



The New Color of Money

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Counterfeit Deterrence

The Federal Reserve System and the Department of the Treasury are committed to continuous improvement in currency design and aggressive law enforcement to protect the integrity of U.S. currency against counterfeiting.

- Currency counterfeiting has consistently been kept low for more than 100 years.
- Despite counterfeiters' increasing use of technology, advanced counterfeit deterrence on the part of the authorities has kept counterfeiting at low levels. Current estimates put the level of counterfeit notes in circulation worldwide at between 0.01 and 0.02 percent, or about 1-2 notes in every 10,000 genuine notes.¹
- The most recent money designs, which were introduced beginning in 1996, included improved security features to make counterfeiting more difficult and to make it easier for financial institutions, professional cash-handlers and the general public to check their U.S. currency.
 - Easy-to-use security features help people check their U.S. money:
 - ✓ **Watermark:** a faint image, similar to the portrait, which is part of the paper itself and is visible from both sides when held up to the light.
 - ✓ **Security thread:** also visible from both sides when held up to the light, this vertical strip of plastic is embedded in the paper and spells out the denomination in tiny print.
 - ✓ **Color-shifting ink:** the numeral in the lower right corner on the face of the note, indicating its denomination, changes color when the note is tilted. For the new currency, this color shift is more dramatic. It changes from copper to green, making it even easier for people to check their money.
- Because these features are difficult for counterfeiters to reproduce well, they often do not try; they hope that cash-handlers and the public will not check their money.

¹ U.S. Secret Service

**For further information about counterfeiting, contact:
U.S. Secret Service Office of Public Affairs, (202) 406-5708**



- Through aggressive law enforcement, authorities seize the vast majority of known counterfeit U.S. dollars before they are passed into circulation. In 2002, authorities worldwide seized three counterfeit notes for every counterfeit note passed into circulation.¹
- The U.S. Secret Service is working closely with banks and law enforcement agencies worldwide to help suppress counterfeiting activities.
 - More than half of the counterfeit notes detected being passed in the U.S. in fiscal year 2002 originated outside the U.S.¹
 - The \$100 is the most commonly counterfeited note abroad, while the \$20 note is the most commonly counterfeited domestically.¹
 - In fiscal year 2002, the U.S. Secret Service and international authorities seized \$130 million in counterfeit notes before they ever made it into circulation, thus preventing those counterfeit notes from being passed to victims. Another \$44.3 million in counterfeit U.S. currency that had been passed into circulation was detected and removed worldwide. In these cases, innocent victims who received the bogus bills suffered a financial loss.
 - In 2002, the U.S. Secret Service made 4,900 arrests for currency counterfeiting activities. The conviction rate for counterfeiting prosecutions is about 99 percent.
- The combined efforts of public education, law enforcement, the changes made to the currency in the late 1990s and increased public awareness have all kept counterfeiting of U.S. currency at a low level.

Counterfeiters are turning increasingly to digital methods, as advances in technology make digital counterfeiting easier and cheaper.

- While serious note counterfeiting was once exclusively practiced by organized criminal groups using traditional printing methods that require a high degree of skill, today increasingly deceptive counterfeit notes are produced using basic home computer systems.
 - In 1995, less than 1 percent of counterfeit notes detected in the U.S. was digitally produced. By 2002, that number had grown to nearly 40 percent.¹
 - In 2002, the U.S. Secret Service made 555 seizures of digital equipment, such as personal computers, involved in currency counterfeiting.
 - Currency counterfeiting by traditional offset-printing operations is more prevalent abroad, while digital counterfeiting is more prevalent in the U.S.

¹ U.S. Secret Service

To stay ahead of counterfeiters, the U.S. will be introducing new designs every 7-10 years.

- Enhancing the design of our money has become an ongoing process. As soon as the latest \$20 note design was introduced in 1998, the U.S. government began working on future designs. The new \$20 note design will be issued in late 2003, with the new \$50 and \$100 following, in 2004 and 2005. (Redesign of the \$10 and \$5 notes is still under consideration, but a redesign of the \$2 and \$1 notes is not planned.)

The new \$20 notes will be safer, smarter and more secure: safer because they're harder to fake and easier to check; smarter to stay ahead of tech-savvy counterfeiters; more secure to protect the integrity of U.S. currency.

- The new \$20 design retains three important security features that were introduced in the 1990s and are easy for consumers and merchants alike to check: watermark, security thread and color-shifting ink.
- While consumers should not use color to check the authenticity of their money, the addition of color makes it more burdensome for potential currency counterfeiters because it adds complexity to the note and thus makes counterfeiting more difficult.

Security features are more effective if the public knows about them. To build that awareness, the U.S. government is undertaking a broad public education program. It will help ensure people all over the world know new currency designs are coming, and help them understand and utilize the security features. Outreach will be targeted to cash-handlers; merchants from Main Street storefronts to multinational retailers; associations representing affected audiences, such as small-business groups; and the media.

- People who know how to use the security features can avoid ending up with worthless counterfeit bills.
- While only about one or two in 10,000 notes is a counterfeit, if you end up with that rare fake, you will lose your hard-earned money. Counterfeit bills cannot be turned in for genuine ones, and knowingly passing along a counterfeit is illegal.