

Choosing Quality Coins for Your Collection

By Larry Casagrande

DNS – April 2013

What drives me to collect coins started when I was 13 years old. My father returned from Reno, Nevada and handed me two silver dollars, one Morgan and one Peace. While the coins were typical circulation grade (VF), they were not very pleasing to the eye; however, I wish that I kept them for sentimental reasons. In my early days of collecting I quickly learned the importance of acquiring “quality” coins versus run of the mill coins. In those days, there were no certification companies. Many coins within collections from that era would never make the cut by today’s third party grading companies.

When PCGS came on the scene (or when I discovered them in 1994), I sent in ten coins for grading. Three came back in body bags, two came in at a lower grade than advertised at the time of purchase and the other five made the cut. If you do the math, that is a 50% batting average. Who wants a collection of coins where half of them are “less than” you thought. The wrong time to learn this lesson is when you go to sell those coins!

If we fast forward to the present, I have learned through trial and error the “nice” coins for the assigned grade from the “average (or worse)” coins given their assigned grade. What keeps me collecting is the thrill of the chase...finding that coin which stands out in a crowd irrespective of its grade!

Just because coins are certified does not mean that they are of high end quality. In fact, I’m so picky that I find less than 1% of all coins that I inspect, meet my selection criteria. Keep in mind that much of third party grading is based mainly on the amount of wear, not so much on quality, eye appeal, great toning, etc. until you reach the Mint State grade range when these factors come into play. Just look from show to show and you will see the same typical coins in dealer’s cases. Also, look online at the auction sites...the nice coins are bid up at auctions and also go quick at coin shows.

Here is how I seek out nice coins. When I look in a dealer’s case I scan until something pops out and literally stares back at me. I ask the dealer how long they have had the coin. If they say something like “I just purchased it last week at the Baltimore show,” that’s a good start as the coin hasn’t been languishing in the dealers inventory for months on end! From there I ask to see the coin and examine it with a 5X loop. Unfortunately, there are many nice coins that have that dreaded carbon spot or gouge in the cheek. Once I see that, it’s over, I give the coin back to the dealer. My rule of thumb is that if your eye is attracted to a carbon spot, significant scratch or ding, discoloration, etc. then don’t buy the coin as that imperfection will always bother you. Yes...I have bought my share of coins like this in the past only to sell them. I no longer settle for coins like this...I just wait until I find the right one.

If the coin passes the 5X test, then I get out the 10X loop. No matter how nice the coin looks to the naked eye or under 5X magnification, under 10X, you will think your staring at the surface of Mars!

Imperfections are to be expected (especially at this magnification), but where they are located is key; if they are well hidden and not in the middle of the fields, then you have probably found a nice coin!

The next step I recommend is to take the coin to another dealer that you trust and ask for their opinion. One thing that is certain, a dealer will tell you what is “right” with a coin when you try to buy and the same dealer will tell you what is “wrong” with a coin when you try and sell. Try this sometime...it is a great way to learn good and bad attributes about a coin.

Here are some more tips for finding quality coins:

TONING – Almost all coins have some degree of toning. Gray toning on circulated silver coins that highlights the devices is very appealing. Stay away from very dark, blotchy or excessively uneven toning.

COLOR - AU to Mint state toning will often be different in that the toning can contain various colors or be dominated by one color such as gun metal blue or gold in appearance. Ascetically pleasing coins will have multi-colored toning that can sell for multiples of its colorless counterparts!

ORIGINAL SURFACES – Look for nice original surfaces. Nice surface will not have hairline scratches, corrosion, pitting, excessive tick marks, etc. The smoother the better! Avoid cleaned coins.

Unfortunately, most coins have been cleaned at one point; even many that have been certified. The brighter a coin is as you descend down the grading scale is a good indication of a cleaned coin.

LUSTER – Luster is that microscopic difference in metal height which causes a hologram effect when the coin is tilted and rotated while viewing under light. This is the first part of the coin to wear once it enters circulation. Over-dipped coins will have limited luster along with a washed out look to them.

STRIKE – Look for coins with a sharp strike. Almost every series has its areas of weakness. Learn those weak points prior to seeking out a given coin. Coins with a sharp strike command premiums as evidenced by designations such as “Full Split Bands” or “Full Steps,” Etc.

To confirm if you have a nice coin, try shopping it around to several dealers. If most of the dealer’s want to buy it right away and can’t come up with what is “wrong” with the coin, this is a good indicator that you have found a very “eye appealing” coin for your collection! Such coins will command premiums if you ever do sell.