

Fraudulent Coin Dealers



The Office of the
Minnesota Attorney General
helping people afford their lives and live with dignity and respect

Some scam gold coin dealers have targeted people who may be searching for financial stability by investing in gold, silver, or other precious metals. Don't let this happen to you! Follow these tips:

Non-delivery Scams

In some cases, coin dealers work to build a potential victim's trust and get them to send in payment for a promised future delivery of coins, but then fail to actually deliver the product. This type of non-delivery scam is theft.

These fraudsters may rely upon aggressive marketing tactics, flashy websites, or a sense of urgency to convince victims to send the dealer thousands of dollars for coins. In some cases, the fraudster may claim to have access to "special deals" or "once in a lifetime investment opportunities," which they use to convince their victims to act immediately. In other cases, the scammer may try to create a heightened sense of fear about the economy or the stock market. Unscrupulous coin dealers that target senior citizens may even try to invoke fear about the potential of another Depression or market crash.

Once fraudulent coin dealers gain the victim's trust, they pressure them into sending payment. Once they obtain the money, they often cut off contact with the person and refuse to deliver the coins or provide a refund.

Due to the criminal nature of this type of scam, citizens with information or who believe they may be victims, should report it directly to the criminal authorities. Local criminal authorities may include the police, sheriff, and county attorney. Federal criminal authorities include the Federal Bureau of Investigation and the U.S. Postal Inspection Service, which may be contacted as follows:

Federal Bureau of Investigation
Minneapolis Office
1501 Freeway Boulevard
Brooklyn Center, MN 55430
(763) 569-8000
www.ic3.gov

United States Postal Inspection Service

Criminal Investigation Service Center
433 West Harrison Street, Room 3255
Chicago, IL 60699-3255
(877) 876-2455
postalinspectors.uspis.gov

Valuation Scams

Another scam involves the fraudster delivering coins whose value is significantly less than what the dealer represented. Coin dealers may convince buyers to either purchase coins at rates with extremely high mark-ups, or convince them to trade in their own coins for what they are falsely led to believe are coins of a similar value.

Since victims of this scam can potentially lose thousands of dollars, it is important to do your research before doing business with any coin dealer. Research the type of coins in question, the reputation of the company, as well as the grading company. Perpetrators of this scam sometimes try to gain credibility by claiming that the coins have been professionally graded, when in fact the supposed "grading company" is affiliated with the dealer. People interested in buying coins should closely scrutinize the entities involved in the transaction, examine the coins in person if possible, and get a second opinion about the grade and value of the coins in question *before* agreeing to the deal. Also, consider consulting a reputable financial advisor that you trust. Do *not* take the dealer's word about the coins' value, and do *not* rely on the claims from any party that the dealer may direct you to.

"Wilma" is a retired widow in her late 70s on a fixed income with a small coin collection that she and her late husband obtained several decades ago. Wilma received a cold call from a coin dealer claiming he would like to purchase her collection of Swiss Francs for \$10,500. Since Wilma was looking to sell her collection, she agreed to send the

dealer the coins in exchange for \$10,500. After she mailed the coins to the dealer, he contacted her to indicate that the price of gold had dropped; he said could no longer pay Wilma \$10,500 for the coins, but would instead pay her \$8,500. Wilma did not agree and although she kept calling the dealer, he continued to delay returning her coins or processing the payment. A week later, the dealer sent her a different collection of silver dollars, claiming they were worth \$10,500. When Wilma had the coins appraised by an independent company, however, it indicated the coins were only worth \$1,100. Wilma was unable to get the dealer to return her telephone calls, or to return her coins or money.

Coin Dealers Required to be Registered

Minnesota law requires most coin dealers to register before doing business in the state. The law also prohibits certain deceptive practices, bans people with certain types of criminal histories from working in the industry, and requires coin dealers to post a surety bond to compensate any harmed customers. This law is enforced by the Minnesota Department of Commerce. Before doing business with a particular coin dealer, you should check to see whether the dealer is registered. If a dealer is not registered, be wary. The Commerce Department may be able to provide more information about a particular coin dealer, and may be contacted as follows:

Minnesota Department of Commerce

85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1500 or (800) 657-3602
consumer.protection@state.mn.us

Coin Dealers and Investment Advice

Some coin dealers may try to convince potential buyers to cash in their stocks, bonds, or other investments in order to purchase gold or other precious metal coins. Fraudulent coins dealers use a combination of fear, intimidation, and technical jargon to get people to make an "investment" in gold or collectable coins. Investment brokers or individuals who provide investment advice may be required to be licensed by the Securities Exchange Commission and the Minnesota Department of Commerce. If a dealer makes representations about the investment value of their coins, or claims to provide other investment advice, contact the SEC and the Commerce Department to see if they are registered. The Commerce Department can be contacted as described above. The SEC may be reached as follows:

Securities and Exchange Commission

Office of Investor Education and Advocacy
100 F Street NE
Washington, DC 20549
(800) 732-0330
www.sec.gov

People who have additional questions or concerns about a given gold or collectable coin dealer, may also contact the Federal Trade Commission as follows:

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Avenue NW
Washington, DC 20580
(877) 382-4357
TTY: (866) 653-4261
www.consumer.ftc.gov

For more information, or to file a consumer complaint, people may contact the Minnesota Attorney General's Office as follows:

Office of Minnesota Attorney General Keith Ellison

445 Minnesota Street, Suite 1400
St. Paul, MN 55101
(651) 296-3353 (Twin Cities Calling Area)
(800) 657-3787 (Outside the Twin Cities)
(800) 627-3529 (Minnesota Relay)
www.ag.state.mn.us