



Precious Metals Quarterly

An Insider Report for Clients of Independent Living Bullion

Historic Coins Available at Bullion-Like Prices

BY CLINT SIEGNER
Co-Director, ILB

Independent Living Bullion (ILB) launched into business on the premise that “rare” coins are almost always a lousy deal for investors. Lee Bellinger and Stefan Gleason, the principals at American Lantern Press, which publishes the **Independent Living** and **Money, Metals, and Mining** newsletters, regularly heard sad reports from subscribers who got stung by dealers peddling numismatic and semi-numismatic coins with huge markups.

That is why, from day one, **ILB** decided it would only sell low-premium gold and silver bullion. Our product line-up focuses on the most popular and widely traded bullion rounds, coins, and bars. Occasionally, however, the market serves up interesting opportunities to offer coins, usually sold by numismatic dealers charging HUGE “collectible” premiums, at low bullion-like prices.

As often as we criticize dealers who sell “rare” coins, it’s important we are clear: We don’t object to the coins themselves, just the ridiculously high premiums charged – way above their true melt value and way above their resale value.

But right now, an opportunity to buy historic coins at close to melt value is developing. Due to **ILB’s** deep supply lines, we are able to obtain certain numismatic gold coins at bullion prices for our customers. Investors who move quickly can actually get these antique coins at prices similar to hugely popular gold American Eagles.

Right now, **ILB** can offer the iconic \$10 and \$20 Liberty coins, minted from 1849 - 1907, at approximately 5-6% over melt value (spot market price x gold weight). The \$10 “Lib” contains .4838 oz of actual gold content and the \$20 “Lib” contains twice that, or .9675 oz of gold. This premium is even more compelling when compared to similar fractional-size gold bullion coins such as ½ ounce American Eagles, whose premiums are approximately 7-8% on average.



The 19th Century’s \$10 Liberty coin can be obtained for LESS premium than today’s Gold Eagle.

Many of the 1849 - 1907 Libertys came back to market lightly polished by individuals who, unfortunately, didn’t know better. Any numismatic (collectible) value was obliterated as a result. However these 90% gold coins are still historic, constitutional money once used in America. One might consider these coins as the gold equivalent to “junk silver” (aka pre-1965 90% coins that are basically worth their melt value – see page 5 for more information).

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Don’t Pay Hefty Mark-Ups on Supposed Rarities

Unethical dealers love to buy these types of coins and then re-sell them to inexperienced buyers as if they were truly rare. These coins, sometimes referred to as “jewelry grade,” are typically in demand by jewelry makers who sometimes

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bid up the wholesale premiums to well above bullion levels. At the moment, however, premiums charged by honest dealers for these coins have collapsed to just above their melt value, finally making them a smart vehicle for investment.

“Rare” coin dealers are notorious for talking up the threat of bullion confiscation in order to sell pre-1933 coins at inflated prices. Precious metals are an investment. Keeping your transactions costs low will maximize

your returns. Paying extra for the false promise of special protection offered by “rare” coins is not a prudent financial move. But you can get historic coins – those that were actually circulated as money more than a century ago – without paying extra, so we say, “why not?”



The \$10 U.S. Olympic coin can also be obtained for LESS premium than today's Gold Eagle.

Gold commemorative coins

also present an opportunity right now. We have \$5 face-value coins (containing .2419 ounces of gold) and \$10 coins (containing .4838 ounces). The smaller \$5 commemoratives were issued by the U.S. Mint during the 1980s and 1990s in various designs. The Olympic \$10 coin (pictured right) was minted in 1984.

The U.S. Mint originally sold them at about 40% above their melt value. These coins have been re-sold back into

the market and have lost whatever collectible premium they once had. **ILB** sells them for less than 5% over spot!

Bullion investors should give both the older gold coins and these more recently minted gold commemoratives serious consideration.

These coins are liquid – you will find them easy to sell when the time comes. **ILB** happily buys these coins back. We are currently offering full melt value for them.

We believe premiums at these low levels are a bit of an aberration and unlikely to last (and assuming the premiums rise, you won't hear us talking about these coins as good investments to buy anymore). This is certainly true if history is any guide.

The possibility that premiums might increase is a nice enhancement to your potential investment returns.

And it's a bonus to own legal-tender coins with interesting historical significance and varied designs – when you don't have to pay extra for them.

If you wish to purchase these historic fractional gold coins at prices just over their melt value, give us a call at **1-800-800-1865**. 📞

High-Profile Bait-and-Switch “Rare” Coin Dealer Settles Civil and Criminal Suits

The criminal investigation of Goldline for its bait-and-switch operations and other unethical sales tactics ended recently. The high-profile “rare” coin company, viewed by many of its customers (as well as prosecutors) to be highly corrupt, settled civil and criminal cases filed against it by the city of Santa Monica, California.

Feeling the heat from overwhelming legal pressure coupled with well-deserved negative publicity, Goldline officials agreed to issue \$4.5 million in refunds to customers and put \$800,000 into a fund to compensate other victims against future claims.

Additionally, Goldline claims it will, going forward, refrain from making false statements about tax reporting and numismatic coins' supposed unique protection from government confiscation as part of efforts to snooker customers into buying their pricey “rare” coins.

Unfortunately, the allegations against Goldline are not unusual when it comes to companies that deal in super-marked-up coins. This misbehavior could bring the regulators down on legitimate companies and eventually impinge on the public's freedom to buy and sell precious metals. We continue to urge our **Independent Living Bullion** customers to avoid all gold and silver products that are offered for sale at prices WAY above melt value. 📞

Great Questions from ILB Customers

When Would We Want to Sell Our Silver?

Bob and Donna C. write: *We would like to purchase more silver. However, we have a question. If the price of precious metals continues to go up as predicted and the value of the dollar continues to fall, how do we survive? If we sell the silver or some of it we will get a lot more of the worth-less dollars.*

It depends on the nature of the dollar's decline. If it continues on a relatively orderly downward path that produces the sort of survivable inflation that we experienced in the 1970s, then you'll be able to convert precious metals back into dollars as needed for purposes of paying bills and replenishing savings accounts without having to worry too much about immediate purchasing-power "slippage" after converting your gains on silver into dollars for near-term liquidity purposes.

If, on the other hand, 70s-style inflation is not contained by policymakers – if it morphs into the sort of hyperinflation where currency loses value hour-by-hour like a crashing stock, then you'd want to part with your silver only for other tangible assets in a barter exchange.

If you sell your silver for cash in a hyperinflationary environment, you'd better have a plan in mind for spending that cash as soon as possible – or else your years-long efforts to preserve your purchasing power in silver could be wiped out in quick order!

What's the Scoop on American Eagle Proof Coins?

Terry V. writes: *I have a collection of American Eagle proofs from 1986-2008. I am wondering if the value of the "proof" coins will rise in value with the silver price the same as the American Eagles. For future purchases would you recommend the "proofs" or the regular American Eagles?*

The proof coins will continue to command some level of premium over regular silver Eagles. Whether that premium increases in proportion to rising silver prices is another question entirely. It may, but most likely it will not.

Some people have a special affinity for the brilliant luster and high contrast of the proof finish. Only you can decide how much you value aesthetic or historic/collectible qualities in coins. But as leading silver expert and editor of **Money, Metals, and Mining** David Morgan teaches, the surest way to invest in silver is to buy the most ounces you can get for your money.

So if you're just looking to protect your wealth in silver and cash in on rising prices, then don't pay the large premium charged for proof coins. Instead, use your savings to buy additional ounces of low-premium silver. If silver prices triple from here, will the premiums on proof coins more than triple, as would be needed to outperform mere bullion? We doubt it. Premiums as a percentage of the total coin value tend to fall in a precious metals bull market.

2010 was a perfect example. Premiums for MS70 proof gold American Eagles at prominent national dealers did not even begin to keep pace with the appreciation of the underlying metal. Investors who bought proofs on January 1st lost ground to bullion investors, who have been smiling from ear to ear ever since.

Take note of the "bid/ask" spread. This is the difference between your price to purchase versus your price to sell today. For proof coins and other numismatics you will find this spread can often be 30%, 40%, or more. Compare that to bullion coins, rounds, or bars, which will almost always offer bid/ask spreads of less than 6%.



Proof coins come in official-looking cases, but their value above the melt price is questionable.

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Proof American Eagles (gold and silver) are the only kind of super-marked-up metals that are allowed to be held in precious metals IRAs. (All other options are bullion forms generally available close to the melt value.) So pushing “proof” coins on investors is a favorite tactic of collectible coin companies when they encounter customers who want to buy precious metals in their IRAs. Our advice: don't do it!

Shenanigans on U.S. Exchanges Won't Stop Precious Metals from Rising

Francis B. writes: *Why is it that during the hours that the U.S. stock exchange is open, gold and silver prices tend to RETREAT from any overnight gains they have made on foreign exchanges?*

This documented phenomenon has been occurring fairly regularly over the past several years. There is tremendous and growing demand for physical precious metals overseas, and the Asian markets in particular are dominated by trading in the spot physical market rather than the paper futures market. When Western markets open, more paper sellers emerge who seem interested in muting strong advances in gold and silver prices. Don't fret, global supply and demand fundamentals will win out in the end! Despite whatever downside manipulation may exist, precious metals prices have risen dramatically in recent years.

Silver Analyst Ted Butler on Market Manipulation

“Keep buying silver and know that someday this is going to go boom. It's not going to have a smooth, orderly resolution. It's going to be a dramatic and dynamic explosion to the upside when this [manipulation] ends. We've learned that throughout the history of the world and the history of manipulations, that when a manipulation does end, the price moves violently in the opposite direction to which it was manipulated. Silver has been manipulated to the downside here. When this manipulation is over the price is going to violently react to the upside and you can take that to the bank.”

About Insurance Policies and Your Personal Precious Metals Stash

Anonymous writes: *Suppose you have a safe filled with silver coins. Which insurance companies will insure these coins as part of or as a rider on a regular homeowners' policy?*

Your coins likely won't be covered or will only be covered up to a very small amount by a standard homeowners' policy. You'll need to request a personal valuables rider/floater for the coins. If your insurer isn't helpful in this regard or you want to compare prices and options with different insurers, consult with an independent insurance agent. Once you have the coverage you need, keep good records documenting your coin purchases in a safe place and take photos and/or video of your coin stash in case you ever need to make a claim. Generally you will pay less than 1% of the insured value each year. ☺

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Advantages of Owning the Silver Coins That Used to Circulate

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Do you own enough “junk”? There’s a good chance you don’t!

So-called “junk silver” refers to U.S. circulated coins minted prior to 1965 and contain between 35% and 90% silver. Though not the most esthetic form of silver, “junk” is one of the most cost-effective ways to own the metal and offers some practical advantages that other popular forms of silver don’t.

To keep things simple and practical, I’ll focus herein on dimes, quarters, and half dollars – all of which contain 90% silver. There are also 40% silver half dollars and 35% silver nickels, but their base-metal bulk makes them less desirable to most silver investors. As for the 90% Morgan and Peace Silver Dollars, they generally aren’t considered “junk silver” since they are prized by some collectors and usually sold by numismatic coin companies at exceedingly high *premiums* (even in circulated condition).



(Note: 1965-1970 Kennedy halves contain only 40% silver.) The 1892-1915 Barbers are less common, but might also be included in a bag of 50-cent pieces.

“Junk silver” is typically sold by the bag, half bag, quarter bag, tenth bag, etc. A bag is considered to be \$1,000 face value (translating to a little more than \$23,000 in silver content as of this writing). And in most cases, a bag will contain one coin denomination or another and won’t be mixed.

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The Treasures You’ll Find in a Pre-1965 Silver Coin Bag

Here’s an overview of the three primary types of 90% “junk” coin:

- Dimes consist of 1916-1945 Mercury and 1946-1964 Roosevelt dimes, the latter of which look a lot like the dimes circulating today.
- Quarters may be the 1916-1930 Standing Liberty or the familiar-looking 1932-1964 Washington quarters. Occasionally one may find the 1892-1916 Barber quarters as well.
- Half dollars include 1916-1947 Walking Liberties, 1948-1963 Franklins, and 1964 Kennedys.

What Pre-1965 Is Worth Today

Coin	Silver Value*	Ounces of Silver per Coin
90% Silver Dime	\$2.288	.0715
90% Silver Quarter	\$5.722	.1788
90% Silver Half Dollar	\$11.44	.3575

**Based on a silver spot price of \$32.00 per ounce. Industry standard, after accounting for wear, is 0.715 ounces of silver x the face value of coin, although coins with severe wear may contain slightly less silver.*

Historical Prices of Various Items

	1964*	2012	2012 Price in 1964 Silver
Loaf of Bread	\$0.20	\$2.00	\$0.09
Gallon of Gasoline	\$0.30	\$4.00	\$0.17
Postage Stamp	\$0.05	\$0.45	\$0.02
Ticket to Movies	\$1.25	\$8.00	\$0.35

** 1964 was the last year 90% silver coins were issued by the U.S. Mint. If you used the silver content in this coinage to purchase these items today, you would pay about half as much as you would have in 1964. In other words, the purchasing power of silver has risen while the purchasing power of the dollar has collapsed.*

Canadian Mint Resumes Production of Platinum Maple Leafs

For the first time this decade, precious metals investors can get their hands on current year platinum coins minted in North America. The Royal Canadian Mint (RCM) recently resumed minting the Platinum Maple Leaf coins (one-troy ounce size only) for the first time since halting production in 2009.

Prior to this news, the only newly minted platinum coin available for purchase over the last several years was the Australian Platypus from the Perth Mint. All other options – such as the Canadian Maple Leaf, American Eagle, Isle of Man Noble, Australian Koala, and a few others – were only available on the secondary market in limited supply and at high premiums. Strong sales of the Australian Platypus were a primary driver behind the RCM's decision to re-introduce the popular Maple Leaf in platinum.



Will the U.S. Mint Start Producing Platinum Eagles Again?

Meanwhile, U.S. Mint officials remain tight-lipped about whether or not they will follow the lead of our neighbors to the north and begin producing the Platinum Eagle. They haven't been minted since 2008, but it would not be surprising to see the Mint resume production by year's end. We will certainly keep customers informed.

One of the reasons why platinum bullion coins have been so scarce over the past several years is continued heavy industrial demand for the metal. Strong orders for platinum from the automotive manufacturing sector (led by growth in Asia) has meant less readily available supply for the minting of bullion products (coins or bars) over the last decade.

Even those mints that do produce platinum products have done so in limited numbers. For

instance, the Perth Mint caps the annual mintage of the 1-oz Platypus at a mere 30,000. The Royal Canadian Mint plans to produce about the same – and possibly even fewer – of the Maple Leafs each year.

Platinum Expected to Be a Winning Investment in the Coming Years

Even though worldwide platinum supply is always at risk given the geopolitical factors associated with the primary producer (South Africa), the platinum-to-gold ratio remains historically low – quite attractive for precious metals value investors.

Since last summer, an ounce of gold – which typically sells for half to two-thirds the price of an ounce of platinum – has been steadily trading at a premium to platinum. And at times, the premium was more than 10%. In the first quarter of 2012, platinum started closing the gap, and in late March platinum finally overtook gold. It has since fallen back and is trading again at a 3-5% discount to gold as of this writing.

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Platinum has reached a 20-year low as compared to the gold price – a buying opportunity for precious metals investors seeking diversification!

As this precious metals' bull market continues on throughout the next decade, we expect to see a return to a more historical norm in the platinum-gold ratio, something in the range of 1.5 or 2 to 1.

Automotive demand (the primary industrial use for the metal) will remain strong thanks to a rising middle class in the population mega-centers of China and India. On the supply side, a disruption in mine production seems almost inevitable given the risks in South Africa – such as massive labor strikes, widespread and rolling power outages, or the nationalization of mining output (much of which we've already seen over the last 5 years).

Combine those factors and platinum could be a winning investment for bullion investors who want to diversify their precious metals holdings. However, we do not suggest buying platinum before first building a solid position in gold and silver. Platinum isn't the first metal of choice for surviving a monetary crisis because it often trades more like an industrial metal than a safe haven; nor is platinum as likely to be accepted in barter transactions as the traditional monetary metals, gold and silver. ⓘ

Notice to



High-Net-Worth Precious Metals Investors

If you are sitting on (or planning to purchase) hundreds of thousands of dollars in gold, silver, platinum and/or palladium bullion and wish to tap into its value *without* selling, **Independent Living Bullion** can help you.

Through a special relationship with our storage and lending partners, we can help you obtain low-interest bank financing backed by your bullion as collateral. The upshot is you could maintain your metals position, unlock some cash, and avoid triggering capital gain taxes. Contact us at 1-800-800-1865 for more information and ask to speak with either Mike or Clint.

Advantages of Owning the Silver Coins That Used to Circulate

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Half dollars carry a slight premium over quarters and dimes due to extra desirability and a smaller supply versus the smaller denominations. Sometimes quarters and dimes trade at a premium over bullion rounds and bars, but that's not the case today. In fact, 90% quarters and dimes are right now the lowest-premium way to purchase silver! Owning these coins is probably the best, purest play on higher silver prices (which we expect).

Independent Living Bullion sells in lots as small as \$50 face value (about \$1,200 at current silver prices).

Barter, You Bet!

One of the things I like to do whenever I get ahold of some 90% silver is sift through the coins and pull out the ones that look the brightest and crispest. Most will look worn, but a few may appear to be in uncirculated or near-uncirculated condition.

These are the coins that I like to put away for their potential to command small collectible premiums down the road, as they may become increasingly sought-after and scarce. The rest I'll set aside for use as barter instruments if and when the time comes – and for price appreciation based on their intrinsic metal content.



Pre-1965 coinage is handy for bartering because it is widely recognized, government-issued legal tender and comes in convenient sizes for times when you don't want to spend full-ounce or half-ounce silver bullion coins or rounds. For example, you might buy some apples at a farmer's market with a silver dime, a haircut for 60 pre-1965 cents (a half and a dime, two quarters and a dime, or six dimes), etc. ⓘ

Secure Your Retirement with a Precious Metals IRA

There is no substitute for holding physical precious metals in your IRA. It's a safer approach than owning paper alternatives such as precious metals ETFs or even mining stocks in your retirement account. And for many years, gold and silver bullion investments have outperformed more conventional – but highly unstable – investments such as stocks or Treasury bonds.

Not only can you purchase, hold, and sell physical precious metals using a tax-advantaged Self-Directed Precious Metals IRA account, but also you can withdraw your bullion and take direct physical possession of it under normal IRA distribution rules. Few Americans have any idea about these fantastic options, because their brokers have never told them!

Here's how easy it is to get started:

Step 1: Establish and Fund a Self-Directed IRA.

Choose one of the following trustee companies that have been fully vetted and approved by **ILB**.

GoldStar Trust Company is an independent trustee that charges very low fees and provides flexible IRAs to hold physical precious metals. Your metals are stored in a maximum-security depository in Delaware in either an allocated or unallocated account (your choice). You can call **Independent Living Bullion** and ask us to send you either a traditional IRA or Roth IRA application, or simply download it from our website at www.IndependentLivingBullion.com and begin the process of establishing and funding your precious metals IRA. If you would like assistance, please call **Independent Living Bullion** at 1-800-800-1865.



Mountain West IRA provides even greater flexibility when it comes to IRA storage options, allowing customers to store precious metals holdings at either a local or regional vault facility. You can source a vault facility on your own or ask **ILB**, and we will be happy to provide several very reputable storage facilities – including companies in the western and mid-western United States. To obtain a Mountain West application, call and ask that it be mailed to you, or simply download a copy from www.IndependentLivingBullion.com. If you need assistance, please call **Independent Living Bullion** at 1-800-800-1865.



Step 2: Designate Independent Living Bullion as Your IRA Precious Metals Dealer.

Independent Living Bullion is an approved dealer at GoldStar Trust, Mountain West IRA, and other trustee companies as well. Under your direction, we can facilitate your IRA's purchases (or sales) of gold, silver, platinum, or palladium.

Step 3: Purchase the Precious Metals Bullion Products That Fit Your Needs.

Your IRA may hold a wide array of bullion coins, rounds, and bars offered by **Independent Living Bullion**.

Step 4: Receive Payment Confirmation.

You'll receive payment confirmation from **Independent Living Bullion** and be able to track your shipment all the way to the depository.

***Please Note: We can partner with ANY self-directed IRA custodian. Here are examples of other firms with which we have worked:*

- **Sterling Trust**
- **Entrust**
- **Millennium Trust**
- **IRA Services**
- **Ramsey National Bank**

*Regardless of which firm you choose as custodian for your IRA account, **Independent Living Bullion** can deliver the physical gold, silver, platinum and palladium bullion you want – and at great prices!*

To Get Started, Call ILB at 1-800-800-1865!