116TH CONGRESS
1ST SESSION

H. RES. 206

Acknowledging that the lack of sunlight and transparency in financial transactions and corporate formation poses a threat to our national security and our economy's security and supporting efforts to close related loopholes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2019

Ms. WATERS submitted the following resolution; which was referred to the Committee on Financial Services

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RESOLUTION

Acknowledging that the lack of sunlight and transparency in financial transactions and corporate formation poses a threat to our national security and our economy's security and supporting efforts to close related loopholes.

Whereas money laundering and other financial crimes are serious threats to our national and economic security;

Whereas the United Nations Office on Drugs and Crime has reported ''The estimated amount of money laundered globally in one year is 2–5% of global GDP, or $800 billion–$2 trillion in current US dollars'';

Whereas the scale, efficiency, and complexity of the U.S. financial system make it a prime target for those who seek

to conceal, launder, and move the proceeds of illicit activity;

Whereas money launderers, terrorist financiers, corrupt individuals and organizations, and their facilitators have proven to adapt quickly in order to avoid detection;

Whereas given the global nature of money laundering and terrorist financing, and the increasing interrelatedness within the financial system, a secure national and multilateral framework is essential to the integrity of the U.S. financial system;

Whereas extensive collaboration among financial regulators, the Department of the Treasury, law enforcement, and the private sector is required to curtail the illicit flow of money throughout the United States;

Whereas despite how extensive and effective these efforts are in the United States, there is still substantial room for improvement;

Whereas financial compliance, reporting, investigation, and collaboration, as well as courageous whistleblowers and investigative reporting (such as the Panama Papers) have had significant impact in shining sunlight on the people and institutions behind dark money and markets;

Whereas in 2016, the Financial Action Task Force (FATF), the international standards setting body, evaluated the United States anti-money-laundering/combating the financing of terrorism measures and determined the United States has significant gaps in its framework;

Whereas in 2016, the FATF found that in the United States, ''Minimal measures are imposed on designated non-financial businesses and professions (DNFBPs), other than casinos and dealers in precious metals and stones'';

Whereas in 2016, the FATF recommended, ''The U.S. should conduct a vulnerability analysis of the minimally covered DNFBP sectors to address the higher risks to which these sectors are exposed, and consider what measures could be introduced to address them'';

Whereas dealers in arts and antiquities are not, by definition, covered ''financial institutions'' required to comply with the Bank Secrecy Act;

Whereas Federal authorities have cautioned that art collectors and dealers to be particularly careful trading Near Eastern antiquities, warning that artifacts plundered by terrorist organizations such as the Islamic State of Iraq and the Levant are entering the marketplace;

Whereas, according to the Antiquities Coalition, ''because the United States is the largest destination for archaeological and ethnological objects from around the world, the discovery of recently looted and trafficked artifacts in our country not only makes Americans and our institutions accessories to crimes, but also threatens our relations with other countries'';

Whereas the real estate industry, both commercial and residential, is exempt from having to develop and implement a four-pillar anti-money-laundering program pursuant to the Bank Secrecy Act;

Whereas it was asserted in a 2018 Conference Report by the Terrorism, Transnational Crime and Corruption Center at the Schar School of Policy and Government of George Mason University, money laundering in real estate (MLRE) has damaging effects on local economies by negatively impacting property prices and dislocating residents;

Whereas in 2017, in response to evidence about significant money laundering through real estate in the United States, the Financial Crimes Enforcement Network (FinCEN) issued Geographic Targeting Orders (GTOs) requiring limited beneficial ownership disclosure in certain transactions involving high-end luxury real estate and ''found that about 30 percent of the transactions covered by the GTOs involve a beneficial owner or purchaser representative that is also the subject of a previous suspicious activity report'';

Whereas the influx of illicit money, including from Russian oligarchs, has flowed largely unimpeded into the United States through these anonymous shell companies and into U.S. investments, including luxury high-end real estate;

Whereas in a Conference Report by the Terrorism, Transnational Crime and Corruption Center at the Schar School of Policy and Government of George Mason University, stated ''The lack of beneficial ownership transparency is the most important single factor facilitating MLRE in the U.S.'';

Whereas the lack of beneficial ownership disclosure has been found in several reports, such as those by the FACT Coalition and Polaris, to facilitate human trafficking, corruption, terrorism, sanctions evasions, and numerous other financial crimes;

Whereas the establishment of national-level beneficial ownership registers has been adopted by other developed nations, including those of the European Union;

Whereas in 2016, the FATF found that ''Lack of timely access to adequate, accurate and current beneficial owner-

ship information remains one of the fundamental gaps in the U.S. context'';

Whereas the FATF recommended the United States ''Take steps to ensure that beneficial ownership information of U.S. legal persons is available to competent authorities in a timely manner, by requiring that such information is obtained at the Federal level'';

Whereas the United States has not fulfilled the recommended steps to address the money-laundering loopholes that the FATF has identified with DNFBP sectors and the lack of beneficial ownership disclosure;

Whereas high-profile enforcement actions against some of the largest and most sophisticated financial institutions raise troubling questions about the effectiveness of U.S. domestic anti-money-laundering and counterterrorism financing regulatory, compliance, and enforcement efforts;

Whereas there are financial institutions and individuals employed therein which continue to engage in egregious violations of the Bank Secrecy Act and enter into deferred prosecution agreements and non-prosecution agreements rather than facing convictions and sentences corresponding to the severity of their violations;

Whereas effective anti-money-laundering programs must emphasize sound corporate governance, including business-line accountability and clear lines of legal responsibility for individuals, including board members and chief executive officers; and

Whereas anti-money-laundering examinations in recent years at times failed to recognize the cumulative effect of the violations they cited, instead narrowly focusing their attention on individual banking units, thus permitting na-

tional banks to avoid and delay correcting problems, which allowed massive problems to occur before serious enforcement actions were taken: Now, therefore, be it

Resolved, That the House of Representatives—

(1) acknowledges that the lack of sunlight and transparency in financial transactions poses a threat to our national security and our economy's security;

(2) supports efforts to close loopholes that allow corruption, terrorism, and money laundering to infiltrate our country's financial system;

(3) encourages corporate transparency to detect, deter, and interdict individuals, entities, and networks engaged in money laundering and other financial crimes;

(4) urges financial institutions to comply with the Bank Secrecy Act and anti-money laws and regulations; and

(5) affirms that financial institutions and individuals should be held accountable for money-laundering and terror-financing crimes and violations.

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