum fun and profit? After 40 years in the rare coin market, I can offer a few suggestions. The people who I have seen do the best long term in the rare coin market have used the following strategy.

1. Buy top quality coins. In the coin market, as in all other collectibles markets, quality doesn't cost...it pays. High quality is where all the demand is. For most coins, you should buy what we refer to as "Gem quality," i.e. MS/PR65 or better on the 70 point coin grading scale.

2. Have a plan. Don't just randomly buy coins. The easiest thing to do in the rare coin market is to spend money. But you'll do a lot better if you buy with a purpose. The big long term winners I've seen over the past 40 years are the people who have either focused on a certain type or types of coins, or have built a specific collection. Focus is all important.

3. Make sure you get what you pay for. Quality is a big component of price. You have to make sure you get the quality you pay for.

For the coin market, the "gold standard" for third party grading services is the Professional Coin Grading Service (PCGS). Since it was founded in 1986, PCGS has graded and authenticated over 13,000,000 coins with a declared value of over \$15,000,000,000. As a point of disclosure, note that Van Simmons and I are two of the founders of PCGS, and I'm still the President of PCGS' parent company Collectors Universe.

LONG TERM WEALTH BUILDERS

"My favorite holding period is forever."

— Warren Buffett

What are the right coins to buy?

What are the coins that will best protect you from the decline in the purchasing power of the U.S. dollar?

What are the coins that can be held for 10, or 20, or even 50 years?

What are the coins I'd give to my grandchildren?

What are the "forever" coins... the long term wealth builders of the rare coin market?

These are the questions I've been thinking about for the past six months. If I had to pick the 10 best coins to give to my grandchildren, what would they be?

What follows are my picks for the best long term wealth builders in the rare coin market. These are the coins that I feel have the most staying power. There are actually 11 groups of coins I consider to be the best "forever" coins. When it comes to long term wealth building, these are my favorites.

GOLD EAGLES — *Real Money!*

One ounce of gold...the magic number. The first widely used one ounce modern gold coin was the South African Krugerrand, first minted in 1967. Since that time, and spurred on by the demand in the United States created by the legalization of gold ownership for U.S. citizens in 1975, other countries have produced one ounce gold coins. Examples include: the Canadian Maple Leaf, Chinese Panda, and Australian Koala.

These one ounce gold “coins” all have one thing in common. They sell for their own gold bullion value (plus a small minting premium) and their price changes daily. They really aren’t coins. You wouldn’t go to the grocery store and pay your bill with them. They are gold bullion bars...gold bullion bars in round coin form.

The U.S. Mint has been selling gold in the form of one ounce gold “eagles” (and fractional ounce coins) since 1986. U.S. Gold eagle mintages have ranged from a low of 200,636 in 1995 to a high of 1,468,530 in 1998. Currently, gold eagle mintages have been running in the 300,000

to 400,000 per year range. As

an interesting side bar, I wondered where the Mint gets the gold it sells. Did it use the United States gold reserves in Fort Knox, which some conspiracy theorists say

doesn’t exist? Or do they buy it on

the open market? We know former Mint Director Jay Johnson pretty well, and according to him (and he would know) the Mint buys gold on the open market.

The U.S. Mint, maintaining some ironic façade, places a face value of \$50 on the one ounce gold eagles, though gold hasn’t been \$50 an ounce on the open market since 1972. And the mint certainly doesn’t sell gold eagles for \$50! Gold eagles are:

- A beautiful, convenient form of physical gold ownership
- Selling for very close to their “melt” or intrinsic value, with premiums around 3%
- Highly liquid with tight buy/sell spreads (about 1%)

I recommend that everyone own some gold eagles. Buy one (or 10, or 100) per month. Or give one a month to your children or grandchildren. You’ll be giving them real wealth. Gold eagles are forever!



BUFFALO NICKELS — *An All Time Numismatic Classic!*

During the first half of the 20th Century, United States coinage design reached an aesthetic high point. In 1907, we had the arrival of the \$10 “Indian,” and the \$20 Walking Liberty or “St. Gaudens” gold coins. In 1908, we saw the \$2.5 and \$5



Indian head gold coins. In 1913, the Buffalo nickel arrived on the scene. In 1916, we saw the first Mercury dime, Standing Liberty quarter, and Walking Liberty half dollar. These are among the most beautiful coins ever made by any country and they are also among the most avidly collected.

Buffalo nickels were minted between 1913 and 1938. This is one of the classic coins of American numismatics. The design, the majestic Indian head on the obverse and the large Buffalo on the reverse, is such a classic that it was recently resurrected by the U.S. Mint and is now the exact design of the popular one ounce gold Buffalo coin minted in 2006 and 2007. The design was also used for a one ounce commemorative silver dollar in 2001.

But make no mistake about it. The real Buffalo nickel was made between 1913 and 1938. This series has everything: rare dates that sell for six figures, classic varieties such as the 1937-D “three legged Buffalo” and common (not quite the right word) dates that sell for under \$100 in Gem condition. For long term wealth conservation, I recommend the less-expensive so-called common dates (1937-1938) in PCGS graded MS65, MS66, and MS67 condition.

They are:

- A classic U.S. coin design
- An avidly collected coin with huge long term collector demand
- Currently inexpensive and underpriced

As long as there's a United States of America, Buffalo nickels will mean something. Buffalo nickels are forever!



MERCURY DIMES — A Collector Classic!

Like the Buffalo nickel, the Mercury dime was minted during a high point in U.S. numismatic design during the first half of the 20th century. Mercury dimes were



minted between 1916 and 1945 and they have been avidly collected since the post-war coin collecting boom began in the late 1940's. Mercury dimes are a true collector classic.

The Mercury dime series has something for everyone. There are big ticket coins, such as the 1916-D, one of the most famous rare coins of the 20th century. There are rare and interesting varieties, such as the two overdates, (1942/1 and 1942/1-D) and the 1945-S micro S. There are condition rarities, such as the 1945, which is a \$25 in Gem condition with weakly struck crossbands, and a \$15,000 coin in Gem condition with fully struck crossbands. There are also so-called common dates that are less than \$100 in Gem condition.

While assembling a complete set of Mercury dimes would be a rewarding experience, in terms of both long term enjoyment and long term profit potential...for the long term wealth building theme, I like Gem condition examples of the so-called common dates of the 1940's. For long term wealth conservation, I recommend the less-expensive, so called common date (1940-1945) Mercury dimes in PCGS graded MS65FB, MS66FB, MS67FB, and MS68FB condition. They are:

- A classic U.S. silver coin
- An avidly collected coin series with huge collector demand
- Currently inexpensive and underpriced

United States silver coins were minted between 1794 and 1964... that's 171 years... and Mercury dimes are one of the most important United States silver coins. As long as people collect rare coins... and rare coins have been collected for 2000 years... Mercury dimes will be important. Mercury dimes are forever!



PROOF WALKERS — *The 20th Century's Most Beautiful Coin!*

Walking Liberty half dollars were minted between 1916 and 1947. They are considered by numismatists worldwide to be one of the most beautiful coins ever made. The design is so striking that when the U.S. Mint decided to start selling one ounce silver coins in 1986 (the “American Silver Eagle”), it used an exact



duplicate of the Walking Liberty half dollar design for the obverse of the Silver Eagle.

Regular commercial issue Walking Liberty half dollars are great coins and fantastic values in Gem (MS65 or better) condition. You could buy a few common dates, or build a complete set, and you'll do fine and dandy. But for the “wealth building” theme, the 1936 to 1942 Proof Walking Liberty half dollars are a little more interesting.



Proof Walking Liberty half dollars were only minted for seven years, 1936 to 1942. Original mintages were quite small. Today, proof half dollar mintages are around two million coins per year. But original mintages for Proof Walking Liberty half dollars

range from a mere 3901 coins for the 1936, to only 21,120 coins for the 1942. Proof Walking Liberty half dollars are incredibly beautiful, and a truly stunning coin. Think of a regular issue Walking Liberty half dollar as a beautiful woman, and a Proof Walking Liberty half dollar as a beautiful woman done up and dressed to the nines on a Saturday night. Proof Walking Liberty half dollars are:

- An incredibly beautiful, absolutely stunning coin
- An important, widely collected coin
- Relatively rare, yet very reasonably priced

Proof Walking Liberty half dollars are a gorgeous coin with outstanding rarity and value. They are symbolic of everything that's great about America. Proof Walking Liberty half dollars are forever!



CARSON CITY SILVER DOLLARS — *The Romance of the Comstock Lode!*

In the 1870's, huge silver and gold deposits were discovered in Nevada, the largest being the Comstock Lode. A U.S. Mint was opened in Carson City, Nevada to make the Nevada silver and gold into coins. Silver dimes, quarters, half dollars, and dollars, and gold \$5, \$10, and \$20 coins were minted from 1870 to 1893.

With the exception of the 1878 thru 1893 Morgan dollars, original mintages of the Carson City coins were very low and survival rates are dismal. Today, these Carson City coins are among the rarest and most valuable U.S. coins. Again, with the exception of the Carson City Morgan dollars.

Carson City Morgan dollars were minted by the millions and survival rates are incredibly high. The Bland-Allison Act of 1878 (political pork for the Western Silver lobby) mandated *monthly* treasury purchases of \$2 million to \$4 million of new domestic silver bullion for coinage into silver dollars. But silver dollars weren't really needed for commerce, especially in such large quantities. So, the never-circulated, newly-minted Morgan dollars sat around the Treasury in Washington and subtreasuries.

In 1962/1964, rising silver prices caused a run on the Treasury's holdings of silver dollars. In fact, between January, 1960, and January, 1964, the Treasury paid out over 152 million silver dollars. In a rare instance of the government's wise handling of assets, the Treasury held back 2.9 million silver dollars, most of them Brilliant Uncirculated Carson City Morgans. In 1970, President Nixon signed a law authorizing the General Services Administration to sell the Carson City silver dollars. The GSA sales were held between 1972 and 1980, and prices ranged between \$15 and \$180 per coin.

Today, Morgan dollars are the most readily available 19th Century coin in uncirculated condition, and Carson City Morgan dollars are by far the most available Carson City coins.

Carson City dollars are prized collectors items. Carson City Morgan dollars are forever!



GEM GOLD — *Real Rarity, Real Wealth!*

It's all about the gold! For over 2000 years, gold coins have been the ultimate in long term wealth preservation. Emperors, Kings and Queens, and now Presidents and even First Lady's (via the U.S. Mint's "first spouse" gold coins), have had their portraits on the gold coins of the realm.

The U.S. Mint struck gold coins for the country's commercial use between 1795 and 1933. Today there is a vibrant and very large market for the survivors. There are millions of survivors... mostly lower grade examples of the higher mintage issues of the 1890 to 1928 era. It is estimated that the market for common grade examples of the two most readily available U.S. gold coins, the \$20 Liberty and the \$20 St. Gaudens, is approximately \$300,000,000 per year! There is a very large market for the rarer gold coins. Auctions alone probably sell over \$100,000,000 a year in truly rare U.S. gold coins.

Which U.S. gold coins are the best fit for the "long term wealth" theme...low grade common dates, high grade common dates, better dates, rare dates, Ultra Rarities, ultra high grades, early pre-1834, issues, rare types, proof gold? The answer is...all of them! They are all significant types of U.S. gold coins and they are all classic forms of long term wealth preservation. But if you want to focus on just one area, I recommend Gem quality Mint State examples of the so-called "common dates" of the ten major types for U.S. gold coins. The ten major types are:

- Gold dollars, minted from 1849 to 1889
- Liberty head \$2.5, minted from 1840 to 1907
- Indian head \$2.5, minted from 1908 to 1929
- Indian Princess \$3, minted from 1854 to 1889
- Liberty head \$5, minted from 1839 to 1908
- Indian head \$5, minted from 1908 to 1929
- Liberty head \$10, minted from 1838 to 1907
- Indian head \$10, minted from 1907 to 1933
- Liberty head \$20, minted from 1849 to 1907
- St. Gaudens \$20, minted from 1907 to 1933

These are the classic U.S. gold coins. They are the most frequently traded U.S. gold coins, and they are the cornerstones of most gold collections and portfolios. They are relatively rare, they have huge demand, and at current levels, they are very reasonably priced.

Gem quality (MS65 or better) gold type coins also have the condition factor. This is a two-part factor and both parts are positive for you. First, the fact is that gold is the softest metal used to mint coins, consequently, gold coins attract marks, abrasions,



scratches, like picnics attract ants. Mint State (uncirculated) gold coins with clean surfaces are much rarer than those with lots of marks, abrasions, scratches, etc. Gem quality MS65 or better gold coins have “condition rarity.”

Gem quality gold type coins are also affected by the grading service issue. For the coin market, the “gold standard” for the third party grading services is the Professional Coin Grading Service (PCGS). PCGS coins have the most respect in the market place, and PCGS coins sell for more than coins graded by other grading services. On the national dealer-to-dealer electronic trading network, PCGS gold coins have higher bids (dealer buy prices) than coins graded by other grading services. On average, PCGS graded gold coins sell for more...much more...at auction than coins graded by other grading services.

The grading service “problem” when it comes to Gem quality gold type coins is a pricing problem. This is the highest volume area of the U.S. rare coin market and a lot of dealers sell these coins. There’s price competition and price shopping. If you check prices, you have to make sure you’re comparing apples to apples. Some dealers even quote prices and say the prices are for either PCGS or “Brand X” graded



gold coins. But when you place and order, the dealer always delivers “Brand X” graded gold coins...kind of a grading service bait and switch.

The bottom line is that when you buy Gem quality gold type coins you should buy PCGS graded coins exclusively. When you’re looking for long term “forever” wealth, you don’t want to buy less than the best.

Gem quality examples of the ten major types of U.S. gold coins are arguably the most important part of the U.S. rare coin market. It’s all about the gold!

I recommend the purchase of these classic gold issues in PCGS graded MS65, MS66, and MS67 condition. They are:

- Beautiful and rare in Gem condition
- Possibly the most important gold coins in the world
- Ultra high demand coins

Gem U.S. gold coins have been a cornerstone of the U.S. rare coin market for the past 40 years. Gem gold is forever!

ISABELLA QUARTERS – *The Queen of Commemoratives!*

The U.S. Mint first issued silver commemoratives...non-circulating legal tender coins that are sold to collectors at a premium over face value...in 1892. Through 1928, only a small number of different issues were minted. During the 1930's, a great number of



A Gem quality 1893 Isabella quarter with beautiful, original toning.

different silver commemorative types were minted. Silver commemoratives were issued through 1954. None were issued from 1955 to 1981. Then the Mint began issuing silver commemoratives again in 1982, and continues to do so today.

The silver commemoratives minted between 1892 and 1954 are considered the commemoratives of the “Classic Era,” while the 1982 to date issues are considered “Modern Commemoratives.” For the Classic Era silver commemoratives, there were 50 different individual types, including 48 half dollars, one dollar, and one quarter dollar. Prior to 1915, there were only three silver commemorative issues, the 1892 and 1893 Columbian half dollar, the 1893 Isabella quarter, and the 1900 Lafayette dollar.

My recommendation for the silver commemorative that is best for long-term, “forever” wealth preservation is the 1893 Isabella quarter. I recommend Isabella quarters in PCGS graded MS65 or better condition. Isabella quarters are:

- Rare in all grades
- Very rare in Gem condition
- The only U.S. silver commemorative quarter
- One of the very first silver commemoratives
- A high demand issue that’s one of the most important coins in one of the numismatic market’s most avidly collected series

Isabella quarters have a long history of big collector demand. Isabella quarters are forever!



TRADE DOLLARS — *The Nineteenth Century Classic!*

Trade dollars were made specifically for trade with China. They had slightly higher silver content than domestic silver dollars. Regular commercial strike Trade dollars were struck between 1873 and 1878 and most were indeed exported to China. Proof strikings were made for domestic collectors between 1873 and 1885.

Today, this large, beautiful silver coin is one of the most prized 19th century U.S. type coins. They are scarce in all grades and rare in Gem condition. Trade dollars also have considerable international demand. In fact, there was a period during the 1970's when Japan was a major market for Proof Trade dollars (the Japanese dealers were also buying Panama-Pacific \$50 gold coins.)

These spectacular coins are a great medium for long term wealth conservation. I recommend both business strike and proof Trade dollars. Buy them in MS65 and PR65 or better condition.



They are:

- A spectacular, absolutely gorgeous coin
- A truly rare coin in Gem condition
- One of the highest demand 19th century silver type coins

Trade dollars have been a numismatic classic for decades. Trade dollars are forever!

HIGH RELIEF ST. GAUDENS — *Teddy's Coin!*

President Theodore Roosevelt was not happy with the then current designs for our nation's coins. He considered the Liberty head gold coins and Liberty head ("Barber") silver coins to be "atrociously hideous." President Roosevelt dreamed of our coins emulating the beauty of ancient Greek coins. He commissioned world renowned sculptor, Augustus Saint-Gaudens, to design a new \$10 and \$20 gold coin.

The results of the Saint-Gaudens redesign of the U.S. \$20 gold coin is the coin that bears his name...the \$20 St. Gaudens. But the \$20 St. Gaudens you usually see is not the actual Saint-Gaudens design. It is a significantly modified version of the original design.

Augustus Saint-Gaudens died August 3, 1907, never having seen one of his designs in circulation. The original Saint-Gaudens featured a

very high relief, higher than any coin ever struck by the U.S.

Mint. There were logistical challenges to the high relief design as it required many multiple strikings of the coin dies to finish the coin. There were only 11,250 "High Relief" 1907 \$20 St. Gaudens struck. Mint Director Charles Barber redesigned the \$20 gold (using Saint-Gaudens design) in much lower relief, and this is the \$20

St. Gaudens (minted between 1907 and 1933) you usually see.

Today, the original Saint-Gaudens design, the 1907 High Relief is one of the most famous coins in the world. And many people consider the 1907 High Relief \$20 the most beautiful coin ever made. The \$20 High Relief is in such demand that it is a classic form of wealth conservation.

I recommend 1907 High Relief \$20 St. Gaudens in PCGS graded MS64, MS65, and MS66 condition. They are:

- One of the most famous coins in the world
- One of the most beautiful coins ever made
- Rare, but buyable... expensive, but not outrageous... and the value is definitely there

The 1907 \$20 High Relief \$20 St. Gaudens is one of the most famous, most beautiful coins in the world. High Reliefs are forever!



PROOF GOLD — *The Caviar of the Rare Coin Market!*

I once wrote that “Real men collect Proof Gold.” And many have called Proof Gold the “caviar of the rare coin market.” My partner Van Simmons calls Proof Gold the “beach

front property of the rare coin market.” Whatever you call them, there is no question that proof gold coins, as a group, are the rarest of the rare.

The U.S. mint struck gold coins for commercial use between 1795 and 1933. Proof coins of all metals, specially struck for dignitaries and a few well connected collectors, were minted in extremely limited quantities beginning in 1820. In 1858, the Mint began selling proof coins to the coin collecting public. Today, the Mint issues millions of proof coins per year, but in the 19th century, proof coin mintages, especially for gold coins, were extremely low. In fact, for many 1860 to 1879 gold issues, original mintages are only 20 to 30 coins per year for many of the denominations.



In addition to low original mintages, survival rates are even lower. Estimated survival rates for 1860 to 1915 (last year for proof gold coins until 1986) is 60% to 75% per year. This is due to two factors. First, coins are lost, damaged, or even stolen and melted. Second, the original face value for gold coins was so high at the time of issue that in tough times only the rich could afford to save them. I have heard that during the Great Depression of the 1930's, Matte Proof 1908 to 1915 \$20 St. Gaudens (at the time worth only \$21 to \$25 if you could find a buyer) were actually spent...remember, \$20 was a lot of money in 1935. Then there is the condition factor.

Proof Gold is rare in all grades, but in Gem (PR65 or better) condition they are even rarer.

Proof gold coins are one of the ultimate ways to conserve wealth. I recommend pre-1916, PCGS graded top quality (PR65 or better) gold coins. They are:

- Very important and highly desirable
- Rare in all grades and very rare in top grades
- Incredibly beautiful
- The elite area of United States numismatics
- Gold! And recognized as real wealth world-wide



Proof gold coins have been driving well-to-do coin collectors crazy for decades. Proof gold coins are forever!

BIG TENS — *For Big Boys Only!*

The focus is on real wealth...wealth that lasts for decades. What about really rare and expensive coins? What about six figure coins? Fact is, most coins now selling for six figures have proven to be outstanding wealth hedges and wealth builders.

What's the best bet in this price range? Well, gun to my head and forced to pick just one coin (or group of coins), I would pick the first large U.S. gold coin, the \$10 gold pieces minted between 1795 and 1804.

The United States first made gold coins in denominations of \$2.50, \$5, and \$10. The \$5 and \$10 were first minted in 1795. The \$2.50 gold coin was first minted in 1796. Those were the only three denominations of gold coins used in the United States until 1849, when the gold dollar and \$20 arrived on the scene.

The \$2.50 and \$5 gold coins were minted nearly every year between 1795/1796 and 1838. But the \$10 gold coin was only minted from 1795 to 1804, and then was not issued again until 1838.

The U.S. gold coin most frequently used for inter-bank settlements and international trade was the \$5, which was close in size and weight to the English gold sovereign and French gold 20 franc. Consequently, early \$5 gold coins were made in significantly larger quantities than early \$10 gold coins.

My favorite early gold coins, are the early U.S. \$10 gold coins. In the coin market we call them "Big Tens," as they are slightly wider than the 1838 to 1933 \$10 gold coins.

Big Tens are:

- Rare in all grades and extremely rare in top condition
- Super high demand, classic gold issues
- Historically important and incredibly beautiful

Early \$10 gold coins are six figure rarities in top condition. I recommend their purchase in PCGS graded MS63 or better condition. Big Tens are forever!



ULTRA RARITIES — *The Ultimate Form of Concentrated Wealth!*

Warren Buffett has allegedly stated that the most valuable commodity in the world is “the original gum on the back of a rare stamp.” If that’s true, the sure runner up for the title has to be ultra rare United States coins. There are now several dozen U.S. coin issues that are million dollar (and up) coins. These are the “Ultra Rarities” of American Numismatics.

What we’ll call the Ultra Rarities have the following characteristics:



1. Ultra Rarities are coins that currently sell for several hundred thousand to several million dollars.
2. They are...duh...ultra rare, usually having total populations in all grades of between one and fifteen or so coins.
3. The Ultra Rarities that always bring the big bucks are those that have the most importance to the most number of people. There are some very rare coins that are too esoteric to generate the demand that the classic Ultra Rarities have.

The Ultra Rarities of American numismatics have shown incredible long term price appreciation. For example, the 1913 Liberty nickel (only five known) became the first \$100,000 coin in 1972. The Eliasberg specimen became the first million dollar coin when it was auctioned in 1996 for \$1,485,000. The Eliasberg specimen subsequently sold for \$4,150,000 in May, 2005, and then sold again in 2007 for \$5,000,000. The other classic Ultra Rarities have shown similar dramatic price increases.



Ultra Rarities are:

- The most desirable rare coins in the world
- Incredibly rare and desirable
- Always in demand

Ultra Rarities truly are forever!

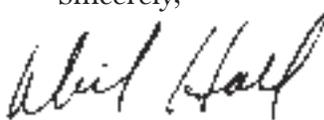
GET STARTED TODAY!

The value of the U.S. dollar...the value of your money...is going down every day. Now is the time to take action. One of the things you can do to preserve, protect, and even profit is to get involved in the market for high quality rare coins.

I have been a rare coin dealer for 47 years. And for the last 27 years, my partner, Van Simmons, and I have been helping people obtain the world's finest coins. It's what we do, so log onto our website at www.davidhall.com to learn more about these coins and to subscribe to our free email newsletter *The Velvet Tray*. Give Van a call today at 800-759-7575 to talk about long term wealth building. And...

Have fun with your coins!

Sincerely,



David Hall



DAVID HALL RARE COINS

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