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104TH CONGRESS

2D SESSION H. R. 3931 To amend the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to require the development and implementation of a national

financial crimes strategy to combat financial crimes involving money
laundering and other related activities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1996 Ms. VELA´ZQUEZ (for herself, Mr. RANGEL, Mr. SCHUMER, Mrs. MALONEY, Mr. MANTON, Mr. ACKERMAN, Mr. TOWNS, Mrs. LOWEY, Mr. FLAKE, Mr. NADLER, Mr. OWENS, Mr. SERRANO, Mr. ENGEL, Mr. GILMAN, Mr. HINCHEY, and Mr. KING) introduced the following bill; which was re-

ferred to the Committee on Banking and Financial Services, and in addi-

tion to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provi- sions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to require the development
and implementation of a national financial crimes strat-
egy to combat financial crimes involving money launder-
ing and other related activities, and for other purposes.

1 Be it enacted by the Senate and House of Representa-

2 tives of the United States of America in Congress assembled,

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1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the ‘‘National Financial
3 Crimes Strategy Act of 1996’’.

4 SEC. 2. FINANCIAL CRIMES INVOLVING MONEY LAUNDER-

5 ING AND RELATED CRIMINAL ACTIVITIES.
6 (a) IN GENERAL.—Title IX of the Financial Institu-

7 tions Reform, Recovery, and Enforcement Act of 1989 (re-8 lating to regulatory enforcement authority and criminal 9 enhancements) is amended by adding at the end the fol-

10 lowing new subtitle:

11 ‘‘Subtitle G—National Financial

12 Crimes Strategy
13 ‘‘SEC. 971. NATIONAL FINANCIAL CRIMES STRATEGY.

14 ‘‘(a) DEVELOPMENT AND SUBMISSION TO CON-

15 GRESS.—
16 ‘‘(1) IN GENERAL.—Before the end of the 180-

17 day period beginning on the date of the enactment
18 of this subtitle and before February 1 of each subse-
19 quent year, the President, acting through the Sec-

20 retary of the Treasury, shall develop a national
21 strategy for combating financial crimes which shall

22 be submitted to the Congress.
23 ‘‘(2) SEPARATE PRESENTATION OF CLASSIFIED

24 MATERIAL.—Any part of the strategy that involves
25 information which is properly classified under cri-

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1 teria established by Executive order shall be submit-
2 ted to the Congress separately.
3 ‘‘(b) DEVELOPMENT OF STRATEGY.—The national

4 strategy for combating financial crimes shall include the

5 following:
6 ‘‘(1) LONG-RANGE GOALS.—Comprehensive, re-
7 search-based, long-range goals for reducing financial
8 crime in the United States.

9 ‘‘(2) SHORT-TERM OBJECTIVE.—A short-term
10 objective which the Secretary determines may be re-

11 alistically achieved by the end of the 2-year period
12 beginning on the date of transmission of the strat-

13 egy.
14 ‘‘(3) ALLOCATION OF LAW ENFORCEMENT RE-

15 SOURCES.—A description of the manner in which
16 law enforcement resources will be allocated.
17 ‘‘(4) REVIEW OF NONFEDERAL FINANCIAL
18 CRIME CONTROL ACTIVITIES.—A review of the finan-

19 cial crime control activities of State and local gov-

20 ernments and recommendations for sufficient co-

21 operation between Federal agencies and such State
22 and local governments to achieve a well-coordinated

23 and effective policy for fighting financial crimes by
24 all levels of government.

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1 ‘‘(5) ALL OTHER GOALS, OBJECTIVES, AND
2 STRATEGIES.—A complete list of goals, objectives,

3 and priorities for reducing financial crimes in addi-
4 tion to the goals and objectives described in para-
5 graphs (1) and (2).

6 ‘‘(6) PRIVATE SECTOR INITIATIVES; INTERGOV-
7 ERNMENTAL COOPERATION.—A description of pri-

8 vate sector initiatives, cooperative efforts between
9 the Federal Government and State and local govern-

10 ments, and cooperative efforts among the several
11 States and between State and local governments for
12 financial crimes control which could be utilized or

13 should be encouraged.
14 ‘‘(7) PROJECT AND BUDGET PRIORITIES.—A 3-

15 year projection for program and budget priorities
16 and achievable projects for reductions in financial
17 crimes.

18 ‘‘(8) ASSESSMENT OF FUNDING.—A complete
19 assessment of how the proposed budget is intended

20 to implement the strategy and whether the funding
21 levels contained in the proposed budget are sufficient
22 to implement the strategy.

23 ‘‘(9) DESIGNATED AREAS.—A description of
24 geographical areas designated as ‘high-intensity fi-

25 nancial crime areas’ in accordance with section 3.

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1 ‘‘(10) IMPROVED COMMUNICATIONS SYSTEMS.—
2 A plan for improving the compatibility of automated

3 information and information systems to provide the
4 Federal Government and State and local govern-

5 ments with timely, accurate, and complete informa-
6 tion.
7 ‘‘(c) CONSULTATIONS.—In developing the national

8 strategy for combating financial crimes, the Secretary

9 shall consult with—

10 ‘‘(1) Department of the Treasury law enforce-

11 ment organizations;
12 ‘‘(2) the Attorney General and the Director of

13 the Federal Bureau of Investigation;
14 ‘‘(3) Members of Congress;
15 ‘‘(4) State and local officials, including State

16 and local prosecutors; and
17 ‘‘(5) private citizens with experience and exper-
18 tise in the field of financial crimes law enforcement.

19 ‘‘(d) SUBMISSION OF REPORTS BY SECRETARY.—
20 ‘‘(1) REPORT ON CONSULTATIONS.—At the

21 time the President transmits the national strategy
22 on combating financial crimes, the Secretary shall

23 submit a report indicating the persons consulted by
24 the director pursuant to subsection (c).

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1 ‘‘(2) EFFECTIVENESS REPORT.—At the time
2 each national strategy for combating financial

3 crimes is transmitted by the President to the Con-
4 gress (other than the 1st transmission of any such
5 strategy) pursuant to subsection (a), the Secretary

6 shall submit a report containing a complete evalua-
7 tion of the effectiveness of policies to combat finan-
8 cial crimes.
9 ‘‘SEC. 972. HIGH-INTENSITY FINANCIAL CRIME AREAS.

10 ‘‘(a) DESIGNATION OF AREAS.—The Secretary, in

11 consultation with the heads of the Department of the
12 Treasury law enforcement organizations, the Attorney

13 General, the Director of the Federal Bureau of Investiga-14 tion, the Governors of the several States, and other State

15 and local officials and after taking into consideration the
16 factors specified in subsection (b), may designate any geo-
17 graphical area of the United States as a ‘high-intensity
18 financial crime area’.

19 ‘‘(b) FACTORS.—In considering the designation of
20 any area as a high-intensity financial crime area, the Sec-

21 retary shall take into account the following factors:
22 ‘‘(1) The population of the area and the demo-

23 graphics of the population.

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1 ‘‘(2) The number of bank transactions which
2 originate in such area or involve institutions located
3 in such area.

4 ‘‘(3) The number of electronic funds transfers

5 which originate in such area or involve institutions
6 located in such area.
7 ‘‘(4) The number of stock or commodities

8 transactions which originate in such area or involve

9 institutions located in such area.

10 ‘‘(5) The number of requests for information

11 which are made to the financial crimes enforcement
12 network and which originate from such area or in-
13 volve institutions or businesses located in such area
14 or residents of such area.

15 ‘‘(6) Whether the area is a key transportation

16 hub with any international ports or airports or an
17 extensive highway system.
18 ‘‘(7) Whether the area is an international cen-

19 ter for banking or commerce.
20 ‘‘(8) The extent to which the area is a center

21 of financial crimes.
22 ‘‘(9) The extent to which financial crimes and
23 financial crime-related activities in such area are

24 having a harmful impact in other areas of the coun-

25 try.

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1 ‘‘(10) The extent to which State and local gov-
2 ernments and State and local law enforcement agen-

3 cies have committed resources to respond to the fi-
4 nancial crime problem in the area and the degree to

5 which the commitment of such resources reflects a

6 determination by such government and agencies to
7 address the problem aggressively.

8 ‘‘(11) The extent to which a significant increase

9 in the allocation of Federal resources to combat fi-
10 nancial crimes in such area is necessary to provide
11 an adequate State and local response to financial
12 crimes and financial crime-related activities in such
13 area.
14 ‘‘SEC. 974. DESIGNATION OF LEAD AGENCY.

15 ‘‘(a) IN GENERAL.—The Secretary shall have the

16 principal responsibility for carrying out the national strat-
17 egy for combating financial crimes.
18 ‘‘(b) COORDINATION OF LAW ENFORCEMENT ACTIVI-
19 TIES.—

20 ‘‘(1) NOTICE OF MAJOR CRIME REDUCTION AC-

21 TIVITIES.—The heads of the Department of the
22 Treasury law enforcement organizations, the Attor-

23 ney General, and the Director of the Federal Bureau
24 of Investigation shall notify the Secretary, in writ-

25 ing, of any major financial crime reduction activity

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1 proposed to be carried out by the agency or organi-
2 zation of which such person is the head in an area

3 designated as a high-intensity financial crime area.
4 ‘‘(2) ADVANCE NOTICE.—The notice required to
5 be submitted under paragraph (1) shall be provided

6 in advance of the initiation of the activity with re-
7 spect to which such notice is submitted unless ex-

8 tenuating circumstances require otherwise.
9 ‘‘(3) OBJECTION OF SECRETARY.—If the Sec-

10 retary objects to the proposed activity for which the
11 Secretary receives notice under paragraph (1), the
12 Secretary shall notify the agency in writing of the

13 basis for the Secretary’s objection.
14 ‘‘(c) FEDERAL RESPONSES AUTHORIZED.—With re-
15 spect to any area designated under section 3(a) as a high-

16 intensity financial crime area, the Secretary may take the
17 following initiatives:

18 ‘‘(1) Develop a plan for the redistribution or
19 the temporary reassignment of the personnel and

20 physical resources of the Department of the Treas-
21 ury law enforcement organizations, the Department
22 of Justice (including the offices of the United States

23 Attorneys, the Federal Bureau of Investigation, and,
24 when appropriate, the United States Marshals Serv-
25 ice), and any other Federal law enforcement organi-

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1 zation the President determines to be appropriate in
2 order to more effectively combat financial crimes in
3 such area and make recommendations to the head of

4 each such agency or department for such redistribu-

5 tion or temporary reassignment.
6 ‘‘(2) Recommend increases in Federal assist-
7 ance which the Secretary determines is necessary to
8 combat financial crimes in such areas.

9 ‘‘(3) Establish joint cooperative efforts, and co-

10 ordinate enforcement activities, between Federal law
11 enforcement agencies and State and local law en-
12 forcement agencies with respect to financial crimes
13 in such area.
14 ‘‘SEC. 975. GRANTS FOR FIGHTING FINANCIAL CRIMES.

15 ‘‘(a) PROGRAM AUTHORIZED.—The Secretary is au-

16 thorized to provide grants to any consortium consisting
17 of 3 or more State or local law enforcement agencies and

18 prosecutors to provide funding necessary to investigate 19 and prosecute financial crimes in high-intensity financial

20 crime areas.

21 ‘‘(b) AUTHORIZATION.—There are authorized to be
22 appropriated such sums as may be necessary for fiscal

23 years beginning after fiscal year 1996 to carry out this

24 section.

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1 ‘‘SEC. 976. BUDGETS FOR LAW ENFORCEMENT ACTIVITIES
2 RELATING TO FINANCIAL CRIMES.

3 ‘‘Section 1105 of title 31, United States Code, is

4 amended by adding at the end the following new sub-
5 section:
6 ‘‘ ‘(h) The Director of the Office of Management and

7 Budget shall establish the funding for law enforcement ac-8 tivities with respect to financial crimes for each applicable

9 department or agency as a separate object class in each
10 budget annually submitted to the Congress under this sec-
11 tion.’.
12 ‘‘SEC. 977. DEFINITIONS.

13 ‘‘For purposes of this subtitle, the following defini-

14 tions shall apply:
15 ‘‘(1) DEPARTMENT OF THE TREASURY LAW EN-
16 FORCEMENT ORGANIZATIONS.—The term ‘Depart-

17 ment of the Treasury law enforcement organizations’
18 has the meaning given to such term in section
19 9703(p) of title 31, United States Code.

20 ‘‘(2) FINANCIAL CRIME.—The term ‘financial
21 crime’ means an offense under section 1956 of title

22 18, United States Code, or section 5324 of title 31
23 of such Code, and any related Federal, State, or

24 local criminal offense.

25 ‘‘(3) SECRETARY.—The term ‘Secretary’ means
26 the Secretary of the Treasury.’’.

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1 (b) REPORT AND RECOMMENDATIONS.—Before Jan-
2 uary 1, 1997, the Secretary shall submit a report to the

3 Committee on Banking and Financial Services of the 4 House of Representatives and the Committee on Banking, 5 Housing, and Urban Affairs of the Senate on the effective-

6 ness of and the need for the designation of areas, under
7 section 972 of Financial Institutions Reform, Recovery,

8 and Enforcement Act of 1989 (as added by subsection (a) 9 of this section), as high-intensity financial crime areas, to-

10 gether with such recommendations for legislation as the
11 Secretary may determine to be appropriate to carry out
12 the purposes of such section.
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