

Houston Fire Department knew him as a well-trained firefighter, Mr. Speaker, with special training in high water rescue and hazardous materials.

He is a great leader, a great hero, a great Houstonian and Texan, but most of all, he is a great American. God bless him and his family.

#### FINANCIAL ANTI-TERRORISM ACT OF 2001

Mr. OXLEY. Mr. Speaker, pursuant to the order of the House of October 16, 2001, I move to suspend the rules and pass the bill (H.R. 3004) to combat the financing of terrorism and other financial crimes, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3004

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

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

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

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

#### Sec. 1. Short title; table of contents.

##### TITLE I—STRENGTHENING LAW ENFORCEMENT

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

Sec. 123. Reports relating to coins and currency received in nonfinancial trade or business.

##### TITLE II—PUBLIC-PRIVATE COOPERATION

- Sec. 201. Establishment of highly secure network.
- Sec. 202. Report on improvements in data access and other issues.
- Sec. 203. Reports to the financial services industry on suspicious financial activities.
- Sec. 204. Efficient use of currency transaction report system.
- Sec. 205. Public-private task force on terrorist financing issues.
- Sec. 206. Suspicious activity reporting requirements.
- Sec. 207. Amendments relating to reporting of suspicious activities.
- Sec. 208. Authorization to include suspicions of illegal activity in written employment references.
- Sec. 209. International cooperation on identification of originators of wire transfers.
- Sec. 210. Check truncation study.

##### TITLE III—COMBATTING

##### INTERNATIONAL MONEY LAUNDERING

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

##### TITLE IV—CURRENCY PROTECTION

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

##### TITLE I—STRENGTHENING LAW ENFORCEMENT

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

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

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

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

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

(4) The intentional transportation into or out of the United States of large amounts of

currency or monetary instruments, in a manner designed to circumvent the mandatory reporting provisions of subchapter II of chapter 53 of title 31, United States Code, is the equivalent of, and creates the same harm as, the smuggling of goods.

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

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

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

- (1) to make the act of smuggling bulk cash itself a criminal offense;
- (2) to authorize forfeiture of any cash or instruments of the smuggling offense;
- (3) to emphasize the seriousness of the act of bulk cash smuggling; and
- (4) to prescribe guidelines for determining the amount of property subject to such forfeiture in various situations.

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

#### “§531. Bulk cash smuggling into or out of the United States

“(a) CRIMINAL OFFENSE.—

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

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

“(b) PENALTY.—

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

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

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

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

“(c) **CIVIL FORFEITURE.**—

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

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

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

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

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

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

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

“(c) **FORFEITURE.**—

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

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

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

(b) **CONFORMING AMENDMENTS.**—

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

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

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

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

**“§ 1960. Prohibition of unlicensed money transmitting businesses**

“(a) Whoever knowingly conducts, controls, manages, supervises, directs, or owns

all or part of an unlicensed money transmitting business, shall be fined in accordance with this title or imprisoned not more than 5 years, or both.

“(b) As used in this section—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(B) the foreign person—

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

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

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

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

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

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

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

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

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

(1) in subparagraph (B)—

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

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

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

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

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

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

(2) in subparagraph (D)—

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

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

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

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

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

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

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

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

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

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

“(i) the offense involves the manufacture, importation, sale, or distribution of a controlled substance (as such term is defined for the purposes of the Controlled Substances

Act), or any other conduct described in section 1956(c)(7)(B).

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

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

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

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

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

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

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

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

(1) in subsection (a)—

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

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

(2) in subsection (b)—

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

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

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

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

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

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

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

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

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

“(B) \$25,000”.

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

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

“(2) \$25,000”.

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

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

**“SEC. 126. CRIMINAL PENALTY.**

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

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

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

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

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

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

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

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

“(D) MONEY LAUNDERING ACTIVITIES.—

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

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

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

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

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

“(k) CORRESPONDENT BANK ACCOUNTS.—

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

“(A) IN GENERAL.—For the purpose of a forfeiture under this section or under the Controlled Substances Act, if funds are deposited into a dollar-denominated bank account in a

foreign financial institution, and that foreign financial institution has a correspondent account with a financial institution in the United States, the funds deposited into the foreign financial institution (the respondent bank) shall be deemed to have been deposited into the correspondent account in the United States, and any restraining order, seizure warrant, or arrest warrant in rem regarding such funds may be served on the correspondent bank, and funds in the correspondent account up to the value of the funds deposited into the dollar-denominated account in the foreign financial institution may be seized, arrested or restrained.

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

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

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

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

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

“(B) OWNER.—

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

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

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

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

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

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

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

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

**§ 5332. Subpoenas for records**

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

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

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

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

“(c) ADMINISTRATIVE SUBPOENA.—

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

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

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

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

“5332. Subpoenas for records.”

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

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

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

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

“(p) FORFEITURE OF SUBSTITUTE PROPERTY.—

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

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

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

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

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

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

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

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

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

“(4) ORDER TO REPATRIATE AND DEPOSIT.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“§ 5319. Availability of reports**

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

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

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

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

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

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

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

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

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

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

(C) by adding at the end the following:

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

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

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

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

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

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

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

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

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

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

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

“(e) SAFE HARBOR.—Notwithstanding any other provision of this subchapter, any consumer reporting agency or agent or employee thereof making disclosure of consumer reports or other information pursuant

to this section in good-faith reliance upon a certification of a governmental agency pursuant to the provisions of this section shall not be liable to any person for such disclosure under this subchapter, the constitution of any State, or any law or regulation of any State or any political subdivision of any State.”.

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

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

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

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

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

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

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

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

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

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

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

“(b) DIRECTOR.—

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

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

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

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

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

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

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

“(iv) Other privately and publicly available information.

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

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

“(ii) support ongoing criminal financial investigations and prosecutions and related

proceedings, including civil and criminal tax and forfeiture proceedings;

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

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

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

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

“(vii) support government initiatives against money laundering.

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

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

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

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

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

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

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

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

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

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

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

“(C) a procedure that provides for a prompt initial review of suspicious activity reports and other reports, or such other means as the Secretary may provide, to identify information that warrants immediate action; and  
 “(2) in accordance with section 552a of title 5 and the Right to Financial Privacy Act of 1978, appropriate standards and guidelines for determining—

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

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

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

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

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

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

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

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

“310. Financial Crimes Enforcement Network”.

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

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

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

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

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

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

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

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

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

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

“(1) FINANCIAL INSTITUTION.—The term ‘financial institution’—

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

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

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

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

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

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

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

“1008. False statements concerning the identity of customers of financial institutions.”.

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

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

“(i) IDENTIFICATION AND VERIFICATION OF ACCOUNTHOLDERS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) BANK HOLDING COMPANY ACT OF 1956.—

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

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

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

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

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

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

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

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

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

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

(a) DEFINITION FOR SUBCHAPTER.—Subparagraph (R) of section 5312(a)(2) of title 31,

United States Code, is amended to read as follows:

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

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

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

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

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

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

(2) anti-money laundering controls; and

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

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

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

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

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

“(2) The Board may, subject to the regulations prescribed under paragraph (5), delegate authority to a Federal reserve bank to authorize personnel to act as law enforcement officers to protect and safeguard the bank’s premises, grounds, property, personnel, and operations conducted by or on behalf of the bank.

“(3) Law enforcement officers designated or authorized by the Board or a reserve bank under paragraph (1) or (2) are authorized while on duty to carry firearms and make arrests without warrants for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States committed or being committed within the build-

ings and grounds of the Board or a reserve bank if they have reasonable grounds to believe that the person to be arrested has committed or is committing such a felony. Such officers shall have access to law enforcement information that may be necessary for the protection of the property or personnel of the Board or a reserve bank.

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

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

**SEC. 123. REPORTS RELATING TO COINS AND CURRENCY RECEIVED IN NON-FINANCIAL TRADE OR BUSINESS.**

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

**“SEC. 5333. REPORTS RELATING TO COINS AND CURRENCY RECEIVED IN NON-FINANCIAL TRADE OR BUSINESS.**

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

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

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

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

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

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

“(2) contains—

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

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

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

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

“(c) **EXCEPTIONS.**—

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

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

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

“(1) **IN GENERAL.**—For purposes of this section, the term ‘currency’ includes—

“(A) foreign currency; and

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

“(2) **SCOPE OF APPLICATION.**—Paragraph (1)(B) shall not apply to any check drawn on the account of the writer in a financial institution referred to in subparagraph (A), (B),

(C), (D), (E), (F), (G), (J), (K), (R), or (S) of section 5312(a)(2).”.

(b) **PROHIBITION ON STRUCTURING TRANSACTIONS.**—

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

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

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

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

“(1) cause or attempt to cause a non-financial trade or business to fail to file a report required under section 5333 or any regulation prescribed under such section;

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

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

(2) **TECHNICAL AND CONFORMING AMENDMENTS.**—

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

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

(c) **DEFINITION OF NONFINANCIAL TRADE OR BUSINESS.**—

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

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

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

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

(2) **TECHNICAL AND CONFORMING AMENDMENTS.**—

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

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

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

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

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

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

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

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

(f) **REGULATIONS.**—Regulations which the Secretary of the Treasury determines are

necessary to implement this section shall be published in final form before the end of the 6-month period beginning on the date of the enactment of this Act.

## TITLE II—PUBLIC-PRIVATE COOPERATION

### SEC. 201. ESTABLISHMENT OF HIGHLY SECURE NETWORK.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) STUDY AND REPORT.—

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

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

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

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

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

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

“(d) TERRORIST FINANCING ISSUES.—

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

“(A) issues specifically related to the finances of terrorist groups, the means terrorist groups use to transfer funds around the world and within the United States, including through the use of charitable organi-

zations, nonprofit organizations, and non-governmental organizations, and the extent to which financial institutions in the United States are unwittingly involved in such finances and the extent to which such institutions are at risk as a result;

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

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

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

### SEC. 206. SUSPICIOUS ACTIVITY REPORTING REQUIREMENTS.

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

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

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

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

“(3) LIABILITY FOR DISCLOSURES.—

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

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

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

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

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

“(2) NOTIFICATION PROHIBITED.—

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

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

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

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

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

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

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

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

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

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

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

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

The Secretary of the Treasury shall—

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

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

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

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

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

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

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

(2) law enforcement;

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

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

(5) the consumer protection laws,

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

**TITLE III—COMBATTING INTERNATIONAL MONEY LAUNDERING**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(B) shall consider—

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

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

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

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

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

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

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

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

transactions to be of primary money laundering concern.

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

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

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

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

“(iv) a description of any transaction.

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

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

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

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

“(4) INFORMATION RELATING TO CERTAIN CORRESPONDENT ACCOUNTS.—If the Secretary finds a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, or 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States to be of primary money laundering concern, the Secretary may require any domestic financial institution or domestic financial agency that opens or maintains a

correspondent account in the United States for a foreign financial institution involving any such jurisdiction or any such financial institution operating outside of the United States, or a correspondent account through which any such transaction may be conducted, as a condition of opening or maintaining such account—

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

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

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

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

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

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

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

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

“(ii) the extent to which that jurisdiction or financial institutions operating in that jurisdiction offer bank secrecy or special regulatory advantages to nonresidents or non-domiciliaries of that jurisdiction;

“(iii) the substance and quality of administration of the bank supervisory and counter-money laundering laws of that jurisdiction;

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

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

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

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

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

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

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

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

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

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

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

“(A) ACCOUNT.—The term ‘account’—

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

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

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

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

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

“(2) DEFINITIONS APPLICABLE TO INSTITUTIONS OTHER THAN BANKS.—With respect to any financial institution other than a bank, the Secretary shall, after consultation with the appropriate Federal functional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act), define by regulation the term ‘account’, and shall include

within the meaning of that term, to the extent, if any, that the Secretary deems appropriate, arrangements similar to payable-through and correspondent accounts.

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

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

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

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

“(E) any credit union;”.

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

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

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

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

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

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

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

#### SEC. 302. SPECIAL DUE DILIGENCE FOR CORRESPONDENT ACCOUNTS AND PRIVATE BANKING ACCOUNTS.

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

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

“(1) IN GENERAL.—Each financial institution that establishes, maintains, administers, or manages a private banking account or a correspondent account in the United States for a non-United States person, including a foreign individual visiting the United States, or a representative of a non-United States person, shall establish appropriate, specific, and, where necessary, enhanced due diligence policies, procedures, and controls to detect and report instances of money laundering through those accounts.

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

“(A) IN GENERAL.—Subparagraph (B) shall apply if a correspondent account is requested

or maintained by, or on behalf of, a foreign bank operating—

“(i) under an offshore banking license; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“(5) REGULATORY AUTHORITY.—Before the end of the 6-month period beginning on the date of the enactment of the Financial Anti-Terrorism Act of 2001, the Secretary, in consultation with the appropriate Federal func-

tional regulators (as defined in section 509 of the Gramm-Leach-Bliley Act) shall further define and clarify, by regulation, the requirements of this subsection.”.

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

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

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

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

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

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

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

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

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

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

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

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

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

“(B) DEPOSITORY INSTITUTION.—The ‘depository institution’—

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

“(ii) includes a credit union.

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

“(i) is maintained by a foreign bank;

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

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

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

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

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

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

“(h) ANTI-MONEY LAUNDERING PROGRAMS.—

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

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

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

“(C) an ongoing employee training program; and

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

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

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

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

**SEC. 305. CONCENTRATION ACCOUNTS AT FINANCIAL INSTITUTIONS.**

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

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

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

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

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

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

(a) NEGOTIATIONS.—

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

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

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

(i) large United States currency transactions; and

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

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

(b) REPORTS.—

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

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

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

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

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

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

(B) such country—

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

(ii) has not complied with, or a financial institution of such country has not complied with, a request, made by an official of the United States Government authorized to make such request, for information regarding a foreign terrorist organization (as designated under section 219 of the Immigration and Nationality Act), a person who is a member or representative of any such organization, or a person engaged in money laundering for or with any such organization, and the President imposes any penalties or sanctions on such country or financial institutions of such country on the basis of such determination, the Secretary of State shall submit a report to the Congress describing the facts and circumstances of the case before the end of the 60-day period beginning on the date such sanctions and penalties take effect.

**TITLE IV—CURRENCY PROTECTION****SEC. 401. COUNTERFEITING DOMESTIC CURRENCY AND OBLIGATIONS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SEC. 402. COUNTERFEITING FOREIGN CURRENCY AND OBLIGATIONS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"(a) AUTHORITY TO ENGRAVE AND PRINT.—

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

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

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

**SEC. 404. REIMBURSEMENT.**

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

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

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

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

The SPEAKER pro tempore (Mr. SHIMKUS). Pursuant to the rule, the gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LA-FALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3004 and to include extraneous material on the bill.

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

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I rise in support of H.R. 3004, the Financial Anti-terrorism Act of 2001. The Committee on Financial Services overwhelmingly approved this bill last week in a near unanimous vote of 62 to 1, signalling a strong consensus among Republicans and Democrats alike, administration officials, and the financial services industry, that the time for business as usual is far over.

There is little dissent among us. Strong anti-money laundering measures are needed and needed now. We recognize that failure to move swiftly could leave an open door to future attacks against U.S. citizens and refuse to stand idly by. This bill and the strong bipartisan support it enjoys represents a resounding pledge of congressional support for the President in fulfilling his vow to starve terrorists of their funding.

In the months since the devastating attacks of September 11, we have learned how easily the terrorists used American dollars and the world-class services of the American financial system to underwrite their deadly operations.

At our October 3 committee hearing, we heard testimony from Treasury undersecretary for enforcement, Jimmy

Gurule, on how terrorist operatives from bin Laden's organization, al-Qaeda, utilized checks, credit cards, ATM cards, wire transfer systems and brokerage accounts throughout the world, including the U.S.

He testified that al-Qaeda uses banks, legal businesses, front companies, and underground financial systems to finance the organization's activities, and that some elements of the organization rely on profits from the drug trade.

He also pointed out how some Islamic charities have been penetrated and their fund-raising activities exploited by terrorists.

Another witness, Deputy Assistant Attorney General for the Justice Department's Criminal Division, Mary Lee Warren, warned that the United States is fighting with outdated weapons in the war against money laundering and flagged serious problems associated with international smuggling of bulk cash and wire transfers of funds that enable criminals in one country to conceal their funds in another.

Chief of the Financial Crimes Section of the FBI's Criminal Investigations Division, Dennis Lormel, echoed that concern when he testified how terrorists and other criminal organizations rely heavily upon wire transfers. He flagged correspondent banking as another potential in the financial services sector that can offer terrorist organizations a gateway into U.S. banks.

The private sector money laundering experts subsequently described in detail how underground black market banking operations, like the ancient South Asian Hawala money transfer system, are used by criminals to finance their operations.

Mr. Speaker, I applaud the efforts the administration has already taken to disrupt the financial infrastructure of international terrorist organizations. Those actions include the creation of a new foreign terrorist asset tracking center, the issuing of a strong executive order to block the financial assets of terrorists and their supporters, the passage by the United Nations of a U.S.-drafted resolution calling on all governments to freeze terrorist assets, and the immediate widespread mobilization of the U.S. financial services industry to assist in ferreting out the money trail of these terrorists.

To supplement these early initiatives, H.R. 3004 gives the administration new and improved tools to fight the financial war against terrorism. Here is how.

First, the bill significantly strengthens the hand of law enforcement by enhancing bulk cash smuggling laws, making it easier to prosecute illegal money service businesses, making the provision of material support to terrorists a predicate offense for money laundering, barring the entry of aliens suspected of money laundering, and strengthening procedures for obtaining foreign bank records relevant to terrorism or money laundering.

Second, the bill enhances private-public cooperation between Federal agencies and the financial services industry. The bill requires the creation of a private-public task force on terrorist financing, as well as the establishment of a secure website to accept reports from financial institutions about suspected terrorist activities, and to alert them to matters requiring immediate attention.

The bill also seeks to reduce the number of bank-filed reports where they are unnecessary for law enforcement, and requires Treasury to report regularly to industry on the utility of the reports that are being filed.

Third, in order to deal with international money laundering risks, including those associated with terrorism, the bill prohibits U.S. correspondent banking privileges for offshore shell banks, and authorizes the Secretary of the Treasury to take special measures if a foreign country, institution, or a particular type of transaction or account is deemed to be a primary money laundering concern.

In closing, let me simply say that this package is balanced and comprehensive. It reflects input from Members on both sides of the aisle, as well as from the White House, the Treasury Department, and the Justice Department.

I want to personally thank my good friend and ranking minority member, the gentleman from New York (Mr. LAFALCE), for his tireless efforts on this bill. I know he has been a leader on this bill over a number of years, and it has finally come to fruition, thanks to his cooperative efforts.

I urge my colleagues to give H.R. 3004 their full support and vote aye.

Mr. Speaker, I reserve the balance of my time.

□ 1030

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I might consume.

Mr. Speaker, the Financial Anti-Terrorism Act of 2001 provides a new array of weapons in the fight to disrupt the funding of criminals and international terrorist organizations. Our strong legislation was adopted by our Committee on Financial Services by a 62 to 1 vote.

The committee's product provides the President and the executive branch an array of new weapons to combat terrorist funding and money laundering. It largely reflects legislation that then chairman, the gentleman from Iowa (Mr. LEACH), and I worked on together during the last Congress, along with Stu Eizenstat, the Deputy Secretary of the Treasury, and which also passed our committee on a broad bipartisan basis in 2000, again with only one dissenting vote, the same individual dissenting in 2000 who dissented in 2001.

That legislation, like today's, was conceived in an effort to track and impede access to the funds on which criminals and terrorists rely to conduct their activity. Our medicine today is strong medicine, but it is fair medi-

cine. It is balanced medicine, and the need for it is compelling. If we cannot take strong steps to impede the funding of terrorist activity in light of recent events, I do not know what incentive it would take.

Our antiterrorism package on which the House acted on Friday was a good package, and I strongly supported, but it was incomplete. It was incomplete because it did not contain today's vital provisions. It is imperative that today's bill be enacted as part of a comprehensive antiterrorism package to give the President the full range of tools he needs.

The legislation that the chairman, the gentleman from (Mr. OXLEY), and the vice chairwoman, the gentlewoman from New Jersey (Mrs. ROUKEMA), and I and so many others worked on is a balanced consensus product. It was developed through extensive bipartisan consultation with members of the committee, with members of other committees, with the administration, with the financial services industry, et cetera.

Reasonable accommodations were made by all sides to garner overwhelming bipartisan support that was achieved at last Thursday's committee markup and as recently as late last night. We will not win the fight against terrorism unless we cut off the funding of al-Qaeda and each and every other terrorist organization that exists in the world and we can do it.

The Financial Anti-Terrorism Act of 2001 provides weapons that are absolutely essential for our long-term war against terrorism. Failure to enact this legislation is not an option for either the House or the Senate or for America.

Let me say that I regret that, while the committee also included provisions last week with respect to illegal Internet gambling, they were dropped from this bill, but I understand that because that was problematic. It was filled with contentious issues that had not been adequately aired. It is not contained in the Senate bill. The administration opposed the language that the committee reported out on Internet gambling last week. I regret that but we still reported it out, and I look forward at the earliest possible moment of bringing that legislation to the floor of the House of Representatives separately and advancing it.

In the meantime, this administration has present laws on the books, and this Justice Department can interpret those laws on the books and enforce them both criminally and civilly very aggressively, and so I call on Attorney General John Ashcroft to pursue illegal Internet gambling much more aggressively in the future, not only to cut it off because of its troublesome impacts societally, but because according to the testimony of the FBI, it too is being used to launder clean money for dirty purposes and dirty money for transparent cosmetic purposes.

So pass today's bill and let us have the administration aggressively pursue

existing law on Internet gambling and let the full House take up the Internet gambling provisions in the future in as expeditious a manner as possible.

Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA), the vice-chairman of the committee.

Mrs. ROUKEMA. Mr. Speaker, I thank the Chair, and I want to associate myself with the statements of our chairman and our ranking member. They have properly outlined the benefits of this bill, and I also want to thank the chairman for his leadership in bringing this bill before the Congress.

As many of my colleagues know, former Congressman McCollum and I had a bill 2 years ago that very closely tracked this bill, and it was a proposal put forth by Attorney General Ashcroft more recently. There are essential elements in this bill that have been outlined here. They were able to be included. The due diligence for correspondent accounts, private banking accounts, requirements for financial institutions have anti-money laundering programs about the authorization of Treasury regulations governing the so-called concentration accounts.

These are essential provisions that I fully expect will be maintained in the Congress. Certainly we must do everything we can to assure that.

I would like to also say thanks to the gentleman from Ohio (Mr. OXLEY), and the bill that was passed in Committee on Financial Services, that there were provisions to make it a crime to smuggle more than 10,000 in currency in and out of the United States. Unfortunately, these provisions were among those that were removed from the bill, and in fact, in my opinion it was unwise and injudicious, if my colleagues get it, get the reference, because it was not our committee that removed them.

The point is finally, and I do not have too much time, the point is that this is important legislation. It would make a mockery of the anti-terrorist bill if we do not have, as I think the gentleman from New York (Mr. LAFALCE) alluded to, if we do not have strong money laundering legislation as a component of it. It would make a mockery of it and cripple law enforcement while protecting the terrorist money network.

I urge all of our colleagues, it may not be perfect, but it is essential legislation that we must support; and it is a significant step down the right track to cripple the terrorist network.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Mrs. MALONEY), who has so personally experienced the terrorist attack and who also has been a multi-year advocate of the strongest possible money laundering legislation.

Mrs. MALONEY of New York. Mr. Speaker, I rise in strong support of the

bipartisan anti-money laundering legislation produced by the Committee on Financial Services.

As we move to pass comprehensive antiterror legislation, this work product, which was approved 62 to one, must be included in any legislation that the President signs. Since September 11, our Nation has dedicated its resources to fighting terrorism on all front. The brave men and women of our military are targeting the terrorists overseas. Our security agencies are working around the clock to seek out domestic threats, and our law enforcement apparatus is on the trail of the perpetrators in working to prevent future attacks.

This antimoney laundering legislation provides critically needed tools to help law enforcement in these efforts. Like any business, money is as important as oxygen to terrorists. This legislation aims to cut off their oxygen. And like any business, Terrorism, Inc., is out of business when they are out of money.

In the past, money laundering has been associated with drug cartels and criminal organizations that attempt to wash money that is the product of illegal enterprises. In fighting terrorism, we face a new challenge. In addition to stopping money that comes from illegal sources, we must stop money that comes from front charities, overseas businesses, and underground financial systems such as hawala. This bill targets all of these.

The sources of terror money are wide spread. The New York Times recently reported that al-Qaeda has gone so far as to use profits from Mid-East honey trading to fund terror. While it will never be possible to plan for every inevitability, this legislation greatly increases our ability to detect suspicious flows of money, no matter what their source. The legislation gives Treasury the authority to impose additional due diligence requirements on U.S. institutions when they conduct business with individuals or banks in weak money laundering enforcement countries.

In the past, terrorists such as Osama bin Laden have used accounts in the Sudan or other countries to set up correspondent accounts with U.S. banks and wire money to individuals in the United States. This provision directly targets such relationships.

The bill also criminalizes the concealments of \$10,000 or more in currency to avoid reporting requirements. All the provisions of H.R. 3004 greatly increase cooperation between the private sector, the financial services regulators, and law enforcement. Communication and cooperation among these divergent interests is key to coordinating resources and cutting off terror money.

Global money laundering is an immense problem. The IMF has conservatively estimated that between \$600 billion and \$1.5 trillion is laundered annually worldwide. Working with our allies, the President has frozen terrorists

assets around the world. This legislation gives our government additional tools to fight old and new laundering schemes.

Mr. Speaker, I applaud our Chair, our ranking member for their consistent and outstanding leadership in passing this bill and the gentleman from Iowa (Mr. LEACH), the former chairman.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I would first say with regard to the words that have been brought to us today that this is an important provision in law to bring a money laundering statute into being. Following the money is the most effective way of tracking criminal activity of a given nature. It also serves as a deterrent to crime.

When we first looked at this in the last several years, the main emphasis has been on narco-trafficking; but clearly with regard to terrorism, it is an important ingredient. But it is with some disappointment that I must say that I am amazed and startled to learn that the provision of the bill that relates to Internet gambling has been removed by leadership. And I would only as strongly as I can say that I consider this to be an affront to the committee. I also consider it to be an assault on basic judgment. I would hope that there would be a greater courage and greater will in this body on this issue of Internet gambling.

We are at one of the last moments if there is any hope whatsoever of trying to put a curb on something that is very destructive to the economy and very difficult for individual human beings. And a footnote to the Internet gambling issue is that gambling is one of the great techniques of laundering money. We have to put a footprint down now to stop this form of money laundering and stop the kinds of things that affect so many American individuals. A million Americans a day are now gambling on the Internet with over 600 casino sites with nobody having any idea what these casinos do with the credit card numbers that one gives to these illegal offshore entities.

This Congress has to show a little more backbone when a few interest groups stand up and say they object, when a few ideologues stand up and say they have concerns. The judgment is one that I think has got to be based on compassion and decency, and I hope we can do better.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from New York (Mr. ISRAEL).

Mr. ISRAEL. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, we know that this bill is not the silver bullet in our war against terrorism, but it is a vital tool for our law enforcement community. I want to thank the chairman and the ranking member for getting this good

strong bill to the floor with such dispatch.

Mr. Speaker, September 11 we have learned a great deal about Osama bin Laden and the al-Qaeda terrorist network. We know that in addition to a complex global financial network, there are many, many sources of funds and a personal fortune of \$300 million that Osama bin Laden has. Alarming, evidence suggests that organizations in the United States and abroad have cloaked themselves as charitable organizations to help funnel those funds to al-Qaeda.

The President has already frozen the assets of the Wafa Humanitarian Organization, the Al Rashid Trust, the Makhtab al-Khidamat, and most recently, the Society of Islamic Cooperation.

These were groups that were supposedly charitable organizations, but were mere conduits for raising money for the treacherous acts of September 11.

In committee, Mr. Speaker, I introduced an amendment that the chairman and the gentleman from New York (Mr. LAFALCE) were gracious enough to accept. It is an important measure. It simply tells the Treasury Department to scrutinize how terrorists use charitable non-profits and other groups to fund these activities.

□ 1045

If we are going to win the war on terrorism, we must fight it on every front. This is an important bill in that battle.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. KELLY), the chairman of the Subcommittee on Oversight and Investigations.

Mrs. KELLY. Mr. Speaker, I rise today in strong support of this act. This legislation takes substantive steps to combat how terrorists and drug traffickers move their money. One issue that has been given little attention in our war against terrorism is that the chief export of the Taliban is illegal drugs. Hence, efforts on both fronts have been essential in crafting this legislation.

One of my deepest concerns in our effort to dry up the funding sources for terrorist activities is how we can combat hawalas. This is an international underground economic system by which financial operators in different locations honor each other's financial obligations by making payments in a way which avoids taxes and tariffs. There is no movement of money between countries; hence no taxes and tariffs are paid. At best, there are very small traces of the transactions. This legislation takes the first important step to combat hawala by enforcing the law against unlicensed money transmitting businesses.

While there have long been laws on the books to ensure that money-transmitting businesses be licensed, these laws have been unenforceable due to court rulings which require knowledge

of the law and willful intent. In effect, the law is unenforceable. Section 103 of this legislation removes the standard and tightens up the law to ensure that law enforcement has the tools to go after the threat.

This legislation takes important steps to ensure that more financial institutions have in place antimoney laundering programs. But this is not a one-size-fits-all mandate; and size, location, and activities of a business are taken into account. This will ensure everyone, from the very large financial institutions, with billions in transactions every day, to small stores that offer wire transfers, has in place internal policies and procedures and controls to minimize their susceptibility to inadvertently assisting criminals.

We know the terrorists of September 11 were savvy and familiar with the law. We know that the terrorists used money orders and had bank accounts. We know the terrorists were careful not to do anything that would have attracted attention to themselves before they carried out their plans of terror, murder, and destruction. We must take steps to ensure that if future manipulations take place, law enforcement will be notified in time to prevent acts of cowardice.

The Financial Anti-terrorism Act takes these steps. I urge support of the bill.

Mr. LAFALCE. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from New York (Mr. LAFALCE) has 10½ minutes remaining, and the gentleman from Ohio (Mr. OXLEY) has 9 minutes remaining.

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, I want to thank the ranking member for yielding me this time, and I also want to thank our chairman and ranking member for bringing this bipartisan bill to the floor in such an expedited fashion. This important legislation will help crack down on terrorists using our financial services and having access to funds through money laundering.

While I am strongly supportive of this bill, I had intended to offer a very simple amendment that I hope can be included in conference which would require the Departments of Justice and Treasury to report to Congress on how the terrorists in the September 11 attacks acquired and used credit and debt cards.

We still do not know how the terrorists accessed the credit cards they used to rent cars, purchase airline tickets, and take other actions that facilitated the terrorist attacks. Did they steal other people's identity? Did financial institutions have the tools that they needed to do thorough checks before giving out these cards? We just do not know.

I would like to mention a quote from today's New York Post with reference

to this issue. According to the New York Post, in an article today, and I quote, "The most recent charge on one of the cards came 2 weeks ago, a full 3 weeks after the terrorist strike, a law enforcement official told the Post."

We must take every step possible to shut down access to capital to the terrorists. Finding out how they got credit and debt cards is one of the important steps in this process. So I would like to thank my colleagues, our ranking member, the gentleman from New York (Mr. LAFALCE), and our chairman for this bill; and I ask them and suggest to them to include this provision in the conference committee.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin (Mr. GREEN).

Mr. GREEN of Wisconsin. Mr. Speaker, I thank the chairman for yielding me this time and rise in support of the Financial Anti-terrorism Act. I appreciate how quickly and how wisely the chairman, the gentleman from Ohio (Mr. OXLEY), and the ranking member, the gentleman from New York (Mr. LAFALCE), moved on this subject.

Mr. Speaker, in this new war we fight new and unpredictable enemies, and we fight against weapons that are unconventional and at least initially unexpected. Our enemies seek to turn our own systems, financial and transportation, against us. But today we fight back.

Today, we approve new weapons for this new war. We authorize new broader searches of international mail; we make a new Federal crime of falsifying a customer's ID in a transaction with a financial institution. This bill directs the Secretary of the Treasury to set up a new secure Web site dedicated to the filing of suspicious activity reports by financial institutions and providing those institutions with alerts.

Last week on the antiterrorism bill and this week on the financial antiterrorism bill some have questioned why we moved so quickly. But we have men and women in harm's way overseas; we have them in harm's way abroad. Let us act boldly, let us act creatively, and let us act today. Please support this bill.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. BENTSEN).

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I rise today in strong support of H.R. 3004, the Financial Anti-terrorism Act of 2001. As original cosponsor of this legislation, I want to commend the chairman and the ranking member, as well as the former chairman, the gentleman from Iowa (Mr. LEACH), for the work that they have done on this bill.

This is not the first time that this legislation has come to light. In fact, last year the former House Committee on Banking passed this legislation overwhelmingly. And while we were unable to get it through the House and

through the other body last year, and while our motivation last year was probably less focused on terrorism as it was on public corruption and other forms and drug-running corruption and other forms of money laundering, the body of the legislation is encompassed in this bill; and I am glad to see it is finally seeing the light of day.

This bill will give our Federal financial agencies and law enforcement agencies the tools necessary to combat money laundering. And while, as one of our colleagues said, this is not a silver bullet, this will help choke off the resources that terrorist organizations and other corrupt organizations need in order to operate. We learned in this country in the last century, in efforts to combat organized crime, that if we could cut off the flow of money, we could start to cut off the flow of activity. And the same would be true here.

This legislation gives the Treasury Department very important authority to ensure that financial institutions abroad, which might be working with money laundering organizations, including terrorist organizations, will not have access to the U.S. financial payment systems if they do not comply with appropriate internationally recognized banking standards that deal with money laundering. And it is terribly important that it is in this bill.

Now, we, over the year, have taken great effort with the administration to include appropriate due process so that everyone gets a fair shake under this bill, but this is an important bill in the way it is structured.

I would also like to point out two things. The bill is going to require bringing new requirements on a number of U.S. financial institutions, and that is unfortunately a price that we have to pay. I hope that the regulators look closely at this and do not create too much burden, but we have to enforce this bill.

I am pleased that the committee included an amendment of mine that would not sanction U.S. financial institutions for overreporting. On the one hand, we want them to report; but we should not sanction them for overreporting. We ought to work with those institutions.

In addition, I appreciate the work of the committee in including a provision that would allow the U.S. Justice Department to help enforce foreign judgments against U.S. entities which have had these judgments brought against them overseas to ensure that such judgments of law do not conflict with U.S. law and, thus, we protect the rights of U.S. citizens. So I appreciate the chairman and the ranking member for the work they did on that.

This is a critical piece of legislation. I am glad to see it has been brought up. I commend the chairman and the ranking member and the gentleman from Iowa (Mr. LEACH), who brought this up last year; and I hope the House will pass it unanimously.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. GRUCCI).

Mr. GRUCCI. Mr. Speaker, I thank the distinguished chairman for yielding me this time, and I rise today in support of a critical piece of legislation which seeks to attack the core foundation of terrorist organizations.

The Financial Anti-Terrorism Act of 2001 provides law enforcement and financial oversight officials with critical tools necessary to dismantle the fundraising abilities of terrorist networks. It is my understanding that terrorists used small amounts of cash and remained well below the checkpoints currently in place to catch financial criminals.

The Financial Anti-Terrorism Act of 2001 will enhance the ability of law enforcement agencies to identify and detect terrorist-related transactions and attack the financial infrastructure of these organizations.

It will also enhance cooperation between the Government and private institutions and their abilities to detect and disrupt terrorist funding as well as prevent terrorists from accessing the U.S. financial system through foreign countries and institutions.

President Bush stated this will be a war like no other, where we will fight our enemy both on the field of battle and in the halls of our financial institutions. This legislation strikes at the ability of terrorist networks to launder their money and strengthen their ability of our law enforcement agencies, and I urge my colleagues to support H.R. 3004, the Financial Anti-terrorism Act of 2001.

Mr. LAFALCE. Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Mr. Speaker, I thank the gentleman for yielding me this time. I will be voting for H.R. 3004 and support most of its provisions, but I have some reservations about some features of the bill.

Section 301 is designed to give the Treasury Secretary new powers to identify and punish governments that fail to control money laundering. However, some of the provisions in this section are controversial, particularly the criteria that the Treasury Secretary is supposed to use when determining whether a jurisdiction is a money laundering concern.

A jurisdiction should be punished if it refuses to suspend bank secrecy when presented evidence of a serious crime like terrorism. But the mere existence of privacy should not be a cause for concern. The appropriate criteria should be evidence of money laundering, particularly if conducted with the government's complicity. It would be wrong to characterize a nation as harboring money laundering activities simply because they offer lower taxes than European or U.S. and other nations.

Lower taxes are often designed to foster economic growth of a nation that is engaging in the lower-tax policy. It should not be interpreted as evidence of money laundering.

Mr. Speaker, I believe that bill falls short in providing the assurances needed to ensure that a country is not placed on a blacklist simply because they have relatively lower taxes.

I believe strongly that a jurisdiction should be punished if it refuses to suspend bank secrecy when presented with evidence of a serious crime like terrorism, murder, or drug smuggling, but the mere existence of financial privacy should not be a cause for concern. Also, the presence of a vibrant financial services sector is an odd criterion to be used as evidence of money laundering. Using this criteria, New York City and London would likely be classified as money laundering centers.

The appropriate criterion should be evidence of money laundering, particularly if conducted with a government's complicity. It would be wrong to characterize a nation as harboring money laundering activities simply because they offer lower taxes than European nations or the U.S. Lower taxes are designed to foster economic growth and some nations believe that economic growth is an important policy objective. They should not be punished for making that decision.

We should use our resources effectively. This means targeting and punishing the jurisdictions that harbor and protect terrorists and other criminals.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. WOLF).

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. WOLF) because of an anticipatory association on my part with the remarks of the gentleman from Virginia.

Mr. WOLF. I do not know that I have 4 minutes to speak, but I thank the gentleman.

I am very disappointed that the language of the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) with regard to money laundering and gambling has been taken out.

Gambling is beginning to destroy families and fundamentally corrupt this country. It is bringing about greater divorce and breakup of families; and now we see the influence of it coming into this Chamber, whereby here was an opportunity to deal with money laundering and to do it in a way that would be a positive thing; yet it was removed.

I want to thank the chairman, the gentleman from Ohio (Mr. OXLEY), because I know he supports this language. And I want to thank the gentleman from New York (Mr. LAFALCE) and the gentleman from Iowa (Mr. LEACH). If this Congress adjourns without dealing with the issue of money laundering with regard to gambling, it will be an indictment of this institution.

□ 1100

Mr. Speaker, this, on my side, is the reason that I signed the discharge peti-

tion with regard to campaign finance reform because we cannot have the spread of gambling continue in this Nation and not deal with it every chance we have.

I thank the gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LAFALCE). We ought not to lose this opportunity. Maybe for good reasons the gentlemen had to move ahead with this bill and abandon this opportunity to deal with what is taking place in this country; but we cannot let anti-gambling legislation languish.

Mr. Speaker, we need to continue to push to pass legislation to help families.

Mr. LAFALCE. Mr. Speaker, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from New York.

Mr. LAFALCE. Mr. Speaker, the gentleman from Virginia knows that I have been advocating greater regulation for gambling, even before he began in 1994; but the administration was not supportive of the provisions that we passed. I want to come to the floor separately as soon as possible. I know that is the desire of the gentleman from Ohio (Mr. OXLEY) and the desire of the gentleman from Iowa (Mr. LEACH). We will do it, and we will do it together with the gentleman from Virginia.

Mr. WOLF. Mr. Speaker, I want to make sure what I say does not reflect on the gentleman from Ohio (Mr. OXLEY), and I appreciate the efforts of the gentleman.

The reason I feel so strongly is that gambling is running rampant in the country. The addiction level, particularly among the young is skyrocketing, and for those of us on both sides of the aisle who care about the young, this will enable somebody to sit in their bathrobe at home and gamble, and literally take their family down the road to bankruptcy. This legislation is important, and I appreciate the gentleman's efforts. I look forward to an opportunity to pass such legislation.

Mr. Speaker, I include for the RECORD two articles regarding Internet gambling.

[From the New York Times, June 5, 2001]

NEVADA APPROVES ONLINE GAMBLING  
(By Matt Richtel)

The Nevada Legislature voted yesterday to authorize regulators to license casinos to offer gambling over the Internet, the first time a state has moved to legalize the potentially lucrative but highly controversial business of online gambling.

The Legislature passed the bill on the last day of its every-two-year session, despite objections by some state senators who said it would permit only big, politically powerful casino corporations to participate. A spokesman for Gov. Kenny Guinn said he supported the idea of Internet gambling but would not make a decision about signing the bill until he had read it in its final form.

Even if he does approve, it is far from clear when Las Vegas's most powerful casinos will be able to offer gambling over the Internet, or to whom they will be able to offer it. Federal law enforcement officials say operation of an Internet casino is illegal under the

Wire Act, but legal experts say it is not clear whether the courts concur with that interpretation, and, as a result, whether casinos will need to seek a change in federal law.

The casinos must satisfy regulators that they have technology to prevent bets from being placed by minors or by anyone living in a jurisdiction where gambling is illegal, which currently includes most states.

If the Nevada Gaming Commission finds those criteria are met, it would have the power to "adopt regulations governing the licensing and operation of interactive gaming." Industry observers said that while the bill authorized regulators to license casinos, it did not legalize gambling immediately. It would, however, effectively legalize it in the future—a major victory for casinos that advocate online gaming.

"This is a very big step," said Anthony Cabot, a gambling law expert and partner in the law firm of Lionel, Sawyer & Collins, which represents some of Nevada's largest casinos. "There is no doubt that interactive gambling will be authorized."

If and when they are able to participate, Nevada's casinos will enter an already booming market. According to Bear Stearns, Internet users worldwide wagered \$1.4 billion online last year on casino games, lotteries, horse races and other sports events—a figure that the investment banking firm expects to grow to \$5 billion by 2003.

Some Nevada legislators say only the largest casinos will be able to benefit, however. The bill is written to ensure that the only casinos eligible to get a license are those with an established—and resort-size—physical presence in the state. To get a license, applicants must pay \$500,000 for the first two years, and \$250,000 a year thereafter.

"That would have been like saying five years ago, 'only bricks-and-mortar bookstores can sell books over the Internet,'" said Senator Terry Care, who was on the losing side of yesterday's 17-to-4 vote in the Senate. "What would that have meant for Amazon?"

Mr. Care had hoped to offer an amendment to open the prospect of online gambling to any entity in the state with an unrestricted gambling license, but his was one of several amendments that was never introduced because of a parliamentary maneuver.

In recent weeks, a similar bill was tabled after it became clear that amendments would be offered by several legislators, including Senator Joe Neal, a longtime antagonist of the gambling industry who hoped to amend the bill to increase the gambling tax from 6.25 percent.

To get around the tax question—and the high-profile debate about taxes that it would have entailed—proponents of Internet gambling tacked the legislation as a rider onto a peripheral bill about the work card system for casino employees, said Senator Dina Titus, a Democrat from Las Vegas.

Ms. Titus, who voted against the bill, said she objected to the political maneuvering but she said she supported the idea of Internet gambling. She said the rationale behind permitting only large casinos to participate was the belief that they might be best able to "operate at this level" and would have the "capability and money to back up" the regulations.

Las Vegas's casinos are not united in their desire to move onto the Internet. Until recently, in fact, many of them advocated keeping online gambling illegal as a way of trying to kill competition from overseas. Several of the biggest casinos have, however, advocated legalizing Internet gambling, with the companies' executives asserting that since there is no way to stop people from gambling on the Internet, American companies should be allowed to compete.

#### BRYAN WARY OF INTERNET GAMBLING

THE SENATOR PREDICTS LAS VEGAS COMPANIES WILL LAUNCH ONLINE CASINOS IF LAWS ARE NOT PASSED

(By Tony Batt) Donrey Washington Bureau

WASHINGTON.—Unless Congress acts this year to prohibit Internet gambling, Sen. Richard Bryan says mainstream casinos inevitably will expand into the World Wide Web, a prediction roundly rebutted by a gaming lobbyist.

"Right now, the industry has been supportive, by and large, of an Internet gambling ban," said Bryan, D-Nev. "But every indication is that in another year, segments of the industry will break ranks and jump into this market with both feet. I think that would be terrible public policy."

Bryan cited recent comments by Brian Sandoval, the chairman of the Nevada Gaming Commission, that it may be only a matter of time before the state Legislature is asked to authorize Internet gambling.

"One analogy is the number of operators who were staunchly opposed to Indian gaming, and now many of those same casinos are in business with the tribes," Bryan said.

The industry's top lobbyist in Washington insisted that casinos are not preparing forays into the Internet market.

"Even if our companies wanted to do business on the Internet, they couldn't do it without the approval of the gaming control boards in the states where they are licensed," said Frank Fahrenkopf, president of the American Gaming Association.

"I haven't seen any sign that the gaming control boards in Nevada, New Jersey and Mississippi are ready for that," he said.

But if Internet gambling is authorized in those states, Bryan said, the gaming control boards will not be able to stop casinos from expanding into the Web.

Bryan was the leading Democratic co-sponsor of an Internet gambling ban proposed by Sen. Jon Kyl, R-Ariz., that cleared the Senate in November by voice vote.

But to become law, the ban must be passed by the House, and prospects there appear uncertain. One reason: a turf battle between two powerful committee chairmen.

On April 6, the House Judiciary Committee voted 21-8 in favor of an Internet gambling ban by Rep. Bob Goodlatte, R-Va.

The vote appeared to pave the way for a vote by the full House. But the vote has been delayed because the chairman of the House Commerce Committee, Rep. Tom Bliley Jr., R-Va., has asked House Speaker Dennis Hastert, R-Ill., to give his panel jurisdiction over the bill.

Ironically, Bliley is friends with Goodlatte, and the lawmakers play tennis together.

"We are optimistic that the Judiciary Committee has complete jurisdiction, and the bill will be going to the House floor soon," said Goodlatte spokeswoman Michelle Semones. She said she had no idea when Hastert would make a decision on Bliley's request.

The Commerce Committee is seeking oversight because it claims the bill would impose a mandate on Internet service providers to help enforce the gambling ban.

The judiciary panel argues it should have sole jurisdiction because the bill includes criminal penalties—up to \$20,000 in fines and four years in prison for companies offering gambling on the Internet.

Bliley has clashed with Judiciary Committee Chairman Henry Hyde, R-Ill., over a number of jurisdictional issues regarding the Internet.

This is not the first turf fight over the Internet gambling ban. The bill made it through the judiciary panel only after it was amended to allow American Indian casinos

to operate reservation-to-reservation Internet gambling networks. The change was made to accommodate Rep. Don Young, R-Alaska, chairman of the House Resources Committee.

Even if the Commerce Committee is granted jurisdiction, gaming lobbyists are confident the Internet gambling ban will become law this year.

"I think the prospects of the bill getting to the (House) floor in the next few weeks are very good, and my expectation is that it will pass by a huge margin," said Wayne Mehl, who lobbies Congress for the Nevada Resort Association.

If the House passes the ban, members of both chambers will meet in conference to hammer out differences in the House and Senate versions.

"There is not that much difference between the two bills, and I don't think the conference will take much time at all," Mehl said.

The version that comes out of the conference then must be voted on by the House and Senate before being sent to President Clinton.

The president hasn't said whether he would approve or veto an Internet gambling ban. The Clinton administration voiced concern about the House bill in March, when Deputy Assistant Attorney General Kevin DiGregory said Congress should update federal statutes to ban Internet gambling instead of creating a new law.

White House spokeswoman Elizabeth Newman said the president hopes his concerns about the legislation can be addressed before he is asked to sign an Internet gambling ban.

"I'll be surprised if this bill does not get to Clinton's desk before the August recess," Mehl said. "The big battle has been fought and the outcome has been decided. They're just nibbling around the edges right now."

But Bryan remains concerned.

"The holdup in the House does not necessarily mean the death knell for this legislation," he said. "But in terms of legislative days, we are down to less than 40 days (for this year)."

Mrs. CHRISTENSEN. Mr. Speaker, I rise in support of H.R. 3004, the Financial Anti-Terrorism Act and applaud its sponsors for their work on this comprehensive bipartisan legislation, which seeks to declare financial war on terrorists.

I am pleased as well, that the bill does not include language banning Internet gambling because of the impact that such a ban will have on my district, which is exploring Internet gaming as a means of stimulating our stagnant local economy. While I have my own personal reservations about gambling generally, I must accede to the wishes of my constituents and local legislature, which earlier this year passed legislation to make Internet gaming legal in the U.S. Virgin Islands.

My colleagues, one of the disturbing trends in our present economy has been that when the mainland was experiencing boom times, the economies of the offshore areas of our country—the Virgin Islands, Guam, American Samoa and Puerto Rico—did not share in this boom. Additionally, with the events of September 11 dramatically contributing to the then downturn in our national economy, the tourism dependent economy of the Virgin Islands has been decimated. It is because of this that the Government of the Virgin Islands has looked at Internet gambling as a means of stimulating our local economy.

Mr. BEREUTER. Mr. Speaker, this Member rises today to express his support for H.R.

3004, the Financial Anti-Terrorism Act of 2001, which is being considered under suspension of the House rules. As a result of the terrorist attacks on September 11, 2001, H.R. 3004, of which this Member is an original cosponsor, is necessary to detect and eliminate terrorist funding by giving the Federal authorities the enhanced tools to address financial crimes.

First, this Member would like to thank the distinguished Chairman of the House Financial Services Committee from Ohio (Mr. OXLEY) and the distinguished Ranking Member of the House Financial Services Committee from New York (Mr. LAFALCE) for their role in bringing this legislation to the House Floor today.

The September 11th terrorist attacks on the World Trade Center and the Pentagon illustrate the extensive financial infrastructure which can be associated with terrorism. As both the Vice Chairman of the House Intelligence Committee and as House Intelligence Subcommittee Chair of Intelligence Policy and National Security, this Member has been actively studying the details surrounding the tragic events of September 11th.

Therefore, this member would like to focus on the following three provisions of the Financial Anti-Terrorism Act of 2001: (1) codification of the Financial Crimes Enforcement Network (FinCEN) within the Department of the Treasury; (2) enhancement of law enforcement's ability to address informal banking systems used by terrorists such as the South Asian "hawala" system; and (3) making bulk cash smuggling into or out of the United States a Federal crime.

First, this legislation codifies FinCEN's status as a Department of Treasury bureau with a separate authorization and statutorily assigns the FinCEN with duties consistent with those assigned currently by order of the Treasury, such as the administration of the Bank Secrecy Act. The FinCEN was created in 1990 by an order of the Secretary of the Treasury to be the government's primary financial intelligence unit. In addition, the FinCEN has been very successful in collecting and analyzing data related to large currency transactions and other suspicious financial activity. Moreover, this legislation also requires the FinCEN to provide computer support to the Office of Foreign Asset Control which is also within the Department of Treasury. This FinCEN support will avoid unnecessary computer data base duplication.

Second, this legislation enhances the ability of law enforcement to address informal banking systems such as hawalas. Many terrorism experts believe that a share of terrorist financing is conducted through an ancient South Asian money exchange system called "hawalas." Hawala is an underground network of financiers who acquire funds in one country and subsequently have a partner in a different country pay a certain amount per recipient. In this case, no transaction records are kept with no funds crossing any borders. This legislation mandates the creation of a unit within FinCEN specifically tasked with addressing informal nonbank networks such as hawalas. Furthermore, this legislation also requires a report to Congress from the Secretary of the Treasury on these informal banking systems.

Lastly, this legislation, among many other things, makes it a Federal crime for anyone to knowingly smuggle more than \$10,000 in currency or other monetary instrument across the United States border. The measure provides a

punishment of up to five years in prison and confiscation of the smuggled money. Under current law, the only requirement is that such currency be declared to customs inspectors upon entering the United States. This Member believes that the criminalization of bulk cash smuggling is necessary to help eliminate terrorist funding within the borders of the United States.

Therefore, this Member urges his colleagues to support H.R. 3004, the Financial Anti-Terrorism Act of 2001.

Ms. WATERS. Mr. Speaker, I am pleased that we are passing H.R. 3004, the Financial Anti-Terrorism Act today. It is crucial that we take steps to ensure that terrorist funding is cut off at its source. I have been working on money laundering issues for years, and I believe that the time for action is long overdue.

I am pleased that this bill addresses my concerns I have been raising about money laundering for years.

This legislation authorizes Treasury to take special measures against foreign countries or financial institutions deemed to be primary money laundering concerns. This provision is similar to one I have advocated in the past. I am also pleased that other measures I have sponsored over the years, particularly heightened due diligence for private banking, and correspondent accounts, are included in this bill. Additional scrutiny will be required for these accounts, which have "flown below radar" for many years.

In an October 28, 1999 letter, Citibank's Private Bank division defined private banks as banks "which provide specialized and sophisticated investment and other services to wealthy individuals and families." The letter went on to say that private banks "are inevitably exposed to the risk that an unscrupulous client will attempt to 'launder' proceeds of illegal activities through the bank." This is stating the situation mildly.

A 1998 GAO report on Private Banking detailed how known drug trafficker and international criminal Raul Salinas was able to transfer between \$90 million to \$100 million of proceeds through Citibank's private banking system. In November of 1999, the Senate's Committee on Governmental Affairs Permanent Subcommittee on Investigations (PSI) presented revealing accounts of how Raul Salinas, and several other private banking customers, were able to launder funds through Citibank's private banking system. According to the Subcommittee's minority staff report, a key problem area within the private banking system is the use of concentration accounts.

Currently, concentration accounts are bank accounts maintained by financial institutions in which funds from various bank branches and bank customers are commingled into one single account. Banks have used concentration accounts as a convenient, internal, banking-transfer mechanism. However, by combining funds from various sources into one account, and then wire transferring those funds into separate accounts, the true ownership and identity of the funds are temporarily lost, and more importantly, the paper trail is effectively ended.

Law enforcement officials have stated that one of the biggest problems they encounter in money laundering investigations, particularly where there is an international flow of funds, is the inability of investigators to reconstruct an audit trail for prosecution purposes. This

legislation will authorize the Secretary of the Treasury to issue regulations to ensure that concentration accounts no longer shield the identity of individual customers. These new regulations will prohibit banks from telling their customers about concentration accounts. It will also prohibit banks from allowing their customers to direct that their money be moved through concentration accounts. And it will establish procedures to document the identity of and the amount of funds attributed to each customer whose money is moved through these accounts. I look forward to working with Treasury on these issues and seeing strong regulations implemented as soon as possible.

I am particularly pleased that this legislation also includes an amendment I offered during markup which will ensure that an institution's record on money laundering issues is taken into account when the institution is attempting to merge with or acquire another institution. I have been told that the regulators can currently consider this factor, but my amendment makes it clear that they must consider an institution's record when considering an application from them.

I would like to thank my colleagues, Chairman OXLEY and Ranking Member LAFALCE for working so quickly to bring this legislation to markup, and for including many strong provisions that I have championed for years.

Mr. FORD. Mr. Speaker, the September 11 attacks were the evil work of a well-financed global network of terror. It has been reported that the 19 terrorists, while living in America, received at least \$500,000 from Al Qaeda sources overseas. Their coordinated attack could not have been planned or perpetrated without access to sources of substantial funding.

The cowards of September 11 proved that our enemies do not need armies or tanks or missiles to wage war on the United States. But these terrorists did need money.

By starving the Al Qaeda terrorist network and all terrorists of their funding, we can strip them of an essential tool in waging terror. By following the money, we can more effectively track terrorist activity and prevent terrorist attacks before they occur.

No anti-terrorism package will be complete without strong financial anti-terrorism provisions. To fight global terrorism effectively, we have to crack down on illegal money laundering and on underground financial activity. To fight terrorism, we have to crack the financial networks of terrorists.

Last Thursday, thanks in no small part to the hard work and exemplary cooperation between Chairman OXLEY and Ranking Member LAFALCE, the Financial Services Committee reported out bipartisan financial anti-terrorism legislation by a 62-1 margin.

The Financial Anti-Terrorism Act of 2001 takes critical steps to give Treasury and other law enforcement agencies the tools they need to attack the financial infrastructure of terrorists. The bill encourages cooperation between Federal agencies and the financial services industry. Such cooperation between government and the private sector will be critical in our efforts ahead.

The bill also helps prevent international money laundering by preventing banks from engaging with overseas shell banks. It gives the Treasury the authority to take special measures against countries, institutions, or transactions that are of "primary money laundering concern." We cannot allow terrorists to

use offshore money laundromats to evade the international network of transparent commerce.

Financial anti-terrorism legislation is an essential, indispensable piece of our overall anti-terrorism efforts. In the words of Secretary O'Neill, we must ensure that the terrorists' moral bankruptcy must be matched by an empty wallet.

Mr. Speaker, I strongly support the passage of this bill. Financial anti-terrorism legislation, including strong money laundering provisions, must be included in any ultimate anti-terrorism package passed by this Congress.

Mr. PAUL. Mr. Speaker, the so-called Financial Anti-Terrorism Act of 2001 (H.R. 3004) has more to do with the ongoing war against financial privacy than with the war against international terrorism. Of course, the Federal government should take all necessary and constitutional actions to enhance the ability of law enforcement to locate and seize funds flowing to known terrorists and their front groups. For example, America should consider signing more mutual legal assistance treaties with its allies so we can more easily locate the assets of terrorists and other criminals.

Unfortunately, instead of focusing on reasonable measures aimed at enhancing the ability to reach assets used to support terrorism, H.R. 3004 is a laundry list of dangerous, unconstitutional power grabs. Many of these proposals have already been rejected by the American people when presented as necessary to "fight the war on drugs" or "crackdown on white-collar crime." For example, this bill facilitates efforts to bully low tax jurisdictions into raising taxes to levels approved by the tax-loving, global bureaucrats of the Organization for Economic Cooperation and Development!

Among the most obnoxious provisions of this bill: codifying the unconstitutional authority of the Financial Crimes Enforcement Network (FinCEN) to snoop into the private financial dealings of American citizens; and expanding the "suspicious activity reports" mandate to broker-dealers, even though history has shown that these reports fail to significantly aid apprehending criminals. These measures will actually distract from the battle against terrorism by encouraging law enforcement authorities to waste time snooping through the financial records of innocent Americans who simply happen to demonstrate an "unusual" pattern in their financial dealings.

In conclusion, Mr. Speaker, I urge my colleagues to reject this package of unconstitutional expansions of the financial police state, most of which will prove ultimately ineffective in the war against terrorism. Instead, I hope Congress will work to fashion a measure aimed at giving the government a greater ability to locate and seize the assets of terrorists while respecting the constitutional rights of American citizens.

Ms. JACKSON-LEE of Texas. Mr. Speaker, the bill before us today, H.R. 3004, the "Financial Anti-Terrorism Act of 2001" will continue the work that we undertook last week in the Judiciary Committee addressing the growing threats of terrorism on U.S. soil.

In an historic effort of bi-partisanship, my Judiciary Committee colleagues and I passed our anti-terrorism bill by a 36-0 vote. Similarly, the bill before us today passed the House Financial Services Committee on a bi-partisan vote of 62-1. These numbers demonstrate to

America and to the world the unanimity of our resolve to rid society of terror, and reiterate the overwhelming timeliness for such legislation.

The problems of money laundering have always been great, but these problems are exacerbated where international terrorist networks fund their evil enterprises by masking the origin and purpose of the money. It has been suggested that the terrorist hijackers behind the September 11 attacks had a deep knowledge of the U.S. Bank Secrecy Act, record keeping duties of financial institutions, and that at least one of the leaders conducted transactions that evinced a deep understanding of obscure and complex U.S. banking regulations. This knowledge is likely to have helped expedite these horrific acts, which clearly transcend traditional notions of money laundering.

Make no mistake about it: this is big business. It has been estimated that money laundering accounts for between \$600 billion and \$1.5 trillion a year. Given the fact that the recent attacks on the World Trade Center, the Pentagon, and the crash in Somerset County Pennsylvania have been estimated to have cost only about \$.5 million, a relatively insignificant amount given the direct and collateral damage caused by the attacks, it is clear that our current money laundering laws are insufficient to deal with the current threats raised by our new war on terrorism.

With that in mind I believe that we should thank Senate Majority Leader TOM DASCHLE for insisting that money laundering language be included in the final anti-terrorism package, and we should also thank the staffs of the Financial Services and Judiciary Committees who worked late into the evening last night in search of an agreement that would bring this important legislation to the floor.

H.R. 3004 moves us in the right direction in fighting this new battle. It includes specific provisions to detect terrorist funding by increasing safeguards at banks, borders, and businesses, and gives authorities the tools that they need to effectively combat financial terrorism and related crimes. It provides for increased investigatory abilities to infiltrate terrorist cells and infrastructure, irrespective of whether such cells utilize normal financial institutions such as banks, or whether they use more clandestine underground "hawala" financial systems.

The bill establishes a partnership between private industry and government in order to decimate terrorist funding, and to this end, it provides additional tracking authority and increased cooperation between U.S. and foreign national to monitor terrorist funds kept in offshore accounts.

The bill also limits the potential for mistakes in targeting terrorists by directing the Treasury Secretary to develop regulations that require financial institutions to verify the identity of customers before opening accounts.

The bill also expands jurisdiction of the Customs Service in order to search, without a warrant, outbound U.S. mail for bulk cash or other contraband, and criminalizes smuggle currency in excess of \$10,000, and stiffens penalties for knowing falsification of transactional information in financial institutions.

Finally, additional provisions prohibit the use of credit cards, wire transfers or checks from U.S. banks to pay for illegal gambling on the Internet where so much money laundering currently takes place. In all, this bill gives law en-

forcement the tools needed to fight this new and formidable enemy of terrorism.

The need for this legislation is great. Let us pass it today and send a powerful signal to the world that terrorism, in any form, will not be tolerated in our free society. I urge my colleagues to support it.

Mr. OXLEY. Mr. Speaker, could I inquire whether the gentleman from New York has further speakers?

Mr. LAFALCE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SHIMKUS). The question is on the motion offered by the gentleman from Ohio (Mr. OXLEY) that the House suspend the rules and pass the bill, H.R. 3004, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. OXLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 412, nays 1, not voting 17, as follows:

[Roll No. 390]

YEAS—412

Abercrombie	Capuano	English
Ackerman	Cardin	Eshoo
Aderholt	Carson (IN)	Etheridge
Akin	Carson (OK)	Evans
Allen	Castle	Everett
Andrews	Chabot	Farr
Armey	Chambliss	Ferguson
Baca	Clay	Flinter
Bachus	Clayton	Flake
Baird	Clement	Fletcher
Baker	Clyburn	Foley
Baldacci	Coble	Forbes
Baldwin	Collins	Ford
Ballenger	Combest	Fossella
Barcia	Condit	Frank
Barr	Cooksey	Frelinghuysen
Barrett	Costello	Frost
Bartlett	Cox	Galleghy
Barton	Coyne	Ganske
Becerra	Cramer	Gekas
Bentsen	Crane	Gephardt
Bereuter	Crenshaw	Gibbons
Berkley	Crowley	Gilchrest
Berman	Culberson	Gillmor
Berry	Cummings	Gilman
Biggert	Cunningham	Gonzalez
Bilirakis	Davis (CA)	Goode
Blagojevich	Davis (FL)	Goodlatte
Blumenuer	Davis (IL)	Gordon
Blunt	Davis, Jo Ann	Goss
Boehlert	Davis, Tom	Graham
Boehner	Deal	Granger
Bonilla	DeFazio	Graves
Bonior	DeGette	Green (TX)
Bono	Delahunt	Green (WI)
Borski	DeLauro	Greenwood
Boswell	DeLay	Grucci
Boucher	DeMint	Gutierrez
Boyd	Deutsch	Gutknecht
Brady (PA)	Diaz-Balart	Hall (OH)
Brady (TX)	Dicks	Hall (TX)
Brown (FL)	Dingell	Hansen
Brown (OH)	Doggett	Harman
Brown (SC)	Dooley	Hart
Bryant	Doolittle	Hastings (FL)
Burr	Doyle	Hastings (WA)
Buyer	Dreier	Hayes
Callahan	Duncan	Hayworth
Calvert	Dunn	Hefley
Camp	Edwards	Heger
Cannon	Ehlers	Hill
Cantor	Ehrlich	Hilleary
Capito	Emerson	Hilliard
Capps	Engel	Hinche

Hinojosa	McIntyre	Schaffer
Hobson	McKeon	Schakowsky
Hoeffel	McKinney	Schiff
Hoekstra	McNulty	Schrock
Holden	Meehan	Scott
Holt	Meek (FL)	Sensenbrenner
Honda	Meeks (NY)	Sessions
Hooley	Menendez	Shadegg
Horn	Mica	Shaw
Hostettler	Millender-	Shays
Houghton	McDonald	Sherman
Hoyer	Miller, Gary	Sherwood
Hulshof	Miller, George	Shimkus
Hunter	Mink	Shows
Hyde	Mollohan	Shuster
Inslee	Moore	Simmons
Isakson	Moran (KS)	Simpson
Israel	Moran (VA)	Skeen
Istook	Morella	Skelton
Jackson (IL)	Murtha	Slaughter
Jackson-Lee	Myrick	Smith (MI)
(TX)	Nadler	Smith (NJ)
Jefferson	Napolitano	Smith (TX)
Jenkins	Neal	Smith (WA)
John	Nethercutt	Snyder
Johnson (CT)	Ney	Solis
Johnson (IL)	Northup	Souder
Johnson, E. B.	Norwood	Spratt
Johnson, Sam	Nussle	Stark
Jones (NC)	Oberstar	Stearns
Jones (OH)	Obey	Stenholm
Kanjorski	Olver	Strickland
Keller	Ortiz	Stump
Kelly	Osborne	Stupak
Kennedy (MN)	Ose	Sununu
Kennedy (RI)	Otter	Tancredo
Kerns	Owens	Tanner
Kildee	Oxley	Tauscher
Kilpatrick	Pallone	Tauzin
Kind (WI)	Pascarell	Taylor (MS)
King (NY)	Pastor	Taylor (NC)
Kingston	Payne	Terry
Kirk	Pelosi	Thomas
Knollenberg	Pence	Thompson (CA)
Kolbe	Peterson (MN)	Thompson (MS)
Kucinich	Peterson (PA)	Thornberry
LaFalce	Petri	Thune
LaHood	Phelps	Thurman
Lampson	Pickering	Tiahrt
Langevin	Pitts	Tiberi
Lantos	Platts	Tierney
Largent	Pombo	Toomey
Larsen (WA)	Pomeroy	Towns
Larson (CT)	Portman	Traficant
Latham	Pryce (OH)	Turner
Leach	Putnam	Udall (CO)
Lee	Quinn	Udall (NM)
Levin	Radanovich	Upton
Lewis (CA)	Rahall	Velazquez
Lewis (GA)	Ramstad	Visclosky
Lewis (KY)	Rangel	Vitter
Linder	Regula	Walden
Lipinski	Rehberg	Walsh
LoBiondo	Reyes	Wamp
Lofgren	Reynolds	Waters
Lowe	Riley	Watkins (OK)
Lucas (KY)	Rivers	Watson (CA)
Lucas (OK)	Rodriguez	Watt (NC)
Luther	Roemer	Watts (OK)
Maloney (CT)	Rogers (KY)	Waxman
Maloney (NY)	Rogers (MI)	Weiner
Manzullo	Rohrabacher	Weldon (FL)
Markey	Ros-Lehtinen	Weldon (PA)
Mascara	Ross	Weller
Matheson	Rothman	Wexler
Matsui	Roukema	Whitfield
McCarthy (MO)	Royce	Wicker
McCarthy (NY)	Rush	Wilson
McCollum	Ryan (WI)	Wolf
McCrery	Ryun (KS)	Woolsey
McDermott	Sanchez	Wu
McGovern	Sanders	Wynn
McHugh	Sawyer	Young (AK)
McInnis	Saxton	Young (FL)

□ 1128

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. ISSA. Mr. Speaker, on rollcall No. 390, had I been present, I would have voted "yea."

#### LEGISLATIVE PROGRAM

(Mr. LAFALCE asked and was given permission to address the House for 1 minute.)

Mr. LAFALCE. Mr. Speaker, I would like to ask the majority leader, it is the disposition of the loyal minority to proceed as expeditiously as possible to join this bill with the PATRIOT bill we passed Friday and to go to conference with the Senate. It is my understanding that the Senate is probably going to adjourn as of about 2:00 o'clock this afternoon, and that we are going to adjourn about 4:00 o'clock.

I want the majority leader to know that if it is possible, we would like to come back with a conference report today, before 2:00 in the Senate, before 4:00 today, so that we could send the bill to President Bush for his signature today. We are ready to do anything. I know there are difficulties because some Senate offices have been quarantined. If it is necessary, we could meet on the House side. The conferees, if necessary, could be appointed immediately. We are willing to work with the gentleman in a most expeditious manner.

□ 1130

Mr. ARMEY. Mr. Speaker, will the gentleman yield?

Mr. LAFALCE. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Speaker, I want to thank the gentleman.

Let me take this moment if I may, to say that what was agreed to this morning by the Speaker and the minority leader and myself is we had certain work we could get done today and we thought we needed to get done today, and we would do that work and then adjourn for the week. We are progressing nicely on this.

I think it was a clear anticipation on the part of all three of us that should this conferencing of these two very important bills get done that expeditiously and be available to us at a reasonable time, we would be happy to take it and try to move it. So I would encourage Members to go to work on that.

In the meantime, Members should be advised that the basic ground rules are we will do the additional work that is available to us. When that work is completed, we will adjourn the House. We will then not reconvene the House until Tuesday. The exact time of reconvening will be announced later in the day. Between that adjournment today

and Tuesday, we ask on behalf of the research team that will survey our work areas that Members go ahead and give their staffs the couple of days off and give that space over, make it available for this research, so we can establish the condition of the properties, not only in terms of securing their current safety, but establishing a base from which we can evaluate any future changes in these circumstances.

#### FURTHER LEGISLATIVE PROGRAM

(Mr. KENNEDY of Rhode Island asked and was given permission to address the House for 1 minute.)

Mr. KENNEDY of Rhode Island. Mr. Speaker, would the leader give us some indication as to why we would adjourn after 3 o'clock? If there is a risk of possible exposure by staying around, then I would ask the leader why is it we are staying in for another 3 hours and continuing to possibly expose employees of this building?

There is a line that is about 100 long around the Physician's Office right now waiting to be tested. It seems to me we have responsibility at this time to know what the facts are and to be able to operate in a way that is consistent with whatever clinical judgment the Physician's Office gives us.

Mr. ARMEY. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY of Rhode Island. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Speaker, again, during our discussions earlier this morning between the minority leader, the Speaker and myself with the House Physician, Dr. Eisold, it was clear that we did not feel, according to the doctor's advice, that anyone was in imminent danger at this moment, and that there were Members from some offices, particularly from the other side of the building, that were taking these precautionary screening tests and it was considered advised.

On the House side at this time there was seen to be no imminent danger, but as a matter of prudence and in the interests of what I would call the research protocol of establishing a clearly defined base from which to proceed, it was advised that when we complete our business today, that we surrender the properties for the purposes of that sweep and that establishment.

There has been and is no announced time by which we would complete our work because that would depend, of course, on the flow of the work. But we believe Members all appreciate the seriousness of the situation.

We see the work is going expeditiously on the floor. As we return to that floor and complete that work, then I would advise the gentleman to have your staff complete their work and depart the properties. I think there is no reason to be concerned about having to rush out of here because the actual research, sweeping, will begin in the morning, and we will have given then these people the opportunity to

NAYS—1

Paul

NOT VOTING—17

Bass	Issa	Roybal-Allard
Bishop	Kaptur	Sabo
Burton	Klecicka	Sandlin
Conyers	LaTourette	Serrano
Cubin	Miller (FL)	Sweeney
Fattah	Price (NC)	