

October 2, 2012

Claus Bolza-Schünemann  
Chief Executive Officer & President  
Koenig & Bauer AG  
Werk Würzburg  
Fredrich-Koenig-Str. 4  
97080 Würzburg  
Germany

Olivier Beaumont  
Managing Director  
KBA-NotaSys SA  
Avenue du Grey 55  
1018 Lausanne  
Switzerland

**Re: KBA, Iran and Rial Printing Supplies and Support**

Dear Mr. Bolza-Schünemann and Mr. Beaumont:

United Against Nuclear Iran (“UANI”) is writing to express its concern about the ongoing business of Koenig & Bauer Aktiengesellschaft (“KBA”) in Iran, and the potential provision of banknote printing machinery and services by KBA subsidiary NotaSys SA (“NotaSys”) to the Central Bank of Iran (“CBI”) and the CBI’s Security Printing and Minting Organization (“SPMO”).

As you should be aware, the international community has united in an effort to adopt measures to economically isolate the Iranian regime. The rationale for this action is based on strong empirical evidence that such measures are having a tangible impact on the Iranian economy and the Iranian regime. Clear evidence of this can be seen in the value of Iran’s currency, the rial, which is presently in free-fall.

The decline in the value of the rial demonstrates that the Iranian leadership’s political decisions and economic mismanagement have degraded the Iranian economy and seriously limited economic opportunities and prosperity for the Iranian people. Furthermore, the growing difference between the official and unofficial exchange rates shows that pressure has caused the regime to increasingly lose control over its economy. Now is the time to sustain existing measures put in place to pressure the Iranian regime and also adopt additional measures to ensure that Iran faces the most robust sanctions in history.

Accordingly, as part of its Currency Campaign, UANI is targeting companies such as KBA for the provision of goods and services that support the security printing and production of the rial. By manipulating and increasing the printing volume of the rial, the regime can bolster its floundering currency and mask the disastrous impact of its political decisions, economic mismanagement and isolation.

As the value of the Iranian rial continues to plummet to an unofficial rate of about 37,000 rials to the U.S. dollar, and inflation balloons to 25%, the Iranian regime has turned to issuing increasingly large denominations of banknotes. (*BBC*, "[Iran doubles highest banknote amid inflation fears](#)," 5/22/10)

UANI is therefore highly concerned with KBA's ongoing presence in Iran. KBA has previously sold printing presses to numerous Iranian entities and currently maintains contacts with at least two Iranian companies, Techno Sanaye and Karapayam Publishing & Printing. (KBA: [First large-format Rapida for Iran](#)) (KBA: [Further KBA Comet for Iran](#)) (KBA: [Contacts in your region](#)) Furthermore, KBA's subsidiary KBA MetalPrint GmbH & Co. KG was listed as a member of the German-Iranian Chamber of Commerce as recently as 2010.

UANI is also concerned by the possibility that a KBA subsidiary, NotaSys, a leading producer of banknote printing services, has continued to provide machinery, materials, technical support, and/or consulting services to the CBI. Until 2001, NotaSys was known as De La Rue Giori, then an affiliate of De La Rue Plc ("DLR"). According to the latest publically available known information, DLR previously contracted with the CBI to produce multiple generations of Iranian banknotes. ([2013 Standard Catalogue of World Paper Money](#)) Given the highly complex nature of banknote printing and resultant long-term relationships between printers and central banks, UANI is concerned that the relationship between NotaSys and the CBI is ongoing. Accordingly, please clarify the extent of NotaSys business activities with the CBI or any other Iranian entities.

Moreover, in order to produce large numbers of high-security banknotes, the CBI has apparently turned to companies such as KBA for technical expertise, printing machinery and raw materials. The CBI recently released requests-for-tender ("RFTs") soliciting the supply of printing presses, security fibers, hologram application machines and chemicals and additives crucial to the banknote production process. ([Iran Tender Company](#): Input "Central Bank of I.R. of Iran" OR "Security Printing and Minting Organization") Please clarify whether or not KBA has acted on any of these RFTs and if it is indeed providing technical expertise, printing machinery and raw materials to the CBI either directly or through a subsidiary or affiliate. UANI strongly believes that the only responsible action for KBA in light of the fact that the CBI is a sanction-designated entity under U.S. and EU law is for KBA to immediately and publicly reject CBI solicitations for KBA services.

Germany-based KBA and Swiss-based NotaSys should also be aware of relevant European Union sanctions that preclude European firms from supporting Iranian banknote production. In March 23, 2012, the EU enacted Council Regulation No. 267/2012, which prohibits the "delivery of newly printed banknotes and coinage to or for the benefit of the Central Bank of Iran." ([EU Council Regulation \(EU\) No 267/2012](#)) Clearly, KBA's business activities

and partnership with the CBI would subject KBA to penalties under the foregoing regulations. Please also be advised that UANI will be contacting relevant regulatory officials in Germany and the EU to highlight the activities of KBA and other purveyors of currency printing products and expertise.

UANI finds KBA's apparent business in Iran particularly galling in light of its extensive contracts with the U.S. Department of Treasury and its role in U.S. banknote production. KBA has been the recipient of over \$131 million in contracts from the U.S. Treasury's Bureau of Engraving and Printing, in addition to \$2.39 million awarded to KBA subsidiary KBA North America by the U.S. Department of Defense. (USASpending.gov: [KBA GIORI SA](#)) (USASpending.gov: [NORTH AMERICA KBA INC](#)) Given the enormous trust granted to KBA for the production of U.S. dollars, often through non-competitive contracts, KBA cannot justify its business dealings with a regime that provides weapons to kill U.S. troops in Iraq and Afghanistan, partners with Al-Qaeda, and has been designated as the world's most active state sponsor of terror.

Therefore, UANI calls upon KBA and its affiliates and subsidiaries to immediately clarify and, as appropriate, cease its business activities with the CBI and other Iranian controlled entities. Simply put, by conducting business in Iran, KBA has provided critical support to the Iranian regime precisely at a moment when measures imposed by the international community to isolate Iran economically and diplomatically are having a tangible effect. As the global community has successfully economically isolated Iran, the rial has fallen precipitously. Tehran's only method of counteracting the devaluation of the rial is by increasing its money supply and by ensuring the efficacy of the printed banknotes. Without such technology, as ostensibly provided by KBA, Iran could not successfully print more and secure rials.

The Iranian regime is imperiling the long-term stability of the region, the security of the international community and its own citizens, as well as the entire nuclear nonproliferation regime. It is incumbent on all of us, private citizens, governments and corporations alike, to take concrete steps to oppose this ongoing and dangerous threat. KBA's direct partnership with Iranian entities is exposing KBA and its investors to serious and irrevocable reputational harm. It is time for KBA to clarify and end its business in Iran. To the extent that KBA maintains any goods or machinery in Iran, KBA should reclaim such items and remove them from Iranian soil.

Please let us hear from you by October 11, 2012 as to whether or not you will take action to end your business in Iran. We look forward to your response.

Thank you for your immediate attention to this matter.

Very truly yours,



Ambassador Mark D. Wallace

Enclosure:  
-- UANI's Iran Business Declaration

cc: Joseph Capello  
Executive Vice President, KBA NotaSys SA

Mark Hischar  
Chief Executive Officer, KBA North America