

CURSE OF THE DOUBLE EAGLE

NEVER BEFORE HAS A SINGLE GOLD PIECE INSPIRED SUCH FEVERISH DESIRE AMONG MEN—OR
HELD SUCH DISASTROUS CONSEQUENCES. A RARE LOOK AT THE WORLD'S MOST EXPENSIVE COIN

BY BRYAN CHRISTY

All eyes turn forward as David Redden, Sotheby's vice chairman and top auctioneer, mounts his pulpit. A silver-haired man with large ears and dark eyes, he adjusts his microphone and picks up his gavel. It is July 30, 2002. A congregation of millionaires sits in rows of padded chairs for an auction more than half a century in the making. There are no cheap seats tonight—it's standing room only for the relative unfortunates crowded in the back of the main Sotheby's salesroom. In the gallery's 12 private sky-boxes, a few guests have drawn the curtains. Others sip wine in plain view.

Onstage, a pedestal holds a glinting circle of metal less than an inch and a half in diameter. It is the only item up for bid: a \$20 U.S. gold coin dated 1933—the legendary Saint-Gaudens double eagle (“Saint-Gaudens” after its designer, “double eagle” because \$10 coins are known as eagles).



Digital counters loom above the stage to track the bidding in dollars, euros and pounds. “This will not be a long sale,” Redden announces. “It will be a great moment.”

Redden's specialty is selling the rarest of the rare. He has taken 130 crates of bones and sold them as the most complete *Tyrannosaurus rex* in history. He has flogged Soviet space suits and capsules. He has even auctioned off the deed to a lunar rover that will most likely never return to earth. Most of all, though, he traffics in stories.

The key to selling rarities is provenance: Who owned it and how badly do you want your name added to the list? An object's story is what gives it value.

Tonight's coin has a provenance as great as any coin in American history: Nearly 70 years ago it was stolen from the U.S. Mint. According to the auction catalog, “no 1933 double eagle could, or can, be legitimately

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PHOTOGRAPH BY RICHARD IZUI

owned by any individual—until this one. Until now.” Apart from two 1933 double eagles on display at the Smithsonian, Redden’s coin is believed to be the only one of its type, for decades rumored to exist only in the back rooms of the most devout collectors. Tonight the U.S. Mint is a Sotheby’s client. Together they have spread the word of the coin’s dark, illegitimate passage through the vaults of wealthy and unscrupulous men—a history of personal betrayals, lost fortunes and intrigue. Only fleeting reference is made to more recent crimes—how it was smuggled into the country, how the British coin dealer who will walk away with half the money tonight was once led from the Waldorf-Astoria hotel in handcuffs—and the auction catalog contains just one mention of the wiretaps and the undercover sting that brought the coin to light.

Redden and his team have spent months turning the coin into a star, emphasizing its singularity and mystery. Matt Lauer wears white gloves to hold it on the *Today* show. *The New York Times* gives a photograph of the coin the entire upper fold of its Metropolitan section. During its public-relations tour, the double eagle travels by armored car, airplane, train and limousine convoy, protected alternately by the U.S. Secret Service, U.S. Mint police, Federal Reserve Bank security, New York City police, the California Highway Patrol, the U.S. Army and corporate security teams.

dled an ounce of gold, and this one, shining in the spotlight, seems especially ethereal. Experts call it the most remarkable coin ever produced in America—the *Mona Lisa* of coins, the Holy Grail. Up



A rarity revealed: This 1933 double eagle inspired passion, desperation and greed in top collectors.

close, however, the coin seems fairly unremarkable. On the face, a zaftig Lady Liberty, thick-limbed and masculine, strides forward. She holds a freedom torch in her right hand, an olive branch in her left. The tip of her nose is a bit worn, and one leg is scratched and pitted.

COIN DEALING IS A SCREW-THE-WIDOW PROFESSION. FOR A DEALER, THE BIG MONEY COMES WHEN A WIDOW OR GRANDKIDS WANT TO GET RID OF THOSE DUSTY TRAYS THEY FOUND IN A SAFE-DEPOSIT BOX.

It is given its own room at Fort Knox.

By the night of the Sotheby’s auction, any collector wealthy enough to buy his dreams wants the 1933 double eagle. Now Redden will stoke that passion in \$100,000 increments. He starts at \$2.5 million. Bids flow in from the floor.

“Two million eight on the right,” Redden says.

Most Americans have never han-

Though her hair still snakes in the wind, she doesn’t glimmer as much as an untouched coin in a collector’s vault. She is a woman of secrets, a woman with the power to turn men to crime.

Like the Maltese Falcon, she represents all things to the men who have handled her in the past six years: wealth, power, fame—often all three. And like that mythical object, she has corrupted

all who have come in contact with her.

As it turns out, Redden is about to drop the hammer on what may be the biggest coin scam in history. The object on display this evening may or may not be the coin Redden and company have led everyone to believe it is. And in an irony consistent with the coin’s history, a felon will sell the government’s stolen coin: The government’s auctioneer, Sotheby’s principal owner Alfred Taubman, will report to federal prison the morning after the sale because of a price-fixing scandal. All of which only enhances the true account of the 1933 double eagle, the one that never made its way into the papers. It’s an astonishing tale of deception and double-dealing, proving that money changes everything—even the law.

Nine minutes after he began, Redden slams down his gavel on the winning bid of \$6.6 million. The buyer is anonymous. Including 15 percent in buyer’s fees and \$20 tagged on to mark the face value of the coin, Redden has just shattered the world record for a coin sold at public auction: \$7,590,020.

Someone now owns a very odd story.

THE BAIT

On December 8, 1995, an unseasonably warm day in Amarillo, Texas, agent Dave Freriks of the U.S. Secret Service pulled up to the Santa Fe Restaurant & Bar. Shortly before lunchtime, Freriks, all six feet and 230 pounds of him, lifted himself out of his car and walked up to a white Cadillac DeVille idling in the parking lot. A farm boy who left the family spread in 1957 for a career in criminal justice, Freriks headed the two-agent Lubbock office, 100 miles to the south, and dealt mostly with counterfeiting, tax dodges by the Texas militia and computer crimes. His sole brush with the big time came after John Hinckley shot President Ronald Reagan: Within hours Freriks had gathered Hinckley’s academic records from Texas Tech.

The driver of the Cadillac got out and presented his ID to the agent. Freriks groaned inwardly at the manu-



Con man or jack-of-all-trades? Texan Jack Moore sparked the historic Secret Service sting.



For agent Dave Freriks, the double eagle was a chance to cap a long career with a big bust.

factured drama of the move. The man was Jack Moore, a retired truck driver and an occasional source for an FBI agent Freriks knew. In the preceding days, Moore had been in contact with Freriks about a story involving a stolen coin. Currency-related crimes were a case for the Secret Service, not the FBI, so Freriks made the drive.

Moore, a short man with a Texas-size belly, looked to be in his late 50s. He led Freriks inside the restaurant, reflexively saying hello to strangers. They took a table in the back corner and

ordered chicken fajitas. Within an hour Freriks's ears were tired. Moore called him "friend" within minutes and clearly relished being in the company of an agent. He said he grew up poor. Said he was a retired truck driver for Groendyke Transport. Said he was a former Las Vegas limo driver—for a debt collector. Oh, and a gun dealer.

More to the point, though, Moore's sideline was coins—didn't collect them himself but loved to deal them. His crowning achievement was collecting for his former boss, John Groendyke. It

happened by chance: One day he noticed a strange and beautiful gold coin on Groendyke's desk—a 1908 Saint-Gaudens double eagle. Groendyke, an Oklahoma trucking magnate, had bought it to commemorate his father's birth year.

Groendyke was a coin dealer's dream—a man with deep resources and scant coin knowledge. Moore decided to give him an impromptu lesson in numismatics. You can't do better than a Saint-Gaudens double eagle, Moore told him, praising the coin. With excitement he pointed out its lifelike Lady

MONEY NOBODY WANTED

Some coins become precious objects, but others just can't buy a break

HALF-CENT PIECE

Minted: 1793–1857

The half cent never gained popularity, even though it was one of the first coins the U.S. Mint issued. In many years none were made at all, according to Ken Bressett, editor of the *Guide Book of United States Coins*, a.k.a. the Red Book. "You'd think it would be needed—the lowest denomination available," says Bressett. "But it was shunned." And laughed at. Hence its nickname, the ha' penny.



THREE-CENT PIECE

Minted: 1851–1889

The three-cent piece was the \$2 bill of coins. According to Nancy Green of the American Numismatic Association, it was issued because stamps cost three cents at the time. "It was long-lived," she says, "but it became unpopular because it was just so odd." Also odd is that versions in two different metals overlapped: A silver coin was produced from 1851 to 1873, and a nickel one from 1865 to 1889.



20-CENT PIECE

Minted: 1875–1878

The dollar has its origins in the silver taler, an Austrian currency, while original New World coins were Spanish reals, based on a system that divided money into eighths. (That's why the phrase *two bits* refers to a quarter dollar—it's two eighths.) So where did that leave the 20-cent piece? Odd coin out. An unusual denomination in any system, it was derided. Outside of the liquor industry, fifths are useless.



SUSAN B. ANTHONY DOLLAR

Minted: 1979–1981 and 1999

The least popular coin in the modern era, the Susan B. Anthony dollar suffered from a design flaw—it was hard to distinguish from the quarter. Just 857 million were released in two decades (typically a few billion of a given coin are minted each year). The final 41 million were made in 1999 before the current gold dollar was unveiled in 2000, and then it was good-bye, silver dolly.



ZINC PENNY

Minted: 1982–present

When the penny switched from mostly copper to copper-plated zinc, production costs dropped to .81 cents, making it the cheapest coin the Mint manufactures. That doesn't stop people from hating it—or the Mint from stamping more. "We make more pennies than anything else," says Michael White of the U.S. Mint—nearly 7 billion in 2003 alone. In other words, they'll keep making 'em as fast as we can throw them out.





An expensive piece of paper: With this document, the U.S. Mint and Sotheby's legitimized the sale of a stolen coin.

Liberty and the delicate rays of sunlight surrounding her. The double eagle was the biggest American coin, he explained, the most valuable by sheer weight and the most beautiful. Commissioned by Teddy Roosevelt and designed by America's greatest sculptor, Augustus Saint-Gaudens, the double eagle entered circulation in 1907 and ended with the 1932 run, after Franklin D. Roosevelt ended the gold-coin program. Groendyke was thrilled and saw the shining gold piece in his fingers in a new light. Bitten by the collecting bug, he hired Moore and a partner to assemble a complete set of the \$20 gold coins. Under Moore's guidance, Groendyke collected 53 unique examples in three years. Moore put the collection's value at nearly \$2 million.

Freriks caught himself before he was completely sucked in. Here he was, meeting with a fast-talking guy in the middle of nowhere, listening to him ramble on about obscure coins as if they were buried treasure. What was the crime, he asked, and—more important—how was Moore involved?

The other day, Moore told him, a coin dealer in Missouri named Jay Parrino had offered him a 1933 double eagle. Freriks didn't have the faintest idea what Moore was getting at. Didn't he just say the last double eagle was minted in 1932? Moore explained that 1933 coins were made, but they were all supposedly melted down at FDR's order. Moore took out a book he had brought with him, R.S. Yeoman's *A Guide Book of United States Coins*—the Red Book to coin dealers. He leaned across the table. "See there, where it says 'none

placed in circulation?'" he asked. "That means it's illegal." Freriks understood. Even 60 years after the fact, owning the 1933 double eagle would be equal to possessing stolen government property—a particularly valuable piece of government property.

When lunch ended, Moore gave Freriks photocopies of his Red Book and articles about the coin and Parrino from



Sotheby's auctioneer David Redden directs the bidding.

The Numismatist and *Coin World*. And to make sure he had Freriks hooked, he dropped his bomb. Parrino, Moore claimed, was a mobster.

THE TARGET

Back in Lubbock, Freriks sent word to Washington and asked for files related to the 1933 double eagle. Then he dug into the material from Moore and made inquiries about Jay Parrino.

Parrino was elusive. By Freriks's account, he seemed to have appeared out of nowhere in the late 1980s to become one of the leading figures in coin collecting. He took out full-page ads in enthusiast magazines, boasting millions of dollars in rare coins. Clearly he was a

superstar in this strange world. He once outbid Dennis Rodman for an 1885 silver trade dollar (\$907,500). He owned one of only seven Brasher doubloons, an American Revolution-era coin made famous by Raymond Chandler's novel *The High Window*. He signed autographs for strangers at coin shows. He was 49, he was aggressive, and he had a seemingly endless supply of money and unknown big clients. He was Italian American and under investigation by the IRS. Freriks's interest was piqued.

When information on the 1933 double eagle arrived from Washington, Freriks spent days poring over it in his bulletproof office. The coin had once been a major case for the Secret Service. According to U.S. Mint records, 445,500 double eagles were made in 1933, and all but two sent to the Smithsonian were melted down into gold bars by 1938. Or so the official story went. Then, to the astonishment of the Secret Service, a genuine 1933 double eagle popped up at a coin auction in New York in 1944. Apparently a Philadelphia Mint employee had stolen a small but undetermined number of coins, and when he and his fence were questioned, they yielded little. In the years after 1944 the Secret Service aggressively pursued stolen 1933 coins, tracking down dealers who had contact with the man who had fenced the coins. One after another they turned over their coins and then their friends—no one wanted to lose his coin and make another's that much more valuable. Agents discovered that the giants of American numismatics—wealthy, politically connected men—had a sweet tooth for the 1933 coin. The prices they paid suggested the men knew something was wrong in the rare coin's past, yet they bought it anyway.

Freriks was not surprised. Rich people always seemed to need the one thing they couldn't have. On paper the coin men were genteel even when they sued to keep their coins (and lost).

By the end of 1952 the Secret Service had confiscated and melted down nine coins. A 10th coin had left the country after a Texas coin dealer sold it to King Farouk of Egypt. In 1954, after Farouk was overthrown, Sotheby's tried to sell his coin for the new Egyptian government. The U.S. State Department protested, and the coin was removed from auction. That was the last official sighting of one of the stolen coins. If a 1933 coin had escaped the U.S. government's dragnet, it would be rare indeed.

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DOUBLE EAGLE (continued from page 70)

“I can get my guy to wire \$1.5 million if somebody hands me a briefcase with some cash in it.”

Agent Freriks was fired up. After a time, so were his bosses in D.C. This wasn’t just about a coin; this was about stolen government property. If Parrino were caught with the double eagle, he could go to jail. At a minimum he’d lose the coin—and a lot of money. With six months to retirement, Freriks decided to launch the biggest case of his career. If he handled it right, he would solve a multimillion-dollar mystery. That, he thought, would be historically cool.

Moore, meanwhile, was bent on placing himself at the center of the case. He laced his facts about the coin with stories about Parrino and organized crime. He said Parrino was rumored to be connected to money launderers and Las Vegas underworld figures. When Freriks said he doubted Moore was in it just to rid the coin business of a “black mark,” Moore switched gears. He told Freriks that Parrino had once cheated him on a \$5,000 commission. Freriks’s doubts ebbed: Revenge is a more typical motive for an informant.

Moore became Secret Service Confidential Informant 324-15.

In an auction, as the saying goes, all you need is two people who want something. In a con, all you need is one. U.S. Secret Service agent Dave Freriks wanted Jay Parrino. And Jack Moore knew it.

THE SETUP

Moore had dealt with Parrino more than a dozen times. Parrino—short, with smoothed hair and a rumbling voice—was the best dealer he knew for truly unique American coins. His prices were high. He was wily, too. At one point Moore and his former boss Groendyke hired Parrino to buy an unusual coin anonymously in Chicago. According to Moore, Parrino reported that the coin wasn’t up to their standards. Then he bought it for himself, had it regraded and sold it to the two men at a \$76,000 markup. Parrino claims he never went to Chicago for Moore and Groendyke. “Everything that comes out of Moore’s mouth is a lie,” he says.

Freriks obtained legal authority for Moore to record his telephone conversations with Parrino. Sitting on the edge of his bed, using his granddaughter’s tape recorder and a suction-cup microphone, Moore talked to Parrino about the weather, his Christmas plans and money. Moore loved taping his calls. In fact, beginning on December

13, 1995 and continuing long past the close of the sting operation, Moore recorded his conversations with Freriks, too.

MOORE: It’s immaterial to you or the people you represent what I make off of him, isn’t it?

FRERIKS: That’s correct. We don’t care what your cut is.

MOORE: All right. In other words, if I say, “When we make this deal and we see the coin and the wire transfer is coming down, you hand me a briefcase with a hundred grand in it.” You don’t care, do you?

FRERIKS: Right.

MOORE: Okay.

FRERIKS: You mean that’s gonna be your cut from him?

MOORE: He does people like that all the time.

FRERIKS: [*Surprised*] So he’s gonna be handing you a hundred thousand just for setting this thing up?

MOORE: Maybe. Who knows? I mean, it’s immaterial to you, isn’t it?

FRERIKS: Well, it’s immaterial to me, but whether or not you get to keep it is something else.

Moore was in it for the money. “I mean, here’s my position,” he told Freriks on December 18, 1995. “If you want me to help you with a longtime deal to get this guy for all the other stuff he’s done and everything, I’ll work with a different kind of deal...but if this is just a onetime deal, I want to make something out of it.”

It was typical informant bullshit—every coin dealer has a little larceny in his heart, he thought. Freriks kept his eye on the target. He instructed Moore to offer Parrino \$750,000. Moore had other ideas. It was ridiculous to lowball a price the government would never pay. When Parrino suggested \$1.5 million, Moore responded, “We would like to pay less,” but he didn’t fuss.

Moore and Parrino were now partners, middlemen in the transaction, with Moore representing an unknown Texas buyer, Parrino the invisible European seller. “What’s the most money we can give to these guys?” Parrino asked Moore on December 18 as large snowflakes fell outside both men’s homes. There were four inches in Amarillo and one in Independence, Missouri.

Coin dealing is a screw-the-widow profession. For average dealers, the big money comes when a widow or grandkids want to get rid of those dusty trays

they found in the safe-deposit box or in the bottom of a dresser drawer. “They’ll rob you to death,” says one coin dealer. Knowing their colleagues will take advantage of their family, many collectors who are on death’s door will sell off their coins. And that’s only one of a dealer’s many fears. “Most big-money dealers make their money off one player,” says another dealer. “They guard their player and do anything to find yours.” At coin shows, customers at a busy display case will pick up five coins and return four. Thieves may hear of a sale and follow a dealer home. For years one of the country’s leading numismatists, Columbia University’s Dr. William Sheldon (father of today’s one-to-70 coin-grading system) swapped his coins with the collections he was researching. Passion is a weakness. One of the juiciest prospects in the coin world is a collector on the verge of achieving a complete set. Even though Moore told Parrino his buyer was not who he might be thinking, Moore’s reputation as Groendyke’s dealer helped lure Parrino into his trap.

On December 19, 1995 Freriks authorized Moore to up his offer by \$250,000, to \$1 million. Moore was already past that figure. A day earlier he had told Parrino, “I can get my guy to wire a million and a half if somebody—and I don’t care who—hands me a briefcase with some cash in it...”

“I got you,” Parrino replied.

Throughout the operation Moore—not Freriks—made the key strategic decisions. Moore set the price and the location and even suggested that he wear a body wire for meetings. He continued to tape his phone calls at home but warned that his tape recorder crapped out occasionally. Freriks suspected Moore might have another reason for his inconsistent recordings, but he did not press his informant.

Moore played Parrino and Freriks similarly: Parrino wanted money; Freriks wanted an arrest. Moore, of course, wanted both.

By mid-January the deal appeared set, and Freriks promised Moore a \$5,000 reward. On January 18, 1996 he told Moore, “Don’t offer any more money.” The next day Moore called Freriks, upset. “Parrino’s saying he won’t take care of me until the whole thing is over! I can’t do this for \$5,000,” he whined. “You people do not have any idea what kind of bullshit is gonna happen once this happens—if it happens...”

Freriks typed an e-mail to headquarters regarding Moore’s commission: “324-15 was advised at length that any monies received without the knowledge of this service would be
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The deal was set. All parties knew the gold coin was coming from England. But who was the mystery seller?

subject to seizure when their existence became known. 324-15 suggested we offer more than the \$1.5 million already made and was instructed not to offer any more money, not to charge any more for a fee and that if the deal could not be completed on January 24, 1996 at the Waldorf in NYC, the deal should be terminated.”

Freriks thought he could control his informant. But Moore was better than that.

THE SIDE DEAL

Moore called Freriks back with a new side deal, a scheme to earn a commission that would not be confiscated. “What if I did this—and I think this would be legal if you think about it. I have a coin, a high-relief \$20 gold piece worth, conservatively, \$135,000 to \$150,000. What if I sell him that for an amount way over?”

Freriks liked the sound of it. “Whatever money you made that way would not be affected by this at all,” he told Moore.

“He just paid too much for the coin,” Moore agreed.

And so a clandestine agreement was reached between Moore and his Secret Service handler. Moore would make his cut through a sham coin sale to Parrino at an inflated price. What Moore did not tell anyone was that the coin he intended to use belonged to John Groendyke. “True collecting,” David Redden is quoted as saying in biographer Robert Lacey’s book *Sotheby’s: Bidding for Class*, “is not about the actual possession of objects. With the greatest collectors—who may physically keep their things in bank vaults—the collection exists in their heads.” Groendyke might have tracked his valuables in his head, but Moore had two safes in his garage and lockboxes at a company called Stout Safe Storage with Groendyke’s coins inside. Moore, who began working for Groendyke Transport in 1962, had complete access to Groendyke’s collection.

When Parrino balked at the size of Moore’s commission, Moore raised the offer for the 1933 to \$1.65 million. Moore then drove his red GMC pickup 600 miles from Amarillo to Parrino’s office, behind an unmarked door in the basement of the Mark Twain Bank, a nondescript institution off Route 70 in Independence, Missouri. Moore rang the bell and waited. He wasn’t wearing a wire. An alarm buzzed and let him through the first of two doors. The second door opened. He found himself in an office full of safes. Several were stacked on the south wall, with a large one on the west wall. There were no dis-

play cases, no coins in view. Parrino was alone. They shook hands like old friends, and Moore handed over a 1907 proof coin from Groendyke’s collection.

With the coin in his possession, Parrino believed he was simply fronting Moore his \$150,000 commission on the upcoming sale. The Texan had other plans. Moore returned home with \$50,000 in cash, two \$25,000 checks, some antique guns, 65 Krugerrands, two receipts and a story for Freriks. Parrino, he said, had offered him a job laundering \$10 million in Vegas every three months for \$100,000 a trip. The last guy to hold the job had been killed. Parrino had safe-deposit boxes overflowing with bullion and cash. The 1933 double eagle, he told Freriks, was “just the tip of the iceberg.” Parrino recoils at these assertions, calling them ridiculous.

To Freriks, some of the story rang true, but the rest—like the part about Parrino being so antigovernment that he planned never to pay taxes and to fund the local militia—was clearly a snow job. “I couldn’t have cared less, frankly,” Freriks says today, “as long as Moore wasn’t doing anything illegal, didn’t lie to me and we got the coin. I didn’t care about his separate coin dealings. It was totally unrelated, and I wanted to be able to say so in court.”

So Moore took a coin he did not own, went on a trip he did not pay for, gave the coin to a man he did not like and wrangled a \$150,000 commission for a deal he knew would never go through. In other words, Parrino paid Moore to send him to prison.

“The guy had brass balls,” says a retired FBI agent familiar with the case.

How could Moore give his friend John Groendyke’s rare coin to Parrino, believing that Parrino was about to go to jail? Moore answers the question with a shrug. “Groendyke knew all about it,” he says today. Groendyke, who later had his entire collection stolen by Jack Moore, has a different explanation. “He’s a crook,” he says of Moore.

The deal was set for February 8, 1996 at the Waldorf-Astoria. By now, all parties knew the 1933 double eagle was coming from England. But one question lingered in the minds of Dave Freriks, his bosses and Moore: Who was the mystery seller?

The answer lay in the coin’s history. Fifty years ago only the richest and most well-connected collectors ever touched the coin, and the man flying to New York with the 1933 double eagle was no ordinary coin nut. He was the biggest player

in the U.K. coin world, the head of the British Numismatic Trade Association: London coin dealer Stephen Fenton.

THE TAKEDOWN

For an international dealer of Stephen Fenton’s stature, traveling to New York on the Concorde was a necessary part of any big deal. The U.S. coin market defied supply-and-demand economics: The U.S. had the least history but also the greatest wealth; its coins were the most expensive in the world. At coin shows, American coins sold for thousands while ancient Roman coins were set out in dishes like jelly beans and sold for 15 bucks. The reason? Americans had invented a way to turn numismatic art into money: slabbing.

Slabbing—grading coins based on appearance and encasing them in small ultrasonically sealed plastic boxes—took the worry out of buying coins. Graded on a scale of one to 70, stamped and sealed, a slabbed coin was a commodity. It could be traded over the telephone like pork bellies or soy futures. And in America it was. With more people trading more often, slabbing had transformed coin collecting into coin investing, driving up the prices of American coins and attracting dealers from around the world.

Fenton had spent his life in the coin business. He dropped out of school at the age of 15, worked several years for the Mayfair Coin Company and then went off on his own. In 1980 he opened Knightsbridge Coins, a dimly lit shop down the street from Christie’s, in a plush row of art galleries and rare-book dealers on Duke Street in the St. James’s area of London. His shop was not designed for browsing. Customers were expected to know what they wanted. Now 43, Fenton was one of Europe’s leading dealers, with American coins as his specialty.

The Englishman passed easily through U.S. Customs. On his forms he declared that he was carrying more than 100 coins whose total value was \$742,450.50. The coins, his documents pledged, ranged in date from 1830 to 1932.

On February 7, 1996 Fenton and a cousin he had brought along for the event took a room at the Hilton. At eight p.m. he called Parrino. They agreed to meet the next morning. Meanwhile Moore and Freriks had checked into the Kimberly, a few blocks from the Waldorf-Astoria. Moore also had a suite reserved in his name at the Waldorf, but it was occupied by Secret Service agents.

At eight the next morning, Freriks walked Moore to the Waldorf. Together with New York agents, he did sound checks on the room, arranged the furniture for a good picture and told Moore where to stand. Then the phone rang—Parrino and Fenton were in the lobby. The agents hurried next door, where they would observe the action via a hidden camera.

Late sleepers were just poking out of their doors for a newspaper when Parrino, Fenton and Fenton's cousin stepped out of the elevator on the Waldorf-Astoria's 22nd floor and walked to Moore's corner suite.

Before he got on the elevator Parrino had noticed a unique electronic device in one of the hotel lobby shops, a telephone that purported to tell you whether a person on the other end was lying. It was on his mind as he knocked on Moore's door.

"Hey, Jay," Moore said, welcoming his guests into a lavish suite with a sitting area and a view of New York. Agents had spread Moore's clothes about and had set out his damp toothbrush in the bathroom.

Parrino stepped inside, confident. Jack Moore, he knew, was typical of the profession—a one-client coin man who had read a few books. "They're big shits in their world," Parrino says today of most dealers. "They come to my world and they're nothing—and they're jealous." They eyed each other nervously through their greetings. Fenton was a few inches taller and several pounds heavier than Moore or Parrino. With thinning hair and dark, penetrating eyes, Fenton was a man who looked at you when you were not looking at him. Moore liked him.

"I have a little deal here I thought might help me," Moore said. He was wearing ostrich-skin cowboy boots, a gold-coin ring, a gold-coin necklace, a Western-style shirt, Wranglers and a Members Only jacket. "I have to be myself," he had told the agents.

He led the men to an electronic coin scale on an end table. A table lamp offered extra light. "The real one weighs 33.4 grams," Moore explained. Fenton

and Parrino burst into laughter. The real one. That was a good one. They laughed too hard, and they didn't stop. They were giddy. In the next room Secret Service technicians adjusted their headphones. Inside the table lamp was a microphone. Across the room, hidden in a clock radio, was a surveillance camera. Nearly a dozen agents now watched a monitor in the next room.

Moore took out a more common \$20 gold coin to test his scale. Fenton had brought a test coin too. So had Parrino. They laughed even harder.

Like a cocaine dealer, Moore placed his sample coin on the scale. Heartbeats raced as Fenton took out the 1933.

Moore took off his glasses. His eyes were bad, he explained. Everything was an apology. When he slipped and said "son of a bitch," he turned to Fenton. "Excuse my language," he said. "I'm from Texas, and I don't know any other way to talk."

It was pure Texas bullshit, and Fenton and Parrino ate it up.

In a sense Moore was slapping the moment. He examined the 1933 double eagle with a 20-power glass. If the coin checked out, he was supposed to call his buyer waiting down the hall. Then they would wire \$1.65 million to London.

There are countless scams in the coin business—mint marks added or removed, dates altered or counterfeit coins made from cast impressions of a real coin. One famous counterfeiter was so proud of his skills that he signed his coins with a miniature omega.

Moore pretended to look for tooling around the date. In the early years Mint employees sometimes stole dies and struck their own coins. Even a few Treas-

ury secretaries and Mint directors were known to favor a shortcut to fill holes in their private collections. If Fenton's 1933 double eagle was a fake, chances were it was a 1932 double eagle with the 2 altered to look like a 3.

Though he would later say he "couldn't have shit a peanut," Moore comes across on tape as cucumber cool. He played the yokel. "I don't usually dress this nice," he deadpanned at one point, and Fenton and Parrino had to hold their bellies. It was the laughter of men who couldn't wait.

He was going to call the buyer, Moore said, moving to the phone. Then he paused. "Did you show him that proof?" he asked Parrino, nodding in Fenton's direction.

Parrino scoffed. For some reason Moore had insisted he bring with him to New York the 1907 coin used as collateral. Irritated, Parrino took the coin out of his pocket.

It didn't make sense for Moore to care so much about a 1907 coin with a 1933 in the room, and he knew it. So Moore did what anybody skating on the thin end of a lie does. He vamped. He praised the 1907 coin to Fenton. "I'm going to win five grand when this coin expert comes in," he laughed. And even though he'd been instructed not to stand in front of the surveillance camera, at that moment he did. In a flurry of activity hidden from the lens, he snatched the coin from Parrino as soon as he offered it.

It was a slick move. Moore had set up Parrino and Fenton, nabbed a buyer's fee and a Secret Service reward and pocketed his own collateral. Moore's total haul was now \$305,000—if he could get away with it.

He picked up the telephone. "You all might as well come up," he said. "It's here, and it's real."

Moments later an agent posing as Moore's buyer (dressed as a rich rancher, much in the style of John Groendyke) and another playing the part of his New York coin expert (dressed in a suit) walked into the room to close the transaction. As they pored over the coin and concluded that it was real, Moore cracked an in-joke to the expert: "Just make sure I get my five grand." In the five minutes it took to examine the coin, the agents in the surveillance room readied themselves for what they assumed would be an easy bust. But they saw on the monitor that Fenton's cousin was reaching under his jacket repeatedly, as if he were fingering a weapon. Outside in the hallway the agents were fired up to move swiftly.

The door to the room slammed open, catching Parrino, Fenton and his cousin by complete surprise. Agents took them down hard, particularly Fenton's cousin. They slammed Parrino to the ground, too. According to Moore, "Parrino kept hollering at me, 'Don't say anything! Don't say anything!'" Freriks whisked Moore next door.



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"Well, what'll it be? Classic rock or easy listening?"

Agents arrested Parrino and Fenton. The charge: conspiracy to embezzle property of the United States.

THE CURSE

Freriks was pleased. He had Parrino on tape on January 3, 1996 saying that the seller would smuggle the coin “in a roll of common bullion pieces or put it in a set and mislabel it as a ’32.” Fenton had done exactly that. The asking price for the double eagle alone was twice the value of the coins Fenton had declared on his customs forms. To Freriks it added up to criminal intent.

Freriks had collared the two biggest names in the coin business and recovered a piece of American history. Everything had worked out perfectly. However, the storied coin would demonstrate that it had plenty of black magic left.

To the shock of agent Freriks, two months later the U.S. Attorney dropped criminal charges against both Parrino and Fenton. Prosecutors refuse to go on record, but conjecture in law enforcement circles ran that federal officials decided the conspiracy case would be too costly, too time-consuming, too difficult to win. But the feds quickly shifted their attention to a bigger prize: the double eagle itself.

The U.S. Attorney’s office filed a civil forfeiture action to establish clear title to the coin. If Fenton wanted it back, the burden of proof was on him (not the government): He had to prove he was its rightful owner. Parrino was free to walk. He returned to Independence a bitter man.

“Ridiculous,” Parrino says today of Moore’s Mafia talk. “I have no relations, no ties to the mob. I’ve never taken, never stolen.” Several competitors interviewed for this article complained of Parrino’s arrogance but did not impugn his integrity. Parrino offers a more mundane reason for his wealth than mob money: He built his career by acquiring coins on behalf of institutional investors for retirement funds, IRAs and mutual funds. When the laws changed in the

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and made his reputation. His discretion, however, worked against him when Moore tagged him as a mob guy.

Today Parrino works out of an unmarked office in Blue Springs, Missouri. The windows are polarized; the doors have only a peephole. If you knock without an appointment, no one will answer. Jay Parrino does not do retail. By his own account, he has owned the finest examples of all but four of the 5,318 pieces listed in the Red Book. In 1999 he bought the famous \$10,000-bill collection of Binion’s Horseshoe Hotel and Casino in Las Vegas.

Parrino paid a high price for his association with the 1933 double eagle. His

However, the record undercuts his story. “What would happen to the value if it were legalized?” he is heard asking Fenton on the surveillance tape.

“Double,” Fenton replied.

Fenton also felt no remorse and fought to get his coin back. First the coin dealer’s trade association, the Professional Numismatists Guild, eager to set precedent, confronted government lawyers with an unusual defense: A brief was filed on Fenton’s behalf arguing not that the 1933 double eagle was legal but that it was just as illegal as the most important coins in numismatics. The world-record 1804 silver dollar, the 1913 Liberty head nickel, the 1894-S Barber dime, the 1943 cop-

per cent—not one of the most celebrated coins in collecting was ever “issued” by the Mint. Mint employees stole dies, forced errors and, innocently or not, counterfeited many of these most important coins. A whole branch of collecting depends on unissued coins. If the 1933 double eagle was illegal, so were the top five most valuable U.S. coins.

Mint officials are loath to talk about the patchwork enforcement policy on unissued coins. Kenneth Gubin, former chief counsel and a consultant to the prosecution, refers to these as coins with “checkered backgrounds” or “unclear parentage.” That coin collecting depends on these “scandalous” coins is part of what made the 1933 for-

feiture case so important. Gubin favored a settlement: “If you litigate, you might get a decision that impacts your ability to keep other coins off the market.” One lawyer involved adds that a precedent in the coin case might extend to Stinger missiles or other stolen government property. To Gubin, “a bad decision was worse than a compromise.”

Stephen Fenton’s personal lawyers were even more aggressive than those representing the Numismatists Guild. They assembled an argument with a sensational twist. During discovery, prosecutors produced hundreds of pages of U.S. Mint and Secret Service records. Buried in those pages were documents showing that in 1944 King Farouk had requested

voice shakes as he recounts the cost of his arrest: “I had the best tables at American Numismatist Association conventions. People are on waiting lists for years to get a table, and I had the best. They took them all away from me. I had full-page ads in *Coin World* and *Numismatic News*. I never ran one since. Two years of depression, family problems. I lost all kinds of customers. It virtually destroyed my life—in my business all a guy’s got is his reputation.”

He is not remorseful. “I did something I thought was perfectly okay,” he says. “It was not illegal.” He rattles off a number of ways the 1933 coin might have legally entered the market, saying, “The government’s case was based on folklore.”

and been granted an export license by the Treasury Department to take his 1933 double eagle out of the country. An illegal coin legally exported: The export license carried a whiff of legitimacy.

Fenton wasted no time. His was the Farouk coin, he said, and he could prove it. On January 18, 2000, at the U.S. Embassy in London, Andre de Clermont, a Middle Eastern coin expert and colleague of Fenton's, told U.S. federal prosecutors that he got Fenton the coin from a Cairo jeweler, who'd bought it from the children of a colonel who was close to Gamal Nasser, who himself had overthrown King Farouk. When asked for records as proof, De Clermont replied that sadly he had nothing but the man's word.

Was it likely that Parrino and Fenton had possessed King Farouk's coin, the coin with the greatest story of all the 1933 double eagles, and had kept the provenance hidden? Today Parrino declines to answer. In Moore's account neither Parrino nor Fenton ever mentioned Farouk. On the day of his arrest Fenton swore in a signed affidavit that he had bought his 1933 double eagle "anywhere from five to 10 years ago," mixed in with foreign and British coins.

De Clermont appears less sure of the alibi he gave to Fenton. "You've been to Cairo?" he asks during an interview in his cramped London office, a jumble of coin books and catalogs for women's "jelly coats" and plastic lingerie. "Remember, people construct all sorts of stories. People put out versions of what they want to say. You know what I mean?"

Fenton produced a wire transfer and a sales receipt for "U.S. gold coins," printed on his own stationery, dated October 3, 1995. The receipt was made out to a bank. This, he told prosecutors, included the 1933 double eagle. If his story was true, he had bought the world's most valuable coin from an unnamed source for less than \$220,000.

In January 2001 U.S. Mint director Jay Johnson signed a settlement agreement with Stephen Fenton. The Mint and Fenton agreed to sell the coin and split the pot. The government included in the language of the decision a warning to high-end coin collectors: "This settlement shall not be deemed to have any precedential significance or effect, legal or otherwise, on any other coin or property of the United States, including any other 1933 double eagle that may exist." Johnson was proud of his decision. "I had a chance to be historical, and I took it," he says today. He was not proud of what happened next. The Mint's associate marketing director, David Pickens, in consultation with Stephen Fenton, chose Sotheby's to auction the coin.

THE ENDGAME

By 2002, after more than \$300 million in criminal fines and civil class-action penal-

ties, Sotheby's was badly tarnished by a price-fixing scandal. The double eagle was just the kind of promotion it needed. Sotheby's would not only sell the government's coin, it would also sell the firm's own return to legitimacy.

On March 19, 2002 U.S. Mint director Henrietta Holsman Fore went on the *Today* show and said that 10 coins had escaped the Mint and that hers was the last one. On July 26, during a Boston radio program, Redden claimed that this was the King Farouk coin.

The 56-page Sotheby's catalog, the engine of the auction house's marketing campaign, overflowed with phrases such as "All but one; and therein lies a tale," as well as "And then there were 10." Photographs and biographical data on King Farouk filled several pages. Provenance charts detailed the history of the 10 coins. Even though the catalog concluded "we'll never know for sure," the "10 coins, one king, last chance" campaign had its desired effect.

Virtually every media outlet got the story wrong in a way that made the coin appear more valuable than it was. Ten

The real Farouk coin exists, an expert says. When the government changes the law to treat 1933 double eagles as other unissued coins, "the truth will come out."

coins were simply what the government had recovered over the years; Farouk was Fenton's courtroom defense. A lawyer involved in the case spoke off the record for this story and marveled at the way the media mistook Fenton's legal argument for fact. Even Fenton has admitted to PLAYBOY that not everything he said during his ordeal was true, but that's as far as he will go.

Does anyone in the coin world believe that only 10 1933 double eagles existed? Parrino was on tape talking about two others, and today he says several exist. "There have got to be others out there," David Tripp, the author of the Sotheby's catalog, admitted days after the auction. Israel Switt, the Philadelphia jeweler originally accused of fencing the coins, had boasted to a buyer that he had more than two dozen 1933s. One of the oldest, most respected names in numismatics calls the Sotheby's 1933 double eagle auction "a sham." The real Farouk coin exists, with title, and the expert knows its location quite well. When the government changes the law to treat 1933 double eagles as other unissued coins, the expert says, "the truth will come out." Two

lawyers involved in the Fenton settlement dismiss such talk, calling the 1933 "the Loch Ness monster of coins"—everyone has a sighting. During the investigation of this story, however, a noted numismatist offered PLAYBOY convincing evidence not only of another 1933 double eagle but of a coin whose story rivaled Fenton's claim to a Farouk provenance.

The Mint did not offer amnesty to all holders of double eagles. Instead it did what rulers do in fairy tales—it changed the law. It issued Fenton's 1933 double eagle. The Bureau of Engraving made up a special title document, which itself is a collectible. At the auction, the Mint charged the buyer an extra \$20, as if the year were actually 1933 and he was stepping up to the window for a new coin. "The guy who bought the coin paid for the paper," says a Philadelphia coin dealer. "In five years another coin will come out, and it's gonna be another bullshit story." For the same reason, Parrino says he refused to represent several clients interested in bidding on the coin. He calls the Sotheby's auction "a complete, total and utter farce." Monetizing their 1933 double eagle was a touch that Pickens and Redden joked about. Like kings of old, they made their property legal and outlawed the rest.

They also made their partner Stephen Fenton a very rich man. He took home \$3.465 million. The Mint regards the payout as a finder's fee. The Mint also earned \$3,465,020, less expenses it has not disclosed. Sotheby's and the coin dealer Stack's took less than their 15 percent buyer's commission. They split \$660,000.

U.S. Secret Service agent Freriks retired to his home in Lubbock with an acknowledgment for his role in bringing in the double eagle, and he remains disgusted at how the criminal case turned out. "He got all that money," he says of Fenton, "and I got a letter I threw away." On May 21, 1996, barely a month after criminal charges against him were dropped, Jay Parrino paid \$1.485 million for a 1913 Liberty head nickel. Two years later Parrino sued Jack Moore for breach of contract and fraud during the 1933 double eagle sting. Moore settled for \$140,000, but as Moore's attorney said, "Texas is a debtor's haven."

In 1999 John Groendyke discovered that his coins had been sold by Moore, who kept the money. Groendyke sued and was awarded \$1.2 million from Moore. According to Groendyke, he has recovered only a small fraction of the money and does not know where his coin collection is. Jack Moore, living outside Amarillo in a modest home he does not own, offers no explanation. "I have coins in different places around the country," he says.

At press time, the identity of the new owner of the 1933 double eagle remained a mystery.

