



FEDERAL RESERVE BANK
OF DALLAS

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

June 25, 2002

DALLAS, TEXAS
75265-5906

Notice 02-31

TO: The Chief Operating Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

Bureau of Engraving and Printing Letter

DETAILS

Attached is a letter from Tom Ferguson, Director of the Bureau of Engraving and Printing (BEP), regarding the work underway on the next generation of redesigned Federal Reserve notes (referred to as NexGen notes). A similar letter was recently distributed by the BEP to cash handling equipment manufacturers and representatives of the vending, transit, and gaming industries.

We are sending you this letter for your information. As additional details become available, we will notify you.

ATTACHMENT

A copy of the letter is attached.

MORE INFORMATION

If you have questions regarding the NexGen notes, please use the contact information provided in the letter. Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at <http://www.dallasfed.org/banking/notices/index.html>.

Sincerely,

Helen E. Holcomb



DEPARTMENT OF THE TREASURY
BUREAU OF ENGRAVING AND PRINTING
WASHINGTON, D.C. 20228

DIRECTOR

Dear Financial Industry Representative:

Work is underway at the Department of the Treasury's Bureau of Engraving and Printing (Bureau) on the next generation of redesigned notes. The new design, referred to as NexGen, affects the U.S. \$100, \$50, and \$20 notes. As part of an ongoing effort to stay ahead of increasingly sophisticated methods for counterfeiting U.S. currency, NexGen includes new and improved security features. If Treasury Secretary Paul O'Neill approves the NexGen designs, circulation could begin as early as fall 2003.

Consistent with past design changes, the NexGen notes retain an American appearance by remaining the same size and using similar portraits and historical images. The NexGen notes are likely to include a subtle background color and retain many security features presently contained in U.S. notes, including a watermark, color-shifting ink, a security thread, and micro-printing.

Plans are to start with the NexGen \$20 note, followed by the NexGen \$100 and \$50 notes in 12 – 18 months after the release of the \$20 note. The need to redesign the \$10 and \$5 notes is still under consideration, but a redesign of the \$2, and \$1 notes is not included in the NexGen series. All NexGen notes will co-circulate with older series notes and have no effect on money already in circulation. The U.S. government has never recalled or devalued its currency.

To allow sufficient time for equipment manufacturers to develop necessary software and hardware to recognize the NexGen notes in cash-handling equipment, starting in July, industry representatives plan to visit with Bureau technicians to test specimen notes on their equipment. We encourage you to contact your machine manufacturer should you have questions or concerns you would like them to address at these sessions.

As the issuance date gets closer, the Bureau and the Federal Reserve System will engage in an extensive global public education campaign, aiming at reaching all users of U.S. currency. We will also provide the financial industry and other cash handling businesses with information and point of purchase materials to educate their employees and customers about the NexGen notes.

In the coming months, we will continue to work closely with the Federal Reserve System and share more information about our plans to ensure a smooth introduction of the NexGen series. As new information is available, it will be posted on the Bureau's website at www.moneyfactory.com. Meanwhile, please call Julie Borchard or Ellen Gano at 202-874-1200 should you have any questions about the NexGen notes and the upcoming public education campaign.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Ferguson", with a long, sweeping horizontal line extending to the right.

Thomas A. Ferguson