

# DEPRESSION-ERA DREAMS

## Woman cashes in 1929 Federal Reserve bank notes

By Lisa Reisman  
Special to the Times

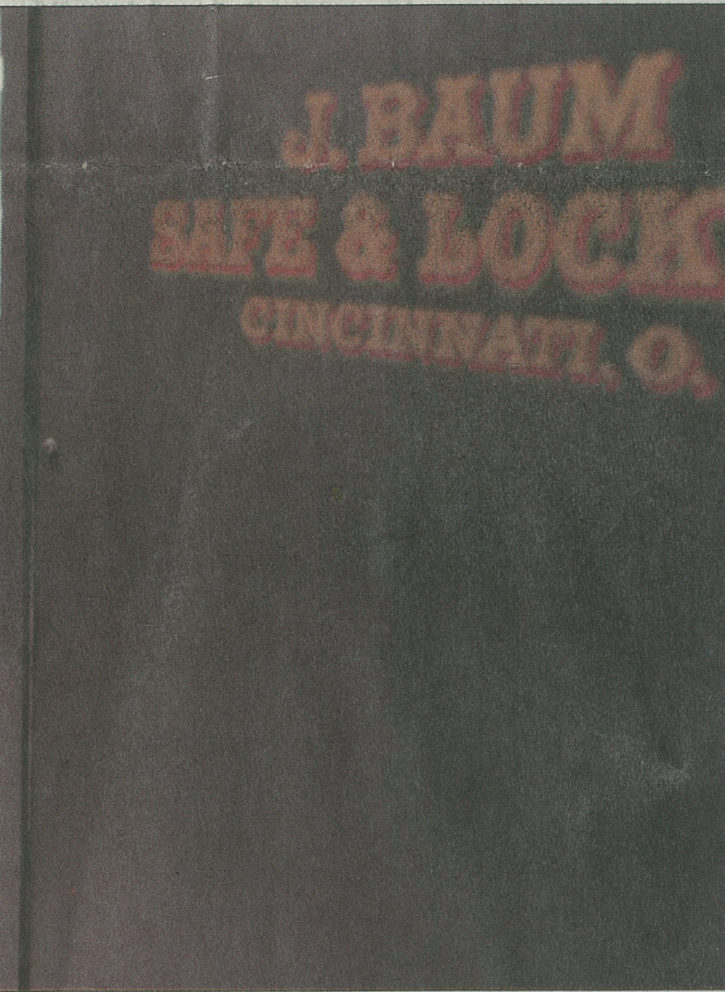
**I**t was an ominous reminder of a past financial crisis when Linda Rankin brought into the Guilford Coin Exchange two 1929 Federal Reserve notes, issued in 1933, the year President Franklin Roosevelt ordered U.S. currency taken off the gold standard.

Before 1933, gold coins were actually in circulation along with paper money as gold certificates, which could be exchanged for gold coins. A 1933 Federal Reserve note could no longer make that claim.

Rankin, 66, was a long-time checkout clerk at the Woodbridge Stop & Shop with a sharp eye for old coins and antique-looking bills. That was how she came upon the two 1929 Federal Reserve notes, one in the amount of \$50 from the Bank of New York and the other for \$20 from the Bank of Philadelphia.

But she probably didn't realize that the notes she had so carefully preserved over the years in plastic sleeves signaled a new era in the United States monetary system. Like a guest on TV's "Antiques Road Show," she simply wanted to know what the bills were worth.

That's where Steve Lutar comes in. He's the genial owner of the Coin Exchange, just off the Town Green on Whitfield Street. Linda Rankin,



he said, was really no different from anyone who passes through the doors of his shop with something to sell. However, these days, it is gold and other precious metals, not bank notes, that represent the lion's share of his business.

Gold prices have soared since the latter part of 2007 as a weak dollar, record high oil prices, and concerns about world political tensions have increased the allure of precious metals. The value of gold has risen from less than \$650 per ounce in early 2007 to more than \$1,000 a few months ago. Experts predict it could reach \$1,500 or even \$2,000, the Associated Press has reported.

"When the economy gets bad worldwide, all metals shoot up in value," according to Lutar, 56. "When the stock market goes down, gold goes up. When the dollar goes down, gold goes up."

Studying Rankin's bills, Lutar said, "Any kind of transaction is a gamble." He would know. He took over the Coin Exchange in 1998, after his partner, Gordon Downer, hit the jackpot with a \$4.6 million lottery ticket he bought in his own shop. Downer, quite naturally, decided to retire after 30 years of running the Exchange with his brother Donald.

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"Any kind of transaction is a gamble," says Steve Lutar, the genial owner of the Guilford Coin Exchange, which he has owned since 1998. These days, it is gold and other precious metals that represent the lion's share of his business, with gold prices soaring since the latter part of 2007.

Photos by Mara Lavitt.

# Gold: Woman sells to coin dealer 1929 Federal Reserve bank notes

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The place still sells lottery tickets, but it wasn't a winning day for Eric Anderson of Anderson Engineering & Surveying, a loyal customer, who frowned when the computerized screen flashed "Sorry!"

For Lutar, a former electrician, gold is a good bet "because it's always a constant." Since 2000, the precious metal has gained annually and has increased 13 percent so far in 2009. As the price skyrockets, Lutar has seen double to triple his normal business as local residents swap gold for dollars and, in some cases, stock gold.

Indeed, the so-called Gold Rush has everyone involved, said Lutar's daughter Kate, 23, an assistant at the store. There are the truly desperate who, no matter an object's sentimental value, "just need the money more than they need the thing." This is particularly so when rent or mortgage comes due at the end of the month, around tax time, and with high oil prices at the beginning of winter. That's when people mine their drawers and attics for keepsakes, family heirlooms, even gold teeth — anything to survive another month.

"I've had people who sell their scrap (gold) just to buy gas. They need diapers, they need food. They're facing eviction."

In that way, Lutar believes the shop is doing a service, offering the less fortunate a way make a little extra cash. At the same time, "it's not good that the economy is so critically down that people are forced into this scenario."

Then there are those who, seeing the price of gold hit historic highs, are ready to cash in old wedding rings, class rings, a necklace from a former boyfriend or the treasured gold retirement watch. Gold fever has a way of doing that to ordinary folk.

And there are the collectors, who have been holding onto



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pieces for years, and "now is the time they've been waiting for," Lutar explains.

While some are trading in gold and silver to raise cash, the more well-to-do are turning to gold as a safe haven for their money, as well as a way to diversify their portfolios away from more risky assets. As Lutar pointed out, hoarding gold in the midst of unstable financial conditions is a long-time reces-

sion-proof strategy. In addition, gold traditionally is a sanctuary in times of conflict, and the steady climb in the price of precious metals started almost simultaneously with the Iraq war in 2003. It's also a hedge against inflation, which erodes the value of paper assets.

Increasingly, said Lutar, investors are opting for the tangible comfort of physical gold — actual

gold bars and coins they can cling to in these bleak times. This growing desire to hold precious metals in their physical form is just another side effect of investor distrust in the crisis-riddled global banking sector. After watching their savings dwindle, "people want stuff they can touch."

However, for the Guilford Coin Exchange, such investors

are the exception. "We get more scrap gold than you can imagine," Lutar said. A lot of what comes in has some monetary value. Of course, it may turn out that a test of the item reveals it's just gold plate. All that glitters, as they say.

On the rainy day Linda Rankin walked in with her bank notes, she, like everyone else, hoped she held that winning ticket — the big payoff we all

dream about. "Maybe one of these days, they'll be worth something — that's what I was thinking," she said.

But it was not to be. Lutar explained that the condition of the bills lowered their value. He pronounced the worth of the two antique notes — a \$20 and a \$50 bill — to be a mere \$99. Still, Rankin walked out into the rain with a smile on her face.