

In September 2008 the BBC and several national newspapers reported that they had obtained random sampling test figures from the Royal Mint. At this time the figures showed that approximately 2% of pound coins were counterfeits.

Within weeks of this announcement we started receiving reports from customers within the parking industry stating that large amounts of their takings were being rejected by their cash handling companies. This was quickly followed by one of the parking machine manufacturers, who reported that several of their customers had also been experiencing the same problem.

When we asked for samples of the counterfeits, we were informed that the cash handling companies were under instructions to return them to the Mint for inspection and destruction.

As we needed samples, we decided to try to find our own and simultaneously carry out sample testing.

So the first thing we did was to withdraw £2,000.00 of one pound coins from our bank. This sample of coins was intended to help us in two ways: -

- A sample of coins that the banks are currently issuing, and
- Enough reference coins of all ages against which we could check.

However, to our surprise, our visual inspection of these coins revealed that 70 were counterfeits.

Months on, it has become apparent to us that it is not only a problem in the parking industry but one exists in all sectors.

In every sample test carried out we have found that: -

- at least 3-5% of the coins are counterfeits;
- it seems they have been in circulation for years.

So why only now do we seem to have a problem?

Well, the Royal Mint has started to put in place processes to try to remove the counterfeits from circulation.

One of these processes involves the coin sorting/counting machines used by the cash counting companies, banks and post office.

One model, the ScanCoin 4000 is fitted with a sensor that can be used to measure the

electronic signature of a coin, much like a coin validator.

APACS, the UK trade association for institutions that deliver payment services to customers was recently asked, what percentage of circulating one-pound coins the banks and cash centers check before reissue?

APACS could not give a definitive answer. They did say that, this year, ScanCoin has worked with the Royal Mint to review its settings and has re-calibrated all the machines using samples provided by the Mint.

This has resulted in a significant increase in the number of counterfeits being identified and returned to the Mint for checking and destruction.

It should be noted, however, that the two models of ScanCoin 4000 currently in use cannot identify all counterfeits: the newer bimetallic model can identify up to 40-45% of known counterfeits while the older model can only identify 12-20%.

In October 2008, the Mint kindly issued us with 300 sample coins for testing purposes, these samples consisted of: -

- 100 Genuine circulated coins;
- 100 Scan coin returns;
- 100 Scan coin control sample.

We have taken these samples along with 350 counterfeits that we had collected to two major coin validator manufacturers for testing.

This has resulted in the manufacturers issuing revised data files that will significantly reduce the number of counterfeits being accepted by the validators.

Our in-house testing and field trials of these data files have shown that:-

- the latest models of validators will reject 60-70% of the sample of fake coins supplied by the Mint, and
- some older models will reject 40-50% of the Mints ScanCoin control sample.

During the last few months not only have we been testing the manufacturers data files but we have also been collecting our own data from both the genuine and counterfeit coins.

This data along with regular checks of some of our customers cash boxes will enable us to monitor the counterfeit situation.

Continues on page 2.....

approved
agents for :

wh münzprüfer
berlin gmbh

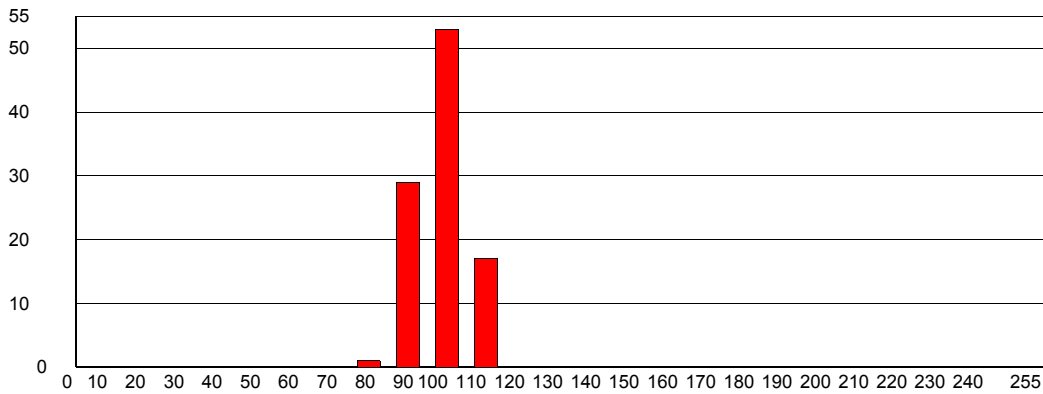


- Electronic coin validators;
- Electronic change-givers;
- Cashless payment systems;
- Coin validator computer interfaces;
- Escrows;
- Hoppers;
- Anti pin systems;
- Steppers;
- Timers;
- Power supplies;
- Displays;
- Mechanical coin validators;
- Tokens.

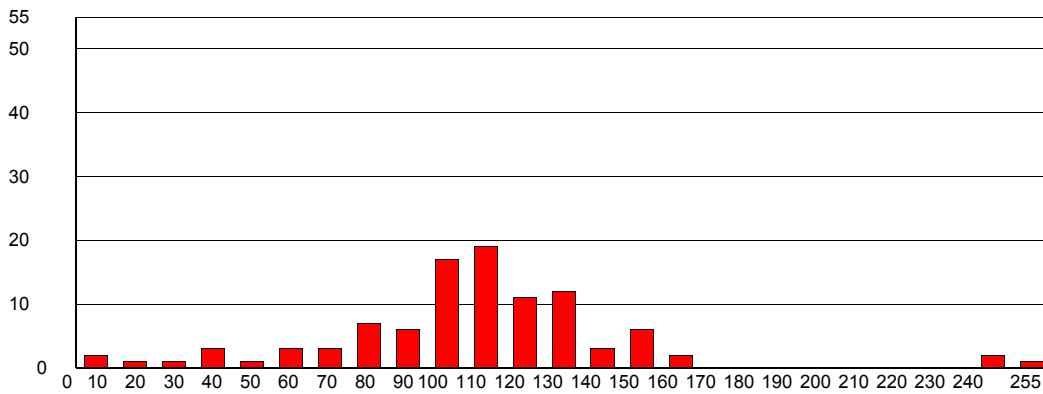
The following charts show the electronic signature of the three samples of coins supplied by the Mint. Our electronic signature has been captured by inserting all the coins into a so called "reference validator"

The X scale represent the maximum upper and lower limits acceptance window of a coin mech.

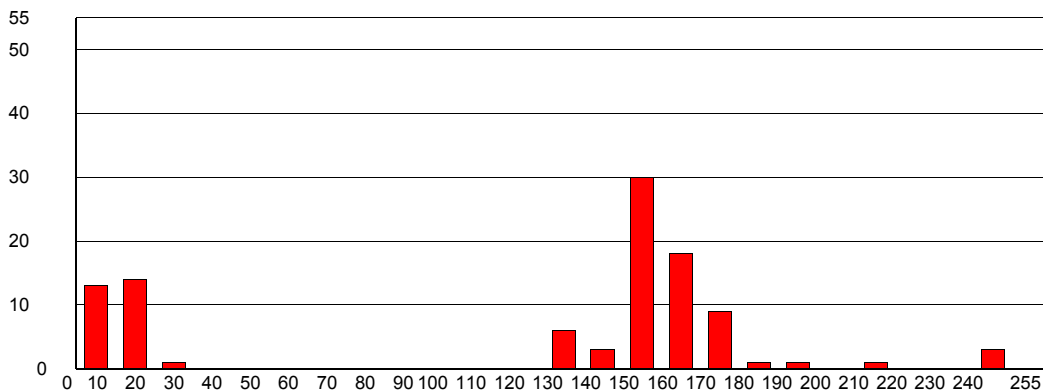
This first chart shows a histogram of the electronic signature of all 100 genuine sample coins.



This second chart shows the 100 Scan coin control sample coins. From this you can see that a large amount of counterfeits have the same electronic signature as the genuine coins.



This third chart shows the 100 Scan coin return sample coins. From this you can clearly see that the scan coin machines can not find a large amount of the counterfeits.



approved agents for :

wh münzprüfer
berlin gmbh



- Electronic coin validators;
- Electronic change-givers;
- Cashless payment systems;
- Coin validator computer interfaces;
- Escrows;
- Hoppers;
- Anti pin systems;
- Steppers;
- Timers;
- Power supplies;
- Displays;
- Mechanical coin validators;
- Tokens.