

112TH CONGRESS
1ST SESSION

S. 1731

To improve the prohibitions on money laundering, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 18, 2011

Mr. GRASSLEY (for himself and Mrs. FEINSTEIN) introduced the following bill;
which was read twice and referred to the Committee on the Judiciary

A BILL

To improve the prohibitions on money laundering, and for
other purposes.

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

3 **SECTION 1. SHORT TITLE, TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Combating Money Laundering, Terrorist Financing, and
6 Counterfeiting Act of 2011”.

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

Sec. 1. Short title, table of contents.

Sec. 2. Specified unlawful activity.

Sec. 3. Interstate transportation of criminal proceeds and reverse money laun-
dering.

Sec. 4. Transportation or transshipment of blank checks in bearer form.

Sec. 5. Bulk cash smuggling.

- Sec. 6. Section 1957 violations involving commingled funds and structured transactions.
- Sec. 7. Charging money laundering as a course of conduct.
- Sec. 8. Illegal money transmitting businesses.
- Sec. 9. Knowledge that property is from the proceeds of a specific felony.
- Sec. 10. Extraterritorial jurisdiction.
- Sec. 11. Freezing bank accounts of persons arrested for offenses involving the movement of money across international borders.
- Sec. 12. Making the international money laundering statute apply to tax evasion.
- Sec. 13. Prohibiting money laundering through hawalas, other informal value transfer systems, and closely related transactions.
- Sec. 14. Technical amendment to restore wiretap authority for certain money laundering and counterfeiting offenses.
- Sec. 15. Conduct in aid of counterfeiting.
- Sec. 16. Prepaid access devices, digital currencies, or other similar instruments.
- Sec. 17. Procedure for issuing subpoenas in money laundering cases.
- Sec. 18. Danger pay allowance.
- Sec. 19. United States Secret Service use of proceeds derived from criminal investigations.
- Sec. 20. Authority of Secret Service to arrest persons in violation of money laundering laws.
- Sec. 21. Law enforcement regulations and cooperation.
- Sec. 22. Rule of construction.

1 SEC. 2. SPECIFIED UNLAWFUL ACTIVITY.

2 Section 1956(c)(7) of title 18, United States Code,
3 is amended to read as follows:

4 “(7) the term ‘specified unlawful activity’
5 means any act or activity constituting an offense in
6 violation of the laws of the United States punishable
7 by imprisonment for a term exceeding 1 year;”.

8 SEC. 3. INTERSTATE TRANSPORTATION OF CRIMINAL PRO-
9 CEEDS AND REVERSE MONEY LAUNDERING.

10 (a) IN GENERAL.—Section 1957(a) of title 18,
11 United States Code, is amended to read as follows:

12 “(a)(1) Whoever, in any of the circumstances set
13 forth in subsection (d)—

1 “(A) knowingly conducts or attempts to conduct
2 a monetary transaction involving the proceeds of
3 some form of unlawful activity that is of a value
4 greater than \$10,000 and is derived from specified
5 unlawful activity; or

6 “(B) conducts or attempts to conduct a mone-
7 etary transaction involving property of a value great-
8 er than \$10,000, with the intent to promote the car-
9 rying on of specified unlawful activity,

10 shall be punished as provided in subsection (b).

11 “(2) Whoever, in any of the circumstances set forth
12 in subsection (d), transports, attempts to transport, or
13 conspires to transport more than \$10,000 in currency,
14 monetary instruments in bearer form, or precious metals
15 and jewels in interstate commerce—

16 “(A) knowing that the property being trans-
17 ported was derived from some form of unlawful ac-
18 tivity; or

19 “(B) knowing that the property being trans-
20 ported was intended to be used to promote some
21 form of unlawful activity,

22 shall be punished as provided in subsection (b).”.

23 (b) PENALTY.—Section 1957(b) of title 18, United
24 States Code, is amended—

1 (1) in paragraph (1), by striking “paragraph
2 (2)” and inserting “paragraphs (2) and (3)”; and

3 (2) by adding at the end the following:

4 “(3) The maximum period of incarceration for
5 a person convicted of an offense under subsection
6 (a)(1)(B) shall not exceed the statutory maximum
7 for the offense being promoted.”.

8 (c) CONFORMING AMENDMENT.—Section 1957(f) of
9 title 18, United States Code, is amended—

10 (1) in paragraph (2), by striking “; and” and
11 by inserting a semicolon;

12 (2) in paragraph (3), by striking the period and
13 inserting “; and”; and

14 (3) by adding at the end the following:

15 “(4) the term ‘conducts’ has the meaning given
16 that term in section 1956 of this title.”.

17 (d) STATUTORY HEADING.—Section 1957 of title 18,
18 United States Code, is amended, in the section heading,
19 by inserting “**or in support of criminal activity**”
20 after “**specified unlawful activity**”.

21 (e) CHAPTER ANALYSIS.—The item relating to sec-
22 tion 1957 in the table of sections for chapter 95 of title
23 18, United States Code, is amended to read as follows:

“1957. Conducting monetary transactions in property derived from specified un-
lawful activity or in support of criminal activity.”.

1 **SEC. 4. TRANSPORTATION OR TRANSHIPMENT OF BLANK**
 2 **CHECKS IN BEARER FORM.**

3 Section 5316 of title 31, United States Code, is
 4 amended by adding at the end the following:

5 “(e) MONETARY INSTRUMENTS WITH AMOUNT LEFT
 6 BLANK.—For purposes of this section, a monetary instru-
 7 ment in bearer form that has the amount left blank, such
 8 that the amount could be filled in by the bearer, shall be
 9 considered to have a value in excess of \$10,000 if the in-
 10 strument was drawn on an account that contained or was
 11 intended to contain more than \$10,000 at the time the
 12 instrument was transported or the time period it was ne-
 13 gotiated or was intended to be negotiated.”.

14 **SEC. 5. BULK CASH SMUGGLING.**

15 Section 5332(b) of title 31, United States Code, is
 16 amended—

17 (1) in paragraph (1), by striking “5 years” and
 18 inserting “10 years”;

19 (2) by redesignating paragraphs (2), (3), and
 20 (4), as paragraphs (3), (4), and (5), respectively;
 21 and

22 (3) by inserting after paragraph (1) the fol-
 23 lowing:

24 “(2) FINE.—

25 “(A) IN GENERAL.—Whoever violates this
 26 section shall be fined under title 18.

1 “(B) ENHANCED FINE FOR AGGRAVATED
 2 CASES.—Whoever violates this section while vio-
 3 lating another law of the United States, other
 4 than section 5316 or 5324(c), or as a part of
 5 a pattern of any unlawful activity, including a
 6 violation of section 5316 or 5324(c), shall be
 7 fined twice the amount provided in subsection
 8 (b)(3) or (c)(3) of section 3571 of title 18.”.

9 **SEC. 6. SECTION 1957 VIOLATIONS INVOLVING COMMUN-**
 10 **GLED FUNDS AND STRUCTURED TRANS-**
 11 **ACTIONS.**

12 Section 1957 of title 18, United States Code, is
 13 amended by adding at the end the following:

14 “(g) The Government may satisfy the \$10,000 re-
 15 quirement in subsection (a)(1) by showing that—

16 “(1) the monetary transaction involved the
 17 transfer, withdrawal, encumbrance, or other disposi-
 18 tion of more than \$10,000 from an account in which
 19 more than \$10,000 in proceeds of specified unlawful
 20 activity was commingled with other funds; or

21 “(2) the defendant conducted a series of mone-
 22 etary transactions in amounts under \$10,000 that ex-
 23 ceeded \$10,000 in the aggregate and that were
 24 closely related to each other in terms of such factors
 25 as time, the identity of the parties involved, the na-

1 ture or purpose of the transactions or the manner in
2 which they were conducted.”.

3 **SEC. 7. CHARGING MONEY LAUNDERING AS A COURSE OF**
4 **CONDUCT.**

5 (a) IN GENERAL.—Section 1956 of title 18, United
6 States Code, is amended by adding at the end the fol-
7 lowing:

8 “(j) MULTIPLE VIOLATIONS.—Multiple violations of
9 this section that are part of the same scheme or con-
10 tinuing course of conduct may be charged, at the election
11 of the Government, in a single count in an indictment or
12 information.”.

13 (b) CONSPIRACIES.—Section 1956(h) of title 18,
14 United States Code, is amended by striking “or section
15 1957” and inserting “, section 1957, or section 1960”.

16 **SEC. 8. ILLEGAL MONEY TRANSMITTING BUSINESSES.**

17 (a) MONEY TRANSMITTING BUSINESS DEFINED.—
18 Section 1960(b)(2) of title 18, United States Code, is
19 amended to read as follows:

20 “(2) the term ‘money transmitting business’
21 means any business other than the United States
22 Postal Service, which provides check cashing, cur-
23 rency exchange, money transmitting or remittance
24 services, or issues, sells, or redeems money orders,
25 travelers’ checks, prepaid access devices, digital cur-

1 rencias, or other similar instruments, or any other
2 person or association of persons, formal or informal,
3 engaging as a business in transporting, transferring,
4 exchanging, or transmitting currency or funds in
5 any form, including any person or association of per-
6 sons, formal or informal, engaging as a business in
7 any informal money transfer system, monetary value
8 represented in digital electronic format, or any net-
9 work of people who engage as a business in facili-
10 tating the transfer of money domestically or inter-
11 nationally outside of the conventional financial insti-
12 tutions system.”.

13 (b) GENERAL INTENT REQUIREMENT.—Section
14 1960(b)(1)(B) of title 18, United States Code, is amended
15 by inserting the following before the semicolon: “, whether
16 or not the defendant knew that the operation was required
17 to comply with such registration requirements”.

18 (c) TECHNICAL AMENDMENTS.—Section 1960 of title
19 18, United States Code, is amended—

20 (1) in the section heading, by striking “**unli-**
21 **censed**” and inserting “**illegal**”;

22 (2) in subsection (a), by striking “unlicensed”
23 and inserting “illegal”;

24 (3) in subsection (b)(1), by striking “unli-
25 censed” and inserting “illegal”; and

1 (4) in subsection (b)(1)(C), by inserting “, ex-
2 change,” after “transportation”.

3 **SEC. 9. KNOWLEDGE THAT PROPERTY IS FROM THE PRO-**
4 **CEEDS OF A SPECIFIC FELONY.**

5 (a) PROCEEDS OF A FELONY.—Section 1956(c)(1) of
6 title 18, United States Code, is amended by inserting “,
7 and regardless of whether or not the person knew that
8 the activity constituted a felony” before the semicolon at
9 the end.

10 (b) INTENT TO CONCEAL OR DISGUISE.—Section
11 1956(a) of title 18, United States Code, is amended—

12 (1) in paragraph (1)(B), by striking “knowing
13 that” and all that follows through “Federal law,”
14 and inserting the following:

15 “(B) knowing that the transaction—

16 “(i) conceals or disguises, or is in-
17 tended to conceal or disguise, the nature,
18 source, location, ownership, or control of
19 the proceeds of some form of unlawful ac-
20 tivity; or

21 “(ii) avoids, or is intended to avoid, a
22 transaction reporting requirement under
23 State or Federal law;” and

1 (2) in paragraph (2)(B), by striking “knowing
2 that” and all that follows through “Federal law,”
3 and inserting the following:

4 “(B) knowing that the monetary instru-
5 ment or funds involved in the transportation,
6 transmission, or transfer represent the proceeds
7 of some form of unlawful activity, and knowing
8 that such transportation, transmission, or
9 transfer—

10 “(i) conceals or disguises, or is in-
11 tended to conceal or disguise, the nature,
12 source, location, ownership, or control of
13 the proceeds of some form of unlawful ac-
14 tivity; or

15 “(ii) avoids, or is intended to avoid, a
16 transaction reporting requirement under
17 State or Federal law.”.

18 **SEC. 10. EXTRATERRITORIAL JURISDICTION.**

19 Section 1956(f)(1) of title 18, United States Code,
20 is amended by inserting “or has an effect in the United
21 States” after “conduct occurs in part in the United
22 States”.

1 **SEC. 11. FREEZING BANK ACCOUNTS OF PERSONS AR-**
2 **RESTED FOR OFFENSES INVOLVING THE**
3 **MOVEMENT OF MONEY ACROSS INTER-**
4 **NATIONAL BORDERS.**

5 Section 981(b) of title 18, United States Code, is
6 amended by adding at the end the following:

7 “(5)(A) If a person is arrested or charged in
8 connection with an offense described in subpara-
9 graph (C) involving the movement of funds into or
10 out of the United States, the Attorney General may
11 apply to any Federal judge or magistrate judge in
12 the district in which the arrest is made or where the
13 charges are filed for an ex parte order restraining
14 any account held by the person arrested or charged
15 for not more than 30 days, except that such 30-day
16 time period may be extended for good cause shown
17 at a hearing conducted in the manner provided in
18 Rule 43(e) of the Federal Rules of Civil Procedure.
19 The court may receive and consider evidence and in-
20 formation submitted by the Government that would
21 be inadmissible under the Federal Rules of Evi-
22 dence.

23 “(B) The application for the restraining order
24 referred to in subparagraph (A) shall—

25 “(i) identify the offense for which the per-
26 son has been arrested or charged;

1 “(ii) identify the location and description
2 of the accounts to be restrained; and

3 “(iii) state that the restraining order is
4 needed to prevent the removal of the funds in
5 the account by the person arrested or charged,
6 or by others associated with such person, dur-
7 ing the time needed by the Government to con-
8 duct such investigation as may be necessary to
9 establish whether there is probable cause to be-
10 lieve that the funds in the accounts are subject
11 to forfeiture in connection with the commission
12 of any criminal offense.

13 “(C) A restraining order may be issued pursu-
14 ant to subparagraph (A) if a person is arrested or
15 charged with any offense for which forfeiture is au-
16 thorized under this title, title 31, or the Controlled
17 Substances Act.

18 “(D) For purposes of this section—

19 “(i) the term ‘account’ includes any safe
20 deposit box and any account (as defined in
21 paragraphs (1) and (2) of section 5318A(e) of
22 title 31) at any financial institution; and

23 “(ii) the term ‘account held by the person
24 arrested or charged’ includes an account held in
25 the name of such person, and any account over

1 which such person has effective control as a sig-
2 natory or otherwise.

3 “(E) Restraint pursuant to this paragraph shall
4 not be deemed a ‘seizure’ for purposes of subsection
5 983(a) of this title.

6 “(F) A restraining order issued pursuant to
7 this paragraph may be executed in any district in
8 which the subject account is found, or transmitted
9 to the central authority of any foreign State for
10 service in accordance with any treaty or other inter-
11 national agreement.”.

12 **SEC. 12. MAKING THE INTERNATIONAL MONEY LAUN-**
13 **DERING STATUTE APPLY TO TAX EVASION.**

14 Section 1956(a)(2)(A) of title 18, United States
15 Code, is amended by—

16 (1) inserting “(i)” before “with the intent to
17 promote”; and

18 (2) adding at the end the following:

19 “(ii) with the intent to engage in conduct
20 constituting a violation of section 7201 or 7206
21 of the Internal Revenue Code of 1986; or”.

1 **SEC. 13. PROHIBITING MONEY LAUNDERING THROUGH**
2 **HAWALAS, OTHER INFORMAL VALUE TRANS-**
3 **FER SYSTEMS, AND CLOSELY RELATED**
4 **TRANSACTIONS.**

5 The matter following section 1956(a)(1)(B)(ii) of
6 title 18, United States Code, is amended by striking “For
7 purposes of this paragraph, a financial transaction” and
8 inserting “For purposes of this paragraph and section
9 1957, a financial transaction or a monetary transaction”.

10 **SEC. 14. TECHNICAL AMENDMENT TO RESTORE WIRETAP**
11 **AUTHORITY FOR CERTAIN MONEY LAUN-**
12 **DERING AND COUNTERFEITING OFFENSES.**

13 (a) **CURRENCY REPORTING OFFENSES.**—Section
14 2516(1)(g) of title 18, United States Code, is amended
15 by striking “or section 5324 of title 31, United States
16 Code (relating to structuring transactions to evade report-
17 ing requirement prohibited” and inserting “or sections
18 5324 and 5332 of title 31, United States Code (relating
19 to structuring financial transactions and bulk cash smug-
20 gling)”.

21 (b) **MONEY LAUNDERING.**—Section 2516(1)(c) of
22 title 18, United States Code, is amended by inserting “sec-
23 tion 1960 (relating to illegal money transmitting busi-
24 nesses),” before “section 659”.

1 (c) COUNTERFEITING.—Section 2516(1)(d) of title
2 18, United States Code, is amended by striking “or 473”
3 and inserting “473, 474, or 474A,”.

4 **SEC. 15. CONDUCT IN AID OF COUNTERFEITING.**

5 (a) IN GENERAL.—Section 474(a) of title 18, United
6 States Code, is amended by inserting after the paragraph
7 beginning “Whoever has in his control, custody, or posses-
8 sion any plate” the following:

9 “Whoever, with intent to defraud, has custody, con-
10 trol, or possession of any material, tool, machinery, or
11 other equipment that can be used to make, alter, forge,
12 or counterfeit any obligation or other security of the
13 United States or any part of such obligation or security,
14 except under the authority of the Secretary of the Treas-
15 ury; or”.

16 (b) FOREIGN OBLIGATIONS AND SECURITIES.—Sec-
17 tion 481 of title 18, United States Code, is amended by
18 inserting after the paragraph beginning “Whoever, with
19 intent to defraud” the following:

20 “Whoever, with intent to defraud, has custody, con-
21 trol, or possession of any material, tool, machinery, or
22 other equipment that can be used to make, alter, forge,
23 or counterfeit any obligation or other security of any for-
24 eign government, bank, or corporation; or”.

1 (c) COUNTERFEIT ACTS.—Section 470 of title 18,
2 United States Code, is amended by striking “or 474” and
3 inserting “474, or 474A”.

4 (d) STRENGTHENING DETERRENTS TO COUNTER-
5 FEITING.—Section 474A of title 18, United States Code
6 is amended—

7 (1) in subsection (a), by inserting “, custody,”
8 after “control”;

9 (2) in subsection (b)—

10 (A) by inserting “, custody,” after “con-
11 trol”; and

12 (B) by striking “any essentially identical
13 feature or device adapted to the making of any
14 such obligation or security,” and inserting “any
15 material or other thing made after or in simili-
16 tude of any such deterrent,”; and

17 (3) by adding at the end the following:

18 “(d) Whoever has in his control, custody, or posses-
19 sion any obligation or security of the United States or any
20 foreign government from which the ink or other distinctive
21 counterfeit deterrent has been completely or partially re-
22 moved, except under the authority of the Secretary of the
23 Treasury, is guilty of a class B felony.”.

1 **SEC. 16. PREPAID ACCESS DEVICES, DIGITAL CURRENCIES,**
2 **OR OTHER SIMILAR INSTRUMENTS.**

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

5 (1) by striking paragraph (1)(K) and inserting
6 the following:

7 “(K) an issuer, redeemer, or cashier or
8 travelers’ checks, checks, money orders, prepaid
9 access devices, digital currencies, or other simi-
10 lar instruments;”;

11 (2) in paragraph (3)(C), by inserting “prepaid
12 access devices,” after “delivery,”; and

13 (3) by adding at the end the following:

14 “(7) ‘prepaid access device’ means an electronic
15 device or vehicle, such as a card, plate, code, num-
16 ber, electronic serial number, mobile identification
17 number, personal identification number, or other in-
18 strument that provides a portal to funds or the value
19 of funds that have been paid in advance and can be
20 retrievable and transferable at some point in the fu-
21 ture.”.

22 (b) GAO REPORT.—Not later than 18 months after
23 the date of enactment of this Act, the Comptroller General
24 of the United States shall submit to Congress a report
25 on—

1 (1) the impact the amendments made by sub-
2 section (a) has had on law enforcement, the prepaid
3 access industry, and consumers; and

4 (2) the implementation and enforcement by the
5 Department of Treasury of the final rule on Defini-
6 tions and Other Regulations Relating to Prepaid Ac-
7 cess (76 Fed. Reg. 45403), issued July 26, 2011.

8 (c) **CUSTOMS AND BORDER PROTECTION STRATEGY**
9 **FOR PREPAID ACCESS DEVICES.**—Not later than 18
10 months after the date of enactment of this Act, the Sec-
11 retary of Homeland Security, in consultation with the
12 Commission of the U.S. Customs and Border Protection,
13 shall submit to Congress a report detailing a strategy to
14 interdict and detect prepaid access devices, digital cur-
15 rencies, or other similar instruments, at border crossings
16 and other ports of entry for the United States. The report
17 shall include an assessment of infrastructure needs to
18 carry out the strategy detailed in the report.

19 **SEC. 17. PROCEDURE FOR ISSUING SUBPOENAS IN MONEY**
20 **LAUNDERING CASES.**

21 (a) **IN GENERAL.**—Section 986 of title 18, United
22 States Code, is amended by adding at the end the fol-
23 lowing:

24 “(e) **PROCEDURE FOR ISSUING SUBPOENAS.**—The
25 Attorney General, the Secretary of the Treasury, or the

1 Secretary of Homeland Security may issue a subpoena in
2 any investigation of a violation of sections 1956, 1957 or
3 1960, or sections 5316, 5324, 5331 or 5332 of title 31,
4 United States Code, in the manner set forth under section
5 3486.”.

6 (b) GRAND JURY AND TRIAL SUBPOENAS.—Section
7 5318(k)(3)(A) of title 31, United States Code, is amend-
8 ed—

9 (1) in clause (i)—

10 (A) by striking “related to such cor-
11 respondent account”; and

12 (B) by striking “or the Attorney General”
13 and inserting “, the Attorney General, or the
14 Secretary of Homeland Security”; and

15 (2) by adding at the end the following:

16 “(iii) GRAND JURY OR TRIAL SUB-
17 POENA.—In addition to a subpoena issued
18 by the Attorney General, Secretary of the
19 Treasury, or the Secretary of Homeland
20 Security under clause (i), a subpoena
21 under clause (i) includes a grand jury or
22 trial subpoena requested by the Govern-
23 ment.”.

1 (c) FAIR CREDIT REPORTING ACT AMENDMENT.—
2 Section 604(a)(1) of the Fair Credit Reporting Act (15
3 U.S.C. 1681b(a)(1)) is amended—

4 (1) by striking “or”; and

5 (2) by inserting before the period the following:

6 “, or a subpoena issued under section 5318 of title
7 31 or section 3486 of title 18, United States Code”.

8 (d) OBSTRUCTION OF JUSTICE.—Section
9 1510(b)(3)(B) of title 18, United States Code, is amend-
10 ed—

11 (1) in the matter before clause (i), by striking
12 “or a Department of Justice Subpoena (issued
13 under section 3486 of title 18)” and inserting “, a
14 subpoena issued under section 3486 of title 18, or
15 an order or subpoena issued pursuant to section
16 3512 of title 18, section 5318 of title 31, or section
17 1782 of title 28,”; and

18 (2) in clause (i), by inserting “, 1960, or an of-
19 fense against a foreign nation constituting specified
20 unlawful activity under section 1956, or a foreign of-
21 fense for which enforcement of a foreign forfeiture
22 judgment could be brought under section 2467 of
23 title 28” after “1957”.

1 (e) RIGHT TO FINANCIAL PRIVACY ACT.—Section
2 1120(b)(1)(A) of the Right to Financial Privacy Act of
3 1978 (12 U.S.C. 3420(b)(1)(A)) is amended by striking—

4 (1) “or 1957” and inserting “, 1957, or 1960”;
5 and

6 (2) by striking “and 5324” and inserting “,
7 5322, 5324, 5331, and 5332”.

8 **SEC. 18. DANGER PAY ALLOWANCE.**

9 Section 151 of the Foreign Relations Authorization
10 Act, Fiscal Years 1990 and 1991 (5 U.S.C. 5928 note),
11 is amended by striking “Drug Enforcement Administra-
12 tion or Federal Bureau of Investigation” and inserting
13 “Drug Enforcement Administration, Federal Bureau of
14 Investigation, Immigration and Customs Enforcement,
15 Customs and Border Protection, or United States Secret
16 Service”.

17 **SEC. 19. UNITED STATES SECRET SERVICE USE OF PRO-**

18 **CEEDS DERIVED FROM CRIMINAL INVESTIGA-**

19 **TIONS.**

20 (a) IN GENERAL.—With respect to any undercover
21 investigative operation of the United States Secret Service
22 (hereafter referred to in this section as the “Secret Serv-
23 ice”) that is necessary for the detection and prosecution
24 of crimes against the United States—

1 (1) sums appropriated for the Secret Service,
2 including unobligated balances available from prior
3 fiscal years, may be used for purchasing property,
4 buildings, and other facilities, and for leasing space,
5 within the United States, the District of Columbia,
6 and the territories and possessions of the United
7 States, without regard to sections 1341 and 3324 of
8 title 31, United States Code, section 8111 of title
9 40, sections 3732(a) and 3741 of the Revised Stat-
10 utes of the United States (41 U.S.C. 11(a) and 22),
11 and sections 304(a) and 305 of the Federal Prop-
12 erty and Administrative Services Act of 1949 (41
13 U.S.C. 254(a) and 255);

14 (2) sums appropriated for the Secret Service,
15 including unobligated balances available from prior
16 fiscal years, may be used to establish or to acquire
17 proprietary corporations or business entities as part
18 of such undercover operation, and to operate such
19 corporations or business entities on a commercial
20 basis, without regard to sections 9102 and 9103 of
21 title 31, United States Code;

22 (3) sums appropriated for the Secret Service,
23 including unobligated balances available from prior
24 fiscal years and the proceeds from such undercover
25 operation, may be deposited in banks or other finan-

1 cial institutions, without regard to section 648 of
2 title 18, and section 3302 of title 31, United States
3 Code; and

4 (4) proceeds from such undercover operation
5 may be used to offset necessary and reasonable ex-
6 penses incurred in such operation, without regard to
7 section 3302 of title 31, United States Code.

8 (b) WRITTEN CERTIFICATION.—The authority set
9 forth in subsection (a) may be exercised only upon the
10 written certification of the Director of the Secret Service
11 or his designee that any action authorized by any para-
12 graph of such subsection is necessary for the conduct of
13 an undercover investigative operation. Such certification
14 shall continue in effect for the duration of such operation,
15 without regard to fiscal years.

16 (c) DEPOSIT OF PROCEEDS IN TREASURY.—As soon
17 as practicable after the proceeds from an undercover in-
18 vestigative operation with respect to which an action is
19 authorized and carried out under paragraphs (3) and (4)
20 of subsection (a) are no longer necessary for the conduct
21 of such operation, such proceeds or the balance of such
22 proceeds remaining at the time shall be deposited in the
23 Treasury of the United States as miscellaneous receipts.

24 (d) REPORTING AND DEPOSIT OF PROCEEDS UPON
25 DISPOSITION OF CERTAIN BUSINESS ENTITIES.—If a cor-

1 poration or business entity established or acquired as part
2 of an undercover investigative operation under paragraph
3 (2) of subsection (a) with a net value of over \$50,000 is
4 to be liquidated, sold, or otherwise disposed of, the Secret
5 Service, as much in advance as the Director or designee
6 determines is practicable, shall report the circumstance to
7 the Secretary of Homeland Security. The proceeds of the
8 liquidation, sale, or other disposition, after obligations are
9 met, shall be deposited in the Treasury of the United
10 States as miscellaneous receipts.

11 (e) FINANCIAL AUDITS AND REPORTS.—

12 (1) AUDITS.—The Secret Service shall conduct
13 detailed financial audits of closed undercover inves-
14 tigative operations for which a written certification
15 was made pursuant to subsection (b) on a quarterly
16 basis and shall report the results of the audits in
17 writing to the Secretary of Homeland Security.

18 (2) REPORTS.—The Secretary of Homeland Se-
19 curity shall annually submit to the Committees on
20 Appropriations of the Senate and House of Rep-
21 resentatives, at the time that the President’s budget
22 is submitted under section 1105(a) of title 31, a
23 summary of such audits.

1 **SEC. 20. AUTHORITY OF SECRET SERVICE TO ARREST PER-**
2 **SONS IN VIOLATION OF MONEY LAUNDERING**
3 **LAWS.**

4 Section 3056(b)(3) of title 18, United States Code,
5 is amended—

6 (1) by inserting “money laundering, structured
7 transactions,” after “devices”; and

8 (2) by striking “federally insured”.

9 **SEC. 21. LAW ENFORCEMENT REGULATIONS AND CO-**
10 **OPERATION.**

11 Not later than 1 year following the date of enactment
12 of this Act, the Attorney General, Secretary of Treasury,
13 and Secretary of Homeland Security, in consultation with
14 the Director of National Intelligence, shall coordinate to—

15 (1) promulgate regulations as necessary to im-
16 plement the provisions of this Act; and

17 (2) issue other informal guidelines with respect
18 to money laundering, terrorist financing, counter-
19 feiting, and other matters related to the provisions
20 of this Act, including—

21 (A) investigative guidelines; and

22 (B) memorandum of understanding in re-
23 gards to investigations and investigative au-
24 thorities.

1 **SEC. 22. RULE OF CONSTRUCTION.**

2 Nothing in this Act, or any amendment made by this
3 Act, shall be construed to apply to the authorized law en-
4 forcement, protective, or intelligence activities of the
5 United States or of an intelligence agency of the United
6 States.

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