

114TH CONGRESS
2D SESSION

H. R. 5594

IN THE SENATE OF THE UNITED STATES

JULY 12, 2016

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

AN ACT

To require the establishment of a national strategy for combating the financing of terrorism and related financial crimes, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “National Strategy for
3 Combating Terrorist, Underground, and Other Illicit Fi-
4 nancing Act”.

5 **SEC. 2. FINDINGS.**

6 The Congress finds the following:

7 (1) The financing of terrorism and related
8 forms of illicit finance present a direct threat to na-
9 tional security and a threat to global stability.

10 (2) New terrorist groups or threats can form
11 quickly, and other groups change tactics to adapt,
12 creating a constantly changing terrorist environ-
13 ment, presenting ever-changing risks and challenges
14 to programs to disrupt the financing of terrorism
15 and related forms of illicit finance.

16 (3) As demonstrated in hearings before the
17 Task Force to Investigate Terrorism Financing, ter-
18 rorists in some instances have formed symbiotic rela-
19 tionships with, or are taking over, transnational
20 crime syndicates, so that funding for both terrorism
21 and profits from crime flow in the same fashion and
22 often are indistinguishable.

23 (4) Methods of concealing the movement of il-
24 licit funding change quickly in a globalized economy,
25 and rapid technological changes and financial inno-
26 vation pose new risks that may be increasingly dif-

1 difficult for governments to stay abreast of without an
2 agile, constantly adjusted strategy to spot, disrupt,
3 and prevent the financing of terrorism and related
4 forms of illicit finance.

5 (5) A bipartisan requirement to create a na-
6 tional anti-money laundering strategy enacted in
7 1998 expired in 2007. Given the rapid globalization
8 and rapid technology changes of the financial sector,
9 an updated strategy focused on the financing of ter-
10 rorism is necessary.

11 (6) It is important for the Government to have
12 a unified strategy to fight financial crime and to up-
13 date it annually, both to accommodate new and de-
14 veloping threats and to help Congress develop legis-
15 lative and funding priorities.

16 (7) An effective strategy to counter terrorism
17 financing is a critical component of the broader
18 counter terrorism strategy of the United States.

19 **SEC. 3. DEVELOPMENT OF NATIONAL STRATEGY.**

20 (a) IN GENERAL.—The President, acting through the
21 Secretary of the Treasury (the “Secretary”) shall, in con-
22 sultation with the Attorney General, the Secretaries of
23 State, Defense, and Homeland Security, the Director of
24 National Intelligence and the appropriate Federal banking

1 agencies, develop a national strategy for combating the fi-
2 nancing of terrorism and related forms of illicit finance.

3 (b) TRANSMITTAL TO CONGRESS.—By June 1 each
4 year following the date of the enactment of this Act, the
5 President shall submit to the appropriate congressional
6 committees a national strategy developed in accordance
7 with subsection (a).

8 (c) EVALUATION OF EXISTING EFFORTS AND
9 BROADER STRATEGY.—The President shall accompany
10 each strategy submitted under subsection (b) with a report
11 that—

12 (1) describes the effectiveness of efforts to en-
13 force existing prohibitions against illicit finance;

14 (2) describes how the United States is address-
15 ing the highest levels of risk identified in the Na-
16 tional Money Laundering Risk Assessment and the
17 National Terrorist Financing Risk Assessment pub-
18 lished by the Department of the Treasury;

19 (3) evaluates the effectiveness of United States
20 efforts to fight illicit finance at actually preventing,
21 discovering, and countering terrorist financing and
22 other forms of illicit finance (and the effectiveness of
23 those efforts that the United States coordinates with
24 foreign nations); and

1 (4) describes how the strategy submitted under
2 subsection (b) is integrated into, and supports, the
3 broader counter terrorism strategy of the United
4 States.

5 (d) SEPARATE PRESENTATION OF CLASSIFIED MA-
6 TERIAL.—Any part of the national strategy that involves
7 information which is properly classified under criteria es-
8 tablished by the President shall be submitted to the Con-
9 gress separately in a classified annex and, if requested by
10 the chairman or ranking Member of one of the appropriate
11 congressional committees, as a briefing at an appropriate
12 level of security.

13 **SEC. 4. CONTENTS.**

14 (a) IN GENERAL.—The strategy described under sec-
15 tion 3 shall contain, at a minimum, the following:

16 (1) THREATS, GOALS, OBJECTIVES, AND PRIOR-
17 ITIES.—A comprehensive, research-based, long-
18 range, quantifiable discussion of threats, goals, ob-
19 jectives, and priorities for disrupting, preventing and
20 reducing the number, dollar value, and effects of il-
21 licit finance in the United States and foreign coun-
22 tries that impact the security of the United States.

23 (2) COORDINATION.—A discussion of methods
24 to best coordinate such efforts with international,

1 State, and local officials, law enforcement, regu-
2 lators, and financial institutions.

3 (3) REVIEWS AND PROPOSED CHANGES.—Re-
4 views of enforcement efforts, relevant regulations
5 and relevant provisions of law and, when appro-
6 priate, discussions of proposed changes determined
7 to be appropriate to ensure that the United States
8 pursues coordinated and effective efforts at all levels
9 of government in the fight against illicit finance and
10 with international partners.

11 (4) DETECTION AND PROSECUTION INITIA-
12 TIVES.—A description of efforts to improve detection
13 and prosecution of illicit finance, including efforts to
14 ensure that—

15 (A) subject to legal restrictions, all appro-
16 priate data collected by the Government that is
17 relevant to the efforts described in this Act be
18 available in a timely fashion to all appropriate
19 Federal departments and agencies and, as ap-
20 propriate and consistent with section 314 of the
21 USA PATRIOT Act, to financial institutions to
22 assist them in efforts to comply with laws
23 aimed at curbing illicit finance; and

24 (B) appropriate efforts are undertaken to
25 ensure that Federal departments and agencies

1 charged with reducing and preventing illicit fi-
2 nance make thorough use of publicly available
3 data in furtherance of this effort.

4 (5) THE ROLE OF THE PRIVATE FINANCIAL
5 SECTOR IN PREVENTION OF ILLICIT FINANCE.—A
6 discussion of ways to enhance partnerships between
7 the private financial sector and Federal departments
8 and agencies with regard to the prevention and de-
9 tection of illicit money laundering finance, includ-
10 ing—

11 (A) efforts to facilitate compliance with
12 laws aimed at stopping such illicit finance while
13 maintaining the effectiveness of such efforts;
14 and

15 (B) providing incentives to strengthen in-
16 ternal controls and to adopt on an industry-
17 wide basis more effective policies.

18 (6) ENHANCEMENT OF INTERGOVERNMENTAL
19 COOPERATION.—A discussion of ways to combat il-
20 licit finance by enhancing—

21 (A) cooperative efforts between Federal,
22 State, and local officials, including State and
23 local prosecutors and other law enforcement of-
24 ficials;

1 (B) to the extent possible, cooperative ef-
2 forts among States and between State and local
3 officials, including State and local regulators,
4 prosecutors, and law enforcement officials; and

5 (C) cooperative efforts with and between
6 governments of countries and with and between
7 multinational institutions with expertise in
8 fighting illicit finance.

9 (7) PROJECT AND BUDGET PRIORITIES.—A 3-
10 year projection for program and budget priorities
11 and achievable projects for reductions in illicit fi-
12 nance.

13 (8) ASSESSMENT OF FUNDING.—A complete as-
14 sessment of how the proposed budget described
15 under paragraph (7) is intended to implement the
16 strategy described in this Act and whether the fund-
17 ing levels contained in the proposed budget are suffi-
18 cient to implement the strategy, including a discus-
19 sion of the extent to which funding for such efforts
20 is or should be funded from fines, settlements, sei-
21 zures or forfeitures related to illicit finance.

22 (9) TREND ANALYSIS.—Data regarding trends
23 in illicit finance, with a special focus on the funding
24 of terrorism.

1 (10) ENFORCEMENT REPORT.—A report con-
2 taining an evaluation of the enforcement of policies
3 to combat illicit finance.

4 (11) ENFORCEMENT.—A discussion of the cur-
5 rent policies of the United States to enforce the pro-
6 visions of the Bank Secrecy Act and related laws re-
7 garding the financing of terrorism and other forms
8 of illicit finance, together with recommendations for
9 improving enforcement.

10 (12) TREASURY ATTACHÉS.—A discussion of
11 the Department of the Treasury attachés, includ-
12 ing—

13 (A) a list of embassies where Department
14 of the Treasury attachés are posted and a dis-
15 cussion of their effectiveness in the fight
16 against illicit finance;

17 (B) a list of the United States embassies
18 at which a Department of the Treasury attaché
19 is assigned for temporary duty, the length of
20 such assignments, and the reason why such as-
21 signments are not considered to be permanent
22 assignments;

23 (C) how the Department of the Treasury's
24 interests relating to economic and anti-terror fi-
25 nance issues are handled at other embassies, in-

cluding a discussion of the reporting structure by which such issues are brought to the direct attention of the ambassador; and

(D) the effect of not having more attachés in embassies that are most vulnerable to illicit finance threats and a discussion of whether the Department of the Treasury’s economic or anti-illicit finance issues are thought to be under-represented in some embassies or regions.

(13) ILLICIT FINANCE AND CYBER CRIME.—A discussion of terrorist financing and other forms of illicit finance that involve cyber attacks, evolving forms of value transfer, including so-called “crypto currencies”, and other methods that are computer, telecommunications, or Internet-based.

(14) TECHNOLOGY.—An analysis of current and developing ways to leverage technology to improve the effectiveness of the fight against the financing of terror and other forms of illicit finance, including the use of “big data” analytics, the merging of publicly sourced data with Bank Secrecy Act data and with other forms of secure Government data to increase such effectiveness, and ways to enhance the role of the private sector in combating illicit finance.

1 **SEC. 5. DEFINITIONS.**

2 For purposes of this Act:

3 (1) APPROPRIATE CONGRESSIONAL COMMIT-
4 TEES.—The term “appropriate congressional com-
5 mittees” means the Committee on Financial Serv-
6 ices, Committee on Foreign Affairs, Committee on
7 Armed Services, Committee on Homeland Security,
8 and the Permanent Select Committee on Intelligence
9 of the House of Representatives and the Committee
10 on Banking, Housing, and Urban Affairs, Com-
11 mittee on Foreign Relations, Committee on Armed
12 Services, Committee on Homeland Security and Gov-
13 ernmental Affairs, and the Select Committee on In-
14 telligence of the Senate.

15 (2) APPROPRIATE FEDERAL BANKING AGEN-
16 CIES.—The term “appropriate Federal banking
17 agencies” has the meaning given that term under
18 section 3 of the Federal Deposit Insurance Act (12
19 U.S.C. 1813).

20 (3) BANK SECRECY ACT.—The term “Bank Se-
21 crecy Act” means—

22 (A) section 21 of the Federal Deposit In-
23 surance Act;

24 (B) chapter 2 of title I of Public Law 91–
25 508; and

1 (C) subchapter II of chapter 53 of title 31,
2 United States Code.

3 (4) ILLICIT FINANCE.—The term “illicit fi-
4 nance” means the financing of terrorism, money
5 laundering, and other forms of illicit or underground
6 financing or other illicit finance domestically and
7 internationally, as defined by the President.

8 (5) STATE.—The term “State” means each of
9 the several States, the District of Columbia, and
10 each territory or possession of the United States.

Passed the House of Representatives July 11, 2016.

Attest: KAREN L. HAAS,
Clerk.