

# North Korea and the Supernote Enigma

Allegations that North Koreans are counterfeiting U.S. currency

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North Korea, it is often said, is a criminal state. One of the more persistent stories supporting that allegation is that the North Koreans are counterfeiting U.S. currency. Through repetition, the claim has taken on an aura of proven fact. This in turn has been cited as justification for everything from imposing punitive measures against North Korea to suggesting that the nation cannot be trusted as a partner in nuclear negotiations.

The evidence against North Korea is widely regarded as convincing. “The North Koreans have denied that they are engaged in the distribution and manufacture of counterfeits,” says Daniel Glaser of the U.S. Treasury Department, “but the evidence is overwhelming that they are. There’s no question of North Korea’s involvement.”<sup>1</sup> There is no denying that North Korean citizens have been caught passing counterfeit currency in Europe and Asia, and some defectors from the Democratic People’s Republic of Korea (DPRK — the formal name for North Korea) claim to have first-hand knowledge of state-run counterfeiting operations. In Western media reports the case is treated as proven. Yet the closer one examines the matter, the murkier the picture becomes.

Counterfeit currency attributed to North Korea raises deep concern due to its extremely high quality. Dubbed supernotes, their production process closely matches that of the genuine article, and the engraving is so fine it rivals that of the U.S. Bureau of Engraving and Printing.<sup>2</sup>

Unlike most of the world’s counterfeit currency, which is printed on offset presses or through digital processes, supernotes are printed on an intaglio press. The Bureau of Engraving and Printing uses Giori intaglio presses for the engraved portions of its bank notes, and an offset press for the background colors. Supernotes use the same technology. An intaglio press operates by applying ink on its plates and then wiping them clean, leaving ink only in the engraved lines. The plate is then pressed against the paper, depositing the ink in ridges. The result is raised printing that ordinary counterfeits can’t duplicate. Supernotes have the same look and feel as U.S. currency.

North Korea purchased an intaglio press from the Swiss firm Giori in the mid-1970s.<sup>3</sup> This fact is regarded as an indication that the nation has the technology available to print supernotes. Yet there have been significant advances in the field since the time of its purchase. Because certain auxiliary equipment is lacking, the model owned by the DPRK is considered by experts to be incapable of achieving the level of quality seen on supernotes. Not long after purchasing the Giori, North Korea defaulted on its loan after having made just two payments. For that reason, as well as due to U.S. pressure, Giori ceased shipping spare parts to North Korea many years ago, and according to one expert the North Korean printing

press now stands idle.[4](#)

One striking feature of supernotes is the composition of the paper. Throughout the world, currency is printed on cotton-based paper. But U.S. currency is different, being composed of a mix of 75 percent cotton pulp and 25 percent linen. Supernote counterfeits rely on the same unique combination. To produce secure paper like that used in U.S. currency requires advanced technology and the cost far surpasses that of manufacturing regular paper. The price of even a small plant can exceed \$100 million. To remain profitable, a paper plant would have to produce more than four thousand metric tons of such banknote paper a year. But the quantity of supernotes seen in circulation so far has required only a tiny fraction of that total. It would seem, then, that the only option for North Korea would be to procure its paper from an existing plant outside of its borders. This would be no easy matter. The paper used in U.S. currency is produced on a Fourdrinier machine at a plant located in the state of Georgia. This machine uses longer pulp fibers than the short pulp fibers used by the rest of the world relying on cylinder mold methods.[5](#)

Former director of the Bureau of Engraving and Printing Thomas Ferguson comments on the quality of the paper in supernotes. “They’re not simulating the paper features by printing on the paper. They are not using somebody else’s paper or bleaching the ink off of genuine notes. Someone specifically made paper, which is a pretty big commitment.”[6](#)

Remarkably, supernote paper even incorporates colored microfibers, a thin security thread marked “USA 100” in microprint, and a multi-tone watermark. These features can only be produced through the use of sophisticated technology at substantial cost. One expert who conducted a chemical and physical analysis of supernotes discovered that the cotton originated in the southern region of the U.S. — precisely where the Bureau of Engraving and Printing gets its cotton. Southern U.S. cotton is available on the world market, but this would make it traceable to some extent. The expert conducting the analysis is said to have been warned by “interested parties” not to make the results public. The implication was that these parties worked for the U.S. government.[7](#)

One of the special features of U.S. currency is the use of optically variable ink (OVI) manufactured by the Swiss firm Société Industrielle et Commerciale de Produits Amon (SICPA). This organization is the sole source for OVI. On the U.S. \$100 bill, this color shifting ink is employed on the number in the lower right hand corner. Turning the bill one way, the number appears bronze green. Turned another, it appears black. Supernotes duplicate the same color shift.[8](#) This particular color combination is reserved for the exclusive use of the U.S. Bureau of Engraving and Printing and is manufactured at only one location in the world. A joint venture was established between SICPA and the California-based OCLI laboratory to manufacture this combination of OVI ink. Bronze-green and black OVI is mixed at the SICPA plant in Virginia, which serves only the U.S. market. The rest of the world gets its supply of OVI from SICPA’s main plant in Switzerland.[9](#)

North Korea was at one time a client of SICPA. Each nation is assigned a unique color combination. The DPRK’s combination was green and magenta, which Treasury official Daniel Glazer asserts can be manipulated to appear similar to the U.S. combination.[10](#) Yet a forensic laboratory has found that the security ink used in supernotes is not similar. It matches U.S. currency.[11](#) Furthermore, it is probable that North Korea has long ago exhausted its limited supply of OVI. SICPA spokeswoman Sarah Van Horn points out, “We ceased all OVI deliveries in early 2001, and later that year all security ink supplies.” Severing trade with North Korea came at the request of U.S. officials, long before the Bush

Administration publicly accused North Korea of manufacturing and distributing supernotes.<sup>12</sup>

One South Korean specialist on the DPRK says that interviews with defectors convinced him of the existence of a state-run counterfeiting operation, and that the intent was to fund covert operations and wage economic warfare against the U.S.<sup>13</sup> But the stories defectors tell do not always hold up. In some cases, defectors report hearsay — what they have heard from others. Other times, defectors appear to have first-hand knowledge, such as the two who talked to BBC News.<sup>14</sup> Yet North Korean defectors, eager to please their new hosts, have been noted for a tendency to tell stories that turn out to be dubious. As Raphael Perle, an analyst for the Congressional Research Service, points out, “A lot of defectors or refugees give us information, but they tell us anything we want to know. You have to question the reliability of what they say.”<sup>15</sup>

A North Korean defector who claimed that he had helped design the supernote went into hiding after being accused of being paid to lie about the matter. When asked whose picture was on the \$100 bill and what building was depicted on its backside, he said he did not know. A U.S.-based activist interviewed the man, intending to have him testify before Congress, but the activist came to the conclusion that his stories were implausible. “He lost credibility with me. I found him mentally unstable.” The activist said that many defectors tell stories that they think journalists and intelligence agencies want to hear. “He was expecting money.” Defectors “think the U.S. government will give them hundreds of thousands of dollars.” Another defector who initially claimed to be involved in the decision to print supernotes later admitted he had not seen the operation, nor did he learn any details of how it was being done.<sup>16</sup>

The 2004 U.S. indictment of Sean Garland, leader of the Irish Worker’s Party and Official Republican Army, on charges of distributing supernotes is considered the centerpiece of the evidence against North Korea. “In or about October 1997,” the indictment reads, Garland met North Korean officials in Poland “to arrange for the purchase of a quantity of supernotes.” Then for the next three years, Garland is said to have distributed the counterfeit currency in Ireland and Great Britain. As leader of the Irish Worker’s Party, he often travelled abroad for “ostensibly legitimate business and personal reasons.” But, the indictment reads, in his travels he met with North Koreans who were involved in the “transportation and sale of supernotes.” Garland also visited Russia, where he is alleged to have purchased more supernotes, although the transactions did not complete until a later time in Belarus. Six codefendants were indicted along with Garland, one of whom was said to have informed law enforcement officials of the location in Moscow of \$70,000 in supernotes “that he had obtained from the Sean Garland supernote organization.”<sup>17</sup>

In 2002, three of Garland’s codefendants were jailed in Great Britain, as a result of an investigation into the activities of a large-scale counterfeiting ring. Garland himself was not arrested until three years later, and then only in response to the U.S. indictment. Released on bail, he eluded extradition to the U.S. by going to Ireland.

The most striking thing about the indictment is its vagueness. No North Korean is identified, and meetings with North Koreans are mentioned without any actual transaction being described. Sean Garland himself states, “I have no associate named Corcoran [one of the codefendants] nor have I any associates in jail in Britain.”<sup>18</sup> The impression one gets is that Garland was indicted because of his political and business contacts with North Koreans, and that tying him to an actually existing counterfeiting ring would make for a persuasive

sounding case against North Korea. In contrast to the lack of anything definite concerning Garland, the indictment is more detailed when describing the activities of the codefendants. Garland writes that “neither myself or my legal team have had as yet received any information from the U.S. authorities to set out the nature of the allegations against me.” As for the indictment, “No evidence is offered of any crime or wrongdoing,” and Garland “strenuously” denied the allegations.<sup>19</sup> Having political and business contacts with North Koreans does not in itself indicate involvement in the supernote trade.

Counterfeiting allegations against North Korea provided the pretext for harsh economic measures. As the September 2005 six-party nuclear disarmament negotiations were taking place in Beijing, Stuart Levey, under secretary for terrorism and financial intelligence in the Department of the Treasury, issued a press release designating Macao-based Banco Delta Asia as a “primary money-laundering concern.” The bank, Levey reported, “has been a willing pawn for the North Korean government to engage in corrupt financial activities.” By providing financial services to the DPRK for over twenty years, it “has facilitated many of that regime’s criminal activities, including circulating counterfeit U.S. currency.”<sup>20</sup> In a matter of days, U.S. financial institutions were instructed to sever relations with Banco Delta Asia. By December of the same year, the Treasury Department had issued an advisory in which it warned that the DPRK “may be seeking banking services elsewhere” following the action taken against the Macao bank. U.S. financial institutions were told to “take reasonable steps to guard against the abuse of their financial services by North Korea.” Tellingly, it added, “We encourage financial institutions worldwide to take similar precautions.”<sup>21</sup>

U.S. intelligence officials knew Banco Delta Asia was one of the primary means for North Korea to conduct normal foreign commerce. The effect of the Treasury Department’s announcement was immediate. In the six-day gap between the announcement and the bank’s closing, panicked depositors had withdrawn \$132 million, more than a third of the bank’s total funds.<sup>22</sup> Banco Delta Asia was quick to deny the charge, saying that its business relations with North Korea were entirely legitimate and commercial, but the Macao Monetary Authority assumed management of the bank and froze all of North Korea’s accounts.<sup>23</sup>

The action against Banco Delta Asia deprived North Korea of a portion of its foreign trade. More importantly, it also served as a means of magnifying the effect of sanctions. By blacklisting Banco Delta Asia, the U.S. set off a chain reaction, and the campaign soon took on global significance. The U.S. Treasury Department sent warning letters to banks around the world, resulting in a wave of banks shutting down North Korean accounts. International financial institutions feared U.S. retaliation, and felt it prudent to close North Korean accounts rather than risk being blocked from access to the U.S. financial system. A blacklisting would in effect mean being driven out of business. Stuart Levey observed with satisfaction that sanctions and U.S. threats had succeeded in applying “huge pressure” on the DPRK, and that this had led to a “snowballing avalanche effect.” U.S. actions undermined the prospect of a peaceful settlement of the nuclear issue. “Squeeze them,” a senior Bush Administration official said, “but keep the negotiations going.” Talks, the official continued, would serve as nothing more than a means for accepting North Korea’s capitulation. A second U.S. official described the goal of talks as a “surrender mechanism.” Even before the signing of the September 19, 2005 nuclear disarmament agreement, the U.S. had already decided “to move toward more confrontational measures,” claimed a former Bush Administration official.<sup>24</sup>

Daedong Credit Bank, a majority foreign-owned joint venture bank operating in Pyongyang and primarily serving importers, was immediately affected by the U.S. action, as it had several million dollars in Banco Delta Asia. As general manager of Daedong Credit Bank, Nigel Cowie was in a position to witness the effect of the Treasury Department's letters. "We have heard from foreign customers conducting legitimate business here, who have been told by their bankers overseas to stop receiving remittances from the DPRK, otherwise their accounts will be closed." To illustrate the lengths to which U.S. officials were prepared to go, Cowie described an operation that involved his own firm, from which, he said, "you can draw your own conclusions." An account was opened with a Mongolian bank. Arrangements were made for legal cash transactions. But when the Daedong Credit Bank's couriers arrived in Mongolia, they were detained by Mongolian intelligence officials, and their money confiscated. Accusations were made that the couriers were transporting counterfeit currency from North Korea. A leak to the news media from an unidentified source led to reports charging that "North Korean diplomats" had been arrested for smuggling counterfeit currency. After two weeks, the Mongolian "intelligence officials in a meeting with us finally conceded that all the notes were genuine; the cash was released." In the final meeting, Mongolian intelligence officials "appeared rather embarrassed that they had been given incorrect information." It was the U.S. that had provided that information and set in motion what was in effect harassment by proxy.[25](#)

U.S. actions had widespread repercussions. "For our part," Cowie explains, "we are only conducting legitimate business, but have nonetheless been seriously affected by these measures. A large amount of our and our customers' money not just in USD, but in all currencies has effectively been seized, with no indication of when they'll give it back to us." The fate of Banco Delta Asia served as an object lesson, as did the freezing of Daedong Credit Bank's \$7 million deposits at Banco Delta Asia. "Banks with any kind of U.S. ties are just terrified to have anything to do with any North Korean bank," Cowie said. After the majority interest in Daedong Credit Bank was purchased by British-owned Koryo Bank, the new owner, Colin McAskill, asked U.S. officials to examine the bank's records in order to prove that its funds were legitimate and should be unfrozen. "They've had it much too much their own way without anyone questioning what they are putting out," he said.[26](#)

Warning letters to banks were often followed by personal visits from U.S. officials. Bankers and American officials said that the messages contained a mix of implicit threats and explicit actions. Unsurprisingly, it was not long before nearly all of North Korea's accounts in foreign banks were closed. The DPRK's international trade was being choked. Quite often, no pretense was even being made that the actions were related to illegal transactions. U.S. officials were openly pressing financial institutions to sever all economic relations with the DPRK. "The U.S. government is urging financial institutions around the world to think carefully about the risks of doing any North Korea-related business," Levey said. By September 2006, the U.S. had sent official dispatches to each UN member state, detailing plans for harsher economic sanctions. The planned measures were so strong that several European nations expressed concern, and it was said that the plans aimed at nothing less than a total blockade on all North Korean trade and financial transactions.[27](#)

Selig Harrison, director of the Asia Program at the Center for International Policy, visited the DPRK and reported on what he saw. "I found instances in North Korea authenticated by foreign businessmen and foreign embassies in which legitimate imports of industrial equipment for light industries making consumer goods have been blocked. The North Koreans understandably see this as a regime change policy designed to bring about the



collapse of their regime through economic pressure.”[28](#)

The U.S. also imposed sanctions on several North Korean import-export firms, on the unsubstantiated charge that they were involved in the arms trade. Yet more sanctions were then announced, this time against several Indian and Russian firms doing business with the DPRK, along with several North Korean companies.[29](#)

Russian Ambassador to South Korea Gleb Ivashentsov called for the U.S. to offer proof to back its accusation of counterfeiting. “The side that raises the suspicions should present evidence,” he said. “Russia has not received any concrete evidence. There is rumor-level talk on the issue.”[30](#) Chinese Foreign Ministry spokesman Liu Jianchao was equally skeptical, saying that his nation knew nothing of North Korean counterfeit currency flowing into China.[31](#)

On December 16, 2005, U.S. officials finally briefed a number of nations on the evidence against North Korea. But South Korean officials noted afterwards that all they heard was a lot of circumstantial evidence but no concrete information.[32](#) At the request of the Bush Administration, a conference was organized by Interpol and held in Lyon, France, in July 2006. There the U.S. Secret Service presented its case to more than sixty international bankers, police officials, and banknote producers. No evidence was offered on that occasion either, and the attitude was that the audience should accept the Secret Service’s assertions on faith alone. “I can’t remember if I was laughing or asleep,” remarked one attendee afterwards.[33](#) A survey of the participants taken at the end of the conference showed that not one person had been fully convinced of the U.S. position.[34](#)

U.S. Treasury officials also met with a North Korean delegation in New York in March 2006, but provided no information to back the charge. DPRK delegation head Ri Gun remarked afterwards, “There was no evidence. There were neither comments nor discussion” relating to evidence. During the meeting, Ri Gun proposed creating a joint U.S.-DPRK consultative body to “exchange information on financial crimes and prepare countermeasures.” The North Koreans said they would respond to evidence of counterfeiting and arrest those who were involved and seize the equipment. “Both sides can have a dialogue at the consultative body through which they can build trust. It would have a very positive impact on addressing the nuclear issue on the Korean peninsula,” Ri said. The delegation also suggested that a North Korean settlement account be opened at a U.S. financial institution and placed under U.S. supervision, so as to allay suspicions. The North Korean offers were ignored.[35](#) In a conciliatory move, the DPRK enacted a law nearly a year later that banned transactions based on illegal activities, including counterfeiting.[36](#)

It took a year and a half, but when the U.S. Treasury Department completed its investigation into the matter, it decided to finalize the rule prohibiting U.S. financial institutions from dealing with Banco Delta Asia. The Department determined that not only were its earlier allegations accurate, but that the bank had also engaged in “additional illicit financial conduct.”[37](#) Stanley Au, the founder of Banco Delta Asia, responded that his bank did not knowingly do wrong. “We have sent evidence to prove our innocence to the U.S. government several times.”[38](#) Au charged that the Treasury Department had acted unfairly in punishing his bank without offering any evidence.[39](#) Because the bank was a small family-owned firm, it lacked the most recent advanced technology for screening cash for counterfeits. Therefore, as a matter of routine the bank sent all large deposits to HSBC in New York to be analyzed before the amounts would be credited to accounts.[40](#)

In the aftermath of the Treasury Department's initial accusations, the Macao government hired the accounting firm Ernst & Young to investigate operations at Banco Delta Asia. In its final report, Ernst & Young indicated that there was room for improvement in some procedures. But "the procedures in place at the Bank for handling large value (wholesale) deposits of U.S. currency notes ensured that, to a material degree, the Bank did not introduce counterfeit U.S. currency notes into circulation over the relevant period." For smaller deposits, the accounting firm found that Banco Delta Asia was using a counterfeit banknote scanning machine, as well as doing manual checking. "To this end the Bank passed most U.S. currency notes to HSBC for validation. NK entities were not given value for their deposits of currency until after HSBC had confirmed the deposit to be genuine." Ernst & Young found that in relation to the total value of U.S. currency sent to HSBC for checking, "the value of counterfeit notes detected was minor. Once detected the counterfeit notes were withdrawn from circulation."[41](#)

It appears that the Treasury Department's charges against Banco Delta Asia were motivated strictly by political considerations. Certainly the charges were found to have had no connection to reality. No doubt this is why U.S. officials failed to furnish any evidence to back their accusations. Banco Delta Asia was chosen to serve as an example to other financial institutions dealing with the DPRK. As former State Department official David Asher put it, "We decided to kill the chicken to scare the monkey."[42](#) By targeting one of North Korea's primary external financial partners, the Bush Administration had succeeded in shutting off much of that nation's foreign trade. That the charge lacked substance was of no import. It had served the purpose of furthering political aims, as had the Bush Administration's earlier claims about Iraqi chemical, biological and nuclear weapons programs. In both cases, media saturation ensured that the lies would be firmly implanted as truth in the minds of the American public.

The freezing of North Korea's funds at Banco Delta Asia violated the recently signed nuclear disarmament agreement and halted its implementation. North Korea justifiably insisted that its funds be released before it would proceed with its obligations under the agreement. In time, the issue became enough of a political embarrassment that the Bush Administration was compelled to relent. North Korea got its money back, believing that this would enable it to regain its limited toehold in the international financial system. But the damage was done. Banco Delta Asia remained blacklisted and most banks continued to be wary of doing business with the DPRK, not wanting to risk U.S. retribution.

The Banco Delta Asia story was a fabrication. But what about the main charge — that North Korea is producing supernotes? It is true that on occasion North Korean officials have passed supernotes while abroad. But then so have citizens from dozens of other countries. Indeed, U.S. Secret Service investigations have involved more than 130 countries.[43](#)

It should be noted that much of North Korea's trade is conducted on a cash basis. The U.S. designation of the DPRK as a "terrorist nation" mandates its exclusion from contact with the U.S. financial system, and for the most part the international system follows suit. Only a handful of banks such as Banco Delta Asia have been willing to do business with North Korea. Nigel Cowie, general manager of Daedong Bank, points out that North Korea's currency is not convertible, "so imported goods are bought and sold for hard currency." One of the reasons Cowie gives for North Korea's reliance on cash transactions is "the absence of the normal system of reciprocal correspondent bank accounts that exists in other countries which enables transactions to be settled by electronic book entry." The bottom line "is that people tend to transact largely in cash, which in itself is not illegal - in this

market, it is in fact often the only way.”[44](#)

That very reliance on cash transactions ensures that supernotes inevitably make their way into the local economy. For someone looking to unload a quantity of supernotes, where better to move them than by trading with North Korea? With a population reluctant to deposit money in bank accounts and with banks lacking the kind of counterfeit detection equipment that would flag a supernote as fake, North Korea makes an inviting target. And sooner or later, those same supernotes are going to find their way outside of the North Korean economy. This does not necessarily mean that North Koreans passing the notes would be aware of it, although it is possible that there may be some corrupt individuals in North Korea who are knowingly involved in the trade.

There is much that is odd about supernotes. Banknote specialist Klaus W. Bender points out that experts regard the print quality as “simply superb.” In some ways, Bender continues, “the supernotes are even better than the authentic 100-dollar bills of the Bureau of Engraving and Printing. Under the microscope, for example, the supernote shows an especially fine execution of lines on the facing side, which cannot be found on the real note. The complicated seal of the Department of the Treasury on the facing side is copied with absolute perfection, but just below it, one finds in the banknote numbering a marking compound that should not be there. And then, missing from this excellently copied supernote, of all things, are the magnetic and infrared security features that would prevent banknote examining systems from bouncing it. Every surveillance device of an American bank or the Fed recognizes the supernote immediately as a counterfeit and spits it out. Do the counterfeiters perhaps intend that the supernote be recognized immediately in the United States?”[45](#) A report issued by the Swiss police concurs that the makers of the supernote seem to have deliberately introduced subtle errors into the process. Extra strokes have been added. When placed under ultraviolet or infrared light, stripes can be seen or numbers vanish on supernotes.[46](#)

The most perplexing aspect of supernote production is their low quantity. By 2006, the Secret Service had seized \$50 million in supernotes, an average of just \$2.8 million per year since the first one was discovered. And since supernotes are usually detected the moment they enter the international banking system, the total quantity produced is probably not significantly higher. Supernotes make up a small percentage of the total counterfeit dollars in circulation. “To provide a point of reference,” said Michael Merritt of the U.S. Secret Service, “during fiscal year 2005, the Secret Service seized over \$113 million in counterfeit U.S. currency.” Not only is the amount of supernotes small relative to less sophisticated counterfeits, but it is insignificant compared to the \$760 billion in genuine U.S. currency in circulation.[47](#)

The Swiss police observe, “What defies logic is the limited, or even controlled, amount of ‘exclusive’ fakes that have appeared over the years. The organization could easily circulate tenfold that amount without raising suspicions.” Yet a printing press “like the one in North Korea can produce \$50 million worth of bills in a few hours.”[48](#) During the 1970s, Giori replaced its standard model printers in a phased approach with its new “Super” series. The standard model was capable of printing three thousand sheets per hour. Each sheet held 32 notes. If North Korea purchased one of the older standard models, it would have taken just over five hours to produce \$50 million. And \$2.8 million a year would have required running the press for less than half an hour. Production would be done for the year. The newer Orlof press can spew out 12,000 sheets per hour, each sheet containing sixty notes. Only two and a half minutes would be needed to generate \$2.8 million in notes.[49](#) Clearly, supernotes are



being produced for a very specific purpose.

Also difficult to explain is the speed with which supernotes have kept pace with the numerous modifications made to U.S. engraving plates since 1989. This in itself is a prohibitively expensive process. German banknote specialist Klaus W. Bender remarks, "The counterfeiters immediately implemented each and every change to the 100-dollar bill. The pace at which they put out their revised fake notes made observers even wonder whether they had access to information concerning to the speed with which the Fed replaced its old notes."<sup>50</sup> The microprint in U.S. currency sometimes measures only 1/42,000 of an inch. "This microprint is considered unique in the world of banknotes. It was reproduced so perfectly by the counterfeiters that even under a microscope no difference is distinguishable. The gravure of an intaglio printing plate requires many months of hard work and eats up many tens of thousands of dollars per plate. For security reasons, the craft is always taught in-house only. So where do the counterfeiters get this specialized knowledge?"<sup>51</sup>

Just who is producing supernotes? Initially, the U.S. accused Iran and Syria, even though the latter country did not have a banknote press of its own. Then North Korea was identified as the culprit. While it cannot be ruled out that North Korea is producing supernotes, that prospect raises the question of motive. By the reckoning of the U.S. Secret Service, supernotes pose a low threat, given the small amounts in circulation and the preponderant distribution outside of U.S. borders. Furthermore, supernotes are identified the moment they hit the U.S. banking system, which would seem to rule out the motivation of "economic warfare" that has been attributed to North Korea.

Nor does the production of supernotes make sense as a profit-making venture. A single new Giori printing machine now costs more than the \$50 million in supernotes found so far. To give some idea of the expense, when Nigeria opened its second printing plant in Abuja, it cost more than \$135 million, and that does not take into account property costs.<sup>52</sup> A plant to produce the type of paper used in supernotes is similarly expensive and large quantities of the proper type of paper would have to be manufactured to avoid ongoing financial loss. OVI ink is also quite expensive, even more so since most of the ink is lost when the printing plates are wiped clean just before pressing the paper. Factor in the cost of keeping up with multiple changes to the engravings, and no sane individual would undertake such a daunting operation to produce limited quantities with an eye to making a profit.

U.S. officials like to point out that they have seen no evidence that any nation other than North Korea is producing supernotes. True enough, but neither is there any evidence that North Korea is doing so. By all accounts, such an operation would require the resources of a government or governmental organization. Klaus W. Bender suggests one intriguing possibility. "One notices that the supernotes always turn up in small, well-measured quantities, as though their volume were controlled." This is not how normal counterfeiters behave. "They want to unload their hot goods as quickly as possible. Further, experts believe they have determined that the supernotes regularly crop up in those regions in which U.S. foreign policy is just encountering problems: the Near and Middle East, central African countries, and especially East Africa. Active in these places are opposition politicians, rebelling tribes, and private armies of diverse warlords doing the bidding of the CIA. Could it be that they are being paid for their services in counterfeit dollar notes?" Bender posits that such groups might use the money to purchase arms abroad, including from North Korea, and that from North Korea the money would make its way back to Western nations. "It is not clear how much the U.S. Secret Service knows itself, or is allowed

to know.” The CIA is said to have a printing plant located north of Washington, DC, in which the same Giori printing presses are installed that are used in the Bureau of Engraving and Printing.<sup>53</sup>

It has also been suggested that limited quantities of counterfeit notes are being introduced into the market in such a way as to assist law enforcement agencies in tracking the movement of funds among criminal and terrorist organizations.<sup>54</sup> Everything is speculation at this point in time, but of all the various scenarios that have been suggested, it is this last one that is the most plausible. It is the only one where all of the pieces fit together into a coherent whole.

The U.S. still insists that it has solid evidence against North Korea, even though it won’t reveal it. But U.S. officials also claimed to have proof that Banco Delta Asia was culpable in aiding North Korea in distributing supernotes. Given the Bush Administration’s proclivity for mendacity, some measure of skepticism would seem to be called for. When looking at the facts alone, the only thing that can be said with certainty is that the source of supernotes has yet to be determined. As with all stories that the public is asked to accept on blind faith, the topic should be examined with critical thinking. At a minimum, the expectation of evidence should be the norm when unsubstantiated stories with a political point are told. Too often, credulity and misplaced trust in Western leaders have led to tragic consequences.

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## NOTES

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