



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 Auction Representation. **Our next meeting will be held on Monday, March 17, 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.

AUCTION REPRESENTATION

By Jeff Garrett



As nearly everyone who buys rare coins knows these days, a larger percentage of the market is conducted at auction. The auction market has exploded in recent years. Twenty

years ago, the total amount of rare coins sold at auction in the United States was probably less than \$25,000,000. More recently, that number is closer to \$750,000,000 or more. That does not even include the thousands of coins sold each day on eBay and other internet web sites. There are several explanations for this, the biggest being the tremendous rise in the prices for coins at the top end of the market. Years ago a million dollar sale made front page headlines, today these are a seemingly monthly occurrence, and barely mentioned. The size of rare coin and currency auctions has also increased tremendously. At this year's FUN show, Heritage Auctions was simultaneously conducting separate auctions of world coins, currency, and US coinage. Thousands of coins and currency were sold during the week.

A typical rare coin auction will offer a wide range of rare coins and currency. Collectors looking for interesting and rare coins will be compelled at some point to consider participating in a rare coin auction. This is especially true when an old time collection of seldom, if ever seen, rare coins come to market. These type of sales sometimes offer a once in a generation opportunity to buy a numismatic rarity. The recently conducted sale of the Eric Newman collection which had been graded by NGC is a great example. Many of those coins had been off the market for over 75 years. The prices realized for the great coins in the sale stunned most market observers.



The Reserve Bank sold the remainder of its holdings of gold coins at an auction organised by Downies Australian Coin Auctions in November.

This brings up the subject of this week's article. For many collectors these auctions offer a great opportunity to purchase coins that are nearly impossible to find. The problem is that these auctions will also require a substantial financial commitment to be successful. Most collectors find the process of placing winning bids in an important sale to be nearly impossible. No matter how aggressive the bid, they lose out. This is where the advice of a seasoned professional can be invaluable. Having someone to look at lots, figure bids, and execute a bidding strategy is well worth the investment of a few percentage points. Without this help, collectors will often either miss the chance to buy the coin or pay substantially too much. Expert advice can be crucial in a pressure situation.

One of the greatest advantages of seeking an auction representative is to have someone screen coins for quality. As we all know, coins of the same grade are not

always alike. Some collectors prefer nicely toned, original coins. Others however, want coins with frosty white surfaces. An auction representative can also check coins for hidden marks, scratches, or rim problems. With quality being the biggest driver of rare coins prices, the advice of an expert is extremely important. The photography of most rare coin auction firms is excellent these days. With a few clicks, collectors can zoom in and examine the obverse and reverse with ease. Unfortunately, anyone with experience can tell you that seeing a coin in person is the only way to fully understand the quality of a rare coin. Most dealers know their customers, and have a good understanding of what kind of coin they are looking for. I tell my customers that my criteria is simple- I want to recommend coins that I will be happy to repurchase at some point in the future. Having someone on your side when it comes to quality is well worth the investment.

Once you and your advisor have decided to bid on a coin, the work really begins.



You need someone who understands your priorities, budget, and quality desires. Your advisor should also be an expert in the series you are bidding on. There is a fine line between making sure you secure the coin of your dreams and vastly overpaying. An expert can help you decide how far to go when figuring bids. Most will have access to previous auction records, private sales, and years of experience. Many collectors get very excited when something they have been looking for shows up at auction. An expert can help you weigh the value of such opportunities and decide how aggressive to be. Years of experience is a valuable tool in the rare coin market, and for a few percentage points, it can be the best investment collectors can make.

Most collectors know the dealers who specialize in the field of collecting they have chosen. Nearly all of these dealers are willing to assist collectors at auction. The typical fee for auction representation is around 5%. The fees are obviously negotiable, but remember that a considerable amount of time is required to properly represent someone at auction. A great place to start when seeking auction help is to work with someone who you have established a relationship with. These relationships can be extremely valuable in the long term and well worth the investment.

The next time a coin sets a record at auction, make sure you have received some solid advice if you happen to be the winning bidder!