

COMBATING MONEY LAUNDERING IN CYBER CRIME ACT

OF 2024

JULY 18, 2024.—Committed to the Committee of the Whole House on the State of the Union ordered to be printed

Mr. MCHENRY, from the Committee on Financial Services,

submitted the following

R E P O R T

[To accompany H.R. 7156]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 7156) to expand the investigative authorities of the United States Secret Service, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Combating Money Laundering in Cyber Crime Act of 2024”.

SEC. 2. EXPANSION OF UNITED STATES SECRET SERVICES INVESTIGATIVE AUTHORITIES.

Section 3056(b) of title 18, United States Code, is amended—

- (1) in paragraph (1), by striking “or 879” and inserting “879, or 1960”; and
- (2) in paragraph (2), by striking “or” at the end;
- (3) in paragraph (3)—
 - (A) by striking “federally insured”;
 - (B) by inserting “(as such term is defined in section 5312 of title 31)” after “institution”; and
 - (C) by striking the period at the end and inserting “; or”; and
- (4) by adding at the end the following:

“(4) section 5324 of title 31, except that the authority conferred by this paragraph shall be exercised subject to the agreement of the Attorney General and the Secretary of Homeland Security and shall not affect the authority of any other Federal law enforcement agency with respect to those laws.”.

SEC. 3. FINCEN EXCHANGE.

Section 310(d)(3)(A) of title 31, United States Code, is amended by striking “next 5 years” and inserting “next 10 years”.

SEC. 4. INTERNATIONAL FINANCIAL INSTITUTIONS.

Section 7125(b) of division F of the National Defense Authorization Act for Fiscal Year 2020 (22 U.S.C. 262p-13 note; Public Law 116–92) is amended by striking “6” and inserting “10”.

PURPOSE AND SUMMARY

Introduced on January 31, 2024, by Representative Scott Fitzgerald, H.R. 7156, the *Combating Money Laundering in Cyber Crime Act of 2024*, strengthens the authorities of the United States Secret Service by closing a gap in their ability to investigate various crimes related to digital asset transactions and to counter transnational cyber-criminal activity, including unlicensed money transmitting businesses, structured transactions, and fraud against financial institutions, and for other purposes. The bill also extends the Secretary of Treasury’s reporting requirement on the Financial Crimes Enforcement Network (FinCEN) relating to benefits realized by law enforcement agencies from partnering with financial institutions, among other purposes for an additional five years. Finally, it extends the requirement that the Executive Director at the International Monetary Fund use the voice and vote of the United States to support the increased use of the administrative budget of the Fund to prevent money laundering and the financing of terrorism for an additional four years.

BACKGROUND AND NEED FOR LEGISLATION

Among the United States Secret Service’s responsibilities is detecting and arresting those that engage in specified crimes, primarily those related to money and traditional financial systems. However, transnational criminal organizations can use new innovations associated with the financial system, like digital assets, as part of criminal schemes. These schemes include ransomware fraud, and money laundering. Moreover, a significant portion of this illicit activity involves unlicensed money transmitting businesses, illicit structuring of transactions, and other criminal or unlawful activity in or against organizations that are not federally insured financial institutions, but are financial institutions as defined under the Banks Secrecy Act (31 U.S.C. § 5312). The gaps between existing U.S. law and contemporary criminal activity pre-

sents challenges for U.S. law enforcement in addressing criminal activity involving digital assets. H.R. 7156 would aid in closing those gaps.

HEARING

Pursuant to clause 3(c)(6) of rule XIII, the following hearing was used to develop H.R. 7156: The Subcommittee on National Security, Illicit Finance, and International Financial Institutions of the Committee on Financial Services held a hearing on December 12, 2023, titled “Restricting Rogue-State Revenue: Strengthening Energy Sanctions on Russia, Iran, and Venezuela.” Additionally, the Subcommittee on Digital Assets, Financial Technology and Inclusion of the Committee on Financial Services held a hearing on Thursday, February 15, 2024, titled “Crypto Crime in Context Part II: Examining Approaches to Combat Illicit Activity.”

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on February 29, 2024, and ordered H.R. 7156 to be reported favorably to the House as amended by a recorded vote of 49 ayes to 0 nays (Record vote no. FC–123), a quorum being present. Before the question was called to order the bill favorably reported, the Committee adopted an amendment in the nature of a substitute offered by Mr. Fitzgerald by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the order to report legislation and amendments thereto. H.R. 7156 was ordered reported favorably to the House as amended by a recorded vote of 49 ayes to 0 nays (Record vote no. FC–123), a quorum being present.

Record vote no. FC- 123

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. McHenry	X	—	—	Ms. Waters	X	—	—
Mr. Hill	X	—	—	Mrs. Velázquez	—	—	—
Mr. Lucas	X	—	—	Mr. Sherman	X	—	—
Mr. Sessions	X	—	—	Mr. Meeks	X	—	—
Mr. Posey	X	—	—	Mr. Scott	X	—	—
Mr. Luetkemeyer	X	—	—	Mr. Lynch	X	—	—
Mr. Huizenga	X	—	—	Mr. Green	X	—	—
Mrs. Wagner	X	—	—	Mr. Cleaver	X	—	—
Mr. Barr	X	—	—	Mr. Himes	X	—	—
Mr. Williams (TX)	X	—	—	Mr. Foster	X	—	—
Mr. Emmer	—	—	—	Mrs. Beatty	X	—	—
Mr. Loudermilk	X	—	—	Mr. Vargas	X	—	—
Mr. Mooney	X	—	—	Mr. Gottheimer	X	—	—
Mr. Davidson	X	—	—	Mr. Gonzalez	—	—	—
Mr. Rose	X	—	—	Mr. Casten	X	—	—
Mr. Steil	X	—	—	Ms. Pressley	X	—	—
Mr. Timmons	X	—	—	Mr. Horsford	X	—	—
Mr. Norman	X	—	—	Ms. Tlaib	X	—	—
Mr. Meuser	X	—	—	Mr. Torres	X	—	—
Mr. Fitzgerald	X	—	—	Ms. Garcia	X	—	—
Mr. Garbarino	X	—	—	Ms. Williams (GA)	X	—	—
Mrs. Kim	X	—	—	Mr. Nickel	X	—	—
Mr. Donalds	X	—	—	Ms. Pettersen	X	—	—
Mr. Flood	X	—	—				
Mr. Lawler	X	—	—				
Mr. Nunn	X	—	—				
Ms. De La Cruz	X	—	—				
Mrs. Houchin	X	—	—				
Mr. Ogles	X	—	—				

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 7156 is to strengthen the authorities of the United States Secret Service by closing a gap in their ability to investigate various crimes related to digital asset transactions and to counter transnational cyber-criminal activity, including unlicensed money transmitting businesses, structured transactions, and fraud against financial institutions, and for other purposes; extend the Secretary of Treasury's reporting requirement on the Financial Crimes Enforcement Network (FinCEN) relating to benefits realized by law enforcement agencies from partnering with financial institutions, among other purposes for an additional five years; and extend the requirement that the Executive Director at the International Monetary Fund use the voice and vote of the United States to support the increased use of the administrative budget of the Fund to prevent money laundering and the financing of terrorism for an additional four years.

CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 7156, Combating Money Laundering in Cyber Crime Act of 2024			
As ordered reported by the House Committee on Financial Services on February 29, 2024			
By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	*	Statutory pay-as-you-go procedures apply? Yes	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Mandate Effects	
		Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between -\$500,000 and \$500,000.			

H.R. 7156 would expand the authority of the Secret Service to investigate financial crimes. Specifically, the bill would authorize the Secret Service to investigate the operations of unlicensed money transmitting businesses—entities that provide money transfer serv-

ices or payment instruments—and the structuring of financial transactions to evade reporting and recordkeeping requirements.

The bill also would extend for five years the requirement for the Financial Crimes Enforcement Network (FinCEN) to report to the Congress on a voluntary public-private partnership that works with financial institutions, law enforcement, and intelligence agencies. Under current law, FinCEN must report to the Congress on that program biennially through 2027.

Finally, H.R. 7156 would extend for five years the requirement that the U.S. executive director of the International Monetary Fund support an increase in the amount the agency allocates for programs to prevent money laundering and the financing of terrorism. Under current law, that requirement expires on December 20, 2024.

By expanding the jurisdiction of the Secret Service to investigate more financial crimes, CBO expects that H.R. 7156 would result in a small increase in criminal convictions and criminal fines. Criminal fines are recorded in the budget as revenues, deposited into the Crime Victims Fund, and spent without further appropriation. Based on an analysis of data for similar offenses from the U.S. Sentencing Commission, CBO estimates that a small number of additional people would pay criminal fines under the bill. As a result, CBO estimates that enacting H.R. 7156 would increase revenues and the resulting direct spending by less than \$500,000 in every year and over the 2024–2034 period.

Based on the costs of similar activities, CBO estimates that implementing the other provisions would cost less than \$500,000 over the 2024–2029 period for administrative and personnel support. Any related spending would be subject to the availability of appropriated funds.

The CBO staff contacts for this estimate are Jeremy Crimm (for the Secret Service and FinCEN) and Sunita D'Monte (for the International Monetary Fund). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1973.

FEDERAL MANDATES STATEMENT

Pursuant to section 423 of the Unfunded Mandates Reform Act, the Committee adopts as its own the estimate of the Federal mandates prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This Act may be cited as the “Combating Money Laundering in Cyber Crimes Act of 2024.”

Section 2. Expansion of United States Secret Services investigative authorities

Amends United States Code (USC), title 18, section 3056(b) by adding title 18, section 1960, the prohibition of unlicensed money transmitting businesses, to the investigative authorities of the U.S. Secret Service. This section also removes the term “federally insured” in USC, title 18, section 3056(b), paragraph (3). This section utilizes USC, title 31, section 5312 to define financial institutions, among other things. This section adds USC, title 31, section 5324 to define structured transactions.

Section 3. FinCEN Exchange

Amends USC, title 31, section 310(d)(3)(A) by striking “next 5 years” and inserting “next 10 years”. This extends the sunset by 5 years, the Secretary of Treasury’s reporting requirement on the Financial Crimes Enforcement Network (FinCEN) relating to benefits realized by law enforcement agencies from partnering with financial institutions, among other purposes.

Section 4. International financial institutions

Amends Fiscal Year 2020 National Defense Authorization Act, division F, section 7125(b) by striking “6” and inserting “10”. This extends the sunset by 4 years, the requirement that the Executive Director at the International Monetary Fund use the voice and vote of the United States to support the increased use of the administrative budget of the Fund to prevent money laundering and the financing of terrorism.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

TITLE 18, UNITED STATES CODE

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PART II—CRIMINAL PROCEDURE

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CHAPTER 203—ARREST AND COMMITMENT

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§ 3056. Powers, authorities, and duties of United States Secret Service

(a) Under the direction of the Secretary of Homeland Security, the United States Secret Service is authorized to protect the following persons:

(1) The President, the Vice President (or other officer next in the order of succession to the Office of President), the President-elect, and the Vice President-elect.

(2) The immediate families of those individuals listed in paragraph (1).

(3) Former Presidents and their spouses for their lifetimes, except that protection of a spouse shall terminate in the event of remarriage.

(4) Children of a former President who are under 16 years of age.

(5) Visiting heads of foreign states or foreign governments.

(6) Other distinguished foreign visitors to the United States and official representatives of the United States performing special missions abroad when the President directs that such protection be provided.

(7) Major Presidential and Vice Presidential candidates and, within 120 days of the general Presidential election, the spouses of such candidates. As used in this paragraph, the term “major Presidential and Vice Presidential candidates” means those individuals identified as such by the Secretary of Homeland Security after consultation with an advisory com-

mittee consisting of the Speaker of the House of Representatives, the minority leader of the House of Representatives, the majority and minority leaders of the Senate, and one additional member selected by the other members of the committee. The Committee shall not be subject to chapter 10 of title 5.

(8) Former Vice Presidents, their spouses, and their children who are under 16 years of age, for a period of not more than six months after the date the former Vice President leaves office. The Secretary of Homeland Security shall have the authority to direct the Secret Service to provide temporary protection for any of these individuals at any time thereafter if the Secretary of Homeland Security or designee determines that information or conditions warrant such protection.

The protection authorized in paragraphs (2) through (8) may be declined.

(b) Under the direction of the Secretary of Homeland Security, the Secret Service is authorized to detect and arrest any person who violates—

(1) section 508, 509, 510, 871, **[or 879]** 879, *or 1960* of this title or, with respect to the Federal Deposit Insurance Corporation, Federal land banks, and Federal land bank associations, section 213, 216, 433, 493, 657, 709, 1006, 1007, 1011, 1013, 1014, 1907, or 1909 of this title;

(2) any of the laws of the United States relating to coins, obligations, and securities of the United States and of foreign governments; **[or]**

(3) any of the laws of the United States relating to electronic fund transfer frauds, access device frauds, false identification documents or devices, and any fraud or other criminal or unlawful activity in or against any **[federally insured]** financial institution (*as such term is defined in section 5312 of title 31*); except that the authority conferred by this paragraph shall be exercised subject to the agreement of the Attorney General and the Secretary of Homeland Security and shall not affect the authority of any other Federal law enforcement agency with respect to those laws**[.]**; or

(4) *section 5324 of title 31, except that the authority conferred by this paragraph shall be exercised subject to the agreement of the Attorney General and the Secretary of Homeland Security and shall not affect the authority of any other Federal law enforcement agency with respect to those laws.*

(c)(1) Under the direction of the Secretary of Homeland Security, officers and agents of the Secret Service are authorized to—

(A) execute warrants issued under the laws of the United States;

(B) carry firearms;

(C) make arrests without warrant for any offense against the United States committed in their presence, or for any felony cognizable under the laws of the United States if they have reasonable grounds to believe that the person to be arrested has committed or is committing such felony;

(D) offer and pay rewards for services and information leading to the apprehension of persons involved in the violation or

potential violation of those provisions of law which the Secret Service is authorized to enforce;

(E) pay expenses for unforeseen emergencies of a confidential nature under the direction of the Secretary of Homeland Security and accounted for solely on the Secretary's certificate; and

(F) perform such other functions and duties as are authorized by law.

(2) Funds expended from appropriations available to the Secret Service for the purchase of counterfeits and subsequently recovered shall be reimbursed to the appropriations available to the Secret Service at the time of the reimbursement.

(d) Whoever knowingly and willfully obstructs, resists, or interferes with a Federal law enforcement agent engaged in the performance of the protective functions authorized by this section or by section 1752 of this title shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

(e)(1) When directed by the President, the United States Secret Service is authorized to participate, under the direction of the Secretary of Homeland Security, in the planning, coordination, and implementation of security operations at special events of national significance, as determined by the President.

(2) At the end of each fiscal year, the President through such agency or office as the President may designate, shall report to the Congress—

(A) what events, if any, were designated special events of national significance for security purposes under paragraph (1); and

(B) the criteria and information used in making each designation.

(f) Under the direction of the Secretary of Homeland Security, the Secret Service is authorized, at the request of any State or local law enforcement agency in conjunction with an investigation, or at the request of the National Center for Missing and Exploited Children, to provide forensic and investigative assistance.

(g) The United States Secret Service shall be maintained as a distinct entity within the Department of Homeland Security and shall not be merged with any other Department function. No personnel and operational elements of the United States Secret Service shall report to an individual other than the Director of the United States Secret Service, who shall report directly to the Secretary of Homeland Security without being required to report through any other official of the Department.

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TITLE 31, UNITED STATES CODE

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SUBTITLE I—GENERAL

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CHAPTER 3—DEPARTMENT OF THE TREASURY

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SUBCHAPTER I—ORGANIZATION

* * * * *

§ 310. Financial Crimes Enforcement Network

(a) **IN GENERAL.**—The Financial Crimes Enforcement Network established by order of the Secretary of the Treasury (Treasury Order Numbered 105–08, in this section referred to as “FinCEN”) on April 25, 1990, shall be a bureau in the Department of the Treasury.

(b) **DIRECTOR.**—

(1) **APPOINTMENT.**—The head of FinCEN shall be the Director, who shall be appointed by the Secretary of the Treasury.

(2) **DUTIES AND POWERS.**—The duties and powers of the Director are as follows:

(A) Advise and make recommendations on matters relating to financial intelligence, financial criminal activities, and other financial activities to the Under Secretary of the Treasury for Enforcement.

(B) Maintain a government-wide data access service, with access, in accordance with applicable legal requirements, to the following:

(i) Information collected by the Department of the Treasury, including report information filed under subchapter II of chapter 53 of this title (such as reports on cash transactions, foreign financial agency transactions and relationships, foreign currency transactions, exporting and importing monetary instruments, and suspicious activities), chapter 2 of title I of Public Law 91–508, and section 21 of the Federal Deposit Insurance Act.

(ii) Information regarding national and international currency flows.

(iii) Other records and data maintained by other Federal, State, local, and foreign agencies, including financial and other records developed in specific cases.

(iv) Other privately and publicly available information.

(C) Analyze and disseminate the available data in accordance with applicable legal requirements and policies and guidelines established by the Secretary of the Treasury and the Under Secretary of the Treasury for Enforcement to—

(i) identify possible criminal activity to appropriate Federal, State, local, Tribal, and foreign law enforcement agencies;

(ii) support ongoing criminal financial investigations and prosecutions and related proceedings, including civil and criminal tax and forfeiture proceedings;

(iii) identify possible instances of noncompliance with subchapter II of chapter 53 of this title, chapter 2 of title I of Public Law 91–508, and section 21 of the Federal Deposit Insurance Act to Federal agencies with statutory responsibility for enforcing compliance with such provisions and other appropriate Federal regulatory agencies;

- (iv) evaluate and recommend possible uses of special currency reporting requirements under section 5326;
- (v) determine emerging trends and methods in money laundering and other financial crimes;
- (vi) support the conduct of intelligence or counter-intelligence activities, including analysis, to protect against terrorism; and
- (vii) support government initiatives against money laundering.

(D) Establish and maintain a financial crimes communications center to furnish law enforcement authorities with intelligence information related to emerging or ongoing investigations and undercover operations.

(E) Furnish research, analytical, and informational services to financial institutions, appropriate Federal regulatory agencies with regard to financial institutions, and appropriate Federal, State, local, Tribal, and foreign law enforcement authorities, in accordance with policies and guidelines established by the Secretary of the Treasury or the Under Secretary of the Treasury for Enforcement, in the interest of detection, prevention, and prosecution of terrorism, organized crime, money laundering, and other financial crimes.

(F) Assist Federal, State, local, Tribal, and foreign law enforcement and regulatory authorities in combatting the use of informal, nonbank networks and payment and barter system mechanisms that permit the transfer of funds or the equivalent of funds without records and without compliance with criminal and tax laws.

(G) Provide computer and data support and data analysis to the Secretary of the Treasury for tracking and controlling foreign assets.

(H) Coordinate with financial intelligence units in other countries on anti-terrorism and anti-money laundering initiatives, and similar efforts.

(I) Administer the requirements of subchapter II of chapter 53 of this title, chapter 2 of title I of Public Law 91-508, and section 21 of the Federal Deposit Insurance Act, to the extent delegated such authority by the Secretary of the Treasury.

(J) Promulgate regulations under section 5318(h)(4)(D), as appropriate, to implement the government-wide anti-money laundering and countering the financing of terrorism priorities established by the Secretary of the Treasury under section 5318(h)(4)(A).

(K) Communicate regularly with financial institutions and Federal functional regulators that examine financial institutions for compliance with subchapter II of chapter 53 and regulations promulgated under that subchapter and law enforcement authorities to explain the United States Government's anti-money laundering and countering the financing of terrorism priorities.

(L) Give and receive feedback to and from financial institutions, State bank supervisors, and State credit union supervisors (as those terms are defined in section 6003 of the

Anti-Money Laundering Act of 2020) regarding the matters addressed in subchapter II of chapter 53 and regulations promulgated under that subchapter.

(M) Maintain money laundering and terrorist financing investigation financial experts capable of identifying, tracking, and analyzing financial crime networks and identifying emerging threats to support Federal civil and criminal investigations.

(N) Maintain emerging technology experts to encourage the development of and identify emerging technologies that can assist the United States Government or financial institutions in countering money laundering and the financing of terrorism.

(O) Such other duties and powers as the Secretary of the Treasury may delegate or prescribe.

(c) REQUIREMENTS RELATING TO MAINTENANCE AND USE OF DATA BANKS.—The Secretary of the Treasury shall establish and maintain operating procedures with respect to the government-wide data access service and the financial crimes communications center maintained by FinCEN which provide—

(1) for the coordinated and efficient transmittal of information to, entry of information into, and withdrawal of information from, the data maintenance system maintained by FinCEN, including—

(A) the submission of reports through the Internet or other secure network, whenever possible;

(B) the cataloguing of information in a manner that facilitates rapid retrieval by law enforcement personnel of meaningful data; and

(C) a procedure that provides for a prompt initial review of suspicious activity reports and other reports, or such other means as the Secretary may provide, to identify information that warrants immediate action; and

(2) in accordance with section 552a of title 5 and the Right to Financial Privacy Act of 1978, appropriate standards and guidelines for determining—

(A) who is to be given access to the information maintained by FinCEN;

(B) what limits are to be imposed on the use of such information; and

(C) how information about activities or relationships which involve or are closely associated with the exercise of constitutional rights is to be screened out of the data maintenance system.

(d) FINCEN EXCHANGE.—

(1) ESTABLISHMENT.—The FinCEN Exchange is hereby established within FinCEN.

(2) PURPOSE.—The FinCEN Exchange shall facilitate a voluntary public-private information sharing partnership among law enforcement agencies, national security agencies, financial institutions, other relevant private sector entities, and FinCEN to—

(A) effectively and efficiently combat money laundering, terrorism financing, organized crime, and other financial

crimes, including by promoting innovation and technical advances in reporting—

- (i) under subchapter II of chapter 53 and the regulations promulgated under that subchapter; and
- (ii) with respect to other anti-money laundering requirements;

(B) protect the financial system from illicit use; and

(C) promote national security.

(3) REPORT.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, and once every 2 years thereafter for the ~~next 5 years~~ *next 10 years*, the Secretary of the Treasury shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report containing—

- (i) an analysis of the efforts undertaken by the FinCEN Exchange, which shall include an analysis of—

(I) the results of those efforts; and

(II) the extent and effectiveness of those efforts, including any benefits realized by law enforcement agencies from partnering with financial institutions and other relevant private sector entities, which shall be consistent with standards protecting sensitive information; and

- (ii) any legislative, administrative, or other recommendations the Secretary may have to strengthen the efforts of the FinCEN Exchange.

(B) CLASSIFIED ANNEX.—Each report under subparagraph (A) may include a classified annex.

(4) INFORMATION SHARING REQUIREMENT.—Information shared under this subsection shall be shared—

(A) in compliance with all other applicable Federal laws and regulations;

(B) in such a manner as to ensure the appropriate confidentiality of personal information; and

(C) at the discretion of the Director, with the appropriate Federal functional regulator, as defined in section 6003 of the Anti-Money Laundering Act of 2020.

(5) PROTECTION OF SHARED INFORMATION.—

(A) REGULATIONS.—FinCEN shall, as appropriate, promulgate regulations that establish procedures for the protection of information shared and exchanged between FinCEN and the private sector in accordance with this section, consistent with the capacity, size, and nature of the financial institution or other relevant private sector entity to which the particular procedures apply.

(B) USE OF INFORMATION.—

(i) USE BY FINANCIAL INSTITUTIONS.—Information received by a financial institution pursuant to this section shall not be used for any purpose other than identifying and reporting on activities that may involve the financing of terrorism, money laundering, proliferation financing, or other financial crimes.

(ii) USE BY OTHER RELEVANT PRIVATE SECTOR ENTITIES.—Information received by a relevant private sector entity that is not a financial institution pursuant to this section shall not be used for any purpose other than assisting a financial institution in identifying and reporting on activities that may involve the financing of terrorism, money laundering, proliferation financing, or other financial crimes, or in assisting FinCEN or another agency of the Federal Government in mitigating the risk of the financing of terrorism, money laundering, proliferation financing, or other criminal activities.

(6) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to create new information sharing authorities or requirements relating to the Bank Secrecy Act.

(e) SPECIAL HIRING AUTHORITY.—

(1) IN GENERAL.—The Secretary of the Treasury may appoint, without regard to the provisions of sections 3309 through 3318 of title 5, candidates directly to positions in the competitive service, as defined in section 2102 of that title, in FinCEN.

(2) PRIMARY RESPONSIBILITIES.—The primary responsibility of candidates appointed under paragraph (1) shall be to provide substantive support in support of the duties described in subparagraphs (A) through (O) of subsection (b)(2).

(f) FINCEN DOMESTIC LIAISONS.—

(1) ESTABLISHMENT OF OFFICE.—There is established in FinCEN an Office of Domestic Liaison, which shall be headed by the Chief Domestic Liaison.

(2) LOCATION.—The Office of the Domestic Liaison shall be located in the District of Columbia.

(g) CHIEF DOMESTIC LIAISON.—

(1) IN GENERAL.—The Chief Domestic Liaison, shall—

(A) report directly to the Director; and

(B) be appointed by the Director, from among individuals with experience or familiarity with anti-money laundering program examinations, supervision, and enforcement.

(2) COMPENSATION.—The annual rate of pay for the Chief Domestic Liaison shall be equal to the highest rate of annual pay for similarly situated senior executives who report to the Director.

(3) STAFF OF OFFICE.—The Chief Domestic Liaison, with the concurrence of the Director, may retain or employ counsel, research staff, and service staff, as the Liaison determines necessary to carry out the functions, powers, and duties under this subsection.

(4) DOMESTIC LIAISONS.—The Chief Domestic Liaison, with the concurrence of the Director, shall appoint not fewer than 6 senior FinCEN employees as FinCEN Domestic Liaisons, who shall—

(A) report to the Chief Domestic Liaison;

(B) each be assigned to focus on a specific region of the United States; and

(C) be located at an office in such region or co-located at an office of the Board of Governors of the Federal Reserve System in such region.

(5) FUNCTIONS OF THE DOMESTIC LIAISONS.—

(A) IN GENERAL.—Each Domestic Liaison shall—

(i) in coordination with relevant Federal functional regulators, perform outreach to BSA officers at financial institutions, including nonbank financial institutions, and persons that are not financial institutions, especially with respect to actions taken by FinCEN that require specific actions by, or have specific effects on, such institutions or persons, as determined by the Director;

(ii) in accordance with applicable agreements, receive feedback from financial institutions and examiners of Federal functional regulators regarding their examinations under the Bank Secrecy Act and communicate that feedback to FinCEN, the Federal functional regulators, and State bank supervisors;

(iii) promote coordination and consistency of supervisory guidance from FinCEN, the Federal functional regulators, State bank supervisors, and State credit union supervisors regarding the Bank Secrecy Act;

(iv) act as a liaison between financial institutions and their Federal functional regulators, State bank supervisors, and State credit union supervisors with respect to information sharing matters involving the Bank Secrecy Act and regulations promulgated thereunder;

(v) establish safeguards to maintain the confidentiality of communications between the persons described in clause (ii) and the Office of Domestic Liaison;

(vi) to the extent practicable, periodically propose to the Director changes in the regulations, guidance, or orders of FinCEN, including any legislative or administrative changes that may be appropriate to ensure improved coordination and expand information sharing under this paragraph; and

(vii) perform such other duties as the Director determines to be appropriate.

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph may be construed to permit the Domestic Liaisons to have authority over supervision, examination, or enforcement processes.

(6) ACCESS TO DOCUMENTS.—FinCEN, to the extent practicable and consistent with appropriate safeguards for sensitive enforcement-related, pre-decisional, or deliberative information, shall ensure that the Domestic Liaisons have full access to the documents of FinCEN, as necessary to carry out the functions of the Office of Domestic Liaison.

(7) ANNUAL REPORTS.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection and every 2 years thereafter for 5 years, the Director shall submit to the Committee on

Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on the objectives of the Office of Domestic Liaison for the following fiscal year and the activities of the Office during the immediately preceding fiscal year.

(B) CONTENTS.—Each report required under subparagraph (A) shall include—

(i) appropriate statistical information and full and substantive analysis;

(ii) information on steps that the Office of Domestic Liaison has taken during the reporting period to address feedback received by financial institutions and examiners of Federal functional regulators relating to examinations under the Bank Secrecy Act;

(iii) recommendations to the Director for such administrative and legislative actions as may be appropriate to address information sharing and coordination issues encountered by financial institutions or examiners of Federal functional regulators; and

(iv) any other information, as determined appropriate by the Director.

(C) SENSITIVE INFORMATION.—Notwithstanding subparagraph (D), FinCEN shall review each report required under subparagraph (A) before the report is submitted to ensure the report does not disclose sensitive information.

(D) INDEPENDENCE.—

(i) IN GENERAL.—Each report required under subparagraph (A) shall be provided directly to the committees listed in that subparagraph, except that a relevant Federal functional regulator, State bank supervisor, Office of Management and Budget, or State credit union supervisor shall have an opportunity for review and comment before the submission of the report.

(ii) RULE OF CONSTRUCTION.—Nothing in clause (i) may be construed to preclude FinCEN or any other department or agency from reviewing a report required under subparagraph (A) for the sole purpose of protecting—

(I) sensitive information obtained by a law enforcement agency; and

(II) classified information.

(E) CLASSIFIED INFORMATION.—No report required under subparagraph (A) may contain classified information.

(8) DEFINITION.—In this subsection, the term “Federal functional regulator” has the meaning given the term in section 6003 of the Anti-Money Laundering Act of 2020.

(h) FINCEN FOREIGN FINANCIAL INTELLIGENCE UNIT LIAISONS.—

(1) IN GENERAL.—The Director of FinCEN shall appoint not fewer than 6 Foreign Financial Intelligence Unit Liaisons, who shall—

(A) be knowledgeable about domestic or international anti-money laundering or countering the financing of terrorism laws and regulations;

(B) possess a technical understanding of the Bank Secrecy Act, the protocols of the Egmont Group of Financial Intelligence Units, and the Financial Action Task Force and the recommendations issued by that Task Force;

(C) be co-located in a United States embassy, a similar United States Government facility, or a foreign government facility, as appropriate;

(D) facilitate capacity building and perform outreach with respect to anti-money laundering and countering the financing of terrorism regulatory and analytical frameworks;

(E) establish and maintain relationships with officials from foreign intelligence units, regulatory authorities, ministries of finance, central banks, law enforcement agencies, and other competent authorities;

(F) participate in industry outreach engagements with foreign financial institutions and other commercial actors on anti-money laundering and countering the financing of terrorism issues;

(G) coordinate with representatives of the Department of Justice at United States Embassies who perform similar functions on behalf of the United States Government; and

(H) perform such other duties as the Director determines to be appropriate.

(2) COMPENSATION.—Each Foreign Financial Intelligence Unit Liaison appointed under paragraph (1) shall receive compensation at the higher of—

(A) the rate of compensation paid to a Foreign Service officer at a comparable career level serving at the same embassy or facility, as applicable; or

(B) the rate of compensation that the Liaison would have otherwise received.

(i) PROTECTION OF INFORMATION OBTAINED BY FOREIGN LAW ENFORCEMENT AND FINANCIAL INTELLIGENCE UNITS; FREEDOM OF INFORMATION ACT.—

(1) DEFINITIONS.—In this subsection:

(A) FOREIGN ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM AUTHORITY.—The term “foreign anti-money laundering and countering the financing of terrorism authority” means any foreign agency or authority that is empowered under foreign law to regulate or supervise foreign financial institutions (or designated non-financial businesses and professions) with respect to laws concerning anti-money laundering and countering the financing of terrorism and proliferation.

(B) FOREIGN FINANCIAL INTELLIGENCE UNIT.—The term “foreign financial intelligence unit” means any foreign agency or authority, including a foreign financial intelligence unit that is a member of the Egmont Group of Financial Intelligence Units, that is empowered under foreign law as a jurisdiction’s national center for—

(i) receipt and analysis of suspicious transaction reports and other information relevant to money laundering, associated predicate offenses, and the financing of terrorism; and

(ii) the dissemination of the results of the analysis described in clause (i).

(C) FOREIGN LAW ENFORCEMENT AUTHORITY.—The term “foreign law enforcement authority” means any foreign agency or authority that is empowered under foreign law to detect, investigate, or prosecute potential violations of law.

(2) INFORMATION EXCHANGED WITH FOREIGN LAW ENFORCEMENT AUTHORITIES, FOREIGN FINANCIAL INTELLIGENCE UNITS, AND FOREIGN ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM AUTHORITIES.—

(A) IN GENERAL.—The Department of the Treasury may not be compelled to search for or disclose information exchanged with a foreign law enforcement authority, foreign financial intelligence unit, or foreign anti-money laundering and countering the financing of terrorism authority.

(B) INAPPLICABILITY OF FREEDOM OF INFORMATION ACT.—

(i) IN GENERAL.—Section 552(a)(3) of title 5 (commonly known as the “Freedom of Information Act”) shall not apply to any request for records or information exchanged between the Department of the Treasury and a foreign law enforcement authority, foreign financial intelligence unit, or foreign anti-money laundering and countering the financing of terrorism authority.

(ii) SPECIFICALLY EXEMPTED BY STATUTE.—For purposes of section 552 of title 5, this paragraph shall be considered a statute described in subsection (b)(3)(B) of that section.

(C) CLARIFICATION ON INFORMATION LIMITATIONS AND PROTECTIONS.—

(i) IN GENERAL.—The provisions of this paragraph shall apply only to information necessary to exercise the duties and powers described under subsection (b).

(ii) APPROPRIATE CONFIDENTIALITY, CLASSIFICATION, AND DATA SECURITY REQUIREMENTS.—The Secretary, in consultation with the Director, shall ensure that information provided to a foreign law enforcement authority, foreign financial intelligence unit, or foreign anti-money laundering and countering the financing of terrorism authority, is subject to appropriate confidentiality, classification, and data security requirements.

(3) SAVINGS PROVISION.—Nothing in this section shall authorize the Department of the Treasury to withhold information from Congress, decline to carry out a search for information requested by Congress, or prevent the Department of the Treasury from complying with an order of a court of the United States in an action commenced by the United States.

(j) ANALYTICAL EXPERTS.—

(1) IN GENERAL.—FinCEN shall maintain financial experts capable of identifying, tracking, and tracing money laundering and terrorist-financing networks in order to conduct and support civil and criminal anti-money laundering and countering the financing of terrorism investigations conducted by the United States Government.

(2) FINCEN ANALYTICAL HUB.—FinCEN, upon a reasonable request from a Federal agency, shall, in collaboration with the requesting agency and the appropriate Federal functional regulator, analyze the potential anti-money laundering and countering the financing of terrorism activity that prompted the request.

(k) DEFINITIONS.—In this section:

(1) BANK SECRECY ACT.—The term “Bank Secrecy Act” has the meaning given the term in section 6003 of the Anti-Money Laundering Act of 2020.

(2) FEDERAL FUNCTIONAL REGULATOR.—The term “Federal functional regulator” has the meaning given the term in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809).

(3) FINANCIAL INSTITUTION.—The term “financial institution” has the meaning given the term in section 5312 of this title.

(4) STATE BANK SUPERVISOR.—The term “State bank supervisor” has the meaning given the term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(5) STATE CREDIT UNION SUPERVISOR.—The term “State credit union supervisor” means a State official described in section 107A(e) of the Federal Credit Union Act (12 U.S.C. 1757a(e)).

(l) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated to FinCEN to carry out this section, to remain available until expended—

(A) \$136,000,000 for fiscal year 2021;

(B) \$60,000,000 for fiscal year 2022; and

(C) \$35,000,000 for each of fiscal years 2023 through 2026.

(2) AUTHORIZATION FOR FUNDING KEY TECHNOLOGICAL IMPROVEMENTS IN MISSION-CRITICAL FINCEN SYSTEMS.—There are authorized to be appropriated for fiscal year 2005 the following amounts, which are authorized to remain available until expended:

(A) BSA DIRECT.—For technological improvements to provide authorized law enforcement and financial regulatory agencies with Web-based access to FinCEN data, to fully develop and implement the highly secure network required under section 362 of Public Law 107–56 to expedite the filing of, and reduce the filing costs for, financial institution reports, including suspicious activity reports, collected by FinCEN under chapter 53 and related provisions of law, and enable FinCEN to immediately alert financial institutions about suspicious activities that warrant immediate and enhanced scrutiny, and to provide and upgrade advanced information-sharing technologies to materially improve the Government’s ability to exploit the information in the FinCEN data banks, \$16,500,000.

(B) ADVANCED ANALYTICAL TECHNOLOGIES.—To provide advanced analytical tools needed to ensure that the data collected by FinCEN under chapter 53 and related provisions of law are utilized fully and appropriately in safeguarding financial institutions and supporting the war on terrorism, \$5,000,000.

(C) DATA NETWORKING MODERNIZATION.—To improve the telecommunications infrastructure to support the improved capabilities of the FinCEN systems, \$3,000,000.

(D) ENHANCED COMPLIANCE CAPABILITY.—To improve the effectiveness of the Office of Compliance in FinCEN, \$3,000,000.

(E) DETECTION AND PREVENTION OF FINANCIAL CRIMES AND TERRORISM.—To provide development of, and training in the use of, technology to detect and prevent financial crimes and terrorism within and without the United States, \$8,000,000.

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NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2020

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DIVISION F—OTHER MATTERS

TITLE LXXI—SANCTIONS WITH RESPECT TO NORTH KOREA

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Subtitle A—Sanctions With Respect to North Korea

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PART I—EXPANSION OF SANCTIONS AND RELATED MATTERS

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SEC. 7125. SUPPORT FOR CAPACITY OF THE INTERNATIONAL MONETARY FUND TO PREVENT MONEY LAUNDERING AND FINANCING OF TERRORISM.

(a) IN GENERAL.—Title XVI of the International Financial Institutions Act (22 U.S.C. 262p et seq.) is amended by adding at the end the following:

* * * * *

(b) TERMINATION.—Effective on the date that is **[6]** 10 years after the date of the enactment of this Act, section 1629 of the

International Financial Institutions Act, as added by subsection (a), is repealed.

(c) NATIONAL ADVISORY COUNCIL REPORT TO CONGRESS.—The Chairman of the National Advisory Council on International Monetary and Financial Policies shall include in each report required by section 1701 of the International Financial Institutions Act (22 U.S.C. 262r) after the date of the enactment of this Act and before December 31, 2024, a description of—

(1) the activities of the International Monetary Fund in the fiscal year covered by the report to provide technical assistance that strengthens the capacity of members of the Fund to prevent money laundering and the financing of terrorism, and the effectiveness of the assistance; and

(2) the efficacy of efforts by the United States to support such technical assistance through the use of the Fund's administrative budget, and the level of such support.

* * * * *

JIM JORDAN, Ohio
CHAIRMAN

DISCHARGE LETTERS

JERROLD NADLER, New York
RANKING MEMBER

ONE HUNDRED EIGHTEENTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON THE JUDICIARY

2138 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6216

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May 28, 2024

The Honorable Patrick McHenry
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

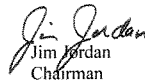
Dear Chairman McHenry:

I write regarding H.R. 7156, the Combating Money Laundering in Cyber Crime Act of 2024. Provisions of this bill fall within the Judiciary Committee's Rule X jurisdiction, and I appreciate that you consulted with us on those provisions. The Judiciary Committee agrees that it shall be discharged from further consideration of the bill so that it may proceed expeditiously to the House floor.

The Committee takes this action with the understanding that forgoing further consideration of this measure does not in any way alter the Committee's jurisdiction or waive any future jurisdictional claim over these provisions or their subject matter. We also reserve the right to seek appointment of an appropriate number of conferees in the event of a conference with the Senate involving this measure or similar legislation.

I ask that you please include this letter in your committee's report to accompany this legislation or insert this letter in the *Congressional Record* during consideration of H.R. 7156 on the House floor. I appreciate the cooperative manner in which our committees have worked on this matter, and I look forward to working collaboratively in the future on matters of shared jurisdiction. Thank you for your attention to this matter.

Sincerely,



Jim Jordan
Chairman

cc: The Honorable Jerrold Nadler, Ranking Member, Committee on the Judiciary
The Honorable Maxine Waters, Ranking Member, Committee on Financial Services
The Honorable Jason Smith, Parliamentarian

PATRICK McHENRY, NC
CHAIRMAN

MAXINE WATERS, CA
RANKING MEMBER



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

May 29, 2024

The Honorable Jim Jordan
Chairman
Committee on The Judiciary
U.S. House of Representatives
2138 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Jordan:

Thank you for agreeing to be discharged from further consideration of H.R. 7156, the Combating Money Laundering in Cyber Crime Act of 2024, so that it may proceed expeditiously to the House Floor. I agree that by foregoing consideration of H.R. 7156 at this time, you do not waive any jurisdiction over the subject matter contained in this or similar legislation, and that you will be appropriately consulted and involved on this or similar legislation as it moves forward.

As discussed, I will seek to place a copy of our exchange of letters on this bill in the Congressional Record during floor consideration thereof.

Sincerely,

Patrick McHenry
Chairman

cc: The Honorable Maxine Waters, Ranking Member, Committee on Financial Services

