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S. 2158

To require the Secretary of the Treasury to design and issue new counterfeit-resistant \$100 currency.

IN THE SENATE OF THE UNITED STATES

MAY 25 (legislative day, MAY 16), 1994

Mr. LEAHY (for himself and Mr. KERRY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Secretary of the Treasury to design and issue new counterfeit-resistant \$100 currency.

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 “Counterfeiting and
5 Money Laundering Deterrence Act of 1994”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress finds that—

8 (1) advances in technology have made United
9 States currency particularly susceptible to counter-
10 feiting;

1 (2) international organizations hostile to the
2 United States have produced counterfeits of the
3 United States \$100 bill that are extremely difficult
4 to detect;

5 (3) the ability to counterfeit currency allows
6 terrorist organizations or other organizations hostile
7 to the United States to undermine the stability of
8 the United States currency;

9 (4) the ability to counterfeit currency provides
10 terrorist organizations or other organizations hostile
11 to the United States a ready source of negotiable
12 foreign currency with which such organizations can
13 fund activities opposed to the interests of the United
14 States;

15 (5) as shown by counterfeit-resistant currencies
16 of other countries, current technologies exist to
17 make a \$100 denomination currency that is substan-
18 tially more difficult to counterfeit, without being un-
19 duly expensive to produce;

20 (6) implementing a new, counterfeit-resistant
21 currency would substantially impair terrorist organi-
22 zations or other organizations hostile to the United
23 States in efforts to undermine the stability of the
24 United States currency and would eliminate a source
25 of negotiable foreign currency with which such orga-

1 nizations could fund activities opposed to the inter-
2 ests of the United States;

3 (7) an essential aspect of the business of inter-
4 national drug trafficking is the ability to launder
5 large sums of hard currency quickly and inexpen-
6 sively;

7 (8) without the ability to convert large sums of
8 hard currency with near impunity into readily trans-
9 ferable accounts in financial institutions, inter-
10 national drug traffickers would be severely impeded
11 in their operations; and

12 (9) forcing international narcotics traffickers to
13 exchange all of their hard currency held in United
14 States \$100 bills within a specified period of time
15 for a new, counterfeit-resistant currency would sig-
16 nificantly increase the cost of money laundering to
17 drug cartels, thereby reducing their profits.

18 (b) PURPOSES.—The purposes of this Act are—

19 (1) to provide for new, counterfeit-resistant
20 \$100 currencies for use in the United States and
21 abroad to prevent counterfeiting by terrorist and
22 other hostile organizations; and

23 (2) to issue the new currency in a manner that
24 deters money laundering efforts of narcotics traffick-
25 ers.

1 **SEC. 3. COUNTERFEIT-RESISTANT \$100 DENOMINATION**
2 **CURRENCY.**

3 (a) IN GENERAL.—Subchapter II of chapter 51 of
4 title 31, United States Code, is amended by adding at the
5 end the following new section:

6 **“§ 5123. Counterfeit-resistant \$100 currency**

7 “(a) IN GENERAL.—Not later than 6 months after
8 the date of enactment of this section, the Secretary of the
9 Treasury (hereafter in this section referred to as the ‘Sec-
10 retary’), in consultation with the Attorney General and the
11 Administrator of the Drug Enforcement Administration,
12 shall design and designate a domestic use \$100 denomina-
13 tion bill and a nondomestic use \$100 denomination bill
14 in accordance with the requirements of this section.

15 “(b) DESIGN SPECIFICATIONS.—

16 “(1) IN GENERAL.—The designs for the domes-
17 tic use and nondomestic use \$100 currency shall in-
18 corporate—

19 “(A) watermarks, holograms, multicolored
20 patterns, multicolored dyes, or other features to
21 make the currency substantially more difficult
22 to counterfeit than \$100 denomination United
23 States currency in circulation on the date of en-
24 actment of this section;

25 “(B) substantially different coloration or
26 markings to make the new currency clearly and

1 readily distinguishable on casual observance
2 from previously issued \$100 denomination
3 United States currency; and

4 “(C) distinctive coloration such that the
5 domestic use \$100 currency is clearly and read-
6 ily distinguishable on casual observance from
7 the nondomestic use \$100 currency.

8 “(2) DOMESTIC USE DESIGN.—The domestic
9 use \$100 currency shall state on its face, ‘This note
10 is legal tender for all debts, public and private, when
11 presented in the United States. This note shall not
12 constitute legal tender for any debts, public or pri-
13 vate, when presented outside of the United States.’.

14 “(3) NONDOMESTIC USE DESIGN.—The
15 nondomestic use \$100 currency shall state on its
16 face, ‘This note is legal tender for all debts, public
17 and private, when presented outside of the United
18 States.’.

19 “(4) DESIGN CONSIDERATIONS.—In determin-
20 ing design features for \$100 denomination domestic
21 use and nondomestic use currency in accordance
22 with this section, the Secretary shall consider—

23 “(A) the relative efficacy of particular de-
24 sign features in making a currency resistant to
25 counterfeiting; and

1 “(B) the costs of producing bills incor-
2 porating such features.

3 “(c) CURRENCY EXCHANGE.—

4 “(1) PLAN.—Not later than 12 months after
5 the date of enactment of this section, the Secretary
6 shall develop and begin implementation of a plan to
7 require the exchange of all existing \$100 denomina-
8 tion United States currency held within and outside
9 of the United States for \$100 denomination domes-
10 tic use and nondomestic use United States currency
11 issued in accordance with this section.

12 “(2) EXCHANGE REQUIREMENTS.—The plan es-
13 tablished under paragraph (1) shall require the cur-
14 rency to be exchanged—

15 “(A) at financial institutions regulated
16 under United States law and subject to United
17 States currency transaction reporting and other
18 money laundering deterrence requirements; or

19 “(B) at financial institutions that the Sec-
20 retary finds, because of treaty obligations, other
21 provisions of law, or other agreements, are re-
22 quired to report significant transactions in
23 United States currency to the United States
24 Treasury, and abide by such obligations.

25 “(3) 6-MONTH EXCHANGE PERIOD.—

1 “(A) IN GENERAL.—During the period be-
2 ginning on the date that is 12 months after the
3 date of enactment of this section and ending on
4 the date that is 18 months after that date of
5 enactment, the Secretary shall permit the ex-
6 change of circulating \$100 denomination Unit-
7 ed States currency for equal numbers of the do-
8 mestic use and nondomestic use \$100 currency
9 issued in accordance with this section at institu-
10 tions described in paragraph (2).

11 “(B) NON-NEGOTIABILITY.—Except for
12 claims pursuant to subsection (e), beginning on
13 the date that is 18 months after the date of en-
14 actment of this section, the United States
15 Treasury shall not recognize \$100 denomination
16 United States currency issued prior to the date
17 that is 12 months after the date of enactment
18 of this section as constituting a negotiable claim
19 against the United States Treasury, and such
20 currency shall not constitute legal tender for
21 any debts, public or private.

22 “(d) DOMESTIC USE AND NONDOMESTIC USE CUR-
23 RENCY.—Beginning on the date that is 18 months after
24 the date of enactment of this section—

1 “(1) domestic use currency issued in accordance
2 with this section shall be recognized as constituting
3 a negotiable claim against the United States Treas-
4 ury only when presented within the United States,
5 and shall constitute legal tender for any debts, pub-
6 lic or private, only when presented in the United
7 States, but such currency may be exchanged for
8 equal values of \$100 denomination nondomestic use
9 currency (or other United States currency) only at
10 financial institutions regulated by United States law
11 and subject to United States currency transaction
12 reporting and other money laundering deterrence re-
13 quirements; and

14 “(2) nondomestic use currency shall be recog-
15 nized as constituting a negotiable claim against the
16 United States Treasury, and legal tender for any
17 debts, public or private, only when presented outside
18 of the United States, but such currency may be ex-
19 changed for equal values of \$100 denomination do-
20 mestic use currency (or other United States cur-
21 rency) at financial institutions regulated by United
22 States law and subject to United States currency
23 transaction reporting and other money laundering
24 deterrence requirements.

1 “(e) LATER EXCHANGE CRITERIA.—United States
2 currency in the \$100 denomination issued prior to the
3 date that is 12 months after the date of enactment of this
4 section may be exchanged later than 18 months after that
5 date of enactment for either domestic use or nondomestic
6 use \$100 denomination United States currency (or other
7 United States currency) only if the Secretary finds, based
8 on substantial evidence, that the \$100 denomination Unit-
9 ed States currency to be exchanged is not the proceeds
10 of unlawful activity, and, if the amount of such currency
11 to be exchanged totals more than \$10,000, good cause ex-
12 isted for not exchanging it during the exchange period
13 specified in subsection (c)(3).

14 “(f) FINANCING.—The Secretary, in coordination
15 with the Attorney General of the United States and the
16 Administrator of the Drug Enforcement Administration,
17 shall analyze the exchange of currency under this section
18 and determine the amount of existing \$100 denomination
19 United States currency in circulation that is not ex-
20 changed for new domestic use or nondomestic use cur-
21 rency. Credit resulting from extinguished claims against
22 the United States Treasury for amounts that are not ex-
23 changed within the specified exchange period shall be used
24 to fund the requirements of this section. Any additional

1 credit shall be deposited into the United States Treasury's
2 general obligation fund.

3 “(g) REGULATIONS.—The Secretary may promulgate
4 such regulations as may be necessary to implement this
5 section.”.

6 (b) CONFORMING AMENDMENT.—The chapter analy-
7 sis for chapter 51, title 31, United States Code, is amend-
8 ed by inserting after the item relating to section 5122,
9 the following new item:

“5123. Counterfeit-resistant \$100 currency.”.

10 **SEC. 4. NOTICE OF CURRENCY EXCHANGE PERIOD.**

11 Not later than 6 months after the date of enactment
12 of this Act, the Secretary of the Treasury shall develop
13 and begin implementation of a plan for providing notice
14 of the currency exchange requirements established in ac-
15 cordance with the amendment made by this Act to domes-
16 tic and foreign governments, financial institutions, and
17 other affected persons.

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