

## Recommendations for Acquiring Gold & Silver Coin

### 1. Understand your objective in terms of trusteeship

Contrary to conventional teaching, precious metals are not only investments. So, although there may be price appreciation, your primary objective should be wealth preservation, i.e., preservation of the trust corpus, not necessarily profiteering, even though a significant profit may likely result to the benefit of the interest-holders. Gold is money again. See Fay Corp. v. Frederick & Nelson Seattle, Inc., 896 F.2d 1227 (C.A.9 (Wash.) 1990).

### 2. Know the size & grade of the coins

The size and grade are critical factors. Size determines how much precious metal you're getting. Grade determines the relative value within the size of the coin.

### 3. Acquire only low-grade old American coins (AU or lower)

The best form of gold holding is low-grade old American coin in lightly circulated condition (1850-1933). This gold has historically been exempt from U.S. gold confiscation laws. Avoid extremely high coin premiums such as CU, BU, MS-61 through MS-64 and above; low-end coin not only protects the trust corpus and its purchasing power (credit), but is highly liquid, i.e., marketable. Always purchase common date coins, not date-specific ones with various mint marks.

### 4. Pay attention to delivery time

When acquiring metals long distance, in a normal financial environment, two weeks should be the maximum time needed to complete the banking process and delivery of the metal. In an economic crisis however, demand often exceeds supply which will alter delivery times significantly and unpredictably.

### 5. Don't acquire rare gold coins (MS-64 or higher)

These coins are not suitable for corpus-preservation or common-law purposes in general. They are investment-grade which focus on quality plus rareness of date and mint mark, and they are less liquid as a result. Moreover, due to the small market they appeal to (i.e., collectors), it is often difficult to establish fair market values, which tends to give leverage to dishonorable coin merchants.

### 6. Let the buyer beware

Test the merchant and be sure he does not grade his own coins in-house. Ask his recommendation; if he offers bullion without warning of U.S. confiscation laws, old foreign gold, high MS coin, a gold IRA or sells in the name of a religion... beware. Also, you should never place a large order without a reliable third-party recommendation in general. At common law, diligence is the responsibility of the party who stands to lose by the lack thereof.

### 7. Don't convert all trust cash into metals

It is generally recommended that you limit the trust's precious metals holdings to between 10-50% of the total net worth of its corpus. If, however, you deem appropriate, it may prove highly advantageous to convert up to 80% of its total fund holdings. As trustee, it is prudent to keep only enough currency for regular expenses, so as not to force yourself to have to liquidate the corpus in order to raise currency for the trust's various expenses. The objective is to only keep as much cash as the trust can suffer to lose in an economic crisis.

### 8. Acquire gold for corpus preservation & silver for barter

It is recommended that 90% of the trust's metals be in gold because that is its core of wealth and store of value. Gold will be too valuable per ounce for small trade, and therefore should be reserved for big-ticket transactions only. The remaining 10% of holdings should be in silver for general barter and trade purposes. The silver should be American pre-1964 dated coin.

### 9. Take direct possession of the metal except when dealing trust-to-trust

Unless dealing trust-to-trust within the arrangement, never take a paper receipt and allow the seller to hold the metals for safekeeping. Possession is nine-tenths of the law, and anything less defeats the purpose behind acquiring metals in the first place. When transacting trust-to-trust (or trustee-to-trust) within the arrangement, only then is it effective to utilize negotiable instruments such as notes and bonds collateralized by the value of the corpus. This practice keeps *in rem* jurisdiction, i.e., control, over the metals with the trustee, and allows for greater flexibility in using the trust's credit.



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