

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 2513) TO ENSURE THAT PERSONS WHO FORM CORPORATIONS OR LIMITED LIABILITY COMPANIES IN THE UNITED STATES DISCLOSE THE BENEFICIAL OWNERS OF THOSE CORPORATIONS OR LIMITED LIABILITY COMPANIES, IN ORDER TO PREVENT WRONGDOERS FROM EXPLOITING UNITED STATES CORPORATIONS AND LIMITED LIABILITY COMPANIES FOR CRIMINAL GAIN, TO ASSIST LAW ENFORCEMENT IN DETECTING, PREVENTING, AND PUNISHING TERRORISM, MONEY LAUNDERING, AND OTHER MISCONDUCT INVOLVING UNITED STATES CORPORATIONS AND LIMITED LIABILITY COMPANIES, AND FOR OTHER PURPOSES

OCTOBER 21, 2019.—Referred to the House Calendar and ordered to be printed

Mr. PERLMUTTER, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 646]

The Committee on Rules, having had under consideration House Resolution 646, by a record vote of 9 to 4, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 2513, the Corporate Transparency Act of 2019, under a structured rule. The resolution provides one hour of general debate on the bill equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The resolution waives all points of order against consideration of the bill. The resolution provides that the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill, modified by the amendment printed in Part A of this report, shall be considered as adopted and the bill as amended shall be considered as read. The resolution waives all points of order against provisions in H.R. 2513, as amended. The resolution makes in order only those amendments printed in Part B of this report. Each such amendment may be offered only in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the

House or in the Committee of the Whole. The resolution waives all points of order against the amendments printed in Part B of this report. The resolution provides one motion to recommit with or without instructions.

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of H.R. 2513 includes waivers of the following:

- Clause 12(a)(1) of rule XXI, which prohibits consideration of a bill unless there is a searchable electronic comparative print that shows how the bill proposes to change current law.
- Clause 12(b) of rule XXI, which prohibits consideration of a bill unless there is a searchable electronic comparative print that shows how the text of the bill as proposed to be considered differs from the text of the bill as reported.
- Clause 10 of rule XXI, which prohibits consideration of a measure that has a net effect of increasing the deficit or reducing the surplus over the five- or 10-year period; however, the budgetary effects of the bill are fully offset over the 10-year period.
- Section 302(f) of the Congressional Budget Act, which prohibits consideration of legislation providing new budget authority in excess of a 302(a) or 302(b) allocation of such authority.

Although the resolution waives all points of order against provisions in H.R. 2513, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendments printed in part B of this report, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 180

Motion by Mr. Cole to report an open rule. Defeated: 4–9

Majority Members	Vote	Minority Members	Vote
Mr. Hastings	Nay	Mr. Cole	Yea
Mrs. Torres	Nay	Mr. Woodall	Yea
Mr. Perlmutter	Nay	Mr. Burgess	Yea
Mr. Raskin	Nay	Mrs. Lesko	Yea
Ms. Scanlon	Nay		
Mr. Morelle	Nay		
Ms. Shalala	Nay		
Mr. DeSaulnier	Nay		
Mr. McGovern, Chairman	Nay		

Rules Committee record vote No. 181

Motion by Mr. Perlmutter to report the rule. Adopted: 9–4

Majority Members	Vote	Minority Members	Vote
Mr. Hastings	Yea	Mr. Cole	Nay
Mrs. Torres	Yea	Mr. Woodall	Nay
Mr. Perlmutter	Yea	Mr. Burgess	Nay

Majority Members	Vote	Minority Members	Vote
Mr. Raskin	Yea	Mrs. Lesko	Nay
Ms. Scanlon	Yea		
Mr. Morelle	Yea		
Ms. Shalala	Yea		
Mr. DeSaulnier	Yea		
Mr. McGovern, Chairman	Yea		

SUMMARY OF THE AMENDMENT TO H.R. 2513 IN PART A CONSIDERED
AS ADOPTED

1. Waters (CA): Adds the text of H.R. 2514, “The COUNTER Act of 2019,” into the underlying bill and makes necessary conforming and technical changes. H.R. 2514 closes significant loopholes that are commonly abused by bad actors and will make it harder for terrorists, traffickers, corrupt officials, and other criminals to hide, launder, move, and use their illicitly gained assets. H.R. 2514 also imposes new penalties for egregious acts and creates a whistleblower program to encourage those who identify bad actors, among other matters.

SUMMARY OF THE AMENDMENTS TO H.R. 2513 IN PART B MADE IN
ORDER

1. Burgess (TX): Requires an annual report to Congress of anonymized data on the number of beneficial owners per reporting corporation or LLC, the industry of each reporting corporation or LLC, and the location of the beneficial owners. (10 minutes)

2. Hill, French (AR): Requires FinCEN to develop a regime by which entities may gain access to the beneficial ownership database. Also requires FinCEN to report to Congress annually on: 1) the number of times law enforcement, banks, or other third parties have accessed the beneficial ownership database; 2) the number of times the database was inappropriately accessed; and 3) the number of subpoenas obtained to gain access to the database. (10 minutes)

3. Brown (MD): Adds refresher training no less than every 2 years for local, Tribal, State, or Federal law enforcement agencies who have access to beneficial ownership information to ensure the privacy of beneficial owners. (10 minutes)

4. Levin, Andy (MI): Ensures FinCEN may use the information obtained by this bill to notify industry and the public about criminal trends, while maintaining safeguards on personal privacy. (10 minutes)

5. Davidson (OH): Strikes the bill’s reporting mandate on small businesses, terminates the Customer Due Diligence Rule, and requires Treasury to conduct a study about all existing federal information databases available to law enforcement to discern the beneficial ownership of companies. (10 minutes)

PART A—TEXT OF AMENDMENT TO H.R. 2513 CONSIDERED AS ADOPTED

Page 3, before line 3, insert the following:

DIVISION A—CORPORATE TRANSPARENCY ACT OF 2019

Page 3, line 4, strike “This Act” and insert the following:

(a) IN GENERAL.—This Act

Page 3, after line 5, insert the following:

(b) REFERENCES TO THIS ACT.—In this division—

(1) any reference to “this Act” shall be deemed a reference to “this division”; and

(2) except as otherwise expressly provided, any reference to a section or other provision shall be deemed a reference to that section or other provision of this division.

Page 26, after line 23, insert the following (and redesignate subsequent clauses accordingly):

“(xvi) any pooled investment vehicle that is operated or advised by a person described in clause (iii), (iv), (v), (vi), (viii), (ix), or (xi);”.

Page 30, strike line 20 and all that follows through page 32, line 8, and insert the following:

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated \$20,000,000 for each of fiscal years 2020 and 2021 to the Financial Crimes Enforcement Network to carry out this Act and the amendments made by this Act.

Add at the end the following:

DIVISION B—COUNTER ACT OF 2019

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Coordinating Oversight, Upgrading and Innovating Technology, and Examiner Reform Act of 2019” or the “COUNTER Act of 2019”.

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

DIVISION B—COUNTER ACT OF 2019

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 J—IMPROVING AML/CFT OVERSIGHT

- Sec. 201. Pilot program on sharing of suspicious activity reports within a financial group.
- Sec. 202. Sharing of compliance resources.
- Sec. 203. GAO Study on feedback loops.
- Sec. 204. FinCEN study on BSA value.
- Sec. 205. Sharing of threat pattern and trend information.
- Sec. 206. Modernization and upgrading whistleblower protections.
- Sec. 207. Certain violators barred from serving on boards of United States financial institutions.
- Sec. 208. Additional damages for repeat Bank Secrecy Act violators.
- Sec. 209. Justice annual report on deferred and non-prosecution agreements.
- Sec. 210. Return of profits and bonuses.
- Sec. 211. Application of Bank Secrecy Act to dealers in antiquities.
- Sec. 212. Geographic targeting order.
- Sec. 213. Study and revisions to currency transaction reports and suspicious activity reports.
- Sec. 214. Streamlining requirements for currency transaction reports and suspicious activity reports.

TITLE K—MODERNIZING THE AML SYSTEM

- Sec. 301. Encouraging innovation in BSA compliance.
 - Sec. 302. Innovation Labs.
 - Sec. 303. Innovation Council.
 - Sec. 304. Testing methods rulemaking.
 - Sec. 305. FinCEN study on use of emerging technologies.
 - Sec. 306. Discretionary surplus funds.
- (c) REFERENCES TO THIS ACT.—In this division—
- (1) any reference to “this Act” shall be deemed a reference to “this division”; and
 - (2) except as otherwise expressly provided, any reference to a section or other provision shall be deemed a reference to that section or other provision of this division.

SEC. 2. BANK SECRECY ACT DEFINITION.

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

- “(7) BANK SECRECY ACT.—The term ‘Bank Secrecy act’ means—
- “(A) section 21 of the Federal Deposit Insurance Act;
 - “(B) chapter 2 of title I of Public Law 91–508; and
 - “(C) this subchapter.”.

TITLE I—STRENGTHENING TREASURY**SEC. 101. IMPROVING THE DEFINITION AND PURPOSE OF THE BANK SECRECY ACT.**

Section 5311 of title 31, United States Code, is amended—

- (1) by inserting “to protect our national security, to safeguard the integrity of the international financial system, and” before “to require”; and
- (2) by inserting “to law enforcement and” before “in criminal”.

SEC. 102. SPECIAL HIRING AUTHORITY.

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

- (1) by redesignating subsection (d) as subsection (g); and
 - (2) by inserting after subsection (c) the following:
- “(d) SPECIAL HIRING AUTHORITY.—

“(1) IN GENERAL.—The Secretary of the Treasury may appoint, without regard to the provisions of sections 3309 through 3318 of title 5, candidates directly to positions in the competitive service (as defined in section 2102 of that title) in FinCEN.

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

(b) REPORT.—Not later than 360 days after the date of enactment of this Act, and every year thereafter for 7 years, the Director of the Financial Crimes Enforcement Network shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that includes—

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

(2) a copy of any Federal Government survey of staff perspectives at the Office of Terrorism and Financial Intelligence, including findings regarding the Office and the Financial Crimes Enforcement Network from the most recently administered Federal Employee Viewpoint Survey.

SEC. 103. CIVIL LIBERTIES AND PRIVACY OFFICER.

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

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

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

(3) within the Internal Revenue Service Small Business and Self-Employed Tax Center, by the Secretary of the Treasury.

(b) DUTIES.—Each Civil Liberties and Privacy Officer shall, with respect to the applicable regulator, Network, or Center within which the Officer is located—

(1) be consulted each time Bank Secrecy Act or anti-money laundering regulations affecting civil liberties or privacy are developed or reviewed;

(2) be consulted on information-sharing programs, including those that provide access to personally identifiable information;

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

(4) contribute to the evaluation and regulation of new technologies that may strengthen data privacy and the protection of personally identifiable information collected by each Federal functional regulator; and

(5) develop metrics of program success.

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

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

(2) **FEDERAL FUNCTIONAL REGULATOR.**—The term “Federal functional regulator” means the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Securities and Exchange Commission, and the Commodity Futures Trading Commission.

SEC. 104. CIVIL LIBERTIES AND PRIVACY COUNCIL.

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

(b) **CHAIR.**—The Director of the Financial Crimes Enforcement Network shall serve as the Chair of the Council.

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

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

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

(2) may include open and partially closed sessions, as determined necessary by the Council; and

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

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

(f) **NONAPPLICABILITY OF FACA.**—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Council.

SEC. 105. INTERNATIONAL COORDINATION.

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

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

(c) **INTERNATIONAL MONETARY FUND.**—

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

“SEC. 1629. SUPPORT FOR CAPACITY OF THE INTERNATIONAL MONETARY FUND TO PREVENT MONEY LAUNDERING AND FINANCING OF TERRORISM.

“The Secretary of the Treasury shall instruct the United States Executive Director at the International Monetary Fund to support the increased use of the administrative budget of the Fund for technical assistance that strengthens the capacity of Fund members to prevent money laundering and the financing of terrorism.”.

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

(A) the activities of the International Monetary Fund in the most recently completed fiscal year to provide technical assistance that strengthens the capacity of Fund members to prevent money laundering and the financing of terrorism, and the effectiveness of the assistance; and

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

(3) SUNSET.—Effective on the date that is the end of the 4-year period beginning on the date of enactment of this Act, section 1629 of the International Financial Institutions Act, as added by paragraph (1), is repealed.

SEC. 106. TREASURY ATTACHÉS PROGRAM.

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

“§ 316. Treasury Attachés Program

“(a) IN GENERAL.—There is established the Treasury Attachés Program, under which the Secretary of the Treasury shall appoint employees of the Department of the Treasury, after nomination by the Director of the Financial Crimes Enforcement Network (‘FinCEN’), as a Treasury attaché, who shall—

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

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

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

“(4) establish and maintain relationships with foreign counterparts, including employees of ministries of finance, central banks, and other relevant official entities;

“(5) conduct outreach to local and foreign financial institutions and other commercial actors, including—

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

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

“(i) United States and multilateral sanctions; and

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

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

“(b) NUMBER OF ATTACHÉS.—The number of Treasury attachés appointed under this section at any one time shall be not fewer than 6 more employees than the number of employees of the Department of the Treasury serving as Treasury attachés on March 1, 2019.

“(c) COMPENSATION.—Each Treasury attaché appointed under this section and located at a United States embassy shall receive compensation at the higher of—

“(1) the rate of compensation provided to a Foreign Service officer at a comparable career level serving at the same embassy; or

“(2) the rate of compensation the Treasury attaché would otherwise have received, absent the application of this subsection.

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

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

“316. Treasury Attachés Program.”

SEC. 107. INCREASING TECHNICAL ASSISTANCE FOR INTERNATIONAL COOPERATION.

(a) IN GENERAL.—There is authorized to be appropriated for each of fiscal years 2020 through 2024 to the Secretary of the Treasury for purposes of providing technical assistance that promotes compliance with international standards and best practices, including in particular those aimed at the establishment of effective anti-money laundering and countering the financing of terrorism regimes, in an amount equal to twice the amount authorized for such purpose for fiscal year 2019.

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

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

(2) a description of technical assistance provided by the Office in the previous year, including the objectives and delivery methods of the assistance;

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

(4) a description of how technical assistance provided by the Office complements, duplicates, or otherwise affects or is affected by technical assistance provided by the international financial institutions (as defined under section 1701(c) of the International Financial Institutions Act); and

(5) a copy of any Federal Government survey of staff perspectives at the Office of Technical Assistance, including any findings regarding the Office from the most recently administered Federal Employee Viewpoint Survey.

SEC. 108. FINCEN DOMESTIC LIAISONS.

Section 310 of title 31, United States Code, as amended by section 102, is further amended by inserting after subsection (d) the following:

“(e) FINCEN DOMESTIC LIAISONS.—

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

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

“(B) be located at an office in such region (or co-located at an office of the Board of Governors of the Federal Reserve System in such region); and

“(C) perform outreach to BSA officers at financial institutions (including non-bank financial institutions) and persons who are not financial institutions, especially with respect to actions taken by FinCEN that require specific actions by, or have specific effects on, such institutions or persons, as determined by the Director.

“(2) DEFINITIONS.—In this subsection:

“(A) BSA OFFICER.—The term ‘BSA officer’ means an employee of a financial institution whose primary job responsibility involves compliance with the Bank Secrecy Act, as such term is defined under section 5312.

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

SEC. 109. FINCEN EXCHANGE.

Section 310 of title 31, United States Code, as amended by section 108, is further amended by inserting after subsection (e) the following:

“(f) FINCEN EXCHANGE.—

“(1) ESTABLISHMENT.—The FinCEN Exchange is hereby established within FinCEN, which shall consist of the FinCEN Exchange program of FinCEN in existence on the day before the date of enactment of this paragraph.

“(2) PURPOSE.—The FinCEN Exchange shall facilitate a voluntary public-private information sharing partnership among law enforcement, financial institutions, and FinCEN to—

“(A) effectively and efficiently combat money laundering, terrorism financing, organized crime, and other financial crimes;

“(B) protect the financial system from illicit use; and

“(C) promote national security.

“(3) REPORT.—

“(A) IN GENERAL.—Not later than one year after the date of enactment of this subsection, and annually thereafter for the next five years, the Secretary of the Treasury shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report containing—

“(i) an analysis of the efforts undertaken by the FinCEN Exchange and the results of such efforts;

“(ii) an analysis of the extent and effectiveness of the FinCEN Exchange, including any benefits realized by law enforcement from partnership with financial institutions; and

“(iii) any legislative, administrative, or other recommendations the Secretary may have to strengthen FinCEN Exchange efforts.

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

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

“(5) RULE OF CONSTRUCTION.—Nothing under this subsection may be construed to create new information sharing authorities related to the Bank Secrecy Act (as such term is defined under section 5312 of title 31, United States Code).

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

SEC. 110. STUDY AND STRATEGY ON TRADE-BASED MONEY LAUNDERING.

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

(b) REPORT.—Not later than the end of the 1-year period beginning on the date of the enactment of this Act, the Secretary shall issue a report to the Congress containing—

(1) all findings and determinations made in carrying out the study required under subsection (a); and

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

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

(d) CONTRACTING AUTHORITY.—The Secretary may contract with a private third-party to carry out the study required under this section. The authority of the Secretary to enter into contracts under this subsection shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts.

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

(a) REVIEW.—The Secretary of the Treasury, in consultation with appropriate private sector stakeholders, examiners, and the Federal functional regulators (as defined under section 103) and other relevant stakeholders, shall undertake a formal review of—

(1) any adverse consequences of financial institutions de-risking entire categories of relationships, including charities, embassy accounts, money services businesses (as defined under section 1010.100(ff) of title 31, Code of Federal Regulations) and their agents, countries, international and domestic regions, and respondent banks;

(2) the reasons why financial institutions are engaging in de-risking;

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

(4) the most appropriate ways to promote financial inclusion, particularly with respect to developing countries, while maintaining compliance with the Bank Secrecy Act, including an assessment of policy options to—

(A) more effectively tailor Federal actions and penalties to the size of foreign financial institutions and any capacity limitations of foreign governments; and

(B) reduce compliance costs that may lead to the adverse consequences described in paragraph (1);

(5) formal and informal feedback provided by examiners that may have led to de-risking;

(6) the relationship between resources dedicated to compliance and overall sophistication of compliance efforts at entities that may be experiencing de-risking versus those that have not experienced de-risking; and

(7) any best practices from the private sector that facilitate correspondent bank relationships.

(b) **DE-RISKING STRATEGY.**—The Secretary shall develop a strategy to reduce de-risking and adverse consequences related to de-risking.

(c) **REPORT.**—Not later than the end of the 1-year period beginning on the date of the enactment of this Act, the Secretary, in consultation with the Federal functional regulators and other relevant stakeholders, shall issue a report to the Congress containing—

(1) all findings and determinations made in carrying out the study required under subsection (a); and

(2) the strategy developed pursuant to subsection (b).

(d) **DEFINITIONS.**—In this section:

(1) **DE-RISKING.**—The term “de-risking” means the wholesale closing of accounts or limiting of financial services for a category of customer due to unsubstantiated risk as it relates to compliance with the Bank Secrecy Act.

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

SEC. 112. AML EXAMINATION AUTHORITY DELEGATION STUDY.

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

(1) an evaluation of the efficacy of the delegation, especially with respect to the mission of the Bank Secrecy Act;

(2) whether the delegated agencies have appropriate resources to perform their delegated responsibilities; and

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

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

(1) all findings and determinations made in carrying out the study required under subsection (a); and

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

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

SEC. 113. STUDY AND STRATEGY ON CHINESE MONEY LAUNDERING.

(a) **STUDY.**—The Secretary of the Treasury shall carry out a study on the extent and effect of Chinese money laundering activities in the United States, including territories and possessions of the United States, and worldwide.

(b) **STRATEGY TO COMBAT CHINESE MONEY LAUNDERING.**—Upon the completion of the study required under subsection (a), the Secretary shall, in consultation with such other Federal departments and agencies as the Secretary determines appropriate, develop a strategy to combat Chinese money laundering activities.

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

- (1) all findings and determinations made in carrying out the study required under subsection (a); and
- (2) the strategy developed under subsection (b).

TITLE J—IMPROVING AML/CFT OVERSIGHT

SEC. 201. PILOT PROGRAM ON SHARING OF SUSPICIOUS ACTIVITY REPORTS WITHIN A FINANCIAL GROUP.

(a) **IN GENERAL.**—

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

“(5) **PILOT PROGRAM ON SHARING WITH FOREIGN BRANCHES, SUBSIDIARIES, AND AFFILIATES.**—

“(A) **IN GENERAL.**—The Secretary of the Treasury shall issue rules establishing the pilot program described under subparagraph (B), subject to such controls and restrictions as the Director of the Financial Crimes Enforcement Network determines appropriate, including controls and restrictions regarding participation by financial institutions and jurisdictions in the pilot program. In prescribing such rules, the Secretary shall ensure that the sharing of information described under such subparagraph (B) is subject to appropriate standards and requirements regarding data security and the confidentiality of personally identifiable information.

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

“(i) permit a financial institution with a reporting obligation under this subsection to share reports (and information on such reports) under this subsection with the institution’s foreign branches, subsidiaries, and affiliates for the purpose of combating illicit fi-

nance risks, notwithstanding any other provision of law except subparagraphs (A) and (C);

“(ii) terminate on the date that is five years after the date of enactment of this paragraph, except that the Secretary may extend the pilot program for up to two years upon submitting a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that includes—

“(I) a certification that the extension is in the national interest of the United States, with a detailed explanation of the reasons therefor;

“(II) an evaluation of the usefulness of the pilot program, including a detailed analysis of any illicit activity identified or prevented as a result of the program; and

“(III) a detailed legislative proposal providing for a long-term extension of the pilot program activities, including expected budgetary resources for the activities, if the Secretary determines that a long-term extension is appropriate.

“(C) PROHIBITION INVOLVING CERTAIN JURISDICTIONS.—In issuing the regulations required under subparagraph (A), the Secretary may not permit a financial institution to share information on reports under this subsection with a foreign branch, subsidiary, or affiliate located in—

“(i) the People’s Republic of China;

“(ii) the Russian Federation; or

“(iii) a jurisdiction that—

“(I) is subject to countermeasures imposed by the Federal Government;

“(II) is a state sponsor of terrorism; or

“(III) the Secretary has determined cannot reasonably protect the privacy and confidentiality of such information or would otherwise use such information in a manner that is not consistent with the national interest of the United States.

“(D) IMPLEMENTATION UPDATES.—Not later than 360 days after the date rules are issued under subparagraph (A), and annually thereafter for three years, the Secretary, or the Secretary’s designee, shall brief the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on—

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

“(ii) the effectiveness of the pilot program in identifying or preventing the violation of a United States law or regulation, and mechanisms that may improve such effectiveness; and

“(iii) any recommendations to amend the design of the pilot program.

“(E) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as limiting the Secretary’s authority under provisions of law other than this paragraph to establish other permissible purposes or methods for a financial institution sharing reports (and information on such reports) under this subsection with the institution’s foreign headquarters or with other branches of the same institution.

“(F) NOTICE OF USE OF OTHER AUTHORITY.—If the Secretary, pursuant to any authority other than that provided under this paragraph, permits a financial institution to share information on reports under this subsection with a foreign branch, subsidiary, or affiliate located in a foreign jurisdiction, the Secretary shall notify the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of such permission and the applicable foreign jurisdiction.

“(6) TREATMENT OF FOREIGN JURISDICTION-ORIGINATED REPORTS.—A report received by a financial institution from a foreign affiliate with respect to a suspicious transaction relevant to a possible violation of law or regulation shall be subject to the same confidentiality requirements provided under this subsection for a report of a suspicious transaction described under paragraph (1).”.

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

(A) in clause (i), by inserting after “transaction has been reported” the following: “or otherwise reveal any information that would reveal that the transaction has been reported”; and

(B) in clause (ii), by inserting after “transaction has been reported,” the following: “or otherwise reveal any information that would reveal that the transaction has been reported,”.

(b) RULEMAKING.—Not later than the end of the 360-day period beginning on the date of enactment of this Act, the Secretary of the Treasury shall issue regulations to carry out the amendments made by this section.

SEC. 202. SHARING OF COMPLIANCE RESOURCES.

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

“(o) SHARING OF COMPLIANCE RESOURCES.—

“(1) SHARING PERMITTED.—Two or more financial institutions may enter into collaborative arrangements in order to more efficiently comply with the requirements of this subchapter.

“(2) OUTREACH.—The Secretary of the Treasury and the appropriate supervising agencies shall carry out an outreach program to provide financial institutions with information, including best practices, with respect to the sharing of resources described under paragraph (1).”.

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

SEC. 203. GAO STUDY ON FEEDBACK LOOPS.

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

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

(2) any practices or standards inside or outside the United States for providing feedback through sensitive information and public-private partnership information sharing efforts, specifically related to efforts to combat money laundering and other forms of illicit finance.

(b) **REPORT.**—Not later than the end of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall issue a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives containing—

(1) all findings and determinations made in carrying out the study required under subsection (a);

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

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

SEC. 204. FINCEN STUDY ON BSA VALUE.

(a) **STUDY.**—The Director of the Financial Crimes Enforcement Network shall carry out a study on Bank Secrecy Act value.

(b) **REPORT.**—Not later than the end of the 30-day period beginning on the date the study under subsection (a) is completed, the Director shall issue a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing all findings and determinations made in carrying out the study required under this section.

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

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

SEC. 205. SHARING OF THREAT PATTERN AND TREND INFORMATION.

Section 5318(g) of title 31, United States Code, as amended by section 201(a)(1), is further amended by adding at the end the following:

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

“(A) SAR ACTIVITY REVIEW.—The Director of the Financial Crimes Enforcement Network shall restart publication of the ‘SAR Activity Review – Trends, Tips & Issues’, on not less than a semi-annual basis, to provide meaningful information about the preparation, use, and value of reports filed under this subsection by financial institutions, as well as other reports filed by financial 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) TYPOLOGY DEFINED.—For purposes of this paragraph, the term ‘typology’ means the various techniques used to launder money or finance terrorism.”.

SEC. 206. MODERNIZATION AND UPGRADING WHISTLEBLOWER 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, subject to amounts made available in advance by appropriation Acts, use 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) by inserting after section 5323 the following:

“§ 5323A. Whistleblower incentives

“(a) DEFINITIONS.—In this section:

“(1) COVERED JUDICIAL OR ADMINISTRATIVE ACTION.—The term ‘covered judicial or administrative action’ means any judicial or administrative action brought by FinCEN under the Bank Secrecy Act that results in monetary sanctions exceeding \$1,000,000.

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

“(3) MONETARY SANCTIONS.—The term ‘monetary sanctions’, when used with respect to any judicial or administrative action, means—

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

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

“(4) ORIGINAL INFORMATION.—The term ‘original information’ means information that—

“(A) is derived from the independent knowledge or analysis of a whistleblower;

“(B) is not known to FinCEN from any other source, unless the whistleblower is the original source of the information; and

“(C) is not exclusively derived from an allegation made in a judicial or administrative hearing, in a governmental report, hearing, audit, or investigation, or from the news media, unless the whistleblower is a source of the information.

“(5) RELATED ACTION.—The term ‘related action’, when used with respect to any judicial or administrative action brought by FinCEN, means any judicial or administrative action that is based upon original information provided by a whistleblower that led to the successful enforcement of the action.

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

“(7) WHISTLEBLOWER.—The term ‘whistleblower’ means any individual who provides, or 2 or more individuals acting jointly who provide, information relating to a violation of laws enforced by FinCEN, in a manner established, by rule or regulation, by FinCEN.

“(b) AWARDS.—

“(1) IN GENERAL.—In any covered judicial or administrative action, or related action, the Secretary, under such rules as the Secretary may issue and subject to subsection (c), shall pay an award or awards to 1 or more whistleblowers who voluntarily provided original information to FinCEN that led to the successful enforcement of the covered judicial or administrative action, or related action, in an aggregate amount equal to not more than 30 percent, in total, of what has been collected of the monetary sanctions imposed in the action.

“(2) SOURCE OF AWARDS.—For the purposes of paying any award under paragraph (1), the Secretary may, subject to amounts made available in advance by appropriation Acts, use monetary sanction amounts recovered based on the original information with respect to which the award is being paid.

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

“(1) DETERMINATION OF AMOUNT OF AWARD.—

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

“(B) CRITERIA.—In responding to a disclosure and determining the amount of an award made, FinCEN staff shall meet with the whistleblower to discuss evidence disclosed and rebuttals to the disclosure, and shall take into consideration—

“(i) the significance of the information provided by the whistleblower to the success of the covered judicial or administrative action;

“(ii) the degree of assistance provided by the whistleblower and any legal representative of the whistleblower in a covered judicial or administrative action;

“(iii) the mission of FinCEN in deterring violations of the law by making awards to whistleblowers who provide information that lead to the successful enforcement of such laws; and

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

“(2) DENIAL OF AWARD.—No award under subsection (b) shall be made—

“(A) to any whistleblower who is, or was at the time the whistleblower acquired the original information submitted to FinCEN, a member, officer, or employee of—

- “(i) an appropriate regulatory agency;
- “(ii) the Department of Justice;
- “(iii) a self-regulatory organization; or
- “(iv) a law enforcement organization;

“(B) to any whistleblower who is convicted of a criminal violation, or who the Secretary has a reasonable basis to believe committed a criminal violation, related to the judicial or administrative action for which the whistleblower otherwise could receive an award under this section;

“(C) to any whistleblower who gains the information through the performance of an audit of financial statements required under the Bank Secrecy Act and for whom such submission would be contrary to its requirements; or

“(D) to any whistleblower who fails to submit information to FinCEN in such form as the Secretary may, by rule, require.

“(3) STATEMENT OF REASONS.—For any decision granting or denying an award, the Secretary shall provide to the whistleblower a statement of reasons that includes findings of fact and conclusions of law for all material issues.

“(d) REPRESENTATION.—

“(1) PERMITTED REPRESENTATION.—Any whistleblower who makes a claim for an award under subsection (b) may be represented by counsel.

“(2) REQUIRED REPRESENTATION.—

“(A) IN GENERAL.—Any whistleblower who anonymously makes a claim for an award under subsection (b) shall be represented by counsel if the whistleblower anonymously submits the information upon which the claim is based.

“(B) DISCLOSURE OF IDENTITY.—Prior to the payment of an award, a whistleblower shall disclose their identity and provide such other information as the Secretary may require, directly or through counsel for the whistleblower.

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

“(f) EMPLOYEE PROTECTIONS.—The Secretary of the Treasury shall issue regulations protecting a whistleblower from retaliation, which shall be as close as practicable to the employee protections provided for under section 1057 of the Consumer Financial Protection Act of 2010.”; and

(2) in the table of contents for such chapter, by inserting after the item relating to section 5323 the following new item: “5323A. Whistleblower incentives.”.

SEC. 207. CERTAIN VIOLATORS BARRED FROM SERVING ON BOARDS OF UNITED STATES FINANCIAL INSTITUTIONS.

Section 5321 of title 31, United States Code, is amended by adding at the end the following:

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

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

“(2) EGREGIOUS VIOLATION DEFINED.—With respect to an individual, the term ‘egregious violation’ means—

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

“(B) a civil violation where the individual willfully committed such violation and the violation facilitated money laundering or the financing of terrorism.”.

SEC. 208. ADDITIONAL DAMAGES FOR REPEAT BANK SECRECY ACT VIOLATORS.

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

“(g) ADDITIONAL DAMAGES FOR REPEAT VIOLATORS.—In addition to any other fines permitted by this section and section 5322, with respect to a person who has previously been convicted of a criminal provision of (or rule issued under) the Bank Secrecy Act or who has admitted, as part of a deferred- or non-prosecution agreement, to having previously committed a violation of a criminal provision of (or rule issued under) the Bank Secrecy Act, the Secretary may impose an additional civil penalty against such person for each additional such violation in an amount equal to up three times the profit gained or loss avoided by such person as a result of the violation.”.

(b) PROSPECTIVE APPLICATION OF AMENDMENT.—For purposes of determining whether a person has committed a previous violation under section 5321(g) of title 31, United States Code, such determination shall only include violations occurring after the date of enactment of this Act.

SEC. 209. JUSTICE ANNUAL REPORT ON DEFERRED AND NON-PROSECUTION AGREEMENTS.

(a) ANNUAL REPORT.—The Attorney General shall issue an annual report, every year for the five years beginning on the date of enactment of this Act, to the Committees on Financial Services and the Judiciary of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and the Judiciary of the Senate containing—

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

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

(3) the list of factors that were taken into account in determining that the Attorney General should enter into each such agreement; and

(4) the extent of coordination the Attorney General conducted with the Financial Crimes Enforcement Network prior to entering into each such agreement.

(b) CLASSIFIED ANNEX.—Each report under subsection (a) may include a classified annex.

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

SEC. 210. RETURN OF PROFITS AND BONUSES.

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

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

“(1) in addition to any other fine under this section, be fined in an amount equal to the profit gained by such person by reason of such violation, as determined by the court; and

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

(b) RULE OF CONSTRUCTION.—The amendment made by subsection (a) may not be construed to prohibit a financial institution from requiring the repayment of a bonus paid to a partner, director, officer, or employee if the financial institution determines that the partner, director, officer, or employee engaged in unethical, but non-criminal, activities.

SEC. 211. APPLICATION OF BANK SECRECY ACT TO DEALERS IN ANTIQUITIES.

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

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

(2) by redesignating subparagraph (Z) as subparagraph (AA); and

(3) by inserting after subsection (Y) the following:

“(Z) a person trading or acting as an intermediary in the trade of antiquities, including an advisor, consultant or any other person who engages as a business in the solicitation of the sale of antiquities; or”.

(b) STUDY ON THE FACILITATION OF MONEY LAUNDERING AND TERROR FINANCE THROUGH THE TRADE OF WORKS OF ART OR ANTIQUITIES.—

(1) STUDY.—The Secretary of the Treasury, in coordination with Federal Bureau of Investigation, the Attorney General, and Homeland Security Investigations, shall perform a study on the facilitation of money laundering and terror finance through the trade of works of art or antiquities, including an analysis of—

(A) the extent to which the facilitation of money laundering and terror finance through the trade of works of art or antiquities may enter or affect the financial system of

the United States, including any qualitative data or statistics;

(B) whether thresholds and definitions should apply in determining which entities to regulate;

(C) an evaluation of which markets, by size, entity type, domestic or international geographical locations, or otherwise, should be subject to regulations, but only to the extent such markets are not already required to report on the trade of works of art or antiquities to the Federal Government;

(D) an evaluation of whether certain exemptions should apply; and

(E) any other points of study or analysis the Secretary determines necessary or appropriate.

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

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

SEC. 212. GEOGRAPHIC TARGETING ORDER.

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

(1) applies to commercial real estate to the same extent, with the exception of having the same thresholds, as the order issued by FinCEN on November 15, 2018, applies to residential real estate; and

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

SEC. 213. STUDY AND REVISIONS TO CURRENCY TRANSACTION REPORTS AND SUSPICIOUS ACTIVITY REPORTS.

(a) CURRENCY TRANSACTION REPORTS.—

(1) CTR INDEXED FOR INFLATION.—

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

(B) EXCEPTION.—Notwithstanding subparagraph (A), the Secretary may make appropriate adjustments to the threshold amounts described under subparagraph (A) in high-risk areas (e.g., High Intensity Financial Crime Areas

or HIFCAs), if the Secretary has demonstrable evidence that shows a threshold raise would increase serious crimes, such as trafficking, or endanger national security.

(2) GAO CTR STUDY.—

(A) STUDY.—The Comptroller General of the United States shall carry out a study of currency transaction reports. Such study shall include—

(i) a review (carried out in consultation with the Secretary of the Treasury, the Financial Crimes Enforcement Network, the United States Attorney General, the State Attorneys General, and State, Tribal, and local law enforcement) of the effectiveness of the current currency transaction reporting regime;

(ii) an analysis of the importance of currency transaction reports to law enforcement; and

(iii) an analysis of the effects of raising the currency transaction report threshold.

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

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

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

(b) MODIFIED SARs STUDY AND DESIGN.—

(1) STUDY.—The Director of the Financial Crimes Enforcement Network shall carry out a study, in consultation with industry stakeholders (including money services businesses, community banks, and credit unions), regulators, and law enforcement, of the design of a modified suspicious activity report form for certain customers and activities. Such study shall include—

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

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

(i) seasoned business customers;

(ii) financial technology (Fintech) firms;

(iii) structuring transactions; and

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

(C) an analysis of the most effective methods to reduce the regulatory burden imposed on financial institutions in complying with the Bank Secrecy Act, including an analysis of the effect of—

(i) modifying thresholds;

(ii) shortening forms;

(iii) combining Bank Secrecy Act forms;

(iv) filing reports in periodic batches; and

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

(2) STUDY CONSIDERATIONS.—In carrying out the study required under paragraph (1), the Director shall seek to balance

law enforcement priorities, regulatory burdens experienced by financial institutions, and the requirement for reports to have a “high degree of usefulness to law enforcement” under the Bank Secrecy Act.

(3) REPORT.—Not later than the end of the 1-year period beginning on the date of enactment of this Act, the Director shall issue a report to Congress containing—

(A) all findings and determinations made in carrying out the study required under subsection (a); and

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

(4) CONTRACTING AUTHORITY.—The Director may contract with a private third-party to carry out the study required under this subsection. The authority of the Director to enter into contracts under this paragraph shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts.

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

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

(2) REGULATORY BURDEN.—The term “regulatory burden” means the man-hours to complete filings, cost of data collection and analysis, and other considerations of chapter 35 of title 44, United States Code (commonly referred to as the Paperwork Reduction Act).

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

(4) SEASONED BUSINESS CUSTOMER.—The term “seasoned business customer”, shall have such meaning as the Secretary of the Treasury shall prescribe, which shall include any person that—

(A) is incorporated or organized under the laws of the United States or any State, or is registered as, licensed by, or otherwise eligible to do business within the United States, a State, or political subdivision of a State;

(B) has maintained an account with a financial institution for a length of time as determined by the Secretary; and

(C) meet such other requirements as the Secretary may determine necessary or appropriate.

SEC. 214. STREAMLINING REQUIREMENTS FOR CURRENCY TRANSACTION REPORTS AND SUSPICIOUS ACTIVITY REPORTS.

(a) REVIEW.—The Secretary of the Treasury (in consultation with Federal law enforcement agencies, the Director of National Intelligence, and the Federal functional regulators and in consultation with other relevant stakeholders) shall undertake a formal review of the current financial institution reporting requirements under the Bank Secrecy Act and its implementing regulations and propose changes to further reduce regulatory burdens, and ensure that the information provided is of a “high degree of usefulness” to law enforcement, as set forth under section 5311 of title 31, United States Code.

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

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

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

(3) whether the circumstances under which a financial institution determines whether to file a “continuing suspicious activity report”, or the processes followed by a financial institution in determining whether to file a “continuing suspicious activity report” (or both) can be narrowed;

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

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

(6) the current financial institution reporting requirements under the Bank Secrecy Act and its implementing regulations and guidance; and

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

(c) REPORT.—Not later than the end of the one year period beginning on the date of the enactment of this Act, the Secretary of the Treasury, in consultation with law enforcement and persons subject to Bank Secrecy Act requirements, shall issue a report to the Congress containing all findings and determinations made in carrying out the review required under subsection (a).

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

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

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

TITLE K—MODERNIZING THE AML SYSTEM

SEC. 301. ENCOURAGING INNOVATION IN BSA COMPLIANCE.

Section 5318 of title 31, United States Code, as amended by section 202, is further amended by adding at the end the following:

“(p) ENCOURAGING INNOVATION IN COMPLIANCE.—

“(1) IN GENERAL.—The Federal functional regulators shall encourage financial institutions to consider, evaluate, and, where appropriate, responsibly implement innovative approaches to meet the requirements of this subchapter, including through the use of innovation pilot programs.

“(2) EXEMPTIVE RELIEF.—The Secretary, pursuant to subsection (a), may provide exemptions from the requirements of this subchapter if the Secretary determines such exemptions are necessary to facilitate the testing and potential use of new technologies and other innovations.

“(3) **RULE OF CONSTRUCTION.**—This subsection may not be construed to require financial institutions to consider, evaluate, or implement innovative approaches to meet the requirements of the Bank Secrecy Act.

“(4) **FEDERAL FUNCTIONAL REGULATOR DEFINED.**—In this subsection, the term ‘Federal functional regulator’ means the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Securities and Exchange Commission, and the Commodity Futures Trading Commission.”.

SEC. 302. INNOVATION LABS.

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

“§ 5333. Innovation Labs

“(a) **ESTABLISHMENT.**—There is established within the Department of the Treasury and each Federal functional regulator an Innovation Lab.

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

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

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

“(2) to support the implementation of responsible innovation and new technology, in a manner that complies with the requirements of the Bank Secrecy Act;

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

“(4) to develop metrics of success.

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

“(e) **FEDERAL FUNCTIONAL REGULATOR DEFINED.**—In this subsection, the term ‘Federal functional regulator’ means the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Securities and Exchange Commission, and the Commodity Futures Trading Commission.”.

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

“5333. Innovation Labs.”.

SEC. 303. INNOVATION COUNCIL.

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

“§ 5334. Innovation Council

“(a) ESTABLISHMENT.—There is established the Innovation Council (hereinafter in this section referred to as the ‘Council’), which shall consist of each Director of an Innovation Lab established under section 5334 and the Director of the Financial Crimes Enforcement Network.

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

“(c) DUTY.—The members of the Council shall coordinate on activities related to innovation under the Bank Secrecy Act, but may not supplant individual agency determinations on innovation.

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

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

“(2) may include open and closed sessions, as determined necessary by the Council; and

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

“(e) REPORT.—The Council shall issue an annual report, for each of the 7 years beginning on the date of enactment of this section, to the Secretary of the Treasury on the activities of the Council during the previous year, including the success of programs as measured by metrics of success developed pursuant to section 5334(c)(4), and any regulatory or legislative recommendations that the Council may have.”.

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

“5334. Innovation Council.”.

SEC. 304. TESTING METHODS RULEMAKING.

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

“(q) TESTING.—

“(1) IN GENERAL.—The Secretary of the Treasury, in consultation with the head of each agency to which the Secretary has delegated duties or powers under subsection (a), shall issue a rule to specify—

“(A) with respect to technology and related technology-internal processes (‘new technology’) designed to facilitate compliance with the Bank Secrecy Act requirements, the standards by which financial institutions are to test new technology; and

“(B) in what instances or under what circumstance and criteria a financial institution may replace or terminate legacy technology and processes for any examinable technology or process without the replacement or termination being determined an examination deficiency.

“(2) STANDARDS.—The standards described under paragraph (1) may include—

“(A) an emphasis on using innovative approaches, such as machine learning, rather than rules-based systems;

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

“(C) requirements for appropriate data privacy and security; and

“(D) a requirement that the algorithms used by the regime be disclosed to the Financial Crimes Enforcement Network, upon request.

“(3) CONFIDENTIALITY OF ALGORITHMS.—If a financial institution or any director, officer, employee, or agent of any financial institution, voluntarily or pursuant to this subsection or any other authority, discloses the institution’s algorithms to a Government agency, such algorithms and any materials associated with the creation of such algorithms shall be considered confidential and not subject to public disclosure.”.

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

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

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

SEC. 305. FINCEN STUDY ON USE OF EMERGING TECHNOLOGIES.

(a) STUDY.—

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

(A) the status of implementation and internal use of emerging technologies, including artificial intelligence (“AI”), digital identity technologies, blockchain technologies, and other innovative technologies within FinCEN;

(B) whether AI, digital identity technologies, blockchain technologies, and other innovative technologies can be further leveraged to make FinCEN’s data analysis more efficient and effective; and

(C) how FinCEN could better utilize AI, digital identity technologies, blockchain technologies, and other innovative technologies to more actively analyze and disseminate the information it collects and stores to provide investigative leads to Federal, State, Tribal, and local law enforcement, and other Federal agencies (collective, “Agencies”), and better support its ongoing investigations when referring a case to the Agencies.

(2) INCLUSION OF GTO DATA.—The study required under this subsection shall include data collected through the Geographic Targeting Orders (“GTO”) program.

(3) CONSULTATION.—In conducting the study required under this subsection, FinCEN shall consult with the Directors of the Innovations Labs established in section 302.

(b) REPORT.—Not later than the end of the 6-month period beginning on the date of the enactment of this Act, the Director shall issue a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives containing—

(1) all findings and determinations made in carrying out the study required under subsection (a);

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

(3) any policy recommendations that could facilitate and improve communication and coordination between the private sector, FinCEN, and Agencies through the implementation of innovative approaches, in order to meet their Bank Secrecy Act (as defined under section 5312 of title 31, United States Code) and anti-money laundering compliance obligations.

SEC. 306. DISCRETIONARY SURPLUS FUNDS.

(a) **IN GENERAL.**—Section 7(a)(3)(A) of the Federal Reserve Act (12 U.S.C. 289(a)(3)(A)) is amended by striking “\$6,825,000,000” and inserting “\$6,798,000,000”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on September 30, 2029.

PART B—TEXT OF AMENDMENTS TO H.R. 2513 MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE BURGESS OF TEXAS OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 36, after line 8, insert the following:

(d) **ANNUAL REPORT ON BENEFICIAL OWNERSHIP INFORMATION.**—

(1) **REPORT.**—The Secretary of the Treasury shall issue an annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate with respect to the beneficial ownership information collected pursuant to section 5333 of title 31, United States Code, that contains—

(A) aggregate data on the number of beneficial owners per reporting corporation or limited liability company;

(B) the industries or type of business of each reporting corporation or limited liability company; and

(C) the locations of the beneficial owners.

(2) **PRIVACY.**—In issuing reports under paragraph (1), the Secretary shall not reveal the identities of beneficial owners or names of the reporting corporations or limited liability companies.

2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE HILL OF ARKANSAS OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 17, after line 19, insert the following:

“(D) **ACCESS PROCEDURES.**—FinCEN shall establish stringent procedures for the protection and proper use of beneficial ownership information disclosed pursuant to subparagraph (B), including procedures to ensure such information is not being inappropriately accessed or misused by law enforcement agencies.

“(E) REPORT TO CONGRESS.—FinCEN shall issue an annual report to Congress stating—

“(i) the number of times law enforcement agencies and financial institutions have accessed beneficial ownership information pursuant to subparagraph (B);

“(ii) the number of times beneficial ownership information reported to FinCEN pursuant to this section was inappropriately accessed, and by whom; and

“(iii) the number of times beneficial ownership information was disclosed under subparagraph (B) pursuant to a subpoena.”.

3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE BROWN OF MARYLAND OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 16, line 8, after “training,” insert the following: “and refresher training no less than every two years.”.

4. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE LEVIN OF MICHIGAN OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 17, after line 19, insert the following:

“(D) DISCLOSURE OF NON-PII DATA.—Notwithstanding subparagraph (B), FinCEN may issue guidance and otherwise make materials available to financial institutions and the public using beneficial ownership information reported pursuant to this section if such information is aggregated in a manner that removes all personally identifiable information. For purposes of this subparagraph, ‘personally identifiable information’ includes information that would allow for the identification of a particular corporation or limited liability company.”.

5. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE DAVIDSON OF OHIO OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Strike sections 1 through 5 and insert the following:

SECTION 1. TERMINATION OF CDD RULE.

The final rule of the Department of the Treasury titled “Customer Due Diligence Requirements for Financial Institutions” (published May 11, 2016; 81 Fed. Reg. 29397) shall have no force or effect.

SEC. 2. FINCEN STUDY.

(a) STUDY.—FinCEN shall carry out a study that shall include—

(1) a review of all existing data collected by the Department of the Treasury (including the Internal Revenue Service), by State Secretaries of State, by financial institutions due to current statutory and regulatory mandates (excluding the CDD rule), or by other Federal Government entities, that in whole or in part would allow FinCEN to discern the beneficial owners of companies operating in the United States financial system;

(2) recommendations for the sharing of information described under paragraph (1) with FinCEN along with proposed safe-

guards for protecting personally identifiable information from unauthorized access, including by Federal intelligence and law enforcement officials, as well as internal risk control mechanisms for prevention of unauthorized access through a cyber breach; and

(3) an estimation of the cost of the compliance burden for the CDD rule.

(b) REPORT.—Not later than September 30, 2019, FinCEN shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under subsection (a).

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

(1) CDD RULE.—The term “CDD rule” means the final rule of the Department of the Treasury described under section 1.

(2) FINANCIAL INSTITUTION.—The term “financial institution” has the meaning given that term under section 5312 of title 31, United States Code.

(3) FINCEN.—The term “FinCEN” means the Financial Crimes Enforcement Network.

