DEPARTMENT OF THE TREASURY

BUREAU OF ENGRAVING AND PRINTING

WASHINGTON, D.C. 20228

September 9, 1997

Mr. Dennis F. Lynch
Special Agent in Charge
Counterfeit Division, Suite 730
United States Secret Service
1800 G Street, NW
Washington, D.C. 20223

Dear Dennis:

At the most recent Special Studies Group (SSG-2) meeting in Tokyo the Japanese Business Machine Maker's Association (JBMA) informed the SSG-2 that an upgrade of the Bitmap tracing system software was being prepared. The upgrade is needed to include new model copiers in the software, as well as to adapt the software for changes in computer systems. The JBMA further indicated that additional upgrades could occur about every 2 - 3 years, as additional copier models are placed on the market and further changes occur in computer systems.

To date, the JBMA has absorbed all costs associated with developing and maintaining the bitmap software. They now wish to charge software users for these costs under a licencing agreement, and proposed the following:

1. The initial upgrade would be licenced to each country for a fee of 500,000 Yen. Each country would be required to designate to the JBMA (Mr. Michio Mogi) an organization and person as a contact point and custodian for control of the software. Copies could be made, as the custodian deems appropriate, for use within the licenced country.

2. Subsequent upgrades would cost 200,000 Yen per country.

3. Upgrades will include new manuals/contact list for copier manufacturers/list of applicable machines.

I have attached the two "Draft" documents provided by the JBMA regarding their proposed plans. The consensus of the SSG-2 Working Party was that the costs proposed by the JBMA appear reasonable, considering the limited usage of the software and the service provided in responding to requests for copier information. The JBMA also agreed that any problems with the bitmap software, including concerns with the response time for providing copier information, should be referred to the JBMA (███████████).

We were also informed that no changes/improvements have occurred with the Add-on-Dot tracing system.

If you have any questions or concerns with this letter, please call. The address for contacting █████ is:

███████████

Secretary CPT-WG
Japan Business Machine Maker's Association
Shuwa Dai-ni Toranomon Building
1-21-19 Toranomon, Minato-ku
Tokyo 105, Japan
Tel: ████████
Fax: ████████

Sincerely ████████

███████████

Program Manager

cc   T. Ferguson

28 July 1997

CPT-WG, JBMA

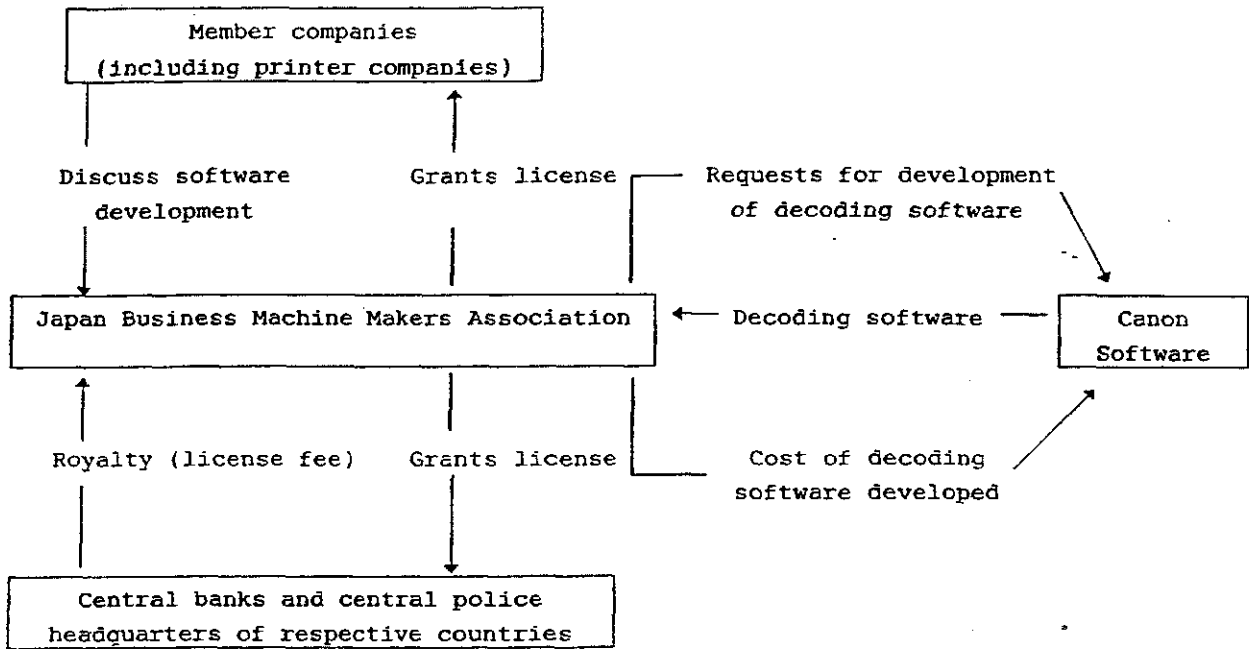## An Action Plan for Providing Decoding Software for Payment

(Draft)

1. Introduction

The counterfeit of bank note which was made easier because of popularization of color copying machines, has now been proved to be effectively prevented by the decoding software recently developed. Future maintenance of the decoding software has reached a critical stage. Indeed, it is a social obligation for all parties involved to see that the decoding software is supplied on a stable basis.

So far, the decoding software has been developed entirely at the expense of the Japan Business Machine Makers Association. With a view to sharing of the future software development and maintenance costs among the beneficiary parties on an equitable basis, we wish to propose that the decoding software in the future be provided for payment under an action plan, as outlined below,.

2. Scheme for Providing Decoding Software, for Payment, and for Maintenance Cost

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                    ┌─────────────────────────────────┐
                    │        Member companies         │
                    │  (including printer companies)   │
                    └─────────────────────────────────┘
                       │                    ▲
              Discuss software        Grants license  ┌── Requests for development
                development                           │    of decoding software  ╲
                       │                    │          │                            ╲
                       ▼                    │          │                             ▼
        ┌────────────────────────────────────────────┐ ◄── Decoding software ── ┌──────────┐
        │ Japan Business Machine Makers Association   │                          │  Canon   │
        └────────────────────────────────────────────┘                          │ Software │
                       ▲                    │          │                         └──────────┘
              Royalty (license fee)    Grants license  │    Cost of decoding      ▲
                       │                    │          └──  software developed   ╱
                       │                    ▼
        ┌─────────────────────────────────────────────┐
        │     Central banks and central police        │
        │   headquarters of respective countries      │
        └─────────────────────────────────────────────┘
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3. Future Upgrade for New Version and Estimated Development Costs of Decoding Software

	Upgrade for New Version for	Estimated development costs
1	Changes in development circumstances	¥7,000,000
2	Adapting to developing operating systems	¥750,000
3	Adapting to developing peripheral equipment	¥750,000
4	New entries of color equipment makers into market	Payable by newly entering makers

* Version ups under 2 through 4 may be expected to take place every 2-3 years.

4. Recovery of Development Costs by Releasing Decoding Software for Payment

Basic approaches to method of recovery:

· Grant a license to each country which uses the decoding software.

· For registration of a user (or for initial license registration), as differentiated from upgrade for new version cases, charge basic fee (for development cost).

· Inquiries from users will be restricted to the central bank/central police headquarters, to hold down cost of the administration of this plan and of maintenance of the support center.

· The support center will be provided with simulation equipment to enable the Association to properly answer inquiries.

5. Maintenance Costs of Decoding Software for 6 Years Simulated:

Prerequisites:

· License to be granted eventually to 30 countries.

· Copying machine makers to pay: ¥500,000/a company

· Initial registration fee for initial year:

¥500,000/a country

· Upgrade fee: ¥200,000/a country

Currency unit: ¥1,000

	1st yr. 1997	2nd yr. 1998	3rd yr. 1999	4th yr. 2000	5th yr. 2001	6th yr. 2002
Income						
User registration fees		11,000	4,000	0	0	0
(No. of countries)		(22)	(8)			
Upgrade fees				4,400	1,600	4,400
(No. of countries)				(22)	(8)	(22)
Total costs to makers	5,000					
Sub-totals	5,000	11,000	4,000	4,400	1,600	4,400
Expenditure						
Administration and support expenses		5,000	4,000	3,000	2,000	2,000
Costs of changes in development environments	7,000					
Cost of upgrade			1,500		1,500	
Expense for equipment		2,000		500		500
Sub-totals	7,000	7,000	5,500	3,500	3,500	2,500
Annual balances	-2,000	4,000	-1,500	900	-1,900	1,900
Aggregate annual balances	-2,000	2,000	500	1,400	-500	1,400

6.   Problems to be Studied further:

· Assistance and cooperation must be sought from the central banks of respective countries for providing a center for supplying the decoding software and for controlling redistribution thereof within their own countries.

· In the event the number of licensee countries become more than 30, the upgrade for new version fees to be collected from each licensee countries will be reduced proportionately so there will be no gain as a whole on the part of the Association as a result.

7.   Supplemental Information:

(1)   For what the "Administration and support expenses (includes those for jobs assigned outside on a contract basis) are?

- Control of the decoding software register.

- Distribution of the decoding software.

- Response to inquiries (user support), e.g., tracing troubles of personal computers.

- Holding and managing seminars.

(2) For what the "Expense for equipment" is?

- Standard type personal computers, scanners and SCSI boards for each of the makers, for verifying operation and tracing.

28 July 1997

CPT-WG, JBMA

DECODING SOFTWARE DISTRIBUTION AND CONTROL REGULATIONS

(DRAFT)

1.   Objective:

The objective of these Regulations is for the CPT-WG,
Copying Machine Group, Japan Business Machine Makers
Association, hereinafter "CPT-WG," to distribute, on a safe and
secure basis, certain decoding software designed to identify,
from image data shown on a counterfeited copy made through a
color copying machine, the specific color copying machine so
used, whereby to support criminal investigations.

2.   Application:

These regulations apply to distributions, method of
distribution, adoption, amendment and repeal, and records of
adoption and amendments, relating to distribution of the
decoding software.

3.   Distribution:

The decoding software consists of a floppy disk on which
the decoding software is recorded, hereinafter "FD," the
operating manual thereof and the contact person list showing
persons to be contacted.

3.1 FD:

The CPT-WG Secretariat, hereinafter "Secretariat," shall securely keep the master FD obtained from the developer thereof. Secretariat shall reproduce FDs for distribution from the Master FD. The Master FD and reproduced FDs shall be recorded on and controlled by use of the decoding software register.

3.2 Operating Manual:

Secretariat shall securely keep either the operating manual, in a hard copy form or master FD form, as the case may be, received from the developer. Secretariat shall copy or print the operating manual, in a hard copy form or master FD form, for distribution. All operating manuals, whether in a hard copy form, master FDs, or printed form for distribution, shall be registered on and controlled by use of the decoding software register.

3.3 Contact Person List:

Secretariat shall annually obtain from each member company selling color copying machines, a contact person report, from which it shall prepare a contract person list, which shall be copied for distribution purpose. The report and the contact person list for distribution shall be controlled by use of the decoding software register.

4.   Distribution:

On request of the central bank or central police headquarters of any country, and before sending out the decoding software, Secretariat shall identify the requesting party, send to and receive from the requesting party a preliminary inquiry/confirmation form, and confirm receipt of the payment for the product to be supplied.

4.1 Identification:

Any inquiry form, which shall be either a facsimile message or letter, from the central bank or central police headquarters of a country shall be referred at lease once to the SSG-2 secretary or the embassy in Japan from that country, for identification processes on the part of that country.

4.2 Sending out Preliminary Inquiry Form:

On receipt of a request form from the central bank or central police headquarters of a country, Secretariat shall send out the Preliminary Inquiry form, as per the enclosed specimen, setting forth among other things the name of the person claiming receipt of the decoding software, his address, and organization to which he reports, in addition to the promise form to be completed by him, recommended operating circumstances, and information on payment for the product.

4.3   Confirmation of Receipt of Payment for the Product:

On receipt of the Preliminary Inquiry form, Secretariat shall verify the name and address of the person, claiming receipt of the decoding software, of the requesting party, and confirm that the payment for the product has been received.

4.4   Sending out Decoding Software:

After confirming that the payment for the product has been received, Secretariat shall send out the decoding software and control all decoding software so sent out by way of a register.

5.   Adoption, Amendment, Repeal:

These Regulations shall be drafted and, with consent of the CPT-WG, adopted, amended or repealed by the CPT-WG Chairman, with proceedings for adoption and amendments recorded at the end of the text hereof.

6.   Records Concerning Adoption and Amendments:

The adopted version (as proposed) was approved by the CPT-WG   on _____ (_____), 1997.

_____, 1997

        TO:

                        Japan Business Machine Makers Association

                            CPT-WG, Copying Machine Group

                                Secretariat: Michio Mogi

                                        Seiji Okano

                                    Tel: 03-3503-9821

                                    FAX: 03-3591-3646

                        Preliminary Inquiry (Draft)

Dear sirs,

Thank you for your order for the tracing system.

Kindly complete and return to us this form and make remittance

to us in the amount stated below, before we may supply it.

1.   Recommended circumstances:

        Personal computers: IBM PC/AT compatibles

        Memories available: 32 MB or more.

        Operating system: Windows 3.1

        Scanner: HP 9 (Scan Jet 2 ex); Canon (CJ10); Agfa

        (Studio Scan 2 si)

        SCSI board: Adaptec (AHA-1542B, AHA-2940)

2.   Remittance to be made:

Amount: ¥_____

To: Fuji Bank, Toranomon Branch

      Ordinary account   .

      Account name: Japan Business Machine Maker

      Association

Account number:

3.   Important:

(1)   The copyright to this software is and will continue to be held by the Japan Business Machine Makers Association.

(2)   This software is licensed to a country, as represented by the central bank, central police headquarters, or a central government entity, as the case may be. It will be up to the convenience, and be a problem, of that central bank, central police headquarters or central government entity, whether, on its on initiative and responsibility, to sublicense it or not. The Association will not be concerned howsoever with any consequences thereof.

(3)   A set, only a set, of the master system will be supplied for a country.

(4)   The Company assumes no liability for whatever consequences of use of this software and/or manual therefor.

4.   Promise:

(1)   I will control, using the control register, any redistribution of this software within the country, which I may arrange, so that it will not be made available for crime purposes.

(2)   For confidentiality purposes, no other individuals than I, who am the only authorized agency of the government in this regard, will inquire about details of this software.

Promiser (Custodian):

Country name: Name of organization:

_____   _____

Address: Name:

_____   _____

Tel:_____   FAX:_____

Bureau of Engraving and Printing

Securities Technology Institute

FAX TRANSMISSION COVER SHEET

14th & C Sts. SW
Washington, DC 20228 USA
Tel: 202-874-3374
Fax: 202-874-3483

Date: 9 September 1997

To: Mr. Dennis Lynch

FAX: 435-6776

Subject: Bitmap Software

Sender: Robert G. Stone