

The Patriot Act

PUBLIC LAW 107-56—OCT. 26, 2001
UNITING AND STRENGTHENING AMERICA BY
PROVIDING APPROPRIATE TOOLS REQUIRED
TO INTERCEPT AND OBSTRUCT TERRORISM
(USA PATRIOT ACT) ACT OF 2001
Public Law 107-56
107th Congress

PUBLIC LAW 107-56 OCT. 26, 2001

[Reference](#)

An Act

To deter and punish terrorist acts in the United States and around the world, to enhance law enforcement investigatory tools, and for other purposes. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

[TEXT TABLE OF CONTENTS OMITTED]

SEC. 2. CONSTRUCTION; SEVERABILITY.

Any provision of this Act held to be invalid or unenforceable by its terms, or as applied to any person or circumstance, shall be construed so as to give it the maximum effect permitted by law, unless such holding shall be one of utter invalidity or unenforceability, in which event such provision shall be deemed severable from this Act and shall not affect the remainder thereof or the application of such provision to other persons not similarly situated or to other, dissimilar circumstances.

Patriot Act

PUBLIC LAW 107-56—OCT. 26, 2001
TITLE III—INTERNATIONAL MONEY
LAUNDERING ABATEMENT AND ANTI-TERRORIST
FINANCING ACT OF 2001

§ 301 SHORT TITLE

[Reference](#)

This title may be cited as the "International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001".

§ 302 FINDINGS AND PURPOSES

Reference

(a) FINDINGS. -- The Congress finds that --

- (1) money laundering, estimated by the International Monetary Fund to amount to between 2 and 5 percent of global gross domestic product, which is at least \$600,000,000,000 annually, provides the financial fuel that permits transnational criminal enterprises to conduct and expand their operations to the detriment of the safety and security of American citizens;
- (2) money laundering, and the defects in financial transparency on which money launderers rely, are critical to the financing of global terrorism and the provision of funds for terrorist attacks;
- (3) money launderers subvert legitimate financial mechanisms and banking relationships by using them as protective covering for the movement of criminal proceeds and the financing of crime and terrorism, and, by so doing, can threaten the safety of United States citizens and undermine the integrity of United States financial institutions and of the global financial and trading systems upon which prosperity and growth depend;
- (4) certain jurisdictions outside of the United States that offer "offshore" banking and related facilities designed to provide anonymity, coupled with weak financial supervisory and enforcement regimes, provide essential tools to disguise ownership and movement of criminal funds, derived from, or used to commit, offenses ranging from narcotics trafficking, terrorism, arms smuggling, and trafficking in human beings, to financial frauds that prey on law-abiding citizens;
- (5) transactions involving such offshore jurisdictions make it difficult for law enforcement officials and regulators to follow the trail of money earned by criminals, organized international criminal enterprises, and global terrorist organizations;
- (6) correspondent banking facilities are one of the banking mechanisms susceptible in some circumstances to manipulation by foreign banks to permit the laundering of funds by hiding the identity of real parties in interest to financial transactions;
- (7) private banking services can be susceptible to manipulation by money launderers, for example corrupt foreign government officials, particularly if those services include the creation of offshore accounts and facilities for large personal funds transfers to channel funds into accounts around the globe;
- (8) United States anti-money laundering efforts are impeded by outmoded and inadequate statutory provisions that make investigations, prosecutions, and forfeitures more difficult, particularly in cases in which money laundering involves foreign persons, foreign banks, or foreign countries;
- (9) the ability to mount effective counter-measures to international money launderers requires national, as well as bilateral and multilateral action, using tools specially designed

for that effort; and

(10) the Basle Committee on Banking Regulation and Supervisory Practices and the Financial Action Task Force on Money Laundering, of both of which the United States is a member, have each adopted international anti-money laundering principles and recommendations.

(b) **PURPOSES.** -- The purposes of this title are --

(1) to increase the strength of United States measures to prevent, detect, and prosecute international money laundering and the financing of terrorism;

(2) to ensure that --

(A) banking transactions and financial relationships and the conduct of such transactions and relationships, do not contravene the purposes of subchapter II of chapter 53 of title 31, United States Code, section 21 of the Federal Deposit Insurance Act, or chapter 2 of title I of Public Law 91-508 (84 Stat. 1116), or facilitate the evasion of any such provision; and

(B) the purposes of such provisions of law continue to be fulfilled, and such provisions of law are effectively and efficiently administered;

(3) to strengthen the provisions put into place by the Money Laundering Control Act of 1986 (18 U.S.C. 981 note), especially with respect to crimes by non-United States nationals and foreign financial institutions;

(4) to provide a clear national mandate for subjecting to special scrutiny those foreign jurisdictions, financial institutions operating outside of the United States, and classes of international transactions or types of accounts that pose particular, identifiable opportunities for criminal abuse;

(5) to provide the Secretary of the Treasury (in this title referred to as the "Secretary") with broad discretion, subject to the safeguards provided by the Administrative Procedure Act under title 5, United States Code, to take measures tailored to the particular money laundering problems presented by specific foreign jurisdictions, financial institutions operating outside of the United States, and classes of international transactions or types of accounts;

(6) to ensure that the employment of such measures by the Secretary permits appropriate opportunity for comment by affected financial institutions;

(7) to provide guidance to domestic financial institutions on particular foreign jurisdictions, financial institutions operating outside of the United States, and classes of international transactions that are of primary money laundering concern to the United States Government;

(8) to ensure that the forfeiture of any assets in connection with the anti-terrorist efforts of the United States permits for adequate challenge consistent with providing due process rights;

- (9) to clarify the terms of the safe harbor from civil liability for filing suspicious activity reports;
- (10) to strengthen the authority of the Secretary to issue and administer geographic targeting orders, and to clarify that violations of such orders or any other requirement imposed under the authority contained in chapter 2 of title I of Public Law 91-508 and subchapters II and III of chapter 53 of title 31, United States Code, may result in criminal and civil penalties;
- (11) to ensure that all appropriate elements of the financial services industry are subject to appropriate requirements to report potential money laundering transactions to proper authorities, and that jurisdictional disputes do not hinder examination of compliance by financial institutions with relevant reporting requirements;
- (12) to strengthen the ability of financial institutions to maintain the integrity of their employee population; and
- (13) to strengthen measures to prevent the use of the United States financial system for personal gain by corrupt foreign officials and to facilitate the repatriation of any stolen assets to the citizens of countries to whom such assets belong.

§ 303 4-YEAR CONGRESSIONAL REVIEW; EXPEDITED CONSIDERATION

Reference

(a) **IN GENERAL.** -- Effective on and after the first day of fiscal year 2005, the provisions of this title and the amendments made by this title shall terminate if the Congress enacts a joint resolution, the text after the resolving clause of which is as follows: "That provisions of the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, and the amendments made thereby, shall no longer have the force of law."

(b) **EXPEDITED CONSIDERATION.** -- Any joint resolution submitted pursuant to this section should be considered by the Congress expeditiously. In particular, it shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Control Act of 1976.

Patriot Act

PUBLIC LAW 107-56—OCT. 26, 2001

TITLE III—INTERNATIONAL MONEY

LAUNDERING ABATEMENT AND ANTI-TERRORIST

FINANCING ACT OF 2001

Subtitle A—International Counter Money Laundering and Related Measures

§ 311 SPECIAL MEASURES FOR JURISDICTIONS, FINANCIAL INSTITUTIONS, OR INTERNATIONAL TRANSACTIONS OF PRIMARY MONEY LAUNDERING CONCERN

Reference

(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 of the Treasury 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 rule promulgated 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 of the Treasury --

"(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 of the action on United States 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 of the Treasury 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, or transaction or type of 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 of the Treasury 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 counter-money 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 of the Treasury 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 and subsections (i) and

(j) of section 5318, 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.

"(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 OF BENEFICIAL OWNERSHIP. -- The Secretary shall promulgate regulations defining beneficial ownership of an account for purposes of this section and subsections (i) and (j) of section 5318. Such regulations shall address issues related to an individual's authority to fund, direct, or manage the account (including, without limitation, 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), (2), and (3), and define other terms for the purposes of this section, as the Secretary deems appropriate."

(b) 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."

§ 312 SPECIAL DUE DILIGENCE FOR CORRESPONDENT ACCOUNTS AND PRIVATE BANKING ACCOUNTS

Reference

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

"(i) 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 that are reasonably designed to detect and report instances of money laundering through those accounts.

"(2) ADDITIONAL 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 United States representative to the group or organization concurs; or

"(II) by the Secretary of the Treasury 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) 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 subsection (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 subsection (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 that is reasonably designed to detect and report transactions that may involve the proceeds of foreign corruption.

"(4) **DEFINITION.** -- 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 BANKING ACCOUNT.** -- The term 'private banking 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."

(b) **REGULATORY AUTHORITY AND EFFECTIVE DATE.** --

(1) **REGULATORY AUTHORITY.** -- Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the appropriate Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act) of the affected financial institutions, shall further delineate, by regulation, the due diligence policies, procedures, and controls required under section 5318(i)(1) of title 31, United States Code, as added by this section.

(2) **EFFECTIVE DATE.** -- Section 5318(i) of title 31, United States Code, as added by this section, shall take effect 270 days after the date of enactment of this Act, whether or not final regulations are issued under paragraph (1), and the failure to issue such regulations shall in no way affect the enforceability of this section or the amendments made by this section. Section 5318(i) of title 31, United States Code, as added by this

section, shall apply with respect to accounts covered by that section 5318(i), that are opened before, on, or after the date of enactment of this Act.

§ 313 PROHIBITION ON UNITED STATES CORRESPONDENT ACCOUNTS WITH FOREIGN SHELL BANKS

Reference

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

"(j) PROHIBITION ON UNITED STATES CORRESPONDENT ACCOUNTS WITH FOREIGN SHELL BANKS. --

"(1) IN GENERAL. -- A financial institution described in subparagraphs (A) through (G) of section 5312(a)(2) (in this subsection referred to as a 'covered financial 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 covered financial institution shall take reasonable steps to ensure that any correspondent account established, maintained, administered, or managed by that covered financial 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. The Secretary of the Treasury shall, by regulation, delineate the reasonable steps necessary to comply with this paragraph.

"(3) EXCEPTION. -- Paragraphs (1) and (2) do not prohibit a covered financial 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 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 subsection --

"(A) 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; and

"(B) 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."

(b) EFFECTIVE DATE. -- The amendment made by subsection (a) shall take effect at the end of the 60-day period beginning on the date of enactment of this Act.

§ 314 COOPERATIVE EFFORTS TO DETER MONEY LAUNDERING

Reference

(a) COOPERATION AMONG FINANCIAL INSTITUTIONS, REGULATORY AUTHORITIES, AND LAW ENFORCEMENT AUTHORITIES. --

(1) REGULATIONS. -- The Secretary shall, within 120 days after the date of enactment of this Act, adopt regulations to encourage further cooperation among financial institutions, their regulatory authorities, and law enforcement authorities, with the specific purpose of encouraging regulatory authorities and law enforcement authorities to share with financial institutions information regarding individuals, entities, and organizations engaged in or reasonably suspected based on credible evidence of engaging in terrorist acts or money laundering activities.

(2) COOPERATION AND INFORMATION SHARING PROCEDURES. -- The regulations adopted under paragraph (1) may include or create procedures for cooperation and information sharing focusing on --

(A) matters specifically related to the finances of terrorist groups, the means by which terrorist groups transfer funds around the world and within the United States, including through the use of charitable organizations, nonprofit organizations, and nongovernmental 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.

(3) CONTENTS. -- The regulations adopted pursuant to paragraph (1) may --

(A) require that each financial institution designate 1 or more persons to receive information concerning, and to monitor accounts of individuals, entities, and organizations identified, pursuant to paragraph (1); and

(B) further establish procedures for the protection of the shared information, consistent with the capacity, size, and nature of the institution to which the particular procedures apply.

(4) RULE OF CONSTRUCTION. -- The receipt of information by a financial institution pursuant to this section shall not relieve or otherwise modify the obligations of the financial institution with respect to any other person or account.

(5) **USE OF INFORMATION.** -- Information received by a financial institution pursuant to this section shall not be used for any purpose other than identifying and reporting on activities that may involve terrorist acts or money laundering activities.

(b) **COOPERATION AMONG FINANCIAL INSTITUTIONS.** -- Upon notice provided to the Secretary, 2 or more financial institutions and any association of financial institutions may share information with one another regarding individuals, entities, organizations, and countries suspected of possible terrorist or money laundering activities. A financial institution or association that transmits, receives, or shares such information for the purposes of identifying and reporting activities that may involve terrorist acts or money laundering activities 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 thereof, 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 the person who is the subject of such disclosure, or any other person identified in the disclosure, except where such transmission, receipt, or sharing violates this section or regulations promulgated pursuant to this section.

(c) **RULE OF CONSTRUCTION.** -- Compliance with the provisions of this title requiring or allowing financial institutions and any association of financial institutions to disclose or share information regarding individuals, entities, and organizations engaged in or suspected of engaging in terrorist acts or money laundering activities shall not constitute a violation of the provisions of title V of the Gramm-Leach-Bliley Act (Public Law 106-102).

(d) **REPORTS TO THE FINANCIAL SERVICES INDUSTRY ON SUSPICIOUS FINANCIAL ACTIVITIES.** -- At least semiannually, the Secretary 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).

§ 315 INCLUSION OF FOREIGN CORRUPTION OFFENSES AS MONEY LAUNDERING CRIMES

Reference

Section 1956(c)(7) of title 18, United States Code, is amended --

(1) in subparagraph (B) --

(A) in clause (ii), by striking "or destruction of property by means of explosive or fire" and inserting "destruction of property by means of explosive or fire, or a crime of violence (as defined in section 16)";

(B) in clause (iii), by striking "1978" and inserting "1978"; and

(C) by adding at the end the following:

"(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 --

"(I) an item controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778); or

"(II) an item controlled under regulations under the Export Administration Regulations (15 C.F.R. Parts 730-774); or

"(vi) an offense with respect to which the United States would be obligated by a multilateral 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," before "or any felony violation of the Foreign Corrupt Practices Act".

§ 316 ANTI-TERRORIST FORFEITURE PROTECTION

Reference

(a) **RIGHT TO CONTEST.** -- An owner of property that is confiscated under any provision of law relating to the confiscation of assets of suspected international terrorists, may contest that confiscation by filing a claim in the manner set forth in the Federal Rules of Civil Procedure (Supplemental Rules for Certain Admiralty and Maritime Claims), and asserting as an affirmative defense that --

- (1) the property is not subject to confiscation under such provision of law; or
- (2) the innocent owner provisions of section 983(d) of title 18, United States Code, apply to the case.

(b) **EVIDENCE.** -- In considering a claim filed under this section, a court may admit evidence that is otherwise inadmissible under the Federal Rules of Evidence, if the court determines that the evidence is reliable, and that compliance with the Federal Rules of Evidence may jeopardize the national security interests of the United States.

(c) **CLARIFICATIONS.** --

(1) **PROTECTION OF RIGHTS.** -- The exclusion of certain provisions of Federal law from the definition of the term "civil forfeiture statute" in section 983(i) of title 18, United States Code, shall not be construed to deny an owner of property the right to contest the confiscation of assets of suspected international terrorists under --

- (A) subsection (a) of this section;
- (B) the Constitution; or
- (C) subchapter II of chapter 5 of title 5, United States Code (commonly known as the "Administrative Procedure Act").

(2) **SAVINGS CLAUSE.** -- Nothing in this section shall limit or otherwise affect any other remedies that may be available to an owner of property under section 983 of title 18, United States Code, or any other provision of law.

(d) **TECHNICAL CORRECTION.** -- Section 983(i)(2)(D) of title 18, United States Code, is amended by inserting "or the International Emergency Economic Powers Act (IEEPA) (50 U.S.C. 1701 et seq.)" before the semicolon.

§ 317 LONG-ARM JURISDICTION OVER FOREIGN MONEY LAUNDERERS

Reference

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

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and moving the margins 2 ems to the right;

(2) by inserting after "(b)" the following: "PENALTIES. --

"(1) IN GENERAL. -- ";

(3) by inserting ", or section 1957" after "or (a)(3)"; and

(4) by adding at the end the following:

"(2) JURISDICTION OVER FOREIGN PERSONS. -- 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 service of process upon the foreign person is made under the Federal Rules of Civil Procedure or the laws of the country in which the foreign person is found, and --

"(A) the foreign person commits an offense under subsection (a) involving a financial transaction that occurs in whole or in part in the United States;

"(B) the foreign person converts, to his or her 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

"(C) the foreign person is a financial institution that maintains a bank account at a financial institution in the United States.

"(3) COURT AUTHORITY OVER ASSETS. -- A court described in paragraph (2) 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.

"(4) FEDERAL RECEIVER. --

"(A) IN GENERAL. -- A court described in paragraph (2) may appoint a Federal Receiver, in accordance with subparagraph (B) of this paragraph, to collect, marshal, and take custody, control, and possession of all assets of the defendant, wherever located, to satisfy a civil judgment under this subsection, a forfeiture judgment under section 981 or 982, or a criminal sentence under section 1957 or subsection (a) of this section, including an order of restitution to any victim of a specified unlawful activity.

"(B) APPOINTMENT AND AUTHORITY. -- A Federal Receiver described in subparagraph (A) --

"(i) may be appointed upon application of a Federal prosecutor or a Federal or State

regulator, by the court having jurisdiction over the defendant in the case;

"(ii) shall be an officer of the court, and the powers of the Federal Receiver shall include the powers set out in section 754 of title 28, United States Code; and

"(iii) shall have standing equivalent to that of a Federal prosecutor for the purpose of submitting requests to obtain information regarding the assets of the defendant --

"(I) from the Financial Crimes Enforcement Network of the Department of the Treasury; or

"(II) from a foreign country pursuant to a mutual legal assistance treaty, multilateral agreement, or other arrangement for international law enforcement assistance, provided that such requests are in accordance with the policies and procedures of the Attorney General.".

§ 318 LAUNDERING MONEY THROUGH A FOREIGN BANK

Reference

Section 1956(c) of title 18, United States Code, is amended by striking paragraph (6) and inserting the following:

"(6) the term 'financial institution' includes --

"(A) any financial institution, as defined in section 5312(a)(2) of title 31, United States Code, or the regulations promulgated thereunder; and

"(B) any foreign bank, as defined in section 1 of the International Banking Act of 1978 (12 U.S.C. 3101).".

§ 319 FORFEITURE OF FUNDS IN UNITED STATES INTERBANK ACCOUNTS

Reference

(a) FORFEITURE FROM UNITED STATES INTERBANK ACCOUNT. -- Section 981 of title 18, United States Code, is amended by adding at the end the following:

"(k) INTERBANK ACCOUNTS. --

"(1) IN GENERAL. --

"(A) IN GENERAL. -- For the purpose of a forfeiture under this section or under the Controlled Substances Act (21 U.S.C. 801 et seq.), if funds are deposited into an account at a foreign bank, and that foreign bank has an interbank account in the United States with a covered financial institution (as defined in section 5318(j)(1) of title 31), the funds shall be deemed to have been deposited into the interbank account in the United States, and any restraining order, seizure warrant, or arrest warrant in rem regarding the funds may be served on the covered financial institution, and funds in the interbank account, up to the value of the funds deposited into the account at the foreign bank, may be restrained, seized, or arrested.

"(B) AUTHORITY TO SUSPEND. -- The Attorney General, in consultation with the Secretary of the Treasury, 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), it shall not be necessary for the Government to establish that the funds are directly traceable to the funds that were deposited into the foreign bank, nor shall it be necessary for the Government to rely on the application of section 984.

"(3) CLAIMS BROUGHT BY OWNER OF THE FUNDS. -- If a forfeiture action is instituted against funds restrained, seized, or arrested under paragraph (1), the owner of the funds deposited into the account at the foreign bank may contest the forfeiture by filing a claim under section 983.

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

"(A) INTERBANK ACCOUNT. -- The term 'interbank account' has the same meaning as 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."

(b) BANK RECORDS. -- Section 5318 of title 31, United States Code, as amended by this title, is amended by adding at the end the following:

"(k) BANK RECORDS RELATED TO ANTI-MONEY LAUNDERING PROGRAMS. --

"(1) DEFINITIONS. -- For purposes of this subsection, the following definitions shall apply:

"(A) APPROPRIATE FEDERAL BANKING AGENCY. -- The term 'appropriate Federal banking agency' has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

"(B) INCORPORATED TERM. -- The term 'correspondent account' has the same meaning as in section 5318A(f)(1)(B).

"(2) 120-HOUR RULE. -- Not later than 120 hours after receiving a request by an appropriate Federal banking agency for information related to anti-money laundering compliance by a covered financial institution or a customer of such institution, a covered financial institution shall provide to the appropriate Federal banking agency, or make available at a location specified by the representative of the appropriate Federal banking agency, information and account documentation for any account opened, maintained, administered or managed in the United States by the covered financial institution.

"(3) FOREIGN BANK RECORDS. --

"(A) SUMMONS OR SUBPOENA OF RECORDS. --

"(i) IN GENERAL. -- The Secretary of the Treasury or the Attorney General may issue a summons or subpoena to any foreign bank that maintains a correspondent account in the United States and request records related to such correspondent account, including records maintained outside of the United States relating to the deposit of funds into the

foreign bank.

"(ii) SERVICE OF SUMMONS OR SUBPOENA. -- A summons or subpoena referred to in clause (i) may be served on the foreign bank in the United States if the foreign bank has a representative 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.

"(B) ACCEPTANCE OF SERVICE. --

"(i) MAINTAINING RECORDS IN THE UNITED STATES. -- Any covered financial institution which maintains a correspondent account in the United States for a foreign bank shall maintain records in the United States identifying the owners of such foreign bank and the name and address of a person who resides in the United States and is authorized to accept service of legal process for records regarding the correspondent account.

"(ii) LAW ENFORCEMENT REQUEST. -- Upon receipt of a written request from a Federal law enforcement officer for information required to be maintained under this paragraph, the covered financial institution shall provide the information to the requesting officer not later than 7 days after receipt of the request.

"(C) TERMINATION OF CORRESPONDENT RELATIONSHIP. --

"(i) TERMINATION UPON RECEIPT OF NOTICE. -- A covered financial institution shall terminate any correspondent relationship with a foreign bank not later than 10 business days after receipt of written notice from the Secretary or the Attorney General (in each case, after consultation with the other) that the foreign bank has failed --

"(I) to comply with a summons or subpoena issued under subparagraph (A); or

"(II) to initiate proceedings in a United States court contesting such summons or subpoena.

"(ii) LIMITATION ON LIABILITY. -- A covered financial institution shall not be liable to any person in any court or arbitration proceeding for terminating a correspondent relationship in accordance with this subsection.

"(iii) FAILURE TO TERMINATE RELATIONSHIP. -- Failure to terminate a correspondent relationship in accordance with this subsection shall render the covered financial institution liable for a civil penalty of up to \$10,000 per day until the correspondent relationship is so terminated."

(c) GRACE PERIOD. -- Financial institutions shall have 60 days from the date of enactment of this Act to comply with the provisions of section 5318(k) of title 31, United States Code, as added by this section.

(d) AUTHORITY TO ORDER CONVICTED CRIMINAL TO RETURN PROPERTY LOCATED ABROAD. --

(1) 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."

(2) 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."

§ 320 PROCEEDS OF FOREIGN CRIMES

Reference

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 an offense, if the offense --

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

"(ii) would be punishable within the jurisdiction of the foreign nation by death or imprisonment for a term exceeding 1 year; and

"(iii) would be punishable under the laws of the United States by imprisonment for a term exceeding 1 year, if the act or activity constituting the offense had occurred within the jurisdiction of the United States."

**§ 321 FINANCIAL INSTITUTIONS SPECIFIED IN SUBCHAPTER II OF CHAPTER 53
OF TITLE 31, UNITED STATES CODE**

Reference

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

"(E) any credit union;"

(b) 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."

(c) CFTC

§ 322 CORPORATION REPRESENTED BY A FUGITIVE

[Reference](#)

Section 2466 of title 18, 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."

§ 323 ENFORCEMENT OF FOREIGN JUDGMENTS

Reference

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

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

"(3) PRESERVATION OF PROPERTY. --

"(A) IN GENERAL. -- 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, at any time before or after an application is filed pursuant to subsection (c)(1) of this section.

"(B) EVIDENCE. -- The court, in issuing a restraining order under subparagraph (A) --

"(i) 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

"(ii) 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).

"(C) LIMIT ON GROUNDS FOR OBJECTION. -- No person may object to a restraining order under subparagraph (A) 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 or an offense for which property could be forfeited under Federal law if the offense were committed in the United States" after "United Nations Convention".

§ 324 REPORT AND RECOMMENDATION

[Reference](#)

Not later than 30 months after the date of enactment of this Act, the Secretary, in consultation with the Attorney General, the Federal banking agencies (as defined at section 3 of the Federal Deposit Insurance Act), the National Credit Union Administration Board, the Securities and Exchange Commission, and such other agencies as the Secretary may determine, at the discretion of the Secretary, shall evaluate the operations of the provisions of this subtitle and make recommendations to Congress as to any legislative action with respect to this subtitle as the Secretary may determine to be necessary or advisable.

§ 325 CONCENTRATION ACCOUNTS AT FINANCIAL INSTITUTIONS

Reference

Section 5318(h) of title 31, United States Code, as amended by section 202 of this title, 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."

§ 326 VERIFICATION OF IDENTIFICATION

Reference

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

"(1) 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 for financial institutions and their customers regarding the identity of the customer 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, and customers (after being given adequate notice) to comply with, reasonable 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; and

"(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 (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 enactment of the

International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001.".

(b) **STUDY AND REPORT REQUIRED.** -- Within 6 months after the date of enactment of this Act, the Secretary, 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 the identity, address, and other related information about such foreign nationals 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.

§ 327 CONSIDERATION OF ANTI-MONEY LAUNDERING RECORD

Reference

(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 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, 2001, which has not been approved by the Board before the date of 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 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, 2001, which has not been approved by all appropriate responsible agencies before the date of enactment of this Act.

§ 328 INTERNATIONAL COOPERATION ON IDENTIFICATION OF ORIGINATORS OF WIRE TRANSFERS

Reference

The Secretary 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.

§ 329 CRIMINAL PENALTIES

Reference

Any person who is an official or employee of any department, agency, bureau, office, commission, or other entity of the Federal Government, and any other person who is acting for or on behalf of any such entity, who, directly or indirectly, in connection with the administration of this title, corruptly demands, seeks, receives, accepts, or agrees to receive or accept anything of value personally or for any other person or entity in return for --

- (1) being influenced in the performance of any official act;
- (2) being influenced to commit or aid in the committing, or to collude in, or allow, any fraud, or make opportunity for the commission of any fraud, on the United States; or
- (3) being induced to do or omit to do any act in violation of the official duty of such official or person, shall be fined in an amount not more than 3 times the monetary equivalent of the thing of value, or imprisoned for not more than 15 years, or both. A violation of this section shall be subject to chapter 227 of title 18, United States Code, and the provisions of the United States Sentencing Guidelines.

**§ 330 INTERNATIONAL COOPERATION IN INVESTIGATIONS OF MONEY
LAUNDERING, FINANCIAL CRIMES, AND THE FINANCES OF TERRORIST
GROUPS**

Reference

(a) **NEGOTIATIONS.** -- It is the sense of the Congress that 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.

(b) **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 --

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

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

Patriot Act

PUBLIC LAW 107-56—OCT. 26, 2001

TITLE III—INTERNATIONAL MONEY

LAUNDERING ABATEMENT AND ANTI-TERRORIST

FINANCING ACT OF 2001

Subtitle B—Bank Secrecy Act Amendments and Related Improvements

§ 351 AMENDMENTS RELATING TO REPORTING OF SUSPICIOUS ACTIVITIES

Reference

(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 the person who is the subject of such disclosure or any other person identified in the disclosure.

"(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 as 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. --

"(i) RULE OF CONSTRUCTION. -- 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 information that was included in a report to which subparagraph (A) applies --

"(I) in a written employment reference that is provided in accordance with section 18(w) of the Federal Deposit Insurance Act in response to a request from another financial institution; or

"(II) in a written termination notice or employment reference that is provided in accordance with the rules of a selfregulatory organization registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission, except that such written reference or notice may not disclose that such information was also included in any such report, or that such report was made.

"(ii) INFORMATION NOT REQUIRED. -- Clause (i) shall not be construed, by itself, to create any affirmative duty to include any information described in clause (i) in any employment reference or termination notice referred to in clause (i).".

§ 352 ANTI-MONEY LAUNDERING PROGRAMS

Reference

(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 a compliance officer;

"(C) an ongoing employee training program; and

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

"(2) REGULATIONS. -- The Secretary of the Treasury, after consultation with the appropriate Federal functional regulator (as defined in section 509 of the Gramm-Leach-Bliley Act), may 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 rules contained in part 103 of title 31, of the Code of Federal Regulations, or any successor rule thereto, for so long as such financial institution is not subject to the provisions of such rules."

(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 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 enactment of this Act, the Secretary shall prescribe regulations that consider the extent to which the requirements imposed under this section are commensurate with the size, location, and activities of the financial institutions to which such regulations apply.

**§ 353 PENALTIES FOR VIOLATIONS OF GEOGRAPHIC TARGETING ORDERS
AND CERTAIN RECORDKEEPING REQUIREMENTS, AND LENGTHENING
EFFECTIVE PERIOD OF GEOGRAPHIC TARGETING ORDERS**

Reference

(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)"; and

(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 RECORDKEEPING 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 or recordkeeping requirements imposed by any order issued under section 5326, or the recordkeeping requirements imposed by any regulation prescribed under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91-508 -- ";

(3) in paragraph (1), by inserting ", to file a report or to maintain a record required by an 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"; and

(4) in paragraph (2), by inserting ", to file a report or to maintain a record required by any order issued under section 5326, or to maintain a record required pursuant to any regulation prescribed 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".

(d) LENGTHENING EFFECTIVE PERIOD OF GEOGRAPHIC TARGETING ORDERS. -- Section 5326(d) of title 31, United States Code, is amended by striking "more than 60" and inserting "more than 180".

§ 354 ANTI-MONEY LAUNDERING STRATEGY

[Reference](#)

Section 5341(b) of title 31, United States Code, is amended by adding at the end the following:

"(12) DATA REGARDING FUNDING OF TERRORISM. -- Data concerning money laundering efforts related to the funding of acts of international terrorism, and efforts directed at the prevention, detection, and prosecution of such funding."

§ 355 AUTHORIZATION TO INCLUDE SUSPICIONS OF ILLEGAL ACTIVITY IN WRITTEN EMPLOYMENT REFERENCES

Reference

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

"(w) WRITTEN EMPLOYMENT REFERENCES MAY CONTAIN SUSPICIONS OF INVOLVEMENT IN ILLEGAL ACTIVITY. --

"(1) AUTHORITY TO DISCLOSE INFORMATION. -- 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.

"(2) INFORMATION NOT REQUIRED. -- Nothing in paragraph (1) shall be construed, by itself, to create any affirmative duty to include any information described in paragraph (1) in any employment reference referred to in paragraph (1).

"(3) MALICIOUS INTENT. -- Notwithstanding any other provision of this subsection, voluntary disclosure made by an insured depository institution, and any director, officer, employee, or agent of such institution under this subsection concerning potentially unlawful activity that is made with malicious intent, shall not be shielded from liability from the person identified in the disclosure.

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

§ 356 REPORTING OF SUSPICIOUS ACTIVITIES BY SECURITIES BROKERS AND DEALERS; INVESTMENT COMPANY STUDY

Reference

- (a) **DEADLINE FOR SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS FOR REGISTERED BROKERS AND DEALERS.** -- The Secretary, after consultation with the Securities and Exchange Commission and the Board of Governors of the Federal Reserve System, 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 not later than July 1, 2002.
- (b) **SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS, COMMODITY TRADING ADVISORS, AND COMMODITY POOL OPERATORS.** -- The Secretary, 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.
- (c) **REPORT ON INVESTMENT COMPANIES.** --
- (1) **IN GENERAL.** -- Not later than 1 year after the date of enactment of this Act, the Secretary, the Board of Governors of the Federal Reserve System, and the Securities and Exchange Commission shall jointly submit a report to the Congress on recommendations for effective regulations to apply the requirements of subchapter II of chapter 53 of title 31, United States Code, to investment companies pursuant to section 5312(a)(2)(I) of title 31, United States Code.
- (2) **DEFINITION.** -- For purposes of this subsection, the term "investment company" --
- (A) has the same meaning as in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3); and
- (B) includes any person that, but for the exceptions provided for in paragraph (1) or (7) of section 3(c) of the Investment Company Act of 1940 (15 U.S.C. 80a-3(c)), would be an investment company.
- (3) **ADDITIONAL RECOMMENDATIONS.** -- The report required by paragraph (1) may make different recommendations for different types of entities covered by this subsection.
- (4) **BENEFICIAL OWNERSHIP OF PERSONAL HOLDING COMPANIES.** -- The report described in paragraph (1) shall also include recommendations as to whether the Secretary should promulgate regulations to treat any corporation or business or other grantor trust whose assets are predominantly securities, bank certificates of deposit, or other securities or investment instruments (other than such as relate to operating subsidiaries of such corporation or trust) and that has 5 or fewer common shareholders or holders of

beneficial or other equity interest, as a financial institution within the meaning of that phrase in section 5312(a)(2)(I) and whether to require such corporations or trusts to disclose their beneficial owners when opening accounts or initiating funds transfers at any domestic financial institution.

§ 357 SPECIAL REPORT ON ADMINISTRATION OF BANK SECRECY PROVISIONS

Reference

- (a) **REPORT REQUIRED.** -- Not later than 6 months after the date of enactment of this Act, the Secretary shall submit a report to the Congress relating to the role of the Internal Revenue Service in the administration of subchapter II of chapter 53 of title 31, United States Code (commonly known as the "Bank Secrecy Act").
- (b) **CONTENTS.** -- The report required by subsection (a) --
- (1) shall specifically address, and contain recommendations concerning --
 - (A) whether it is advisable to shift the processing of information reporting to the Department of the Treasury under the Bank Secrecy Act provisions to facilities other than those managed by the Internal Revenue Service; and
 - (B) whether it remains reasonable and efficient, in light of the objective of both anti-money-laundering programs and Federal tax administration, for the Internal Revenue Service to retain authority and responsibility for audit and examination of the compliance of money services businesses and gaming institutions with those Bank Secrecy Act provisions; and
 - (2) shall, if the Secretary determines that the information processing responsibility or the audit and examination responsibility of the Internal Revenue Service, or both, with respect to those Bank Secrecy Act provisions should be transferred to other agencies, include the specific recommendations of the Secretary regarding the agency or agencies to which any such function should be transferred, complete with a budgetary and resources plan for expeditiously accomplishing the transfer.

§ 358 BANK SECRECY PROVISIONS AND ACTIVITIES OF UNITED STATES INTELLIGENCE AGENCIES TO FIGHT INTER-NATIONAL TERRORISM

Reference

- (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 PURPOSES OF THE BANK SECRECY ACT PROVISIONS. -- Section 21(a) of the Federal Deposit Insurance Act (12 U.S.C. 1829b(a)) is amended to read as follows:
- "(a) CONGRESSIONAL FINDINGS AND DECLARATION OF PURPOSE. --
- "(1) FINDINGS. -- Congress finds that --
- "(A) adequate records maintained by insured depository institutions have a high degree of usefulness in criminal, tax, and regulatory investigations or proceedings, and that, given the threat posed to the security of the Nation on and after the terrorist attacks against the United States on September 11, 2001, such records may also have a high degree of usefulness in the conduct of intelligence or counterintelligence activities, including analysis, to protect against domestic and international terrorism; and
- "(B) microfilm or other reproductions and other records made by insured depository institutions of checks, as well as records kept by such institutions, of the identity of persons maintaining or authorized to act with respect to accounts therein, have been of particular value in proceedings described in subparagraph (A).

"(2) PURPOSE. -- It is the purpose of this section to require the maintenance of appropriate types of records by insured depository institutions in the United States where such records have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings, recognizes that, given the threat posed to the security of the Nation on and after the terrorist attacks against the United States on September 11, 2001, such records may also have a high degree of usefulness in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism."

(e) AMENDMENT RELATING TO THE PURPOSES OF THE BANK SECRECY ACT. -- Section 123(a) of Public Law 91-508 (12 U.S.C. 1953(a)) is amended to read as follows:

"(a) REGULATIONS. -- If the Secretary determines that the maintenance of appropriate records and procedures by any uninsured bank or uninsured institution, or any person engaging in the business of carrying on in the United States any of the functions referred to in subsection (b), has a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings, and that, given the threat posed to the security of the Nation on and after the terrorist attacks against the United States on September 11, 2001, such records may also have a high degree of usefulness in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism, he may by regulation require such bank, institution, or person."

(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 title, 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 enactment of this Act.

§ 359 REPORTING OF SUSPICIOUS ACTIVITIES BY UNDERGROUND BANKING SYSTEMS

Reference

(a) **DEFINITION FOR SUBCHAPTER.** -- Section 5312(a)(2)(R) 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 any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money 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 any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money 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 title, is amended by adding at the end the following:

"(1) **APPLICABILITY OF RULES.** -- Any rules promulgated pursuant to the authority contained in section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b) 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 any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money 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 persons who engage as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money domestically or internationally outside of the conventional financial institutions system, counter money laundering and regulatory controls relating to underground money movement and banking systems, 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.

§ 360 USE OF AUTHORITY OF UNITED STATES EXECUTIVE DIRECTORS

Reference

- (a) **ACTION BY THE PRESIDENT.** -- If the President determines that a particular foreign country has taken or has committed to take actions that contribute to efforts of the United States to respond to, deter, or prevent acts of international terrorism, the Secretary may, consistent with other applicable provisions of law, instruct the United States Executive Director of each international financial institution to use the voice and vote of the Executive Director to support any loan or other utilization of the funds of respective institutions for such country, or any public or private entity within such country.
- (b) **USE OF VOICE AND VOTE.** -- The Secretary may instruct the United States Executive Director of each international financial institution to aggressively use the voice and vote of the Executive Director to require an auditing of disbursements at such institutions to ensure that no funds are paid to persons who commit, threaten to commit, or support terrorism.
- (c) **DEFINITION.** -- For purposes of this section, the term "international financial institution" means an institution described in section 1701(c)(2) of the International Financial Institutions Act (22 U.S.C. 262r(c)(2)).

§ 361 FINANCIAL CRIMES ENFORCEMENT NETWORK

Reference

(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, in this section referred to as 'FinCEN') on April 25, 1990, shall be a bureau in the Department of the Treasury.

"(b) DIRECTOR. -- 22 USC 262p-4r.

"(1) APPOINTMENT. -- The head of FinCEN 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 of the Treasury 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 subchapter II 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 of the Treasury 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 subchapter II 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 counter-intelligence 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) Assist 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 subchapter II 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 FinCEN 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 FinCEN such sums as may be necessary for fiscal years 2002, 2003, 2004, and 2005."

(b) **COMPLIANCE WITH REPORTING REQUIREMENTS.** -- 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 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."

§ 362 ESTABLISHMENT OF HIGHLY SECURE NETWORK

Reference

- (a) **IN GENERAL.** -- The Secretary 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 Public Law 91-508, or section 21 of the Federal Deposit Insurance Act through the secure 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 shall take such action as may be necessary to ensure that the secure network required under subsection (a) is fully operational before the end of the 9-month period beginning on the date of enactment of this Act.

§ 363 INCREASE IN CIVIL AND CRIMINAL PENALTIES FOR MONEY LAUNDERING

Reference

(a) CIVIL PENALTIES. -- Section 5321(a) of title 31, United States Code, is amended by adding at the end the following:

"(7) PENALTIES FOR INTERNATIONAL COUNTER MONEY LAUNDERING VIOLATIONS. -- The Secretary may impose a civil money penalty in an amount equal to not less than 2 times the amount of the transaction, but not more than \$1,000,000, on any financial institution or agency that violates any provision of subsection (i) or (j) of section 5318 or any special measures imposed under section 5318A."

(b) CRIMINAL PENALTIES. -- Section 5322 of title 31, United States Code, is amended by adding at the end the following:

"(d) A financial institution or agency that violates any provision of subsection (i) or (j) of section 5318, or any special measures imposed under section 5318A, or any regulation prescribed under subsection (i) or (j) of section 5318 or section 5318A, shall be fined in an amount equal to not less than 2 times the amount of the transaction, but not more than \$1,000,000."

§ 364 UNIFORM PROTECTION AUTHORITY FOR FEDERAL RESERVE FACILITIES

Reference

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."

§ 365 REPORTS RELATING TO COINS AND CURRENCY RECEIVED IN NONFINANCIAL TRADE OR BUSINESS

Reference

(a) **REPORTS REQUIRED.** -- Subchapter II of chapter 53 of title 31, United States Code, is amended by adding at the end the following new section: "§ 5331. 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 'non-financial 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) CLERICAL AMENDMENT. -- The table 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: "5331. Reports relating to coins and currency received in nonfinancial trade or business. ".

(f) REGULATIONS. -- Regulations which the Secretary 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 enactment of this Act.

§ 366 EFFICIENT USE OF CURRENCY TRANSACTION REPORT SYSTEM

Reference

(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 shall conduct a study of --

(A) the possible expansion of the statutory exemption system in effect under section 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 1-year period beginning on the date of 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.

Patriot Act

PUBLIC LAW 107-56—OCT. 26, 2001
TITLE III—INTERNATIONAL MONEY
LAUNDERING ABATEMENT AND ANTI-TERRORIST
FINANCING ACT OF 2001

Subtitle C—Currency Crimes and Protection

§ 371 BULK CASH SMUGGLING INTO OR OUT OF THE UNITED STATES

Reference

- (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; and
 - (3) to emphasize the seriousness of the act of bulk cash smuggling.
- (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: "§ 5332. 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 5331, as added by this Act, the following new item: "5332. Bulk cash smuggling into or out of the United States."

§ 372 FORFEITURE IN CURRENCY REPORTING CASES

Reference

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

"(c) FORFEITURE. --

"(1) CRIMINAL FORFEITURE. --

"(A) 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.

"(B) PROCEDURE. -- Forfeitures under this paragraph shall be governed by the procedures established in section 413 of the Controlled Substances Act.

"(2) 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 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 --

(A) by striking "of section 5313(a) or 5324(a) of title 31, or"; and

(B) by striking "However" and all that follows through the end of the subparagraph.

(2) Section 982(a)(1) of title 18, United States Code, is amended --

(A) by striking "of section 5313(a), 5316, or 5324 of title 31, or"; and

(B) by striking "However" and all that follows through the end of the paragraph.

§ 373 ILLEGAL MONEY TRANSMITTING BUSINESSES

Reference

(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".

§ 374 COUNTERFEITING DOMESTIC CURRENCY AND OBLIGATIONS

Reference

- (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".

§ 375 COUNTERFEITING FOREIGN CURRENCY AND OBLIGATIONS

Reference

- (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".

§ 376 LAUNDERING THE PROCEEDS OF TERRORISM

[Reference](#)

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

§ 377 EXTRATERRITORIAL JURISDICTION

Reference

Section 1029 of title 18, United States Code, is amended by adding at the end the following:

"(h) Any person who, outside the jurisdiction of the United States, engages in any act that, if committed within the jurisdiction of the United States, would constitute an offense under subsection (a) or (b) of this section, shall be subject to the fines, penalties, imprisonment, and forfeiture provided in this title if --

"(1) the offense involves an access device issued, owned, managed, or controlled by a financial institution, account issuer, credit card system member, or other entity within the jurisdiction of the United States; and

"(2) the person transports, delivers, conveys, transfers to or through, or otherwise stores, secrets, or holds within the jurisdiction of the United States, any article used to assist in the commission of the offense or the proceeds of such offense or property derived therefrom."