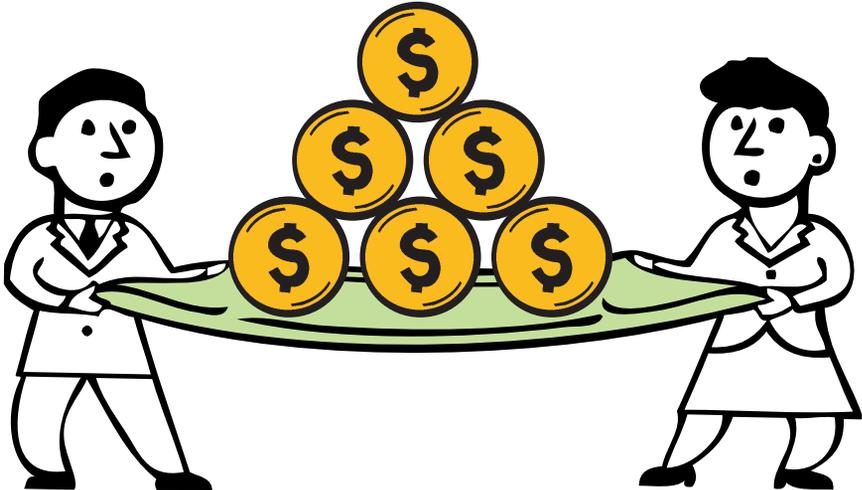


PROPERTY 	CULTURAL	COINS 	LANGBORD 10	VISITING 	APP MARKETPLACE OPERATORS	APP DEVELOPERS	BRAND PROTECTION 	MUSICAL COMPOSITION	MUSIC, LYRICS, AND COPYRIGHT 	RECORDINGS	JUST
	ARTWORK	ANTIQUE	RARE	GOLD RESERVE ACT OF 1934	IN THE APPS ERA	APP OPERATORS	MUSICAL COMPOSITION	MUSIC, LYRICS, AND COPYRIGHT	RECORDINGS	JUST	
	ARTWORK	ANTIQUE	RARE	GOLD RESERVE ACT OF 1934	IN THE APPS ERA	APP OPERATORS	BRAND PROTECTION	MUSICAL COMPOSITION	MUSIC, LYRICS, AND COPYRIGHT	RECORDINGS	JUST
	ARTWORK	ANTIQUE	RARE	GOLD RESERVE ACT OF 1934	IN THE APPS ERA	APP OPERATORS	BRAND PROTECTION	MUSICAL COMPOSITION	MUSIC, LYRICS, AND COPYRIGHT	RECORDINGS	JUST
	ARTWORK	ANTIQUE	RARE	GOLD RESERVE ACT OF 1934	IN THE APPS ERA	APP OPERATORS	BRAND PROTECTION	MUSICAL COMPOSITION	MUSIC, LYRICS, AND COPYRIGHT	RECORDINGS	JUST



America's Most Mysterious Gold Coins

BY STEVE ROACH

The 1933 Saint-Gaudens gold \$20 double eagle is the most expensive coin ever sold at auction, going for \$7.6 million in 2002. At the time of the sale, the offered coin was presumably the only one legally available for private ownership. Then, 10 more examples were “rediscovered” in a safe deposit box. The subsequent legal battle over who owns these coins has brought the 1933 Saint-Gaudens double eagle into the spotlight again.

Gold Recall

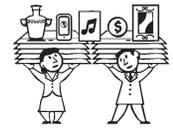
Close to half a million 1933 double eagles were produced right around the time America was abandoning the gold standard. While the U.S. Treasury Department ordered the U.S. Mint to stop future payments of gold coins, there was no order to stop gold coin production, and the Mint produced the first 25,000 1933 double eagles on March 15, 1933. Production continued until May. The coins, unable to be used as currency under the new regulations, were placed in heavy canvas bags that were sealed and stored in the Mint’s vault. It is a matter of debate whether the 1933 double eagles were considered coins at this time. The government contends that the double eagles had not been “monetized” and, thus, were not technically coins, and when the sole 1933 double eagle was sold with government approval in 2002, Mint officials required the buyer to pay an additional \$20 to “monetize” the coin.

While a small group of 469 pieces presumably remained in the Mint cashier’s vault, the majority of the 1933 double eagles were in storage. Between Feb. 6 and March 18, 1937, all of the 1933 double eagles that had been in storage were melted into gold bricks, according to Mint documents.

However, some escaped the melting pots.



Property in the 21st Century



The King's Coin

The Gold Reserve Act of 1934 made it illegal to export gold in any form without a license from the Treasury Department. President Franklin D. Roosevelt's executive order of Aug. 28, 1933, required a coin to have had special value to a collector prior to April 5, 1933, for it to be exempt. On Feb. 25, 1944, a diplomatic officer from the Royal Legation of Egypt brought a 1933 double eagle to the Treasury Department, purchased from legendary Texas coin dealer B. Max Mehl, destined for the grand collections of King Farouk of Egypt, who had a voracious appetite for all things collectible.

The Treasury Department granted the export license for the coin, and one assumes that the process for dignitaries such as King Farouk was perhaps more abbreviated than for the average person. On March 11, 1944, the 1933 double eagle was destined for Cairo. Within several weeks, the Treasury decided that a mistake had been made.

The change in position was prompted in part by an advertisement in the February 1944 issue of *The Numismatist*, the publication of the American Numismatic Association (ANA). Stack's, a New York City rare coin firm, was advertising the collection of Col. James W. Flanagan. Among the lots included was an "Excessively rare 1933 double eagle."

The Stack's offering of a 1933 double eagle was not the first, as the February 1941 issue of *The Numismatist* carried an ad from the Chicago coin firm of Smith & Son advertising a 1933 double eagle, one of "only three pieces known at the present time." It is assumed that the 1941 offering went unnoticed by the U.S. Secret Service.

On March 24, 1944, the U.S. Secret Service went about its business of confiscating the 1933 double eagle offered in the Flanagan auction, identifying it as stolen property and citing the Mint's records that no 1933 double eagles had been released for circulation. The investigation identified nine 1933 double eagles from a common source, all of which were later seized or surrendered. While three collectors elected to challenge the government's ownership claim, they failed. A 10th piece emerged in 1952 in the collection of Lewis Eliasberg, Sr., one of America's greatest coin collectors, and he surrendered it to the government.

A Philadelphia Story

As the Secret Service continued its investigation, one dealer's name kept coming up, linking the coins: Philadelphia jeweler Israel Switt. On March 30, 1944, Switt met with agents visiting his shop and he admitted during the questioning that he had sold nine 1933 double eagles.

The Treasury Department was keenly aware of the Farouk coin that had been granted the permit, and on May 4, 1944, the Treasury's general counsel wrote that "it would be proper to attempt by diplomatic representations to have the coin returned to the United States." Set in the framework of World War II, something like a collectible coin must have seemed to be a trivial matter, and the matter was dropped.

The Treasury Department revisited the matter of the Farouk coin in 1949, but did not do anything until King Farouk's ouster in 1952 led to the sale of Farouk's collections.

On Jan. 27, 1954, the U.S. State Department sent a telegram to Cairo with instructions that the "embassy should request that the coin be withheld from the sale and that it be returned to the United States Department of Treasury." The coin was withdrawn and the lot — without the 1933 double eagle — was purchased.

The Farouk 1933 double eagle was never returned.

The 'Forbidden Fruit of American Coins'

The story of the 1933 double eagle was relatively quiet after the 1954 Farouk auction. Occasionally, rumors would circulate of one turning up, but not until Feb. 7, 1995, when English coin dealer Stephen Fenton arrived in New York with a 1933 double eagle, did the next chapter in the coin's saga begin. Fenton was set to meet with a coin dealer, but they were met by Secret Service agents who arrested the two individuals and seized the coin.

A lengthy legal battle ensued, during which Fenton would claim that the coin was the Farouk specimen. Ultimately, on Jan. 25, 2001, just four days before jury selection was to begin regarding the seized coin, attorneys for the government and Fenton reached an out-of-court settlement that would permit the sale of the 1933 double eagle by Sotheby's and Stack's. The proceeds would be split between Fenton and the government.

The sale had an unusual proviso as the offered coin would be the only 1933 double eagle to be monetized and issued by the U.S. Mint. The sale promotions described the effectively unique rarity as "the only example that the United States Government has ever authorized, or ever intends to authorize, for private ownership."

There is some debate as to whether the example offered at Sotheby's in 2002 is the Farouk coin. According to David Tripp, who wrote a book called *Illegal Tender* about the coin, Fenton initially did not identify the 1933 double eagle as the Farouk coin. It was only after Fenton hired Barry H. Berke as his attorney that Fenton and Berke began to assert that the coin in question was the same as the Farouk example.

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Property in the 21st Century

The authorized auction took place in New York on July 30, 2002. It was offered at a \$4 million to \$6 million estimate with a \$2.5 million reserve.

It sold during spirited bidding for \$7.6 million, making it the most valuable coin in the world. Mint Director Henrietta Holsman Fore signed documents assessing an additional \$20 to the winning bid, allowing the coin to be monetized, which the Mint required.

The Sotheby's catalog description anticipated that a record sale could bring other 1933 double eagles into public view, and warned, "Any additional examples that may exist are, similarly, property of the United States Government, illegal to own, and subject to seizure."

The "Langbord 10"

Alison Frankel, the author of *Double Eagle*, a book on the 1933 double eagle, recalls when Sotheby's offering of the 1933 double eagle first caught Roy Langbord's attention. It was the summer of 2002, and he was on a plane to Las Vegas to see a Showtime boxing match. An ad in *The New York Times* caught his eye. Frankel recounts: "He stopped to read — and then to reread — one particular line. Langbord tore the advertisement out of the newspaper, and when the plane landed he phoned his mother in Philadelphia. 'Mom,' he said, 'You need to search the store.'" Israel Switt, the Philadelphia dealer who had sold at least 10 1933 double eagles into the market starting in 1937, was his grandfather.

The results of that search were revealed in August 2005, when Mint officials announced that it had in its possession 10 1933 double eagles from the Langbord family. The coins were turned over to Mint officials by Switt's then 76-year-old daughter, Joan Langbord, and her two sons, Roy and David Langbord.

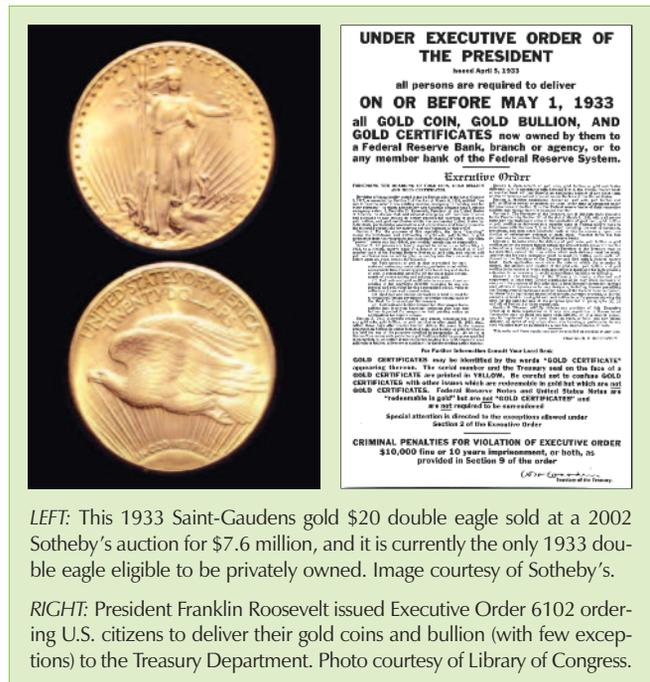
Joan Langbord operates the Philadelphia jewelry shop founded by her late father. Joan Langbord stumbled upon the 10 coins in 2003, while examining a family safe deposit box at a Wachovia Bank in Philadelphia.

Acting Mint Director David Lebryk stated in a 2005 press release, "We do not intend to monetize, issue, or auction the recovered double eagles." He added, "These double eagles were never lawfully issued, but instead, were taken from the United States Mint at Philadelphia in an unlawful manner more than 70 years ago."

The announcement was the result of nearly a year of behind-the-scenes negotiation between the Langbord family and their attorney, Barry Berke, who was instrumental in the public auction of the Fenton 1933 double eagle in 2002.

In September 2004, Berke requested a meeting with the Mint's legal counsel to discuss resolution of his clients' ownership of the 10 1933 double eagles. The family surrendered the pieces to the Secret Service for authentication later that month, while retaining their claimed rights to the double eagles.

As reported in an Aug. 28, 2005, *Coin World* article, Mint officials stated, "The United States government did not need to take any legal action to secure its title to these coins inasmuch



LEFT: This 1933 Saint-Gaudens gold \$20 double eagle sold at a 2002 Sotheby's auction for \$7.6 million, and it is currently the only 1933 double eagle eligible to be privately owned. Image courtesy of Sotheby's.

RIGHT: President Franklin Roosevelt issued Executive Order 6102 ordering U.S. citizens to deliver their gold coins and bullion (with few exceptions) to the Treasury Department. Photo courtesy of Library of Congress.

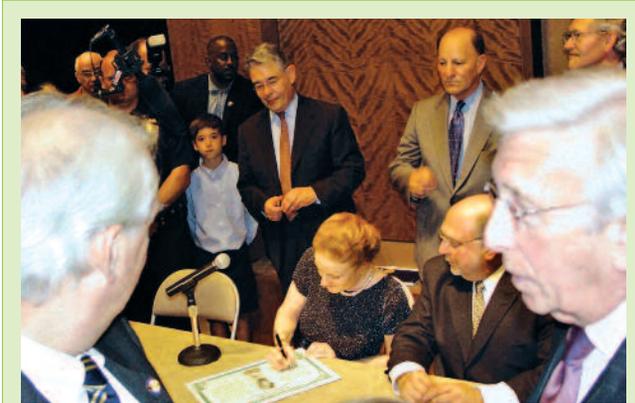
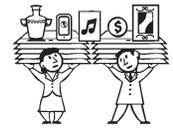
as they already are, and have always been, property belonging to the United States; this makes legal proceedings, such as forfeiture, entirely unnecessary."

The Langbord family did not accept the Mint's response. Berke wrote to Daniel P. Shaver, the Mint's legal counsel, stating, "The government's position wholly ignores that the Mint only became aware of the coins because the Langbord family freely brought their coins to the government's attention, the factual and legal reasons that the coins should be freely traded like every other numismatic treasure with a colorful history, the Mint's own recognition of the numismatic interest in the 1933 double eagle and the salutary effect of making the coin available for public sale, and that the government will not be able to show how the 1933 double eagles left the Mint over 70 years ago or that the coins are subject to forfeiture." These issues would be fleshed out in hundreds of documents filed with the court over the next five years.

A Lawsuit is Initiated

On Dec. 5, 2006, the Langbord family filed suit in a federal court in Philadelphia against the U.S. Mint and Treasury Department, seeking immediate return of the 10 double eagles in Mint custody, and a ruling prohibiting any future action by the government to seize, confiscate, or otherwise encumber the coins. The Langbord family also sought to require the government to initiate a proper civil forfeiture action where the Mint's claims challenging the Langbords' ownership could be fully and fairly investigated.

The Mint has continued to argue that the coins have always been the property of the American people and are not subject to private ownership, denying that the 10 double eagles are even coins, as they were never issued by the government as



Mint Director Henrietta Holman Fore signs the certificate of monetization for the 1933 double eagle at the July 30, 2002, Sotheby's auction of the 1933 Saint-Gaudens double eagle. The current owner remains anonymous. Photo courtesy of *Coin World*.



coinage. But the court has continued to deny the government's requests to dismiss the suit.

Both sides have presented experts. The government hired David Tripp, who in *Illegal Tender* concludes that Philadelphia Mint Cashier George McCann played a key role in the survival of any 1933 double eagles not in the Smithsonian, and that his actions were unauthorized and illegal. The Langbords tried to disqualify Tripp, arguing that his opinion was not based on the application of specialized knowledge as a professional historian and that his book was written to support the government's motion that the 1933 double eagles were stolen government property.

The Langbords retained numismatist Q. David Bowers to argue that some pieces may have lawfully left the Philadelphia Mint after being swapped with other \$20 coins of different date or dates, and that collectors would have sought to obtain them in March and April 1933. Bowers also offered a more general argument on the unreliability of Mint records at the time. The government argued that Bowers' theories were opinions not backed by documented evidence. The testimony of both experts was eventually allowed. Hobby organizations such as ANA and Professional Numismatists Guild have taken an active role in filing supplemental briefs with the court, warning it that any court ruling that would question a collector's right to own coins that are not issued as legal tender would impact patterns and other great rarities such as the 1913 Liberty Head 5-cent coin.

Initially, the Langbords had to prove that the 1933 double eagles were lawfully issued and circulated to the public as coinage. On July 28, 2009, Judge Legrome D. Davis penned an order that required the government to initiate a forfeiture action. This changed the case fundamentally and placed the burden of proof on the government to show that the coins were stolen.

On Sept. 28, 2009, the government responded, noting "the new reality that the Court has decided that the manner in which the U.S. retained possession of the 1933 double eagles was improper." It then sought to expand the suit to include all privately held 1933 double eagles, and not just the 10 formerly in the possession of the Langbord family.

The government filed its claim of interest on Nov. 2, 2009, claiming that it is the exclusive rightful owner of the coins, citing 18 U.S. Code Section 641, which addresses stolen public money, property, and records.

While the first part of 2010 was a quiet year in the case, on Oct. 28, Judge Davis denied the government's motion to add John Doe defendants, which prevented the expansion of the case to include all potential holders of 1933 double eagles. The government had sought permission to expand the case to resolve all potential ownership disputes. In denying the expansion, Judge Davis cited the government's failure to show that the other 1933 double eagles that may exist emanated from "the same transaction, occurrence, or series of transactions or occurrences" as the claim against the Langbords.

A trial is currently set in Philadelphia's U.S. District Court, Eastern District of Pennsylvania for July 7, 2011.

The fate of the "Langbord 10" is still very uncertain as neither side seems ready to compromise. The government continues to argue that its holding of the coins is justified, as the coins were allegedly stolen from the Mint more than 70 years ago and were never legally owned by anyone except the government. The Langbords hold tight to the belief that there was a window in time in which people could legitimately obtain 1933 double eagles from the Mint cashier, and that some pieces may have lawfully left the Mint that way.

We may never know how the 1933 Saint-Gaudens gold \$20 double eagles left the Mint and no one knows whether the Langbord coins will ever be available for private ownership.

STEVE ROACH

is a Dallas attorney who works with rare coin and fine art investments. He is also an editor at *Coin World*, where a version of this article first appeared. Visit Roach online at www.steveroachonline.com.

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