

First, it help us pursue criminals who commit the underlying organized crimes that generate tainted money, such as drug trafficking, tax evasion, and fraud;

Second, it helps us fight the foreign corruption that undermines U.S. and multilateral assistance programs to promote democracy and economical development abroad; and lastly,

It helps us protect the stability of the international financial system.

The bill we are introducing today enshrines these principles. The bill provides the Treasury Secretary with the authority and discretion to address a specific money laundering problem with precision—which cannot be done with current law.

Current law provides limited options for law enforcement; the Treasury Secretary can either issue informational advisories to U.S. financial institutions about specific offshore jurisdictions, or take the more extreme approach of invoking sweeping and often disruptive economic sanctions. In an effort to strengthen our ability to fight money laundering, the bill I am introducing today provides new discretionary authority to the Treasury Secretary, which can be invoked under certain select circumstances. For instance, the Secretary can use these discretionary tools if he or she were to identify an area of “primary money laundering concern” offshore. If invoked by the Treasury Secretary, these discretionary tools only apply to the activities of U.S. financial institutions outside the U.S., but not domestically.

Our bill grants the Treasury Secretary the authority, and policy discretion, to use several new tools that fall between informational advisories, on the one hand, and economic sanctions on the other. For example, the Secretary could identify a particular institution in a foreign jurisdiction as a primary money laundering concern without making a determination regarding the entire foreign jurisdiction, and then, impose restrictions on activities concerning such an institution. The approach taken in the bill offers the kind of regulatory flexibility, which does not exist today, needed to tackle a fast-moving and remarkably adaptable class of criminals.

More specifically, the bill would do the following:

Authorize the Secretary of the Treasury to impose one or more of five new special measures upon finding a jurisdiction, financial institution operating outside the United States, or class of international transactions to be of “primary money laundering concern”;

Require the Secretary, in selecting a measure, to consult with the Federal Reserve and consider several factors of concern to domestic financial institutions;

Outline the special measures, including enhanced recordkeeping and reporting; collection of information on beneficial ownership of certain accounts; conditions on opening so-called payable-through and correspondent accounts; and prohibition of payable-through or correspondent accounts;

Require the Secretary to consult with selected Federal officials and consider a number of factors in making a finding relative to a primary money laundering concern;

Require the Secretary to notify Congress within 10 days of taking a special measure;

Authorize banks to share suspicions of employee misconduct in employment references with other banks without fear of civil liability, and clarify prohibitions against disclosure of a suspicious activity report to the subject of the report;

Clarify penalties for violating Geographic Targeting Orders issued by the Secretary to combat money laundering in designated geographical areas;

Require the Bank Secrecy Act Advisory Group to include a privacy advocate among its membership and to operate under the “sunshine” provisions of the Federal Advisory Committee Act;

Require reports from the Treasury Department and banking agencies regarding penalties for Bank Secrecy Act and safety-and-soundness violations;

Express the sense of the Congress that the U.S. should press foreign governments to take action against money laundering and corruption, and make clear that the United States will work to return the proceeds of foreign corruption to the citizens of countries to whom such assets belong; and,

Express the sense of the Congress that the U.S. should support the efforts of the Financial Action Task Force, an international anti-money laundering organization, to identify jurisdictions that do not cooperate with international efforts to combat money laundering.

We are often told by the financial services industry that it self-regulates well in the area of international and correspondent banking, and that, therefore, no legislation is needed. However, a recent staff report by the Senate’s Permanent Subcommittee on Investigations concluded that U.S. correspondent banking provides an important avenue for rogue foreign banks and their criminal clients to carry on money laundering and other criminal activity in the U.S. We are also too often reminded by egregious cases—such as the recent one involving the laundering of Russian organized crime funds through offshore centers and U.S. financial institutions—that our current regulatory and law enforcement system may not be as protected as we like to think. A well targeted, common sense approach—such as the one in this bill—that fills in gaps in current law makes sense. Moreover, keeping in mind the need to protect legitimate commerce, the bill is crafted in a way that evenly balances burden-sharing between regulators and the financial services industry.

In sum, I am pleased to propose comprehensive money laundering legislation to address one of the most insidious and challenging of financial crimes. Money laundering is now estimated to absorb somewhere between 2 and 5 percent of the world’s domestic product, or nearly \$600 billion, and represents a significant threat to the international financial system. The enhanced tools in this proposed legislation will lead to improved ways of preserving the integrity of the international financial system, working in partnership with our major trading partners and the world’s market economies.

As we consider policy changes in this area, we must address the appropriate needs of law enforcement without impeding legitimate commerce. By empowering the Federal government with more flexible and effective tools

than those offered under existing law, the bill moves us closer to meeting this goal. I look forward to working with the Bush Administration, law enforcement officials, and the financial services industry, to enact a common sense approach to fighting money laundering.

APRIL SCHOOL OF THE MONTH

HON. CAROLYN MCCARTHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 20, 2001

Mrs. MCCARTHY of New York. Mr. Speaker, I have named Meadowbrook Elementary School in East Meadow as School of the Month in the Fourth Congressional District for April 2001.

Thomas Mangano is Principal of Meadowbrook Elementary, and Dr. Robert R. Dillon is the Superintendent of Schools for the East Meadow Union Free School District.

The school motto says it all—“Four Walls with the Future Inside.” For over 45 years, Meadowbrook has been educating Long Island’s future generations on the importance of accepting everyone as is. These children have learned that being “different” doesn’t matter.

Boasting a 100 percent teacher PTA membership, Meadowbrook fosters a culture of inclusion and emphasizes a strong school, family and community partnership. All teachers have been trained in the “World of Difference” program which fosters a respect for diversity at all levels. Meadowbrook is a multi-cultural school representing a variety of countries such as India, Pakistan, Columbia, South Korea, South Vietnam, China, El Salvador, Egypt, Israel and Russia.

Meadowbrook, recognized as a New York State Blue Ribbon School, is one of five elementary schools in the East Meadow Public School District and has 510 students. Meadowbrook is one of two sites which provides educational services to children who face special educational challenges. This, combined with the school’s emphasis on cultural awareness, teaches children that being different is good.

I commend Meadowbrook for the focus on special education students. I have a learning disability that wasn’t diagnosed until I was an adult, so I’m particularly gratified to know children are being helped at a young age. It’s also comforting to me that these kids don’t feel “different.” I know that feeling, and it’s not a good one.

Congratulations, and keep up the good work.

TRIBUTE TO REV. VERSIE PULPHUS EASTER OF THE CHRISTIAN METHODIST EPISCOPAL CHURCH, TURNER CHAPEL CHURCH

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 20, 2001

Mr. BONIOR. Mr. Speaker, the Christian Methodist Episcopal Church is an organization