

105TH CONGRESS  
2D SESSION

# H. R. 3760

To amend the Bank Holding Company Act of 1956 to require the Board of Governors of the Federal Reserve System to include money laundering activities in the consideration of applications under section 3 of the Bank Holding Company Act of 1956.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1998

Ms. WATERS (for herself, Mr. HINCHEY, Mr. SANDERS, Mr. THOMPSON, Mr. RUSH, and Mr. DAVIS of Illinois) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To amend the Bank Holding Company Act of 1956 to require the Board of Governors of the Federal Reserve System to include money laundering activities in the consideration of applications under section 3 of the Bank Holding Company Act of 1956.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bank Merger Money  
5 Laundering Prevention Act”.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—The Congress makes the following  
3 findings:

4 (1) Money laundering is a serious problem: be-  
5 tween \$100,000,000,000 and \$300,000,000,000 in  
6 United States currency is “laundered” each year.

7 (2) Money laundering is critical to survival of  
8 the illicit drug trade, which has annual worldwide  
9 revenues of more than \$400,000,000,000, more than  
10 8 percent of the total value of international trade.

11 (3) United States financial institutions are a  
12 critical link in our efforts to combat money launder-  
13 ing.

14 (4) Highly secretive private banking services  
15 that cater to wealthy clients are particularly vulner-  
16 able to use by drug traffickers for money laundering  
17 purposes and it is estimated that private banking  
18 services have banking assets ranging from  
19 \$200,000,000,000 to \$300,000,000,000.

20 (b) PURPOSES.—The purposes of this Act are as fol-  
21 lows:

22 (1) To ensure that United States financial in-  
23 stitutions make combating money laundering the  
24 highest of priorities.

25 (2) To require the Board of Governors of the  
26 Federal Reserve System to take into consideration a

1 company's effectiveness in combating money laun-  
2 dering activities as part of any review of an applica-  
3 tion under section 3 of the Bank Holding Company  
4 Act of 1956.

5 (3) To prohibit the Board of Governors of the  
6 Federal Reserve System from considering an appli-  
7 cation by a company under section 3 of the Bank  
8 Holding Company Act of 1956 while the company is  
9 under investigation for money laundering or is the  
10 subject of Federal prosecution.

11 (4) To prohibit the Board from approving any  
12 application under section 3 of the Bank Holding  
13 Company Act of 1956 for a period of 5 years by any  
14 company which has been found criminally or civilly  
15 liable for money laundering.

16 **SEC. 3. AMENDMENT TO SECTION 3 OF THE BANK HOLDING**  
17 **COMPANY ACT OF 1956.**

18 (a) IN GENERAL.—Section 3(c) of the Bank Holding  
19 Company Act of 1956 (12 U.S.C. 1842(c)) is amended  
20 by adding at the end the following new paragraph:

21 “(6) MONEY LAUNDERING.—In every case—

22 “(A) the Board shall take into consider-  
23 ation the effectiveness of the company or com-  
24 panies in combating and preventing money

1           laundering activities, including in overseas  
2           branches;

3           “(B) the Board shall not consider any ap-  
4           plication under this section involving any com-  
5           pany which is the subject of any—

6                   “(i) pending Federal investigation of  
7                   possible money laundering or other related  
8                   financial crimes; or

9                   “(ii) pending Federal prosecution for  
10                  money laundering or other related financial  
11                  crimes,

12           until such investigation or prosecution is com-  
13           pleted and a finding is made, except that this  
14           subparagraph shall not apply if the period for  
15           such completion and the making of findings ex-  
16           ceeds 3 years; and

17           “(C) the Board shall disapprove any appli-  
18           cation under this section involving any company  
19           which has been found criminally or civilly liable  
20           for money laundering or any related financial  
21           crime during the 5-year period preceding the  
22           consideration of such application by the  
23           Board.”.

24           (b) SCOPE OF APPLICATION.—The amendment made  
25           by subsection (a) shall apply with respect to any applica-

1 tion submitted to the Board of Governors of the Federal  
2 Reserve System under section 3 of the Bank Holding  
3 Company Act of 1956 after December 31, 1997, which  
4 has not been approved by the Board before the date of  
5 the enactment of this Act.

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