

In the 1800s, America's monetary system was very disorganized. Bills and coins were issued by each state through individual banks, which generated many types of legal currency. With so many different kinds of bills in circulation, it was easy for people to counterfeit money.

During the Civil War, one-third to one-half of the currency in circulation was counterfeit. At that time, approximately 1,600 state banks designed and printed their own bills. Each bill carried a different design, making it difficult to detect counterfeit bills from the 7,000 varieties of real bills.

A national currency was adopted in 1862 to resolve the counterfeiting problem. However, the national currency was soon counterfeited and circulated so extensively that it became necessary to take enforcement measures. Therefore, on July 5, 1865, the United States Secret Service was established to suppress the widespread counterfeiting of this nation's currency.

<http://clinton4.nara.gov/WH/kids/inside/html/spring98-2.html>  
<http://www.secretservice.gov/counterfeit.shtml>

### **Facts about counterfeiting**

Approximately 2/3 of American currency in circulation exists outside of the U.S.

64% of all counterfeit currency is produced abroad

Some of the best counterfeits come from Colombia

The Secret Service estimates that up to one-third of all counterfeit money in circulation domestically is Columbian in origin

The \$100 dollar bill is the most commonly counterfeited bill outside the US (domestically it is the \$20 bill)

In 1999, counterfeiters produced an estimated \$180 million dollars in fake money

### **Effects of counterfeiting**

Undermines the confidence the public puts in “real” money

Causes more money to be circulated in the economy leading to a general rise in prices, inflation

The value of money is determined by its acceptability, acceptance as legal tender, and relative scarcity; counterfeiting undermines these values

Companies are forced to increase prices due to counterfeits because they are not reimbursed

<http://homepages.gac.edu/~wolfe/J-term/money-2004/talks/nfarlee.ppt>

A Chinese boy who wanted to learn about jade went to study with a talented old teacher. This gentle man put a piece of the precious stone into his hand and told him to hold it tight. Then he began to talk of philosophy, men, women, the sun and almost everything under it. After an hour he took back the stone and sent the boy home. The procedure was repeated for several weeks. The boy became frustrated. When would he be told about the jade? He was too polite, however, to question the wisdom of his venerable teacher. Then one day, when the old man put a stone into his hand, the boy cried out instinctively, "That's not jade!"

<http://www.sermonillustrations.com>

Evangelist Fred Brown used three images to describe the purpose of the law. First he likened it to a dentist's little mirror, which he sticks into the patient's mouth. With the mirror he can detect any cavities. But he doesn't drill with it or use it to pull teeth. It can show him the decayed area or other abnormality, but it can't provide the solution. Brown then drew another analogy. He said that the law is also like a flashlight. If suddenly at night the lights go out, you use it to guide you down the darkened basement stairs to the electrical box. When you point it toward the fuses, it helps you see the one that is burned out. But after you've removed the bad fuse, you don't try to insert the flashlight in its place. You put in a new fuse to restore the electricity. In his third image, Brown likened the law to a plumbline. When a builder wants to check his work, he uses a weighted string to see if it's true to the vertical. But if he finds that he has made a mistake, he doesn't use the plumbline to correct it. He gets out his hammer and saw. The law points out the problem of sin; it doesn't provide a solution.

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