

Welcome to the C.N.A. E-Bulletin Vol. 2, No. 7 – February 20, 2006

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INTRODUCTION

Since I was appointed editor of this fun bulletin and review a lot of material to come up with some of the unusual stories about money, I notice more and more how the daily press picks on little negative things and blows it out of all proportion, ignoring the “good news” angle. I am aware that good news does not sell well, while negative news does. But what about fairness?

Late last year, we read in the daily press about David Dingwall, former President and Master of the Royal Canadian Mint resigning on September 28. Ignoring the fact that independent research was not done, the press fell hook, line and sinker for what the Opposition party presented during Question Period in the Canadian Parliament. Much was made of a receipt that was found in Mr. Dingwall’s expense reports for a package of chewing gum, as well as a \$6,000 dinner. This C.N.A. E-Bulletin Editor chose to wait for the outcome of further investigation before reporting it here.

When two outside audits were conducted, we found that no claim was made for a package of chewing gum, but it was part of an allowance of \$20 per day that was in his contract. As for the expensive dinner, it was discovered that it not only included a dinner meeting of a group of Mint employees, but also hotel rooms, meeting space and meals over a week for a number of employees.

When the real news finally came out, what was reported? The fact that Mr. Dingwall had to repay \$6,769! Looks bad, doesn’t it? Let’s hang him. Let’s bring the Government down on the strength of this information! Let’s tar and feather Mr. Dingwall! Bring back lynching!

Did you read how that refund broke down? Chances are you didn’t, because the papers downplayed it. Those that did report it, reported it in a small column buried deep in the paper. And even then they played up the very, very small amount he eventually agreed to repay due to discrepancies in calculations made by others.

Because staff calculated the payment for his company leased car on the basis of by-weekly payouts, amounting to 26 payments during the course of a year, rather than the monthly calculations which would amount to the equivalent of only 24 payments, through no fault of his he was asked to repay the difference, which he readily agreed to. Then there was another figure that was an error by others at the Mint.

Apparently, an independent arbitrator recommended the severance settlement and, the Toronto Star reported, the settlement is considered binding according to government officials that were interviewed by the paper.

The end result? It was recently reported that the Government wants to reopen the file that paid him severance in line with the contract that was negotiated during the hiring process.

If the government wants to save face, surely claiming to the public that they are investigating the possibility of renegeing on a contract is not the way to go!

WE HAVE MAIL

From Mark Argentino: "Did anyone ever send you an authentic error coin of the Poppy Quarter?" - Other than that "computer enhanced" coin you tricked me with where you removed the color Poppy and moved it to the other side, no one responded. The Mint might have been right by stating that none got out when they discovered their mistake and hired students to check each and every one by hand and human eye that had been struck up to a point. Here is the deal: I am offering a \$100 finder's fee to anyone that can prove they have one. If they send it to ICCS (I can provide contact information), I will also pay for the authentication and mailing.

WHAT DO YOU DO IF YOU FIND A BAG OF CASH?

We have mentioned Robert Aaron in this E-Bulletin on a few previous occasions. He is the only columnist in the long history of The Toronto Star to write three columns at the same time, namely the coin, stamp and real estate law columns. He recently retired from both the coin and stamp columns, which is too bad for both hobbies because it gave us good exposure. His column on February 18, with a headline of "What do you do if you find a bag of cash?" caught our eye. We thought that our readers might enjoy it, so we are reprinting it, with permission, in its entirety.

CRIMINAL PROCEEDS CAN BE SEIZED - QUEBEC MONEY FATE UNKNOWN.

What would you do if you were renovating your newly purchased home, and found a bag containing \$100,000 in \$20 bills hidden above a ceiling panel in the bathroom?

Do you keep it and say nothing, turn it over to the police, or quietly sell the house and take the cash with you?

That was the problem faced last month by a couple in Trois-Rivieres, Quebec. They purchased the house at 2620 Andre St. in June from a bank that had repossessed it when the mortgage went into default.

The former owner of the house was Marc-Andre Hinse, the alleged head of the Hells Angels motorcycle gang in Trois-Rivieres. Local police have been looking for Hinse since May 2004, when they carried out raids on members of the biker gang.

At the time, the police executed a search warrant on the house, but missed the plastic bag containing the money. After the police were finished, the bank took over and eventually sold the place.

After I heard about the discovery in Trois-Rivieres, I began to wonder who was entitled to the bathroom bounty. I hunted down a copy of "Principles of Property Law," a popular text for first-year law students written by professor Bruce Ziff of the University of Alberta.

An entire chapter about lost objects begins with the comment, "The law of finding is not an area of pressing practical concern." The statement, of course, is quite true unless you happen to find a bag full of money hidden in your house, and you don't know - or don't want to know - who it belongs to.

That's what happened to a Toronto lawyer back in 1988 while his contractors were renovating an 1880s Victorian house he had purchased. When nearly \$50,000 came raining down on the contractors from the ceiling, everybody wanted the money - the owner, the daughter of the former owner, and of course, the workers. Sadly, the outcome remains a mystery, as the parties signed a non-disclosure agreement when the case was settled.

Although Quebec laws may differ, the law in Ontario is “finders keepers.” In other words, the finder of an item gets good title to it against the whole world except for the rightful owner. But the rule gets muddled when the article has been abandoned, or is the proceeds of crime.

If there is proof that the bathroom bounty came from criminal activity, it can be seized. Was the Trois-Rivieres money abandoned by whoever put it in the ceiling? Can anyone prove it is the proceeds of crime? What is the risk that an imposing gentleman in leather attire and driving a large two-wheeled vehicle would knock on the door one day and politely request the return of his missing property?

Meantime, the \$100,000 has been turned over to the local police and its fate is awaiting a determination by the Quebec court.

The judge hearing the case will no doubt recall the 1969 British case of *Moffat v. Kazana*. In that case, Kazana purchased a house in 1961 and three years later workers dislodged a biscuit tin containing almost £2,000 from the chimney, Kazana turned the money over to the police, who eventually gave it back to him. Then the former owners, a couple named Russell, sued Kazana claiming ownership of the loot.

The court awarded the money and the tin to the Russells who were the “true owners,” concluding that they simply forgot about it but never abandoned the intent to own it.

Another interesting finder’s case occurred in 1949 when a 12-year old boy playing with his friends crawled under a pool-room in Fort Frances and discovered about \$1,500 in a tin resting on the support beams of the building. At the time \$1,500 was a huge sum of money. The police seized the cash but the Ontario High Court eventually awarded it to the youngster when no one came forward to claim it.

If you owned 2620 Andre St. in Trois-Rivieres, and discovered \$100,000 in the ceiling of your bathroom, what would you do with the money? I’d love to hear from you by email at bob@aaron.ca. I’ll report the results of the case when - and more importantly, if - they became available.

TTC ISSUES NEW TRANSIT TICKETS

The Toronto Transportation Commission will be increasing the fares for rides on the subway, bus and streetcars effective April 1, causing them to issue new tickets. Transportation ticket collectors will be able to add new tickets for adult, student, children and senior fares.

The average increase is about 10 cents, resulting in additional income of \$9 million a year. This is on top of a similar increase last year that also resulted in new collectibles.

COUNTERFEIT RING EXPOSED

And while we are on the subject of transportation tickets, details of an international counterfeiting ring involving tokens and tickets that may have cost the Toronto Transportation Commission millions of dollars have been released by the Toronto Police. U.S. law-enforcement agencies were also involved

The announcement follows two big TTC counterfeit busts in 2004. Three brothers were arrested in November 2004 for their alleged involvement in a counterfeit token operation that cost the TTC about \$1.2 million over three years.

Four months prior to that bust, police broke up a ring that circulated phony paper transit tickets, and seized more than 20,000 of the fake goods.

In the latest case, a former Bathurst Heights Secondary School basketball star is alleged to be one of three kingpins of a token scam that has cost the TTC about \$10 million in revenue. Police allege Alex Beason, 36, and his brothers Alfredo, 49, and Reginald, 47, who were arrested Feb. 3, were the kingpins of the two-year operation, in which police have arrested and charged dozens of people. Police say the scam produced five million fake TTC tokens.

The basketball star led Southeast Missouri State, a Division 1 school in the National Collegiate Athletic Association, in scoring during the 1991-92 season. In August 1992, he and two others were convicted of robbing a Scarborough jewelry store. The six-foot, seven-inch, 230-pound power forward was handed a two-and-a-half year sentence for the robbery and released on parole 13 months later.

The brothers are facing several charges in the case, including fraud over \$5,000 and possession of property obtained by crime.

DEFENDANT IN \$10 MILLION ROBBERY ACCUSED IN THEFT OF ARTWORKS

Small world sometimes. It would seem that money brings people together, not always in a good way.

A man accused of being one of the gunmen who terrorized staff and tourists at the Edward Munch Museum while stealing one of the world's most famous paintings, The Scream, as well as Madonna, admitted in court that he moved the two stolen paintings. He had moved them from their original hiding place in the back of an abandoned bus to the trunk of a car at a remote farmhouse north of Oslo.

The man he allegedly gave the paintings to, who has since died, was a criminal associate of a well-known criminal gang leader, David Toska, now awaiting sentencing for another violent armed robbery in April 2004. That robbery was at a currency depot in eastern Norway. It netted more than \$10 million, and ended with a police officer shot dead.

Norwegian media have speculated that the Munch robbery just four months later was carried out by the same gang to divert police attention and resourced from their investigation into the currency heist.

So the \$10 million robbery just wasn't enough! As we asked before, when is enough, enough?

JUDGE JUDY RULES ON OWNERSHIP OF COUNTERFEIT BILL

In a recent episode of Judge Judy, she was asked to decide who was responsible for the loss when two people were disputing who passed a counterfeit \$100 note.

A cheque for \$120 was cashed in a store by a shopper. The shopper then proceeded to her bank to deposit the \$100 note that she just received from the store. The bank told her that the bill was counterfeit. So she put a stop payment on the cheque she had given to the store and sued the store for replacement of the counterfeit \$100 note.

The case came down to the customer stating that the \$100 note could only have come from the store, and the store manager stating that since his employees "do things" to determine if a note

is counterfeit when a customer first tenders it to them, it could not have come from his store. Neither party accused the other of pulling a bait & switch.

What we found out was that the customer threatened to call the Secret Service and “cause the store a lot of trouble” if the manager did not replace the counterfeit \$100 note, and that the store manager counter-sued her for harassment for all the distress her threats caused him.

After asking both the plaintiff and the accused the tough questions in her usual (somewhat rude?) fashion and listening to the answers, she was ready to rule.

So did she confiscate the counterfeit \$100 note? Did she state that it must be turned over to the Secret Service? Did she order the store to replace the note? Did she rule in favor of the counter-suit of harassment?

All we found out from her was that it was not proven that the counterfeit note came from the store, she dismissed the counter-suit and in her usual style of getting to the crux of all problems...the customer owed the store \$20 since they originally cashed her \$120 cheque.

NEWEST COPIERS MAKE COUNTERFEITING EVEN \$5 BILLS PROFITABLE

High-tech printers have reached the point where it has become much easier to copy paper money. “With the lower denominations of (fake) bills, people just seem to run them off on their computers,” said RCMP Corp. Earle Bailey according to an article in The Toronto Star by Hilda Hoy. “It shows that there’s not one central operation counterfeiting them. From the number of \$10s going around, it appears to be a sophisticated operation. But that’s not the case with the \$5s. When you have a lot more people producing counterfeit bills, it’s harder to target them. With the (large rings), we were able to target that one particular group and dismantle the operation.”

The article states that although notes produced by smaller operations are less sophisticated - hence easier to detect - they present new challenges to police.

Between 2002 and 2004, counterfeiting rates nearly tripled across the country. In that final year, nearly \$13 million in fake notes changed hands across Canada, RCMP figures show. Nearly 60 percent of that was passed in Ontario, mostly in the Greater Toronto Area, police said. That surge was the result of several large, sophisticated counterfeiting rings that focused on larger bills, mostly the \$20.

The Toronto Star article stated that, in reaction to that initial surge, the Bank of Canada gave our money a major facelift and began an information blitz to train the public to spot fakes. The “Canadian Journey” series, rolled out in 2001, sports a range of security features, including raised ink, brighter colors and finer detailing, designed to make counterfeiting harder. However, the smallest bill in the series - the \$5 - doesn’t have as many features.

The risk now, said Bailey, is that criminals could move to smaller bills to slip under the radar more easily. “If people aren’t going to accept your (large) bill, you’re going to move to the lower bills.”

“A lot of retailers and the public don’t look as closely at smaller bills,” said Paul de Swart, regional representative for the Bank of Canada, according to The Toronto Star. The bank will be adding new security measures to the \$5 bill sometime this year, he said.

If you receive a counterfeit bill, the bank won't reimburse you for its value. Retailers have several options to protect themselves, said Jim Stone, owner of Insight Business Solutions. He sells thousands of counterfeit detectors each year to clients. The devices cost as little as \$30 for a model that uses an ultraviolet bulb, while more sophisticated models using infrared light technology run as high as \$300. Regardless of price, the very presence of a detector can sometimes be enough, he is quoted as saying to The Toronto Star.

A MESSAGE TO C.N.A. MEMBERS WHO HAVE NOT RENEWED FOR 2006

The March 2006 issue of the CN Journal will be mailed out by the end of this week. If you have not renewed your membership, this will be the last issue you will receive.

Please renew immediately if you have not already done so!

SHOW BUSINESS

Don't forget to look us up at the C.N.A. Information Table this weekend at the Torex coin show, Radisson Admiral Hotel, 249 Queen's Quay West, Toronto, Ontario. Full details at www.torex.net.

Paul Johnson, Chairman of the C.N.A. Education Committee, has organized an educational seminar on Canadian Error Coins for Saturday starting at 1:00 p.m. Bill English will speak on coin errors, while John Regitko will reveal some of the behind-the-scenes goings-on involving back-door jobs from the Royal Canadian Mint. Sounds interesting, doesn't it?

CONCLUSION

Next bulletin is scheduled for March 1. If you have anything to contribute, we would love to hear from you.

John Regitko
Your C.N.A. E-Bulletin Editor
Canadian Numismatic Association

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