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1ST SESSION

# H. R. 2514

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IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2019

Received; read twice and referred to the Committee on Banking, Housing, and  
Urban Affairs

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## AN ACT

To make reforms to the Federal Bank Secrecy Act and  
anti-money laundering laws, and for other purposes.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the  
 3 “Coordinating Oversight, Upgrading and Innovating  
 4 Technology, and Examiner Reform Act of 2019” or the  
 5 “COUNTER Act of 2019”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Bank Secrecy Act definition.
- Sec. 3. Determination of Budgetary Effects.

TITLE I—STRENGTHENING TREASURY

- Sec. 101. Improving the definition and purpose of the Bank Secrecy Act.
- Sec. 102. Special hiring authority.
- Sec. 103. Civil Liberties and Privacy Officer.
- Sec. 104. Civil Liberties and Privacy Council.
- Sec. 105. International coordination.
- Sec. 106. Treasury Attachés Program.
- Sec. 107. Increasing technical assistance for international cooperation.
- Sec. 108. FinCEN Domestic Liaisons.
- Sec. 109. FinCEN Exchange.
- Sec. 110. Study and strategy on trade-based money laundering.
- Sec. 111. Study and strategy on de-risking.
- Sec. 112. AML examination authority delegation study.
- Sec. 113. Study and strategy on Chinese money laundering.

TITLE II—IMPROVING AML/CFT OVERSIGHT

- Sec. 201. Pilot program on sharing of suspicious activity reports within a financial group.
- Sec. 202. Sharing of compliance resources.
- Sec. 203. GAO Study on feedback loops.
- Sec. 204. FinCEN study on BSA value.
- Sec. 205. Sharing of threat pattern and trend information.
- Sec. 206. Modernization and upgrading whistleblower protections.
- Sec. 207. Certain violators barred from serving on boards of United States financial institutions.
- Sec. 208. Additional damages for repeat Bank Secrecy Act violators.
- Sec. 209. Justice annual report on deferred and non-prosecution agreements.
- Sec. 210. Return of profits and bonuses.
- Sec. 211. Application of Bank Secrecy Act to dealers in antiquities.
- Sec. 212. Geographic targeting order.
- Sec. 213. Study and revisions to currency transaction reports and suspicious activity reports.
- Sec. 214. Streamlining requirements for currency transaction reports and suspicious activity reports.

## TITLE III—MODERNIZING THE AML SYSTEM

- Sec. 301. Encouraging innovation in BSA compliance.
- Sec. 302. Innovation Labs.
- Sec. 303. Innovation Council.
- Sec. 304. Testing methods rulemaking.
- Sec. 305. FinCEN study on use of emerging technologies.
- Sec. 306. Discretionary surplus funds.

**1 SEC. 2. BANK SECRECY ACT DEFINITION.**

2 Section 5312(a) of title 31, United States Code, is  
3 amended by adding at the end the following:

4 “(7) BANK SECRECY ACT.—The term ‘Bank Se-  
5 crecy act’ means—

6 “(A) section 21 of the Federal Deposit In-  
7 surance Act;

8 “(B) chapter 2 of title I of Public Law 91–  
9 508; and

10 “(C) this subchapter.”.

**11 SEC. 3. DETERMINATION OF BUDGETARY EFFECTS.**

12 The budgetary effects of this Act, for the purpose of  
13 complying with the Statutory Pay-As-You-Go Act of 2010,  
14 shall be determined by reference to the latest statement  
15 titled “Budgetary Effects of PAYGO Legislation” for this  
16 Act, submitted for printing in the Congressional Record  
17 by the Chairman of the House Budget Committee, pro-  
18 vided that such statement has been submitted prior to the  
19 vote on passage.

1           **TITLE I—STRENGTHENING**  
2                           **TREASURY**

3   **SEC. 101. IMPROVING THE DEFINITION AND PURPOSE OF**  
4                           **THE BANK SECRECY ACT.**

5           Section 5311 of title 31, United States Code, is  
6 amended—

7                   (1) by inserting “to protect our national secu-  
8           rity, to safeguard the integrity of the international  
9           financial system, and” before “to require”; and

10                   (2) by inserting “to law enforcement and” be-  
11           fore “in criminal”.

12   **SEC. 102. SPECIAL HIRING AUTHORITY.**

13           (a) IN GENERAL.—Section 310 of title 31, United  
14 States Code, is amended—

15                   (1) by redesignating subsection (d) as sub-  
16           section (g); and

17                   (2) by inserting after subsection (c) the fol-  
18           lowing:

19           “(d) SPECIAL HIRING AUTHORITY.—

20                   “(1) IN GENERAL.—The Secretary of the  
21           Treasury may appoint, without regard to the provi-  
22           sions of sections 3309 through 3318 of title 5, can-  
23           didates directly to positions in the competitive serv-  
24           ice (as defined in section 2102 of that title) in  
25           FinCEN.

1           “(2) PRIMARY RESPONSIBILITIES.—The pri-  
2           mary responsibility of candidates appointed pursuant  
3           to paragraph (1) shall be to provide substantive sup-  
4           port in support of the duties described in subpara-  
5           graphs (A), (B), (E), and (F) of subsection (b)(2).”.

6           (b) REPORT.—Not later than 360 days after the date  
7           of enactment of this Act, and every year thereafter for  
8           7 years, the Director of the Financial Crimes Enforcement  
9           Network shall submit a report to the Committee on Finan-  
10          cial Services of the House of Representatives and the  
11          Committee on Banking, Housing, and Urban Affairs of  
12          the Senate that includes—

13                 (1) the number of new employees hired since  
14                 the preceding report through the authorities de-  
15                 scribed under section 310(d) of title 31, United  
16                 States Code, along with position titles and associ-  
17                 ated pay grades for such hires; and

18                 (2) a copy of any Federal Government survey of  
19                 staff perspectives at the Office of Terrorism and Fi-  
20                 nancial Intelligence, including findings regarding the  
21                 Office and the Financial Crimes Enforcement Net-  
22                 work from the most recently administered Federal  
23                 Employee Viewpoint Survey.

1 **SEC. 103. CIVIL LIBERTIES AND PRIVACY OFFICER.**

2 (a) APPOINTMENT OF OFFICERS.—Not later than the  
3 end of the 3-month period beginning on the date of enact-  
4 ment of this Act, a Civil Liberties and Privacy Officer  
5 shall be appointed, from among individuals who are attor-  
6 neys with expertise in data privacy laws—

7 (1) within each Federal functional regulator, by  
8 the head of the Federal functional regulator;

9 (2) within the Financial Crimes Enforcement  
10 Network, by the Secretary of the Treasury; and

11 (3) within the Internal Revenue Service Small  
12 Business and Self-Employed Tax Center, by the Sec-  
13 retary of the Treasury.

14 (b) DUTIES.—Each Civil Liberties and Privacy Offi-  
15 cer shall, with respect to the applicable regulator, Net-  
16 work, or Center within which the Officer is located—

17 (1) be consulted each time Bank Secrecy Act or  
18 anti-money laundering regulations affecting civil lib-  
19 erties or privacy are developed or reviewed;

20 (2) be consulted on information-sharing pro-  
21 grams, including those that provide access to person-  
22 ally identifiable information;

23 (3) ensure coordination and clarity between  
24 anti-money laundering, civil liberties, and privacy  
25 regulations;

1           (4) contribute to the evaluation and regulation  
2 of new technologies that may strengthen data pri-  
3 vacy and the protection of personally identifiable in-  
4 formation collected by each Federal functional regu-  
5 lator; and

6           (5) develop metrics of program success.

7           (c) DEFINITIONS.—For purposes of this section:

8           (1) BANK SECRECY ACT.—The term “Bank Se-  
9 crecy Act” has the meaning given that term under  
10 section 5312 of title 31, United States Code.

11           (2) FEDERAL FUNCTIONAL REGULATOR.—The  
12 term “Federal functional regulator” means the  
13 Board of Governors of the Federal Reserve System,  
14 the Comptroller of the Currency, the Federal De-  
15 posit Insurance Corporation, the National Credit  
16 Union Administration, the Securities and Exchange  
17 Commission, and the Commodity Futures Trading  
18 Commission.

19 **SEC. 104. CIVIL LIBERTIES AND PRIVACY COUNCIL.**

20           (a) ESTABLISHMENT.—There is established the Civil  
21 Liberties and Privacy Council (hereinafter in this section  
22 referred to as the “Council”), which shall consist of the  
23 Civil Liberties and Privacy Officers appointed pursuant to  
24 section 103.

1 (b) CHAIR.—The Director of the Financial Crimes  
2 Enforcement Network shall serve as the Chair of the  
3 Council.

4 (c) DUTY.—The members of the Council shall coordi-  
5 nate on activities related to their duties as Civil Liberties  
6 Privacy Officers, but may not supplant the individual  
7 agency determinations on civil liberties and privacy.

8 (d) MEETINGS.—The meetings of the Council—

9 (1) shall be at the call of the Chair, but in no  
10 case may the Council meet less than quarterly;

11 (2) may include open and partially closed ses-  
12 sions, as determined necessary by the Council; and

13 (3) shall include participation by public and pri-  
14 vate entities, law enforcement agencies, and a rep-  
15 resentative of State bank supervisors (as defined  
16 under section 3 of the Federal Deposit Insurance  
17 Act (12 U.S.C. 1813)).

18 (e) REPORT.—The Chair of the Council shall issue  
19 an annual report to the Congress on the program and pol-  
20 icy activities, including the success of programs as meas-  
21 ured by metrics of program success developed pursuant  
22 to section 103(b)(5), of the Council during the previous  
23 year and any legislative recommendations that the Council  
24 may have.



1 (f) NONAPPLICABILITY OF FACA.—The Federal Ad-  
2 visory Committee Act (5 U.S.C. App.) shall not apply to  
3 the Council.

4 **SEC. 105. INTERNATIONAL COORDINATION.**

5 (a) IN GENERAL.—The Secretary of the Treasury  
6 shall work with the Secretary’s foreign counterparts, in-  
7 cluding through the Financial Action Task Force, the  
8 International Monetary Fund, the World Bank, the  
9 Egmont Group of Financial Intelligence Units, the  
10 Organisation for Economic Co-operation and Develop-  
11 ment, and the United Nations, to promote stronger anti-  
12 money laundering frameworks and enforcement of anti-  
13 money laundering laws.

14 (b) COOPERATION GOAL.—In carrying out subsection  
15 (a), the Secretary of the Treasury may work directly with  
16 foreign counterparts and other organizations where the  
17 goal of cooperation can best be met.

18 (c) INTERNATIONAL MONETARY FUND.—

19 (1) SUPPORT FOR CAPACITY OF THE INTER-  
20 NATIONAL MONETARY FUND TO PREVENT MONEY  
21 LAUNDERING AND FINANCING OF TERRORISM.—  
22 Title XVI of the International Financial Institutions  
23 Act (22 U.S.C. 262p et seq.) is amended by adding  
24 at the end the following:

1 **“SEC. 1629. SUPPORT FOR CAPACITY OF THE INTER-**  
2 **NATIONAL MONETARY FUND TO PREVENT**  
3 **MONEY LAUNDERING AND FINANCING OF**  
4 **TERRORISM.**

5 “The Secretary of the Treasury shall instruct the  
6 United States Executive Director at the International  
7 Monetary Fund to support the increased use of the admin-  
8 istrative budget of the Fund for technical assistance that  
9 strengthens the capacity of Fund members to prevent  
10 money laundering and the financing of terrorism.”.

11 (2) NATIONAL ADVISORY COUNCIL REPORT TO  
12 CONGRESS.—The Chairman of the National Advisory  
13 Council on International Monetary and Financial  
14 Policies shall include in the report required by sec-  
15 tion 1701 of the International Financial Institutions  
16 Act (22 U.S.C. 262r) a description of—

17 (A) the activities of the International Mon-  
18 etary Fund in the most recently completed fis-  
19 cal year to provide technical assistance that  
20 strengthens the capacity of Fund members to  
21 prevent money laundering and the financing of  
22 terrorism, and the effectiveness of the assist-  
23 ance; and

24 (B) the efficacy of efforts by the United  
25 States to support such technical assistance

1 through the use of the Fund’s administrative  
2 budget, and the level of such support.

3 (3) SUNSET.—Effective on the date that is the  
4 end of the 4-year period beginning on the date of en-  
5 actment of this Act, section 1629 of the Inter-  
6 national Financial Institutions Act, as added by  
7 paragraph (1), is repealed.

8 **SEC. 106. TREASURY ATTACHÉS PROGRAM.**

9 (a) IN GENERAL.—Title 31, United States Code, is  
10 amended by inserting after section 315 the following:

11 **“§ 316. Treasury Attachés Program**

12 “(a) IN GENERAL.—There is established the Treas-  
13 ury Attachés Program, under which the Secretary of the  
14 Treasury shall appoint employees of the Department of  
15 the Treasury, after nomination by the Director of the Fi-  
16 nancial Crimes Enforcement Network (‘FinCEN’), as a  
17 Treasury attaché, who shall—

18 “(1) be knowledgeable about the Bank Secrecy  
19 Act and anti-money laundering issues;

20 “(2) be co-located in a United States embassy;

21 “(3) perform outreach with respect to Bank Se-  
22 crecy Act and anti-money laundering issues;

23 “(4) establish and maintain relationships with  
24 foreign counterparts, including employees of min-

1 industries of finance, central banks, and other relevant  
2 official entities;

3 “(5) conduct outreach to local and foreign fi-  
4 nancial institutions and other commercial actors, in-  
5 cluding—

6 “(A) information exchanges through  
7 FinCEN and FinCEN programs; and

8 “(B) soliciting buy-in and cooperation for  
9 the implementation of—

10 “(i) United States and multilateral  
11 sanctions; and

12 “(ii) international standards on anti-  
13 money laundering and the countering of  
14 the financing of terrorism; and

15 “(6) perform such other actions as the Sec-  
16 retary determines appropriate.

17 “(b) NUMBER OF ATTACHÉS.—The number of Treas-  
18 ury attachés appointed under this section at any one time  
19 shall be not fewer than six more employees than the num-  
20 ber of employees of the Department of the Treasury serv-  
21 ing as Treasury attachés on March 1, 2019.

22 “(c) COMPENSATION.—Each Treasury attaché ap-  
23 pointed under this section and located at a United States  
24 embassy shall receive compensation at the higher of—

1           “(1) the rate of compensation provided to a  
2 Foreign Service officer at a comparable career level  
3 serving at the same embassy; or

4           “(2) the rate of compensation the Treasury  
5 attaché would otherwise have received, absent the  
6 application of this subsection.

7           “(d) BANK SECRECY ACT DEFINED.—In this section,  
8 the term ‘Bank Secrecy Act’ has the meaning given that  
9 term under section 5312.”.

10          (b) CLERICAL AMENDMENT.—The table of contents  
11 for chapter 3 of title 31, United States Code, is amended  
12 by inserting after the item relating to section 315 the fol-  
13 lowing:

“316. Treasury Attachés Program.”.

14 **SEC. 107. INCREASING TECHNICAL ASSISTANCE FOR**  
15 **INTERNATIONAL COOPERATION.**

16          (a) IN GENERAL.—There is authorized to be appro-  
17 priated for each of fiscal years 2020 through 2024 to the  
18 Secretary of the Treasury for purposes of providing tech-  
19 nical assistance that promotes compliance with inter-  
20 national standards and best practices, including in par-  
21 ticular those aimed at the establishment of effective anti-  
22 money laundering and countering the financing of ter-  
23 rorism regimes, in an amount equal to twice the amount  
24 authorized for such purpose for fiscal year 2019.

1 (b) ACTIVITY AND EVALUATION REPORT.—Not later  
2 than 360 days after enactment of this Act, and every year  
3 thereafter for 5 years, the Secretary of the Treasury shall  
4 issue a report to the Congress on the assistance (as de-  
5 scribed under subsection (a)) of the Office of Technical  
6 Assistance of the Department of the Treasury con-  
7 taining—

8 (1) a narrative detailing the strategic goals of  
9 the Office in the previous year, with an explanation  
10 of how technical assistance provided in the previous  
11 year advances the goals;

12 (2) a description of technical assistance pro-  
13 vided by the Office in the previous year, including  
14 the objectives and delivery methods of the assist-  
15 ance;

16 (3) a list of beneficiaries and providers (other  
17 than Office staff) of the technical assistance;

18 (4) a description of how technical assistance  
19 provided by the Office complements, duplicates, or  
20 otherwise affects or is affected by technical assist-  
21 ance provided by the international financial institu-  
22 tions (as defined under section 1701(c) of the Inter-  
23 national Financial Institutions Act); and

24 (5) a copy of any Federal Government survey of  
25 staff perspectives at the Office of Technical Assist-

1       ance, including any findings regarding the Office  
2       from the most recently administered Federal Em-  
3       ployee Viewpoint Survey.

4       **SEC. 108. FINCEN DOMESTIC LIAISONS.**

5       Section 310 of title 31, United States Code, as  
6       amended by section 102, is further amended by inserting  
7       after subsection (d) the following:

8       “(e) FINCEN DOMESTIC LIAISONS.—

9               “(1) IN GENERAL.—The Director of FinCEN  
10       shall appoint at least six senior FinCEN employees  
11       as FinCEN Domestic Liaisons, who shall—

12                       “(A) each be assigned to focus on a spe-  
13                       cific region of the United States;

14                       “(B) be located at an office in such region  
15                       (or co-located at an office of the Board of Gov-  
16                       ernors of the Federal Reserve System in such  
17                       region); and

18                       “(C) perform outreach to BSA officers at  
19                       financial institutions (including non-bank finan-  
20                       cial institutions) and persons who are not finan-  
21                       cial institutions, especially with respect to ac-  
22                       tions taken by FinCEN that require specific ac-  
23                       tions by, or have specific effects on, such insti-  
24                       tutions or persons, as determined by the Direc-  
25                       tor.

1           “(2) DEFINITIONS.—In this subsection:

2                   “(A) BSA OFFICER.—The term ‘BSA offi-  
3           cer’ means an employee of a financial institu-  
4           tion whose primary job responsibility involves  
5           compliance with the Bank Secrecy Act, as such  
6           term is defined under section 5312.

7                   “(B) FINANCIAL INSTITUTION.—The term  
8           ‘financial institution’ has the meaning given  
9           that term under section 5312.”.

10 **SEC. 109. FINCEN EXCHANGE.**

11           Section 310 of title 31, United States Code, as  
12           amended by section 108, is further amended by inserting  
13           after subsection (e) the following:

14           “(f) FINCEN EXCHANGE.—

15                   “(1) ESTABLISHMENT.—The FinCEN Ex-  
16           change is hereby established within FinCEN, which  
17           shall consist of the FinCEN Exchange program of  
18           FinCEN in existence on the day before the date of  
19           enactment of this paragraph.

20                   “(2) PURPOSE.—The FinCEN Exchange shall  
21           facilitate a voluntary public-private information  
22           sharing partnership among law enforcement, finan-  
23           cial institutions, and FinCEN to—



1           “(A) effectively and efficiently combat  
2 money laundering, terrorism financing, orga-  
3 nized crime, and other financial crimes;

4           “(B) protect the financial system from il-  
5 licit use; and

6           “(C) promote national security.

7           “(3) REPORT.—

8           “(A) IN GENERAL.—Not later than 1 year  
9 after the date of enactment of this subsection,  
10 and annually thereafter for the next 5 years,  
11 the Secretary of the Treasury shall submit to  
12 the Committee on Financial Services of the  
13 House of Representatives and the Committee  
14 on Banking, Housing, and Urban Affairs of the  
15 Senate a report containing—

16           “(i) an analysis of the efforts under-  
17 taken by the FinCEN Exchange and the  
18 results of such efforts;

19           “(ii) an analysis of the extent and ef-  
20 fectiveness of the FinCEN Exchange, in-  
21 cluding any benefits realized by law en-  
22 forcement from partnership with financial  
23 institutions; and

24           “(iii) any legislative, administrative,  
25 or other recommendations the Secretary

1           may have to strengthen FinCEN Exchange  
2           efforts.

3           “(B) CLASSIFIED ANNEX.—Each report  
4           under subparagraph (A) may include a classi-  
5           fied annex.

6           “(4) INFORMATION SHARING REQUIREMENT.—  
7           Information shared pursuant to this subsection shall  
8           be shared in compliance with all other applicable  
9           Federal laws and regulations.

10          “(5) RULE OF CONSTRUCTION.—Nothing under  
11          this subsection may be construed to create new in-  
12          formation sharing authorities related to the Bank  
13          Secrecy Act (as such term is defined under section  
14          5312 of title 31, United States Code).

15          “(6) FINANCIAL INSTITUTION DEFINED.—In  
16          this subsection, the term ‘financial institution’ has  
17          the meaning given that term under section 5312.”.

18 **SEC. 110. STUDY AND STRATEGY ON TRADE-BASED MONEY**

19                                   **LAUNDERING.**

20          (a) STUDY.—The Secretary of the Treasury shall  
21          carry out a study, in consultation with appropriate private  
22          sector stakeholders and Federal departments and agen-  
23          cies, on trade-based money laundering.

24          (b) REPORT.—Not later than the end of the 1-year  
25          period beginning on the date of the enactment of this Act,

1 the Secretary shall issue a report to the Congress con-  
2 taining—

3           (1) all findings and determinations made in car-  
4           rying out the study required under subsection (a);  
5           and

6           (2) proposed strategies to combat trade-based  
7           money laundering.

8           (c) CLASSIFIED ANNEX.—The report required under  
9 this section may include a classified annex.

10          (d) CONTRACTING AUTHORITY.—The Secretary may  
11 contract with a private third-party to carry out the study  
12 required under this section. The authority of the Secretary  
13 to enter into contracts under this subsection shall be in  
14 effect for each fiscal year only to the extent and in the  
15 amounts as are provided in advance in appropriations  
16 Acts.

17 **SEC. 111. STUDY AND STRATEGY ON DE-RISKING.**

18          (a) REVIEW.—The Secretary of the Treasury, in con-  
19 sultation with appropriate private sector stakeholders, ex-  
20 aminers, the Federal functional regulators (as defined  
21 under section 103), State bank supervisors, and other rel-  
22 evant stakeholders, shall undertake a formal review of—

23           (1) any adverse consequences of financial insti-  
24           tutions de-risking entire categories of relationships,  
25           including charities, embassy accounts, money serv-

1 ices businesses (as defined under section  
2 1010.100(ff) of title 31, Code of Federal Regula-  
3 tions) and their agents, countries, international and  
4 domestic regions, and respondent banks;

5 (2) the reasons why financial institutions are  
6 engaging in de-risking;

7 (3) the association with and effects of de-risk-  
8 ing on money laundering and financial crime actors  
9 and activities;

10 (4) the most appropriate ways to promote fi-  
11 nancial inclusion, particularly with respect to devel-  
12 oping countries, while maintaining compliance with  
13 the Bank Secrecy Act, including an assessment of  
14 policy options to—

15 (A) more effectively tailor Federal actions  
16 and penalties to the size of foreign financial in-  
17 stitutions and any capacity limitations of for-  
18 eign governments; and

19 (B) reduce compliance costs that may lead  
20 to the adverse consequences described in para-  
21 graph (1);

22 (5) formal and informal feedback provided by  
23 examiners that may have led to de-risking;

24 (6) the relationship between resources dedicated  
25 to compliance and overall sophistication of compli-

1       ance efforts at entities that may be experiencing de-  
2       risking versus those that have not experienced de-  
3       risking; and

4               (7) any best practices from the private sector  
5       that facilitate correspondent bank relationships.

6       (b) DE-RISKING STRATEGY.—The Secretary shall de-  
7       velop a strategy to reduce de-risking and adverse con-  
8       sequences related to de-risking.

9       (c) REPORT.—Not later than the end of the 1-year  
10      period beginning on the date of the enactment of this Act,  
11      the Secretary, in consultation with the Federal functional  
12      regulators, State bank supervisors, and other relevant  
13      stakeholders, shall issue a report to the Congress con-  
14      taining—

15              (1) all findings and determinations made in car-  
16      rying out the study required under subsection (a);  
17      and

18              (2) the strategy developed pursuant to sub-  
19      section (b).

20      (d) DEFINITIONS.—In this section:

21              (1) DE-RISKING.—The term “de-risking”  
22      means the wholesale closing of accounts or limiting  
23      of financial services for a category of customer due  
24      to unsubstantiated risk as it relates to compliance  
25      with the Bank Secrecy Act.

1           (2) BSA TERMS.—The terms “Bank Secrecy  
2     Act” and “financial institution” have the meaning  
3     given those terms, respectively, under section 5312  
4     off title 31, United States Code.

5           (3) STATE BANK SUPERVISOR.—The term  
6     “State bank supervisor” has the meaning given that  
7     term under section 3 of the Federal Deposit Insur-  
8     ance Act (12 U.S.C. 1813).

9     **SEC. 112. AML EXAMINATION AUTHORITY DELEGATION**  
10           **STUDY.**

11           (a) STUDY.—The Secretary of the Treasury shall  
12     carry out a study, in consultation with State bank super-  
13     visors (as defined under section 3 of the Federal Deposit  
14     Insurance Act (12 U.S.C. 1813)), and other relevant  
15     stakeholders, on the Secretary’s delegation of examination  
16     authority under the Bank Secrecy Act, including—

17           (1) an evaluation of the efficacy of the delega-  
18     tion, especially with respect to the mission of the  
19     Bank Secrecy Act;

20           (2) whether the delegated agencies have appro-  
21     priate resources to perform their delegated respon-  
22     sibilities; and

23           (3) whether the examiners in delegated agencies  
24     have sufficient training and support to perform their  
25     responsibilities.

1 (b) REPORT.—Not later than 1 year after the date  
2 of enactment of this Act, the Secretary of the Treasury  
3 shall submit to the Committee on Financial Services of  
4 the House of Representatives and the Committee on  
5 Banking, Housing, and Urban Affairs of the Senate a re-  
6 port containing—

7 (1) all findings and determinations made in car-  
8 rying out the study required under subsection (a);  
9 and

10 (2) recommendations to improve the efficacy of  
11 delegation authority, including the potential for de-  
12 legation of any or all such authority where it may  
13 be appropriate.

14 (c) BANK SECRECY ACT DEFINED.—The term  
15 “Bank Secrecy Act” has the meaning given that term  
16 under section 5312 off title 31, United States Code.

17 **SEC. 113. STUDY AND STRATEGY ON CHINESE MONEY**  
18 **LAUNDERING.**

19 (a) STUDY.—The Secretary of the Treasury shall  
20 carry out a study on the extent and effect of Chinese  
21 money laundering activities in the United States, including  
22 territories and possessions of the United States, and  
23 worldwide.

24 (b) STRATEGY TO COMBAT CHINESE MONEY LAUN-  
25 DERING.—Upon the completion of the study required

1 under subsection (a), the Secretary shall, in consultation  
2 with such other Federal departments and agencies as the  
3 Secretary determines appropriate, develop a strategy to  
4 combat Chinese money laundering activities.

5 (c) REPORT.—Not later than the end of the 1-year  
6 period beginning on the date of enactment of this Act, the  
7 Secretary of the Treasury shall issue a report to Congress  
8 containing—

9 (1) all findings and determinations made in car-  
10 rying out the study required under subsection (a);  
11 and

12 (2) the strategy developed under subsection (b).

## 13 **TITLE II—IMPROVING AML/CFT** 14 **OVERSIGHT**

### 15 **SEC. 201. PILOT PROGRAM ON SHARING OF SUSPICIOUS** 16 **ACTIVITY REPORTS WITHIN A FINANCIAL** 17 **GROUP.**

18 (a) IN GENERAL.—

19 (1) SHARING WITH FOREIGN BRANCHES AND  
20 AFFILIATES.—Section 5318(g) of title 31, United  
21 States Code, is amended by adding at the end the  
22 following:

23 “(5) PILOT PROGRAM ON SHARING WITH FOR-  
24 EIGN BRANCHES, SUBSIDIARIES, AND AFFILIATES.—



1           “(A) IN GENERAL.—The Secretary of the  
2 Treasury shall issue rules establishing the pilot  
3 program described under subparagraph (B),  
4 subject to such controls and restrictions as the  
5 Director of the Financial Crimes Enforcement  
6 Network determines appropriate, including con-  
7 trols and restrictions regarding participation by  
8 financial institutions and jurisdictions in the  
9 pilot program. In prescribing such rules, the  
10 Secretary shall ensure that the sharing of infor-  
11 mation described under such subparagraph (B)  
12 is subject to appropriate standards and require-  
13 ments regarding data security and the confiden-  
14 tiality of personally identifiable information.

15           “(B) PILOT PROGRAM DESCRIBED.—The  
16 pilot program required under this paragraph  
17 shall—

18                   “(i) permit a financial institution with  
19 a reporting obligation under this sub-  
20 section to share reports (and information  
21 on such reports) under this subsection with  
22 the institution’s foreign branches, subsidi-  
23 aries, and affiliates for the purpose of com-  
24 bating illicit finance risks, notwithstanding

1 any other provision of law except subpara-  
2 graphs (A) and (C);

3 “(ii) terminate on the date that is 5  
4 years after the date of enactment of this  
5 paragraph, except that the Secretary may  
6 extend the pilot program for up to 2 years  
7 upon submitting a report to the Committee  
8 on Financial Services of the House of Rep-  
9 resentatives and the Committee on Bank-  
10 ing, Housing, and Urban Affairs of the  
11 Senate that includes—

12 “(I) a certification that the ex-  
13 tension is in the national interest of  
14 the United States, with a detailed ex-  
15 planation of the reasons therefor;

16 “(II) an evaluation of the useful-  
17 ness of the pilot program, including a  
18 detailed analysis of any illicit activity  
19 identified or prevented as a result of  
20 the program; and

21 “(III) a detailed legislative pro-  
22 posal providing for a long-term exten-  
23 sion of the pilot program activities, in-  
24 cluding expected budgetary resources  
25 for the activities, if the Secretary de-

1                   termines that a long-term extension is  
2                   appropriate.

3                   “(C) PROHIBITION INVOLVING CERTAIN  
4                   JURISDICTIONS.—In issuing the regulations re-  
5                   quired under subparagraph (A), the Secretary  
6                   may not permit a financial institution to share  
7                   information on reports under this subsection  
8                   with a foreign branch, subsidiary, or affiliate lo-  
9                   cated in—

10                   “(i) the People’s Republic of China;

11                   “(ii) the Russian Federation; or

12                   “(iii) a jurisdiction that—

13                   “(I) is subject to counter-  
14                   measures imposed by the Federal  
15                   Government;

16                   “(II) is a state sponsor of ter-  
17                   rorism; or

18                   “(III) the Secretary has deter-  
19                   mined cannot reasonably protect the  
20                   privacy and confidentiality of such in-  
21                   formation or would otherwise use such  
22                   information in a manner that is not  
23                   consistent with the national interest of  
24                   the United States.

1           “(D) IMPLEMENTATION UPDATES.—Not  
2 later than 360 days after the date rules are  
3 issued under subparagraph (A), and annually  
4 thereafter for 3 years, the Secretary, or the  
5 Secretary’s designee, shall brief the Committee  
6 on Financial Services of the House of Rep-  
7 resentatives and the Committee on Banking,  
8 Housing, and Urban Affairs of the Senate on—

9           “(i) the degree of any information  
10 sharing permitted under the pilot program,  
11 and a description of criteria used by the  
12 Secretary to evaluate the appropriateness  
13 of the information sharing;

14           “(ii) the effectiveness of the pilot pro-  
15 gram in identifying or preventing the viola-  
16 tion of a United States law or regulation,  
17 and mechanisms that may improve such ef-  
18 fectiveness; and

19           “(iii) any recommendations to amend  
20 the design of the pilot program.

21           “(E) RULE OF CONSTRUCTION.—Nothing  
22 in this paragraph shall be construed as limiting  
23 the Secretary’s authority under provisions of  
24 law other than this paragraph to establish other  
25 permissible purposes or methods for a financial

1 institution sharing reports (and information on  
2 such reports) under this subsection with the in-  
3 stitution’s foreign headquarters or with other  
4 branches of the same institution.

5 “(F) NOTICE OF USE OF OTHER AUTHOR-  
6 ITY.—If the Secretary, pursuant to any author-  
7 ity other than that provided under this para-  
8 graph, permits a financial institution to share  
9 information on reports under this subsection  
10 with a foreign branch, subsidiary, or affiliate lo-  
11 cated in a foreign jurisdiction, the Secretary  
12 shall notify the Committee on Financial Serv-  
13 ices of the House of Representatives and the  
14 Committee on Banking, Housing, and Urban  
15 Affairs of such permission and the applicable  
16 foreign jurisdiction.

17 “(6) TREATMENT OF FOREIGN JURISDICTION-  
18 ORIGINATED REPORTS.—A report received by a fi-  
19 nancial institution from a foreign affiliate with re-  
20 spect to a suspicious transaction relevant to a pos-  
21 sible violation of law or regulation shall be subject  
22 to the same confidentiality requirements provided  
23 under this subsection for a report of a suspicious  
24 transaction described under paragraph (1).”.

1           (2) NOTIFICATION PROHIBITIONS.—Section  
2           5318(g)(2)(A) of title 31, United States Code, is  
3           amended—

4                   (A) in clause (i), by inserting after “trans-  
5                   action has been reported” the following: “or  
6                   otherwise reveal any information that would re-  
7                   veal that the transaction has been reported”;  
8                   and

9                   (B) in clause (ii), by inserting after “trans-  
10                   action has been reported,” the following: “or  
11                   otherwise reveal any information that would re-  
12                   veal that the transaction has been reported,”.

13           (b) RULEMAKING.—Not later than the end of the  
14           360-day period beginning on the date of enactment of this  
15           Act, the Secretary of the Treasury shall issue regulations  
16           to carry out the amendments made by this section.

17           **SEC. 202. SHARING OF COMPLIANCE RESOURCES.**

18           (a) IN GENERAL.—Section 5318 of title 31, United  
19           States Code, is amended by adding at the end the fol-  
20           lowing:

21                   “(o) SHARING OF COMPLIANCE RESOURCES.—

22                           “(1) SHARING PERMITTED.—Two or more fi-  
23                           nancial institutions may enter into collaborative ar-  
24                           rangements in order to more efficiently comply with  
25                           the requirements of this subchapter.

1           “(2) OUTREACH.—The Secretary of the Treas-  
2           ury and the appropriate supervising agencies shall  
3           carry out an outreach program to provide financial  
4           institutions with information, including best prac-  
5           tices, with respect to the sharing of resources de-  
6           scribed under paragraph (1).”.

7           (b) RULE OF CONSTRUCTION.—The amendment  
8           made by subsection (a) may not be construed to require  
9           financial institutions to share resources.

10 **SEC. 203. GAO STUDY ON FEEDBACK LOOPS.**

11           (a) STUDY.—The Comptroller General of the United  
12           States shall carry out a study on—

13                   (1) best practices within the United States Gov-  
14                   ernment for providing feedback (“feedback loop”) to  
15                   relevant parties (including regulated private entities)  
16                   on the usage and usefulness of personally identifi-  
17                   able information (“PII”), sensitive-but-unclassified  
18                   (“SBU”) data, or similar information provided by  
19                   such parties to Government users of such informa-  
20                   tion and data (including law enforcement or regu-  
21                   lators); and

22                   (2) any practices or standards inside or outside  
23                   the United States for providing feedback through  
24                   sensitive information and public-private partnership  
25                   information sharing efforts, specifically related to ef-

1       forts to combat money laundering and other forms  
2       of illicit finance.

3       (b) REPORT.—Not later than the end of the 18-  
4 month period beginning on the date of the enactment of  
5 this Act, the Comptroller General shall issue a report to  
6 the Committee on Banking, Housing, and Urban Affairs  
7 of the Senate and the Committee on Financial Services  
8 of the House of Representatives containing—

9           (1) all findings and determinations made in car-  
10       rying out the study required under subsection (a);

11           (2) with respect to each of paragraphs (1) and  
12       (2) of subsection (a), any best practices or signifi-  
13       cant concerns identified by the Comptroller General,  
14       and their applicability to public-private partnerships  
15       and feedback loops with respect to United States ef-  
16       forts to combat money laundering and other forms  
17       of illicit finance; and

18           (3) recommendations to reduce or eliminate any  
19       unnecessary Government collection of the informa-  
20       tion described under subsection (a)(1).

21 **SEC. 204. FINCEN STUDY ON BSA VALUE.**

22       (a) STUDY.—The Director of the Financial Crimes  
23 Enforcement Network shall carry out a study on Bank Se-  
24 crecy Act value.



1 (b) REPORT.—Not later than the end of the 30-day  
2 period beginning on the date the study under subsection  
3 (a) is completed, the Director shall issue a report to the  
4 Committee on Financial Services of the House of Rep-  
5 resentatives and the Committee on Banking, Housing, and  
6 Urban Affairs of the Senate containing all findings and  
7 determinations made in carrying out the study required  
8 under this section.

9 (c) CLASSIFIED ANNEX.—The report required under  
10 this section may include a classified annex, if the Director  
11 determines it appropriate.

12 (d) BANK SECRECY ACT DEFINED.—For purposes of  
13 this section, the term “Bank Secrecy Act” has the mean-  
14 ing given that term under section 5312 of title 31, United  
15 States Code.

16 **SEC. 205. SHARING OF THREAT PATTERN AND TREND IN-**  
17 **FORMATION.**

18 Section 5318(g) of title 31, United States Code, as  
19 amended by section 201(a)(1), is further amended by add-  
20 ing at the end the following:

21 “(7) SHARING OF THREAT PATTERN AND  
22 TREND INFORMATION.—

23 “(A) SAR ACTIVITY REVIEW.—The Direc-  
24 tor of the Financial Crimes Enforcement Net-  
25 work shall restart publication of the ‘SAR Ac-

1 tivity Review – Trends, Tips & Issues’, on not  
2 less than a semi-annual basis, to provide mean-  
3 ingful information about the preparation, use,  
4 and value of reports filed under this subsection  
5 by financial institutions, as well as other re-  
6 ports filed by financial institutions under the  
7 Bank Secrecy Act.

8 “(B) INCLUSION OF TYPOLOGIES.—In each  
9 publication described under subparagraph (A),  
10 the Director shall provide financial institutions  
11 with typologies, including data that can be  
12 adapted in algorithms (including for artificial  
13 intelligence and machine learning programs)  
14 where appropriate, on emerging money laun-  
15 dering and counter terror financing threat pat-  
16 terns and trends.

17 “(C) TYPOLOGY DEFINED.—For purposes  
18 of this paragraph, the term ‘typology’ means  
19 the various techniques used to launder money  
20 or finance terrorism.”.

21 **SEC. 206. MODERNIZATION AND UPGRADING WHISTLE-**  
22 **BLOWER PROTECTIONS.**

23 (a) REWARDS.—Section 5323(d) of title 31, United  
24 States Code, is amended to read as follows:

1       “(d) SOURCE OF REWARDS.—For the purposes of  
2 paying a reward under this section, the Secretary may,  
3 subject to amounts made available in advance by appro-  
4 priation Acts, use criminal fine, civil penalty, or forfeiture  
5 amounts recovered based on the original information with  
6 respect to which the reward is being paid.”.

7       (b) WHISTLEBLOWER INCENTIVES.—

8             Chapter 53 of title 31, United States Code, is  
9 amended—

10            (1) by inserting after section 5323 the fol-  
11 lowing:

12 **“§ 5323A. Whistleblower incentives**

13       “(a) DEFINITIONS.—In this section:

14            “(1) COVERED JUDICIAL OR ADMINISTRATIVE  
15 ACTION.—The term ‘covered judicial or administra-  
16 tive action’ means any judicial or administrative ac-  
17 tion brought by FinCEN under the Bank Secrecy  
18 Act that results in monetary sanctions exceeding  
19 \$1,000,000.

20            “(2) FINCEN.—The term ‘FinCEN’ means the  
21 Financial Crimes Enforcement Network.

22            “(3) MONETARY SANCTIONS.—The term ‘mone-  
23 tary sanctions’, when used with respect to any judi-  
24 cial or administrative action, means—

1           “(A) any monies, including penalties,  
2           disgorgement, and interest, ordered to be paid;  
3           and

4           “(B) any monies deposited into a  
5           disgorgement fund as a result of such action or  
6           any settlement of such action.

7           “(4) ORIGINAL INFORMATION.—The term  
8           ‘original information’ means information that—

9           “(A) is derived from the independent  
10          knowledge or analysis of a whistleblower;

11          “(B) is not known to FinCEN from any  
12          other source, unless the whistleblower is the  
13          original source of the information; and

14          “(C) is not exclusively derived from an al-  
15          legation made in a judicial or administrative  
16          hearing, in a governmental report, hearing,  
17          audit, or investigation, or from the news media,  
18          unless the whistleblower is a source of the infor-  
19          mation.

20          “(5) RELATED ACTION.—The term ‘related ac-  
21          tion’, when used with respect to any judicial or ad-  
22          ministrative action brought by FinCEN, means any  
23          judicial or administrative action that is based upon  
24          original information provided by a whistleblower that  
25          led to the successful enforcement of the action.

1           “(6) SECRETARY.—The term ‘Secretary’ means  
2 the Secretary of the Treasury.

3           “(7) WHISTLEBLOWER.—The term ‘whistle-  
4 blower’ means any individual who provides, or two or  
5 more individuals acting jointly who provide, informa-  
6 tion relating to a violation of laws enforced by  
7 FinCEN, in a manner established, by rule or regula-  
8 tion, by FinCEN.

9           “(b) AWARDS.—

10           “(1) IN GENERAL.—In any covered judicial or  
11 administrative action, or related action, the Sec-  
12 retary, under such rules as the Secretary may issue  
13 and subject to subsection (c), shall pay an award or  
14 awards to one or more whistleblowers who volun-  
15 tarily provided original information to FinCEN that  
16 led to the successful enforcement of the covered judi-  
17 cial or administrative action, or related action, in an  
18 aggregate amount equal to not more than 30 per-  
19 cent, in total, of what has been collected of the mon-  
20 etary sanctions imposed in the action.

21           “(2) SOURCE OF AWARDS.—For the purposes of  
22 paying any award under paragraph (1), the Sec-  
23 retary may, subject to amounts made available in  
24 advance by appropriation Acts, use monetary sanc-  
25 tion amounts recovered based on the original infor-

1           mation with respect to which the award is being  
2           paid.

3           “(c) DETERMINATION OF AMOUNT OF AWARD; DE-  
4           NIAL OF AWARD.—

5                   “(1) DETERMINATION OF AMOUNT OF  
6           AWARD.—

7                           “(A) DISCRETION.—The determination of  
8           the amount of an award made under subsection  
9           (b) shall be in the discretion of the Secretary.

10                          “(B) CRITERIA.—In responding to a dis-  
11           closure and determining the amount of an  
12           award made, FinCEN staff shall meet with the  
13           whistleblower to discuss evidence disclosed and  
14           rebuttals to the disclosure, and shall take into  
15           consideration—

16                                  “(i) the significance of the informa-  
17           tion provided by the whistleblower to the  
18           success of the covered judicial or adminis-  
19           trative action;

20                                  “(ii) the degree of assistance provided  
21           by the whistleblower and any legal rep-  
22           resentative of the whistleblower in a cov-  
23           ered judicial or administrative action;

24                                  “(iii) the mission of FinCEN in deter-  
25           ring violations of the law by making

1 awards to whistleblowers who provide in-  
2 formation that lead to the successful en-  
3 forcement of such laws; and

4 “(iv) such additional relevant factors  
5 as the Secretary may establish by rule.

6 “(2) DENIAL OF AWARD.—No award under  
7 subsection (b) shall be made—

8 “(A) to any whistleblower who is, or was at  
9 the time the whistleblower acquired the original  
10 information submitted to FinCEN, a member,  
11 officer, or employee of—

12 “(i) an appropriate regulatory agency;

13 “(ii) the Department of Justice;

14 “(iii) a self-regulatory organization; or

15 “(iv) a law enforcement organization;

16 “(B) to any whistleblower who is convicted  
17 of a criminal violation, or who the Secretary  
18 has a reasonable basis to believe committed a  
19 criminal violation, related to the judicial or ad-  
20 ministrative action for which the whistleblower  
21 otherwise could receive an award under this sec-  
22 tion;

23 “(C) to any whistleblower who gains the  
24 information through the performance of an  
25 audit of financial statements required under the

1 Bank Secrecy Act and for whom such submis-  
2 sion would be contrary to its requirements; or

3 “(D) to any whistleblower who fails to sub-  
4 mit information to FinCEN in such form as the  
5 Secretary may, by rule, require.

6 “(3) STATEMENT OF REASONS.—For any deci-  
7 sion granting or denying an award, the Secretary  
8 shall provide to the whistleblower a statement of rea-  
9 sons that includes findings of fact and conclusions of  
10 law for all material issues.

11 “(d) REPRESENTATION.—

12 “(1) PERMITTED REPRESENTATION.—Any  
13 whistleblower who makes a claim for an award under  
14 subsection (b) may be represented by counsel.

15 “(2) REQUIRED REPRESENTATION.—

16 “(A) IN GENERAL.—Any whistleblower  
17 who anonymously makes a claim for an award  
18 under subsection (b) shall be represented by  
19 counsel if the whistleblower anonymously sub-  
20 mits the information upon which the claim is  
21 based.

22 “(B) DISCLOSURE OF IDENTITY.—Prior to  
23 the payment of an award, a whistleblower shall  
24 disclose their identity and provide such other



1 information as the Secretary may require, di-  
2 rectly or through counsel for the whistleblower.

3 “(e) APPEALS.—Any determination made under this  
4 section, including whether, to whom, or in what amount  
5 to make awards, shall be in the discretion of the Secretary.  
6 Any such determination, except the determination of the  
7 amount of an award if the award was made in accordance  
8 with subsection (b), may be appealed to the appropriate  
9 court of appeals of the United States not more than 30  
10 days after the determination is issued by the Secretary.  
11 The court shall review the determination made by the Sec-  
12 retary in accordance with section 706 of title 5.

13 “(f) EMPLOYEE PROTECTIONS.—The Secretary of  
14 the Treasury shall issue regulations protecting a whistle-  
15 blower from retaliation, which shall be as close as prac-  
16 ticable to the employee protections provided for under sec-  
17 tion 1057 of the Consumer Financial Protection Act of  
18 2010.”; and

19 (2) in the table of contents for such chapter, by  
20 inserting after the item relating to section 5323 the  
21 following new item:

“5323A. Whistleblower incentives.”.

1 **SEC. 207. CERTAIN VIOLATORS BARRED FROM SERVING ON**  
2 **BOARDS OF UNITED STATES FINANCIAL IN-**  
3 **STITUTIONS.**

4 Section 5321 of title 31, United States Code, is  
5 amended by adding at the end the following:

6 “(f) CERTAIN VIOLATORS BARRED FROM SERVING  
7 ON BOARDS OF UNITED STATES FINANCIAL INSTITU-  
8 TIONS.—

9 “(1) IN GENERAL.—An individual found to  
10 have committed an egregious violation of a provision  
11 of (or rule issued under) the Bank Secrecy Act shall  
12 be barred from serving on the board of directors of  
13 a United States financial institution for a 10-year  
14 period beginning on the date of such finding.

15 “(2) EGREGIOUS VIOLATION DEFINED.—With  
16 respect to an individual, the term ‘egregious viola-  
17 tion’ means—

18 “(A) a felony criminal violation for which  
19 the individual was convicted; and

20 “(B) a civil violation where the individual  
21 willfully committed such violation and the viola-  
22 tion facilitated money laundering or the financ-  
23 ing of terrorism.”.

1 **SEC. 208. ADDITIONAL DAMAGES FOR REPEAT BANK SE-**  
2 **CRECY ACT VIOLATORS.**

3 (a) IN GENERAL.—Section 5321 of title 31, United  
4 States Code, as amended by section 208, is further amend-  
5 ed by adding at the end the following:

6 “(g) ADDITIONAL DAMAGES FOR REPEAT VIOLA-  
7 TORS.—In addition to any other fines permitted by this  
8 section and section 5322, with respect to a person who  
9 has previously been convicted of a criminal provision of  
10 (or rule issued under) the Bank Secrecy Act or who has  
11 admitted, as part of a deferred- or non-prosecution agree-  
12 ment, to having previously committed a violation of a  
13 criminal provision of (or rule issued under) the Bank Se-  
14 crecy Act, the Secretary may impose an additional civil  
15 penalty against such person for each additional such viola-  
16 tion in an amount equal to up three times the profit  
17 gained or loss avoided by such person as a result of the  
18 violation.”.

19 (b) PROSPECTIVE APPLICATION OF AMENDMENT.—  
20 For purposes of determining whether a person has com-  
21 mitted a previous violation under section 5321(g) of title  
22 31, United States Code, such determination shall only in-  
23 clude violations occurring after the date of enactment of  
24 this Act.

1 **SEC. 209. JUSTICE ANNUAL REPORT ON DEFERRED AND**  
2 **NON-PROSECUTION AGREEMENTS.**

3 (a) ANNUAL REPORT.—The Attorney General shall  
4 issue an annual report, every year for the 5 years begin-  
5 ning on the date of enactment of this Act, to the Commit-  
6 tees on Financial Services and the Judiciary of the House  
7 of Representatives and the Committees on Banking, Hous-  
8 ing, and Urban Affairs and the Judiciary of the Senate  
9 containing—

10 (1) a list of deferred prosecution agreements  
11 and non-prosecution agreements that the Attorney  
12 General has entered into during the previous year  
13 with any person with respect to a violation or sus-  
14 pected violation of the Bank Secrecy Act;

15 (2) the justification for entering into each such  
16 agreement;

17 (3) the list of factors that were taken into ac-  
18 count in determining that the Attorney General  
19 should enter into each such agreement; and

20 (4) the extent of coordination the Attorney  
21 General conducted with the Financial Crimes En-  
22 forcement Network prior to entering into each such  
23 agreement.

24 (b) CLASSIFIED ANNEX.—Each report under sub-  
25 section (a) may include a classified annex.

1 (c) BANK SECRECY ACT DEFINED.—For purposes of  
2 this section, the term “Bank Secrecy Act” has the mean-  
3 ing given that term under section 5312 of title 31, United  
4 States Code.

5 **SEC. 210. RETURN OF PROFITS AND BONUSES.**

6 (a) IN GENERAL.—Section 5322 of title 31, United  
7 States Code, is amended by adding at the end the fol-  
8 lowing:

9 “(e) RETURN OF PROFITS AND BONUSES.—A person  
10 convicted of violating a provision of (or rule issued under)  
11 the Bank Secrecy Act shall—

12 “(1) in addition to any other fine under this  
13 section, be fined in an amount equal to the profit  
14 gained by such person by reason of such violation,  
15 as determined by the court; and

16 “(2) if such person is an individual who was a  
17 partner, director, officer, or employee of a financial  
18 institution at the time the violation occurred, repay  
19 to such financial institution any bonus paid to such  
20 individual during the Federal fiscal year in which  
21 the violation occurred or the Federal fiscal year  
22 after which the violation occurred.”.

23 (b) RULE OF CONSTRUCTION.—The amendment  
24 made by subsection (a) may not be construed to prohibit  
25 a financial institution from requiring the repayment of a

1 bonus paid to a partner, director, officer, or employee if  
2 the financial institution determines that the partner, di-  
3 rector, officer, or employee engaged in unethical, but non-  
4 criminal, activities.

5 **SEC. 211. APPLICATION OF BANK SECRECY ACT TO DEAL-**  
6 **ERS IN ANTIQUITIES.**

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

9 (1) in subparagraph (Y), by striking “or” at  
10 the end;

11 (2) by redesignating subparagraph (Z) as sub-  
12 paragraph (AA); and

13 (3) by inserting after subsection (Y) the fol-  
14 lowing:

15 “(Z) a person trading or acting as an  
16 intermediary in the trade of antiquities, includ-  
17 ing an advisor, consultant or any other person  
18 who engages as a business in the solicitation of  
19 the sale of antiquities; or”.

20 (b) STUDY ON THE FACILITATION OF MONEY LAUN-  
21 DERING AND TERROR FINANCE THROUGH THE TRADE OF  
22 WORKS OF ART OR ANTIQUITIES.—

23 (1) STUDY.—The Secretary of the Treasury, in  
24 coordination with Federal Bureau of Investigation,  
25 the Attorney General, and Homeland Security Inves-

1        tigungen, shall perform a study on the facilitation of  
2        money laundering and terror finance through the  
3        trade of works of art or antiquities, including an  
4        analysis of—

5                (A) the extent to which the facilitation of  
6        money laundering and terror finance through  
7        the trade of works of art or antiquities may  
8        enter or affect the financial system of the  
9        United States, including any qualitative data or  
10       statistics;

11               (B) whether thresholds and definitions  
12       should apply in determining which entities to  
13       regulate;

14               (C) an evaluation of which markets, by  
15       size, entity type, domestic or international geo-  
16       graphical locations, or otherwise, should be sub-  
17       ject to regulations, but only to the extent such  
18       markets are not already required to report on  
19       the trade of works of art or antiquities to the  
20       Federal Government;

21               (D) an evaluation of whether certain ex-  
22       emptions should apply; and

23               (E) any other points of study or analysis  
24       the Secretary determines necessary or appro-  
25       priate.

1           (2) REPORT.—Not later than the end of the  
2           180-day period beginning on the date of the enact-  
3           ment of this Act, the Secretary of the Treasury shall  
4           issue a report to the Committee on Financial Serv-  
5           ices of the House of Representatives and the Com-  
6           mittee on Banking, Housing, and Urban Affairs of  
7           the Senate containing all findings and determina-  
8           tions made in carrying out the study required under  
9           paragraph (1).

10          (c) RULEMAKING.—Not later than the end of the  
11          180-day period beginning on the date the Secretary issues  
12          the report required under subsection (b)(2), the Secretary  
13          shall issue regulations to carry out the amendments made  
14          by subsection (a).

15          **SEC. 212. GEOGRAPHIC TARGETING ORDER.**

16          The Secretary of the Treasury shall issue a geo-  
17          graphic targeting order, similar to the order issued by the  
18          Financial Crimes Enforcement Network on November 15,  
19          2018, that—

20                (1) applies to commercial real estate to the  
21                same extent, with the exception of having the same  
22                thresholds, as the order issued by FinCEN on No-  
23                vember 15, 2018, applies to residential real estate;  
24                and



1           (2) establishes a specific threshold for commer-  
2           cial real estate.

3 **SEC. 213. STUDY AND REVISIONS TO CURRENCY TRANS-**  
4                   **ACTION REPORTS AND SUSPICIOUS ACTIVITY**  
5                   **REPORTS.**

6           (a) CURRENCY TRANSACTION REPORTS.—

7               (1) CTR INDEXED FOR INFLATION.—

8                   (A) IN GENERAL.—Every 5 years after the  
9                   date of enactment of this Act, the Secretary of  
10                  the Treasury shall revise regulations issued  
11                  with respect to section 5313 of title 31, United  
12                  States Code, to update each \$10,000 threshold  
13                  amount in such regulation to reflect the change  
14                  in the Consumer Price Index for All Urban  
15                  Consumers published by the Department of  
16                  Labor, rounded to the nearest \$100. For pur-  
17                  poses of calculating the change described in the  
18                  previous sentence, the Secretary shall use  
19                  \$10,000 as the base amount and the date of en-  
20                  actment of this Act as the base date.

21                  (B) EXCEPTION.—Notwithstanding sub-  
22                  paragraph (A), the Secretary may make appro-  
23                  priate adjustments to the threshold amounts  
24                  described under subparagraph (A) in high-risk  
25                  areas (e.g., High Intensity Financial Crime

1 Areas or HIFCAs), if the Secretary has demon-  
2 strable evidence that shows a threshold raise  
3 would increase serious crimes, such as traf-  
4 ficking, or endanger national security.

5 (2) GAO CTR STUDY.—

6 (A) STUDY.—The Comptroller General of  
7 the United States shall carry out a study of  
8 currency transaction reports. Such study shall  
9 include—

10 (i) a review (carried out in consulta-  
11 tion with the Secretary of the Treasury,  
12 the Financial Crimes Enforcement Net-  
13 work, the United States Attorney General,  
14 the State Attorneys General, and State,  
15 Tribal, and local law enforcement) of the  
16 effectiveness of the current currency trans-  
17 action reporting regime;

18 (ii) an analysis of the importance of  
19 currency transaction reports to law en-  
20 forcement; and

21 (iii) an analysis of the effects of rais-  
22 ing the currency transaction report thresh-  
23 old.

24 (B) REPORT.—Not later than the end of  
25 the 1-year period beginning on the date of en-

1 actment of this Act, the Comptroller General  
2 shall issue a report to the Secretary of the  
3 Treasury and the Congress containing—

4 (i) all findings and determinations  
5 made in carrying out the study required  
6 under subparagraph (A); and

7 (ii) recommendations for improving  
8 the current currency transaction reporting  
9 regime.

10 (b) MODIFIED SARs STUDY AND DESIGN.—

11 (1) STUDY.—The Director of the Financial  
12 Crimes Enforcement Network shall carry out a  
13 study, in consultation with industry stakeholders (in-  
14 cluding money services businesses, community  
15 banks, and credit unions), the Federal functional  
16 regulators, State bank supervisors, and law enforce-  
17 ment, of the design of a modified suspicious activity  
18 report form for certain customers and activities.

19 Such study shall include—

20 (A) an examination of appropriate optimal  
21 SARs thresholds to determine the level at which  
22 a modified SARs form could be employed;

23 (B) an evaluation of which customers or  
24 transactions would be appropriate for a modi-  
25 fied SAR, including—

- 1 (i) seasoned business customers;
- 2 (ii) financial technology (Fintech)
- 3 firms;
- 4 (iii) structuring transactions; and
- 5 (iv) any other customer or transaction
- 6 that may be appropriate for a modified
- 7 SAR; and
- 8 (C) an analysis of the most effective meth-
- 9 ods to reduce the regulatory burden imposed on
- 10 financial institutions in complying with the
- 11 Bank Secrecy Act, including an analysis of the
- 12 effect of—
- 13 (i) modifying thresholds;
- 14 (ii) shortening forms;
- 15 (iii) combining Bank Secrecy Act
- 16 forms;
- 17 (iv) filing reports in periodic batches;
- 18 and
- 19 (v) any other method that may reduce
- 20 the regulatory burden.

21 (2) STUDY CONSIDERATIONS.—In carrying out

22 the study required under paragraph (1), the Direc-

23 tor shall seek to balance law enforcement priorities,

24 regulatory burdens experienced by financial institu-

25 tions, and the requirement for reports to have a

1 “high degree of usefulness to law enforcement”  
2 under the Bank Secrecy Act.

3 (3) REPORT.—Not later than the end of the 1-  
4 year period beginning on the date of enactment of  
5 this Act, the Director shall issue a report to Con-  
6 gress containing—

7 (A) all findings and determinations made  
8 in carrying out the study required under sub-  
9 section (a); and

10 (B) sample designs of modified SARs  
11 forms based on the study results.

12 (4) CONTRACTING AUTHORITY.—The Director  
13 may contract with a private third-party to carry out  
14 the study required under this subsection. The au-  
15 thority of the Director to enter into contracts under  
16 this paragraph shall be in effect for each fiscal year  
17 only to the extent and in the amounts as are pro-  
18 vided in advance in appropriations Acts.

19 (c) DEFINITIONS.—For purposes of this section:

20 (1) BANK SECRECY ACT.—The term “Bank Se-  
21 crecy Act” has the meaning given that term under  
22 section 5312 of title 31, United States Code.

23 (2) FEDERAL FUNCTIONAL REGULATOR.—The  
24 term “Federal functional regulator” has the mean-  
25 ing given that term under section 103.

1           (3) REGULATORY BURDEN.—The term “regu-  
2           latory burden” means the man-hours to complete fil-  
3           ings, cost of data collection and analysis, and other  
4           considerations of chapter 35 of title 44, United  
5           States Code (commonly referred to as the Paper-  
6           work Reduction Act).

7           (4) SAR; SUSPICIOUS ACTIVITY REPORT.—The  
8           term “SAR” and “suspicious activity report” mean  
9           a report of a suspicious transaction under section  
10          5318(g) of title 31, United States Code.

11          (5) SEASONED BUSINESS CUSTOMER.—The  
12          term “seasoned business customer”, shall have such  
13          meaning as the Secretary of the Treasury shall pre-  
14          scribe, which shall include any person that—

15                (A) is incorporated or organized under the  
16                laws of the United States or any State, or is  
17                registered as, licensed by, or otherwise eligible  
18                to do business within the United States, a  
19                State, or political subdivision of a State;

20                (B) has maintained an account with a fi-  
21                nancial institution for a length of time as deter-  
22                mined by the Secretary; and

23                (C) meet such other requirements as the  
24                Secretary may determine necessary or appro-  
25                priate.

1           (6) STATE BANK SUPERVISOR.—The term  
2           “State bank supervisor” has the meaning given that  
3           term under section 3 of the Federal Deposit Insur-  
4           ance Act (12 U.S.C. 1813).

5 **SEC. 214. STREAMLINING REQUIREMENTS FOR CURRENCY**  
6                           **TRANSACTION REPORTS AND SUSPICIOUS**  
7                           **ACTIVITY REPORTS.**

8           (a) REVIEW.—The Secretary of the Treasury (in con-  
9           sultation with Federal law enforcement agencies, the Di-  
10          rector of National Intelligence, the Federal functional reg-  
11          ulators, and State bank supervisors and in consultation  
12          with other relevant stakeholders) shall undertake a formal  
13          review of the current financial institution reporting re-  
14          quirements under the Bank Secrecy Act and its imple-  
15          menting regulations and propose changes to further re-  
16          duce regulatory burdens, and ensure that the information  
17          provided is of a “high degree of usefulness” to law en-  
18          forcement, as set forth under section 5311 of title 31,  
19          United States Code.

20          (b) CONTENTS.—The review required under sub-  
21          section (a) shall include a study of—

22                (1) whether the timeframe for filing a sus-  
23                picious activity report should be increased from 30  
24                days;

1           (2) whether or not currency transaction report  
2           and suspicious activity report thresholds should be  
3           tied to inflation or otherwise periodically be ad-  
4           justed;

5           (3) whether the circumstances under which a fi-  
6           nancial institution determines whether to file a “con-  
7           tinuing suspicious activity report”, or the processes  
8           followed by a financial institution in determining  
9           whether to file a “continuing suspicious activity re-  
10          port” (or both) can be narrowed;

11          (4) analyzing the fields designated as “critical”  
12          on the suspicious activity report form and whether  
13          the number of fields should be reduced;

14          (5) the increased use of exemption provisions to  
15          reduce currency transaction reports that are of little  
16          or no value to law enforcement efforts;

17          (6) the current financial institution reporting  
18          requirements under the Bank Secrecy Act and its  
19          implementing regulations and guidance; and

20          (7) such other items as the Secretary deter-  
21          mines appropriate.

22          (c) REPORT.—Not later than the end of the 1 year  
23          period beginning on the date of the enactment of this Act,  
24          the Secretary of the Treasury, in consultation with law  
25          enforcement and persons subject to Bank Secrecy Act re-



1 requirements, shall issue a report to the Congress containing  
2 all findings and determinations made in carrying out the  
3 review required under subsection (a).

4 (d) DEFINITIONS.—For purposes of this section:

5 (1) FEDERAL FUNCTIONAL REGULATOR.—The  
6 term “Federal functional regulator” has the mean-  
7 ing given that term under section 103.

8 (2) STATE BANK SUPERVISOR.—The term  
9 “State bank supervisor” has the meaning given that  
10 term under section 3 of the Federal Deposit Insur-  
11 ance Act (12 U.S.C. 1813).

12 (3) OTHER TERMS.—The terms “Bank Secrecy  
13 Act” and “financial institution” have the meaning  
14 given those terms, respectively, under section 5312  
15 of title 31, United States Code.

## 16 **TITLE III—MODERNIZING THE** 17 **AML SYSTEM**

### 18 **SEC. 301. ENCOURAGING INNOVATION IN BSA COMPLI-** 19 **ANCE.**

20 Section 5318 of title 31, United States Code, as  
21 amended by section 202, is further amended by adding  
22 at the end the following:

23 “(p) ENCOURAGING INNOVATION IN COMPLIANCE.—

24 “(1) IN GENERAL.—The Federal functional reg-  
25 ulators shall encourage financial institutions to con-

1       sider, evaluate, and, where appropriate, responsibly  
2       implement innovative approaches to meet the re-  
3       quirements of this subchapter, including through the  
4       use of innovation pilot programs.

5               “(2) EXEMPTIVE RELIEF.—The Secretary, pur-  
6       suant to subsection (a), may provide exemptions  
7       from the requirements of this subchapter if the Sec-  
8       retary determines such exemptions are necessary to  
9       facilitate the testing and potential use of new tech-  
10      nologies and other innovations.

11              “(3) RULE OF CONSTRUCTION.—This sub-  
12      section may not be construed to require financial in-  
13      stitutions to consider, evaluate, or implement innova-  
14      tive approaches to meet the requirements of the  
15      Bank Secrecy Act.

16              “(4) FEDERAL FUNCTIONAL REGULATOR DE-  
17      FINED.—In this subsection, the term ‘Federal func-  
18      tional regulator’ means the Board of Governors of  
19      the Federal Reserve System, the Comptroller of the  
20      Currency, the Federal Deposit Insurance Corpora-  
21      tion, the National Credit Union Administration, the  
22      Securities and Exchange Commission, and the Com-  
23      modity Futures Trading Commission.”.

1 **SEC. 302. INNOVATION LABS.**

2 (a) IN GENERAL.—Subchapter II of chapter 53 of  
3 title 31, United States Code, is amended by adding at the  
4 end the following:

5 **“§ 5333. Innovation Labs**

6 “(a) ESTABLISHMENT.—There is established within  
7 the Department of the Treasury and each Federal func-  
8 tional regulator an Innovation Lab.

9 “(b) DIRECTOR.—The head of each Innovation Lab  
10 shall be a Director, to be appointed by the Secretary of  
11 the Treasury or the head of the Federal functional regu-  
12 lator, as applicable.

13 “(c) DUTIES.—The duties of the Innovation Lab  
14 shall be—

15 “(1) to provide outreach to law enforcement  
16 agencies, State bank supervisors, financial institu-  
17 tions, and other persons (including vendors and  
18 technology companies) with respect to innovation  
19 and new technologies that may be used to comply  
20 with the requirements of the Bank Secrecy Act;

21 “(2) to support the implementation of respon-  
22 sible innovation and new technology, in a manner  
23 that complies with the requirements of the Bank Se-  
24 crecy Act;

25 “(3) to explore opportunities for public-private  
26 partnerships; and

1           “(4) to develop metrics of success.

2           “(d) FINCEN LAB.—The Innovation Lab established  
3 under subsection (a) within the Department of the Treas-  
4 ury shall be a lab within the Financial Crimes Enforce-  
5 ment Network.

6           “(e) DEFINITIONS.—In this subsection:

7           “(1) FEDERAL FUNCTIONAL REGULATOR.—The  
8 term ‘Federal functional regulator’ means the Board  
9 of Governors of the Federal Reserve System, the  
10 Comptroller of the Currency, the Federal Deposit  
11 Insurance Corporation, the National Credit Union  
12 Administration, the Securities and Exchange Com-  
13 mission, and the Commodity Futures Trading Com-  
14 mission.

15           “(2) STATE BANK SUPERVISOR.—The term  
16 ‘State bank supervisor’ has the meaning given that  
17 term under section 3 of the Federal Deposit Insur-  
18 ance Act (12 U.S.C. 1813).”.

19           “(b) CLERICAL AMENDMENT.—The table of contents  
20 for subchapter II of chapter 53 of title 31, United States  
21 Code, is amended by adding at the end the following:

“5333. Innovation Labs.”.

22 **SEC. 303. INNOVATION COUNCIL.**

23           “(a) IN GENERAL.—Subchapter II of chapter 53 of  
24 Title 31, United States Code, as amended by section 302,  
25 is further amended by adding at the end the following:

1 **“§ 5334. Innovation Council**

2       “(a) ESTABLISHMENT.—There is established the In-  
3 novation Council (hereinafter in this section referred to  
4 as the ‘Council’), which shall consist of each Director of  
5 an Innovation Lab established under section 5334, a rep-  
6 resentative of State bank supervisors (as defined under  
7 section 3 of the Federal Deposit Insurance Act (12 U.S.C.  
8 1813)), and the Director of the Financial Crimes Enforce-  
9 ment Network.

10       “(b) CHAIR.—The Director of the Innovation Lab of  
11 the Department of the Treasury shall serve as the Chair  
12 of the Council.

13       “(c) DUTY.—The members of the Council shall co-  
14 ordinate on activities related to innovation under the Bank  
15 Secrecy Act, but may not supplant individual agency de-  
16 terminations on innovation.

17       “(d) MEETINGS.—The meetings of the Council—

18               “(1) shall be at the call of the Chair, but in no  
19 case may the Council meet less than semi-annually;

20               “(2) may include open and closed sessions, as  
21 determined necessary by the Council; and

22               “(3) shall include participation by public and  
23 private entities and law enforcement agencies.

24       “(e) REPORT.—The Council shall issue an annual re-  
25 port, for each of the 7 years beginning on the date of en-  
26 actment of this section, to the Secretary of the Treasury

1 on the activities of the Council during the previous year,  
2 including the success of programs as measured by metrics  
3 of success developed pursuant to section 5334(c)(4), and  
4 any regulatory or legislative recommendations that the  
5 Council may have.”.

6 (b) CLERICAL AMENDMENT.—The table of contents  
7 for subchapter II of chapter 53 of title 31, United States  
8 Code, is amended by adding the end the following:

“5334. Innovation Council.”.

9 **SEC. 304. TESTING METHODS RULEMAKING.**

10 (a) IN GENERAL.—Section 5318 of title 31, United  
11 States Code, as amended by section 301, is further amend-  
12 ed by adding at the end the following:

13 “(q) TESTING.—

14 “(1) IN GENERAL.—The Secretary of the  
15 Treasury, in consultation with the head of each  
16 agency to which the Secretary has delegated duties  
17 or powers under subsection (a), shall issue a rule to  
18 specify—

19 “(A) with respect to technology and related  
20 technology-internal processes (‘new technology’)  
21 designed to facilitate compliance with the Bank  
22 Secrecy Act requirements, the standards by  
23 which financial institutions are to test new  
24 technology; and

1           “(B) in what instances or under what cir-  
2           cumstance and criteria a financial institution  
3           may replace or terminate legacy technology and  
4           processes for any examinable technology or  
5           process without the replacement or termination  
6           being determined an examination deficiency.

7           “(2) STANDARDS.—The standards described  
8           under paragraph (1) may include—

9           “(A) an emphasis on using innovative ap-  
10          proaches, such as machine learning, rather than  
11          rules-based systems;

12          “(B) risk-based back-testing of the regime  
13          to facilitate calibration of relevant systems;

14          “(C) requirements for appropriate data  
15          privacy and security; and

16          “(D) a requirement that the algorithms  
17          used by the regime be disclosed to the Financial  
18          Crimes Enforcement Network, upon request.

19          “(3) CONFIDENTIALITY OF ALGORITHMS.—If a  
20          financial institution or any director, officer, em-  
21          ployee, or agent of any financial institution, volun-  
22          tarily or pursuant to this subsection or any other au-  
23          thority, discloses the institution’s algorithms to a  
24          Government agency, such algorithms and any mate-  
25          rials associated with the creation of such algorithms

1 shall be considered confidential and not subject to  
2 public disclosure.”.

3 (b) UPDATE OF MANUAL.—The Financial Institu-  
4 tions Examination Council shall ensure—

5 (1) that any manual prepared by the Council is  
6 updated to reflect the rulemaking required by the  
7 amendment made by subsection (a); and

8 (2) that financial institutions are not penalized  
9 for the decisions based on such rulemaking to re-  
10 place or terminate technology used for compliance  
11 with the Bank Secrecy Act (as defined under section  
12 5312 of title 31, United States Code) or other anti-  
13 money laundering laws.

14 **SEC. 305. FINCEN STUDY ON USE OF EMERGING TECH-**  
15 **NOLOGIES.**

16 (a) STUDY.—

17 (1) IN GENERAL.—The Director of the Finan-  
18 cial Crimes Enforcement Network (“FinCEN”) shall  
19 carry out a study on—

20 (A) the status of implementation and in-  
21 ternal use of emerging technologies, including  
22 artificial intelligence (“AI”), digital identity  
23 technologies, blockchain technologies, and other  
24 innovative technologies within FinCEN;



1 (B) whether AI, digital identity tech-  
2 nologies, blockchain technologies, and other in-  
3 novative technologies can be further leveraged  
4 to make FinCEN’s data analysis more efficient  
5 and effective; and

6 (C) how FinCEN could better utilize AI,  
7 digital identity technologies, blockchain tech-  
8 nologies, and other innovative technologies to  
9 more actively analyze and disseminate the infor-  
10 mation it collects and stores to provide inves-  
11 tigative leads to Federal, State, Tribal, and  
12 local law enforcement, and other Federal agen-  
13 cies (collective, “Agencies”), and better support  
14 its ongoing investigations when referring a case  
15 to the Agencies.

16 (2) INCLUSION OF GTO DATA.—The study re-  
17 quired under this subsection shall include data col-  
18 lected through the Geographic Targeting Orders  
19 (“GTO”) program.

20 (3) CONSULTATION.—In conducting the study  
21 required under this subsection, FinCEN shall con-  
22 sult with the Directors of the Innovations Labs es-  
23 tablished in section 302.

24 (b) REPORT.—Not later than the end of the 6-month  
25 period beginning on the date of the enactment of this Act,

1 the Director shall issue a report to the Committee on  
2 Banking, Housing, and Urban Affairs of the Senate and  
3 the Committee on Financial Services of the House of Rep-  
4 resentatives containing—

5           (1) all findings and determinations made in car-  
6 rying out the study required under subsection (a);

7           (2) with respect to each of subparagraphs (A),  
8 (B) and (C) of subsection (a)(1), any best practices  
9 or significant concerns identified by the Director,  
10 and their applicability to AI, digital identity tech-  
11 nologies, blockchain technologies, and other innova-  
12 tive technologies with respect to United States ef-  
13 forts to combat money laundering and other forms  
14 of illicit finance; and

15           (3) any policy recommendations that could fa-  
16 cilitate and improve communication and coordination  
17 between the private sector, FinCEN, and Agencies  
18 through the implementation of innovative ap-  
19 proaches, in order to meet their Bank Secrecy Act  
20 (as defined under section 5312 of title 31, United  
21 States Code) and anti-money laundering compliance  
22 obligations.

1 **SEC. 306. DISCRETIONARY SURPLUS FUNDS.**

2 (a) IN GENERAL.—The dollar amount specified  
3 under section 7(a)(3)(A) of the Federal Reserve Act (12  
4 U.S.C. 289(a)(3)(A)) is reduced by \$27,000,000.

5 (b) EFFECTIVE DATE.—The amendment made by  
6 subsection (a) shall take effect on September 30, 2029.

Passed the House of Representatives October 28,  
2019.

Attest:

CHERYL L. JOHNSON,

*Clerk.*