

# Help ANA Members Win the

## *An open letter from Barry Stuppler, LM 924*

On March 18, 2004, Alan and Diane Hager of ASA Accugrade, Inc. (ACG) filed a lawsuit against 46 numismatists, many of them ANA members. I am one of the 46. It's an honor to be in the company of so many numismatists

**"Most numismatists silently tolerated grading services that used extraordinarily liberal standards ..."**

who have contributed so much to the hobby. The defendants include people like Ed Rochette, our beloved and respected former ANA executive director; Gary Lewis, current President of the ANA; and ANA Governors Alan Herbert and

Will Rossman. The Hagers allege that we and the 41 others conspired to defame and libel ACG. The best defense against such charges is the truth.

What led to Accugrade's lawsuit? Until 2002, most numismatists silently tolerated grading services that used extraordinarily liberal standards to grade coins, as well as certifying counterfeit, altered, repaired, and damaged coins. As a result, some collectors, particularly uninformed newbies, assumed that all coin-grading services were equal and purchased certified coins worth a small fraction of the values listed in respected pricing guides. On discovering that they had been misled, many quit the hobby in disgust.

The veil of silence that concealed differences among grading services was first torn away by an October 2002 PNG/ICTA grading company survey. The 151 professionals who replied to the survey found ACG to be the only company (among the seven major grading services at that time) "unacceptable" in grading accuracy, grading guarantees, and ability to detect altered, repaired, damaged, cleaned, and counterfeit coins. The full results of the PNG/ICTA survey are available at [www.pngdealers.com](http://www.pngdealers.com).

### **Enlightenment or conspiracy?**

Thousands of coin buyers found the survey enlightening and useful, and, as I do, want to see it periodically repeated. ACG owner Diane Hager, however, viewed the survey as a conspiracy against her company. According to *Coin World* (October 24, 2002), Ms. Hager said, "There was no reason to have a survey. Everyone knew what the results would

be ... The whole purpose was to discredit my product, my company."

Ms. Hager followed her attacks on the survey by filing an ethics complaint against me with the ANA. The complaint was formally based on a single e-mail I had sent to a client cautioning him about ACG's grading practices. I believe that the underlying cause of the complaint was Ms. Hager's belief (correct) that I was an advocate for the grading survey within PNG and ICTA. I feel that the survey helps new coin buyers make informed decisions and helps ethical grading services improve.

An open hearing on the ethics complaint that took place before the ANA Board of Governors and about 40 others in Charlotte, NC, in March 2003 exposed ACG to the light of day as never before. In a notarized letter submitted for the record, Kristin Donnan describes how her 81-year-old aunt, Norma Donnan, invested \$356,000 in coins graded by ACG only to discover that "Accugrade graded many of these coins four to six grades higher than their true ranking. Because of this fraudulent misrepresentation, Norma paid ten times the coins' true value. She now finds herself penniless ..."

### **Coins change grades from room to room**

In another notarized letter, former Accugrade employee John Callandrello wrote, "I decided to leave Accugrade in July [2002] because I was witnessing and observed a lot of shady transactions." Among the activities he describes are the weekly visits of coin dealer Bob Johnson: "Bob would ... submit some 500 to 600 coins for grading. Alan [Hager, ACG's head grader and husband of owner Diane Hager] would say to Bob, 'Now well, Bob, how are you going to pay for the certification fees,' knowing that he would end up with half of Bob's coins, mostly undergraded pieces and gold coins, as payment ... After Bob Johnson would leave the office, all of the gold coins and ungraded coins would be put on my desk for re-labeling. What graded an MS-61 would become an MS-64, an MS-62 would become an MS-65, and an MS-63 would become an MS-66 ... he [Alan Hager] would then proceed to the AH-Collectibles room and have Clayton Spencer list some or all of the coins on his eBay site AH-Collectibles." (Although ACG presents itself as a third-party grading service, Alan Hager owns AH-Collectibles.)

Greg Rohan (another distinguished numismatist named in ACG's lawsuit), president of Heritage Rare Coin Galleries and Heritage Numismatic Auctions, testified at the hearing as follows: "I have lost track of the number of Accugrade coins that were counterfeit that I've looked at. I have found

# Fight for Accurate Grading

Accugrade coins to be the coins of choice of the most egregious, dishonest telemarketers that prey on the unsuspecting public that I've ever seen. I have seen packages of coins graded by Accugrade that are 6 to 10 points overgraded ... I have seen Accugrade coins that were both whizzed and polished being sold as proof ... I believe that Accugrade is ... basically a fraud."

## Silence not always golden

The letters and testimony quoted above, along with other documentation of Accugrade's misleading certification and grading practices, is available in the ANA transcript of the Charlotte hearing. The ANA Board concluded that it "does not condone the ASA Accugrade grading standards and believes that those standards can mislead the end consumer with regard to the value of the numismatic item being purchased."

I believe ACG's current lawsuit is another attempt to intimidate the numismatic community into silently accepting "unacceptable" grading practices. But with your help, this lawsuit will further expose ACG, just as the PNG/ICTA survey and ANA's Charlotte hearing did. And it will serve notice that the numismatic community requires and demands responsible and accurate grading.

## Your help is needed

Many of the individuals named in ACG's lawsuit do not have the resources to mount a legal defense. Numismatist Jason Craton, 33, of Seaside, OR, is among them. Craton says, "I collected coins with my grandfather until he died. When I became 21 in 1980, my grandmother gave me a portion of his collection, and I was bit by the bug again. I've tried to help educate new people about coin collecting, including advising them of the differences among grading services. I assume Accugrade found me by monitoring a newsgroup that I contribute to. The hobby brings me joy, but this is chilling. It makes me think about quitting. I stay home with our boys, ages 10 and 5, and we just learned that my wife is pregnant. Her salary supports our family. Coming up with my portion of the retainer and the first month's legal bill was tough. If the defense fund doesn't kick in, I have no idea where we'll get the funds."

Twenty of the defendants in the suit have jointly hired Florida law firm Akerman Senterfitt. Some, like Jason

Craton, cannot independently raise their share of just the legal fees, which could run more than \$500,000.

ANA's Executive Director, Christopher Cipoletti, has announced the establishment of the ANA Legal Defense Fund to "allow members to be proactive in their actions to protect the hobby." Mr. Cipoletti says that while the fund "will continue after the conclusion of the Accugrade lawsuit, contributions made at this time will assist Association members in their defense of this suit."

## Consumer protection and/or freedom of speech

I am grateful to have made my living in numismatics, doing what I love, for over 40 years. Numismatics has enabled me to save up to put four kids through college, and has given me many lifelong friends. When I learn of a new collector leaving the hobby because of a bad experience with certified, over-graded coins, I'm saddened. When I hear Jason Craton talk about the "chilling" effect of being sued because he posted messages to help other collectors, I'm angry. When I see 81-year-old Norma Donnan duped out of her life savings through the use of overgraded coins, I'm furious. I strive to keep our hobby clean and protect consumers. This year I wrote "Coin Bidders Guide to eBay," published in the March 2004 *Numismatist*, to help consumers protect themselves against the small minority of sharks who misrepresent coins on eBay. ACG's lawsuit will not prevent me from continuing to educate consumers about the dangers of assuming that all grading services are equal or from continuing to disclose the difference between grading services.

Some see our defense against ACG's lawsuit as a consumer protection issue. Others see it as a fight for the freedom of speech guaranteed by the First Amendment. Regardless of how you view it, your generous contribution to the ANA Legal Defense Fund will enable the defendants to shed further light on Accugrade's grading standards, policies, and ethics. Please make your check payable to the ANA and mail it to American Numismatic Association, Legal Defense Fund, 818 N. Cascade Ave., Colorado Springs, CO 80903-3279. Thank you.

Sincerely yours,  
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