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H. R. 6729

[Report No. 115–]

To allow nonprofit organizations to register with the Secretary of the Treasury and share information on activities that may involve human trafficking or money laundering with financial institutions and regulatory authorities, under a safe harbor that offers protections from liability, in order to better identify and report potential human trafficking or money laundering activities.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 6, 2018

Mrs. Wagner (for herself, Mrs. Carolyn B. Maloney of New York, and Mrs. Love) introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER --, 2018

Committed to the Committee of the Whole House on the State of the Union, and ordered to be printed
A BILL

To allow nonprofit organizations to register with the Secretary of the Treasury and share information on activities that may involve human trafficking or money laundering with financial institutions and regulatory authorities, under a safe harbor that offers protections from liability, in order to better identify and report potential human trafficking or money laundering activities.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Empowering Financial
Institutions to Fight Human Trafficking Act of 2018’’.

SEC. 2. ANTI-MONEY LAUNDERING INFORMATION PRO-
VIDERS.

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

‘‘§ 5333. Anti-money laundering information pro-
viders

‘‘(a) Cooperation Among Financial Institu-
tions and Sources of Information on Human Traff-
icking and Money Laundering.—

‘‘(1) In general.—Not later than the end of
the 120-day period beginning on the date of enact-
ment of this section, the Secretary of the Treasury
shall issue regulations to allow nonprofit organiza-
tions that the Secretary determines to be qualified to
share information with financial institutions, asso-
ciations of financial institutions, their regulatory au-
thorities, and law enforcement agencies regarding in-
dividuals, entities, organizations, and countries sus-
pected of possible human trafficking or related money laundering activities.

“(2) Cooperation and Information Sharing Procedures.—The regulations required under paragraph (1) may include or create procedures for cooperation and information sharing focused on—

“(A) matters specifically related to those benefitting directly and indirectly from human trafficking, the means by which human traffickers transfer funds within the United States and around the world, and the extent to which financial institutions, including depository institutions, asset managers, and insurers in the United States, are unwittingly involved in such matters or transfers and the extent to which such entities are at risk as a result; and

“(B) means of facilitating the identification of accounts and transactions involving human traffickers and facilitating the exchange of information concerning such accounts and transactions between nonprofit organizations, financial institutions, regulatory authorities, and law enforcement agencies.

“(3) Method of Regulation.—The regulations required under paragraph (1) may—
“(A) be made coextensive with the regulations adopted pursuant to other programs, regulated by the Secretary, for sharing information on unlawful activities between financial institutions;

“(B) establish a registration process overseen by the Secretary that—

“(i) requires a nonprofit organization to demonstrate that they meet certain qualifications that the Secretary determines appropriate, including the establishment of policies and procedures reasonably designed to ensure the prompt identification and correction of inaccurate information shared under paragraph (1);

“(ii) allows the Secretary to disqualify nonprofit organizations that do not meet such qualifications; and

“(iii) allows the Secretary to terminate the registration of a nonprofit organization at any point if the Secretary determines such termination is appropriate and provides sufficient notice of such termination to the applicable nonprofit organization;
“(C) require a nonprofit organization to register with the Secretary before sharing information that will be subject to the safe harbor provided under subsection (b); and

“(D) ensure that financial institutions, associations of financial institutions, their regulatory authorities, law enforcement authorities, and any other appropriate entities are made aware of those nonprofit organizations that are registered with the Secretary.

“(4) RECIPIENTS OF INFORMATION.—

“(A) IN GENERAL.—The Secretary shall determine those financial institutions which are eligible to be recipients of information from nonprofit organizations made in compliance with the regulations issued under subsection (a). Such eligible financial institutions may include those already participating in existing information sharing programs regulated by the Secretary regarding unlawful activity.

“(B) NO SAFE HARBOR FOR INFORMATION PROVIDED TO OTHER FINANCIAL INSTITUTIONS.—If a nonprofit organization shares information with a financial institution that is not eligible under subparagraph (A), such sharing
of information shall not be subject to the safe
harbor provided under subsection (b).

“(5) INFORMATION SHARING BETWEEN FINAN-
CIAL INSTITUTIONS.—The regulations adopted pur-
suant to this section—

“(A) may be coextensive with other regula-
tions governing the sharing of information be-
tween financial institutions on suspected unlaw-
ful activities; and

“(B) shall allow financial institutions that
receive information in compliance with the regu-
lations issued under subsection (a) to share
such information with other financial institu-
tions through existing information sharing pro-
grams.

“(b) SAFE HARBOR FOR INFORMATION PRO-
VIDERS.—

“(1) IN GENERAL.—A nonprofit organization,
financial institution, association of financial institu-
tions, regulatory authority of a financial institution,
or law enforcement agency in compliance with the
regulations issued under subsection (a) that trans-
mits or shares information described under sub-
section (a) for the purposes of identifying or report-
ing activities that may involve human trafficking
acts or related money laundering activities shall not
be liable to any person under any law or regulation
of the United States, any constitution, law, or regu-
lation of any State or political subdivision thereof, or
under any contract or other legally enforceable
agreement (including any arbitration agreement), for
such disclosure or for any failure to provide notice
of such disclosure to the person who is the subject
of such disclosure, or any other person identified in
the disclosure, except where such transmission or
sharing violates this section or regulations issued
pursuant to this section.

“(2) NO GOOD FAITH REQUIREMENT.—A non-
profit organization, financial institution, association
of financial institutions, regulatory authority of a fi-
nancial institution, or law enforcement agency that
transmits or shares information described under
paragraph (1) shall not be required to demonstrate
that such transmission or sharing was made on a
good faith basis in order to receive the benefit of the
safe harbor provided by paragraph (1).

“(c) NON-MANDATORY COMPLIANCE WITH THIS
SECTION.—This section may not be construed as requir-
ing a nonprofit organization to comply with the regula-
tions issued under subsection (a) before sharing informa-
tion with a financial institution, association of financial institutions, regulatory authority of a financial institution, or law enforcement agency.

“(d) REPORTS TO THE FINANCIAL SERVICES INDUSTRY ON SUSPICIOUS FINANCIAL ACTIVITIES.—Beginning 10 months after the date of the enactment of this section, and at least semiannually thereafter, the Secretary of the Treasury shall—

“(1) publish a report containing a detailed analysis identifying patterns of suspicious activity and other investigative insights derived from the regulations issued under this section and investigations conducted by Federal, State, local, and Tribal law enforcement agencies to the extent appropriate;

“(2) distribute such report to financial institutions; and

“(3) provide such report upon publication to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

“(e) NONPROFIT ORGANIZATION DEFINED.—For purposes of this section, the term ‘nonprofit organization’ means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code.”.
(b) Clerical Amendment.—The table of contents for chapter 53 of title 31, United States Code, is amended by inserting after the item relating to section 5332 the following:

“5333. Anti-money laundering information providers.”.