to put that defensive system into place.

□ 2350

Let me point out that the threat is real. Rogue states and weapons of mass destruction. Among the 20 Third World Countries that have or are in the process of developing weapons of mass destruction are:

Iran. Iran has nuclear weapons, they have chemical weapons, they have biological weapons and they have advanced missile technology.

Iraq. Iraq, same thing: Nuclear, chemical, biological, advanced missile technology.

Libya. Well, almost the same thing, nuclear weapons, chemical weapons, advanced technical information.

North Korea has all four of them. Syria has all except the biological weapons.

This chart tells us a lot. This chart tells us that there are people out there in the world that are not friends of the United States. In fact, they are foes of the United States. And while we sit without a missile defensive system, they continue to build a missile offensive system.

How can we, as Members of Congress, continue to sit idle or even advocate the idea of sitting idle, not building a defensive system, when we know there are countries like these countries out there that are aggressively building an offensive system? These systems are not defensive. These countries are designing these weapons to go after somebody, to fire at somebody, to destroy somebody. And let me ask my colleagues, who do you think that target is? After September 11, I think it is easy to conclude. It is not just an asset of the United States located somewhere in the world. It could very well be within the borders of the United States of America.

That is why I am urging my colleagues to join the President, to join the administration and come together as a team to build a missile defensive system that protects the security of this Nation. We can do it. And do not let people tell you we are walking away from the treaty. The treaty allows us to do it. It is contained within the rights of the treaty. So it is absolutely necessary for this country to move forward with the development of a missile defensive system.

Let me conclude my remarks this evening by just quickly going over or repeating some of the key points. Key point number one: the airport security in this country must immediately be improved for a long-term basis. Mr. Ridge, the new head of the Homeland Security Agency understands this. I think he has a good grasp on it. But the key element here is that we can dramatically and must dramatically improve that security.

I think it is a mistake to rapidly go out and hire as Federal employees tens of thousands of people and put them on the Federal payroll. I think the Federal Government has a very important role in the tightening of airport security by issuing and overseeing the regulations, but I think it would be a big mistake creating a brand-new bureaucracy. These bureaucracies are very, very difficult to manage, very, very inflexible, and usually not very productive. We cannot afford to have an agency, an agency-bungling, so to speak, of airport security. It has to be improved and improved in a dramatic fashion. Point number one.

Then point number two. The borders. It is now, in my opinion, absolutely correct, not politically incorrect but absolutely correct, to talk about what we have to do to tighten the borders of this country and who we ought to have in this country as guests and who we should not have as guests. And when the guest stays too long, we, this country, ought to be there to say it is time to go home; it is time to go back across the border from which you came because your invitation has expired. You have been around just a little too long.

Right now, as I demonstrated with some of the numbers and statistics that I gave in earlier comments, this is not controlled at all in our country. We have tens of thousands, tens of thousands of people who are in this country on expired student visas. And do not let the university system and the college system come to the defense of these expired visas. And do not let the college or university system come and say, well, these student visas are absolutely essential for this purpose or that purpose. We need a balance.

Now, a lot of these schools and universities get money, a high tuition charge for those people; but the fact is we have to bring it back in tune. I am not saying stop student visas, but I am saying we have to control them and enforce them; otherwise they are meaningless, and they provide a threat to the security of this Nation.

Finally, the third point that I covered this evening, and I will reiterate it as long as I am a Congressman in the United States Congress, is that this Nation must proceed, as the administration has urged us to do, as President Bush has told us to do, this Congress and this Government must proceed with a missile defensive system for the borders of this country and for the borders of our allies. Failure to do so would be, in my opinion, the most horrible dereliction of duty in the history of the United States Congress. That is how strongly I feel about that.

We have an absolute obligation, a responsibility to protect the security of this Nation by providing a defensive missile system. Keep in mind how many countries throughout this world are building offensive, offensive, attack systems. We know now after September 11 that the United States will very likely be at the top of the target list for many, many years to come. So we, colleagues, have an obligation to understand that reality and to defend against that reality.

A missile defensive system should be the first and the highest priority on that list in regards to the missile offensive system of these other countries. We need to defend against it. We have fair warning and we have a little period of time to do it and we ought to do it.

MAKING IN ORDER ON WEDNESDAY, OCTOBER 17, 2001, MOTION TO SUSPEND THE RULES AND PASS THE BILL H.R. 3004, FINANCIAL ANTI-TERRORISM ACT OF 2001, WITH AMENDMENT

Mr. OXLEY (during the Special Order of Mr. MCINNIS). Mr. Speaker, I ask unanimous consent that it be in order at any time on the legislative day of Wednesday, October 17, 2001, for the Speaker to entertain a motion that the House suspend the rules and pass the bill H.R. 3004 with the amendment that I have placed at the desk and that the amendment I have placed at the desk be considered as read.

AMENDMENT OFFERED BY MR. OXLEY

The SPEAKER pro tempore (Mr. SIMMONS). The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. OXLEY:

H.R. 3004

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Anti-Terrorism Act of 2001''.

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

TITLE I—STRENGTHENING LAW ENFORCEMENT

SEC. 101. BULK CASH SMUGGLING INTO OR OUT OF THE UNITED STATES.

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

(1) Effective enforcement of the currency reporting requirements of subchapter II of chapter 53 of title 31, United States Code, and the regulations prescribed under such subchapter, has forced drug dealers and other criminals engaged in cash-based businesses to avoid using traditional financial institutions.

(2) In their effort to avoid using traditional financial institutions, drug dealers and other criminals are forced to move large quantities of currency in bulk form to and through the airports, border crossings, and other ports of entry where the currency can be smuggled out of the United States and placed in a foreign financial institution or sold on the black market.

(3) The transportation and smuggling of cash in bulk form may now be the most common form of money laundering, and the movement of large sums of cash is one of the most reliable warning signs of drug trafficking, terrorism, money laundering, racketeering, tax evasion and similar crimes.

(4) The intentional transportation into or out of the United States of large amounts of currency or monetary instruments, in a manner designed to circumvent the mandatory reporting provisions of subchapter II of chapter 53 of title 31, United States Code,, is the equivalent of, and creates the same harm as, the smuggling of goods.

(5) The arrest and prosecution of bulk cash smugglers are important parts of law enforcement's effort to stop the laundering of criminal proceeds, but the couriers who attempt to smuggle the cash out of the United States are typically low-level employees of large criminal organizations, and thus are easily replaced. Accordingly, only the confiscation of the smuggled bulk cash can effectively break the cycle of criminal activity of which the laundering of the bulk cash is a critical part.

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

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

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

(2) to authorize forfeiture of any cash or instruments of the smuggling offense;

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

(4) to prescribe guidelines for determining the amount of property subject to such forfeiture in various situations.

(c) ENACTMENT OF BULK CASH SMUGGLING OFFENSE.—Subchapter II of chapter 53 of title 31, United States Code, is amended by adding at the end the following:

"§ 5331. Bulk cash smuggling into or out of the United States

''(a) CRIMINAL OFFENSE.—

''(1) IN GENERAL.—Whoever, with the intent to evade a currency reporting requirement under section 5316, knowingly conceals more than $10,000 in currency or other monetary instruments on the person of such individual or in any conveyance, article of luggage, merchandise, or other container, and transports or transfers or attempts to transport or transfer such currency or monetary instruments from a place within the United States to a place outside of the United States, or from a place outside the United States to a place within the United States, shall be guilty of a currency smuggling offense and subject to punishment pursuant to subsection (b).

''(2) CONCEALMENT ON PERSON.—For purposes of this section, the concealment of currency on the person of any individual includes concealment in any article of clothing worn by the individual or in any luggage, backpack, or other container worn or carried by such individual.

''(b) PENALTY.—

''(1) TERM OF IMPRISONMENT.—A person convicted of a currency smuggling offense under subsection (a), or a conspiracy to commit such offense, shall be imprisoned for not more than 5 years.

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

''(3) PROCEDURE.—The seizure, restraint, and forfeiture of property under this section shall be governed by section 413 of the Controlled Substances Act.

''(4) PERSONAL MONEY JUDGMENT.—If the property subject to forfeiture under paragraph (2) is unavailable, and the defendant has insufficient substitute property that may be forfeited pursuant to section 413(p) of the Controlled Substances Act, the court shall enter a personal money judgment against the defendant for the amount that would be subject to forfeiture.

''(c) CIVIL FORFEITURE.—

''(1) IN GENERAL.—Any property involved in a violation of subsection (a), or a conspiracy to commit such violation, and any property traceable to such violation or conspiracy, may be seized and, subject to subsection (d) of this section, forfeited to the United States.

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

''(3) TREATMENT OF CERTAIN PROPERTY AS INVOLVED IN THE OFFENSE.—For purposes of this subsection and subsection (b), any currency or other monetary instrument that is concealed or intended to be concealed in violation of subsection (a) or a conspiracy to commit such violation, any article, container, or conveyance used, or intended to be used, to conceal or transport the currency or other monetary instrument, and any other property used, or intended to be used, to facilitate the offense, shall be considered property involved in the offense.''.

(c) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 53 of title 31, United States Code, is amended by inserting after the item relating to section 5330, the following new item:

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

SEC. 102. FORFEITURE IN CURRENCY REPORTING CASES.

(a) IN GENERAL.—Subsection (c) of section 5317 of title 31, United States Code, is amended to read as follows:

''(c) FORFEITURE.—

''(1) IN GENERAL.—The court in imposing sentence for any violation of section 5313, 5316, or 5324 of this title, or any conspiracy to commit such violation, shall order the defendant to forfeit all property, real or personal, involved in the offense and any property traceable thereto.

''(2) PROCEDURE.—Forfeitures under this subsection shall be governed by the procedures established in section 413 of the Controlled Substances Act and the guidelines established in paragraph (4).

''(3) CIVIL FORFEITURE.—Any property involved in a violation of section 5313, 5316, or 5324 of this title, or any conspiracy to commit any such violation, and any property traceable to any such violation or conspiracy, may be seized and, subject to paragraph (4), forfeited to the United States in accordance with the procedures governing civil forfeitures in money laundering cases pursuant to section 981(a)(1)(A) of title 18, United States Code.''.

(b) CONFORMING AMENDMENTS.—

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

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

SEC. 103. ILLEGAL MONEY TRANSMITTING BUSINESSES.

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

''§ 1960. Prohibition of unlicensed money transmitting businesses

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

''(b) As used in this section—

''(1) the term 'unlicensed money transmitting business' means a money transmitting business which affects interstate or foreign commerce in any manner or degree and—

''(A) is operated without an appropriate money transmitting license in a State where such operation is punishable as a misdemeanor or a felony under State law, whether or not the defendant knew that the operation was required to be licensed or that the operation was so punishable;

''(B) fails to comply with the money transmitting business registration requirements under section 5330 of title 31, United States Code, or regulations prescribed under such section; or

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

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

''(3) the term 'State' means any State of the United States, the District of Columbia, the Northern Mariana Islands, and any commonwealth, territory, or possession of the United States.''.

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

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

SEC. 104. LONG-ARM JURISDICTION OVER FOREIGN MONEY LAUNDERERS.

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

(1) by striking ''(b) Whoever'' and inserting ''(b)(1) Whoever'';

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

(3) by striking ''subsection (a)(1) or (a)(3),'' and inserting ''subsection (a)(1) or (a)(2) or section 1957,''; and

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

''(2) For purposes of adjudicating an action filed or enforcing a penalty ordered under this section, the district courts shall have jurisdiction over any foreign person, including any financial institution authorized under the laws of a foreign country, against whom the action is brought, if—

''(A) service of process upon such foreign person is made under the Federal Rules of Civil Procedure or the laws of the country where the foreign person is found; and

''(B) the foreign person—

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

''(ii) converts to such person's own use property in which the United States has an ownership interest by virtue of the entry of an order of forfeiture by a court of the United States; or

''(iii) is a financial institution that maintains a correspondent bank account at a financial institution in the United States.

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

SEC. 105. LAUNDERING MONEY THROUGH A FOREIGN BANK.

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

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

SEC. 106. SPECIFIED UNLAWFUL ACTIVITY FOR MONEY LAUNDERING.

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

(1) in subparagraph (B)—

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

''(ii) any act or acts constituting a crime of violence, as defined in section 16 of this title;''; and

(B) by inserting after clause (iii) the following new clauses:

''(iv) bribery of a public official, or the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official;

''(v) smuggling or export control violations involving munitions listed in the United States Munitions List or technologies with military applications as defined in the Commerce Control List of the Export Administration Regulations; or

''(vi) an offense with respect to which the United States would be obligated by a bilateral treaty either to extradite the alleged offender or to submit the case for prosecution, if the offender were found within the territory of the United States;''; and

(2) in subparagraph (D)—

(A) by inserting ''section 541 (relating to goods falsely classified),'' before ''section 542'';

(B) by inserting ''section 922(1) (relating to the unlawful importation of firearms), section 924(n) (relating to firearms trafficking),'' before ''section 956'';

(C) by inserting ''section 1030 (relating to computer fraud and abuse),'' before ''1032''; and

(D) by inserting ''any felony violation of the Foreign Agents Registration Act of 1938, as amended,'' before ''or any felony violation of the Foreign Corrupt Practices Act''.

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

SEC. 107. LAUNDERING THE PROCEEDS OF TERRORISM.

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

SEC. 108. PROCEEDS OF FOREIGN CRIMES.

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

''(B) Any property, real or personal, within the jurisdiction of the United States, constituting, derived from, or traceable to, any proceeds obtained directly or indirectly from an offense against a foreign nation, or any property used to facilitate such offense, if—

''(i) the offense involves the manufacture, importation, sale, or distribution of a controlled substance (as such term is defined for the purposes of the Controlled Substances Act), or any other conduct described in section 1956(c)(7)(B),

''(ii) the offense would be punishable within the jurisdiction of the foreign nation by death or imprisonment for a term exceeding one year, and

''(iii) the offense would be punishable under the laws of the United States by imprisonment for a term exceeding one year if the act or activity constituting the offense had occurred within the jurisdiction of the United States.''.

SEC. 109. PENALTIES FOR VIOLATIONS OF GEOGRAPHIC TARGETING ORDERS AND CERTAIN RECORD KEEPING REQUIREMENTS.

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

(1) by inserting ''or order issued'' after ''subchapter or a regulation prescribed''; and

(2) by inserting '', or willfully violating a regulation prescribed under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91–508,'' after ''sections 5314 and 5315)''.

(b) CRIMINAL PENALTIES FOR VIOLATION OF TARGETING ORDER.—

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

(1) in subsection (a)—

(A) by inserting ''or order issued'' after ''willfully violating this subchapter or a regulation prescribed''; and

(B) by inserting '', or willfully violating a regulation prescribed under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91–508,'' after ''under section 5315 or 5324)'';

(2) in subsection (b)—

(A) by inserting ''or order issued'' after ''willfully violating this subchapter or a regulation prescribed''; and

(B) by inserting ''or willfully violating a regulation prescribed under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91–508,'' after ''under section 5315 or 5324),'';

(c) STRUCTURING TRANSACTIONS TO EVADE TARGETING ORDER OR CERTAIN RECORD KEEPING REQUIREMENTS.—Section 5324(a) of title 31, United States Code, is amended—

(1) by inserting a comma after ''shall'';

(2) by striking ''section—'' and inserting ''section, the reporting requirements imposed by any order issued under section 5326, or the record keeping requirements imposed by any regulation prescribed under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91–508—''; and

(3) in paragraphs (1) and (2), by inserting '', to file a report required by any order issued under section 5326, or to maintain a record required pursuant to any regulation prescribed under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91–508'' after ''regulation prescribed under any such section'' each place that term appears.

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

(1) FEDERAL DEPOSIT INSURANCE ACT.—Section 21(j)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1829b(j)(1)) is amended by striking ''$10,000'' and inserting ''the greater of—

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

''(B) $25,000''.

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

''(1) the amount (not to exceed $100,000) involved in the transaction (if any) with respect to which the violation occurred; or

''(2) $25,000''.

(e) CRIMINAL PENALTIES FOR VIOLATION OF CERTAIN RECORD KEEPING REQUIREMENTS.—

(1) SECTION 126.—Section 126 of Public Law 91–508 (12 U.S.C. 1956) is amended to read as follows:

''SEC. 126. CRIMINAL PENALTY.

''A person that willfully violates this chapter, section 21 of the Federal Deposit Insurance Act, or a regulation prescribed under this chapter or that section 21, shall be fined not more than $250,000, or imprisoned for not more than 5 years, or both.''.

(2) SECTION 127.—Section 127 of Public Law 91–508 (12 U.S.C. 1957) is amended to read as follows:

''SEC. 127. ADDITIONAL CRIMINAL PENALTY IN CERTAIN CASES.

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

SEC. 110. EXCLUSION OF ALIENS INVOLVED IN MONEY LAUNDERING.

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

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

(2) by inserting after subparagraph (C) the following new subparagraph (D):

''(D) MONEY LAUNDERING ACTIVITIES.—

''(i) IN GENERAL.—Any alien who the consular officer or the Attorney General knows or has reason to believe is or has been engaged in activities which if engaged in within the United States would constitute a violation of the money laundering provisions section 1956, 1957, or 1960 of title 18, United States Code, or has knowingly assisted, abetted, or conspired or colluded with others in any such illicit activity is inadmissible.

''(ii) RELATED INDIVIDUALS.—Any alien who the consular officer or the Attorney General knows or has reason to believe is the spouse, son, or daughter of an alien inadmissible under clause (i), has, within the previous 5 years, obtained any financial or other benefit from such illicit activity of that alien, and knew or reasonably should have known that the financial or other benefit was the product of such illicit activity, is inadmissible, except that the Attorney General may, in the full discretion of the Attorney General, waive the exclusion of the spouse, son, or daughter of an alien under this clause if the Attorney General determines that exceptional circumstances exist that justify such waiver.''.

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

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

Section 981 of title 18, United States Code, is amended by adding at the end the following new subsection:

''(k) CORRESPONDENT BANK ACCOUNTS.—

''(1) TREATMENT OF ACCOUNTS OF CORRESPONDENT BANK IN DOMESTIC FINANCIAL INSTITUTIONS.—

''(A) IN GENERAL.—For the purpose of a forfeiture under this section or under the Controlled Substances Act, if funds are deposited into a dollar-denominated bank account in a foreign financial institution, and that foreign financial institution has a correspondent account with a financial institution in the United States, the funds deposited into the foreign financial institution (the respondent bank) shall be deemed to have been deposited into the correspondent account in the United States, and any restraining order, seizure warrant, or arrest warrant in rem regarding such funds may be served on the correspondent bank, and funds in the correspondent account up to the value of the funds deposited into the dollar-denominated account in the foreign financial institution may be seized, arrested or restrained.

''(B) AUTHORITY TO SUSPEND.—The Attorney General, in consultation with the Secretary, may suspend or terminate a forfeiture under this section if the Attorney General determines that a conflict of law exists between the laws of the jurisdiction in which the foreign bank is located and the laws of the United States with respect to liabilities arising from the restraint, seizure, or arrest of such funds, and that such suspension or termination would be in the interest of justice and would not harm the national interests of the United States.

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

''(3) CLAIMS BROUGHT BY OWNER OF THE FUNDS.—If a forfeiture action is instituted against funds seized, arrested, or restrained under paragraph (1), the owner of the funds may contest the forfeiture by filing a claim pursuant to section 983.

''(4) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

''(A) CORRESPONDENT ACCOUNT.—The term 'correspondent account' has the meaning given to the term 'interbank account' in section 984(c)(2)(B).

''(B) OWNER.—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'owner'—

''(I) means the person who was the owner, as that term is defined in section 983(d)(6), of the funds that were deposited into the foreign bank at the time such funds were deposited; and

''(II) does not include either the foreign bank or any financial institution acting as an intermediary in the transfer of the funds into the interbank account.

''(ii) EXCEPTION.—The foreign bank may be considered the 'owner' of the funds (and no other person shall qualify as the owner of such funds) only if—

''(I) the basis for the forfeiture action is wrongdoing committed by the foreign bank; or

''(II) the foreign bank establishes, by a preponderance of the evidence, that prior to the restraint, seizure, or arrest of the funds, the foreign bank had discharged all or part of its obligation to the prior owner of the funds, in which case the foreign bank shall be deemed the owner of the funds to the extent of such discharged obligation.''.

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

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

''§ 5332. Subpoenas for records

''(a) DESIGNATION BY FOREIGN FINANCIAL INSTITUTION OF AGENT.—Any foreign financial institution that has a correspondent bank account at a financial institution in the United States shall designate a person residing in the United States as a person authorized to accept a subpoena for bank records or other legal process served on the foreign financial institution.

''(b) MAINTENANCE OF RECORDS BY DOMESTIC FINANCIAL INSTITUTION.—

''(1) IN GENERAL.—Any domestic financial institution that maintains a correspondent bank account for a foreign financial institution shall maintain records regarding the names and addresses of the owners of the foreign financial institution, and the name and address of the person who may be served with a subpoena for records regarding any funds transferred to or from the correspondent account.

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

''(c) ADMINISTRATIVE SUBPOENA.—

''(1) IN GENERAL.—The Attorney General and the Secretary of the Treasury may each issue an administrative subpoena for records relating to the deposit of any funds into a dollar-denominated account in a foreign financial institution that maintains a correspondent account at a domestic financial institution.

''(2) MANNER OF ISSUANCE.—Any subpoena issued by the Attorney General or the Secretary of the Treasury under paragraph (1) shall be issued in the manner described in section 3486 of title 18, and may be served on the representative designated by the foreign financial institution pursuant to subsection (a) to accept legal process in the United States, or in a foreign country pursuant to any mutual legal assistance treaty, multilateral agreement, or other request for international law enforcement assistance.

''(d) CORRESPONDENT ACCOUNT DEFINED.—For purposes of this section, the term 'correspondent account' has the same meaning as the term 'interbank account' as such term is defined in section 984(c)(2)(B) of title 18, United States Code.''.

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

''5332. Subpoenas for records.''.

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

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

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

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

''(p) FORFEITURE OF SUBSTITUTE PROPERTY.—

''(1) IN GENERAL.—Paragraph (2) of this subsection shall apply, if any property described in subsection (a), as a result of any act or omission of the defendant—

''(A) cannot be located upon the exercise of due diligence;

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

''(C) has been placed beyond the jurisdiction of the court;

''(D) has been substantially diminished in value; or

''(E) has been commingled with other property which cannot be divided without difficulty.

''(2) SUBSTITUTE PROPERTY.—In any case described in any of subparagraphs (A) through (E) of paragraph (1), the court shall order the forfeiture of any other property of the defendant, up to the value of any property described in subparagraphs (A) through (E) of paragraph (1), as applicable.

''(3) RETURN OF PROPERTY TO JURISDICTION.—In the case of property described in paragraph (1)(C), the court may, in addition to any other action authorized by this subsection, order the defendant to return the property to the jurisdiction of the court so that the property may be seized and forfeited.''.

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

''(4) ORDER TO REPATRIATE AND DEPOSIT.—

''(A) IN GENERAL.—Pursuant to its authority to enter a pretrial restraining order under this section, the court may order a defendant to repatriate any property that may be seized and forfeited, and to deposit that property pending trial in the registry of the court, or with the United States Marshals Service or the Secretary of the Treasury, in an interest-bearing account, if appropriate.

''(B) FAILURE TO COMPLY.—Failure to comply with an order under this subsection, or an order to repatriate property under subsection (p), shall be punishable as a civil or criminal contempt of court, and may also result in an enhancement of the sentence of the defendant under the obstruction of justice provision of the Federal Sentencing Guidelines.''.

SEC. 114. CORPORATION REPRESENTED BY A FUGITIVE.

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

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

SEC. 115. ENFORCEMENT OF FOREIGN JUDGMENTS.

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

(1) in subsection (d), by inserting after paragraph (2) the following new paragraph:

''(3) PRESERVATION OF PROPERTY.—To preserve the availability of property subject to a foreign forfeiture or confiscation judgment, the Government may apply for, and the court may issue, a restraining order pursuant to section 983(j) of title 18, United States Code, at any time before or after an application is filed pursuant to subsection (c)(1). The court, in issuing the restraining order—

''(A) may rely on information set forth in an affidavit describing the nature of the proceeding or investigation underway in the foreign country, and setting forth a reasonable basis to believe that the property to be restrained will be named in a judgment of forfeiture at the conclusion of such proceeding; or

''(B) may register and enforce a restraining order that has been issued by a court of competent jurisdiction in the foreign country and certified by the Attorney General pursuant to subsection (b)(2).

No person may object to the restraining order on any ground that is the subject of parallel litigation involving the same property that is pending in a foreign court.'';

(2) in subsection (b)(1)(C), by striking ''establishing that the defendant received notice of the proceedings in sufficient time to enable the defendant'' and inserting ''establishing that the foreign nation took steps, in accordance with the principles of due process, to give notice of the proceedings to all persons with an interest in the property in sufficient time to enable such persons'';

(3) in subsection (d)(1)(D), by striking ''the defendant in the proceedings in the foreign court did not receive notice'' and inserting ''the foreign nation did not take steps, in accordance with the principles of due process, to give notice of the proceedings to a person with an interest in the property''; and

(4) in subsection (a)(2)(A), by inserting '', any violation of foreign law that would constitute a violation of an offense for which property could be forfeited under Federal law if the offense were committed in the United States'' after ''United Nations Convention''.

SEC. 116. REPORTING PROVISIONS AND ANTI-TERRORIST ACTIVITIES OF UNITED STATES INTELLIGENCE AGENCIES.

(a) AMENDMENT RELATING TO THE PURPOSES OF CHAPTER 53 OF TITLE 31, UNITED STATES CODE.—Section 5311 of title 31, United States Code, is amended by inserting before the period at the end the following: '', or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism''.

(b) AMENDMENT RELATING TO REPORTING OF SUSPICIOUS ACTIVITIES.—Section 5318(g)(4)(B) of title 31, United States Code, is amended by striking ''or supervisory agency'' and inserting '', supervisory agency, or United States intelligence agency for use in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism''.

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

''§ 5319. Availability of reports

''The Secretary of the Treasury shall make information in a report filed under this subchapter available to an agency, including any State financial institutions supervisory agency, United States intelligence agency or self-regulatory organization registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission, upon request of the head of the agency or organization. The report shall be available for a purpose that is consistent with this subchapter. The Secretary may only require reports on the use of such information by any State financial institutions supervisory agency for other than supervisory purposes or by United States intelligence agencies. However, a report and records of reports are exempt from disclosure under section 552 of title 5.''.

(d) AMENDMENT RELATING TO THE RETENTION OF RECORDS BY INSURED DEPOSITORY INSTITUTIONS.—Section 21(a) of the Federal Deposit Insurance Act (12 U.S.C. 1829b(a)) is amended—

(1) in paragraph (1), by inserting '', or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism'' after ''proceedings''; and

(2) in paragraph (2), by inserting '', or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism'' before the period at the end.

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

(f) AMENDMENTS TO THE RIGHT TO FINANCIAL PRIVACY ACT.—The Right to Financial Privacy Act of 1978 is amended—

(1) in section 1112(a) (12 U.S.C. 3412(a)), by inserting '', or intelligence or counterintelligence activity, investigation or analysis related to international terrorism'' after ''legitimate law enforcement inquiry'';

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

(A) in subparagraph (A), by striking ''or'' at the end;

(B) in subparagraph (B), by striking the period at the end and inserting ''; or''; and

(C) by adding at the end the following:

''(C) a Government authority authorized to conduct investigations of, or intelligence or counterintelligence analyses related to, international terrorism for the purpose of conducting such investigations or analyses.''; and

(3) in section 1120(a)(2) (12 U.S.C. 3420(a)(2)), by inserting '', or for a purpose authorized by section 1112(a)'' before the semicolon at the end.

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

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

(A) by redesignating the second of the 2 sections designated as section 624 (15 U.S.C. 1681u) (relating to disclosure to FBI for counterintelligence purposes) as section 625; and

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

''§ 626. Disclosures to governmental agencies for counterterrorism purposes

''(a) DISCLOSURE.—Notwithstanding section 604 or any other provision of this title, a consumer reporting agency shall furnish a consumer report of a consumer and all other information in a consumer's file to a government agency authorized to conduct investigations of, or intelligence or counterintelligence activities or analysis related to, international terrorism when presented with a written certification by such government agency that such information is necessary for the agency's conduct or such investigation, activity or analysis.

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

''(c) CONFIDENTIALITY.—No consumer reporting agency, or officer, employee, or agent of such consumer reporting agency, shall disclose to any person, or specify in any consumer report, that a government agency has sought or obtained access to information under subsection (a).

''(d) RULE OF CONSTRUCTION.—Nothing in section 625 shall be construed to limit the authority of the Director of the Federal Bureau of Investigation under this section.

''(e) SAFE HARBOR.—Notwithstanding any other provision of this subchapter, any consumer reporting agency or agent or employee thereof making disclosure of consumer reports or other information pursuant to this section in good-faith reliance upon a certification of a governmental agency pursuant to the provisions of this section shall not be liable to any person for such disclosure under this subchapter, the constitution of any State, or any law or regulation of any State or any political subdivision of any State.''.

(2) CLERICAL AMENDMENTS.—The table of sections for the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) is amended—

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

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

''626. Disclosures to governmental agencies for counterterrorism purposes.''.

(h) APPLICATION OF AMENDMENTS.—The amendments made by this section shall apply with respect to reports filed or records maintained on, before, or after the date of the enactment of this Act.

SEC. 117. FINANCIAL CRIMES ENFORCEMENT NETWORK.

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

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

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

''§ 310. Financial Crimes Enforcement Network

''(a) IN GENERAL.—The Financial Crimes Enforcement Network established by order of the Secretary of the Treasury (Treasury Order Numbered 105-08) on April 25, 1990, shall be a bureau in the Department of the Treasury.

''(b) DIRECTOR.—

''(1) APPOINTMENT.—The head of the Financial Crimes Enforcement Network shall be the Director who shall be appointed by the Secretary of the Treasury.

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

''(A) Advise and make recommendations on matters relating to financial intelligence, financial criminal activities, and other financial activities to the Under Secretary for Enforcement.

''(B) Maintain a government-wide data access service, with access, in accordance with applicable legal requirements, to the following:

''(i) Information collected by the Department of the Treasury, including report information filed under subchapters II and III of chapter 53 of this title (such as reports on cash transactions, foreign financial agency transactions and relationships, foreign currency transactions, exporting and importing monetary instruments, and suspicious activities), chapter 2 of title I of Public Law 91–508, and section 21 of the Federal Deposit Insurance Act.

''(ii) Information regarding national and international currency flows.

''(iii) Other records and data maintained by other Federal, State, local, and foreign agencies, including financial and other records developed in specific cases.

''(iv) Other privately and publicly available information.

''(C) Analyze and disseminate the available data in accordance with applicable legal requirements and policies and guidelines established by the Secretary of the Treasury and the Under Secretary for Enforcement to—

''(i) identify possible criminal activity to appropriate Federal, State, local, and foreign law enforcement agencies;

''(ii) support ongoing criminal financial investigations and prosecutions and related proceedings, including civil and criminal tax and forfeiture proceedings;

''(iii) identify possible instances of noncompliance with subchapters II and III of chapter 53 of this title, chapter 2 of title I of Public Law 91–508, and section 21 of the Federal Deposit Insurance Act to Federal agencies with statutory responsibility for enforcing compliance with such provisions and other appropriate Federal regulatory agencies;

''(iv) evaluate and recommend possible uses of special currency reporting requirements under section 5326;

''(v) determine emerging trends and methods in money laundering and other financial crimes;

''(vi) support the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism; and

''(vii) support government initiatives against money laundering.

''(D) Establish and maintain a financial crimes communications center to furnish law enforcement authorities with intelligence information related to emerging or ongoing investigations and undercover operations.

''(E) Furnish research, analytical, and informational services to financial institutions, appropriate Federal regulatory agencies with regard to financial institutions, and appropriate Federal, State, local, and foreign law enforcement authorities, in accordance with policies and guidelines established by the Secretary of the Treasury or the Under Secretary of the Treasury for Enforcement, in the interest of detection, prevention, and prosecution of terrorism, organized crime, money laundering, and other financial crimes.

''(F) Establish and maintain a special unit dedicated to assisting Federal, State, local, and foreign law enforcement and regulatory authorities in combatting the use of informal, nonbank networks and payment and barter system mechanisms that permit the transfer of funds or the equivalent of funds without records and without compliance with criminal and tax laws.

''(G) Provide computer and data support and data analysis to the Secretary of the Treasury for tracking and controlling foreign assets.

''(H) Coordinate with financial intelligence units in other countries on anti-terrorism and anti-money laundering initiatives, and similar efforts.

''(I) Administer the requirements of subchapters II and III of chapter 53 of this title, chapter 2 of title I of Public Law 91–508, and section 21 of the Federal Deposit Insurance Act, to the extent delegated such authority by the Secretary of the Treasury.

''(J) Such other duties and powers as the Secretary of the Treasury may delegate or prescribe.

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

''(1) for the coordinated and efficient transmittal of information to, entry of information into, and withdrawal of information from, the data maintenance system maintained by the Network, including—

''(A) the submission of reports through the Internet or other secure network, whenever possible;

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

''(C) a procedure that provides for a prompt initial review of suspicious activity reports and other reports, or such other means as the Secretary may provide, to identify information that warrants immediate action; and

''(2) in accordance with section 552a of title 5 and the Right to Financial Privacy Act of 1978, appropriate standards and guidelines for determining—

''(A) who is to be given access to the information maintained by the Network;

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

''(C) how information about activities or relationships which involve or are closely associated with the exercise of constitutional rights is to be screened out of the data maintenance system.

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

(b) COMPLIANCE WITH EXISTING REPORTS COMPLIANCE.—The Secretary of the Treasury shall study methods for improving compliance with the reporting requirements established in section 5314 of title 31, United States Code, and shall submit a report on such study to the Congress by the end of the 6-month period beginning on the date of the enactment of this Act and each 1-year period thereafter. The initial report shall include historical data on compliance with such reporting requirements.

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

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

(2) by inserting after the item relating to section 309 the following new item:

''310. Financial Crimes Enforcement Network''.

SEC. 118. PROHIBITION ON FALSE STATEMENTS TO FINANCIAL INSTITUTIONS CONCERNING THE IDENTITY OF A CUSTOMER.

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

''§ 1008. False statements concerning the identity of customers of financial institutions

''(a) IN GENERAL.—Whoever, in connection with information submitted to or requested by a financial institution, knowingly in any manner—

''(1) falsifies, conceals, or covers up, or attempts to falsify, conceal, or cover up, the identity of any person in connection with any transaction with a financial institution;

''(2) makes, or attempts to make, any materially false, fraudulent, or fictitious statement or representation of the identity of any person in connection with a transaction with a financial institution;

''(3) makes or uses, or attempts to make or use, any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry concerning the identity of any person in connection with a transaction with a financial institution; or

''(4) uses or presents, or attempts to use or present, in connection with a transaction with a financial institution, an identification document or means of identification the possession of which is a violation of section 1028;

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

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

''(1) FINANCIAL INSTITUTION.—The term 'financial institution'—

''(A) has the same meaning as in section 20; and

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

''(2) IDENTIFICATION DOCUMENT.—The term 'identification document' has the same meaning as in section 1028(d).

''(3) MEANS OF IDENTIFICATION.—The term 'means of identification' has the same meaning as in section 1028(d).''.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) TITLE 18, UNITED STATES CODE.—Section 1956(c)(7)(D) of title 18, United States Code, is amended by striking ''1014 (relating to fraudulent loan'' and inserting ''section 1008 (relating to false statements concerning the identity of customers of financial institutions), section 1014 (relating to fraudulent loan''.

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

''1008. False statements concerning the identity of customers of financial institutions.''.

SEC. 119. VERIFICATION OF IDENTIFICATION.

(a) IN GENERAL.—Section 5318 of title 31, United States Code, is amended by adding at the end the following new subsection:

''(i) IDENTIFICATION AND VERIFICATION OF ACCOUNTHOLDERS.—

''(1) IN GENERAL.—Subject to the requirements of this subsection, the Secretary of the Treasury shall prescribe regulations setting forth the minimum standards regarding customer identification that shall apply in connection with the opening of an account at a financial institution.

''(2) MINIMUM REQUIREMENTS.—The regulations shall, at a minimum, require financial institutions to implement procedures for—

''(A) verifying the identity of any person seeking to open an account to the extent reasonable and practicable;

''(B) maintaining records of the information used to verify a person's identity, including name, address, and other identifying information;

''(C) consulting lists of known or suspected terrorists or terrorist organizations provided to the financial institution by any government agency to determine whether a person seeking to open an account appears on any such list.

''(3) FACTORS TO BE CONSIDERED.—In prescribing regulations under this subsection, the Secretary shall take into consideration the various types of accounts maintained by various types of financial institutions, the various methods of opening accounts, and the various types of identifying information available.

''(4) CERTAIN FINANCIAL INSTITUTIONS.—In the case of any financial institution the business of which is engaging in financial activities described in section 4(k) of the Bank Holding Company Act of 1956 (including financial activities subject to the jurisdiction of the Commodity Futures Trading Commission), the regulations prescribed by the Secretary under paragraph (1) shall be prescribed jointly with each Federal functional regulator (as defined in section 509 of the Gramm-Leach-Bliley Act, including the Commodity Futures Trading Commission) appropriate for such financial institution.

''(5) EXEMPTIONS.—The Secretary of the Treasury (and, in the case of any financial institution described in paragraph (4), any Federal agency described in such paragraph) may, by regulation or order, exempt any financial institution or type of account from the requirements of any regulation prescribed under this subsection in accordance with such standards and procedures as the Secretary may prescribe.

''(6) EFFECTIVE DATE.—Final regulations prescribed under this subsection shall take effect before the end of the 1-year period beginning on the date of the enactment of the Financial Anti-Terrorism Act of 2001.''.

(b) STUDY AND REPORT REQUIRED.—Within 6 months after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act) and other appropriate Government agencies, shall submit a report to the Congress containing recommendations for—

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

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

(3) establishing a system for domestic financial institutions and agencies to review information maintained by relevant Government agencies for purposes of verifying the identities of foreign nationals seeking to open accounts at those institutions and agencies.

SEC. 120. CONSIDERATION OF ANTI-MONEY LAUNDERING RECORD.

(a) BANK HOLDING COMPANY ACT OF 1956.—

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

''(6) MONEY LAUNDERING.—In every case the Board shall take into consideration the effectiveness of the company or companies in combatting and preventing money laundering activities, including in overseas branches.''.

(2) SCOPE OF APPLICATION.—The amendment made by paragraph (1) shall apply with respect to any application submitted to the Board of Governors of the Federal Reserve System under section 3 of the Bank Holding Company Act of 1956 after December 31, 2000, which has not been approved by the Board before the date of the enactment of this Act.

(b) MERGERS SUBJECT TO REVIEW UNDER FEDERAL DEPOSIT INSURANCE ACT.—

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

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

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

''(11) MONEY LAUNDERING.—In every case, the responsible agency shall take into consideration the effectiveness of any insured depository institution involved in the proposed merger transaction in combatting and preventing money laundering activities, including in overseas branches.''.

(2) SCOPE OF APPLICATION.—The amendment made by paragraph (1) shall apply with respect to any application submitted to the responsible agency under section 18(c) of the Federal Deposit Insurance Act after December 31, 2000, which has not been approved by all appropriate responsible agencies before the date of the enactment of this Act.

SEC. 121. REPORTING OF SUSPICIOUS ACTIVITIES BY INFORMAL UNDERGROUND BANKING SYSTEMS, SUCH AS HAWALAS.

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

''(R) a licensed sender of money or any other person who engages as a business in the transmission of funds, including through an informal value transfer banking system or network of people facilitating the transfer of value domestically or internationally outside of the conventional financial institutions system;''.

(b) MONEY TRANSMITTING BUSINESS.—Section 5330(d)(1)(A) of title 31, United States Code, is amended by inserting before the semicolon the following: ''or any other person who engages as a business in the transmission of funds, including through an informal value transfer banking system or network of people facilitating the transfer of value domestically or internationally outside of the conventional financial institutions system''.

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

''(l) APPLICABILITY OF RULES.—Any rules prescribed pursuant to the authority contained in section 21 of the Federal Deposit Insurance Act shall apply, in addition to any other financial institution to which such rules apply, to any person that engages as a business in the transmission of funds, including through an informal value transfer banking system or network of people facilitating the transfer of value domestically or internationally outside of the conventional financial institutions system.''.

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

(1) informal value transfer banking systems or networks of people facilitating the transfer of value domestically or internationally outside of the conventional financial institutions system;

(2) anti-money laundering controls; and

(3) regulatory controls relating to underground money movement and banking systems, such as the system referred to as ''hawala'', including whether the threshold for the filing of suspicious activity reports under section 5318(g) of title 31, United States Code should be lowered in the case of such systems.

SEC. 122. UNIFORM PROTECTION AUTHORITY FOR FEDERAL RESERVE FACILITIES.

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

''(q) UNIFORM PROTECTION AUTHORITY FOR FEDERAL RESERVE FACILITIES.—

''(1) Notwithstanding any other provision of law, to authorize personnel to act as law enforcement officers to protect and safeguard the premises, grounds, property, personnel, including members of the Board, of the Board, or any Federal reserve bank, and operations conducted by or on behalf of the Board or a reserve bank.

''(2) The Board may, subject to the regulations prescribed under paragraph (5), delegate authority to a Federal reserve bank to

authorize personnel to act as law enforcement officers to protect and safeguard the bank's premises, grounds, property, personnel, and operations conducted by or on behalf of the bank.

''(3) Law enforcement officers designated or authorized by the Board or a reserve bank under paragraph (1) or (2) are authorized while on duty to carry firearms and make arrests without warrants for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States committed or being committed within the buildings and grounds of the Board or a reserve bank if they have reasonable grounds to believe that the person to be arrested has committed or is committing such a felony. Such officers shall have access to law enforcement information that may be necessary for the protection of the property or personnel of the Board or a reserve bank.

''(4) For purposes of this subsection, the term 'law enforcement officers' means personnel who have successfully completed law enforcement training and are authorized to carry firearms and make arrests pursuant to this subsection.

''(5) The law enforcement authorities provided for in this subsection may be exercised only pursuant to regulations prescribed by the Board and approved by the Attorney General.''.

SEC. 123. REPORTS RELATING TO COINS AND CURRENCY RECEIVED IN NONFINANCIAL TRADE OR BUSINESS.

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

''SEC. 5333. REPORTS RELATING TO COINS AND CURRENCY RECEIVED IN NONFINANCIAL TRADE OR BUSINESS.

''(a) COIN AND CURRENCY RECEIPTS OF MORE THAN $10,000.—Any person—

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

''(2) who, in the course of such trade or business, receives more than $10,000 in coins or currency in 1 transaction (or 2 or more related transactions),

shall file a report described in subsection (b) with respect to such transaction (or related transactions) with the Financial Crimes Enforcement Network at such time and in such manner as the Secretary may, by regulation, prescribe.

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

''(1) is in such form as the Secretary may prescribe;

''(2) contains—

''(A) the name and address, and such other identification information as the Secretary may require, of the person from whom the coins or currency was received;

''(B) the amount of coins or currency received;

''(C) the date and nature of the transaction; and

''(D) such other information, including the identification of the person filing the report, as the Secretary may prescribe.

''(c) EXCEPTIONS.—

''(1) AMOUNTS RECEIVED BY FINANCIAL INSTITUTIONS.—Subsection (a) shall not apply to amounts received in a transaction reported under section 5313 and regulations prescribed under such section.

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

''(d) CURRENCY INCLUDES FOREIGN CURRENCY AND CERTAIN MONETARY INSTRUMENTS.—

''(1) IN GENERAL.—For purposes of this section, the term 'currency' includes—

''(A) foreign currency; and

''(B) to the extent provided in regulations prescribed by the Secretary, any monetary instrument (whether or not in bearer form) with a face amount of not more than $10,000.

''(2) SCOPE OF APPLICATION.—Paragraph (1)(B) shall not apply to any check drawn on the account of the writer in a financial institution referred to in subparagraph (A), (B), (C), (D), (E), (F), (G), (J), (K), (R), or (S) of section 5312(a)(2).''.

(b) PROHIBITION ON STRUCTURING TRANSACTIONS.—

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

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

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

''(b) DOMESTIC COIN AND CURRENCY TRANSACTIONS INVOLVING NONFINANCIAL TRADES OR BUSINESSES.—No person shall for the purpose of evading the report requirements of section 5333 or any regulation prescribed under such section—

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

''(2) cause or attempt to cause a nonfinancial trade or business to file a report required under section 5333 or any regulation prescribed under such section that contains a material omission or misstatement of fact; or

''(3) structure or assist in structuring, or attempt to structure or assist in structuring, any transaction with 1 or more nonfinancial trades or businesses.'.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) The heading for subsection (a) of section 5324 of title 31, United States Code, is amended by inserting ''INVOLVING FINANCIAL INSTITUTIONS'' after ''TRANSACTIONS'.

(B) Section 5317(c) of title 31, United States Code, is amended by striking ''5324(b)'' and inserting ''5324(c)''.

(c) DEFINITION OF NONFINANCIAL TRADE OR BUSINESS.—

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

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

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

''(4) NONFINANCIAL TRADE OR BUSINESS.—The term 'nonfinancial trade or business' means any trade or business other than a financial institution that is subject to the reporting requirements of section 5313 and regulations prescribed under such section.''.

(2) TECHNICAL AND CONFORMING AMENDMENTS.—

(A) Section 5312(a)(3)(C) of title 31, United States Code, is amended by striking ''section 5316,'' and inserting ''sections 5333 and 5316,''.

(B) Subsections (a) through (f) of section 5318 of title 31, United States Code, and sections 5321, 5326, and 5328 of such title are each amended—

(i) by inserting ''or nonfinancial trade or business'' after ''financial institution'' each place such term appears; and

(ii) by inserting ''or nonfinancial trades or businesses'' after ''financial institutions'' each place such term appears.

(C) Section 981(a)(1)(A) of title 18, United States Code, is amended by striking ''5313(a) or 5324(a) of title 31,'' and inserting ''5313(a) or 5333 of title 31, or subsection (a) or (b) of section 5324 of such title,''.

(D) Section 982(a)(1) of title 18, United States Code, is amended by inserting ''5333,'' after ''5313(a),''.

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

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

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

TITLE II—PUBLIC-PRIVATE COOPERATION

SEC. 201. ESTABLISHMENT OF HIGHLY SECURE NETWORK.

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

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

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

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

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

Before the end of the 6-month period beginning on the date of the enactment of this Act, the Secretary of the Treasury, after consulting with appropriate Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act), shall report to the Congress on the following issues:

(1) DATA COLLECTION AND ANALYSIS.—Progress made since such date of enactment in meeting the requirements of section 310(c) of title 31, United States Code (as added by this Act).

(2) BARRIERS TO EXCHANGE OF FINANCIAL CRIME INFORMATION.—Technical, legal, and other barriers to the exchange of financial crime prevention and detection information among and between Federal law enforcement agencies, including an identification of all Federal law enforcement data systems between which or among which data cannot be shared for whatever reason.

(3) PRIVATE BANKING.—Private banking activities in the United States, including information on the following:

(A) The nature and extent of private banking activities in the United States.

(B) Regulatory efforts to monitor private banking activities and ensure that such activities are conducted in compliance with subchapter II of chapter 53 of title 31, United States Code, and section 21 of the Federal Deposit Insurance Act.

(C) With regard to financial institutions that offer private banking services, the policies and procedures of such institutions that are designed to ensure compliance with the requirements of subchapter II of chapter 53 of title 31, United States Code, and section 21 of the Federal Deposit Insurance Act with respect to private banking activity.

SEC. 203. REPORTS TO THE FINANCIAL SERVICES INDUSTRY ON SUSPICIOUS FINANCIAL ACTIVITIES.

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

(1) publish a report containing a detailed analysis identifying patterns of suspicious activity and other investigative insights derived from suspicious activity reports and investigations conducted by Federal, State, and local law enforcement agencies to the extent appropriate; and

(2) distribute such report to financial institutions (as defined in section 5312 of title 31, United States Code).

SEC. 204. EFFICIENT USE OF CURRENCY TRANSACTION REPORT SYSTEM.

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

(1) The Congress established the currency transaction reporting requirements in 1970 because the Congress found then that such reports have a high degree of usefulness in criminal, tax, and regulatory investigations and proceedings and the usefulness of such reports has only increased in the years since the requirements were established.

(2) In 1994, in response to reports and testimony that excess amounts of currency transaction reports were interfering with effective law enforcement, the Congress reformed the currency transaction report exemption requirements to provide—

(A) mandatory exemptions for certain reports that had little usefulness for law enforcement, such as cash transfers between depository institutions and cash deposits from government agencies; and

(B) discretionary authority for the Secretary of the Treasury to provide exemptions, subject to criteria and guidelines established by the Secretary, for financial institutions with regard to regular business customers that maintain accounts at an institution into which frequent cash deposits are made.

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

(b) STUDY AND REPORT.—

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

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

(B) methods for improving financial institution utilization of the statutory exemption provisions as a way of reducing the submission of currency transaction reports that have little or no value for law enforcement purposes, including improvements in the systems in effect at financial institutions for regular review of the exemption procedures used at the institution and the training of personnel in its effective use.

(2) REPORT REQUIRED.—The Secretary of the Treasury shall submit a report to the Congress before the end of the 90-day period beginning on the date of the enactment of this Act containing the findings and conclusions of the Secretary with regard to the study required under subsection (a) and such recommendations for legislative or administrative action as the Secretary determines to be appropriate.

SEC. 205. PUBLIC-PRIVATE TASK FORCE ON TERRORIST FINANCING ISSUES.

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

''(d) TERRORIST FINANCING ISSUES.—

''(1) IN GENERAL.—The Secretary of the Treasury shall provide, either within the Bank Secrecy Act Advisory Group, or as a subcommittee or other adjunct of the Advisory Group, for a task force of representatives from agencies and officers represented on the Advisory Group, a representative of the Director of the Office of Homeland Security, and representatives of financial institutions, private organizations that represent the financial services industry, and other interested parties to focus on—

''(A) issues specifically related to the finances of terrorist groups, the means terrorist groups use to transfer funds around the world and within the United States, including through the use of charitable organizations, nonprofit organizations, and non-governmental organizations, and the extent to which financial institutions in the United States are unwittingly involved in such finances and the extent to which such institutions are at risk as a result;

''(B) the relationship, particularly the financial relationship, between international narcotics traffickers and foreign terrorist organizations, the extent to which their memberships overlap and engage in joint activities, and the extent to which they cooperate with each other in raising and transferring funds for their respective purposes; and

''(C) means of facilitating the identification of accounts and transactions involving terrorist groups and facilitating the exchange of information concerning such accounts and transactions between financial institutions and law enforcement organizations.

''(2) APPLICABILITY OF OTHER PROVISIONS.—Sections 552, 552a, and 552b of title 5, United States Code, and the Federal Advisory Committee Act shall not apply to the task force established pursuant to paragraph (1).''.

SEC. 206. SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS.

(a) DEADLINE FOR SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS FOR REGISTERED BROKERS AND DEALERS.—The Secretary of the Treasury, in consultation with the Securities and Exchange Commission, shall publish proposed regulations in the Federal Register before January 1, 2002, requiring brokers and dealers registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934 to submit suspicious activity reports under section 5318(g) of title 31, United States Code. Such regulations shall be published in final form no later than June 1, 2002.

(b) SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS, COMMODITY TRADING ADVISORS, AND COMMODITY POOL OPERATORS.—The Secretary of the Treasury, in consultation with the Commodity Futures Trading Commission, may prescribe regulations requiring futures commission merchants, commodity trading advisors, and commodity pool operators registered under the Commodity Exchange Act to submit suspicious activity reports under section 5318(g) of title 31, United States Code.

SEC. 207. AMENDMENTS RELATING TO REPORTING OF SUSPICIOUS ACTIVITIES.

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

''(3) LIABILITY FOR DISCLOSURES.—

''(A) IN GENERAL.—Any financial institution that makes a voluntary disclosure of any possible violation of law or regulation to a government agency or makes a disclosure pursuant to this subsection or any other authority, and any director, officer, employee, or agent of such institution who makes, or requires another to make any such disclosure, shall not be liable to any person under any law or regulation of the United States, any constitution, law, or regulation of any State or political subdivision of any State, or under any contract or other legally enforceable agreement (including any arbitration agreement), for such disclosure or for any failure to provide notice of such disclosure to any person.

''(B) RULE OF CONSTRUCTION.—Subparagraph (A) shall not be construed as creating—

''(i) any inference that the term 'person', as used in such subparagraph, may be construed more broadly than its ordinary usage so to include any government or agency of government; or

''(ii) any immunity against, or otherwise affecting, any civil or criminal action brought by any government or agency of government to enforce any constitution, law, or regulation of such government or agency.''.

(b) PROHIBITION ON NOTIFICATION OF DISCLOSURES.—Section 5318(g)(2) of title 31, United States Code, is amended to read as follows:

''(2) NOTIFICATION PROHIBITED.—

''(A) IN GENERAL.—If a financial institution or any director, officer, employee, or agent of any financial institution, voluntarily or pursuant to this section or any other authority, reports a suspicious transaction to a government agency—

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

''(ii) no officer or employee of the Federal Government or of any State, local, tribal, or territorial government within the United States, who has any knowledge that such report was made may disclose to any person involved in the transaction that the transaction has been reported other than as necessary to fulfill the official duties of such officer or employee.

''(B) DISCLOSURES IN CERTAIN EMPLOYMENT REFERENCES.—Notwithstanding the application of subparagraph (A) in any other context, subparagraph (A) shall not be construed as prohibiting any financial institution, or any director, officer, employee, or agent of such institution, from including, in a written employment reference that is provided in accordance with section 18(v) of the Federal Deposit Insurance Act in response to a request from another financial institution or a written termination notice or employment reference that is provided in accordance with the rules of the self-regulatory organizations registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission, information that was included in a report to which subparagraph (A) applies, but such written employment reference may not disclose that such information was also included in any such report or that such report was made.''.

SEC. 208. AUTHORIZATION TO INCLUDE SUSPICIONS OF ILLEGAL ACTIVITY IN WRITTEN EMPLOYMENT REFERENCES.

Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end the following new subsection:

''(w) WRITTEN EMPLOYMENT REFERENCES MAY CONTAIN SUSPICIONS OF INVOLVEMENT IN ILLEGAL ACTIVITY.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, any insured depository institution, and any director, officer, employee, or agent of such institution, may disclose in any written employment reference relating to a current or former institution-affiliated party of such institution which is provided to another insured depository institution in response to a request from such other institution, information concerning the possible involvement of such

institution-affiliated party in potentially unlawful activity, to the extent—

''(A) the disclosure does not contain information which the institution, director, officer, employee, or agent knows to be false; and

''(B) the institution, director, officer, employee, or agent has not acted with malice or with reckless disregard for the truth in making the disclosure.

''(2) DEFINITION.—For purposes of this subsection, the term 'insured depository institution' includes any uninsured branch or agency of a foreign bank.''.

SEC. 209. INTERNATIONAL COOPERATION ON IDENTIFICATION OF ORIGINATORS OF WIRE TRANSFERS.

The Secretary of the Treasury shall—

(1) in consultation with the Attorney General and the Secretary of State, take all reasonable steps to encourage foreign governments to require the inclusion of the name of the originator in wire transfer instructions sent to the United States and other countries, with the information to remain with the transfer from its origination until the point of disbursement; and

(2) report annually to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on—

(A) progress toward the goal enumerated in paragraph (1), as well as impediments to implementation and an estimated compliance rate; and

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

SEC. 210. CHECK TRUNCATION STUDY.

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

(1) crime prevention (including money laundering and terrorism);

(2) law enforcement;

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

(4) the payment system (including the liquidity, stability, and efficiency of the payment system and the ability to monitor and access the flow of funds); and

(5) the consumer protection laws,

of any policy of the Board of Governors of the Federal Reserve System relating to the promotion of check electronification, through truncation or other means, or migration away from paper checks. The study shall also include an analysis of the benefits and burdens of promoting check electronification on the foregoing entities.

TITLE III—COMBATTING INTERNATIONAL MONEY LAUNDERING

SEC. 301. SPECIAL MEASURES FOR JURISDICTIONS, FINANCIAL INSTITUTIONS, OR INTERNATIONAL TRANSACTIONS OF PRIMARY MONEY LAUNDERING CONCERN.

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

''§ 5318A. Special measures for jurisdictions, financial institutions, or international transactions of primary money laundering concern

''(a) INTERNATIONAL COUNTER-MONEY LAUNDERING REQUIREMENTS.—

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

''(2) FORM OF REQUIREMENT.—The special measures described in—

''(A) subsection (b) may be imposed in such sequence or combination as the Secretary shall determine;

''(B) paragraphs (1) through (4) of subsection (b) may be imposed by regulation, order, or otherwise as permitted by law; and

''(C) subsection (b)(5) may be imposed only by regulation.

''(3) DURATION OF ORDERS; RULEMAKING.—Any order by which a special measure described in paragraphs (1) through (4) of subsection (b) is imposed (other than an order described in section 5326)—

''(A) shall be issued together with a notice of proposed rulemaking relating to the imposition of such special measure; and

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

''(4) PROCESS FOR SELECTING SPECIAL MEASURES.—In selecting which special measure or measures to take under this subsection, the Secretary—

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

''(B) shall consider—

''(i) whether similar action has been or is being taken by other nations or multilateral groups;

''(ii) whether the imposition of any particular special measure would create a significant competitive disadvantage, including any undue cost or burden associated with compliance, for financial institutions organized or licensed in the United States;

''(iii) the extent to which the action or the timing of the action would have a significant adverse systemic impact on the international payment, clearance, and settlement system, or on legitimate business activities involving the particular jurisdiction, institution, or class of transactions; and

''(iv) the effect on national security and foreign policy.

''(5) NO LIMITATION ON OTHER AUTHORITY.—This section shall not be construed as superseding or otherwise restricting any other authority granted to the Secretary, or to any other agency, by this subchapter or otherwise.

''(b) SPECIAL MEASURES.—The special measures referred to in subsection (a), with respect to a jurisdiction outside of the United States, financial institution operating outside of the United States, class of transaction within, or involving, a jurisdiction outside of the United States, or 1 or more types of accounts are as follows:

''(1) RECORDKEEPING AND REPORTING OF CERTAIN FINANCIAL TRANSACTIONS.—

''(A) IN GENERAL.—The Secretary may require any domestic financial institution or domestic financial agency to maintain records, file reports, or both, concerning the aggregate amount of transactions, or concerning each transaction, with respect to a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States, or 1 or more types of accounts if the Secretary finds any such jurisdiction, institution, or class of transactions to be of primary money laundering concern.

''(B) FORM OF RECORDS AND REPORTS.—Such records and reports shall be made and retained at such time, in such manner, and for such period of time, as the Secretary shall determine, and shall include such information as the Secretary may determine, including—

''(i) the identity and address of the participants in a transaction or relationship, including the identity of the originator of any funds transfer;

''(ii) the legal capacity in which a participant in any transaction is acting;

''(iii) the identity of the beneficial owner of the funds involved in any transaction, in accordance with such procedures as the Secretary determines to be reasonable and practicable to obtain and retain the information; and

''(iv) a description of any transaction.

''(2) INFORMATION RELATING TO BENEFICIAL OWNERSHIP.—In addition to any other requirement under any other provision of law, the Secretary may require any domestic financial institution or domestic financial agency to take such steps as the Secretary may determine to be reasonable and practicable to obtain and retain information concerning the beneficial ownership of any account opened or maintained in the United States by a foreign person (other than a foreign entity whose shares are subject to public reporting requirements or are listed and traded on a regulated exchange or trading market), or a representative of such a foreign person, that involves a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States, or 1 or more types of accounts if the Secretary finds any such jurisdiction, institution, transaction, or account to be of primary money laundering concern.

''(3) INFORMATION RELATING TO CERTAIN PAYABLE-THROUGH ACCOUNTS.—If the Secretary finds a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, or 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States to be of primary money laundering concern, the Secretary may require any domestic financial institution or domestic financial agency that opens or maintains a payable-through account in the United States for a foreign financial institution involving any such jurisdiction or any such financial institution operating outside of the United States, or a payable through account through which any such transaction may be conducted, as a condition of opening or maintaining such account—

''(A) to identify each customer (and representative of such customer) of such financial institution who is permitted to use, or whose transactions are routed through, such payable-through account; and

''(B) to obtain, with respect to each such customer (and each such representative), information that is substantially comparable to that which the depository institution obtains in the ordinary course of business with

respect to its customers residing in the United States.

''(4) INFORMATION RELATING TO CERTAIN CORRESPONDENT ACCOUNTS.—If the Secretary finds a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, or 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States to be of primary money laundering concern, the Secretary may require any domestic financial institution or domestic financial agency that opens or maintains a correspondent account in the United States for a foreign financial institution involving any such jurisdiction or any such financial institution operating outside of the United States, or a correspondent account through which any such transaction may be conducted, as a condition of opening or maintaining such account—

''(A) to identify each customer (and representative of such customer) of any such financial institution who is permitted to use, or whose transactions are routed through, such correspondent account; and

''(B) to obtain, with respect to each such customer (and each such representative), information that is substantially comparable to that which the depository institution obtains in the ordinary course of business with respect to its customers residing in the United States.

''(5) PROHIBITIONS OR CONDITIONS ON OPENING OR MAINTAINING CERTAIN CORRESPONDENT OR PAYABLE-THROUGH ACCOUNTS.—If the Secretary finds a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, or 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States to be of primary money laundering concern, the Secretary, in consultation with the Secretary of State, the Attorney General, and the Chairman of the Board of Governors of the Federal Reserve System, may prohibit, or impose conditions upon, the opening or maintaining in the United States of a correspondent account or payable-through account by any domestic financial institution or domestic financial agency for or on behalf of a foreign banking institution, if such correspondent account or payable-through account involves any such jurisdiction or institution, or if any such transaction may be conducted through such correspondent account or payable-through account.

''(c) CONSULTATIONS AND INFORMATION TO BE CONSIDERED IN FINDING JURISDICTIONS, INSTITUTIONS, TYPES OF ACCOUNTS, OR TRANSACTIONS TO BE OF PRIMARY MONEY LAUNDERING CONCERN.—

''(1) IN GENERAL.—In making a finding that reasonable grounds exist for concluding that a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States, or 1 or more types of accounts is of primary money laundering concern so as to authorize the Secretary to take 1 or more of the special measures described in subsection (b), the Secretary shall consult with the Secretary of State, and the Attorney General.

''(2) ADDITIONAL CONSIDERATIONS.—In making a finding described in paragraph (1), the Secretary shall consider in addition such information as the Secretary determines to be relevant, including the following potentially relevant factors:

''(A) JURISDICTIONAL FACTORS.—In the case of a particular jurisdiction—

''(i) evidence that organized criminal groups, international terrorists, or both, have transacted business in that jurisdiction;

''(ii) the extent to which that jurisdiction or financial institutions operating in that jurisdiction offer bank secrecy or special regulatory advantages to nonresidents or nondomiciliaries of that jurisdiction;

''(iii) the substance and quality of administration of the bank supervisory and countermoney laundering laws of that jurisdiction;

''(iv) the relationship between the volume of financial transactions occurring in that jurisdiction and the size of the economy of the jurisdiction;

''(v) the extent to which that jurisdiction is characterized as an offshore banking or secrecy haven by credible international organizations or multilateral expert groups;

''(vi) whether the United States has a mutual legal assistance treaty with that jurisdiction, and the experience of United States law enforcement officials, and regulatory officials in obtaining information about transactions originating in or routed through or to such jurisdiction; and

''(vii) the extent to which that jurisdiction is characterized by high levels of official or institutional corruption.

''(B) INSTITUTIONAL FACTORS.—In the case of a decision to apply 1 or more of the special measures described in subsection (b) only to a financial institution or institutions, or to a transaction or class of transactions, or to a type of account, or to all 3, within or involving a particular jurisdiction—

''(i) the extent to which such financial institutions, transactions, or types of accounts are used to facilitate or promote money laundering in or through the jurisdiction;

''(ii) the extent to which such institutions, transactions, or types of accounts are used for legitimate business purposes in the jurisdiction; and

''(iii) the extent to which such action is sufficient to ensure, with respect to transactions involving the jurisdiction and institutions operating in the jurisdiction, that the purposes of this subchapter continue to be fulfilled, and to guard against international money laundering and other financial crimes.

''(d) NOTIFICATION OF SPECIAL MEASURES INVOKED BY THE SECRETARY.—Not later than 10 days after the date of any action taken by the Secretary under subsection (a)(1), the Secretary shall notify, in writing, the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate of any such action.

''(e) DEFINITIONS.—Notwithstanding any other provision of this subchapter, for purposes of this section, the following definitions shall apply:

''(1) BANK DEFINITIONS.—The following definitions shall apply with respect to a bank:

''(A) ACCOUNT.—The term 'account'—

''(i) means a formal banking or business relationship established to provide regular services, dealings, and other financial transactions; and

''(ii) includes a demand deposit, savings deposit, or other transaction or asset account and a credit account or other extension of credit.

''(B) CORRESPONDENT ACCOUNT.—The term 'correspondent account' means an account established to receive deposits from, make payments on behalf of a foreign financial institution, or handle other financial transactions related to such institution.

''(C) PAYABLE-THROUGH ACCOUNT.—The term 'payable-through account' means an account, including a transaction account (as defined in section 19(b)(1)(C) of the Federal Reserve Act), opened at a depository institution by a foreign financial institution by means of which the foreign financial institution permits its customers to engage, either directly or through a subaccount, in banking activities usual in connection with the business of banking in the United States.

''(D) SECRETARY.—The term 'Secretary' means the Secretary of the Treasury.

''(2) DEFINITIONS APPLICABLE TO INSTITUTIONS OTHER THAN BANKS.—With respect to any financial institution other than a bank, the Secretary shall, after consultation with the appropriate Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act), define by regulation the term 'account', and shall include within the meaning of that term, to the extent, if any, that the Secretary deems appropriate, arrangements similar to payable-through and correspondent accounts.

''(3) REGULATORY DEFINITION.—The Secretary shall prescribe regulations defining beneficial ownership of an account for purposes of this subchapter. Such regulations shall address issues related to an individual's authority to fund, direct, or manage the account (including the power to direct payments into or out of the account), and an individual's material interest in the income or corpus of the account, and shall ensure that the identification of individuals under this section does not extend to any individual whose beneficial interest in the income or corpus of the account is immaterial.

''(4) OTHER TERMS.—The Secretary may, by regulation, further define the terms in paragraphs (1) and (2) and define other terms for the purposes of this section, as the Secretary deems appropriate.''.

(b) FINANCIAL INSTITUTIONS SPECIFIED IN SUBCHAPTER II OF CHAPTER 53 OF TITLE 31, UNITED STATES CODE.—

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

''(E) any credit union;''.

(2) FUTURES COMMISSION MERCHANT; COMMODITY TRADING ADVISOR; COMMODITY POOL OPERATOR.—Section 5312 of title 31, United States Code, is amended by adding at the end the following new subsection:

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

''(1) CERTAIN INSTITUTIONS INCLUDED IN DEFINITION.—The term 'financial institution' (as defined in subsection (a)) includes the following:

''(A) Any futures commission merchant, commodity trading advisor, or commodity pool operator registered, or required to register, under the Commodity Exchange Act.''.

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

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

''5318A. 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.

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

''(j) DUE DILIGENCE FOR UNITED STATES PRIVATE BANKING AND CORRESPONDENT BANK ACCOUNTS INVOLVING FOREIGN PERSONS.—

''(1) IN GENERAL.—Each financial institution that establishes, maintains, administers, or manages a private banking account or a correspondent account in the United

States for a non-United States person, including a foreign individual visiting the United States, or a representative of a non-United States person, shall establish appropriate, specific, and, where necessary, enhanced due diligence policies, procedures, and controls to detect and report instances of money laundering through those accounts.

''(2) SPECIAL STANDARDS FOR CERTAIN CORRESPONDENT ACCOUNTS.—

''(A) IN GENERAL.—Subparagraph (B) shall apply if a correspondent account is requested or maintained by, or on behalf of, a foreign bank operating—

''(i) under an offshore banking license; or

''(ii) under a banking license issued by a foreign country that has been designated—

''(I) as noncooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization of which the United States is a member with which designation the Secretary of the Treasury concurs; or

''(II) by the Secretary as warranting special measures due to money laundering concerns.

''(B) POLICIES, PROCEDURES, AND CONTROLS.—The enhanced due diligence policies, procedures, and controls required under paragraph (1) for foreign banks described in subparagraph (A) shall, at a minimum, ensure that the financial institution in the United States takes reasonable steps—

''(i) to ascertain for any such foreign bank, the shares of which are not publicly traded, the identity of each of the owners of the foreign bank, and the nature and extent of the ownership interest of each such owner;

''(ii) to conduct enhanced scrutiny of such account to guard against money laundering and report any suspicious transactions under section 5318(g); and

''(iii) to ascertain whether such foreign bank provides correspondent accounts to other foreign banks and, if so, the identity of those foreign banks and related due diligence information, as appropriate under paragraph (1).

''(3) MINIMUM STANDARDS FOR PRIVATE BANKING ACCOUNTS.—If a private banking account is requested or maintained by, or on behalf of, a non-United States person, then the due diligence policies, procedures, and controls required under paragraph (1) shall, at a minimum, ensure that the financial institution takes reasonable steps—

''(A) to ascertain the identity of the nominal and beneficial owners of, and the source of funds deposited into, such account as needed to guard against money laundering and report any suspicious transactions under section 5318(g); and

''(B) to conduct enhanced scrutiny of any such account that is requested or maintained by, or on behalf of, a senior foreign political figure, or any immediate family member or close associate of a senior foreign political figure, to prevent, detect, and report transactions that may involve the proceeds of foreign corruption.

''(4) DEFINITIONS.—For purposes of this subsection, the following definitions shall apply:

''(A) OFFSHORE BANKING LICENSE.—The term 'offshore banking license' means a license to conduct banking activities which, as a condition of the license, prohibits the licensed entity from conducting banking activities with the citizens of, or with the local currency of, the country which issued the license.

''(B) PRIVATE BANK ACCOUNT.—The term 'private bank account' means an account (or any combination of accounts) that—

''(i) requires a minimum aggregate deposits of funds or other assets of not less than $1,000,000;

''(ii) is established on behalf of 1 or more individuals who have a direct or beneficial ownership interest in the account; and

''(iii) is assigned to, or is administered or managed by, in whole or in part, an officer, employee, or agent of a financial institution acting as a liaison between the financial institution and the direct or beneficial owner of the account.

''(5) REGULATORY AUTHORITY.—Before the end of the 6-month period beginning on the date of the enactment of the Financial Anti-Terrorism Act of 2001, the Secretary, in consultation with the appropriate Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act) shall further define and clarify, by regulation, the requirements of this subsection.''.

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

SEC. 303. PROHIBITION ON UNITED STATES CORRESPONDENT ACCOUNTS WITH FOREIGN SHELL BANKS.

Section 5318 of title 31, United States Code, is amended by inserting after subsection (j) (as added by section 302 of this title) the following new subsection:

''(k) PROHIBITION ON UNITED STATES CORRESPONDENT ACCOUNTS WITH FOREIGN SHELL BANKS.—

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

''(2) PREVENTION OF INDIRECT SERVICE TO FOREIGN SHELL BANKS.—

''(A) IN GENERAL.—A depository institution shall take reasonable steps to ensure that any correspondent account established, maintained, administered, or managed by that institution in the United States for a foreign bank is not being used by that foreign bank to indirectly provide banking services to another foreign bank that does not have a physical presence in any country.

''(B) REGULATIONS.—The Secretary shall, in regulations, delineate reasonable steps necessary for a depository institution to comply with this subsection.

''(3) EXCEPTION.—Paragraphs (1) and (2) shall not be construed as prohibiting a depository institution from providing a correspondent account to a foreign bank, if the foreign bank—

''(A) is an affiliate of a depository institution, credit union, or other foreign bank that maintains a physical presence in the United States or a foreign country, as applicable; and

''(B) is subject to supervision by a banking authority in the country regulating the affiliated depository institution, credit union, or foreign bank, described in subparagraph (A), as applicable.

''(4) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(A) AFFILIATE.—The term 'affiliate' means a foreign bank that is controlled by or is under common control with a depository institution, credit union, or foreign bank.

''(B) DEPOSITORY INSTITUTION.—The 'depository institution'—

''(i) has the meaning given such term in section 3 of the Federal Deposit Insurance Act; and

''(ii) includes a credit union.

''(C) PHYSICAL PRESENCE.—The term 'physical presence' means a place of business that—

''(i) is maintained by a foreign bank;

''(ii) is located at a fixed address (other than solely an electronic address) in a country in which the foreign bank is authorized to conduct banking activities, at which location the foreign bank—

''(I) employs 1 or more individuals on a full-time basis; and

''(II) maintains operating records related to its banking activities; and

''(iii) is subject to inspection by the banking authority which licensed the foreign bank to conduct banking activities.''.

SEC. 304. ANTI-MONEY LAUNDERING PROGRAMS.

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

''(h) ANTI-MONEY LAUNDERING PROGRAMS.—

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

''(A) the development of internal policies, procedures, and controls;

''(B) the designation of an officer of the financial institution responsible for compliance;

''(C) an ongoing employee training program; and

''(D) an independent audit function to test programs.

''(2) REGULATIONS.—The Secretary may, after consultation with the appropriate Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act), prescribe minimum standards for programs established under paragraph (1), and may exempt from the application of those standards any financial institution that is not subject to the provisions of the regulations contained in part 103 of title 31, of the Code of Federal Regulations, as in effect on the date of the enactment of the Financial Anti-Terrorism Act of 2001, or any successor to such regulations, for so long as such financial institution is not subject to the provisions of such regulations.''.

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

(c) DATE OF APPLICATION OF REGULATIONS; FACTORS TO BE TAKEN INTO ACCOUNT.—Before the end of the 180-day period beginning on the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to implement the amendment made by subsection (a). In prescribing such regulations, the Secretary shall consider the extent to which the requirements imposed under such regulations are commensurate with the size, location, and activities of the financial institutions to which such regulations apply.

SEC. 305. CONCENTRATION ACCOUNTS AT FINANCIAL INSTITUTIONS.

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

''(3) CONCENTRATION ACCOUNTS.—The Secretary may prescribe regulations under this subsection that govern maintenance of concentration accounts by financial institutions, in order to ensure that such accounts are not used to prevent association of the identity of an individual customer with the movement of funds of which the customer is the direct or beneficial owner, which regulations shall, at a minimum—

''(A) prohibit financial institutions from allowing clients to direct transactions that move their funds into, out of, or through the concentration accounts of the financial institution;

''(B) prohibit financial institutions and their employees from informing customers of the existence of, or the means of identifying,

the concentration accounts of the institution; and

''(C) require each financial institution to establish written procedures governing the documentation of all transactions involving a concentration account, which procedures shall ensure that, any time a transaction involving a concentration account commingles funds belonging to 1 or more customers, the identity of, and specific amount belonging to, each customer is documented.''.

SEC. 306. INTERNATIONAL COOPERATION IN INVESTIGATIONS OF MONEY LAUNDERING, FINANCIAL CRIMES, AND THE FINANCES OF TERRORIST GROUPS.

(a) NEGOTIATIONS.—

(1) IN GENERAL.—It is the sense of the Congress that, in addition to the existing requirements of section 4702 of the Anti-Drug Abuse Act of 1988, the President should direct the Secretary of State, the Attorney General, or the Secretary of the Treasury, as appropriate and in consultation with the Board of Governors of the Federal Reserve System, to seek to enter into negotiations with the appropriate financial supervisory agencies and other officials of any foreign country the financial institutions of which do business with United States financial institutions or which may be utilized by any foreign terrorist organization (as designated under section 219 of the Immigration and Nationality Act), any person who is a member or representative of any such organization, or any person engaged in money laundering or financial or other crimes.

(2) PURPOSES OF NEGOTIATIONS.—It is the sense of the Congress that, in carrying out any negotiations described in paragraph (1), the President should direct the Secretary of State, the Attorney General, or the Secretary of the Treasury, as appropriate, to seek to enter into and further cooperative efforts, voluntary information exchanges, the use of letters rogatory, mutual legal assistance treaties, and international agreements to—

(A) ensure that foreign banks and other financial institutions maintain adequate records of—

(i) large United States currency transactions; and

(ii) transaction and account information relating to any foreign terrorist organization (as designated under section 219 of the Immigration and Nationality Act), any person who is a member or representative of any such organization, or any person engaged in money laundering or financial or other crimes; and

(B) establish a mechanism whereby such records may be made available to United States law enforcement officials and domestic financial institution supervisors, when appropriate.

(b) REPORTS.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act and annually thereafter, the Secretary of State, in conjunction with the Attorney General and the Secretary of the Treasury, shall submit a report to the Congress, on the progress in any negotiations described in subsection (a).

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

(A) with respect to which the Secretary determines there is evidence that the financial institutions in such countries are being utilized by any foreign terrorist organization (as designated under section 219 of the Immigration and Nationality Act), any person who is a member or representative of any such organization, or any person engaged in money laundering or financial or other crimes; and

(B) which have not reached agreement with United States authorities to meet the objectives of subparagraphs (A) and (B) of subsection (a)(2).

(3) REPORT ON PENALTIES AND SANCTIONS.—If the President determines that—

(A) a foreign country is described in subparagraphs (A) and (B) of paragraph (2); and

(B) such country—

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

(ii) has not complied with, or a financial institution of such country has not complied with, a request, made by an official of the United States Government authorized to make such request, for information regarding a foreign terrorist organization (as designated under section 219 of the Immigration and Nationality Act), a person who is a member or representative of any such organization, or a person engaged in money laundering for or with any such organization,

and the President imposes any penalties or sanctions on such country or financial institutions of such country on the basis of such determination, the Secretary of State shall submit a report to the Congress describing the facts and circumstances of the case before the end of the 60-day period beginning on the date such sanctions and penalties take effect.

TITLE IV—CURRENCY PROTECTION

SEC. 401. COUNTERFEITING DOMESTIC CURRENCY AND OBLIGATIONS.

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

(1) in paragraph (2), by inserting ''analog, digital, or electronic image,'' after ''plate, stone,''; and

(2) by striking ''shall be fined under this title, imprisoned not more than 20 years, or both'' and inserting ''shall be punished as is provided for the like offense within the United States''.

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

(c) UTTERING COUNTERFEIT OBLIGATIONS OR SECURITIES.—Section 472 of title 18, United States Code, is amended by striking ''fifteen years'' and inserting ''20 years''.

(d) DEALING IN COUNTERFEIT OBLIGATIONS OR SECURITIES.—Section 473 of title 18, United States Code, is amended by striking ''ten years'' and inserting ''20 years''.

(e) PLATES, STONES, OR ANALOG, DIGITAL, OR ELECTRONIC IMAGES FOR COUNTERFEITING OBLIGATIONS OR SECURITIES.—

(1) IN GENERAL.—Section 474(a) of title 18, United States Code, is amended by inserting after the second paragraph the following new paragraph:

''Whoever, with intent to defraud, makes, executes, acquires, scans, captures, records, receives, transmits, reproduces, sells, or has in such person's control, custody, or possession, an analog, digital, or electronic image of any obligation or other security of the United States; or''.

(2) AMENDMENT TO DEFINITION.—Section 474(b) of title 18, United States Code, is amended by striking the first sentence and inserting the following new sentence: ''For purposes of this section, the term 'analog, digital, or electronic image' includes any analog, digital, or electronic method used for the making, execution, acquisition, scanning, capturing, recording, retrieval, transmission, or reproduction of any obligation or security, unless such use is authorized by the Secretary of the Treasury.''.

(3) TECHNICAL AND CONFORMING AMENDMENT.—The heading for section 474 of title 18, United States Code, is amended by striking ''**or stones**'' and inserting ''**, stones, or analog, digital, or electronic images**''.

(4) CLERICAL AMENDMENT.—The table of sections for chapter 25 of title 18, United States Code, is amended in the item relating to section 474 by striking ''or stones'' and inserting '', stones, or analog, digital, or electronic images''.

(f) TAKING IMPRESSIONS OF TOOLS USED FOR OBLIGATIONS OR SECURITIES.—Section 476 of title 18, United States Code, is amended—

(1) by inserting ''analog, digital, or electronic image,'' after ''impression, stamp,''; and

(2) by striking ''ten years'' and inserting ''25 years''.

(g) POSSESSING OR SELLING IMPRESSIONS OF TOOLS USED FOR OBLIGATIONS OR SECURITIES.—Section 477 of title 18, United States Code, is amended—

(1) in the first paragraph, by inserting ''analog, digital, or electronic image,'' after ''imprint, stamp,'';

(2) in the second paragraph, by inserting ''analog, digital, or electronic image,'' after ''imprint, stamp,''; and

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

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

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

SEC. 402. COUNTERFEITING FOREIGN CURRENCY AND OBLIGATIONS.

(a) FOREIGN OBLIGATIONS OR SECURITIES.—Section 478 of title 18, United States Code, is amended by striking ''five years'' and inserting ''20 years''.

(b) UTTERING COUNTERFEIT FOREIGN OBLIGATIONS OR SECURITIES.—Section 479 of title 18, United States Code, is amended by striking ''three years'' and inserting ''20 years''.

(c) POSSESSING COUNTERFEIT FOREIGN OBLIGATIONS OR SECURITIES.—Section 480 of title 18, United States Code, is amended by striking ''one year'' and inserting ''20 years''.

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

(1) IN GENERAL.—Section 481 of title 18, United States Code, is amended by inserting after the second paragraph the following new paragraph:

''Whoever, with intent to defraud, makes, executes, acquires, scans, captures, records, receives, transmits, reproduces, sells, or has in such person's control, custody, or possession, an analog, digital, or electronic image of any bond, certificate, obligation, or other security of any foreign government, or of any treasury note, bill, or promise to pay, lawfully issued by such foreign government and intended to circulate as money; or''.

(2) INCREASED SENTENCE.—The last paragraph of section 481 of title 18, United States Code, is amended by striking ''five years'' and inserting ''25 years''.

(3) TECHNICAL AND CONFORMING AMENDMENT.—The heading for section 481 of title 18, United States Code, is amended by striking ''**or stones**'' and inserting ''**, stones, or analog, digital, or electronic images**''.

(4) CLERICAL AMENDMENT.—The table of sections for chapter 25 of title 18, United States Code, is amended in the item relating to section 481 by striking ''or stones'' and inserting '', stones, or analog, digital, or electronic images''.

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

(f) UTTERING COUNTERFEIT FOREIGN BANK NOTES.—Section 483 of title 18, United States

Code, is amended by striking ''one year'' and inserting ''20 years''.

SEC. 403. PRODUCTION OF DOCUMENTS.

Section 5114(a) of title 31, United States Code (relating to engraving and printing currency and security documents), is amended—

(1) by striking ''(a) The Secretary of the Treasury'' and inserting:

''(a) AUTHORITY TO ENGRAVE AND PRINT.—

''(1) IN GENERAL.—The Secretary of the Treasury''; and

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

''(2) ENGRAVING AND PRINTING FOR OTHER GOVERNMENTS.—The Secretary of the Treasury may, if the Secretary determines that it will not interfere with engraving and printing needs of the United States, produce currency, postage stamps, and other security documents for foreign governments, subject to a determination by the Secretary of State that such production would be consistent with the foreign policy of the United States.''.

SEC. 404. REIMBURSEMENT.

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

(1) in the first sentence, by inserting '', any foreign government, or any territory of the United States'' after ''agency'';

(2) in the second sentence, by inserting ''and other'' after ''administrative''; and

(3) in the last sentence, by inserting '', foreign government, or territory of the United States'' after ''agency''.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. LAFALCE. Reserving the right to object, Mr. Speaker.

I will not object because the gentleman from Ohio and myself have worked on this bill in a very collegial fashion, in a bipartisan fashion; and we have attempted to iron out all differences. As of a half hour ago, we did come to accommodation on the remaining differences.

It is my understanding that the suspension calendar tomorrow will have the bill we have agreed upon and that amongst other things it in no way impinges upon any lawsuit that has been brought or that could be brought under existing law. The only impact it would have is to clarify that certain provisions of this bill would not expand the law with respect to RICO in certain areas. With that understanding, we can go forward.

One of the reasons I am willing to go forward, too, on a suspension calendar on such a bill, first of all, is I have long favored a money laundering bill. We advanced it last year in the Committee on Banking and Financial Services. Secondly, the exigencies of our time demand immediate swift action.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BECERRA (at the request of Mr. GEPHARDT) for today.

Ms. KILPATRICK (at the request of Mr. GEPHARDT) for today on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. INSLEE) to revise and extend their remarks and include extraneous material:)

Ms. MILLENDER-MCDONALD, for 5 minutes, today.

Ms. MCKINNEY, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. CUMMINGS, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. LANGEVIN, for 5 minutes, today.

Mrs. MALONEY of New York, for 5 minutes, today.

(The following Members (at the request of Mr. GIBBONS) to revise and extend their remarks and include extraneous material:)

Mr. GIBBONS, for 5 minutes, today.

Mr. ROHRABACHER, for 5 minutes, today.

Mr. PENCE, for 5 minutes, today.

Mr. HANSEN, for 5 minutes, today.

Mrs. MORELLA, for 5 minutes, today.

BILL PRESENTED TO THE PRESIDENT

Jeff Trandahl, Clerk of the House reports that on October 12, 2001 he presented to the President of the United States, for his approval, the following bill.

H.J. Res. 68. Making further continuing appropriations for the fiscal year 2002, and for other purposes.

ADJOURNMENT

Mr. MCINNIS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 59 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 17, 2001, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

4263. A letter from the Acting Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule—Irish Potatoes Grown in Colorado; Modification of Area No. 3 Handling Regulation [Docket No. FV01–948–1 FR] received October 2, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4264. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Sethoxydim; Pesticide Tolerances for Emergency Exemptions [OPP–301179; FRL–6802–3] (RIN: 2070–AB78) received October 2, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4265. A letter from the Secretary of the Air Force, Department of Defense, transmitting notification that the Superintendent of the Air Force Academy, Colorado, has conducted a cost comparison to reduce the cost of the Logistics function, pursuant to 10 U.S.C. 2461; to the Committee on Armed Services.

4266. A letter from the Secretary, Department of Defense, transmitting a letter on the approved retirement of Lieutenant General Ronald E. Adams, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

4267. A letter from the Secretary, Department of Defense, transmitting a letter on the approved retirement of Lieutenant General Maxwell C. Bailey, United States Air Force, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

4268. A letter from the Secretary, Department of Defense, transmitting a letter on the approved retirement of General John G. Coburn, United States Army, and his advancement to the grade of general on the retired list; to the Committee on Armed Services.

4269. A letter from the Under Secretary, Food, Nutrition, and Consumer Services, Department of Agriculture, transmitting the Department's final rule—National School Lunch Program and School Breakfast Program: Alternatives to Standard Application and Meal Counting Procedures (RIN: 0584–AC25) received October 1, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

4270. A letter from the Director, Corporate Policy and Research Department, Pension Benefit Guaranty Corporation, transmitting the Corporation's final rule—Benefits Payable in Terminated Single-Employer Plans; Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing and Paying Benefits—received October 1, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

4271. A letter from the Administrator, Environmental Protection Agency, transmitting a report on the ''Status of the State Small Business Stationary Source Technical and Environmental Compliance Program (SBTCP) for the Reporting Period, January-December 1999''; to the Committee on Energy and Commerce.

4272. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Clean Air Act Full Approval of Operating Permits Program in Alaska [FRL–7059–3] received October 2, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4273. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Revisions to the California State Implementation Plan, Ventura County Air Pollution Control District [CA 242–0292a; FRL–7067–3] received October 3, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4274. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Revisions to the California State Implementation Plan, Tehama County Air Pollution Control District [CA 235–0296a; FRL–7066–9] received October 3, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4275. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Revisions to the California