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Foreign Counterfeiting gone unchecked do to the advent of Advanced Color Computer copy technology.

As reported widely and repeatedly on CNN, on the surface it would appear that certain advances in color copiers would be a welcome development in the business world. But the development of these machines to turn out perfect copies has become a nightmare for many companies. This CNN Special Report was edited by David Lewis.

How would you like to be able to PRINT your own money?
Or, print your own paychecks? --As many as you want!
And Traveller's Checques. Money Orders.
Bank's Cashier's Checks. Even print you own Tax Refunds
issued from the U.S. Treasury? Security certificates?

It's illegal... but it can be done, at the push of a button. This marvel of modern Counterfeiting -- a Japanese color computer copy machine. Canon is the top of the line.

"Anything that's out there can be copied with these machines," said Clint Howard of the U.S. SECRET SERVICE Counterfeiting Division. "Color copiers make reproductions that you can't tell the original document from the copy with the naked eye. If you put a \$100 bill in a Canon Color Copier, push a button, and you've got, well, MONEY. If the correct paper stock is fed into the machine, the duplicate copy will appear to be totally authentic."

This is the crime of the 90's... the latest in high-tech, high stakes Counterfeiting. And it's costing Banks, Businesses, and Insurance Companies -- and all of us -- many billions of dollars. Just how much, no one seems to really know, or will say. Apparently, that's a Banking secret.

Traveller's Checques are alledgedly easier and safer to copy, and the Federal prisons are full of individuals convicted of printing

and forging all manner of governmental or banking documents. "All these copies of Counterfeited Traveller's Checques were found in the Kinko print shop in Santa Monica, late at night," said Howard at the SS. "There was over a million dollars in perfect color copies, and the duplicates were nearly identical to the original bills... even a bank would have a hard time determining their authenticity." Howard said the SS possesses tons of forged Bank Cashier's Checks, confiscated from Counterfeiters, including attorneys at prominent Law Firms. And these copys were of a quality -- good as cash. A single \$10 Cashier's Check can be Laser Photocopied into a million dollars inside of several hours.

Skilled computer copiers can white-out the original amount of a check, then proceed to Color Laser Photocopy the note, and obtaining the correct paper stock is merely problematical. At Kinkos, there is a very wide variety of different paper stocks to choose from -- enabling a damn close approximation in the Counterfeiting.

In fact, the SS claims that most of time, the agency will only apprehend someone counterfeiting money when another forger turns his acquaintance in. On the merchant end-- the Banks, Hotels, Restaurants, airlines and stores -- slick counterfeiting is running rampant and unchecked. As this technology becomes ever more refined, permitting simplified counterfeiting due to science, losses are soaring.

A study by the American Bankers Association says new technology has exposed the industry to greater risks of check fraud and losses than ever before. The modern magic of color copiers and Laser printers can be found on almost any metropolitan street corner -- the copy shop, a counterfeiter's paradise.

How do you stop it? "I don't know that you can," said the SS agent Clint Howard. "There's probably at least a million Canon Color Laser copier units manufactured out there... in offices, stores. We know of prominent Law Firms doing it." Banks are complaining that the fraudulent copies of notes are becoming state-of-the-art, and are virtually impossible to distinguish from their original paper. The ramifications are profound, to say the least.

Tax refund checks from the U.S. Treasury are especially vulnerable to being counterfeitable with the new Color Laser photocopiers. And although the duplicates all have the same serial number, most commercial banking institutions are too busy and mechanized to be able to weed-out the phonies from the real items. How do fakes slip through banks so easily? No one is really watching. Your checks are read by high-tech machines... not by human eyes. The bottom line on a check is usually printed with magnetic ink in order to tell computers whose account it is. Processing clerks punch in the amount down in the corner of every check, but no one stops to take a long, hard look at each little piece of paper.

For example, in Miami, a \$20 refund on a speeding ticket was mailed to a motorist who lived in South America. When it came back to the bank, "The check now had a new amount of \$1,450,000. Yet the check cleared the bank, and the money was already out of the country before it could be stopped," said the SS' Howard.

Desk top computers are making the problem even worse... this is what worries banks the most. Using computers to increase the amount on checks, and then print copies. One outwardly successful attorney with a computer business at home was caught counterfeiting Money Orders in \$1000 denominations... only after his wife reported him to authorities. At his computer terminal, an image of the check would appear on the screen, and then it would print out fresh Money Orders. With a sophisticated computer, a scanner, and a high-quality printer -- home Counterfeiting is apparently flourishing.

In an age when technology has put temptation at everyone's fingertips, law and order has become a StarWars' contest fought by business and government in science and computer labs. The government has found one solution: there's a safety strip hidden in most new bills... from tens up to hundreds. A new, real \$50 bill now has imbedded within its composure an electromagnetic strip -- which will not copy on a commercial duplicating devise.

A professional check printing company in Ohio, Standard Register, has a potential solution: they hide the word 'Void' on checks in a way that will show up when any photo copy is run off.

Canon, the giant of color copier companys, headquartered in Tokyo, is now hiding a secret serial number in each copy that comes off its newest machine. A spokesman from Canon claims they can tell, exactly by the imprinted serial number which machine, and the location of each, a Counterfeit bank note or check came from.

Even so, this is a never-ending battle. Howard of the SS says, "There's really no way to effectively stop it, 100%... because there's always someone willing to take it to the next step." You would think that technology does have its limits, but in the expanding universe of computer science, perfect Counterfeiting is exstant.

Boris Melnikoff, of the American Bankers Association in New York, was asked on CNN just how big a problem this burgeoning Counterfeiting has become to his industry, and how big a loss is entailed?

A: "I think it's safe to assume that these types of frauds perpetrated against the industry is zeroing out somewhere around a Billion dollars a year. I know that sounds extraordinary, but I think basically that's what we're looking at as an industry."

CNN: "That's a huge number. Why are we not hearing more about this... if the loss amount is so large?"

A: "Well, I think that in order to collect all the data from all of the financial institutions around the country is a very, very difficult task. And if you multiply the number of institutions -- 13,000 commercial banks alone -- and then other institutions that are suffering losses from counterfeiting... that will bring that number up quite significantly."

CNN: "How hard is it to catch the people who are doing this? What sort of sophisticated technology are we taliking about here?"

A: "I think what we're really addressing here is the ability of this 'criminal' to copy checks and bank notes through different kinds of copying machines... and then, with the advent of Laser Printers and sophisticated computer hardware -- it's a relatively simple thing to do.

CNN: "Even with how easy it is to accomplish, the Banking industry has come up with a number of devices, has it not -- like the magnetic strips in new currency and checks, and these magnetic markings?"

A: "The magnetic stripes will work when read, and read by a processing unit... and those can be afixed by individuals who have that capability in hand. So, that's an easy thing. But if the banks don't take the loss, if you will, on these counterfeit and forged items... then some merchant or other business out there is going to suffer the loss because the items are being returned to them. Therefore, it's basically a two-fold problem: the banks are taking a loss, or there's going to be a business out there somewhere in this country that's going to experience the same loss."

CNN: "Who exactly suffers the loss -- is it the banks, or is it obviously the merchants who are involved here, or companies that deal in Traveller's Checks, Money Orders, and so on? Does it ultimately reach the consumer?"

A: "Untimately, it will, although many institutions and businesses have insurance to protect against this type of activity. But ultimately, when insurance premiums increase, and other costs connected with this crime increase... basically, you and I -- the consumer -- will pay for these crimes."

CNN: "The consumer must already be paying, because as you said, you estimate a billion dollars or so a year -- surely, banks and other merchants are building this into the cost of doing business?"

A: "It is indeed a cost of doing business, but the industry is really doing some sophisticated things to attempt to protect themselves with systems such as 'Positive Pay'... which is a unique process where a bank will not end up honoring or paying a counterfeit or forged item. So, these systems are being placed in the industry to combat this type of activity."

CNN: "If the bank DOES NOT accept it, what does the bank have to catch?"

A: "Well, it's a very simple thing. A great deal, if not most businesses will magnetically transmit to their paying institution the dollar amount of a check and both the check and account number, and the account it's drawn on. When that item hits the bank, it is compared by computer, and if it's not in the system -- the item will be returned to whomever sent the item in. So you can see there is a system now being placed into the banking industry that will help turn down some of those losses."

CNN: "I gather you agree that it's impossible to stop this 100%."

A: "I agree 100%. Most definitely."

Since it now appears that most paper currency, checks, notes, and other security certificates can be perfectly counterfeited through the advanced technology of Laser Color Computer Copiers, can it be that our credit cards are as equally vulnerable? We certainly know credit cards are being expertly counterfeited, including the requisite magnetical back-strip to permit charging. But what if computer technology advanced to the point where electronic manipulation of the resulting bill for goods or services acquired could be erased, voided—disposing responsibility for payment of any charges incurred?

It is probable that the copiers have perfected this, too.