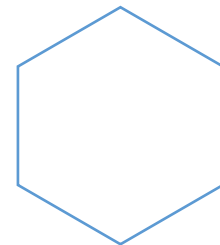


America's Oldest Grading Service™

Coin Grading and Professional Third-Party Grading Services



By J.P. Martin,
ANACS Senior
Numismatist



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INTRODUCTION

The purpose of this guide is to explain how professional coin graders grade rare coins so collectors and investors can more easily buy and trade coins with confidence.

As with diamonds and other rare gems, determining the condition or grade-of a rare coin is one of the most important aspects of buying and selling coins. A coin's numeric grade, as determined by a professional coin grading service, is an overall evaluation of its appearance based upon widely accepted factors.

Once a coin's grade has been professionally established, the coin's value can more easily be determined and the buyer and seller are well on their way to a mutually satisfying transaction.

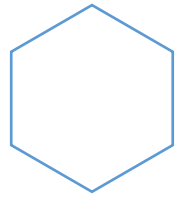
A casual observer at a coin show or in a coin shop might be surprised at the apparent ease and speed at which a coin transaction takes place. This is certainly due in part to the wide acceptance of today's 70-point grading system as adopted by collectors, dealers and the major grading services.

GRADING

Coin collecting and coin grading are probably nearly as old as the coins themselves. Pieces of precious metal struck with an official mark and used as currency are believed to have originated in what is now Western Turkey around 700 B.C. As such, they are some of the oldest and most affordable of all antiquities.

Throughout the ages and continuing right up to today, collectors have been fascinated by these enduring pieces of history and great art. It is in our nature as hunters/gatherers to accumulate, sort and store items, and coins are no exception. This urge to "keep the best and leave the rest" is just as true today as it has ever been.

We are all graders and we use our skills as graders everyday. For example, consider your most recent trip to the produce section of your local supermarket. You are offered a number of similar items, side by side. Do you simply reach for the nearest piece of fruit or do you take a little extra time and make a choice based upon the fruit's color, smell, texture, size, firmness and other factors? It is the same with coin evaluation or grading.

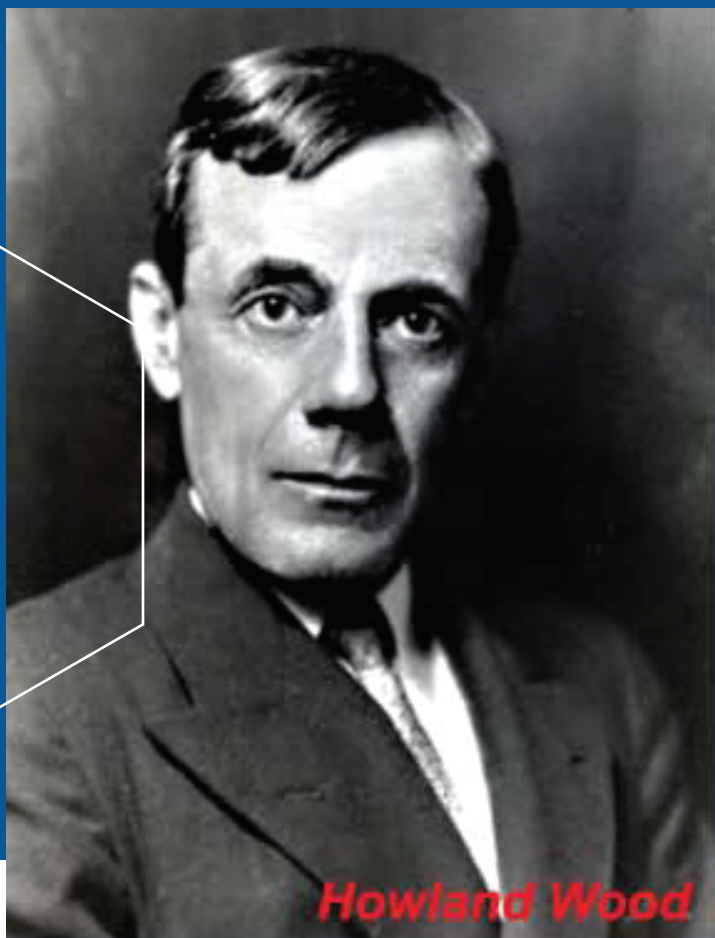


Coin grading is defined as "a standardized short-hand description of a coin's relative condition." In America, coin grading has evolved tremendously over the past 150 years, stirred by dramatic increases in coin values.

Coin collecting in America, as we know it today, had its roots in the early 1850s. At that time there was no great distinction in values made between coins of varying grades. Because of this, a three-point scale, consisting of the grades "Good," "Fine," and "Very Fine", met most people's needs.

However, as the hobby matured, more and more collectors entered the market, resulting in a steady increase in the number of coin auctions that were held each year. This was many years before the advent of auction catalogs that featured photographs of the coins that were being put up for sale. Instead, auction catalogs had to describe the coins as best they could, using verbal descriptions. Terms such as "a trifle circulated," "a perfect fine," "barely touched by circulation," and "rather poor," may have worked then, but they certainly would not work today because they are far too imprecise.

In the early 1900s, Howland Wood, a well-known and highly respected coin dealer of the time, attempted to establish a set of written standards to address the problem of imprecise coin descriptions. Wood stated, "While it is unreasonable to expect everyone to see things exactly alike, it is possible for everyone to see things more nearly alike."



Wood was saying this at a time when the coin market was such that a mint state, or new coin might have sold at four or five times the price of a well-worn specimen.

Today, however, the price spread could easily be a hundred, or even a thousand times greater! For example, a hundred years ago a common silver dollar might have been valued at face value, or \$1 in "Good," \$2 in "Fine," and just \$5 in "uncirculated." Today, that same coin might be \$20 in "Good," \$30 in "Very Fine," and tens of thousands of dollars in near perfect "uncirculated." Clearly, current price levels demand a much more precise grading standard.

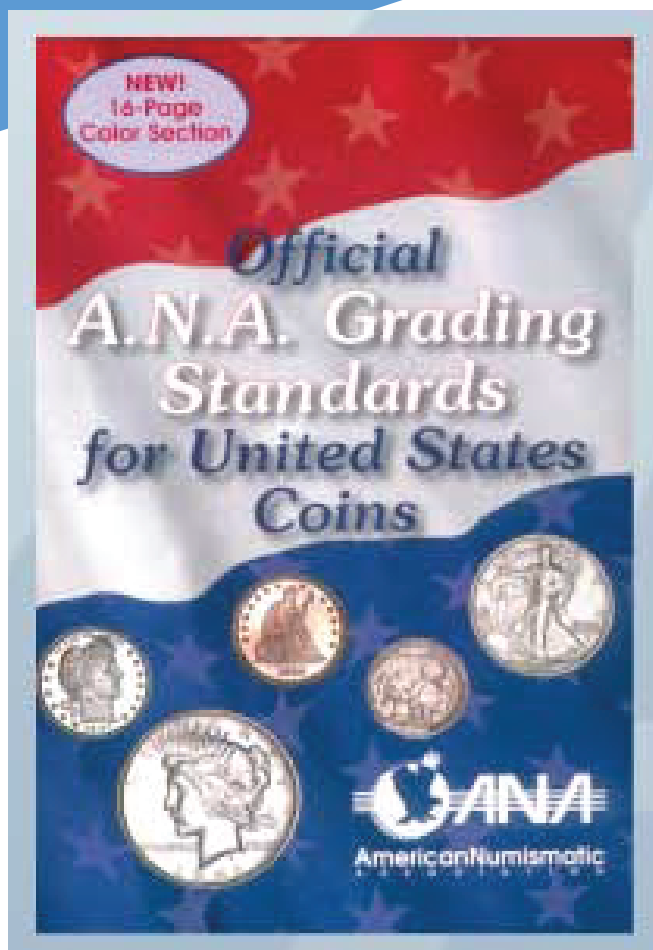
GRADING TODAY

Ken Bressett, former president of the American Numismatic Association, a non-profit educational association established in 1891 and chartered by the U.S. Congress, and the long time editor of the coin-collecting bible, *A Guide Book of United States Coins*, says, "Coin grading is simple. You only need three things: a good light, a good loupe or magnifying lens and a good 20 years of experience."

There is much truth to this simple quote. Coin grading today has grown to a level of knowledge and sophistication unimaginable just a century ago. The constraints of a grading scale with only three, or five, or even seven different grades would prove wholly inadequate in defining gradations in coins worth many thousands of dollars.

In the 1940s a 70-point scale was devised by Dr. William Sheldon, an eminent physician and medical researcher at New York's Columbia University. The Sheldon Scale uses 30 different grade designations along its 70-point continuum. Circulated coins (coins that show various degrees of wear on them) range from a low of 1 to 58 points, whereas uncirculated coins are assigned one of the 11 grades between 60 and 70, with 70 being a virtually perfect coin. For instance, a Mint State 65, so designated as "MS-65," silver dollar grades 65 out of a possible 70 points.

The creation of the Sheldon Scale was an important advancement and it encouraged others to act. In 1975, Virginia Culver, the President of the American Numismatic Association official (ANA), put together a blue-ribbon committee that included Abe Kosoff, the founder of the Professional Numismatists Guild (PNG), Ken Bressett and many other eminent numismatists. The committee was asked to solve the problems of grading discrepancies that were prevalent at that time. The product of this endeavor was the reference book, Official ANA Grading Standards for United States Coins. First published in 1977 and now in its 7th edition, it is the most widely quoted source book on grading and is relied upon daily by collectors and dealers alike.



(Editors note: J.P. Martin, the author of this brochure and Senior Numismatist at ANACS, Michael Fahey, Senior Numismatist at ANACS, were major contributors to this monumental work.)


PROFESSIONAL COIN GRADING SERVICES

The development of professional third-party grading services in the 1970s and 80s was not only the next step in the evolution of coin grading; it also marked the emergence of coin collecting as a legitimate investment vehicle. Now coins were given grades by independent professionals who judged the coin's condition without the influences of the buyer or the seller. These professional graders, who have years of experience examining and researching coins, are some of the most skilled and respected people in the entire numismatic community.

There are currently more than a dozen coin grading services several more of which have come and gone. The major professional coin grading services are responsible for grading millions of coins each year, more than 30 million coins since their inception. These top services set themselves apart from all other coin grading services by virtue of the experience and reputation of their graders and researchers, their extensive dealer and collector networks, their written guarantees and the wide-spread acceptance they enjoy within the industry. The top-rated services are Numismatic Guarantee Corporation (NGC), Professional Coin Grading Service (PCGS) and ANACS, America's Oldest Grading Service. These widely used services each have a submission network that numbers thousands of dealers and many thousands of collectors.

Once a coin is submitted to one of these grading services it is carefully inspected and evaluated by at least three professional coin graders before a final grade is assigned to the coin.





"Problem coins," as the name states, are coins that have something wrong with them. This could include coins that have environmental damage, have been cleaned, have scratches or are, in some other way, damaged.

The fees for this service are paid by the submitter and are based on the value of the coin and the speed of service provided by the grading company. For instance, each of the three major services offers a guaranteed turn around time of one to fifteen days. For a lower fee there is an Economy turnaround time of approximately one month. These services are rendered to dealers, collectors, investors, executors of estates, or anyone who wants to determine whether a coin will make the grade."

One of the more innovative concepts over the past twenty years has been the introduction by the major grading services of sonically sealed coin holders. These holders are designed to protect the coins that are sealed inside and to make them easier and more attractive to display. The holders are made of inert plastic and are designed to be tamper-evident, thus preventing an unscrupulous person from successfully opening the plastic holder and replacing the coin inside with a less valuable one.

Each of the three major professional coin grading services guarantees the grade and authenticity of coins it puts into its holder. This guarantee includes the right of a customer to resubmit a coin that they feel might be over-graded or is not authentic. In the event the customer is correct, the grading service will then either buy the coin back from the customer or replace it free of charge.

Given all this, it is clear why many people see the advent of professional coin grading services as the biggest step in consumer protection in the coin industry over the past 25 years. People who best know the coin industry strongly recommend ANACS, NGC and PCGS to their customers because of those services' business practices of independently grading coins and because of their written guarantees to consumers.



Using a 7X Loupe to
grade this gold coin.

Checking A coin's weight to
make certain it is genuine





FACTORS THAT AFFECT COIN GRADING

Just as diamonds are graded by professional jewelers primarily based upon their color, cut and clarity, professional coin graders judge a circulated coin by the amount of detail removed from the coin as it circulates and wears down. However, the grading of uncirculated, or Mint State, coins, has become more complex and challenging. Mint State coin grading is far more sophisticated and requires years and years of grading experience. It is one of the major reasons for the popularity of third-party professional grading services.

When grading an uncirculated coin, at least eight factors must be weighed before a final grade can be assigned to a coin. These factors include: contact marks, luster, strike, color, toning, friction, coin or die flaws and obverse/reverse consolidation. Let's briefly look at each factor.

- **Luster** is the reaction of light to the microscopic flow lines or die erosion lines on the coin's surface. The amount of luster a coin has is the major element in determining its eye appeal. The heavier, or frostier, the luster, generally the higher the coin's eye appeal, and grade. Luster is considered the major grading criterion for mint state coins.



- **Strike.** It may surprise you, but not all coins are made equally. Some coins are struck better than others and the strike can vary among coins from the same year of issue. Again, the better or greater the strike, the sharper the coin's detail and, most likely, the higher the coin's grade.



- **Color.** On copper or bronze coins, red color is considered the most original and vulnerable. The introduction of brown toning lowers the color and therefore the grade designation into one of three categories: RD for Red, RB for Red/Brown and BN for Brown. Red/brown toning is less original and brown the least original. The darker the toning the lower the value and the designation for copper coins.

- **Toning** is a thin film of sulfide that is often found on the surface of reactive coin metals, especially copper and silver coins. It is what can cause an uncirculated coin to have beautiful and subtle hues moving from blue to magenta to orange and other colors. However, it can also cause a coin to turn an ugly brown or even black. Therefore, a coin's toning can be either attractive and add to its overall grade, neutral and not play a part in the final grade or negative and bring down the coin's grade.

- **Friction** is caused by light rub or contact on the coin's high points. Even slight friction, or wear, can lower a coin's grade from being uncirculated, or mint state, to being circulated.

- **Coin or die flaws.** There are two major ways that the Mint can make a production mistake. The first is to strike a coin on a substandard planchet (the round metal disk that is struck to make a coin). The second is to strike a coin from a less than perfect die. If either happens, the coin's grade can be lowered depending upon the location and severity of the flaw. In some cases, the flaw may be so severe that the coin may not even be able to be graded.

- **Obverse/reverse grade consolidation.** The obverse, or front side of a coin, almost always dominates a coin's value and therefore its grade. Only rarely does a coin's reverse side add or detract significantly to the coin's ultimate grade. This is especially true with large portrait coins such as Morgan and Peace dollars.

AUTHENTICITY

"Where there is value, there is imitation."

While the threat of counterfeit coins has been greatly diminished in the past thirty years, counterfeit and altered coins still pose a hazard to the unwary collector or investor. Counterfeits are copies of genuine coins. Most counterfeits of U.S. gold coins were produced overseas from the late 1950s to the early 1980s. Others, made between the 1960s and 1980s, were produced domestically to fool coin collectors.

Altered coins-the fraudulent changing of a feature of a genuine coin, are targeted toward coin collectors. For example, an "S" mintmark added to a common 1909 VDB Lincoln cent (the VDB stands for the designer's initials, Victor David Brenner) would imitate the rarer 1909-S VDB cent. (The common coin might be worth several dollars, whereas the rarer 1909-S VDB cent would be worth many hundreds of dollars!) While this alteration may not be detected by a novice, most experienced dealers or collectors would question the coin's authenticity.

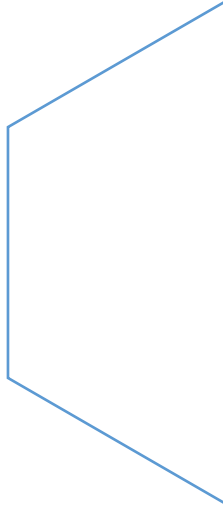
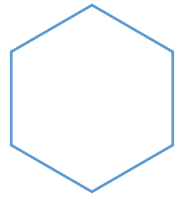
Due largely to the efforts of the American Numismatic Association, the IBSCC (International Bureau for the Suppression of Counterfeit Coins) and the three major grading services, there have been great advances in the identification of altered and counterfeit coins. Once a counterfeit coin has been identified, specific information about how to identify the counterfeit and alteration is shared among the grading services and is published in professional journals and books. The result has been a marked reduction in the population of these coins.

While as recently as just 40-50 years ago it may not have been unusual for a certification firm to find one out of every ten rare coins to be fraudulent, the number seen today is certainly less than one in a hundred.

GUARANTEES

The coin industry is governed by several professional organizations that have developed strict guidelines that go considerably beyond federal and local laws. These guidelines protect and promote coins and related coin transactions.

It is in everyone's best interest that consumers are treated fairly in every transaction. In the United States, American Numismatic Association (ANA) and Professional Numismatists Guild (PNG) member dealers are bound to a strict code of ethics. These codes of ethics are available upon request from each of these organizations. As mentioned earlier, major grading services such as ANACS, NGC and PCGS offer their customers written guarantees concerning the accuracy of their grading and the authenticity of every coin that is sealed in one of their coin holders. If a coin that is certified by one of the three major grading services is determined to be overgraded, counterfeit or altered that service will either purchase the coin from the customer or replace it.



SUGGESTED READINGS

A Guide Book of United States Coins ("The Red Book") by RS Yeoman and Kenneth Bressett. This book is the "bible" of the coin industry. There is a new edition each year.

Official A.N.A. Grading Standards for United States Coins, 6th Edition. The A.N.A. was founded in 1891 as a non-profit, educational organization. It is chartered by the U.S. Congress, just like the American Red Cross and the U.S. Olympic Association. This book is especially helpful for circulated coins.

Photograde Coin Grading Guide by James Ruddy. Having gone through nearly 20 editions is testimony to the usefulness of this book for beginning graders.

SELECTED GRADING TERMS & ACRONYMS AS USED & DEFINED BY ANACS

Adjustment Marks

Small, parallel striations or file marks found on early United States coins. Caused during planchet preparation (before striking) by drawing a file across the planchet to remove excess metal to reduce, or adjust, the planchet to its proper weight of precious metal.

Artificial Toning

Toning quickly induced by chemical means to enhance a coin's appearance, or to disguise problems on the coin.

Alter

To deliberately change the date, mintmark or a device on a coin with the intent to fraudulently increase its face value or numismatic value. At ANACS, an altered coin will not be graded.

Authentication

The authoritative determination of the genuineness of a coin. At ANACS, this is the first step in the grading process.

Bag Mark

A minor abrasion on an otherwise uncirculated coin, caused by contact between other coins of the same type through normal production and storage. Sometimes called contact marks.

C

Mintmark of the Charlotte (North Carolina) Mint, which operated from 1838-1861.

CC

Mintmark of the Carson City (Nevada) Mint, which operated from 1870-1893.

Circulated

1. Coins released to the general public. 2. A coin that shows signs of wear from being passed from hand to hand. At ANACS, a circulated coin will not receive a Mint State (MS) grade.

Commemorative

A coin issued to mark, honor or observe an event, place or person, or to preserve its memory.

Composition

The metal content of a coin.

Contact Mark

See Bag Mark.

Contemporary Counterfeit

A copy made when the coin was in circulation.

Counterfeit

An object made to imitate a genuine coin with the intent to deceive or defraud.

D

1. Mintmark of the Dahlonega (Georgia) Mint, which operated from 1836-1861.

2. Mintmark of the Denver (Colorado) Mint, which has operated from 1906 to the present.

Denticles

Ornamental devices used on the rims of coins such as our modern quarter and dime, often resembling teeth; also "beading" in which small dots are used.

Device

The principal element, such as a portrait, shield or heraldic emblem, of the design on the obverse and reverse of a coin, token or medal.

Die

A hardened metal punch, the face of which carries an intaglio or incuse mirror image of the design to be impressed on one side of a planchet to make a coin.

Die Marker

A distinguishing feature that originates on a die, such as tool marking or polish lines, and manifests itself on a coin. At ANACS, die markers can be used as diagnostics when authenticating a coin.

Digital Scale

A sensitive electronic scale used to weigh coins. At ANACS, our scale of choice has a sensitivity to one ten thousandth of a gram.

Doubled Die

A die that has a multiple image created during the manufacturing process. Coins struck from a doubled die show a doubled image. Doubled-die coins are often highly sought by collectors.

Edge

Often termed the third side of a coin. Not to be confused with the rim. Edges can be plain, lettered, milled or reeded with a repetitious device.

Field	That portion of a coin's surface not used for a design or inscription.
Flow Lines	Microscopic striations on a coin's surface caused by the movement of metal during the striking process.
Genuine	Not counterfeit or altered; an original as issued in an official capacity.
Grade	The condition of a coin or the amount of wear that a coin has sustained. Generally, the less wear a coin has, the more valuable it is.
Hairlines	Fine scratches on the surface of a coin. Not to be confused with Die Scratches which are raised on a coin.
High Points	The areas of highest relief in a coin's design. The first small parts to show evidence of wear and also the last areas to strike up fully.
Incuse	The design is recessed into the metal, rather than raised as on most coins.
Intaglio	The opposite of positive relief.
Internal Stress	When a coin is struck, it creates internal stresses within it through the heating and cooling processes. This stress is what gives a genuine coin a bell-like ring when tapped on the edge with a pencil.
Intrinsic	The net value of a coin's metal content, as opposed to its face value or numismatic value.
Luster	The reaction of light with the microscopic flow lines on the surface of a coin. Luster is one of the most important factors in the eye-appeal of a coin, and thus its grade.
Machine Doubling	A minor bouncing of a die during the striking of a coin that produces a stair-step effect on the raised portions of the design. Caused by an improperly adjusted press. Because they are fairly common, machine-doubled coins do not have any additional value for collectors. At ANACS, machine-doubled coins are not designated as such for fear it may mislead a novice collector into believing that the coin has any additional collector value or interest.

Mint	An authorized factory where coins are made to manufacture coins.
Mint Luster	The "frost" on the surface of a Mint State (MS) or nearly Mint State coin. Caused by a series of microscopic lines formed during the striking process.
Mintmark	A letter or other symbol on a coin indicating the mint of origin.
Mint State (MS)	1. A coin that has no wear on it; a coin that has never circulated. 2. One of the eleven grades (MS-60 to MS-70) for a coin that has never circulated or has no wear on it.
Numismatics	The science and study of coins, tokens, paper money and other such monetary items.
Numismatist	A person knowledgeable in numismatics, generally coins.
O	Mintmark of the New Orleans (Louisiana) Mint, which operated from 1839-1909.
Obverse	The side of a coin that bears the principal design or device. Commonly called the "heads" side of a coin.
P	Mintmark of the Philadelphia (Pennsylvania) Mint, which has operated continuously from 1793 to the present.
Pitting	Minute holes or pits on the surface of a coin or die, generally caused by oxidation, acid or casting. At ANACS, pitting often lowers a coin's grade.
Planchet	The disc of metal on which the dies are impressed to make a coin; also called a blank, a disc or a flan.
Plated Coin	A genuine coin altered by Electroplating or coating it with another metal after being struck, often for fraudulent purposes.

Processing

A term describing the mistreatment of a coin by wire brushing, acid dipping, or otherwise abrading or eroding the coin's surface in an effort to make it appear to be a higher grade than it actually is. Processed coins must be specifically described to the buyer as such. At ANACS, processed coins will receive a "problem grade".

Proof (PF)

A coin produced by a technique involving specially prepared dies and planchets and usually special striking, resulting in particular sharpness of detail and a virtually flawless surface, too. There is usually a mirror or matte-like surface over the field at the very least, sometimes with "frosted" designs. At ANACS, a Proof coin can be graded PF-60 to PF-70.

Proof-Like (PL)

Having a surface as flawless and brilliant, or nearly so, as a Proof, but struck from working dies, rather than Proof dies.

Raised Metal

Scraping, chipping or filing imperfections from a die with a sharp tool will produce incuse (sunken) areas on the die, which become raised metal on the struck coin. (Raised metal on the surface of a coin may cause suspicion of a counterfeit.)

Red

The original color of a copper coin such as the Lincoln cent. The coin could also be graded Red/Brown (RB) or Brown (B) depending on the degree of toning. Frequently, collectors will pay a premium for red copper coins.

Reed Count

The precise number of raised linear elements on a coin's edge. Reed count may be used as a diagnostic for counterfeit coins.

Reverse

The side of a coin carrying the design of lesser importance. Commonly called the "tails" side of a coin.

Rim

Raised facing border around the circumference of a coin.
Not to be confused with the edge.

Rub

Light rubbing, scuffing or friction received on a coin's high points from other coins. Not the same as hairlines or contact marks.

S

Mintmark of the San Francisco (California) Mint, which has operated from 1854 to the present.

Scratch

A naked-eye visible line or groove in a coin caused by contact with a sharp or rough object.

Series

One coin of each year issued from each mint of a specific design and denomination, such as the Buffalo Nickel series issued from 1913 to 1938 and struck at the P, D and S Mints.

Serifs

A decorative stop formed on the ends of some of a coin's lettering. Serif designs can be used to detect counterfeit or altered coins.

Sheldon Scale

The scale used for grading United States coins, developed circa 1948. Created by Dr. William M. Sheldon, a medical researcher at New York's Columbia University. The scale includes eleven Mint State (MS) grades from MS-60, the lowest grade, to MS-70, the highest grade. The scale also includes grades between PO (Poor 1) to AU-58 (About Uncirculated) for grading circulated coins.

Strike

1. To stamp a coin design onto a planchet.
2. Impression of relief detail on a coin—shallow (weak) or bold (strong, sharp).

Toning

Natural patination or discoloration of a coin's surface caused by exposure to the atmosphere over a long period of time. Toning can be attractive or distracting. It can help a coin's grade if it is attractive and hurt it if it is unattractive. Often a sulphur (sulphade) combination with metal is mistakenly referred to as oxidation.

Tooling

An attempt to enhance the surface of a die or coin by using a graving tool to bring out certain details.

Uncirculated

A coin in a new condition without wear, as issued by a mint. If a coin has evidence of handling, it is no longer technically considered uncirculated.

W

Mintmark of the West Point mint 1988 to present.

Weak Strike

A coin in which areas of its details are not fully formed because of the hardness of alloy, insufficient striking pressure or improper die spacing or planchet thickness.

Wear

The abrasion of metal from a coin's surface caused by normal handling and circulation. A coin with wear would no longer be considered Mint State.

Worn Die

The effect of overuse of a die. Detail may be lacking and/or deformed on a coin.





J.P. Martin is a Senior Numismatist at ANACS which is located in Englewood, Colorado. J.P. is a contributor to both "The Red Book" and the Official A.N.A. Grading Standards for United States Coins.

Martin has written a number of best-selling books and instructional movies for the American Numismatic Association (ANA) on coin grading and detecting counterfeit and altered coins. As an instructor for the ANA for more than 30 years, he has taught more people how to grade coins than anyone. In addition, he is a consultant to the U.S. Customs Bureau and the U.S. Secret Service and has taught counterfeit detection to the Secret Service. He can be reached at customerservice@anacs.com.

