

117TH CONGRESS
2D SESSION

S. 3697

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 17, 2022

Mr. GRASSLEY (for himself, Mr. WHITEHOUSE, Mr. CORNYN, Ms. KLOBUCHAR, and Mrs. FEINSTEIN) 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, Terrorist Financing, and
6 Counterfeiting Act of 2022”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Transportation or transshipment of blank checks in bearer form.
- Sec. 3. Bulk cash smuggling.
- Sec. 4. Section 1957 violations involving commingled funds and aggregated transactions.

- Sec. 5. Charging money laundering as a course of conduct.
 Sec. 6. Illegal money services businesses.
 Sec. 7. Prohibiting money laundering through hawalas, other informal value transfer systems, and closely related transactions.
 Sec. 8. Technical amendment to restore wiretap authority for certain money laundering and counterfeiting offenses.
 Sec. 9. Making the international money laundering statute apply to tax evasion.
 Sec. 10. Conduct in aid of counterfeiting.
 Sec. 11. Danger pay allowance.
 Sec. 12. Clarification of Secret Service authority to investigate money laundering.
 Sec. 13. Remittances and money laundering threat analysis.
 Sec. 14. Rule of construction.

1 **SEC. 2. TRANSPORTATION OR TRANSHIPMENT OF BLANK**
 2 **CHECKS IN BEARER FORM.**

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

5 “(e) MONETARY INSTRUMENTS WITH AMOUNT LEFT
 6 BLANK.—For purposes of this section, a monetary instru-
 7 ment in bearer form that has the amount left blank, such
 8 that the amount could be filled in by the bearer, and that
 9 is possessed by the bearer for the purpose of avoiding a
 10 reporting requirement, shall be considered to have a value
 11 of more than \$10,000 if the instrument was drawn on an
 12 account that contained, or was intended to contain more
 13 than \$10,000 at the time—

14 “(1) the instrument was transported; or

15 “(2) the instrument was negotiated or was in-
 16 tended to be negotiated.”.

17 **SEC. 3. BULK CASH SMUGGLING.**

18 Section 5332(b) of title 31, United States Code, is
 19 amended—

1 (1) in paragraph (1), by striking “5 years” and
 2 inserting “10 years”;

3 (2) by redesignating paragraphs (2), (3), and
 4 (4), as paragraphs (3), (4), and (5), respectively;

5 (3) by inserting after paragraph (1) the fol-
 6 lowing:

7 “(2) FINE.—

8 “(A) IN GENERAL.—Whoever violates this
 9 section shall be fined under title 18.

10 “(B) ENHANCED FINE FOR AGGRAVATED
 11 CASES.—Whoever violates this section while vio-
 12 lating another law of the United States, other
 13 than section 5316 or 5324(c) of this title, or as
 14 a part of a pattern of any unlawful activity, in-
 15 cluding a violation of section 5316 or 5324(c)
 16 of this title, shall be fined double the amount
 17 provided in subsection (b)(3) or (c)(3) (as ap-
 18 plicable) of section 3571 of title 18.”; and

19 (4) in paragraph (5), as redesignated, by strik-
 20 ing “paragraph (2)” and inserting “paragraph (3)”.

21 **SEC. 4. SECTION 1957 VIOLATIONS INVOLVING COMMUN-**
 22 **ICATED FUNDS AND AGGREGATED TRANS-**
 23 **ACTIONS.**

24 Section 1957 of title 18, United States Code, is
 25 amended by adding at the end the following:

1 “(g) In a prosecution for an offense under this sec-
2 tion, the Government may satisfy the \$10,000 monetary
3 transaction value requirement under subsection (a) by
4 showing that—

5 “(1) the monetary transaction involved the
6 transfer, withdrawal, encumbrance, or other disposi-
7 tion of more than \$10,000 from an account in which
8 more than \$10,000 in proceeds of specified unlawful
9 activity was commingled with other funds; or

10 “(2) the defendant conducted a series of mone-
11 tary transactions in amounts of not more than
12 \$10,000 that—

13 “(A) exceeded \$10,000 in the aggregate;
14 and

15 “(B) were closely related to each other as
16 demonstrated by factors such as—

17 “(i) the time period between the
18 transactions;

19 “(ii) the identity of the parties in-
20 volved;

21 “(iii) the nature or purpose of the
22 transactions; and

23 “(iv) the manner in which the trans-
24 actions were conducted.”.

1 **SEC. 5. CHARGING MONEY LAUNDERING AS A COURSE OF**
2 **CONDUCT.**

3 Section 1956 of title 18, United States Code, is
4 amended—

5 (1) in subsection (h), by striking “or section
6 1957” and inserting “, section 1957, or section
7 1960”; and

8 (2) by adding at the end the following:

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

14 **SEC. 6. ILLEGAL MONEY SERVICES BUSINESSES.**

15 (a) IN GENERAL.—Section 1960 of title 18, United
16 States Code, is amended by striking subsections (a) and
17 (b) and inserting the following:

18 “(a) OFFENSE.—Whoever knowingly conducts, con-
19 trols, manages, supervises, directs, or owns all or part of
20 a covered money services business that—

21 “(1) is operated without an appropriate license
22 in a State where such operation is punishable as a
23 misdemeanor or a felony under State law, whether
24 or not the person knows that the operation is re-
25 quired to be licensed or that the operation is so pun-
26 ishable;

1 “(2) fails to comply with the money services
2 business registration requirements under section
3 5330 of title 31, or regulations prescribed under
4 that section, whether or not the person knows that
5 the operation is required to comply with those reg-
6 istration requirements; or

7 “(3) otherwise engages in a transaction involv-
8 ing funds that the person knows have been derived
9 from a criminal offense or are intended to be used
10 to promote or support unlawful activity,
11 shall be punished as provided in subsection (b).

12 “(b) CRIMINAL PENALTY.—Any person who vio-
13 lates—

14 “(1) subsection (a) shall be fined in accordance
15 with this title, imprisoned for not more than 5 years,
16 or both; and

17 “(2) subsection (a) by conducting, controlling,
18 managing, supervising, directing, or owning all or
19 part of a covered money services business that en-
20 gaged in activity as a covered money services busi-
21 ness involving more than \$1,000,000 during a 12-
22 month period, or by engaging in a transaction or
23 transactions involving more than \$1,000,000 during
24 a 12-month period, shall be fined double the amount
25 provided in subsection (b)(3) or (c)(3) (as applica-

1 ble) of section 3571, imprisoned for not more than
2 10 years, or both.

3 “(c) DEFINITIONS.—In this section—

4 “(1) the term ‘covered money services business’
5 means a money services business that—

6 “(A) operates on behalf of the public; and

7 “(B) affects interstate or foreign commerce
8 in any manner or degree;

9 “(2) the term ‘money services business’—

10 “(A) has the meaning given the term in
11 section 5330 of title 31 and any regulations
12 prescribed under that section; and

13 “(B) includes a person that engages in the
14 transfer, transportation, or exchange of cur-
15 rency, funds, or value that substitutes for cur-
16 rency by any and all means, even when not per-
17 formed for profit; and

18 “(3) the term ‘State’ means any State of the
19 United States, the District of Columbia, the North-
20 ern Mariana Islands, and any commonwealth, terri-
21 tory, or possession of the United States.”.

22 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

23 (1) SECTION 1960 OF TITLE 18, UNITED STATES
24 CODE.—

1 (A) SECTION HEADING.—Section 1960 of
 2 title 18, United States Code, is amended in the
 3 section heading—

4 (i) by striking “**unlicensed**” and
 5 inserting “**illegal**”; and

6 (ii) by striking “**transmitting**” and
 7 inserting “**services**”.

8 (B) TABLE OF SECTIONS.—The table of
 9 sections for chapter 95 of title 18, United
 10 States Code, is amended by striking the item
 11 relating to section 1960 and inserting the fol-
 12 lowing:

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

13 (2) SECTION 5330 OF TITLE 31, UNITED STATES
 14 CODE.—

15 (A) HEADINGS.—Section 5330 of title 31,
 16 United States Code, is amended—

17 (i) in the section heading, by striking
 18 “**transmitting**” and inserting “**serv-**
 19 **ices**”;

20 (ii) in subsection (c)—

21 (I) in the subsection heading, by
 22 striking “TRANSMITTING” and insert-
 23 ing “SERVICES”;

24 (II) in paragraph (1), in the
 25 paragraph heading, by striking

1 “TRANSMITTING” and inserting
2 “SERVICES”; and

3 (III) in paragraph (2), in the
4 paragraph heading, by striking
5 “TRANSMITTING” and inserting
6 “SERVICES”; and

7 (iii) in subsection (d)(1), in the para-
8 graph heading, by striking “TRANSMIT-
9 TING” and inserting “SERVICES”.

10 (B) TEXT.—Section 5330 of title 31,
11 United States Code, is amended—

12 (i) by striking “money transmitting
13 business” each place that term appears
14 and inserting “money services business”;
15 and

16 (ii) in subsection (a)(3), by striking
17 “money transmitting businesses” and in-
18 serting “a money services business”.

19 (C) TABLE OF SECTIONS.—The table of
20 sections for subchapter II of chapter 53 of title
21 31, United States Code, is amended by striking
22 the item relating to section 5330 and inserting
23 the following:

“5330. Registration of money services businesses.”.

1 **SEC. 7. PROHIBITING MONEY LAUNDERING THROUGH**
2 **HAWALAS, OTHER INFORMAL VALUE TRANS-**
3 **FER SYSTEMS, AND CLOSELY RELATED**
4 **TRANSACTIONS.**

5 The matter following section 1956(a)(1)(B)(ii) of
6 title 18, United States Code, is amended by striking “For
7 purposes of this paragraph, a financial transaction” and
8 inserting “For purposes of this paragraph and section
9 1957, a financial transaction or a monetary transaction,
10 as applicable,”.

11 **SEC. 8. TECHNICAL AMENDMENT TO RESTORE WIRETAP**
12 **AUTHORITY FOR CERTAIN MONEY LAUN-**
13 **DERING AND COUNTERFEITING OFFENSES.**

14 (a) CURRENCY REPORTING OFFENSES.—Section
15 2516(1)(g) of title 18, United States Code, is amended
16 by striking “or section 5324 of title 31, United States
17 Code (relating to structuring transactions to evade report-
18 ing requirement prohibited)” and inserting “or section
19 5324 or 5332 of that title (relating to evasion of Federal
20 transaction reporting requirements)”.

21 (b) MONEY LAUNDERING.—Section 2516(1)(c) of
22 title 18, United States Code, is amended by inserting “sec-
23 tion 1960 (relating to illegal money services businesses),”
24 before “section 659”.

1 (c) COUNTERFEITING.—Section 2516(1)(d) of title
2 18, United States Code, is amended by striking “or 473”
3 and inserting “473, 474, or 474A”.

4 **SEC. 9. MAKING THE INTERNATIONAL MONEY LAUNDERING**
5 **STATUTE APPLY TO TAX EVASION.**

6 Section 1956(a)(2)(A) of title 18, United States
7 Code, is amended—

8 (1) by inserting “(i)” before “with the intent to
9 promote”; and

10 (2) by adding at the end the following:

11 “(ii) with the intent to engage in conduct
12 constituting a violation of section 7201 or 7206
13 of the Internal Revenue Code of 1986; or”.

14 **SEC. 10. CONDUCT IN AID OF COUNTERFEITING.**

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

19 “Whoever, with intent to defraud, has custody, con-
20 trol, or possession of any material, tool, machinery, or
21 other equipment that can be used to make, alter, forge,
22 or counterfeit any obligation or other security of the
23 United States or any part of such obligation or security,
24 except under the authority of the Secretary of the Treas-
25 ury; or”.

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

5 “Whoever, with intent to defraud, has custody, con-
6 trol, or possession of any material, tool, machinery, or
7 other equipment that can be used to make, alter, forge,
8 or counterfeit any obligation or other security of any for-
9 eign government, bank, or corporation; or”.

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

13 (d) STRENGTHENING DETERRENENTS TO COUNTER-
14 FEITING.—Section 474A of title 18, United States Code,
15 is amended—

16 (1) in subsection (a), by inserting “, custody,”
17 after “control”;

18 (2) in subsection (b)—

19 (A) by inserting “, custody,” after “con-
20 trol”; and

21 (B) by striking “any essentially identical
22 feature or device adapted to the making of any
23 such obligation or security,” and inserting “any
24 material or other thing made after or in simili-
25 tude of any such deterrent,”; and

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

2 “(d) Whoever has in his control, custody, or posses-
3 sion any obligation or security of the United States or any
4 foreign government from which the ink or other distinctive
5 counterfeit deterrent has been completely or partially re-
6 moved, except under the authority of the Secretary of the
7 Treasury, is guilty of a class B felony.”.

8 **SEC. 11. DANGER PAY ALLOWANCE.**

9 Section 151 of the Foreign Relations Authorization
10 Act, Fiscal Years 1990 and 1991 (5 U.S.C. 5928 note)
11 is amended by striking “or the United States Marshals
12 Service” and inserting “the United States Marshals Serv-
13 ice, U.S. Immigration and Customs Enforcement, U.S.
14 Customs and Border Protection, or the United States Se-
15 cret Service”.

16 **SEC. 12. CLARIFICATION OF SECRET SERVICE AUTHORITY**
17 **TO INVESTIGATE MONEY LAUNDERING.**

18 Section 3056(b)(3) of title 18, United States Code,
19 is amended—

20 (1) by inserting “money laundering, structured
21 transactions, unlicensed money transmitting,” after
22 “documents or devices,”; and

23 (2) by striking “federally insured”.

1 **SEC. 13. REMITTANCES AND MONEY LAUNDERING THREAT**

2 **ANALYSIS.**

3 (a) DEFINITIONS.—In this section—

4 (1) the term “appropriate congressional com-
5 mittees” means—

6 (A) the Committee on the Judiciary of the
7 Senate;

8 (B) the Committee on Homeland Security
9 and Governmental Affairs of the Senate;

10 (C) the Caucus on International Narcotics
11 Control of the Senate;

12 (D) the Committee on Banking, Housing,
13 and Urban Affairs of the Senate;

14 (E) the Committee on the Judiciary of the
15 House of Representatives;

16 (F) the Committee on Homeland Security
17 of the House of Representatives; and

18 (G) the Committee on Financial Services
19 of the House of Representatives;

20 (2) the term “drug kingpins, crime syndicates,
21 and other persons”, with respect to the use of remit-
22 tances to finance terrorism, narcotics trafficking,
23 human trafficking, money laundering, and other
24 forms of illicit financing, domestically or internation-
25 ally, means any persons who—

1 (A) are connected to individuals and orga-
2 nizations associated with financing terrorism,
3 narcotics trafficking, human trafficking, money
4 laundering, and other forms of illicit financing,
5 domestically or internationally; and

6 (B) have been designated as—

7 (i) a significant foreign narcotics traf-
8 ficker under the Foreign Narcotics King-
9 pin Designation Act (21 U.S.C. 1901 et
10 seq.);

11 (ii) a significant transnational crimi-
12 nal organization under Executive Order
13 13581 (76 Fed. Reg. 44757, 84 Fed. Reg.
14 10255; relating to blocking property of
15 transnational criminal organizations); or

16 (iii) a Specially Designated Global
17 Terrorist under Executive Order 13224
18 (66 Fed. Reg. 49079, 67 Fed. Reg. 44751,
19 68 Fed. Reg. 4075, 70 Fed. Reg. 8499; re-
20 lating to blocking property and prohibiting
21 transactions with persons who commit,
22 threaten to commit, or support terrorism);

23 (3) the term “human trafficking” has the
24 meaning given the term “severe forms of trafficking

1 in persons” in section 103 of the Trafficking Victims
2 Protection Act of 2000 (22 U.S.C. 7102);

3 (4) the term “money services business” has the
4 meaning given the term in section 5330 of title 31,
5 United States Code, as amended by section 6(b)(2);
6 and

7 (5) the term “money transmitting service” has
8 the meaning given the term in section 5330 of title
9 31, United States Code.

10 (b) ANALYSIS.—

11 (1) REQUIREMENT.—Not later than 1 year
12 after the date of the enactment of this Act, the Sec-
13 retary of the Treasury, in consultation with the At-
14 torney General, the Secretary of Homeland Security,
15 and the head of any other appropriate Federal law
16 enforcement agency, shall submit to the appropriate
17 congressional committees a threat and operational
18 analysis of the use of remittances by drug kingpins,
19 crime syndicates, and other persons to finance ter-
20 rorism, narcotics trafficking, human trafficking,
21 money laundering, and other forms of illicit financ-
22 ing, domestically or internationally.

23 (2) CONTENTS.—The Secretary of the Treasury
24 shall include in the threat and operational analysis
25 required under paragraph (1) the following:

1 (A) Current and potential threats posed by
2 individuals and organized groups seeking—

3 (i) to exploit security vulnerabilities
4 with respect to remittances and money
5 transmitting services; or

6 (ii) to unlawfully use remittances to
7 finance terrorism, narcotics trafficking,
8 human trafficking, money laundering, or
9 other forms of illicit financing, domesti-
10 cally or internationally.

11 (B) Methods and pathways used to exploit
12 security vulnerabilities.

13 (C) Challenges presented by identity theft
14 in the use of remittances and money transmit-
15 ting services.

16 (D) Improvements needed to enhance co-
17 operation between and among Federal, State,
18 and local officials, including State regulators,
19 State and local prosecutors, and other law en-
20 forcement officials.

21 (E) Improvements needed to enhance co-
22 operation between money services businesses
23 and Federal, State, and local officials, including
24 State regulators, State and local prosecutors,
25 and other law enforcement officials.

1 (3) ANALYSIS REQUIREMENTS.—In compiling
2 the threat and operational analysis required under
3 paragraph (1), the Secretary of the Treasury, in
4 consultation with the Attorney General, the Sec-
5 retary of Homeland Security, and the head of any
6 other appropriate Federal law enforcement agency,
7 shall consider and examine the personnel needs,
8 technology needs, and infrastructure needs of Fed-
9 eral law enforcement agencies.

10 (c) REMITTANCES STRATEGY AND IMPLEMENTATION
11 PLAN.—

12 (1) IN GENERAL.—Not later than 180 days
13 after the date on which the Secretary of the Treas-
14 ury submits the threat analysis under subsection (b),
15 and every 5 years thereafter for 10 years, the Sec-
16 retary of the Treasury, in consultation with the At-
17 torney General, the Secretary of Homeland Security,
18 and the head of any other appropriate Federal law
19 enforcement agency, shall submit to the appropriate
20 congressional committees a remittances strategy and
21 implementation plan.

22 (2) CONTENTS.—In preparing the remittances
23 strategy and implementation plan under paragraph
24 (1), the Secretary of the Treasury shall consider the
25 following:

1 (A) The remittances threat and operational
2 analysis required under subsection (b), with an
3 emphasis on efforts to mitigate threats and
4 challenges identified in the analysis.

5 (B) Efforts to reduce the use of remit-
6 tances and money transmitting services by drug
7 kingpins, crime syndicates, and other persons to
8 finance terrorism, narcotics trafficking, human
9 trafficking, money laundering, and other forms
10 of illicit financing, domestically or internation-
11 ally.

12 (C) Efforts to prevent human trafficking
13 and the unlawful movement of illicit drugs and
14 other contraband through the use of remit-
15 tances and money transmitting services, and
16 standards against which the effectiveness of
17 those efforts may be determined.

18 (D) Efforts to focus collection and infor-
19 mation analysis to disrupt transnational crimi-
20 nal organizations attempting to exploit security
21 vulnerabilities, and standards against which the
22 effectiveness of those efforts may be deter-
23 mined.

24 (E) Personnel, technology, and infrastruc-
25 ture needs of Federal law enforcement agencies.

1 (F) Efforts to prevent, detect, investigate,
2 and mitigate money laundering activities
3 through remittances and money transmitting
4 services, and standards against which the effec-
5 tiveness of those efforts may be determined.

6 (G) The lawful use of remittances, the role
7 that remittances play in countries' economies,
8 and how any recommended measures would im-
9 pose additional burdens on remittances in light
10 of their lawful uses.

11 **SEC. 14. RULE OF CONSTRUCTION.**

12 Nothing in this Act, or any amendment made by this
13 Act, shall be construed to apply to the authorized law en-
14 forcement, protective, or intelligence activities of the
15 United States or of an intelligence agency of the United
16 States.

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