

AT 5/28/81

# FEDERAL RESERVE BANK OF NEW YORK

NEW YORK, N. Y. 10045

AREA CODE 212 732-5700

July 12, 1968


To the Chief Executive Officers of  
State Member Banks in the Second  
Federal Reserve District:

Enclosed is a copy of a leaflet entitled "Counterfeiting and Forgery,"  
which has been prepared by the United States Secret Service.

The leaflet stresses the need for cooperation from the public in  
the efforts of the Secret Service and local police departments to reduce the  
steadily increasing incidence of counterfeit paper currency and coin, forgeries  
of Government checks, and thefts of U. S. Savings Bonds. It describes several  
ways of detecting counterfeits and contains instructions for reporting counter-  
feit bills, avoiding the cashing of forged Government checks, and preventing  
the theft of savings bonds.

Additional copies of the leaflet may be obtained from John W.  
Warner, Jr., Assistant to the Director, United States Secret Service, Treasury  
Department, Washington, D. C. 20226.

ALFRED HAYES  
President



# COUNTERFEITING and Forgery



# COUNTERFEITING

Counterfeiting of money is one of the oldest crimes in history. At some periods of early history, it was considered treasonous and was punishable by death.

During the American Revolution, the British counterfeited our currency in such large amounts that the Continental currency soon became worthless. "Not worth a Continental"—a phrase expressing worthlessness—became a popular expression still heard today.

It was estimated that about one-third of all the currency in circulation was counterfeited at the time of the Civil War. The genuine paper currency in circulation was printed by many banks in hundreds of different designs until a National currency was adopted in 1863. Even the National currency was counterfeited.

The situation was critical, therefore, the Government established the United States Secret Service on July 5, 1865, to suppress the wide-spread counterfeiting of this Nation's currency.

Although the counterfeiting of money was substantially suppressed after the establishment of the Secret Service, it is still a problem and represents a potential danger to the Nation's economy.

Today, counterfeiting once again is on the rise. A reason for this is the ease and speed with which large quantities of counterfeit currency can be produced using modern photographic and printing equipment.

Therefore, we must guard against this threat and one way to do this is by being

more familiar with our currency and know how to detect a counterfeit.

Only with the public's cooperation, together with the aid which is generously given by your local police departments, can the UNITED STATES SECRET SERVICE hope to reduce and prevent these crimes.

This leaflet will show you how to detect COUNTERFEIT bills and coins and how to guard against FORGERY losses.

## Facts About United States Paper Currency

There are three types of U.S. paper currency in circulation. The name of each type note appears on the upper face of the note. The different type notes are further identified by the color of their Treasury Seal and Serial Numbers.

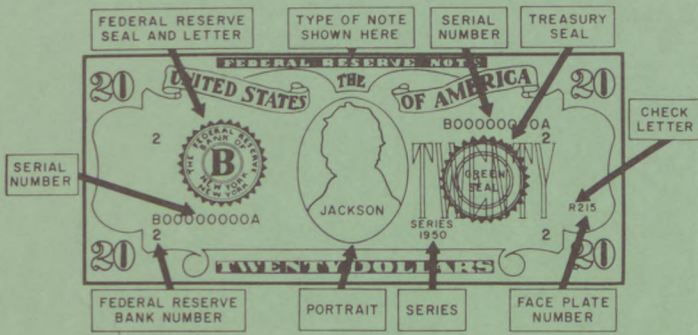
Type	Treasury Seal and Serial Number	Denomination
Federal Reserve Notes	Green	\$1, \$5, \$10
		\$20, \$50, \$100
United States Notes	Red	\$2 and \$5
Silver Certificates	Blue	\$1, \$5, and \$10

## Other Facts

- Silver Certificates and \$2 United States Notes are no longer being printed.
- The \$100 Federal Reserve Note is the highest denomination note *now* being printed.
- Genuine currency is printed on special paper manufactured under strict Government control.
- The paper contains many small red and blue fibers visible to the naked eye.

- Genuine notes are printed from engraved plates by master craftsmen who use the most sophisticated equipment.

## Positions of Important Features of Paper Currency



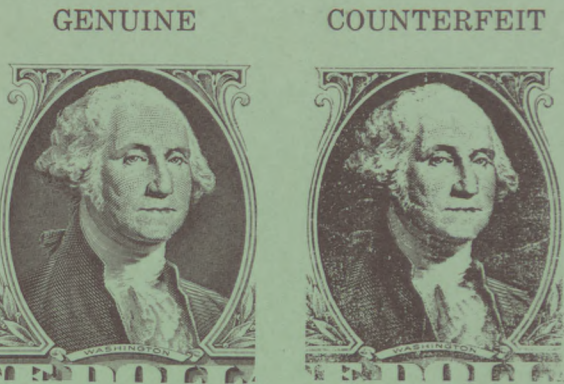
## Recognizing the Counterfeit Note

The best method of detecting a counterfeit note is to compare it with a genuine of the same denomination and series. If available, use a small magnifying glass and look for the red and blue fibers in the paper. Sometimes counterfeiters attempt to copy these fibers by printing colored lines on the paper.

If the note that you question does contain these fibers then, next, compare its other features with the genuine note. *Look for differences—not similarities.*

The counterfeiter does not have access to equipment as sophisticated as the Government's; therefore, his notes are inferior. Most counterfeits are made by a photo-mechanical process. The printing appears flat and lacks the three-dimensional quality of genuine notes.

Further, many of the delicate lines in the portrait of a counterfeit note are broken and often are missing. The lines in the portrait background, if you look closely, form squares and on counterfeits some of these squares are often filled in.



	Genuine	Counterfeit
PORTRAIT AND BACKGROUND	Lifelike appearance; delicate lines are sharp and distinct; background lines are regular and unbroken.	<i>Does it appear flat and dull? Are the shading lines broken or missing? Are the background lines ragged?</i>
TREASURY SEAL	Clear and distinct; sawtooth points are sharp and even.	<i>Is it printed in the right color? Are the design elements clear and distinct? Are the points ragged?</i>
SERIAL NUMBERS	Distinctive style; serial numbers evenly spaced and aligned.	<i>Are they printed in the right color? Are the numbers poorly spaced or not aligned?</i>

## If You Receive a Counterfeit Bill

- DO NOT return it to the passer
- DELAY the passer by some excuse, if possible, while you:
- TELEPHONE the police or the United States Secret Service
- NOTE the passer's description and the description of any companion or vehicle used
- WRITE your initials and the date on the bill and surrender the bill ONLY to the police or the U.S. Secret Service.



## Counterfeit Coins

The typical counterfeit coin is a poor imitation of the genuine and can usually be identified for what it is by close examination. Many counterfeits can be identified by merely comparing the reeding (the corrugated outer edge) of the question coin with a known genuine of the same denomination.

# FORGERY

## U.S. Treasury Checks

The government issues over 500 million U.S. Treasury checks each year. This large number attracts forgers who specialize in cheating people receiving government checks.

Nearly 50,000 U.S. Treasury checks are forged each year. A high percentage of them are stolen from mailboxes in apartment houses and private homes.

The check thief then forges an endorsement—for which he possesses false identification. Retail merchants are favorite targets of check thieves. A government check with a forged endorsement is as worthless as any forged personal check.

### If You Cash Government Checks—

1. Insist that a person presenting the check properly identifies himself as the person entitled to it.
2. Insist that all checks be endorsed in your presence.
3. Initial all checks and note the kind of identification offered.

### And Ask Yourself These Questions:

1. Does the identification really belong to the person presenting it?
2. Does the check appear to be genuine and unaltered?

3. Is the appearance of the endorser consistent with the kind of person who would be expected to have such identification?

Anyone cashing a government check should compare the purpose for which the check is drawn, which is stated on the face of the check, with the person presenting it. For instance, a 14-year-old boy should not be cashing an Old Age and Survivor's Insurance check.

## Protect Your Savings Bonds

Many persons who maintain their U.S. Savings Bonds at home in unsafe places are victimized by burglars or sneak thieves.

Some bond owners have failed to discover that their bonds were missing until months after they had been stolen. These thefts and forgeries create an inconvenience to the victim.

The following suggestions will aid the U.S. Secret Service in its efforts to track down offenders and make it easier for the government to replace stolen or lost bonds.

1. Keep your bonds in a safe deposit box or some other safe place to guard against their theft or loss.
2. Keep a record of the serial numbers, amounts, and issue dates in a separate place apart from the bonds themselves.
3. Give prompt notice of your loss with serial numbers, issue dates, denominations and name and address of the owner to the Division of Loans and Currency, Treasury Department, 536 South Clark Street, Chicago, Illinois 60605.