

109TH CONGRESS  
2D SESSION

# S. 2402

To improve the prohibitions on money laundering, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MARCH 13, 2006

Mr. GRASSLEY (for himself, Mr. KYL, Mr. CORNYN, Mr. DEWINE, and Mr. GRAHAM) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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## A BILL

To improve the prohibitions on money laundering, 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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Combating Money  
5       Laundering and Terrorist Financing Act of 2006”.

6       **TITLE I—MONEY LAUNDERING**

7       **SEC. 101. SPECIFIED UNLAWFUL ACTIVITY.**

8       Section 1956(c)(7) of title 18, United States Code,  
9       is amended to read as follows:

1 “(7) the term ‘specified unlawful activity’  
2 means—

3 “(A) any act or activity constituting an of-  
4 fense in violation of the laws of the United  
5 States or any State punishable by imprisonment  
6 for a term exceeding 1 year; and

7 “(B) any act or activity occurring outside  
8 of the United States that would constitute an  
9 offense covered under subparagraph (A) if the  
10 act or activity had occurred within the jurisdic-  
11 tion of the United States or any State;”.

12 **SEC. 102. MAKING THE DOMESTIC MONEY LAUNDERING**  
13 **STATUTE APPLY TO “REVERSE MONEY LAUN-**  
14 **DERING” AND INTERSTATE TRANSPOR-**  
15 **TATION.**

16 (a) IN GENERAL.—Section 1957 of title 18, United  
17 States Code, is amended—

18 (1) in the heading, by inserting “**or in sup-**  
19 **port of criminal activity**” after “**specified**  
20 **unlawful activity**”;

21 (2) in subsection (a), by striking “Whoever”  
22 and inserting the following:

23 “(1) Whoever”; and

24 (3) by adding at the end the following:

25 “(2) Whoever—

1           “(A) in any of the circumstances set forth in  
2       subsection (d)—

3           “(i) conducts or attempts to conduct a  
4       monetary transaction involving property of a  
5       value that is greater than \$10,000; or

6           “(ii) transports, attempts to transport, or  
7       conspires to transport property of a value that  
8       is greater than \$10,000;

9       “(B) in or affecting interstate commerce; and

10       “(C) either—

11           “(i) knowing that the property was derived  
12       from some form of unlawful activity; or

13           “(ii) with the intent to promote the car-  
14       rying on of specified unlawful activity;

15 shall be fined under this title, imprisoned for a term of  
16 years not to exceed the statutory maximum for the unlaw-  
17 ful activity from which the property was derived or the  
18 unlawful activity being promoted, or both.”.

19       (b) CHAPTER ANALYSIS.—The item relating to sec-  
20 tion 1957 in the table of sections for chapter 95 of title  
21 18, United States Code, is amended to read as follows:

“1957. Engaging in monetary transactions in property derived from specified  
unlawful activity or in support of criminal activity.”.

1 **SEC. 103. PROCEDURE FOR ISSUING SUBPOENAS IN MONEY**  
 2 **LAUNDERING CASES.**

3 (a) IN GENERAL.—Section 986 of title 18, United  
 4 States Code, is amended by adding at the end the fol-  
 5 lowing:

6 “(e) PROCEDURE FOR ISSUING SUBPOENAS.—The  
 7 Attorney General, the Secretary of the Treasury, or the  
 8 Secretary of Homeland Security may issue a subpoena in  
 9 any investigation of a violation of sections 1956, 1957 or  
 10 1960, or sections 5316, 5324, 5331 or 5332 of title 31,  
 11 United States Code, in the manner set forth under section  
 12 3486.”.

13 (b) GRAND JURY AND TRIAL SUBPOENAS.—Section  
 14 5318(k)(3)(A)(i) of title 31, United States Code, is  
 15 amended—

16 (1) by striking “related to such correspondent  
 17 account”;

18 (2) by striking “or the Attorney General” and  
 19 inserting “, the Attorney General, or the Secretary  
 20 of Homeland Security”; and

21 (3) by adding at the end the following:

22 “(iii) GRAND JURY OR TRIAL SUB-  
 23 POENA.—In addition to a subpoena issued  
 24 by the Attorney General, Secretary of the  
 25 Treasury, or the Secretary of Homeland  
 26 Security under clause (i), a subpoena

1                   under clause (i) includes a grand jury or  
2                   trial subpoena requested by the Govern-  
3                   ment.”.

4           (c) FAIR CREDIT REPORTING ACT AMENDMENT.—  
5 Section 604(a)(1) of the Fair Credit Reporting Act (15  
6 U.S.C. 1681b(a)(1)) is amended—

7                   (1) by striking “or”; and

8                   (2) by inserting before the period the following:  
9           “, or an investigative subpoena issued under section  
10          5318 of title 31, United States Code”.

11          (d) OBSTRUCTION OF JUSTICE.—Section 1510(b) of  
12 title 18, United States Code, is amended—

13                   (1) in paragraph (2)(A), by inserting “or an in-  
14          vestigative subpoena issued under section 5318 of  
15          title 31, United States Code” after “grand jury sub-  
16          poena”; and

17                   (2) in paragraph (3)(B), by inserting “, an in-  
18          vestigative subpoena issued under section 5318 of  
19          title 31, United States Code,” after “grand jury sub-  
20          poena”.

21          (e) RIGHT TO FINANCIAL PRIVACY ACT.—Section  
22 1120 of the Right to Financial Privacy Act of 1978 (12  
23 U.S.C. 3420) is amended—

24                   (1) in subsection (a)(1), by inserting “or to the  
25          Government” after “to the grand jury”; and

1           (2) in subsection (b)(1), by inserting “, or an  
 2       investigative subpoena issued pursuant to section  
 3       5318 of title 31, United States Code,” after “grand  
 4       jury subpoena”.

5   **SEC. 104. TRANSPORTATION OR TRANSHIPMENT OF BLANK**  
 6                           **CHECKS IN BEARER FORM.**

7       Section 5316 of title 31, United States Code, is  
 8   amended by adding at the end the following:

9       “(e) MONETARY INSTRUMENTS WITH AMOUNT LEFT  
 10   BLANK.—For purposes of this section, a monetary instru-  
 11   ment in bearer form that has the amount left blank, such  
 12   that the amount could be filled in by the bearer, shall be  
 13   considered to have a value equal to the highest value of  
 14   the funds in the account on which the monetary instru-  
 15   ment is drawn during the time period the monetary instru-  
 16   ment was being transported or the time period it was ne-  
 17   gotiated or was intended to be negotiated.”.

18   **SEC. 105. BULK CASH SMUGGLING.**

19       Section 5332(a) of title 31, United States Code, is  
 20   amended—

21           (1) in subsection (b)(1), by striking “5 years”  
 22       and inserting “10 years”; and

23           (2) by adding the end the following:

24       “(d) INVESTIGATIVE AUTHORITY.—Violations of this  
 25   section may be investigated by the Attorney General, the

1 Secretary of the Treasury, the Secretary of Homeland Se-  
 2 curity, and the Postal Service.”.

3 **SEC. 106. VIOLATIONS INVOLVING COMMINGLED FUNDS**  
 4 **AND STRUCTURED TRANSACTIONS.**

5 Section 1957(f) of title 18, United States Code, is  
 6 amended—

7 (1) in paragraph (2) by striking “and” at the  
 8 end;

9 (2) in paragraph (3), by striking the period and  
 10 inserting a semicolon; and

11 (3) by adding at the end the following:

12 “(4) the term ‘monetary transaction in crimi-  
 13 nally derived property that is of a value greater than  
 14 \$10,000’ includes—

15 “(A) a monetary transaction involving the  
 16 transfer, withdrawal, encumbrance or other dis-  
 17 position of more than \$10,000 from a bank ac-  
 18 count in which more than \$10,000 in proceeds  
 19 of specified unlawful activity have been commin-  
 20 gled with other funds;

21 “(B) a series of monetary transactions in  
 22 amounts under \$10,000 that exceed \$10,000 in  
 23 the aggregate and that are closely related to  
 24 each other in terms of such factors as time, the  
 25 identity of the parties involved, the nature and

1           purpose of the transactions, and the manner in  
2           which they are conducted; and

3           “(C) any financial transaction covered  
4           under section 1956(j) that involves more than  
5           \$10,000 in proceeds of specified unlawful activ-  
6           ity; and

7           “(5) the term ‘monetary transaction involving  
8           property of a value that is greater than \$10,000’ in-  
9           cludes a series of monetary transactions in amounts  
10          under \$10,000 that exceed \$10,000 in the aggregate  
11          and that are closely related to each other in terms  
12          of such factors as time, the identity of the parties  
13          involved, the nature and purpose of the transactions,  
14          and the manner in which they are conducted.”.

15 **SEC. 107. CHARGING MONEY LAUNDERING AS A COURSE OF**  
16 **CONDUCT.**

17          (a) IN GENERAL.—Section 1956 of title 18, United  
18 States Code, is amended by adding at the end the fol-  
19 lowing:

20          “(j) MULTIPLE VIOLATIONS.—Multiple violations of  
21 this section that are part of the same scheme or con-  
22 tinuing course of conduct may be charged, at the election  
23 of the Government, in a single count in an indictment or  
24 information.”.



1 (b) CONSPIRACIES.—Section 1956(h) of title 18,  
 2 United States Code, is amended by striking “or section  
 3 1957” and inserting “, section 1957, or section 1960”.

4 **SEC. 108. ILLEGAL MONEY TRANSMITTING BUSINESSES.**

5 (a) TECHNICAL AMENDMENTS.—

6 (1) IN GENERAL.—Section 1960 of title 18,  
 7 United States Code, is amended—

8 (A) in the heading by striking “**unli-**  
 9 **censed**” and inserting “**illegal**”;

10 (B) in subsection (a), by striking “unli-  
 11 censed” and inserting “illegal”;

12 (C) in subsection (b)(1), by striking “unli-  
 13 censed” and inserting “illegal”; and

14 (D) in subsection (b)(1)(C), by striking “to  
 15 be used to be used” and inserting “to be used”.

16 (2) CHAPTER ANALYSIS.—The item relating to  
 17 section 1960 in the table of sections for chapter 95  
 18 of title 18, United States Code, is amended to read  
 19 as follows:

“1960. Prohibition of illegal money transmitting businesses.”.

20 (b) DEFINITION OF BUSINESS TO INCLUDE INFOR-  
 21 MAL VALUE TRANSFER SYSTEMS AND MONEY BROKERS  
 22 FOR DRUG CARTELS.—Section 1960(b) of title 18, United  
 23 States Code, is amended—

24 (1) in paragraph (2), by striking “and” at the  
 25 end;

1           (2) in paragraph (3), by striking the period and  
2       inserting “; and”; and

3           (3) by adding at the end the following:

4           “(4) the term ‘business’ includes any person or  
5       association of persons, formal or informal, licensed  
6       or unlicensed, that provides money transmitting  
7       services on behalf of any third party in return for  
8       remuneration or other consideration.”.

9       (c) PROHIBITION OF UNLICENSED MONEY TRANS-  
10   MITTING BUSINESSES.—Section 1960(b)(1)(B) of title 18,  
11   United States Code, is amended by inserting the following  
12   before the semicolon: “, whether or not the defendant  
13   knew that the operation was required to comply with such  
14   registration requirements”.

15       (d) AUTHORITY TO INVESTIGATE.—Section 1960 of  
16   title 18, United States Code, is amended by adding at the  
17   end the following:

18       “(c) AUTHORITY TO INVESTIGATE.—Violations of  
19   this section may be investigated by the Attorney General,  
20   the Secretary of the Treasury, and the Secretary of Home-  
21   land Security.”.

22   **SEC. 109. KNOWLEDGE THAT THE PROPERTY IS THE PRO-**  
23   **CEEDS OF A SPECIFIC FELONY.**

24       (a) PROCEEDS OF A FELONY.—Section 1956(c)(1) of  
25   title 18, United States Code, is amended by inserting “,

1 and regardless of whether or not the person knew that  
2 the activity constituted a felony” before the semicolon at  
3 the end.

4 (b) INTENT TO CONCEAL OR DISGUISE.—Section  
5 1956(a) of title 18, United States Code, is amended—

6 (1) in paragraph (1)(B)(i), by striking “speci-  
7 fied unlawful activity” and inserting “some form of  
8 unlawful activity”; and

9 (2) in paragraph (2)(B)(i), by striking “speci-  
10 fied unlawful activity” and inserting “some form of  
11 unlawful activity”.

12 **SEC. 110. EXTRATERRITORIAL JURISDICTION.**

13 Section 1956(f)(1) of title 18, United States Code,  
14 is amended by inserting “or has an effect in the United  
15 States” after “conduct occurs in part in the United  
16 States”.

17 **SEC. 111. CONDUCT IN AID OF COUNTERFEITING.**

18 (a) IN GENERAL.—Section 474(a) of title 18, United  
19 States Code, is amended by inserting after the paragraph  
20 beginning “Whoever has in his control, custody, or posses-  
21 sion any plate” the following:

22 “Whoever, with intent to defraud, has custody, con-  
23 trol, or possession of any material that can be used to  
24 make, alter, forge, or counterfeit any obligation or other  
25 security of the United States or any part of such obliga-

1 tion or security, except under the authority of the Sec-  
 2 retary of the Treasury; or”.

3 (b) FOREIGN OBLIGATIONS AND SECURITIES.—Sec-  
 4 tion 481 of title 18, United States Code, is amended by  
 5 inserting after the paragraph beginning “Whoever, with  
 6 intent to defraud” the following:

7 “Whoever, with intent to defraud, has custody, con-  
 8 trol, or possession of any material that can be used to  
 9 make, alter, forge, or counterfeit any obligation or other  
 10 security of any foreign government, bank, or corporation;  
 11 or”.

12 (c) COUNTERFEIT ACTS.—Section 470 of title 18,  
 13 United States Code, is amended by striking “or 474” and  
 14 inserting “474, or 474A”.

15 (d) MATERIALS USED IN COUNTERFEITING.—Sec-  
 16 tion 474A(b) of title 18, United States Code, is amended  
 17 by striking “any essentially identical” and inserting “any  
 18 thing or material made after or in the similitude of any”.

## 19 **TITLE II—TECHNICAL** 20 **AMENDMENTS**

### 21 **SEC. 201. TECHNICAL AMENDMENTS TO SECTIONS 1956 AND** 22 **1957.**

23 (a) UNLAWFUL ACTIVITY.—Section 1956(c) of title  
 24 18, United States Code, is amended—

1           (1) in paragraph (2), by striking “conducts”  
 2           and inserting “conduct”; and

3           (2) in paragraph (7)(F), by inserting “, as de-  
 4           fined in section 24(a)” before the semicolon.

5           (b) PROPERTY FROM UNLAWFUL ACTIVITY.—Sec-  
 6           tion 1957 of title 18, United States Code, is amended—

7           (1) in subsection (a), by striking “engages or  
 8           attempts to engage in” and inserting “conducts or  
 9           attempts to conduct”; and

10          (2) in subsection (f)—

11               (A) in paragraph (2), by striking “and” at  
 12               the end;

13               (B) in paragraph (3), by striking the pe-  
 14               riod and inserting “; and”; and

15               (C) by adding at the end the following:

16               “(4) the term ‘conduct’ has the meaning given  
 17               such term under section 1956(e)(2).”.

○