



**KEYNOTE ADDRESS
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Thank you, Tony, for that introduction. It's a pleasure to welcome all of you to the 2006 Banknote Conference. I know some of you traveled far and wide to join us, while others just took a short trip down the street.

But either way, I appreciate the fact that you all have set aside the next few days to spend in Washington, D.C., to collaborate and share best practices. This is a wonderful conference because it brings together so many experts who all play an important role in the various aspects of the banknote industry:

- from producing the paper,
- to formulating the inks
- from manufacturing the printing presses
- to developing the security measures and designs to protect against counterfeiting.

And, of course, many of you here are responsible for dealing with matters of currency issuance and usage, while others are dedicated to developing leading edge technology.

No matter where you're from, or where your particular area of expertise may fall – you are all deeply committed to protecting the integrity of currency.

I think it's truly critical for so many experts in the field, from so many countries around the world, to have the opportunity to sit in one room and to really take a hard and honest look at the challenges we face in today's world of technology and globalization. We all know there are many.

Because while there may be a rise in electronic payments, the demand for secure and easy to use currency remains.

To be sure, the job of making a secure and reliable currency isn't easy. Advances in technology have created significant challenges in recent years. Conversely, today, making a counterfeit note can be a relatively easy endeavor. You no longer need to be a skilled craftsman **or** even a technical expert, as many of you are.

All you need now is a decent scanner, a basic knowledge of photo shop, and an ink-jet printer. These ingredients are now so cheap and accessible that many people have them in their homes.

As a result, we've had to become more creative in our designs and more innovative in our approaches to safeguarding our currency. For our part, the United States has taken an aggressive approach in recent years in dealing with international and domestic counterfeiting.



As you all know, we've changed our policies here so that enhanced currency designs with new anti-counterfeiting measures are now released every 7-10 years. We've also remained committed to aggressive law enforcement, and ongoing public education efforts that inform cash handlers and deter successful attempts at passing counterfeits. So we have what is essentially a three-pronged strategy.

I have the privilege as Treasurer of working closely with the Bureau of Engraving and Printing, the Federal Reserve, and the U.S. Secret Service to implement these new designs. We've made incremental design changes throughout the years in response to evolving threats.

For example, we've gone from:

- the first security thread
- to color-shifting inks
- to improved watermarks just to name a few.

Our work won't stop here.

We need to constantly perfect these techniques, making sure all the while that they are both cost effective and durable. These are challenges that all countries shoulder, and that's why you're all here to share ideas on how we answer them.

Clearly, fighting digital counterfeiting is a formidable task. Here in the United States our efforts to keep counterfeiting incidents low are channeled both domestically and abroad. The Advanced Counterfeit Deterrence Steering Committee – made up of representatives of the Federal Reserve, Secret Service, the Bureau of Engraving and Printing, and senior Treasury Department Officials – works domestically to develop strategies to fight digital counterfeiting. Internationally, we're among the 27 nations that participate in the Central Bank Counterfeit Deterrence Group, formed by the G-10, to protect the integrity of the world's currencies.

As Treasurer, I'm privileged to travel across the United States to talk about our strong economy. But at the end of the day, my ability to do so is largely a result of the work:

- of so many individuals in the United States government,
- our partners overseas,
- and the private sector,

who help to ensure the security of the US dollar.

While small business is often described as the engine of an economy, currency design is the grease that keeps the engine humming. Economic policies aside – the ability for a country to create currency that is secure and trustworthy is critical to the health and security of that economy in the global marketplace.

This is of particular concern to us here in the United States, and that is why the second part of our strategy to fight counterfeiting involves aggressive law enforcement.

This falls under the purview of the U.S. Secret Service, which works closely with foreign banks and law enforcement agencies to suppress counterfeiting activity.

The Department of the Treasury along with the Secret Service and the Federal Reserve recently released a report that shows that while nearly two-thirds of U.S. banknotes are circulated abroad, counterfeiting incidents remain very low.



In fact, of the roughly \$754 billion in worldwide circulation, less than one one-thousandth of a percent [0.001%] is counterfeit. So even in the face of some difficult technological challenges, the integrity of the dollar remains strong. This is largely due to the close collaboration and partnerships we share with banks around the world. These enforcement efforts, in addition to developing and implementing effective security features, are critical when you think about counterfeiting on an international scale.

Without question, the detrimental impact that counterfeiters can have on public perception is potentially crippling to the global economy – especially in today’s world of globalization and interdependent economies. Weakness in one economy often leads to inevitable weakness in others.

Thus, all governments – as part of a larger global marketplace – have the responsibility and obligation to protect their currency.

Threats to currency will continue to expand globally, so it's up to all of you here to continue to come up with new ways to make currencies around the world more secure and more reliable in the face of this growing threat.

Now, there’s another key aspect of currency design to consider, along with security. Stable currency is really a nation’s calling card to the world, and that means that we are best served when we work to ensure that it accurately symbolizes the country it represents. Without question, a nation’s currency is one of the first things visitors see when they arrive in a new country. So there’s a real opportunity – through currency – to put a good face forward and to make a positive impression.

As you are likely aware, last March we released the redesigned \$10 note. I traveled across the country, and quite frankly, around the world to help familiarize the public with the introduction of the redesigned note. Now, I love this bill for a variety of reasons. One because it has my name on it!

But I also love this new design because I believe it truly reflects American ideals and values. It also honors an important founding father – Alexander Hamilton, the first Secretary of the Department of the Treasury.

And of course, we have incorporated what we refer to as symbols of freedom in the design. You find Lady Liberty’s torch in two places on the face of the note, and the words “We the People,” taken from our Constitution – printed to the right of the portrait. I look at this note and marvel. It’s clearly a work of artistry and skill – from the colors of the ink, to the precision of the vignette, lettering and scrollwork. This bill reflects the work of skilled craftsmen who spend years learning their trade.

In fact, the engravers were so skilled that they managed to give Alexander Hamilton a nice facelift. Compare the earlier series, and you’ll see that he continues to age with style and grace.

Now many people may take for granted the details of the design. Most usually focus just on the denomination and don’t stop to notice anything else. But when you think about it, these details are very important for they represent the fabric of a nation.



So the time and craftsmanship it takes to create these symbols is well spent. When we're thinking about currency designs – from the materials we use to the images we choose – we are wise to ensure that they accurately reflect the values of our country.

There are so many beautiful currencies around the world and each reflects that country's wonderful traditions, its heroes, its landmarks and its values. The pride taken and artistry invested in the design of currency serves as a gift to the world.

Like so many people, prior to becoming U.S. Treasurer, I didn't stop to think about what went into making currency or the journey that the money in my pocket took before reaching me. Often when I speak to various audiences, I go through the design changes like I just did with the \$10, and I also point out the security features in U.S. currency.

As I'm going through the security features, I notice that people in the audience often take bills out of their pockets to find the features themselves. And it strikes them then how many details they never noticed about something they carry in their wallets every day.

Now in some ways, this is the very mark of a stable currency. It's so secure that people don't even stop to notice it. Quite frankly, that's a job well done – the end result of the hard effort made by each of you every day – to ensure that the public has complete faith in the currency they're carrying.

But this is where the third part of our strategy to combat counterfeiting comes into play. Although the mark of a stable currency is one that is accepted widely, an educated public is one of our best deterrents.

At the end of the day, each and every individual:

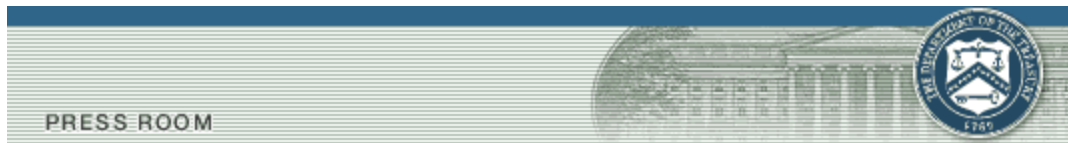
- whether a teller at a bank,
- an owner of the convenience store on the corner,
- or a child stuffing bills into his piggy bank

each is a cash handler.

We must teach them about the security features of that currency as both a means of fortifying trust and – at the same time – arming them with the information they need to protect themselves from accepting counterfeit notes.

This third part of the strategy is the least technical, but it is perhaps the most challenging. And it is definitely critical to our success.

As I said earlier, I traveled both throughout the United States and abroad last March to inform the public about the redesign of the \$10 note. In 2008, when we issue the new \$5 note, I look forward to doing the same. Through ongoing educational outreach, both within the United States and overseas, we can ensure that people have the information they need to determine whether the note they're holding is genuine.



Averting currency counterfeiting of all types is a continual process requiring the ongoing cooperation of:

- government,
- industry and
- the public.

Through design and manufacture changes, as well as cooperation from the digital and banknote industries, I am confident that we can maintain a comprehensive system to thwart counterfeiting.

And that's why we are so pleased that you are here. Over the course of this conference you will hear from a number of presenters with a variety of perspectives. You will have the opportunity to look more closely at various methods and share best practices. I know you will take advantage of this opportunity to learn from one another.

Each of us here ultimately has the same goal of strengthening and perfecting the security of world currency. This is a goal I believe we can – and must – achieve. The security of our economies depends upon our success.

Thank you again for being here. I'm confident you'll find the next few days productive and enjoyable.