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I have run across a serious concern that affects all collectors/investors regarding paper money.

I recently purchased a Friedberg No. 229 Series 1899 \$1 silver certificate that was originally graded by PCGS Currency as Gem New 66 Premium Paper Quality. The note was subsequently cut out and was found to have a paper clip indentation, which has caused a bend through the design at the upper left corner when viewed from the face. (obverse?) From my experience and understanding, the best grade this note could attain would be About Uncirculated 58PQ. The note was then returned to PCGS Currency for grading and was assigned a grade of 68PPQ!

At PCGS Currency's website the grading standard for a Superb Gem New 68 is stated as: "A '68' is basically as nice and as close to perfection as a '69,' but a minor fault may be present, including a tiny handling mark, an edge bump, or a very small counting crinkle. Otherwise, a '68' will be flawless, with excellent centering, bold colors, excellent eye appeal, and full originality. Despite the mention here of trivial flaws, one should remember that a '68' is an essentially perfect note. It is the highest grade that can reasonably be expected for many series, including most large size type notes."

Approximately a month ago, I purchased a Fr. No. 236 Series 1899 \$1 silver certificate and a Fr. No. 2163-B* Series 1963A \$100 Federal Reserve note that were originally graded by Paper Money Guaranty (a division of the Certified Collectibles Group) as a 66 and 67 respectively. They, too, were subsequently cut out and the Fr. No. 236 was found to have what appears to be a stain, three pressed out folds and an edge bend. The Fr. No. 2163-B* appears to have a corner and edge bend. Based on my experience and knowledge, the best grade they could obtain would be an Extremely Fine 40PQ and 63 respectively. The notes were returned to PMG for grading. PMG recognized the stain on the second grading of the Fr. No. 236 and assigned a grade of 64. The 2163-B* was graded again as a 67. Since PMG has no published grading standard, there was nothing with which to compare. (PMG's website has a chart of grades but does not describe the criteria for those grades.)

As you can readily see there is a wide discrepancy on PCGS Currency's and PMG's parts regarding the grades of the notes. I would have to assume that PCGS Currency and PMG do not maintain population reports as do PCGS and Numismatic Guaranty Corp. with coins or they would have noted the original grades of the notes. Also, it's hard for me to understand how a note can pass through more than one grader's hands and the flaws not be detected. As a result, the notes could be sold for an amount substantially higher than their true condition would justify. This in turn could eventually affect the integrity of the hobby.

In the June 2006 issue of *Bank Note Reporter*, Andrew Woodruff makes reference to the fact that we, as a hobby, have ceased to be vigilant and have closed our eyes to the selling of processed notes, which reap substantial profits. If I've heard the renown numismatist Q. David Bowers say it not only once but many times in the past, buy the coin, not the holder. This, too, can be applied to paper money. It's hard to pass off paper money other than in its true condition when notes have signatures such as serial numbers to track their history. Coins do not have that advantage. Woodruff points out a significant example of a processed note that conceals its true condition and value. In March of 2005, a Series 1929 \$5 national bank note (listed in article as a 1929 \$5 Type I note) was sold in a Lyn Knight Currency Auctions sale, Lot 1871, as Choice About Uncirculated. A year later the same note sold at another Knight auction, Lot 1336, as a PMG 64. In between the two sales, Woodruff points out that the note had been processed by being "cleaned, pressed and its top edge trimmed away to give it a straight top margin with sharp corners." Naturally it realized a higher selling price.

I would have to say that I don't think we – as a hobby and fellow collectors/investors – are ready to accept processed notes and hand over our money for a note other than one that is certified in its true condition. I couldn't agree more with Woodruff when he says: "We can no longer expect the PCDA or dealers in general to criticize any of the grading services. It would be bad for business!"

Collectors/investors can overcome this by paying close attention to the notes and choose a grading service that has tough, conservative and impeccable written grading standards, along with the help of available population reports. Now is the time for the American Numismatic Association to step in and set up a board of review and certification standards for third-party grading of paper money and coins. Then we can all have peace of mind and be secure in the knowledge of what we are getting.

This in no way is a bashing of PCGS Currency and PMG, but I feel as though their standards have been compromised and better controls need to be put in place to keep this from occurring again.

This issue is important enough that *Coin World* subscribers and readers should be informed and certainly are deserving of a need to know.

Rick Parker of Lawrenceville, Ga., has been a collector/investor for 40 years in both paper money and coins and specializes in paper money, which he describes as his “true passion.”