

Haley Dawn

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From: Eugenie.E.Foster@frb.gov  
Sent: Friday, January 16, 2004 10:23 AM  
To: Haley Dawn  
Cc: Ferguson Tom  
Subject: Re: This note is from [REDACTED]

----- Forwarded by Eugenie E Foster/BOARD/FRS on 01/16/2004 10:22 AM -----

Eugenie E Foster  
01/16/2004 10:21  
AM

To: robert.stone@bep.treas.gov  
cc: Michael Lambert/BOARD/FRS@BOARD  
Subject: Re: This note is from [REDACTED]

Bob:

Hope everything is ok with you.

Could you look into this Getty images website and let me know what it all means?

Thanks,

Genie

----- Forwarded by Eugenie E Foster/BOARD/FRS on 01/16/2004 10:20 AM -----

[REDACTED]@e.c To: [REDACTED]  
[REDACTED] om> cc: [REDACTED]  
dawn.haley@bep.treas.gov, eugenie.e.foster@Frb.GOV,

[REDACTED]  
01/14/2004 01:54  
PM

Subject: Re: This note is from [REDACTED]

Richard

Thanks. This is helpful, but it doesn't fully resolve my concerns. Right now, there's a lot of speculation and misinformation about exactly how restrictive the CDS technology is. I attached the URL for the Getty images Web site in my last e-mail because I really need to have an understanding of roughly what percentage of these types of images can still be created today using modern banknotes and CDS. How distorted, clipped, or small does a bill need to be before it can be opened in Photoshop without incident? I'd feel much better if I knew that CDS would only prevent images that are of a reasonable size and positioned more or less perpendicular to the line of sight. Any other images aren't really useful for counterfeiting purposes, so they really shouldn't be excluded. Is this a question that

Digimarc should address?

It's clear that more proactive communication from Adobe and the CBCDG is becoming necessary, or this issue is going to spiral out of control and begin affecting our sales--if it hasn't already. More importantly, the public perception of this is at risk of tarnishing our brand image, which we've worked very hard to maintain at a very high level. I'd like to be able to make some sort of public statement about the efforts the central banks are taking, as you've listed below, and what customers should do if they can't create or obtain the images they need. Will this be possible?

- Kevin

At 05:44 PM 1/14/2004 +0100, [REDACTED]

Kevin,

Sorry to respond a little late to your email messages of yesterday. As I indicated earlier, I'm attending an meeting in Europe and your messages only caught up with me this morning (this also accounts for the wrong email address). It appears that there is a bit more media interest following the AP story and I hope it's not causing you too much grief.

Firstly regarding your earlier email - please be assured that we are very comfortable with the positioning on the difficult questions you are receiving regarding work arounds. It is not the intention of the CDS to be a perfect barrier - it is intended to deter the casual or inadvertent copying of banknotes. The focus you placed on deterring youth and educating the public is exactly the right points to be making. Any vulnerabilities in the system are as a result of the trade-offs made to assure that the functionality and user experience is minimally affected. The central banks will not discuss the technical aspects of any implementation but will say if asked (and I was asked by AP but they didn't include it in the story) that Central Banks share the manufacturers' concern for minimising the impact of CDS on the user experience.

Regarding your later email, I'd like to address your concern's regarding the central bank's efforts to make images available to graphics professionals. As you know banknote reproduction legislation varies from country to country and the approaches by various central banks are different. As a result of the earlier conversation we had, a number of central banks have undertaken steps to assure that reproduction policy and the process for obtaining and using images within that policy aligns with the restrictions imposed by CDS.

The Bank of Canada is introducing a new policy this month that provides a means for images and permission for use to be obtained from the Bank. We are preparing a suite of images that can be used by graphic artist professionals which should be available when the policy is introduced.

The ECB has in place a restricted website available to professional (registered) users that provides high resolution banknote images for use by graphics professionals. They are planning to provide unmarked images on that site also.

In Japan the rules and legislation essentially prohibit the use of bank note images. (applicable legislation is fairly broad and reproduction is viewed generally as a potential offence). If you have specific feedback from Japanese users I would be happy to forward it to the Bank of Japan for their consideration.

The Swiss National Bank will make images available when in fact it becomes an issue in that country.

Following our previous discussion with the FRB and BEP a number of changes were made to the moneyfactory.com website, which I thought had addressed the concerns raised at the time. I've spoken with Genie Foster at the FRB and she would be happy to continue the discussion with you to determine the best approach to meet the needs of your customers and preserve the security of banknotes (I've copied her on this note). I think the best approach, when asked about the availability of images, is still to direct the questioner to the central bank for response. I hope that the above provides you with some confidence that central banks are acting to address the concerns regarding the availability of banknote images. If you feel it is useful, I'd be happy to talk with you directly when I'm back in the office Friday or organize a teleconference with the FRB, BEP and yourself for early next week. Of course, if you feel it would be helpful to have a face to face, I'm sure we could arrange to get the appropriate people out to your office on fairly short notice.

Kind Regards,  
Richard

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