

Editorial Notes

REFERENCES IN TEXT

The Internal Revenue Code of 1986, referred to in subsec. (a)(7), (11)(B)(xix), (14), is classified generally to Title 26, Internal Revenue Code. Sections 501(a), (c), 508(a), 527(a), (e)(1), 4947(a), and 7701(a) are classified to sections 501(a), (c), 508(a), 527(a), (e)(1), 4947(a), and 7701(a), respectively, of Title 26.

The date of enactment of this section, referred to in subsec. (b)(1)(E)(iii), (5), is the date of enactment of Pub. L. 116–283, which was approved Jan. 1, 2021.

The Anti-Money Laundering Act of 2020, referred to in subsecs. (c)(11)(A) and (i)(1), is div. F of Pub. L. 116–283, Jan. 1, 2021, 134 Stat. 4547. Section 6003 of the Act is set out as a note under section 5311 of this title. Such section 6003 defines terms, including the Bank Secrecy Act, as used in div. F of Pub. L. 116–283. Section 6502(c) of the Act is section 6502(c) of title LXV of div. F of Pub. L. 116–283, Jan. 1, 2021, 134 Stat. 4627, which is not classified to the Code. For complete classification of this Act to the Code, see Short Title of 2021 Amendment note set out under section 5301 of this title and Tables.

AMENDMENTS

2021—Subsec. (j). Pub. L. 116–283, § 6509(b), added subsec. (j).

Statutory Notes and Related Subsidiaries

SENSE OF CONGRESS

Pub. L. 116–283, div. F, title LXIV, § 6402, Jan. 1, 2021, 134 Stat. 4604, provided that: “It is the sense of Congress that—

“(1) more than 2,000,000 corporations and limited liability companies are being formed under the laws of the States each year;

“(2) most or all States do not require information about the beneficial owners of the corporations, limited liability companies, or other similar entities formed under the laws of the State;

“(3) malign actors seek to conceal their ownership of corporations, limited liability companies, or other similar entities in the United States to facilitate illicit activity, including money laundering, the financing of terrorism, proliferation financing, serious tax fraud, human and drug trafficking, counterfeiting, piracy, securities fraud, financial fraud, and acts of foreign corruption, harming the national security interests of the United States and allies of the United States;

“(4) money launderers and others involved in commercial activity intentionally conduct transactions through corporate structures in order to evade detection, and may layer such structures, much like Russian nesting ‘Matryoshka’ dolls, across various secretive jurisdictions such that each time an investigator obtains ownership records for a domestic or foreign entity, the newly identified entity is yet another corporate entity, necessitating a repeat of the same process;

“(5) Federal legislation providing for the collection of beneficial ownership information for corporations, limited liability companies, or other similar entities formed under the laws of the States is needed to—

“(A) set a clear, Federal standard for incorporation practices;

“(B) protect vital United States national security interests;

“(C) protect interstate and foreign commerce;

“(D) better enable critical national security, intelligence, and law enforcement efforts to counter money laundering, the financing of terrorism, and other illicit activity; and

“(E) bring the United States into compliance with international anti-money laundering and countering the financing of terrorism standards;

“(6) beneficial ownership information collected under the amendments made by this title is sensitive

information and will be directly available only to authorized government authorities, subject to effective safeguards and controls, to—

“(A) facilitate important national security, intelligence, and law enforcement activities; and

“(B) confirm beneficial ownership information provided to financial institutions to facilitate the compliance of the financial institutions with anti-money laundering, countering the financing of terrorism, and customer due diligence requirements under applicable law;

“(7) consistent with applicable law, the Secretary of the Treasury shall—

“(A) maintain the information described in paragraph (1) in a secure, nonpublic database, using information security methods and techniques that are appropriate to protect nonclassified information systems at the highest security level; and

“(B) take all steps, including regular auditing, to ensure that government authorities accessing beneficial ownership information do so only for authorized purposes consistent with this title; and

“(8) in prescribing regulations to provide for the reporting of beneficial ownership information, the Secretary shall, to the greatest extent practicable consistent with the purposes of this title—

“(A) seek to minimize burdens on reporting companies associated with the collection of beneficial ownership information;

“(B) provide clarity to reporting companies concerning the identification of their beneficial owners; and

“(C) collect information in a form and manner that is reasonably designed to generate a database that is highly useful to national security, intelligence, and law enforcement agencies and Federal functional regulators.”

[For definition of “Federal functional regulator” as used in section 6402 of Pub. L. 116–283, set out above, see section 6003 of Pub. L. 116–283, set out as a Definitions note under section 5311 of this title.]

REPORTING REQUIREMENTS FOR FEDERAL CONTRACTORS

Pub. L. 116–283, div. F, title LXIV, § 6403(c), Jan. 1, 2021, 134 Stat. 4623, provided that:

“(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act [Jan. 1, 2021], the Administrator for Federal Procurement Policy shall revise the Federal Acquisition Regulation maintained under section 1303(a)(1) of title 41, United States Code, to require any contractor or subcontractor that is subject to the requirement to disclose beneficial ownership information under section 5336 of title 31, United States Code, as added by subsection (a) of this section, to provide the information required to be disclosed under such section to the Federal Government as part of any bid or proposal for a contract with a value threshold in excess of the simplified acquisition threshold under section 134 of title 41, United States Code.

“(2) APPLICABILITY.—The revision required under paragraph (1) shall not apply to a covered contractor or subcontractor, as defined in section 847[(a)(3)] of the National Defense Authorization Act for Fiscal Year 2020 (Public Law 116–92) [10 U.S.C. 2509 note], that is subject to the beneficial ownership disclosure and review requirements under that section.”

SUBCHAPTER III—MONEY LAUNDERING AND RELATED FINANCIAL CRIMES**§ 5340. Definitions**

For purposes of this subchapter, the following definitions shall apply:

(1) DEPARTMENT OF THE TREASURY LAW ENFORCEMENT ORGANIZATIONS.—The term “Department of the Treasury law enforcement organizations” has the meaning given to such term in section 9705(o).

(2) MONEY LAUNDERING AND RELATED FINANCIAL CRIME.—The term “money laundering and related financial crime”—

(A) means the movement of illicit cash or cash equivalent proceeds into, out of, or through the United States, or into, out of, or through United States financial institutions, as defined in section 5312 of title 31, United States Code; or

(B) has the meaning given that term (or the term used for an equivalent offense) under State and local criminal statutes pertaining to the movement of illicit cash or cash equivalent proceeds.

(3) SECRETARY.—The term “Secretary” means the Secretary of the Treasury.

(4) ATTORNEY GENERAL.—The term “Attorney General” means the Attorney General of the United States.

(Added Pub. L. 105–310, §2(a), Oct. 30, 1998, 112 Stat. 2941; amended Pub. L. 114–22, title I, §105(c)(2)(A)(ii)(II), May 29, 2015, 129 Stat. 237.)

Editorial Notes

AMENDMENTS

2015—Par. (1). Pub. L. 114–22 substituted “section 9705(o)” for “section 9703(p)(1)”.

PART 1—NATIONAL MONEY LAUNDERING AND RELATED FINANCIAL CRIMES STRATEGY

§ 5341. National money laundering and related financial crimes strategy

(a) DEVELOPMENT AND TRANSMITTAL TO CONGRESS.—

(1) DEVELOPMENT.—The President, acting through the Secretary and in consultation with the Attorney General, shall develop a national strategy for combating money laundering and related financial crimes.

(2) TRANSMITTAL TO CONGRESS.—By August 1 of 1999, 2000, 2001, 2002, 2003, 2005, and 2007, the President shall submit a national strategy developed in accordance with paragraph (1) to the Congress.

(3) SEPARATE PRESENTATION OF CLASSIFIED MATERIAL.—Any part of the strategy that involves information which is properly classified under criteria established by Executive Order shall be submitted to the Congress separately in classified form.

(b) DEVELOPMENT OF STRATEGY.—The national strategy for combating money laundering and related financial crimes shall address any area the President, acting through the Secretary and in consultation with the Attorney General, considers appropriate, including the following:

(1) GOALS, OBJECTIVES, AND PRIORITIES.—Comprehensive, research-based goals, objectives, and priorities for reducing money laundering and related financial crime in the United States.

(2) PREVENTION.—Coordination of regulatory and other efforts to prevent the exploitation of financial systems in the United States for money laundering and related financial crimes, including a requirement that the Secretary shall—

(A) regularly review enforcement efforts under this subchapter and other provisions

of law and, when appropriate, modify existing regulations or prescribe new regulations for purposes of preventing such criminal activity; and

(B) coordinate prevention efforts and other enforcement action with the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the Federal Trade Commission, other Federal banking agencies, the National Credit Union Administration Board, and such other Federal agencies as the Secretary, in consultation with the Attorney General, determines to be appropriate.

(3) DETECTION AND PROSECUTION INITIATIVES.—A description of operational initiatives to improve detection and prosecution of money laundering and related financial crimes and the seizure and forfeiture of proceeds and instrumentalities derived from such crimes.

(4) ENHANCEMENT OF THE ROLE OF THE PRIVATE FINANCIAL SECTOR IN PREVENTION.—The enhancement of partnerships between the private financial sector and law enforcement agencies with regard to the prevention and detection of money laundering and related financial crimes, including providing incentives to strengthen internal controls and to adopt on an industrywide basis more effective policies.

(5) ENHANCEMENT OF INTERGOVERNMENTAL COOPERATION.—The enhancement of—

(A) cooperative efforts between the Federal Government and State and local officials, including State and local prosecutors and other law enforcement officials; and

(B) cooperative efforts among the several States and between State and local officials, including State and local prosecutors and other law enforcement officials,

for financial crimes control which could be utilized or should be encouraged.

(6) PROJECT AND BUDGET PRIORITIES.—A 3-year projection for program and budget priorities and achievable projects for reductions in financial crimes.

(7) ASSESSMENT OF FUNDING.—A complete assessment of how the proposed budget is intended to implement the strategy and whether the funding levels contained in the proposed budget are sufficient to implement the strategy.

(8) DESIGNATED AREAS.—A description of geographical areas designated as “high-risk money laundering and related financial crime areas” in accordance with, but not limited to, section 5342.

(9) PERSONS CONSULTED.—Persons or officers consulted by the Secretary pursuant to subsection (d).

(10) DATA REGARDING TRENDS IN MONEY LAUNDERING AND RELATED FINANCIAL CRIMES.—The need for additional information necessary for the purpose of developing and analyzing data in order to ascertain financial crime trends.

(11) IMPROVED COMMUNICATIONS SYSTEMS.—A plan for enhancing the compatibility of automated information and facilitating access of the Federal Government and State and local governments to timely, accurate, and complete information.