

Fake Whisky Might Be A Much Bigger Problem Than You Think

There's always a new fake food scandal breaking somewhere. Today it is Scotch whisky.

BY LARRY OLMSTED

Food fraud is nothing new. As the author of the *New York Times* bestseller *Real Food, Fake Food, Why You Don't What You're Eating & What You Can Do About It*, very little about food, wine or sprits fraud shocks me anymore. I've seen fake champagne, fake collectible wines, fake cheese, fake olive oil, even fake tomatoes. Just last week, the New York State attorney general's office released reported that despite a Presidential Task Force convened a few years ago expressly to fight the massive fraud in the seafood industry, huge quantities of fish remain illegally mislabeled at retail—with popular and valuable species, the amount that is fake is sometimes more than 90%.

Fake food is not only in our lives, it is prevalent. Since my book came out, I've followed this, written on new findings, have been on TV news shows more than 20 times, and frequently field calls from reporters around the world, because there is always anew Fake Food scandal breaking somewhere. Today it is Scotch whisky.

A shocking report found that more than a third of rare and collectible Scotch whiskies in private collections and for sale on the secondary market may be fake. These are the kinds of bottles sold at very specialized high-end retailers and at global auctions, often for four to six figure sums.

Rare Whisky 101 is a whisky valuation service, brokerage and consultancy for whisky connoisseurs, collectors and investors that was launched in Scotland in



2014. The company has tracked every bottle sold at UK auctions over the past 12 years in order to compile what it calls “the world’s first, only and most comprehensive online single malt Scotch & Japanese whisky,” a dataset covering almost 375,000 price records across over 40,000 different labels.

More recently, the company worked with scientists at the Scottish Universities Environmental Research Centre (SUERC) at the University of Glasgow’s College of Science & Engineering. SUERC’s radiocarbon laboratory is one of the longest established and largest radiocarbon dating laboratories on earth, and does everything from testing archaeological samples to analyzing skeletal remains for the police to verifying whiskies and other spirits for the distilled spirits industry, auction houses and private

These three bottles of whisky certainly look old, and that makes the very valuable. But testing at the University of Glasgow’s SUERC lab found otherwise.



PHOTOGRAPH WWW.IAINMCLEAN.COM

individuals. In short, they know what they are doing. Due to atmospheric radiation since the Cold War, their whisky testing is accurate to within a 2 to 3-year period of distillation for products made since the 1950s, and for samples more than seven decades old, the tests offer a wider band of accuracy.

Rare Whisky 101 teamed up with SUERC to randomly sample a range of 55 different whiskies, bottles that were acquired by RW101 from different sources through the secondary market. Of these 21—nearly 40%—were confirmed to be either outright fakes or whiskies not distilled in the year declared. But it gets worse—the older and more collectible/valuable the whisky was, the faker it was. In fact, every single bottle—100%—of malt whiskies purporting to be from around 1900 or earlier

were fake. The 21 imposters would be worth an estimated potentially worth around \$804,000 including one bottle worth \$190,000. Highlights of the testing include three bottles of rare whisky acquired by the company through three different channels: Ardbeg 1885 from a private owner, a rare Thorne's Heritage early-20th-century blended whisky purchased at auction and an Ardbeg purported to be bottled in the 1960s bought at retail. All three were found to be fakes.

After more than nine months of testing, the results indicate that the problem of fake rare Scotch whisky in the secondary market is much more prevalent than originally thought, infiltrating all major routes to market for rare and vintage whisky. Based on these results, Rare Whisky 101 estimates that around \$52 million worth of rare whisky is currently circulating in the secondary market, and some of what is present in existing collections is fake. That's a shocking number and the company notes that it represents a value greater than the entire annual UK auction market.

Rare Whisky 101 co-founder David Robertson released a comment on the matter: "We are clearly disappointed to discover that, without exception, every single 'antique' pre-1900 distilled whisky RW101 have had analyzed over the last 2 years has proven to be fake. It is our genuine belief that every purported pre-1900—and in many cases much later—bottle should be assumed fake until proven genuine, certainly if the bottle claims to be a single malt Scotch whisky.

This problem will only grow as prices for rare bottles continue to increase."

His partner Andy Simpson added, "As we have always stated, each buyer must seek to assure themselves of the authenticity and veracity of any potential acquisition. The exploding demand for rare whisky is inevitably attracting rogue elements to the sector. While we know that the vast majority of rare whisky vendors aren't knowingly selling fake whisky to unsuspecting buyers, we would implore auction houses, retailers, brand owners and buyers to refrain from selling or purchasing any pre-1900 distilled Scotch whisky unless it has a professional certificate of distillation year/vintage by a carbon dating laboratory."

The good news is that there may be a solution to give buyers renewed confidence in the market—and in their

existing collections. Professor Gordon Cook, head of the SUERC Radiocarbon Laboratory, acknowledged that the analysis benefited significantly from the assistance of major Scottish distillers who provided samples of known ages to create benchmarks and to create what “we consider to be the Gold Standard technique for identifying the age of a whisky. It is disappointing to see the large percentage of vintage whiskies that turn out to be fake. However, we have developed a very powerful technique to beat the fraudsters and I’d advise anyone thinking about selling what they consider to be an early product to have it analyzed. Recently, we have analyzed four bottles of early whisky (including a rye whisky from the U.S.), purported to have been distilled between the mid-19th to the early-20th century, for members of the general public. Of these, three were genuine, so there are really old and rare whiskies in existence.”

The collectible Scotch whisky market is a rarefied and specialized world, but food frauds permeates all aspects of our lives, especially in the U.S., from supermarkets to restaurants at all price points. For much more on this topic and concrete tips on how to beat the fraudsters in your everyday life, read my book, *Real Food Fake Food*. *



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SUERC's Professor Cook and colleagues with one of the fakes, after extensive Scotch whisky testing commissioned by Rare Whisky 101.

Whisky's “well-kept secret”

IN JUST FIVE YEARS, prices of rare whiskies have appreciated 140%, as reported by Scottish-based Rare Whisky 101, “the first and only company to publish an extensive range of insight and intelligence to the whisky collector and investor.”

According to the International Whiskies Insights 2018 Edition, sales volumes jumped from 270 million cases in 2013 to 300 million in 2016. By 2017, a rise of 2.3% to nearly 315 million cases was reported. “The vast and diverse international whiskies category is in the middle of a purple patch of growth.”

For Oak Group One PLC, a company focusing on rare whisky investments, rare whisky has proven to be less volatile as an investment than the stock market or other traditional assets. “The index over the past ten years for 1,000 investment whiskies shows a steady performance of over 400% and over 30% in the past 12 months.”

A UK incorporated publicly traded company, The Oak is targeted to raise £1 million with a goal to provide an annual return of over 20% by benefiting from rising prices of old and rare whiskies, both bottles and barrels.

Founding Partner Peter Adams is adamant: “Together with industry professionals, we have created a process and method of guaranteeing the current and future authenticity of each bottle purchased from us.”

A part of this process includes a combination of object identifying and blockchain, which makes it possible to identify a single bottle years after it has been purchased from the Oak Group.

“The Oak Authenticity Process is a unique and well-kept secret offered by us to all of our customers and investors for guaranteeing a zero-counterfeit risk,” assures Adams.

“We have both our own as well as external professionals purchasing whiskies with a view to selling them at a profit as the value increases over the remaining years of The Oak’s lifespan,” says Adams.

“Dividends will be paid one to four times a year, based on the performance and liquidation of short-term inventory.”

The Oak is fully transparent and open to private and institutional crypto and fiat investors who are looking for a new means of diversification for their investments.

“Every transaction, purchase or sale, will be documented in our blockchain ledger,” Adams emphasizes. “No transaction can be changed after it’s been recorded and all transactions can be easily audited by The Oak investors.”

During The Oak’s lifespan, from five to seven years depending on the market situation, the main part of the inventory will be kept as a long-term investment and an allocation of about 20% will be put to active trading to make dividend payments possible. A maximum of 20% of yearly performance can be used to cover the expenses. 60% of the performance will be paid out as dividends and 40% invested back to The Oak.

There are no management or storage fees, but there’ll be no tittle for investors either: whiskies are kept either at the distilleries or at secured and insured storages located in the EU. *