

Gold Was Never Illegal

by [Michael E. Marotta](#)

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Despite numerous claims by coin dealers and conservative patriots (sometimes the same people), it was never illegal for Americans to own gold. It is true that ownership of gold was closely defined. It is also true that zealous government agents took gold from people under the guise of law. However, for most people -- including coin dealers -- there was never any practical limit on the ownership of gold.

Presidential Executive Order 6102, April 5, 1933, made it illegal to "hoard" gold. The order exempted anyone whose "usual and customary" business required gold. (Dentists and jewelers come to mind. Electronic fabricators would come under this once electronics was invented.) Anyone could own up to \$100 in gold coin. In 1933, \$100 was two or three months wages for the average worker, about \$6000 to \$10,000 in today's money.

Numismatic Scrapbook magazine was founded three years after this executive order. In the pages of that publication, the London Spot Price for Gold was often published along with the London fix for Silver. Gold coins such as the U.S. \$3, \$10, and \$20 were offered for sale by dealers to the public in display ads at prices within a few cents of the London fix.

On the other hand, numismatist Tom DeLorey recounts a story told to him by Abe Kosoff. "Abe Kosoff once told me how he had arranged, on behalf of a few wealthy clients, to have bags of U.S. \$20s shipped to a European bank PRIOR to the Gold Surrender Act, in anticipation of it and in the expectation that the price of gold would be raised. It was. He was then visited by a U.S. Treasury agent AFTER the Gold Surrender Act who told him that they had been examining bank records to see who had been withdrawing gold coins in the six months prior to the Act, and that according to the records he had withdrawn x number of bags of \$20s. He was given a fixed amount of time to return the coins to the Treasury, or face prosecution. He got them back and returned them."

In addition, another individual (Frederick Barber Campbell) lost a large holding of gold bullion stored in the Chase Manhattan Bank in 1933. It is true that in 1963, federal agents seized gold coins from the Witte Museum in San Antonio.

However, it is also true that the Thomas Elder catalog of April 14-15, 1933, carried a letter from William H. Woodin assuring collectors that they could own gold coins -- both rare examples and souvenirs. Furthermore, in 1954, the Federal Reserve Bank of Cleveland sent a letter to its members telling them not accept gold coins from depositors, but to direct people to take their gold coins to coin dealers.

Therefore, the bottom line is that like all bad laws, this executive order was unevenly enforced. However, in the main, gold was not prohibited to the average person. Yet, from the Great Depression right up to Y2K, dealers and collectors were able to profit from the general ignorance of the public. Smart numismatists bought gold objects for a pittance and sold "rare pre-1933 gold coins" at a healthy mark-up.

Even today, some numismatists remain mystified by the Executive Orders of 1933 that moved gold from local banks to the Federal Reserve. Collectors who know only second-hand tales easily make flawed statements about the ownership of gold -- or the ability or desire of the government to seize it.

The bottom line is that except for undifferentiable gold bars almost any numismatic item -- British Sovereign, U.S. \$10 Eagle, Western Assay Bar, or California 50 Cent piece -- was always exempt from this law and common gold bars could be owned by any jeweler, dentist, or industrial fabricator.