



Written by [R. Cort Kirkwood](#) on September 12, 2012

## Judge: Gov't Can Keep 10 Confiscated Double Eagles Worth \$80 Million

A federal judge has upheld a jury's decision that the U.S. government can keep \$80 million in confiscated coins because they were stolen from the U.S. Mint.

Judge [Legrome Davis](#), of the [U.S. District Court for the Eastern District of Pennsylvania](#), [gave the government ownership](#) of 10 solid gold Double Eagles that the Langbord family had given to the government for authentication. The government never gave them back, claiming they were stolen property.

The family sued and lost.

### Most Valuable Coin Ever Minted

The battle was over the possession of 10 [Saint-Gaudens Double Eagle gold coins](#), minted in 1933. [Augustus Saint-Gaudens](#), a famed sculptor, created the coin. As [Courthouse News Service \(CNS\) reported](#), the U.S. Mint calls the double eagle "one of the most sought-after rarities in history." It is the [most valuable coin](#) ever struck.

"Though the double eagle was originally valued at \$20, one such coin that belonged to [King Farouk](#) of Egypt sold for more than \$7.5 million at a Sotheby's auction in the summer of 2002, making it the most valuable coin ever auctioned at the time," [CNS reported](#). It continued,

The Philadelphia Mint struck 445,500 double eagles at the height of the Great Depression, but it pulled them back weeks later as President Franklin D. Roosevelt ordered U.S. banks to abandon the gold standard.

With most 1933 double eagles having been melted into gold bars, the Smithsonian was thought to have the only two coins left in existence.

It was eventually discovered, however, that Philadelphia Mint cashier George McCann spirited some away to local coin dealer Israel Switt.

Switt's grandchildren, the Langbords, found a stash of the coins stored in a department store bag inside a safe-deposit box they had to drill open. At a jury trial in 2011, the government alleged that Switt had stolen the coins.

In its story about the trial, CNS reprised a little of the history behind Franklin Delano Roosevelt's tyrannical gold confiscation:

Americans returned their gold en masse, and the price of gold skyrocketed. However, a witness testified at trial, "There were other people who didn't respond and continued to hoard their gold." Israel Switt was one of the hoarders.

Switt was arrested in August 1934 at Philadelphia's 30th Street Station, when the Secret Service





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caught him “lugging a bag of \$2,000 worth of gold coins.”

But Switt’s involvement in the gold-hoarding black market was far from over, according to court records.

In 1944, a journalist informed the U.S. Mint about a 1933 Double Eagle set for auction in New York, [the witness] said.

Since no 1933 Double Eagles had been permitted to enter circulation, the coin had to be either counterfeit or stolen, the Mint reasoned.

The Secret Service fingered Switt, who admitted selling nine Double Eagles to collectors. The federal officials got them back, [CNS noted](#), but a tenth coin went to Farouk “in 1944 thanks to a bureaucratic blunder involving an erroneous export license.” That coin disappeared “for decades,” CNS reported, and “reappeared in the mid-1990s, when an unwitting British coin collector was snared in a sting operation at the Waldorf Astoria Hotel in New York.” That collector didn’t get totally shafted, and “received some of the \$7.59 million the coin fetched at a June 2002 auction.”

The Secret Service believed that Switt bought the coins from a cashier working in the Philadelphia Mint, “who in 1941 was convicted of stealing coins, according to court records.”

### **On Loan**

Yet the government never seized the Langbords’ coins in the classic sense. Instead, CNS reported, in 2004, the Langbords’ attorney told the Mint what they had found, and the family gave the coins to the Mint “to confirm their authenticity.” The Mint simply refused to give them back and offered no cash settlement. The Langbords sued, and in July 2009, Judge Davis said the government had trespassed the family’s due-process rights by not initiating forfeiture proceedings. That’s exactly what the government did, leading to the trial in 2011, where it prevailed.

The Langbords’ attorney “told jurors ... that they would be asked to uphold the same principle that was at issue in the forfeiture trial over the 1768 [British seizure](#) of John Hancock’s sloop *Liberty*: ‘the right of a citizen to only have their property forfeited if the government can prove in a court of law that they are entitled to it.’” CNS reported.

The Langbord’s key argument was that the coins were not stolen and left the mint legally. But that wasn’t the case, Judge Davis wrote in his decision upholding what the jury found last year. [According to](#) Davis’ decision, though a key government witness “admitted on cross examination that there was a small ‘window of opportunity’ during which gold coin was authorized to be released from the Philadelphia Mint,” the Double Eagles didn’t leave.

Many gold coins did, in fact, leave the Mint during this period of time. But ... Mint records reflect that no 1933 Double Eagles were part of those transactions.... In other words, hypothetically speaking, perhaps ’33 Double Eagles could have left the Mint and reached the public legitimately, through authorized channels, but Mint records reflect that none actually did.

In refusing to overturn the jury’s verdict, the [judge concluded](#) that the coins had to have been stolen because testimony showed that “none were ever authorized for release.... No ’33 Double Eagles — including the coins in this case — could have been obtained legitimately.”

As well, the judge cited evidence showing that \$10,000 the cashier deposited in his bank account “matched-up quite well” to withdrawals from an account partly owned by Switt.



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In short, the cashier stole the coins and sold them to Switt. Wrote Davis, “The disputed 1933 Double Eagles were not lawfully removed from the United States Mint and accordingly remain the property of the United States as a matter of law.”

### **FDR’s Attack on “Hoarders”**

The trouble for Americans who owned gold began in 1933, [wrote libertarian Tom Woods](#) at the Mises Institute website, with the [Emergency Banking Act of 1933](#), which gave FDR the power to confiscate privately held gold.

[According to](#) Woods, Congress passed the act on March 9 “without having read it and after only the most trivial debate. House Minority Leader [Bertrand H. Snell](#) (R-N.Y.) generously conceded that it was ‘entirely out of the ordinary’ to pass legislation that ‘is not even in print at the time it is offered.’”

He urged his colleagues to pass it all the same: “The house is burning down, and the President of the United States says this is the way to put out the fire. [Applause.] And to me at this time there is only one answer to this question, and that is to give the President what he demands and says is necessary to meet the situation.”

That led to FDR’s executive order, responding to a “national emergency,” [which read](#):

I, Franklin D. Roosevelt, President of the United States of America, ... do hereby prohibit the hoarding [of] gold coin, gold bullion, and gold certificates within the continental United States by individuals, partnerships, associations and corporations.

As Woods explained it, “The president ordered all individuals and corporations in America to hand over their gold holdings to the federal government in exchange for an equivalent amount of paper currency.”

The paper currency they were receiving in exchange for the gold had always been redeemable in gold in the past, so few saw anything amiss in this coerced transaction, and most trusted the government’s assurances that this was somehow necessary in order to combat the Depression. Only later would they discover that they weren’t getting that gold back, and that the paper dollars they were being given in exchange would be devalued. Soon only foreign governments and central banks would be able to convert dollars into gold — and even that link to gold would be severed in 1971.

Photo: United States coin image from the United States Mint



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