

BANK OF BOTSWANA

PRESS RELEASE

Update on Dye Stained Notes in Circulation

There is currently considerable public concern about the circulation of dye-stained banknotes. As indicated in the Bank's Press Release of June 18, 2004, these banknotes originate from various armed robberies affecting security companies carrying cash for banks and other large companies, and as such represent stolen property. It is reported by security companies that during such robberies, the protective boxes used to carry cash are activated and red smoke and dye is emitted, thus staining the banknotes inside the box. The intention of this security measure is to make the stolen banknotes distinctive and obvious to the public, so that the criminals will be unable to launder the proceeds of their crime by spending the money. Notes of all denominations have been affected, although the problem is mainly related to the P100 banknotes.

Possession of stolen banknotes is prohibited under Section 15 (1) of the Proceeds of Serious Crimes Act. Furthermore, the Bank of Botswana is prohibited from giving value for stolen banknotes, under Section 28 of the Bank of Botswana Act.

While it is not always easy to distinguish dye-stained banknotes from banknotes with other red marks, those which are dye-stained have certain distinguishing features. First, the staining tends to start from the edge of the note, and spreads towards the centre to a greater or lesser extent. Second, the ink used in dye-staining is red, and not pink or purple. Third, when the ink comes into contact with banknotes, it is absorbed in patches, or may result in a light red shading on parts of the bank note; it certainly does not form straight lines like a pen mark.

As a result of the relevant legal provisions, the Bank of Botswana has instructed the commercial banks not to give value for any dye-stained banknotes deposited by customers; rather, the banks will confiscate and issue a receipt for such banknotes. Similarly, the public and traders have been advised to thoroughly check any banknotes that come into their possession, and to reject any that appear to be dye-stained.

The Bank of Botswana has also instructed commercial banks that they must thoroughly check all cash disbursed to the public to ensure that dye-stained banknotes are not included. Should dye-stained banknotes be inadvertently included in cash disbursed over the counter or through Automatic Teller Machines (ATMs), the banks will replace the dye-stained banknotes with clean ones, as long as evidence can immediately be provided that the bank was the source of the tainted banknotes.

Although the above measures are intended to apply to stolen dye-stained banknotes only, there have been reports of over-reaction in some quarters. In some areas, it is alleged that banks and retailers have been refusing to accept banknotes with other red marks (such as red pen marks) and, in addition, some banknotes with red marks that are unrelated to dye-staining have been confiscated by the banks. There have even been reports that some traders are refusing to accept any P100 banknotes. This is unacceptable; banknotes with red marks but which are not dye-stained remain legal tender and should be accepted by all traders and banks.

The commercial banks and the Bank of Botswana will examine all of the banknotes that have been received to date, and will reimburse as quickly as possible the holders of banknotes that have been confiscated but which are not dye-stained. However, the holders of dye-stained banknotes cannot be reimbursed the value of these banknotes, as this is prohibited by law.

The problem of dye-stained banknotes affects all of us. It is in everybody's interests to make it as difficult as possible for criminals to benefit from their crimes. Experience has shown security companies in particular that the use of dye-staining is one of the most effective means of reducing armed robberies from cash-in-transit operations. It is important to point out that, for this security company measure to be effective, members of the public must be aware that possession of such banknotes is illegal, and the public, along with banks as well as the Bank of Botswana, must be exceptionally vigilant to ensure that such stolen banknotes do not go into circulation.

As a related matter, I hasten to add that the more recently printed bank notes have braille dots on them to assist visually impaired people to determine that the notes are valid. As you are aware, there is one dot on the P10 note, two dots on the P20 note, three dots on the P50 note and four dots on the P100 note.

Older notes do not bear the dots. The absence of a braille dot does not invalidate the note in anyway; it is still legal tender. Only the dye stained notes referred to above represent the proceeds of crime.

The Bank looks forward to receiving the support of the community at large in its effort to deal with this problem if we are to ensure that "crime does not pay".

July 9, 2004

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