

time honored "Made in USA" standard. Any weakening of the Commission's standard would only mislead consumers and expose them to the kind of deceptive practices the FTC is supposed to prohibit.

The Commission has recognized what many American consumers have known for a long time: Where a product is made is an important factor in making purchasing decisions. And consumers want the ability to support American workers and to invest in the Nation's economic growth through those purchasing decisions. I am happy to support legislation that will help consumers buy products that are "all" or "virtually all" made in this country.

Mr. Speaker, I would note that except for certain technical and conforming changes, this legislation is the same as legislation that has passed the House in each of the last 2 Congresses. Unfortunately, the other body has never taken action on it and the bill has not been enacted. I sincerely hope that will not be the situation this year and that this bill can be enacted into law.

Mr. Speaker, I urge my colleagues to support this important legislation. I thank the gentleman from Virginia (Mr. BLILEY) for his good work.

Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I want to start out by thanking the gentleman from Virginia (Mr. BLILEY), one of the strong Members of this House, for taking into consideration this legislation. I want to thank the gentleman from New York (Mr. TOM MANTON), and the ranking member, the gentleman from Michigan (Mr. DINGELL), the gentleman from Louisiana (Mr. TAUZIN), the gentleman from Ohio (Mr. OXLEY), and the gentleman from Pennsylvania (Mr. PHIL ENGLISH), a friend of mine, who worked very hard to bring this to the floor.

I have worked hard to pass this legislation. The Congress might look at a few facts: We have a \$60 billion trade deficit with Japan, and an approaching \$50 billion trade deficit with China. Everybody talks about buy American. But the truth of the matter is, what is an American made product today? Where is that car really made? Is it made in Detroit? Is it made in Ohio? Is it made in Mexico? Is it made in Canada? Is it made in China? Is it made in Korea?

My legislation simply says if it costs more than \$250, and all or virtually all of its components are made in America, a company could register it by paying a small fee to put it on this toll-free hot line. So if a family out in Chicago is going to buy a washer and dryer, they can call this number and say, I want to buy a washer and dryer, what washers and dryers are made in America? It does not cost the taxpayers anything. And I believe the consuming public of America will buy American if their level of conscious understanding of where these products are made are made available to them.

But I wanted to bring something up to the attention of the Congress today, especially to the chairman. I am holding up here a little ad that was sent to me by George Booth of Big Sandy, Texas. It is an ad, I believe in Consumer Reports, for Tisonic quality car radio cassette players. And down in the right-hand corner of this ad there is a very small American flag. But we have to look close, because the colors are reversed. It is, in fact, blue stars on a white map. And if we look at it, we would swear it says made in the USA, until we get the magnifying glass. And listen to what it says. It says, made for the USA. And then in even smaller print below it, it says made in China. Now we have a new label, if we are quick enough, I guess, to investigate these labels: Made "for" USA; Made "in" China.

Look, I think this is straightforward legislation. It makes sense. And the American people who, I believe, will want to buy American-made products will use the service. More importantly, I think the industries and the companies that produce these products will begin to take pride in being able to say that, "We pay taxes in America. We hire Americans who pay taxes to keep our government afloat. This product is the one that we make, and, by God, it is good and we take pride in advertising it on our toll-free number."

So I want to thank the gentleman from Virginia (Mr. BLILEY). I know the mindset of many in the other body. They think "Made in China" perhaps is good for consumption patterns around the world. I do not know what their thinking is. I think we have to work hard, and I appreciate the gentleman giving it a chance here, and I am hoping we get some help in the other body.

Mr. BROWN of Ohio. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BLILEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from Virginia (Mr. BLILEY) that the House suspend the rules and pass the bill, H.R. 563, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### MONEY LAUNDERING DETERRENCE ACT OF 1998

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4005) to amend title 31 of the United States Code to improve methods for preventing financial crimes, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4005

*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 "Money Laundering Deterrence Act of 1998".

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Amendments relating to reporting of suspicious activities.
- Sec. 4. Expansion of scope of summons power.
- Sec. 5. Penalties for violations of geographic targeting orders and certain recordkeeping requirements.
- Sec. 6. Repeal of certain reporting requirements.
- Sec. 7. Limited exemption from Paperwork Reduction Act.
- Sec. 8. Promulgation of "know your customer" regulations.
- Sec. 9. Report on private banking activities.
- Sec. 10. Availability of certain account information.
- Sec. 11. Sense of the Congress.
- Sec. 12. Designation of foreign high intensity money laundering areas.
- Sec. 13. Doubling of criminal penalties for violations of laws aimed at preventing money laundering in foreign high intensity money laundering areas.
- Sec. 14. Laundering money through a foreign bank.
- Sec. 15. Criminal forfeiture for money laundering conspiracies.
- Sec. 16. Charging money laundering as a course of conduct.
- Sec. 17. Venue in money laundering cases.
- Sec. 18. Technical amendment to restore wiretap authority for certain money laundering offenses.
- Sec. 19. Knowledge that the property is the proceeds of a felony.
- Sec. 20. Coverage of foreign bank branches in the territories.

#### SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds as follows:

(1) The dollar amount involved in international money laundering likely exceeds \$500,000,000,000 annually.

(2) Organized crime groups are continually devising new methods to launder the proceeds of illegal activities in an effort to subvert the transaction reporting requirements of subchapter II of chapter 53 of title 31, United States Code, and chapter 2 of Public Law 91-508.

(3) A number of methods to launder the proceeds of criminal activity were identified and described in congressional hearings, including the use of financial service providers which are not depository institutions, such as money transmitters and check cashing services, the purchase and resale of durable goods, and the exchange of foreign currency in the so-called "black market".

(4) Recent successes in combating domestic money laundering have involved the application of the heretofore seldom-used authority granted to the Secretary of the Treasury and the cooperative efforts of Federal, State, and local law enforcement agencies.

(5) Such successes have been exemplified by the implementation of the geographic targeting order in New York City and through the work of the El Dorado task force, a group comprised of agents of Department of the Treasury law enforcement agencies, New York State troopers, and New York City police officers.

(6) Money laundering by international criminal enterprises challenges the legitimate authority of national governments, corrupts government institutions, endangers the financial and economic stability of nations, and routinely violates legal norms,

property rights, and human rights. In some countries, such as Columbia, Mexico, and Russia, the wealth and power of organized criminal enterprises rivals their own government's.

(7) The structure of international criminal enterprises engaged in money laundering is complex, diverse, and fragmented. Organized criminal enterprises such as the Colombian and Mexican cartels, the Russian "mafia", Sicilian crime families, and Chinese gangs are highly resistant to conventional law enforcement techniques. Their financial management and organizational infrastructure are highly sophisticated and difficult to track because of the globalization of the financial service industry.

(b) PURPOSES.—The purposes of this Act are as follows:

(1) To amend subchapter II of chapter 53 of title 31, United States Code, to provide the law enforcement community with the necessary legal authority to combat money laundering.

(2) To expedite the issuance by the Secretary of the Treasury of regulations designed to deter money laundering activities at certain types of financial institutions.

### SEC. 3. 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.—Notwithstanding any other provision of law—

“(i) any financial institution that—

“(I) makes a disclosure of any possible violation of law or regulation to an appropriate government agency; or

“(II) makes a disclosure pursuant to this subsection or any other authority;

“(ii) any director, officer, employee, or agent of such institution who makes, or requires another to make any such disclosure; and

“(iii) any independent public accountant who audits any such financial institution and makes a disclosure described in clause (i),

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 thereof, or under any contract or other legally enforceable agreement (including any arbitration agreement), for such disclosure or for any failure to notify the person who is the subject of such disclosure or any other person identified in the disclosure.

“(B) EXCEPTION.—Subparagraph (A) shall not apply to a disclosure or communication required under Federal securities law, other than provisions of law that specifically refer to the Currency and Foreign Transactions Reporting Act of 1970.

“(C) 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, any director, officer, employee, or

agent of any financial institution, or any independent public accountant who audits any financial institution, voluntarily or pursuant to this section or any other authority, reports a suspicious transaction to an appropriate government agency—

“(i) the financial institution, director, officer, employee, agent, or accountant may not notify any person involved in the transaction that the transaction has been reported and may not disclose any information included in the report to any such person; and

“(ii) any other person, including any officer or employee of any government, who has any knowledge that such report was made may not disclose to any person involved in the transaction that the transaction has been reported or any information included in the report.

“(B) COORDINATION WITH PARAGRAPH (5).—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 paragraph (5) in response to a request from another financial institution, 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.”

(c) AUTHORIZATION TO INCLUDE SUSPICIONS OF ILLEGAL ACTIVITY IN EMPLOYMENT REFERENCES.—Section 5318(g) of title 31, United States Code, is amended by adding at the end the following new paragraph:

“(5) EMPLOYMENT REFERENCES MAY INCLUDE SUSPICIONS OF INVOLVEMENT IN ILLEGAL ACTIVITY.—

“(A) IN GENERAL.—Notwithstanding any other provision of law and subject to subparagraph (B) of this paragraph and paragraph (2)(C), any financial 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 financial institution in response to a request from such other institution, information concerning the possible involvement of such institution-affiliated party in any suspicious transaction relevant to a possible violation of law or regulation.

“(B) LIMIT ON LIABILITY FOR DISCLOSURES.—A financial institution, and any director, officer, employee, or agent of such institution, 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 thereof, or under any contract or other legally enforceable agreement (including any arbitration agreement), for any disclosure under subparagraph (A), to the extent—

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

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

“(C) INSTITUTION-AFFILIATED PARTY DEFINED.—For purposes of this paragraph, the term ‘institution-affiliated party’ has the meaning given to such term in section 3(u) of the Federal Deposit Insurance Act, except such section 3(u) shall be applied by substituting ‘financial institution’ for ‘insured depository institution’.”

(d) AMENDMENTS RELATING TO AVAILABILITY OF SUSPICIOUS ACTIVITY REPORTS FOR OTHER AGENCIES.—Section 5319 of title 31, United States Code, is amended—

(1) in the 1st sentence, by striking “5314, or 5316” and inserting “5313A, 5314, 5316, or 5318(g)”;

(2) in the last sentence, by inserting “under section 5313, 5313A, 5314, 5316, or 5318(g)” after “records of reports”; and

(3) by adding the following new sentence after the last sentence: “The Secretary of the Treasury may permit the dissemination of information in any such reports to any self-regulatory organization (as defined in section 3(a)(26) of the Securities Exchange Act of 1934), if the Securities and Exchange Commission determines that such dissemination is necessary or appropriate to permit such organization to perform its function under the Securities Exchange Act of 1934 and regulations prescribed under such Act.”

### SEC. 4. EXPANSION OF SCOPE OF SUMMONS POWER.

Section 5318(b)(1) of title 31, United States Code, is amended by inserting “examinations to determine compliance with the requirements of this subchapter, section 21 of the Federal Deposit Insurance Act, and chapter 2 of Public Law 91-508 and regulations prescribed pursuant to such provisions, investigations relating to reports filed by financial institutions or other persons pursuant to any such provision or regulation, and” after “in connection with”.

### SEC. 5. PENALTIES FOR VIOLATIONS OF GEOGRAPHIC TARGETING ORDERS AND CERTAIN RECORDKEEPING REQUIREMENTS.

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

(1) by inserting “or order issued” after “regulation prescribed” the 1st place it appears; and

(2) by inserting “, or willfully violating a regulation prescribed under section 21 of the Federal Deposit Insurance Act or under section 123 of Public Law 91-508,” before “is liable”.

(b) CRIMINAL PENALTIES FOR VIOLATION OF TARGETING ORDER OR CERTAIN RECORDKEEPING REQUIREMENTS.—Section 5322 of title 31, United States Code, is amended—

(1) in each of subsections (a) and (b), by inserting “or order issued” after “regulation prescribed” the 1st place it appears;

(2) in subsection (a), by inserting “, or willfully violating a regulation prescribed under section 21 of the Federal Deposit Insurance Act or under section 123 of Public Law 91-508,” before “shall”; and

(3) in subsection (b), by inserting “or willfully violating a regulation prescribed under section 21 of the Federal Deposit Insurance Act or under section 123 of Public Law 91-508,” before “while violating”.

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

(1) in the portion of such section which precedes paragraph (1), by inserting “, the reporting requirements imposed by any order issued under section 5326, or the recordkeeping requirements imposed by 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”; and

(2) 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” where such term appears in each such paragraph.

(d) INCREASE IN CIVIL PENALTIES FOR VIOLATION OF CERTAIN RECORDKEEPING 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 the amount (not to exceed \$100,000) involved in the transaction (if any) with respect to which the violation occurred or \$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 the amount (not to exceed \$100,000) involved in the transaction (if any) with respect to which the violation occurred or \$25,000”.

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

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

**“§ 126. Criminal penalty**

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

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

**“§ 127. Additional criminal penalty in certain cases**

“A person willfully violating this chapter, section 21 of the Federal Deposit Insurance Act, or a regulation prescribed under this chapter or such section, 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. 6. REPEAL OF CERTAIN REPORTING REQUIREMENTS.**

Section 407(d) of the Money Laundering Suppression Act of 1994 (31 U.S.C. 5311 note) is amended by striking “subsection (c)” and inserting “subsection (c)(2)”.

**SEC. 7. LIMITED EXEMPTION FROM PAPERWORK REDUCTION ACT.**

Section 3518(c)(1) of title 44, United States Code, is amended—

(1) by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively; and

(2) by inserting after subparagraph (B) the following new subparagraph:

“(C) pursuant to regulations prescribed or orders issued by the Secretary of the Treasury under section 5318(h) or 5326 of title 31;”.

**SEC. 8. PROMULGATION OF “KNOW YOUR CUSTOMER” REGULATIONS.**

(a) IN GENERAL.—Within 120 days after the date of the enactment of this Act, the Secretary of the Treasury shall promulgate “Know Your Customer” regulations for financial institutions.

(b) RULE OF CONSTRUCTION.—This section shall not be construed as precluding any supervisory agency for any financial institution from requiring the financial institution to submit any information or report to the agency or another agency pursuant to any other applicable provision of law.

(c) DEFINITION OF FINANCIAL INSTITUTION.—For purposes of subsection (a), the term “financial institution” shall not include any broker, dealer, investment company, or investment adviser as such terms are defined in the Securities Exchange Act of 1934.

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

(a) IN GENERAL.—Within 1 year after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with Federal banking agencies, shall submit to the Committee on Banking and Financial

Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on—

(1) the nature and extent of private banking activities in the United States;

(2) regulatory efforts to monitor such activities and ensure that such activities are conducted in compliance with the Bank Secrecy Act; and

(3) policies and procedures of depository institutions that are designed to ensure that such activities are conducted in compliance with the Bank Secrecy Act.

(b) PRIVATE BANKING ACTIVITIES.—In subsection (a), the term “private banking activities”, with respect to an institution, includes, among other things, personalized services such as money management, financial advice, and investment services that are provided to clients with high net worth and that are not provided generally to all clients of the institution.

**SEC. 10. 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:

“(3) AVAILABILITY OF CERTAIN ACCOUNT INFORMATION.—The Secretary of the Treasury shall prescribe regulations under this subsection which require financial institutions to maintain all accounts in such a way as to ensure that the name of an account holder and the number of the account are associated with all account activity of the account holder, and to ensure that all such information is available for purposes of account supervision and law enforcement.”.

**SEC. 11. SENSE OF THE CONGRESS.**

It is the sense of the Congress that the Secretary of the Treasury should make available to all Federal, State, and local law enforcement agencies and financial regulatory agencies the full contents of the data base of reports that have been filed pursuant to subchapter II of chapter 53 of title 31, United States Code.

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

(a) IN GENERAL.—Subchapter II of chapter 53 of title 31, United States Code, is amended by inserting after section 5326 the following new section:

**“§ 5327. Designation of foreign high intensity money laundering areas**

“(a) CRITERIA.—The Secretary of the Treasury, in consultation with appropriate Federal law enforcement agencies, shall develop criteria by which to identify areas outside the United States in which money laundering activities are concentrated.

“(b) DESIGNATION.—The Secretary of the Treasury shall designate as a foreign high intensity money laundering area any foreign country in which there is an area which is identified, using the criteria developed under subsection (a), as an area in which money laundering activities are concentrated.

“(c) NOTICE.—On the designation under subsection (b) of a country as a foreign high intensity money laundering area, the Secretary of the Treasury shall provide written notice to each insured depository institution (as defined in section 3(c)(2) of the Federal Deposit Insurance Act) and each depository institution holding company (as defined in section 3(w)(1) of such Act) that has control over an insured depository institution of the identity of the foreign country and include with the notice a written warning that there is a concentration of money laundering activities in the foreign country.”.

(b) CLERICAL AMENDMENT.—The table of sections for such chapter is amended by inserting after the item relating to section 5326 the following new item:

“5327. Designation of foreign high intensity money laundering areas.”.

**SEC. 13. DOUBLING OF CRIMINAL PENALTIES FOR VIOLATIONS OF LAWS AIMED AT PREVENTING MONEY LAUNDERING IN FOREIGN HIGH INTENSITY MONEY LAUNDERING AREAS.**

Section 5322 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(d) The court may double the sentence of fine or imprisonment, or both, that would otherwise be imposed on a person for a violation described in subsection (a) or (b) if person commits the violation with respect to a transaction involving a person in, a relationship maintained for a person in, or a transport of a monetary instrument involving a foreign country, knowing that the foreign country is designated under section 5327(b) as a foreign high intensity money laundering area.”.

**SEC. 14. 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. 15. CRIMINAL FORFEITURE FOR MONEY LAUNDERING CONSPIRACIES.**

Section 982(a)(1) of title 18, United States Code, is amended by inserting “, or a conspiracy to commit any such offense” after “of this title”.

**SEC. 16. CHARGING MONEY LAUNDERING AS A COURSE OF CONDUCT.**

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

(1) by inserting “(1)” before “Any person”; and

(2) by adding at the end the following:

“(2) Any person who commits multiple violations of this section or section 1957 that are part of the same scheme or continuing course of conduct may be charged, at the election of the Government, in a single count in an indictment or information.”.

**SEC. 17. VENUE IN MONEY LAUNDERING CASES.**

Section 1956 of title 18, United States Code, is amended by adding at the end the following new subsection:

“(i) VENUE.—(1) Except as provided in paragraph (2), a prosecution for an offense under this section or section 1957 may be brought in—

“(A) any district in which the financial or monetary transaction is conducted, or

“(B) any district where a prosecution for the underlying specified unlawful activity could be brought, if the defendant participated in the transfer of the proceeds of the specified unlawful activity from that district to the district where the financial or monetary transaction is conducted.

“(2) A prosecution for an attempt or conspiracy offense under this section or section 1957 may be brought in the district where venue would lie for the completed offense under paragraph (1), or in any other district where an act in furtherance of the attempt or conspiracy took place.”.

**SEC. 18. TECHNICAL AMENDMENT TO RESTORE WIRETAP AUTHORITY FOR CERTAIN MONEY LAUNDERING OFFENSES.**

Section 2516(l)(g) of title 18, United States Code, is amended by striking “a violation of section 5322 of title 31, United States Code (dealing with the reporting of currency transactions)” and inserting “a violation of section 5322 or 5324 of title 31, United States Code (dealing with the reporting and illegal structuring of currency transactions)”.

**SEC. 19. KNOWLEDGE THAT THE PROPERTY IS THE PROCEEDS OF A FELONY.**

Section 1956(c)(1) of title 18, United States Code, is amended by inserting “, and regardless of whether or not the person knew that the activity constituted a felony” before the semicolon at the end.

**SEC. 20. COVERAGE OF FOREIGN BANK BRANCHES IN THE TERRITORIES.**

Section 20(9) of title 18, United States Code, is amended by inserting “, except that, for purposes of the application of that definition, the term ‘State’ as used in such Act includes a commonwealth, territory, or possession of the United States” after “Banking Act of 1978”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from Minnesota (Mr. VENTO) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

## GENERAL LEAVE

Mr. LEACH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and insert extraneous material on H.R. 4005, the bill under consideration.

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

There was no objection.

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

The Money Laundering Deterrence Act of 1998 is intended to strengthen the hand of Federal law enforcement in detecting and prosecuting financial crimes, and to encourage greater reporting of suspicious monetary transactions by financial institutions and their agents.

It is estimated that upwards of \$500 billion in laundered funds, a large portion of it derived from narcotics trafficking, is cycled through the United States financial system on an annual basis. Any meaningful strategy for combating the international drug trade and other global criminal enterprises must include strong legal mechanisms for detecting the flows of their illicit proceeds. Left unchecked, money laundering has a devastating effect on the integrity of financial institutions and, because it is the lifeblood of drug traffickers, on the social fabric as well.

Beginning with the passage of the Bank Secrecy Act of 1970, the Committee on Banking and Financial Services has been at the forefront of legislative efforts to erect a system of financial reporting and recordkeeping designed to give law enforcement authorities sufficient tools to detect and prosecute money laundering offenses. The various reporting requirements imposed by the Bank Secrecy Act and subsequent legislation promote the disclosure of information relating to suspicious financial transactions by financial institutions and other commercial enterprises, and the subsequent dissemination of that information among Federal, State and local law enforcement authorities.

In crafting these bills, Congress has sought to advance a number of policy

objectives, including facilitating the law enforcement community's access to accurate and complete information regarding possible money laundering, and encouraging safe and sound practices at Federal insured depository institutions, while, at the same time, protecting the free flow of legitimate commerce and the privacy interests of legitimate bank customers.

H.R. 4005, as amended by the committee in its June 11 markup to the legislation, contains a series of amendments to the Bank Secrecy Act and other provisions of the United States Code related to money laundering offenses.

First, it extends safe harbor protections to independent public accountants who submit reports of suspicious financial activity to the Federal Government.

Second, it provides financial institutions with immunity from civil liability when making employment references that may include suspicions of an employee's involvement in illegal activity, unless such suspicions are known to be false or the institution has acted with malice or reckless disregard for the truth.

Third, it makes reports of suspicious financial activity filed with the Federal Government available to self-regulatory organizations as defined by the Securities and Exchange Act of 1934, such as the National Association of Securities Dealers.

Fourth, it requires the Secretary of the Treasury to promulgate “Know Your Customer” regulations within 120 days of enactment of the legislation; submit a comprehensive report to Congress on so-called private banking activities, those personalized services that financial institutions provide to clients with high net worth, often involving complex transactions conducted offshore; prescribe regulations requiring financial institutions to maintain all accounts in such a way as to ensure that the name of an account holder, and the number of his or her account are associated with all activity in the account; and develop criteria to identify areas outside the United States where money laundering is concentrated.

H.R. 4005 is a product of broad bipartisan consensus within the committee, which approved it by voice vote, and reflects serious thoughtful input from both the Republican and Democratic members of the committee. I would like to accord special recognition in this regard to the gentlewoman from New Jersey (Mrs. ROUKEMA) and the gentleman from Alabama (Mr. BACHUS), who chairs the Subcommittee on General Oversight and Investigations of the Committee on Banking and Financial Services. Under his leadership, and her leadership, the subcommittees have held a series of hearings highlighting aspects of the money laundering problem and the Federal Government's efforts to address it. Several of the provisions in this bill are there

simply because of the oversight that was conducted.

Before concluding my remarks, Mr. Speaker, let me also recognize the constructive role played by the ranking member, the gentleman from New York (Mr. LAFALCE), and the gentleman from Minnesota (Mr. VENTO), in shepherding this legislation through committee and on to the floor. I look forward to a successful completion of this task at this time.

Mr. Speaker, I submit for the RECORD correspondence, and attachments thereto, regarding H.R. 4005.

HOUSE OF REPRESENTATIVES,

COMMITTEE ON THE JUDICIARY,

Washington, DC, September 28, 1998.

Hon. JIM LEACH,

Chairman, House Committee on Banking and Financial Services, Washington, DC.

DEAR JIM: I respectfully request that section 9 of H.R. 4005 be removed before the bill is brought to the floor on the suspension calendar. The section, entitled “Fungible Property in Bank Accounts” modifies section 984 of title 18 of the United States Code and makes a substantive change to federal civil asset forfeiture law as it relates to the forfeiture of fungible property in the form of cash or funds deposited in a financial institution. As the House Leadership wants to delay consideration of reforms to our federal civil asset forfeiture laws until the 106th Congress, it would be more appropriate for this provision to be considered at that time.

Sincerely,

HENRY J. HYDE,

Chairman.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING AND FINANCIAL SERVICES,

Washington, DC, October 1, 1998.

Hon. HENRY J. HYDE,

Chairman, Committee on the Judiciary, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN HYDE: Thank you for your letter of September 28, 1998, notifying me of your objection to H.R. 4005's provision relating to civil asset forfeiture. In deference to your concerns—and to the House leadership's view that further consideration of civil asset forfeiture reforms should await the next Congress—this provision will be removed from the bill reported by the Banking Committee on July 8, 1998. In making the accommodation, it is my hope that the legislation can be brought to the House floor expeditiously for consideration under suspension of the rules.

On a related issue, I am writing to apprise you of a legislative proposal that the Banking Committee has received from the Department of Justice that touches on matters of shared jurisdiction between our respective committees. As you know, on June 22, 1998, the United States Supreme Court held that the government's seizure of some \$357,000 in cash from an individual attempting to carry the funds out of the country without filing the currency reporting form required by the Bank Secrecy Act violated the Eighth Amendment ban on “excessive fines.” See *United States v. Bajakajian*, 118 S. Ct. 2028 (1998). In an effort to mitigate what it sees as the *Bajakajian* decision's detrimental consequences for narcotics and money laundering enforcement, the Department of Justice has proposed amending Title 31 to make the act of bulk cash smuggling a criminal offense, and to authorize seizure of the smuggled currency in accordance with the civil and criminal forfeiture provisions found in

Title 18. A summary of the proposal submitted by the Justice Department is enclosed for your review.

I have informed Justice Department officials that I am willing to entertain any credible proposal for aiding law enforcement in detecting and prosecuting drug-related money laundering, and therefore intend to keep an open mind on the merits of their suggested legislation responding to *Bajakajian*. I also made clear to the Department, however, that the specific measure it has advanced is one that would require favorable consideration not only by our Committee, but also by the Committee on the Judiciary, since the substantive Title 31 offense created by the proposed legislation is one that falls squarely within Banking Committee jurisdiction and the sanctions involving civil and criminal forfeiture are obviously within the purview of the Judiciary Committee. (Indeed, while it is typically the case that the definition of a criminal offense is more fundamental to a statute than the penalties imposed for committing that offense, here, it seems to me, the reverse may be true.)

I am aware that you have been a leading critic of the way that the civil forfeiture laws are currently being applied. Accordingly, I have informed the Department that while I am open to their suggestions, I am unprepared to go forward with consideration of their proposal in this Congress unless you are supportive. In this regard, please let me know if there are any elements of the administration's approach that you think would be advisable at this time.

Thank you for your consideration of these matters.

Sincerely,

JAMES A. LEACH,  
Chairman.

ANALYSIS OF BULK CASH SMUGGLING STATUTE  
AND RELATED AMENDMENTS

As recent Congressional hearings and investigative reports in the press have revealed, currency smuggling is an extremely serious law enforcement problem. Hundreds of millions of dollars in U.S. currency—representing the proceeds of drug trafficking and other criminal offenses, as well as income not reported for income tax purposes—is annually transported out of the United States to foreign countries in shipments of bulk cash. Smugglers use all available means to transport the currency out of the country, from false bottoms in personal luggage, to secret compartments in automobiles, to concealment in durable goods exported for sale abroad.

Presently, the only law enforcement weapon against such smuggling is Section 5316 of Title 31, United States Code, which makes it an offense to transport more than \$10,000 in currency or monetary instruments into, or out of, the United States without filing a report with the United States Customs Service. The effectiveness of §5316 as a law enforcement tool has been diminished, however, by a recent Supreme Court decision. In *United States v. Bajakajian*, 118 S. Ct. 2028 (1998), the Supreme Court held that §5316 constitutes a mere reporting violation, which is not a serious offense to purposes of the Excessive Fines Clause of the Eighth Amendment. Accordingly, confiscation of the full amount of the smuggled currency is unconstitutional, even if the smuggler took elaborate steps to conceal the currency and otherwise obstruct justice.

Confiscation of the smuggled currency is, of course, the most effective weapon that can be employed against these smugglers. Accordingly, in response to the *Bajakajian* decision, the Department of Justice proposed

making the act of bulk cash smuggling itself a criminal offense, and to authorize the imposition of the full range of civil and criminal sanctions when the offense is discovered. Because the act of concealing currency for the purpose of smuggling it out of the United States is inherently more serious than simply failing to file a Customs report, strong and meaningful sanctions, such as confiscation of the smuggled currency, are likely to withstand Eighth Amendment challenges to the new statute.

Sections 1 and 2 of the bill set forth the new bulk cash smuggling offense as well as a set of findings explaining why the smuggling of bulk cash is a serious law enforcement problem. The new offense, which would be codified at 31 U.S.C. §5331, would make it an offense for anyone to knowingly conceal more than \$10,000 in currency or other monetary instruments on his person or in any conveyance, article of luggage, merchandise or other container, and to transport or attempt to transport that currency across the border with the intent to avoid the reporting requirements in Section 5316. In other words, the offense has three elements: (1) concealment; (2) transportation (or attempted transportation); and (3) specific intent to evade filing a complete and accurate report with the Customs Service.

The statute is intended to apply to persons who commit any of a wide variety of smuggling offenses involving bulk cash—from the money brokers for the drug cartels who stuff \$20 bills into trucks bound for Mexico or appliances being exported to Colombia, to couriers who attempt to cross the border with currency concealed in their luggage. It would also apply to efforts to move money into or out of the United States at places other than ports of entry where CMIR reports are customarily filed. In other words, unlike the CMIR statute, which only applies once the duty to file the Customs report has been triggered, Section 5331 would apply to a person who had not yet reached the border, or was traveling at a place other than a port of entry, but was traveling (or intending to travel) toward the border with the intent to cross it, and had already concealed the money with the intent to evade the reporting requirement.

The penalty section provides for incarceration of up to 5 years. In addition, and in lieu of any criminal fine, the penalty section authorizes the confiscation of the smuggled money in accordance with the usual procedures for criminal and civil forfeiture. (The civil forfeiture provisions are essential to permit confiscation of discovered currency in cases where the smuggler is not found, is a fugitive, or is not the legal owner of the money; the innocent owner provisions of 18 U.S.C. §981(a)(2) would, however, protect innocent owners of smuggled money.) Confiscation of smuggled goods has been regarded as the appropriate penalty for smuggling offenses since the first Customs laws were enacted in the 18th Century. To address concerns that such confiscation is a blunt instrument that should be mitigated in some circumstances to avoid a hardship, the bill explicitly authorizes courts to mitigate forfeitures of currency involved in currency reporting offenses to avoid Eighth Amendment violations by considering a range of aggravating and mitigating circumstances. Those circumstances include the value of the currency or other monetary instruments involved in the offense; efforts by the person committing the offense to structure currency transactions, conceal property or otherwise obstruct justice; and whether the offense is part of a pattern of repeated violations.

It must be stressed, however, that bulk cash smuggling is an inherently more serious

offense than simply failing to file a Customs report. Because the constitutionality of a forfeiture is dependent on the "gravity of the offense" under *Bajakajian*, it is anticipated that the full forfeiture of smuggled money will withstand constitutional scrutiny in most cases. For the confiscation to be reduced at all, the smuggler will have to show that the money was derived from a legitimate source and not intended to be used for any unlawful purpose. Even then, the court's duty will be to reduce the amount of confiscation to the maximum that would be permitted in accordance with the Eighth Amendment and the aggravating and mitigating factors set forth in the statute.

Section 3 of the bill makes conforming amendments to the existing criminal and civil forfeiture provisions for the reporting and structuring violations in Title 31. Its purpose is simply to put all of these provisions in one place (e.g., by moving some of the existing forfeiture provisions for currency reporting violations from title 18 to title 31 and combining them with the provisions that are already codified at 31 U.S.C. §5317(c)), and to set forth rules for mitigating the forfeitures to avoid constitutional violations in accordance with *Bajakajian*. This is necessary to address the concern expressed by the Court in *Bajakajian* that Congress had not made it clear that trial courts are authorized to reduce forfeitures down to the maximum level permissible to avoid violating the Excessive Fines Clause when a statute, on its face, appears to authorize only the full amount of structured or unreported currency.

Again, this does not imply that such forfeitures must be reduced in all cases. In structuring cases, for example, a pattern of repeated conduct over a period of time would likely support the confiscation of the full amount of structured currency irrespective of whether the defendant met his burden of showing that the property was derived from a legitimate source and was not intended to be used for any unlawful purpose.

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

□ 1745

Mr. VENTO. Mr. Speaker, I yield myself such time as I may consume.

(Mr. VENTO asked and was given permission to revise and extend his remarks and to include extraneous material.)

Mr. VENTO. Mr. Speaker, I rise in support of this measure, H.R. 4005, the Money Laundering Deterrence Act of 1998, authored by the gentleman from Iowa (Mr. LEACH), the distinguished chairman of the Committee on Banking and Financial Services.

This legislation significantly improves the ability of our Nation's law enforcement authorities to curtail money laundering and prosecute criminals involved in these illegal activities.

The Committee on Banking and Financial Services has had a successful and long bipartisan history of bringing anti-money laundering legislation to the floor of this House of Representatives and, following its completion, enactment into law.

We have traditionally reported bills making it more difficult for drug pushers and other criminals to deposit their profits in the legitimate banking system and have cleared the path and policies so that prosecutors can effectively

charge and put these criminals in jail. This measure continues that effort because it clarifies and perfects existing law and regulations that have already been proven effective in the effort to curtail money laundering.

I believe it is important to focus the attention of the House on the series of amendments adopted in committee. These are amendments offered by our colleague the gentlewoman from California (Ms. WATERS), who is without peer in her efforts to get to the heart of serious drug problems in her Los Angeles congressional district.

The Waters amendments target the sensitive and secret world of the private banking community. The Waters amendments were designed to make certain that the comfort and courtesies afforded the wealthy in the banking board rooms are subject to the same reporting requirements enforced in the lobbies of our financial institutions.

With the passage of the Waters amendments, the committee will have some of the information it will need to ensure that laws of our Nation are fully enforced, even in the rarified world of private banking.

An important part of this bill reported by the Committee on Banking and Financial Services has been deleted in deference to the jurisdiction of the Committee on Ways and Means.

To complement the reporting requirements imposed on the financial industry, the Ways and Means Committee amended the tax code to require that all businesses and professional corporations file a report with the IRS whenever they accept \$10,000 or more in cash as payment for goods and services provided. In hearings before our Committee, we received testimony which indicated that the protections appropriately provided to information gathered under the tax code were otherwise impeding the ability of the law enforcement community to access and use this information. The provisions of H.R. 4005, as reported by the Committee, transferred the reporting requirement from the tax code to the *Bank Secrecy Act*, the statute under which the financial institutions reports are presently collected and made available to legitimate law enforcement authorities. That provision has now been dropped. Although I accept and understand the need for the Ways and Means Committee to be able to review amendments to the tax code, the American public should not be asked to accept inefficiencies in our crime fighting policies because of the Congress' rules of jurisdiction.

Mr. Speaker, I sincerely hope that the Committee on Ways and Means will soon conduct a full review of the referenced 8300 reporting requirements so that appropriate changes can be made as soon as possible to maximize the use of these valued reports.

Finally, Mr. Speaker, I want to again compliment the gentleman from Iowa (Mr. LEACH) for his leadership in bringing this bill not only through the committee, but to the full House in a timely manner and basis. This bill is an important step in providing the law enforcement community the tools they need to keep money laundering under control.

I again urge adoption of this bill and support for it.

Mr. Speaker, I submit for the RECORD the thoughtful statements supporting the bill from the gentleman from New York (Mr. LAFALCE), the ranking Democrat Member.

Mr. LAFALCE: Mr. Speaker, I rise to support H.R. 4005, The Money Laundering Deterrence Act of 1998.

I wish to join the Ranking Member of the Financial Institutions Subcommittee, Congressman BRUCE VENTO, in complimenting the distinguished Chairman of the Banking Committee, Congressman JIM LEACH, for bringing this bill to the floor in a timely manner. As was noted by previous speakers, this legislation significantly improves the ability of our nation's law enforcement authorities to bring money launderers to justice.

H.R. 4005 continues the Banking Committee's long and bipartisan tradition of reporting important anti-money laundering legislation to the House of Representatives. Today's bill continues this effort in that it further improves existing law and encourages greater reporting of suspicious financial activity by financial institutions and their agents.

I am pleased to report that some of the most important provisions of this bill were introduced as amendments authored by the distinguished Congresswoman from California, MAXINE WATERS. Congresswoman WATERS' tremendous energy and dedication to the concerns of Congressional District have led her to be one of the Congress' most vigilant crusaders against those who would use the traditional banking system to launder illegal proceeds, particularly those profits realized from the sale of illegal drugs in her South Central Los Angeles District. The Waters' amendments were designed to make certain that wealthy individuals cannot use their influence to cause banks to "look the other way" when it comes to those laws the banks normally implement vigorously. With the passage of the Waters amendments, the Committee will have begun the effort of investigating private banking practices, particularly as they relate to serving wealthy individuals who insist on secrecy in their financial dealings.

Finally, Mr. Speaker, I again compliment Chairman LEACH for his leadership in bringing this bill not only to the Committee but to the full House on a timely basis. The bill is another important step in providing the law enforcement community the tools they need to keep money laundering under control.

I urge the adoption of this bill.

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

Mr. LEACH. Mr. Speaker, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA), who has been so instrumental in bringing this bill forward.

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I especially rise to thank the chairman for his leadership here, and certainly for those on the other side of the aisle who have been working so hard on this legislation, both pieces of legislation I should say. And I do want to say that the good news has been that the U.S. is making significant strides in limiting

money laundering through our financial institutions. That we know.

But the bad news, as we learned, is that organized crime is turning to other U.S. businesses for their money laundering as well as financial institutions in other countries. And I believe these two pieces of legislation are making a significant step in the direction of helping the law enforcement community with stronger statutes on money laundering so that we can coordinate with the help law enforcement needs.

I certainly want to thank the chairman again for his leadership here. I also want to say that I believe that we can go farther, and of course I am assuming and doing everything I can do to hope that the other body will act promptly on this legislation and not let it falter here in the waning days of this Congress.

But I would also say that there is more to be done in the next Congress. And I have introduced just on Friday of this past week the Bulk Cash Smuggling Act of 1998. We will go into more on that at another time. But it will be complementary to what we are doing here. It deals with currency or monetary instruments in excess of \$10,000 that is transported either in or out of the United States and civil forfeiture questions with regard to those monies. We will talk about that at another time. It should complement what we are doing.

But we are taking a giant stride in the right direction here to get at the criminal elements that are making a sham out of our financial institutions.

Mr. VENTO. Mr. Speaker, I yield myself such time as I may consume.

Just in closing from my side, I would say that this half trillion dollars of illegal money that is washing through our society through our banks needs to be regulated, needs to be addressed. We need to provide the law enforcement and Treasury and other specific officials with the authority so that they can, in fact, trace this and, in fact, effectively fight the type of creative crime that is going on in our society, especially with electronic banking and other regulations.

At the same time we are very concerned about privacy, very concerned about due process. I think this bill does strike the proper balance in terms of those issues and puts in the hands of law enforcement officials at the national and State level a consistent policy with regards to this that can and will continue to need our diligence and attention to prove if it is going to ultimately be effective in dealing with the growing problem of money laundering for these diverse problems, whether it is for crime, whether it is for drugs, whether it is for other types of gambling and other types of illegal activities.

As most I think can see, the tools need to be there in the hands of the prosecutors and in the hands of the law

enforcement officials to, in fact, enforce our laws at the State and at the national level.

Ms. WATERS. Mr. Speaker, I rise in strong support of H.R. 4005, the Money Laundering Deterrence Act of 1998. I would like to thank Chairman LEACH, Ranking Member LAFALCE and Representatives ROUKEMA and VENTO for their efforts to bring this bill to the floor.

This tough bi-partisan bill reflects a new willingness by Congress to get tough on drug money laundering. The illegal drug trade is one of the world's largest industries, with annual revenues of more than \$500 billion a year worldwide, eclipsing even the revenues generated from the production of oil and gas. But the illegal drug trade would come to a screeching halt tomorrow without the ability to launder drug profits through financial institutions globally. By making our money laundering laws tougher and closing up the loopholes this legislation is an important step in putting an end to the ability of the cartels use to profit from their terrible trade.

Now the need for tougher money laundering is clearer than ever. We only need to look at the massive money laundering, murder and drug trafficking case involving Raul Salinas de Gotari, former Mexican cabinet minister and brother of Mexican President Carlos Salinas de Gotari. This case highlights allegations of the use of Citibank/Citicorp's private bank system by Salinas and other drug traffickers in laundering at least \$130 million dollars in drug proceeds.

Citibank's private banker, Amy Elliot was central to the allegations. Ms. Elliot set up an elaborate and secretive system for Salinas to get his money that was banked in Mexico out of the country, and into offshore and Swiss bank accounts. Ms. Elliott used Citibank's concentration accounts to transfer hundreds of millions of Salinas' proceeds. The concentration accounts acted to effectively cut off the paper trail of Salinas' money, making it next to impossible for law enforcement agencies to track the drug money. With Ms. Elliot's skillful assistance, the former President's borther is suspected of laundering hundreds of millions of dollars in drug proceeds.

Two weeks ago, the New York Times and the Wall Street Journal reported that the Swiss Attorney General's office has completed a 369 page report on this case that asserts among other damaging allegations that "[w]hen Carlos Salinas de Gotari became President of Mexico in 1988, Raul Salinas de Gortari assumed control over practically all drug shipments through Mexico. Through his influence and bribes paid with drug money, officials of the army and the police supported and protected the flourishing drug business."

This is simply one of many cases that point to the need for comprehensive money laundering legislation. The Money Laundering Deterrence Act of 1998 is a very good first step.

I offered a number of amendments to the bill in Committee to focus attention on the "private banking" system and the dangers of its abuse by major money launderers, drug cartels and organized crime syndicates.

I also amended the bill by calling for tougher enforcement of our nation's money laundering laws and closer scrutiny of our domestic financial institutions. These amendments added important weapons in the battle against major money laundering operations.

My amendments strengthen H.R. 4005 by:

Requiring the Secretary of the Treasury to submit to the House and Senate Banking Committees a report on the "private banking" system;

Prohibiting banks from maintaining accounts that prevent the name and account number of a customer from being associated with the account activity of an account holder. This would outlaw certain concentration accounts in use by banks, if they can be used to effectively hide the identity of the account holder;

Requiring the Secretary of the Treasury to issue "Know Your Customer" regulations within 120 days from the date of enactment of the Act; and

Identifying areas outside the United States where money laundering is concentrated and increasing penalties for violations of United States money laundering laws associated with activities in these identified countries.

I am pleased we are moving forward in the pursuit of the money laundering kingpins who are at the center of the half a trillion dollar annual drug trade and I ask my colleagues to support this important legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. LEACH. Mr. Speaker, I have no further requests for times, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from Iowa (Mr. LEACH) that the House suspend the rules and pass the bill, H.R. 4005, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to amend titles 18 and 31, United States Code, to improve methods for preventing money laundering and other financial crimes, and for other purposes."

A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. LEACH. 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. 4005, the bill just passed.

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

There was no objection.

#### MONEY LAUNDERING AND FINANCIAL CRIMES STRATEGY ACT OF 1998

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1756) to amend chapter 53 of title 31, United States Code, to require the development and implementation by the Secretary of the Treasury of a national money laundering and related financial crimes strategy to combat money laundering and related financial crimes, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1756

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

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Money Laundering and Financial Crimes Strategy Act of 1998".

#### SEC. 2. MONEY LAUNDERING AND RELATED FINANCIAL CRIMES.

(a) IN GENERAL.—Chapter 53 of title 31, United States Code is amended by adding at the end the following new subchapter:

"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 9703(p)(1).

"(2) MONEY LAUNDERING AND RELATED FINANCIAL CRIME.—The term 'money laundering and related financial crime' means an offense under subchapter II of this chapter, chapter II of title I of Public Law 91-508 (12 U.S.C. 1951, et seq.; commonly referred to as the 'Bank Secrecy Act'), or section 1956, 1957, or 1960 of title 18 or any related Federal, State, or local criminal offense.

"(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.

"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 February 1 of 1999, 2000, 2001, 2002, and 2003, 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