Description of document: **US Department of the Treasury, US Mint Public comments regarding interim rule prohibiting the exportation, melting, or treatment of U.S. penny and nickel coins**

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Source of document: Disclosure Officer
United States Mint
Office of the Executive Secretariat
Judiciary Square Building, 7th Floor
633 Third Street, N.W.
Washington, D.C. 20220

**DEPARTMENT OF THE TREASURY**
UNITED STATES MINT
WASHINGTON, D.C. 20220

January 25, 2008

This is in response to your December 13, 2007, Freedom of Information Act (FOIA) request for various records regarding U.S. gold, etc.

Enclosed as responsive to your request are the following: Overview of Accounting Treatment of U.S. Gold (updated 11/30/2004); and public comments regarding the interim rule prohibiting the exportation, melting, or treatment of U.S. penny and nickel coins.

Please be advised that personally identifying information have been excised from this documentation in accordance with Title 5 of the United States Code, Section 552(b)(6): Personal privacy.

The United States Mint maintains no records that are responsive to your request for "any correspondence from the Department of Justice regarding the December 12, 2006, interim rule..."

Should you disagree with the FOIA determination, you may appeal this decision within 35 days from the date of this letter. Your appeal must be in writing, signed by you, and should be addressed to: Mr. Edmund C. Moy, Director, United States Mint, 8th Floor, 801-9th Street, N.W., Washington, D.C. 20220.

Sincerely,

Kathleen Saunders-Mitchell
Disclosure Officer

Enclosures

Please get rid of pennies:
They've outlived their
usefulness. They waste
pocket space.

Yours Truly,

12-30-06. [redacted]

Office of Chief Counsel
United States Mint
801 9th Street
Washington DC 20220

*RE; Rule to make illegal the exporting & melting of U.S. pennies and nickels*

Dear Office of Chief Counsel:

As a citizen of this USA I must disagree with the new ruling on many levels. But first let me commend your office for seeking the opinion of the U.S. citizens.

The rule itself has penalties that are much too harsh. The penalties of possible imprisonment and fines have the potential to be harsher than if someone were found guilty of stealing from or even physically harming another person.

Your office states that this rule is in part created to safeguard the American taxpayers that would be financially harmed due to the cost of replacing exported or melted coins. In fact I believe that taxpayers and citizens of this country are already being harmed by the monetary policies of this country as set by our leaders. As our currency is being debased and devalued due to the rampant spending habits of Congress and the White House, both our currency and our nations sovereignty are being undermined. Your new rule that attempts to protect the coinage from those who would profit from melting and extracting the base materials it is made from was necessitated be the very policies the U.S. Congress, The Federal Reserve and the U.S. Mint conspire to create.

The fact that the material components that comprise our pennies and nickels (and for that matter gold and silver coinage) have a greater worth than the face value of the coin is directly attributed to the reduced value of our currency due to inflation. Inflation is caused by a government that is addicted to overspending on many things that are not in the best interests of this country. Inflation is caused by the creation of debt both within the country and the debt with our trade partners abroad. Inflation is caused by the creation and printing of money that saturates the world markets.

I believe that your new rule must be amended to punish those who helped cause this debasement of our currency. I also believe that Congress can help stop the debasement of the currency by reigning in their spending. Congress should also set the coarse to eliminate the Federal Reserve.

As the Fed created the money out of thin air that has no intrinsic value we somehow are bound to pay this fabricated paper and coinage back with whatever interest rate they see fit to impose on us. The Fed "lends" this nearly worthless currency in the same manner in which a drug dealer addicts its users. Eliminate the Fed and our money will retain its value and buying power over time. Eliminate the Fed and let us return to a currency that once again has value and status throughout the world. By doing that America's sovereignty can remain in tact and future generations (our children) will not find themselves saddled with the debt burden that has been created.

I must also say that I believe this new rule was not made public enough to inform the citizens and general public of this country and that the timeframe in which we have to voice our opinions should be extended.

Sincerely,
A concerned citizen

Office of Chief Counsel
United States Mint
801 9th Street
Washington DC 20220

RE: Rule to make illegal; the exporting and melting of U.S. pennies and nickels

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Sincerely,
A concerned citizen

29 December 2006
[redacted]

Office of Chief Counsel, United States Mint
801 9th Street, N.W.
Washington D.C. 20220

**SUBJECT: Proposed Rule to Limit Exportation & Melting of Coins**

Dear Sirs:

I am writing to formally protest your rule to make illegal my right to treat my private, inanimate property in any way I see fit. Specifically, your interium rule to Limit Exportation & Melting of Coins seeks to control property that I have rightfully gained through legal means. You have no right to do this.

Your rationalization of the need for this rule is fallacious. The root cause of the problem you seek to correct is caused by excess fiat US money, which, having been inflated by such excess, can no longer purchase the base metal of which these coins are made.

If there is a problem of inflation in the cost to produce metal coins, solve it by reducing the amount of paper currency in circulation, not by imposing limits on what citizens can or cannot do with their legitimate property.

Sincerely,
[redacted]

Copy to: The Honorable George Voinovich
The Honorable Mike DeWine
The Honorable Sherrod Brown

Dec 29, 2006

Office of Chief Counsel,
United States Mint,
801 9th Street, N.W.,
Washington D.C. 20220

Dear Chief Counsel,

This is in reference to your proposal to declare Americans criminals for melting or exporting nickels and/or pennies. This is obviously a desperate attempt to treat the SYMPTOMS of a problem rather than treating the CAUSE of a problem. Therefore, it will not work. People will just hoard the coins without melting and they will be taken out of circulation. You should know this as it did not work in the 70's or 80's.

Your statement, "We don't want to see our pennies and nickels melted down so a few individuals can take advantage of the American taxpayer" would be absolutely laughable if it were not such a dirty boldface lie. *If you morons are concerned about a few individuals taking advantage of the American people, then just look to the dirty criminals that own and operate the US Federal Reserve System.* There is the CAUSE of the problem. Bilking the American people of billions each year. Billions for the bankers, debts for the people. You might get a copy of that book and read it.

This idea that the metal in the coins has "gone up" in price is a bunch of horse manure. A pound of copper is worth what it always was worth. What has changed is the purchasing value of the monopoly money that is being printed at an obsene rate due to the greed of the bankers.

In conclusion, try solving the problem instead of harrassing the citizens.

[redacted]

[redacted]

Wednesday, December 20, 2006

RE: WASHINGTON — The United States Mint has implemented regulations to limit the exportation, melting,

Dear US Mint;
I have one comment, one that I've heard from MANY of my customers as well.
To limit the amount of pennies and nickels combined, to FIVE DOLLARS for cross border trips to play slot machines or penny ante poker seems PREPOSTEROUS!
IF you truly have a legitimate need to limit pennies and nickels you would set the limit toa more fair level, such as at LEAST $100, so as to not bother the average joe blow citizen!

And if you don't intend on harassing the average person, then do NOT let your new "rule" say you can.
On the other hand, if you have some kind of justification for picking on people with a whole FIVE Dollars as they cross the border, I'd love to hear it.

Sincerely,

[redacted]

Director of the United States Mint
RE Interim Rule to limit Exportation and Melting of coins

Screw that. Its bad enough I am forced to take your currency as the only allowable payment for goods and services rendered Maybe I dont want to make dollars per hour maybe I want something more substanial like grams of gold or pounds of copper. But no. Now your not only going to force your goods onto me but youre going to tell me what to do with the money once it is mine? Fuck that noise. If I want to smash a penny with a hammer or light a cigar with a hunred dollar bill Im going to. Because its mine. Whats next are the feds going to dump out from behind a tree when I am at an amusement park or the zoo using a press to smash a coin into a souvenir? And why is melting them illegal but not that? Because someone might make a buck. Heaven forbid that an American might make a few dollars or exerise freedom. Thats right I thought I lived in America where I could do as I please with what belongs to me. My mistake comrade. IF you want people to take your money more seriously then prehaps you should back it with something other than pretty words. Like back when the mint was first founded and the money represented something and was backed by something worth more then the metal it was made from. So now what am I not allowed to collect coins? Thats taking them out of circulation or how about just throwing them in the garbage OH yea nobody gets anything if I do that and then next year when you just make coins out of cheaper metals you get to make more money just like you traditiona do on the penny. Seriously how will destroying penni be "an enormous cost to taxpayers" when almost every single year since your inception you have made money by minting coins? Bottom line America IF I want to take money I own out of circulation Im going to and making me or anyone else a criminal for doing it is Bullshit.

Sincerely [redacted]

TAX PAYER + American

[redacted]

December 15, 2006

Office of Chief Counsel
United States Mint
801 9th Street, NW
Washington, DC 20220

Dear Sir or Madam:

With reference to the interim regulation restricting the exportation or melting down of pennies and nickels, I support that regulation wholeheartedly.

However, there is another phenomenon that reduces the supply of pennies and nickels that merits your attention and should be added to the regulation.

I frequently receive mail solicitations that include several pennies or a nickel showing through an envelope window to encourage the mail recipient to open the envelope and read the contents. I know of several people who do not open such mail and discard it without removing the coins. If my small sample of acquaintances are at all representative of the population at large, a large volume of pennies and nickels are lost that way.

I urge you, therefore, to add to the regulation a restriction on the use of coins for such purposes.

Sincerely,

[redacted]

Office of Chief Counsel,

I understand the concern for the depletion of specific currency denominations and the cost that will go into replacing them, but believe it to be of more importance that people have ownership of there money which includes the contents of it. If the dollar has weakened to the point were the metal content of our change is worth more than our governments set denomination, should not the denomination be set higher? I believe the real problem is not the melting of coins for metal content but the willingness to pay more for the materials and manufacturing of coins than the denomination we place upon them. I think in the long term we should look for policy that sets the dollar more squarely against its contents and/or look at less expensive materials and means of manufacturing. Another option is a debit/credit card based system coupled with the termination of the lower denominations (as circulating coins), as a coin collector it pains me to even suggest but the logic is undeniable. Ideally the dollar would always be strong enough to out value the contents of our money but more and more that does not seem to be the case. I could see a temporary suspension of overseas transfers until a remedy has been achieved, but do not believe the American public need be protected from itself. To me taking away the ability of the American people to achieve top dollar on the free market for their property whether by melting, investing, marketing or any other honest method seems a hard knock to Liberty, Freedom, and all other virtues our country and her people have always tried to identify with.

Thanks for your time,

[redacted]

To Whom it may concern:

I have been keeping track of the value of metals in terms of US dollars closely since about 1998. That the dollar has been devalued by *constant* use of the printing press since the inception of the Federal Reserve in 1913.

Our founding fathers built a wooden bridge (honest weights and measures using gold and silver as the only true form of money). Since the printing of worthless paper not backed by either, it is as if that bridge has been whittled away little by little. No one really noticed it for some time (although when Roosevelt stole everyone's $20 gold coins in 1933 and then immediately declared them worth $35, it was like the Federal government took out some BIG chunks). Year after year more wood was taken from the bridge, a little at a time, so as not to arouse the suspicions of the public. And now there stands our fine bridge, a mere skeleton of its former glory, barely standing.

And now the mint, a partner to the crimes committed by the Federal Reserve, has declared that the bridge is unfit for use, as there isn't enough wood to run the commerce anymore. In effect, you have burned your bridges and now want to know if there is a way back. How about being honest with the American public by telling them that the dollar is worthless? You see, since copper and nickel are *real*, you cannot fool someone who expends labor and sweat getting it to accept a crummy piece of paper forever. That worked as long as no one realized just how much of the bridge was missing. But now everyone is quite aware that the bridge may collapse at any minute - and they're not planning on taking any copper across.

My practical suggestions to you would be these:

1. You and the Federal Reserve come clean and admit that you've been skimming off the top since 1913. (It's okay. It stopped working for the Romans, too.)

2. Immediately stop all creation of easy money - no more loaning, no more printing.

3. Count the amount of gold (there is no more silver) actually in the US vaults and revalue the dollar in terms of ounces of gold (about $38,000/oz.)

4. Revalue the dollar in these terms and return to a gold standard.

5. Recall ALL previously printed dollars over the period of one year and issue dollars or coinage with silver or gold content equal to the revalued levels - i.e. for every $38,000 submitted, a $20 gold piece or newly issued dollar would be exchanged. Thereafter, declare any previous paper or coin as scrap metal or collectibles.

6. Revalue all debts, public and private, to be repaid using the revalued dollars. (i.e. if you owed $38,000, you now owe $20 in new currency.)

7. Wait for the 20 year recovery. (Sorry, but someone *will* have to pay the piper.) - and *never* screw with the monetary system again!

In conclusion, I would like to include an excerpt from David Bond. It is very funny only because it is unfortunately so true. Do not forget that Lincoln - the very image of whom resides on the penny we are disputing - said that you can not fool all the people all the time. This is just to remind you that you haven't.

> Dear Mr. or Mrs. Mint:
>
> Are you people insane? First, you declared trafficking in Norfed's Liberty coins a crime. This, despite the fact that there is no legal proscription against barter. If my neighbour wants to accept my silver in lieu of Federal Reserve Notes for an item we've agreed he will sell to me, that's nobody's business.
>
> But this business of telling me what I can and cannot do with my pennies and nickels is a haughty, unconstitutional affront. An insult. Have you people not ever heard of the concept of private property? My pennies and nickels are my property. I obtained them through my labours (believe me, pennies are what writers get paid in most days). Now, forgive a little digression here, but are these pennies and nickels not my property, if I have obtained them legally?
>
> When does what I do or not do with my property become the business of the United States Mint? What's next? Are you going to tell me I can't recycle my newspapers, because wood is scarce? Or re-impose that old law against removing the tags from my bedding? And if I obey your proposed directive and continue to accumulate pennies and nickels – because there is nothing else to do with them except as perhaps the poor-man's option play on base metals – are you later going to accuse me of hoarding? And will this then lead to another federal rule: That I cannot hoard my zinc pennies and nickels, and must surrender them to the United Snakes Government for a paper instrument that is any more not even a receipt or certificate?
>
> Of course, we are ignoring the larger question of, Why is a stack of 100 pennies or 20 nickels worth more than a FedNote? You've admitted as much in your proposed and wretchedly repugnant regulation. You refer to "prevailing prices of copper, nickel and zinc" exceeding the face value of your coins. Well, Mr. and Mrs. Mint, whose fault is that? To the extent that you're in cahoots with the Federal Reserve, it's your fault. But it is more important to point out to you is that the real prices of copper, nickel, zinc, lead, silver and gold have been relatively static over the past three decades, indeed in steady decline over the past millennium. What's changed is the dollar's ability to purchase these metals. This is not our fault. It's the fault of your masters.

So to avoid your proposed sanctions, we are compelled to insist that future payment for our labours be made not in pennies or nickels, but in Norfed Liberty dollars, the melting-down of which you do not propose to criminalize.

However, brace yourselves for good news. You have an alternative to criminalizing our behaviour with regard to our private property. You can further debase the currency, just as you did with our quarters, dimes, halves and dollars back in the 1960s. You can issue, Ahem! the Wooden Nickel!

Now, we've been advised since we were knee-high to the proverbial grass-hopper not to take wooden nickels. But a wooden nickel issued by the U.S. Mint? Why, we could take that to the bank. Pay off W's multi-trillion-dollar debts to China and Europe with wooden nickels. Just declare the wooden nickel legal tender for all debts public and private – the way the paper FedNote is so declared now. QED, all current account deficit problems solved. Yes, the Wooden Nickel. It's time is come.

From the Melting Pot and with no respect intended we remain,

Yours Truly,

The Guilty

[redacted]

P.S. In 1965 when the mint ceased making quarters out of 90% silver, there was no law making it illegal to melt down the coinage. If you want to keep the pre-198 pennies in circulation, I suggest you do as the Italalians did in the past - ~~sol~~ revalue them by encasing them in a second metal ring. You could eliminate the current dollar coin and use the ringed pennies as the new dollar coin. Ringed nickel nickels could be the new 50¢ pieces. And the crummy copper plated zinc could still be pennies. Make nickels out of steel – or ~~x~~ nickel plate them.

Office of Chief Counsel
United States Mint,
801 9th Street,
N.W., Washington D.C. 20220

December 30, 2006

Dear Sir,

**Re: Melting Down of 1c and 5c coins**

As an Australian citizen I have no direct interest in the situation that has arisen in the USA over the market value v the face value of 1c and 5c coins. However, as an avid reader of the US economy I offer the following thoughts.

1. It is time to realise that 1c payments are no longer of any use or value given the inflation of the last 50 years. Therefore, allow the holders of the 1c coins to do what they will with the coin.

   The reality is that even 5c coins should not be in circulation as there is scarcely any item which can be bought for 5c and the massive inflation of the last 50 years justifies its abandonment as well.

   In general terms the amount of time wasted by accountants, and cashiers having to deal with 1c amounts is ridiculous and is costing the economy much more in lost productivity. The 1c should be used only for computational purposes where the per item cost (assume buttons for the moment) is something like 1.754c. When making payment however for a whole packet, payment must be rounded off to the nearest 5c.

2. In Australia the original 50c coin disappeared from circulation due to its high silver content and was replaced by a coin with a cheaper metal content. Good money will always be withdrawn so it may well be impossible to keep the 1c and 5c coins out of people's cookie jars.

3. A third option is to buy the 1c and 5c coins from the public at their meltdown value. You would then punch a whole in the middle of the coins so that their meltdown value would be below their face value thus making it unprofitable to melt the coins down.

May the New Year bring the USA a brighter outlook both at home and abroad.

Yours sincerely,

[redacted]

[redacted]
January 15, 2007

Daniel P. Shaver, Chief Counsel
Office of the Chief Counsel - US Mint
801 9th Street NW
Washington DC 20220

Dear Mr. Shaver:

I wish to file comments in the request for comments by the United States Mint, Department of the Treasury, as it relates to the Interim Rule for the Prohibition on the Exportation, Melting, or Treatment of 5-Cent and One-Cent Coins that appeared in the Federal Register on December 20, 2006 [71 FR 76148]. I assume that the Comment Due Date is January 19, 2007, as indicated in the opening data and not SUNDAY January 14, 2007, as indicated in Part II.

If I am reading the Interim Rule correctly, one may export up to $100 in coins that are to be legitimately used as money or for numismatic purposes and one may export [on their person or in their personal effects] not more than $5 in coins for any purpose other than for melting or treating as prohibited by Section 82.1.

If the intent of the rule is that one may CARRY [since that word is included in the Section 82.3 [c] definition of Export or Exportation] on their person or in their personal effects up to $100 in coins that are to be legitimately used as money or for numismatic purposes, then perhaps the wording of the Section 82.2[a][1] should be changed to include the wording, "This also includes those coins carried on an individual, or in the personal effects of an individual, departing from a place subject to the jurisdiction of the United States."

If the intent of the rule is that no person may CARRY more than $5 in coins when leaving the country regardless of the reason, this is inappropriate. One should not have to ship coins that are being legitimately used as money or for numismatic purposes. This is significant also because of all of the recent activity in new designs for the 5-cent coin. One could not carry a roll of each of the recently released designs without exceeding the $5 limitation.

Please acknowledge receipt of these comments.

Very truly yours,

[redacted]

[redacted]

December 31, 2006

Office of Chief Counsel
United States Mint
801 9th Street, N.W.
Washington, DC, 20220

Dear Sir or Madam,

This commentary is a response to the U.S. Mint's press release "United States Mint Moves to Limit Exportation & Melting of Coins", dated 14 December, 2006. I strongly disagree with your plans to criminalize the melting and/or export of pennies and nickels. I have two reasons for disagreeing.

First, the physical object of which U.S. currency takes form (coins and bills) is the property of its holder. As such, it is wholly wrong for the U.S. Mint to attempt to enact regulations criminalizing persons from performing legal acts with those physical objects. The U.S. Mint cannot argue that money is not the property of its holder. Accordingly the U.S. Mint has no business either prescribing or proscribing acceptable actions of property owners on their property.

Second, inflation has been a phenomenon in the United States for as long as its economy has been expanding -- which has been for over a century. Given that the fixed values of money will, over time, become decreasingly valuable, while the values of commodities (for example, metals such as copper and nickel) will track inflation and are also subject to market value fluctuations, it becomes clear that the value of the physical object of the penny and nickel (and eventually the dime and quarter) will be greater than the representative value of the money it symbolizes. The U.S. Mint should have had the foresight to plan for this inevitability. Any private corporation in a similar situation as the U.S. Mint in this case would have had to use business strategy and/or innovation to come up with a solution to this problem. The U.S. Mint is instead trying to criminalize perfectly legal actions because those actions are inconvenient to the way it performs its function. I suggest the U.S. Mint try to be a more nimble organization and implement better planning to work around this problem instead of making obnoxious regulations like this.

I have no particular personal or business interest in melting down pennies or nickels. I do have a serious problem with attempted regulations like this, which are themselves are illegal. As I see things, implementing this regulation would be an admission of laziness, poor foresight, and the U.S. Government's willingness (by the arm of the U.S. Mint) to bully its own citizens. I don't care for that. The U.S. Mint can do better, and it should.

Sincerely yours,

[redacted]

To the U.S. Mint

I do not think it is right to ban the melting of U.S. coins for there metal content. Its the peoples money, not the governments. I don't save cents or nickles for there metal and I don't know anyone that does. In the 1960's I rember many people hoarding silver coins yet there where no shortage of coins.

The government should not keep taking away are freedoms and rights and privacy. Well thats my two cents worth.

[redacted]

12/29/2006

Dear Mr. or Mrs. Mint:

When does what I do or not do with my property become the business of the United States Mint? What's next? Are you going to tell me I can't recycle my newspapers, because wood is scarce? Or re-impose that old law against removing the tags from my bedding? And if I obey your proposed directive and continue to accumulate pennies and nickels – because there is nothing else to do with them except as perhaps the poor-man's option play on base metals – are you later going to accuse me of hoarding? And will this then lead to another federal rule: That I cannot hoard my zinc pennies and nickels, and must surrender them to the United Snakes Government for a paper instrument that is any more not even a receipt or certificate?

Of course, we are ignoring the larger question of, Why is a stack of 100 pennies or 20 nickels worth more than a FedNote? You've admitted as much in your proposed and wretchedly repugnant regulation. You refer to "prevailing prices of copper, nickel and zinc" exceeding the face value of your coins. Well, Mr. and Mrs. Mint, whose fault is that? To the extent that you're in cahoots with the Federal Reserve, it's your fault. But it is more important to point out to you is that the real prices of copper, nickel, zinc, lead, silver and gold have been relatively static over the past three decades, indeed in steady decline over the past millennium. What's changed is the dollar's ability to purchase these metals. This is not our fault. It's the fault of your masters.

So to avoid your proposed sanctions, we are compelled to insist that future payment for our labors be made not in pennies or nickels, but in Norfed Liberty dollars, the melting-down of which you do not propose to criminalize.

However, brace yourselves for good news. You have an alternative to criminalizing our behavior with regard to our private property. You can further debase the currency, just as you did with our quarters, dimes, halves and dollars back in the 1960s. You can issue, Ahem! the Wooden Nickel!

Now, we've been advised since we were knee-high to the proverbial grass-hopper not to take wooden nickels. But a wooden nickel issued by the U.S. Mint? Why, we could take that to the bank. Pay off W's multi-trillion-dollar debts to China and Europe with wooden nickels. Just declare the wooden nickel legal tender for all debts public and private – the way the paper FedNote is so declared now. QED, all current account deficit problems solved. Yes, the Wooden Nickel. It's time is come.

From the Melting Pot and with no respect intended we remain,

Yours Truly,

The Guilty

Office of Chief Counsel
United States Mint
801 9th Street, N.W.,
Washington D.C. 20220

December 14, 2006

[redacted]

Dear Sir or Ma'am:

The US mint's new rule to limit the melting or export of 1 and 5 cent pieces is outrageous. The rule effectively puts the burden on the citizen for the government's irresponsibility in creating inflation and the Mint's stupidity and pig-headedness in continuing to issue these coins at a steep loss to the taxpayer. The problem here is the government's fault, not the citizen's. Can the Mint not see how Draconian this action would be? What of the costs of enforcement, for what is already a money-wasting activity? Do we really need to have the TSA counting everyone's pocket change?

Further, it is inexcuseable that this rule was implemented *before* rather than *after* public comment. "Shoot first, ask questions later"? What's more, this wasn't such a bright move to make even based on the Mint's own stated intentions of preserving these coins for commerce: now the divergence between their inherent value and face value has now been advertised immeasurably greater than before. Even with melting illegal, the result is still sure to be hoarding by a much greater proportion of the population. Has the mint forgotten what happened when silver, gold, or the high-copper penny were de-monetized?

Fighting the market, nor the people, has ever worked: you're just wasting even more of our tax dollars for the trouble. And I'm sure, as well, you've defeated the purpose of hiding the fact of rampant structural inflation in the management of this country's monetary base, which is of course the main reason to continue issuing money-losing coinage even while the value of the monetary unit falls further.

Do not expect me and many others to take this ridiculous action lying down. I plan to actively fight and negatively publicize the Mint and the Federal government's culpability here, on my blog (http://www.autodogmatic.com/), on other sites where I publish (such as iTulip.com), in my economics newsletter, "The Krowne Report", and anywhere else available to me (I make liberal use of written letters to newspapers).

For the freedom and well-being of the American people, and to keep the Mint true to it's mission of helping them with commerce rather than harming them, I implore you to reverse this heavy-handed rule. There are other common-sense alternatives, such as discontinuing the nearly-useless penny, and refactoring the nickel. The Draconian measures are not necessary. The Mint's sloth should not be the citizenry's problem.

Sincerely,

[redacted]

Dec 16, 2006

Dear Office of Chief Counsel, U.S. Mint.

RE: United States Mint Moves to Limit Exportation & Melting of Coins
Interim Rule Goes Into Effect Immediately

I am an expert on U.S. Modern coins and have read parts of the interim rule. I have a coin shop and over 30 years experience in Numismatics. Here are my recommendations.

1.) Be sure to write into the law or Rule that it will disappear 6 months (or some time frame) if and when the cent and/or nickel is eliminated (if that ever happens) from coins made for circulation. This way a new ruling or law will not have to be made so people can melt the coins when obsolete. Finding a Solution is Imperative.

2). Making it Illegal to melt the Cent & Nickel will only help advertise they are worth more then face. Some people have already started to accumulate Pre 82 cents and all Nickels. Once it becomes well known that it is Illegal to melt these coins people will start hoarding coins in mass amounts. If you think there is a problem with shortages now (or potential shortages), you haven't seen anything yet.

3). Eliminate the 1 Cent and 5 Cent coins in 2007. see #4

4). Mint a 2 Cent coin with Lincoln and a 3 Cent coin with Jefferson. Produce the Lincoln two cent with the same specifications as a cent except make it a reeded edge. Make the 3 Cent 1.25x the thickness of the current cent with a smooth edge. Produce each with the same metal specifications and diameter as the current cent. By doing this you'd give yourself a little breathing room on production cost and there would be no need for rounding (as with others suggesting the cent be eliminated and everything then gets rounded to the Nickel.....the problem with this is that the 5C will continue to cost a fortune to mint). Merchant registers will then use the 1C for the 2C, and the 5C for the 3C coins (mixed in the beginning). Change can be made for any amount. This solution is easy for merchants and the public. Its not like the U.S. has not had a 2C or 3C in the past.

3). Use this opportunity (#4) to allow the U.S. Public to recycle the 1C and Nickel back to the U.S. Government at a profit. The metal received from the public at a slight discount could then be used to produce the new 2C and 3C. Everyone will be happy☺

4). If this was a true business, you'd be out of business making the 1C and 5C. The U.S. Tax payers should not have to pay for this loss liter another day. I urge you to turn this situation around in the Governments favor, but yet keeping the monetary system relativity unchanged.

Reference for writing this letter – www.usmint.gov
"Those interested in providing comments to the United States Mint regarding this interim rule must submit them in writing to the Office of Chief Counsel, United States Mint, 801 9th Street, N.W., Washington D.C. 20220, by January 14, 2007. The interim rule appears on the United States Mint website at www.usmint.gov. The United States Mint will make public all comments it receives regarding this interim rule, and may not consider confidential any information contained in comments."

Best Regards, [redacted]

12/18/06

With Regards to the Consideration of the Office of Chief Council, US Mint:

I Respect your Request for and Solicitation of Commentary from the American People Regarding the Statutory Prospal being considered by the Mint with Regards to the Melting of one and five cent pieces. Such actions are the cornerstone upon which the Republic, established by our constitution, was allowed to ascend to eminence and thus shall continue to be an example for the world. As regards the proposed Prohibition of melting pennies and nickels, I must protest. The Agency states that it desires to not see an undue burden placed on the American taxpayer, who would be responsible for the costs of minting new coins. The enforcement of such a Regulation, ~~&~~ especially if pursued with vigor, would FAR exceed the costs of Reminting the coins. Therefore investigating, prosecuting and appealing by defendants as well as incarcerating

Individuals would be a much greater tax burden. Furthermore the matter is not one of public safety, nor is it terribly significant in light of other matters that the federal government is responsible for. Finally the ~~PROS~~ proposal is not very much in keeping with the spirit of the constitution that was constructed to provide for a federal government of limited scope. Regardless, your solicitation of the American people's candor is most commendable and is in keeping with the spirit of the constitution. May God bless us all and this Republic of the people, by the people and for the people never, through action or omission, rescind the values of the constitution.

With Contemplation And Revere

[redacted]

12/18/06

Tuesday, December 19, 2006

Office of Chief Counsel, United States Mint
801 9th Street, N.W.
Washington D.C. 20220

Re: Regulations regarding the melting and transportation of Pennies and Nickels

To Whom It May Concern:

I am writing this letter to discourage the US Mint from implementing the proposed currency restrictions regarding the melting and transportation of pennies and nickels. The US Mint's proposed regulations will criminalize law-abiding Citizens seeking to protect themselves from the government destruction of the present fiat currency regime. The proposed regulations are a de facto acknowledgment of U.S. government fiscal failure. The following summary of the proposed regulations and penalties were obtained directly from the U.S. Mint website (www.usmint.gov). It is of particular interest that under the proposed regulations a U.S. Citizen can get up to five (5) years in prison for carrying $5 outside the United States. Any amount is preposterous, not to mention $5!

***The new regulations prohibit, with certain exceptions, the melting or treatment of all one-cent and 5-cent coins. The regulations also prohibit the unlicensed exportation of these coins, except that travelers may take up to $5 in these coins out of the country, and individuals may ship up to $100 in these coins out of the country in any one shipment for legitimate coinage and numismatic purposes. In all essential respects, these regulations are patterned after the Department of the Treasury's regulations prohibiting the exportation, melting, or treatment of silver coins between 1967 and 1969, and the regulations prohibiting the exportation, melting, or treatment of one-cent coins between 1974 and 1978.***

***The new regulations authorize a fine of not more than $10,000, or imprisonment of not more than five years, or both, against a person who knowingly violates the regulations. In addition, by law, any coins exported, melted, or treated in violation of the regulation shall be forfeited to the United States Government***

The current monetary regime offers no protection from the whims of a fiscally irresponsible government. Alan Greenspan, former Chairman of the Federal Reserve, seemed to understand this notion when he wrote in his 1966 essay titled **"Gold and Economic Freedom".**

***"An almost hysterical antagonism toward the gold standard is one issue which unites statists of all persuasions. They seem to sense – perhaps more clearly and subtly than many consistent defenders of laissez-faire – that gold and economic freedom are inseparable, that the gold standard is an instrument of laissez-faire and that each implies and requires the other".***

Copper Nickels and pennies represent the last vestige of "hard" currency, which provides a store of value for the individuals who possess it. U.S. currency is subject to universal economic laws, such as Gresham's Law, which states that inferior money replaces superior money in circulation. It is assured that nickels and pennies in their current form will disappear from circulation. Therefore, it makes no sense for the U.S. Government to create regulations which will criminalize any Citizens.

Sincerely, [redacted]

Cc: Austin American Statesman
Congressman Lloyd Doggett

December 15, 2006

Office of the Chief Counsel
United States Mint
801 9th Street NW
Washington, DC 20220

Sir:

Re: Interim Rule Disallowing Melting of Nickels and Pennies

There are several issues regarding this 'interim rule' that I'd like to point out – issues that some clueless government bureaucrats might not have thought about before issuing such a stupid edict:

1) Any pennies or nickels in a citizen's possession are, actually, their own property. They are not the property of the US Government nor should they subject to any rules that bureaucrats or lawyers dream up. As long as people do not use the coins for any fraudulent purposes, it is none of the Government's business what they do with them.

2) It is not the public's fault that the intrinsic metal value of certain coins sometimes exceeds the face value of the coin itself. In the 1920's, the intrinsic value of gold exceeded the face value of gold coins, as did silver for dimes and quarters in 1964, as did copper for the penny in the mid 1970's, and apparently copper again as well as nickel. I might suggest that the penny [if even needed anymore?] be again made from steel or aluminum and the nickel be similarly made from a cheaper alloy. That doesn't take very long to do. The very fact that the US Mint continues to produce coins at a cost far more than their face value is de facto evidence that IT, not any citizens, may be engaging in criminal activity by purposely wasting taxpayer monies. To invoke such a rule to cover up its own ineptitude and poor planning is the stuff right out of Orwell's "1984".

3) The rule is like the defunct 55 mph national speed limit – unenforceable. It'll be just another reason for citizens to distrust their government. Why the Mint would want to make felons out of people who melt down pennies or nickels that they own as private property is beyond me. One would think that the Secret Service actually has better things do with their investigative and enforcement staff.

4) The Mint is, paradoxically, in the business of selling coins with intrinsic values [i.e., sales prices] that are far higher than face values. Silver and gold coins from the US Mint are a steady source of profit. And, of course, the Mint wouldn't give a damn about someone buying these overpriced coins and melting them down to silver or gold bullion – because they've already made a profit from those sales.

5) The Mint's announcement of such an edict is the clarion call for everyone to realize that all the pennies and nickels they have [except for numismatic specimens] ARE worth hoarding and melting down. Does anyone above GS-12 ever think about the unintended consequences of every law, regulation, edict, etc? Hint: whenever coins were worth more as metal they get hoarded and eventually melted down. [Have you seen any pre 1964 dimes or quarters lately?]

There are moments when I think that the United States may avoid the typical traps and pitfalls of a maturing country [e.g., growing governmental distrust of the public's ownership of gold, silver and other precious metals, growing governmental distrust of the public's being allowed to arm themselves, growing governmental distrust of the assumption of personal privacy and the insatiable government hunger for more power, more monitoring capabilities and more rules governing the behavior of the citizenry...].

But, whenever I'm feeling optimistic about the future of our Republic, some government agency like the BATFE or the US Mint comes along and starts to act like they'd fit right in with some neo-fascist regime that is, of course, "looking out for the best interests of the country".

As far as I am concerned, whatever "benefits" you may believe this rule provides are far outweighed by yet another public example of the government's willingness use heavy-handed, hopefully unconstitutional, rules to further control the behavior of its citizens. I'd strongly suggest that you just deep six this 'interim rule' [another foray into the land of tyranny] and get busy with cheaper alloys for the nickel and the penny.

Copy to:

Representative Gresham Barrett
Senator Lindsey Graham
Senator Jim DeMint

[redacted]

[redacted]

[redacted]

January 8, 2007

**United States Mint**
ATTN *Daniel P. Shaver, Chief Counsel*
Office of the Chief Counsel
801 9th Street, N.W.
Washington D.C. 20220

RE: Comment on Interim Rule regarding Penny/Nickel meltdown prohibitions and export restrictions

To the Chief Counsel,

I am commenting on the Interim Rule 31CFR82 ("Prohibition on the Exportation, Melting, or Treatment of 5-Cent and One-Cent Coins"), to which a recent US Mint Press Release, linked on the Mint's website at http://www.usmint.gov/consumer/index.cfm?action=HotItems, alludes.

My comments are mostly in the form of questions, which I hope you will be able to answer as counsel, at least by pointing out how the Final Rule addresses them:

1. I am confused about the legal status of coinage. Is it property, and if so, who owns the property?

2. Is there any law that establishes coins as property of the United States? If not, what, in your opinion is the constitutional basis for laws concerning the defacing, destruction, or repurposing (e.g., melting) of coins? In the Rule text, various paragraphs of 31USC5111 are cited as the source of its authority, but I am still unclear as to the authority that the Congress has to pass such a law. In Article I of the Constitution, for instance, I see Congressional authority to "coin money, and to regulate the value thereof," as well as to "provide for the punishment of counterfeiting ... the current coin of the United States." Nothing seems to say or even imply that someone must maintain coins in their original form, or that Congress' power to coin money prevents individuals from doing so (although States are specifically prohibited from coining money – their own money, I presume), as long as there is no question of counterfeiting (claiming government backing for the coin, or intrinsic value that the coin doesn't have – do I understanding counterfeiting correctly?).

3. Recently, we were at Disneyland, where they have machines that allow you to make a souvenir out of a penny, rendering it useless for commerce. I have seen such machines all my life, practically anywhere I have traveled for business or pleasure. From what I can see in the Interim Rule, those "penny flatteners" may be legal, either because of the "amusement" exemption, or perhaps because the manufacturers or owners of the "flatteners" have a specific license from the government. Am I correct on either or both points, and could you help clarify the situation for me? If the "flatteners" are legal, then would the subsequent meltdown or other repurposing of the deformed pennies be illegal? If so, why, and under which circumstances?

[redacted]

4. Considering point #1, above: If pennies, nickels and other coins are not considered as property (in a way that similarly sized, blank circles of copper or nickel would be, for instance) then is it the fact that the government has stamped its proprietary design on them, which has made them, legally, into something else? Could the government then stamp other things and restrict their usage on pain of fine or imprisonment, without actually declaring them to be "government property"? If so, what would be the legal and constitutional basis behind such a power? I ask, because I am trying to understand what happens when I give someone value and receive coins in exchange. Am I merely renting the coins for an indefinite time, and is subsequent exchange of the coins for other value merely a transfer of the coins – and rental rights to them – to another party? Am I obligated to circulate coins as a condition of rent? If I collect pennies or nickels in cans and jars, as many people do, am I not forcing the government to "replace" those coins at the same expense as would be true by melting them down or otherwise "treating" them?

5. Right under the news item concerning the Interim Rule at http://www.usmint.gov/consumer/index.cfm?action=HotItems, the announcement of a warning about the so-called "Liberty Dollar" caught my eye. Considering point #2, above, the Liberty Dollar warning confuses me about the definition of "counterfeiting" and "current money." For instance, if the Liberty Dollar "medallions" have intrinsic value but are not asserted to be official US government coins, how can they be "counterfeit"? If people use them in general exchange, without thinking of them as official US government money, does that nevertheless constitute an attempt to use them as "current money," at least in the sense of being a nearly complete substitute for "current money"? I don't understand why these coins, which the Mint's news item says are made out of silver and gold, should be any less legal to use in exchange than, say, Disney Dollars, which we saw in abundance throughout the Disneyland Resort. Also, in the news item on the US Mint website, consumers are warned that certain similarities to old coins may confuse people into thinking that the Liberty Dollars are counterfeit "current money." But there are a lot of old coins and old coin designs. Other news items talk about all the new designs that the Mint has recently issued and plans to issue in coming years. What are the odds that anyone trying to make a money-like medium of exchange today wouldn't use one or more of the many design elements found on "official" coinage? Getting back to the Interim Rule, does it apply only to "current money," or are older coins protected as well? How old must a penny or nickel be, before it is no longer considered as "current money" – or is it always and forever "current" until being specifically retired by government decree? I guess that older coins are worth more for their value as collectibles, but suppose I have a pile of very old, highly worn and defaced coins, of negligible collectors' value, and wish to "flatten" them *en masse*, or melt them down for their metal content. What about coins that are presently so worn and damaged that one can't even make out the date of issue using the naked eye?

6. As a citizen, I understand the importance of protecting the currency supply, but I wonder if the Interim Rule doesn't go too far, especially if coins are legally seen as the property of those who possess them. If somebody wants to melt down coins and sell the metal for a profit, did they not exchange value for those coins

[redacted]

in the first place? If the coins are old, and now being kept in mason jars, weren't they originally put into circulation at a *profit* to the government? Aren't higher-denomination coins still being put into circulation at a profit, in the sense that their values as metal are far less than their face values?

7. Didn't the government's own inflationary monetary policies lead to the dilution of the dollar's value, relative to the metals in our coins? Why tell people that they cannot realize the "increased" metal value for coins they paid to acquire, when it is clear that government is responsible for the decrease in the purchasing power of the coins' face value? This smacks of hypocrisy and even fraud to me; so did the Mint's similar rules during the transition between silver coins and copper-clad, 40 years ago. I trust that neither you nor anyone else at the Mint would wish to be associated with even the appearance of fraud. So I am confused by your promotion of the policy that is established by the Interim Rule.

8. Contributing to the sense of a fraud-in-progress, or at least some fairly objectionable high-handedness, is the lack of public notice before the Interim Rule went into effect. Although I agree with the "determination" in the Rule – that giving notice prior to its implementation might have precipitated the very hoarding and meltdown "crisis" that the Rule was intended to prevent – I cannot see that this warranted an exception to the principle of "due process." The government routinely spends millions of tax dollars – sometimes even tens and hundreds of millions of them – to ensure that accused parties or the interested public enjoy due process before sentences are carried out, rights are abridged, greater sums of public money are spent, and so forth. Historically, Americans have been willing to accept the inefficiency and cost of a government that is bound by an obligation to follow due process, and there is nothing in the text of either the Interim Rule, or 31USC5111, which convinces me that an exception was appropriate on this occasion.

9. Considering point #7, above, it seems to me that, as long as coins are made of anything that has any intrinsic value at all, the march of inflation will ensure that, someday, a coin will be worth more for its materials than for its face value. The real answer to the problem addressed by the Interim Rule is to eliminate inflation, and not to pretend that even "limited inflation" is an acceptable thing, much less a good one. Perhaps that is beyond government's power. If so, then the next best approach, in my opinion, is to revalue the dollar, so that even small coins are worth more than the materials, of which they happen to be made. Perhaps the Mint and Congress should consider the creation of a "New Dollar," which is worth ten times as much as the current one. Send the Treasury ten current dollars and receive a "New Dollar" coin in exchange. Turn in ten old pennies and get a (dime-sized?) "new penny" for your trouble. Turn in fifty old pennies, or ten old nickels, and get a "new nickel" (which might be the same size as the current 50-cent piece). Turn in a dollar bill or a Sacagawea Golden Dollar and get a "new dime," which would have the same weight and dimensions as the present dollar coin. This approach would provide a number of benefits:

   a. During the period of transition, old and new coins of the same purchasing power would continue to work in vending machines.

[redacted]

b. People would be encouraged to turn their hoarded pennies and nickels in for the new coins, just to participate in the "new" economy. Whether they melted down the coins for a payment of "new cash," or exchanged them at the Mint (or, more probably, at their own banks), the replacement cost would drop precipitously; I'd imagine that the government might even realize a net "profit" on the deal.

c. A penny would once again buy something more valuable than a 1-cent postage stamp, and a dollar would once again be "real money," capable of purchasing several small meals or one more substantial one, several gallons of fuel, or a new paperback book. Common, trivial transactions of everyday life would be negotiated with "pocket change," and the more substantial transactions of ordinary life would be possible using bills up to the hundred-dollar note. Indeed, the vast majority of transactions that people normally engage in, would be valued between $0.01 and $100.00: a range that has seemed "natural" for generations of Americans.

In closing, I would like to make clear my opposition to the Interim Rule, and my wish that it expire without being made Final. I challenge the Treasury Department to come up with a more exciting, creative, and less onerous, heavy-handed solution to the government-caused problem of inflation than yet another restriction on individual behavior. I have suggested one such solution in Item #9 above. I further wish to express my deep disappointment with government officials who, instead of cleaning up their own messes, so often seem to lean on people who are simply trying to make the best of a bad situation – for example, penny-hoarders or melters, or the people who produce and use the Liberty Dollar or other "alternative currencies." If you really want to "protect" the currency, either define the dollar in terms of a specific quantity of precious commodity (e.g., gold or silver), or revalue the currency to better match current economic realities, and then make it a felony for any government official to contribute via his or her public acts to monetary inflation. In the opinion of *this* citizen, the politicians and bureaucrats who got us into this mess are more deserving of fines and prison time than anyone who might violate the Interim Rule. It is high time that somebody leaned on *them*.

Sincerely,

[redacted]

[redacted]

Dear U.S. Mint

Abraham Lincoln was born only fifteen miles from where I live. I've visited his birthplace many times He held our country together during The Civil war.

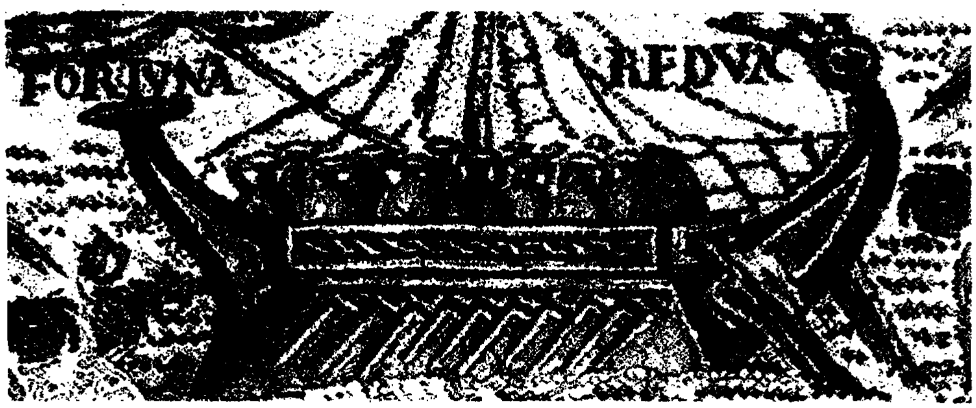
Thomas Jefferson was one of the founders of our great Nation and was totally responsible for buying the Louisiana Purchase, thus increasing america by two thirds. Were it not for Thomas Jefferson Lewis and Clark would have never made their epic journey.

Whatever it takes to save our pennies and nickles from greedy individuals who have no morals or ethics I say do it. our coinage is made for commerce not for melting to make profits

you have mine and my wife's whole hearted support in doing whatever it takes to keep the presses going. Many great men have given their lives for our way of life. Free enterprise and Democracy. Long live the penny and nickle

Sincerely

[redacted]




[redacted]

Office of Chief Counsel
United States Mint
801 9th Street, N.W.
Washington, DC 20220

10 JAN 2007

To whom it may concern:

I am writing this letter in response to your invitation to comment on the new interim regulation regarding the melting and or exporting of 1- and 5-cent coins. Given the cost of producing said coins, the interim regulation seems to be an appropriate *temporary* step.

Ultimately the mint needs to eliminate the problem by eliminating the 1- and 5-cent denominations. The inflationary trend of the economy has rendered these coins nothing more than a nuisance. Given the fact that over the past two hundred years our dollar has lost approximately 95% of its original purchasing power makes clear the uselessness of coining such miniscule denominations. The half cent coin of 1793 was roughly the equivalent of today's dime, and I propose that the dime be the lowest denomination the mint should coin.

Change is always difficult, and the elimination of the 5-cent coin would necessarily mean the elimination of the quarter dollar as all fractions would need to be in *tenth* parts of a dollar. Reintroducing the twenty cent piece might answer this problem, giving us a coinage of 10-cent, 20-cent, 50-cent, and 1-dollar denominations. You'd actually get the dollar coins to circulate if you could convince the BEP to stop printing dollar notes!

Obviously states with sales tax would have some decisions to make as to how to round odd amounts on small purchases. I don't think anyone is going to go broke paying twenty cents for a gumball that now costs fifteen, so the net effect of my proposal would be trivial except in the millions of dollars the mint will save every year.

Sincerely,

[redacted]

1/10/07

To Whom it May Concern,

I am writing to you about the melting ban of pennies and nickels. I think you should let this ban run out. Make very few pennies and nickels this year. Then in 2008, change the metal to steel. Please don't change mid-year 2007. It will be like 1982, which it difficult to tell the difference in metals. Make 10 billion pennies and 1 billion nickels in '08. Let the collectors hoard and melt. Thank You for your time

Sincerely,

[redacted]

January 14, 2007

Daniel P. Shaver
Chief Counsel
Office of Chief Counsel
United States Mint
801 9th Street NW
Washington, DC 20220

This is a public comment on FR Doc. 06-9777, published Dec. 20, an interim rule titled "Prohibition on the Exportation, Melting, or Treatment of 5-Cent and One-Cent Coins."

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I urge the Mint to withdraw this rule or allow it to expire. This rule will not achieve its stated purpose, "to avoid a shortage of these coins in circulation." Moreover, the rule is harmful to individual liberty and to the consumers of base metals.

This rule will be ineffective due to what economists call Gresham's Law, informally stated as "bad money drives good money out of circulation." The insight behind this economic law is that people prefer to hold money of high value and to spend money of low value. Until the recent rise in base metal prices, this law had no impact on circulating coins because all exchanges were at the legal tender value. A dollar was a dollar, and it didn't matter if it were in the form of 4 quarters or 20 nickels.

The rule correctly identifies that the situation has recently changed, and that now the use-value of the metal in the 5-cent and one-cent coins exceed their legal tender exchange-value as money. This creates the tension driving Gresham's Law. The 5-cent and one-cent coins have become "good money," more valuable than the other coins which are now comparatively "bad money."

The Mint understands the incentive to recycle 5-cent and one-cent coins, but underestimates the scope and power of Gresham's Law. The circulation of these coins will decline simply because they are "good money" — the actual recycling of the coins is unnecessary. History bears this out: When the United States abandoned silver coinage in the 1960s, the silver coins were removed from circulation. Even though it is no longer illegal to recycle them for their silver content, they have not all been recycled. In fact, they are readily available in large quantities from silver bullion dealers. These coins were hoarded, not recycled.

Silver recycling is not the reason that silver coins no longer circulate. Silver coins no longer circulate simply because their metal value exceeds their face value. That is all that was required for Gresham's Law to drive them out of circulation. The same will inevitably happen to 5-cent and one-cent coins, as people will be reluctant to spend these coins for less than they're worth. The laws of economics cannot be overridden by legislative or regulatory action any more successfully than the laws of physics could be. The rule prohibiting the exportation, melting, or treatment of these coins is futile. It cannot achieve its stated purpose of keeping these coins in circulation.

The rule is futile, but it is not harmless, so I urge its withdrawal.

The rule is an infringement on individual property rights. A person has the right to use their property in whatever way they see fit, so long as this use does not infringe on another person's rights. A person's money is their property and they have the right to treat it as a raw material (for its metal content) if they judge that to be its best use. The only difference between a chunk of refined metal and a coin is that the latter has gone through your presses; an irrelevant distinction to someone who does not desire to use it as money.

The rule is also economically harmful to the consumers of base metals. To whatever extent the rule prevents metal recycling — and I stress that it could only prevent recycling, not hoarding — the supply of metals is correspondingly reduced. The effect of this supply reduction is base metal prices that are higher than they otherwise would have been, increasing the costs of base metal consumers. Ironically, higher base metal prices strengthen the incentive to hoard the 5-cent and one-cent coins, hastening their removal from circulation!

The rule won't achieve its purpose, is an infringement on individual property rights, and imposes higher costs on base metal consumers. By supporting the prices of base metals, the rule is actually counterproductive, hastening rather than slowing the removal of 5-cent and one-cent coins from circulation.

Please withdraw the rule.

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[redacted]

Office of Chief Counsel United States Mint January 10, 2007
801 9th Street, N.W.
Washington D.C. 20220,

Dear US Mint,

I am writing regarding the Federal Register and US Mint Notice dated December 14, 2006 asking for public comment on the melting of US Pennies and Nickels. I am by no means a coin "expert" but I have been collecting coins for over 28 years. I am also a member of a coin club. I have heard many comments and discussions, and wanted to share in this discussion.

Basically, I feel that this preliminary legislation is wrong to suggest that melting pennies threatens our "nations commerce" and thus should not be considered a crime. This legislation seems counterproductive and a poor use of taxpayer resources for many reasons I state below.

First off, my comments concern ONLY the US Penny. More than 400 Billion pennies have been minted over the last 50 years. I believe a reasonable person should conclude that there is no threat to our nations commerce if a large amount of pennies were melted. However, I completely agree that legislation could be enacted to ban the melting of the US Nickel. Part of the difference is my belief that that the US Nickel still holds some economic value (unlike the penny) and the Nickel will become more important if and when the Mint ceases production of the penny. All transaction would be rounded to the Nickel and it will be in more demand.

**STATISTICS ON THE US CENT (PENNY):**

From 1959 –2006 there have been approximately 401 billion pennies minted. If each penny was stacked up it could reach from here to the moon (about 238,900 miles) and still have enough to circle the earth (24,900 miles) about 4 ½ times (assuming the stack of pennies does not fall over).

Since 1959 there have been 1,333 pennies minted for each man woman and child. This number demonstrates that there is really NO shortage of Pennies.

Finally, all the pennies minted since 1959 amount to approximately 4 Billion Dollars in value. Using this in comparison to the National Debt or the Congressional Budget, the value of pennies in "commerce" is truly miniscule. How can 4 Billion Dollars of pennies be a threat to national commerce? In perspective, this 4 Billion Dollars could not even buy a 3 %

market share of the large electronic commerce stock market company ~ **Google.** In my opinion, the crimes form the "internet economy" would be a much more relevant topic to discuss then the melting of the "lowly" penny.

**My Argument that Legislating the Penny is Counterproductive:**

1. The US Mint's own statistic says that the average life expectancy of a coin is 30 years. The 95% copper pennies were last produced in 1982 about 25 years ago. Accordingly, most have passed their useful life.
2. The price of Copper and Zinc have fallen significantly lately. Much of the economic profit for melting coins has also diminished.
3. A large number of Americans already believe that the penny has overstayed it's economic usefulness. Economist and researchers have done studies demonstrating that the elimination of the penny would not only save the US taxpayers millions of dollars a year in minting costs, but it would also save stores, retailers, banks... the equivalent of millions of hours per year that are spent counting, sorting and rolling pennies. Other studies show that the elimination of the penny would actually create a more productive American worker and a stronger American economy. Economists have also shown that the rounding of prices to the nickel would be a "wash" with no effect on price inflation. That's why so many businesses already allow customers to "leave a penny or take a penny from a coin dish". They really don't want to deal with the "lowly" penny.
4. Did you know that every day artists and school science teachers melt or alter pennies in experiments? Artists use the copper and zinc from pennies to make creative works of art and sculptures. Teachers use pennies to teach science and chemical reactions. This makes it more fun and interesting for students to understand and remember. Will these artists and teacher now be prosecuted under this legislation?
5. Finally, America has always been the "land of opportunity". Americans by their nature speculate on things everyday. Whether it's the "stock market", lottery, gambling, or opening a business. It happens a million times a day. Why should speculation on a commodity like copper be any different? If people use the US Penny as their way of gathering copper they should have that legal right They legally paid 1 cent for the face value of their copper coin. Since it was legally acquired there does not seem to be a "crime" to me. There are so many other more serious crimes that should be attended to. In fact, if a penny is melted, it theoretically becomes a free loan to the US Treasury. The penny is gone and will NEVER have to be

repaid or redeemed. Therefore, how does melting a Penny actually "take advantage of the American taxpayer" as the Mint has stated?

**Alternative suggestions that could save taxpayers money:**
1. The idea that the Mint would need to make more pennies if the copper pennies were melted is not completely true. The number of zinc pennies minted since 1983 is 256 Billion. This comes out to 853 pennies for every man, woman and child in the US (300 million people). Even if an extreme scenario where 50% of modern pennies get "lost"(this is my statistic for example purposes only), that still leaves 426 pennies per person. For this argument, the 426 pennies assumes every pre 1982 penny is removed from circulation and melted. Of course an extreme scenario, but this demonstrates that melting some pennies will not cause hardship on American commerce.

Probably, 500-1,000 pennies per person are sitting in peoples drawers or "around the house collecting dust". This is most likely because the penny is not seen as a valuable economic unit. It's not worth their time to wrap the pennies and bring them to the bank until the accumulation becomes big enough in economic value. Another demonstration that the penny may have outlived it's usefulness based on inflation. I bring this up as pertinent because legislation has been introduced to cease making pennies at the Mint. In fact, most major countries have already ceased making pennies.

**Potential Solution**: Instead of producing more pennies at 1.73 cent each (a loss) the Mint or Federal Reserve should encourage people to redeem their accumulation of pennies. Banks could pay a small premium (say 10%) for pennies that are redeemed. It has been done in the past, and people would be happy to line up and "get rid" of them again. The banking system would get a big infusion of pennies, and the Mint could dramatically cut back on production and mintages while the price of coin metal is high. Redeeming pennies for 1.1 cents instead of making billions more at 1.73 cents is a good demonstration of stewardship for America's valuable resources.

2. A more extreme but legitimate suggestion, is that the Mint should consider melting the old copper pennies itself. The Mint has access to the pennies and a facility with employees. Technology is available to sort and separate the copper coins. The melted pennies could be used in future coin production, or sold in the open market like a business. The profits actually benefit the American taxpayers. In fact, as old pennies were melted, less would be available for the described "few individuals...to take advantage of

the American taxpayer." This happened before with pre 1964 silver coins. As more coins disappeared from circulation, less are left to melt.

**The True Cost of Melting Pennies:**
People have longed talked about the idea of melting copper pennies. It only gained steam when the historical price of metals quickly shot up. From what I found on the internet, it takes 154 (pre 1982 copper) pennies to make a pound of copper. One would think that buying copper pennies at $1.54 per pound and selling at current $2.50 would leave about $1.00 profit. But as websites and individuals point out on internet message boards, there are a lot of hidden costs that quickly eat up that $1.00 profit: For public comment purposes the obvious drawbacks or barriers to penny melting were:

1. It takes a lot of time to sort out the old copper pennies form the newer zinc pennies. The averages indicate that only 18-20% of pennies found in circulation are of the older copper variety. So people need to actually sort through 850 pennies to find one pound of copper. At an average 3,000 pennies an hour the maximum profit is $3.00 per hour before other costs. Well below the new $7.25 minimum wage.
2. How will someone acquire and transport so many pennies.
3. Who's going to buy the pennies when they are sorted? A scrap yards won't want to recheck the pennies.
4. The final refiner will also want to make a profit, and cover the high energy costs. How quickly the $1.00 paper profit has been eliminated.

My opinion on the whole matter is that the Mint should use this current discussion as an opportunity to practice a good fiscal policy and set up a plan to phase out the penny by 2010. The penny as an economic unit will not last forever. Let it fade into the sunset after the much talked about 2009 ~ 100th year anniversary of the Lincoln penny. Collectors will begin to pull the coins from circulation and there won't be many pennies left to melt.

Please feel free to call me if you have any comments or further discussions.
Sincerely,
An American Taxpayer,
[redacted]

America West Bank

476 West Heritage Park Blvd. Layton, UT 8404
ph 801-927-6600 fax 801-927-660
www.americawestbank.con

December 19, 2006

Office of Chief Counsel,
United States Mint,
801 9th Street, N.W.,
Washington D.C. 20220

Re: Melting of Pennies and Nickels

To Whom It May Concern:

We note with interest the new regulations that prohibit and impose fines for the melting of US Pennies and Nickels.

We wonder if the best policy would be to eliminate both coins. We are of the opinion that elimination is justified and desirable.

The cost associated with the creating and handling of these low denomination coins far exceeds their value. We believe that rounding all transactions to the nearest dime is a logical step in the right direction and would strongly encourage such a move.

Thank you for your attention to our concerns.

Sincerely;

[redacted]

President/CEO

# PAUL R. OBER & ASSOCIATES

A PENNSYLVANIA PARTNERSHIP

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JOHN J. MURPHY, JR. (1984)

BOYERTOWN OFFICE:
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Boyertown, PA 19512
(610) 367-6991


[redacted]
January 2, 2007

**U.S. Mint**
Attn: Greg M.Weinman
Senior Legal Counsel
801 9th Street, NW
Washington, DC 20220

**RE: US Mint Interim Rule**

Dear Mr. Weinman:

Please find attached my client's letter responding to the US Mint's recent implementation of an interim rule prohibiting the melting, treatment or exportation of pennies and nickels.

We ask that you read the enclosed letter and support our effort to reverse the interim rule and prevent the tenets of the rule from being passed into law. Hopefully, you will concur with my client's position that the Mint has acted inappropriately by presenting this "smoke screen" attempt to distract from its real need to address the fact that it can no longer afford to make pennies and nickels in their current form. This ill conceived interim rule inappropriately violates citizen's constitutional rights and civil liberties and does nothing to address the root cause of the problem.

Thank you in advance for reviewing our letter and we greatly appreciate any help that you may be able to offer in defeating both the interim rule and any subsequent legislation or laws that take away a citizen's right to control their money; coins are not the property of the government.

Thank you for your anticipated cooperation.

Very Truly Yours,
**Paul R. Ober & Associates**

[redacted]

[redacted]


SUBURBAN OFFICES
by appointment

607 S. 4TH STREET, HAMBURG, PA 19526 (610) 562-5879
MONTROSE TERRACE PARK, MONTROSE, PA 18801 (570) 278-2080
P.O. BOX 196, SKIPPACK, PA 19474 (484) 576-0233

Comments to the Interim Rule

Issued by the US Mint

Re: Melting, Treating or Exporting Pennies or Nickels

On December 14th 2006, the United States Mint passed an interim rule prohibiting the melting, exporting or treatment of pennies and nickels. While on the surface this rule appears logical and necessary, in reality it only distracts attention from the excessive cost to produce pennies and nickels in their current form.

To gain a better understanding of the relationship between a nation's coinage and its people, one need only look at the early origins of the United States Mint. In an attempt to develop a viable economy through the issuance of coin, 18th century U.S. citizens were able to submit their precious metal to the United States Mint for assay and conversion into legal tender coinage. In fact, George Washington had his personal tea service melted into coins as a public endorsement of the minting of American coin. Minting coin was the government's means of converting citizens' metallic wealth into a tradable form. It also allowed the fledgling country to "brand" a currency so that their dependence on other countries' coin would be removed and we as a nation could trade freely.

As this example demonstrates, it must be remembered that U.S. coin is the property of the holder, not the government. Unlike a U.S. mailbox, the government has been separated from the ownership of coin for a wide variety of reasons—not the least of which is our constitutional right to own currency and do as we please with it. If not for the governments' ineptitude, our coin would not be worth more dead than alive. Citizens do not rent coin from the government; they own it.

According to the press release accompanying it, the interim rule's intent is to prevent a few select individuals from profiting off of the melting of United States coinage. This indicates a lack of understanding of the fact that the holder of coin can elect to do what he or wishes with coin owned. It should not be the holder's problem that the replacement cost of coin exceeds the face value assigned by the Mint. The Mint should have anticipated that eventually free market pricing of raw material and production cost would exceed face. This is not a new phenomenon; in its 214 year history, the Mint has made dozens of composition changes in reaction to changes in fair market metal prices. Now that another rapid price change has occurred, the focus once again needs to be on rapidly modifying the material—not altering the peoples' rights.

The rising copper and nickel values have been dictated by the demands of industry and the laws of a free market. The fact that a coin's cost of production exceeds its face value should be the maker's problem—not the owner's. Attempting to manage the ownership and disposition of citizens' coin is an ill-conceived prophylactic attempt to manage a much bigger problem, namely the cost of producing coin.

In a free economy it is central that citizens have the right to do what they please with their property. To limit this right through law is inappropriate, as much of the coin minted each year replaces currency already taken out of circulation through storage in everything ranging from private piggy banks to large Federal facilities.

In the cash management industry, it is a known fact that the cost of transporting pennies and nickels is so significant that coins sit en mass. Pennies and nickels linger in repositories until the owner no longer has room to store them. It is safe to say that at this very moment the quantity of available pennies and nickels sitting in facilities around the country far exceeds the amount of new coin minted this year!

If pennies and nickels are disappearing from circulation as a result of long-term storage, why not then ban the storage of coin? Why not give discounts to shippers of coin? Where does it stop? Treating a grave root problem with an impractical stopgap ban, as this interim rule does, is akin to offering a person an aspirin for a brain tumor.

The Mint's ultimate solution is to manufacture pennies and nickels utilizing a cheaper material. Such a solution does not come without precedent; consider the zinc-plated pennies minted in 1943. One could also look at the conversion from silver to copper-nickel clad in 1965. Even in the 19th century, coinage denominations were reduced in size or had their metallic content altered in response to rising metal prices. Perhaps this time, a plastic material should be considered if the cost of metal is prohibitive.

We ask that you consider these points and, for a wide variety of reasons, we strongly urge you to let the interim rule expire and not convert it into law. We urge you to address troublesome production cost of coinage and not waste time, money and energy fiddling with the rights of citizens. If pennies and nickels are to stay in circulation, the ownership and control of them must remain with the citizens. It is the Federal government's responsibility to control the production cost of the coins it produces. Historically this has been the ultimate solution and the temporary restriction on the treatment of coins has not stood the test and challenge of the courts. Such restrictions have been attempted twice before and repealed just as many times—but not until millions of private and taxpayers' dollars were spent challenging the temporary bans. This mistake cannot be made a third time.

Thank you for your consideration.

ICTA

**INDUSTRY COUNCIL FOR TANGIBLE ASSETS**

Since 1983, the national trade association for the rare coin, currency, and precious metals industry.

P.O. Box 1365 • Severna Park, Maryland 21146-8365
Ph: 410-626-7005 • Fx: 410-626-7007 • www.ictaonline.org

January 11, 2007

Daniel P. Shaver, Esq., Chief Counsel
Office of Chief Counsel
United States Mint
801 9th Street, NW
Washington, DC 20220

Dear Mr. Shaver:

The Industry Council for Tangible Assets (ICTA), Inc. is the national trade association for rare coin, currency, and precious metals dealers. ICTA appreciates the United States Mint's actions to preserve circulating coinage, and we ask that our comments on the *Prohibition on the Exportation, Melting, or Treatment of 5-cent and One-Cent Coins* (31 CFR Part 82) be entered into the permanent record.

While we support the Mint's action, we believe that the new rule is overly broad with regard to what our industry calls "war nickels". These US nickels, struck from 1942 to 1945, have not commonly circulated for over 40 years. We seek an exception for these commonly-refined, non-circulating coins. Based on discussions with its members, ICTA strongly recommends adding another paragraph to the Exceptions Section (Sec. 82.2 Exceptions) to read:

> (3) The prohibition against the export, melting, or treating of 5-cent coins does not apply to those 5-cent coins produced during World War II from a special alloy of copper, silver and manganese (so-called "war nickels"), which are dated 1942 through 1945.

These coins are of a different metal composition than current circulating 5-cent coins and have not circulated for many decades. In addition to their numismatic value, "war nickels" are routinely traded in bulk quantities based on the value of their unusual metals composition and are routinely exported, melted, or treated. Making an exception for these non-circulating coins from the regulation does not pose any threat to current circulating coinage. Although, in theory, individual refiners could apply for a special license to exempt these "war nickels," in our opinion this is just not very practical.

ICTA appreciates this opportunity to provide its comments. Please contact us if you have any questions or if we can provide additional information.

Sincerely,

[redacted]

ISRI
Voice of the Recycling Industry
Institute of
Scrap Recycling
Industries, Inc.
www.isri.org

January 19, 2007

Daniel P. Shaver
Chief Counsel
Office of Chief Counsel
United States Mint
801 9th Street, N.W.
Washington, D.C. 20220

Dear Mr. Shaver:

The attached comments of the Institute of Scrap Recycling Industries, Inc. ("ISRI") are hereby submitted in response to the interim rule recently promulgated by the U.S. Department of the Treasury, United States Mint, concerning the exportation, melting, and treatment of 5-cent and one-cent coins. The Institute of Scrap Recycling Industries, Inc. ("ISRI") appreciates this opportunity to comment, and would like to bring to your attention our concerns over the incidental exportation, melting, and treatment of these coins.

ISRI is more than willing to work with the United States Mint on this issue. Please feel free to contact me directly at [redacted] or [redacted], if we may be of assistance.

Very truly yours,

[redacted]

Comments of

The Institute of Scrap Recycling Industries, Inc.

Submitted to

U.S. Department of the Treasury
United States Mint

Submitted by:

[redacted]
Institute of Scrap Recycling Industries, Inc.
1615 L Street, N.W.
Suite 600
Washington, D.C. 20036
[redacted]

These comments are submitted in response to the interim rule with request for comments recently promulgated by the U.S. Department of the Treasury, United States Mint, concerning the exportation, melting, and treatment of 5-cent and one-cent coins. 71 Fed.Reg. 76,148-50 (December 20, 2006). The Institute of Scrap Recycling Industries, Inc. ("ISRI") appreciates this opportunity to comment, and would like to bring to your attention our concerns over the incidental exportation, melting, and treatment of these coins.

ISRI is the "Voice of the Recycling Industry." With 21 chapters nationwide and headquarters in Washington, D.C., ISRI represents more than 1,400 companies that process, broker, and consume scrap commodities, including metals, paper, plastics, glass, rubber, electronics, and textiles. The Institute provides education, advocacy, and compliance training, and promotes public awareness of the value and importance of recycling to the production of the world's goods and services.

In the United States alone, scrap recyclers handled more than 140 million tons of recyclables destined for domestic use and overseas markets. This tonnage included approximately:

76 million tons of scrap iron and steel;

52 million tons of scrap paper and paperboard;

4.3 million tons of scrap aluminum;

1.7 million tons of scrap copper;

1.4 million tons of scrap stainless steel;

1.4 million tons of scrap lead;

375,000 tons of scrap zinc;

957,500 tons of scrap plastic (beverage containers only);

750,000 tons of scrap electronics; and

111 million scrap tires.

This scrap is collected for beneficial reuse, conserving impressive amounts of energy and natural resources in the recycling process. For example, according to the U.S. Environmental Protection Agency, recycled aluminum saves the nation 95 percent of the energy that would have been needed to make new aluminum from ore. Recycled copper results in energy savings of 85 percent; recycled iron and steel, 74 percent; recycled paper, 64 percent; and recycled plastic, 80 percent, all from materials that would otherwise be destined for landfills.

Millions of automobiles, at the end of their useful life, are recycled each year. ISRI members may receive these automobiles from auto dismantlers in a crushed form or still intact. Many members will then shred these scrap automobiles to recover the recyclable materials, including steel. Occasionally, there will be a few coins left in the scrap automobiles. At a larger recycler, with tens of thousands of recycled scrap automobiles, the amount found in coins of all types may reach a few thousand dollars in the course of a year. Some scrap automobiles, however, arrive at the recycling yard already flattened. Removing any coins remaining in the car is infeasible or even physically impossible. Once the automobile has been shredded, huge piles of the various component parts are sorted and prepared for transportation to domestic or foreign consuming facilities, often steel mills or foundries. In this case, a few coins may be exported or sent along with the other metal to steel mills, where they may be melted.

There are other situations in which scrap recyclers may inadvertently cause the exportation, melting, or treatment of coins. For example, ISRI members also recycle construction and demolition debris. It seems likely that amidst this debris will be a few lost coins. The recycler may then unintentionally export, melt, or treat the coins, which may be among many tons of recyclable material.

After receiving scrap materials, ISRI members process, sort, grade, and package commodities for shipment to consuming facilities. Much of this material is used by domestic metal, paper, plastics, rubber, glass, electronics, and textile producers. A substantial portion of these commodities are sent overseas for recycling into new materials.

ISRI recognizes that the Secretary of the Treasury is responsible for ensuring that there is a sufficient quantity of coins in circulation to meet the needs of the United States. The interim final regulation, however, is drafted so that even incidental exportation, melting, or treatment of 5-cent and one-cent coins is prohibited in most circumstances. ISRI therefore respectfully suggests the regulation be modified to add a narrowly-drafted exception for the inevitable and unintended exportation, melting, and treatment of these coins.

The following could be added to Part 82 of Title 31 of the Code of Federal Regulations:

§ 82.2 Exceptions

***

(a)(3) The prohibition contained in § 82.1 against exportation, melting, or treatment of 5-cent coins and one-cent coins of the United States shall not apply to coins exported, melted, or treated incidental to the recycling of other materials as long as the volumes exported, melted, or treated, and the nature of the exportation, melting, or treatment, makes it clear that such exportation, melting, or treatment, is not intended as the primary purpose of the recycling.

**Daniel P. Shaver, Chief Counsel**
**Office of the Chief Counsel**
**United States Mint**
**801 9th Street, NW**
**Washington, D.C. 20220**

**Jan 15, 2007**

## Public Comments on the proposed regulations to ban the melting or treatment of United States coins

The chief justification listed by the United States Mint in its ban on melting one cent and five cents coins is to 'avoid a shortage of coins in circulation." And while the United States Mint had provided some anecdotal information on the possible future melting of such coins, it has not provided much statistical evidence that, indeed, melting of coins will take place on a such a size and scale that it will impede the proper circulation and useful needs of these coins in commerce. Therefore, I might submit that the Mint and the chief circulator of coins, the Federal Reserve, should provide detailed statistical evidence and reasoned analysis that, in fact, melting of a specific amount of one cent coins will actually result in the 'shortage' the Mint is predicting.

As [redacted], I know that the Mint's main job is to produce the coinage of the United States to meet the needs of commerce and that, once the coins leave the Mint, they become currency by being circulated by the Federal Reserve. Thus, it is **not** chiefly a responsibility of the U.S Mint to manage the circulation of coinage, but of the Federal Reserve. And their statistics about the current surplus, deficit, supplies and storage of coins must be taken into account when the Secretary of the Treasury and the Mint Director step into the circulation role of the Federal Reserve by limiting the melting of old and useless one cent coins, for instance. And although the citation can be made of prior instances of the invocation of the 1965 law allowing the temporary ban on 'exportation, melting or treatment of United States coins', both of the previous instances were based on metal speculation theories, which , in fact, did not come true. The ban on melting **may** or **may not** have had an impact, but there is no hard evidence to prove or disprove the case. And in the current instance, as this temporary ban on melting one cent and five cent coins has been postulated on 'theories' of what might happen, there is no hard statistical evidence, only theoretical, of the effects of the melting ban.

Therefore, I would propose that a three month test period be established , prior to the final rulemaking and regulation , so that, a reality-based and accurate sampling be carried out to gauge the 'actual' effect of melting one cent coins on the circulation and effect on commerce transactions of such coins. Such a' pilot test' could be set up under the auspices of the United States Mint, the Congress, The Federal Reserve, Banks and other financial institutions which handle large amounts of coins and the Federal Reserve Depots and coin and currency transfer companies which often hold and account for most of the coins here in the U.S. I would also suggest that a company already in the process of melting one cent coins with a proven method of separating the majority copper ones from the majority zinc ones ( which are then returned to circulation) be engaged as the key element in this test pilot process, to see the real effect of melting the mostly copper cents on a real-time basis with sufficient statistical analysis to prove or not prove any 'effect' on the one-cent coin population, circulation of such coins, and current deposits, holdings and repositories of these coins. The Federal Reserve and Mint could monitor this process, and see its effect on circulation and any real "shortage of this regulation. The Mint and Fed could also visit the business doing the coin melting, sorting and re-distributing coins in order to get an authentic and accurate picture of the effect on circulation. Such a pilot test of the melting of one cent coins might also make a very real case for future coin metal composition, circulation patterns and the varied effects which are brought about not only by melting , but also the increased private companies and banks which bring out huge hordes of old coins in their redemption/recycling machines.

None of this is going to change the debate on the future of coin composition and, indeed, the need for a one cent coin to be used any longer in American commerce. But such a revealing test pilot program can give accurate and realistic statistics about what happens when a small percentage (and we may find out exactly what that percentage can be and make it part of a standard operating process) of coins are taken out of the coin warehouses and melted for recycling and re-use as another part of American commerce.

The U.S. Mint justification of its ban on melting coins has many statistics about the cost of producing a one cent coin, including historic and detailed copper and zinc costs, yet few statistics or anecdotal evidence of the **actual** economic effects of coinage-melting operations and the actual effect on either over-supply or shortages of one cent coins and/or the circulation and storage patterns of these coins. A test pilot project would prove beneficial, instructive, informative and, hopefully, statistically significant and relative for any decisions on the **real effects** of melting certain amounts of once cent coins.

As all metal costs rise and the face value of the one cent coin continues to undervalue the 'real' cost of such coins, it must be a duty of Congress, The Mint, The Department of the Treasury and the Federal Reserve to decide on alternatives such as changing metal composition, using alternative materials from plastic to aluminum, changing face values of coins, eliminating the one cent coin, and other economic decisions. A recent House Financial Services Committee hearing addressed such issues, but came to no conclusion. A temporary ban on melting one cent and five cent coins can only be that…a temporary fix for a longer term issue which can only be avoided for so long.

Sincerely,

[redacted]

[redacted]

[redacted]

**Daniel P. Shaver, esq.**
**Chief Counsel,**
**Office of the Chief Counsel, United States Mint**
**801 9th Street NW**
**Washington DC 20220**

**27 December 2006**

**Dear Mr. Shaver,**

**This is to comment on the proposed regulation for 31 CFR Part 82 published in the FR on December 20, 2006 (v. 77, no. 244, pages 76148-50), the prohibition of melting or mass exportation of nickels and cents. I respectfully submit that this is an unworkable and unnecessary action.**

**Since I am not an attorney I will not comment in depth on the Constitutional issues of "taking" that seem to be raised by this proposal. However, I will note that the Mint issues numerous items that sell for more than their nominal values. While a commemorative dollar that initially sells for one price and is subsequently resold is expected to appreciate, this is also the case of a regularly issued but rare coin that resells for many times its face value. From here it is only a short step to say that a regular issue, whose value is not based on demand, but on content, could also be sold for what it is now worth. The Mint's attempt to draw a line between these cases seems problematical at best. With coins made of precious alloys, particularly gold and platinum, the prices of these metals play into the sales of all but the rarest. While a rationale based on utility is discussed in the proposed rule, saying that a double eagle can be melted down but not a penny remains an arbitrary distinction.**

**Whether or not such a distinction can be made for circulating coinage, the proposal remains unworkable. The Mint is trying to repeal Gresham's Law, that bad (i.e. less valued) money drives out good coinage. People keep what is worth more and spend what is worth less. It has always been so. Now that the government has alerted everyone to the value of their minor coins, hoarding is more likely. Once the melting begins there may be a few show trials, but that will not make a major difference. While Canada, which faces similar issues, may cooperate, this country has not the resources to police every basement smelter or check every truck of "scrap metal" heading for Mexico.**

**Actually, the United States has been through this before. It did not work then either. The justification for the proposed regulations mentions two instances of regulation when the price of the metal in coins approached or exceeded their face values, 1967 for silver (three years too late) and 1974 for copper. In reality since the Revolution there have been many cases of such disparity. In every instance where the metal price got high enough Gresham's Law went into effect and the coins disappeared.**

[redacted] the definitive study of what happened to silver coins around the world. This was "Endgame: The Last Years of Silver Coinage," which appeared in the American Numismatic Association's journal, *The Numismatist*, for July 1986, v. 99, no. 7, pages 1350-58. What I found in my research—and well remember—is that once the clad coins went into circulation the silver ones immediately vanished. This was in spite of President Johnson swearing they wouldn't, and the subsequent law against melting them (facts the proposed regulation's justification fail to mention).

The only rationale I can see for this regulation is that, if copper continues its rise in price, and nickels and cents disappear, the Mint can say, "Well, we tried." A much better use of time and effort would be to look for alternative coinages.

Logically the easiest steps would be to cease making pennies and change the composition of the nickel, perhaps to steel. Maybe cents could remain as aluminum or some other cheap metal, but that hardly seems worth the trouble. At the college where I teach the students throw them away. With inflation continuing, over time they will only be worth less. A good year to end the cent would be 2009, after the planned Lincoln Bicentennial issues.

For transactions smaller than a nickel one possibility would be to reinstitute the three cent coin, which was last minted in 1889. Without that, or a change in the compositions of the nickel and cent, I believe that America will eventually have only two circulating coins, the dime and the quarter. No one uses halves and they might as well be put out of their misery. As for dollar coins, they would work, if paper currency of this value is no longer printed. Without that action all the special issues in the world will remain curiosities.

The Mint should be planning for what to do before our minor coins disappear. In this sense the proposed regulation does have the positive effect of showing the need for a fundamental review of our coinage. New designs, new strategies, and perhaps new values should be added, while old ones are dropped. But trying to hold back the forces of economics with a strategy that failed 40 years ago is not the way to go. We need different thinking, and that is why this regulation should be scrapped.

Sincerely,

[redacted]

[redacted]