

Union Calendar No. 195

116TH CONGRESS
1ST SESSION

H. R. 2514

[Report No. 116–245, Part I]

To make reforms to the Federal Bank Secrecy Act and anti-money laundering laws, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2019

Mr. CLEAVER introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

OCTOBER 21, 2019

Additional sponsors: Mr. STIVERS and Mrs. CAROLYN B. MALONEY of New York

OCTOBER 21, 2019

Reported from the Committee on Financial Services with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

OCTOBER 21, 2019

Committee on Ways and Means discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on May 3, 2019]

A BILL

To make reforms to the Federal Bank Secrecy Act and
anti-money laundering laws, 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 “Co-*
 5 *ordinating Oversight, Upgrading and Innovating Tech-*
 6 *nology, and Examiner Reform Act of 2019” or the*
 7 *“COUNTER Act of 2019”.*

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

Sec. 1. Short title; table of contents.
Sec. 2. Bank Secrecy Act definition.

TITLE I—STRENGTHENING TREASURY

Sec. 101. Improving the definition and purpose of the Bank Secrecy Act.
Sec. 102. Special hiring authority.
Sec. 103. Civil Liberties and Privacy Officer.
Sec. 104. Civil Liberties and Privacy Council.
Sec. 105. International coordination.
Sec. 106. Treasury Attachés Program.
Sec. 107. Increasing technical assistance for international cooperation.
Sec. 108. FinCEN Domestic Liaisons.
Sec. 109. FinCEN Exchange.
Sec. 110. Study and strategy on trade-based money laundering.
Sec. 111. Study and strategy on de-risking.
Sec. 112. AML examination authority delegation study.
Sec. 113. Study and strategy on Chinese money laundering.

TITLE II—IMPROVING AML/CFT OVERSIGHT

Sec. 201. OECD pilot program on sharing of suspicious activity reports within a financial group.
Sec. 202. Training for examiners on AML/CFT.
Sec. 203. Sharing of compliance resources.
Sec. 204. GAO Study on feedback loops.
Sec. 205. FinCEN study on BSA value.
Sec. 206. Sharing of threat pattern and trend information.
Sec. 207. Modernization and upgrading whistleblower protections.
Sec. 208. Certain violators barred from serving on boards of United States financial institutions.
Sec. 209. Additional damages for repeat Bank Secrecy Act violators.
Sec. 210. Justice annual report on deferred and non-prosecution agreements.
Sec. 211. Return of profits and bonuses.
Sec. 212. Prohibition on tax deductions for attorney’s fees related to Bank Secrecy Act settlements and court costs.

Sec. 213. Application of Bank Secrecy Act to dealers in antiquities.

Sec. 214. Geographic targeting order.

Sec. 215. Study and revisions to currency transaction reports and suspicious activity reports.

Sec. 216. Streamlining requirements for currency transaction reports and suspicious activity reports.

TITLE III—MODERNIZING THE AML SYSTEM

Sec. 301. Encouraging innovation in BSA compliance.

Sec. 302. Innovation Labs.

Sec. 303. Innovation Council.

Sec. 304. Parallel runs rulemaking.

Sec. 305. FinCEN study on use of emerging technologies.

1 SEC. 2. BANK SECRECY ACT DEFINITION.

2 *Section 5312(a) of title 31, United States Code, is*
3 *amended by adding at the end the following:*

4 *“(7) BANK SECRECY ACT.—The term ‘Bank Se-*
5 *crecy act’ means—*

6 *“(A) section 21 of the Federal Deposit In-*
7 *surance Act;*

8 *“(B) chapter 2 of title I of Public Law 91–*
9 *508; and*

10 *“(C) this subchapter.”.*

11 TITLE I—STRENGTHENING **12 TREASURY**

13 SEC. 101. IMPROVING THE DEFINITION AND PURPOSE OF **14 THE BANK SECRECY ACT.**

15 *Section 5311 of title 31, United States Code, is amend-*
16 *ed—*

17 *(1) by inserting “to protect our national secu-*
18 *urity, to safeguard the integrity of the international fi-*
19 *nancial system, and” before “to require”; and*

1 (2) by inserting “to law enforcement” before “in
2 criminal”.

3 **SEC. 102. SPECIAL HIRING AUTHORITY.**

4 (a) *IN GENERAL.*—Section 310 of title 31, United
5 States Code, is amended—

6 (1) by redesignating subsection (d) as subsection
7 (g); and

8 (2) by inserting after subsection (c) the fol-
9 lowing:

10 “(d) *SPECIAL HIRING AUTHORITY.*—

11 “(1) *IN GENERAL.*—The Secretary of the Treas-
12 ury may appoint, without regard to the provisions of
13 sections 3309 through 3318 of title 5, candidates di-
14 rectly to positions in the competitive service (as de-
15 fined in section 2102 of that title) in *FinCEN*.

16 “(2) *PRIMARY RESPONSIBILITIES.*—The primary
17 responsibility of candidates appointed pursuant to
18 paragraph (1) shall be to provide substantive support
19 in support of the duties described in subparagraphs
20 (A), (B), (E), and (F) of subsection (b)(2).”.

21 (b) *REPORT.*—Not later than 360 days after the date
22 of enactment of this Act, and every year thereafter for 7
23 years, the Director of the Financial Crimes Enforcement
24 Network shall submit a report to the Committee on Finan-
25 cial Services of the House of Representatives and the Com-

1 *mittee on Banking, Housing, and Urban Affairs of the Sen-*
 2 *ate that includes—*

3 *(1) the number of new employees hired since the*
 4 *preceding report through the authorities described*
 5 *under section 310(d) of title 31, United States Code,*
 6 *along with position titles and associated pay grades*
 7 *for such hires; and*

8 *(2) a copy of any Federal Government survey of*
 9 *staff perspectives at the Office of Terrorism and Fi-*
 10 *nancial Intelligence, including findings regarding the*
 11 *Office and the Financial Crimes Enforcement Net-*
 12 *work from the most recently administered Federal*
 13 *Employee Viewpoint Survey.*

14 **SEC. 103. CIVIL LIBERTIES AND PRIVACY OFFICER.**

15 *(a) APPOINTMENT OF OFFICERS.—Not later than the*
 16 *end of the 3-month period beginning on the date of enact-*
 17 *ment of this Act, a Civil Liberties and Privacy Officer shall*
 18 *be appointed, from among individuals who are attorneys*
 19 *with expertise in data privacy laws—*

20 *(1) within each Federal functional regulator, by*
 21 *the head of the Federal functional regulator;*

22 *(2) within the Financial Crimes Enforcement*
 23 *Network, by the Secretary of the Treasury; and*

1 (3) *within the Internal Revenue Service Small*
 2 *Business and Self-Employed Tax Center, by the Sec-*
 3 *retary of the Treasury.*

4 (b) *DUTIES.—Each Civil Liberties and Privacy Offi-*
 5 *cer shall, with respect to the applicable regulator, Network,*
 6 *or Center within which the Officer is located—*

7 (1) *be consulted each time Bank Secrecy Act or*
 8 *anti-money laundering regulations affecting civil lib-*
 9 *erties or privacy are developed or reviewed;*

10 (2) *be consulted on information-sharing pro-*
 11 *grams, including those that provide access to person-*
 12 *ally identifiable information;*

13 (3) *ensure coordination and clarity between*
 14 *anti-money laundering, civil liberties, and privacy*
 15 *regulations;*

16 (4) *contribute to the evaluation and regulation of*
 17 *new technologies that may strengthen data privacy*
 18 *and the protection of personally identifiable informa-*
 19 *tion collected by each Federal functional regulator;*
 20 *and*

21 (5) *develop metrics of program success.*

22 (c) *DEFINITIONS.—For purposes of this section:*

23 (1) *BANK SECRECY ACT.—The term “Bank Se-*
 24 *crecy Act” has the meaning given that term under*
 25 *section 5312 of title 31, United States Code.*

1 (2) *FEDERAL FUNCTIONAL REGULATOR.*—*The*
 2 *term “Federal functional regulator” means the Board*
 3 *of Governors of the Federal Reserve System, the*
 4 *Comptroller of the Currency, the Federal Deposit In-*
 5 *surance Corporation, the National Credit Union Ad-*
 6 *ministration, the Securities and Exchange Commis-*
 7 *sion, and the Commodity Futures Trading Commis-*
 8 *sion.*

9 **SEC. 104. CIVIL LIBERTIES AND PRIVACY COUNCIL.**

10 (a) *ESTABLISHMENT.*—*There is established the Civil*
 11 *Liberties and Privacy Council (hereinafter in this section*
 12 *referred to as the “Council”), which shall consist of the Civil*
 13 *Liberties and Privacy Officers appointed pursuant to sec-*
 14 *tion 103.*

15 (b) *CHAIR.*—*The Director of the Financial Crimes En-*
 16 *forcement Network shall serve as the Chair of the Council.*

17 (c) *DUTY.*—*The members of the Council shall coordi-*
 18 *nate on activities related to their duties as Civil Liberties*
 19 *Privacy Officers, but may not supplant the individual*
 20 *agency determinations on civil liberties and privacy.*

21 (d) *MEETINGS.*—*The meetings of the Council—*

22 (1) *shall be at the call of the Chair, but in no*
 23 *case may the Council meet less than quarterly;*

24 (2) *may include open and partially closed ses-*
 25 *sions, as determined necessary by the Council; and*

1 (3) shall include participation by public and
2 private entities and law enforcement agencies.

3 (e) *REPORT.*—The Chair of the Council shall issue an
4 annual report to the Congress on the program and policy
5 activities, including the success of programs as measured
6 by metrics of program success developed pursuant to section
7 103(b)(5), of the Council during the previous year and any
8 legislative recommendations that the Council may have.

9 (f) *NONAPPLICABILITY OF FACA.*—The Federal Advi-
10 sory Committee Act (5 U.S.C. App.) shall not apply to the
11 Council.

12 **SEC. 105. INTERNATIONAL COORDINATION.**

13 (a) *IN GENERAL.*—The Secretary of the Treasury shall
14 work with the Secretary's foreign counterparts, including
15 through the Financial Action Task Force, the International
16 Monetary Fund, the World Bank, the Egmont Group of Fi-
17 nancial Intelligence Units, the Organisation for Economic
18 Co-operation and Development, and the United Nations, to
19 promote stronger anti-money laundering frameworks and
20 enforcement of anti-money laundering laws.

21 (b) *COOPERATION GOAL.*—In carrying out subsection
22 (a), the Secretary of the Treasury may work directly with
23 foreign counterparts and other organizations where the goal
24 of cooperation can best be met.

25 (c) *INTERNATIONAL MONETARY FUND.*—

1 (1) *SUPPORT FOR CAPACITY OF THE INTER-*
 2 *NATIONAL MONETARY FUND TO PREVENT MONEY*
 3 *LAUNDERING AND FINANCING OF TERRORISM.*—*Title*
 4 *XVI of the International Financial Institutions Act*
 5 *(22 U.S.C. 262p et seq.) is amended by adding at the*
 6 *end the following:*

7 **“SEC. 1629. SUPPORT FOR CAPACITY OF THE INTER-**
 8 **NATIONAL MONETARY FUND TO PREVENT**
 9 **MONEY LAUNDERING AND FINANCING OF**
 10 **TERRORISM.**

11 *“The Secretary of the Treasury shall instruct the*
 12 *United States Executive Director at the International Mon-*
 13 *etary Fund to support the increased use of the administra-*
 14 *tive budget of the Fund for technical assistance that*
 15 *strengthens the capacity of Fund members to prevent money*
 16 *laundering and the financing of terrorism.”.*

17 (2) *NATIONAL ADVISORY COUNCIL REPORT TO*
 18 *CONGRESS.*—*The Chairman of the National Advisory*
 19 *Council on International Monetary and Financial*
 20 *Policies shall include in the report required by section*
 21 *1701 of the International Financial Institutions Act*
 22 *(22 U.S.C. 262r) a description of—*

23 (A) *the activities of the International Mone-*
 24 *tary Fund in the most recently completed fiscal*
 25 *year to provide technical assistance that*

1 *strengthens the capacity of Fund members to*
 2 *prevent money laundering and the financing of*
 3 *terrorism, and the effectiveness of the assistance;*
 4 *and*

5 *(B) the efficacy of efforts by the United*
 6 *States to support such technical assistance*
 7 *through the use of the Fund’s administrative*
 8 *budget, and the level of such support.*

9 *(3) SUNSET.—Effective on the date that is the*
 10 *end of the 4-year period beginning on the date of en-*
 11 *actment of this Act, section 1629 of the International*
 12 *Financial Institutions Act, as added by paragraph*
 13 *(1), is repealed.*

14 **SEC. 106. TREASURY ATTACHÉS PROGRAM.**

15 *(a) IN GENERAL.—Title 31, United States Code, is*
 16 *amended by inserting after section 315 the following:*

17 **“§ 316. Treasury Attachés Program**

18 *“(a) IN GENERAL.—There is established the Treasury*
 19 *Attachés Program, under which the Secretary of the Treas-*
 20 *ury shall appoint employees of the Department of the Treas-*
 21 *ury, after nomination by the Director of the Financial*
 22 *Crimes Enforcement Network (‘FinCEN’), as a Treasury*
 23 *attaché, who shall—*

24 *“(1) be knowledgeable about the Bank Secrecy*
 25 *Act and anti-money laundering issues;*

1 “(2) be co-located in a United States embassy;

2 “(3) perform outreach with respect to Bank Se-
3 crecy Act and anti-money laundering issues;

4 “(4) establish and maintain relationships with
5 foreign counterparts, including employees of min-
6 istries of finance, central banks, and other relevant of-
7 ficial entities;

8 “(5) conduct outreach to local and foreign finan-
9 cial institutions and other commercial actors, includ-
10 ing—

11 “(A) information exchanges through
12 FinCEN and FinCEN programs; and

13 “(B) soliciting buy-in and cooperation for
14 the implementation of—

15 “(i) United States and multilateral
16 sanctions; and

17 “(ii) international standards on anti-
18 money laundering and the countering of the
19 financing of terrorism; and

20 “(6) perform such other actions as the Secretary
21 determines appropriate.

22 “(b) NUMBER OF ATTACHÉS.—The number of Treas-
23 ury attachés appointed under this section at any one time
24 shall be not fewer than 6 more employees than the number

1 *of employees of the Department of the Treasury serving as*
 2 *Treasury attachés on March 1, 2019.*

3 “(c) *COMPENSATION.—Each Treasury attaché ap-*
 4 *pointed under this section and located at a United States*
 5 *embassy shall receive compensation at the higher of—*

6 “(1) *the rate of compensation provided to a For-*
 7 *ign Service officer at a comparable career level serv-*
 8 *ing at the same embassy; or*

9 “(2) *the rate of compensation the Treasury*
 10 *attaché would otherwise have received, absent the ap-*
 11 *plication of this subsection.*

12 “(d) *BANK SECRECY ACT DEFINED.—In this section,*
 13 *the term ‘Bank Secrecy Act’ has the meaning given that*
 14 *term under section 5312.”.*

15 (b) *CLERICAL AMENDMENT.—The table of contents for*
 16 *chapter 3 of title 31, United States Code, is amended by*
 17 *inserting after the item relating to section 315 the following:*

“316. Treasury Attachés Program.”.

18 **SEC. 107. INCREASING TECHNICAL ASSISTANCE FOR INTER-**
 19 **NATIONAL COOPERATION.**

20 (a) *IN GENERAL.—There is authorized to be appro-*
 21 *priated for each of fiscal years 2020 through 2024 to the*
 22 *Secretary of the Treasury for purposes of providing tech-*
 23 *nical assistance that promotes compliance with inter-*
 24 *national standards and best practices, including in par-*
 25 *ticular those aimed at the establishment of effective anti-*

1 *money laundering and countering the financing of ter-*
2 *rorism regimes, in an amount equal to twice the amount*
3 *authorized for such purpose for fiscal year 2019.*

4 *(b) ACTIVITY AND EVALUATION REPORT.—Not later*
5 *than 360 days after enactment of this Act, and every year*
6 *thereafter for five years, the Secretary of the Treasury shall*
7 *issue a report to the Congress on the assistance (as described*
8 *under subsection (a)) of the Office of Technical Assistance*
9 *of the Department of the Treasury containing—*

10 *(1) a narrative detailing the strategic goals of*
11 *the Office in the previous year, with an explanation*
12 *of how technical assistance provided in the previous*
13 *year advances the goals;*

14 *(2) a description of technical assistance provided*
15 *by the Office in the previous year, including the objec-*
16 *tives and delivery methods of the assistance;*

17 *(3) a list of beneficiaries and providers (other*
18 *than Office staff) of the technical assistance;*

19 *(4) a description of how technical assistance pro-*
20 *vided by the Office complements, duplicates, or other-*
21 *wise affects or is affected by technical assistance pro-*
22 *vided by the international financial institutions (as*
23 *defined under section 1701(c) of the International Fi-*
24 *nancial Institutions Act); and*

1 (5) a copy of any Federal Government survey of
 2 staff perspectives at the Office of Technical Assistance,
 3 including any findings regarding the Office from the
 4 most recently administered Federal Employee View-
 5 point Survey.

6 **SEC. 108. FINCEN DOMESTIC LIAISONS.**

7 Section 310 of title 31, United States Code, as amend-
 8 ed by section 102, is further amended by inserting after sub-
 9 section (d) the following:

10 “(e) *FINCEN DOMESTIC LIAISONS.*—

11 “(1) *IN GENERAL.*—The Director of FinCEN
 12 shall appoint at least 6 senior FinCEN employees as
 13 FinCEN Domestic Liaisons, who shall—

14 “(A) each be assigned to focus on a specific
 15 region of the United States;

16 “(B) be located at an office in such region
 17 (or co-located at an office of the Board of Gov-
 18 ernors of the Federal Reserve System in such re-
 19 gion); and

20 “(C) perform outreach to BSA officers at fi-
 21 nancial institutions (including non-bank finan-
 22 cial institutions) and persons who are not finan-
 23 cial institutions, especially with respect to ac-
 24 tions taken by FinCEN that require specific ac-

1 *tions by, or have specific effects on, such institu-*
 2 *tions or persons, as determined by the Director.*

3 *“(2) DEFINITIONS.—In this subsection:*

4 *“(A) BSA OFFICER.—The term ‘BSA offi-*
 5 *cer’ means an employee of a financial institution*
 6 *whose primary job responsibility involves com-*
 7 *pliance with the Bank Secrecy Act, as such term*
 8 *is defined under section 5312.*

9 *“(B) FINANCIAL INSTITUTION.—The term*
 10 *‘financial institution’ has the meaning given*
 11 *that term under section 5312.”.*

12 **SEC. 109. FINCEN EXCHANGE.**

13 *Section 310 of title 31, United States Code, as amend-*
 14 *ed by section 108, is further amended by inserting after sub-*
 15 *section (e) the following:*

16 *“(f) FINCEN EXCHANGE.—*

17 *“(1) ESTABLISHMENT.—The FinCEN Exchange*
 18 *is hereby established within FinCEN, which shall con-*
 19 *sist of the FinCEN Exchange program of FinCEN in*
 20 *existence on the day before the date of enactment of*
 21 *this paragraph.*

22 *“(2) PURPOSE.—The FinCEN Exchange shall*
 23 *facilitate a voluntary public-private information*
 24 *sharing partnership among law enforcement, finan-*
 25 *cial institutions, and FinCEN to—*

1 “(A) *effectively and efficiently combat*
2 *money laundering, terrorism financing, orga-*
3 *nized crime, and other financial crimes;*

4 “(B) *protect the financial system from il-*
5 *licit use; and*

6 “(C) *promote national security.*

7 “(3) *REPORT.—*

8 “(A) *IN GENERAL.—Not later than one year*
9 *after the date of enactment of this subsection,*
10 *and annually thereafter for the next five years,*
11 *the Secretary of the Treasury shall submit to the*
12 *Committee on Financial Services of the House of*
13 *Representatives and the Committee on Banking,*
14 *Housing, and Urban Affairs of the Senate a re-*
15 *port containing—*

16 “(i) *an analysis of the efforts under-*
17 *taken by the FinCEN Exchange and the re-*
18 *sults of such efforts;*

19 “(ii) *an analysis of the extent and ef-*
20 *fectiveness of the FinCEN Exchange, includ-*
21 *ing any benefits realized by law enforce-*
22 *ment from partnership with financial insti-*
23 *tutions; and*

24 “(iii) *any legislative, administrative,*
25 *or other recommendations the Secretary*

1 *may have to strengthen FinCEN Exchange*
 2 *efforts.*

3 “(B) *CLASSIFIED ANNEX.—Each report*
 4 *under subparagraph (A) may include a classified*
 5 *annex.*

6 “(4) *INFORMATION SHARING REQUIREMENT.—*
 7 *Information shared pursuant to this subsection shall*
 8 *be shared in compliance with all other applicable*
 9 *Federal laws and regulations.*

10 “(5) *RULE OF CONSTRUCTION.—Nothing under*
 11 *this subsection may be construed to create new infor-*
 12 *mation sharing authorities related to the Bank Se-*
 13 *crecy Act (as such term is defined under section 5312*
 14 *of title 31, United States Code).*

15 “(6) *FINANCIAL INSTITUTION DEFINED.—In this*
 16 *subsection, the term ‘financial institution’ has the*
 17 *meaning given that term under section 5312.”.*

18 **SEC. 110. STUDY AND STRATEGY ON TRADE-BASED MONEY**

19 **LAUNDERING.**

20 (a) *STUDY.—The Secretary of the Treasury shall carry*
 21 *out a study, in consultation with appropriate private sector*
 22 *stakeholders and Federal departments and agencies, on*
 23 *trade-based money laundering.*

24 (b) *REPORT.—Not later than the end of the 1-year pe-*
 25 *riod beginning on the date of the enactment of this Act,*

1 *the Secretary shall issue a report to the Congress con-*
 2 *taining—*

3 (1) *all findings and determinations made in car-*
 4 *rying out the study required under subsection (a);*
 5 *and*

6 (2) *proposed strategies to combat trade-based*
 7 *money laundering.*

8 (c) *CLASSIFIED ANNEX.—The report required under*
 9 *this section may include a classified annex.*

10 (d) *CONTRACTING AUTHORITY.—The Secretary may*
 11 *contract with a private third-party to carry out the study*
 12 *required under this section.*

13 ***SEC. 111. STUDY AND STRATEGY ON DE-RISKING.***

14 (a) *REVIEW.—The Secretary of the Treasury, in con-*
 15 *sultation with appropriate private sector stakeholders, ex-*
 16 *aminers, and the Federal functional regulators (as defined*
 17 *under section 103) and other relevant stakeholders, shall un-*
 18 *dertake a formal review of—*

19 (1) *any adverse consequences of financial institu-*
 20 *tions de-risking entire categories of relationships, in-*
 21 *cluding charities, embassy accounts, money services*
 22 *businesses (as defined under section 1010.100(ff) of*
 23 *title 31, Code of Federal Regulations) and their*
 24 *agents, countries, international and domestic regions,*
 25 *and respondent banks;*

1 (2) *the reasons why financial institutions are en-*
2 *gaging in de-risking;*

3 (3) *the association with and effects of de-risking*
4 *on money laundering and financial crime actors and*
5 *activities;*

6 (4) *the most appropriate ways to promote finan-*
7 *cial inclusion, particularly with respect to developing*
8 *countries, while maintaining compliance with the*
9 *Bank Secrecy Act, including an assessment of policy*
10 *options to—*

11 (A) *more effectively tailor Federal actions*
12 *and penalties to the size of foreign financial in-*
13 *stitutions and any capacity limitations of for-*
14 *ign governments; and*

15 (B) *reduce compliance costs that may lead*
16 *to the adverse consequences described in para-*
17 *graph (1);*

18 (5) *formal and informal feedback provided by ex-*
19 *aminers that may have led to de-risking; and*

20 (6) *the relationship between resources dedicated*
21 *to compliance and overall sophistication of compli-*
22 *ance efforts at entities that may be experiencing de-*
23 *risking versus those that have not experienced de-risk-*
24 *ing.*

1 (b) *DE-RISKING STRATEGY.*—*The Secretary shall de-*
 2 *velop a strategy to reduce de-risking and adverse con-*
 3 *sequences related to de-risking.*

4 (c) *REPORT.*—*Not later than the end of the 1-year pe-*
 5 *riod beginning on the date of the enactment of this Act,*
 6 *the Secretary, in consultation with the Federal functional*
 7 *regulators and other relevant stakeholders, shall issue a re-*
 8 *port to the Congress containing—*

9 (1) *all findings and determinations made in car-*
 10 *rying out the study required under subsection (a);*
 11 *and*

12 (2) *the strategy developed pursuant to subsection*
 13 *(b).*

14 (d) *DEFINITIONS.*—*In this section:*

15 (1) *DE-RISKING.*—*The term “de-risking” means*
 16 *the wholesale closing of accounts or limiting of finan-*
 17 *cial services for a category of customer due to unsub-*
 18 *stantiated risk as it relates to compliance with the*
 19 *Bank Secrecy Act.*

20 (2) *BSA TERMS.*—*The terms “Bank Secrecy*
 21 *Act” and “financial institution” have the meaning*
 22 *given those terms, respectively, under section 5312 of*
 23 *title 31, United States Code.*

1 **SEC. 112. AML EXAMINATION AUTHORITY DELEGATION**

2 **STUDY.**

3 (a) *STUDY.*—*The Secretary of the Treasury shall carry*
4 *out a study on the Secretary’s delegation of examination*
5 *authority under the Bank Secrecy Act, including—*

6 (1) *an evaluation of the efficacy of the delega-*
7 *tion, especially with respect to the mission of the*
8 *Bank Secrecy Act;*

9 (2) *whether the delegated agencies have appro-*
10 *priate resources to perform their delegated responsibil-*
11 *ities; and*

12 (3) *whether the examiners in delegated agencies*
13 *have sufficient training and support to perform their*
14 *responsibilities.*

15 (b) *REPORT.*—*Not later than one year after the date*
16 *of enactment of this Act, the Secretary of the Treasury shall*
17 *submit to the Committee on Financial Services of the House*
18 *of Representatives and the Committee on Banking, Hous-*
19 *ing, and Urban Affairs of the Senate a report containing—*

20 (1) *all findings and determinations made in car-*
21 *rying out the study required under subsection (a);*
22 *and*

23 (2) *recommendations to improve the efficacy of*
24 *delegation authority, including the potential for de-*
25 *legation of any or all such authority where it may*
26 *be appropriate.*

1 (c) *BANK SECRECY ACT DEFINED.*—The term “Bank
2 *Secrecy Act*” has the meaning given that term under section
3 5312 off title 31, United States Code.

4 **SEC. 113. STUDY AND STRATEGY ON CHINESE MONEY LAUN-**
5 **DERING.**

6 (a) *STUDY.*—The Secretary of the Treasury shall carry
7 out a study on the extent and effect of Chinese money laun-
8 dering activities in the United States and worldwide.

9 (b) *STRATEGY TO COMBAT CHINESE MONEY LAUN-*
10 *DERING.*—Upon the completion of the study required under
11 subsection (a), the Secretary shall, in consultation with
12 such other Federal departments and agencies as the Sec-
13 retary determines appropriate, develop a strategy to combat
14 Chinese money laundering activities.

15 (c) *REPORT.*—Not later than the end of the 1-year pe-
16 riod beginning on the date of enactment of this Act, the
17 Secretary of the Treasury shall issue a report to Congress
18 containing—

19 (1) all findings and determinations made in car-
20 rying out the study required under subsection (a);
21 and

22 (2) the strategy developed under subsection (b).

1 **TITLE II—IMPROVING AML/CFT**
 2 **OVERSIGHT**

3 **SEC. 201. OECD PILOT PROGRAM ON SHARING OF SUS-**
 4 **PICIOUS ACTIVITY REPORTS WITHIN A FINAN-**
 5 **CIAL GROUP.**

6 *(a) IN GENERAL.—*

7 *(1) SHARING WITH FOREIGN BRANCHES AND AF-*
 8 *FILIATES.—Section 5318(g) of title 31, United States*
 9 *Code, is amended by adding at the end the following:*

10 *“(5) OECD PILOT PROGRAM ON SHARING WITH*
 11 *FOREIGN BRANCHES, SUBSIDIARIES, AND AFFILI-*
 12 *ATES.—*

13 *“(A) IN GENERAL.—Not later than 180*
 14 *days after the date of the enactment of this para-*
 15 *graph, the Secretary of the Treasury shall issue*
 16 *rules, subject to such controls and restrictions as*
 17 *the Director of the Financial Crimes Enforce-*
 18 *ment Network determines appropriate, estab-*
 19 *lishing the pilot program described under sub-*
 20 *paragraph (B). In prescribing such rules, the*
 21 *Secretary shall ensure that the sharing of infor-*
 22 *mation described under such subparagraph (B)*
 23 *is subject to appropriate standards and require-*
 24 *ments regarding data security and the confiden-*
 25 *tiality of personally identifiable information.*

1 “(B) *PILOT PROGRAM DESCRIBED.*—The
2 *pilot program required under this paragraph*
3 *shall—*

4 “(i) *permit any financial institution*
5 *with a reporting obligation under this sub-*
6 *section to share reports (and information on*
7 *such reports) under this subsection with the*
8 *institution’s foreign branches, subsidiaries,*
9 *and affiliates for the purpose of combating*
10 *illicit finance risks, notwithstanding any*
11 *other provision of law except subparagraph*
12 *(C), but only if such foreign branch, sub-*
13 *sidary, or affiliate is located in a jurisdic-*
14 *tion that is a member of the Organisation*
15 *for Economic Co-operation and Develop-*
16 *ment;*

17 “(ii) *terminate on the date that is five*
18 *years after the date of enactment of this*
19 *paragraph, except that the Secretary may*
20 *extend the pilot program for up to two*
21 *years upon submitting a report to the Com-*
22 *mittee on Financial Services of the House of*
23 *Representatives and the Committee on*
24 *Banking, Housing, and Urban Affairs of*
25 *the Senate that includes—*

1 “(I) a certification that the exten-
2 sion is in the national interest of the
3 United States, with a detailed expla-
4 nation of the reasons therefor;

5 “(II) an evaluation of the useful-
6 ness of the pilot program, including a
7 detailed analysis of any illicit activity
8 identified or prevented as a result of
9 the program; and

10 “(III) a detailed legislative pro-
11 posal providing for a long-term exten-
12 sion of the pilot program activities, in-
13 cluding expected budgetary resources
14 for the activities, if the Secretary deter-
15 mines that a long-term extension is ap-
16 propriate.

17 “(C) PROHIBITION INVOLVING CERTAIN JU-
18 RISDICTIONS.—In issuing the regulations re-
19 quired under subparagraph (A), the Secretary
20 may not permit a financial institution to share
21 information on reports under this subsection
22 with a foreign branch, subsidiary, or affiliate lo-
23 cated in a jurisdiction that—

24 “(i) is subject to countermeasures im-
25 posed by the Federal Government; or

1 “(ii) the Secretary has determined can-
2 not reasonably protect the privacy and con-
3 fidentiality of such information.

4 “(D) IMPLEMENTATION UPDATES.—Not
5 later than 360 days after the date rules are
6 issued under subparagraph (A), and annually
7 thereafter for three years, the Secretary, or the
8 Secretary’s designee, shall brief the Committee on
9 Financial Services of the House of Representa-
10 tives and the Committee on Banking, Housing,
11 and Urban Affairs of the Senate on—

12 “(i) the degree of any information
13 sharing permitted under the pilot program,
14 and a description of criteria used by the
15 Secretary to evaluate the appropriateness of
16 the information sharing;

17 “(ii) the effectiveness of the pilot pro-
18 gram in identifying or preventing the viola-
19 tion of a United States law or regulation,
20 and mechanisms that may improve such ef-
21 fectiveness; and

22 “(iii) any recommendations to amend
23 the design of the pilot program, or to in-
24 clude specific non-OECD jurisdictions in
25 the program.

1 “(6) *TREATMENT OF FOREIGN JURISDICTION-*
 2 *ORIGINATED REPORTS.*—A report received by a finan-
 3 cial institution from a foreign affiliate with respect
 4 to a suspicious transaction relevant to a possible vio-
 5 lation of law or regulation shall be subject to the same
 6 confidentiality requirements provided under this sub-
 7 section for a report of a suspicious transaction de-
 8 scribed under paragraph (1).”.

9 (2) *NOTIFICATION PROHIBITIONS.*—Section
 10 5318(g)(2)(A) of title 31, United States Code, is
 11 amended—

12 (A) in clause (i), by inserting after “trans-
 13 action has been reported” the following: “or oth-
 14 erwise reveal any information that would reveal
 15 that the transaction has been reported, including
 16 materials prepared or used by the financial in-
 17 stitution for the purpose of identifying and de-
 18 tecting potentially suspicious activity”; and

19 (B) in clause (ii), by inserting after “trans-
 20 action has been reported,” the following: “or oth-
 21 erwise reveal any information that would reveal
 22 that the transaction has been reported, including
 23 materials prepared or used by the financial in-
 24 stitution for the purpose of identifying and de-
 25 tecting potentially suspicious activity,”.

1 (b) *RULEMAKING.*—Not later than the end of the 1-
 2 year period beginning on the date of enactment of this Act,
 3 the Secretary of the Treasury shall issue regulations to
 4 carry out the amendments made by this section.

5 **SEC. 202. TRAINING FOR EXAMINERS ON AML/CFT.**

6 (a) *IN GENERAL.*—Subchapter II of chapter 53 of title
 7 31, United States Code, is amended by adding at the end
 8 the following:

9 **“§ 5333. AML/CFT Training**

10 “(a) *TRAINING REQUIREMENT.*—Each Federal exam-
 11 iner reviewing compliance with the Bank Secrecy Act shall
 12 attend at least 10 hours of annual training on anti-money
 13 laundering (AML) and the countering of the financing of
 14 terrorism (CFT), including—

15 “(1) potential risk profiles and red flags that
 16 may be encountered during examinations;

17 “(2) financial crime patterns and trends;

18 “(3) the high-level context for why AML and
 19 CFT programs are necessary for law enforcement
 20 agencies and other national security agencies, and
 21 what risks the programs seek to mitigate; and

22 “(4) de-risking and its effect on the provision of
 23 financial services.

24 “(b) *TRAINING MATERIALS AND STANDARDS.*—The
 25 Secretary of the Treasury shall, in consultation with the

1 *Financial Institutions Examination Council, the Financial*
 2 *Crimes Enforcement Network, and State, Federal, and*
 3 *Tribal law enforcement agencies, establish appropriate*
 4 *training materials and standards for use in the training*
 5 *required under subsection (a).”.*

6 (b) *CLERICAL AMENDMENT.*—*The table of contents for*
 7 *chapter 53 of title 31, United States Code, is amended by*
 8 *inserting after the item relating to section 5332 the fol-*
 9 *lowing:*

“5333. AML/CFT Training.”.

10 ***SEC. 203. SHARING OF COMPLIANCE RESOURCES.***

11 (a) *IN GENERAL.*—*Section 5318 of title 31, United*
 12 *States Code, is amended by adding at the end the following:*

13 *“(o) SHARING OF COMPLIANCE RESOURCES.—*

14 *“(1) SHARING PERMITTED.—Two or more finan-*
 15 *cial institutions may enter into collaborative arrange-*
 16 *ments in order to more efficiently comply with the re-*
 17 *quirements of this subchapter.*

18 *“(2) OUTREACH.—The Secretary of the Treasury*
 19 *and the appropriate supervising agencies shall carry*
 20 *out an outreach program to provide financial institu-*
 21 *tions with information, including best practices, with*
 22 *respect to the sharing of resources described under*
 23 *paragraph (1).”.*

1 (b) *RULE OF CONSTRUCTION.*—*The amendment made*
 2 *by subsection (a) may not be construed to require financial*
 3 *institutions to share resources.*

4 **SEC. 204. GAO STUDY ON FEEDBACK LOOPS.**

5 (a) *STUDY.*—*The Comptroller General of the United*
 6 *States shall carry out a study on—*

7 (1) *best practices within the United States Gov-*
 8 *ernment for providing feedback (“feedback loop”) to*
 9 *relevant parties (including regulated private entities)*
 10 *on the usage and usefulness of personally identifiable*
 11 *information (“PII”), sensitive-but-unclassified*
 12 *(“SBU”) data, or similar information provided by*
 13 *such parties to Government users of such information*
 14 *and data (including law enforcement or regulators);*
 15 *and*

16 (2) *any practices or standards inside or outside*
 17 *the United States for providing feedback through sen-*
 18 *sitive information and public-private partnership in-*
 19 *formation sharing efforts, specifically related to efforts*
 20 *to combat money laundering and other forms of illicit*
 21 *finance.*

22 (b) *REPORT.*—*Not later than the end of the 18-month*
 23 *period beginning on the date of the enactment of this Act,*
 24 *the Comptroller General shall issue a report to the Com-*
 25 *mittee on Banking, Housing, and Urban Affairs of the Sen-*

1 *ate and the Committee on Financial Services of the House*
 2 *of Representatives containing—*

3 *(1) all findings and determinations made in car-*
 4 *rying out the study required under subsection (a);*

5 *(2) with respect to each of paragraphs (1) and*
 6 *(2) of subsection (a), any best practices or significant*
 7 *concerns identified by the Comptroller General, and*
 8 *their applicability to public-private partnerships and*
 9 *feedback loops with respect to U.S. efforts to combat*
 10 *money laundering and other forms of illicit finance;*
 11 *and*

12 *(3) recommendations to reduce or eliminate any*
 13 *unnecessary Government collection of the information*
 14 *described under subsection (a)(1).*

15 **SEC. 205. FINCEN STUDY ON BSA VALUE.**

16 *(a) STUDY.—The Director of the Financial Crimes*
 17 *Enforcement Network shall carry out a study on Bank Se-*
 18 *crecy Act value.*

19 *(b) REPORT.—Not later than the end of the 30-day pe-*
 20 *riod beginning on the date the study under subsection (a)*
 21 *is completed, the Director shall issue a report to the Com-*
 22 *mittee on Financial Services of the House of Representa-*
 23 *tives and the Committee on Banking, Housing, and Urban*
 24 *Affairs of the Senate containing all findings and deter-*

1 minations made in carrying out the study required under
2 this section.

3 (c) *CLASSIFIED ANNEX.*—The report required under
4 this section may include a classified annex, if the Director
5 determines it appropriate.

6 (d) *BANK SECRECY ACT DEFINED.*—For purposes of
7 this section, the term “Bank Secrecy Act” has the meaning
8 given that term under section 5312 of title 31, United States
9 Code.

10 **SEC. 206. SHARING OF THREAT PATTERN AND TREND IN-**
11 **FORMATION.**

12 Section 5318(g) of title 31, United States Code, as
13 amended by section 201(a)(1), is further amended by add-
14 ing at the end the following:

15 “(7) *SHARING OF THREAT PATTERN AND TREND*
16 *INFORMATION.*—

17 “(A) *SAR ACTIVITY REVIEW.*—The Director
18 of the Financial Crimes Enforcement Network
19 shall restart publication of the ‘SAR Activity Re-
20 view – Trends, Tips & Issues’, on not less than
21 a semi-annual basis, to provide meaningful in-
22 formation about the preparation, use, and value
23 of reports filed under this subsection by financial
24 institutions, as well as other reports filed by fi-
25 nancial institutions under the Bank Secrecy Act.

“(B) *INCLUSION OF TYPOLOGIES.*—In each publication described under subparagraph (A), the Director shall provide financial institutions with typologies, including data that can be adapted in algorithms (including for artificial intelligence and machine learning programs) where appropriate, on emerging money laundering and counter terror financing threat patterns and trends.

“(C) *TYPOLGY DEFINED.*—For purposes of this paragraph, the term ‘typology’ means the various techniques used to launder money or finance terrorism.”.

SEC. 207. MODERNIZATION AND UPGRADING WHISTLE-BLOWER PROTECTIONS.

(a) *REWARDS.*—Section 5323(d) of title 31, United States Code, is amended to read as follows:

“(d) *SOURCE OF REWARDS.*—For the purposes of paying a reward under this section, the Secretary may use, without further appropriation, criminal fine, civil penalty, or forfeiture amounts recovered based on the original information with respect to which the reward is being paid.”.

(b) *WHISTLEBLOWER INCENTIVES.*—

Chapter 53 of title 31, United States Code, is amended—

1 (1) *by inserting after section 5323 the following:*

2 **“§ 5323A. Whistleblower incentives**

3 “(a) *DEFINITIONS.—In this section:*

4 “(1) *COVERED JUDICIAL OR ADMINISTRATIVE AC-*
5 *TION.—The term ‘covered judicial or administrative*
6 *action’ means any judicial or administrative action*
7 *brought by FinCEN under the Bank Secrecy Act that*
8 *results in monetary sanctions exceeding \$1,000,000.*

9 “(2) *FINCEN.—The term ‘FinCEN’ means the*
10 *Financial Crimes Enforcement Network.*

11 “(3) *MONETARY SANCTIONS.—The term ‘mone-*
12 *tary sanctions’, when used with respect to any judi-*
13 *cial or administrative action, means—*

14 “(A) *any monies, including penalties,*
15 *disgorgement, and interest, ordered to be paid;*
16 *and*

17 “(B) *any monies deposited into a*
18 *disgorgement fund as a result of such action or*
19 *any settlement of such action.*

20 “(4) *ORIGINAL INFORMATION.—The term ‘origi-*
21 *nal information’ means information that—*

22 “(A) *is derived from the independent knowl-*
23 *edge or analysis of a whistleblower;*

1 “(B) is not known to FinCEN from any
2 other source, unless the whistleblower is the origi-
3 nal source of the information; and

4 “(C) is not exclusively derived from an alle-
5 gation made in a judicial or administrative
6 hearing, in a governmental report, hearing,
7 audit, or investigation, or from the news media,
8 unless the whistleblower is a source of the infor-
9 mation.

10 “(5) *RELATED ACTION*.—The term ‘related ac-
11 tion’, when used with respect to any judicial or ad-
12 ministrative action brought by FinCEN, means any
13 judicial or administrative action that is based upon
14 original information provided by a whistleblower that
15 led to the successful enforcement of the action.

16 “(6) *SECRETARY*.—The term ‘Secretary’ means
17 the Secretary of the Treasury.

18 “(7) *WHISTLEBLOWER*.—The term ‘whistle-
19 blower’ means any individual who provides, or 2 or
20 more individuals acting jointly who provide, informa-
21 tion relating to a violation of laws enforced by
22 FinCEN, in a manner established, by rule or regula-
23 tion, by FinCEN.

24 “(b) *AWARDS*.—

1 “(1) *IN GENERAL.*—*In any covered judicial or*
 2 *administrative action, or related action, the Sec-*
 3 *retary, under such rules as the Secretary may issue*
 4 *and subject to subsection (c), shall pay an award or*
 5 *awards to 1 or more whistleblowers who voluntarily*
 6 *provided original information to FinCEN that led to*
 7 *the successful enforcement of the covered judicial or*
 8 *administrative action, or related action, in an aggre-*
 9 *gate amount equal to not more than 30 percent, in*
 10 *total, of what has been collected of the monetary sanc-*
 11 *tions imposed in the action.*

12 “(2) *SOURCE OF AWARDS.*—*For the purposes of*
 13 *paying any award under paragraph (1), the Sec-*
 14 *retary may use, without further appropriation, mone-*
 15 *tary sanction amounts recovered based on the original*
 16 *information with respect to which the award is being*
 17 *paid.*

18 “(c) *DETERMINATION OF AMOUNT OF AWARD; DENIAL*
 19 *OF AWARD.*—

20 “(1) *DETERMINATION OF AMOUNT OF AWARD.*—

21 “(A) *DISCRETION.*—*The determination of*
 22 *the amount of an award made under subsection*
 23 *(b) shall be in the discretion of the Secretary.*

24 “(B) *CRITERIA.*—*In responding to a disclo-*
 25 *sure and determining the amount of an award*

1 *made, FinCEN staff shall meet with the whistle-*
2 *blower to discuss evidence disclosed and rebuttals*
3 *to the disclosure, and shall take into consider-*
4 *ation—*

5 “(i) *the significance of the information*
6 *provided by the whistleblower to the success*
7 *of the covered judicial or administrative ac-*
8 *tion;*

9 “(ii) *the degree of assistance provided*
10 *by the whistleblower and any legal rep-*
11 *resentative of the whistleblower in a covered*
12 *judicial or administrative action;*

13 “(iii) *the mission of FinCEN in deter-*
14 *ring violations of the law by making*
15 *awards to whistleblowers who provide infor-*
16 *mation that lead to the successful enforce-*
17 *ment of such laws; and*

18 “(iv) *such additional relevant factors*
19 *as the Secretary may establish by rule.*

20 “(2) *DENIAL OF AWARD.—No award under sub-*
21 *section (b) shall be made—*

22 “(A) *to any whistleblower who is, or was at*
23 *the time the whistleblower acquired the original*
24 *information submitted to FinCEN, a member, of-*
25 *ficer, or employee of—*

1 “(i) an appropriate regulatory agency;

2 “(ii) the Department of Justice;

3 “(iii) a self-regulatory organization; or

4 “(iv) a law enforcement organization;

5 “(B) to any whistleblower who is convicted
6 of a criminal violation, or who the Secretary has
7 a reasonable basis to believe committed a crimi-
8 nal violation, related to the judicial or adminis-
9 trative action for which the whistleblower other-
10 wise could receive an award under this section;

11 “(C) to any whistleblower who gains the in-
12 formation through the performance of an audit
13 of financial statements required under the Bank
14 Secrecy Act and for whom such submission
15 would be contrary to its requirements; or

16 “(D) to any whistleblower who fails to sub-
17 mit information to FinCEN in such form as the
18 Secretary may, by rule, require.

19 “(3) STATEMENT OF REASONS.—For any deci-
20 sion granting or denying an award, the Secretary
21 shall provide to the whistleblower a statement of rea-
22 sons that includes findings of fact and conclusions of
23 law for all material issues.

24 “(d) REPRESENTATION.—

1 “(1) *PERMITTED REPRESENTATION.*—Any whis-
 2 tleblower who makes a claim for an award under sub-
 3 section (b) may be represented by counsel.

4 “(2) *REQUIRED REPRESENTATION.*—

5 “(A) *IN GENERAL.*—Any whistleblower who
 6 anonymously makes a claim for an award under
 7 subsection (b) shall be represented by counsel if
 8 the whistleblower anonymously submits the in-
 9 formation upon which the claim is based.

10 “(B) *DISCLOSURE OF IDENTITY.*—Prior to
 11 the payment of an award, a whistleblower shall
 12 disclose their identity and provide such other in-
 13 formation as the Secretary may require, directly
 14 or through counsel for the whistleblower.

15 “(e) *APPEALS.*—Any determination made under this
 16 section, including whether, to whom, or in what amount
 17 to make awards, shall be in the discretion of the Secretary.
 18 Any such determination, except the determination of the
 19 amount of an award if the award was made in accordance
 20 with subsection (b), may be appealed to the appropriate
 21 court of appeals of the United States not more than 30 days
 22 after the determination is issued by the Secretary. The court
 23 shall review the determination made by the Secretary in
 24 accordance with section 706 of title 5.

1 “(f) *EMPLOYEE PROTECTIONS.*—*The Secretary of the*
 2 *Treasury shall issue regulations protecting a whistleblower*
 3 *from retaliation, which shall be as close as practicable to*
 4 *the employee protections provided for under section 1057*
 5 *of the Consumer Financial Protection Act of 2010.*”; and
 6 (2) *in the table of contents for such chapter, by*
 7 *inserting after the item relating to section 5323 the*
 8 *following new item:*

“5323A. Whistleblower incentives.”.

9 **SEC. 208. CERTAIN VIOLATORS BARRED FROM SERVING ON**
 10 **BOARDS OF UNITED STATES FINANCIAL IN-**
 11 **STITUTIONS.**

12 *Section 5321 of title 31, United States Code, is amend-*
 13 *ed by adding at the end the following:*

14 “(f) *CERTAIN VIOLATORS BARRED FROM SERVING ON*
 15 *BOARDS OF UNITED STATES FINANCIAL INSTITUTIONS.—*

16 “(1) *IN GENERAL.*—*An individual found to have*
 17 *committed an egregious violation of a provision of (or*
 18 *rule issued under) the Bank Secrecy Act shall be*
 19 *barred from serving on the board of directors of a*
 20 *United States financial institution for a 10-year pe-*
 21 *riod beginning on the date of such finding.*

22 “(2) *EGREGIOUS VIOLATION DEFINED.*—*With re-*
 23 *spect to an individual, the term ‘egregious violation’*
 24 *means—*

1 “(A) a felony criminal violation for which
2 the individual was convicted; and

3 “(B) a civil violation where the individual
4 willfully committed such violation and the viola-
5 tion facilitated money laundering or the financ-
6 ing of terrorism.”.

7 **SEC. 209. ADDITIONAL DAMAGES FOR REPEAT BANK SE-**
8 **CRECY ACT VIOLATORS.**

9 (a) *IN GENERAL.*—Section 5321 of title 31, United
10 States Code, as amended by section 208, is further amended
11 by adding at the end the following:

12 “(g) *ADDITIONAL DAMAGES FOR REPEAT VIOLA-*
13 *TORS.*—In addition to any other fines permitted by this sec-
14 tion and section 5322, with respect to a person who has
15 previously been convicted of a criminal provision of (or rule
16 issued under) the Bank Secrecy Act or who has admitted,
17 as part of a deferred- or non-prosecution agreement, to hav-
18 ing previously committed a violation of a criminal provi-
19 sion of (or rule issued under) the Bank Secrecy Act, the
20 Secretary may impose an additional civil penalty against
21 such person for each additional such violation in an
22 amount equal to up three times the profit gained or loss
23 avoided by such person as a result of the violation.”.

24 (b) *PROSPECTIVE APPLICATION OF AMENDMENT.*—For
25 purposes of determining whether a person has committed

1 *a previous violation under section 5321(g) of title 31,*
 2 *United States Code, such determination shall only include*
 3 *violations occurring after the date of enactment of this Act.*

4 **SEC. 210. JUSTICE ANNUAL REPORT ON DEFERRED AND**
 5 **NON-PROSECUTION AGREEMENTS.**

6 *(a) ANNUAL REPORT.—The Attorney General shall*
 7 *issue an annual report, every year for the five years begin-*
 8 *ning on the date of enactment of this Act, to the Committees*
 9 *on Financial Services and the Judiciary of the House of*
 10 *Representatives and the Committees on Banking, Housing,*
 11 *and Urban Affairs and the Judiciary of the Senate con-*
 12 *taining—*

13 *(1) a list of deferred prosecution agreements and*
 14 *non-prosecution agreements that the Attorney General*
 15 *has entered into during the previous year with any*
 16 *person with respect to a violation or suspected viola-*
 17 *tion of the Bank Secrecy Act;*

18 *(2) the justification for entering into each such*
 19 *agreement;*

20 *(3) the list of factors that were taken into ac-*
 21 *count in determining that the Attorney General*
 22 *should enter into each such agreement; and*

23 *(4) the extent of coordination the Attorney Gen-*
 24 *eral conducted with the Financial Crimes Enforce-*

1 *ment Network prior to entering into each such agree-*
 2 *ment.*

3 (b) *CLASSIFIED ANNEX.—Each report under sub-*
 4 *section (a) may include a classified annex.*

5 (c) *BANK SECRECY ACT DEFINED.—For purposes of*
 6 *this section, the term “Bank Secrecy Act” has the meaning*
 7 *given that term under section 5312 of title 31, United States*
 8 *Code.*

9 **SEC. 211. RETURN OF PROFITS AND BONUSES.**

10 (a) *IN GENERAL.—Section 5322 of title 31, United*
 11 *States Code, is amended by adding at the end the following:*

12 *“(e) RETURN OF PROFITS AND BONUSES.—A person*
 13 *convicted of violating a provision of (or rule issued under)*
 14 *the Bank Secrecy Act shall—*

15 *“(1) in addition to any other fine under this sec-*
 16 *tion, be fined in an amount equal to the profit gained*
 17 *by such person by reason of such violation, as deter-*
 18 *mined by the court; and*

19 *“(2) if such person is an individual who was a*
 20 *partner, director, officer, or employee of a financial*
 21 *institution at the time the violation occurred, repay*
 22 *to such financial institution any bonus paid to such*
 23 *individual during the Federal fiscal year in which the*
 24 *violation occurred or the Federal fiscal year after*
 25 *which the violation occurred.”.*

1 (b) *RULE OF CONSTRUCTION.*—*The amendment made*
 2 *by subsection (a) may not be construed to prohibit a finan-*
 3 *cial institution from requiring the repayment of a bonus*
 4 *paid to a partner, director, officer, or employee if the finan-*
 5 *cial institution determines that the partner, director, offi-*
 6 *cer, or employee engaged in unethical, but non-criminal,*
 7 *activities.*

8 **SEC. 212. PROHIBITION ON TAX DEDUCTIONS FOR ATTOR-**
 9 **NEYS FEES RELATED TO BANK SECRECY ACT**
 10 **SETTLEMENTS AND COURT COSTS.**

11 *Section 162(f) of the Internal Revenue Code of 1986*
 12 *is amended by adding at the end the following:*

13 “(7) *VIOLATIONS OF THE BANK SECRECY ACT.*—
 14 *In the case of a payment described in paragraph (1)*
 15 *that is in relation to any violation of the Bank Se-*
 16 *crecy Act (as defined under section 5312 of title 31,*
 17 *United States Code), no deduction shall be allowed*
 18 *under this chapter for attorney’s fees related to such*
 19 *payment.”.*

20 **SEC. 213. APPLICATION OF BANK SECRECY ACT TO DEAL-**
 21 **ERS IN ANTIQUITIES.**

22 (a) *IN GENERAL.*—*Section 5312(a)(2) of title 31,*
 23 *United States Code, is amended—*

24 (1) *in subparagraph (Y), by striking “or” at the*
 25 *end;*

1 (2) *by redesignating subparagraph (Z) as sub-*
 2 *paragraph (AA); and*

3 (3) *by inserting after subsection (Y) the fol-*
 4 *lowing:*

5 “(Z) *a person trading or acting as an*
 6 *intermediary in the trade of antiquities, includ-*
 7 *ing an advisor, consultant or any other person*
 8 *who engages as a business in the solicitation of*
 9 *the sale of antiquities; or”.*

10 (b) *STUDY ON THE FACILITATION OF MONEY LAUN-*
 11 *DERING AND TERROR FINANCE THROUGH THE TRADE OF*
 12 *WORKS OF ART OR ANTIQUITIES.—*

13 (1) *STUDY.—The Secretary of the Treasury, in*
 14 *coordination with Federal Bureau of Investigation,*
 15 *the Attorney General, and Homeland Security Inves-*
 16 *tigations, shall perform a study on the facilitation of*
 17 *money laundering and terror finance through the*
 18 *trade of works of art or antiquities, including an*
 19 *analysis of—*

20 (A) *the extent to which the facilitation of*
 21 *money laundering and terror finance through the*
 22 *trade of works of art or antiquities may enter or*
 23 *affect the financial system of the United States,*
 24 *including any qualitative data or statistics;*

1 (B) *whether thresholds should apply in de-*
2 *termining which entities to regulate;*

3 (C) *an evaluation of which markets, by size,*
4 *domestic or international geographical locations,*
5 *or otherwise, should be subject to regulations;*

6 (D) *an evaluation of whether certain ex-*
7 *emptions should apply; and*

8 (E) *any other points of study or analysis*
9 *the Secretary determines necessary or appro-*
10 *priate.*

11 (2) *REPORT.*—*Not later than the end of the 180-*
12 *day period beginning on the date of the enactment of*
13 *this Act, the Secretary of the Treasury shall issue a*
14 *report to the Committee on Financial Services of the*
15 *House of Representatives and the Committee on*
16 *Banking, Housing, and Urban Affairs of the Senate*
17 *containing all findings and determinations made in*
18 *carrying out the study required under paragraph (1).*

19 (c) *RULEMAKING.*—*Not later than the end of the 180-*
20 *day period beginning on the date the Secretary issues the*
21 *report required under subsection (b)(2), the Secretary shall*
22 *issue regulations to carry out the amendments made by sub-*
23 *section (a).*

1 **SEC. 214. GEOGRAPHIC TARGETING ORDER.**

2 *The Secretary of the Treasury shall issue a geographic*
 3 *targeting order, similar to the order issued by the Financial*
 4 *Crimes Enforcement Network on November 15, 2018, that—*

5 *(1) applies to commercial real estate to the same*
 6 *extent, with the exception of having the same thresh-*
 7 *olds, as the order issued by FinCEN on November 15,*
 8 *2018, applies to residential real estate; and*

9 *(2) establishes a specific threshold for commercial*
 10 *real estate.*

11 **SEC. 215. STUDY AND REVISIONS TO CURRENCY TRANS-**
 12 **ACTION REPORTS AND SUSPICIOUS ACTIVITY**
 13 **REPORTS.**

14 *(a) CURRENCY TRANSACTION REPORTS.—*

15 *(1) CTR INDEXED FOR INFLATION.—*

16 *(A) IN GENERAL.—Every 5 years after the*
 17 *date of enactment of this Act, the Secretary of*
 18 *the Treasury shall revise regulations issued with*
 19 *respect to section 5313 of title 31, United States*
 20 *Code, to update each \$10,000 threshold amount*
 21 *in such regulation to reflect the change in the*
 22 *Consumer Price Index for All Urban Consumers*
 23 *published by the Department of Labor, rounded*
 24 *to the nearest \$100. For purposes of calculating*
 25 *the change described in the previous sentence, the*
 26 *Secretary shall use \$10,000 as the base amount*

1 *and the date of enactment of this Act as the base*
2 *date.*

3 (B) *EXCEPTION.—Notwithstanding sub-*
4 *paragraph (A), the Secretary may make appro-*
5 *priate adjustments to the threshold amounts de-*
6 *scribed under subparagraph (A) in high-risk*
7 *areas (e.g., High Intensity Financial Crime*
8 *Areas or HIFCAs), if the Secretary has demon-*
9 *strable evidence that shows a threshold raise*
10 *would increase serious crimes, such as traf-*
11 *ficking, or endanger national security.*

12 (2) *GAO CTR STUDY.—*

13 (A) *STUDY.—The Comptroller General of*
14 *the United States shall carry out a study of cur-*
15 *rency transaction reports. Such study shall in-*
16 *clude—*

17 (i) *a review (carried out in consulta-*
18 *tion with the Secretary of the Treasury, the*
19 *Financial Crimes Enforcement Network, the*
20 *United States Attorney General, the State*
21 *Attorneys General, and State, Tribal, and*
22 *local law enforcement) of the effectiveness of*
23 *the current currency transaction reporting*
24 *regime;*

1 (ii) an analysis of the importance of
2 currency transaction reports to law enforce-
3 ment; and

4 (iii) an analysis of the effects of rais-
5 ing the currency transaction report thresh-
6 old.

7 (B) *REPORT.*—Not later than the end of the
8 1-year period beginning on the date of enactment
9 of this Act, the Comptroller General shall issue
10 a report to the Secretary of the Treasury and the
11 Congress containing—

12 (i) all findings and determinations
13 made in carrying out the study required
14 under subparagraph (A); and

15 (ii) recommendations for improving
16 the current currency transaction reporting
17 regime.

18 (b) *MODIFIED SARs STUDY AND DESIGN.*—

19 (1) *STUDY.*—The Director of the Financial
20 Crimes Enforcement Network shall carry out a study,
21 in consultation with industry stakeholders (including
22 community banks and credit unions), regulators, and
23 law enforcement, of the design of a modified sus-
24 picious activity report form for certain customers and
25 activities. Such study shall include—

1 (A) an examination of appropriate optimal
2 SARs thresholds to determine the level at which
3 a modified SARs form could be employed;

4 (B) an evaluation of which customers or
5 transactions would be appropriate for a modified
6 SAR, including—

7 (i) seasoned business customers;

8 (ii) financial technology (Fintech)
9 firms;

10 (iii) structuring transactions; and

11 (iv) any other customer or transaction
12 that may be appropriate for a modified
13 SAR; and

14 (C) an analysis of the most effective meth-
15 ods to reduce the regulatory burden imposed on
16 financial institutions in complying with the
17 Bank Secrecy Act, including an analysis of the
18 effect of—

19 (i) modifying thresholds;

20 (ii) shortening forms;

21 (iii) combining Bank Secrecy Act
22 forms;

23 (iv) filing reports in periodic batches;

24 and

1 (v) any other method that may reduce
2 the regulatory burden.

3 (2) *STUDY CONSIDERATIONS.*—In carrying out
4 the study required under paragraph (1), the Director
5 shall seek to balance law enforcement priorities, regu-
6 latory burdens experienced by financial institutions,
7 and the requirement for reports to have a “high de-
8 gree of usefulness to law enforcement” under the Bank
9 Secrecy Act.

10 (3) *REPORT.*—Not later than the end of the 1-
11 year period beginning on the date of enactment of this
12 Act, the Director shall issue a report to Congress con-
13 taining—

14 (A) all findings and determinations made
15 in carrying out the study required under sub-
16 section (a); and

17 (B) sample designs of modified SARs forms
18 based on the study results.

19 (4) *CONTRACTING AUTHORITY.*—The Director
20 may contract with a private third-party to carry out
21 the study required under this subsection.

22 (c) *DEFINITIONS.*—For purposes of this section:

23 (1) *BANK SECRECY ACT.*—The term “Bank Se-
24 crecy Act” has the meaning given that term under
25 section 5312 of title 31, United States Code.

1 (2) *REGULATORY BURDEN*.—The term “regu-
 2 latory burden” means the man-hours to complete fil-
 3 ings, cost of data collection and analysis, and other
 4 considerations of chapter 35 of title 44, United States
 5 Code (commonly referred to as the Paperwork Reduc-
 6 tion Act).

7 (3) *SAR; SUSPICIOUS ACTIVITY REPORT*.—The
 8 term “SAR” and “suspicious activity report” mean a
 9 report of a suspicious transaction under section
 10 5318(g) of title 31, United States Code.

11 (4) *SEASONED BUSINESS CUSTOMER*.—The term
 12 “seasoned business customer”, shall have such mean-
 13 ing as the Secretary of the Treasury shall prescribe,
 14 which shall include any person that—

15 (A) is incorporated or organized under the
 16 laws of the United States or any State, or is reg-
 17 istered as, licensed by, or otherwise eligible to do
 18 business within the United States, a State, or
 19 political subdivision of a State;

20 (B) has maintained an account with a fi-
 21 nancial institution for a length of time as deter-
 22 mined by the Secretary; and

23 (C) meet such other requirements as the Sec-
 24 retary may determine necessary or appropriate.

1 **SEC. 216. STREAMLINING REQUIREMENTS FOR CURRENCY**
2 **TRANSACTION REPORTS AND SUSPICIOUS AC-**
3 **TIVITY REPORTS.**

4 (a) *REVIEW.*—*The Secretary of the Treasury (in con-*
5 *sultation with Federal law enforcement agencies, the Direc-*
6 *tor of National Intelligence, and the Federal functional reg-*
7 *ulators and in consultation with other relevant stake-*
8 *holders) shall undertake a formal review of the current fi-*
9 *ancial institution reporting requirements under the Bank*
10 *Secrecy Act and its implementing regulations and propose*
11 *changes to further reduce regulatory burdens, and ensure*
12 *that the information provided is of a “high degree of useful-*
13 *ness” to law enforcement, as set forth under section 5311*
14 *of title 31, United States Code.*

15 (b) *CONTENTS.*—*The review required under subsection*
16 *(a) shall include a study of—*

17 (1) *whether the timeframe for filing a suspicious*
18 *activity report should be increased from 30 days;*

19 (2) *whether or not currency transaction report*
20 *and suspicious activity report thresholds should be*
21 *tied to inflation or otherwise periodically be adjusted;*

22 (3) *whether the circumstances under which a fi-*
23 *ancial institution determines whether to file a “con-*
24 *tinuing suspicious activity report”, or the processes*
25 *followed by a financial institution in determining*

1 *whether to file a “continuing suspicious activity re-*
2 *port” (or both) can be narrowed;*

3 *(4) analyzing the fields designated as “critical”*
4 *on the suspicious activity report form and whether*
5 *the number of fields should be reduced;*

6 *(5) the increased use of exemption provisions to*
7 *reduce currency transaction reports that are of little*
8 *or no value to law enforcement efforts;*

9 *(6) the current financial institution reporting re-*
10 *quirements under the Bank Secrecy Act and its im-*
11 *plementing regulations and guidance; and*

12 *(7) such other items as the Secretary determines*
13 *appropriate.*

14 *(c) REPORT.—Not later than the end of the one year*
15 *period beginning on the date of the enactment of this Act,*
16 *the Secretary of the Treasury, in consultation with law en-*
17 *forcement and persons subject to Bank Secrecy Act require-*
18 *ments, shall issue a report to the Congress containing all*
19 *findings and determinations made in carrying out the re-*
20 *view required under subsection (a).*

21 *(d) DEFINITIONS.—For purposes of this section:*

22 *(1) FEDERAL FUNCTIONAL REGULATOR.—The*
23 *term “Federal functional regulator” has the meaning*
24 *given that term under section 103.*

1 (2) *OTHER TERMS.*—*The terms “Bank Secrecy*
 2 *Act” and “financial institution” have the meaning*
 3 *given those terms, respectively, under section 5312 of*
 4 *title 31, United States Code.*

5 ***TITLE III—MODERNIZING THE***
 6 ***AML SYSTEM***

7 ***SEC. 301. ENCOURAGING INNOVATION IN BSA COMPLIANCE.***

8 *Section 5318 of title 31, United States Code, as amend-*
 9 *ed by section 203, is further amended by adding at the end*
 10 *the following:*

11 “(p) *ENCOURAGING INNOVATION IN COMPLIANCE.*—

12 “(1) *IN GENERAL.*—*The Federal functional regu-*
 13 *lators shall encourage financial institutions to con-*
 14 *sider, evaluate, and, where appropriate, responsibly*
 15 *implement innovative approaches to meet the require-*
 16 *ments of this subchapter, including through the use of*
 17 *innovation pilot programs.*

18 “(2) *EXEMPTIVE RELIEF.*—*The Secretary, pur-*
 19 *suant to subsection (a), may provide exemptions from*
 20 *the requirements of this subchapter if the Secretary*
 21 *determines such exemptions are necessary to facilitate*
 22 *the testing and potential use of new technologies and*
 23 *other innovations.*

24 “(3) *RULE OF CONSTRUCTION.*—*This subsection*
 25 *may not be construed to require financial institutions*

1 to consider, evaluate, or implement innovative ap-
 2 proaches to meet the requirements of the Bank Secrecy
 3 Act.

4 “(4) *FEDERAL FUNCTIONAL REGULATOR DE-*
 5 *FINED.*—In this subsection, the term ‘Federal func-
 6 tional regulator’ means the Board of Governors of the
 7 Federal Reserve System, the Comptroller of the Cur-
 8 rency, the Federal Deposit Insurance Corporation, the
 9 National Credit Union Administration, the Securities
 10 and Exchange Commission, and the Commodity Fu-
 11 tures Trading Commission.”.

12 **SEC. 302. INNOVATION LABS.**

13 (a) *IN GENERAL.*—The table of contents for subchapter
 14 *II* of chapter 53 of title 31, United States Code, is amended
 15 by adding at the end the following:

16 **“§ 5334. Innovation Labs**

17 “(a) *ESTABLISHMENT.*—There is established within
 18 the Department of the Treasury and each Federal func-
 19 tional regulator an Innovation Lab.

20 “(b) *DIRECTOR.*—The head of each Innovation Lab
 21 shall be a Director, to be appointed by the Secretary of the
 22 Treasury or the head of the Federal functional regulator,
 23 as applicable.

24 “(c) *DUTIES.*—The duties of the Innovation Lab shall
 25 be—

1 “(1) to provide outreach to law enforcement
2 agencies, financial institutions, and other persons
3 (including vendors and technology companies) with
4 respect to innovation and new technologies that may
5 be used to comply with the requirements of the Bank
6 Secrecy Act;

7 “(2) to support the implementation of respon-
8 sible innovation and new technology, in a manner
9 that complies with the requirements of the Bank Se-
10 crecy Act;

11 “(3) to explore opportunities for public-private
12 partnerships; and

13 “(4) to develop metrics of success.

14 “(d) *FINCEN LAB.*—The Innovation Lab established
15 under subsection (a) within the Department of the Treasury
16 shall be a lab within the Financial Crimes Enforcement
17 Network.

18 “(e) *FEDERAL FUNCTIONAL REGULATOR DEFINED.*—
19 In this subsection, the term ‘Federal functional regulator’
20 means the Board of Governors of the Federal Reserve Sys-
21 tem, the Comptroller of the Currency, the Federal Deposit
22 Insurance Corporation, the National Credit Union Admin-
23 istration, the Securities and Exchange Commission, and the
24 Commodity Futures Trading Commission.”.

1 (b) *CLERICAL AMENDMENT.*—*The table of contents for*
 2 *subchapter II of chapter 53 of title 31, United States Code,*
 3 *is amended by adding at the end the following:*

“5334. Innovation Labs.”.

4 **SEC. 303. INNOVATION COUNCIL.**

5 (a) *IN GENERAL.*—*Subchapter II of chapter 53 of Title*
 6 *31, United States Code, as amended by section 302, is fur-*
 7 *ther amended by adding at the end the following:*

8 **“§ 5335. Innovation Council**

9 “(a) *ESTABLISHMENT.*—*There is established the Inno-*
 10 *vation Council (hereinafter in this section referred to as the*
 11 *‘Council’), which shall consist of each Director of an Inno-*
 12 *vation Lab established under section 5334 and the Director*
 13 *of the Financial Crimes Enforcement Network.*

14 “(b) *CHAIR.*—*The Director of the Innovation Lab of*
 15 *the Department of the Treasury shall serve as the Chair*
 16 *of the Council.*

17 “(c) *DUTY.*—*The members of the Council shall coordi-*
 18 *nate on activities related to innovation under the Bank Se-*
 19 *crecy Act, but may not supplant individual agency deter-*
 20 *minations on innovation.*

21 “(d) *MEETINGS.*—*The meetings of the Council—*

22 “(1) *shall be at the call of the Chair, but in no*
 23 *case may the Council meet less than semi-annually;*

24 “(2) *may include open and closed sessions, as de-*
 25 *termined necessary by the Council; and*

1 “(3) shall include participation by public and
2 private entities and law enforcement agencies.

3 “(e) *REPORT.*—The Council shall issue an annual re-
4 port, for each of the 7 years beginning on the date of enact-
5 ment of this section, to the Secretary of the Treasury on
6 the activities of the Council during the previous year, in-
7 cluding the success of programs as measured by metrics of
8 success developed pursuant to section 5334(c)(4), and any
9 regulatory or legislative recommendations that the Council
10 may have.”.

11 (b) *CLERICAL AMENDMENT.*—The table of contents for
12 subchapter II of chapter 53 of title 31, United States Code,
13 is amended by adding the end the following:

 “5335. Innovation Council.”.

14 **SEC. 304. PARALLEL RUNS RULEMAKING.**

15 (a) *IN GENERAL.*—Section 5318 of title 31, United
16 States Code, as amended by section 301, is further amended
17 by adding at the end the following:

18 “(q) *PARALLEL RUNS RULEMAKING.*—

19 “(1) *IN GENERAL.*—The Secretary of the Treas-
20 ury, in consultation with the head of each agency to
21 which the Secretary has delegated duties or powers
22 under subsection (a), shall issue a rule to specify—

23 “(A) with respect to technology and proc-
24 esses designed to facilitate compliance with the
25 Bank Secrecy Act requirements, under what cir-

1 *cumstances it is necessary for a financial insti-*
2 *tution to test new technology and processes*
3 *alongside legacy technology and processes (‘par-*
4 *allel runs’);*

5 *“(B) if parallel runs are required, what*
6 *standards must be met; and*

7 *“(C) in what instances or under what cir-*
8 *cumstance and criteria a financial institution*
9 *may replace or terminate such legacy technology*
10 *and processes for any examinable technology or*
11 *process without the replacement or termination*
12 *being determined an examination deficiency.*

13 *“(2) STANDARDS.—The standards described*
14 *under paragraph (1)(B) may include—*

15 *“(A) an emphasis on using innovative ap-*
16 *proaches, such as machine learning, rather than*
17 *rules-based systems;*

18 *“(B) risk-based back-testing of the regime to*
19 *facilitate calibration of relevant systems;*

20 *“(C) requirements for appropriate data pri-*
21 *vacy and security; and*

22 *“(D) a requirement that the algorithms used*
23 *by the regime be disclosed to the Financial*
24 *Crimes Enforcement Network.*

1 “(3) *CONFIDENTIALITY OF ALGORITHMS.*—If a
 2 *financial institution or any director, officer, em-*
 3 *ployee, or agent of any financial institution, volun-*
 4 *tarily or pursuant to this subsection or any other au-*
 5 *thority, discloses the institution’s algorithms to a*
 6 *Government agency, such algorithms and any mate-*
 7 *rials associated with the creation of such algorithms*
 8 *shall be considered confidential and not subject to*
 9 *public disclosure.”.*

10 *(b) UPDATE OF MANUAL.*—*The Financial Institutions*
 11 *Examination Council shall ensure—*

12 *(1) that any manual prepared by the Council is*
 13 *updated to reflect the rulemaking required by the*
 14 *amendment made by subsection (a); and*

15 *(2) that financial institutions are not penalized*
 16 *for the decisions based on such rulemaking to replace*
 17 *or terminate technology used for compliance with the*
 18 *Bank Secrecy Act (as defined under section 5312 of*
 19 *title 31, United States Code) or other anti-money*
 20 *laundering laws.*

21 **SEC. 305. FINCEN STUDY ON USE OF EMERGING TECH-**
 22 **NOLOGIES.**

23 *(a) STUDY.—*

1 (1) *IN GENERAL.*—*The Director of the Financial*
2 *Crimes Enforcement Network (“FinCEN”) shall carry*
3 *out a study on—*

4 (A) *the status of implementation and inter-*
5 *nal use of emerging technologies, including arti-*
6 *ficial intelligence (“AI”), digital identity tech-*
7 *nologies, blockchain technologies, and other inno-*
8 *vative technologies within FinCEN;*

9 (B) *whether AI, digital identity tech-*
10 *nologies, blockchain technologies, and other inno-*
11 *vative technologies can be further leveraged to*
12 *make FinCEN’s data analysis more efficient and*
13 *effective; and*

14 (C) *how FinCEN could better utilize AI,*
15 *digital identity technologies, blockchain tech-*
16 *nologies, and other innovative technologies to*
17 *more actively analyze and disseminate the infor-*
18 *mation it collects and stores to provide investiga-*
19 *tive leads to Federal, State, Tribal, and local law*
20 *enforcement, and other Federal agencies (collec-*
21 *tive, “Agencies”), and better support its ongoing*
22 *investigations when referring a case to the Agen-*
23 *cies.*

24 (2) *INCLUSION OF GTO DATA.*—*The study re-*
25 *quired under this subsection shall include data col-*

1 lected through the Geographic Targeting Orders
2 (“GTO”) program.

3 (3) *CONSULTATION.*—In conducting the study re-
4 quired under this subsection, FinCEN shall consult
5 with the Directors of the Innovations Labs established
6 in section 302.

7 (b) *REPORT.*—Not later than the end of the 6-month
8 period beginning on the date of the enactment of this Act,
9 the Director shall issue a report to the Committee on Bank-
10 ing, Housing, and Urban Affairs of the Senate and the
11 Committee on Financial Services of the House of Represent-
12 atives containing—

13 (1) all findings and determinations made in car-
14 rying out the study required under subsection (a);

15 (2) with respect to each of subparagraphs (A),
16 (B) and (C) of subsection (a)(1), any best practices
17 or significant concerns identified by the Director, and
18 their applicability to AI, digital identity technologies,
19 blockchain technologies, and other innovative tech-
20 nologies with respect to U.S. efforts to combat money
21 laundering and other forms of illicit finance; and

22 (3) any policy recommendations that could fa-
23 cilitate and improve communication and coordina-
24 tion between the private sector, FinCEN, and Agen-
25 cies through the implementation of innovative ap-

1 *proaches, in order to meet their Bank Secrecy Act (as*
2 *defined under section 5312 of title 31, United States*
3 *Code) and anti-money laundering compliance obliga-*
4 *tions.*

Union Calendar No. 195

116TH CONGRESS
1ST Session

H. R. 2514

[Report No. 116-245, Part I]

A BILL

To make reforms to the Federal Bank Secrecy Act and anti-money laundering laws, and for other purposes.

OCTOBER 21, 2019

Reported from the Committee on Financial Services with
an amendment

OCTOBER 21, 2019

Committee on Ways and Means discharged; committed to
the Committee of the Whole House on the State of the
Union and ordered to be printed