

FideliTrade Leads in Detection Of Counterfeit Bullion

With the high value of bullion and technical advances by counterfeiters, the prize of duping unsuspecting buyers of precious metals has never been greater. These advances in counterfeiting techniques have created a headache for the precious metals industry worldwide.

Over the past few years, the precious metals industry has experienced an explosion in counterfeit bullion making its way to unsuspecting bullion dealers and investors. No longer is the focus on larger bullion, such as the 100-ounce gold and silver bars.

Counterfeiting Methods?

Methods have greatly expanded from hollowing a large bar and filling it with cheap base metal. The forger's sophistication has allowed them to target more commonly traded small bullion. The most common small bullion types targeted by the counterfeiters are 1, 5, and 10 oz bullion bars, American Eagles, and Canadian Maple bullion coins. Faced with more sophisticated faux precious metals, the bullion industry has been pushed to create new standards to identify and "weed out" this material.

Common methods for producing faux bullion are diluting precious metals into much lower purity, plating or coating a cheaper base metal, or the "drill and fill" method.

Dilution

Precious metals dilution is one of the easier dupes to identify as the bullion's appearance is often affected. The specific ratio between bullion size relative to the weight will not match. For example, a genuine ten-ounce gold bar has a specific size and weight given its purity. A bar that is diluted with less dense silver or copper will create a bar that matches the stated weight but is larger than normal or matches the specific dimensions but is markedly too light. Given this physical dilemma, more sophisticated counterfeiters have moved toward other methods.

To exploit the small bullion market, the faux producers need to encase a cheap base metal with a thin layer of real bullion to match the density of the real product. It is this breakthrough that has enabled this problem to grow. The most problematic technical advancement in counterfeiting is the plating or coating of cheaper base metal.

Plating

Plating begins by taking a cheaper metal with similar density and wrapping it in a thin coating of a precious metal. For gold, the perfect metal would be tungsten. With almost the same density but a higher melting point, tungsten plated with a thin coat of gold can produce a nearly undetectable match in size, weight, and appearance to the real thing.

Bullion coins are now also susceptible to the new plating effort. Here, a tungsten slug is coated with a thin layer of gold and then pressed in a die for an almost exact duplicate.



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Drilling & Filling

An older, yet prominent method today is coring a precious metal bar by removing the high-value metal from its interior and replacing it with a low-value base metal. The high-value core is most commonly replaced with lead then capped and resurfaced to hide the duplicate.



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Rare Coins Offer No Greater Protection

Numismatic, or rare coins, are also targeted by sophisticated counterfeit campaigns. Here is an example of a remarkably produced counterfeit 1-ounce gold South African Krugerrand coin sealed in fake packaging naming a well-known grading service.

Counterfeits are everywhere and there is no one non-destructive method that can offer complete certainty. However, FideliTrade Incorporated and its subsidiary Delaware Depository anticipated this and are uniquely prepared to confront this problem.

Combating the Problem

FideliTrade Incorporated's mission has always been to maintain the integrity of the bullion in our possession. To do so requires comprehensive procedures built around utilizing multiple tests and technologies.

Foreseeing years ago the potential risks that fraudulent bullion poses to our customers, FideliTrade Incorporated made significant investments toward better authentication and counterfeit detection.

We now stand at the forefront of the industry preventing fraudulent material from making its way into our holdings and ultimately back out into circulation.



FideliTrade Incorporated's approach begins with the standard weight, size, and appearance verification. Our knowledge and experience on the vast array of bullion products in circulation is our first line of defense. However, our testing does not end there.

We also evaluate the physical properties through various tests that analyze the chemical, conductivity, magnetic, and harmonics of the bullion that comes through our door. Diluted gold will be picked up by analysis of the surface composition. Plated tungsten or steel will give different conductivity. Drilled and filled bars will fail on ultrasound.

With millions of dollars in precious metals flowing through our depository every day, our screening and detection process helps weed out counterfeit bullion in circulation and safeguard our holdings for our customers. We also continue to evolve by pursuing emerging technologies to stay ahead of the threat in the future.



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