

Best Practices Guide for Handling Stained Notes in South Africa

National guidelines



'A stained note is probably a stolen note'

Compiled and Produced by Banknote Watch South Africa

2011 Version 1

Acknowledgements

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Table of Contents

	Page
Foreword	1
Executive Summary	2
Chapter 1 Introduction	3
1.1. Background to Banknote Watch South Africa	3
1.2. Objectives of the Guide	3
1.3. “A Stained Note is Probably a Stolen Note”	4
1.4. Currency Protection Devices	4
Chapter 2 Policies & Procedures for Dealing with Stained Banknotes	5
2.1. Introduction	5
2.2. Definitions	5
2.3. Legislation	5
2.4. Compliance to the Occupational Health & Safety Act	6
2.5. Handling Procedures for Dye-Stained Notes	6
2.6. Internal Procedures for Commercial Banks & CiT Operators	9
Chapter 3 Advice About Stained Notes	11
3.1. Advice to the Public	11
3.2. Advice to Retailers	11
3.3. Advice to the Police and Investigating Officers	12
Chapter 4 Resources & Links	15

Foreword

During the course of the 1990s I was privileged to lead the joint working group of the Banks and Cash in Transit operators of the day that managed the universal conversion from metal cash boxes to tamper evident bags for the purposes of carrying cash consignments between the customer and the cash centre. This project marked the introduction of the first cash protection technology that made use of banknote dye staining technology and promised revolutionary strides in our industry's collective efforts in the fight against crime.

By 2003, about 60% of the eleven million consignments were being moved in dye protected carriers and the balance of about 4,5 million consignments were still being moved in unprotected metal or plastic boxes.

The impact of banknote dye staining, cross pavement protection on cash in transit crime at that time manifested itself in both its deterrent and defensive value. In a study we conducted over a 12 month period measured in 2003, the grand total of only 48 attacks were recorded against the 6,7 million movements, 25 of which resulted in the recovery of the stained cash. In stark contrast, the balance of 4,5 million movements were attacked 235 times and only 21 of these were defended against the loss of cash.

Since those pioneering days, the leading stakeholders in the broader cash industry have embraced the use of banknote dye staining as a prominent weapon in our ability to contain and reduce cash crime.

Today, banknote staining defence systems are widely used by leading cash in transit operators, banks and retailers and are used effectively from tills to ATMs.

The publication of the best practices guide for handling stained notes is a major milestone in the evolution of our collective police and community crime fighting effort and a laudable achievement of the greater South African cash community for which Banknote Watch South Africa deserves great praise for its leadership.

One hopes that its publication will encourage even more private and public participation in spreading the message that a dye-stained note is probably a stolen note.

Richard Phillips
Member of the Executive Committee of Banknote Watch South Africa
& Managing Director of Cash Connect Management Solutions
March 2011

Executive Summary

Please note that this Executive Summary cannot replace reading the whole manual. The summary is merely a guide as to the content and main principles of the best practices for dealing with stained notes in South Africa. The reader should read the whole manual before attempting to implement any best practices summarised in the Executive Summary.

1. Protecting cash is an important crime prevention measure. Enhanced cash security may be brought about by use of cash protection technologies and application of industry best practices, in combination with collaboration between industry players and police services.
2. Banknote Watch SA is primarily concerned with stolen banknotes that have been stained by cash degradation systems, which are subsequently placed into circulation and/or laundered. However, there will be instances where banknotes have been stained accidentally by the malfunctioning and/or incorrect operation of cash degradation systems.
3. This guide sets out to inform members of the public, retailers, commercial banks and Cash in Transit operators of the process to follow in the event of coming into possession of dye-stained banknotes.
4. The international slogan of Banknote Watch is “a stained note is probably a stolen note”. The purpose of cash degradation systems is to protect cash from being stolen by “spoiling the reward”, namely rendering the cash unfit for use by criminals after it has been stained.
5. It is imperative that dye-stained banknotes be removed from circulation. This manual outlines the regulations and handling procedures/processes to ensure that dye-stained banknotes are removed from circulation in South Africa in a timely and efficient manner.

1.1. Background to Banknote Watch South Africa (<http://www.bnwsa.org>) (BNW SA)

Banknote Watch SA, affiliated to Banknote Watch International, was founded in 2008 to enhance cash security in South Africa. It is supported by SABRIC and major South African commercial banks, as well as Cash in Transit companies (CiTs).

Protecting cash is an important crime prevention measure. Enhanced cash security may be brought about by use of cash protection technologies and application of industry best practices, in combination with collaboration between industry players and police services.

The South African Reserve Bank (SARB), commercial banks, cash-in-transit companies, retail organisations and the ATM industry form the backbone of the cash cycle. Globally and nationally, cash remains the preferred method for personal and smaller consumer payments. Cash is vital to the functioning of the economy. It is therefore incumbent upon industry and law enforcement agencies to ensure everything possible is done to protect this cash cycle.

BNW SA is primarily concerned with stolen banknotes that have been stained by cash degradation systems, which are subsequently placed into circulation and/or laundered. However, there will be instances where banknotes have been stained accidentally by the malfunctioning and/or incorrect operation of cash degradation systems.

BNW SA also provides best practice guidelines in these circumstances.

1.2. Objectives of the Guide

This guide sets out to inform members of the public, retailers, commercial banks and Cash in Transit operators of the process to follow in the event of coming into possession of dye-stained banknotes.

1.3. “A Stained Note is Probably a Stolen Note”

The international slogan of Banknote Watch is “a stained note is probably a stolen note”. The purpose of cash degradation systems is to protect cash from being stolen by “spoiling the reward”, namely rendering the cash unfit for use by criminals after it has been stained.

The technology acts as a deterrent, sending a message to criminals that there is no point trying to steal the cash protected by dye staining systems because they will be unable to use the cash after a theft or robbery.

It is therefore imperative that dye-stained banknotes be removed from circulation.

This manual outlines the regulations and handling procedures/processes to ensure that dye-stained banknotes are removed from circulation in South Africa in a timely and efficient manner.

1.4. Currency Protection Devices

Currency protection devices (CPDs) may use either smoke and/or liquid dye to stain the notes.

CPDs are broadly divided into two groups; Cash in Transit/ATM protection and drop safes used by financial institutions and retailers.

Devices equipped with smoke emit a bright red smoke and stain the notes with the same colour. Such notes may give off a smell like a spent firework initially and will stain fingers when touched; both effects will fade with time.

Liquid dyes may stain the notes with a bluish-purple, red, black or green colour. Such notes may give off a smell similar to that of paint initially and will stain fingers when touched.

Chapter 2

Policies and Procedures for Dealing with Stained Banknotes

2.1. Introduction

In terms of Section 34(1)(f) of the South African Reserve Bank Act No 90 of 1989 it is an offence to wilfully deface, soil or damage a banknote.

Although CPDs deface banknotes, the South African Reserve Bank has allowed the use of CPDs as a means to protect the currency against crime, to deter robberies/theft and to serve as a means of identifying proceeds of crime, as part of its constitutional and statutory obligation to protect the integrity and value of the currency.

2.2. Definitions

Dye-stained banknotes - refers to banknotes that have been stained with a liquid dye and/or red smoke or a combination of both, by the activation of a SARB approved currency protection device.

Controlled dye-stained banknotes - refers to banknotes which are dye-stained by the activation of a SARB approved currency protection device due to an accidental discharge and/or during a bona fide robbery or attempted heist where the banknotes are contained and/or recovered in a controlled manner by the user of the device.

Uncontrolled dye-stained banknotes - refers to dye-stained banknotes in circulation which land in the hands of the public as a result of theft of an activated currency protection device.

2.3. Legislation

In terms of the Prevention of Organised Crime Act of 1998, it is an offence to retain or use the proceeds of unlawful activities. Since it can be said that there is a rebuttable presumption that banknotes stained under uncontrolled circumstances form part of the proceeds of crime, it will be an offence for the SARB to give value for uncontrolled dye-stained banknotes.

Banknotes in circulation that are discoloured and/or washed (collectively referred to as "bleached notes") or burnt to remove ink dye may, similarly to dye-stained notes, originate from criminal activities.

The SARB may therefore at law not exchange and/or give value for uncontrolled dye-stained or bleached notes found in circulation.

2.4. Compliance to the Occupational Health and Safety Act

2.4.1. *Handling of dry dye-stained banknotes*

Dye-stained banknotes which are dry, should preferably be handled with gloves. Should gloves however, not be worn, hands must be thoroughly washed with soap and water.

2.4.2. *Handling of wet dye-stained notes and/or liquid dyes*

Dye-stained banknotes which are wet should be allowed to dry prior to handling. In the event that such notes are handled and/or liquid dyes decanted into/out of containers, suitable protective clothing and apparel should be worn, viz:

- rubber gloves
- chemical resistant goggles
- masks
- aprons

Liquid dyes and/or dye-stained banknotes must always be handled in a well-ventilated area.

2.5 Handling procedures for dye-stained banknotes

2.5.1 *Commercial banks*

Under **no** circumstances are commercial banks permitted/authorised to give value for uncontrolled dye-stained notes which are in the hands of members of the public. Such claims must be referred to the nearest SARB Branch.

2.5.2 *Circumstances where SARB will give value*

The SARB will redeem banknotes, in the normal manner, which have been stained by paint, food substances, oil etc.

The SARB will give value for and/or exchange dye-stained banknotes where the authorised user of the CPD has not lost control, in other words, “controlled dye-stained banknotes”.

2.5.3 *Controlled dye-stained banknote claims*

The processing of controlled dye-stained claims is centralised at the SARB Pretoria North Branch, as it has the required infrastructure to meet the Occupational Health and Safety Act requirements.

Users of approved CPDs are required to make arrangements with their bankers/approved CiT operator for the delivery of a claim directly to the SARB Pretoria North Branch for processing. On receipt of a claim no value will be given immediately to the depositor. These claims will be accepted on a collection basis.

All claims handed in at the SARB Pretoria North Branch must be properly structured in the normal manner prior to being deposited.

Claims must be accompanied by a duly completed claim form in duplicate. The affidavit must be completed and signed by a Commissioner of Oaths. It must encompass the full circumstances/details of the activation of the CPD. In the case of a robbery and/or attempted heist the SAPS case number must also be furnished.

Supporting video coverage, when available, should also be made available to the SARB.

On completion of the processing of a claim, the SARB Pretoria North Branch will effect payment of the proceeds to the claimant (less the appropriate handling charges and VAT).

2.5.4 Uncontrolled dye-stained banknotes

As an exception a SARB Branch Manager may give value, at his/her discretion, for uncontrolled dye-stained banknotes which are slightly dye-stained.

No more than 5 (five) of such banknotes from members of the public may at any one time be considered for payment, and then only subject to the "reasonable person test", i.e. if the claimant can substantiate beyond reasonable doubt how he/she obtained such banknote/s.

2.5.4.1. Bulk note deposits made at the SARB – banks and CiTs

Discovered at point of deposit and/or after point of deposit (bags "said to contain")

Dye-stained notes discovered by a SARB Branch in a box/es at the point of deposit or after the point of deposit (bags "said to contain") will be accepted in the normal course of business. The full amount reflected on the deposit documentation will be credited to the host bank and/or the relevant user bank (in the case of a direct deposit). The SARB Branch will immediately advise the depositor by telephone of the existence of dye-stained banknotes in the deposit.

The depositor will be requested, on the same day, to make the necessary reversing entries and to make arrangements for the collection of the box (Normal SAMOS withdrawal arrangements).

Should it be too late to effect settlement for the withdrawal on the same day, the withdrawal transaction must be done by no later than the following business day. Interest will be charged at the prevailing Repo rate.

The user bank/CiT will be required to:

- collect the box from the SARB Branch;
- open the box under video coverage; and
- furnish the SARB Branch with the dye-stained notes and video evidence together with a full report encompassing the reasons for the presence of dye-stained notes in the box/es.

The SARB Branch will forward the dye-stained notes, video evidence and detailed report to Head Office for further action.

The SARB will levy normal the handling charges and a premium charge.

Dye-stained banknotes detected during preparation and/or detailed deposit verification

Should a SARB Branch discover dye-stained banknotes in a box during the above process, the branch will immediately advise the depositor by telephone of the existence of dye-stained banknotes in their deposit.

Such notes will be treated as a normal shortage. Under no circumstances will the dye-stained notes be returned and/or exchanged with the depositor.

The dye-stained notes will be retained by the SARB Branch and forwarded to Head Office for further action.

The SARB will levy the normal handling charges and a premium charge.

Banknotes inadvertently dye-stained as a result of been placed and transported in a bag containing dye-residue

SARB Head Office will consider a formal claim from a commercial bank and/or CiT operator where banknotes are inadvertently dye-stained as a result of having been placed and transported in a bag which contained dye-residue from an activated CPD.

Such claims must be furnished to the SARB Pretoria North Branch with supporting evidence i.e. video coverage of the bag, the actual bag containing the dye residue together with a sworn affidavit and a full report detailing the circumstances how such notes were contaminated.

The SARB will levy the normal handling charges and a premium charge.

2.6 Internal procedures for commercial banks and CiT operators

2.6.1. *Controlled dye-stained notes*

- Complete and sign 'Section A' of the SARB claim form. The declaration section must be duly completed and signed by the two officials responsible for handling the dye stained notes
- Attach the note label to the form
- Insert the dye-stained notes in a clearance bag with the following relevant documentation:
 - ✓ SARB application for the replacement of dye-stained notes and/or any supporting documentation
 - ✓ Duly completed affidavit and Case number.

Copies of all documentation must be included in the bag.

A copy of the affidavit must be kept at the branch\cash centre.

Note: No settlement must be passed.

Commercial bank branches and CiT operators may under no circumstances include dye-stained notes with mutilated note consignments cleared to the controlling cash centre.

For internal recording, include a detailed breakdown of:

- the amount of the dye-stained notes
- information about where the notes originated
- details of the bag and seal number
- the name of the branch\cash centre and contact details
- in the case of an attempted robbery, the SAPS affidavit details.

In the event of notes having been accidentally stained, full reasons and particulars of the bag must also be included in the mail.

2.6.2. *Uncontrolled dye-stained notes*

Front line tellers must be vigilant in the execution of their duties in identifying and removing, at source, uncontrolled dye-stained banknotes.

Where dye-stained notes are detected in a customer's deposit, including a deposit at an ATM, the customer's account must be debited with the amount of the dye-stained notes. The customer should also be advised accordingly.

Should such deposit raise suspicion, the branch must not hesitate to immediately report the matter to the South African Police Services for investigation.

Chapter 3

Advice About Stained Notes

3.1. Advice to the Public

A member of the public who unwittingly comes into possession of a slightly dye-stained note may obtain a claim form from a commercial bank and/or the SARB. All such claims will be considered by the SARB at its sole discretion.

Any information you have regarding stolen notes must be immediately reported to your local police station.

If you are offered a dye-stained note by a retailer it must be refused. Only accept clean notes.

If you receive a dye-stained note from an ATM withdrawal it must be reported to the relevant commercial bank for investigation. In this regard a claim form must be completed by the claimant and the commercial bank and submitted to the SARB for consideration.

By refusing to accept dye-stained notes or handing them in, you will play your part in fighting crime, since “a stained note is probably a stolen note”.

3.2. Advice to Retailers

Retailers are vital to the success of Banknote Watch South Africa. If the criminal cannot spend the dye-stained notes he has stolen, he will not have the incentive to try again. In the long run, this reduces the incidences of armed robbery and helps to protect cash.

If you are offered a dye-stained note by a member of the public it must not be accepted. Customers should be informed to take and/or report dye-stained notes to the South African Police Services.

Remove all dye-stained notes from your till as soon as you spot them, as your customers will naturally refuse to accept a stained note. Take the dye-stained notes to a commercial bank or the nearest Police Station who will issue you with a receipt.

Remember that every situation will be different, your safety and the safety of staff and customers, must always come first.

If you feel intimidated, take a full description of the person that gave you the note and pass this information on to your local Police Station.

3.3. Advice to Police and Investigating Officers

Dye-stained notes can be recovered in a variety of ways: arrests, searches, property found, etc. Depending on the circumstances, the Police and other law enforcement agencies may wish to determine/identify the origin of the notes in question.

Banknote Watch South Africa and its members are committed to assisting the Police, Forensic Services and/or other law enforcement agencies regarding all aspects of dye-stained notes resulting from activations of cash degradation systems.

What to look for:

- Banknotes that look, feel or smell different.
- Staining - green, bluish purple or red around the edges of the notes or across one side as though they have been dipped in ink.
- Burning or charring. This may be as the result of the heat used in smoke systems.
- Bleaching and/or fading of a banknote, the absence of the watermark or foil, or a change in the feel of the banknote. This may be the result of efforts to remove the dye stains using aggressive reagents.
- During a search - containers of chemicals, trays, gloves etc. that could be used in the cleaning or separating of banknotes. Staining on items – sink, bath, washing machine and/or stained clothing.

Please note that you are welcome to consult Banknote Watch South Africa and the dye-staining manufacturers who can provide full details of chemical components, note cipher numbers if recorded, and details of activations where known. Following forensic analysis, manufacturers will provide controlled samples and witness statements in the event of a prosecution.

3.3.1. Steps to take in investigations

What to ask staff:

- Was a CPD taken or handed to the raider?
- Was the CPD in a bag or in a pocket?
- What type of bag was used?
- After what delay was the CPD designed to activate (usually 10 seconds)?

3.3.1.1. Escape on foot

Establish all the alternative locations where the CPD would be 5 to 10 seconds after activation, when the smoke reaches its full emission rate. This could be 15 to 20 seconds from the premises, taking into account the delayed activation.

What to look for:

- The complete discarded bag, with contents.
- The CPD and some scattered banknotes, polythene bags may melt.
- Discarded stained clothing.

Where to look (immediately following the raid):

- Behind walls, hedges and fences.
- Temporary hiding places.

3.3.1.2. Escape by car

Placed on a seat, the CPD will progressively fill the vehicle with red smoke.

3.3.1.3. Witnesses

Some CPDs emit red smoke for about 20 seconds, drawing attention to it, the raider and vehicle used. It is important to identify/appeal for witnesses who may have seen the red smoke as they may hold valuable eyewitness evidence.

3.3.2. Evidence

Following an activation of a CPD stains on money, clothing, vehicles, etc., may help identify the suspect.

In some cases the stain may contain a unique identifier.

Controlled samples of the staining agent are available on request.

There are a number of other identity checks that can be made and officers should contact Banknote Watch for this information.

3.3.3. Cash In Transit Boxes

The term 'cash in transit box' refers to all types of traditional security boxes used by the Cash in Transit industry to convey securities between premises and vehicle in the ordinary course of business.

Where such equipment is fitted with pyrotechnic devices they are sometimes referred to as 'smoke boxes'. It is of particular relevance if such devices are to be retained by the Police for evidential and/or Forensic purposes in connection with an investigation.

Following consultation with respective forces, the Forensic Services and/or the Health & Safety Executive, the following procedure should be adopted in all cases where 'cash in transit boxes' are dealt with:

The utmost care must be exercised by any person who has reason to deal with cash in transit boxes.

- Under no circumstances should officers or support staff handle or otherwise interfere with the cash box, its components, or mechanisms unless, and until, both the locking circuitry and smoke activation circuitry have been certificated as disabled by an authorised representative of the security company concerned.
- Under no circumstances should a cash in transit box be taken into Police possession, unless both the locking circuitry and the smoke activation circuitry have been certificated as disabled by an authorised representative of the security company concerned.
- The certification confirming that the device has been disabled should accompany the device at all times whilst in possession of the Police. In this regard the Forensic Services will refuse to accept security cash boxes without this certification.

Chapter 4

Resources & Links

Organisation

Website and/or Contact Details

Banknote Watch South Africa

<http://www.bnwsa.org>

Banknote Watch International

<http://www.banknotewatch.org>

South African Reserve Bank

<http://www.reservebank.co.za>

The Consumer Goods Council of SA

<http://www.cgcsa.co.za>

SABRIC

<https://www.sabric.co.za>

South African Fraud Prevention Service

<http://www.safps.org.za>

South African Police Service

<http://www.saps.gov.za>

Business Against Crime

<http://www.bac.co.za>

Institute for Security Studies

<http://www.iss.co.za>