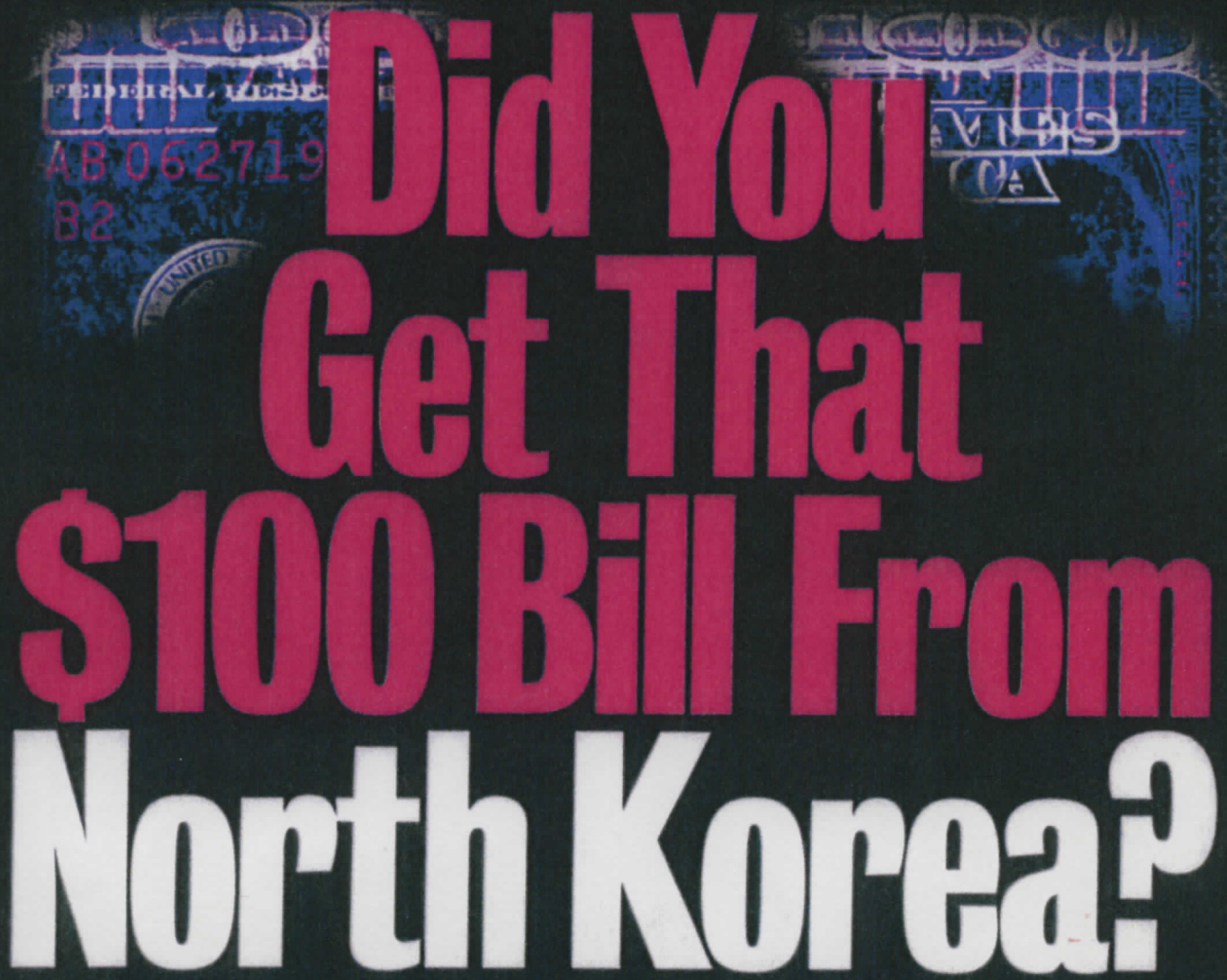


MEGACITIES: TOMORROW'S URBAN BLISS

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Did You Get That \$100 Bill From North Korea?

**Strange But True: The Hermit Kingdom May Have
Some of the World's Best Forgers**



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MONEY Matching Wits

Outfoxing North Korean counterfeiters is tough. Just ask Yoshihide Matsumura, the world's top counterfeit detective. In the 1990s he spotted Pyongyang's "Super K" U.S. \$100 bills, but when he revealed their flaws—like the right side of Ben Franklin's lip turning up in a tiny smile—the North quickly fixed them. Now Matsumura says Pyongyang is "trying to read my brain constantly" and getting "better and better all the time."

Matsumura should retake the lead with a new \$4,500 detector revealed last week. NEWSWEEK witnessed a final test, in which the detector used an array of sensors—light circuit, ultraviolet and magnetic—to spot the latest phony, called the Super X, with a 100 percent success rate. Still the game goes on. Matsumura's agents have seen Super X's in Russia and the Middle East and believe that North Korea is now making fakes for foreign mafias. He also thinks Pyongyang will soon begin cranking out euros—so his new detector has been designed to spot those too, as well as yen and other currencies.



PHOTOGRAPH BY PETER BLAKELY—REDUX FOR NEWSWEEK

SHARP EYE: Matsumura

—HIDEKO TAKAYAMA

its funny-money operation. Cambodia was a paradise for the North Koreans, the only country on the planet where Pyongyang had political influence. Its clout derived from the fact that when Cambodia's King Sihanouk was driven into exile a generation ago, the late North Korean dictator, Kim Il Sung, gave him his personal protection and a comfortable villa. When Sihanouk returned from exile in 1991, he flew to Phnom Penh in a North Korean airliner, escorted by North Korean bodyguards. The king remained loyal to North Korea, despite its pariah status with most other countries. When a Cambodian minister suggested to the king last year that the time had come to recognize South Korea, Sihanouk snapped: "Not until I'm dead."

Three Secret Service agents arrived in Phnom Penh last February and quickly staked out a shop that had been rented by Kodama, a Cambodian-born Japanese citizen of Chinese extraction. Kodama, who was released by Thai authorities for lack of evidence and has since dropped out of sight, had started a used-car business in Cambodia with Hayashi. The partner rarely visited Kodama's shop, which was closed most of the time. But photographs of Hayashi covertly snapped by the Americans bore a striking resemblance to Tanaka. And Hayashi had a habit of frequently visiting the North Korean Embassy in Phnom Penh. The Americans asked the Cambodians to take steps to prevent Tanaka, if that's who he was, from fleeing the country. A senior Cambodian police officer and a Secret Service agent even drove to Bavet, a ramshackle crossing point on the Vietnamese border, to sound the alarm.

Last March 22, Tanaka entered the North Korean Embassy and didn't come out. Two days later, a Mercedes sedan with darkened windows and North Korean diplomatic plates raced through the embassy's main gate and headed toward the Vietnamese border with four men inside. A Cambodian police car gave chase but dropped out with a flat tire. When the Mercedes reached Bavet, a suspicious border policeman asked all four men to step out of the

Will Good Currency Drive Out the Bad?

Funny money: In this counterfeit bill, allegedly printed in North Korea and seized by investigators in Asia, the defects are so minuscule that only an expert, or an ultra-sensitive scanning machine, can spot them



Two lines run together. On a real note, they are parallel.

Counterfeit turns Ben Franklin's right lip up in a tiny smile

Two lines fail to meet as they do on a genuine bill

Security thread

Enlarged portrait

Watermark



Microprinted words

Color-shifting ink

Longer serial number

The real thing: The new bill contains a buried polymer thread, a watermark that is visible when held to the light and a number that looks green from one angle and black from another. Tiny words are microprinted onto Franklin's coat and the "100" at lower left.

car so he could compare their faces with their passport photos. Three men complied, but the fourth—whose passport picture looked suspiciously like a photo of Tanaka that had been shown to the guards only a day before—refused to get out of the car. "We are good friends of King Sihanouk," said one of the other North Koreans. "If you don't let us through immediately, we will talk to him, and you will be in great trouble." When the Cambodian policeman refused to budge, the angry diplomat went back into the car and returned with bundles of \$100 bills. "Here's \$10,000 cash," he said. "Let us go immediately."

If the diplomat had offered only a handful of \$100 bills, the maneuver might have worked. Cambodian border guards are paid only \$25 a month and are susceptible to bribery. "Normally, even if

Japan to the Rescue: A Bad-Buck Buster

YOSHIHIDE MATSUMURA specializes in high-tech exotica. His Tokyo firm, Matsumura Electronics Co., produces everything from specialized industrial robots to a security lock that reads fingerprints. One of his hottest new products: a telephone-size counterfeit-bill detector. It is designed to weed out even the most sophisticated fake U.S. \$100 bills among the some 500 varieties of illegal notes that his researchers have identified. All it takes is a 7-second scan. The machine not only detects the fake but reveals what it detected, that the paper was too thin, say, or the ink used to print the bill too thick.

At \$1,950 a unit, Matsumura's device is selling especially well in Cambodia, Russia



and other countries awash with fraudulent dollars, he says. In Russia alone, claims Matsumura, 10 percent of the U.S. \$100 bills in circulation are counterfeit. Will the new, counterfeit-resistant \$100 bill recently introduced by the United States put him out of business? Matsumura is confident that the North Korean and other illegitimate presses will keep on printing. "The U.S. dollars are made in a rather easy and sloppy way," he says. "It will be a matter of three to six months before we will see the new [fake] \$100 bills in this part of the world." Thanks for the warning.

Matsumura with his bogus-bill detector