



North York Coin Club

Founded 1960

MONTHLY MEETINGS 4TH Tuesday 7:30 P.M. AT
Edithvale Community Centre, 7 Edithvale Drive, North York

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Ontario Numismatic Association

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THE BULLETIN FOR DECEMBER 2007



OUR NEXT MEETING IS TUESDAY, DECEMBER 11 — THE ANNUAL CHRISTMAS PARTY

LOCATION: CANADIAN LEGION, 6 SPRING GARDEN AVENUE, SECOND FLOOR, FREE PARKING BESIDE THE BUILDING

PUBLIC TRANSIT: TWO BLOCKS NORTH OF THE SHEPPARD STATION ON THE YONGE LINE

TIME: WE START GATHERING AT 6:30 P.M. (WHEN THE CASH BAR OPENS)

FEATURING: TURKEY AND BEEF DINNER (EXPECTED TO COST ABOUT \$20 PER PERSON)

FOOD DONATION: EVERYONE IS ASKED TO BRING FOUR NON-PERISHABLE ITEMS FOR THE **FOOD DRIVE** — PLEASE NOTICE THAT THIS MEANS EIGHT ITEMS PER COUPLE



GIFT EXCHANGE: WILL BE HELD FOR THOSE WHO WISH TO PARTICIPATE — BRING A WRAPPED GIFT OF ABOUT \$10 IN VALUE

ENTERTAINMENT: WE ARE ONCE AGAIN PLAYING **BINGO** AFTER DINNER AND WILL BE HOLDING OUR USUAL **LUCKY DRAW**

CONTACT: PLEASE CALL THE CLUB PRESIDENT, NICK COWAN, AT 647-222-9995 WITH ANY QUESTIONS OR CONCERNS



THE UNSPOKEN TRUTH ABOUT RARE COIN AUCTIONS

BY SCOTT A. TRAVERS

While this article was written by an American for the American Coin Marketplace, there's still much that can be applied to the auction arena, right here at home!

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by Scott A. Travers.

Public auctions have long played a vital role in the sale of collectible coins—particularly coins of great value. This role was underscored recently when ultra-high-relief Saint-Gaudens double eagles brought strong six-figure prices at two different major auctions.

Out of needless fear or ignorance, however, many collectors tend to view auctions with suspicion, looking upon them not as opportunities but as traps. They worry that if they attended one, they might end up inadvertently buying a coin they didn't want—simply because they raised their hand accidentally or sneezed or scratched their nose at the wrong time.

The danger of such mistakes has been magnified through the years by humorous vignettes in the movies and on TV. They seldom happen in practice and are rectified immediately when they do.

Once they overcome this unreasonable fear, collectors soon discover that auctions are replete with golden (and silver and base-metal) opportunities for obtaining exceptional coins—or, conversely, for selling one's coins advantageously.

It's true that "auction fever" sometimes grips a gallery and propels bidding levels beyond the real value of certain coins. This, of course, is a plus if you happen to be the person who consigned those coins for sale, but something to be avoided if you're a buyer.

There are easy, effective ways, though, to guard against being infected with auction fever. And once you become familiar with auctions' idiosyncracies, there are ways to turn these sales to your advantage.

At the outset, it should be understood that the information contained in this article pertains only to auctions conducted by reputable firms. These include but are not limited to (in alphabetical order) Auctions

by Bowers and Merena; Heritage Numismatic Auctions Inc.; my own firm, Scott Travers Rare Coin Galleries, LLC; Stack's Rare Coins and Superior Galleries.

The first thing to determine when considering public auctions is whether you should buy at an auction at all—or, on the other hand, whether you should sell your coins in this manner.

Auctions are ideal venues for buying and selling certain kinds of coins, but totally unsuited for other types. To cite one outstanding example, auctions are a perfect place to buy and sell truly rare coins—especially those assembled into first-rate collections. The publicity surrounding important auctions, the time that elapses before such sales take place, the eye-catching catalogs that typically are distributed—all these factors combine to build increasing interest, attract potential buyers and stimulate spirited bidding for genuine rarities.

Naturally, such interest helps drive prices higher—which makes it clear why people holding such material often choose to disperse it at public auction.

But buyers benefit, too. They have the reassurance that other informed collectors were willing to pay very nearly as much to acquire those coins. They have the prestige of possessing rare coins with a pedigree—an intangible that can translate into added value later when they sell them. And often, the publicity surrounding major auctions will bring successful bidders offers to resell the coins immediately for a handsome profit.

Here are some examples of other coins that represent potentially good buys at public auctions:

Coins that come up for sale early in the morning or very late at night. Blockbuster auctions sometimes contain many hundreds of lots, requiring the auction company to schedule bidding sessions that start very early in the morning or run very late at night. Rival bidders may miss such sessions, making it easier for you to pick up bargains.

Coins that are offered for sale during a period of extreme heat or cold. The weath-

er can work to your advantage. If there is a heat wave or the sale is taking place in the teeth of a raging snowstorm, fewer potential bidders will be on hand, increasing the odds in your favor.

Coins sold during downturns in the marketplace. Even auction fever can be blunted when the coin market is depressed. Since auctions tend to attract scarcer and more desirable material than other methods of dispersal, this can give you the chance to buy some truly exceptional coins for prices that are really quite reasonable.

Group lots. First-magnitude rare coins get suitably star billing at public auctions. Often, however, parts of the supporting cast end up being lumped into group lots. That's because time constraints don't permit the sale of each and every coin as a separate lot. Much of the material found in group lots may be of no special distinction, but now and then scarcer coins find their way into these groups and you can pick them up—as part of the groups, of course—for common-date prices.

On the other side of the equation, there also are certain coins that you should avoid buying at public auctions, or check out very carefully before making a bid. You should be wary, for instance, about auction coins that have not been certified independently by one of the leading coin-grading services.

In my book *The Coin Collector's Survival Manual™*, David Hall, founder and president of the Professional Coin Grading Service, estimated that 50 percent or more of the uncertified coins appearing at auction have been tampered with in some way—doctored or altered. That's food for serious thought. Now let's examine some strategies you should consider when you buy coins at public auction.

The first thing to consider is where you should sit in the gallery. Some people like to sit in the back, where they can see who's bidding and where they can bid freely without being seen themselves by most of the other bidders in the room. Other people like to sit in the front row, so they can bid discreetly on the lots of their choice by giving the auctioneer a subtle signal.

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Where you sit is largely a matter of comfort and style, though either the very back or the very front of the room can be strategically advantageous.

Wherever you sit, I strongly recommend that you figure in advance the maximum amount you're willing to bid for each and every coin in which you're interested.

Set limits as to how much you will pay. Calculate these to the cent. And don't budge one cent from that calculation. Don't have a ballpark figure just in your mind, figuring you'll attend the sale and see what everyone else is doing. If you do that, you'll overpay.

Now that you have a basic idea of what to buy at auction—as well as what *not* to buy—and when and how to buy it, we come to an aspect that most people don't even consider: the coins that you should, and should not, be *selling* at public auctions.

Let's start by considering the coins you should *not* be selling at auction. Simply stated, you should not be selling generic or bullion-type coins.

First of all, the commissions charged by auction firms would eat up too much money. Dealers who make markets in bullion or generic coins often work on a margin of just a few percentage points. If you consigned such coins for sale at auction, though, you'd end up paying a commission of up to 20 percent. And you can be reasonably certain that the prices realized by those bullion coins or generic coins at an auction would not exceed what market-makers are willing to pay for them—and what they advertise publicly to pay for them.

Let's take, for example, a Krugerrand. If you were to sell a Krugerrand to a local dealer when bullion gold was at \$360 an ounce, he would pay \$360 minus about 2 percent, so you would end up with \$-352.80.

If you consigned that Krugerrand to an auction, you would get \$360 less the auction commission of 20 percent—so you would end up with \$288. Plus, you would have the marketplace risk—the risk that gold bullion could go down in value dramatically between the time you consigned your Krugerrand and the time it was sold at

the start of the public bidding. auction. When you sell to a dealer directly for 2 percent less than the spot price of gold, you have immediate control; you can time your sale and use your best judgment in deciding when to sell. When you sell at auction, you're at the mercy of the marketplace—and with something as volatile as bullion-related coins, that risk can be substantial. The same logic applies to generic coins—which, while they may have a certain amount of value as collectibles, also are tied importantly to the value of the bullion they contain.

These, then, are the coins you should *not* sell at public auction. What *should* you be selling at auction? Almost everything else. Rare coins. Scarce coins. Coins with questionable toning. Scratched coins. Worn coins. Major rarities. Semi-classic rarities. Just about everything else. In *The Coin Collector's Survival Manual*TM, I quote an executive of a leading coin auction company as saying that coin auctions are weighted in favor of the consignor. In other words, auction companies have a tendency to view the consignor, not the buyer, as their ultimate customer. This has been reflected in recent years by the trend toward shifting more of the burden of underwriting auctions' costs from the sellers, or consignors, to the buyers. Let's take a look at how auctions are conducted—their mechanics. This is a subject rarely discussed, and I do so from a perspective that is unique, for I not only buy and sell coins at auctions for my clients but also am a licensed auctioneer. My firm conducts private bidding competitions known as lightning sales, which are not really auctions but incorporate some of the features of auction sales. The nucleus of a public auction—the centerpiece of the sale, from the auctioneer's standpoint—is “the book,” the list of bids obtained before the sale from people who can't or won't attend. With a successful book, an auction firm almost doesn't need to have people physically present at the sale.

People in the room are told that bidding will open at a small increment over the second-highest book bid. And reputable auctioneers scrupulously adhere to this rule. Let's say that on a certain lot, before the auction begins, there are only two bids—one for \$500 and the other for \$5,000. These book bids form the basis for

the start of the public bidding.

In this particular case, the bidding might open at \$550—10 percent more than the second-highest book bid, which is \$500. If no one on the floor is willing to bid more money, then the person who bid \$5,000 will get this coin for \$550. This kind of disparity between the two top book bids isn't likely to happen in practice; theoretically, however, it could. And knowing this, some people are too liberal with their book bids. This can have costly consequences. Let's say two different people take this approach on the same coin, and both bid about \$5,000. In that case, bidding would probably open at about \$5,500—10 percent more than \$5,000—and both of these bidders would be stunned.

The lesson is to use proper caution in submitting a book bid, and not to offer more than you would if you were in the room.

When consigning coins to an auction house, astute sellers insist that the firm maximize both the coins' presentation in its catalog and the grades it assigns to them.

A few years ago, “maximizing the grade” meant asking the auction house to assign high grades in the catalog. Now, astute sellers seek instead to have the coins submitted to the grading service that will assign the highest grades to them.

The old adage used to be, “If you don't know your coin, know your dealer.” That has now been modified to state: “If you don't know your coin, know your grading service.” Typically, the auction firm charges a commission to both the consignor and the buyer of each coin. From the seller's standpoint, however, this is negotiable, and sellers with good negotiating skills can obtain advantageous terms. I use my own negotiating skills to good advantage in obtaining auction contracts for my clients.

Often, I receive my compensation directly from the auction house, and the compensation is tied to a percentage of the prices realized. For that reason, I'm in the same corner as my clients, pushing to maximize how much their coins realize.

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**ROYAL CANADIAN MINT COMMEMORATES
60TH WEDDING ANNIVERSARY
OF HER MAJESTY QUEEN ELIZABETH II
WITH 25-CENT COLLECTOR COIN**

Ottawa, Ontario, November 20, 2007—To celebrate the 60th wedding anniversary of Her Majesty Queen Elizabeth II and His Royal Highness Prince Philip, Duke of Edinburgh, the RCM has created an oversize nickel-plated steel coin adorned by a fully painted reproduction of the British Royal Family's Glass State Coach, which transported a young Princess Elizabeth to her wedding at Westminster Abbey. The design of this coin is the work of Robert Ralph Carmichael, the famed artist behind Canada's celebrated "Loonie." Limited to a mintage of 35,000, this outstanding coin bears a 25-cent denomination and retails for \$21.95 CDN.

"The historic reign of Her Majesty Queen Elizabeth II has reached a new milestone and the Royal Canadian Mint is proud to have issued a commemorative coin which celebrates the 60th wedding anniversary of Canada's ruling monarch and His Royal Highness Prince Philip," said Ian E. Bennett, President and CEO of the Royal Canadian Mint. "The Mint's exceptional painted coins have captured the imagination of Canadians from coast to coast and we are pleased to issue our latest painted coin on such a memorable occasion."

Unspoken Truth

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You should keep in mind, however, that you won't necessarily come out farther ahead on every coin just because you're paying an advantageous commission. That's because savvy buyers take the commission structure into account. Let's say one auction company charges buyers 10 percent of the hammer price on every coin sold and also charges the sellers 10 percent. And another auction company charges buyers 15 percent and sellers 5 percent.

Smart buyers factor the 10 or 15 percent into the price they're willing to pay. If they're willing to pay \$1,000 for a coin, they'll just bid less on it if they're paying a 15-percent buyer's fee and they'll pay a little more if they're paying 5 percent. The bottom line for them is still going to be \$1,000.

The moral of the story is not to think you automatically have a better deal with an auction house that charges you a 5-percent seller's fee than you would have had with a firm that wanted to charge you a 10-percent fee. The auction house ends up with the same commission for itself, and you may well end up with a check for the same amount of money.

Buying and selling coins at public auction can be a rewarding experience in more ways than one. It's exciting and enjoyable, and often witnesses moments of both high drama and very high monetary stakes.

Knowing the tricks of the trade can add to both your pleasure and your profit.

And that's a combination that's hard to beat.



Also issued back on June 7 were 200 .9999 5-oz. gold and 4000 .9999 5-oz. silver commemorative collector coins

WORLD'S RICHEST PENNY ON DISPLAY

A penny may not be worth much in today's currency, but a rare example that was on display in Melbourne at the end of November is worth a cool \$1 million.

The 1930 Australian copper penny, the world's most valuable copper coin, appeared alongside a range of Australia's rare coins in a display worth \$4 million at a historic ANZ bank branch in Collins Street.

Apart from the Proof 1930 Penny, the pieces on display covered the period from 1813 to 1900, and featured a selection of Australia's first locally-produced coins, known as 'Holey Dollars' and 'Dumps'. They included a coin that was first minted in 1788, the same year that the First Fleet arrived in Botany Bay. Also featured were examples of the historic 1852 Adelaide Pound (the first gold coin) and the first coin to depict an indigenous Australian, the famous 1860 Aborigine Threepence.

One of just six of its kind, the Proof 1930 Penny, was created as a work of art not intended as currency, exhibition coordinator Belinda Downie said. "The original intention of striking a proof coin was to go in gov-

ernment vaults to preserve for history," said Ms Downie, managing director of Melbourne-based coin dealer Coinworks. "A lot of the mints would send their proof coins overseas, almost like a showpiece ... not advertising as such, but to brag. For decades, Australia's Proof 1930 Penny has always been the world's most expensive copper coin."

The private owner of the coin to be exhibited has been approached to sell, but declined an offer of \$1 million, Ms Downie said.

All six Proof 1930 Pennies that were created are worth between \$1 million and \$1.2 million.

One is held by the British Museum, a second by the Museum of Victoria, and a third by the Art Gallery of South Australia, according to the Coinworks website.

The others are held by private collectors.

The Dollars and Dumps Exhibition also featured coins from the period 1813 to 1900 and included a selection of the first coins produced in Australia.

The exhibition ran from November 27 to November 30 at the ANZ Bank.
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BOTCHED OLYMPIC COINS ARE GOLD FOR COLLECTORS

BY PAOLA LORIGGIO, STAFF REPORTER, TORONTO STAR

Published: Friday, November 30, 2007

VANCOUVER—The Royal Canadian Mint's new line of 2010 Olympic coins has proven very popular. But a couple of mistakes—known as "mules" to coin collectors—have sent the value of some coins soaring.

A 2007 quarter for Paralympic curling is supposed to come with the Paralympic logo on the other side of the coin, beside a portrait of the Queen. But in some Olympic coin sets, the Paralympic curling coin has the Olympic logo on the obverse. A subtle mistake, but one that's fetching big bucks.

"It's worth about \$400 right now for a set including the Paralympic mule," said Brian Grant Duff of The Bay Coins and Stamps in downtown Vancouver. "Normally it would retail in the \$25 range."

A second Olympic "mule" has appeared in a collector quarter sold at Petro Canada gas stations. It's a special colorized coin called the Coin Sport Card, and sells for \$7.95. The second coin in the series features

an alpine skier, and is mistakenly marked 2008, rather than 2007.

"When I was first retailing them I was selling them for \$20.10, but the market now seems to say that they're worth about \$30 apiece," said Grant Duff.

About 40,000 coins were sent out in the Petro Canada collection, and another 10,000 mule alpine skiing coins were included in another coin collection.

There were 30,000 coin sets made with the Paralympic curling quarter. It is not known how many had the mistake, but it's probably several thousand.

None of the coins are meant for general circulation, although they could be used for legal tender in a pinch.

Alex Reeves of the Royal Canadian Mint said 22,000 sets were distributed before the mistake was caught. The remaining 8,000 sets were held back.

The mule coin is being replaced with a correct one, the 8,000 mistakes will be "disposed of," and the sets will go back on sale.

None of the Paralympic curling mule coins are supposed to have made it into circulating edition of the coin (Reeves says 22 million were minted).

Grant Duff said the term "mule" is used for mistake coins because using the wrong dies on a coin "is like marrying up a donkey and a horse."

"Canada has a history of (coin mistakes)," he said. "In 1973, we used the wrong bust on the (commemorative) Mountie quarter."



FEARS OF AMERO COIN UNFOUNDED, ECONOMISTS SAY

BY EUNIC MOSCOSO, COX NEWS SERVICE

Former Mexican President Vicente Fox predicted recently that all countries in the Americas will eventually have a common currency, much like European nations now have the euro.

With conspiracy theories running rampant on the Web about a secret plan to create a North American Union with an “Amero” currency, the comment in a television interview sent chills down some spines.

Economists say, however, that the idea of a regional currency for the United States, Canada and Mexico—however tantalizing for some in their ranks—is highly unlikely, primarily owing to domestic politics.

Peter B. Kenen, a senior fellow for international economics at the Council on Foreign Relations, a think tank based in New York, said it will never happen.

Mr. Kenen, who authored the new book “Regional Monetary Integration,” said a handful of economists have proposed a common currency for North America, but that most dismiss the notion.

One major problem is that the three countries would need a central bank. In other words, the United States would need to agree to have Mexicans and Canadians on the Federal Reserve Board and give those countries approval rights over the Fed chairman, Mr. Kenen said.

“Would the chairman of the Federal Reserve system have to appear before the Canadian Parliament and the Mexican [Congress]?” he said. “That is something which I think the U.S. Congress would look at as absolute madness.”

The prospect raises major issues of national sovereignty, said Peter Cappelli, director of the Center for Human Resources at the University of Pennsylvania’s Wharton School.

Mr. Cappelli said it would likely be economically advantageous for the U.S., Canada and Mexico to move toward a common currency, but that it’s “nearly impossible” in a political sense.

A large number of Americans have a problem with the United States participating in the United Nations, he said. “So the idea that we would lose or give up at last part of our control over fundamental issues of money supply, which affect the economy, would be pretty hard for the country to swallow.”

The idea of the Amero has been around for some time.

In 1999, Canadian economist Herbert G. Grubel wrote a paper titled, “The Case for the Amero: The Economics and Politics of a North American Monetary Union.”

He envisioned bank notes and coins with an “Amero” symbol on one side and national emblems on the other that would “preserve important symbols of national identity.”

More recently, Robert A. Pastor, a professor of international relations at American University, published a paper in 2005 that argued for North American economic integration.

Mr. Pastor proposed that the three countries establish a North American Advisory Council with 15 “distinguished individuals,” five from each country. The council would “encourage the three governments to respond to a continental vision.”

Mr. Pastor, who has held several posts with the Carter Center in Atlanta, also said the three countries should create a North American Investment Fund in which to deposit \$20 billion a year for a decade to funnel toward work on roads, ports, railroads and communications to connect the southern part of Mexico with the North American market.

Proponents of economic integration and a regional currency for the Americas also point to the euro.

Thirteen countries now share the euro, including Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Slovenia and Finland. Two more countries—Cyprus and Malta—will adopt the currency next year.

Proponents say a regional currency facilitates travel and tourism, opens markets and increases economic strength and stability, making the entire region more competitive.

The academic discussion about North American integration has made its way to the political stage.

Last month, Republican presidential candidate Rep. Ron Paul of Texas told a group of evangelical Christians that the U.S. is working on eliminating its borders “with a North American Union” and “the introduction of an Amero currency.”

At a summit earlier this year, leaders from the U.S., Canada and Mexico were asked about the reputed secret plan for a borderless North American Union.

Canadian Prime Minister Stephen Harper made fun of the suggestion, saying his opponents speculated on “superhighways through the continent, maybe interplanetary.”

More seriously, he said the three countries have an “enormous commercial relationship,” and that they were discussing such things as the rules for manufacturing jelly beans.

“Is the sovereignty of Canada going to fall apart if we standardize the jelly bean? You know, I don’t think so,” he said.

White House spokeswoman Dana Perino also was asked last month about a plan to create a North American regional coin.

“There is no plan under way to create such a currency,” she said.

Mark Krikorian, executive director of the Center for Immigration Studies, a think tank advocating stronger immigration controls, said the conspiracy theories should not diminish real concerns about a direction in public policy toward open borders.

Mr. Krikorian said that “business and political elites” in the U.S. and Mexico share a “post-sovereignty” worldview tied to globalization, which concerns many Americans.

November 23, 2007