

Chapter 1

Welcome to the World of Coin Collecting

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- ▶ Moving from a coin admirer to a coin collector
 - ▶ Buying your first coins
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The first actual coins date from about 600 B.C. They were really nothing more than crude, pre-weighed pieces of silver, electrum, or gold, stamped with a punch by the king who made them. Soon thereafter, dies were invented that were fancy enough to identify the king who issued the coin and the value each coin carried in trade.

Formally called coins at this point, those that were available in quantity and found to be usually reliable in their weight and purity became acceptable to all who traded them, and so started the use of coinage in commerce as we know it today. The trading efficiencies that coins afforded over barter were so great and so obvious that all those in economic power copied the idea to the benefit of themselves and their own people.

Huge quantities of coins were made by countless rulers, and barter as a trade method promptly became the second favorite way to trade. Trading with coins, and exchanging coins of one country for those of another, became a profession. (These were the first “bankers.”)

Since the earliest days of coins, tens of thousands of princes, kings, and emperors, as well as dictatorships and republics from an untold number of cities, states, kingdoms, and empires around the world — most having long since disappeared into the mists of history — all manufactured coins. But before they disappeared forever, they first minted and issued — and left behind for us to find — untold multiple millions of coins in literally hundreds of thousand of designs, sizes, denominations, and metals. The first coin collector undoubtedly appeared along with the first coin. And collecting coins became a social event, fun then as it is today!

B.C.: Before coins

Before the invention of coins, all commerce was done “in trade,” by bartering. Every time one man wanted to trade the extra goods he had for the goods he needed, he had to set a rate of exchange for each and every item he traded, with each and every one of his trading partners, each and every time they met. How much cauliflower for how much salt? How many sheep for a cow? What to pay to the chief in return for his protection?

This cumbersome process was probably confusing and time-consuming, and no doubt dreadfully inefficient and very stressful. It probably led to heated arguments and maybe even fights. Our man wants to trade a cow for some sheep, but the guy with the sheep wants a horse. The fellow with the food already has water and three daughters, but he’s willing to trade for husbands for his daughters, wine, or axes. But the guy who makes ax heads doesn’t feel well, so there’s a shortage of his fine product. The chief wants his taxes in arrowheads, axes, and knives, and probably not daughters. And so it went. Trade, although necessary, was barely productive and definitely not fun.

Out of this carousal of chaos in the barter economy came the first standards of trade. A *standard* in trade is an item that everyone who trades agrees has a value against which everything else can be judged and then traded. Objects used in this way have included seashells (in inland areas

where seashells weren’t found), animals, beads, grain, salt, obsidian (volcanic glass), stone arrowheads and knives, and bone fishhooks, to name just a few. Standards of trade slightly simplified the trading process into a productive and at least somewhat social event.

Next came man’s discovery of metal in a natural state. The first of these metals was iron (from meteorites), followed by copper, gold, and silver. These metals were desirable to all men, not just because they were great for making tools, but because they were beautiful. Over time, the metals became the most acceptable items for exchange — a storehouse of value. Now a man could sell his cow today for gold, and have something to trade for food next month. These metals were, for the most part, small and convenient to carry and store, making for the first universal medium of exchange.

Still, during each trade, the amount of each metal varied in weight and in pureness. To solve this problem, the natural solution was the weighing and marking on each the value of each piece. Eventually the local chief took to marking each unit with its value and assigning his mark, indicating its acceptability in trade — a preset value. Trade expanded to include metal arrowheads and knife blades, even nails, the direct ancestors of coins as we know them today.

On Your Mark, Get Set, Go: Starting Your Coin Collection

Coins have been collected by everyone from Julius Caesar and Trajan (both Roman emperors) to U.S. presidents Franklin Roosevelt, Harry Truman, and Bill Clinton, to millions of “commoners” like us.

You can join those millions of famous and not-so-famous folks of the past and present and have lots of fun collecting coins, but first you need to arm yourself

with some information. Every coin collector builds his collection differently. Some people with less imagination go for the simplest and least interesting coins; others with more derring-do go for the complex and confusing. The good news: There isn't one right way to collect coins, and no matter how you go about it, you can have a good time. (For an overview of coin collecting, including the *whys* and *hows*, turn to Chapter 2.)

Before you spend a dime on collecting coins, you need a buying strategy. You need to know how to research the coins you're interested in, and how condition, rarity, supply, and other factors influence the coins' values. Most beginning coin collectors get hung up on the coins' values. Don't get us wrong: Value is important, but it's just one of the things you may want to consider when collecting coins. Also important is discovering which coins interest you and building a collection you can enjoy. (We cover all these topics in Chapter 3.)

When you've decided to give coin collecting a green light, and you've set up a plan for building your coin collection, you'll want to be sure you know how to hold a coin correctly (because if you don't hold it correctly, you could damage it) and how to store your collection (to keep it safe from all the evils that can befall a coin). (Turn to Chapter 4 for more information on storing and handling your coin collection, whether it consists of one coin or a hundred.)

Eeny, Meeny, Miney, Moe: Deciding Which Coins to Collect

Sure, you could rush out to the nearest coin dealer and fork over a bunch of cash for the first shiny coin you see. But we recommend getting familiar with what's out there first. Maybe Ancient Greek or Ancient Roman coins or other coins from the biblical period suit your fancy. Maybe you're blown away by coins from the Byzantine Empire or mowed down by medieval European coins. There are unlimited choices in just these areas alone. (Turn to Chapter 5 for the lowdown.)

On the other hand, maybe you're more interested in modern U.S. coins. If so, you're not alone. The U.S. Mint has sold coins to 130 million people in the past few years. That's a lot of collectors, so you can count on meeting all kinds of new people and making friends as you build your U.S. coin collection. (For more on U.S. coins, check out Chapter 6.)

Maybe you're more interested in collecting coins from around the world than you are in sticking with the red, white, and blue. You can collect by country, by denomination, by date, by size, or by topic. Coins go in and out of style, too — maybe not as fast as brands of blue jeans, but there are trends in coin

collecting, and as a collector, you should be aware of them. (You can find more on all this in Chapter 7.)

Finally, even though you may not think of the word *wild* when you think of coin collecting, trust us: Numismatics has a definite wild side. If you fancy yourself a bit of a rebel, or you like to tread the road less traveled, all those rare, expensive, odd, and curious forms of money may be just right for you. In Chapter 8, we fill you in on what's out there, touching on collecting the coins in the best of conditions and investigating all manor of tokens and dies along the way.

I Pledge Allegiance: Turning Your Attention to U.S. Coins

All kinds of coins have been used in the United States, starting with coins the colonists used before they got together and became a country. Before Tom Jefferson sat down to try his hand at declaring independence, when colonies were the order of the day, foreign coins — coins from France, Great Britain, Ireland, Mexico, and Spain — were used, as were coins made in the colonies themselves (including Connecticut, Massachusetts, New Jersey, New York, and Vermont). (For more on privately made coins, tokens, and medals and the desirable coins of the Continental Congress, turn to Chapter 9.)

In Chapter 10, we cover copper and nickel federal coinage, including copper half cents, large cents, small cents, and two cents, as well as nickel three cents and five cents. We bet you'll discover some denominations that you've never heard of before.

Silver coins make up the bulk of U.S. federal coinage. In Chapter 11 we cover three cents, half dimes, dimes, 20 cents, quarter dollars, half dollars, and dollars. Most everyone has seen a silver dollar, but how about a silver half dime or a 20-cent piece?

The balance of U.S. federal coinage made of metal is pretty much confined to gold coins (Neil's personal favorite). In Chapter 12, we discuss \$1 gold, Quarter Eagles (\$2.50), \$3 gold, \$4 gold, Half Eagles (\$5), Eagles (\$10), and Double Eagles (\$20). These are the royalty of U.S. coinage, and they're as popular today with coin collectors as they were over 200 years ago with merchants.

Coins are made for more reasons than just commerce. In Chapter 13, we cover *commemoratives* (coins that were made for special reasons) and the new 50 State Quarters program and its cousin, the Presidential \$1 Coins.

Chapter 14 brings you to the odd and unusual coins. These include *patterns* (coin designs that never made it into production); private pioneer gold, including Quintuple Eagles, or *slugs* for short (\$50); coins of the 1830s through the Civil War; Confederate coins; Hawaiian coins; coins made as proofs; and coins made with errors (yep, people collect *them*, too!).

I'll Take That One, and That One, and That One: Buying Coins

Coin collecting is not without its pitfalls. If you want your coin collecting to be more fun than not, you need to know what the pitfalls are and how to avoid them. We fill you in on grading and fakes, as well as coins that have been repaired, restored, recolored, cleaned, or dipped and what that means. We also discuss scams, misrepresentations, overgrading coins, and undergrading coins, as well as return privileges and guarantees of authenticity and grade with coins. (Turn to Chapter 15 for all this and more.)

Part of buying coins is finding coin price guides and knowing how to use them. If you've ever looked up a stock price in the newspaper, using coin price guides will be a breeze (and if you haven't, don't worry: we walk you through it). (For more on price guides, check out Chapter 16.)

When you know which coins you want to buy and about how much you should expect to pay, you'll want to find a good, reliable coin dealer. There are plenty of dealers to choose from — locally, regionally, and nationally — depending on your needs. (Chapter 17 shows you how to select a dealer with confidence.)

Many coins are bought and sold at public auction — and for more than a few good reasons. If you're going to buy a coin at an auction, though, you need to be prepared and know how to bid. (In Chapter 18, we cover all this, as well as all the rules you need to be aware of.)

An important aspect to buying any coin is the coin's condition and how it affects coin value. You need to know about strike, eye appeal, luster, and condition (wear), as well as how coins are graded, how grade affects the coin's price, proofs, grading damaged coins, and what constitutes grading standards. (Turn to Chapter 19 for all this.)

Finally, when it comes to buying coins, it helps to know how to grade a coin, the tools required to do it correctly, and how to find a professional grading service. (Chapter 20 is where we fill you in.)

Parting Is Such Sweet Sorrow: Selling Your Coins

There is an art to selling anything, and coins are no exception to that rule. You need to know what to expect when you sell your coins, decide whether to sell your coins yourself, and prepare to make the sale. You also have to get your coins properly graded and fairly priced, find coin dealers to sell to, and keep records of your sales. (Turn to Chapter 21 for the lowdown.)

If you decide to have a professional sell your coins, your choices are to sell directly to a dealer, on consignment, or at a public auction. You have to make sure you're paying a fair commission, know how to set a price, and choose a dealer. If you decide to go the route of the auction, you need to know how to pick an auction house, the fees you should expect to pay, and the fees you should *not* pay. In Chapter 22, we fill you in on all this, plus tell you what you'll find in an auction contract and provide a handy list and up-to-date description of all the leading coin auctioneers in the United States today.

Coin selling involves certain legal and tax responsibilities. In the United States, selling just about anything for a profit is taxable and, sadly, coins are no exception. You need to understand your tax obligations and the ways to minimize them, as well as the like-kind exchange rule in taxes. We cover this in Chapter 23, and also briefly touch on coins as an investment. Coin collecting is lots of fun, but not if the IRS comes pounding on your door. Don't let the fear of legal or tax issues deter you: In this last chapter before the Part of Tens, we give you the information you need so that you can focus on the fun of buying and selling coins, not on the legalities.