

110TH CONGRESS
1ST SESSION

S. 473

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1, 2007

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Combating Money Laundering and Terrorist Financing
6 Act of 2007”.

7 (b) **TABLE OF CONTENTS.**—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—MONEY LAUNDERING

Sec. 101. Specified unlawful activity.

- Sec. 102. Making the domestic money laundering statute apply to “reverse money laundering” and interstate transportation.
- Sec. 103. Procedure for issuing subpoenas in money laundering cases.
- Sec. 104. Transportation or transshipment of blank checks in bearer form.
- Sec. 105. Bulk cash smuggling.
- Sec. 106. Violations involving commingled funds and structured transactions.
- Sec. 107. Charging money laundering as a course of conduct.
- Sec. 108. Illegal money transmitting businesses.
- Sec. 109. Knowledge that the property is the proceeds of a specific felony.
- Sec. 110. Extraterritorial jurisdiction.
- Sec. 111. Conduct in aid of counterfeiting.
- Sec. 112. Use of proceeds derived from criminal investigations.

TITLE II—TECHNICAL AMENDMENTS

- Sec. 201. Technical amendments to sections 1956 and 1957 of title 18.

1 **TITLE I—MONEY LAUNDERING**

2 **SEC. 101. SPECIFIED UNLAWFUL ACTIVITY.**

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

5 “(7) the term ‘specified unlawful activity’
6 means—

7 “(A) any act or activity constituting an of-
8 fense in violation of the laws of the United
9 States or any State punishable by imprisonment
10 for a term exceeding 1 year; and

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

1 **SEC. 102. MAKING THE DOMESTIC MONEY LAUNDERING**
2 **STATUTE APPLY TO “REVERSE MONEY LAUN-**
3 **DERING” AND INTERSTATE TRANSPOR-**
4 **TATION.**

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

7 (1) in the heading, by inserting “**or in sup-**
8 **port of criminal activity**” after “**specified**
9 **unlawful activity**”;

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

12 “(1) Whoever”; and

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

14 “(2) Whoever—

15 “(A) in any of the circumstances set forth in
16 subsection (d)—

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

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

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

24 “(C) either—

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

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

3 (2) by striking “or the Attorney General” and
4 inserting “, the Attorney General, or the Secretary
5 of Homeland Security”; and

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

7 “(iii) GRAND JURY OR TRIAL SUB-
8 POENA.—In addition to a subpoena issued
9 by the Attorney General, Secretary of the
10 Treasury, or the Secretary of Homeland
11 Security under clause (i), a subpoena
12 under clause (i) includes a grand jury or
13 trial subpoena requested by the Govern-
14 ment.”.

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

18 (1) by striking “or”; and

19 (2) by inserting before the period the following:
20 “, or an investigative subpoena issued under section
21 5318 of title 31, United States Code”.

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

24 (1) in paragraph (2)(A), by inserting “or an in-
25 vestigative subpoena issued under section 5318 of

1 title 31, United States Code” after “grand jury sub-
2 poena”; and

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

7 (e) RIGHT TO FINANCIAL PRIVACY ACT.—Section
8 1120 of the Right to Financial Privacy Act of 1978 (12
9 U.S.C. 3420) is amended—

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

12 (2) in subsection (b)(1), by inserting “, or an
13 investigative subpoena issued pursuant to section
14 5318 of title 31, United States Code,” after “grand
15 jury subpoena”.

16 **SEC. 104. TRANSPORTATION OR TRANSHIPMENT OF BLANK**
17 **CHECKS IN BEARER FORM.**

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

20 “(e) MONETARY INSTRUMENTS WITH AMOUNT LEFT
21 BLANK.—For purposes of this section, a monetary instru-
22 ment in bearer form that has the amount left blank, such
23 that the amount could be filled in by the bearer, shall be
24 considered to have a value equal to the highest value of
25 the funds in the account on which the monetary instru-

1 ment is drawn during the time period the monetary instru-
2 ment was being transported or the time period it was ne-
3 gotiated or was intended to be negotiated.”.

4 **SEC. 105. BULK CASH SMUGGLING.**

5 Section 5332 of title 31, United States Code, is
6 amended—

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

9 (2) by adding the end the following:

10 “(d) INVESTIGATIVE AUTHORITY.—Violations of this
11 section may be investigated by the Attorney General, the
12 Secretary of the Treasury, the Secretary of Homeland Se-
13 curity, and the Postal Service.”.

14 **SEC. 106. VIOLATIONS INVOLVING COMMINGLED FUNDS**
15 **AND STRUCTURED TRANSACTIONS.**

16 Section 1957(f) of title 18, United States Code, is
17 amended—

18 (1) in paragraph (2) by striking “and” at the
19 end;

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

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

23 “(4) the term ‘monetary transaction in crimi-
24 nally derived property that is of a value greater than
25 \$10,000’ includes—

1 “(A) a monetary transaction involving the
2 transfer, withdrawal, encumbrance or other dis-
3 position of more than \$10,000 from a bank ac-
4 count in which more than \$10,000 in proceeds
5 of specified unlawful activity have been commin-
6 gled with other funds;

7 “(B) a series of monetary transactions in
8 amounts under \$10,000 that exceed \$10,000 in
9 the aggregate and that are closely related to
10 each other in terms of such factors as time, the
11 identity of the parties involved, the nature and
12 purpose of the transactions, and the manner in
13 which they are conducted; and

14 “(C) any financial transaction covered
15 under section 1956(j) that involves more than
16 \$10,000 in proceeds of specified unlawful activ-
17 ity; and

18 “(5) the term ‘monetary transaction involving
19 property of a value that is greater than \$10,000’ in-
20 cludes a series of monetary transactions in amounts
21 under \$10,000 that exceed \$10,000 in the aggregate
22 and that are closely related to each other in terms
23 of such factors as time, the identity of the parties
24 involved, the nature and purpose of the transactions,
25 and the manner in which they are conducted.”.

1 **SEC. 107. CHARGING MONEY LAUNDERING AS A COURSE OF**
 2 **CONDUCT.**

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

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

11 (b) CONSPIRACIES.—Section 1956(h) of title 18,
 12 United States Code, is amended by striking “or section
 13 1957” and inserting “, section 1957, or section 1960”.

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

15 (a) TECHNICAL AMENDMENTS.—

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

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

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

22 (C) in subsection (b)(1), by striking “unli-
 23 censed” and inserting “illegal”.

24 (2) CHAPTER ANALYSIS.—The item relating to
 25 section 1960 in the table of sections for chapter 95

1 of title 18, United States Code, is amended to read
2 as follows:

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

3 (b) DEFINITION OF BUSINESS TO INCLUDE INFOR-
4 MAL VALUE TRANSFER SYSTEMS AND MONEY BROKERS
5 FOR DRUG CARTELS.—Section 1960(b) of title 18, United
6 States Code, is 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 “; and”; and

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

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

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

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

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

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

6 “Whoever, with intent to defraud, has custody, con-
7 trol, or possession of any material that can be used to
8 make, alter, forge, or counterfeit any obligation or other
9 security of the United States or any part of such obliga-
10 tion or security, except under the authority of the Sec-
11 retary of the Treasury; or”.

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

16 “Whoever, with intent to defraud, has custody, con-
17 trol, or possession of any material that can be used to
18 make, alter, forge, or counterfeit any obligation or other
19 security of any foreign government, bank, or corporation;
20 or”.

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

24 (d) STRENGTHENING DETERRENTS TO COUNTER-
25 FEITING.—Section 474A of title 18, United States Code
26 is amended—

1 (1) in subsection (a)—

2 (A) by inserting “, custody,” after “con-
3 trol”;

4 (B) by inserting “, forging, or counter-
5 feiting” after “to the making”;

6 (C) by striking “such obligation” and in-
7 serting “obligation”; and

8 (D) by inserting “of the United States”
9 after “or other security”;

10 (2) in subsection (b)—

11 (A) by inserting “, custody,” after “con-
12 trol”;

13 (B) striking “any essentially identical fea-
14 ture or device” and inserting “any material or
15 other thing made after or in the similitude of
16 any such deterrent”; and

17 (C) by inserting “, forging, or counter-
18 feiting” after “to the making”;

19 (3) by redesignating subsection (c) as sub-
20 section (d); and

21 (4) by inserting after subsection (b) the fol-
22 lowing:

23 “(c) Whoever has in his control, custody, or posses-
24 sion any altered obligation or security of the United States
25 or any foreign government adapted to the making, forging,

1 or counterfeiting of any obligation or security of the
2 United States or any foreign government, except under the
3 authority of the Secretary of the Treasury, is guilty of a
4 class B felony.”.

5 **SEC. 112. USE OF PROCEEDS DERIVED FROM CRIMINAL IN-**
6 **VESTIGATIONS.**

7 (a) **AUTHORITY OF SECRET SERVICE.**—During fiscal
8 years 2008 through 2010, with respect to any undercover
9 investigative operation of the United States Secret Service
10 (in this section referred to as the “Secret Service”) which
11 is necessary for the detection and prosecution of crimes
12 against the United States—

13 (1) sums authorized in any such fiscal year to
14 be appropriated for the Secret Service, including any
15 unobligated balances available from prior fiscal
16 years, may be used to purchase property, buildings,
17 and other facilities, and to lease space, within the
18 United States, the District of Columbia, and the ter-
19 ritories and possessions of the United States, with-
20 out regard to—

21 (A) sections 1341 and 3324 of title 31 of
22 the United States Code;

23 (B) section 8141 of title 40 of the United
24 States Code;

1 (C) sections 3732(a) and 3741 of the Re-
2 vised Statutes of the United States (41 U.S.C.
3 11(a) and 22); and

4 (D) sections 304(a) and 305 of the Fed-
5 eral Property and Administrative Services Act
6 of 1949 (41 U.S.C. 254(a) and 255);

7 (2) sums authorized in any such fiscal year to
8 be appropriated for the Secret Service, including any
9 unobligated balances available from prior fiscal
10 years, may be used—

11 (A) to establish or to acquire proprietary
12 corporations or business entities as part of an
13 undercover investigative operation; and

14 (B) to operate such corporations or busi-
15 ness entities on a commercial basis, without re-
16 gard to sections 9102 and 9103 of title 31 of
17 the United States Code;

18 (3) sums authorized in any such fiscal year to
19 be appropriated for the Secret Service, including any
20 unobligated balances available from prior fiscal
21 years, and the proceeds seized, earned, or otherwise
22 accrued from any such undercover investigative op-
23 eration, may be deposited in banks or other financial
24 institutions, without regard to—

1 (A) section 648 of title 18 of the United
2 States Code; and

3 (B) section 3302 of title 31 of the United
4 States Code; and

5 (4) proceeds seized, earned, or otherwise ac-
6 crued from any such undercover investigative oper-
7 ation may be used to offset the necessary and rea-
8 sonable expenses incurred in such operation, without
9 regard to section 3302 of title 31 of the United
10 States Code.

11 (b) WRITTEN CERTIFICATION OF DIRECTOR RE-
12 QUIRED.—

13 (1) IN GENERAL.—The authority granted under
14 subsection (a) may be exercised only upon the writ-
15 ten certification of the Director of the Secret Service
16 or the Director's designee.

17 (2) CONTENT OF CERTIFICATION.—Each cer-
18 tification issued under paragraph (1) shall state that
19 any action authorized under paragraph (1), (2), (3),
20 or (4) of subsection (a) is necessary to conduct the
21 undercover investigative operation.

22 (3) DURATION OF CERTIFICATION.—Each cer-
23 tification issued under paragraph (1) shall continue
24 in effect for the duration of the undercover inves-
25 tigative operation, without regard to fiscal years.

1 (c) TRANSFER OF PROCEEDS TO TREASURY.—As
2 soon as practicable after the proceeds from an undercover
3 investigative operation with respect to which an action is
4 authorized and carried out under paragraphs (3) and (4)
5 of subsection (a) are no longer necessary for the conduct
6 of such operation, such proceeds, or the balance of such
7 proceeds, remaining at the time shall be deposited in the
8 Treasury of the United States as miscellaneous receipts.

9 (d) CORPORATIONS WITH A HIGH NET VALUE.—

10 (1) IN GENERAL.—If a corporation or business
11 entity established or acquired as part of an under-
12 cover investigative operation under subsection (a)(2)
13 having a net value of over \$50,000 is to be liq-
14 uidated, sold, or otherwise disposed of, the Secret
15 Service, as much in advance as the Director of the
16 Secret Service or the Director's designee determines
17 is practicable, shall report the circumstances of such
18 liquidation, sale, or other disposition to the Sec-
19 retary of Homeland Security.

20 (2) TRANSFER OF PROCEEDS TO TREASURY.—

21 The proceeds of any liquidation, sale, or other dis-
22 position of any corporation or business entity under
23 paragraph (1) shall, after all other obligations are
24 met, be deposited in the Treasury of the United
25 States as miscellaneous receipts.

1 (e) AUDITS.—The Secret Service shall—

2 (1) conduct, on a quarterly basis, a detailed fi-
3 nancial audit of each completed undercover inves-
4 tigative operation where a written certification was
5 issued pursuant to this section; and

6 (2) report the results of each such audit in
7 writing to the Secretary of Homeland Security.

8 **TITLE II—TECHNICAL**
9 **AMENDMENTS**

10 **SEC. 201. TECHNICAL AMENDMENTS TO SECTIONS 1956 AND**
11 **1957 OF TITLE 18.**

12 (a) UNLAWFUL ACTIVITY.—Section 1956(e) of title
13 18, United States Code, is amended—

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

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

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

20 (1) in subsection (a), by striking “engages or
21 attempts to engage in” and inserting “conducts or
22 attempts to conduct”; and

23 (2) in subsection (f)—

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

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

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

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

○