



The *Evolution* of Grading U.S. Coins

or perhaps better put...

“It ain’t Grandpa’s XF anymore!”

Charlotte Coin Club

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Evolution – to *better* understand

As with any topic, issue, or process, we should be at least familiar with its history and evolution to BETTER UNDERSTAND how we arrived at TODAY

- ***“Grading Coins”*** (1892)
- **Early American Cents & Penny Whimsy** (1949 & 1958)
- **A Guide to the Grading of United States Coins** (1958)
- **Photograde** (1970)
- **Official A.N.A. Grading Standards for U.S. Coins** (1977)
- **Third Party Grading “TPG”** (1979)
- ***“Fourth Party”*** Grading -- CAC, others (2007)
- ***“Condition”*** Rarity versus Mint Rarity
- **Recommendations/Conclusion**

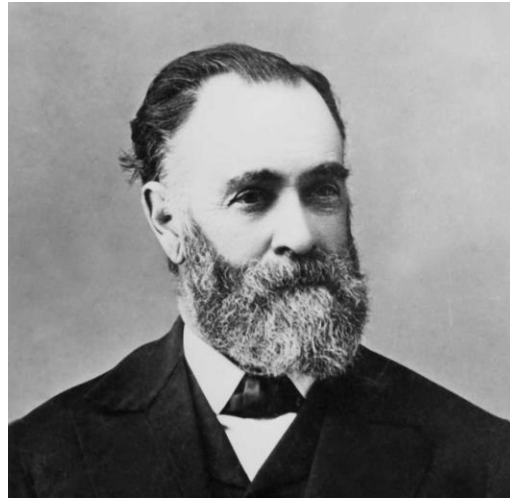
“Grading Coins” (February, 1892)

Article from “*The Numismatist*”

by Joseph Hooper (ANA VP 1891-1898) in February 1892

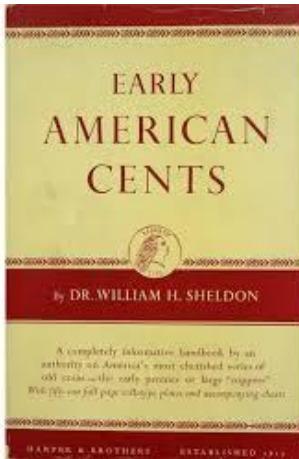
In 1891, Joe Hooper was one of seven Canadian charter members of the American Numismatic Association, and the first Vice-President from 1891-1898. His original ANA Member No. was 25. He also served as editor of *The Numismatist*.

- **FIRST** Proposed Numerical Grading Scale: “I through XII”



- I. Mint Brilliant Proofs
- II. Mint Proofs
- III. Uncirculated
- IV. Extremely Fine
- V. Very Fine
- VI. Fine
- VII. Very Good
- VIII. Good
- IX. Very Fair
- X. Fair
- XI. Poor
- XII. Very Poor

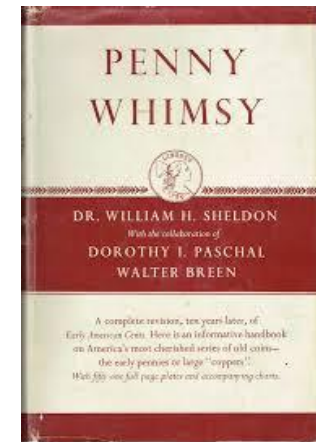
- Hooper recommended to NOT collect coins below grade VI. (i.e. VII-XII)
- Hooper’s grading proposal was soon forgotten due to its publication in a *magazine* (*The Numismatist*) rather than in *book* form.
- No “About”, “Almost”, “Choice”, or “Select” grades



“Early American Cents” 1949

William Herbert Sheldon, M.D.

- Forerunner of “Penny Whimsy” 1958
 - “A Quantitative Scale for Condition” –
 - *the “Sheldon 70 point grading scale”*
 - “Toward a Science of Cent Values”
 - “Basil Value” of X multiplied by (1-70) grade designation:
 $BV \text{ of } \$3 \times (VF)20 = \60 Value

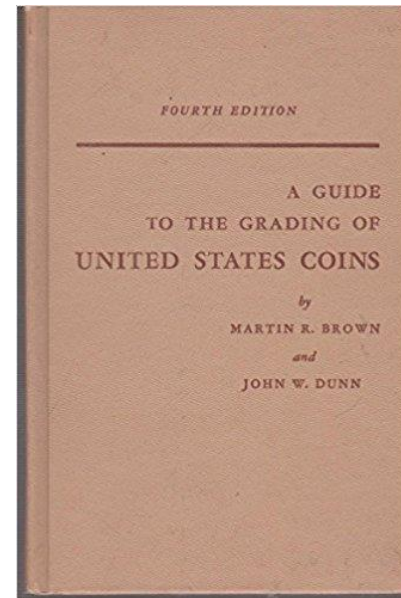


“ Years ago, when as a high-school boy I used to appraise cents from my section of the country for one of the coin dealers of that day (Chapman), I standardized a numerical scale which progresses from 1 to 70. On this scale, 1 means that the coin is identifiable and not mutilated-no more than that. A 70 coin is one in flawless Mint State, exactly as it left the dies, with perfect mint color and without a blemish or nick. With these two extremes on the scale defined, for anchorage, it is not difficult to establish fairly clear criteria for a 4-coin, a 20-coin, a 40-coin, and so on.”

~ WHS

We knew it simply as...

“B & D”

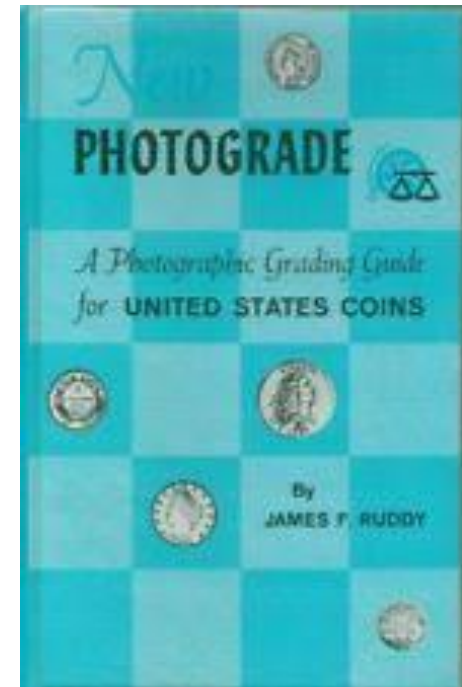


- Actually: **“A Guide to the Grading of United States Coins”**
 - Martin R. **Brown** & John W. **Dunn**; 1958
- Used line drawing illustrations to show points of wear (the artist was **Arthur Mueller**)
- “Recognized” 6 principal categories in their grading system of US circulated coins (G, VG, F, VF, EF, AU) yet also included drawings of Fair and About Good in their book
- Dealers would advertise **“WE USE STRICT B&D GRADING!”**

PHOTOGRADE

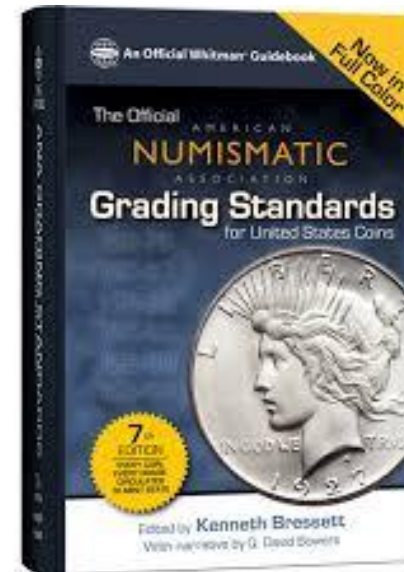
- *New PHOTOGRADE, A Photographic Grading Guide for UNITED STATES COINS*

- James F. Ruddy, August, 1970
- FIRST use of actual black & white photographs
- Revolutionary concept and an immediate hit – Opening Sell-Out required 3 additional monthly printings, Sept through Nov
- About Good to About Uncirculated: AG, G, VG, F, VF, XF, AU
- In 1972 designated an “Official Grading Guide of the ANA”
- Today in its **19th** edition (**Feb 2005**), over **500,000** copies sold to date
 - Amazon currently \$14.95



Official A.N.A. Grading Standards for United States Coins

- **Abe Kosoff**, ANA “Grading Chairman,” **1977** (1st edition had drawings)
 - Illustrations drawn by **Arthur Mueller** – *the same artist whose work appeared in Brown and Dunn’s successful book 19 years earlier in 1958 – now “officially” adopted by the ANA*
- **Kenneth Bressett, Q. David Bowers**, 7th Edition, **2013** (**COLOR** Photographs!)
 - Whitman Publishing, list: \$19.95
 - Amazon currently: \$15.50
- Recognized by the U.S. Mint



Challenges, Yesterday, Today, and Tomorrow...

*“The ANA Board of Governors **in 1980** discussed the matter in depth and concluded that two intermediate grades were needed in the uncirculated category. So, **MS63 was added** to represent a grade midway between MS60 and MS65, and **MS67 was added** to represent a grade midway between MS65 and MS70.”*

*“The AMERICAN NUMISMATIC ASSOCIATION feels that it is **NOT POSSIBLE to CONSISTENTLY** divide coin classification into more minor distinctions such as MS61, MS62, and so on.”*

*~ FROM: The Official ANA Grading Standards for United States Coins, 2nd edition, **1981**, Introduction, page 7*

*Now in the present 7th edition of this book, certain coins that might have been graded as VG-8, such as the Indian Head Cent with not all of the letters of the word LIBERTY visible, can be graded F-12. Lest the reader get the wrong idea, **this book reports the grading being used in the marketplace, it does not create it.** If the seventh edition were to give definitions that were not useful in the buying and selling of coins in real life, it would not be of much use!*

*~ FROM: The Official ANA Grading Standards for United States Coins, 7th edition, **2013***

Know the “Official” and “Market” Grading Terminology

- Yesteryear (pre 1980): MS60, MS65, MS70
- OFFICIAL ANA of 1980 *and of 2018*:

MS60, MS63, MS65, MS67, MS70

Uncirculated, Select Uncirculated, Choice Uncirculated, Gem Uncirculated, Perfect Uncirculated

However... the ANA now provides a brief description of each of the 11 grades MS60-70 on pages 25-27 of the current 7th edition (2013)

As seen in earlier MARKET advertisements: **“BU” (?)**:

“Brilliant” Uncirculated?, **“Bright”** Uncirculated?,

...or “Borderline” Uncirculated? (Or... **“Beat Up”** ?!?!?) 😊 **Bent up** ?!?!

Today’s generally accepted market grade interpretations:

“Superb Gem” = MS67, **“Gem”** = MS65, **“Choice”** = MS63, **“Uncirculated”** = MS60

More on Market Lingo... “Almost”, “Choice”

Two Adjectives to *Consider*:

“Almost _____” (or “About”)

- Introduced early 20th century – XF **was** today’s AU
- No Such Animal as “ALMOST” ... **it either “IS” or it’s NOT!** ...
 - an Almost Uncirculated **was** Extremely Fine, an Almost Good **was** a Fair, an About Fine **was** a Very Good
- Commonly applied to any grade – **About** Good, **About** Fine, **About** XF
- Almost Uncirculated: was intended as ONE “primary” grade in Sheldon’s scale (**AU50**)
 - Today we have at least 4 “grades” ...and counting...: **AU50, AU53, AU55, AU58**
 - **Yesterday’s AU50 WAS** what many of us called a “slider” – it took a “glass” to discern the coin was not uncirculated – watch “cabinet friction”, “mishandled unc”, etc.

“Choice _____” (or “Select”)

- Often applied to any grade –
 - **Choice Extremely Fine** (XF45), **Choice Very Fine** (VF35), **Choice Very Good** (VG10)
 - **ABOUT** XF and **CHOICE** VF...hmm VF30? VF35?



Third Party Grading (“TPG”)



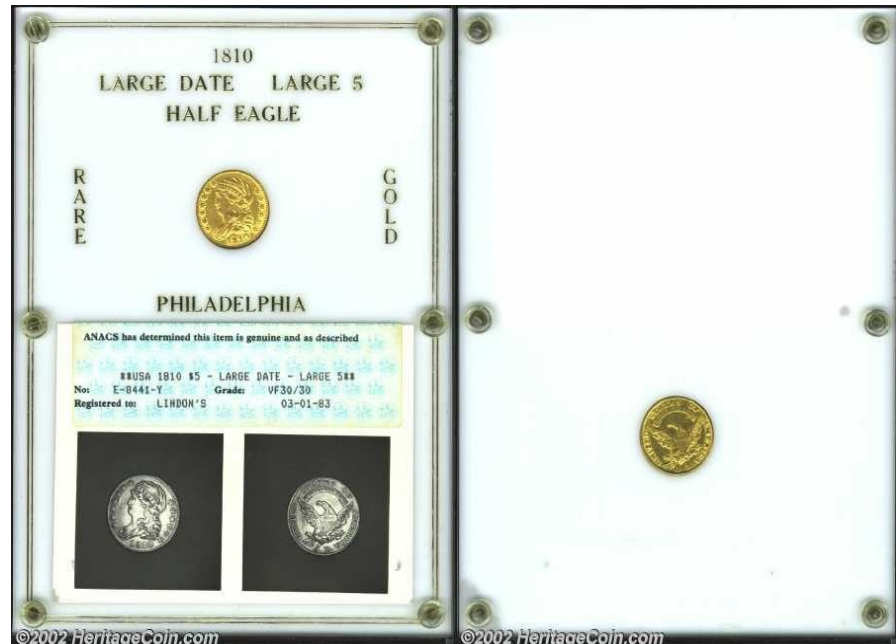
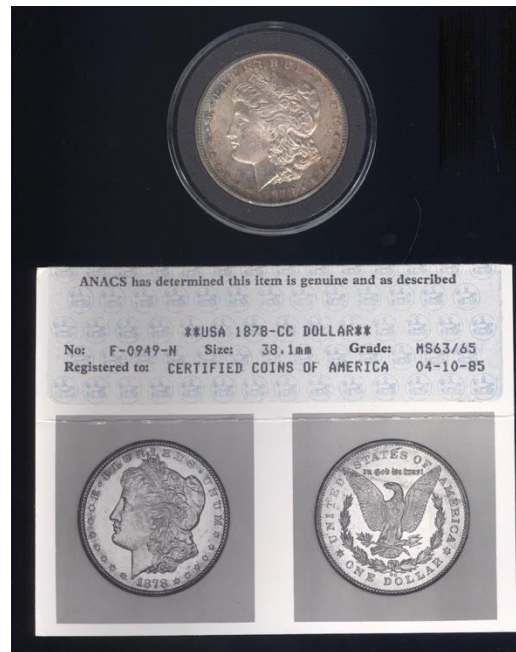
- June **1979 ANACS** launched TPG – authentication and grading
 - Black & white photographs of obverse and reverse on a single certificate
 - Often “split” grades; examples: MS63/65 or G4/AG3
 - Coin and certificate were separate – ripe for counterfeiting & swindlers
- **1984 “ACCUGRADE”** – FIRST to Encapsulate (“Slab”)
- **1986** David Hall forms the “Professional Coin Grading Service” (**PCGS**) and “encapsulation” popularity increases substantially
- **1987** Numismatic Guaranty Corporation of America (**NGC**) is born
 - **1995**: NGC Designated the **Official Grading Service of the ANA**
 - **February 28, 2018** – First grading service to grade **40,000,000 (!)** coins
- Today’s TPG Proof/Mint State grades:
60, 60+, 60*, 60+*, 61, 61+, 61*, 61+*, 62, 62+, 62*, 62+*, 63, 63+, 63*, 63+*, 64, 64+, 64*, 64+*, 65, 65+, 65*, 65+*, 66, 66+, 66*, 66+*, 67, 67+, 67*, 67+*, 68, 68+, 68*, 68+*, 69, 69*, 70

39 Grade Designations of Proof/Uncirculated Mint State alone and...

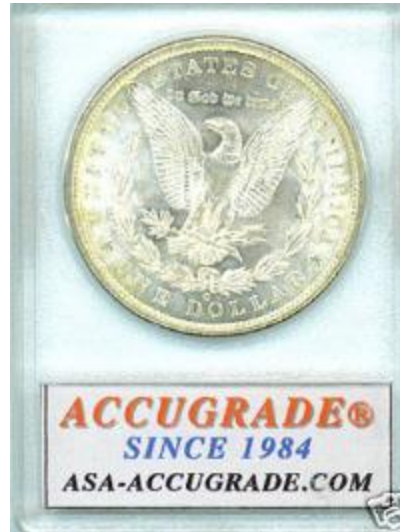
we’re not done yet...

ANACS Certificates (1979)

- Example dated: 4-10-85
- Coin and certificate separate
- Split grades acceptable, this example is a MS63/65
- Next Example: 03-01-83
- Note Black & White photo of this 1810 *Gold* \$5
- Graded VF30/30
- Homemade “slab” using Capital Plastics’ custom holder



“ACCUGRADE” – FIRST to Slab (1984)



- Founded in 1984 by Alan Hager, ACG was the first company to slab coins in a hard plastic capsule *WITH* an alpha-numeric grade. Example at right: “A2-65c”
- Originally using “Photoslabs,” ACG switched to a smaller size slab without a photo around 1986 (example above)



TPG Qualifiers

From PCGS Website regarding “Plus Grades”:

"Plus Grades" exhibit exceptional eye appeal for the grade and constitute the top 30% of the coins in the grade. **Only XF-45 through MS/PR-68 are eligible for Plus grades.** Numerically, this includes **45, 50, 53, 55, 58, 62, 63, 64, 65, 66, 67, & 68.**" (← Note: **NO MS60+, 61+**).

From NGC’s Website regarding “Plus Grades”:

“NGC assigns a + to coins at the high end of their assigned grade, approaching the quality requirements for the next grade. For example, a coin graded NGC MS 64 is close to the quality of a coin graded NGC MS 65. In addition to their superior technical merit, coins that receive a + must have above-average eye appeal.”

Not all coins are eligible for + . Coins grading from **NGC XF 45 to NGC MS 68** or **NGC PF 45 to NGC PF 68** may receive a +, while lower- and higher-grade coins cannot. The + is assigned when merited to United States coins from 1792 to date, excluding US bullion and modern commemorative coins, and to world coins struck prior to 1970.” (← **NO mention to exclude 60 and 61; i.e. 60+ and 61+ a possibility**)

From NGC’s Website regarding “” (Star) Grades:*

“NGC assigns its trademarked Star Designation to coins with exceptional eye appeal for their assigned grade.”

NGC also may add a STAR to + graded coins (XF45+ through MS68+ and PF45+ through PF68+). Examples: EF45+* and PF66+*

From PCGS Website regarding “Designations”:

“Red, Red-Brown, Brown, Full Steps, Full Bands, Full Head, Full Bell Lines, Deep Mirror, Proof Like, Deep Cameo, Cameo, Branch Mint Cameo, Branch Mint Proof, First Strike, Satin Finish, Special Mint Set, Specimen”

Today's TPG Grade Designations ("Business Strike"/Circulated)

- AU58+*, AU58*, AU58+, AU58, AU55+*, AU55*, AU55+, AU55, AU53+*, AU53*, AU53+, AU53, AU50+*, AU50*, AU50+, AU50
 - (16 AU grades)
- XF45+*, XF45*, XF45+, XF45, XF40*, XF40 (6 XF grades)
- VF35*, VF35, VF30*, VF30, VF25*, VF25, VF20*, VF20 (8 VF grades)
- F15*, F15, F12*, F12 (4 F grades)
- VG10*, VG10, VG8*, VG8 (4 VG grades)
- G6*, G6, G4*, G4 (4 G grades)
- AG3*, AG3 (2 AG grades)
- FR*, FR2 (2 Fair grades)
- PO1 (1 Poor grade) *Sheldon's Basil State "1"

47 Grades of Circulated coins and... up to 86 total possible designated grades from PO1 to MS70... and... *we're not done yet...*

More on Market Grading, TPG, etc...

“QUALIFIERS”

- Proof Coins: *add* **78** distinct possible grades to the existing **39** grades PF60-70
 - **“CAMEO”**
 - *examples: PF64 CAMEO, PF64+ CAMEO, PF64* CAMEO... etc.*
 - **“DEEP (OR ULTRA) CAMEO”**
 - *“DCAM”: PCGS, “ULTRA CAMEO”: NGC*
- Business Strikes: *add* **78** distinct possible grades to the existing **39** grades MS60-70
 - **“PROOF LIKE” (“PL”)**
 - *examples: MS66 PL, MS66+ PL, MS66* PL... etc.*
 - **“DEEP MIRROR PROOF LIKE”**
 - *“DMPL”: PCGS, “DPL”: NGC*

492 = MINT STATE, 351 PROOF DESIGNATIONS

SO FAR...

117 possible grade designations for Proof 60-70 graded coins and

117 possible grade designations for Uncirculated Mint State 60-70 graded coins

Add our **47** circulated grades for PO1-AU58+*

TOTAL TODAY: 164 possible grade designations for MS 1-70 coins

And **117** possible grade designations for PROOF 60-70 coins



Nope, not done... there's still more... (!)

- Then we have the “Coveted Award Designators” – the “GRADER’S GRADER” or “Fourth Party Grading”...(!)
example: MS66* DMPL versus MS66* DMPL/CAC versus MS66* DMPL/GOLD CAC
- CAC sticker (**GREEN** or **GOLD “BEAN”**) = **Certified Acceptance Corporation**
- “Eagle Eye” sticker = John Snow - Flying Eagle and Indian Cents & others...

TECHNICALLY, JUST WITH CAC ALONE, **TWO MORE POSSIBLE GRADE DESIGNATIONS (GOLD AND GREEN)** CAN BE ADDED TO EVERY GRADE ABOVE (PROOF OR MINT STATE/BUSINESS STRIKE)

and yes, 10 Chain Cents have been awarded the CAC Green Bean in PO1 & 24 1916-D Mercuries in FR2

TOTAL: **492** MINT STATE (PO1-MS70) AND **351** PROOF (PF60-PF70)
POSSIBLE GRADE DESIGNATIONS

...And YOU thought there was only one “MS66”!

**MS66, MS66+, MS66*, MS66+*, MS66 PL, MS66+ PL,
MS66* PL, MS66+* PL, MS66 DMPL, MS66+ DMPL,
MS66* DMPL, MS66+* DMPL, MS66 GOLD CAC,
MS66+ GOLD CAC, MS66* GOLD CAC, MS66+* GOLD
CAC, MS66 CAC, MS66+ CAC, MS66* CAC, MS66+*
CAC, MS66 PL GOLD CAC, MS66+ PL GOLD CAC, MS66*
PL GOLD CAC, MS66+* GOLD CAC, MS66 PL CAC,
MS66+ PL CAC, MS66* PL CAC, MS66+* CAC, MS66
DMPL GOLD CAC, MS66+ DMPL GOLD CAC, MS66*
DMPL GOLD CAC, MS66+* DMPL GOLD CAC, MS66
DMPL CAC, MS66+ DMPL CAC, MS66* DMPL CAC,
MS66+* DMPL CAC (36!!!!)**

“FPG” - Certified Acceptance Corporation



From the CAC website homepage (caccoin.com):

- CAC-verified. -- Because Confidence in a Coin's Quality is Priceless.
- Whether you're a novice or advanced collector, you know that quality is what determines the value of a rare coin.
- However, within any certified coin grade, not all coins are "solid" quality coins.
- *FROM Q&A: 5. I noticed that CAC uses the term "premium quality" to describe coins that receive a CAC sticker. How does CAC define premium quality?*
 - For many years, coin dealers and advanced collectors have used the letters A, B, and C among themselves to further describe coins. C indicates low-end for the grade, B indicates solid for the grade, and A indicates high-end.
 - **CAC will only award stickers to coins in the A or B category.** C coins, although accurately graded, will be returned without a CAC sticker
- Now there's an **easy way** to identify coins that are solid for the grade - a CAC verification sticker.
- CAC was founded by *leading members of the numismatic community who recognized the need for *a higher level of grading*.
 - (*NJ Coin Dealer John Albanese and fellow dealers)
- With CAC, prices for the solid quality coins can be untethered from the lesser quality counterparts.

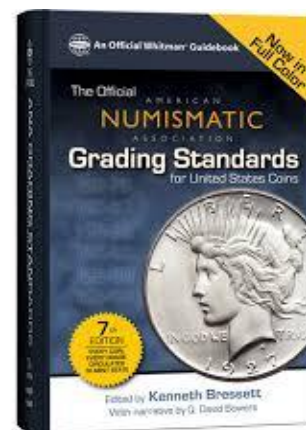
What Does a CAC Sticker Mean?

The CAC **GREEN** Label signifies that a coin has met ***Certified Acceptance Corporation's stringent grading standards.***

My Recommendations

(...as was passed down to me MANY years ago)

1. If You Participate in Today's U.S. Coin Market (buying or selling) I Suggest You Become Very Familiar With The **OFFICIAL ANA Grading Standards For United States Coins**
2. Buy the Book, **BEFORE** the Coin
3. Buy the Coin, **NOT** the Holder (slab or 2x2)



Too many new collectors (“investors”) **FAIL** to learn grading standards *but rather focus on making a fast buck. Eventually (& too frequently) they end up burnt* and leave the hobby **never to return...**

– “Homework” is not only worthwhile, it is **ESSENTIAL** and yes, even... **FUN!**

Recommendations, page 2...

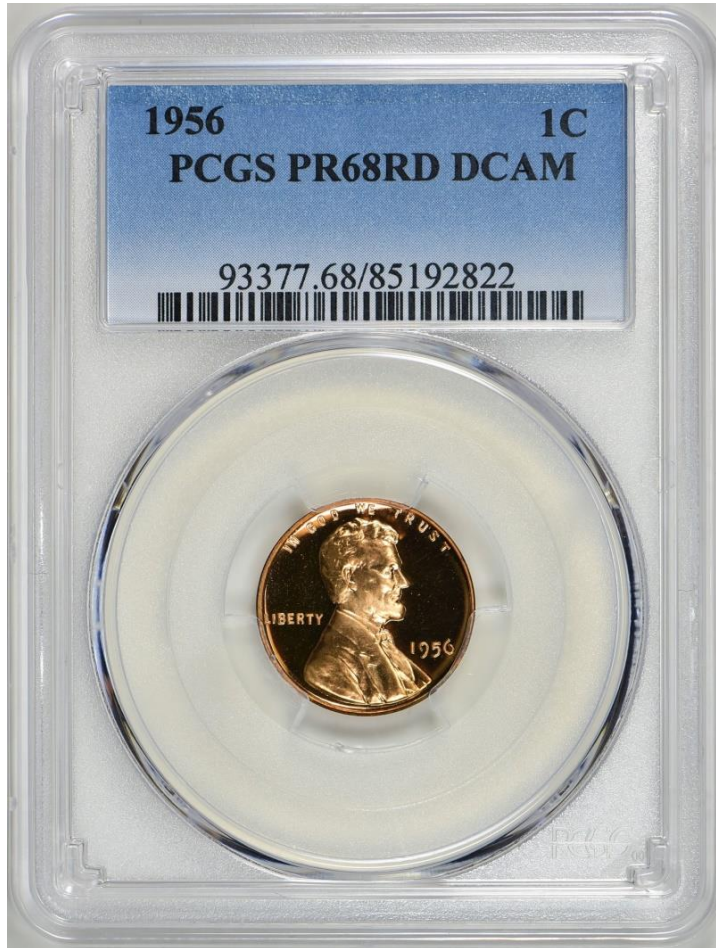
4. Understand the Concepts of:

- (A) **RARITY** (official mintages, survival) and
- (B) “**Grade (or Condition) Rarity**” as well as the economic concept of
- (C) “**Supply and Demand**” – without **DEMAND** even a very low supply (mintage or survival estimate) may be meaningless
- **A. True Rarity:** Official U.S. mintage records, market availability, survivor estimates; examples (Supply and Demand):
 - 1913-S Var 2, Buffalo 5C, Mintage **1,209,000**, **VG8** \$400.00
 - 1909-S VDB Lincoln 1C, Mintage **484,000**, **VG8** \$625.00
 - 1916-D Mercury 10C, Mintage **264,000**, **VG8** \$1,500.00
 - 1914 Barber 50C, Mintage **124,230**, **VG8** \$170.00
- **B. “Grade Rarity”** or “*Census Rarity*” or “*Registry*” – rarity *created* by the TPG and the “market” based on the “**population**” of coin SUBMISSIONS and their graded outcome – HUGE **marketing effort** to boost and *sustain participation in this market* (such as: “registry sets” – which highlight **public competition & personal acknowledgement, i.e. “bragging rights”**)
 - Understand “*re-submissions*” ex: 1912 PF67 Cameo 5C **resubmitted** “suddenly becomes”... 1912 PF67+ Cameo can **mean + THOUSANDS \$!**
- **Coins can’t be minted twice but can be resubmitted countless times...**

“Grade Rarity”

A 1956 Proof Lincoln Cent, mintage: 669,384

PCGS PR68RD DCAM



\$4,471.99

Aug 27, 2017

GreatCollections.com Archives

PCGS Population: 15

(NONE graded higher by PCGS)

PCGS “PRICE GUIDE”: \$7,000.00

1956 Proof Set (5 coins)

Proof Set Mintage: **669,384 sets**

Proof Set Issue price **\$2.10**

CDN Set Bid: \$50.00 (2/9/2018)

2018 Red Book Set Value: \$80.00

In conclusion...

- Grading **IS** an art and **NOT** an **EXACT** science
- Although Coins remain the same, accepted grading standards will likely continue to evolve as they have in the past (... *100 point grading scale?*)
- TPG may, *or may not*, always be here...
 - In the overall history of US coin collecting (*primarily 1850s to the present day, 160-170 years*), TPG is still relative new ~ 40 years
 - Yet NGC just announced it graded its 40,000,000th coin...
 - CAC has “awarded” *beans* to 1,000,000 coins in 10 years...
- To enjoy your collection to the fullest, do your “homework” by researching and comprehending the:
 - (1) **OFFICIAL ANA Grading Standards for US Coins** as well as
 - (2) Generally “accepted” **market grading and terminology**
Examples: “cabinet friction”, “mishandled”, “slider”, “almost”, “choice”, “borderline”, “B.U.”, “select”, “superb”, etc.
 - (3) KNOW (or determine) what is **HYPE** and what is REAL...
 - (4) **ACCEPT that differences in opinion** will continue