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The hunt for Canada's \$1,000 bills: There are nearly a million left, most in the hands of criminal elites

By Adrian Humphreys

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The whereabouts of almost \$1-billion worth of the banknotes is a mystery rekindled this month at Quebec's corruption probe when a witness spoke of a safe over-stuffed with cash, including \$1,000 notes, inside a political office.



Postmedia files The remaining Canadian \$1,000 notes are the highest denomination legal tender in the Western world.

Retired on May 12, 2000, for being mostly used in criminal transactions, any \$1,000 note deposited at a bank is destroyed, although the bills - nicknamed "pinkies" by gangsters because of the pinkish-purple ink - remain legal tender.

Money-laundering experts believe most of the missing bills continue to circulate among criminal elites who use them to pay large debts, with the recipient, in turn, using them to pay their own debts with only a portion of the notes bleeding off into the legitimate banking system.

"They are used now to pay off IOUs, not as traditional cash. They are used for buying and selling but not for cashing, because they know if they cash them, it is traceable," said Jeffrey Robinson, a New York-based author of several landmark books on money laundering.

"They keep paying with them, over and over, and it's only the last guy in line who has to worry about cashing them."

The notes were retired as part of the fight against organized crime at the recommendation of the RCMP, said Jeremy Harrison, spokesman for the Bank of Canada.

He said the bank could not speculate about where the missing \$1,000 bills are or how they might be used.

At Quebec's Charbonneau corruption commission, a former organizer for the Union Montreal, said the political party was awash with cash, some of it in \$1,000 bills. Martin Dumont said the party's chief fundraiser had a safe in his office so stuffed that he once needed help closing it.

"They were red, brown and pink," Mr. Dumont told the commission, listing the colours of the Canadian \$50, \$100 and \$1,000 bills.

High-denomination bank notes are popular with high-end criminals because it makes moving large amounts of cash so much easier.

Every Canadian bank note weighs the same - one gram - and for cash deals as big as those done by drug rings, payment can require a duffle bag.

A \$1-million payment in \$100 bills, currently the highest denomination circulating Canadian note, requires 10,000 bills and weighs 10 kilograms.

But in \$1,000 bills, it is a manageable 1,000 notes weighing one kilo.

"The \$1,000 bill is cool for these guys because it means you just reduced the bulk on \$1-million by a factor of 10. You can put that in your pockets," said Mr. Robinson.

"The weight of money always exceeds the weight of the cocaine," said Peter Lamey, spokesman for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), a government agency collecting information on suspected money laundering.

"Money can be cumbersome when conducting drug transactions," he said.

In the 1980s, the Caruana Mafia clan in Montreal was depositing so much money that they backed a pickup truck up to the doors of a Montreal bank and tossed out hockey bags stuffed with cash.

The boss of the clan paid tellers to set aside any \$1,000 bills for him.

When the notes were first withdrawn, 2,827,702 of them were circulating, according to Bank of Canada statistics. That has steadily declined as stray notes were deposited or exchanged at Canada's banks.

In 2011, the value of missing notes, which remains on the Bank of Canada's books as a liability, dipped for the first time to below \$1-billion.

Some of them will be in safety deposit boxes or similarly hidden, kept as liquid assets. Others will remain in the hands of collectors who like to hoard bills that might become rare, financial experts say.

But few doubt that the majority of the remaining bills continue to fuel the drug trade as the highest denomination legal tender in the Western world.

As the stash continues to dwindle, that claim slowly passes to the eurozone's €500 note.

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References

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Postmedia News Legal tender: The notes are nicknamed 'pinkies' because of their pinkish-purple ink.

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