

FRAUD Alert

Summer 1994

Volume 4, Number 1

New Currency Designs Meant to Block Counterfeiters

The Treasury Department plans to redesign United States currency to thwart high-tech counterfeiters, while assuring the public that the money they now have will not be devalued.

The twin goals of this undertaking will take a few years. The first of the new \$100 bills, the most counterfeited denomination, won't be in circulation until 1996. The lower denomination bills will follow every six months to a year until the year 2000 when all the new bills should be in circulation.

At the same time, U.S. currency has become such a world standard that the Treasury will conduct a massive education program to assure the public worldwide that the money it now holds won't lose value and the newly designed notes will be of equal value.

The upcoming change will be the first major overhaul of paper money in 65 years, but with the advances in reprographics, experts say to expect currency to continue to change with technology.

The final design for the new \$100 note won't be complete until next

year, but Treasury officials want to show the public what to expect. The most obvious change will be a 50 percent larger historical portrait that is off center. But overall the currency will continue its traditional appearance.

"The new currency will maintain its current size and colors, with portraits of the same historical figures on the faces and the same buildings or monuments on the backs," Mary Ellen Withrow, Treasurer of the United States, told the House Banking committee.

But under development and testing for consideration in the new design are these features (see display on page three):

— Iridescent "planchettes" of tissue paper a few millimeters in diameter incorporated directly into the bills. The reflective quality of these planchettes makes the bills impossible to photocopy.

— Up to five security threads imbedded into the notes. The combinations would differ with each denomination, except the one dollar

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Editor's Note

You may be wondering if this is the same Fraud Alert that you have received from the FDIC for the past three years. Yes it is. As we move into our fourth year, it seems appropriate to shake off any dust that may have accumulated and put on a new face.

The look of the newsletter may have changed, but that's only to keep it vibrant. We intend to maintain the high quality of information that you have come to expect.

If you think your bank's security officer would benefit from reading this newsletter, please pass it on or photocopy it.

The Editor

New Currency Designs Meant to Block Counterfeiters

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bill would have none. The threads would have the denomination of the note imprinted on them and would be machine readable.

— A watermark of the figure pictured on the bill visible off to the side of the portrait when held up to the light. Like the imbedded thread, it will not reproduce on color photocopiers.

— Inks that change color when viewed from a different angle. For example, the ink may appear to be green when viewed directly, but when the bill is turned at an angle it changes to gold.

— Line structures incorporated into the design of the bill that would create a moire pattern, or wavy effect, when copied. This can be compared with the way a striped shirt appears on television.

— Intaglio microprinting in other parts of the bills. The \$50 and \$100 notes now have "The United States

of America" printed repeatedly in the border surrounding the portrait, which can only be seen with a magnifier and is too small to be copied.

— Distinctive machine detectable fibers may be added. In addition, "covert features, which can be identified by machines, will enhance the banking system's ability to detect counterfeits," the Treasury said in a news release without elaborating.

The greatest number of security features will be incorporated in the highest denomination bills, with fewer features built into the lower denomination bills that are less likely to be counterfeited.

"No single feature alone is sufficient and no single currency design can be absolutely counterfeit-proof over time. But with a willingness to re-examine and update our designs, we can stay ahead of the technology curve," Treasury Secretary Lloyd Bentsen said in a statement announcing the design change.

The redesign, Bentsen said, is not being done because of crisis or a threat, but as "a pre-emptive step to protect U.S. currency from high-tech counterfeiting."

The Federal Reserve estimates there is \$357 billion in U.S. currency in circulation, with about \$200 billion overseas. The bulk of the counterfeit notes are circulated abroad.

The Secret Service reports that last year \$120 million in counterfeit U.S. currency was seized abroad, while in this country \$44 million of counterfeit notes were passed. The total of counterfeit notes, a Treasury official said, is less than one-half of one percent of the money in circulation.

Treasury officials said the changes being considered will require banks and businesses to alter machines that read money. A Treasury official said the department would be working with the machine manufacturers to provide them with the information they will need to modify those machines. Δ

The *Fraud Alert* is published quarterly by the Federal Deposit Insurance Corporation, 550 17th Street, N.W. Washington, DC 20429

This newsletter is produced by the Office of Corporate Communications, FDIC.

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Fugitive S&L executive sentenced to 40 years

Tom J. Billman, a former Maryland savings and loan executive who spent four years as a fugitive living abroad lavishly, was sentenced to 40 years in prison and ordered to pay \$25 million in restitution.

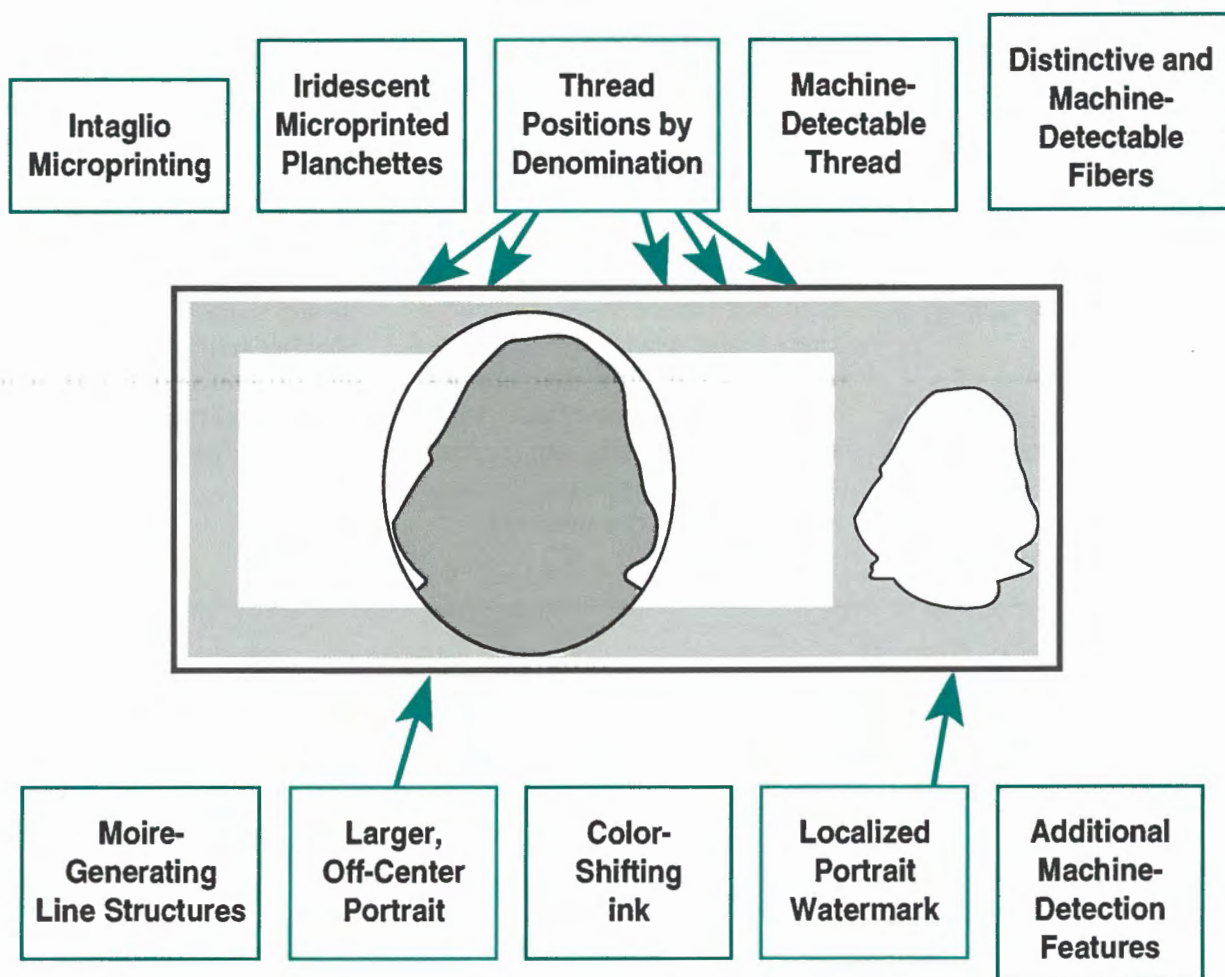
Billman was convicted in federal court in Baltimore of stealing mil-

lions of dollars from the failed Community Savings & Loan Association of Bethesda, Maryland.

Billman, 53, who was arrested in Paris in early 1993, was found guilty in April on 11 counts of wire and mail fraud by U.S. District

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New Currency Features Under Consideration



Shaded portions indicate areas for numerals, titles and traditional engraved borders.

Source: U.S. Treasury Dept.

Fugitive Maryland S&L executive sentenced to 40 years

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Judge J. Frederick Motz. Billman had requested a trial by judge.

He faced a maximum sentence of 55 years in prison, and Barbara S. Sale, Assistant United States Attorney, said at the time of his conviction she would ask the court to impose a "substantial fine" on Billman.

Federal investigators are still trying to determine how much money Billman has hidden in various bank accounts, *The Washington Post* reported. They think Billman may have as much as \$22 million in Swiss bank accounts.

Billman is one of several S&L executives who have been convicted of defrauding thousands of deposi-

tors in Maryland's 1985 savings and loan crisis.

Billman and two other Community executives were charged with conspiring to divert the bulk of \$106 million from depositors' accounts in 1985 and 1986 to help shore up a nationwide real estate investment venture called Equity Programs Investment Corporation (EPIC), the *Post* reported. The other two defendants were acquitted in 1992.

Another \$28 million, according to prosecutors, went to the trio in phony payments for positions they held in several interlocking corporate entities tied to EPIC. Prosecutors say when EPIC began losing money, the trio drained money from Community's depositors' accounts to cover losses, knowing the money was unlikely to be returned.

After a Maryland county jury, in December of 1988, found Billman and the other two executives liable for \$112 million in civil damages for the thrift's collapse, Billman disappeared.

Investigators say that Billman lived lavishly in Europe, North Africa and South America until he was arrested in Paris by police working on a tip.

Billman fought extradition to the United States. In a French court he won a dismissal of conspiracy and racketeering charges, but was returned to the U.S. to face 16 fraud charges related to information in mail and telephone calls that prosecutors said furthered Billman's scheme to loot accounts at Community. Δ

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