

103^D CONGRESS
1ST SESSION

H. R. 3385

To protect the integrity of the Nation's financial system from international counterfeiting and economic terrorism, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 27, 1993

Mr. LEACH (for himself and Mr. BACHUS of Alabama) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs, Foreign Affairs, and the Judiciary

A BILL

To protect the integrity of the Nation's financial system from international counterfeiting and economic terrorism, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "International Counter-
5 feiting Deterrence Act of 1993".

1 **SEC. 2. INTERNATIONAL COUNTERFEITING DETERRENCE**

2 **STRIKE FORCE.**

3 (a) ESTABLISHMENT.—There is hereby established
4 the International Counterfeiting Deterrence Strike Force
5 (hereafter in this Act referred to as the “Strike Force”).

6 (b) MEMBERSHIP.—

7 (1) IN GENERAL.—The Strike Force shall be
8 composed of 9 members as follows:

9 (A) The Secretary of the Treasury or a
10 designee of the Secretary.

11 (B) The Director of the Bureau of Engrav-
12 ing and Printing or a designee of the Director.

13 (C) The Chairman of the Board of Gov-
14 ernors of the Federal Reserve System or a des-
15 ignee of the Chairman.

16 (D) The Director of the United States Se-
17 cret Service or a designee of the Director.

18 (E) The Director of the Federal Bureau of
19 Investigation or a designee of the Director.

20 (F) The Director of the Central Intel-
21 ligence Agency or a designee of the Director.

22 (G) The Secretary of State or a designee
23 of the Secretary.

24 (H) The Attorney General or a designee of
25 the Attorney General.

1 (I) The Assistant Secretary of the Treas-
2 ury for Enforcement.

3 (2) CHAIRPERSON.—The Chairperson of the
4 Strike Force shall be the Secretary of the Treasury.

5 (c) DUTIES.—

6 (1) IN GENERAL.—The Strike Force shall—

7 (A) assess the extent to which United
8 States currency is being counterfeited outside
9 the United States and the manner in which,
10 and the countries in which, such counterfeiting
11 takes place;

12 (B) assess the probable effect of such
13 counterfeiting on the United States and other
14 countries and the extent to which such activities
15 pose a threat to the domestic economy of the
16 United States, the payment system, and United
17 States financial institutions; and

18 (C) assess the extent to which counterfeit-
19 ing of United States currency which is engaged
20 in within and without the United States is mo-
21 tivated by economic terrorism with the intent to
22 disrupt the economy.

23 (2) INTERNATIONAL COOPERATION AND AGREE-
24 MENTS.—The Strike Force shall—

1 (A) consider various means for achieving
2 greater international coordination and coopera-
3 tion in combating counterfeiting which occurs
4 outside of the country whose currency is the ob-
5 ject of the counterfeit; and

6 (B) propose international agreements
7 which the Strike Force considers appropriate
8 for achieving such coordination and coopera-
9 tion.

10 (3) ANNUAL REPORT.—The Strike Force shall
11 submit an annual report to the Congress on the
12 state of counterfeiting of United States currency in
13 the world and the activities of the Strike Force
14 under this section for the year covered by the report.

15 (d) EXECUTIVE DIRECTOR.—The Secretary of the
16 Treasury shall appoint an executive director of the Strike
17 Force from among employees of the Department of the
18 Treasury.

19 (e) NO ADDITIONAL PAY OR BENEFITS.—No officer
20 or employee of the Federal Government shall be entitled
21 to any additional pay or benefits by reason of service with
22 the Strike Force.

23 (f) COSTS AND EXPENSES.—The costs and expenses
24 incurred by the Strike Force after September 30, 1993,
25 shall be shared on a pro rata basis by the agencies and

1 department's represented on the Strike Force on the basis
2 of each such agency's or department's total budget for the
3 preceding fiscal year.

4 (g) ASSISTANCE FROM OTHER AGENCIES.—The
5 head of any element of the intelligence community and the
6 Secretary of Defense may provide the Strike Force with
7 such assistance as is appropriate to assist the Strike Force
8 in carrying out its functions.

9 **SEC. 3. STUDIES OF COUNTERFEIT DETERRENCE AND EN-**
10 **HANCED DETECTION AND ENFORCEMENT**
11 **TECHNIQUES.**

12 (a) IN GENERAL.—The Strike Force shall conduct a
13 study of all available technological devices and methods
14 which may be used to enhance detection and enforcement
15 techniques and procedures.

16 (b) FACTORS TO BE STUDIED.—The study conducted
17 under subsection (a) shall include a study of—

18 (1) various types of fibers, planchettes, optically
19 variable ink, watermarks, and optically variable de-
20 vices which may be used in producing currency;

21 (2) various methods for achieving thread en-
22 hancement in currency;

23 (3) various means for redesigning images on
24 currency;

1 (4) other actions which may be taken to deter
2 the counterfeiting of United States currency;

3 (5) how much counterfeit currency has been de-
4 tected by the United States Government, including
5 the Board of Governors of the Federal Reserve Sys-
6 tem, and how much cost has been incurred by the
7 United States Government, including such Board,
8 with respect to counterfeit currency which has been
9 detected;

10 (6) methods and technologies that may be used
11 in the production of Federal reserve notes—

12 (A) to make such notes traceable through
13 the use of a scanning device; and

14 (B) to reduce the likelihood that the coun-
15 terfeiting of such notes can be achieved through
16 the use of color copying machines; and

17 (7) prudent measures which can be taken to
18 prevent the counterfeiting of United States currency
19 and to more readily identify circulating currency as
20 counterfeit.

21 (c) STUDY OF USES OF U.S. CURRENCY OVERSEAS
22 AND CORRELATION OF SUCH USES WITH COUNTERFEIT-
23 ING.—The Strike Force shall conduct a study of—

24 (1) the extent of the demand for United States
25 currency in other countries;

1 (2) the reasons why United States currency is
2 obtained and used in such countries;

3 (3) the extent to which such demand or use in-
4 volves \$100 Federal reserve notes or any other par-
5 ticular denomination; and

6 (4) the merits of abolishing \$100 Federal re-
7 serve notes or producing such notes in a different
8 form or manner or with a different design as a de-
9 terrence to international counterfeiting.

10 (d) REPORT.—

11 (1) IN GENERAL.—Before the end of the 18-
12 month period beginning on the date of the enact-
13 ment of this Act, the Strike Force shall submit a re-
14 port to the Committee on Banking, Finance and
15 Urban Affairs of the House of Representatives and
16 the Committee on Banking, Housing, and Urban Af-
17 fairs of the Senate on the results of the studies con-
18 ducted pursuant to subsections (a) and (c).

19 (2) TREATMENT OF CERTAIN INFORMATION.—
20 If the Strike force determines that the inclusion of
21 any information in the report required under para-
22 graph (1) could reasonably be expected to interfere
23 with enforcement activities relating to counterfeiting
24 or to disclose technical information which would be
25 useful to persons engaged in counterfeiting, the in-

1 formation shall not be included in the report and
2 shall be made available to the committees described
3 in such paragraph in a form other than as a public
4 document.

5 **SEC. 4. CHANGES IN DESIGN OF CURRENCY.**

6 Section 5114 of title 31, United States Code, is
7 amended by adding at the end the following new sub-
8 section:

9 “(d) CHANGES IN DESIGN OF CURRENCY.—

10 “(1) CURRENCY DESIGN COMMISSION.—There
11 is hereby established the Currency Design Commis-
12 sion consisting of the Secretary of the Treasury, the
13 Chairman of the Board of Governors of the Federal
14 Reserve System, and the Director of the Bureau of
15 Engraving and Printing, the chairperson of which
16 shall be the Secretary of the Treasury.

17 “(2) DESIGN CHANGES.—If any member of the
18 Currency Design Commission proposes that Federal
19 reserve notes of any denomination or any other
20 United States currency be redesigned, reformulated,
21 or otherwise produced in a different form or manner
22 for counterfeit deterrence purposes, and 1 other
23 member of the Commission concurs in such pro-
24 posal, the Secretary of the Treasury shall redesign,

1 reformulate, or otherwise produce such notes or
2 other currency in accordance with such proposal.

3 “(3) ANCILLARY ACTIONS.—The Secretary of
4 the Treasury shall take such other action under this
5 section and other provisions of law as may be nec-
6 essary to carry out the requirement of paragraph
7 (2).”.

8 **SEC. 5. FOREIGN OFFICES AUTHORIZED.**

9 For purposes of carrying out this Act and to assist
10 any agency or department which is represented on the
11 Strike Force in any investigation or enforcement action
12 with respect to international counterfeiting, the Strike
13 Force may maintain offices outside the United States.

14 **SEC. 6. ANTICOUNTERFEITING TRAINING TEAM.**

15 The Director of the United States Secret Service, in
16 consultation with the other members of the Strike Force,
17 shall establish a team of experts to assist and provide
18 training to foreign governments, and agencies and depart-
19 ments of foreign governments, in developing and expand-
20 ing any such government’s, agency’s, or department’s ca-
21 pabilities for detecting counterfeited currency, in general,
22 and for investigating and prosecuting activities involving
23 counterfeiting.

1 **SEC. 7. NEGOTIATIONS WITH COUNTRIES IN WHICH A SIG-**
2 **NIFICANT AMOUNT OF COUNTERFEITING OF**
3 **U.S. CURRENCY OCCURS.**

4 (a) NEGOTIATIONS.—The Chairperson of the Strike
5 Force (hereafter in this section referred to as the “Chair-
6 person”) shall seek to enter into negotiations with appro-
7 priate officials of any foreign country which the Chair-
8 person, in consultation with the heads of the other agen-
9 cies and departments represented on the Strike Force, has
10 reason to believe is a country in which a significant
11 amount of United States currency is counterfeited to nego-
12 tiate 1 or more international agreements with such coun-
13 try to—

14 (1) share information and technical expertise to
15 facilitate the detection of counterfeit currency of
16 such country or the United States within such coun-
17 try or the United States and the prosecution of the
18 parties responsible for such activity; and

19 (2) ensure cooperation between the law enforce-
20 ment officers of each party to the international
21 agreement in the investigation and prosecution of
22 counterfeiting activities.

23 (b) REPORTS.—

24 (1) INTERIM REPORT.—Before the end of the 1-
25 year period beginning on the date of the enactment
26 of this Act, the Chairperson shall submit an interim

1 report to the Committee on Banking, Finance and
2 Urban Affairs of the House of Representatives and
3 the Committee on Banking, Housing, and Urban Af-
4 fairs of the Senate on any negotiations in which the
5 Chairperson is engaged pursuant to subsection (a)
6 and the progress in such negotiations.

7 (2) FINAL REPORT.—Before the end of the 2-
8 year period beginning on the date of the enactment
9 of this Act, the Chairperson shall submit a final re-
10 port to the President, the Committee on Banking,
11 Finance and Urban Affairs of the House of Rep-
12 resentatives, and the Committee on Banking, Hous-
13 ing, and Urban Affairs of the Senate on the outcome
14 of negotiations pursuant to subsection (a).

15 (3) IDENTIFICATION OF SUSPECT COUN-
16 TRIES.—The final report submitted under paragraph
17 (2) shall identify each foreign country which—

18 (A) the Chairperson, in consultation with
19 the heads of the other agencies and depart-
20 ments represented on the Strike Force, has rea-
21 son to believe is a country in which a significant
22 amount of United States currency is counter-
23 feited; and

1 (B) has not reached an agreement de-
2 scribed in paragraphs (1) and (2) of subsection
3 (a) with the Chairperson.

4 (c) AUTHORITY OF THE PRESIDENT.—

5 (1) IN GENERAL.—If, after the end of the 2-
6 year period beginning on the date of the enactment
7 of this Act, the President determines, after consulta-
8 tion with the head of each agency or department
9 represented on the Strike Force, that a foreign
10 country—

11 (A) is a country in which a significant
12 amount of United States currency is counter-
13 feited;

14 (B) has not entered into an agreement de-
15 scribed in subsection (b) with the United
16 States; and

17 (C) is not negotiating in good faith to
18 reach any such agreement,
19 the President may take any action described in para-
20 graph (2) with respect to such country.

21 (2) ACTIONS AUTHORIZED.—The actions de-
22 scribed in this paragraph are as follows:

23 (A) Prohibiting, by Executive order, Fed-
24 eral reserve banks, depository institutions, and
25 all other persons engaged within the United

1 States in the transfer of funds by any means,
2 including clearing checks, from—

3 (i) participating in any transfer of
4 funds, including wire and electronic funds
5 transfers, with any person of the foreign
6 country described in paragraph (1) and
7 any agency, department, or instrumentality
8 of the government of such country, includ-
9 ing the central bank of such country; or

10 (ii) accepting any deposit from or on
11 behalf of any such person, agency, depart-
12 ment, or instrumentality.

13 (B) Prohibiting, by Executive order, any
14 person of the foreign country described in para-
15 graph (1) and any agency, department, or in-
16 strumentality of the government of such coun-
17 try, including the central bank of such country,
18 from—

19 (i) participating in any wire or elec-
20 tronic fund transfer of funds with any
21 Federal reserve bank, depository institu-
22 tion, or other person within the United
23 States or otherwise participating in the
24 payment system in any way; or

1 (ii) maintaining a deposit account
2 with any such bank, depository institution,
3 or person.

4 (3) CRIMINAL PENALTY.—Whoever knowingly
5 violates, within or without the United States, any
6 Executive order issued under this subsection shall be
7 fined under title 18, United States Code, imprisoned
8 for not more than 15 years, or both.

9 (4) DEFINITIONS.—For purposes of this sub-
10 section—

11 (A) DEPOSITORY INSTITUTION.—The term
12 “depository institution”—

13 (i) has the meaning given to such
14 term in section 3(c) of the Federal Deposit
15 Insurance Act; and

16 (ii) includes any insured or
17 noninsured credit union (as defined in sec-
18 tion 101(7) of the Federal Credit Union
19 Act.

20 (B) PERSON OF THE FOREIGN COUN-
21 TRY.—The term “person of the foreign coun-
22 try” has the meaning given to the term “person
23 of a foreign country” in section 3502(d) of the
24 Primary Dealers Act of 1988.

1 **SEC. 8. AWARDS AUTHORIZED FOR COUNTERFEITING**
2 **CASES.**

3 Section 524(c)(1)(B) of title 28, United States Code,
4 is amended by striking “1956 and 1957” and inserting
5 “470 through 492, 1956, and 1957”.

6 **SEC. 9. COUNTERFEITING UNITED STATES CURRENCY**
7 **ABROAD.**

8 (a) **IN GENERAL.**—Chapter 25 of part I of title 18,
9 United States Code, is amended by inserting before sec-
10 tion 471 the following new section:

11 **“§ 470. Counterfeit acts committed outside the United**
12 **States**

13 “Whoever, outside the United States, engages in the
14 act of—

15 “(1) making, dealing, or possessing any coun-
16 terfeit obligation or other security of the United
17 States; or

18 “(2) making, dealing, or possessing any plate,
19 stone, digital information, or other thing, or any
20 part thereof, used to counterfeit such obligation or
21 security,

22 if such act would constitute a violation of section 471, 473,
23 or 474 of this title, if committed within the United States,
24 shall be fined under this title, imprisoned for not more
25 than 15 years, or both.”.

26 (b) **CLERICAL AMENDMENTS.**—

1 (1) TABLE OF SECTIONS.—The table of sections
2 for chapter 25 of part I of title 18, United States
3 Code, is amended by inserting before the item relat-
4 ing to section 471 the following new item:

“470. Counterfeit acts committed outside the United States.”.

5 (2) TABLE OF CHAPTERS.—The table of chap-
6 ters for part I of title 18, United States Code, is
7 amended by striking the item relating to chapter 25
8 and inserting the following new item:

“25. Counterfeiting and forgery 470”.

9 **SEC. 10. SANCTIONS AGAINST STATE-SUPPORTED COUN-**
10 **TERFEITING.**

11 (a) RECOMMENDATIONS OF STRIKE FORCE.—The
12 Strike Force shall consider and recommend to the Con-
13 gress and the President sanctions which the Strike Force
14 determines to be appropriate against any foreign country
15 the government of which—

16 (1) engages in counterfeiting or other activities
17 in violation of section 470 of title 18, United States
18 Code; or

19 (2) knowingly or recklessly permits such coun-
20 terfeiting or activity to occur within such country
21 without conducting reasonably diligent investigations
22 or prosecutions of the persons or governmental units
23 involved in such conduct.

1 (b) PROHIBITION ON EX-IM BANK SUPPORT FOR
2 COUNTRIES WHICH SUPPORT COUNTERFEITING OF
3 UNITED STATES CURRENCY.—Section 2(b) of the Export-
4 Import Bank Act of 1945 (12 U.S.C. 635(b)) is amended
5 by adding at the end the following new paragraph:

6 “(12) PROHIBITION RELATING TO STATE-SUP-
7 PORTED COUNTERFEITING.—The Bank may not
8 guarantee, insure, extend (or participate in the ex-
9 tension of) credit in connection with the export of
10 any good (other than food or an agricultural com-
11 modity) or service to any country if the President
12 determines that the government of such country—

13 “(A) engages in counterfeiting or other ac-
14 tivities in violation of section 470 of title 18,
15 United States Code; or

16 “(B) knowingly or recklessly permits such
17 counterfeiting or activity to occur within such
18 country without conducting reasonably diligent
19 investigations or prosecutions of the persons or
20 governmental units involved in such conduct.”.

21 (c) LICENSE REQUIREMENT FOR COUNTRIES IN-
22 VOLVED IN STATE-SUPPORTED COUNTERFEITING.—Sec-
23 tion 6(j)(1) of the Export Administration Act of 1979 (50
24 U.S.C. App. 2405) is amended by adding at the end the
25 following subparagraph:

1 “(C) The government of such country—

2 “(i) engages in counterfeiting or other
3 activities in violation of section 470 of title
4 18, United States Code; or

5 “(ii) knowingly or recklessly permits
6 such counterfeiting or other activity to
7 occur within such country without conduct-
8 ing reasonably diligent investigations or
9 prosecutions of the persons or govern-
10 mental units involved in such conduct.”.

11 (d) PROHIBITION ON FOREIGN ASSISTANCE TO
12 COUNTRIES INVOLVED IN STATE-SUPPORTED COUNTER-
13 FEITING.—Chapter 1 of part III of the Foreign Assistance
14 Act of 1961 (22 U.S.C. 2351 et seq.) is amended by in-
15 serting after section 620A the following new section:

16 **“SEC. 620B. PROHIBITION ON FOREIGN ASSISTANCE TO**
17 **COUNTRIES INVOLVED IN STATE-SUPPORTED**
18 **COUNTERFEITING.**

19 “The United States shall not provide any assistance
20 under this Act, the Agricultural Trade Development and
21 Assistance Act of 1954, or the Peace Corps Act to any
22 country if the President determines that the government
23 of such country—

1 “(1) engages in counterfeiting or other activi-
2 ties in violation of section 470 of title 18, United
3 States Code; or

4 “(2) knowingly or recklessly permits such coun-
5 terfeiting or activity to occur within such country
6 without conducting reasonably diligent investigations
7 or prosecutions of the persons or governmental units
8 involved in such conduct.”.

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