CANADA

RCMP report reveals new details on GTA man and his ‘camel-toe’ fake toonies

By Andrew McIntosh • Global News
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11 min read

The Royal Canadian Mint in 2021 was quietly sampling boxes of 500 $2 coins to detect fake Toonies and counterfeits. The Crown Corporation kept its results secret. **Royal Canadian Mint photo obtained byGlobal News**

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Global News has obtained new details about the mysterious Toronto-area man who was quietly convicted in Canada’s biggest-ever **fake toonies** case.

A newly released RCMP investigation report about the case suggests that Daixiong He is an affluent Chinese Canadian businessman who owned, at the time of his arrest, a major Chinese supermarket which Global News located in the Scarborough area of Toronto.

The report reveals He deposited 90 boxes of 500 suspicious toonies into business and personal accounts at three major banks across the Greater

Toronto Area throughout 2021 before his May 2022 arrest; police seized nine of those boxes, or 4,500 coins, before they entered Canada’s financial system.

The RCMP report says investigators concluded He was not alone in distributing phony coins in Canada’s largest city, suggesting that a “distribution network” exists.

He, 70, escaped most public and media scrutiny with an unannounced guilty plea of uttering and possessing counterfeit money and a quickly paid $100,000 fine in a Newmarket court after his arrest in May 2022. He spent no time in jail and his possession charge was stayed after his fine payment.

The Royal Canadian Mint has publicly played down its counterfeit $2 coin problem as small.

However, the RCMP report suggests the mint privately told the RCMP in June 2021 that its random sampling of circulating $2 coins “determined that a significant volume of counterfeit two-dollar coins were in circulation in the Toronto area.”

Until now, details about the Richmond Hill businessman who possessed thousands of fake toonies and deposited them, and how the RCMP nabbed him, have remained a tightly guarded mystery.

Global News obtained a 43-page investigative RCMP report about He under the Access to Information Act.

The report was prepared by the RCMP’s GTA serious and transnational organized crime unit, located in its Toronto West detachment.

Who is Daixiong He?

The 2022 RCMP report states He was a businessman and supermarket owner at the time of his arrest.

He deposited large boxes full of 500 fake $2 coins at a time into his personal and business bank accounts at three banks across Toronto. They included HSBC, Royal Bank and Bank of Montreal branches, where He deposited the coins, sometimes up to six boxes at a time.

The Royal Canadian Mint in mid-2021 was quietly sampling boxes of 500 $2 coins like those shown in this photo to detect counterfeit toonies. It had stopped its inspection program in 2020 during the pandemic. **Royal Canadian Mint photo obtained byGlobal News**

Using that information, Global discovered that He, whose declared residence is in Richmond Hill, was at the time of his arrest listed as the president, treasurer and owner of a sprawling Asian supermarket in Scarborough, Field Fresh Supermarket Inc.

Incorporated in 2016, Field Fresh operates a 65,000-square-foot space at 5661 Steeles Ave. E., operating on the former site of a T&T Market.

He's declared residence is a three-garage home (not registered in his name) and he drives a new $82,000 Mercedes sedan, public records show.

Through his lawyer, He declined to answer questions or make any comment.

A woman at Fresh Field who identified herself as a store manager said He was no longer the owner. Asked who the new owner is, the store manager urged the reporter to figure it out and not call again.

Corporate records show a numbered company, 1000575070 Ontario Inc., has been using the "Field Fresh Supermarket" business name since June 2023.

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Its registered headquarters is the same Richmond Hill address that He declared as his residence, though the officers and directors are different. The relationship between the still active Field Fresh Supermarket Inc. and 1000575070 Ontario Inc., if any, is unclear from the records.

Despite the businessman's guilty plea, the RCMP heavily redacted its investigation report, blacking out eight full pages and even more entire sections of text.

The unexcised parts nevertheless raise new questions about the involvement of one or more other people in what the RCMP described as a "counterfeiting distribution network."

Dates and events in the report also highlight problems with the co-ordination of work between the RCMP and Canada's financial intelligence agency, FINTRAC, during the pandemic period.

The RCMP and the Royal Canadian Mint, a Crown corporation, declined to make investigators or security executives available to discuss what seems to be the biggest counterfeiting probe in years.

Was He alone?

The RCMP report reveals that He was not alone in circulating fake $2 coins in the GTA but does not explain how, in the unexcised parts, He came to possess so many of them.

A second person was arrested and accused, according to the RCMP report, but all details about that person were blacked out, even from the title page of the report.

Substantive Event Summary

[redacted]

ROYAL CANADIAN MOUNTED POLICE

GTA Transnational Serious & Organized Crime
Toronto West Detachment

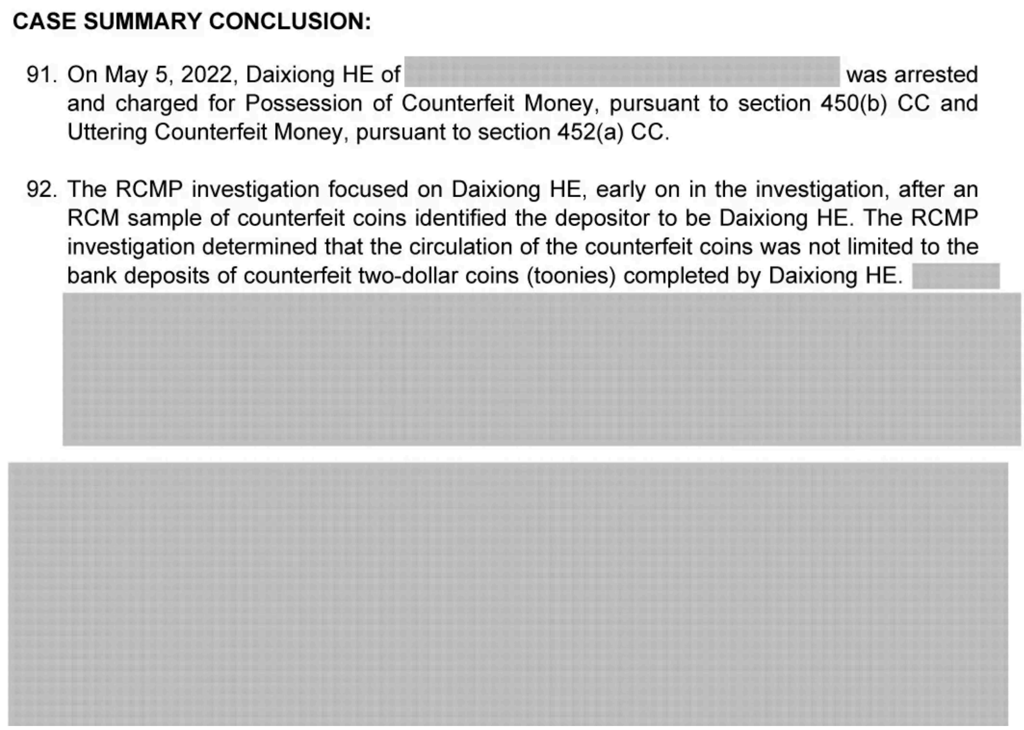
Accused: Daixiong HE [redacted]

Prepared by: Cpl Fiona DOBSON

The cover sheet of the RCMP criminal investigation report was itself heavily redacted. **Global News / obtained from RCMP under the Access to Information Act**

“The RCMP investigation determined that the circulation of the counterfeit coins was not limited to the bank deposits of counterfeit two-dollar coins (toonies) completed by Daixiong He,” the report states. The next 10 sentences were also blacked out.

He’s lawyer in the criminal case previously told Global News that this other man was the real story behind the toonie counterfeiting, but said that man was released by Canadian authorities after a failed deportation attempt.



CASE SUMMARY CONCLUSION:

91. On May 5, 2022, Daixiong HE of [redacted] was arrested and charged for Possession of Counterfeit Money, pursuant to section 450(b) CC and Uttering Counterfeit Money, pursuant to section 452(a) CC.

92. The RCMP investigation focused on Daixiong HE, early on in the investigation, after an RCM sample of counterfeit coins identified the depositor to be Daixiong HE. The RCMP investigation determined that the circulation of the counterfeit coins was not limited to the bank deposits of counterfeit two-dollar coins (toonies) completed by Daixiong HE. [redacted]

An excerpt of an RCMP investigation report obtained by Global News under the Access to Information Act. **RCMP**

The report reveals that the probe by the RCMP began July 12, 2021, after a Royal Canadian Mint request for help on June 16, 2021.

By then, the RCMP's own National Anti-Counterfeiting Bureau (NACB) already knew the fake coins were circulating in the Greater Toronto Area for more than a year before, the report reveals.

Fakes first appeared in a Durham Regional Police Service file in February 2020 and were the same ones circulating in Toronto in 2021, the RCMP report reveals, offering no further details.

During those early months of the pandemic in 2020, the RCMP report notes, the mint had paused its coin inspection programs, which aim to detect, identify and withdraw fakes.

Yet what was likely a mint workplace safety move — avoiding worker gatherings inside facilities to prevent infection — also allowed counterfeiters in the Toronto area to profit for more than a year.

How He was identified as a suspect

Once the Mounties launched their probe in 2021, they quickly identified He as a suspect thanks to the mint's coin sampling and inspection program, the RCMP report reveals.

The mint's program involves taking large bright red boxes of 500 $2 coins, opening them up and examining them all to see how many counterfeits, if any, each big box contains.

Each box can be traced back to a specific bank, and a branch, where it was deposited or came from via an armoured car transport service. Further sleuthing at the bank can then identify a suspect.

As it unfolded, the RCMP probe grew to include almost a dozen investigators: a surveillance operation on He as the businessman deposited coins, as well as forensics experts from the National Anti-Counterfeiting Bureau, an RCMP entity, and fraud investigators from three banks.

FINTRAC, Canada's financial intelligence agency, also became involved.

ELO

The logo for HSBC Bank Canada is seen on King Street West in Toronto. HSBC Canada was taken over by RBC. THE CANADIAN PRESS/Eduardo Lima

The team discovered that He had been depositing $2 coins into various personal and business accounts at Royal Bank, Bank of Montreal and HSBC Canada bank accounts across the GTA between Jan. 4, 2021, and Nov. 12, 2021, the report states.

Why it matters

Why should Canadians care if a lowly $2 is counterfeited and circulated on a large-scale basis?

Thousands of small and medium-sized Canadian businesses accept millions of such coins from customers every day. If banks reject any coins as counterfeits and seize them, then the merchants, not the customers, are stuck with financial losses.

Coin collectors also buy rolls and boxes of $2 coins to “hunt” for rarer and collectable coins inside. If they get 10 or 50 fakes in a box of 500 they buy from the bank, tellers will not take them back, leaving hobbyists with painful and unaffordable losses.

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Canada has a new toonie, and it celebrates Inuit culture

Both situations can undermine public confidence in the Canadian coinage system.

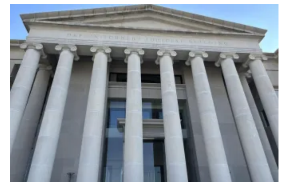
A mint spokesperson contends current coin monitoring programs “indicates that the presence of counterfeit $2 coins remains very low.”

Counterfeit coin expert Mike Marshall disagrees, saying that despite the arrest and conviction of He, the other suspect remains free and fake toonies continue circulating, with intermittent pauses in their distribution. Quantities also vary at different times, he said.

“They’re cycling them (the counterfeits). They’re not running the high percentiles right now, but they’re still there. They’ll drop down to one per cent of coins sampled but have increased at some points to five to six per cent of coins sampled, and that’s a lot,” Marshall said.

A Quebec man has been convicted and jailed for possessing and uttering fake toonies he ordered himself from China, but nothing indicates that his case and He’s case are linked in any way.

One person is dead and 16 are injured after a shooting at Tuskegee University



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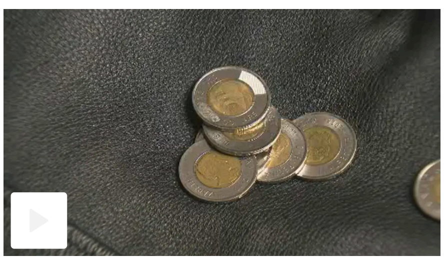
26,000+ fake toonies seized in CBSA bust



26,000+ fake toonies seized in CBSA bust

Quebec man who imported 26K fake toonies gets jail time

Marshall said facts about He, described in the RCMP investigation report obtained by Global News, show police could have disrupted the Toronto distribution network faster by arresting the grocer earlier.

“They had him, and they waited four to five months until he did it again, and then they arrested him, and that makes absolutely no sense,” Marshall said.

One bank detected fakes, others not

The first and largest number of $2 counterfeit coins were spotted in deposits made at three Royal Bank branches in the GTA in June, August and November of 2021, the report reveals.

The mint’s coin sampling efforts revealed that on July 26, 2021, somebody deposited fake $2 coins at an RBC branch, and mint sampling programs detected fake toonies inside the boxes.

On Sept. 3, 2021, an RBC regional investigations boss whose name was redacted told RCMP investigators the bank had potentially identified the depositor.

By Sept. 15, 2021, RBC told the Mounties they had located branch security video footage of a client making fake toonie deposits and identified him.

By Oct. 4, 2021, the RCMP said, investigators obtained a court order for RBC to disclose the name, videos and records about who made the July 26 box of coins at RBC: it was Daixiong He.

As the RCMP closed in on the suspect, He on Nov. 8 deposited another six full boxes of fake coins, with a face value of $3,000, at an RBC branch in Toronto, the report states.

They were immediately seized by the RCMP as suspected counterfeits because they featured a split-toe design flaw error instead of bear paws. The seized coins were sent to the police lab.

By Nov. 29, an RCMP forensic counterfeits specialist confirmed in a preliminary report that they were all fakes. A full confirmation followed.

Report says bank failed to detect fakes

The RCMP investigation report reveals that in addition to his RBC deposits, mint officials spotted and intercepted another entire box of 500 fake toonies that HSBC Bank of Canada had accepted as a legitimate deposit.

In fact, RCMP soon learned that He had deposited 77 big boxes of toonies at different HSBC branches in the Greater Toronto Area during 11 months in 2021.

One deposit led to his downfall.

He deposited one big box of 500 $2 coins on Oct. 4, 2021, at an HSBC branch in Toronto. The coins were transferred to the mint, which examined the box and found it was entirely filled with 100 per cent fake toonies.

HSBC - COIN DEPOSIT# 4 to 26

44. On October 8, 2021, the RCM inspections identified one full box [redacted] of counterfeit toonies from HSBC branch, [redacted] Toronto, ON [redacted] On October 12, 2021, Jim MCISAAC, a Senior Manager in Protective Services at the RCM, Winnipeg, MB, provided a photograph of the box in question, via email, which showed a HSBC date stamp of October 4, 2021. [The box was numbered 114, according to the RCM's sampling process.]

45. Cpl. DOBSON contacted HSBC to inquire about the box of toonies, date stamped October 4, 2021, and requested if HSBC could determine who the depositor was. On October 21, 2021, Cpl. Fiona DOBSON received a response from [redacted] a Senior Fraud Specialist at HSBC's Investigations Unit in Vancouver, BC. [redacted] confirmed that the depositor was Daixiong HE, a client who owns a grocery store.

[redacted]

The RCMP report highlighted how an entire box of counterfeit $2 coins was accepted for deposit by HSBC Canada, with no teller detecting it was filled with 500 fakes. **RCMP report Global News obtained under the Access to Information Act**

Yet neither the HSBC teller nor coin handlers working for the bank ever found that box or any of the other of He's HSBC coin boxes as suspicious or possible counterfeits, according to a Vancouver-based HSBC fraud investigator interviewed by the RCMP.

The HSBC Canada investigator's name was redacted. The explanation HSBC gave for its miss was blacked out too. HSBC Canada has since **been acquired by RBC.**

A Royal Bank spokesperson declined comment, referring questions to HSBC Global in London, whose corporate media department did not respond.

DID BANKS HELP DETECT FAKES?

In contrast to the RCMP's report claiming HSBC missed the fakes, a sharp BMO branch teller in Richmond Hill spotted a full box of counterfeit camel-toe toonies (500 x $2 each) deposited by He shortly after accepting it on Nov. 12, 2001.

The BMO teller later that day asked He how he obtained the coins, saying the bank determined they were counterfeit. He's reply to his BMO teller was redacted.

The unidentified BMO teller informed their branch manager, who then prepared and filed a suspicious transaction report with FINTRAC "relating to

Daixiong He's financial activities at Bank of Montreal," the RCMP report states.

The BMO branch manager waited for police to call.

On Feb. 28, 2022, almost three months later, FINTRAC produced a broader disclosure and financial intelligence report for the RCMP on He's "suspicious financial activities at Bank of Montreal."

FINTRAC report to the RCMP

Almost a full page of the RCMP report discussing FINTRAC's intelligence on He was redacted.

On March 4, 2022, RCMP investigators finally received information about BMO's suspicious transaction report from FINTRAC.

No reason is given for the months-long delay between the time the BMO branch manager filed the STR, or when FINTRAC produced the disclosure report and shared it with the RCMP.

A FINTRAC spokesperson said federal law prevents him from explaining.

However, past FINTRAC financial intelligence disclosures indicate that have become public indicated such reports are in-depth and involve analysis of hundreds of transactions by a person, and businesses they own, not just a quick assessment of one bank's suspicious transaction report.

On April 26, 2022, more than four months after BMO filed its suspicious transaction report, two RCMP constables visited the Richmond Hill BMO branch where He had tried to deposit a full box of fake coins into his business account.

According to the report, two constables examined the suspicious coins BMO had kept and, believing they were counterfeits, immediately seized them. They forwarded them to the RCMP's National Anti-Counterfeiting Bureau for examination. All were later confirmed fakes.

Daixiong He was arrested a few days later.