

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2158

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

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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

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## 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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