

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

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.

“(c) EFFECTIVENESS REPORT.—At the time each national strategy for combating financial crimes is transmitted by the President to the Congress (other than the 1st transmission of any such strategy) pursuant to subsection (a), the Secretary shall submit a report containing an evaluation of the effectiveness of policies to combat money laundering and related financial crimes.

“(d) CONSULTATIONS.—In addition to the consultations required under this section with the Attorney General, in developing the national strategy for combating money laundering and related financial crimes, the Secretary shall consult with—

“(1) the Board of Governors of the Federal Reserve System and other Federal banking agencies and the National Credit Union Administration Board;

“(2) State and local officials, including State and local prosecutors;

“(3) the Securities and Exchange Commission;

“(4) the Commodities and Futures Trading Commission;

“(5) the Director of the Office of National Drug Control Policy, with respect to money laundering and related financial crimes involving the proceeds of drug trafficking;

“(6) the Chief of the United States Postal Inspection Service;

“(7) to the extent appropriate, State and local officials responsible for financial institution and financial market regulation;

“(8) any other State or local government authority, to the extent appropriate;

“(9) any other Federal Government authority or instrumentality, to the extent appropriate; and

“(10) representatives of the private financial services sector, to the extent appropriate.

**“§ 5342. High-risk money laundering and related financial crime areas**

“(a) FINDINGS AND PURPOSE.—

“(1) FINDINGS.—The Congress finds the following:

“(A) Money laundering and related financial crimes frequently appear to be concentrated in particular geographic areas, financial systems, industry sectors, or financial institutions.

“(B) While the Secretary has the responsibility to act with regard to Federal offenses which are being committed in a particular locality or are directed at a single institution, because modern financial systems and institutions are interconnected to a degree which was not possible until recently, money laundering and other related financial crimes are likely to have local, State, national, and international effects wherever they are committed.

“(2) PURPOSE AND OBJECTIVE.—It is the purpose of this section to provide a mechanism for designating any area where money laundering or a related financial crime appears to be occurring at a higher than average rate such that—

“(A) a comprehensive approach to the problem of such crime in such area can be developed, in cooperation with State and local law enforcement agencies, which utilizes the authority of the Secretary to prevent such activity; or

“(B) such area can be targeted for law enforcement action.

“(b) ELEMENT OF NATIONAL STRATEGY.—The designation of certain areas as areas in which money laundering and related financial crimes are extensive or present a substantial risk shall be an element of the national strategy developed pursuant to section 5341(b).

“(c) DESIGNATION OF AREAS.—

“(1) DESIGNATION BY SECRETARY.—The Secretary, after taking into consideration the factors specified in subsection (d), shall designate any geographical area, industry, sector, or institution in the United States in which money laundering and related financial crimes are extensive or present a substantial risk as a ‘high-risk money laundering and related financial crime area’.

“(2) CASE-BY-CASE DETERMINATION IN CONSULTATION WITH THE ATTORNEY GENERAL.—In addition to the factors specified in subsection (d), any designation of any area under paragraph (1) shall be made on the basis of a determination by the Secretary, in consultation with the Attorney General, that the particular area, industry, sector, or institution is being victimized by, or is particularly vulnerable to, money laundering and related financial crimes.

“(3) SPECIFIC INITIATIVES.—Any head of a department, bureau, or law enforcement agency, including any State or local prosecutor, involved in the detection, prevention, and suppression of money laundering and related financial crimes and any State or local official or prosecutor may submit—

“(A) a written request for the designation of any area as a high-risk money laundering and related financial crime area; or

“(B) a written request for funding under section 5351 for a specific prevention or enforcement initiative, or to determine the extent of financial criminal activity, in an area.

“(d) FACTORS.—In considering the designation of any area as a high-risk money laundering and related financial crime area, the Secretary shall, to the extent appropriate and in consultation with the Attorney General, take into account the following factors:

“(1) The population of the area.

“(2) The number of bank and nonbank financial institution transactions which originate in such area or involve institutions located in such area.

“(3) The number of stock or commodities transactions which originate in such area or involve institutions located in such area.

“(4) Whether the area is a key transportation hub with any international ports or airports or an extensive highway system.

“(5) Whether the area is an international center for banking or commerce.

“(6) The extent to which financial crimes and financial crime-related activities in such area are having a harmful impact in other areas of the country.

“(7) The number or nature of requests for information or analytical assistance which—

“(A) are made to the analytical component of the Department of the Treasury; and

“(B) originate from law enforcement or regulatory authorities located in such area or involve institutions or businesses located in such area or residents of such area.

“(8) The volume or nature of suspicious activity reports originating in the area.

“(9) The volume or nature of currency transaction reports or reports of cross-border movements of currency or monetary instruments originating in, or transported through, the area.

“(10) Whether, and how often, the area has been the subject of a geographical targeting order.

“(11) Observed changes in trends and patterns of money laundering activity.

“(12) Unusual patterns, anomalies, growth, or other changes in the volume or nature of core economic statistics or indicators.

“(13) Statistics or indicators of unusual or unexplained volumes of cash transactions.

“(14) Unusual patterns, anomalies, or changes in the volume or nature of transactions conducted through financial institutions operating within or outside the United States.

“(15) The extent to which State and local governments and State and local law enforcement agencies have committed resources to respond to the financial crime problem in the area and the degree to which the commitment of such resources reflects a determination by such government and agencies to address the problem aggressively.

“(16) The extent to which a significant increase in the allocation of Federal resources to combat financial crimes in such area is necessary to provide an adequate State and financial crime-related activities in such area.

**“PART 2—FINANCIAL CRIME-FREE COMMUNITIES SUPPORT PROGRAM**

**“§ 5351. Establishment of financial crime-free communities support program**

“(a) ESTABLISHMENT.—The Secretary of the Treasury, in consultation with the Attorney General, shall establish a program to support local law enforcement efforts in the development and implementation of a program for the detection, prevention, and suppression of money laundering and related financial crimes.

“(b) PROGRAM.—In carrying out the program, the Secretary of the Treasury, in consultation with the Attorney General, shall—

“(1) make and track grants to grant recipients;

“(2) provide for technical assistance and training, data collection, and dissemination of information on state-of-the-art practices that the Secretary determines to be effective in detecting, preventing, and suppressing money laundering and related financial crimes; and

“(3) provide for the general administration of the program.

“(c) ADMINISTRATION.—The Secretary shall appoint an administrator to carry out the program.

“(d) CONTRACTING.—The Secretary may employ any necessary staff and may enter into contracts or agreements with Federal and State law enforcement agencies to delegate authority for the execution of grants and for such other activities necessary to carry out this chapter.

#### “§ 5352. Program authorization

“(a) GRANT ELIGIBILITY.—To be eligible to receive an initial grant or a renewal grant under this part, a State or local law enforcement agency or prosecutor shall meet each of the following criteria:

“(1) APPLICATION.—The State or local law enforcement agency or prosecutor shall submit an application to the Secretary in accordance with section 5353(a)(2).

“(2) ACCOUNTABILITY.—The State or local law enforcement agency or prosecutor shall—

“(A) establish a system to measure and report outcomes—

“(i) consistent with common indicators and evaluation protocols established by the Secretary, in consultation with the Attorney General; and

“(ii) approved by the Secretary;

“(B) conduct biennial surveys (or incorporate local surveys in existence at the time of the evaluation) to measure the progress and effectiveness of the coalition; and

“(C) provide assurances that the entity conducting an evaluation under this paragraph, or from which the applicant receives information, has experience in gathering data related to money laundering and related financial crimes.

“(b) GRANT AMOUNTS.—

“(1) GRANTS.—

“(A) IN GENERAL.—Subject to subparagraph (D), for a fiscal year, the Secretary of the Treasury, in consultation with the Attorney General, may grant to an eligible applicant under this section for that fiscal year, an amount determined by the Secretary of the Treasury, in consultation with the Attorney General, to be appropriate.

“(B) SUSPENSION OF GRANTS.—If such grant recipient fails to continue to meet the criteria specified in subsection (a), the Secretary may suspend the grant, after providing written notice to the grant recipient and an opportunity to appeal.

“(C) RENEWAL GRANTS.—Subject to subparagraph (D), the Secretary may award a renewal grant to a grant recipient under this subparagraph for each fiscal year following the fiscal year for which an initial grant is awarded.

“(D) LIMITATION.—The amount of a grant award under this paragraph may not exceed \$750,000 for a fiscal year.

“(2) GRANT AWARDS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary may, with respect to a community, make a grant to 1 eligible applicant that represents that community.

“(B) EXCEPTION.—The Secretary may make a grant to more than 1 eligible applicant that represent a community if—

“(i) the eligible coalitions demonstrate that the coalitions are collaborating with one another; and

“(ii) each of the coalitions has independently met the requirements set forth in subsection (a).

“(c) CONDITION RELATING TO PROCEEDS OF ASSET FORFEITURES.—

“(1) IN GENERAL.—No grant may be made or renewed under this part to any State or local law enforcement agency or prosecutor unless the agency or prosecutor agrees to donate to the Secretary of the Treasury for the program established under this part any amount received by such agency or prosecutor (after the grant is made) pursuant to any criminal or civil forfeiture under chapter 46 of title 18, United States Code, or any similar provision of State law.

“(2) SCOPE OF APPLICATION.—Paragraph (1) shall not apply to any amount received by a State or local law enforcement agency or prosecutor pursuant to any criminal or civil forfeiture referred to in such paragraph in excess of the aggregate amount of grants received by such agency or prosecutor under this part.

“(d) ROLLING GRANT APPLICATION PERIODS.—In establishing the program under this part, the Secretary shall take such action as may be necessary to ensure, to the extent practicable, that—

“(1) applications for grants under this part may be filed at any time during a fiscal year; and

“(2) some portion of the funds appropriated under this part for any such fiscal year will remain available for grant applications filed later in the fiscal year.

#### “§ 5353. Information collection and dissemination with respect to grant recipients

“(a) APPLICANT AND GRANTEE INFORMATION.—

“(1) APPLICATION PROCESS.—The Secretary shall issue requests for proposal, as necessary, regarding, with respect to the grants awarded under section 5352, the application process, grant renewal, and suspension or withholding of renewal grants. Each application under this paragraph shall be in writing and shall be subject to review by the Secretary.

“(2) REPORTING.—The Secretary shall, to the maximum extent practicable and in a manner consistent with applicable law, minimize reporting requirements by a grant recipient and expedite any application for a renewal grant made under this part.

“(b) ACTIVITIES OF SECRETARY.—The Secretary may—

“(1) evaluate the utility of specific initiatives relating to the purposes of the program;

“(2) conduct an evaluation of the program; and

“(3) disseminate information described in this subsection to—

“(A) eligible State local law enforcement agencies or prosecutors; and

“(B) the general public.

#### “§ 5354. Grants for fighting money laundering and related financial crimes

“(a) IN GENERAL.— After the end of the 1-year period beginning on the date the 1st national strategy for combating money laundering and related financial crimes is submitted to the Congress in accordance with section 5341, and subject to subsection (b), the Secretary may review, select, and award grants for State or local law enforcement agencies and prosecutors to provide funding necessary to investigate and prosecute money laundering and related financial crimes in high-risk money laundering and related financial crime areas.

“(b) SPECIAL PREFERENCE.—Special preference shall be given to applications submit-

ted to the Secretary which demonstrate collaborative efforts of 2 or more State and local law enforcement agencies or prosecutors who have a history of Federal, State, and local cooperative law enforcement and prosecutorial efforts in responding to such criminal activity.

#### “§ 5355. Authorization of appropriations

“There are authorized to be appropriated the following amounts for the following fiscal years to carry out the purposes of this subchapter:

“For fiscal year:	The amount authorized is:
1999 .....	\$5,000,000.
2000 .....	\$7,500,000.
2001 .....	\$10,000,000.
2002 .....	\$12,500,000.
2003 .....	\$15,000,000.”

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

#### “SUBCHAPTER III—MONEY LAUNDERING AND RELATED FINANCIAL CRIMES

“5340. Definitions.

“PART 1—NATIONAL MONEY LAUNDERING AND RELATED FINANCIAL CRIMES STRATEGY

“5341. National money laundering and related financial crimes strategy.

“5342. High-risk money laundering and related financial crime areas.

“PART 2—FINANCIAL CRIME-FREE COMMUNITIES SUPPORT PROGRAM

“5351. Establishment of financial crime-free communities support program.

“5352. Program authorization.

“5353. Information collection and dissemination with respect to grant recipients.

“5354. Grants for fighting money laundering and related financial crimes.

“5355. Authorization of appropriations.”

(c) REPORT AND RECOMMENDATIONS.—Before the end of the 5-year period beginning on the date the 1st national strategy for combating money laundering and related financial crimes is submitted to the Congress pursuant to section 5341(a)(1) of title 31, United States Code (as added by section 2(a) of this Act), the Secretary of the Treasury, in consultation with the Attorney General, shall submit a report to the Committee on Banking and Financial Services and the Committee on the Judiciary of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the Committee on the Judiciary of the Senate on the effectiveness of and the need for the designation of areas, under section 5342 of title 31, United States Code (as added by such section 2(a)), as high-risk money laundering and related financial crime areas, together with recommendations for such legislation as the Secretary and the Attorney General may determine to be appropriate to carry out the purposes of such section.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

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

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

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

Mr. LEACH. Mr. Speaker, H.R. 1756, the Money Laundering and Financial Crimes Strategy Act of 1998, directs the Secretary of the Treasury to create a national strategy for combatting

money laundering and other financial crimes by coordinating Federal, State and local efforts and resources.

The legislation provides for the designation of high-risk money laundering areas for the purpose of providing these localities with increased Federal assistance and access to information related to money laundering and other financial crimes.

The bill also provides a mechanism to fund money laundering investigations conducted by State and local law enforcement agencies.

Efforts by law enforcement officials to combat money laundering, the process by which criminal elements seek to legitimize the proceeds of their illegal activities, have taken on particular urgency as operations of large-scale criminal organizations in the United States and abroad have grown increasingly sophisticated.

Money laundering and related financial crimes are often inextricably tied to the illegal drug trade that has ravaged so many communities in rural as well as urban sectors of America. State and local law enforcement officials and prosecutors, particularly in less urbanized areas, often find themselves overwhelmed by the sheer size and scope of the criminal enterprises arrayed against them and encounter particular difficulty in following the complex money trails by which these organizations conceal and launder their ill-gotten gains.

Recent law enforcement initiatives have demonstrated that working partnerships among Federal, State and local agencies can yield impressive results in the fight against drug-related money laundering. Perhaps the best example of the benefits of a coordinated law enforcement response to money laundering can be found in the Treasury Department's successful use of a geographic targeting order, or GTO, in 1996 and 1997 to combat money laundering in a segment of the money transmitter industry in the New York City metropolitan area.

H.R. 1756 is designed to apply the lessons of the New York GTO to other communities in other parts of the country by calling for the formulation of a national strategy for combatting money laundering and related financial crimes that emphasizes the importance of coordination and information sharing among Federal, State and local authorities and by singling out localities in which money laundering is particularly widespread for increased Federal law enforcement support and financial assistance.

The bill directs the Secretary of the Treasury, in consultation with the Attorney General, to assist such localities by providing grants, technical assistance and training in information on best practices to support their efforts to detect and prevent money laundering and related financial crimes.

In closing, Mr. Speaker, let me say that H.R. 1756 is another example of the spirit of bipartisanship and comity

that I believe characterized the work of the Committee on Banking, Housing and Urban Affairs in this particular area. Introduced by the gentlewoman from New York (Ms. VELAZQUEZ) and approved by the committee by a voice vote, the legislation commands broad bipartisan support.

Companion legislation introduced by the Senator from Iowa, Mr. GRASSLEY, is now pending in the other body.

In addition to congratulating the gentlewoman from New York (Ms. VELÁZQUEZ) in developing and championing this legislation, I would like to commend the ranking minority Member, the gentleman from New York (Mr. LAFALCE), and the gentleman from Minnesota (Mr. VENTO) for their invaluable assistance in moving this important bill through our committee.

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

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

Mr. Speaker, I would like to begin by thanking the chairman, the gentleman from Iowa (Mr. LEACH), and the gentleman from New York (Mr. LAFALCE) for their help in passing this important legislation. I would also like to thank Queens District Attorney Richard Brown who was helpful in crafting this bill.

The Money Laundering and Financial Crimes Strategy Act is the result of many long years of hard work, and Congress' consideration to date marks an important step in the war against crime.

As we heard earlier, there have been many successful efforts to combat money laundering. What many of those stories overlooked is that this criminal activity has been a plague in communities, like the one that I represent, for years. There are many great local law enforcement officials who have been working hard and who have been successful at stopping these criminals.

To many, money laundering seems like something from a spy novel. To the families and the communities that I represent, these criminal enterprises are a reality. The fact remains that these criminals are attracted to low-income and immigrant communities. That is how I became involved.

About 4 years ago, I began working with the Queens District Attorney's Office and residents of Jackson Heights in Queens to address the growing problem of money laundering in that area.

There is a section of the Roosevelt Avenue in Jackson Heights that law enforcement officials call Ground Zero. That neighborhood is home to many hard-working, low-income families. The tragedy is that it is also home to hundreds of money wire services that transfers up to \$1.3 billion in illegal drug proceeds to South America.

While legitimate companies struggle to provide valuable services to the families in those neighborhoods, neighborhoods that do not have access to banks or other financial institutions, crimi-

nals set up shop in businesses ranging from beeper outlets to travel agencies to convenience stores. Instead of helping to create jobs, economic development and a better way of life for my constituents, they bring fear, violence and drugs. For that reason, the DA's office approached me for help.

Working with them, I conceived the Money Laundering and Financial Crimes Strategy Act. That was 3 years ago. The main goal of my legislation is to provide local law enforcement and prosecutors the hand they need to combat these criminal syndicates.

For a moment, just consider the sheer size and changing nature of money laundering enterprises. Then consider the burden on local law enforcement officials. They need our help.

Some local police departments and prosecutors are expected to battle crime networks with budgets bigger than some States. They must fight crime syndicates that can relocate anywhere at any time. For that reason, it is time that Washington reach out and become a real partner in this war. My legislation directs the Department of the Treasury, in consultation with the Attorney General, to develop a national strategy to combat money laundering and related financial crimes.

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The strategy would include goals for reducing money laundering as well as coordinated regulatory efforts to prevent exploitation of the financial sector in the United States. Other elements are operational initiatives to improve the detection of money laundering, and intergovernmental initiatives and actions to fight these crimes.

The key component of this legislation is the designation of areas as high risk money laundering areas. Any area designated a high risk area would be eligible for increased Federal law enforcement assistance and access to information sharing. These localities would also be eligible for Federal financial crimes grants.

The Money Laundering and Financial Crimes Strategy Act would bring everyone combating these financial crimes to the table for consultation. It would also coordinate and strengthen relationships formed with those fighting on the front lines. Most importantly, greater attention would be paid to areas at high risk of money laundering activity. Participation by local law enforcement and even the private sector in those areas would be fostered. If localities are going to keep winning, we must give them the best tools.

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

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume. In conclusion, let me just state that this is a very subtle bill that would not be before the House if it were not for the commitment as well as the persistence of the gentlewoman from New York (Ms. VELÁZQUEZ). Her hard work and

thoughtfulness in my judgment deserve very serious commendation in this body.

Mr. LAFALCE. I rise to urge the adoption of H.R. 1756, the Money Laundering and Financial Crimes Strategy Act of 1998, legislation sponsored by NYDIA VELÁZQUEZ, a distinguished and hard-working Member of the Banking Committee.

Mr. Speaker, in separate legislation considered today in the House, Members were asked to support amendments to the Bank Secrecy Act, thereby authorizing additional steps to combat money laundering activities. As a result of that bill and a host of other amendments to the Bank Secrecy Act enacted in recent years, H.R. 1756 is logical and much needed because it requires the Secretary of the Treasury to develop and implement a national strategy for combating money laundering and related financial crimes. Further, to the extent funds can be appropriated in the future, H.R. 1756 establishes a federal funding program to support efforts by state and local law enforcement authorities to investigate and prosecute money laundering practices.

The adoption of the bill is necessary because I am pleased to report to the House that we have reached the point where we need a comprehensive strategy specifically focusing on the federal government's money laundering initiatives. We have on the books significant reporting requirements and numerous deterrence programs. We have seen anti-money laundering statutes used as the basis for the successful prosecution of criminal and, most recently, we have witnessed the use of stings and other investigative tactics designed solely to strike at the criminal's ability to legitimize illegal profits by washing them through the financial system.

Because of our success, we must now develop a national strategy to ensure that the high demand for the limited resources available to combat money laundering are properly targeted to those activities that return the best results. H.R. 1756 accomplishes this purpose and deserves the full support of the House of Representatives.

I would be remiss if I did not comment on the role the sponsor of the bill has played in the effort to combat financial crime. Congresswoman NYDIA VELÁZQUEZ did not sit by when money wire transfer businesses in her New York Congressional District were identified as suspected money laundering entities, transferring huge amounts of cash into the financial system without filing the required reports or taking the appropriate actions required by the "know your customer" standards. Congresswoman VELÁZQUEZ personally participated in the law enforcement effort to shut down the unlawful operations and today's bill is but another example of ongoing efforts to protect the residents of her Congressional community.

I also commend Chairman LEACH for scheduling the legislation for the consideration of the Banking Committee and for working with me to bring this important legislation to the floor of the House today.

I strongly urge the adoption of this much needed legislation.

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

Iowa (Mr. LEACH) that the House suspend the rules and pass the bill, H.R. 1756, 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.

#### 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 include extraneous material on H.R. 1756, the bill just passed.

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

There was no objection.

#### DEPARTMENT OF STATE SPECIAL AGENTS RETIREMENT ACT OF 1998

Mr. GILMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 633) to amend the Foreign Service Act of 1980 to provide that the annuities of certain special agents and security personnel of the Department of State be computed in the same way as applies generally with respect to Federal law enforcement officers, and for other purposes, as amended.

The Clerk read as follows:

H.R. 633

*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 "Department of State Special Agents Retirement Act of 1998".

#### SEC. 2. AMENDMENTS RELATING TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.

##### (a) DEFINITION OF A SPECIAL AGENT.—

(1) IN GENERAL.—Section 804 of the Foreign Service Act of 1980 (22 U.S.C. 4044) is amended—

(A) by striking "and" at the end of paragraph (13);

(B) by striking the period at the end of paragraph (14) and inserting "; and"; and

(C) by adding at the end the following:

"(15) 'special agent' means an employee of the Department of State with a primary skill code of 2501—

"(A) the duties of whose position—

"(i) are primarily—

"(I) the investigation, apprehension, or detention of individuals suspected or convicted of offenses against the criminal laws of the United States, or

"(II) the protection of persons pursuant to section 2709(a)(3) of title 22, United States Code, against threats to personal safety; and

"(ii) are sufficiently rigorous that employment opportunities should be limited to young and physically vigorous individuals, as determined by the Secretary of State pursuant to section 4823 of title 22, United States Code;

"(B) performing duties described in subparagraph (A) before, on, or after the date of the enactment of this paragraph; or

"(C) transferred directly to a position which is supervisory or administrative in nature after performing duties described in subparagraph (A) for at least 3 years."

(2) CONFORMING AMENDMENT.—Section 852 of such Act (22 U.S.C. 4071a) is amended—

(A) by striking "and" at the end of paragraph (7);

(B) by striking the period at the end of paragraph (8) and inserting "; and"; and

(C) by adding at the end the following:

"(9) the term 'special agent' has the same meaning given in section 804(15)."

##### (b) CONTRIBUTIONS.—

(1) IN GENERAL.—Section 805(a) of such Act (22 U.S.C. 4045(a)) is amended by adding at the end the following:

"(3) For service as a special agent, paragraph (1) shall be applied by substituting for '7 percent' the percentage that applies to law enforcement officers under section 8334(a)(1) of title 5, United States Code."

(2) CONFORMING AMENDMENT.—Section 805(a)(1) (22 U.S.C. 4045(a)(1)) of such Act is amended by striking "Except as provided in subsection (h)," and inserting "Except as otherwise provided in this section,".

(c) SPECIAL CONTRIBUTION FOR PRIOR NON-DEPOSIT SERVICE.—Section 805(d) of such Act (22 U.S.C. 4045(d)) is amended by adding at the end the following:

"(6) Subject to paragraph (4) and subsection (h), for purposes of applying this subsection with respect to prior service as a special agent, the percentages of basic pay set forth in section 8334(c) of title 5, United States Code, with respect to a law enforcement officer, shall apply instead of the percentages set forth in paragraph (1)."

##### (d) COMPUTATION OF ANNUITIES.—

(1) IN GENERAL.—Section 806(a) of such Act (22 U.S.C. 4046(a)) is amended—

(A) by redesignating paragraph (6) as paragraph (7); and

(B) by inserting after paragraph (5) the following:

"(6)(A) The annuity of a special agent under this subchapter shall be computed under paragraph (1) except that, in the case of a special agent described in subparagraph (B), paragraph (1) shall be applied by substituting for '2 percent'—

"(i) the percentage under subparagraph (A) of section 8339(d)(1) of title 5, United States Code, for so much of the participant's total service as is specified thereunder; and

"(ii) the percentage under subparagraph (B) of section 8339(d)(1) of title 5, United States Code, for so much of the participant's total service as is specified thereunder.

"(B) A special agent described in this subparagraph is any such agent or former agent who—

"(i)(I) retires voluntarily or involuntarily under section 607, 608, 611, 811, 812, or 813, under conditions authorizing an immediate annuity, other than for cause on charges of misconduct or delinquency, or retires for disability under section 808; and

"(II) at the time of retirement—

"(aa) if voluntary, is at least 50 years of age and has completed at least 20 years of service as a special agent; or

"(bb) if involuntary or disability, has completed at least 20 years of service as a special agent; or

"(ii) dies in Service after completing at least 20 years of service as a special agent, when an annuity is payable under section 809.

"(C) For purposes of subparagraph (B), included with the years of service performed by an individual as a special agent shall be any service performed by such individual as a law enforcement officer (within the meaning of section 8331(20) or section 8401(17) of title 5, United States Code), or a member of the Capitol Police."

(2) SPECIAL RULE FOR SPECIAL AGENTS WITH PRIOR SERVICE UNDER THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM OR THE CIVIL SERVICE RETIREMENT SYSTEM.—Section