



**NOTICE OF CHANGE IN MEETING DATE: OUR NEW MEETING DATE GOING FORWARD WILL BE THE THIRD MONDAY OF EACH MONTH.**

In this issue of our newsletter, we have another great article from Jeff Garrett on the subject of "Failure Sometimes Leads to Success." Our next meeting will be held on Monday, August 18, 2014 at 6:30 PM in the Bronte Bistro at Joseph-Beth Booksellers in Lexington Green. As a reminder, they have asked that we not bring in outside food or drink when attending the meetings. Instead, we are welcome to stop by the bar on the way into the meeting room to purchase soft drinks, coffee, or food items.

DOOR PRIZE TO BE GIVEN AWAY!

You won't want to miss this meeting! Jeff Garrett at Mid-American Rare Coin will be donating another door-prize item to be given away. Also, Jeff has a really nice deal for any club members who would like to become members of the American Numismatic Association. Jeff will pay half of the first year's basic membership dues for any club member who wants to become a new ANA member. Several of our club members have already taken Jeff up on this deal. The ANA offers members many outstanding benefits including discounted coin insurance, life insurance, library use, on-line delivery of The Numismatist Magazine, and a great convention each summer.

**FAILURE SOMETIMES LEADS TO SUCCESS**

**By Jeff Garrett**

Coin collecting is sometimes an exercise in contradiction. Collectors say they want coins that are original with toning, but actually prefer to buy frosty white examples. Collectors and investors are always hoping for their coins to rise in value, but then complain that they have to pay too much when prices rise. The market is full of contradictions, and one of the most interesting examples is how an issue can be completely ignored and then soars when everyone realizes how few were actually minted. Although there are plenty of recent examples, this phenomenon is not new. In 1915 the United States government struck \$50 dollar gold coins for the first time. The coins were issued to commemorate the Panama Canal Exposition in San Francisco.



The coins are massive, containing 2.5 ounces of gold. They are sometimes referred to as slugs. Two versions of the coin were made for collectors and those attending the Exposition. Examples were struck in round and octagonal shapes. The United States Mint produced 1,000 or more each of the octagonal and round pieces. Despite considerable marketing efforts only 483 Round and 645 Octagonal coins were sold. Incredibly, the United States Mint melted the rest! Today these iconic coins are among the most desirable numismatic objects ever struck by the United States. The coins are officially listed in the top *100 Greatest United States Coins* and sell for sums into the six figures.

Sometimes these numismatic failures are the results of poor sales or lack of interest at the time of issue. Other times, the failures are more closely related to public backlash from an ill-conceived design. This actually occurred at the birth of our nation's coinage in 1793. The first Cent produced by the United States in



1793 featured a portrait of Liberty on the obverse and a chain on the reverse with 13 links representing the close alliance of the original colonies. The coins were immediately criticized as promoting slavery by abolitionist of the day and the chains on reverse were replaced by a single bow wreath. Today Chain Cents

are highly prized and examples have fetched over one million dollars at auction.

Another example of the United States Mint having to make changes due to public criticism can be found on one of the most famous of all coins, the 1909-S V.D.B. Lincoln Cent. The Lincoln Cent was introduced in 1909 to commemorate the 100<sup>th</sup> anniversary of Abraham Lincoln's birth. Victor D. Brenner designed the newly minted coins. The reverse featured his initials in a rather prominent manner. There was considerable public outcry against this bit of self-promotion. After a short time the Mint decided to drop his initials completely from the Lincoln Cent. By this time there had already been 484,000 struck at the San Francisco Mint. This is a tiny mintage by Cent standards, and it created one of the most popular and desirable United States coins. This coin is also listed among the *100 Greatest United States Coins*. Ironically the designer's initials were restored to the design in 1918, but this time very inconspicuously below the bust of Lincoln. This time no one noticed!

Another kind of failure also can be credited for creating numismatic rarities. This is the failure of the nation's economic fortunes. This has probably been responsible for more numismatic rarities than any other cause. Collectors sometimes forget that for 150 years or more United States money was often in the form of hard currency. This means copper, silver and gold. A silver quarter had 25c worth of silver and a gold double eagle contained \$20 worth of gold. Contrary to what many might guess, our nation's economic road has been a bumpy ride over the course its history. There have been innumerable recessions, depressions and economic collapses. One can look at the mintages of our nation's coinage over the years as a sort of temperature gauge of the countries success and failures. When the economy tanked, mintage figures for United States coins would plunge. This is pretty logical, as the demand for circulating currency dropped as a result of a weak economy. There are dozens of examples, but one that stands out is the economic Panic of 1893. The Panic of 1893 was triggered by the collapse of railroad over building and railroad financing that resulted in the failure of many of the nation's largest banks. The United States experienced the worst depression of the nation's history up to that time. The economic impact was deep and affected nearly every sector of the economy. Things got so bad that President Grover Cleveland was forced to borrow \$65 million in gold from J.P. Morgan to support the gold standard. How ironic, the banks **bailing out** the country!



In 1893 the production of Silver Dollars plunged to all-time lows. All three Mints-Philadelphia, Carson City, New Orleans and San Francisco produced less than 1 million coins. Just 100,000 1893-S Morgan Silver Dollars were struck, the lowest ever for the series. This created an all-time classic rarity that is extremely valuable in all grade. The coin is also listed as one of the *100 Greatest United States coins*. The Panic of 1893 took several years to resolve, and in 1895 the Philadelphia Mint released no Silver Dollars for circulation. The Mint did strike Proof coins for collectors and these are classic rarities as well.

Sometimes a new issue will be poorly received by the collecting public. In 1997 the United States Mint decided to issue a coin to honor the memory of baseball great, Jackie Robinson. The Mint was authorized to produce 100,000 gold \$5



coins in Mint State. Incredibly, only 5,174 coins sold at the issue price of just \$200 each. An instant rarity was created, and today these coins sell for thousands of dollars. The same thing happened in 2000 when the Mint was able to sell only 7,261 examples of the Mint State variety for the

Library of Congress bimetallic Half Eagles. The issue price of around \$200 now looks like an incredible bargain as these coins now sell for thousands as well. Interestingly, both coins were also struck as Proofs, but with much higher mintages due to the demand at the time. Buyer's lack of interest in the Mint State coins resulted in very rare issues that are only now appreciated by collectors.

Occasionally the United States Mint will fail to anticipate the demand for an issue and strike far less coins than there is demand for. In 1995 the Mint produced only 30,125 Proof Silver Eagles for the (4) coin sets issued that year. Collectors had balked at the price of \$999, which included four gold coins as well. Today the 1995 W Proof Silver Eagle is the "key" coins for the series and highly desirable. The Proof 1995 W Silver Eagle alone sells for thousands of dollars. The Mint has created other instant rarities of the Silver Eagle series in recent years. In 2011 the Mint struck only 100,000 Silver Eagles at the San Francisco Mint. This is far below the average demand of this popular series and the coin is already on the list of the *100 Greatest Modern Coins*.



Another series that might be worth watching is the First Spouse \$10 gold bullion coins. The coins have been poorly received by the public and the mintages for the coins have been tiny. Some of the 2009 issues have mintages of just under 2,000 coins. Only time will tell if this initially unpopular series catches on with collectors. Buyers seeking and appreciating the rarity created by the Mints failure with these coins could prove profitable someday.



Finally, the last sort of failure by the United States Mint that can prove popular with collectors are the many mint errors that have been created over the years. The Mint strikes billions of coins each year, and since the creation of U.S. coins in 1793, mistakes happen. Some are minor and of little value to collectors. Others however can be epic in nature and are among the most sought after U.S. rarities. In 1943 the Mint struck Lincoln Cents in Steel to save copper for the war effort. Hundreds of millions were minted in steel. Mistakenly, a small handful of the Cents were struck with copper planchets left over from the year before. Slowly these began to show up in circulation. There are currently only about 15 known to exist from the three different Mints- Philadelphia, Denver and San Francisco. These coins now sell for a minimum of \$150,000 each when offered for sale. The unique Denver coin sold for over \$1,000,000 last year! Other popular mint errors can be found in about every series of United States coinage. The public is fascinated by the Mints failures, and demand for these types of coins will most surely increase in the future.

By now you are probably starting to realize the potential value of numismatic failures. Since the beginning of our coinage over 200 years ago, there have been numismatic failures that later became extremely popular. The next time you read about a coin and it sounds unappealing, keep in mind that someday that might be an extremely low mintage issue that will soar in value. It's sort of the contrarian numismatic play. It has worked in the stock market for years; maybe it will work for you someday.