

106TH CONGRESS
1ST SESSION

H. R. 1426

To prevent the laundering of money.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 1999

Ms. WATERS introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To prevent the laundering of money.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Money Laundering
5 Prevention Act of 1999”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress makes the following
8 findings:

9 (1) Money laundering is a serious problem: be-
10 tween \$100,000,000,000 and \$300,000,000,000 in
11 United States currency is “laundered” each year

1 and the total dollar amount involved in international
2 money laundering likely exceeds \$500,000,000,000.

3 (2) Money laundering is critical to the survival
4 of the illicit drug trade, which has annual worldwide
5 revenues of more than \$400,000,000,000, more than
6 8 percent of the total value of international trade.

7 (3) United States financial institutions are a
8 critical link in our efforts to combat money laun-
9 dering.

10 (4) Highly secretive and loosely regulated pri-
11 vate banking services that cater to wealthy clients
12 are particularly vulnerable to use by drug traffickers
13 for money laundering purposes, and it is estimated
14 that private banking services have banking assets
15 ranging from \$200,000,000,000 to
16 \$300,000,000,000.

17 (b) PURPOSES.—The purposes of this Act are as fol-
18 lows:

19 (1) To ensure that United States financial in-
20 stitutions make combating money laundering the
21 highest of priorities.

22 (2) To close the existing gaps in law that allow
23 money laundering to flourish in the private banking
24 system.

1 (3) To designate foreign high-intensity money
2 laundering areas for the purpose of targeting areas
3 of concentrated money laundering activities.

4 (4) To require the Board of Governors of the
5 Federal Reserve System to take into account money
6 laundering activities in the consideration of applica-
7 tions under section 3 of the Bank Holding Company
8 Act of 1956.

9 **SEC. 3. REPORT ON PRIVATE BANKING ACTIVITIES.**

10 (a) IN GENERAL.—Before the end of the 1-year pe-
11 riod beginning on the date of the enactment of this Act,
12 the Secretary of the Treasury, in consultation with the
13 Federal banking agencies (as defined in section 3(z) of
14 the Federal Deposit Insurance Act) shall submit a report
15 on private banking activities in the United States to the
16 Committee on Banking and Financial Services of the
17 House of Representatives and the Committee on Banking,
18 Housing, and Urban Affairs of the Senate.

19 (b) CONTENTS OF REPORT.—The report required
20 under subsection (a) shall include information on the fol-
21 lowing:

22 (1) The nature and extent of private banking
23 activities in the United States.

24 (2) Regulatory efforts to monitor private bank-
25 ing activities and ensure that such activities are con-

ducted in compliance with subchapter II of chapter 53 of title 31, United States Code, and section 21 of the Federal Deposit Insurance Act.

(3) The policies and procedures of depository institutions that are designed to ensure compliance by such institutions with the requirements of subchapter II of chapter 53 of title 31, United States Code, and section 21 of the Federal Deposit Insurance Act.

(c) PRIVATE BANKING ACTIVITIES DEFINED.—For purposes of this section, the term “private banking activities” includes, with respect to a financial institution, personalized services, such as money management, financial advice, and investment services, that are provided to individuals with a high net worth and are not provided generally to all clients of the financial institution.

SEC. 4. REQUIRE THAT ANTI-MONEY LAUNDERING PROGRAMS PROHIBIT MONEY LAUNDERING THROUGH CONCENTRATION ACCOUNTS AT FINANCIAL INSTITUTIONS BY REQUIRING THE AVAILABILITY OF CERTAIN ACCOUNT INFORMATION.

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

1 “(3) AVAILABILITY OF CERTAIN ACCOUNT IN-
 2 FORMATION.—The Secretary of the Treasury shall
 3 prescribe regulations under this subsection which re-
 4 quire financial institutions to maintain all accounts
 5 in such a way as to ensure that—

6 “(A) the name of the account holder and
 7 the number of the account are associated with
 8 all account activity of the account holder; and

9 “(B) all such information is available for
 10 purposes of account supervision and law en-
 11 forcement.”

12 **SEC. 5. DESIGNATION OF FOREIGN HIGH-INTENSITY**
 13 **MONEY LAUNDERING AREAS.**

14 (a) IN GENERAL.—Subchapter III of chapter 53 of
 15 title 31, United States Code (as added by the Money
 16 Laundering and Financial Crimes Strategy Act of 1998)
 17 is amended by adding at the end the following new part:

18 “PART 3—INTERNATIONAL MONEY LAUNDERING AND
 19 RELATED FINANCIAL CRIMES

20 **“§ 5361. Designation of foreign high-intensity money**
 21 **laundering areas**

22 “(a) IN GENERAL.—The Secretary, in consultation
 23 with the Federal banking agencies, shall develop criteria
 24 for identifying areas outside the United States in which
 25 money laundering activities are concentrated.

1 “(b) DESIGNATION.—The Secretary shall designate
 2 as a high-intensity money laundering area any foreign
 3 country in which there is an area identified, in accordance
 4 with the criteria developed pursuant to subsection (a), as
 5 an area in which money laundering activities are con-
 6 centrated.

7 “(c) NOTICE AND WARNING.—Upon the designation,
 8 under subsection (b), of a country as a high-intensity
 9 money laundering area, the Secretary shall provide—

10 “(1) a written notice to each insured depository
 11 institution (as defined in section 3 of the Federal
 12 Deposit Insurance Act), and each depository institu-
 13 tion holding company (as defined in such section 3)
 14 that controls an insured depository institution, of
 15 the identity of the country designated; and

16 “(2) a written warning that there is a con-
 17 centration of money laundering activity in such
 18 country.”.

19 (b) CLERICAL AMENDMENT.—The table of sub-
 20 chapters for chapter 53 of title 31, United States Code,
 21 is amended by adding at the end the following item:

“PART 3—INTERNATIONAL MONEY LAUNDERING AND RELATED FINANCIAL
 CRIMES

“5361. Designation of foreign high-intensity money laundering areas.”.

1 **SEC. 6. DOUBLE THE CRIMINAL PENALTIES FOR VIOLA-**
 2 **TIONS INVOLVING HIGH-INTENSITY MONEY**
 3 **LAUNDERING AREAS.**

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

7 “(d) DOUBLED PENALTY.—The court may double
 8 the sentence of fine or imprisonment, or both, that could
 9 otherwise be imposed on any person for a violation de-
 10 scribed in subsection (a) or (b) if the person commits the
 11 violation with respect to a transaction involving a person
 12 in, a relationship maintained for a person in, or a trans-
 13 port of a monetary instrument involving a foreign country,
 14 knowing that a designation of the foreign country as a
 15 high-intensity money laundering area under section 5361
 16 was in effect at the time of the violation.”.

17 (b) EFFECTIVE DATE.—The amendment made by
 18 subsection (a) shall apply with respect to any violation
 19 committed on or after the date of the enactment of this
 20 Act.

21 **SEC. 7. AMENDMENT TO SECTION 3 OF THE BANK HOLDING**
 22 **COMPANY ACT OF 1956.**

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

26 “(6) MONEY LAUNDERING.—In every case—

1 “(A) the Board shall take into consider-
2 ation the effectiveness of the company or com-
3 panies in combating and preventing money
4 laundering activities, including in overseas
5 branches;

6 “(B) the Board shall not consider any ap-
7 plication under this section involving any com-
8 pany which is the subject of any—

9 “(i) pending Federal investigation of
10 possible money laundering or other related
11 financial crimes; or

12 “(ii) pending Federal prosecution for
13 money laundering or other related financial
14 crimes,

15 until such investigation or prosecution is com-
16 pleted and a finding is made, except that this
17 subparagraph shall not apply if the period for
18 such completion and the making of findings ex-
19 ceeds 3 years; and

20 “(C) the Board shall disapprove any appli-
21 cation under this section involving any company
22 which has been found criminally or civilly liable
23 for money laundering or any related financial
24 crime during the 5-year period preceding the

1 consideration of such application by the
2 Board.”.

3 (b) SCOPE OF APPLICATION.—The amendment made
4 by subsection (a) shall apply with respect to any applica-
5 tion submitted to the Board of Governors of the Federal
6 Reserve System under section 3 of the Bank Holding
7 Company Act of 1956 after December 31, 1997, which
8 has not been approved by the Board before the date of
9 the enactment of this Act.

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