Ottawa

Royal Canadian Mint-stamped gold wafer appears to be fake

Mint investigating after piece purchased by Ottawa jeweller Oct. 18 at Royal Bank of Canada branch

Stu Mills · CBC News · Posted: Oct 30, 2017 5:00 AM ET | Last Updated: October 30, 2017

Goldsmith Dennis Barnard subjected the bar to an acid test after he found he wasn't strong enough to roll the metal flat in his jewellers' mill. (Stu Mills/CBC)

The Royal Canadian Mint is investigating how a sealed, "pure gold" wafer with proper mint stampings may in fact be a fake.

The one-ounce gold piece, which was supposed to be 99.99 per cent pure, was purchased by an Ottawa jeweller on Oct. 18 at a Royal Bank of Canada branch. Yet tests of the bar show it may contain no gold at all.

When neither the mint nor RBC would take the bar back, jeweller Samuel Tang contacted CBC news.

Ottawa jeweller Samuel Tang contacted CBC News when neither RBC nor the mint would take back the one-ounce gold piece he'd purchased. (Stu Mills/CBC)

"Who is going to make sure those [gold wafers] are real?" asked Tang. "I am worried there are more of those [gold wafers] out there, and no one knows."

RBC has now picked up the bar and and returned it to the mint for testing, refunding Tang the $1,680 purchase price.

- **Canada sells off most of its gold reserves**
- **Mint employee guilty of smuggling $190K of gold in rectum**

The Royal Canadian Mint said in a statement to CBC it is in process of testing the bar, "although the appearance of the wafer and its packaging already suggests that it is not a genuine Royal Canadian Mint product."

William Rentz, a professor at the University of Ottawa's Telfer School of Management and an expert on investments and equity, says it is troubling.

'This might just be the tip of the iceberg,' said Telfer School of Management professor William Rentz. (Stu Mills/CBC)

"A currency counterfeiter doesn't make just one fake $50 bill," he said. "They make a whole lot of them. So I would suspect this might just be the tip of the iceberg."

RCMP said they are aware of the incident, but no formal complaint has yet been made.

Figuring out gold was fake

The mystery began on Oct. 18, when Tang purchased what he thought was a 99.99 per cent pure gold wafer from an RBC branch just across the road from his Glebe-area boutique, Joy Creations.

He carried the business-card-sized bar, still sealed in its Royal Canadian Mint blister-pack, back to his shop.

His goldsmith, Dennis Barnard, said he cut open the plastic mint packing and placed the one-ounce wafer in a hand-cranked jeweller's tableting mill.

"I thought my age was catching up with me — because it was so hard to roll," said Barnard.

Samuel Tang purchased what he thought was a one-ounce bar of 99.99 per cent pure, Royal Canadian Mint gold from a Royal Bank branch. (Stu Mills/CBC)

'Something is amiss'

He also tried bending the wafer. Pure gold is usually pliable and can be bent easily. Instead, Barnard says, the wafer snapped, leaving a jagged line.

"That's when I started realizing something is amiss," said Barnard.

Ernest Marbar, owner of the Gold Lobby, an Ottawa buyer of precious metals, dismissed the wafer as 'a piece of junk.' (Stu Mills/CBC)

Barnard then tested the gold himself, using an acid testing kit.

In an acid test, the jeweller rubs a streak of the metal across an abrasive test stone. Then, a drop of pre-mixed acid is added to the center of the streak.

If the metal streak changes colour or disappears, then the metal is less than the karat of the test acid.

Gold of 99 per cent purity is considered to be equal to 24-karat gold.

> "The bar that came from that package is a piece of junk."
>
> *- Ernest Marbar, gold buyer*

But the bar from RBC failed a test that gold of 18-karat or higher purity would pass.

That's when his boss contacted RBC.

"This could be huge. There could be quite a few people out there who've been rolled over," said Barnard.

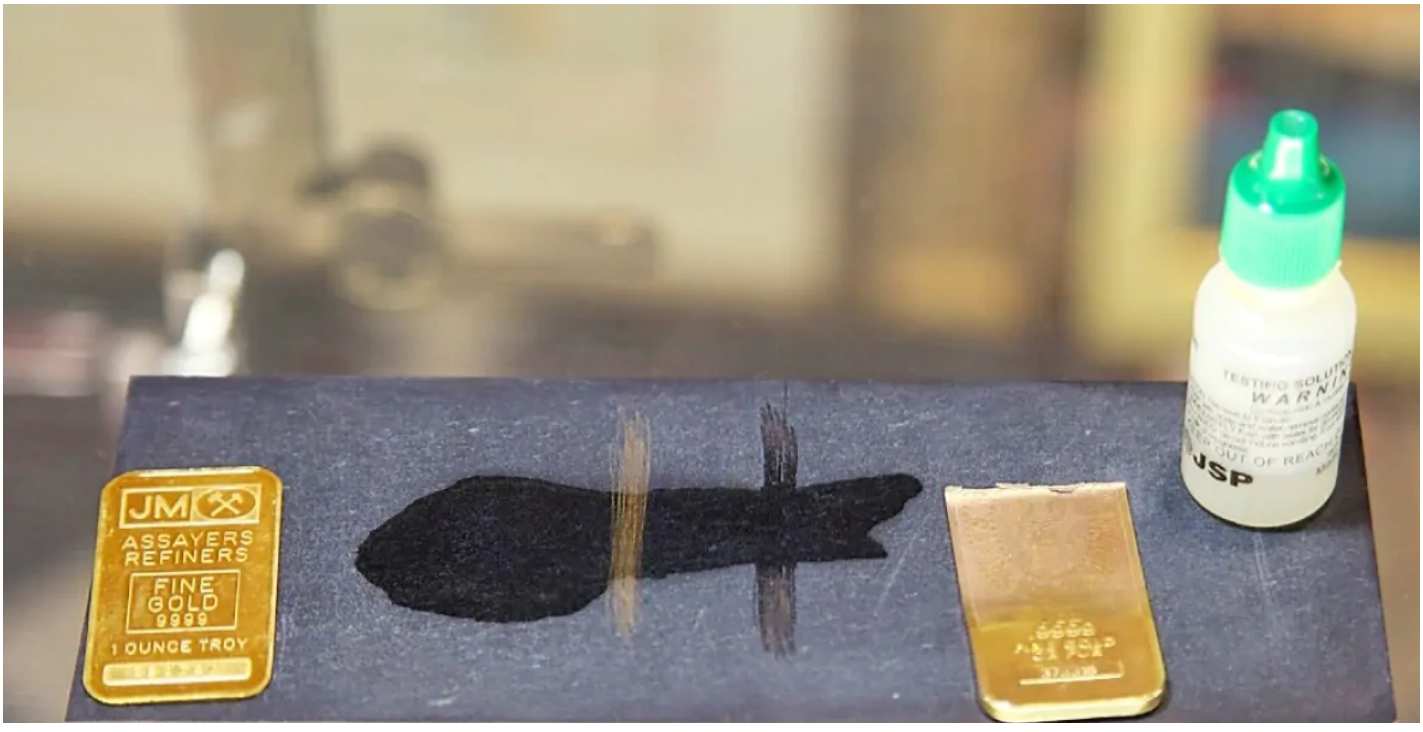
CBC News took the same bar to Ernest Marbar, owner of the Gold Lobby, an Ottawa buyer of precious metals.

Marbar also found the bar failed an acid test for 14-karat gold.

Million-dollar question

"The bar that came from that package is a piece of junk," said Marbar.

"That's the million-dollar question — how it ended up in that plastic case," he said.



A streak of metal from a counterfeit gold bar, right, is dissolved in 18-karat acid, failing a test of purity. (Stu Mills/CBC)

At Joy Creations, goldsmith Barnard said his concern wasn't with goldsmiths being duped.

Both he and Tang worry the bogus gold could be widely distributed and difficult to find, since most buyers are investors and leave the metal in the mint's blister-packed cases.

"Who's going to run around and open their packages, which are sealed by the mint?" asked Barnard.

It's a concern echoed by Rentz: "It's a serious problem. If the trust disappears, it could be seize up the market, at least temporarily."

Checking security footage

The professor said the mint would be motivated to get to the bottom of this case, since the discovery of a counterfeit undermines confidence in their product.

Tang said last Monday he spoke with the manager of the RBC branch where he purchased the bar.

He said the manager was told by a mint dispatcher they were checking security footage, and trying to trace everyone involved in the handling of the bars.

If the swap turns out to be an inside job, it wouldn't be the first time.

Last November, 35-year-old Leston Lawrence was found guilty of smuggling $190,000 worth of gold pucks, each the size of a small muffin, in his rectum over several months.

Lawrence worked at the mint from July 2008 until March 2015. His job included purifying gold.