The Truth Behind Confederation

The Government Confiscated $75 Million of These Coins in 2011

Think You're Safe?
Dear Coin Investor and Collector,

As president of American Federal Rare Coin & Bullion, I have compiled my 33+ years of experience into a collection of booklets that strive to educate you in the variables of the rare coin market. This booklet on Confiscation will bring to light the myths and the outright lies that are being communicated in the industry even today.

I am a member of and abide by the Code of Ethics of both PNG - Professional Numismatic Guild (Member #553) and the American Numismatic Association (Life Member #5211). I also belong to a host of other coin organizations including NGC, TNA, CSNA and FUN.

Remember that we at American Federal believe in educating our clients so that YOU can make the right investment decisions for your life and financial future. I want you to understand that the information I provide is for your benefit. Unlike other dealers, my bottom line is not the motivation for this or any other book, unlike those who brag about winning various awards for books promoting rare coins. The coin industry likely won't reward me for telling the truth.

Call us at 800-221-7694 or e-mail me (nick@americanfederal.com) and we'll help get you on the right track.

Sincerely,

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TRUTH ABOUT CONFISCATION

The notion of the U.S. Government confiscating gold again has been widely used by dealers to promote “numismatic” coins to investors seeking a safe haven for their dollars. Many of the claims being made by dealers and brokers are myths, misinformation and outright lies. Dealers insist on perpetuating the myth that purchasing gold coins minted prior to 1934 protects your gold from confiscation. Without exception, the investors who believe these scare tactics pay too much for their coins.

Dealers lead investors to believe that old U.S. gold coins are “non-confiscatable” and modern gold coins are not.

One major dealer goes so far as to write that $20 St. Gaudens were never confiscated. This is absurd. In 1933, St. Gaudens were the largest part of the banks gold reserves and were never exempt. These reserves of gold coins included ALL gold being used at the time from $2 ½ Indians and Liberties, $5 Indians and Liberties, $10 Indians and Liberties to $20 St Gaudens and $20 Liberties.

Secondly, as recently as 2011, the Secret Service confiscated $75 Million worth of $20 St. Gaudens from a family in Philadelphia. A six year court battle for these ultra rare 1933 $20 gold pieces (the last time one sold was in 2004 for $7.5 million) ended with the government locking the coins away and the family receiving NO COMPENSATION.

Another myth is that most of the gold coins were melted. That implies that the old U.S. Gold coins are rarer than they are. In fact, the government did not melt the majority of coins. These coins were freely given to foreigners in exchange for paper dollars until 1934 when the Government raised the price of gold to $35.

Here’s why:

The official price of gold was not raised to $35 per ounce until 1934. The value of the dollar was in flux well before this time. The fact is that even before the Government instituted the Emergency Banking Act of 1933, there was speculation that the dollar would be devalued. Many people sent gold coins to Europe and foreigners rushed to turn their dollars into gold.

A foreign bank cashing in $20 million paper dollars would receive 1 million
ounces of gold bullion. Instead the Treasury would deliver gold coins with a face value of $20 million. Each $20 gold piece has less than 1 ounce of gold (likewise $10 gold coins are less than ½ ounce, $5 gold coins are less than ¼ ounce and so on). By delivering coins, the Treasury delivered only 967,500 ounces, saving the Government 32,500 ounces. You can see that in addition to the huge amounts of gold sent out of the country before Roosevelt called in gold, the Treasury sent millions more to Europe and beyond.

So, in essence, the gold coins your dealer is selling you as non-confiscatable are coins that have already been confiscated once!

For the last 50+ years it has been big business for dealers to bring these coins back from Europe.

Dealers will claim the following lies are true:

1. CLAIM: Coins with 15% premiums over gold are defined as numismatic. FALSE!: No such regulation or statute exists.

2. CLAIM: Coins minted prior to 1934 are exempt from confiscation. FALSE!: Not true then and not true now. No law or regulation backs this up.

3. CLAIM: $20 St. Gaudens and Liberties as well as other old U.S. gold is considered non-confiscatable by the Government. FALSE!: All of these coins were exactly what was called in the first time. There are hundreds of millions of these coins. They are not rare or unusual at all.

4. CLAIM: The President can confiscate your gold tomorrow. FALSE!: Again NOT TRUE. In 1977 the Emergency Powers Act was changed to take that power away from the President.

WHAT IS SAFE?
Interestingly enough, the only coins the Government does actually define as numismatic are the modern coins, including Gold and Silver Eagles and Gold Buffalos. Dealers won’t tell you this.

The Gold Bullion Act of 1985, Public Law 99-185 of December 17, 1985, provides for the creation of Gold Eagles. Section 2(3) states, “For purposes of section 5132 (a)(1) of Title 31, all coins minted under this subsection shall be considered numismatic items.”

The same wording is incorporated in the Silver Eagle and Gold Buffalo legislation.

HERE IS THE BEST PART

Assuming the U.S. does confiscate gold and exempts numismatics, these coins would likely be the safest to own.

Buying the old U.S. Gold, such as $20 St. Gaudens and Liberties, $10 Indians and Liberties, $5 Indians and Liberties, $2 ½ Indians and Liberties to protect you makes no sense:

- You give up having a Government definition that the coins are numismatic.
- You give up liquidity. These coins are very hard to resell. They cannot be sold in any quantity in a daily market. Most days there are bids for less than 80 of these old coins. Eagles and Buffalos give you ultimate liquidity and thousands can trade in any given month.
- You give up profits. None of the so-called old U.S. Gold numismatic coins have kept up with gold. Many have lost value and all have lost premiums. In fact, $2 ½ Indians have dropped nearly 70% since 2006 while gold has nearly tripled.

You need a review to prove to yourself that your coins not only aren’t safe from confiscation but also are not following gold. They are not protecting your money and they won’t help you when and if the dollar crashes.

Some points will be repeated, but only because they are so important to understand.

INTRODUCTION
Confiscation has been a big concern for gold buyers and holders since President Roosevelt first required U.S. citizens to turn in their gold and gold coins in 1933.

There is certainly room for concern, but there has been so much misinformation and outright lies about how the past Executive Order 6102, part of the Emergency Banking Act, could affect today’s precious metal owners.

The Emergency Banking Act of 1933 was enacted without being read. In fact, The Minority Speaker of the House stated that it was passed before it was even committed to paper. Keep in mind that in that era there was still great trust in government and the President.

The Emergency Banking Act was actually an extension of the old pre-World War I Trading With The Enemy Act of 1917. This gave the President the power to regulate transactions in foreign exchange with enemies of the U.S. government. Obviously it was meant to limit trade during WWI. No one conceived that the enemies would turn out to be the American public. The Emergency Banking Act of 1933 was changed to delete the phrase “in times of war” from the Trading With The Enemies Act. This allowed the President to take action against “hoarding” wealth, which was blamed for the Depression. All that was required was for the President to declare a state of emergency.

This was changed again in 1977. The phrase “in time of war“ was again added and the power to regulate gold and silver was specifically taken away from the President.

Remember too that currency had always been redeemable for gold or silver until 1933. Americans were used to carrying paper money and many did not see any difference between holding gold and trading it in for paper currency. A $20 bill and a $20 gold piece bought the same amount of goods. People believed government assurances that it was necessary to combat the Depression. The House Minority Leader stated to a colleague that, “The house is burning down and the President of the United States says this is the way to put out the fire. And to me at this time there is only one answer, that is to give the President what he demands and says is necessary to meet this situation.”

The price of gold was changed daily and no one could figure out what the
value of the dollar was worth. Private lending came to a standstill under the prospect of more devaluation. All the while, foreigners were getting paid off in gold coins of the U.S. In reality, this likely extended the Depression, rather than shorten it.

People at the time had faith in the government and actually wanted to help out by turning in their gold. On April 5, 1933 (before the government enacted gold confiscation) the White House reported that more than $1,200,000,000 was returned to the banks, $600,000,000 of which was gold and gold certificates. That means that $600 million in gold was returned to the government before the Executive Order 6102 was even put into effect.

It’s documented that an additional 9.8 million ounces of gold was taken out of circulation in 1932, well before gold confiscation was enacted. Undoubtedly, much of this gold was taken out of the banks by people who had concerns about what was coming and were worried about the coming devaluation of the dollar. Much of this gold was stashed away or sent overseas.

Although many people felt it was patriotic to turn in their gold, millions of people did refuse to turn in their gold and, except for one case, were not prosecuted.

Today’s gold owners are not as likely to voluntarily hand over their gold, since most own it exactly because they don’t trust the government. Many see their gold holdings as pure survival. Since most gold sales are not reportable to the government there is no way for the government to know if you still own gold, if you gave it away, sold it, traded it or even had it stolen.

One more thing that no one seems to talk about was the $100 gold allowance WHICH WAS INCLUDED IN THE ORIGINAL Executive Order 6102. This clause enabled citizens to hold $100 in gold (5 ounces) and be exempt from confiscation. That would total more gold than the U.S. Mint produced. Many people took advantage and put $100, or 5 ounces away for themselves, their kids, wives, parents and so on.

In the book, “A Monetary History of The United States 1867-1960,” Milton Friedman states that 13.9 million ounces of gold was still in circulation in 1934. That amounts to only .15 ounces per American. Well under the 5 ounce allowance. Only 21.9% of the gold in circulation in 1933 was turned in. This is verified in various other independent sources.
I have not been able, so far, to find out how much of that was melted, but if even half was melted into what is commonly called “coin bars,” that would mean only 10% of the gold minted was melted down. The notion that all or a majority of the old gold coins were melted is a huge exaggeration of the facts.

Interestingly, some people question the reason for President Roosevelt allowing the 5 ounce allowance. I believe even then the President had to dole out “democratic socialism”. That is to let the average person feel they are not the one being singled out. It’s the same logic behind today’s tax allowances. Until a person makes a certain minimum income they are allowed to make money without paying taxes.

No one knows what the government might or might not do in regards to gold confiscation. Many investors believe it’s inevitable that history will repeat itself, while others think it’s ridiculous. My goal is not to change your mind but simply to make sure you understand how dealers are using this hot topic to mislead, overcharge and even leave you vulnerable to what you fear most – confiscation.

SO, IF RARE COINS ARE SAFE, then why did the government confiscate $75 million in $20 St. Gaudens in 2011?

Some dealers have used gold confiscation argument to separate you from your money. Some twist the truth. Do they always tell you the most recent developments? Are they leading you to believe that the Executive Order of 1933 is still in force? Worse yet, some dealers have sold coins that were not exempt from President Roosevelt’s Executive order while claiming they are non-confiscatable.

Some dealers and brokers have used scare tactics as a means to confiscate your money, since many, quite frankly, have little idea of the reality of laws now in force.

There are so many false claims being made by dealers that you need to be aware of.

MORE FALSE CLAIMS

1. **CLAIM:** All “numismatic” coins are safe from confiscation.
   **FALSE!** There are no laws or regulations to support this claim.
Further, there is nothing that protects coins minted before 1934. This is nothing more than a deceptive marketing ploy.

2. CLAIM: Any coin with a 15% premium over gold value is a “numismatic” coin.
   FALSE!: There was a regulation proposed in 1984 but was never adopted.
   I am sure this is what dealers are basing this bad information on. The other problem with this assumption is that in tough times, the premiums (price above the actual gold value) actually fall, so even if you buy a coin that has a high premium, there is no guarantee that it will be there when you sell or when the government confiscates coins, if they ever do. A good example is an MS63 $20 St. Gaudens. These coins traded for very high premiums in the 1990’s. They were about double the price of gold (100% premium over gold). By 2013, these coins could be bought for less than 15% over the gold value. In fact, circulated coins trade for as little as 3% over gold value. This is true of many U.S. gold coins.

3. CLAIM: Numismatic coins are treated differently than bullion coins when you purchase them.
   FALSE!: The fact is there is NO reporting on any type of coins when you purchase. When you sell, most bullion coins they are treated exactly the same as numismatic coins. There is no advantage to numismatics if you are concerned about reporting or privacy.

4. CLAIM: Any regularly traded gold bullion coin is included in what the government will confiscate.
   FALSE!: Not true.

5. CLAIM: The government defines coins such as $20 St. Gaudens and $20 Liberties as “numismatic”.
   FALSE!: The government has no definition for numismatic coins. The only coins considered numismatic in actual legislation are modern coins such as Gold Eagles and Buffalos. Contrary to what any dealer says, the Pre-1934 US Gold coins are not considered “numismatic” coins.
   The fact is that no one knows what will happen should the government decide to take your gold. What we know for sure is that there is no law, regulation or statute on the books that allows the President, Congress or
anyone in government to confiscate your gold.

It's impossible for anyone to guarantee that they are selling you coins that are safe from confiscation, since there are NO regulations concerning confiscation.

**EXECUTIVE ORDER**

First, let's take a look at the Executive Order of 1933 that has cost us so much anxiety and money. This Executive Order has made more money for coin dealers than anything else the government has done.

Many dealers scare potential buyers with misunderstandings, myths and mostly lies. They promote the idea that the government will once again confiscate gold coins. They do this to promote sales of high-priced and usually overpriced coins. They tell investors that “old” gold coins are protected from confiscation while new coins are not. Some dealers claim that coins must have a 15% premium over gold to be safe. Interestingly, many of the coins sold do not have that high of a premium, including many coins in MS60 to MS64 and even a few in MS65, such as $20 Liberties, $20 St. Gaudens, $10 Liberties and Indians and $5 Liberties. Others say coins need to be 100 years old to be considered sufficiently antique.

It is imperative to understand that there is no regulation to support ANY of these myths. The main part of the Executive Order that investors and dealers are concerned with are:

> “All persons are hereby required to deliver on or before May 1, 1933, to a Federal Reserve bank or a branch or agency thereof or to any member bank of the Federal Reserve System all gold coin, gold bullion, and gold certificates now owned by them or coming into their ownership on or before April 28, 1933, except the following:

> Gold coin and gold certificates in an amount not exceeding in the aggregate $100 belonging to any one person; and gold coins having recognized special value to collectors of rare and unusual coins.”

Interestingly, no one picked up on the $100 exemption allowing every person in the United States to hold approximately 5 ounces of gold. With a population of 90 million at that time, that would amount to 450,000,000
ounces, which was more gold than was minted.

The short 14-word phrase that dealers hang their hats on are: “Gold coin having a recognized special value to collectors of rare and unusual coins.”
Depending on who interprets this it could mean all numismatic coins or it could mean only very rare numismatics. There is no definition of what a collectable coin is. Plus, there is no guarantee that any new regulation would use Roosevelt’s exemption. No one can guarantee that any coin sold today can be non-confiscatable in the future.

The “gold call-in” in 1933 definitely included $20 St. Gaudens, $20 Liberties and $10 Liberties, $5 Liberties and $10 and $5 Indians, to name a few.

To believe that collector coins were completely safe is false. In the book Double Eagle the author substantiates cases of forced confiscation of truly rare coins dating back to the early 1800’s.

In 2004, the government confiscated ten 1933 $20 St. Gaudens from a family in Philadelphia. The courts upheld the government’s case in 2011. These are among the most valuable of all U.S. coins. The one and only privately held 1933 $20 St. Gaudens sold in 2002 for $7,590,000.

I maintain that your numismatic coins are not safe if the courts upheld the government “confiscation” of several $7.5 million coins.

WHY CONFISCATE GOLD IN 1933?
It is important to understand that the banking crisis in 1933 was draining the gold supplies. The Chicago Federal Reserve was expecting demands for $100 million in gold. The New York Reserve was also close to being completely depleted of its gold. A huge portion of the gold being stored were $20 St. Gaudens.

The decision was made to introduce “scrip” to pay off depositors instead of declaring more bank “holidays.” In the end, they realized that there was an easier way. If they could issue scrip they could simply print money that would not frighten people. People were already using currency so why not give them more? Large gold and silver coins were really not favored by the public anyway. The Reserve Act allowed the government to print all the money they needed. So, like today, the government had the power to simply print enough paper money to withstand a bank panic, regardless of the precarious state of the Fed’s gold reserve.

Prior to this there was much speculation that Roosevelt would depart from the gold standard. This was a huge departure from the way the world worked in 1933. Most currencies were backed with gold. In fact, if you ever have a chance to look at the currency that was circulating at that time, you would notice that it always stated that the note was “payable” in gold or silver. Currency was nothing more than a receipt for “lawful money.” Today, we take a $20 bill and call it twenty dollars. In 1933 and earlier, it was a note payable for $20 worth of money-gold.

The speculation that Roosevelt would take the U.S. off the gold standard caused widespread panic. Like today, people were very concerned about what would happen to the value of the dollar and started taking steps to protect themselves. Gold was flowing into Europe and people were hoarding gold of all kinds. The dollar was dying on the foreign exchange markets in anticipation of the dollar not being backed by gold.

The money supply in those days was regulated by the number of coins minted not the complicated calculations used today.

In the end, those who mistrusted Roosevelt were correct. The result was the Executive Order of 1933 that outlawed gold ownership in this country. In essence, Roosevelt devalued the Dollar by 70% over night by raising the price of gold from $20.67 to $35 after confiscating gold. Interestingly, the government continued paying foreign debts with the gold they had just confiscated. That is the reason so many of the pre-1934 gold
coins survived. Huge numbers of gold coins were shipped to Europe and stored there for decades. Additionally, previous to 1934, the government paid debts in gold coin because they were able to save gold by paying in face value, since a $20 gold piece has only 0.9675 ounces of gold. For every million dollars they paid out, they saved 32,500 ounces of gold.

Prior to 1933, there was great speculation that the U.S. was headed to a fiat currency and much of the gold in circulation was sent to Europe to be safely stored out of reach of the government. In 1932, there was huge drop in the amount of gold that was available in circulation. According to Milton Friedman there was a 36% drop in the amount of gold in circulation. This indicates that a lot of people started pulling their gold out of banks and possibly sending it elsewhere. People need to realize that the gold confiscation was not a huge surprise. For some reason, dealers tell the story and leave investors under the impression that the President woke up one morning and surprised everyone by taking their gold. This was not the case.

Roosevelt approved an amendment permitting coin collectors to trade and hold “rare and unusual coins” without special licenses. This is what has led dealers today to claim that any semi numismatic gold coin is exempt. More about this later!

It is important to understand that in general, the confiscation of 1933 was mostly voluntary. The government did not go door to door asking for gold. They didn’t have “sting” operatives against normal citizens and only went after certain people of interest like dealers or others on their radar screen. It was not a police state, with average citizens being subjected to searches and interrogation.

As you can see, the main reason for Roosevelt “calling in gold” was that he intended to take the U.S. off the gold standard. Many people speculated and held gold or shipped gold overseas because they understood that the dollar would become worthless and gold worth more. That of course is exactly what happened. It allowed the printing presses to print money to meet the banks needs and lead to current-day paper money being passed off as legal tender.

No longer was the dollar a measure of gold as it had been for nearly 150 years. Originally, a dollar was defined in terms of gold or silver. If you ever look at obsolete currency, you will see that it was a receipt that was payable or redeemable in certain amounts of gold or silver. Typically, the currency
would say that a dollar amount of either metal had been deposited and the bill could be redeemed for the gold or silver. You can no longer trade your old notes for either metal, even though it is guaranteed on the note.

DEVALUATION OF THE DOLLAR

Today, the government can devalue the dollar at will. If we look at the main reason the government confiscated gold and their justification, it may answer the question of whether they will do it again.

Was the reason simply to get the gold?

Not really. Gold was the currency of the nation and government claims to own the currency. Governments make the case that the currency is their property and the people using it are simply holding it as a form of exchange. So the government felt they had a right to confiscate it. When they left the gold standard, gold became simply private property.

The goal was to ask for the gold and break all ties between the dollar and gold. It paved the way for formal devaluation of the dollar. This occurred in 1934 when the price of gold was raised to $35 per ounce through the Gold Reserve Act of 1934. Even though US citizens could not cash in dollars for gold, the rest of the world could. By raising the price of gold, the dollar was devalued. The same is essentially true today. Gold goes up as the dollar goes down.

In 1934, the argument was that the government needed to call in the gold to strengthen the backing of the dollar against the outflow of gold for foreign trade. This was accomplished since the dollars held abroad bought less gold. Of course, it would have been fairer to revalue gold before the government confiscated the gold, but this would have left less liquidity for the banks.

The fact is that since the dollar was completely removed from the gold standard in 1971, there is no gold backing at all for anyone.

Today, dollars are created through a series of different avenues from quantitative easing and debt swaps. Dollars are provided directly to the banks to help their reserves. This is a confiscation of wealth that impacts far more Americans than any gold confiscation could or did. It affects anyone holding dollars whether they are U.S. citizens or foreign banks. There is no reason to bother with gold when dealing with fiat currency.
LAWS SINCE 1933

Many laws passed since 1933 have greatly affected the future of gold confiscation. Some have been very good for those of us who own gold. Beware of dealers who send you copies of the original Executive Order as proof that your gold is in danger and infer or outright lie about it still being in force. Obviously, the U.S. government can’t have a law on the books criminalizing gold and at the same time be one of the largest gold retailers in the world.


Furthermore, in 1977 the "President’s Emergency Powers Act" (the Act used by Roosevelt) was specifically changed. In 1977, the power to regulate gold and silver was specifically taken away from the President. This is something almost no dealer wants you to know because it weakens their ability to scare
you into numismatic coins and cuts into their obscene profits.

A few other changes to the Act happened even earlier. In 1950, the original restriction on gold was changed so that Americans could own gold coins from foreign countries dated before 1950. Ever wonder why certain countries continued making gold coins with old dates? For example, the Mexican 50 Peso gold coin was kept in production but all coins were dated 1947. Austria continued making 100 Corona gold coins dated 1915. This is one of the reasons many companies continue to sell coins such as 20 Francs, Sovereigns, Pesos and a variety of other European coins. These were the main coins used by gold buyers in this country until gold was again made legal to own.

However, this was also canceled when President Ford repealed the entire “Executive Order” in 1974. So buying “European Gold” does NOT protect you from confiscation!

The Lie: The President Can Still Order Gold Be Confiscated Today

- In 1977, as part of the International Emergency Economics Powers Act, the Presidential power to order the confiscation of gold was removed.
- In order for confiscation to occur, Congress would have to declare an emergency and order the confiscation.
- When was the last time Congress got anything done quickly?

There were many other rules, laws and regulations that were proposed along the way referring to numismatic coins. Some had to do with taxation issues. One of the most common was a proposal that coins must have a 15% premium above the actual precious metal content to be considered...
numismatic. Many dealers have pointed to this definition and used it to sell a variety of coins from $20 St. Gaudens to Morgan Dollars. Interestingly, most of these coins do NOT have a 15% premium anymore. Most $20 St. Gaudens and Liberties, as well as, circulated Peace and Morgan Dollars fell well below the 15% premium in today’s market yet dealers continue to sell them as numismatics.

The important thing to remember is that the government has not defined a numismatic coin or “coins of special value” in any legislation, law or statute.

Interestingly, enough of the modern bullion coins such as Eagles and Buffalos are clearly defined as “numismatic coins” in the legislation that created them. So, if confiscation is a concern, Modern Eagle coins would make the most sense to buy since they are among the only coins the government has actually considered numismatic. It’s ironic that the safest coins to own are in reality bullion coins made by the U.S. Mint.

WILL CONFISCATION HAPPEN AGAIN?

No one knows if confiscation will actually occur again, but I think there are a few factors to consider:
1. The U.S. is already off the gold standard so the dollar is not tied to gold. This was the main reason gold was made illegal in the first place.

2. Only about 3% or less of Americans actually own gold. The amount of gold in private hands is a small amount compared to what the government needs to bail itself out financially. I think it’s more likely they would go after retirement money. There are trillions of dollars in retirement funds that the government could easily take, forcing owners of the funds to hold government issued debt instead. This could be done more easily since they already know where the money is and no physical confiscation would be necessary.

In fact, this idea has already been floated by various sources.

3. The past “confiscation” was voluntary. Investors who own gold today are not likely to simply hand it over. Today’s gold buyers are likely holding gold because they don’t trust the government, so it’s unlikely they would willingly give it up. I’m not sure I could envision a police state where Federal agents are breaking down doors to grab your gold.

4. Huge amounts of gold are in funds and ETF’s (Gold Exchange Traded Funds). Given those factors, you may well still believe confiscation will happen again. That’s fine! No one knows for sure. But should you count on dealers who want to sell you over-priced coins to tell you the truth about how to protect yourself? I think not.

I find it insane that dealers are selling the most common (not rare or unusual) gold coins as a safe haven. Many of the coins being sold as being safe from confiscation ARE THE EXACT coins that were confiscated.

All those hoards of $20 St. Gaudens, $20 Liberties, $10, $5 and $2 ½ Indians and Liberties exist today because they were confiscated. Many of these coins have been repatriated from Switzerland, France, Italy and other parts of Europe over the past 50 years to be marketed here in the United States. There are so many of them that dealers needed a way to market them. A market was created out of thin air by scaring investors into buying them. Few meet the criteria of numismatic, much less “rare and unusual to collectors of rare coins.”

Personally, if I were worried about confiscation, the last coin I would own would be the coins they actually confiscated back in 1933.
OUTRIGHT LIES

In over three decades as a dealer, I have seen and heard dealers and brokers say almost anything to make a sale. They use proposed legislation as if it were fact to scare clients. Some very well known dealers have made these blatantly false statements about rare coins.

Rare coins are not taxable. One major dealer actually tells clients that they don’t have to report gains made on rare coins. This is absolutely not true. Rare coins do not need to be reported, when and if, you ever make money on them.

Confiscation is such a powerful sales tool that many dealers outright lie about the dangers. One large firm went as far as to say:

“Under current federal law, gold bullion can be confiscated by the federal government in times of national crisis. As collectibles, rare coins do not fall within the provisions permitting confiscation.”

Totally FALSE - no law or Treasury regulation supports this lie.
• Another major coin dealer actually came out and printed an article that claimed:

“The U.S. has never confiscated $20 St. Gaudens coins.”

Not only was the St. Gaudens the most common gold coin “called in” but I guess he didn’t keep up on the biggest numismatic news of the last 20 years when the Courts held up the CONFISCATION of ten 1933 $20 St. Gaudens valued at over $70 million in 2011!

• A radio personality has been telling people that President Obama has signed an order to make gold ownership a criminal offense AND that the IRS will be the ones enforcing it.

Guess he doesn’t know that power was taken away from the President in 1977. Plus, it would take every IRS agent and then some just to focus on gold.

• One of the biggest names in the gold marketplace stated that:

“Relevant laws exempt rare coins from the Confiscation provisions. Rare coins are private and do not require the filing of information returns with the IRS.”

There are NO relevant laws because there are no laws concerning gold confiscation. Again, completely fabricated “facts.” Plus, ask the IRS if you can make money on rare coins without paying taxes. I guarantee you the answer is NO!

• Even some well-known and highly respected analysts have been sucked in. In 2011, Doug Casey made the following statement.

“St. Gaudens is a collectible – and that can be very important, if and when the government starts confiscating bullion. That’s because such historic artifacts are not considered the same way modern bullion coins are – at least, last time around, they were not confiscated. Plus, because of their semi-numismatic value, they do attract a premium over the price of the gold they contain. Historically that’s been between 50% and 100%.”
St. Gaudens were the most confiscated coin ever. That is the coin that was in use at the time of the famous gold call of 1933. Also, while dealers do in fact mark these coins up 50% - 100%, they are not worth anywhere near those premiums. At the time of this writing even an MS65 coin is readily available for about 25% over the value of its gold.

There are almost 3 million (2,938,151) $20 St. Gaudens and Liberty coins graded already by PCGS and NGC. Thousands more get graded every year. Clearly these coins don't necessarily meet the Governments exemption of “unusual coins.” Dealers take great liberty with the facts. I think many are not intending to LIE to you but they simply don't do the basic research to find out what is true. Do you really want to trust your investments to someone who doesn't even know what the current regulations are? How can you depend on these dealers to give you pertinent information when they don't bother to learn the facts? The fact is, it's much easier to pass on misinformation to clients because it pads the dealers' pockets.

Three costly problems can wallop your investing plans if you listen to the average dealer's misinformation about confiscation.

1. Dealers sell you coins that are the most profitable for them. Most dealers mark up coins 30% to 300%. Ironically, they confiscate half or more of your money under the guise of protecting you.

2. Dealers sell you coins that don't appreciate. To add insult to injury, the coins you are sold to protect yourself from greedy government hands are generally the worst performing. So not only are you paying a huge premium for service – you are being sold the coins least likely to appreciate.

If you have owned any collectable numismatic coins over the last 20 years, you should already know this. Every year, I look at over 4,000 portfolios. I have yet to see a “numismatic” portfolio do as well as one that contains bullion or bullion coins. Call American Federal at 800-221-7694 and we can chart your coins so you can see for yourself. Even Coin Dealer Newsletter acknowledges that the rare coin market has yet to reach 1990 price levels, even with gold and silver soaring.

3. The coins most dealers sell do little to protect you from confiscation. If the government decides to confiscate gold, most investors would be in jeopardy following the recommendations of most major dealers.
They are selling coins that were actually confiscated in 1933 and claiming these coins are safe from confiscation.

Most of the U.S. Gold pre-1933 coins being sold by dealers are in existence because they are the coins the Government confiscated in the first place.

With American Federal, we go further than just selling or trading you into coins:

- We provide timely updates so that you know what is going on and can adjust your portfolio when you think it is right.
- We provide service. We will come to you whenever appropriate. We visit all 50 states, so you don’t have to rely solely on a voice on the telephone.
- We are stable. We have been in the Phoenix area for over thirty years.
- Our Preferred Client Club allows you to purchase at wholesale prices and comes with our free e-newsletter.
- We have an unblemished record and reputation. Check us out! We have no complaints in our business because we do what we say and treat our clients right.

Look, the rare coin and bullion market has become a treacherous market. It is nothing like it was 20-30 years ago. Dealers used to be honorable and honest and did deals on a handshake. Today, with rising gold prices there is a new dealer born every day. There are hucksters proliferating the market. It has become rife with fraud, misleading information and outright lies. Brokers call incessantly to badger clients into buying everything from common U.S. Gold coins (Pre-1933) to esoteric Modern coins from foreign countries. They sell Modern coins graded MS69 to PR70 for outrageous prices. They make it next to impossible for you to protect and keep your money, much less make a profit.

If you have one of the good dealers, then stick with them. If not, call American Federal. At the very least, let us give you a second opinion. American Federal will chart your coins so that you can see exactly how they have performed since 1999. We will tell you honestly what your coins are worth and what you can expect in the future. Lastly, we will tell you if you are properly positioned for your goals, whether that is for profits, protection
from confiscation or simply a way to protect yourself from the declining dollar and expanding Government.

In over three decades as a dealer, I have never seen as many investors losing money in their portfolios as I do now. It should be criminal! Daily, I see people who think they are taking advantage of the bullion markets but are stuck in non-performing coins or overpriced illiquid coins.

I doubt if even two out of every ten people I talk to have been treated fairly and honestly by their dealer. There is little integrity in the coin and bullion business anymore. Most dealers and brokers don’t care about anything other than their big commissions.

We don’t employ a room full of brokers who depend on fat commissions. My colleagues, Don and Carl, are paid a salary so they are not dependent on big commissions. Instead, they depend on long-term clients.

The clients who have listened to us over the last 15 years have profited handsomely. They have coins and bullion that have appreciated as gold, silver and platinum have increased in price. They own liquid, tradable portfolios that they can liquidate in minutes or pass on to heirs with no confusion.

We want you to be a part of our family. It’s not difficult. It’s simple! Start with your free confidential coin / portfolio review. We look forward to working with you in meeting your coin investing goals.

Call us today!
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For larger lists, please copy this form or call us and we can help or copy your existing list or invoices.
Act now and get these FREE Bonus Gifts that will give an Insiders view into Rare Coins and the Rare Coin Market. Take advantage of this opportunity to know what your coins are really worth and quickly chart their performance. Pick up the phone and ask for your FREE professional coin evaluation. And when you do, you'll also receive these FREE Bonuses…

FREE Bonus #1

The Big Lies & Absolute Truth! Making Money in The Greatest Gold Rush In History

Discover the secrets to successful coin trades and authentic rare coin buys as well as tips to buying coins that offer real protection against inflation and a devalued dollar. Plus, you'll get the TRUTH about rare coins that have already put Nick in hot water with his coin-dealer peers.

FREE Bonus #2

15 Coins You Don't Want to Own

I reveal the top 15 most toxic coins for your portfolio. These are the coins dealers want to unload on unsuspecting collectors along with a nice fat premium for themselves. This report could save you from making a bad investment costing you thousands of dollars.

FREE Bonus #3

The 15 Truths of Coin Investing

In this Special Report, you'll discover the little-known facts coin dealers hope and pray you NEVER find out. With this information, you'll be equipped with the knowledge to make better investment choices and avoid mistakes that cost other investors hundreds of thousands of dollars.

FREE Bonus #4

(10-day Quick Response Bonus)

One FREE Customized In-Person Coin Performance Report
(Valid only when you send or call us with a list of your coins worth an estimate of $10,000 or more.)

Act in the next 10 days and receive your Customized Coin Performance Report on YOUR portfolio. It's a thorough assessment based on Nick's comparative research of more than 2,600 individual rare and semi-rare coins against the historic climb of gold and silver. You'll see exactly how your coins have performed since the current boom market started in 1999.