

114TH CONGRESS
2D SESSION

H. R. 5594

To require the establishment of a national strategy for combating the financing of terrorism and related financial crimes, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2016

Mr. FITZPATRICK (for himself, Ms. SINEMA, and Ms. VELÁZQUEZ) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the establishment of a national strategy for combating the financing of terrorism and related financial crimes, 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.**

4 This Act may be cited as the “National Strategy for
5 Combating Terrorist, Underground, and Other Illicit Fi-
6 nancing Act”.

7 **SEC. 2. FINDINGS.**

8 The Congress finds the following:

1 (1) The financing of terrorism and related
2 forms of illicit finance present a direct threat to na-
3 tional security and a threat to global stability.

4 (2) New terrorist groups or threats can form
5 quickly, and other groups change tactics to adapt,
6 creating a constantly changing terrorist environ-
7 ment, presenting ever-changing risks and challenges
8 to programs to disrupt the financing of terrorism
9 and related forms of illicit finance.

10 (3) As demonstrated in hearings before the
11 Task Force to Investigate Terrorism Financing, ter-
12 rorists in some instances have formed symbiotic rela-
13 tionships with, or are taking over, transnational
14 crime syndicates, so that funding for both terrorism
15 and profits from crime flow in the same fashion and
16 often are indistinguishable.

17 (4) Methods of concealing the movement of il-
18 licit funding change quickly in a globalized economy,
19 and rapid technological changes and financial inno-
20 vation pose new risks that may be increasingly dif-
21 ficult for governments to stay abreast of without an
22 agile, constantly adjusted strategy to spot, disrupt,
23 and prevent the financing of terrorism and related
24 forms of illicit finance.

1 (5) A bipartisan requirement to create a na-
2 tional anti-money laundering strategy enacted in
3 1998 expired in 2007. Given the rapid globalization
4 and rapid technology changes of the financial sector,
5 an updated strategy focused on the financing of ter-
6 rorism is necessary.

7 (6) It is important for the Government to have
8 a unified strategy to fight financial crime and to up-
9 date it annually, both to accommodate new and de-
10 veloping threats and to help Congress develop legis-
11 lative and funding priorities.

12 (7) An effective strategy to counter terrorism
13 financing is a critical component of the broader
14 counter terrorism strategy of the United States.

15 **SEC. 3. DEVELOPMENT OF NATIONAL STRATEGY.**

16 (a) IN GENERAL.—The President, acting through the
17 Secretary of the Treasury (the “Secretary”) shall, in con-
18 sultation with the Attorney General, the Secretaries of
19 State, Defense, and Homeland Security, the Director of
20 National Intelligence and the appropriate Federal banking
21 agencies, develop a national strategy for combating the fi-
22 nancing of terrorism and related forms of illicit finance.

23 (b) TRANSMITTAL TO CONGRESS.—By June 1 each
24 year following the date of the enactment of this Act, the
25 President shall submit to the appropriate congressional

1 committees a national strategy developed in accordance
2 with subsection (a)

3 (c) EVALUATION OF EXISTING EFFORTS AND
4 BROADER STRATEGY.—The President shall accompany
5 each strategy submitted under subsection (b) with a report
6 that—

7 (1) describes the effectiveness of efforts to en-
8 force existing prohibitions against illicit finance;

9 (2) describes how the United States is address-
10 ing the highest levels of risk identified in the Na-
11 tional Money Laundering Risk Assessment and the
12 National Terrorist Financing Risk Assessment pub-
13 lished by the Department of the Treasury;

14 (3) evaluates the effectiveness of United States
15 efforts to fight illicit finance at actually preventing,
16 discovering, and countering terrorist financing and
17 other forms of illicit finance (and the effectiveness of
18 those efforts that the United States coordinates with
19 foreign nations); and

20 (4) describes how the strategy submitted under
21 subsection (b) is integrated into, and supports, the
22 broader counter terrorism strategy of the United
23 States.

24 (d) SEPARATE PRESENTATION OF CLASSIFIED MA-
25 TERIAL.—Any part of the national strategy that involves

1 information which is properly classified under criteria es-
2 tablished by the President shall be submitted to the Con-
3 gress separately in a classified annex and, if requested by
4 the chairman or ranking Member of one of the appropriate
5 congressional committees, as a briefing at an appropriate
6 level of security.

7 **SEC. 4. CONTENTS.**

8 (a) IN GENERAL.—The strategy described under sec-
9 tion 3 shall contain, at a minimum, the following:

10 (1) THREATS, GOALS, OBJECTIVES, AND PRIOR-
11 ITIES.—A comprehensive, research-based, long-
12 range, quantifiable discussion of threats, goals, ob-
13 jectives, and priorities for disrupting, preventing and
14 reducing the number, dollar value, and effects of il-
15 licit finance in the United States and foreign coun-
16 tries that impact the security of the United States.

17 (2) COORDINATION.—A discussion of methods
18 to best coordinate such efforts with international,
19 State, and local officials, law enforcement, regu-
20 lators, and financial institutions.

21 (3) REVIEWS AND PROPOSED CHANGES.—Re-
22 views of enforcement efforts, relevant regulations
23 and relevant provisions of law and, when appro-
24 priate, discussions of proposed changes determined
25 to be appropriate to ensure that the United States

1 pursues coordinated and effective efforts at all levels
2 of government in the fight against illicit finance and
3 with international partners.

4 (4) DETECTION AND PROSECUTION INITIA-
5 TIVES.—A description of efforts to improve detection
6 and prosecution of illicit finance, including efforts to
7 ensure that—

8 (A) subject to legal restrictions, all appro-
9 priate data collected by the Government that is
10 relevant to the efforts described in this Act be
11 available in a timely fashion to all appropriate
12 Federal departments and agencies and, as ap-
13 propriate and consistent with section 314 of the
14 USA PATRIOT Act, to financial institutions to
15 assist them in efforts to comply with laws
16 aimed at curbing illicit finance; and

17 (B) appropriate efforts are undertaken to
18 ensure that Federal departments and agencies
19 charged with reducing and preventing illicit fi-
20 nance make thorough use of publicly available
21 data in furtherance of this effort.

22 (5) THE ROLE OF THE PRIVATE FINANCIAL
23 SECTOR IN PREVENTION OF ILLICIT FINANCE.—A
24 discussion of ways to enhance partnerships between
25 the private financial sector and Federal departments

1 and agencies with regard to the prevention and de-
2 tection of illicit money laundering finance, includ-
3 ing—

4 (A) efforts to facilitate compliance with
5 laws aimed at stopping such illicit finance while
6 maintaining the effectiveness of such efforts;
7 and

8 (B) providing incentives to strengthen in-
9 ternal controls and to adopt on an industry-
10 wide basis more effective policies.

11 (6) ENHANCEMENT OF INTERGOVERNMENTAL
12 COOPERATION.—A discussion of ways to combat il-
13 licit finance by enhancing—

14 (A) cooperative efforts between Federal,
15 State, and local officials, including State and
16 local prosecutors and other law enforcement of-
17 ficials;

18 (B) to the extent possible, cooperative ef-
19 forts among States and between State and local
20 officials, including State and local regulators,
21 prosecutors, and law enforcement officials; and

22 (C) cooperative efforts with and between
23 governments of countries and with and between
24 multinational institutions with expertise in
25 fighting illicit finance.

1 (7) PROJECT AND BUDGET PRIORITIES.—A 3-
2 year projection for program and budget priorities
3 and achievable projects for reductions in illicit fi-
4 nance.

5 (8) ASSESSMENT OF FUNDING.—A complete as-
6 sessment of how the proposed budget described
7 under paragraph (7) is intended to implement the
8 strategy described in this Act and whether the fund-
9 ing levels contained in the proposed budget are suffi-
10 cient to implement the strategy, including a discus-
11 sion of the extent to which funding for such efforts
12 is or should be funded from fines, settlements, sei-
13 zures or forfeitures related to illicit finance.

14 (9) TREND ANALYSIS.—Data regarding trends
15 in illicit finance, with a special focus on the funding
16 of terrorism.

17 (10) ENFORCEMENT REPORT.—A report con-
18 taining an evaluation of the enforcement of policies
19 to combat illicit finance.

20 (11) ENFORCEMENT.—A discussion of the cur-
21 rent policies of the United States to enforce the pro-
22 visions of the Bank Secrecy Act and related laws re-
23 garding the financing of terrorism and other forms
24 of illicit finance, together with recommendations for
25 improving enforcement.

1 (12) TREASURY ATTACHÉS.—A discussion of
2 the Department of the Treasury attachés, includ-
3 ing—

4 (A) a list of embassies where Department
5 of the Treasury attachés are posted and a dis-
6 cussion of their effectiveness in the fight
7 against illicit finance;

8 (B) a list of the United States embassies
9 at which a Department of the Treasury attaché
10 is assigned for temporary duty, the length of
11 such assignments, and the reason why such as-
12 signments are not considered to be permanent
13 assignments;

14 (C) how the Department of the Treasury's
15 interests relating to economic and anti-terror fi-
16 nance issues are handled at other embassies, in-
17 cluding a discussion of the reporting structure
18 by which such issues are brought to the direct
19 attention of the ambassador; and

20 (D) the effect of not having more attachés
21 in embassies that are most vulnerable to illicit
22 finance threats and a discussion of whether the
23 Department of the Treasury's economic or anti-
24 illicit finance issues are thought to be under-
25 represented in some embassies or regions.

1 (13) ILLICIT FINANCE AND CYBER CRIME.—A
2 discussion of terrorist financing and other forms of
3 illicit finance that involve cyber attacks, evolving
4 forms of value transfer, including so-called “crypto
5 currencies”, and other methods that are computer,
6 telecommunications, or internet-based.

7 (14) TECHNOLOGY.—An analysis of current
8 and developing ways to leverage technology to im-
9 prove the effectiveness of the fight against the fi-
10 nancing of terror and other forms of illicit finance,
11 including the use of “big data” analytics, the merg-
12 ing of publicly sourced data with Bank Secrecy Act
13 data and with other forms of secure Government
14 data to increase such effectiveness, and ways to en-
15 hance the role of the private sector in combating il-
16 licit finance.

17 **SEC. 5. DEFINITIONS.**

18 For purposes of this Act:

19 (1) APPROPRIATE CONGRESSIONAL COMMIT-
20 TEES.—The term “appropriate congressional com-
21 mittees” means the Committee on Financial Serv-
22 ices, Committee on Foreign Affairs, Committee on
23 Armed Services, Committee on Homeland Security,
24 and the Permanent Select Committee on Intelligence
25 of the House of Representatives and the Committee

1 on Banking, Housing, and Urban Affairs, Com-
2 mittee on Foreign Relations, Committee on Armed
3 Services, Committee on Homeland Security and Gov-
4 ernmental Affairs, and the Select Committee on In-
5 telligence of the Senate.

6 (2) APPROPRIATE FEDERAL BANKING AGEN-
7 CIES.—The term “appropriate Federal banking
8 agencies” has the meaning given that term under
9 section 3 of the Federal Deposit Insurance Act (12
10 U.S.C. 1813).

11 (3) BANK SECRECY ACT.—The term “Bank Se-
12 crecy Act” means—

13 (A) section 21 of the Federal Deposit In-
14 surance Act;

15 (B) chapter 2 of title I of Public Law 91–
16 508; and

17 (C) subchapter II of chapter 53 of title 31,
18 United States Code.

19 (4) ILLICIT FINANCE.—The term “illicit fi-
20 nance” means the financing of terrorism, money
21 laundering, and other forms of illicit or underground
22 financing or other illicit finance domestically and
23 internationally, as defined by the President.

1 (5) STATE.—The term “State” means each of
2 the several States, the District of Columbia, and
3 each territory or possession of the United States.

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