



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 *the "Importance of Auction Records."* Our next meeting will be held on Monday, July 21, 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.

IMPORTANCE OF AUCTION RECORDS

By Jeff Garrett

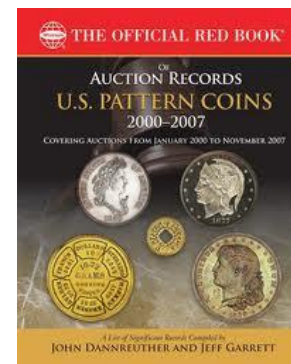


A quarter century ago the world of rare coin pricing was considerably more difficult than it is today. Anyone wanting to establish the value of a coin had limited tools. The standard references of the time were generally Grey Sheet, Redbook and Coin World Trends. These were updated rather infrequently and basic at

best. Most price guides also featured a much more narrow range of grades than offered today. Numismatic experience was very valuable for anyone with the skills to understand the nuances of coin values. Collectors and dealers today have so much more useful information at their fingertips. This explosion of information is one of the big reasons rare coins have performed so well in the last couple of decades.

One of the key numismatic tools that have been developed in recent years is sophisticated auction records databases. Professional numismatists today rely heavily on these auction records to establish values when buying or selling. For transactions of coins over \$1,000 in value, auction records have become one of the most important elements when deciding to make a purchase. As with any pricing mechanism however, there is much to interpret when studying a coins auction performance.

Many in the industry debate whether auction records are a reflection of the wholesale or retail markets. A very strong argument can be made for both sides of the fence. In my opinion, auction records for coins with a very strong collector base usually reflect retail prices more closely. This would be for popular series such as Morgan Dollars in high grade, Walking Liberty Half Dollars, and Mercury Dimes. Of course anything in the top of the population reports usually sell to collectors for strong retail prices. Series with a weaker collector base are often purchased by dealers willing to wait for a buyer to materialize. Coins with a substandard appearance might also sell for much less than normal. Generic gold coins and



other commodity based coins also sell for prices much closer to wholesale than retail.

Auction records today are available for most collectors or dealers considering a rare coin purchase. That has not always been the case. About 15-20 years ago auction records were hard to come by. None of the auction houses made the information available in a database, and the only printed versions were the Rome's Prices Realized books. These came out yearly, and only the most advanced dealers bothered to purchase them. The need for auction records in a database actually began as a tool for research. In the late 1990's when personal computers became widespread, myself and a couple of other researchers began to assemble auction records. We focused on sales starting in 1984 when third party grading took off. The first auction records were hand assembled by a group of college students in my office entering the information from the actual catalogues. This was tedious and very time consuming, especially considering that these students know little or nothing about rare coins. After about six months we had assembled a very useful database of rare coin auction records.

It did not take me long to realize the value of these records. During a Michigan State coin show a dealer offered me an 1841 Quarter Eagle. The coin was priced quite high in relation to Greysheet and other retail guides. A quick check of my auction records showed that similar coins were selling for nearly twice his asking price. I realized that auction records were almost an unfair advantage when buying and selling coins. The original idea for the auction records was for research, but the commercial application was quite obvious. We soon hired more students and expanded the database. Others quickly followed with offering auction record information. Heritage has made incredible use of the gigantic numbers of auction records they have assembled. Jim Halperin gave a speech



recently and noted that Heritage saw the commercial value of keeping this information proprietary, but opted to offer

the information to everyone to expand the hobby. I believe the Heritage auction database is one of the keys to the success of their incredibly popular website.

As mentioned above, auction records are a great tool, but can be complicated to understand. Just because a rare coin sells for twice catalogue does not mean they are all worth that. The same can be said for coins selling for deep discounts to current price guides. Collectors and dealers need to consider many factors, including eye appeal of the coin, market conditions at the sale, and other issues. If you see an auction record that is unusual, try locating an image of the coin. A price could be the result of awesome toning, an old holder, or incredible luster. A study of auction records for actual examples is one of the best ways for collectors or dealers to more fully understanding the series they have chosen. You can also use auction records in negotiations. It's hard for someone to charge a much higher price than a current auction record without some sort of justification.

As with any tool, knowing how to use them is vital to your success. Price guides are useful, but having the security of knowing what an actual coin sold for is very reassuring. Charles Anderson, owner of Whitman Publishing, assembled one of the largest Pattern coin collections ever assembled. He told me that he would not have collected them without the assistance of auction records. If you start using them, auction records will soon be a part of your collecting strategy.