



ACCent



*The Award Winning Monthly Newsletter of the
Anchorage Coin Club*

Membership meeting is the first Tuesday of each month

Volume 31, Number 1

January 2018

Monthly Membership Meeting

Tuesday, January 2, 2018

Central Lutheran Church at 15th and Cordova

7:00 PM

Membership Meeting Highlights

- **The January meeting** will be a Potluck event. **Members are asked to bring food items for the meeting.** The Club will also provide chips, soda, and water.
- The monthly raffle coin will be a **1923 U.S. Silver Certificate graded VF+.**
- **Larry Nakata will be doing a Presentation on "Coinage in the U.S. Prior to the Establishment of the U.S. Mint".**
- Live and Silent Auctions

thanks go to **Dan Barnhart** for providing the ham and mashed potatoes and to **Larry Nakata** for providing the turkey for the Christmas party event.

We began the dinner at about 6 PM.

A numismatic door prize was provided to everyone who attended the Christmas party as they were dining.

Club President **Dan Barnhart** announced the winner of the club's 30th Anniversary coin design, **Carl Mujagic**, who submitted the club's logo as the theme for the obverse design.

President's Column:

We had a great turn-out for our annual Christmas party! Thanks to our members for all the great food!

Bill Hamilton was the winner of the \$2.5 gold coin and many other prizes were given out.

Carl won the design contest for the obverse of the Club's 30th anniversary medals.

Happy Holidays!

Dan Barnhart - President

The Christmas Raffle prize, a 1913-S U.S. \$2 & ½ Gold Indian graded PCGS AU 58, was won by club member Bill Hamilton.

The key event was the club's Live and Silent Auction which was enjoyed by all.

Christmas party event was concluded by about 8 PM.

Merry Christmas and a Happy New Year.....Larry Nakata/ Secretary.

Recap of December 14th Anchorage Coin Club Christmas Party:

The Anchorage Coin Club's Christmas Party started with members showing up at 5:30 PM. Lots of food was brought in by our members. Special

Anchorage Coin Club Board Meeting:

At the November Board meeting, the Board agreed there will be no Board meeting held in December to celebrate the Holiday Season. Instead the next formal Board meeting to occur on January 17th,

2018 at the **907 Alehouse and Grill** located at 8001 Old Seward Highway in Anchorage.

Article: "WHAT IS THE HYPE ON THE BITCOIN?" by Larry Nakata Life Member #3

Last year (in late 2016), I did a two part article on the bitcoin. With Year 2018 soon upon us, these past couple of months have seen a lot of "hype" given on the subject of the "bitcoin". Accordingly, I have modified the two part article to reflect what has happened since 2016. Enjoy!!!!

Let me begin by saying that, in my view, the original "bitcoin" was the Silver Spanish 8 Reale coin, otherwise known as the "Piece of 8".

Following Spain's discovery of the New World by Christopher Columbus, Spain benefited with the discovery of vast amounts of silver in the territories they controlled. Mints were subsequently established in the New World minting Silver Spanish 8 Reale coins that would become the International Standard for silver coinage.

The U.S. Silver Dollar was based upon the standards of this coin. In fact, the 8 Reale coin remained a legal tender coin in the United States until the Coinage Act of 1857....which mandated that only U.S. minted coins were legal tender. Hence the term "two bits makes a dollar".

In previous articles I wrote earlier, I did a series in which I showed how U.S. coinage and paper currency evolved from the gold standard....to the silver standard.....and later to "fiat" coinage and currency "backed by the good graces of our government".

Now fast forward to the Year 2008 when economic turmoil was occurring both in the United States and worldwide.

In November, 2008 a paper was posted on the Internet under the name of Satoshi Nakamoto. This paper detailed a concept of the "**bitcoin**".

The paper detailed how "digital money" using the Internet could work in a "fiat" currency environment. This digital money was also referred to as "**crypto-currency**".

By January 2009 the "Bitcoin" network was established with "bitcoins" marketed.

In an environment in which each country's currency would fluctuate in value against everyone else's currency, proposed was this concept of "**crypto-currency**". This would be a form of digital money used as a medium of exchange that is not issued, backed, or tied to any particular nation or government's currency. This digital money was also not dependent on the value of gold or silver as a monetary standard.

Such "bitcoins" could be bought and sold using your country's "fiat" currency with transactions done through the Internet with all "bitcoins" tracked by a "Bitcoin" network. Individuals, businesses, and banks could subscribe into the "Bitcoin" network system. "Bitcoins" could also be redeemed in any nation's "fiat" currency.

The idea was that purchases of "bitcoins" would be made at the current value of a "bitcoin" based upon that nation's "fiat" currency value at the time of purchase. In mid-October 2016, one "bitcoin" was valued at approximately \$643 U.S. dollars. As of this article, the "bitcoin" value is at approximately \$15,000 U.S. dollars!!!

Because of its nature as a "digital currency" not tied to any nation's currency, the "bitcoin" is not affected by fluctuations of any nation's currency. If I bought a "bitcoin" at \$643 U.S. dollars, that "bit coin" could be worth more U.S. dollars a year from now.....assuming the value of the U.S. dollar declines against other foreign currencies such as the Euro, the Yen, British Pound, Swiss Franc, Chinese Yuan, etc.

Keep in mind the value of the "bitcoin" could also go the other way if the value of the U.S. dollar strengthens against those foreign currencies. Having the ability to redeem a "bitcoin" in any nation's currency (regardless of price fluctuations between different nation currency values) is an attractive feature.

Transactions are tracked through the "Bitcoin" network with all "bitcoins" accounted for. Such transactions can be in fractional units of a "bitcoin's" value.

Transactions between individuals, businesses, and “bitcoin” banks can also be done at the “bitcoin” level if desired. The “bitcoin” could be redeemed in any nation’s currency based upon its value that day.

Of note....in June 2013....one “bitcoin” was valued at \$100 U.S. dollars. Look at it today as of December 2017.

There are still deep concerns about the use of “bitcoins” in a world economy. Among them:

- **Hacking.** While a “bitcoin” has never been duplicated (forged) as a digital coin, hacking has occurred in which “bitcoins” were stolen from “bitcoins” owned by “bitcoin” banks. Some were forced to go out of business after the hack.
- **Regulatory Issues.** Governments around the world are still trying to “wrap their arms” about what to do in regulating “bitcoins”.
- **Money Laundering** by crime syndicates and other organizations is definitely an issue.
- **Speculation** in playing the “bitcoin” market against foreign currencies. The “bitcoin” market is full of speculators because it is not tied to anyone’s monetary policy or oversight. This type of speculation could be “boom or bust” causing one to “lose their shirts”.

I now want to go over how bitcoins are made in a computer/Internet environment and the checks/balances in the bitcoin system.

The bitcoin is a mobile app or computer program that provides for a user to have a personal bitcoin wallet which allows the user to send and receive bitcoins through the Internet. It is an open sourced and decentralized system that is essentially a shared public ledger that processes every bitcoin transaction. Each transaction is protected by digital signature.

If you have a bitcoin wallet account, payments can be made by entering the recipient’s address and the payment amount from your computer, IPAD, or smartphone.

Services are available to assist merchants in processing transactions from bitcoin to fiat

currency. These services are provided through a “bitcoin bank”. There are a number of them in the U.S. and throughout the world.

Transactions are presumably secure, irreversible, and does not contain customer sensitive or personal information.

There is no fee for receiving bitcoins. The fee is only to the bitcoin sender as a service fee.

Bitcoin users are in full control of their transactions and provide strong protection against identity theft.

Disadvantages:

- One of the big disadvantages has been the degree of acceptance. While many people have heard of bitcoins, they are unaware of how it works. As a result, the total value of bitcoins in circulation and businesses using bitcoins still remains small.
- Bitcoin software/apps are still in ongoing development and still needs to mature.
- While there are business opportunities, there are risks.

On the matter of opportunities:

- Opportunities exist in running new businesses around bitcoins.
- Opportunities exist in speculating in bitcoins.
- Opportunities exist in a concept called “bitcoin mining”.

On the matter of risks:

- A bitcoin user can lose his/her bitcoin wallet if they misplace or forget their private key code electronic signature. Only they know that code. In such an event, their bitcoin wallet remains dormant in the system.
- Is the bitcoin legal? Use of bitcoins depends on a country’s legislation. Rules are still being developed in figuring a way to integrate bitcoin technology into a formal regulated financial system. For now...use of bitcoins is OK.
- The question is raised as to when the world’s banking system will go with its own version of bitcoin technology. Unless the present bitcoin platform is accepted by the

world banking system, owners of existing bitcoins are at risk.

On the matter of bitcoin mining:

- In the mining concept, the bitcoin's technology allows for individuals to be awarded by the bitcoin network for services they provide. These individuals, referred to as "bitcoin miners", process transactions and ensure securing the network using specialized hardware. For their services, they are paid in bitcoins. This is part of the "bitcoin banking system".
- The bitcoin platform is designed in a way in which new bitcoins are created at a fixed rate. These bitcoin miners have to work in accordance with strict rules in the bitcoin network.
- The bitcoin system is limited to a total of 21 million bitcoins that can be created....no more than that. As of 2016, there was a little more than half that number in existence. If the 21 million bitcoin number is reached, transactions can be made in smaller subunits of a bitcoin. It would be akin to something like the "cent to the dollar" relationship we have today. It is estimated that it will take several decades before the 21 million level is reached...if not sooner.
- Bitcoin miners make their money through the transaction fees paid by the sender of the bitcoin and by newly created bitcoins issued into existence according to a fixed formula.

As a result of bitcoins, "**blockchain**" technology has developed. The "**blockchain**" technology is a digitized, decentralized, public ledger of all cryptocurrency transactions. It allows you to keep track of your cryptocurrency transactions without centralized record keeping. Transactions cannot be deleted and are encrypted. It has the potential to simplify current operations for business ... by lowering their costs in not having to pay for expensive accounting systems.

Among the corporations using bitcoins today are Subway, Microsoft, Expedia, Dell, Tesla, Home Depot, K Mart, Sears, GAP, JC Penney, and Dish Network. Bitcoins are also now traded in the "Futures" market on Wall Street.

In concluding, I have noted that the world's key Central Banking systems (such as the U.S. Federal Reserve and the EU) have not yet stepped in to regulate bitcoins and the technology. It's as though they are taking a "wait and see attitude" to see how far bitcoin technology will evolve before stepping in with the possibility of a new worldwide standard revolving around their version of the bitcoin.

It makes me wonder what will be the future of coins, currency, gold and silver.....**Larry Nakata.**

List of Auction Items Submitted for January 2nd Meeting:

For Live Auction:

Submitted by Bill Fivaz:

1. 1805 Large Cent in Fair condition Minimum Bid (MB) 20
2. 1817 (13 stars) Large Cent Fine MB 30
3. 1909-S Lincoln Cent F-15 MB 65
4. 1879-O Morgan \$1 MS-63 MB 145 (Bid: 215)
5. 1929 Brown Seal \$5 National Currency (Chicago) Good MB 19
6. Donation Item: 1928 B \$10 Light Green Federal Reserve Note in Good condition.

For Silent Auction:

Submitted by Bill Fivaz:

7. 1822 Large Cent Fine MB 38
8. 1844 Large Cent F-15 MB 20
9. 1911-S Lincoln 1c VF-20 MB 35 (Bid: VF-20 \$44)
10. 1924-S Lincoln 1c AU-55 (Nice) MB 45 (Bid: AU-50 \$65)
11. 2007 George Washington \$1 Missing Edge Lettering PCGS MS-65 MB 25

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MEMBERSHIP APPLICATION**

NAME: _____

ADDRESS _____

CITY: _____

STATE: _____ **ZIP:** _____

TELEPHONE (HOME): _____

(BUSINESS): _____

MY COLLECTING INTERESTS ARE: _____

SIGNATURE _____

DATE: _____

MEMBERSHIP FEES:

- **\$25/YR REGULAR MEMBERSHIP**
- **\$10/YR YOUNGSTERS & SCHOOL AGED CHILDREN UP TO GRADE 12**
- **\$10/YR FOR SENIORS, HANDICAPPED MEMBERS, AND ASSOCIATE MEMBERS LIVING OUTSIDE OF ANCHORAGE**

APPLICATION WITH CHECK CAN BE MAILED TO:

ANCHORAGE COIN CLUB/ PO BOX 230169/ ANCHORAGE, AK 99523

Alaska Mint
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