

What's It Worth?

By Frank Mauro R-1103

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Invariably, this question comes up when chip collectors get together to trade or sell casino chips or tokens. Having been a real estate appraiser and antique dealer for many years I have written this article as sort of a "tongue in the cheek" attempt to apply some of the techniques commonly used in those fields to this new and exciting hobby. While I personally feel that some of these techniques have merit, I would strongly advise readers that these opinions are my own, and are not to be construed as "expert" in any way, rather as an interesting insight into relative value principles and their applications to another field.

"Market value"

Market Value is generally defined as "The MOST PROBABLE price an item should bring in a competitive and open market under all requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeable and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale or trade of an item from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest ; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in trade of comparable items. Now how's that sound? Try it: the next time you are trying to get that \$3.00 Wyatt Earp chip for your \$.50 Nero's token. I tried it once and I can still see the funny look on that chip dealers face. However if the reader would read the above a couple of hundred times, it might begin to make a little sense. That is just the problem. It makes too much sense. Everybody knows that chip trades never make sense. So read on.

"Cost vs. Value"

I can hear the boos already. It's obvious from the onset that this will never work. The only thing that makes any sense at all in this approach is that "cost and value are rarely the same". It could be more or it could be less. There; that taught you a whole bunch. Except for one important fact. A \$1.00 chip might be worth \$3.00, but a \$25.00 chip might only be worth only \$2.00. Hmm, gotta think on that a little. Let's put this aside for a moment and try something else.

"Supply and Demand"

Here it is. This is it. I finally got it figured out. Combine supply, demand, rarity, condition, and you got "Value". I feel like Isaac Newton. History has shown time and time again that when

there are more buyers than sellers the prices should increase. This is fine when you have one of the only Buffalo Bill \$1.00 tokens, but what if you have a trunk full of Circus Circus \$1.00 tokens? Every collector in the world might have a Circus Circus token, but how many collectors would have a Buffalo Bill? One way to get around this is by having a trunk full of Proof Circus Circus tokens. Is this worth the same as the one rare Buffalo Bill? I don't know. Do you? The "Market Value Theory" already applied above says that "Buyer and seller must be well informed, or well advised". Obviously, anyone who would trade a trunk full of Proof Circus Circus tokens for one rare Buffalo Bill must be whacky. Or is he? I guess I am not as well informed as I thought.

"Pizza Theory"

Try this one. You like pizza. You know of a pizza shop 10 miles away that makes the best large foot pizza in the area. And it is cheap. But you have a pizza shop across the street, not as big a pie (called a mini foot), and a little more dough. (pardon the pun). Which would you choose? If you went the 10 miles to get that large foot, would you trade it for 2 mini foots? I wouldn't.

"Tulip Theory"

You mean you never heard of the tulips that once were selling in Holland for hundreds of dollars? It's true. Ask your stock broker about a stock and if he says it's a tulip, you better put your money in the nearest piggy bank. Some people also call this the "Greater Fool Theory". I have found that this theory works to your benefit most of time as long as you do not become the "Greatest Fool", because then you would own all the chips in the world with no one left to sell or trade to.

"Let's get Serious theory"

Ultimately, you will find that an item is only worth what someone else will pay. One of the best ways to realistically test the worth of something is through the auction process. A well attended, well advertised auction will establish market value about as fairly as any technique I can think of. If it is not well advertised, and well attended, then anything can happen. While emotions and egos abound at auctions, selling prices usually establish a bench mark price for just about anything. The only real problem with this theory is that it makes too much sense and is no fun. I like the other crazy theories much better.

Happy Chipping:

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