

Precious Metal And Rare Coin Information

Please Read & Consult More Than One Source Before Investing

This page contains more than 50 entries which will save you both time and money. These observations will also save you a great deal of aggravation and make you a better informed investor but in the end precious metals and rare coins are highly random and no person knows for sure what the future might hold. These suggestions will answer your questions about reporting requirements, in and out of state sales tax, precious metal and rare coin diversification, collection appraisals, selling precious metals or rare coins through the mail, risk disclosure, buy and sell spreads and also includes insight into hard asset investing based on our experience.



Investment in precious metals and rare coins involves a high degree of risk including possible loss of principal; these markets are extremely volatile especially with an active "after market". We suggest a careful approach to buying or selling rare coins or precious metals, especially if you are new to this largely unregulated investment area. If you have any questions at all before proceeding please e-mail [Ask An Expert](#) for an honest reply within one business day.

1. **How do I sell my bullion to CNI when out of state?**

The process is as easy and just the reverse of buying. **First**, call and describe the product you wish to sell. It could be bullion coins or bars, certified coins, uncertified coins, banknotes, tokens or other numismatic items. **Second**, we quote our buy price right over the phone. If you like the quote and want to proceed simply ask for a computer confirmation but understand our quotes are subject to change if the markets change while you are considering your options. **Third**, a new **vendor** account is created in your name and you are given a **Purchase Order Number** as opposed to an Invoice Number when you purchase from CNI. At that point your quote is locked in and guaranteed. In other words we both agree to abide by our quoted price no matter what the market direction while the transaction is being completed. The selling party, in this case you, is **obligated** to follow through regardless of market direction because the buyer, in this case us, has acted on your behalf and at your direction so the trade is legally hedged and an obligation is created by our company. Once a vendor account is created and you ask for price confirmation, a Purchase Order Number is generated and you are legally obligated and cannot change your mind about the trade. So please take your time and be absolutely certain this is what you want before asking us to act on your behalf. If you are out of state securely wrap (insulate so nothing rattles) and fully insure the package in a timely manner. **A timely manner means your package must be in the mail within 24 hours or your telephone privilege will be taken away.** An example here might prove helpful: If you want to sell us a bullion product late Friday night and cannot get to the Post Office until Monday please wait until

Monday before asking for a Purchase Order. We recommend only insured US mail and include your inventory list, purchase order number, and daytime telephone number. Your money is mailed in a timely manner usually within 5 days or less after receiving your package depending on how many sellers are in front of you. If you have additional questions call Brent Galaway or Ken Slater directly (800-225-7531). Also keep in mind that the US mail delivers millions of dollars worth of inventory to us each year. It is a safe and secure way of conducting business nationally.

2. List of Reportable Bullion Transactions

The majority of bullion and rare coin transactions are not reportable to Uncle Sam. For those transactions which are reportable the rules can be confusing because there are also minimum size requirements so checking with your tax consultant before taking action is a good idea. If the few government reporting requirements bother you, it is easy to do your homework and avoid products which fall into the reporting area. **There are many low premium bullion bars & coins that have no reporting requirement and move directly with the spot market.** If you're an advocate of the secrecy gurus, and can visit us in person, take advantage of "no name" invoices that are legal and make up a great number of our daily transactions.

The following is what **The Industry Council For Tangible Assets** has to offer about what the I.R.S. wants in the way of paper work. They are describing the paper work provided by bullion dealers which relate to what you purchase or sell. These rules are taken from the ICTA newsletter Washington Wire dated December, 2004.

- o First: You can place any size order and pay with a check. No one cares, not even the government. The only time they want to hear from us is if you invest more than \$10,000 in cash. Then you must fill out I.R.S. Form 8300. There is nothing wrong with large cash transactions, but the government wants to know about them. And, by the way, you can't spend \$5000 today and \$6000 tomorrow, for Uncle Sam does not like to be fooled.
- o Second: There are rules which apply only to bullion and only when you **sell**. They have nothing to do with your purchases, and do not apply to rare coins. **Kilo bars are 32.15 troy ounces of gold** and are subject to reporting. We are also required to report any **gold bar sale totalling 32.15 ounces** or more. Concerning 1 troy oz. gold coin transactions: If you sell **25 coins or more of the Krugerrand, Maple Leaf or Mexican Gold Onza** we are required to report them on I.R.S. Form 1099B. Such reporting is not required on transactions involving the U.S. Gold Eagle the Australian Kangaroo or the Austrian Philharmonic. There is also no reporting on any small gold bullion coins.
- o Third: We are required to report **\$1000 face 90% silver bags and 1000 ounce silver bar** transactions only when you sell to us. We are not asked to report the sale of 40% bags or less than \$1000 face in 90% silver coin. The 10 and 1 ounce silver bar is exempt as long as the sale does not exceed 1000 ounces.
- o Fourth: **Platinum or palladium bars in quantities of 25 ounces or more** are reportable. Platinum bullion coins like the Canadian Maple Leaf, the U.S. platinum Eagle, or the Australian Koala are exempt. Palladium bullion coins like the Russian Ballerina are exempt. If these rules seem arbitrary we don't blame you. We believe our government based their decisions on what was traded on the nation's commodity exchanges and had little to do with what was happening in coin stores across America.

3. The CNI **Balanced** Portfolio Concept:

With all the hard asset choices now available it is sometimes difficult to decide which one is the best for you. You can buy gold, silver, or platinum bullion coins or

bars, semi-numismatic coins or certified PCGS rare coins. To begin with understand that the more you learn about each of these areas the more you will realize that each has a different potential. In other words, while they are all similar in that they react to inflation, their short, medium, and long term price action can be significantly different.

So what do you do? Actually most people investigate all 5 hard asset areas and build a balanced portfolio based which contains investments chosen from all 5 areas. This approach is the cornerstone of diversification and the only approach we recommend. An example might help: Let's say you want to invest \$25,000, you are new to this business and you want some suggestions. The final distribution is up to you but we would place \$5000 in gold bullion, \$5000 in silver bullion, \$5000 in platinum bullion, \$5000 in semi-numismatic coins and \$5000 in PCGS graded rare coins. Now you may decide that silver is not for you and move that \$5000 allocation into more platinum bullion or gold bullion or PCGS rare coins but the idea is to not be too concentrated in any one area.

So it's good investment advice to understand how each of these areas can benefit your investment plan. A plan based on the notion that over time, the dollar will lose value and hard assets will move higher because of this devaluation. After you have developed a plan, the real secret behind such planning is patience. The investor must plan for the long term and consider possible short term profits a windfall. Why? Because history has shown that years, perhaps even decades, may be necessary to make hard asset portfolios profitable. So our investment programs are based on a systematic and long-term approach. We believe the accumulation of gold, silver and platinum bullion in conjunction with high grade PCGS rare coins is simply sound financial planning. If you are new to this area and have talked with a number of firms be careful of those firms who suggest an all rare coin approach (meaning no bullion coins like US Eagles or Krugerrands) as this may signal a potential problem. As you learn more you will find all four related areas react differently to world events and have different supply/demand characteristics. The proportion of your portfolio devoted to one area is determined by matching specific objectives to your temperament. If you are a short-term player and want a fast in and out approach you should have a greater percentage of your money in bullion coins and bars as commissions are the smallest and replacement is easy. If you're patient and are looking for profits based on past price history your selections will include high grade PCGS certified rare coins but remember the difference between the buy and sell on this asset class is larger so short term trading must be avoided. The key idea however is simply to spread your investment dollars around and not be limited to one specific area because each provides its own unique set of advantages and disadvantages.

4. Always avoid dealer-controlled coin storage programs, even those offered by reputable and well-established firms. Literally millions of dollars in investor funds have been lost when the company closes its doors and material "on-deposit" is nowhere to be found. We have recommended bank storage for years and found it totally safe and secure. If the volume of material is large, which might be the case for say, large silver bullion positions and you simply don't want to store everything yourself consider a professional **independent storage facility** like [Delaware Depository \(DDSC\)](#) which is used by the [Chicago Board of Trade \(CBOT\)](#).
5. Do the best you can to avoid high-pressure sales tactics. If you feel uncomfortable buying a coin from a phone person it can be a warning signal. When in doubt sleep on it and decide the following day. CNI does not use commissioned salespeople since this method wrongly places the dealer's interest before that of the consumer. To be fair some firms do use commissioned people and they believe in their products. So it's natural for them to get excited over a coin. That's good for it brings you an opportunity, but make sure you ask questions and understand the details. A slower

approach is a good idea especially if you are new to this business. Also keep in mind ethical dealers are not interested in bothering you. If you receive unwanted calls just explain this fact, and if they persist draw your own conclusions. **The US protects consumers from unwanted phone calls and the process is easy with this link: [US Government Do Not Call Registry](#)**

6. Make a distinction early on between **bullion related bars or coins** and **certified rare coins**. There is a big difference and not understanding this can lead you down a bumpy investment road. Read on for more details but the litmus test when investing in gold is to ask this simple question: "If the spot price of gold moves up say 4% will the coin I'm buying provide me a profit?" If the answer is yes, you are solidly in the bullion category. If the answer is no you are considering something beside bullion, which is not necessarily wrong, just be sure you know what you are buying. Here are a few more tips that will help define a bullion purchase: **First** a bullion investment is defined by a bullion coin or bar which is not certified and trades for close to its weight. It will go **up** or **down** following the commodity price, and there is no rarity involved. But here is where it gets tricky. **Always figure the cost per ounce of a bullion product for yourself**. It is easy to figure what a 1 ounce bullion gold coin should cost but more obscure when the bullion coin gets smaller. And don't assume that because the dealer is cheap on large bullion coins he will also treat you right on smaller bullion coins. We are not a big fan of the so-called "confiscation possibility" which is often raised today, but if you are the smaller bullion coins like the British Sovereign (0.235 oz. Pure Gold) or the French or Swiss 20 Franc (0.186 oz. Pure Gold) work well. Just be sure to multiply their weight times the price of gold. Some dealers charge up to twice our selling price for these smaller bullion coins hoping the buyer will not compare prices. If challenged on their higher selling prices these dealers tell the uninformed investor that their coins are better quality and so are higher priced. This justification is not true because of the following: **All large dealers buy these gold coins from the same international sources, pay the same price, and get the same quality**. The extra money you pay goes into large overheads and commissioned sales. **Second** a certified rare coin may be weight related like the \$20 gold piece, but usually is not. When investing in PCGS certified rare coins you are investing in rarity. Price increases depend not so much on higher commodity prices (although it helps) but more on growing demand and shrinking supply. So how do you know if you are paying too much for a certified rare coin? Just like anything else you check around and compare prices. After you have established a good relationship with a dealer this issue becomes less important but in the beginning do your pricing homework.
7. Beware of unrealistic promises for there are no coin genies waiting to recommend the one coin that will make you rich. In fact no one knows for sure if any coin investment will produce a profit. All hard assets go up and down in price over the years. The best chance anyone has is to prepare for an up cycle with recognized bullion products and quality rare coins. It is fair to say that investors have made fortunes in rare coins and precious metals over the long term. But just as much money has been lost to those who were forced to sell in a down market, **did not do their pricing homework before a purchase**, or got caught up in some "get rich" scheme heard over conservative or religious talk radio. Speakers like Glenn Beck and unfortunately a few religious leaders are paid an **extra fee** to "push" products because sponsors have learned that if you like the political message you will believe they have your best interest in mind. This leads the new investor to a "blind purchase" which in this unregulated trade is very dangerous. And keep in mind that some of the largest companies on the airways, those with great credentials, including the A+ BBB rating and polished presentations are the biggest offenders and even with a stream of consumer complaints it is unlikely the Federal Trade Commission or Congress can correct this problem.

8. When comparing certified rare coin pricing make sure you get the price and grade correct because one point difference in the grade will make a great deal of difference in the price. Also note that the two most acceptable grading services are PCGS and NGC and prices between these two services will vary depending on relative populations. And a word to the wise in that PCGS and NGC are the best in the trade but there are other grading services, some of which use similar looking holders, which do not produce consistent grading results and should be avoided.
9. Keep in mind that dealership size has little to do with honesty, good investment advice, or good pricing. Of the 5 top national rare coin dealers that are well known for radio or television advertising, 3 are so far off the pricing mark on certified coins as to make your chances of making a profit very small indeed. Most investors shopping these companies could have saved a full 25% on every coin! So what to do? The answer is straightforward: Shop around before you invest your money. Don't believe that just because the company is large that they have your best interest in mind. Also keep in mind that if you are given a great deal of legal disclaimers before the sale consider carefully before signing off on any transactions. You may give yourself no out if the company you are dealing with has vetted all their paper work to protect them and not you.
10. Learn not to leave money on the table when selling your certified coins. Even with the grading standard established by PCGS in 1986 there could be some variance in the assigned grade. That is shop talk for making sure when you sell your coins the buying dealer is not upgrading the coins and putting the money in his pocket. A good rule to follow is that if you have old PCGS coin holders get an opinion as to whether the coin might upgrade before you sell.
11. There are federal forms that must be filled out when you pay or receive \$10,000 or more in cash (the real green kind). And no you can't invest \$5000 in cash today and \$6000 in cash tomorrow for Uncle Sam does not like to be fooled. If you deal in checks or wires no one cares about the size of the deal and there is no reporting when buying.
12. It is your responsibility to report losses or gains on your income tax returns, but this type of reporting is not our responsibility. Contrary to what some believe your local coin and bullion dealer is not an agent for the government. They must follow a few simple rules which for the most part do not interfere with free trade.
13. Sales over \$1500 within California are not subject to state sales tax, and neither is any product mailed out of state.
14. The foundation of rare coin investment centers on a coin's condition. This condition defines its rarity. As condition increases so does rarity. This is true because most people used early coinage for commerce thus making high grade uncirculated examples difficult to locate. This in turn made them more desirable and overtime more expensive. Certified rare coins are described using the Sheldon Scale. It begins at 1 for a just recognizable coin and progresses to 70 for a theoretically perfect coin. As the grade on the Sheldon Scale increases so does rarity and price. It is also generally accepted that the higher the grade the better the investment potential. Most investment grades fall somewhere between MS63 and MS66 unless you are considering very early federal issues. These early coins are seldom available in Mint State so PCGS circulated grades are the norm.
15. You will notice we have stayed between MS63 and MS66 because you get more for your investment dollar. The cost of so-called "super-grades" (MS67 and higher) can be prohibitive and accurate pricing is sometimes difficult. Be careful of this area unless you really know what you are doing.

16. When considering rare coins stay within your budget, purchase the highest grade available, and balance rarity with popularity. An MS64 example of any coin is better than the same coin in MS63 condition. Likewise an MS65 example is better than an MS64 if it fits your budget. The reasoning behind this rule is simply that as the condition of a coin increases, its rarity moves up dramatically. A one-point increase on the grading scale may increase rarity by 2 or 3 times. Also keep in mind that coin popularity can be more important than rarity. Popularity creates price increases.
17. Never purchase an investment rare coin unless it is graded by The Professional Coin Grading Service (PCGS). It follows that you should avoid other grading services that are described as "just as good, or even better than PCGS". This is important because the price of a rare coin is tied to its condition. A mistake in the grade can alter value dramatically. Differences in grading prior to PCGS (1986) led to difficulties. What was an MS65 dollar to one might not qualify to another. This issue was resolved when PCGS began independent grading and encapsulation of rare coins for a fee. PCGS is not in the business of buying or selling coins and developed "Third Party Grading" to such a degree that it is an accepted standard among America's top 300 dealers. You can buy PCGS MS65 coins in California and receive fair value for them in New York.
18. Remember **The 40-Year Rule** in rare coin investing. Simply stated you should avoid rare coins that are less than 40 years old. Why? Because there has not been enough time to establish a secondary market that will provide valuable pricing information. Also understand that age does not equal rarity or value. An Indian Head cent in circulated condition is old but will never be rare because the US struck millions, most of which are still available today. Another general rule might help as a place to begin: Investors considering coins struck after the Civil War might choose an uncirculated example because they are available. From the early beginnings of the Philadelphia mint (1794) to the early 1860's such uncirculated examples are rare and expensive so investors must now consider higher grade circulated coins simply because there is little other choice.
19. Avoid **high premium** Mint Issues, Proof Sets and modern so-called "investment" coins. These are easy to spot because they are usually sold under the guise of "limited production runs" therefore creating the notion of production rarity. There are hundreds of low mintage gold coins which go into the melting pot each year. Paying a **small premium** for such bullion related products is fun and if you get lucky can result in additional profits. A good example of small premium gold coins are the Lunar Series or some China Mint products. An area to avoid because of high premiums would be "certified bullion coins". Certification only matters if the condition of the coin is important. Since bullion coins trade for close to their metal content the notion that certification adds something to the value of the coin is nonsense. If you are buying bullion coins pay for weight, there is no rare coin value and the PCGS populations are meaningless.
20. Buying a high-grade coin emphasizes that coin's condition and therefore its rarity. As opposed to making its date and mint mark an important feature. Investing in condition rarity has a large and well-developed following. It also has plenty of printed material, including price graphs, which makes investing easy.
21. It is sometimes better to avoid coins of lesser grade because they can be too common, which limits your upside. Coins like this are recommended on the assumption they have potential because they are inexpensive. An example is gold in PCGS MS62 condition gold. It is inexpensive because it is plentiful. A better choice is PCGS MS63 gold or, if your pocketbook allows, PCGS MS64 gold.
22. Ask plenty of questions before you purchase hard assets. Any professional dealer

will welcome the opportunity to fully explain these markets. That is his job, and such knowledge will help you decide which coins are right. If a dealer cannot explain the good and bad points of any coin transaction be careful, as it may indicate he is more interested in a sale than your long-term business.

23. Sell a coin now and then to get an understanding of how the market works. We don't suggest using this tactic with abandon but it is a great way to see how you're doing. Even if you're not interested in selling ask your dealer what your coins are worth from time to time. It is good business for both buyer and seller and it will give you some valuable insight. At the same time such interchange may produce opportunities to better your position should a particular issue move up or down.
24. Don't be afraid of a falling market. Believe it or not there are many great opportunities to build significant collections when prices are going down simply because everything begins to look affordable. You should be investing for the long term and over many years markets tend to recover and move higher. So the investor who has time on his side has a significant advantage.
25. If possible visit your dealership, for this will tell you many things about the way they do business, as opposed to taking their word for everything. A dealer's place of business will tell you much about how he looks at you, the customer.
26. If your collection is a bunch of "stuff", take the time to sell inexpensive and common material. You are then in a good position to replace it with quality. This is important because poor quality coins are more common than higher grades and therefore do not perform as well in a rising market. If you're not sure we are happy to look at the collection and make recommendations based on your needs. And should you decide to sell we always pay more in trade.
27. Avoid misleading ads designed to make you think the coin offer is coming from the US government. This is done all the time and first-time buyers are easily fooled so watch for the "Not affiliated or endorsed by the US Mint" which appears at the bottom of the ad and is the best our government can do to protect the honest taxpayer. This investment folly is easily avoided if you shop around as the price for those "100 year old Morgan silver dollars, just released from the Federal Mint" dissolves in a puff of smoke.
28. It has also become popular for coins to be sold on television. When people see coins and banknotes on T.V., they may believe there is a great deal at hand. In fact just the opposite is true. Any article sold on television requires a substantial markup because such advertising is expensive.
29. If possible, do business with members of The Professional Numismatists Guild (PNG). The PNG has represented the very best the coin industry has to offer since 1955. Members must pass strict background and financial scrutiny while demonstrating complete competence within the trade. This organization is the only one that offers the consumer binding arbitration in case of problems. If you don't like the way a PNG dealer treats you it is easy to contact the Guild's Executive Director and arrange a simple three way arbitration that costs nothing and is legally binding.
30. **What is your company policy on collection appraisals?**
Answer: Our policy on appraising your collection is simple and we guarantee your satisfaction. Call Ken Slater toll free (1-800-225-7531) and explain what you are trying to accomplish. Some folks can get a pricing answer right over the phone as Ken has been doing this for more than 20 years. If your intention is to sell your collection it may be necessary to send us the collection using registered and insured US mail. Either way Ken will explain value and procedure to make sure the collection is mailed securely making further evaluation easier. When we sign for

your package, inventory control will check contents against your packing slip and notify you of its arrival. Ken will look up and grade each numismatic coin and make a note as to what we will pay for that particular item. He will do this for every numismatic coin in the collection and then add the value of any bullion product relative to the closing price the day of arrival. He will then call you with a total and answer any questions you may have including an explanation of how he arrived at the valuation. After you have all this information the decision to sell is up to you and the family. For the record we pay great prices because we need virtually everything saving you time and money. In 95% of all cases the customer is more than happy with our offer and we spend millions of dollars each year purchasing collections from all over the United States. But what happens if you don't like our buying prices? That is no problem, we are here to make you happy so we will simply repackage your collection and mail it back to you. We use registered and insured mail and include a check refunding your original mailing costs. You really have nothing to lose and could get considerably more using our convenient system. If you already have an appraisal and want to know if you are being treated fairly, ask Ken for his guaranteed 10% better bid. If he can't beat your best offer by 10% he will tell you and this will make your final decision easier.

31. How secure and private is my contact information with CNI?

For your safety and security we at California Numismatic Investments shred all FAX's, e-mails and hand written business notes using a professional service called **Shred It** (Santa Fe Springs, CA). We also do not share or sell information including names, addresses or e-mails for any reason.

32. The word numismatic is in your name, what exactly does it mean?

Answer: Numismatics is the study of coins and currency in their historical context. As it relates to CNI we focus on the coins and currency of the United States but the formal discipline actually encompasses a much larger area. It includes virtually anything that was used as money or a form of exchange. A numismatist is an individual who collects, invests, or studies rare coins or money related items that were used to transact business.

33. What balance should I have between hard assets and my other investments?

Answer: Everyone should make their own decision on this but a conservative approach is simply use 10% to 20% of your total investment dollars to purchase inflation-sensitive precious metals and certified rare coins. Most financial planners suggest the rest of your money should be in traditional vehicles like stocks, bonds, real estate and T-Bills.

34. Should I trade my gold bullion coins for platinum bullion coins?

Answer: Actually the investor should have some of each in a balanced hard asset holding. Some investors, however, trade a portion of their gold bullion for platinum bullion if the price of platinum is close to the price of gold. This is done because platinum sometimes trades for more than twice the price of gold so when the two metals are close in price the expectation is that platinum will outperform gold over the long term and thus be more profitable.

35. I like silver bullion and lately it has been getting a lot of press, so what do you think about silver investment?

Answer: I have always liked silver but let me also note that silver investment means silver bullion not a rare coin made of silver. There is a huge difference and some folks are fooled by quick-talking telemarketers into believing that silver coins in general are an investment in silver. When the trade talks about physical investment in silver we mean specifically **silver bullion** which trades for a **small premium over melt value**. And remember the only truly safe way to accomplish this is by taking physical delivery and devising your own safe storage. Common

examples are: 1, 10, and 100 ounce silver bars, 500 count boxes of US and Canadian silver one ounce coins, and 1000 ounce COMEX bars (a very cheap way to own silver bullion but not my favorite simply because they are too heavy). Also included on the preferred bullion list are \$1000 Face 90% silver bags (dimes, quarters, or half dollars struck in 1964 or sooner) and \$1000 Face 40% bags (half dollars only struck between 1965 and 1969). Believe it or not the old silver dollars (struck in 1935 or sooner and containing about 3/4 of an ounce of silver) are not actually a bullion product because their premium is too high. There are other silver bullion products but this will give you an idea, just remember to choose a well recognized product and add a small premium over melt.

36. What do you think about investing in certified bullion coins?

Answer: This area has turned out to be very controversial. The notion of grading a bullion coin has never made any sense because they are all perfect. Why pay the additional fees and a premium based on grade if when you are ready to sell no dealer will return the favor? Another recent development is the so-called First Strike program. There is already litigation posed by a Florida collector who claims that the grading services can't use the term First Strike because they have no idea when the coins were actually struck. It is best, until this controversy is cleared up to avoid this area. There are many other great places to put your investment money.

37. What do you suggest for those who purchased coins and bars at higher levels and are now losing money?

Answer: Remember these investments will go up and down over time, so the longer you can wait the better the chance of having these markets move in your direction. But if you're tired of waiting or have some compelling reason to sell, like an offsetting gain, consider selling your coins and establishing a tax loss. You can repurchase your position in a few months and still take advantage of the tax loss. Always check such things out with your tax man before making any decision.

38. I purchased rare coins twenty years ago. Should I send them to PCGS?

Answer: This is always a good idea given the quality of the coin is high enough. Obviously the value must be enough to justify the cost of certification and insurance. Don't certify a coin worth \$30 because it could be easily sold "as-is". It is a good idea to certify more expensive material even if you're not thinking of selling anytime soon because after the process price evaluation is fast and easy.

39. Do you think it is a good idea to have fractional size gold bullion coins?

Answer: All producers of bullion coins make 1/10 oz., 1/4 oz., and 1/2 oz. sizes and many survivalists believe such coins should be accumulated in case you need emergency size money. You will pay a premium for these smaller sizes but to some the added expense is worth it to have "real money" in hand if needed.

40. Are coin prices listed in A Guide Book Of United States Coins accurate?

Answer: The prices in the "Red Book", as it has come to be known, are updated annually by veteran contributors and the general information is accurate when provided. The daily prices of coins, however, are also monitored on what is known as the Certified Coin Exchange, which is a satellite-controlled computer trading system. The largest dealers in the nation actively trade on this system daily so prices can change at any time much the same way stocks move on active exchanges. For coins which are rare and seldom offered dealer to dealer or "private treaty" and auction prices are significant sources. The price of coins in the "Red Book" is a good place to begin but you will need more information.

41. How come my uncirculated silver dollar rolls are not certified?

Answer: Quality uncirculated silver dollar rolls are very inexpensive at the moment and make for a great silver investment but the cost per coin is now so low it does not

justify the expense of sending them to PCGS.

42. What is the difference between a 1 oz. gold coin and a bar of the same weight?

Answer: Modern bullion coins and bar are very close to one another as far as acceptability and price so you really can't go wrong with either. There could be a case made for saving a few dollars by choosing the lowest premium or avoiding very large bars because you give up the option of divisibility but in general each product will move directly with the market.

43. Is it true that if you invest \$1500 or more in California there is no sales tax?

Answer: As of 2009 there is no sales tax charged within California if you invest \$1500 or more for precious metals or rare coins. There is one exception to this rule in that platinum bars are always subject to Sales tax if delivery is taken within the state and remember that no sales tax is charged for out of state transactions.

44. How can a coin have marks on it and still be considered uncirculated?

Answer: The marks you are referring to are called "bag-marks" and, as the name implies, were picked up because the reeded edges of some coins created these marks on others while still in the original Mint storage bags. Most coins display such marks, even high grade uncirculated examples, although as the grade increases the number of these marks decreases. For a coin to be uncirculated it does not have to be mark free, it must only lack the usual surface abrasion which comes with circulation.

45. I saw a posted price that was too low relative to recent changes in the market. What do you make of that?

Answer: We do our best to post accurate daily prices. There could however be typographical errors on rare occasions. For these we apologize and correct such mistakes immediately. We are not however responsible for such occasional errors and reserve the right to change such mistakes as they come to our attention.

46. The dollar amount over spot sometimes varies over time on your bullion coins. Why is this figure not constant?

Answer: If you notice the difference between our buy and sell (sometimes call the "spread") is relatively constant but is subject to change with changing trading conditions. The dollar amount relative to spot will vary with the trader's actual physical position. This happens because we hold the real coins and bars in inventory. When our trader's position is too high he simply charges less and sells for less. When his inventory position is too low he charges more and pays more. That is why the actual price we charge over spot may drift over time and market conditions. Also keep in mind that the difference or spread between bullion products may change, especially if markets are volatile, as traders need this flexibility to conduct an orderly market.

47. Risk Disclosure ~ Trader's Option ~ Buy/Sell Spreads

Precious metals and certified rare coins, involve risk, therefore profitability can not be guaranteed. It is understood this firm, its employees or officers, may buy, sell, or have an interest in the recommended items. As with any investment our recommendations are subject to the buyer's own good judgment and research. And while we try to answer each and every question in a reasonable manner, there is a limit to even our patience, so we reserve the right to refuse service to anyone.

While due care has been exercised in development and dissemination of this web site, our newsletter, or other promotional material, there is no guarantee of correctness so this corporation and its employees shall be held harmless in all cases. Our employees are not registered financial advisors but most have years of experience in the gold business. It is further understood that our employee's suggestions or opinions, and all other promotional material is provided for

informational purposes only. California Numismatic Investments, Inc. and its employees do not render legal or investment advice.

No person knows for certain what the future may hold so price projections based on past events may not be reliable. We do, however, study past trends in an effort to evaluate possible future opportunities because it makes sense to us. We suggest each person investigate carefully all choices and options before investing in precious metals or certified rare coins. Use more than one information source, talk to a financial planner and take your time in deliberating which choices are best for you. Why? Because all precious metal and rare coin investments involve risk, you could lose money and so they may not be suitable for everyone. Because of the volatility inherent in precious metals and PCGS certified coins use venture capital only and in no case risk more than you can afford to lose. Also note that there are physical limitations when dealing with the precious metals and rare coins. We only provide a "best effort" in making daily markets but sometimes, due to mint production or hedging problems or time constraints such a buy or sell quote cannot be supplied because we are not magic.

Also note that grading standards have changed in the past and could do so in the future. Certification of rare coins by PCGS does not guarantee protection against the normal risks associated with potentially volatile markets.

We reserve the right to change our buy or sell prices, or spreads, without notice, relative to after market conditions or perceived changes in the physical bullion market. We also reserve the right to change our buy or sell prices, or spreads, without notice, in the certified rare coin market relative to The Certified Coin Exchange or The Coin Dealer Newsletter (The Grey Sheet). We try our best to interpret these markets but the final arbitrator of these changes will be in all cases the owner's of California Numismatic Investments, Ken Edwards or Richard Schwary.

What is your spread between the buy and sell price of various products? In the precious metals business this answer will depend on market volatility, relative price and the nature of the product you choose.

Bullion Coins or Bars: The difference between the buy and sell usually varies between 1% and 4% on gold and up to 5% on silver. This market is driven by speculators and folks who believe real money can't be defined by paper currency. This market can be volatile and subject to dramatic moves depending on public confidence. **Consider investing up to 70% of your hard asset money in this specific area.**

Semi-Numismatic Coins: An example of this area would be non-certified, circulated \$20 gold pieces. The difference between our buy and sell is about 10%. So the spread is larger than regular bullion, but you get a rarity advantage which may lead to better price action and possible confiscation protection. **Consider investing up to 10% of your hard asset money in this specific area.**

PCGS Certified Rare Coins: Of these three investment areas the difference between the buy and sell in this case can be the largest, coming in between 10% and 20%, but time has shown this area can be a solid long-term money producer given you make the right choices. This is true because relative rarity and the difficulty in locating an example are only two primary driving forces. There are three others which are important: First, a large collecting and investing base has been established since the beginning of the 20th Century. This can push prices higher and shrink the available supply but such price action is not guaranteed. Second, the readily available price history of rare coins dating from the early 1970's provides investors important

information. And, third, case studies show carefully chosen rare coins can provide currency and inflation protection over the long term. **Consider investing up to 20% of your hard asset money in this specific area.**

So which area is the correct choice? Actually no person can tell you what the future may bring and hind sight is always perfect so once you make up your mind don't beat yourself up if you are wrong, that is the beauty of diversification. Sometimes bullion leads the race and may outperform semi-numismatic or PCGS Certified Rare Coins. Over the longer term carefully chosen rare coins have done better than both bullion or semi-numismatic choices, but the spreads tend to be larger and past performance is not a guarantee of what may happen in the future. Depending on random market forces you may find one area outperforms the other two and it is just as likely that the others may catch up or surpass your original choice. This is true because public demand creates an **unpredictable market dynamic**, which is why we suggest a **diversified approach**. Since the 1970's a combination of precious metals and rare coins seems to be the right choice. Each has surged and retreated in value according to how much faith investors have in the dollar, the price of oil and other related factors.

It is important to exercise your own common sense in these markets for the precious metals and certified rare coins can and often do change dramatically in price. Depending on market direction you could profit handsomely, make no money at all, or lose money. And you should always be aware there is a difference between our buy and sell prices. That is how we earn a living. This difference can change without notice and is solely determined on a day by day basis relative to the trader's position, market volatility, and the ability to resell products in the wholesale market. Before investing, take the time to ask an independent investment professional and don't invest unless you ask questions, fully understand, and accept the possible risk and reward inherent in the precious metals and certified rare coin markets.

48. **Copyright**

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49. **Have a question?**

Answer: If, after reading and consulting more than one source you have any further questions about rare coins or precious metals I want you to email me directly before you proceed:

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