

There is Little Proof North Korea was behind Fake \$100 Bills

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WASHINGTON — Two years ago, as he was ratcheting up a campaign to isolate and financially cripple North Korea's dictatorship, President George W. Bush accused the government there of printing phony U.S. currency.

"When someone is counterfeiting our money, we want them to stop doing that," Bush said on Jan. 26, 2006.

But a 10-month McClatchy Newspapers investigation on three continents found that the evidence to support Bush's charges against North Korea is uncertain at best and that the claims of North Korean defectors cited in news accounts are dubious and perhaps bogus.

The Swiss federal criminal police, a key law enforcement agency, has questioned whether North Korea is even capable of producing the nearly perfect counterfeit \$100 bills.

Many of the administration's allegations about North Korean counterfeiting can be traced to South Koreans, who arranged interviews with North Korean defectors for U.S. and foreign newspapers. The resulting news reports were quoted by members of Congress, researchers and administration officials.

But a major source for several stories, Kim Dong-shik, has gone into hiding. A former roommate, Moon Kook-han, said Kim is a liar out for cash.

U.S. charges tested

The first international test of the U.S. charge came in July 2006, when at the request of the Bush administration, the international police agency Interpol assembled central bankers, police agencies and officials in the banknote printing industry to make the U.S. case against North Korea.

The conference in Lyon, France, followed Interpol's issuance in March 2005 of an orange alert — at the United States' request — calling on member nations to prohibit the sale of banknote equipment, paper or ink to North Korea.

But after calling together more than 60 experts, the Secret Service — the lead U.S. agency in combating counterfeiting — never provided details of the evidence it said it had, citing intelligence and asking those assembled to accept the U.S. claims on faith alone.

The most definitive reaction came in May 2007 from the Swiss Bundeskriminalpolizei, which

looks for counterfeit currency and has worked with U.S. financial authorities.

Calling on Washington to present more evidence, the Swiss said they doubted that North Korea was behind the near-perfect fakes.

The Swiss police agency said that North Korea's own currency is "in such poor quality that one automatically wonders whether this country would even be in a position to manufacture the high-quality supernotes."

The hardest evidence to surface so far is the 2004 indictment of Sean Garland, a leader of an Irish Republican Army splinter group, who in the late 1990s allegedly ferried more than \$1 million in fake bills to Europe, mostly from the North Korean Embassy in Moscow.

Garland now is in the Republic of Ireland, but the Irish Embassy said the United States hasn't sought his extradition.

Different views

Former U.S. officials who helped promote the claims against North Korea offered different views about how the administration reached its conclusions.

David Asher, who coordinated a State Department working group that collected details on North Korean criminal activities, said the group turned up evidence of the counterfeiting and didn't rely on intelligence to make its case but wouldn't provide details.

When asked for proof that North Korea was behind the bills, Bush said on Aug. 8, "I'm not at liberty to speak about intelligence matters."

Carl Ford, who quit as head of the State Department's intelligence bureau in 2003, said he "never really saw the intelligence" himself "to make an independent judgment."

But Ford, who quit because he challenged the administration's incorrect assertion that Iraq had weapons of mass destruction, said the administration's reluctance to disclose details on North Korea "doesn't pass the smell test."

Although banks around the world still are seizing the near-perfect fakes, the Bush administration is no longer publicly accusing North Korea of producing them and has dropped the subject from talks on halting North Korea's nuclear weapons program, State Department officials said.

Possible suspects

Industry experts such as Thomas Ferguson, the former director of the Bureau of Engraving and Printing, said the forgeries are so good that they appear to have been made by someone with access to government printing equipment.

Some experts say Iran probably made the notes. Others speak of criminal gangs in Russia or China.

Klaus Bender, the author of "Moneymakers: The Secret World of Banknote Printing," said the phonies are so good, they could be produced by only a U.S. government agency, such as the CIA.

As unsubstantiated as the allegation is, there is a precedent. In his new book on the history of the CIA, journalist Tim Weiner detailed how the agency tried to undermine the Soviet Union's economy by counterfeiting its currency.

"As a matter of course, we don't comment on such claims, regardless of how ridiculous they might be," said CIA spokesman Mark Mansfield.

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