119TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
119–22

STOP FENTANYL MONEY LAUNDERING ACT OF 2025

MARCH 21, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HILL of Arkansas, from the Committee on Financial Services, submitted the following

R E P O R T

[To accompany H.R. 1577]

The Committee on Financial Services, to whom was referred the bill (H.R. 1577) to provide authority to the Secretary of the Treasury to take special measures against certain entities outside of the United States of primary money laundering concern in connection with illicit fentanyl and narcotics financing, 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 "Stop Fentanyl Money Laundering Act of 2025".

59–006

SEC. 2. DETERMINATION WITH RESPECT TO PRIMARY MONEY LAUNDERING CONCERN OF ILLICIT FENTANYL AND NARCOTICS FINANCING.

(a) IN GENERAL.—If the Secretary of the Treasury determines that one or more financial institutions operating outside of the United States, or one or more classes of transactions within, or involving, a jurisdiction outside of the United States, or one or more types of accounts within, or involving, a jurisdiction outside of the United States is of primary money laundering concern in connection with illicit fentanyl and narcotics financing, the Secretary of the Treasury may, by order, regulation, or otherwise as permitted by law, require domestic financial institutions and domestic financial agencies to take one or more of the special measures described in section 5318A(b) of title 31, United States Code.

(b) CLASSIFIED INFORMATION.—In any judicial review of a finding of the existence of a primary money laundering concern, or of the requirement for 1 or more special measures with respect to a primary money laundering concern made under this section, if the designation or imposition, or both, were based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.)), such information may be submitted by the Secretary of the Treasury to the reviewing court ex parte and in camera. This subsection does not confer or imply any right to judicial review of any finding made or any requirement imposed under this section.

(c) AVAILABILITY OF INFORMATION.—The exemptions from, and prohibitions on, search and disclosure referred to in section 9714(c) of the National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283; 31 U.S.C. 5318A note) shall apply to any report or record of report filed pursuant to a requirement imposed under subsection (a). For purposes of section 552 of title 5, United States Code, this section shall be considered a statute described in subsection (b)(3)(B) of that section.

(d) PENALTIES.—The penalties referred to in section 9714(d) of the National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283; 31 U.S.C. 5318A note) shall apply to violations of any order, regulation, special measure, or other requirement imposed under subsection (a), in the same manner and to the same extent as described in such section 9714(d).

(e) INJUNCTIONS.—The Secretary of the Treasury may bring a civil action to enjoin a violation of any order, regulation, special measure, or other requirement imposed under subsection (a) in the same manner and to the same extent as described in section 9714(e) of the National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283; 31 U.S.C. 5318A note).

(f) DEFINITIONS.—In this section, the terms "domestic financial agency", "domestic financial institution", "financial agency", and "financial institution" have the meanings given those terms as used in section 9714 of the National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283; 31 U.S.C. 5318A note).

SEC. 3. TRADE–BASED MONEY LAUNDERING ADVISORY.

Not later than one year following the date of the enactment of this Act, the Financial Crimes Enforcement Network shall update and issue a new advisory to financial institutions on identifying Chinese professional money laundering facilitating the trafficking of fentanyl and other synthetic opioids. Such advisory shall incorporate the following advisories:

(1) FIN–2014–A005, entitled "Update on U.S. Currency Restrictions in Mexico: Funnel Accounts and TBML".

(2) FIN–2010–A001, entitled "Advisory to Financial Institutions on Filing Suspicious Activity Reports regarding Trade-Based Money Laundering".

(3) FIN–2019–A006, entitled "Advisory to Financial Institutions on Illicit Financial Schemes and Methods Related to the Trafficking of Fentanyl and Other Synthetic Opioids".

SEC. 4. TREATMENT OF TRANSNATIONAL CRIMINAL ORGANIZATIONS IN SUSPICIOUS TRANSACTIONS.

(a) FILING INSTRUCTIONS.—Not later than 180 days after the date of the enactment of this Act, the Director of the Financial Crimes Enforcement Network shall issue guidance or instructions to United States financial institutions for filing reports on suspicious transactions required by section 5318(g) of title 31, United States Code, related to suspected narcotics trafficking by transnational criminal organizations.

(b) PRIORITIZATION OF REPORTS RELATING TO NARCOTICS TRAFFICKING OR TRANSNATIONAL CRIMINAL ORGANIZATIONS.—The Director shall prioritize research into reports described in subsection (a) that indicate a connection to trafficking of narcotics.

(c) BRIEFING TO CONGRESS.—Not later than one year after the date of enactment of this Act, the Director shall brief the Committees on Financial Services and Foreign Affairs of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Foreign Relations of the Senate on the usefulness of the guidance or instructions issued under subsection (a).

SEC. 5. REPORT ON LESSONS LEARNED FROM PREVIOUS DRUG CRISES.

Not later than 360 days after the date of enactment of this Act, the Comptroller General of the United States, in consultation with the Department of the Treasury and other relevant agencies, shall provide the Committees on Financial Services and Foreign Affairs of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and Foreign Relations of the Senate with an unclassified report and briefing on the lessons learned from previous drug crises, including the crack cocaine crisis of the 1980s, with respect to—

(1) how transnational criminal organizations target individual and community victims;

(2) the negative impacts on those victims, including financial and health effects;

(3) mitigation activities that were effective in lessening the targeting of these victims or the negative impacts on such victims; and

(4) recommendations to confront such targeting, based on findings described under paragraphs (1), (2), and (3), that may be applied to the ongoing opioid crisis.

PURPOSE AND SUMMARY

Introduced on February 25, 2025, by Representative Andy Ogles, H.R. 1577, the *Stop Fentanyl Money Laundering Act of 2025*, authorizes the Department of the Treasury to utilize its existing special measure authorities to target and thwart money laundering activities that are used to facilitate fentanyl trafficking in foreign jurisdictions and provides law enforcement with streamlined and updated Suspicious Activity Reports that will allow them to follow the money of narcotics trafficking.

BACKGROUND AND NEED FOR LEGISLATION

There is broad bipartisan agreement that the ongoing opioid epidemic is one of the most serious threats facing our nation. The business of fentanyl is not possible without financial support and accompanying illicit financial activities. While many of the techniques involved in traditional cartel money laundering have been prevalent for decades, fentanyl and its global supply chain have generated a number of novel techniques. For example, Chinese money laundering organizations facilitate the movement of cartel cash from America back to China. Once in China, funds are used to procure and export precursor chemicals to Mexico.

Special measures are used by the Department of Treasury (Treasury) to learn more about or disrupt a foreign money laundering threat to the U.S. financial system. Treasury's special measure authority can have serious impacts on foreign financial institutions that are found to be assisting money laundering, going so far as to close their correspondent accounts at U.S. banks. Special measures, once sufficient evidence of money laundering is found, are issued through regulation and are authorized for a period of 120 days.

Narcotics trafficking is a national money laundering priority, yet narcotics trafficking does not have a suspicious activity checkbox on the suspicious activity report (SAR) form. The absence of such checkbox results in inconsistent reporting by financial institutions, data capture shortfalls, cumbersome SAR queries, and government agencies relying on incomplete data when assessing narcotics traffickers' money laundering methodologies. Adding a narcotics trafficking checkbox on the Financial Crimes Enforcement Network's

(FinCEN) SARs will streamline law enforcement investigations in fentanyl trafficking and the money laundering that facilitates it.

COMMITTEE CONSIDERATION

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On May 11, 2023, Representative Blaine Luetkemeyer (R–MO) introduced H.R. 3244, the *Stop Fentanyl Money Laundering Act of 2023*, with Representatives Zachary Nunn (R–IA), Andy Barr (R–KY), and Young Kim (R–CA) as original cosponsors. Representatives Brittany Pettersen (D–CO), Michael Lawler (R–NY), Nick LaLota (R–NY), Daniel Meuser (R–PA), and Monica De La Cruz (R–TX) were subsequently added as cosponsors. The bill was referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary. On December 19, 2024, the Committee on the Judiciary was discharged from consideration.

On July 18, 2023, the Subcommittee on National Security, Illicit Finance, and International Financial Institutions held a hearing entitled "Potential Consequences of FinCEN's Beneficial Ownership Rulemaking." The introduced version of the bill was considered in the hearing. The witnesses were: Mr. Kevin Kuhlman, Vice President at the National Federation of Independent Business; Mr. Jim Richards, Founder and Principal of RegTech Consulting LLC; Mr. Pete Selenke, Vice President and Anti-Money Laundering/Bank Secrecy Act Officer at Central Bank (Jefferson City, MO), on behalf of the American Bankers Association; and Mr. Gary Kalman, Executive Director of Transparency International U.S.

On July 26, 2023, the Committee on Financial Services met in open session and ordered H.R. 3244 to be reported favorably to the House by a recorded vote of 40 yeas and 0 nays. Before the question to report was called, the Committee adopted an amendment in the nature of a substitute offered by Mr. Luetkemeyer by a voice vote. H. Rept. 118–783 (Part 1) was filed on November 29, 2024.

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On February 25, 2025, Representative Andy Ogles (R–TN) introduced H.R. 1577, the *Stop Fentanyl Money Laundering Act of 2025*, with Representatives Monica De La Cruz (R–TX), Dan Meuser (R–PA), Zach Nunn (R–IA), Young Kim (R–CA), Pete Sessions (R–TX), and Cleo Fields (D–LA) as original cosponsors. Representatives Tim Moore (R–NC) and Andy Barr (R–KY) were added subsequently as cosponsors. The bill was referred solely to the Committee on Financial Services.

RELATED HEARINGS

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearing was used to develop H.R. 1577:

The Full Committee held a hearing on February 25, 2025, entitled "Examining Policies to Counter China." A discussion draft version of the bill was considered in this hearing. The following witnesses testified: John Miller, Senior Vice President of Policy, Trust, Data, and Technology, and General Counsel, Information Technology Industry Council; Nicholas McMurray, Managing Director of International and Nuclear Policy, ClearPath; John Cassara, retired United States Treasury Department Special Agent; Martin Muhleisen, Nonresident Senior Fellow at the GAO Economic Center at the Atlantic Council; and Dr. Rush Doshi, C.V. Starr Senior Fellow for Asian Studies, and Director of the China Strategy Initiative at the Council on Foreign Relations, and an assistant professor at Georgetown University.

Witness Cassara described how well-established Chinese underground banking systems are among the most pernicious enablers of money laundering for drug cartels and also other sectors of CCP-supported criminal activity, including counterfeit goods, intellectual property theft, human trafficking, illicit tobacco, and trade fraud. These systems are designed to bypass U.S. financial transparency reporting requirements, employing tactics like trade-based money laundering, underground financial systems, value transfers, mobile phone apps and evade detection by U.S. money laundering countermeasures. Witness Cassara also mentioned a recent Wall Street Journal article, which described how illegal proceeds from fentanyl sales are being laundered through China for reinvestment in real estate and other vehicles in the United States.

The Committee on Financial Services met in open session on March 5, 2025 to consider, among others, H.R. 1577.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

On March 5, 2025, the Committee ordered H.R. 1577 to be reported favorably to the House by a recorded vote of 49 to and 0 nays, a quorum being present. (Record Vote No. FC–024). Before the question to report was called, the Committee adopted an amendment in the nature of a substitute that made minor technical edits offered by Ms. De La Cruz by a voice vote.

Committee on Financial Services

Markup 1
March 5, 2025

Bill **H.R. 1577**
Motion **To report favorably**
Amendment **H.R. 1577 (as amended)**

Record Vote No.
FC-024

Disposition **Adopted (49-0)**

Member	Yea	Nay	Not Voting	Member	Yea	Nay	Not Voting
Chairman Hill	X			Ranking Members Waters	X		
Mr. Lucas	X			Ms. Velázquez			X
Mr. Sessions	X			Mr. Sherman	X		
Mr. Huizenga	X			Mr. Meeks			X
Mrs. Wagner	X			Mr. Scott	X		
Mr. Barr	X			Mr. Lynch	X		
Mr. Williams (TX)	X			Mr. Green (TX)			X
Mr. Emmer	X			Mr. Cleaver	X		
Mr. Loudermilk	X			Mr. Himes	X		
Mr. Davidson	X			Mr. Foster	X		
Mr. Rose	X			Mrs. Beatty	X		
Mr. Steil	X			Mr. Vargas	X		
Mr. Timmons	X			Mr. Gottheimer	X		
Mr. Stutzman	X			Mr. Gonzalez	X		
Mr. Norman	X			Mr. Casten	X		
Mr. Meuser	X			Ms. Pressley			X
Mrs. Kim	X			Ms. Tlaib	X		
Mr. Donalds	X			Mr. Torres (NY)	X		
Mr. Garbarino	X			Ms. Garcia (TX)	X		
Mr. Fitzgerald	X			Ms. Williams of GA	X		
Mr. Flood	X			Ms. Pettersen			X
Mr. Lawler	X			Mr. Fields	X		
Ms. De La Cruz	X			Ms. Bynum	X		
Mr. Ogles	X			Mr. Liccardo	X		
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar	X						
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
	30	**0**	**0**		**19**	**0**	**5**

Committee Totals:	Yeas	Nays	Not Voting
	49	**0**	**5**

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) 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. 1577 is to identify, target, and thwart money laundering activities that are used to facilitate fentanyl trafficking in foreign jurisdictions.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 1577.

The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of rule XIII of the House of Representatives, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

UNFUNDED MANDATES STATEMENT

The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the *Unfunded Mandates Reform Act*. The Committee will adopt the estimate once it has been prepared by the Director.

EARMARK STATEMENT

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 resolution 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.

FEDERAL ADVISORY COMMITTEE ACT STATEMENT

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

APPLICABILITY TO THE 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*.

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 "Stop Fentanyl Money Laundering Act of 2025."

Section 2. Determination with respect to primary money laundering concern of illicit fentanyl and narcotics financing

Section 2 provides the Secretary of the Treasury the ability to utilize the existing special measure authorities on financial institutions in foreign jurisdictions if it is found that the financial institution is a primary money laundering concern.

Section 3. Trade based money laundering advisory

Section 3 directs FinCEN to update and issue a new advisory to financial institutions on identifying Chinese professional money laundering facilitating the trafficking of fentanyl and other synthetic opioids.

Section 4. Treatment of transnational criminal organizations in suspicious activity reports

Not later than 180 days after enactment, the Director of FinCEN shall issue guidance on an updated SAR form. The updated form shall incorporate a checkbox for suspected narcotics trafficking by transnational criminal organizations. Additionally, the Director shall brief Congress on the usefulness of the updated SAR within one year.

Section 5. Report on lessons learned from previous drug crises

Not later than 360 days after enactment, the Comptroller General of the United States shall provide a report to the cognizant committees of Congress an unclassified report and briefing on the lessons learned from previous drug crises, including the crack cocaine crisis of the 1980s with respect to targeting of individuals and communities by transnational criminal organizations, deleterious impacts on victims, the relative impacts of mitigation activities, and recommendations to confront such targeting that may be applied to the current opioid crisis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 1577 does not repeal or amend any section of a statute. Therefore, the Office of Legislative Counsel did not prepare the report required under clause 3(e) of rule XIII of the House of Representatives.

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