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UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON DOMESTIC AND INTERNATIONAL MONETARY POLICY,
TRADE, AND TECHNOLOGY

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Coin and Currency Issues Facing Congress: Can We Still Afford Money?

Madam Chairman and members of the Subcommittee, my name is Fred Weinberg. I currently serve as Vice Chairman of the Industry Council for Tangible Assets (ICTA), the national trade association for rare coin, precious metals, and collectible currency dealers. Within the United States alone, it is estimated that retail rare coin sales totaled about \$10 billion annually, as of the end of 2005.

I am also a past president of the Professional Numismatists Guild (PNG) and have been a member of the American Numismatic Association for more than 38 years. I have been a full-time numismatist for the past 35 years and specialize in mint error coins, currency, and the minting process. A coin collector since age 12, I am currently the owner of Fred Weinberg & Company in Encino, CA. My company offers numismatic coin and trading expertise in the areas of US rare gold and silver coinage, and we buy and sell major mint error coinage of all types. In the numismatic community, my firm is recognized as an active force in the wholesale market, trading with dealers, banks, and investors nationally and internationally. I appreciate your inviting the Industry Council for Tangible Assets to testify before you today.

In mid-April, 2006, Representative Frank Lucas requested that ICTA gather input from the numismatic community for his bill, HR 5077, "The Numismatic Rarities Certainty Act of 2006," which he introduced on April 4, 2006. Consequently, I and a number of other leaders of the numismatic community met with ICTA staff to collect our ideas on the bill as introduced and to decide what, if any, amendments we would recommend to Congressman Lucas. This group then met with Mr. Lucas and his staff via conference call and subsequently provided Mr. Lucas with some suggestions designed to fulfill his purpose for introducing HR 5077. Most of these recommendations are included in this testimony.

HR 5077 will establish a clear definition regarding the legal private ownership of certain coins, medals and other numismatic items produced by the US Mint. Such clarity will

accomplish several goals that benefit both the US Treasury and the numismatic community, which include

1. The numismatic community and relevant government agencies will have certainty as to which products may be legally owned and traded;
2. The US Treasury may save considerable financial, personnel, and other resources by avoiding extensive research and sometimes litigation in situations where a coin, medal or other numismatic item's presence in the marketplace is not clearly the direct result of recent, proven illegal actions;
3. Law enforcement resources will be freed to focus on more urgent matters since there will no longer be a need to pursue these essentially victimless situations; and
4. The American taxpayers' funds will no longer be spent on such technical matters from which there is no threat to the integrity of the US Mint, US Treasury, or the US money supply.

HR 5077 will also:

1. Provide for preservation of historically important numismatic items and create specific policy for the disposition of patterns, trial pieces, and other items, so they will not be lost for posterity at the discretion of an ever-changing administration of the US Mint and/or Treasury; and
2. Provide funding for the National Numismatic Collection at the Smithsonian Institution. This is an especially important provision since the historic National Numismatic Collection at the Smithsonian was closed last year. HR 5077 will provide for the preservation of our coinage which is part of our nation's cultural heritage.

Industry experts agree that the provision in HR 5077 that would officially declare all coins, medals, and other numismatic items produced before December 31, 1932, as legal to own and trade is acceptable and desirable.

From our experience, the items of most concern to the US Treasury have been a very small number of test or trial pieces, the 24K gold Sacajawea dollars, and the 1933 \$20 St. Gaudens gold coins. We understand many of Treasury's concerns and wish to help resolve any issues that might impede the passage of HR 5077.

Over time, proving whether an item left the Mint legally or illegally becomes increasingly difficult. We would suggest that if an item in question comes to the attention or possession of the Mint after 50, or even 75, years of the striking ("creation", "date," or some other determination of timeline origin) of the item, it is legal to transact unless there is clear documentation (a simple burden of proof that will rest with the Mint) that the item's return to the Mint was a requirement at the time of or within a reasonable time of its original distribution or release (for example, the 1964D Peace Dollar) or that the creation of the item was done without legal authority (such as the 24K Sacajawea Dollar). For future issues, "clear documentation" could be something as

simple as including in any cover letter or memo that accompanies the product to include some wording indicating that the Mint requires the item or items to be returned to the Mint. For example, this would make the 1974 Lincoln cents legal to own but still leave the 1933 St. Gaudens \$20 gold coins subject to dispute and/or litigation. The 50- or 75-year standard is a realistic time frame that would prevent those who might seek to benefit from such illegal activity from being able to do so in their lifetime.

Should the government seize numismatic items, it is our position that the government should be required to show that these numismatic items were removed illegally from any of the US Mint's facilities.

There are certain specific areas of concern to the numismatic community that the current language of HR 5077 does not address. For your examination, I have with me some examples of the following products, which currently are not specifically addressed in this legislation:

1. Errors;
2. Patterns and similar trial pieces;
3. Other numismatic items such as cancelled dies, punched planchet strips, etc.;
- and
4. Items that may be legally provided by the Mint to legislators or outsourcing companies but whose legal status may be unclear if they have entered the marketplace.

We urge Congress to establish that all mint errors are legal to own and trade. New production technology has resulted in far fewer striking errors, and technological advances in security at the Mints' facilities make any items less likely to be taken illegally. Indeed, my colleagues and I agree that in the last five years, since the implementation of new minting presses and technology, the incidence of error coinage has decreased by approximately 97%. In addition, once these products have entered the marketplace, it is almost impossible to determine if they entered commerce legally or not. Die varieties should not present any problem for the Mint.

To the best of our knowledge, none of the items listed above has been particularly problematic for the US Treasury or for the US Mint; however we believe their status should be formally addressed in HR 5077.

On behalf of ICTA and the numismatic community, I wish to thank you for this opportunity to present our comments. We encourage any member of this Subcommittee or their staff to contact us for assistance and any additional information we may be able to provide. We look forward to continuing to work with Congressman Lucas and this Subcommittee as you consider HR 5077.