

## Hearing Today on State of U.S. Coins and Currency

By Patrick A. Heller

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### Summary:

*Patrick A. Heller owns Liberty Coin Service in Lansing, Mich., and writes “Liberty’s Outlook,” the company’s monthly newsletter on rare coins and precious metals subjects. Past newsletter issues can be viewed at [www.libertycoinservice.com](http://www.libertycoinservice.com). Other commentaries are available at Coin Update ([www.coinupdate.com](http://www.coinupdate.com)) and Financial Sense University ([www.financialsense.com](http://www.financialsense.com)).*

At Freedom Fest 2010 conference in Las Vegas two weeks ago, Jerry Jordan, who was president of the Federal Reserve Bank of Cleveland from 1992 to 2003, was asked if all the gold in Fort Knox was still there. Jordan affirmatively stated that all the gold that the U.S. owned at Fort Knox was still there.

He immediately revised his statement to say that all of the gold that the U.S. claimed to have in “custody” at Fort Knox was still there. There is a huge difference between “owned” and in “custody.” Jordan’s comment is not an official acknowledgement that at least some gold reported as being held by the U.S. government is owned by others. However, it does heighten the suspicion that this could be true.

However, the COMEX spot month prices for gold and silver on Friday, July 16, 2010 were higher than the price for future months – or backwardation – which if it continues may indicate a substantial rise in the price of gold.

***Erskine Company Comment:*** *When dealing with valuation of collectables that are made in whole or in part from precious or scarce materials, attention has to focus on both the perceived and the underlying value of the object. In some cases, the appreciation in the value of gold coins can actually lag the rate of appreciation in the gold market. An example of this underlying or component value of a piece of artwork is a recent Antiques Roadshow episode where an early 20<sup>th</sup> century painting was appraised at \$150,000, but the Stanford White frame that the painting is in was appraised at \$250,000.*