



Counterfeit Coins in the Numismatic Market and Collector Impact

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Introduction

- Counterfeit Coins being sold in the Numismatic Market and Collector Impact
 - Counterfeit coins and paper money being passed in commerce is a topic beyond the scope of this presentation
- Numismatic Collectable Counterfeit Coins and paper money are being readily sold in the market place
 - At coin shows
 - On-line (e.g. E-Bay)
 - At flea markets, swap meets and even at coin club meetings
- Counterfeit Coins not only are raw coins, but also “slabbed” (third-party graded).
 - Counterfeit Coins graded and slabbed in real holders (e.g. NCG, PCGS, others)
 - Counterfeit Coin graded in counterfeit holders

Definitions

- **Altered** – A coin or other numismatic item that has been deliberately changed, usually to make it resemble a rare or more valuable piece (p. 669). Note- This is NOT a counterfeit piece.
- **Counterfeit** – An object made to imitate a genuine numismatic piece with intent to deceive or defraud, irrespective of whether the intended fraud is primarily monetary or numismatic (p. 672)
- **Copy**- A reproduction or imitation of an original (p. 672)
 - May or may not have “Copy” on the item, depends when it was made

Reference: *Coin World Almanac Millennium Edition*, Seventh Edition

By the Editorial Staff of Coin World, c. 2000

Definitions

- **Fantasy**- An object having the physical characteristics of a coin, issued by an agency other than a government authority yet purporting to be issued by a real or imaginary authority as a coin (p. 674)
 - Examples- Moonlight Mint coins struck by Dan Carr, CSA coins produced as souvenirs by a number of companies
- **Replica**- A copy of the original, facsimile. A reproduction (p. 679)
 - Many colonial coins, high value coins (e.g. 1804 Dollar, 1933 \$20 gold) have been made to provide an inexpensive example of a historical/expensive coin.

Reference: *Coin World Almanac Millennium Edition*, Seventh Edition

By the Editorial Staff of Coin World, c. 2000

A decorative vertical bar on the left side of the slide, featuring a textured, 3D appearance with various currency symbols including the dollar sign (\$), yen sign (¥), and Euro symbol (€) in a golden-yellow color.

Chinese Counterfeits- Today's World Problem

- Counterfeit coins have been made for over 2,500 years
- Most counterfeit coins have been made to the Face Value of the coin
- In the late 20th Century, Chinese counterfeit coins have been made for the collector market in the U.S. and other countries
 - Due to improvements in technology, manufacturing and distribution

A decorative vertical bar on the left side of the slide, featuring a textured, 3D appearance with various currency symbols including the dollar sign (\$), the yen sign (¥), and the euro sign (€) in shades of gold and brown.

Chinese Counterfeits- Today's World Problem

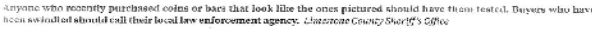
- How does Chinese companies accomplish this?
 - It is legal in China to produce other countries coins
 - Government does not interfere with the activity
 - Companies can make a profit even on low value counterfeited coins
 - Companies sell to U.S. citizens who sell the counterfeit coins in the U.S. or other countries

Chinese Counterfeit Coin Classifications

Classification	Manufacturing Method	Person Aimed to Defraud	Quality of Item	Third Party Slabbed Known
Type 1	Crude	Tourist	Poor	No
Type 2	Die struck, but weight, diameter, and/or material not correct	Beginning collector	Poor-Medium	No
Type 3	Die struck, correct weight, fineness, size, design	Advanced collector/ Investor	High-Very High	Yes, by all major grading services

Coin/Slab Combinations

TYPE	COIN	SLAB	COMMENTS
TYPE 1	REAL	REAL	This is still the majority of slab coins being sold. <i>"The real thing!"</i>
TYPE 2	FAKE	REAL	Fake coin certified by a grading service. Major grading services will reimburse for their error. In market, and affecting confidence of buyers.
TYPE 3	REAL	FAKE	Coin tends to be very overgraded, slab will not pass close inspection. Seen more on E-Bay than at coin shows.
TYPE 4	FAKE	FAKE	Seen more on E-Bay (and similar services), also swap meets, etc. Price tends to be a lot lower than market.



North Alabama law enforcement warning residents of counterfeit metals

Larry Perry
 10/15/2017

- U.S. - U.S. Trade Team 7-21-12

From *Coin World* December 2018, p. 154



- Counterfeit 1795 Dollar sold in counterfeit PCGS slab, at the same time the real 1795 Dollar in PCGS slab were both being sold on eBay!
- Real one was being offered on eBay for \$14,500. The counterfeit one sold on eBay for \$6,500. Both had the same PCGS registration number!
- The dealer whom bought the counterfeit one is still trying to get his money back

U.S. Hobby Protection Act

- Regulations by the Federal Trade Commission, 16 CFR part 304 [p. 71]
 - November 29, 1973, Public Law 93-127 [p. 73]
 - *“On Nov. 29, 1973, Congress passed the Hobby Protection Act requiring manufacturers and importers of imitation political items to mark plainly and permanently with the calendar year the items were made. It also requires manufacturers and importers of imitation numismatic items to mark plainly and permanently with the word “copy”. “ [p. 93 & 94]*
- Note- This is Federal Law. Local and State law enforcement will most likely not get involved with any dispute and defer to Federal Authorities for violations.

Reference: *Coin World Almanac Millennium Edition*, Seventh Edition
By the Editorial Staff of Coin World, c. 2000

Anti-Counterfeiting Task Force (ACTF)

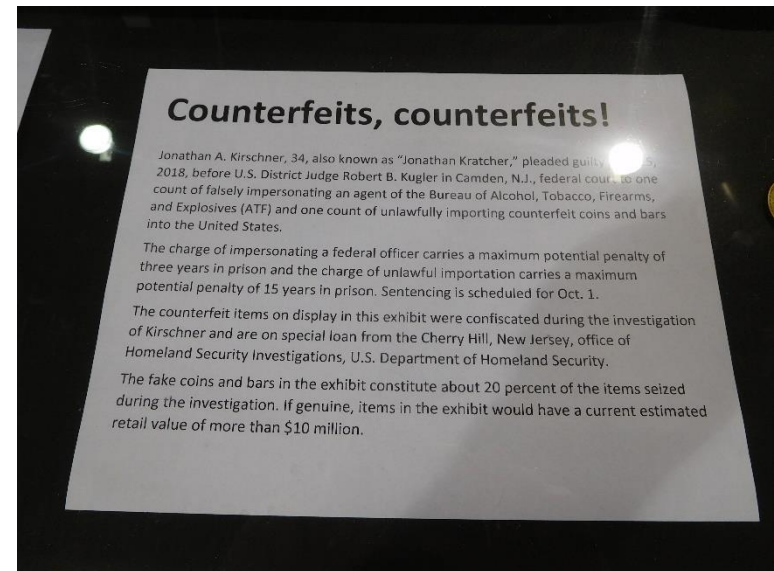
- ACTF is an independent organization in association with PNG (Professional Numismatic Guild)
 - Lead by Beth Deisher, retired *Coin World* editor
 - Based in Sylvania, OH
- ACTF is working with Secret Service, U.S. Customs and Border Protection, and other agencies to educate the government on the scope of the problem
 - Many government agencies do not have the expertise or experience in working with numismatic materials.
 - Problem with current laws- Counterfeits are valued by the government by the “Face Value” of the item, not the “Numismatic Value”.
 - Working to improve the priority of numismatic counterfeits as a crime
- Currently there is not sufficient legal penalties for people that sell or trade known counterfeit coins and other numismatic items

Examples from ACTF Counterfeit Collection on Display at ANA Philadelphia Show, Aug 2018

Counterfeit Bars in Packaging



Introduction to Exhibit



Counterfeits, counterfeits!

Jonathan A. Kirschner, 34, also known as "Jonathan Kratcher," pleaded guilty in May, 2018, before U.S. District Judge Robert B. Kugler in Camden, N.J., federal court, to one count of falsely impersonating an agent of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) and one count of unlawfully importing counterfeit coins and bars into the United States.

The charge of impersonating a federal officer carries a maximum potential penalty of three years in prison and the charge of unlawful importation carries a maximum potential penalty of 15 years in prison. Sentencing is scheduled for Oct. 1.

The counterfeit items on display in this exhibit were confiscated during the investigation of Kirschner and are on special loan from the Cherry Hill, New Jersey, office of Homeland Security Investigations, U.S. Department of Homeland Security.

The fake coins and bars in the exhibit constitute about 20 percent of the items seized during the investigation. If genuine, items in the exhibit would have a current estimated retail value of more than \$10 million.

Examples from ACTF Counterfeit Collection on Display at ANA Philadelphia Show, Aug 2018

All Counterfeit!



All Counterfeit!





Collector Impact to Counterfeits in Market

- Current collectors will scale back or stop collecting coins
- Prices will fall as people stop collecting
- Young people will be discouraged to enter the hobby by their parents, teachers, or friends
- Negative publicity for the hobby and industry
- Collectors will have a harder time to sell their collection



The Anti-Counterfeiting Task Force provides education, expertise, and other resources to assist law enforcement in curtailing the manufacture, importation, marketing, and sale of counterfeit coins and other precious metals products, and counterfeit security packaging.

ACTF is funded entirely by donations to the Anti-Counterfeiting Educational Foundation.



ACTF assists all levels of law enforcement

FEDERAL →

Customs and Border Protection
Homeland Security Investigations
Secret Service
Treasury OIG Investigators

STATE →

Attorneys General
Fraud Investigators

LOCAL →

County
Sheriffs
Local Police

12 ACTF Work Groups

Ancients

Provide expertise in identification of counterfeit ancient coins. Identify historical areas of origin of genuine ancient coin types. Assist law enforcement by identifying methods of entry and distribution networks of counterfeit ancient coins within the United States.

Education-Law Enforcement

Develop curriculum, workshops, and seminars to assist in educating law enforcement professionals about counterfeit coins and paper money in the marketplace.

Numismatic-Public Education

Develop educational materials and conduct workshops or seminars to educate dealers, collectors, and the public about counterfeit coins and paper money.

Expert Network

Identify and develop teams of experts in various areas of the nation who can identify counterfeits for law enforcement agencies and act as expert witnesses to testify in court proceedings.

Finance/Fundraising

Development of annual task force budget. Develop and implement fund-raising campaign to generate sufficient funding to support work of the task force.

Laws/Regulations

Review and identify changes needed in current local, state, and federal laws and regulations regarding the manufacture, possession, and buying and selling of counterfeit coins and paper money. Review and identify changes needed to prohibit fake certificates and packaging and the marketing of such items, including advertising practices in print and online.

Packaging Security

Develop direct channels of communication for law enforcement to be able to identify counterfeit third-party coin and paper money holders, fake certificates, and product packaging of various private and federal mints.

Paper Money

Assist law enforcement by identifying methods of entry and distribution networks of counterfeit paper money in the United States. Emphasis will be on counterfeit non-circulating U.S. paper money and counterfeit foreign paper money (due to the Secret Service's extensive resources that focus on counterfeit circulating U.S. paper money). Provide expert assistance to law enforcement in identification of counterfeit notes and counterfeit third-party grading holders.

Private Mints

Provide product information on coins and bullion products manufactured by private mints in the United States to enable law enforcement to identify counterfeits of such products. Educate private mint leaders about importance of recordation in the Customs and Border Protection database. Liaison with Transport and Security WG to develop best practices standards to prevent infiltration of counterfeits of private mint produced coin and bullion products into commercial transport and storage facilities.

Research

Identify, test, and evaluate anti-counterfeiting technology. Publish findings as public service to dealers and the public. Develop best practices standards for those engaged in buying and selling precious metals products. Assist law enforcement by identifying best technologies and methods for identifying counterfeit coins.

Transport/Storage Security

Identify and develop best practices standards to prevent infiltration of counterfeit coin and bullion products in commercial transport and storage facilities.

World Mints

Royal Canadian Mint, Austrian Mint, Royal Australian Mint, Perth Mint, Prestige Bullion (South Africa) advise and provide leadership in identifying counterfeits of bullion coins and precious metals bars in the world marketplace; consult regarding effective methods and technology to thwart counterfeiters. Assist in providing images and genuine product information for use in public education and law enforcement education and training.

Current priorities

- ◆ Expert Network – 90+ numismatic experts to assist law enforcement in evaluating, identifying counterfeits.
- ◆ Education, training for law enforcement professions.
- ◆ Identifying changes needed in current local, state, and federal laws and regulations.
- ◆ Identifying best available counterfeit detection equipment to assist dealers and collectors.
- ◆ Public education: awareness and protection.

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Can you spot the counterfeit coins and bars?

Hints: Fakes are known of every U.S. coin design type produced by the United States Mint since 1793. Counterfeiters target bullion coins, bars, and holders with the highest brand identity....

<https://acefonline.org/can-you-spot-the-counterfeit-coins/>



Anti-counterfeiting technology expanding in precious metals coins and bullion.

ACTF is playing a key role in providing information about our marketplace and the threats we face to cutting-edge research companies expressing interest in developing anti-counterfeiting equipment and technologies.

You can help, too!

- **Volunteer your time, expertise**
- **Donate**

Coin World Article August 20, 2018

“Holder Starter Kits from China”

NEWS & ANALYSIS

Chinese online firm offering counterfeit holder ‘starter kits’

PCGS officials says grading service can do little to stop sales of fake slabs in China

by Paul Gilkes, Coin World Senior Editor

A Chinese online distributor of counterfeit United States coins is now offering what amount to “starter kits” of counterfeit Professional Coin Grading Service holders with fake grading labels.

PCGS President Don Willis said little can be done legally to combat the counterfeiting until the material hits American soil.

“Unfortunately counterfeiting is legal in China,” Willis said. “Our issue is detecting counterfeits when [we are] grading in China and stopping counterfeiters from entering the States.”

The starter kits, consisting of fake PCGS holders and grading labels, are being offered on the AliExpress.com website by a seller under the name jack/coinsky. The seller’s shop link is at <http://www.aliexpress.com/store/901126>. The seller indicates his online shop has been open for eight years.

In response to *Coin World’s* inquiry, the seller identified himself as Jack Liao and said he is located in Hunan Province in China. The name of his firm is Fang Gu Gong Yi Ping Limited Company.

The starter kit, offered for \$242.89 including shipping, comprise six soup-together holders along with label inserts that replicate the PCGS logo and hologram.

The seller indicates that he also distributes “antique imitation” coins that have been produced by “our factory” for at least 15 years. The replicated coins are reproduced usually in base metals, or

in some cases, 900 fine silver or silver plated with .9995 fine gold.

An example is a fake 1908-D Saint-Gaudens, No Motto gold \$20 double eagle encapsulated in a fake PCGS holder with fake labels, offered individually for \$96.82 postpaid. The coin is composed of the 24 karat gold plated over .900 fine silver, according to the product description.

The offering is part of a pattern, warns one of the hobby’s leading anti-counterfeiting organizations.

“This website on AliExpress selling ‘starter kits’ containing six fake PCGS holders and grade inserts is yet another example of Chinese counterfeiters luring Americans into their networks of criminal enterprise,” says Beth Deisher, director of the Anti-Counterfeiting Task Force for the Industry Council for Tangible Assets. “U.S. law enforcement at the federal and local levels can’t reach into China, but they can go after those in the United States who engage in buying and selling counterfeiters and fraudulent activity.”

PCGS sonically seals the coins that is legitimately grades and encapsulates in its genuine holders with genuine labels. The PCGS grading and encapsulation fee is based on the value of a genuine coin and level of service selected.

The fee increases with the value of the coin under review, and shortened turnaround times are also priced higher at the level of service purchased. ©



“Starter kit” from Chinese online distributor offers counterfeit PCGS holders complete with fake grading labels. All images from AliExpress.com website.



Obverse of a counterfeit 1908-D Saint-Gaudens double eagle offered for \$96.82 postpaid encapsulated in a fake PCGS holder with fake grading label inserts. The fake coin is 24-karat gold plated over .900 fine silver, according to the seller.

Not only are coins being counterfeited, but the grading services holders are also!

- Be aware that counterfeit grading services holders are also being produced.
- Always verify that the coin in the holder matches the item description



What is the Coin Dealer Community Doing?

- PNG donated \$100,000 in 2018 to ACTF to help fight counterfeits
- Other dealers have also made major donations to ACTF and ANA to help fight counterfeiting
- Identifying dealers caught knowingly selling counterfeit materials to the community
- Providing education to the public, at ANA Summer Seminar, in trade publications



Recommendations

- *Buy from who you know*
 - ANA Dealers have to abide by a Code of Ethics, and there is a Mediation Service the ANA provides to ANA dealers and members
 - PNG (Professional Numismatic Guild) dealers also have a strict Code of Ethics
 - Talk to other people about dealers you have not heard of before
 - If you ask for an invoice for a purchase, and the dealer will not provide you one, then walk away from the deal.



Recommendations

- Be aware of great deals, people who claim they know “nothing” about coins (etc.), anything on-line
 - Not a coin dealer
 - Some common warning statement you may hear:
 - This is not mine
 - I inherited these
 - I don’t have time to go to a coin shop to sell
 - You could resell these and make money; etc.
 - I know nothing!



Recommendations

- Set a value point (e.g. \$50) that anything above that amount that you will buy slabbed (third party graded) items
 - Always verify your slab with the company's app. PCGS and NCG have apps that allow you to match the coin, registration number and other factors of a slab.



Recommendations

- Know what you are buying by reading the book first and looking at examples at shows
 - If something does not look right, then walk away. First impressions are always the best.
 - If in question, ask to take the item to a grading service or a dealer you know at the show for their opinion. A professional coin dealer should have no problem in you getting another opinion(s)



Thank You For Attending

Questions?
