

ANA should address concerns, then act

Guest Commentary

Rick Parker of Lawrenceville, Ga., has been collecting paper money for 40-plus years, specializing in both large- and small-size type notes.

The American Numismatic Association is contemplating a licensing process for third-party grading services. This proposed program brings with it a lot of concern and questions that need to be answered.

After past discussions with the leadership of the ANA, it has become apparent to me that the ANA is not prepared to take on this initiative.

First, no grading standards have been set for the certification of currency that applicants are required to abide by. Instead the ANA has left it up to the grading companies to establish their own standards. Based on personal experience with three major grading firms, much is left to be done regarding the criteria used for rendering a grade.

It also appears the grading staffs of these firms are not availing themselves of the right equipment, tools and the keeping of good records, notwithstanding the apparent lack of experience.

My files are filled with photo documentation of notes. Two notes in particular have problems: one has prominent stains and an actual piece of another note is missing (see photo). They are housed in Choice Uncirculated 64 and Gem Uncirculated 65 holders respectively.

Second, there appears to be no interest from the ANA Board of Governors to take a fiduciary responsibility for the public's best interest. I would think this would be of the utmost concern and priority.

In my conversations and e-mails with the ANA, I was left with the impression some sort of ad-hoc committee would be formed to establish a grading standard all companies would be required to adhere to in order to be licensed by the ANA. In fact, I was personally led to believe I would be included in that effort. As of Oct. 17, I have not received any further notice from the ANA this would take place. Thus the reason for this commentary, to give the public a better understanding of what is going on in our hobby.

The readers and subscribers of Coin World and the public need to know we are treading on dangerous ground. The first time a disgruntled collector/investor wants to file a complaint, it might very well be with the Federal Trade Commission. If that happens, the entire hobby that we enjoy is in trouble.

Don't let disclaimers by the grading companies cloud your judgment. Everyone in the hobby should have a basic knowledge of what characteristics a Crisp Uncirculated note and a Gem Uncirculated note should have.

I am in no way advocating not purchasing certified material. With the high prices being realized for rare certified notes and the confusion that exists with certified material, it is best the potential purchaser be armed with the facts. Educating oneself is mandatory to avoid the pitfalls of a

purchase.

In my many years of collecting currency I have encountered only one firm that has an established record of integrity and credibility and is an example for accountability when it comes to certifying notes. Currency Grading & Certification Inc. (CGC) has been established for five plus years now and has excelled in its grading criteria used for certifying graded material. CGC was the first to publish a guide that outlines the criteria it uses for grading currency, The Standard Guide For Grading Paper Money. This publication has been available for as long as CGC has been in business and copies are in the ANA library and are referenced by universities. Also, a CD is available that complements the guide and gives insight into the art of grading and investing in currency.

In the guide you will find valuable information that refers to the instruments and tools used, such as micrometers for measuring the margins of notes to determine the parameters assigned for a particular grade. For example, the tolerance for a Gem Uncirculated 65 note can be no less than 70/30, left to right, top to bottom, on both sides of the note. Assuming a perfect margin is 50/50 a note can have a margin variance of no more than 70/30 and still be considered a Gem example.

However there are idiosyncrasies applied for certain type notes to determine a particular grade, such as notes that were handcut or wet-cut from the sheets during production or large-size notes, which are noted for their thin front margins top and bottom, etc. Many of these are mentioned in the CGC guide book.

In addition, stereoscopic scopes (another word for microscopes) and the correct lighting (preferably halogen) are essential equipment.

It doesn't take an expert to see how this approach can take the subjectivity out of grading currency. The guide covers other subjects such as folds, pinholes, handling marks, corner tip bends, trimmed notes, foxing and paper disturbances (aging and abrasions), processed notes, skewing, trailing edges, etc. All of these items can determine the grade assigned to a note.

One of the most vital pieces of information one can use before making a purchase is the use of available population reports. Not only do the reports have information on rarity, but they also list the number of raw and certified notes known in each grade categorized by Friedberg catalog number and serial number.

One advantage currency has over coins is each has permanent signatures or serial numbers. The population report is essentially a history of that note. I am aware of only two versions of existing population reports, one compiled by CGC and one by Martin T. Gengerke. By referencing either of these two reports you can be a more astute collector, investor and buyer in rare currency.

With all this said, I am asking the collecting community to get involved and demand that a certified standard for grading currency be put in place.

You can start by lobbying the ANA to get active in this important issue. Talk with your fellow collectors and demand that the grading companies revisit their grading standards so the currency that is entrusted to them is returned with a grade that reflects its true condition.

If this issue is not rectified, people will continue to be deceived and suffer financial harm.

Please help bring credibility back to the hobby so we can feel comfortable we are getting what we are paying for.



Image courtesy of Rick Parker. UNITED STATES NOTE is missing a corner yet resides in a grading service's holder with a Gem Uncirculated 65 grade.