

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3004

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## AN ACT

To combat the financing of terrorism and other financial crimes, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Financial Anti-Terrorism Act of 2001”.

4 (b) **TABLE OF CONTENTS.**—The table of contents for  
5 this Act is as follows:

Sec. 1. Short title; table of contents.

**TITLE I—STRENGTHENING LAW ENFORCEMENT**

- Sec. 101. Bulk cash smuggling into or out of the United States.
- Sec. 102. Forfeiture in currency reporting cases.
- Sec. 103. Illegal money transmitting businesses.
- Sec. 104. Long-arm jurisdiction over foreign money launderers.
- Sec. 105. Laundering money through a foreign bank.
- Sec. 106. Specified unlawful activity for money laundering.
- Sec. 107. Laundering the proceeds of terrorism.
- Sec. 108. Proceeds of foreign crimes.
- Sec. 109. Penalties for violations of geographic targeting orders and certain record keeping requirements.
- Sec. 110. Exclusion of aliens involved in money laundering.
- Sec. 111. Standing to contest forfeiture of funds deposited into foreign bank that has a correspondent account in the United States.
- Sec. 112. Subpoenas for records regarding funds in correspondent bank accounts.
- Sec. 113. Authority to order convicted criminal to return property located abroad.
- Sec. 114. Corporation represented by a fugitive.
- Sec. 115. Enforcement of foreign judgments.
- Sec. 116. Reporting provisions and anti-terrorist activities of United States intelligence agencies.
- Sec. 117. Financial Crimes Enforcement Network.
- Sec. 118. Prohibition on false statements to financial institutions concerning the identity of a customer.
- Sec. 119. Verification of identification.
- Sec. 120. Consideration of anti-money laundering record.
- Sec. 121. Reporting of suspicious activities by informal underground banking systems, such as hawalas.
- Sec. 122. Uniform protection authority for Federal reserve facilities.
- Sec. 123. Reports relating to coins and currency received in nonfinancial trade or business.

**TITLE II—PUBLIC-PRIVATE COOPERATION**

- Sec. 201. Establishment of highly secure network.
- Sec. 202. Report on improvements in data access and other issues.
- Sec. 203. Reports to the financial services industry on suspicious financial activities.
- Sec. 204. Efficient use of currency transaction report system.
- Sec. 205. Public-private task force on terrorist financing issues.
- Sec. 206. Suspicious activity reporting requirements.

- Sec. 207. Amendments relating to reporting of suspicious activities.  
 Sec. 208. Authorization to include suspicions of illegal activity in written employment references.  
 Sec. 209. International cooperation on identification of originators of wire transfers.  
 Sec. 210. Check truncation study.

#### TITLE III—COMBATTING INTERNATIONAL MONEY LAUNDERING

- Sec. 301. Special measures for jurisdictions, financial institutions, or international transactions of primary money laundering concern.  
 Sec. 302. Special due diligence for correspondent accounts and private banking accounts.  
 Sec. 303. Prohibition on United States correspondent accounts with foreign shell banks.  
 Sec. 304. Anti-money laundering programs.  
 Sec. 305. Concentration accounts at financial institutions.  
 Sec. 306. International cooperation in investigations of money laundering, financial crimes, and the finances of terrorist groups.

#### TITLE IV—CURRENCY PROTECTION

- Sec. 401. Counterfeiting domestic currency and obligations.  
 Sec. 402. Counterfeiting foreign currency and obligations.  
 Sec. 403. Production of documents.  
 Sec. 404. Reimbursement.

## 1 **TITLE I—STRENGTHENING LAW** 2 **ENFORCEMENT**

### 3 **SEC. 101. BULK CASH SMUGGLING INTO OR OUT OF THE** 4 **UNITED STATES.**

5 (a) FINDINGS.—The Congress finds the following:

6 (1) Effective enforcement of the currency re-  
 7 porting requirements of subchapter II of chapter 53  
 8 of title 31, United States Code, and the regulations  
 9 prescribed under such subchapter, has forced drug  
 10 dealers and other criminals engaged in cash-based  
 11 businesses to avoid using traditional financial insti-  
 12 tutions.

13 (2) In their effort to avoid using traditional fi-  
 14 nancial institutions, drug dealers and other criminals

1 are forced to move large quantities of currency in  
2 bulk form to and through the airports, border cross-  
3 ings, and other ports of entry where the currency  
4 can be smuggled out of the United States and placed  
5 in a foreign financial institution or sold on the black  
6 market.

7 (3) The transportation and smuggling of cash  
8 in bulk form may now be the most common form of  
9 money laundering, and the movement of large sums  
10 of cash is one of the most reliable warning signs of  
11 drug trafficking, terrorism, money laundering, rack-  
12 eteering, tax evasion and similar crimes.

13 (4) The intentional transportation into or out of  
14 the United States of large amounts of currency or  
15 monetary instruments, in a manner designed to cir-  
16 cumvent the mandatory reporting provisions of sub-  
17 chapter II of chapter 53 of title 31, United States  
18 Code,, is the equivalent of, and creates the same  
19 harm as, the smuggling of goods.

20 (5) The arrest and prosecution of bulk cash  
21 smugglers are important parts of law enforcement's  
22 effort to stop the laundering of criminal proceeds,  
23 but the couriers who attempt to smuggle the cash  
24 out of the United States are typically low-level em-  
25 ployees of large criminal organizations, and thus are

1 easily replaced. Accordingly, only the confiscation of  
2 the smuggled bulk cash can effectively break the  
3 cycle of criminal activity of which the laundering of  
4 the bulk cash is a critical part.

5 (6) The current penalties for violations of the  
6 currency reporting requirements are insufficient to  
7 provide a deterrent to the laundering of criminal  
8 proceeds. In particular, in cases where the only  
9 criminal violation under current law is a reporting  
10 offense, the law does not adequately provide for the  
11 confiscation of smuggled currency. In contrast, if the  
12 smuggling of bulk cash were itself an offense, the  
13 cash could be confiscated as the corpus delicti of the  
14 smuggling offense.

15 (b) PURPOSES.—The purposes of this section are—

16 (1) to make the act of smuggling bulk cash  
17 itself a criminal offense;

18 (2) to authorize forfeiture of any cash or instru-  
19 ments of the smuggling offense;

20 (3) to emphasize the seriousness of the act of  
21 bulk cash smuggling; and

22 (4) to prescribe guidelines for determining the  
23 amount of property subject to such forfeiture in var-  
24 ious situations.

1 (c) ENACTMENT OF BULK CASH SMUGGLING OF-  
2 FENSE.—Subchapter II of chapter 53 of title 31, United  
3 States Code, is amended by adding at the end the fol-  
4 lowing:

5 **“§ 5331. Bulk cash smuggling into or out of the**  
6 **United States**

7 “(a) CRIMINAL OFFENSE.—

8 “(1) IN GENERAL.—Whoever, with the intent to  
9 evade a currency reporting requirement under sec-  
10 tion 5316, knowingly conceals more than \$10,000 in  
11 currency or other monetary instruments on the per-  
12 son of such individual or in any conveyance, article  
13 of luggage, merchandise, or other container, and  
14 transports or transfers or attempts to transport or  
15 transfer such currency or monetary instruments  
16 from a place within the United States to a place out-  
17 side of the United States, or from a place outside  
18 the United States to a place within the United  
19 States, shall be guilty of a currency smuggling of-  
20 fense and subject to punishment pursuant to sub-  
21 section (b).

22 “(2) CONCEALMENT ON PERSON.—For pur-  
23 poses of this section, the concealment of currency on  
24 the person of any individual includes concealment in  
25 any article of clothing worn by the individual or in

1 any luggage, backpack, or other container worn or  
2 carried by such individual.

3 “(b) PENALTY.—

4 “(1) TERM OF IMPRISONMENT.—A person con-  
5 victed of a currency smuggling offense under sub-  
6 section (a), or a conspiracy to commit such offense,  
7 shall be imprisoned for not more than 5 years.

8 “(2) FORFEITURE.—In addition, the court, in  
9 imposing sentence under paragraph (1), shall order  
10 that the defendant forfeit to the United States, any  
11 property, real or personal, involved in the offense,  
12 and any property traceable to such property, subject  
13 to subsection (d) of this section.

14 “(3) PROCEDURE.—The seizure, restraint, and  
15 forfeiture of property under this section shall be gov-  
16 erned by section 413 of the Controlled Substances  
17 Act.

18 “(4) PERSONAL MONEY JUDGMENT.—If the  
19 property subject to forfeiture under paragraph (2) is  
20 unavailable, and the defendant has insufficient sub-  
21 stitute property that may be forfeited pursuant to  
22 section 413(p) of the Controlled Substances Act, the  
23 court shall enter a personal money judgment against  
24 the defendant for the amount that would be subject  
25 to forfeiture.

1 “(c) CIVIL FORFEITURE.—

2 “(1) IN GENERAL.—Any property involved in a  
3 violation of subsection (a), or a conspiracy to com-  
4 mit such violation, and any property traceable to  
5 such violation or conspiracy, may be seized and, sub-  
6 ject to subsection (d) of this section, forfeited to the  
7 United States.

8 “(2) PROCEDURE.—The seizure and forfeiture  
9 shall be governed by the procedures governing civil  
10 forfeitures in money laundering cases pursuant to  
11 section 981(a)(1)(A) of title 18, United States Code.

12 “(3) TREATMENT OF CERTAIN PROPERTY AS  
13 INVOLVED IN THE OFFENSE.—For purposes of this  
14 subsection and subsection (b), any currency or other  
15 monetary instrument that is concealed or intended  
16 to be concealed in violation of subsection (a) or a  
17 conspiracy to commit such violation, any article, con-  
18 tainer, or conveyance used, or intended to be used,  
19 to conceal or transport the currency or other mone-  
20 tary instrument, and any other property used, or in-  
21 tended to be used, to facilitate the offense, shall be  
22 considered property involved in the offense.”.

23 (c) CLERICAL AMENDMENT.—The table of sections  
24 for subchapter II of chapter 53 of title 31, United States



1 Code, is amended by inserting after the item relating to  
2 section 5330, the following new item:

“5331. Bulk cash smuggling into or out of the United States.”.

3 **SEC. 102. FORFEITURE IN CURRENCY REPORTING CASES.**

4 (a) IN GENERAL.—Subsection (c) of section 5317 of  
5 title 31, United States Code, is amended to read as fol-  
6 lows:

7 “(c) FORFEITURE.—

8 “(1) IN GENERAL.—The court in imposing sen-  
9 tence for any violation of section 5313, 5316, or  
10 5324 of this title, or any conspiracy to commit such  
11 violation, shall order the defendant to forfeit all  
12 property, real or personal, involved in the offense  
13 and any property traceable thereto.

14 “(2) PROCEDURE.—Forfeitures under this sub-  
15 section shall be governed by the procedures estab-  
16 lished in section 413 of the Controlled Substances  
17 Act and the guidelines established in paragraph (4).

18 “(3) CIVIL FORFEITURE.—Any property in-  
19 volved in a violation of section 5313, 5316, or 5324  
20 of this title, or any conspiracy to commit any such  
21 violation, and any property traceable to any such  
22 violation or conspiracy, may be seized and, subject  
23 to paragraph (4), forfeited to the United States in  
24 accordance with the procedures governing civil for-

1       feitures in money laundering cases pursuant to sec-  
2       tion 981(a)(1)(A) of title 18, United States Code.”.

3       (b) CONFORMING AMENDMENTS.—

4             (1) Section 981(a)(1)(A) of title 18, United  
5       States Code, is amended by striking “of section  
6       5313(a) or 5324(a) of title 31, or”.

7             (2) Section 982(a)(1) of title 18, United States Code,  
8       is amended by striking “of section 5313(a), 5316, or 5324  
9       of title 31, or”.

10   **SEC. 103. ILLEGAL MONEY TRANSMITTING BUSINESSES.**

11       (a) SCIENTER REQUIREMENT FOR SECTION 1960  
12   VIOLATION.—Section 1960 of title 18, United States  
13   Code, is amended to read as follows:

14   **“§ 1960. Prohibition of unlicensed money transmit-**  
15                   **ting businesses**

16       “(a) Whoever knowingly conducts, controls, manages,  
17   supervises, directs, or owns all or part of an unlicensed  
18   money transmitting business, shall be fined in accordance  
19   with this title or imprisoned not more than 5 years, or  
20   both.

21       “(b) As used in this section—

22             “(1) the term ‘unlicensed money transmitting  
23       business’ means a money transmitting business  
24       which affects interstate or foreign commerce in any  
25       manner or degree and—

1           “(A) is operated without an appropriate  
2 money transmitting license in a State where  
3 such operation is punishable as a misdemeanor  
4 or a felony under State law, whether or not the  
5 defendant knew that the operation was required  
6 to be licensed or that the operation was so pun-  
7 ishable;

8           “(B) fails to comply with the money trans-  
9 mitting business registration requirements  
10 under section 5330 of title 31, United States  
11 Code, or regulations prescribed under such sec-  
12 tion; or

13           “(C) otherwise involves the transportation  
14 or transmission of funds that are known to the  
15 defendant to have been derived from a criminal  
16 offense or are intended to be used to be used  
17 to promote or support unlawful activity;

18           “(2) the term ‘money transmitting’ includes  
19 transferring funds on behalf of the public by any  
20 and all means including but not limited to transfers  
21 within this country or to locations abroad by wire,  
22 check, draft, facsimile, or courier; and

23           “(3) the term ‘State’ means any State of the  
24 United States, the District of Columbia, the North-

1 ern Mariana Islands, and any commonwealth, terri-  
2 tory, or possession of the United States.”.

3 (b) SEIZURE OF ILLEGALLY TRANSMITTED  
4 FUNDS.—Section 981(a)(1)(A) of title 18, United States  
5 Code, is amended by striking “or 1957” and inserting “,  
6 1957 or 1960”.

7 (c) CLERICAL AMENDMENT.—The table of sections  
8 for chapter 95 of title 18, United States Code, is amended  
9 in the item relating to section 1960 by striking “illegal”  
10 and inserting “unlicensed”.

11 **SEC. 104. LONG-ARM JURISDICTION OVER FOREIGN MONEY**  
12 **LAUNDERERS.**

13 Section 1956(b) of title 18, United States Code, is  
14 amended—

15 (1) by striking “(b) Whoever” and inserting  
16 “(b)(1) Whoever”;

17 (2) by redesignating paragraphs (1) and (2) as  
18 subparagraphs (A) and (B), respectively;

19 (3) by striking “subsection (a)(1) or (a)(3),”  
20 and inserting “subsection (a)(1) or (a)(2) or section  
21 1957,”; and

22 (4) by adding at the end the following new  
23 paragraphs:

24 “(2) For purposes of adjudicating an action filed or  
25 enforcing a penalty ordered under this section, the district

1 courts shall have jurisdiction over any foreign person, in-  
2 cluding any financial institution authorized under the laws  
3 of a foreign country, against whom the action is brought,  
4 if—

5           “(A) service of process upon such foreign per-  
6 son is made under the Federal Rules of Civil Proce-  
7 dure or the laws of the country where the foreign  
8 person is found; and

9           “(B) the foreign person—

10               “(i) commits an offense under subsection  
11 (a) involving a financial transaction that occurs  
12 in whole or in part in the United States;

13               “(ii) converts to such person’s own use  
14 property in which the United States has an  
15 ownership interest by virtue of the entry of an  
16 order of forfeiture by a court of the United  
17 States; or

18               “(iii) is a financial institution that main-  
19 tains a correspondent bank account at a finan-  
20 cial institution in the United States.

21           “(3) The court may issue a pretrial restraining order  
22 or take any other action necessary to ensure that any bank  
23 account or other property held by the defendant in the  
24 United States is available to satisfy a judgment under this  
25 section.”.

1 **SEC. 105. LAUNDERING MONEY THROUGH A FOREIGN**  
2 **BANK.**

3 Section 1956(c)(6) of title 18, United States Code,  
4 is amended to read as follows:

5 “(6) the term ‘financial institution’ includes any  
6 financial institution described in section 5312(a)(2)  
7 of title 31, United States Code, or the regulations  
8 promulgated thereunder, as well as any foreign  
9 bank, as defined in paragraph (7) of section 1(b) of  
10 the International Banking Act of 1978 (12 U.S.C.  
11 3101(7));”.

12 **SEC. 106. SPECIFIED UNLAWFUL ACTIVITY FOR MONEY**  
13 **LAUNDERING.**

14 (a) IN GENERAL.—Section 1956(c)(7) of title 18,  
15 United States Code, is amended—

16 (1) in subparagraph (B)—

17 (A) by striking clause (ii) and inserting the  
18 following new clause:

19 “(ii) any act or acts constituting a  
20 crime of violence, as defined in section 16  
21 of this title;” and

22 (B) by inserting after clause (iii) the fol-  
23 lowing new clauses:

24 “(iv) bribery of a public official, or  
25 the misappropriation, theft, or embezzle-

1           ment of public funds by or for the benefit  
2           of a public official;

3           “(v) smuggling or export control viola-  
4           tions involving munitions listed in the  
5           United States Munitions List or tech-  
6           nologies with military applications as de-  
7           fined in the Commerce Control List of the  
8           Export Administration Regulations; or

9           “(vi) an offense with respect to which  
10          the United States would be obligated by a  
11          bilateral treaty either to extradite the al-  
12          leged offender or to submit the case for  
13          prosecution, if the offender were found  
14          within the territory of the United States;”;

15          and

16          (2) in subparagraph (D)—

17                (A) by inserting “section 541 (relating to  
18                goods falsely classified),” before “section 542”;

19                (B) by inserting “section 922(1) (relating  
20                to the unlawful importation of firearms), sec-  
21                tion 924(n) (relating to firearms trafficking),”  
22                before “section 956”;

23                (C) by inserting “section 1030 (relating to  
24                computer fraud and abuse),” before “1032”;

25          and

1 (D) by inserting “any felony violation of  
2 the Foreign Agents Registration Act of 1938,  
3 as amended,” before “or any felony violation of  
4 the Foreign Corrupt Practices Act”.

5 (b) **RULE OF CONSTRUCTION.**—None of the changes  
6 or amendments made by the Financial Anti-Terrorism Act  
7 of 2001 shall expand the jurisdiction of any Federal or  
8 State court over any civil action or claim for monetary  
9 damages for the nonpayment of taxes or duties under the  
10 revenue laws of a foreign state, or any political subdivision  
11 thereof, except as such actions or claims are authorized  
12 by United States treaty that provides the United States  
13 and its political subdivisions with reciprocal rights to pur-  
14 sue such actions or claims in the courts of the foreign  
15 state and its political subdivisions.

16 **SEC. 107. LAUNDERING THE PROCEEDS OF TERRORISM.**

17 Section 1956(c)(7)(D) of title 18, United States  
18 Code, is amended by inserting “or 2339B” after “2339A”.

19 **SEC. 108. PROCEEDS OF FOREIGN CRIMES.**

20 Section 981(a)(1)(B) of title 18, United States Code,  
21 is amended to read as follows:

22 “(B) Any property, real or personal, within the  
23 jurisdiction of the United States, constituting, de-  
24 rived from, or traceable to, any proceeds obtained di-  
25 rectly or indirectly from an offense against a foreign



1 nation, or any property used to facilitate such of-  
2 fense, if—

3 “(i) the offense involves the manufacture,  
4 importation, sale, or distribution of a controlled  
5 substance (as such term is defined for the pur-  
6 poses of the Controlled Substances Act), or any  
7 other conduct described in section  
8 1956(c)(7)(B),

9 “(ii) the offense would be punishable with-  
10 in the jurisdiction of the foreign nation by  
11 death or imprisonment for a term exceeding one  
12 year, and

13 “(iii) the offense would be punishable  
14 under the laws of the United States by impris-  
15 onment for a term exceeding one year if the act  
16 or activity constituting the offense had occurred  
17 within the jurisdiction of the United States.”.

18 **SEC. 109. PENALTIES FOR VIOLATIONS OF GEOGRAPHIC**  
19 **TARGETING ORDERS AND CERTAIN RECORD**  
20 **KEEPING REQUIREMENTS.**

21 (a) CIVIL PENALTY FOR VIOLATION OF TARGETING  
22 ORDER.—Section 5321(a)(1) of title 31, United States  
23 Code, is amended—

24 (1) by inserting “or order issued” after “sub-  
25 chapter or a regulation prescribed”; and

1           (2) by inserting “, or willfully violating a regu-  
2           lation prescribed under section 21 of the Federal  
3           Deposit Insurance Act or section 123 of Public Law  
4           91–508,” after “sections 5314 and 5315”).

5           (b) CRIMINAL PENALTIES FOR VIOLATION OF TAR-  
6           GETING ORDER.—

7           Section 5322 of title 31, United States Code, is  
8           amended—

9           (1) in subsection (a)—

10           (A) by inserting “or order issued” after  
11           “willfully violating this subchapter or a regula-  
12           tion prescribed”; and

13           (B) by inserting “, or willfully violating a  
14           regulation prescribed under section 21 of the  
15           Federal Deposit Insurance Act or section 123  
16           of Public Law 91–508,” after “under section  
17           5315 or 5324”;

18           (2) in subsection (b)—

19           (A) by inserting “or order issued” after  
20           “willfully violating this subchapter or a regula-  
21           tion prescribed”; and

22           (B) by inserting “or willfully violating a  
23           regulation prescribed under section 21 of the  
24           Federal Deposit Insurance Act or section 123

1           of Public Law 91–508,” after “under section  
2           5315 or 5324),”;

3           (c) STRUCTURING TRANSACTIONS TO EVADE TAR-  
4 GETTING ORDER OR CERTAIN RECORD KEEPING REQUIRE-  
5 MENTS.—Section 5324(a) of title 31, United States Code,  
6 is amended—

7           (1) by inserting a comma after “shall”;

8           (2) by striking “section—” and inserting “sec-  
9           tion, the reporting requirements imposed by any  
10           order issued under section 5326, or the record keep-  
11           ing requirements imposed by any regulation pre-  
12           scribed under section 21 of the Federal Deposit In-  
13           surance Act or section 123 of Public Law 91–508—  
14           ”; and

15           (3) in paragraphs (1) and (2), by inserting “,  
16           to file a report required by any order issued under  
17           section 5326, or to maintain a record required pur-  
18           suant to any regulation prescribed under section 21  
19           of the Federal Deposit Insurance Act or section 123  
20           of Public Law 91–508” after “regulation prescribed  
21           under any such section” each place that term ap-  
22           pears.

23           (d) INCREASE IN CIVIL PENALTIES FOR VIOLATION  
24 OF CERTAIN RECORD KEEPING REQUIREMENTS.—

1 (1) FEDERAL DEPOSIT INSURANCE ACT.—Sec-  
2 tion 21(j)(1) of the Federal Deposit Insurance Act  
3 (12 U.S.C. 1829b(j)(1)) is amended by striking  
4 “\$10,000” and inserting “the greater of—

5 “(A) the amount (not to exceed \$100,000)  
6 involved in the transaction (if any) with respect  
7 to which the violation occurred; or

8 “(B) \$25,000”.

9 (2) PUBLIC LAW 91–508.—Section 125(a) of  
10 Public Law 91–508 (12 U.S.C. 1955(a)) is amended  
11 by striking “\$10,000” and inserting “the greater  
12 of—

13 “(1) the amount (not to exceed \$100,000) in-  
14 volved in the transaction (if any) with respect to  
15 which the violation occurred; or

16 “(2) \$25,000”.

17 (e) CRIMINAL PENALTIES FOR VIOLATION OF CER-  
18 TAIN RECORD KEEPING REQUIREMENTS.—

19 (1) SECTION 126.—Section 126 of Public Law  
20 91–508 (12 U.S.C. 1956) is amended to read as fol-  
21 lows:

22 **“SEC. 126. CRIMINAL PENALTY.**

23 “A person that willfully violates this chapter, section  
24 21 of the Federal Deposit Insurance Act, or a regulation  
25 prescribed under this chapter or that section 21, shall be

1 fined not more than \$250,000, or imprisoned for not more  
2 than 5 years, or both.”.

3 (2) SECTION 127.—Section 127 of Public Law  
4 91–508 (12 U.S.C. 1957) is amended to read as fol-  
5 lows:

6 **“SEC. 127. ADDITIONAL CRIMINAL PENALTY IN CERTAIN**  
7 **CASES.**

8 “A person that willfully violates this chapter, section  
9 21 of the Federal Deposit Insurance Act, or a regulation  
10 prescribed under this chapter or that section 21, while vio-  
11 lating another law of the United States or as part of a  
12 pattern of any illegal activity involving more than  
13 \$100,000 in a 12-month period, shall be fined not more  
14 than \$500,000, imprisoned for not more than 10 years,  
15 or both.”.

16 **SEC. 110. EXCLUSION OF ALIENS INVOLVED IN MONEY**  
17 **LAUNDERING.**

18 (a) IN GENERAL.—Section 212 of the Immigration  
19 and Nationality Act, as amended (8 U.S.C. 1182), is  
20 amended in subsection (a)(2)—

21 (1) by redesignating subparagraphs (D), (E),  
22 (F), (G), and (H) as subparagraphs (E), (F), (G),  
23 (H), and (I), respectively; and

24 (2) by inserting after subparagraph (C) the fol-  
25 lowing new subparagraph (D):

1 “(D) MONEY LAUNDERING ACTIVITIES.—

2 “(i) IN GENERAL.—Any alien who the  
3 consular officer or the Attorney General  
4 knows or has reason to believe is or has  
5 been engaged in activities which if engaged  
6 in within the United States would con-  
7 stitute a violation of the money laundering  
8 provisions section 1956, 1957, or 1960 of  
9 title 18, United States Code, or has know-  
10 ingly assisted, abetted, or conspired or  
11 colluded with others in any such illicit ac-  
12 tivity is inadmissible.

13 “(ii) RELATED INDIVIDUALS.—Any  
14 alien who the consular officer or the Attor-  
15 ney General knows or has reason to believe  
16 is the spouse, son, or daughter of an alien  
17 inadmissible under clause (i), has, within  
18 the previous 5 years, obtained any finan-  
19 cial or other benefit from such illicit activ-  
20 ity of that alien, and knew or reasonably  
21 should have known that the financial or  
22 other benefit was the product of such illicit  
23 activity, is inadmissible, except that the  
24 Attorney General may, in the full discre-  
25 tion of the Attorney General, waive the ex-

1           clusion of the spouse, son, or daughter of  
 2           an alien under this clause if the Attorney  
 3           General determines that exceptional cir-  
 4           cumstances exist that justify such waiv-  
 5           er.”.

6           (b)           CONFORMING            AMENDMENT.—Section  
 7   212(h)(1)(A)(i) of the Immigration and Nationality Act,  
 8   as amended (8 U.S.C. 1182), is amended by striking  
 9   “(D)(i) or (D)(ii)” and inserting “(E)(i) or (E)(ii)”.

10 **SEC. 111. STANDING TO CONTEST FORFEITURE OF FUNDS**  
 11                           **DEPOSITED INTO FOREIGN BANK THAT HAS A**  
 12                           **CORRESPONDENT ACCOUNT IN THE UNITED**  
 13                           **STATES.**

14           Section 981 of title 18, United States Code, is  
 15   amended by adding at the end the following new sub-  
 16   section:

17           “(k) CORRESPONDENT BANK ACCOUNTS.—

18                   “(1) TREATMENT OF ACCOUNTS OF COR-  
 19           RESPONDENT BANK IN DOMESTIC FINANCIAL INSTI-  
 20           TUTIONS.—

21                   “(A) IN GENERAL.—For the purpose of a  
 22           forfeiture under this section or under the Con-  
 23           trolled Substances Act, if funds are deposited  
 24           into a dollar-denominated bank account in a  
 25           foreign financial institution, and that foreign fi-

1           nancial institution has a correspondent account  
2           with a financial institution in the United  
3           States, the funds deposited into the foreign fi-  
4           nancial institution (the respondent bank) shall  
5           be deemed to have been deposited into the cor-  
6           respondent account in the United States, and  
7           any restraining order, seizure warrant, or arrest  
8           warrant in rem regarding such funds may be  
9           served on the correspondent bank, and funds in  
10          the correspondent account up to the value of  
11          the funds deposited into the dollar-denominated  
12          account in the foreign financial institution may  
13          be seized, arrested or restrained.

14                 “(B) AUTHORITY TO SUSPEND.—The At-  
15          torney General, in consultation with the Sec-  
16          retary, may suspend or terminate a forfeiture  
17          under this section if the Attorney General de-  
18          termines that a conflict of law exists between  
19          the laws of the jurisdiction in which the foreign  
20          bank is located and the laws of the United  
21          States with respect to liabilities arising from  
22          the restraint, seizure, or arrest of such funds,  
23          and that such suspension or termination would  
24          be in the interest of justice and would not harm  
25          the national interests of the United States.



1           “(2) NO REQUIREMENT FOR GOVERNMENT TO  
2 TRACE FUNDS.—If a forfeiture action is brought  
3 against funds that are restrained, seized, or arrested  
4 under paragraph (1), the Government shall not be  
5 required to establish that such funds are directly  
6 traceable to the funds that were deposited into the  
7 respondent bank, nor shall it be necessary for the  
8 Government to rely on the application of Section  
9 984 of this title.

10           “(3) CLAIMS BROUGHT BY OWNER OF THE  
11 FUNDS.—If a forfeiture action is instituted against  
12 funds seized, arrested, or restrained under para-  
13 graph (1), the owner of the funds may contest the  
14 forfeiture by filing a claim pursuant to section 983.

15           “(4) DEFINITIONS.—For purposes of this sub-  
16 section, the following definitions shall apply:

17           “(A) CORRESPONDENT ACCOUNT.—The  
18 term ‘correspondent account’ has the meaning  
19 given to the term ‘interbank account’ in section  
20 984(c)(2)(B).

21           “(B) OWNER.—

22           “(i) IN GENERAL.—Except as pro-  
23 vided in clause (ii), the term ‘owner’—

24           “(I) means the person who was  
25 the owner, as that term is defined in

1 section 983(d)(6), of the funds that  
2 were deposited into the foreign bank  
3 at the time such funds were deposited;  
4 and

5 “(II) does not include either the  
6 foreign bank or any financial institu-  
7 tion acting as an intermediary in the  
8 transfer of the funds into the inter-  
9 bank account.

10 “(ii) EXCEPTION.—The foreign bank  
11 may be considered the ‘owner’ of the funds  
12 (and no other person shall qualify as the  
13 owner of such funds) only if—

14 “(I) the basis for the forfeiture  
15 action is wrongdoing committed by  
16 the foreign bank; or

17 “(II) the foreign bank estab-  
18 lishes, by a preponderance of the evi-  
19 dence, that prior to the restraint, sei-  
20 zure, or arrest of the funds, the for-  
21 eign bank had discharged all or part  
22 of its obligation to the prior owner of  
23 the funds, in which case the foreign  
24 bank shall be deemed the owner of the

1 funds to the extent of such discharged  
2 obligation.”.

3 **SEC. 112. SUBPOENAS FOR RECORDS REGARDING FUNDS**  
4 **IN CORRESPONDENT BANK ACCOUNTS.**

5 (a) IN GENERAL.—Subchapter II of chapter 53 of  
6 title 31, United States Code, is amended by inserting after  
7 section 5331 (as added by section 101) the following new  
8 section:

9 **“§ 5332. Subpoenas for records**

10 “(a) DESIGNATION BY FOREIGN FINANCIAL INSTI-  
11 TUTION OF AGENT.—Any foreign financial institution that  
12 has a correspondent bank account at a financial institu-  
13 tion in the United States shall designate a person residing  
14 in the United States as a person authorized to accept a  
15 subpoena for bank records or other legal process served  
16 on the foreign financial institution.

17 “(b) MAINTENANCE OF RECORDS BY DOMESTIC FI-  
18 NANCIAL INSTITUTION.—

19 “(1) IN GENERAL.—Any domestic financial in-  
20 stitution that maintains a correspondent bank ac-  
21 count for a foreign financial institution shall main-  
22 tain records regarding the names and addresses of  
23 the owners of the foreign financial institution, and  
24 the name and address of the person who may be  
25 served with a subpoena for records regarding any

1 funds transferred to or from the correspondent ac-  
2 count.

3 “(2) PROVISION TO LAW ENFORCEMENT AGEN-  
4 CY.—A domestic financial institution shall provide  
5 names and addresses maintained under paragraph  
6 (1) to a Government authority (as defined in section  
7 1101(3) of the Right to Financial Privacy Act of  
8 1978) within 7 days of the receipt of a request, in  
9 writing, for such records.

10 “(c) ADMINISTRATIVE SUBPOENA.—

11 “(1) IN GENERAL.—The Attorney General and  
12 the Secretary of the Treasury may each issue an ad-  
13 ministrative subpoena for records relating to the de-  
14 posit of any funds into a dollar-denominated account  
15 in a foreign financial institution that maintains a  
16 correspondent account at a domestic financial insti-  
17 tution.

18 “(2) MANNER OF ISSUANCE.—Any subpoena  
19 issued by the Attorney General or the Secretary of  
20 the Treasury under paragraph (1) shall be issued in  
21 the manner described in section 3486 of title 18,  
22 and may be served on the representative designated  
23 by the foreign financial institution pursuant to sub-  
24 section (a) to accept legal process in the United  
25 States, or in a foreign country pursuant to any mu-

1 tual legal assistance treaty, multilateral agreement,  
2 or other request for international law enforcement  
3 assistance.

4 “(d) CORRESPONDENT ACCOUNT DEFINED.—For  
5 purposes of this section, the term ‘correspondent account’  
6 has the same meaning as the term ‘interbank account’ as  
7 such term is defined in section 984(c)(2)(B) of title 18,  
8 United States Code.”.

9 (b) CLERICAL AMENDMENTS.—The table of sections  
10 for subchapter II of chapter 53 of title 31, United States  
11 Code, is amended by inserting after the item relating to  
12 section 5331 (as added by section 101) the following new  
13 item:

“5332. Subpoenas for records.”.

14 (c) EFFECTIVE DATE.—Section 5332(a) of title 31,  
15 United States Code, (as added by subsection (a) of this  
16 section shall apply after the end of the 30-day period be-  
17 ginning on the date of the enactment of this Act.

18 (d) REQUESTS FOR RECORDS.—Section  
19 3486(a)(1)(A)(i) of title 18, United States Code, is  
20 amended by striking “; or (II) a Federal offense involving  
21 the sexual exploitation or abuse of children,” and inserting  
22 “, (II) a Federal offense involving the sexual exploitation  
23 or abuse of children, or (III) a money laundering offense  
24 in violation of section 1956, 1957 or 1960 of this title,”.

1 **SEC. 113. AUTHORITY TO ORDER CONVICTED CRIMINAL TO**  
2 **RETURN PROPERTY LOCATED ABROAD.**

3 (a) FORFEITURE OF SUBSTITUTE PROPERTY.—Sec-  
4 tion 413(p) of the Controlled Substances Act (21 U.S.C.  
5 853) is amended to read as follows:

6 “(p) FORFEITURE OF SUBSTITUTE PROPERTY.—

7 “(1) IN GENERAL.—Paragraph (2) of this sub-  
8 section shall apply, if any property described in sub-  
9 section (a), as a result of any act or omission of the  
10 defendant—

11 “(A) cannot be located upon the exercise of  
12 due diligence;

13 “(B) has been transferred or sold to, or  
14 deposited with, a third party;

15 “(C) has been placed beyond the jurisdic-  
16 tion of the court;

17 “(D) has been substantially diminished in  
18 value; or

19 “(E) has been commingled with other  
20 property which cannot be divided without dif-  
21 ficulty.

22 “(2) SUBSTITUTE PROPERTY.—In any case de-  
23 scribed in any of subparagraphs (A) through (E) of  
24 paragraph (1), the court shall order the forfeiture of  
25 any other property of the defendant, up to the value

1 of any property described in subparagraphs (A)  
2 through (E) of paragraph (1), as applicable.

3 “(3) RETURN OF PROPERTY TO JURISDIC-  
4 TION.—In the case of property described in para-  
5 graph (1)(C), the court may, in addition to any  
6 other action authorized by this subsection, order the  
7 defendant to return the property to the jurisdiction  
8 of the court so that the property may be seized and  
9 forfeited.”.

10 (b) PROTECTIVE ORDERS.—Section 413(e) of the  
11 Controlled Substances Act (21 U.S.C. 853(e)) is amended  
12 by adding at the end the following:

13 “(4) ORDER TO REPATRIATE AND DEPOSIT.—

14 “(A) IN GENERAL.—Pursuant to its authority  
15 to enter a pretrial restraining order under this sec-  
16 tion, the court may order a defendant to repatriate  
17 any property that may be seized and forfeited, and  
18 to deposit that property pending trial in the registry  
19 of the court, or with the United States Marshals  
20 Service or the Secretary of the Treasury, in an in-  
21 terest-bearing account, if appropriate.

22 “(B) FAILURE TO COMPLY.—Failure to comply  
23 with an order under this subsection, or an order to  
24 repatriate property under subsection (p), shall be  
25 punishable as a civil or criminal contempt of court,

1 and may also result in an enhancement of the sen-  
2 tence of the defendant under the obstruction of jus-  
3 tice provision of the Federal Sentencing Guide-  
4 lines.”.

5 **SEC. 114. CORPORATION REPRESENTED BY A FUGITIVE.**

6 Section 2466 of title 28, United States Code, is  
7 amended by designating the present matter as subsection  
8 (a), and adding at the end the following:

9 “(b) Subsection (a) may be applied to a claim filed  
10 by a corporation if any majority shareholder, or individual  
11 filing the claim on behalf of the corporation is a person  
12 to whom subsection (a) applies.”.

13 **SEC. 115. ENFORCEMENT OF FOREIGN JUDGMENTS.**

14 Section 2467 of title 28, United States Code, is  
15 amended—

16 (1) in subsection (d), by inserting after para-  
17 graph (2) the following new paragraph:

18 “(3) PRESERVATION OF PROPERTY.—To pre-  
19 serve the availability of property subject to a foreign  
20 forfeiture or confiscation judgment, the Government  
21 may apply for, and the court may issue, a restrain-  
22 ing order pursuant to section 983(j) of title 18,  
23 United States Code, at any time before or after an  
24 application is filed pursuant to subsection (c)(1).

25 The court, in issuing the restraining order—



1           “(A) may rely on information set forth in  
2           an affidavit describing the nature of the pro-  
3           ceeding or investigation underway in the foreign  
4           country, and setting forth a reasonable basis to  
5           believe that the property to be restrained will be  
6           named in a judgment of forfeiture at the con-  
7           clusion of such proceeding; or

8           “(B) may register and enforce a restrain-  
9           ing order that has been issued by a court of  
10          competent jurisdiction in the foreign country  
11          and certified by the Attorney General pursuant  
12          to subsection (b)(2).

13          No person may object to the restraining order on  
14          any ground that is the subject of parallel litigation  
15          involving the same property that is pending in a for-  
16          eign court.”;

17          (2) in subsection (b)(1)(C), by striking “estab-  
18          lishing that the defendant received notice of the pro-  
19          ceedings in sufficient time to enable the defendant”  
20          and inserting “establishing that the foreign nation  
21          took steps, in accordance with the principles of due  
22          process, to give notice of the proceedings to all per-  
23          sons with an interest in the property in sufficient  
24          time to enable such persons”;

1           (3) in subsection (d)(1)(D), by striking “the de-  
2           fendant in the proceedings in the foreign court did  
3           not receive notice” and inserting “the foreign nation  
4           did not take steps, in accordance with the principles  
5           of due process, to give notice of the proceedings to  
6           a person with an interest in the property”; and

7           (4) in subsection (a)(2)(A), by inserting “, any  
8           violation of foreign law that would constitute a viola-  
9           tion of an offense for which property could be for-  
10          feited under Federal law if the offense were com-  
11          mitted in the United States” after “United Nations  
12          Convention”.

13 **SEC. 116. REPORTING PROVISIONS AND ANTI-TERRORIST**  
14                   **ACTIVITIES OF UNITED STATES INTEL-**  
15                   **LIGENCE AGENCIES.**

16          (a) AMENDMENT RELATING TO THE PURPOSES OF  
17 CHAPTER 53 OF TITLE 31, UNITED STATES CODE.—Sec-  
18 tion 5311 of title 31, United States Code, is amended by  
19 inserting before the period at the end the following: “, or  
20 in the conduct of intelligence or counterintelligence activi-  
21 ties, including analysis, to protect against international  
22 terrorism”.

23          (b) AMENDMENT RELATING TO REPORTING OF SUS-  
24 PICIOUS ACTIVITIES.—Section 5318(g)(4)(B) of title 31,  
25 United States Code, is amended by striking “or super-

1 visory agency” and inserting “, supervisory agency, or  
2 United States intelligence agency for use in the conduct  
3 of intelligence or counterintelligence activities, including  
4 analysis, to protect against international terrorism”.

5 (c) AMENDMENT RELATING TO AVAILABILITY OF  
6 REPORTS.—Section 5319 of title 31, United States Code,  
7 is amended to read as follows:

8 **“§ 5319. Availability of reports**

9 “The Secretary of the Treasury shall make informa-  
10 tion in a report filed under this subchapter available to  
11 an agency, including any State financial institutions su-  
12 pervisory agency, United States intelligence agency or self-  
13 regulatory organization registered with the Securities and  
14 Exchange Commission or the Commodity Futures Trading  
15 Commission, upon request of the head of the agency or  
16 organization. The report shall be available for a purpose  
17 that is consistent with this subchapter. The Secretary may  
18 only require reports on the use of such information by any  
19 State financial institutions supervisory agency for other  
20 than supervisory purposes or by United States intelligence  
21 agencies. However, a report and records of reports are ex-  
22 empt from disclosure under section 552 of title 5.”.

23 (d) AMENDMENT RELATING TO THE RETENTION OF  
24 RECORDS BY INSURED DEPOSITORY INSTITUTIONS.—

1 Section 21(a) of the Federal Deposit Insurance Act (12  
2 U.S.C. 1829b(a)) is amended—

3 (1) in paragraph (1), by inserting “, or in the  
4 conduct of intelligence or counterintelligence activi-  
5 ties, including analysis, to protect against inter-  
6 national terrorism” after “proceedings”; and

7 (2) in paragraph (2), by inserting “, or in the  
8 conduct of intelligence or counterintelligence activi-  
9 ties, including analysis, to protect against inter-  
10 national terrorism” before the period at the end.

11 (e) AMENDMENT RELATING TO THE RETENTION OF  
12 RECORDS BY UNINSURED INSTITUTIONS.—Section 123(a)  
13 of Public Law 91–508 (12 U.S.C. 1953(a)) is amended  
14 by inserting “, or in the conduct of intelligence or counter-  
15 intelligence activities, including analysis, to protect  
16 against international terrorism” after “proceedings”.

17 (f) AMENDMENTS TO THE RIGHT TO FINANCIAL PRI-  
18 VACY ACT.—The Right to Financial Privacy Act of 1978  
19 is amended—

20 (1) in section 1112(a) (12 U.S.C. 3412(a)), by  
21 inserting “, or intelligence or counterintelligence ac-  
22 tivity, investigation or analysis related to inter-  
23 national terrorism” after “legitimate law enforce-  
24 ment inquiry”;

1           (2) in section 1114(a)(1) (12 U.S.C.  
2 3414(a)(1))—

3           (A) in subparagraph (A), by striking “or”  
4 at the end;

5           (B) in subparagraph (B), by striking the  
6 period at the end and inserting “; or”; and

7           (C) by adding at the end the following:

8           “(C) a Government authority authorized to  
9 conduct investigations of, or intelligence or  
10 counterintelligence analyses related to, inter-  
11 national terrorism for the purpose of con-  
12 ducting such investigations or analyses.”; and

13          (3) in section 1120(a)(2) (12 U.S.C.  
14 3420(a)(2)), by inserting “, or for a purpose author-  
15 ized by section 1112(a)” before the semicolon at the  
16 end.

17          (g) AMENDMENT TO THE FAIR CREDIT REPORTING  
18 ACT.—

19          (1) IN GENERAL.—The Fair Credit Reporting  
20 Act (15 U.S.C. 1681 et seq.) is amended—

21           (A) by redesignating the second of the 2  
22 sections designated as section 624 (15 U.S.C.  
23 1681u) (relating to disclosure to FBI for coun-  
24 terintelligence purposes) as section 625; and

1 (B) by adding at the end the following new  
2 section:

3 **“§ 626. Disclosures to governmental agencies for**  
4 **counterterrorism purposes**

5 “(a) DISCLOSURE.—Notwithstanding section 604 or  
6 any other provision of this title, a consumer reporting  
7 agency shall furnish a consumer report of a consumer and  
8 all other information in a consumer’s file to a government  
9 agency authorized to conduct investigations of, or intel-  
10 ligence or counterintelligence activities or analysis related  
11 to, international terrorism when presented with a written  
12 certification by such government agency that such infor-  
13 mation is necessary for the agency’s conduct or such inves-  
14 tigation, activity or analysis.

15 “(b) FORM OF CERTIFICATION.—The certification  
16 described in subsection (a) shall be signed by a supervisory  
17 official designated by the head of a Federal agency or an  
18 officer of a Federal agency whose appointment to office  
19 is required to be made by the President, by and with the  
20 advice and consent of the Senate.

21 “(c) CONFIDENTIALITY.—No consumer reporting  
22 agency, or officer, employee, or agent of such consumer  
23 reporting agency, shall disclose to any person, or specify  
24 in any consumer report, that a government agency has

1 sought or obtained access to information under subsection  
2 (a).

3 “(d) RULE OF CONSTRUCTION.—Nothing in section  
4 625 shall be construed to limit the authority of the Direc-  
5 tor of the Federal Bureau of Investigation under this sec-  
6 tion.

7 “(e) SAFE HARBOR.—Notwithstanding any other  
8 provision of this subchapter, any consumer reporting  
9 agency or agent or employee thereof making disclosure of  
10 consumer reports or other information pursuant to this  
11 section in good-faith reliance upon a certification of a gov-  
12 ernmental agency pursuant to the provisions of this sec-  
13 tion shall not be liable to any person for such disclosure  
14 under this subchapter, the constitution of any State, or  
15 any law or regulation of any State or any political subdivi-  
16 sion of any State.”.

17 (2) CLERICAL AMENDMENTS.—The table of sec-  
18 tions for the Fair Credit Reporting Act (15 U.S.C.  
19 1681 et seq.) is amended—

20 (A) by redesignating the second of the 2  
21 items designated as section 624 as section 625;  
22 and

23 (B) by inserting after the item relating to  
24 section 625 (as so redesignated) the following  
25 new item:

“626. Disclosures to governmental agencies for counterterrorism purposes.”.

1 (h) APPLICATION OF AMENDMENTS.—The amend-  
2 ments made by this section shall apply with respect to re-  
3 ports filed or records maintained on, before, or after the  
4 date of the enactment of this Act.

5 **SEC. 117. FINANCIAL CRIMES ENFORCEMENT NETWORK.**

6 (a) IN GENERAL.—Subchapter I of chapter 3 of title  
7 31, United States Code, is amended—

8 (1) by redesignating section 310 as section 311;  
9 and

10 (2) by inserting after section 309 the following  
11 new section:

12 **“§ 310. Financial Crimes Enforcement Network**

13 “(a) IN GENERAL.—The Financial Crimes Enforce-  
14 ment Network established by order of the Secretary of the  
15 Treasury (Treasury Order Numbered 105-08) on April  
16 25, 1990, shall be a bureau in the Department of the  
17 Treasury.

18 “(b) DIRECTOR.—

19 “(1) APPOINTMENT.—The head of the Finan-  
20 cial Crimes Enforcement Network shall be the Di-  
21 rector who shall be appointed by the Secretary of the  
22 Treasury.

23 “(2) DUTIES AND POWERS.—The duties and  
24 powers of the Director are as follows:



1           “(A) Advise and make recommendations  
2 on matters relating to financial intelligence, fi-  
3 nancial criminal activities, and other financial  
4 activities to the Under Secretary for Enforce-  
5 ment.

6           “(B) Maintain a government-wide data ac-  
7 cess service, with access, in accordance with ap-  
8 plicable legal requirements, to the following:

9                   “(i) Information collected by the De-  
10 partment of the Treasury, including report  
11 information filed under subchapters II and  
12 III of chapter 53 of this title (such as re-  
13 ports on cash transactions, foreign finan-  
14 cial agency transactions and relationships,  
15 foreign currency transactions, exporting  
16 and importing monetary instruments, and  
17 suspicious activities), chapter 2 of title I of  
18 Public Law 91–508, and section 21 of the  
19 Federal Deposit Insurance Act.

20                   “(ii) Information regarding national  
21 and international currency flows.

22                   “(iii) Other records and data main-  
23 tained by other Federal, State, local, and  
24 foreign agencies, including financial and  
25 other records developed in specific cases.

1                   “(iv) Other privately and publicly  
2                   available information.

3                   “(C) Analyze and disseminate the available  
4                   data in accordance with applicable legal require-  
5                   ments and policies and guidelines established by  
6                   the Secretary of the Treasury and the Under  
7                   Secretary for Enforcement to—

8                   “(i) identify possible criminal activity  
9                   to appropriate Federal, State, local, and  
10                  foreign law enforcement agencies;

11                  “(ii) support ongoing criminal finan-  
12                  cial investigations and prosecutions and re-  
13                  lated proceedings, including civil and crimi-  
14                  nal tax and forfeiture proceedings;

15                  “(iii) identify possible instances of  
16                  noncompliance with subchapters II and III  
17                  of chapter 53 of this title, chapter 2 of  
18                  title I of Public Law 91–508, and section  
19                  21 of the Federal Deposit Insurance Act to  
20                  Federal agencies with statutory responsi-  
21                  bility for enforcing compliance with such  
22                  provisions and other appropriate Federal  
23                  regulatory agencies;

1           “(iv) evaluate and recommend possible  
2           uses of special currency reporting require-  
3           ments under section 5326;

4           “(v) determine emerging trends and  
5           methods in money laundering and other fi-  
6           nancial crimes;

7           “(vi) support the conduct of intel-  
8           ligence or counterintelligence activities, in-  
9           cluding analysis, to protect against inter-  
10          national terrorism; and

11          “(vii) support government initiatives  
12          against money laundering.

13          “(D) Establish and maintain a financial  
14          crimes communications center to furnish law  
15          enforcement authorities with intelligence infor-  
16          mation related to emerging or ongoing inves-  
17          tigations and undercover operations.

18          “(E) Furnish research, analytical, and in-  
19          formational services to financial institutions,  
20          appropriate Federal regulatory agencies with  
21          regard to financial institutions, and appropriate  
22          Federal, State, local, and foreign law enforce-  
23          ment authorities, in accordance with policies  
24          and guidelines established by the Secretary of  
25          the Treasury or the Under Secretary of the

1 Treasury for Enforcement, in the interest of de-  
2 tection, prevention, and prosecution of ter-  
3 rorism, organized crime, money laundering, and  
4 other financial crimes.

5 “(F) Establish and maintain a special unit  
6 dedicated to assisting Federal, State, local, and  
7 foreign law enforcement and regulatory authori-  
8 ties in combatting the use of informal, nonbank  
9 networks and payment and barter system mech-  
10 anisms that permit the transfer of funds or the  
11 equivalent of funds without records and without  
12 compliance with criminal and tax laws.

13 “(G) Provide computer and data support  
14 and data analysis to the Secretary of the Treas-  
15 ury for tracking and controlling foreign assets.

16 “(H) Coordinate with financial intelligence  
17 units in other countries on anti-terrorism and  
18 anti-money laundering initiatives, and similar  
19 efforts.

20 “(I) Administer the requirements of sub-  
21 chapters II and III of chapter 53 of this title,  
22 chapter 2 of title I of Public Law 91–508, and  
23 section 21 of the Federal Deposit Insurance  
24 Act, to the extent delegated such authority by  
25 the Secretary of the Treasury.

1           “(J) Such other duties and powers as the  
2           Secretary of the Treasury may delegate or pre-  
3           scribe.

4           “(c) REQUIREMENTS RELATING TO MAINTENANCE  
5           AND USE OF DATA BANKS.—The Secretary of the Treas-  
6           ury shall establish and maintain operating procedures with  
7           respect to the government-wide data access service and the  
8           financial crimes communications center maintained by the  
9           Financial Crimes Enforcement Network which provide—

10           “(1) for the coordinated and efficient trans-  
11           mittal of information to, entry of information into,  
12           and withdrawal of information from, the data main-  
13           tenance system maintained by the Network,  
14           including—

15           “(A) the submission of reports through the  
16           Internet or other secure network, whenever pos-  
17           sible;

18           “(B) the cataloguing of information in a  
19           manner that facilitates rapid retrieval by law  
20           enforcement personnel of meaningful data; and

21           “(C) a procedure that provides for a  
22           prompt initial review of suspicious activity re-  
23           ports and other reports, or such other means as  
24           the Secretary may provide, to identify informa-  
25           tion that warrants immediate action; and

1           “(2) in accordance with section 552a of title 5  
2           and the Right to Financial Privacy Act of 1978, ap-  
3           propriate standards and guidelines for  
4           determining—

5                   “(A) who is to be given access to the infor-  
6                   mation maintained by the Network;

7                   “(B) what limits are to be imposed on the  
8                   use of such information; and

9                   “(C) how information about activities or  
10                  relationships which involve or are closely associ-  
11                  ated with the exercise of constitutional rights is  
12                  to be screened out of the data maintenance sys-  
13                  tem.

14           “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
15           are authorized to be appropriated for the Financial Crimes  
16           Enforcement Network such sums as may be necessary for  
17           fiscal years 2002, 2003, 2004, and 2005.”.

18           (b) COMPLIANCE WITH EXISTING REPORTS COMPLI-  
19           ANCE.—The Secretary of the Treasury shall study meth-  
20           ods for improving compliance with the reporting require-  
21           ments established in section 5314 of title 31, United  
22           States Code, and shall submit a report on such study to  
23           the Congress by the end of the 6-month period beginning  
24           on the date of the enactment of this Act and each 1-year

1 period thereafter. The initial report shall include historical  
2 data on compliance with such reporting requirements.

3 (c) CLERICAL AMENDMENT.—The table of sections  
4 for subchapter I of chapter 3 of title 31, United States  
5 Code, is amended—

6 (1) by redesignating the item relating to section  
7 310 as section 311; and

8 (2) by inserting after the item relating to sec-  
9 tion 309 the following new item:

“310. Financial Crimes Enforcement Network”.

10 **SEC. 118. PROHIBITION ON FALSE STATEMENTS TO FINAN-**  
11 **CIAL INSTITUTIONS CONCERNING THE IDEN-**  
12 **TITY OF A CUSTOMER.**

13 (a) IN GENERAL.—Chapter 47 of title 18, United  
14 States Code, is amended by inserting after section 1007  
15 the following:

16 **“§ 1008. False statements concerning the identity of**  
17 **customers of financial institutions**

18 “(a) IN GENERAL.—Whoever, in connection with in-  
19 formation submitted to or requested by a financial institu-  
20 tion, knowingly in any manner—

21 (1) falsifies, conceals, or covers up, or at-  
22 tempts to falsify, conceal, or cover up, the identity  
23 of any person in connection with any transaction  
24 with a financial institution;

1           “(2) makes, or attempts to make, any materi-  
2           ally false, fraudulent, or fictitious statement or rep-  
3           resentation of the identity of any person in connec-  
4           tion with a transaction with a financial institution;

5           “(3) makes or uses, or attempts to make or  
6           use, any false writing or document knowing the  
7           same to contain any materially false, fictitious, or  
8           fraudulent statement or entry concerning the iden-  
9           tity of any person in connection with a transaction  
10          with a financial institution; or

11          “(4) uses or presents, or attempts to use or  
12          present, in connection with a transaction with a fi-  
13          nancial institution, an identification document or  
14          means of identification the possession of which is a  
15          violation of section 1028;

16 shall be fined under this title, imprisoned not more than  
17 5 years, or both.

18          “(b) DEFINITIONS.—In this section, the following  
19 definitions shall apply:

20                 “(1) FINANCIAL INSTITUTION.—The term ‘fi-  
21                 nancial institution’—

22                         “(A) has the same meaning as in section  
23                         20; and



1           “(B) in addition, has the same meaning as  
2           in section 5312(a)(2) of title 31, United States  
3           Code.

4           “(2) IDENTIFICATION DOCUMENT.—The term  
5           ‘identification document’ has the same meaning as  
6           in section 1028(d).

7           “(3) MEANS OF IDENTIFICATION.—The term  
8           ‘means of identification’ has the same meaning as in  
9           section 1028(d).”.

10          (b) TECHNICAL AND CONFORMING AMENDMENTS.—

11           (1) TITLE 18, UNITED STATES CODE.—Section  
12           1956(e)(7)(D) of title 18, United States Code, is  
13           amended by striking “1014 (relating to fraudulent  
14           loan” and inserting “section 1008 (relating to false  
15           statements concerning the identity of customers of  
16           financial institutions), section 1014 (relating to  
17           fraudulent loan”.

18           (2) TABLE OF SECTIONS.—The table of sections  
19           for chapter 47 of title 18, United States Code, is  
20           amended by inserting after the item relating to sec-  
21           tion 1007 the following:

“1008. False statements concerning the identity of customers of financial insti-  
tutions.”.

1 **SEC. 119. VERIFICATION OF IDENTIFICATION.**

2 (a) IN GENERAL.—Section 5318 of title 31, United  
3 States Code, is amended by adding at the end the fol-  
4 lowing new subsection:

5 “(i) IDENTIFICATION AND VERIFICATION OF  
6 ACCOUNTHOLDERS.—

7 “(1) IN GENERAL.—Subject to the require-  
8 ments of this subsection, the Secretary of the Treas-  
9 ury shall prescribe regulations setting forth the min-  
10 imum standards regarding customer identification  
11 that shall apply in connection with the opening of an  
12 account at a financial institution.

13 “(2) MINIMUM REQUIREMENTS.—The regula-  
14 tions shall, at a minimum, require financial institu-  
15 tions to implement procedures for—

16 “(A) verifying the identity of any person  
17 seeking to open an account to the extent rea-  
18 sonable and practicable;

19 “(B) maintaining records of the informa-  
20 tion used to verify a person’s identity, including  
21 name, address, and other identifying informa-  
22 tion;

23 “(C) consulting lists of known or suspected  
24 terrorists or terrorist organizations provided to  
25 the financial institution by any government

1           agency to determine whether a person seeking  
2           to open an account appears on any such list.

3           “(3) FACTORS TO BE CONSIDERED.—In pre-  
4           scribing regulations under this subsection, the Sec-  
5           retary shall take into consideration the various types  
6           of accounts maintained by various types of financial  
7           institutions, the various methods of opening ac-  
8           counts, and the various types of identifying informa-  
9           tion available.

10          “(4) CERTAIN FINANCIAL INSTITUTIONS.—In  
11          the case of any financial institution the business of  
12          which is engaging in financial activities described in  
13          section 4(k) of the Bank Holding Company Act of  
14          1956 (including financial activities subject to the ju-  
15          risdiction of the Commodity Futures Trading Com-  
16          mission), the regulations prescribed by the Secretary  
17          under paragraph (1) shall be prescribed jointly with  
18          each Federal functional regulator (as defined in sec-  
19          tion 509 of the Gramm-Leach-Bliley Act, including  
20          the Commodity Futures Trading Commission) ap-  
21          propriate for such financial institution.

22          “(5) EXEMPTIONS.—The Secretary of the  
23          Treasury (and, in the case of any financial institu-  
24          tion described in paragraph (4), any Federal agency  
25          described in such paragraph) may, by regulation or

1 order, exempt any financial institution or type of ac-  
2 count from the requirements of any regulation pre-  
3 scribed under this subsection in accordance with  
4 such standards and procedures as the Secretary may  
5 prescribe.

6 “(6) EFFECTIVE DATE.—Final regulations pre-  
7 scribed under this subsection shall take effect before  
8 the end of the 1-year period beginning on the date  
9 of the enactment of the Financial Anti-Terrorism  
10 Act of 2001.”.

11 (b) STUDY AND REPORT REQUIRED.—Within 6  
12 months after the date of the enactment of this Act, the  
13 Secretary of the Treasury, in consultation with the Fed-  
14 eral functional regulators (as defined in section 509 of the  
15 Gramm-Leach-Bliley Act) and other appropriate Govern-  
16 ment agencies, shall submit a report to the Congress con-  
17 taining recommendations for—

18 (1) determining the most timely and effective  
19 way to require foreign nationals to provide domestic  
20 financial institutions and agencies with appropriate  
21 and accurate information, comparable to that which  
22 is required of United States nationals, concerning  
23 their identity, address, and other related information  
24 necessary to enable such institutions and agencies to  
25 comply with the requirements of this section;

1           (2) requiring foreign nationals to apply for and  
2 obtain, before opening an account with a domestic  
3 financial institution, an identification number which  
4 would function similarly to a Social Security number  
5 or tax identification number; and

6           (3) establishing a system for domestic financial  
7 institutions and agencies to review information  
8 maintained by relevant Government agencies for  
9 purposes of verifying the identities of foreign nation-  
10 als seeking to open accounts at those institutions  
11 and agencies.

12 **SEC. 120. CONSIDERATION OF ANTI-MONEY LAUNDERING**  
13 **RECORD.**

14 (a) BANK HOLDING COMPANY ACT OF 1956.—

15           (1) IN GENERAL.—Section 3(c) of the Bank  
16 Holding Company Act of 1956 (12 U.S.C. 1842(c))  
17 is amended by adding at the end the following new  
18 paragraph:

19           “(6) MONEY LAUNDERING.—In every case the  
20 Board shall take into consideration the effectiveness  
21 of the company or companies in combatting and pre-  
22 venting money laundering activities, including in  
23 overseas branches.”.

24           (2) SCOPE OF APPLICATION.—The amendment made  
25 by paragraph (1) shall apply with respect to any applica-

1 tion submitted to the Board of Governors of the Federal  
2 Reserve System under section 3 of the Bank Holding  
3 Company Act of 1956 after December 31, 2000, which  
4 has not been approved by the Board before the date of  
5 the enactment of this Act.

6 (b) MERGERS SUBJECT TO REVIEW UNDER FED-  
7 ERAL DEPOSIT INSURANCE ACT.—

8 (1) IN GENERAL.—Section 18(c) of the Federal  
9 Deposit Insurance Act (12 U.S.C. 1828(c)) is  
10 amended—

11 (A) by redesignating paragraph (11) as  
12 paragraph (12); and

13 (B) by inserting after paragraph (10), the  
14 following new paragraph:

15 “(11) MONEY LAUNDERING.—In every case, the  
16 responsible agency shall take into consideration the  
17 effectiveness of any insured depository institution in-  
18 volved in the proposed merger transaction in com-  
19 battling and preventing money laundering activities,  
20 including in overseas branches.”.

21 (2) SCOPE OF APPLICATION.—The amendment made  
22 by paragraph (1) shall apply with respect to any applica-  
23 tion submitted to the responsible agency under section  
24 18(c) of the Federal Deposit Insurance Act after Decem-  
25 ber 31, 2000, which has not been approved by all appro-

1 priate responsible agencies before the date of the enact-  
2 ment of this Act.

3 **SEC. 121. REPORTING OF SUSPICIOUS ACTIVITIES BY IN-**  
4 **FORMAL UNDERGROUND BANKING SYSTEMS,**  
5 **SUCH AS HAWALAS.**

6 (a) DEFINITION FOR SUBCHAPTER.—Subparagraph  
7 (R) of section 5312(a)(2) of title 31, United States Code,  
8 is amended to read as follows:

9 “(R) a licensed sender of money or any  
10 other person who engages as a business in the  
11 transmission of funds, including through an in-  
12 formal value transfer banking system or net-  
13 work of people facilitating the transfer of value  
14 domestically or internationally outside of the  
15 conventional financial institutions system;”.

16 (b) MONEY TRANSMITTING BUSINESS.—Section  
17 5330(d)(1)(A) of title 31, United States Code, is amended  
18 by inserting before the semicolon the following: “or any  
19 other person who engages as a business in the trans-  
20 mission of funds, including through an informal value  
21 transfer banking system or network of people facilitating  
22 the transfer of value domestically or internationally out-  
23 side of the conventional financial institutions system”.

1 (c) APPLICABILITY OF RULES.—Section 5318 of title  
2 31, United States Code, as amended by this Act, is  
3 amended by adding at the end the following:

4 “(1) APPLICABILITY OF RULES.—Any rules pre-  
5 scribed pursuant to the authority contained in section 21  
6 of the Federal Deposit Insurance Act shall apply, in addi-  
7 tion to any other financial institution to which such rules  
8 apply, to any person that engages as a business in the  
9 transmission of funds, including through an informal  
10 value transfer banking system or network of people facili-  
11 tating the transfer of value domestically or internationally  
12 outside of the conventional financial institutions system.”.

13 (d) REPORT.—Not later than 1 year after the date  
14 of enactment of this Act, the Secretary of the Treasury  
15 shall report to Congress on the need for any additional  
16 legislation relating to—

17 (1) informal value transfer banking systems or  
18 networks of people facilitating the transfer of value  
19 domestically or internationally outside of the conven-  
20 tional financial institutions system;

21 (2) anti-money laundering controls; and

22 (3) regulatory controls relating to underground  
23 money movement and banking systems, such as the  
24 system referred to as “hawala”, including whether  
25 the threshold for the filing of suspicious activity re-



1 ports under section 5318(g) of title 31, United  
2 States Code should be lowered in the case of such  
3 systems.

4 **SEC. 122. UNIFORM PROTECTION AUTHORITY FOR FED-**  
5 **ERAL RESERVE FACILITIES.**

6 Section 11 of the Federal Reserve Act (12 U.S.C.  
7 248) is amended by adding at the end the following:

8 “(q) UNIFORM PROTECTION AUTHORITY FOR FED-  
9 ERAL RESERVE FACILITIES.—

10 “(1) Notwithstanding any other provision of  
11 law, to authorize personnel to act as law enforce-  
12 ment officers to protect and safeguard the premises,  
13 grounds, property, personnel, including members of  
14 the Board, of the Board, or any Federal reserve  
15 bank, and operations conducted by or on behalf of  
16 the Board or a reserve bank.

17 “(2) The Board may, subject to the regulations  
18 prescribed under paragraph (5), delegate authority  
19 to a Federal reserve bank to authorize personnel to  
20 act as law enforcement officers to protect and safe-  
21 guard the bank’s premises, grounds, property, per-  
22 sonnel, and operations conducted by or on behalf of  
23 the bank.

24 “(3) Law enforcement officers designated or  
25 authorized by the Board or a reserve bank under

1 paragraph (1) or (2) are authorized while on duty  
2 to carry firearms and make arrests without warrants  
3 for any offense against the United States committed  
4 in their presence, or for any felony cognizable under  
5 the laws of the United States committed or being  
6 committed within the buildings and grounds of the  
7 Board or a reserve bank if they have reasonable  
8 grounds to believe that the person to be arrested has  
9 committed or is committing such a felony. Such offi-  
10 cers shall have access to law enforcement informa-  
11 tion that may be necessary for the protection of the  
12 property or personnel of the Board or a reserve  
13 bank.

14 “(4) For purposes of this subsection, the term  
15 ‘law enforcement officers’ means personnel who have  
16 successfully completed law enforcement training and  
17 are authorized to carry firearms and make arrests  
18 pursuant to this subsection.

19 “(5) The law enforcement authorities provided  
20 for in this subsection may be exercised only pursu-  
21 ant to regulations prescribed by the Board and ap-  
22 proved by the Attorney General.”.

1 **SEC. 123. REPORTS RELATING TO COINS AND CURRENCY**  
2 **RECEIVED IN NONFINANCIAL TRADE OR**  
3 **BUSINESS.**

4 (a) REPORTS REQUIRED.—Subchapter II of chapter  
5 53 of title 31, United States Code, is amended by inserting  
6 after section 5332 (as added by section 112 of this title)  
7 the following new section:

8 **“SEC. 5333. REPORTS RELATING TO COINS AND CURRENCY**  
9 **RECEIVED IN NONFINANCIAL TRADE OR**  
10 **BUSINESS.**

11 “(a) COIN AND CURRENCY RECEIPTS OF MORE  
12 THAN \$10,000.—Any person—

13 “(1) who is engaged in a trade or business; and

14 “(2) who, in the course of such trade or busi-  
15 ness, receives more than \$10,000 in coins or cur-  
16 rency in 1 transaction (or 2 or more related trans-  
17 actions),

18 shall file a report described in subsection (b) with respect  
19 to such transaction (or related transactions) with the Fi-  
20 nancial Crimes Enforcement Network at such time and  
21 in such manner as the Secretary may, by regulation, pre-  
22 scribe.

23 “(b) FORM AND MANNER OF REPORTS.—A report is  
24 described in this subsection if such report—

25 “(1) is in such form as the Secretary may pre-  
26 scribe;

1 “(2) contains—

2 “(A) the name and address, and such  
3 other identification information as the Sec-  
4 retary may require, of the person from whom  
5 the coins or currency was received;

6 “(B) the amount of coins or currency re-  
7 ceived;

8 “(C) the date and nature of the trans-  
9 action; and

10 “(D) such other information, including the  
11 identification of the person filing the report, as  
12 the Secretary may prescribe.

13 “(c) EXCEPTIONS.—

14 “(1) AMOUNTS RECEIVED BY FINANCIAL INSTI-  
15 TUTIONS.—Subsection (a) shall not apply to  
16 amounts received in a transaction reported under  
17 section 5313 and regulations prescribed under such  
18 section.

19 “(2) TRANSACTIONS OCCURRING OUTSIDE THE  
20 UNITED STATES.—Except to the extent provided in  
21 regulations prescribed by the Secretary, subsection  
22 (a) shall not apply to any transaction if the entire  
23 transaction occurs outside the United States.

24 “(d) CURRENCY INCLUDES FOREIGN CURRENCY AND  
25 CERTAIN MONETARY INSTRUMENTS.—

1           “(1) IN GENERAL.—For purposes of this sec-  
2           tion, the term ‘currency’ includes—

3                   “(A) foreign currency; and

4                   “(B) to the extent provided in regulations  
5           prescribed by the Secretary, any monetary in-  
6           strument (whether or not in bearer form) with  
7           a face amount of not more than \$10,000.

8           “(2) SCOPE OF APPLICATION.—Paragraph  
9           (1)(B) shall not apply to any check drawn on the ac-  
10          count of the writer in a financial institution referred  
11          to in subparagraph (A), (B), (C), (D), (E), (F), (G),  
12          (J), (K), (R), or (S) of section 5312(a)(2).”.

13          (b) PROHIBITION ON STRUCTURING TRANS-  
14          ACTIONS.—

15               (1) IN GENERAL.—Section 5324 of title 31,  
16          United States Code, is amended—

17                   (A) by redesignating subsections (b) and  
18                   (c) as subsections (c) and (d), respectively; and

19                   (B) by inserting after subsection (a) the  
20                   following new subsection:

21           “(b) DOMESTIC COIN AND CURRENCY TRANS-  
22          ACTIONS INVOLVING NONFINANCIAL TRADES OR BUSI-  
23          NESSES.—No person shall for the purpose of evading the  
24          report requirements of section 5333 or any regulation pre-  
25          scribed under such section—

1           “(1) cause or attempt to cause a nonfinancial  
2 trade or business to fail to file a report required  
3 under section 5333 or any regulation prescribed  
4 under such section;

5           “(2) cause or attempt to cause a nonfinancial  
6 trade or business to file a report required under sec-  
7 tion 5333 or any regulation prescribed under such  
8 section that contains a material omission or  
9 misstatement of fact; or

10           “(3) structure or assist in structuring, or at-  
11 tempt to structure or assist in structuring, any  
12 transaction with 1 or more nonfinancial trades or  
13 businesses.’.

14           (2) TECHNICAL AND CONFORMING AMEND-  
15 MENTS.—

16           (A) The heading for subsection (a) of sec-  
17 tion 5324 of title 31, United States Code, is  
18 amended by inserting “INVOLVING FINANCIAL  
19 INSTITUTIONS” after “TRANSACTIONS’.

20           (B) Section 5317(c) of title 31, United  
21 States Code, is amended by striking “5324(b)”  
22 and inserting “5324(c)”.

23           (c) DEFINITION OF NONFINANCIAL TRADE OR BUSI-  
24 NESS.—

1           (1) IN GENERAL.—Section 5312(a) of title 31,  
2 United States Code, is amended—

3           (A) by redesignating paragraphs (4) and  
4 (5) as paragraphs (5) and (6), respectively; and

5           (B) by inserting after paragraph (3) the  
6 following new paragraph:

7           “(4) NONFINANCIAL TRADE OR BUSINESS.—  
8 The term ‘nonfinancial trade or business’ means any  
9 trade or business other than a financial institution  
10 that is subject to the reporting requirements of sec-  
11 tion 5313 and regulations prescribed under such sec-  
12 tion.”.

13           (2) TECHNICAL AND CONFORMING AMEND-  
14 MENTS.—

15           (A) Section 5312(a)(3)(C) of title 31,  
16 United States Code, is amended by striking  
17 “section 5316,” and inserting “sections 5333  
18 and 5316,”.

19           (B) Subsections (a) through (f) of section  
20 5318 of title 31, United States Code, and sec-  
21 tions 5321, 5326, and 5328 of such title are  
22 each amended—

23           (i) by inserting “or nonfinancial trade  
24 or business” after “financial institution”  
25 each place such term appears; and

1                   (ii) by inserting “or nonfinancial  
2                   trades or businesses” after “financial insti-  
3                   tutions” each place such term appears.

4                   (C) Section 981(a)(1)(A) of title 18,  
5                   United States Code, is amended by striking  
6                   “5313(a) or 5324(a) of title 31,” and inserting  
7                   “5313(a) or 5333 of title 31, or subsection (a)  
8                   or (b) of section 5324 of such title,”.

9                   (D) Section 982(a)(1) of title 18, United  
10                  States Code, is amended by inserting “5333,”  
11                  after “5313(a),”.

12               (c) CLERICAL AMENDMENT.—The tables of sections  
13               for chapter 53 of title 31, United States Code, is amended  
14               by inserting after the item relating to section 5332 (as  
15               added by section 112 of this title) the following new item:

                  “5333. Reports relating to coins and currency received in nonfinancial trade or  
                  business.”.

16               (f) REGULATIONS.—Regulations which the Secretary  
17               of the Treasury determines are necessary to implement  
18               this section shall be published in final form before the end  
19               of the 6-month period beginning on the date of the enact-  
20               ment of this Act.



1           **TITLE II—PUBLIC-PRIVATE**  
2                           **COOPERATION**

3 **SEC. 201. ESTABLISHMENT OF HIGHLY SECURE NETWORK.**

4           (a) IN GENERAL.—The Secretary of the Treasury  
5 shall establish a highly secure network in the Financial  
6 Crimes Enforcement Network that—

7                   (1) allows financial institutions to file reports  
8                   required under subchapter II or III of chapter 53 of  
9                   title 31, United States Code, chapter 2 of title I of  
10                  Public Law 91–508, or section 21 of the Federal  
11                  Deposit Insurance Act through the network; and

12                  (2) provides financial institutions with alerts  
13                  and other information regarding suspicious activities  
14                  that warrant immediate and enhanced scrutiny.

15           (b) EXPEDITED DEVELOPMENT.—The Secretary of  
16 the Treasury shall take such action as may be necessary  
17 to ensure that the website required under subsection (a)  
18 is fully operational before the end of the 9-month period  
19 beginning on the date of the enactment of this Act.

20 **SEC. 202. REPORT ON IMPROVEMENTS IN DATA ACCESS**  
21                           **AND OTHER ISSUES.**

22           Before the end of the 6-month period beginning on  
23 the date of the enactment of this Act, the Secretary of  
24 the Treasury, after consulting with appropriate Federal  
25 functional regulators (as defined in section 509 of the

1 Gramm-Leach-Bliley Act), shall report to the Congress on  
2 the following issues:

3 (1) DATA COLLECTION AND ANALYSIS.—

4 Progress made since such date of enactment in  
5 meeting the requirements of section 310(c) of title  
6 31, United States Code (as added by this Act).

7 (2) BARRIERS TO EXCHANGE OF FINANCIAL

8 CRIME INFORMATION.—Technical, legal, and other  
9 barriers to the exchange of financial crime preven-  
10 tion and detection information among and between  
11 Federal law enforcement agencies, including an iden-  
12 tification of all Federal law enforcement data sys-  
13 tems between which or among which data cannot be  
14 shared for whatever reason.

15 (3) PRIVATE BANKING.—Private banking activi-  
16 ties in the United States, including information on  
17 the following:

18 (A) The nature and extent of private bank-  
19 ing activities in the United States.

20 (B) Regulatory efforts to monitor private  
21 banking activities and ensure that such activi-  
22 ties are conducted in compliance with sub-  
23 chapter II of chapter 53 of title 31, United  
24 States Code, and section 21 of the Federal De-  
25 posit Insurance Act.

1           (C) With regard to financial institutions  
2           that offer private banking services, the policies  
3           and procedures of such institutions that are de-  
4           signed to ensure compliance with the require-  
5           ments of subchapter II of chapter 53 of title  
6           31, United States Code, and section 21 of the  
7           Federal Deposit Insurance Act with respect to  
8           private banking activity.

9 **SEC. 203. REPORTS TO THE FINANCIAL SERVICES INDUS-**  
10 **TRY ON SUSPICIOUS FINANCIAL ACTIVITIES.**

11           At least once each calendar quarter, the Secretary of  
12 the Treasury shall—

13           (1) publish a report containing a detailed anal-  
14           ysis identifying patterns of suspicious activity and  
15           other investigative insights derived from suspicious  
16           activity reports and investigations conducted by Fed-  
17           eral, State, and local law enforcement agencies to  
18           the extent appropriate; and

19           (2) distribute such report to financial institu-  
20           tions (as defined in section 5312 of title 31, United  
21           States Code).

22 **SEC. 204. EFFICIENT USE OF CURRENCY TRANSACTION RE-**  
23 **PORT SYSTEM.**

24           (a) FINDINGS.—The Congress finds the following:

1           (1) The Congress established the currency  
2 transaction reporting requirements in 1970 because  
3 the Congress found then that such reports have a  
4 high degree of usefulness in criminal, tax, and regu-  
5 latory investigations and proceedings and the useful-  
6 ness of such reports has only increased in the years  
7 since the requirements were established.

8           (2) In 1994, in response to reports and testi-  
9 mony that excess amounts of currency transaction  
10 reports were interfering with effective law enforce-  
11 ment, the Congress reformed the currency trans-  
12 action report exemption requirements to provide—

13                 (A) mandatory exemptions for certain re-  
14 ports that had little usefulness for law enforce-  
15 ment, such as cash transfers between depository  
16 institutions and cash deposits from government  
17 agencies; and

18                 (B) discretionary authority for the Sec-  
19 retary of the Treasury to provide exemptions,  
20 subject to criteria and guidelines established by  
21 the Secretary, for financial institutions with re-  
22 gard to regular business customers that main-  
23 tain accounts at an institution into which fre-  
24 quent cash deposits are made.

1           (3) Today there is evidence that some financial  
2 institutions are not utilizing the exemption system,  
3 or are filing reports even if there is an exemption in  
4 effect, with the result that the volume of currency  
5 transaction reports is once again interfering with ef-  
6 fective law enforcement.

7           (b) STUDY AND REPORT.—

8           (1) STUDY REQUIRED.—The Secretary of the  
9 Treasury shall conduct a study of—

10                   (A) the possible expansion of the statutory  
11 exemption system in effect under 5313 of title  
12 31, United States Code; and

13                   (B) methods for improving financial insti-  
14 tution utilization of the statutory exemption  
15 provisions as a way of reducing the submission  
16 of currency transaction reports that have little  
17 or no value for law enforcement purposes, in-  
18 cluding improvements in the systems in effect  
19 at financial institutions for regular review of  
20 the exemption procedures used at the institu-  
21 tion and the training of personnel in its effec-  
22 tive use.

23           (2) REPORT REQUIRED.—The Secretary of the  
24 Treasury shall submit a report to the Congress be-  
25 fore the end of the 90-day period beginning on the

1 date of the enactment of this Act containing the  
2 findings and conclusions of the Secretary with re-  
3 gard to the study required under subsection (a) and  
4 such recommendations for legislative or administra-  
5 tive action as the Secretary determines to be appro-  
6 priate.

7 **SEC. 205. PUBLIC-PRIVATE TASK FORCE ON TERRORIST FI-**  
8 **NANCING ISSUES.**

9 Section 1564 of the Annunzio—Wylie Anti-Money  
10 Laundering Act (31 U.S.C. 5311 note) is amended by  
11 adding at the end the following new subsection:

12 “(d) TERRORIST FINANCING ISSUES.—

13 “(1) IN GENERAL.—The Secretary of the  
14 Treasury shall provide, either within the Bank Se-  
15 crecy Act Advisory Group, or as a subcommittee or  
16 other adjunct of the Advisory Group, for a task  
17 force of representatives from agencies and officers  
18 represented on the Advisory Group, a representative  
19 of the Director of the Office of Homeland Security,  
20 and representatives of financial institutions, private  
21 organizations that represent the financial services in-  
22 dustry, and other interested parties to focus on—

23 “(A) issues specifically related to the fi-  
24 nances of terrorist groups, the means terrorist  
25 groups use to transfer funds around the world

1 and within the United States, including through  
2 the use of charitable organizations, nonprofit  
3 organizations, and nongovernmental organiza-  
4 tions, and the extent to which financial institu-  
5 tions in the United States are unwittingly in-  
6 volved in such finances and the extent to which  
7 such institutions are at risk as a result;

8 “(B) the relationship, particularly the fi-  
9 nancial relationship, between international nar-  
10 cotics traffickers and foreign terrorist organiza-  
11 tions, the extent to which their memberships  
12 overlap and engage in joint activities, and the  
13 extent to which they cooperate with each other  
14 in raising and transferring funds for their re-  
15 spective purposes; and

16 “(C) means of facilitating the identification  
17 of accounts and transactions involving terrorist  
18 groups and facilitating the exchange of informa-  
19 tion concerning such accounts and transactions  
20 between financial institutions and law enforce-  
21 ment organizations.

22 “(2) APPLICABILITY OF OTHER PROVISIONS.—  
23 Sections 552, 552a, and 552b of title 5, United  
24 States Code, and the Federal Advisory Committee

1 Act shall not apply to the task force established pur-  
2 suant to paragraph (1).”.

3 **SEC. 206. SUSPICIOUS ACTIVITY REPORTING REQUIRE-**  
4 **MENTS.**

5 (a) DEADLINE FOR SUSPICIOUS ACTIVITY REPORT-  
6 ING REQUIREMENTS FOR REGISTERED BROKERS AND  
7 DEALERS.—The Secretary of the Treasury, in consulta-  
8 tion with the Securities and Exchange Commission, shall  
9 publish proposed regulations in the Federal Register be-  
10 fore January 1, 2002, requiring brokers and dealers reg-  
11 istered with the Securities and Exchange Commission  
12 under the Securities Exchange Act of 1934 to submit sus-  
13 picious activity reports under section 5318(g) of title 31,  
14 United States Code. Such regulations shall be published  
15 in final form no later than June 1, 2002.

16 (b) SUSPICIOUS ACTIVITY REPORTING REQUIRE-  
17 MENTS FOR FUTURES COMMISSION MERCHANTS, COM-  
18 MODITY TRADING ADVISORS, AND COMMODITY POOL OP-  
19 ERATORS.—The Secretary of the Treasury, in consultation  
20 with the Commodity Futures Trading Commission, may  
21 prescribe regulations requiring futures commission mer-  
22 chants, commodity trading advisors, and commodity pool  
23 operators registered under the Commodity Exchange Act  
24 to submit suspicious activity reports under section  
25 5318(g) of title 31, United States Code.



1 **SEC. 207. AMENDMENTS RELATING TO REPORTING OF SUS-**  
2 **PICIOUS ACTIVITIES.**

3 (a) AMENDMENT RELATING TO CIVIL LIABILITY IM-  
4 MUNITY FOR DISCLOSURES.—Section 5318(g)(3) of title  
5 31, United States Code, is amended to read as follows:

6 “(3) LIABILITY FOR DISCLOSURES.—

7 “(A) IN GENERAL.—Any financial institu-  
8 tion that makes a voluntary disclosure of any  
9 possible violation of law or regulation to a gov-  
10 ernment agency or makes a disclosure pursuant  
11 to this subsection or any other authority, and  
12 any director, officer, employee, or agent of such  
13 institution who makes, or requires another to  
14 make any such disclosure, shall not be liable to  
15 any person under any law or regulation of the  
16 United States, any constitution, law, or regula-  
17 tion of any State or political subdivision of any  
18 State, or under any contract or other legally en-  
19 forceable agreement (including any arbitration  
20 agreement), for such disclosure or for any fail-  
21 ure to provide notice of such disclosure to any  
22 person.

23 “(B) RULE OF CONSTRUCTION.—Subpara-  
24 graph (A) shall not be construed as creating—

25 “(i) any inference that the term ‘per-  
26 son’, as used in such subparagraph, may

1 be construed more broadly than its ordi-  
2 nary usage so to include any government  
3 or agency of government; or

4 “(ii) any immunity against, or other-  
5 wise affecting, any civil or criminal action  
6 brought by any government or agency of  
7 government to enforce any constitution,  
8 law, or regulation of such government or  
9 agency.”.

10 (b) PROHIBITION ON NOTIFICATION OF DISCLO-  
11 SURES.—Section 5318(g)(2) of title 31, United States  
12 Code, is amended to read as follows:

13 “(2) NOTIFICATION PROHIBITED.—

14 “(A) IN GENERAL.—If a financial institu-  
15 tion or any director, officer, employee, or agent  
16 of any financial institution, voluntarily or pur-  
17 suant to this section or any other authority, re-  
18 ports a suspicious transaction to a government  
19 agency—

20 “(i) the financial institution, director,  
21 officer, employee, or agent may not notify  
22 any person involved in the transaction that  
23 the transaction has been reported; and

24 “(ii) no officer or employee of the  
25 Federal Government or of any State, local,

1           tribal, or territorial government within the  
2           United States, who has any knowledge that  
3           such report was made may disclose to any  
4           person involved in the transaction that the  
5           transaction has been reported other than  
6           as necessary to fulfill the official duties of  
7           such officer or employee.

8           “(B) DISCLOSURES IN CERTAIN EMPLOY-  
9           MENT REFERENCES.—Notwithstanding the ap-  
10          plication of subparagraph (A) in any other con-  
11          text, subparagraph (A) shall not be construed  
12          as prohibiting any financial institution, or any  
13          director, officer, employee, or agent of such in-  
14          stitution, from including, in a written employ-  
15          ment reference that is provided in accordance  
16          with section 18(v) of the Federal Deposit Insur-  
17          ance Act in response to a request from another  
18          financial institution or a written termination  
19          notice or employment reference that is provided  
20          in accordance with the rules of the self-regu-  
21          latory organizations registered with the Securi-  
22          ties and Exchange Commission or the Com-  
23          modity Futures Trading Commission, informa-  
24          tion that was included in a report to which sub-  
25          paragraph (A) applies, but such written employ-

1           ment reference may not disclose that such in-  
2           formation was also included in any such report  
3           or that such report was made.”.

4 **SEC. 208. AUTHORIZATION TO INCLUDE SUSPICIONS OF IL-**  
5                   **LEGAL ACTIVITY IN WRITTEN EMPLOYMENT**  
6                   **REFERENCES.**

7           Section 18 of the Federal Deposit Insurance Act (12  
8 U.S.C. 1828) is amended by adding at the end the fol-  
9           lowing new subsection:

10           “(w) WRITTEN EMPLOYMENT REFERENCES MAY  
11           CONTAIN SUSPICIONS OF INVOLVEMENT IN ILLEGAL AC-  
12           TIVITY.—

13           “(1) IN GENERAL.—Notwithstanding any other  
14           provision of law, any insured depository institution,  
15           and any director, officer, employee, or agent of such  
16           institution, may disclose in any written employment  
17           reference relating to a current or former institution-  
18           affiliated party of such institution which is provided  
19           to another insured depository institution in response  
20           to a request from such other institution, information  
21           concerning the possible involvement of such institu-  
22           tion-affiliated party in potentially unlawful activity,  
23           to the extent—

1           “(A) the disclosure does not contain infor-  
2           mation which the institution, director, officer,  
3           employee, or agent knows to be false; and

4           “(B) the institution, director, officer, em-  
5           ployee, or agent has not acted with malice or  
6           with reckless disregard for the truth in making  
7           the disclosure.

8           “(2) DEFINITION.—For purposes of this sub-  
9           section, the term ‘insured depository institution’ in-  
10          cludes any uninsured branch or agency of a foreign  
11          bank.”.

12 **SEC. 209. INTERNATIONAL COOPERATION ON IDENTIFICA-**  
13 **TION OF ORIGINATORS OF WIRE TRANSFERS.**

14          The Secretary of the Treasury shall—

15               (1) in consultation with the Attorney General  
16               and the Secretary of State, take all reasonable steps  
17               to encourage foreign governments to require the in-  
18               clusion of the name of the originator in wire transfer  
19               instructions sent to the United States and other  
20               countries, with the information to remain with the  
21               transfer from its origination until the point of dis-  
22               bursement; and

23               (2) report annually to the Committee on Finan-  
24               cial Services of the House of Representatives and

1 the Committee on Banking, Housing, and Urban Af-  
2 fairs of the Senate on—

3 (A) progress toward the goal enumerated  
4 in paragraph (1), as well as impediments to im-  
5 plementation and an estimated compliance rate;  
6 and

7 (B) impediments to instituting a regime in  
8 which all appropriate identification, as defined  
9 by the Secretary, about wire transfer recipients  
10 shall be included with wire transfers from their  
11 point of origination until disbursement.

12 **SEC. 210. CHECK TRUNCATION STUDY.**

13 Before the end of the 180-day period beginning on  
14 the date of the enactment of this Act, the Secretary of  
15 the Treasury, in consultation with the Attorney General  
16 and the Board of Governors of the Federal Reserve Sys-  
17 tem, shall conduct a study of the impact on—

18 (1) crime prevention (including money laun-  
19 dering and terrorism);

20 (2) law enforcement;

21 (3) the financial services industry (including the  
22 technical, operational, and economic impact on the  
23 industry) and customers of such industry;

24 (4) the payment system (including the liquidity,  
25 stability, and efficiency of the payment system and

1 the ability to monitor and access the flow of funds);  
2 and  
3 (5) the consumer protection laws,  
4 of any policy of the Board of Governors of the Federal  
5 Reserve System relating to the promotion of check  
6 electronification, through truncation or other means, or  
7 migration away from paper checks. The study shall also  
8 include an analysis of the benefits and burdens of pro-  
9 moting check electronification on the foregoing entities.

10 **TITLE III—COMBATTING INTER-**  
11 **NATIONAL MONEY LAUN-**  
12 **DERING**

13 **SEC. 301. SPECIAL MEASURES FOR JURISDICTIONS, FINAN-**  
14 **CIAL INSTITUTIONS, OR INTERNATIONAL**  
15 **TRANSACTIONS OF PRIMARY MONEY LAUN-**  
16 **DERING CONCERN.**

17 (a) IN GENERAL.—Subchapter II of chapter 53 of  
18 title 31, United States Code, is amended by inserting after  
19 section 5318 the following new section:

20 **“§ 5318A. Special measures for jurisdictions, financial**  
21 **institutions, or international transactions**  
22 **of primary money laundering concern**

23 “(a) INTERNATIONAL COUNTER-MONEY LAUN-  
24 DERING REQUIREMENTS.—

1           “(1) IN GENERAL.—The Secretary may require  
2 domestic financial institutions and domestic financial  
3 agencies to take 1 or more of the special measures  
4 described in subsection (b) if the Secretary finds  
5 that reasonable grounds exist for concluding that a  
6 jurisdiction outside of the United States, 1 or more  
7 financial institutions operating outside of the United  
8 States, 1 or more classes of transactions within, or  
9 involving, a jurisdiction outside of the United States,  
10 or 1 or more types of accounts is of primary money  
11 laundering concern, in accordance with subsection  
12 (c).

13           “(2) FORM OF REQUIREMENT.—The special  
14 measures described in—

15           “(A) subsection (b) may be imposed in  
16 such sequence or combination as the Secretary  
17 shall determine;

18           “(B) paragraphs (1) through (4) of sub-  
19 section (b) may be imposed by regulation,  
20 order, or otherwise as permitted by law; and

21           “(C) subsection (b)(5) may be imposed  
22 only by regulation.

23           “(3) DURATION OF ORDERS; RULEMAKING.—  
24 Any order by which a special measure described in  
25 paragraphs (1) through (4) of subsection (b) is im-



1 posed (other than an order described in section  
2 5326)—

3 “(A) shall be issued together with a notice  
4 of proposed rulemaking relating to the imposi-  
5 tion of such special measure; and

6 “(B) may not remain in effect for more  
7 than 120 days, except pursuant to a regulation  
8 prescribed on or before the end of the 120-day  
9 period beginning on the date of issuance of  
10 such order.

11 “(4) PROCESS FOR SELECTING SPECIAL MEAS-  
12 URES.—In selecting which special measure or meas-  
13 ures to take under this subsection, the Secretary—

14 “(A) shall consult with the Chairman of  
15 the Board of Governors of the Federal Reserve  
16 System, any other appropriate Federal banking  
17 agency (as defined in section 3 of the Federal  
18 Deposit Insurance Act), the Secretary of State,  
19 the Securities and Exchange Commission, the  
20 Commodity Futures Trading Commission, the  
21 National Credit Union Administration Board,  
22 and in the sole discretion of the Secretary such  
23 other agencies and interested parties as the  
24 Secretary may find to be appropriate; and

25 “(B) shall consider—

1           “(i) whether similar action has been  
2           or is being taken by other nations or multi-  
3           lateral groups;

4           “(ii) whether the imposition of any  
5           particular special measure would create a  
6           significant competitive disadvantage, in-  
7           cluding any undue cost or burden associ-  
8           ated with compliance, for financial institu-  
9           tions organized or licensed in the United  
10          States;

11          “(iii) the extent to which the action or  
12          the timing of the action would have a sig-  
13          nificant adverse systemic impact on the  
14          international payment, clearance, and set-  
15          tlement system, or on legitimate business  
16          activities involving the particular jurisdic-  
17          tion, institution, or class of transactions;  
18          and

19          “(iv) the effect on national security  
20          and foreign policy.

21          “(5) NO LIMITATION ON OTHER AUTHORITY.—  
22          This section shall not be construed as superseding or  
23          otherwise restricting any other authority granted to  
24          the Secretary, or to any other agency, by this sub-  
25          chapter or otherwise.

1       “(b) SPECIAL MEASURES.—The special measures re-  
2       ferred to in subsection (a), with respect to a jurisdiction  
3       outside of the United States, financial institution oper-  
4       ating outside of the United States, class of transaction  
5       within, or involving, a jurisdiction outside of the United  
6       States, or 1 or more types of accounts are as follows:

7               “(1) RECORDKEEPING AND REPORTING OF  
8       CERTAIN FINANCIAL TRANSACTIONS.—

9               “(A) IN GENERAL.—The Secretary may re-  
10       quire any domestic financial institution or do-  
11       mestic financial agency to maintain records, file  
12       reports, or both, concerning the aggregate  
13       amount of transactions, or concerning each  
14       transaction, with respect to a jurisdiction out-  
15       side of the United States, 1 or more financial  
16       institutions operating outside of the United  
17       States, 1 or more classes of transactions within,  
18       or involving, a jurisdiction outside of the United  
19       States, or 1 or more types of accounts if the  
20       Secretary finds any such jurisdiction, institu-  
21       tion, or class of transactions to be of primary  
22       money laundering concern.

23               “(B) FORM OF RECORDS AND REPORTS.—  
24       Such records and reports shall be made and re-  
25       tained at such time, in such manner, and for

1 such period of time, as the Secretary shall de-  
2 termine, and shall include such information as  
3 the Secretary may determine, including—

4 “(i) the identity and address of the  
5 participants in a transaction or relation-  
6 ship, including the identity of the origi-  
7 nator of any funds transfer;

8 “(ii) the legal capacity in which a par-  
9 ticipant in any transaction is acting;

10 “(iii) the identity of the beneficial  
11 owner of the funds involved in any trans-  
12 action, in accordance with such procedures  
13 as the Secretary determines to be reason-  
14 able and practicable to obtain and retain  
15 the information; and

16 “(iv) a description of any transaction.

17 “(2) INFORMATION RELATING TO BENEFICIAL  
18 OWNERSHIP.—In addition to any other requirement  
19 under any other provision of law, the Secretary may  
20 require any domestic financial institution or domes-  
21 tic financial agency to take such steps as the Sec-  
22 retary may determine to be reasonable and prac-  
23 ticable to obtain and retain information concerning  
24 the beneficial ownership of any account opened or  
25 maintained in the United States by a foreign person

1 (other than a foreign entity whose shares are subject  
2 to public reporting requirements or are listed and  
3 traded on a regulated exchange or trading market),  
4 or a representative of such a foreign person, that in-  
5 volves a jurisdiction outside of the United States, 1  
6 or more financial institutions operating outside of  
7 the United States, 1 or more classes of transactions  
8 within, or involving, a jurisdiction outside of the  
9 United States, or 1 or more types of accounts if the  
10 Secretary finds any such jurisdiction, institution,  
11 transaction, or account to be of primary money laun-  
12 dering concern.

13 “(3) INFORMATION RELATING TO CERTAIN PAY-  
14 ABLE-THROUGH ACCOUNTS.—If the Secretary finds  
15 a jurisdiction outside of the United States, 1 or  
16 more financial institutions operating outside of the  
17 United States, or 1 or more classes of transactions  
18 within, or involving, a jurisdiction outside of the  
19 United States to be of primary money laundering  
20 concern, the Secretary may require any domestic fi-  
21 nancial institution or domestic financial agency that  
22 opens or maintains a payable-through account in the  
23 United States for a foreign financial institution in-  
24 volving any such jurisdiction or any such financial  
25 institution operating outside of the United States, or

1 a payable through account through which any such  
2 transaction may be conducted, as a condition of  
3 opening or maintaining such account—

4 “(A) to identify each customer (and rep-  
5 resentative of such customer) of such financial  
6 institution who is permitted to use, or whose  
7 transactions are routed through, such payable-  
8 through account; and

9 “(B) to obtain, with respect to each such  
10 customer (and each such representative), infor-  
11 mation that is substantially comparable to that  
12 which the depository institution obtains in the  
13 ordinary course of business with respect to its  
14 customers residing in the United States.

15 “(4) INFORMATION RELATING TO CERTAIN COR-  
16 RESPONDENT ACCOUNTS.—If the Secretary finds a  
17 jurisdiction outside of the United States, 1 or more  
18 financial institutions operating outside of the United  
19 States, or 1 or more classes of transactions within,  
20 or involving, a jurisdiction outside of the United  
21 States to be of primary money laundering concern,  
22 the Secretary may require any domestic financial in-  
23 stitution or domestic financial agency that opens or  
24 maintains a correspondent account in the United  
25 States for a foreign financial institution involving

1 any such jurisdiction or any such financial institu-  
2 tion operating outside of the United States, or a cor-  
3 respondent account through which any such trans-  
4 action may be conducted, as a condition of opening  
5 or maintaining such account—

6 “(A) to identify each customer (and rep-  
7 resentative of such customer) of any such finan-  
8 cial institution who is permitted to use, or  
9 whose transactions are routed through, such  
10 correspondent account; and

11 “(B) to obtain, with respect to each such  
12 customer (and each such representative), infor-  
13 mation that is substantially comparable to that  
14 which the depository institution obtains in the  
15 ordinary course of business with respect to its  
16 customers residing in the United States.

17 “(5) PROHIBITIONS OR CONDITIONS ON OPEN-  
18 ING OR MAINTAINING CERTAIN CORRESPONDENT OR  
19 PAYABLE-THROUGH ACCOUNTS.—If the Secretary  
20 finds a jurisdiction outside of the United States, 1  
21 or more financial institutions operating outside of  
22 the United States, or 1 or more classes of trans-  
23 actions within, or involving, a jurisdiction outside of  
24 the United States to be of primary money laun-  
25 dering concern, the Secretary, in consultation with

1 the Secretary of State, the Attorney General, and  
2 the Chairman of the Board of Governors of the Fed-  
3 eral Reserve System, may prohibit, or impose condi-  
4 tions upon, the opening or maintaining in the United  
5 States of a correspondent account or payable-  
6 through account by any domestic financial institu-  
7 tion or domestic financial agency for or on behalf of  
8 a foreign banking institution, if such correspondent  
9 account or payable-through account involves any  
10 such jurisdiction or institution, or if any such trans-  
11 action may be conducted through such cor-  
12 respondent account or payable-through account.

13 “(c) CONSULTATIONS AND INFORMATION TO BE  
14 CONSIDERED IN FINDING JURISDICTIONS, INSTITUTIONS,  
15 TYPES OF ACCOUNTS, OR TRANSACTIONS TO BE OF PRI-  
16 MARY MONEY LAUNDERING CONCERN.—

17 “(1) IN GENERAL.—In making a finding that  
18 reasonable grounds exist for concluding that a juris-  
19 diction outside of the United States, 1 or more fi-  
20 nancial institutions operating outside of the United  
21 States, 1 or more classes of transactions within, or  
22 involving, a jurisdiction outside of the United States,  
23 or 1 or more types of accounts is of primary money  
24 laundering concern so as to authorize the Secretary  
25 to take 1 or more of the special measures described



1 in subsection (b), the Secretary shall consult with  
2 the Secretary of State, and the Attorney General.

3 “(2) ADDITIONAL CONSIDERATIONS.—In mak-  
4 ing a finding described in paragraph (1), the Sec-  
5 retary shall consider in addition such information as  
6 the Secretary determines to be relevant, including  
7 the following potentially relevant factors:

8 “(A) JURISDICTIONAL FACTORS.—In the  
9 case of a particular jurisdiction—

10 “(i) evidence that organized criminal  
11 groups, international terrorists, or both,  
12 have transacted business in that jurisdic-  
13 tion;

14 “(ii) the extent to which that jurisdic-  
15 tion or financial institutions operating in  
16 that jurisdiction offer bank secrecy or spe-  
17 cial regulatory advantages to nonresidents  
18 or nondomiciliaries of that jurisdiction;

19 “(iii) the substance and quality of ad-  
20 ministration of the bank supervisory and  
21 counter-money laundering laws of that ju-  
22 risdiction;

23 “(iv) the relationship between the vol-  
24 ume of financial transactions occurring in

1           that jurisdiction and the size of the econ-  
2           omy of the jurisdiction;

3           “(v) the extent to which that jurisdic-  
4           tion is characterized as an offshore bank-  
5           ing or secrecy haven by credible inter-  
6           national organizations or multilateral ex-  
7           pert groups;

8           “(vi) whether the United States has a  
9           mutual legal assistance treaty with that ju-  
10          risdiction, and the experience of United  
11          States law enforcement officials, and regu-  
12          latory officials in obtaining information  
13          about transactions originating in or routed  
14          through or to such jurisdiction; and

15          “(vii) the extent to which that jurisdic-  
16          tion is characterized by high levels of of-  
17          ficial or institutional corruption.

18          “(B) INSTITUTIONAL FACTORS.—In the  
19          case of a decision to apply 1 or more of the spe-  
20          cial measures described in subsection (b) only  
21          to a financial institution or institutions, or to a  
22          transaction or class of transactions, or to a type  
23          of account, or to all 3, within or involving a  
24          particular jurisdiction—

1           “(i) the extent to which such financial  
2           institutions, transactions, or types of ac-  
3           counts are used to facilitate or promote  
4           money laundering in or through the juris-  
5           diction;

6           “(ii) the extent to which such institu-  
7           tions, transactions, or types of accounts  
8           are used for legitimate business purposes  
9           in the jurisdiction; and

10           “(iii) the extent to which such action  
11           is sufficient to ensure, with respect to  
12           transactions involving the jurisdiction and  
13           institutions operating in the jurisdiction,  
14           that the purposes of this subchapter con-  
15           tinue to be fulfilled, and to guard against  
16           international money laundering and other  
17           financial crimes.

18           “(d) NOTIFICATION OF SPECIAL MEASURES IN-  
19           VOKED BY THE SECRETARY.—Not later than 10 days  
20           after the date of any action taken by the Secretary under  
21           subsection (a)(1), the Secretary shall notify, in writing,  
22           the Committee on Financial Services of the House of Rep-  
23           resentatives and the Committee on Banking, Housing, and  
24           Urban Affairs of the Senate of any such action.

1       “(e) DEFINITIONS.—Notwithstanding any other pro-  
2 vision of this subchapter, for purposes of this section, the  
3 following definitions shall apply:

4               “(1) BANK DEFINITIONS.—The following defini-  
5 tions shall apply with respect to a bank:

6                       “(A) ACCOUNT.—The term ‘account’—

7                               “(i) means a formal banking or busi-  
8 ness relationship established to provide  
9 regular services, dealings, and other finan-  
10 cial transactions; and

11                              “(ii) includes a demand deposit, sav-  
12 ings deposit, or other transaction or asset  
13 account and a credit account or other ex-  
14 tension of credit.

15                       “(B) CORRESPONDENT ACCOUNT.—The  
16 term ‘correspondent account’ means an account  
17 established to receive deposits from, make pay-  
18 ments on behalf of a foreign financial institu-  
19 tion, or handle other financial transactions re-  
20 lated to such institution.

21                       “(C) PAYABLE-THROUGH ACCOUNT.—The  
22 term ‘payable-through account’ means an ac-  
23 count, including a transaction account (as de-  
24 fined in section 19(b)(1)(C) of the Federal Re-  
25 serve Act), opened at a depository institution by

1 a foreign financial institution by means of  
2 which the foreign financial institution permits  
3 its customers to engage, either directly or  
4 through a subaccount, in banking activities  
5 usual in connection with the business of bank-  
6 ing in the United States.

7 “(D) SECRETARY.—The term ‘Secretary’  
8 means the Secretary of the Treasury.

9 “(2) DEFINITIONS APPLICABLE TO INSTITU-  
10 TIONS OTHER THAN BANKS.—With respect to any fi-  
11 nancial institution other than a bank, the Secretary  
12 shall, after consultation with the appropriate Fed-  
13 eral functional regulators (as defined in section 509  
14 of the Gramm-Leach-Bliley Act), define by regula-  
15 tion the term ‘account’, and shall include within the  
16 meaning of that term, to the extent, if any, that the  
17 Secretary deems appropriate, arrangements similar  
18 to payable-through and correspondent accounts.

19 “(3) REGULATORY DEFINITION.—The Sec-  
20 retary shall prescribe regulations defining beneficial  
21 ownership of an account for purposes of this sub-  
22 chapter. Such regulations shall address issues re-  
23 lated to an individual’s authority to fund, direct, or  
24 manage the account (including the power to direct  
25 payments into or out of the account), and an indi-

1       vidual’s material interest in the income or corpus of  
2       the account, and shall ensure that the identification  
3       of individuals under this section does not extend to  
4       any individual whose beneficial interest in the in-  
5       come or corpus of the account is immaterial.

6               “(4) OTHER TERMS.—The Secretary may, by  
7       regulation, further define the terms in paragraphs  
8       (1) and (2) and define other terms for the purposes  
9       of this section, as the Secretary deems appro-  
10      priate.”.

11       (b) FINANCIAL INSTITUTIONS SPECIFIED IN SUB-  
12      CHAPTER II OF CHAPTER 53 OF TITLE 31, UNITED  
13      STATES CODE.—

14               (1) CREDIT UNIONS.—Subparagraph (E) of  
15       section 5312(2) of title 31, United States Code, is  
16       amended to read as follows:

17               “(E) any credit union;”.

18               (2) FUTURES COMMISSION MERCHANT; COM-  
19       MODITY TRADING ADVISOR; COMMODITY POOL OPER-  
20       ATOR.—Section 5312 of title 31, United States  
21       Code, is amended by adding at the end the following  
22       new subsection:

23               “(c) ADDITIONAL DEFINITIONS.—For purposes of  
24       this subchapter, the following definitions shall apply:

1           “(1) CERTAIN INSTITUTIONS INCLUDED IN  
2           DEFINITION.—The term ‘financial institution’ (as  
3           defined in subsection (a)) includes the following:

4                   “(A) Any futures commission merchant,  
5                   commodity trading advisor, or commodity pool  
6                   operator registered, or required to register,  
7                   under the Commodity Exchange Act.”.

8           (3) CFTC INCLUDED.—For purposes of this  
9           Act and any amendment made by this Act to any  
10          other provision of law, the term “Federal functional  
11          regulator” includes the Commodity Futures Trading  
12          Commission.

13          (c) CLERICAL AMENDMENT.—The table of sections  
14          for subchapter II of chapter 53 of title 31, United States  
15          Code, is amended by inserting after the item relating to  
16          section 5318 the following new item:

          “5318A. Special measures for jurisdictions, financial institutions, or inter-  
          national transactions of primary money laundering concern.”.

17       **SEC. 302. SPECIAL DUE DILIGENCE FOR CORRESPONDENT**  
18                       **ACCOUNTS AND PRIVATE BANKING AC-**  
19                       **COUNTS.**

20          (a) IN GENERAL.—Section 5318 of title 31, United  
21          States Code, is amended by inserting after subsection (i)  
22          (as added by section 119 of this Act) the following new  
23          subsection:

1       “(j) DUE DILIGENCE FOR UNITED STATES PRIVATE  
2 BANKING AND CORRESPONDENT BANK ACCOUNTS IN-  
3 VOLVING FOREIGN PERSONS.—

4           “(1) IN GENERAL.—Each financial institution  
5 that establishes, maintains, administers, or manages  
6 a private banking account or a correspondent ac-  
7 count in the United States for a non-United States  
8 person, including a foreign individual visiting the  
9 United States, or a representative of a non-United  
10 States person, shall establish appropriate, specific,  
11 and, where necessary, enhanced due diligence poli-  
12 cies, procedures, and controls to detect and report  
13 instances of money laundering through those ac-  
14 counts.

15           “(2) SPECIAL STANDARDS FOR CERTAIN COR-  
16 RESPONDENT ACCOUNTS.—

17           “(A) IN GENERAL.—Subparagraph (B)  
18 shall apply if a correspondent account is re-  
19 quested or maintained by, or on behalf of, a  
20 foreign bank operating—

21                   “(i) under an offshore banking li-  
22 cense; or

23                   “(ii) under a banking license issued  
24 by a foreign country that has been  
25 designated—



1           “(I) as noncooperative with inter-  
2           national anti-money laundering prin-  
3           ciples or procedures by an intergov-  
4           ernmental group or organization of  
5           which the United States is a member  
6           with which designation the Secretary  
7           of the Treasury concurs; or

8           “(II) by the Secretary as war-  
9           ranting special measures due to  
10          money laundering concerns.

11          “(B) POLICIES, PROCEDURES, AND CON-  
12          TROLS.—The enhanced due diligence policies,  
13          procedures, and controls required under para-  
14          graph (1) for foreign banks described in sub-  
15          paragraph (A) shall, at a minimum, ensure that  
16          the financial institution in the United States  
17          takes reasonable steps—

18                 “(i) to ascertain for any such foreign  
19                 bank, the shares of which are not publicly  
20                 traded, the identity of each of the owners  
21                 of the foreign bank, and the nature and  
22                 extent of the ownership interest of each  
23                 such owner;

24                 “(ii) to conduct enhanced scrutiny of  
25                 such account to guard against money laun-

1           dering and report any suspicious trans-  
2           actions under section 5318(g); and

3           “(iii) to ascertain whether such for-  
4           eign bank provides correspondent accounts  
5           to other foreign banks and, if so, the iden-  
6           tity of those foreign banks and related due  
7           diligence information, as appropriate under  
8           paragraph (1).

9           “(3) MINIMUM STANDARDS FOR PRIVATE BANK-  
10          ING ACCOUNTS.—If a private banking account is re-  
11          quested or maintained by, or on behalf of, a non-  
12          United States person, then the due diligence policies,  
13          procedures, and controls required under paragraph  
14          (1) shall, at a minimum, ensure that the financial  
15          institution takes reasonable steps—

16               “(A) to ascertain the identity of the nomi-  
17               nal and beneficial owners of, and the source of  
18               funds deposited into, such account as needed to  
19               guard against money laundering and report any  
20               suspicious transactions under section 5318(g);  
21               and

22               “(B) to conduct enhanced scrutiny of any  
23               such account that is requested or maintained  
24               by, or on behalf of, a senior foreign political fig-  
25               ure, or any immediate family member or close

1 associate of a senior foreign political figure, to  
2 prevent, detect, and report transactions that  
3 may involve the proceeds of foreign corruption.

4 “(4) DEFINITIONS.—For purposes of this sub-  
5 section, the following definitions shall apply:

6 “(A) OFFSHORE BANKING LICENSE.—The  
7 term ‘offshore banking license’ means a license  
8 to conduct banking activities which, as a condi-  
9 tion of the license, prohibits the licensed entity  
10 from conducting banking activities with the citi-  
11 zens of, or with the local currency of, the coun-  
12 try which issued the license.

13 “(B) PRIVATE BANK ACCOUNT.—The term  
14 ‘private bank account’ means an account (or  
15 any combination of accounts) that—

16 “(i) requires a minimum aggregate  
17 deposits of funds or other assets of not less  
18 than \$1,000,000;

19 “(ii) is established on behalf of 1 or  
20 more individuals who have a direct or ben-  
21 efiticial ownership interest in the account;  
22 and

23 “(iii) is assigned to, or is administered  
24 or managed by, in whole or in part, an of-  
25 ficer, employee, or agent of a financial in-

1                   stitution acting as a liaison between the fi-  
2                   nancial institution and the direct or bene-  
3                   ficial owner of the account.

4                   “(5) REGULATORY AUTHORITY.—Before the  
5                   end of the 6-month period beginning on the date of  
6                   the enactment of the Financial Anti-Terrorism Act  
7                   of 2001, the Secretary, in consultation with the ap-  
8                   propriate Federal functional regulators (as defined  
9                   in section 509 of the Gramm-Leach-Bliley Act) shall  
10                  further define and clarify, by regulation, the require-  
11                  ments of this subsection.”.

12                  (b) EFFECTIVE DATE.—The amendments made by  
13                  this section shall take effect beginning 180 days after the  
14                  date of the enactment of this Act with respect to accounts  
15                  covered by subsection (j) of section 5318 of title 31,  
16                  United States Code (as added by this section) that are  
17                  opened before, on, or after the date of the enactment of  
18                  this Act.

19 **SEC. 303. PROHIBITION ON UNITED STATES COR-**  
20 **RESPONDENT ACCOUNTS WITH FOREIGN**  
21 **SHELL BANKS.**

22                  Section 5318 of title 31, United States Code, is  
23                  amended by inserting after subsection (j) (as added by sec-  
24                  tion 302 of this title) the following new subsection:

1       “(k) PROHIBITION ON UNITED STATES COR-  
2 RESPONDENT ACCOUNTS WITH FOREIGN SHELL  
3 BANKS.—

4           “(1) IN GENERAL.—A depository institution  
5 shall not establish, maintain, administer, or manage  
6 a correspondent account in the United States for, or  
7 on behalf of, a foreign bank that does not have a  
8 physical presence in any country.

9           “(2) PREVENTION OF INDIRECT SERVICE TO  
10 FOREIGN SHELL BANKS.—

11           “(A) IN GENERAL.—A depository institu-  
12 tion shall take reasonable steps to ensure that  
13 any correspondent account established, main-  
14 tained, administered, or managed by that insti-  
15 tution in the United States for a foreign bank  
16 is not being used by that foreign bank to indi-  
17 rectly provide banking services to another for-  
18 eign bank that does not have a physical pres-  
19 ence in any country.

20           “(B) REGULATIONS.—The Secretary shall,  
21 in regulations, delineate reasonable steps nec-  
22 essary for a depository institution to comply  
23 with this subsection.

24           “(3) EXCEPTION.—Paragraphs (1) and (2)  
25 shall not be construed as prohibiting a depository in-

1       stitution from providing a correspondent account to  
2       a foreign bank, if the foreign bank—

3               “(A) is an affiliate of a depository institu-  
4               tion, credit union, or other foreign bank that  
5               maintains a physical presence in the United  
6               States or a foreign country, as applicable; and

7               “(B) is subject to supervision by a banking  
8               authority in the country regulating the affili-  
9               ated depository institution, credit union, or for-  
10              eign bank, described in subparagraph (A), as  
11              applicable.

12             “(4) DEFINITIONS.—For purposes of this sec-  
13             tion, the following definitions shall apply:

14               “(A) AFFILIATE.—The term ‘affiliate’  
15               means a foreign bank that is controlled by or  
16               is under common control with a depository in-  
17               stitution, credit union, or foreign bank.

18               “(B) DEPOSITORY INSTITUTION.—The ‘de-  
19               pository institution’—

20                   “(i) has the meaning given such term  
21                   in section 3 of the Federal Deposit Insur-  
22                   ance Act; and

23                   “(ii) includes a credit union.

1           “(C) PHYSICAL PRESENCE.—The term  
2           ‘physical presence’ means a place of business  
3           that—

4                   “(i) is maintained by a foreign bank;

5                   “(ii) is located at a fixed address  
6                   (other than solely an electronic address) in  
7                   a country in which the foreign bank is au-  
8                   thorized to conduct banking activities, at  
9                   which location the foreign bank—

10                   “(I) employs 1 or more individ-  
11                   uals on a full-time basis; and

12                   “(II) maintains operating records  
13                   related to its banking activities; and

14                   “(iii) is subject to inspection by the  
15                   banking authority which licensed the for-  
16                   eign bank to conduct banking activities.”.

17 **SEC. 304. ANTI-MONEY LAUNDERING PROGRAMS.**

18           (a) IN GENERAL.—Section 5318(h) of title 31,  
19 United States Code, is amended to read as follows:

20           “(h) ANTI-MONEY LAUNDERING PROGRAMS.—

21                   “(1) IN GENERAL.—In order to guard against  
22                   money laundering through financial institutions,  
23                   each financial institution shall establish anti-money  
24                   laundering programs, including, at a minimum—

1           “(A) the development of internal policies,  
2           procedures, and controls;

3           “(B) the designation of an officer of the fi-  
4           nancial institution responsible for compliance;

5           “(C) an ongoing employee training pro-  
6           gram; and

7           “(D) an independent audit function to test  
8           programs.

9           “(2) REGULATIONS.—The Secretary may, after  
10          consultation with the appropriate Federal functional  
11          regulators (as defined in section 509 of the Gramm-  
12          Leach-Bliley Act), prescribe minimum standards for  
13          programs established under paragraph (1), and may  
14          exempt from the application of those standards any  
15          financial institution that is not subject to the provi-  
16          sions of the regulations contained in part 103 of  
17          title 31, of the Code of Federal Regulations, as in  
18          effect on the date of the enactment of the Financial  
19          Anti-Terrorism Act of 2001, or any successor to  
20          such regulations, for so long as such financial insti-  
21          tution is not subject to the provisions of such regula-  
22          tions.”.

23          (b) EFFECTIVE DATE.—The amendment made by  
24          subsection (a) shall take effect at the end of the 180-day  
25          period beginning on the date of the enactment of this Act.



1           (c) DATE OF APPLICATION OF REGULATIONS; FAC-  
2 TORS TO BE TAKEN INTO ACCOUNT.—Before the end of  
3 the 180-day period beginning on the date of the enactment  
4 of this Act, the Secretary of the Treasury shall prescribe  
5 regulations to implement the amendment made by sub-  
6 section (a). In prescribing such regulations, the Secretary  
7 shall consider the extent to which the requirements im-  
8 posed under such regulations are commensurate with the  
9 size, location, and activities of the financial institutions  
10 to which such regulations apply.

11 **SEC. 305. CONCENTRATION ACCOUNTS AT FINANCIAL IN-**  
12 **STITUTIONS.**

13           Section 5318(h) of title 31, United States Code (as  
14 amended by section 304) is amended by adding at the end  
15 the following:

16           “(3) CONCENTRATION ACCOUNTS.—The Sec-  
17 retary may prescribe regulations under this sub-  
18 section that govern maintenance of concentration ac-  
19 counts by financial institutions, in order to ensure  
20 that such accounts are not used to prevent associa-  
21 tion of the identity of an individual customer with  
22 the movement of funds of which the customer is the  
23 direct or beneficial owner, which regulations shall, at  
24 a minimum—

1           “(A) prohibit financial institutions from al-  
2           lowing clients to direct transactions that move  
3           their funds into, out of, or through the con-  
4           centration accounts of the financial institution;

5           “(B) prohibit financial institutions and  
6           their employees from informing customers of  
7           the existence of, or the means of identifying,  
8           the concentration accounts of the institution;  
9           and

10          “(C) require each financial institution to  
11          establish written procedures governing the doc-  
12          umentation of all transactions involving a con-  
13          centration account, which procedures shall en-  
14          sure that, any time a transaction involving a  
15          concentration account commingles funds belong-  
16          ing to 1 or more customers, the identity of, and  
17          specific amount belonging to, each customer is  
18          documented.”.

19 **SEC. 306. INTERNATIONAL COOPERATION IN INVESTIGA-**  
20 **TIONS OF MONEY LAUNDERING, FINANCIAL**  
21 **CRIMES, AND THE FINANCES OF TERRORIST**  
22 **GROUPS.**

23 (a) NEGOTIATIONS.—

24           (1) IN GENERAL.—It is the sense of the Con-  
25           gress that, in addition to the existing requirements

1 of section 4702 of the Anti-Drug Abuse Act of 1988,  
2 the President should direct the Secretary of State,  
3 the Attorney General, or the Secretary of the Treas-  
4 ury, as appropriate and in consultation with the  
5 Board of Governors of the Federal Reserve System,  
6 to seek to enter into negotiations with the appro-  
7 priate financial supervisory agencies and other offi-  
8 cials of any foreign country the financial institutions  
9 of which do business with United States financial in-  
10 stitutions or which may be utilized by any foreign  
11 terrorist organization (as designated under section  
12 219 of the Immigration and Nationality Act), any  
13 person who is a member or representative of any  
14 such organization, or any person engaged in money  
15 laundering or financial or other crimes.

16 (2) PURPOSES OF NEGOTIATIONS.—It is the  
17 sense of the Congress that, in carrying out any ne-  
18 gotiations described in paragraph (1), the President  
19 should direct the Secretary of State, the Attorney  
20 General, or the Secretary of the Treasury, as appro-  
21 priate, to seek to enter into and further cooperative  
22 efforts, voluntary information exchanges, the use of  
23 letters rogatory, mutual legal assistance treaties,  
24 and international agreements to—

1 (A) ensure that foreign banks and other fi-  
2 nancial institutions maintain adequate records  
3 of—

4 (i) large United States currency  
5 transactions; and

6 (ii) transaction and account informa-  
7 tion relating to any foreign terrorist orga-  
8 nization (as designated under section 219  
9 of the Immigration and Nationality Act),  
10 any person who is a member or representa-  
11 tive of any such organization, or any per-  
12 son engaged in money laundering or finan-  
13 cial or other crimes; and

14 (B) establish a mechanism whereby such records  
15 may be made available to United States law enforce-  
16 ment officials and domestic financial institution su-  
17 pervisors, when appropriate.

18 (b) REPORTS.—

19 (1) IN GENERAL.—Not later than 1 year after  
20 the date of the enactment of this Act and annually  
21 thereafter, the Secretary of State, in conjunction  
22 with the Attorney General and the Secretary of the  
23 Treasury, shall submit a report to the Congress, on  
24 the progress in any negotiations described in sub-  
25 section (a).

1           (2) IDENTIFICATION OF CERTAIN COUN-  
2 TRIES.—In any report submitted under paragraph  
3 (1), the Secretary of State shall identify countries—

4           (A) with respect to which the Secretary de-  
5 termines there is evidence that the financial in-  
6 stitutions in such countries are being utilized by  
7 any foreign terrorist organization (as des-  
8 ignated under section 219 of the Immigration  
9 and Nationality Act), any person who is a mem-  
10 ber or representative of any such organization,  
11 or any person engaged in money laundering or  
12 financial or other crimes; and

13           (B) which have not reached agreement  
14 with United States authorities to meet the ob-  
15 jectives of subparagraphs (A) and (B) of sub-  
16 section (a)(2).

17           (3) REPORT ON PENALTIES AND SANCTIONS.—

18 If the President determines that—

19           (A) a foreign country is described in sub-  
20 paragraphs (A) and (B) of paragraph (2); and

21           (B) such country—

22           (i) is not negotiating in good faith to  
23 reach an agreement described in subsection  
24 (a)(2); or

1           (ii) has not complied with, or a finan-  
2           cial institution of such country has not  
3           complied with, a request, made by an offi-  
4           cial of the United States Government au-  
5           thorized to make such request, for infor-  
6           mation regarding a foreign terrorist orga-  
7           nization (as designated under section 219  
8           of the Immigration and Nationality Act), a  
9           person who is a member or representative  
10          of any such organization, or a person en-  
11          gaged in money laundering for or with any  
12          such organization,

13          and the President imposes any penalties or sanctions  
14          on such country or financial institutions of such  
15          country on the basis of such determination, the Sec-  
16          retary of State shall submit a report to the Congress  
17          describing the facts and circumstances of the case  
18          before the end of the 60-day period beginning on the  
19          date such sanctions and penalties take effect.

1                   **TITLE IV—CURRENCY**  
2                   **PROTECTION**

3 **SEC. 401. COUNTERFEITING DOMESTIC CURRENCY AND OB-**  
4                   **LIGATIONS.**

5           (a) COUNTERFEIT ACTS COMMITTED OUTSIDE THE  
6 UNITED STATES.—Section 470 of title 18, United States  
7 Code, is amended—

8               (1) in paragraph (2), by inserting “analog, dig-  
9               ital, or electronic image,” after “plate, stone,”; and

10              (2) by striking “shall be fined under this title,  
11              imprisoned not more than 20 years, or both” and in-  
12              serting “shall be punished as is provided for the like  
13              offense within the United States”.

14           (b) OBLIGATIONS OR SECURITIES OF THE UNITED  
15 STATES.—Section 471 of title 18, United States Code, is  
16 amended by striking “fifteen years” and inserting “20  
17 years”.

18           (c) UTTERING COUNTERFEIT OBLIGATIONS OR SE-  
19 CURITIES.—Section 472 of title 18, United States Code,  
20 is amended by striking “fifteen years” and inserting “20  
21 years”.

22           (d) DEALING IN COUNTERFEIT OBLIGATIONS OR SE-  
23 CURITIES.—Section 473 of title 18, United States Code,  
24 is amended by striking “ten years” and inserting “20  
25 years”.

1 (e) PLATES, STONES, OR ANALOG, DIGITAL, OR  
2 ELECTRONIC IMAGES FOR COUNTERFEITING OBLIGA-  
3 TIONS OR SECURITIES.—

4 (1) IN GENERAL.—Section 474(a) of title 18,  
5 United States Code, is amended by inserting after  
6 the second paragraph the following new paragraph:  
7 “Whoever, with intent to defraud, makes, executes,  
8 acquires, scans, captures, records, receives, transmits, re-  
9 produces, sells, or has in such person’s control, custody,  
10 or possession, an analog, digital, or electronic image of  
11 any obligation or other security of the United States; or”.

12 (2) AMENDMENT TO DEFINITION.—Section  
13 474(b) of title 18, United States Code, is amended  
14 by striking the first sentence and inserting the fol-  
15 lowing new sentence: “For purposes of this section,  
16 the term ‘analog, digital, or electronic image’ in-  
17 cludes any analog, digital, or electronic method used  
18 for the making, execution, acquisition, scanning,  
19 capturing, recording, retrieval, transmission, or re-  
20 production of any obligation or security, unless such  
21 use is authorized by the Secretary of the Treasury.”.

22 (3) TECHNICAL AND CONFORMING AMEND-  
23 MENT.—The heading for section 474 of title 18,  
24 United States Code, is amended by striking “**or**



1       **stones”** and inserting “**, stones, or analog,**  
2       **digital, or electronic images”**.”

3           (4) CLERICAL AMENDMENT.—The table of sec-  
4       tions for chapter 25 of title 18, United States Code,  
5       is amended in the item relating to section 474 by  
6       striking “or stones” and inserting “, stones, or ana-  
7       log, digital, or electronic images”.

8           (f) TAKING IMPRESSIONS OF TOOLS USED FOR OBLI-  
9       GATIONS OR SECURITIES.—Section 476 of title 18, United  
10      States Code, is amended—

11           (1) by inserting “analog, digital, or electronic  
12      image,” after “impression, stamp,”; and

13           (2) by striking “ten years” and inserting “25  
14      years”.

15           (g) POSSESSING OR SELLING IMPRESSIONS OF  
16      TOOLS USED FOR OBLIGATIONS OR SECURITIES.—Sec-  
17      tion 477 of title 18, United States Code, is amended—

18           (1) in the first paragraph, by inserting “analog,  
19      digital, or electronic image,” after “imprint,  
20      stamp,”;

21           (2) in the second paragraph, by inserting “ana-  
22      log, digital, or electronic image,” after “imprint,  
23      stamp,”; and

24           (3) in the third paragraph, by striking “ten  
25      years” and inserting “25 years”.

1 (h) CONNECTING PARTS OF DIFFERENT NOTES.—  
2 Section 484 of title 18, United States Code, is amended  
3 by striking “five years” and inserting “10 years”.

4 (i) BONDS AND OBLIGATIONS OF CERTAIN LENDING  
5 AGENCIES.—The first and second paragraphs of section  
6 493 of title 18, United States Code, are each amended  
7 by striking “five years” and inserting “10 years”.

8 **SEC. 402. COUNTERFEITING FOREIGN CURRENCY AND OB-**  
9 **LIGATIONS.**

10 (a) FOREIGN OBLIGATIONS OR SECURITIES.—Sec-  
11 tion 478 of title 18, United States Code, is amended by  
12 striking “five years” and inserting “20 years”.

13 (b) UTTERING COUNTERFEIT FOREIGN OBLIGA-  
14 TIONS OR SECURITIES.—Section 479 of title 18, United  
15 States Code, is amended by striking “three years” and  
16 inserting “20 years”.

17 (c) POSSESSING COUNTERFEIT FOREIGN OBLIGA-  
18 TIONS OR SECURITIES.—Section 480 of title 18, United  
19 States Code, is amended by striking “one year” and in-  
20 serting “20 years”.

21 (d) PLATES, STONES, OR ANALOG, DIGITAL, OR  
22 ELECTRONIC IMAGES FOR COUNTERFEITING FOREIGN  
23 OBLIGATIONS OR SECURITIES.—

1           (1) IN GENERAL.—Section 481 of title 18,  
2           United States Code, is amended by inserting after  
3           the second paragraph the following new paragraph:  
4           “Whoever, with intent to defraud, makes, executes,  
5           acquires, scans, captures, records, receives, transmits, re-  
6           produces, sells, or has in such person’s control, custody,  
7           or possession, an analog, digital, or electronic image of  
8           any bond, certificate, obligation, or other security of any  
9           foreign government, or of any treasury note, bill, or prom-  
10          ise to pay, lawfully issued by such foreign government and  
11          intended to circulate as money; or”.

12           (2) INCREASED SENTENCE.—The last para-  
13          graph of section 481 of title 18, United States Code,  
14          is amended by striking “five years” and inserting  
15          “25 years”.

16           (3) TECHNICAL AND CONFORMING AMEND-  
17          MENT.—The heading for section 481 of title 18,  
18          United States Code, is amended by striking “**or**  
19          **stones**” and inserting “**, stones, or analog,**  
20          **digital, or electronic images**”.

21           (4) CLERICAL AMENDMENT.—The table of sec-  
22          tions for chapter 25 of title 18, United States Code,  
23          is amended in the item relating to section 481 by  
24          striking “or stones” and inserting “**, stones, or ana-**  
25          **log, digital, or electronic images**”.

1 (e) FOREIGN BANK NOTES.—Section 482 of title 18,  
2 United States Code, is amended by striking “two years”  
3 and inserting “20 years”.

4 (f) UTTERING COUNTERFEIT FOREIGN BANK  
5 NOTES.—Section 483 of title 18, United States Code, is  
6 amended by striking “one year” and inserting “20 years”.

7 **SEC. 403. PRODUCTION OF DOCUMENTS.**

8 Section 5114(a) of title 31, United States Code (re-  
9 lating to engraving and printing currency and security  
10 documents), is amended—

11 (1) by striking “(a) The Secretary of the Treas-  
12 ury” and inserting:

13 “(a) AUTHORITY TO ENGRAVE AND PRINT.—

14 “(1) IN GENERAL.—The Secretary of the  
15 Treasury”; and

16 (2) by adding at the end the following new  
17 paragraph:

18 “(2) ENGRAVING AND PRINTING FOR OTHER  
19 GOVERNMENTS.—The Secretary of the Treasury  
20 may, if the Secretary determines that it will not  
21 interfere with engraving and printing needs of the  
22 United States, produce currency, postage stamps,  
23 and other security documents for foreign govern-  
24 ments, subject to a determination by the Secretary

1 of State that such production would be consistent  
2 with the foreign policy of the United States.”.

3 **SEC. 404. REIMBURSEMENT.**

4 Section 5143 of title 31, United States Code (relating  
5 to payment for services of the Bureau of Engraving and  
6 Printing), is amended—

7 (1) in the first sentence, by inserting “, any for-  
8 eign government, or any territory of the United  
9 States” after “agency”;

10 (2) in the second sentence, by inserting “and  
11 other” after “administrative”; and

12 (3) in the last sentence, by inserting “, foreign  
13 government, or territory of the United States” after  
14 “agency”.

Passed the House of Representatives October 17,  
2001.

Attest:

*Clerk.*

107TH CONGRESS  
1ST SESSION

**H. R. 3004**

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**AN ACT**

To combat the financing of terrorism and other financial crimes, and for other purposes.