

Gold Hoards Made Some Rarities Common



By Paul M. Green, Numismatic News
May 22, 2009

The historic gold hoards primarily of Europe were a reality. Historically, however, they are a lesser known and not well documented reality. We know they existed and we know the coins have been brought back to the United States, but beyond that we know very little.

Nor is it just gold hoards from Europe. There was a certain amount of gold coin hoarding in the United States starting around 1879. The numbers were not even close to the European bank totals, but they were sometimes lower mintage dates like the 1879-1881 gold dollars. Those hoards make sometimes seemingly tough dates far more available than might be expected.

On top of that, there are or at minimum have been gold hoards in nations outside of Europe. Central America, for example, has supplied significant numbers of coins over the years. There are still rumors of large face value amounts of U.S. coins in Central America and while rumors are far from fact, there is a fairly regular trickle of American gold coins from Central America that cannot be totally ignored.

There is no way for any one individual to trace and inventory all of the gold coins that have returned to the United States or appeared on the market in the past 50 years. It simply cannot be done. The very nature of the situation made it a rather mysterious and not well-documented activity.

In the case of some specific domestic hoards such as the gold dollars of 1879-1881 we have pretty good information. Our information is even better when it comes to recently discovered hoards like the Wells Fargo hoard of 1908 no motto Saint-Gaudens double eagles purchased in the 1990s. We also have very good information when it comes to important shipwrecks and their treasures, but when it comes to the coins that were held for many years overseas, our information is extremely limited and yet overseas holdings in the aggregate were by far the largest source of gold coins.

The simple nature of the buying did not lend itself to published inventories. Obtaining large numbers of gold coins and better dates from banks in other countries was a very competitive business starting around the 1950s. Dealers had no obligation to disclose the coins they had found and fearing competition from other dealers and price declines once the coins were placed on the market, there was never any reason to disclose what coins had been purchased.

Today, a dealer buying 20 gold eagles or double eagles might well promote their purchase, but this was years ago and the approach was very different for a large number of reasons, including the simple fact that everyone had seen price declines in Morgan dollars as they emerged from Treasury vaults. If Morgans could drop significantly in price because hoards appeared, there was no reason in any mind to suggest large numbers of gold coin dates had been purchased as that information would simply drive down the price.

Understanding the foreign gold hoards and their impact is difficult even with the benefit of decades to study what coins might have been involved. The sources were many. The most often mentioned are banks in France and Switzerland, but there were other sources, too.

The gold coins of the United States for decades traveled the globe. They were used in international transactions of all sorts from the sugar plantations of Nicaragua to the banks of Europe.

The nature of the business did not lend itself to publicity. Dealers risking the time and cost of a trip to Europe or Central America in an attempt to find and buy gold coins did not want to tell their competitors. Moreover, if they did buy large numbers they did not want to publicize that either.

Today a dealer acquires 100 gold eagles or double eagles and he might buy large advertisements to promote their availability and buyers will flock to him.

The lessons of the Treasury silver dollar holdings, however, were far too fresh back in the 1960s and 1970s. Everyone had seen certain Morgan dollar dates literally crash in price because they suddenly were available. To make a large splash suggesting you had a certain date at the time might very well have been self-defeating as the price of the date might very well have gone down. As a result, literally millions of gold coins simply slipped into the

United States and onto the rare coin market basically under the radar with no one saying a word.

In fact, at the time in the 1950s and 1960s especially there was virtually no one who cared. It must be remembered that gold coin collecting in the United States in any significant numbers is still a relatively new thing thanks partially to the large denominations involved as well as the impact of the Gold Recall Order of 1933, which interestingly made it illegal for Americans to own gold at home but it did not prevent them from owning them abroad, which was an activity that you simply did not boast of at the time.

A perception of illegality discouraged many from even considering collecting gold coins, but collecting them was always legal, perhaps due to the fact that the Treasury secretary in 1933 was a collector himself.

In the early 1900s, according to Q. David Bowers in his book, "A Guide Book Of Double Eagle Gold Coins," there were, "probably no more than half a dozen collectors who desired mintmarked varieties of double eagles." The numbers would not have been much higher for other denominations.

Later there was little change. Virgil Brand had an extraordinary gold coin collection, but as Bowers points out in his book, "American Coin Treasures and Hoards," when Brand's heirs faced the prospect of selling the collection they found that according to Bowers, "the numismatic market for them was nil."

Certainly many great opportunities were missed along the way. The government in the early 1930s was willing to sell gold coins at face value. One of the dates offered was the 1927-D Saint-Gaudens double eagle. Today the 1927-D has brought in the \$2 million range as there are probably fewer than 20 known to exist. The reason is there were no takers of the government's offer to sell examples of the 1927-D for face value plus postage. When the Gold Recall Order of 1933 was issued, the 1927-D was simply sitting in the vaults and all were melted.

Simply put, when American dealers like Paul Wittlin who was checking European hoards for James Kelly or MTB and others who were opening up contacts in various countries began their efforts there was very little reporting of what was going on in part because there was virtually no interest and in part because those involved did not want to talk. As a result an untold treasure returned to the United States with less fanfare than the discovery of the 1960 small-date cent.

The early discoveries were enough to set off a gold rush to Europe by those in the know. There were some Carson City double eagles but also previously rare Saint-Gaudens double eagles such as the 1924-S and 1926-D. The numbers of the rare dates were not large, but when you consider the 1924-S and 1926-D were thought to be on a par with the 1933 and certainly tougher than the 1927-D in the late 1940s, the discovery of even a few examples was extremely important.

The hoards in Europe and Central America had been assembled over decades so almost anything was possible. These hoards could be large, but can also be a few hundred dollars face value kept by a mistress of a general for old age. Those little hoards are also of a kind that no one would want to speak about.

There were very few gold dollars and \$3 coins rapatriated, but almost any other denomination was found. Classic Head half eagles and perhaps a few quarter eagles were reported although certainly not in large numbers. In the case of such earlier dates the condition was always circulated, but at least initially it appears that the focus was primarily on better dates such as any denomination from Carson City.

As it turned out, there were many better dates and there was something perilously close to a dividing line in terms of grade. Dates prior to 1880 were in most cases well circulated with grades like VF or XF not out of the question. Starting around 1880 or in a few cases earlier the possibility of finding Mint State examples became much stronger. The large number of Mint State coins is easily documented.

This divide by condition very likely is the result at least in part of the introduction of federal paper money in the United States during the Civil War. With implementation of the Resumption Act in 1879, paper became as good as gold and much more convenient than passing heavy quantities of gold coins around, so gold coins were less used and went in bulk from vault to vault.

Being generous, if a grading service reports 50 or fewer examples of a given date in Mint State, then it is hard to say with certainty that the Mint State coins were found in Europe. In fact some probably were, but there is room for debate. If, however, you have Mint State totals from just one grading service in the hundreds or thousands or in a couple cases even tens of thousands, then it is a certainty that those coins came from somewhere. It could be Switzerland or France or Guatemala, or any numbers of other places, but such numbers in Mint State were simply not saved by American collectors and dealers at the time the coin was released. The numbers are far too great for the possible U.S. saving at the time.

Most hobbyists overlook the lower denominations and that is natural. The bulk of the U.S. gold coins that ended up in foreign banks were being used to settle international accounts of one type or another. Such sums were not generally \$2.50 or \$5. That said, there were still significant numbers of lower denominations that did find their way to foreign vaults. In the case of quarter eagles like other denominations the earlier dates are circulated and even the later Indian Head quarter eagles because the field was the highest part of the design and it tends to exhibit friction from the travel and stacking.

The quarter eagle is one denomination where there is some indication in at least one case of Mint State coins from before 1880 ending up in foreign vaults. The 1878 has been graded over 650 times in Mint State by the Professional Coin Grading Service. It is a simple fact of life that even if some coins were submitted more than once, the number is far too great to be the result of collectors and dealers in 1878. Moreover, that is the total from just one grading service. Certainly these were coins from a foreign vault.

Usually the grades of the coins from foreign vaults are lower. That does not mean there were no MS-65 coins found, but the grades are usually from MS-60 to MS-63.

The 1903 quarter eagle is a good example of a date that seemingly fared better than average. There are thousands of examples of the 1903 quarter eagle in Mint State reported by PCGS, but interestingly enough there have been 1,177 examples called MS-63. That's a huge number of examples in what is a better grade at least for the coins found overseas.

Half eagles are more numerous as the half eagle was always a popular size. The situation, however, is similar to quarter eagles in that dates prior to 1880 are likely to be circulated and sometimes heavily circulated. The Indian Head half eagle is also very similar to the quarter eagle although possibly worse in terms of having marks in the field simply because half eagles were heavier and the greater the weight banging around the more likely the problems making Liberty Head dates from 1880-1908 the most likely ones to be found in Mint State.

The 1881 for example has over 1,000 coins graded by PCGS in MS-61 and MS-62. That's a classic profile of a date found in foreign vaults and returned to the United States. There are a number of others as well like the 1900 where PCGS has seen 2,061 coins graded MS-62 and another 1,350 graded MS-63. There is simply no alternative to the idea that these coins came from European or other foreign banks as there simply were not enough collectors and dealers in the United States at the time to save anywhere near such numbers.

It is, however, the upper denominations where the impact of coins returning home has been the greatest. The gold \$10 was shipped overseas in large numbers and large numbers have come home. The pattern for the \$10 is basically the same as lower denominations with Mint State coins generally being dated 1880 or later. The Mint State totals in some cases are simply enormous. The 1901-S for example has had more than 11,000 coins called Mint State by PCGS. The 1894 is over 10,000 as is the 1893 and a number of other dates have totals in the thousands. You do not find such totals for cents of the period and we know there were many times more collectors for cents than there were for gold eagles at the time.

Even better dates can have large Mint States totals. How often do you find 350 Mint State examples for a coin that had a mintage of 17,000? The answer is never; it simply does not happen except in the case of the 1893-O gold \$10. It's ironic as at the time Augustus Heaton who was the leading expert of the period when it came to branch mint issues suggested that there was no one collecting \$5, \$10 or \$20 gold coins by date and mint.

As the largest denomination, the gold double eagle was a favorite for export. They left the country over a long period of time and included both common and rare dates. The 1876-CC is an example of a better date which has seen the numbers known increase significantly thanks to numbers discovered in Europe with Q. David Bowers suggesting in his guide to double eagles that perhaps as many as 100 Mint State examples have appeared on the market since 1993.

The famous 1861-S Paquet double eagle is another example of a very tough date that has slipped back into the country in some numbers. With a mintage of 19,250, the 1861-S with a Paquet reverse was almost unknown with a 1959 estimate by Walter Breen in *The Numismatic Scrapbook* putting the total in private collections as perhaps six or seven.

Bowers recalled that Paul Whittlin found "about 25 to 30 pieces in bulk holdings in French and Swiss banks." The number has increased from there Bowers suggested that by 1970 the "number has about doubled." We certainly do not expect to find more 1861-S Paquet reverse double eagles, but the fact remains just the number found already has increased the number known potentially by a factor of 30, which is an enormous increase.

The situation with rare date Saint-Gaudens double eagles has also been altered by the arrival of certain dates from Europe. The 1924-D was seen as a scarce date, but a number appeared in Europe and were brought back to the United States. In the case of the 1924-S it was viewed as one of the great rarities better than the Ultra High Relief of which fewer than 20 are known and equal or better than the proof-only dates of the 1880s. Today, however, the belief is that there may be 500 examples known virtually all having spent time in European vaults.

In the case of the 1925-D it was French banks that supplied significant numbers. The 1926-D was another significant rarity and while still tough the few hundred known today came almost exclusively from European vaults.

For the collector today the situation can be confusing. In many cases such as the 1861-S Paquet reverse double eagle the price has not really come down even with potentially 30 times more coins available than was the case roughly 50 years ago. An example in Mint State is still a great rarity, but the fact remains in lower circulated grades you might be able to do some shopping around for a better coin or a better price simply because there are many more today than in the past.

Collectors also will want to check grading service totals before making the purchase of dates after 1880, especially in grades like MS-61 and MS-62. It's not that these are not good coins, but it may very well be the case that you do not want to pay a very big premium simply because the coin you are buying may be one of hundreds or even thousands. You might want to pick a scarcer date.

While lesser known than the Morgan dollar numbers that emerged from the Treasury over the years, the fact is that the gold coin hoards of European and other countries have just as big an impact or perhaps even more on the market today. It may be tougher to determine precisely what dates were returned to the U.S. in what numbers, but it is no less important when it comes to make smart coin purchases.

© 2009. Numismatic News, Used with permission.