



**Financial Action Task Force**

Groupe d'action financière

**ANNEXES**

**THIRD MUTUAL EVALUATION REPORT ON  
ANTI-MONEY LAUNDERING AND  
COMBATING THE FINANCING OF TERRORISM**

**UNITED STATES OF AMERICA**

**23 JUNE 2006**

## Acronyms and Abbreviations

1267 Committee	UN Security Council Committee established pursuant to resolution 1267(1999)
1373 Committee	UN Security Council Committee established pursuant to resolution 1373(2001)
AAPD	Acquisition and Assistance Policy Directive (USAID)
ABA	American Bar Association
ACH	Automated Clearing House
AEDPA	Antiterrorism and Effective Death Penalty Act of 1996
AFC	Asset Forfeiture Coordinator (IRS)
AFMLS	Asset Forfeiture Money Laundering Section (DOJ)
AG	Attorney General
AGEO	Attorney General Exempted Operations
AICPA	American Institute of Certified Public Accountants
ALJ	Administrative Law Judge
AML	Anti-money laundering
ANPRM	Advance Notice of Proposed Rule Making
APA	Administrative Procedure Act
APG	Asia Pacific Group
APIS	Advanced Passenger Information System
APT	Asset Protection Trust
ARS	Alternative Remittance Systems
ARTAWEB	Annual Report of Trust Assets
ATC	Anti-Terrorism Certification (USAID)
ATF	Bureau of Alcohol, Tobacco, Firearms, and Explosives (DOJ)
ATM	Automatic Teller Machine
BBB	Better Business Bureau
BCS	Bulk Cash Smuggling
BHC	Bank Holding Company
BMPE	Black Market Peso Exchange
BOP	Bureau of Prisons
BSA	Bank Secrecy Act (Currency and Foreign Transactions Reporting Act)
BSAAG	Bank Secrecy Act Advisory Group
CAFRA	Civil Asset Reform Act of 2000
CBP	Customs and Border Protection (DHS)
CBQS	Currency and Banking Query System
CBRS	Currency and Banking Retrieval System
CDD	Customer Due Diligence
CEA	Commodity Exchange Act
CFATF	Caribbean Financial Action Task Force
CFR	Code of Federal Regulations
CFT	Combating the financing of terrorism / Counter-terrorist financing
CFTC	Commodity Futures Trading Commission
CHIPS	Clearing House Interbank Payments System
CIF	Customer Information File
CIP	Customer Identification Program
CMAAs	Customs Mutual Assistance Agreement
CMAM	Customs Mutual Assistance Manual
CMIR	Report of International Transportation of Currency or Monetary Instruments
CNP	Colombian National Police
Commerce	Department of Commerce
COPS	Community Oriented Policing Services
CPOT	Consolidated Priority Organizational Target
CRS	Community Relations Service
CSBC	Conference of State Bank Supervisors

CTC	Counter Terrorism Committee (UN)
CTR	Currency Transaction Report
CTR-C	Currency Transaction Report by a Casino
CTS	Counterterrorism Section (DOJ)
D.C.	District of Columbia
DCC	Detroit Computing Center
DCN	Document Control Number
DEA	Drug Enforcement Administration
DHS	U.S. Department of Homeland Security
DNFBP	Designated non-financial businesses and professions
DOJ	U.S. Department of Justice
DPS	Department of Public Safety
EARS	Enforcement Action Report System
EB	Bureau of Economic and Business Affairs (State)
ECFA	Evangelical Council for Financial Accountability
ECN	Electronic Communications Network
EFT	Electronic Funds Transfer
EIN	Employer Identification Number
EO	Executive Order
EO 13224	Executive Order 13224 on Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism
EOIR	Executive Office for Immigration Review
EPIC	El Paso Intelligence Center
EU	European Union
Exchange Act	Securities Exchange Act of 1934
FBA	Federal Banking Agency
FBAR	Report of Foreign Bank or Financial Account
FBI	Federal Bureau of Investigation
FBO	Foreign Banking Organization
FCM	Futures Commission Merchant
FDI Act	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FDSS	Federal Drug Seizure System
Federal Reserve	Federal Reserve System/Board of Governors of the Federal Reserve System
FFIEC	Federal Financial Institutions Examination Council
FIL	Financial Institution Letter
FATF	Financial Action Task Force
FinCEN	Financial Crimes Enforcement Network (Treasury)
FIT	Field Investigative Team
FIU	Financial intelligence unit
FO	Office of Financial Operations (DEA)
Form 8300	Report of Cash Payments over \$10,000 Received in a Trade or Business
FR	Federal Register
FRB	Federal Reserve Bank
FSRB	FATF-style regional body
FT	Financing of terrorism
FTAT-G	Foreign Terrorist Asset Targeting Group
FTC	Federal Trade Commission
FTD	Federal tax deposit
FTID	Financial Trade Investigations Division (ICE)
FY	Fiscal Year (October 1- September 30)
FTO	Foreign Terrorist Organization
GAFISUD	Financial Action Task Force on Money Laundering in South America
GAO	U.S. Government Accountability Office

GDP	Gross Domestic Product
GTO	Geographic Targeting Orders
HIDTA	High Intensity Drug Trafficking Area
HIFCA	High Intensity Financial Crime Area
HOLA	Home Owners Loan Act
IA	Office of International Affairs (Treasury)
ICE	Immigration and Customs Enforcement (DHS)
ICFO	International Committee for Fundraising Organizations
IDEC	International Drug Enforcement Conference
IEEPA	International Emergency Economic Powers Act
IG	Inspectors General
ILEA	International Law Enforcement Academy
IMF	International Monetary Fund
INCSR	International Narcotics Control Strategy Report
INL	Bureau of International Narcotics and Law Enforcement Affairs
IOSCO	International Organization of Securities Commissions
IPR Center	Commercial Fraud Unit and National Center for Intellectual Property Rights (ICE)
IRC	Internal Revenue Code
IRS	Internal Revenue Service (Treasury)
IRS-CI	Internal Revenue Service - Criminal Investigation
IRTPA	Intelligence Reform and Terrorism Prevention Act of 2004
ITIN	Individual Taxpayer Identification Number
IVTS	Informal Value Transfer System
JFF	Justice Forfeiture Fund (DOJ)
JMD	Justice Management Division
JTTF	Joint Terrorism Task Force (FBI)
JVU	Joint Vetting Unit (FBI and ICE)
KYC	Know Your Customer
LBI	Limited Background Investigation
LCBO	Large Complex Banking Organization
LCU	Letter to Credit Unions
LDC	Lead Development Center (IRS-CI)
LLC	Limited Liability Company
MBCA	Model Business Corporation Act
MBI	Minimum Background Investigation
MER	Mutual evaluation report
ML	Money laundering
MLA	Mutual legal assistance
MLAT	Mutual Legal Assistance Treaty
MLCC	Money Laundering Coordination Center (ICE)
MLSA	Money Laundering Suppression Act of 1994
MMOU	Multilateral Memorandum of Understanding
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MSB	Money Services Business
MSB-WG	Money Services Business Working Group (ICE, IRS, FinCEN, Treasury, FBI, DEA and members of the intelligence community)
NAAG	National Association of Attorneys General
NAIC	National Association of Insurance Commissioners
NAFTA	North American Free Trade Agreement
NASCO	National Association of State Charities Officials
NASD	National Association of Securities Dealers
Nasdaq	National Association of Securities Dealers Automated Quotation Systems

NBFI	Non-Bank Financial Institution
NCCS	National Council on Charitable Statistics
NCTC	National Counterterrorism Center
NCUA	National Credit Union Administration
NDIC	National Drug Intelligence Center (FBI)
NFA	National Futures Association
NGO	Non-Governmental Organization
NIPS	Numerical Integrated Profiling System
NJTTF	National Joint Terrorism Task Force
NPO	Non-Profit Organization
NSC	National Security Council
NYPD	New York Police Department
NYSE	New York Stock Exchange
OCC	Office of the Comptroller of the Currency (Treasury)
OCDETF	Organized Crime Drug Enforcement Task Force (DOJ)
OCDETF/OFC	OCDETF Fusion Center
OCIT	Outbound Currency Interdiction Training program (CBP/ICE)
OECD	Organisation for Economic Co-operation and Development
OECD Bribery Convention	1997 Convention on Combating Bribery of Foreign Public Officials in International Transactions
OFAC	Office of Foreign Assets Control (Treasury)
OFC	Offshore Financial Center
OFDT	Office of the Federal Detention Trustee
OIA	Office of International Affairs (DOJ)
OIA-T	Office of Intelligence and Analysis (Treasury)
OIG	Office of the Inspector General
OJP	Office of Justice Programs
ONDCP	Office of National Drug Control Policy (NSC)
OTC	Over the Counter
OTS	Office of Thrift Supervision (Treasury)
OVW	Office on Violence Against Women
Palermo Convention	United Nations Convention against Transnational Organized Crime (2001)
PCC	Policy Co-ordinating Committee (NSC)
PEP	Politically Exposed Person
PEX	Professional Resources Database
PCAOB	Public Company Accounting Oversight Board
PFP	Principles of Federal Prosecution
PFPC	Principles of Federal Prosecution of Corporations
POE	Port of Entry
PRC	People's Republic of China
PTO	Priority Targeted Organization
RA	Regulatory Alert
RCMP	Royal Canadian Mounted Police
REMIC	Real estate mortgage investment conduit
RFPA	Right to Financial Privacy Act
RICO	Racketeer Influenced and Corrupt Organization
RPOT	Regional Priority Organizational Target
SAIF	Savings Association Insurance Fund
SAR	Suspicious Activity Report
SAR-C	Suspicious Activity Report by Casinos
SAR-MSB	Suspicious Activity Report by Money Services Businesses
SAR-SF	Suspicious Activity Report by Securities & Futures Industries
SBSE	Small Business and Self-Employment Division (IRS)
S/CT	Office of the Coordinator for Counterterrorism (State)

SDGT	Specially Designated Global Terrorist
SDN	Specially Designated National or Blocked Person
SEC	U.S. Securities and Exchange Commission
SENTRI	Secure Electronic Network for Travelers Rapid Inspection
SIOC	Strategic Information Operations Center (FBI)
SOD	Special Operations Division (DEA)
S/RES/1267(1999)	United Nations Security Council Resolution 1267
S/RES/1373(2001)	United Nations Security Council Resolution 1373
SRO	Self Regulatory Organization
SSBI	Single Scope Background Investigation
SSN	Social Security Number
State	Department of State
SUA	Specified Unlawful Activity
TCSP	Trust company service provider
TECS	Treasury Enforcement Communications System
TECS II	Treasury Enforcement Communications System II
TEGE	Tax Exempt and Government Entities Division (IRS)
TEL	Terrorism Exclusion List
TEOAF	Treasury Executive Office for Asset Forfeiture
Terrorist Financing Convention	United Nations International Convention for the Suppression of the Financing of Terrorism (1999)
TFF	Treasury Forfeiture Fund
TFFC	Office of Terrorist Financing and Financial Crimes (Treasury)
TFI	Office of Terrorism and Financial Intelligence (Treasury)
TFOS	Terrorist Financing Operations Section (FBI)
TFRG	Terrorism Financial Review Group
TFWG	Terrorist Financing Working Group
TIN	Taxpayer Identification Number
Treasury	U.S. Department of the Treasury
TRO	Temporary Restraining Order
TSA	Trade Secrets Act
TTU	Trade Transparency Unit (ICE)
TWEA	Trading With the Enemy Act
UCE	Uniform Commission Examination
UIT	Unit Investment Trust
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNPA	United Nations Participation Act
U.S.	United States of America
USA PATRIOT Act	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001
USAID	U.S. Agency for International Development (State)
USAO	U.S. Attorney's Office
USAs	United States Attorneys
USC	United States Code
USD	United States dollars
USMS	U.S. Marshalls Service
USSC	U.S. Sentencing Commission
USSS	U.S. Secret Service (DHS)
VACIS	Vehicle and Cargo Inspection System
Vienna Convention	United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)

**LIST OF THE BODIES MET WITH DURING  
THE THIRD MUTUAL EVALUATION OF THE UNITED STATES**

**Federal authorities**

Board of Governors of the Federal Reserve System  
 Commodity Futures Trading Commission (CFTC)  
 Department of Homeland Security Customs and Border Protection (CBP)  
 Department of Homeland Security Immigration and Customs Enforcement (ICE)  
 Department of Justice Asset Forfeiture and Money Laundering Section (AFMLS)  
 Department of Justice Counterterrorism Section  
 Department of Justice Criminal Division  
 Department of Justice Office of International Affairs (OIA)  
 Drug Enforcement Administration (DEA)  
 Federal Bureau of Investigation (FBI)  
 Federal Deposit Insurance Corporation (FDIC)  
 Federal Reserve Bank of New York  
 Financial Crimes Enforcement Network (FinCEN)  
 Financial Crimes Enforcement Network Office of Regulatory Policy  
 High Intensity Financial Crimes Area/El Dorado Task Force (New York)  
 High Intensity Financial Crimes Area (Puerto Rico)  
 High Intensity Drug Trafficking Area (South Florida)  
 Immigration and Customs Enforcement (ICE)  
 Internal Revenue Service – Criminal Investigation (IRS-CI)  
 Internal Revenue Service – Small Business and Self-Employment Division (SBSE)  
 Internal Revenue Service – Tax Exempt and Government Entities Division (TEGE)  
 IRS-CI Lead Development Center (Garden City)  
 National Credit Union Administration (NCUA)  
 National Indian Gaming Commission  
 National Security Council (NSC)  
 Office of the Comptroller of the Currency (OCC)  
 Office of Thrift Supervision (OTS)  
 Organized Crime Drug Enforcement Task Force (OCDETF)  
 Securities and Exchange Commission (SEC)  
 Southwest Border Money Laundering and Financial Task Force (Arizona Department of Public Safety, Arizona Attorney General's Office)  
 State Department Bureau of Economic and Business Affairs (EB)  
 State Department Bureau of International Narcotics and Law Enforcement Affairs (INL)  
 State Department Office of Terrorism Finance and Economic Sanctions Policy  
 State Department Office of the Coordinator for Counterterrorism  
 Treasury Department Office of Domestic Finance  
 Treasury Department Office of Foreign Assets Control (OFAC)  
 Treasury Department Office of the General Counsel  
 Treasury Department Office of Intelligence and Analysis (OIA-T)  
 Treasury Department Office of International Affairs (IA)  
 Treasury Department Office of Strategic Policy  
 Treasury Department Office of Tax Policy  
 Treasury Department Office of Terrorism and Financial Intelligence (TFI)  
 Treasury Department Office of Terrorist Financing and Financial Crimes (TFFC)  
 Treasury Executive Office for Asset Forfeiture (TEOAF)  
 U.S. Attorney's Office  
 United States Postal Inspection Service  
 United States Secret Service

**National associations and self-regulatory organizations**

American Bankers Association  
 American Bar Association Corporate Laws Committee  
 American Bar Association Task Force on Gatekeeper Regulation and the Professional  
 American Bar Association Task Section of Real Property, Probate and Trust Law  
 American Council of Life Insurers (ACLI)  
 Conference of State Bank Supervisors (CSBS)  
 Jewelers Vigilance Committee (JVC)  
 Money Transmitters Regulators Association (MTRA)  
 National Association of Insurance Commissioners  
 National Association of Securities Dealers  
 National Futures Association  
 New York Stock Exchange  
 Securities Industry Association

**State authorities**

Arizona Department of Financial Institutions  
 Arizona Department of Public Safety  
 Arizona Office of the Attorney General  
 California Department of Insurance  
 Delaware Department of Finance  
 Delaware Department of Justice  
 Delaware Secretary of State, Division of Corporations  
 Delaware Office of Disciplinary Counsel, Delaware Supreme Court  
 Delaware State Bank Commission  
 Florida Department of Law Enforcement, Money Laundering Strike Force  
 Florida State Office of Financial Regulation, Financial Services Commission  
 Florida State Prosecutors Office  
 Gila River Indian Community Gaming Commission  
 Nevada Gaming Commission  
 Nevada Secretary of State, Corporations Division  
 New Jersey State Gaming Commission  
 New York Charities Board (Attorney General's Office)  
 New York County District Attorney's Office  
 New York High Intensity Financial Crimes Area (HIFCA) – El Dorado Task Force  
 New York Police Department  
 New York State Banking Department  
 New York State Police  
 Queen's District Attorney's Office

**Private sector representatives**

Delaware lawyers, and trust and company formation agents (Corporation Service Company; Morris Nichols Arsht & Tunnell LLP; Richards, Layton & Finger P.A.; Steptoe & Johnson, LLP; Venable LLP; Wilmington Trust Company; Young Conaway Stargatt & Taylor, LLP), Delaware State Bar Association  
 Banco Popular  
 Bank of America  
 Borgota Hotel Casino  
 Caesars Palace Casino  
 Citigroup  
 Dolex  
 Girosol  
 Goldman Sachs  
 Lionel Sawyer & Collins (Nevada Trust and Company Service Providers)



Mastercard  
MGM Grand Hotel  
Securities Industry Association (SIA) (Barclays Capital, Citigroup, Goldman Sachs, JP Morgan Chase, Lehman Brothers, Merrill Lynch, Morgan Stanley, Prudential Equity Group, Schulte Roth & Zabel LLP, UBS)  
United Commercial Bank  
Western Union  
Wild Horse Pass Casino

## KEY LAWS, REGULATIONS AND OTHER MEASURES

*18 U.S.C. § 1956. Laundering of monetary instruments.*

(a)(1) Whoever, knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity—

(A)(i) with the intent to promote the carrying on of specified unlawful activity; or (ii) with intent to engage in conduct constituting a violation of section 7201 or 7206 of the Internal Revenue Code of 1986; or

(B) knowing that the transaction is designed in whole or in part—(i) to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity; or (ii) to avoid a transaction reporting requirement under State or Federal law, shall be sentenced to a fine of not more than \$500,000 or twice the value of the property involved in the transaction, whichever is greater, or imprisonment for not more than twenty years, or both.

(2) Whoever transports, transmits, or transfers, or attempts to transport, transmit, or transfer a monetary instrument or funds from a place in the United States to or through a place outside the United States or to a place in the United States from or through a place outside the United States—

(A) with the intent to promote the carrying on of specified unlawful activity; or

(B) knowing that the monetary instrument or funds involved in the transportation, transmission, or transfer represent the proceeds of some form of unlawful activity and knowing that such transportation, transmission, or transfer is designed in whole or in part—(i) to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity; or (ii) to avoid a transaction reporting requirement under State or Federal law, shall be sentenced to a fine of not more than \$500,000 or twice the value of the monetary instrument or funds involved in the transportation, transmission, or transfer whichever is greater, or imprisonment for not more than twenty years, or both. For the purpose of the offense described in subparagraph (B), the defendant's knowledge may be established by proof that a law enforcement officer represented the matter specified in subparagraph (B) as true, and the defendant's subsequent statements or actions indicate that the defendant believed such representations to be true.

(3) Whoever, with the intent—(A) to promote the carrying on of specified unlawful activity; (B) to conceal or disguise the nature, location, source, ownership, or control of property believed to be the proceeds of specified unlawful activity; or (C) to avoid a transaction reporting requirement under State or Federal law, conducts or attempts to conduct a financial transaction involving property represented to be the proceeds of specified unlawful activity, or property used to conduct or facilitate specified unlawful activity, shall be fined under this title or imprisoned for not more than 20 years, or both. For purposes of this paragraph and paragraph (2), the term "represented" means any representation made by a law enforcement officer or by another person at the direction of, or with the approval of, a Federal official authorized to investigate or prosecute violations of this section.

(b) Penalties.—

(1) In general.—Whoever conducts or attempts to conduct a transaction described in subsection (a)(1) or (a)(3), or section 1957, or a transportation, transmission, or transfer described in subsection (a)(2), is liable to the United States for a civil penalty of not more than the greater of—(A) the value of the property, funds, or monetary instruments involved in the transaction; or (B) \$10,000.

(2) Jurisdiction over foreign persons.—For purposes of adjudicating an action filed or enforcing a penalty ordered under this section, the district courts shall have jurisdiction over any foreign person, including any financial institution authorized under the laws of a foreign country, against whom the action is brought, if service of process upon the foreign person is made under the Federal Rules of Civil Procedure or the laws of the country in which the foreign person is found, and—(A) the foreign person commits an offense under subsection (a) involving a financial transaction that occurs in whole or in part in the United States; (B) the foreign person converts, to his or her own use, property in which the United States has an ownership interest

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by virtue of the entry of an order of forfeiture by a court of the United States; or (C) the foreign person is a financial institution that maintains a bank account at a financial institution in the United States.

(3) Court authority over assets.—A court described in paragraph (2) may issue a pretrial restraining order or take any other action necessary to ensure that any bank account or other property held by the defendant in the United States is available to satisfy a judgment under this section.

(4) Federal receiver.—

(A) In general.—A court described in paragraph (2) may appoint a Federal Receiver, in accordance with subparagraph (B) of this paragraph, to collect, marshal, and take custody, control, and possession of all assets of the defendant, wherever located, to satisfy a civil judgment under this subsection, a forfeiture judgment under section 981 or 982, or a criminal sentence under section 1957 or subsection (a) of this section, including an order of restitution to any victim of a specified unlawful activity.

(B) Appointment and authority.—A Federal Receiver described in subparagraph (A)—(i) may be appointed upon application of a Federal prosecutor or a Federal or State regulator, by the court having jurisdiction over the defendant in the case; (ii) shall be an officer of the court, and the powers of the Federal Receiver shall include the powers set out in section 754 of title 28, United States Code; and (iii) shall have standing equivalent to that of a Federal prosecutor for the purpose of submitting requests to obtain information regarding the assets of the defendant—(I) from the Financial Crimes Enforcement Network of the Department of the Treasury; or (II) from a foreign country pursuant to a mutual legal assistance treaty, multilateral agreement, or other arrangement for international law enforcement assistance, provided that such requests are in accordance with the policies and procedures of the Attorney General.

(c) As used in this section—

(1) the term “knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity” means that the person knew the property involved in the transaction represented proceeds from some form, though not necessarily which form, of activity that constitutes a felony under State, Federal, or foreign law, regardless of whether or not such activity is specified in paragraph (7);

(2) the term “conducts” includes initiating, concluding, or participating in initiating, or concluding a transaction;

(3) the term “transaction” includes a purchase, sale, loan, pledge, gift, transfer, delivery, or other disposition, and with respect to a financial institution includes a deposit, withdrawal, transfer between accounts, exchange of currency, loan, extension of credit, purchase or sale of any stock, bond, certificate of deposit, or other monetary instrument, use of a safe deposit box, or any other payment, transfer, or delivery by, through, or to a financial institution, by whatever means effected;

(4) the term “financial transaction” means

(A) a transaction which in any way or degree affects interstate or foreign commerce (i) involving the movement of funds by wire or other means or (ii) involving one or more monetary instruments, or (iii) involving the transfer of title to any real property, vehicle, vessel, or aircraft, or

(B) a transaction involving the use of a financial institution which is engaged in, or the activities of which affect, interstate or foreign commerce in any way or degree;

(5) the term “monetary instruments” means (i) coin or currency of the United States or of any other country, travelers’ checks, personal checks, bank checks, and money orders, or (ii) investment securities or negotiable instruments, in bearer form or otherwise in such form that title thereto passes upon delivery;

(6) the term “financial institution” includes—(A) any financial institution, as defined in section 5312(a)(2) of title 31, United States Code, or the regulations promulgated thereunder; and (B) any foreign bank, as defined in section 1 of the International Banking Act of 1978 (12 U.S.C. § 3101);

(7) the term “specified unlawful activity” means—

(A) any act or activity constituting an offense listed in section 1961(1) of this title except an act which is indictable under subchapter II of chapter 53 of title 31;

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(B) with respect to a financial transaction occurring in whole or in part in the United States, an offense against a foreign nation involving—

(i) the manufacture, importation, sale, or distribution of a controlled substance (as such term is defined for the purposes of the Controlled Substances Act);

(ii) murder, kidnapping, robbery, extortion, destruction of property by means of explosive or fire, or a crime of violence (as defined in section 16);

(iii) fraud, or any scheme or attempt to defraud, by or against a foreign bank (as defined in paragraph 7 of section 1(b) of the International Banking Act of 1978);

(iv) bribery of a public official, or the misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official;

(v) smuggling or export control violations involving—(I) an item controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. § 2778); or (II) an item controlled under regulations under the Export Administration Regulations (15 C.F.R. Parts 730-774); or

(vi) an offense with respect to which the United States would be obligated by a multilateral treaty, either to extradite the alleged offender or to submit the case for prosecution, if the offender were found within the territory of the United States;

(C) any act or acts constituting a continuing criminal enterprise, as that term is defined in section 408 of the Controlled Substances Act (21 U.S.C. § 848);

(D) an offense under section 32 (relating to the destruction of aircraft), section 37 (relating to violence at international airports), section 115 (relating to influencing, impeding, or retaliating against a Federal official by threatening or injuring a family member), section 152 (relating to concealment of assets; false oaths and claims; bribery), section 175c (relating to the variola virus), section 215 (relating to commissions or gifts for procuring loans), section 351 (relating to congressional or Cabinet officer assassination), any of sections 500 through 503 (relating to certain counterfeiting offenses), section 513 (relating to securities of States and private entities), section 541 (relating to goods falsely classified), section 542 (relating to entry of goods by means of false statements), section 545 (relating to smuggling goods into the United States), section 549 (relating to removing goods from Customs custody), section 641 (relating to public money, property, or records), section 656 (relating to theft, embezzlement, or misapplication by bank officer or employee), section 657 (relating to lending, credit, and insurance institutions), section 658 (relating to property mortgaged or pledged to farm credit agencies), section 666 (relating to theft or bribery concerning programs receiving Federal funds), section 793, 794, or 798 (relating to espionage), section 831 (relating to prohibited transactions involving nuclear materials), section 844(f) or (i) (relating to destruction by explosives or fire of Government property or property affecting interstate or foreign commerce), section 875 (relating to interstate communications), section 922(1) (relating to the unlawful importation of firearms), section 924(n) (relating to firearms trafficking), section 956 (relating to conspiracy to kill, kidnap, maim, or injure certain property in a foreign country), section 1005 (relating to fraudulent bank entries), 1006 (relating to fraudulent Federal credit institution entries), 1007 (relating to fraudulent Federal Deposit Insurance transactions), 1014 (relating to fraudulent loan or credit applications), section 1030 (relating to computer fraud and abuse), 1032 (relating to concealment of assets from conservator, receiver, or liquidating agent of financial institution), section 1111 (relating to murder), section 1114 (relating to murder of United States law enforcement officials), section 1116 (relating to murder of foreign officials, official guests, or internationally protected persons), section 1201 (relating to kidnaping), section 1203 (relating to hostage taking), section 1361 (relating to willful injury of Government property), section 1363 (relating to destruction of property within the special maritime and territorial jurisdiction), section 1708 (theft from the mail), section 1751 (relating to Presidential assassination), section 2113 or 2114 (relating to bank and postal robbery and theft), section 2280 (relating to violence against maritime navigation), section 2281 (relating to violence against maritime fixed platforms), section 2319 (relating to copyright infringement), section 2320 (relating to trafficking in counterfeit goods and services), section 2332 (relating to terrorist acts abroad against United States nationals), section 2332a (relating to use of weapons of mass destruction), section 2332b (relating

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to international terrorist acts transcending national boundaries), section 2332g (relating to missile systems designed to destroy aircraft), section 2332h (relating to radiological dispersal devices), or section 2339A or 2339B (relating to providing material support to terrorists) of this title, section 46502 of title 49, United States Code, a felony violation of the Chemical Diversion and Trafficking Act of 1988 (relating to precursor and essential chemicals), section 590 of the Tariff Act of 1930 (19 U.S.C. § 1590) (relating to aviation smuggling), section 422 of the Controlled Substances Act (relating to transportation of drug paraphernalia), section 38(c) (relating to criminal violations) of the Arms Export Control Act, section 11 (relating to violations) of the Export Administration Act of 1979, section 206 (relating to penalties) of the International Emergency Economic Powers Act, section 16 (relating to offenses and punishment) of the Trading with the Enemy Act, any felony violation of section 15 of the Food Stamp Act of 1977 [7 U.S.C.A. § 2024] (relating to food stamp fraud) involving a quantity of coupons having a value of not less than \$5,000, any violation of section 543(a)(1) of the Housing Act of 1949 42 U.S.C.A. § 1490s(a)(1)] (relating to equity skimming), any felony violation of the Foreign Agents Registration Act of 1938, any felony violation of the Foreign Corrupt Practices Act, or section 92 of the Atomic Energy Act of 1954 (42 U.S.C. § 2122) (relating to prohibitions governing atomic weapons) (E) a felony violation of the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Ocean Dumping Act (33 U.S.C. § 1401 et seq.), the Act to Prevent Pollution from Ships (33 U.S.C. § 1901 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), or the 18 U.S.C. § 1956(c)(7)(E) Resources Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); or (F) any act or activity constituting an offense involving a Federal health care offense;

(8) the term “State” includes a State of the United States, the District of Columbia, and any commonwealth, territory, or possession of the United States.

(d) Nothing in this section shall supersede any provision of Federal, State, or other law imposing criminal penalties or affording civil remedies in addition to those provided for in this section.

(e) Violations of this section may be investigated by such components of the Department of Justice as the Attorney General may direct, and by such components of the Department of the Treasury as the Secretary of the Treasury may direct, as appropriate and, with respect to offenses over which the United States Postal Service has jurisdiction, by the Postal Service. Such authority of the Secretary of the Treasury and the Postal Service shall be exercised in accordance with an agreement which shall be entered into by the Secretary of the Treasury, the Postal Service, and the Attorney General. Violations of this section involving offenses described in paragraph (c)(7)(E) may be investigated by such components of the Department of Justice as the Attorney General may direct, and the National Enforcement Investigations Center of the Environmental Protection Agency.

(f) There is extraterritorial jurisdiction over the conduct prohibited by this section if—(1) the conduct is by a United States citizen or, in the case of a non-United States citizen, the conduct occurs in part in the United States; and (2) the transaction or series of related transactions involves funds or monetary instruments of a value exceeding \$10,000.

(g) Notice of conviction of financial institutions.—If any financial institution or any officer, director, or employee of any financial institution has been found guilty of an offense under this section, section 1957 or 1960 of this title, or section 5322 or 5324 of title 31, the Attorney General shall provide written notice of such fact to the appropriate regulatory agency for the financial institution.

(h) Any person who conspires to commit any offense defined in this section or section 1957 shall be subject to the same penalties as those prescribed for the offense the commission of which was the object of the conspiracy.

(i) Venue.—

(1) Except as provided in paragraph (2), a prosecution for an offense under this section or section 1957 may be brought in—(A) any district in which the financial or monetary transaction is conducted; or (B) any district where a prosecution for the underlying specified unlawful activity could be brought, if the defendant participated in the transfer of the proceeds of the specified unlawful activity from that district to the district where the financial or monetary transaction is conducted.

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(2) A prosecution for an attempt or conspiracy offense under this section or section 1957 may be brought in the district where venue would lie for the completed offense under paragraph (1), or in any other district where an act in furtherance of the attempt or conspiracy took place.

(3) For purposes of this section, a transfer of funds from 1 place to another, by wire or any other means, shall constitute a single, continuing transaction. Any person who conducts (as that term is defined in subsection (c)(2)) any portion of the transaction may be charged in any district in which the transaction takes place.

#### **18 U.S.C. § 1957. Engaging in monetary transactions in property derived from specified unlawful activity.**

(a) Whoever, in any of the circumstances set forth in subsection (d), knowingly engages or attempts to engage in a monetary transaction in criminally derived property that is of a value greater than \$10,000 and is derived from specified unlawful activity, shall be punished as provided in subsection (b).

(b)(1) Except as provided in paragraph (2), the punishment for an offense under this section is a fine under title 18, United States Code, or imprisonment for not more than ten years or both. (2) The court may impose an alternate fine to that imposed under paragraph (1) of not more than twice the amount of the criminally derived property involved in the transaction.

(c) In a prosecution for an offense under this section, the Government is not required to prove the defendant knew that the offense from which the criminally derived property was derived was specified unlawful activity.

(d) The circumstances referred to in subsection (a) are—(1) that the offense under this section takes place in the United States or in the special maritime and territorial jurisdiction of the United States; or (2) that the offense under this section takes place outside the United States and such special jurisdiction, but the defendant is a United States person (as defined in section 3077 of this title, but excluding the class described in paragraph (2)(D) of such section).

(e) Violations of this section may be investigated by such components of the Department of Justice as the Attorney General may direct, and by such components of the Department of the Treasury as the Secretary of the Treasury may direct, as appropriate and, with respect to offenses over which the United States Postal Service has jurisdiction, by the Postal Service. Such authority of the Secretary of the Treasury and the Postal Service shall be exercised in accordance with an agreement which shall be entered into by the Secretary of the Treasury, the Postal Service, and the Attorney General.

(f) As used in this section—

(1) the term “monetary transaction” means the deposit, withdrawal, transfer, or exchange, in or affecting interstate or foreign commerce, of funds or a monetary instrument (as defined in section 1956(c)(5) of this title) by, through, or to a financial institution (as defined in section 1956 of this title), including any transaction that would be a financial transaction under section 1956(c)(4)(B) of this title, but such term does not include any transaction necessary to preserve a person’s right to representation as guaranteed by the sixth amendment to the Constitution;

(2) the term “criminally derived property” means any property constituting, or derived from, proceeds obtained from a criminal offense; and

(3) the term “specified unlawful activity” has the meaning given that term in section 1956 of this title.

#### **18 U.S.C. § 2339A. Providing material support to terrorists.**

(a) Offense.—Whoever provides material support or resources or conceals or disguises the nature, location, source, or ownership of material support or resources, knowing or intending that they are to be used in preparation for, or in carrying out, a violation of section 32, 37, 81, 175, 229, 351, 831, 842(m) or (n), 844(f) or (i), 930(c), 956, 1114, 1116, 1203, 1361, 1362, 1363, 1366, 1751, 1992, 1993, 2155, 2156, 2280, 2281, 2332, 2332a, 2332b, 2332f, or 2340A of this title, section 236 of the Atomic Energy Act of 1954 (42 U.S.C. § 2284), section 46502 or 60123(b) of title 49, or any offense listed in section 2332b(g)(5)(B) (except for sections 2339A and 2339B) or in preparation for, or in carrying out, the concealment of an escape from the commission of any

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such violation, or attempts or conspires to do such an act, shall be fined under this title, imprisoned not more than 15 years, or both, and, if the death of any person results, shall be imprisoned for any term of years or for life. A violation of this section may be prosecuted in any Federal judicial district in which the underlying offense was committed, or in any other Federal judicial district as provided by law.

(b) Definitions.—As used in this section—

(1) the term “material support or resources” means any property, tangible or intangible, or service, including currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel (1 or more individuals who may be or include oneself), and transportation, except medicine or religious materials;

(2) the term “training” means instruction or teaching designed to impart a specific skill, as opposed to general knowledge; and

(3) the term “expert advice or assistance” means advice or assistance derived from scientific, technical or other specialized knowledge.

#### 18 U.S.C. § 2339B. Providing material support or resources to designated foreign terrorist organizations.

(a) Prohibited activities.—

(1) Unlawful conduct.—Whoever knowingly provides material support or resources to a foreign terrorist organization, or attempts or conspires to do so, shall be fined under this title or imprisoned not more than 15 years, or both, and, if the death of any person results, shall be imprisoned for any term of years or for life. To violate this paragraph, a person must have knowledge that the organization is a designated terrorist organization (as defined in subsection (g)(6)), that the organization has engaged or engages in terrorist activity (as defined in section 212(a)(3)(B) of the Immigration and Nationality Act), or that the organization has engaged or engages in terrorism (as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989).

(2) Financial institutions.—Except as authorized by the Secretary, any financial institution that becomes aware that it has possession of, or control over, any funds in which a foreign terrorist organization, or its agent, has an interest, shall—(A) retain possession of, or maintain control over, such funds; and (B) report to the Secretary the existence of such funds in accordance with regulations issued by the Secretary.

(b) Civil penalty.—Any financial institution that knowingly fails to comply with subsection (a)(2) shall be subject to a civil penalty in an amount that is the greater of—(A) \$50,000 per violation; or (B) twice the amount of which the financial institution was required under subsection (a)(2) to retain possession or control.

(c) Injunction.—Whenever it appears to the Secretary or the Attorney General that any person is engaged in, or is about to engage in, any act that constitutes, or would constitute, a violation of this section, the Attorney General may initiate civil action in a district court of the United States to enjoin such violation.

(d) Extraterritorial jurisdiction.—

(1) In general.—There is jurisdiction over an offense under subsection (a) if—(A) an offender is a national of the United States (as defined in section 101(a)(22) of the Immigration and Nationality Act (8 U.S.C. § 1101(a)(22))) or an alien lawfully admitted for permanent residence in the United States (as defined in section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. § 1101(a)(20))); (B) an offender is a stateless person whose habitual residence is in the United States; (C) after the conduct required for the offense occurs an offender is brought into or found in the United States, even if the conduct required for the offense occurs outside the United States; (D) the offense occurs in whole or in part within the United States; (E) the offense occurs in or affects interstate or foreign commerce; or (F) an offender aids or abets any person over whom jurisdiction exists under this paragraph in committing an offense under subsection (a) or conspires with any person over whom jurisdiction exists under this paragraph to commit an offense under subsection (a).

(2) Extraterritorial jurisdiction.—There is extraterritorial Federal jurisdiction over an offense under this section.

(e) Investigations.—

(1) In general.—The Attorney General shall conduct any investigation of a possible violation of this section, or of any license, order, or regulation issued pursuant to this section.

(2) Coordination with the Department of the Treasury.—The Attorney General shall work in coordination with the Secretary in investigations relating to—(A) the compliance or noncompliance by a financial institution with the requirements of subsection (a)(2); and (B) civil penalty proceedings authorized under subsection (b).

(3) Referral.—Any evidence of a criminal violation of this section arising in the course of an investigation by the Secretary or any other Federal agency shall be referred immediately to the Attorney General for further investigation. The Attorney General shall timely notify the Secretary of any action taken on referrals from the Secretary, and may refer investigations to the Secretary for remedial licensing or civil penalty action.

(f) Classified information in civil proceedings brought by the United States.—

(1) Discovery of classified information by defendants.—

(A) Request by United States.—In any civil proceeding under this section, upon request made ex parte and in writing by the United States, a court, upon a sufficient showing, may authorize the United States to—(i) redact specified items of classified information from documents to be introduced into evidence or made available to the defendant through discovery under the Federal Rules of Civil Procedure; (ii) substitute a summary of the information for such classified documents; or (iii) substitute a statement admitting relevant facts that the classified information would tend to prove.

(B) Order granting request.—If the court enters an order granting a request under this paragraph, the entire text of the documents to which the request relates shall be sealed and preserved in the records of the court to be made available to the appellate court in the event of an appeal.

(C) Denial of request.—If the court enters an order denying a request of the United States under this paragraph, the United States may take an immediate, interlocutory appeal in accordance with paragraph (5). For purposes of such an appeal, the entire text of the documents to which the request relates, together with any transcripts of arguments made ex parte to the court in connection therewith, shall be maintained under seal and delivered to the appellate court.

(2) Introduction of classified information; precautions by court.—

(A) Exhibits.—To prevent unnecessary or inadvertent disclosure of classified information in a civil proceeding brought by the United States under this section, the United States may petition the court ex parte to admit, in lieu of classified writings, recordings, or photographs, one or more of the following: (i) Copies of items from which classified information has been redacted. (ii) Stipulations admitting relevant facts that specific classified information would tend to prove. (iii) A declassified summary of the specific classified information.

(B) Determination by court.—The court shall grant a request under this paragraph if the court finds that the redacted item, stipulation, or summary is sufficient to allow the defendant to prepare a defense.

(3) Taking of trial testimony.—

(A) Objection.—During the examination of a witness in any civil proceeding brought by the United States under this subsection, the United States may object to any question or line of inquiry that may require the witness to disclose classified information not previously found to be admissible.

(B) Action by court.—In determining whether a response is admissible, the court shall take precautions to guard against the compromise of any classified information, including—(i) permitting the United States to provide the court, ex parte, with a proffer of the witness's response to the question or line of inquiry; and (ii) requiring the defendant to provide the court with a proffer of the nature of the information that the defendant seeks to elicit.

(C) Obligation of defendant.—In any civil proceeding under this section, it shall be the defendant's obligation to establish the relevance and materiality of any classified information sought to be introduced.



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(4) Appeal.—If the court enters an order denying a request of the United States under this subsection, the United States may take an immediate interlocutory appeal in accordance with paragraph (5).

(5) Interlocutory appeal.—

(A) Subject of appeal.—An interlocutory appeal by the United States shall lie to a court of appeals from a decision or order of a district court—(i) authorizing the disclosure of classified information; (ii) imposing sanctions for nondisclosure of classified information; or (iii) refusing a protective order sought by the United States to prevent the disclosure of classified information.

(B) Expedited consideration.—

(i) In general.—An appeal taken pursuant to this paragraph, either before or during trial, shall be expedited by the court of appeals.

(ii) Appeals prior to trial.—If an appeal is of an order made prior to trial, an appeal shall be taken not later than 10 days after the decision or order appealed from, and the trial shall not commence until the appeal is resolved.

(iii) Appeals during trial.—If an appeal is taken during trial, the trial court shall adjourn the trial until the appeal is resolved, and the court of appeals—(I) shall hear argument on such appeal not later than 4 days after the adjournment of the trial; (II) may dispense with written briefs other than the supporting materials previously submitted to the trial court; (III) shall render its decision not later than 4 days after argument on appeal; and (IV) may dispense with the issuance of a written opinion in rendering its decision.

(C) Effect of ruling.—An interlocutory appeal and decision shall not affect the right of the defendant, in a subsequent appeal from a final judgment, to claim as error reversal by the trial court on remand of a ruling appealed from during trial.

(6) Construction.—Nothing in this subsection shall prevent the United States from seeking protective orders or asserting privileges ordinarily available to the United States to protect against the disclosure of classified information, including the invocation of the military and State secrets privilege.

(g) Definitions.—As used in this section—

(1) the term “classified information” has the meaning given that term in section 1(a) of the Classified Information Procedures Act (18 U.S.C. § App.);

(2) the term “financial institution” has the same meaning as in section 5312(a)(2) of title 31, United States Code;

(3) the term “funds” includes coin or currency of the United States or any other country, traveler’s checks, personal checks, bank checks, money orders, stocks, bonds, debentures, drafts, letters of credit, any other negotiable instrument, and any electronic representation of any of the foregoing;

(4) the term “material support or resources” has the same meaning given that term in section 2339A (including the definitions of “training” and “expert advice or assistance” in that section);

(5) the term “Secretary” means the Secretary of the Treasury; and

(6) the term “terrorist organization” means an organization designated as a terrorist organization under section 219 of the Immigration and Nationality Act.

(h) Provision of personnel.—No person may be prosecuted under this section in connection with the term “personnel” unless that person has knowingly provided, attempted to provide, or conspired to provide a foreign terrorist organization with 1 or more individuals (who may be or include himself) to work under that terrorist organization’s direction or control or to organize, manage, supervise, or otherwise direct the operation of that organization. Individuals who act entirely independently of the foreign terrorist organization to advance its goals or objectives shall not be considered to be working under the foreign terrorist organization’s direction and control.

(i) Rule of construction.—Nothing in this section shall be construed or applied so as to abridge the exercise of rights guaranteed under the First Amendment to the Constitution of the United States.

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(j) Exception.—No person may be prosecuted under this section in connection with the term “personnel”, “training”, or “expert advice or assistance” if the provision of that material support or resources to a foreign terrorist organization was approved by the Secretary of State with the concurrence of the Attorney General. The Secretary of State may not approve the provision of any material support that may be used to carry out terrorist activity (as defined in section 212(a)(3)(B)(iii) of the Immigration and Nationality Act).

#### 18 U.S.C. § 2339C. Prohibitions against the financing of terrorism.

##### (a) Offenses.—

(1) In general.—Whoever, in a circumstance described in subsection (b), by any means, directly or indirectly, unlawfully and willfully provides or collects funds with the intention that such funds be used, or with the knowledge that such funds are to be used, in full or in part, in order to carry out—

(A) an act which constitutes an offense within the scope of a treaty specified in subsection (e)(7), as implemented by the United States, or

(B) any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act, shall be punished as prescribed in subsection (d)(1).

(2) Attempts and conspiracies.—Whoever attempts or conspires to commit an offense under paragraph (1) shall be punished as prescribed in subsection (d)(1).

(3) Relationship to predicate act.—For an act to constitute an offense set forth in this subsection, it shall not be necessary that the funds were actually used to carry out a predicate act.

(b) Jurisdiction.—There is jurisdiction over the offenses in subsection (a) in the following circumstances—(1) the offense takes place in the United States and—

(A) a perpetrator was a national of another state or a stateless person;

(B) on board a vessel flying the flag of another state or an aircraft which is registered under the laws of another state at the time the offense is committed;

(C) on board an aircraft which is operated by the government of another state;

(D) a perpetrator is found outside the United States;

(E) was directed toward or resulted in the carrying out of a predicate act against—(i) a national of another state; or (ii) another state or a government facility of such state, including its embassy or other diplomatic or consular premises of that state;

(F) was directed toward or resulted in the carrying out of a predicate act committed in an attempt to compel another state or international organization to do or abstain from doing any act; or

(G) was directed toward or resulted in the carrying out of a predicate act—(i) outside the United States; or (ii) within the United States, and either the offense or the predicate act was conducted in, or the results thereof affected, interstate or foreign commerce;

(2) the offense takes place outside the United States and—

(A) a perpetrator is a national of the United States or is a stateless person whose habitual residence is in the United States;

(B) a perpetrator is found in the United States; or

(C) was directed toward or resulted in the carrying out of a predicate act against—(i) any property that is owned, leased, or used by the United States or by any department or agency of the United States, including an embassy or other diplomatic or consular premises of the United States; (ii) any person or property within the United States; (iii) any national of the United States or the property of such national; or

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- (iv) any property of any legal entity organized under the laws of the United States, including any of its States, districts, commonwealths, territories, or possessions;
  - (3) the offense is committed on board a vessel flying the flag of the United States or an aircraft which is registered under the laws of the United States at the time the offense is committed;
  - (4) the offense is committed on board an aircraft which is operated by the United States; or
  - (5) the offense was directed toward or resulted in the carrying out of a predicate act committed in an attempt to compel the United States to do or abstain from doing any act.
- (c) Concealment.—Whoever—
- (1)(A) is in the United States; or (B) is outside the United States and is a national of the United States or a legal entity organized under the laws of the United States (including any of its States, districts, commonwealths, territories, or possessions); and
  - (2) knowingly conceals or disguises the nature, location, source, ownership, or control of any material support or resources, or any funds or proceeds of such funds—(A) knowing or intending that the support or resources are to be provided, or knowing that the support or resources were provided, in violation of section 2339B of this title; or (B) knowing or intending that any such funds are to be provided or collected, or knowing that the funds were provided or collected, in violation of subsection (a), shall be punished as prescribed in subsection (d)(2).
- (d) Penalties.—(1) Subsection (a)—Whoever violates subsection (a) shall be fined under this title, imprisoned for not more than 20 years, or both. (2) Subsection (c)—Whoever violates subsection (c) shall be fined under this title, imprisoned for not more than 10 years, or both.
- (e) Definitions.—In this section—
- (1) the term “funds” means assets of every kind, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such assets, including coin, currency, bank credits, travelers checks, bank checks, money orders, shares, securities, bonds, drafts, and letters of credit;
  - (2) the term “government facility” means any permanent or temporary facility or conveyance that is used or occupied by representatives of a state, members of a government, the legislature, or the judiciary, or by officials or employees of a state or any other public authority or entity or by employees or officials of an intergovernmental organization in connection with their official duties;
  - (3) the term “proceeds” means any funds derived from or obtained, directly or indirectly, through the commission of an offense set forth in subsection (a);
  - (4) the term “provides” includes giving, donating, and transmitting;
  - (5) the term “collects” includes raising and receiving;
  - (6) the term “predicate act” means any act referred to in subparagraph (A) or (B) of subsection (a)(1);
  - (7) the term “treaty” means—(A) the Convention for the Suppression of Unlawful Seizure of Aircraft, done at The Hague on December 16, 1970; (B) the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on September 23, 1971; (C) the Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, adopted by the General Assembly of the United Nations on December 14, 1973; (D) the International Convention against the Taking of Hostages, adopted by the General Assembly of the United Nations on December 17, 1979; (E) the Convention on the Physical Protection of Nuclear Material, adopted at Vienna on March 3, 1980; (F) the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on February 24, 1988; (G) the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, done at Rome on March 10, 1988; (H) the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf, done at Rome on March 10, 1988; or (I) the International Convention for the Suppression of Terrorist Bombings, adopted by the General Assembly of the United Nations on December 15, 1997;

- (8) the term “intergovernmental organization” includes international organizations;
  - (9) the term “international organization” has the same meaning as in section 1116(b)(5) of this title;
  - (10) the term “armed conflict” does not include internal disturbances and tensions, such as riots, isolated and sporadic acts of violence, and other acts of a similar nature;
  - (11) the term “serious bodily injury” has the same meaning as in section 1365(g)(3) of this title;
  - (12) the term “national of the United States” has the meaning given that term in section 101(a)(22) of the Immigration and Nationality Act (8 U.S.C. § 1101(a)(22));
  - (13) the term “material support or resources” has the same meaning given that term in section 2339B(g)(4) of this title; and
  - (14) the term “state” has the same meaning as that term has under international law, and includes all political subdivisions thereof.
- (f) Civil penalty.—In addition to any other criminal, civil, or administrative liability or penalty, any legal entity located within the United States or organized under the laws of the United States, including any of the laws of its States, districts, commonwealths, territories, or possessions, shall be liable to the United States for the sum of at least \$10,000, if a person responsible for the management or control of that legal entity has, in that capacity, committed an offense set forth in subsection (a).

**LIST OF KEY LAWS, REGULATIONS AND OTHER MATERIALS RECEIVED BY THE ASSESSMENT TEAM****Federal legislation, regulations and executive orders:**

Bank Secrecy Act regulations (Title 31, Chapter 1, Part 103 of the Code of Federal Regulations); Title 31, Part 103) (AML programs for insurance companies) (Final Rule RIN 1506-AA70); (Title 31, Part 103) (SAR reporting requirements for insurance companies) (Final Rule RIN 1506-AA36)

Banking regulation: Customer identification programs (CIP) for banks (31 CFR Part 103)

Banks and Banking: Title 12, Chapter 35 (Right to financial privacy)

Civil Asset Forfeiture Reform Act (CAFRA) of 2000 (section 21)

Executive Order 13224: Blocking property and prohibiting transactions with persons who commit, threaten to commit, or support terrorism

Federal Rules of Criminal Procedures (Rules 1, 11, 32.2, and 41(g))

Foreign Narcotics Kingpin Designation Act (FNKDA)

International Emergency Economic Powers Act (IEEPA)

Investment Advisors Act of 1940

Investment Advisors Regulations (Title 17, Part 275) Rules and regulations, Investment Advisors Act of 1940; (Title 17, Part 279): Commodity and Securities Exchanges

Investment Company Act of 1940

Investment Company Regulations (Title 17, Part 270) Commodity and Securities Exchanges; (Title 17, Part 274) Forms prescribed under the Investment Company Act of 1940

IRS: Section 6103 - Confidentiality and disclosure of returns and return information (Part 1)

Mutual Legal Assistance Treaty statute

NYSE Rule 445

Public Law 108-447: An Act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2005 and for other purposes

Securities Act of 1933

Securities Act Regulations (Title 17, Part 230) General Rules and Regulations, Securities Act of 1933; (Title 17, Part 232): General Rules and Regulations for Electronic Filings; (Title 17, Part 239): Forms Prescribed under the Securities Act of 1933

Securities Exchange Act of 1934

Securities Exchange Regulations (Title 17, Part 249) Forms, Security Exchange Act 1934; (Title 17, Part 242) Regulations M, SHO, ATS, AC and NMS and Customer margin requirements for security futures; (Title 17, Part 243) Regulation FD, Commodity and Securities Exchanges; (Title 17, Part 244) Regulation G, Disclosure of non-GAAP financial measures; (Title 17, Part 245) Regulation BTR, Blackout Trading Restriction; (Title 17, Part 248) Regulation S-P, Privacy of Consumer Financial Information; (Title 17, Part 249B) Commodity and Securities Exchanges;

Specified unlawful activity table (listing violations of federal and state or foreign law identified as "specified unlawful activity" under 18 U.S.C. §§ 1956 and 1957, Money Laundering Control Act of 1986 as amended)

Subpoena powers of the SEC

Supplemental Rules for Certain Admiralty and Maritime Cases (Rules C and E)

Suppression of Terrorist Bombings (Public Law 107-197)

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Title 7 (Agriculture): Forfeiture of property involved in illegal food stamp transactions; criminal forfeiture (7 U.S.C. §§ 2024(g) and (h))

Title 8 (Aliens and Nationality): Seizure and forfeiture of conveyances, gross proceeds, and property traceable to such conveyances or proceeds (8 U.S.C. § 1324(b))

Title 15 (Commerce and trade): Forfeiture of contraband oil shipped in violation of law; procedure (15 U.S.C. § 715f); Civil forfeiture of coins and currency in confiscated gambling devices (15 U.S.C. § 1177)

Title 16 (Conservation): Archaeological Resources Protection Act: Forfeitures; disposition of penalties collected and items forfeited in cases involving archaeological resources excavated or removed from Indian lands (16 U.S.C. § 470gg(b) and (c)); Whaling Convention Act: Violations; fines and penalties (16 U.S.C. § 916f); Tuna Conventions: Violations; fines and forfeitures; application of related laws (16 U.S.C. § 957); Atlantic Tunas Convention: Violations (16 U.S.C. § 971e); Eastern Pacific Tuna Fishing: Prohibited acts (16 U.S.C. § 972f); North Pacific fur seals: Seizure and forfeiture of vessels (16 U.S.C. § 1171); Marine Mammal Protection Act: Seizure and forfeiture of cargo (16 U.S.C. § 1376; Marine Mammal Protection Act: Enforcement (16 U.S.C. § 1377); Endangered species: Penalties and enforcement (16 U.S.C. § 1540); National Fishery Management Program: Civil forfeitures (16 U.S.C. § 1860); Lacey Act: Forfeiture (16 U.S.C. § 3374); North Atlantic Salmon Fishing: Violations and penalties (16 U.S.C. § 3606); Pacific salmon fishing (16 U.S.C. § 3637); North Pacific Anadromous Stocks Convention (16 U.S.C. § 5010); Atlantic coastal fisheries: Secretarial action (16 U.S.C. § 5106); Atlantic striped bass conservation: Moratorium (16 U.S.C. § 5154); High seas fishing: Forfeitures (16 U.S.C. § 5509); Northwest Atlantic Fisheries Convention (16 U.S.C. § 5606)

Title 17 (Copyrights): Copyright infringements: Criminal offences (17 U.S.C. § 506(b)); Phonorecords: Seizure and forfeiture (17 U.S.C. § 509)

Title 18 (Crimes and criminal procedure): Forfeiture of counterfeit paraphernalia (18 U.S.C. § 492); Forfeiture of certain motor vehicles and motor vehicle parts (18 U.S.C. § 512); Smuggling goods into the United States (18 U.S.C. § 545); False claim for refund of duties (18 U.S.C. § 550); Gathering transmitting or losing defense information (18 U.S.C. § 793); Gathering or delivering defense information to aid foreign government (18 U.S.C. § 794); Explosive materials: Penalties (18 U.S.C. § 844(c)); Firearms / ammunition: Penalties (18 U.S.C. § 924(d)); Civil forfeiture (18 U.S.C. § 981); Criminal forfeiture (18 U.S.C. § 982); General rules for civil forfeiture proceedings (18 U.S.C. § 983); Civil forfeiture of fungible property (18 U.S.C. § 984); Civil forfeiture of real property (18 U.S.C. § 985); Subpoenas for bank records (18 U.S.C. § 986); Fraud and related activity in connection with identification documents and information (18 U.S.C. § 1028); Fraud and related activity in connection with access devices (18 U.S.C. § 1029); Fraud and related activity in connection with electronic mail (18 U.S.C. § 1037); Obscenity: Criminal forfeiture (18 U.S.C. § 1467); Trafficking in persons: General provisions (18 U.S.C. § 1594); Marking packages (18 U.S.C. § 1762); Protection of trade secrets: Criminal forfeiture (18 U.S.C. § 1834); Prohibition of illegal gambling business (18 U.S.C. § 1955); Laundering of monetary instruments (18 U.S.C. § 1956); Specified unlawful activity (18 U.S.C. § 1956(c)(7)); Engaging in monetary transactions in property derived from specified unlawful activity (18 U.S.C. § 1957); Prohibition of unlicensed money transmitting businesses (18 U.S.C. § 1960); Definitions (18 U.S.C. § 1961(1)); RICO: Criminal penalties (18 U.S.C. § 1963); Destruction or removal of property to prevent seizure (18 U.S.C. § 2232); Rescue of seized property (18 U.S.C. § 2233); Criminal forfeiture for child pornography (18 U.S.C. § 2253); Civil forfeiture for child pornography (18 U.S.C. § 2254); Trafficking in counterfeit labels for phonorecords, copies of computer programs or computer program documentation or packaging, and copies of motion pictures or other audio visual works, and trafficking in counterfeit computer program documentation or packaging (18 U.S.C. § 2318(d)); Unauthorized fixation of and trafficking in sound recordings and music videos of live performances (18 U.S.C. § 2319A); Terrorism: Definitions (18 U.S.C. § 2331); Federal crime of terrorism: Definition (18 U.S.C. § 2332b(g)(5)); Providing material support to terrorists (18 U.S.C. § 2339A); Providing material support or resources to designated foreign terrorist organisations (18 U.S.C. § 2339B); Prohibitions against the financing of terrorism (18 U.S.C. § 2339C); Trafficking in contraband cigarettes: Penalties (18 U.S.C. § 2344); Confiscation of wire, oral, or electronic communication intercepting devices (18 U.S.C. § 2513); Powers of special agents of Bureau of Alcohol, Tobacco, Firearms, and Explosives (18 U.S.C. § 3051); Use of grand jury information in forfeiture proceedings (18 U.S.C. § 3322); Disclosure of presentence records (18 U.S.C. § 3552(d)); Order of criminal forfeiture (18 U.S.C. § 3554); Firearms possessed by convicted felons (18 U.S.C. § 3665)

## **ANNEX 4**

Title 19 (Customs duties): Equipment and repairs of vessels (19 U.S.C. § 1466); Penalties for failure to declare (19 U.S.C. § 1497); Penalties for fraud, gross negligence, and negligence (19 U.S.C. § 1592); Seizure of conveyances (19 U.S.C. § 1594); Importation offenses (19 U.S.C. § 1595a); Seizure; report to customs officer (19 U.S.C. § 1602); Seizure; warrants and reports (19 U.S.C. § 1603); Seizure; prosecution (19 U.S.C. § 1604); Seizure; custody; storage (19 U.S.C. § 1605); Seizure; appraisal (19 U.S.C. § 1606); Seizure; value \$500,000 or less (19 U.S.C. § 1607); Seizure; claims; judicial condemnation (19 U.S.C. § 1608); Seizure; summary forfeiture and sale (19 U.S.C. § 1609); Seizure; judicial forfeiture proceedings (19 U.S.C. § 1610); Seizure; sale unlawful (19 U.S.C. § 1611); Seizure; summary sale (19 U.S.C. § 1612); Disposition of proceeds of forfeited property (19 U.S.C. § 1613); Customs Forfeiture Fund (19 U.S.C. § 1613b); Release of seized property (19 U.S.C. § 1614); Burden of proof in forfeiture proceedings (19 U.S.C. § 1615); Transfer of forfeited property (19 U.S.C. § 1616a); Compromise of Government claims by Secretary of the Treasury (19 U.S.C. § 1617); Remission or mitigation of penalties (19 U.S.C. § 1618); Award of compensation to informers (19 U.S.C. § 1619); Acceptance of money by United States officers (19 U.S.C. § 1620); Limitation of actions (19 U.S.C. § 1621)

Title 21 (Food and Drugs): Criminal forfeitures (21 U.S.C. § 853); Federal Food, Drug, and Cosmetic Act: Seizure (21 U.S.C. § 334); Civil forfeitures (21 U.S.C. § 881); Expedited procedures for seized conveyances (21 U.S.C. § 888); Egg products: Seizure and condemnation proceedings (21 U.S.C. § 1049)

Title 22 (Foreign relations and intercourse): Exportation offenses (22 U.S.C. § 401); Restriction on importation of fishery or wildlife products from countries which violate international fishery or endangered or threatened species programs (22 U.S.C. § 1978)

Title 26 (Internal revenue code): Forfeiture of machine guns, destructive devices, and certain other firearms (26 U.S.C. § 5872); Property used in violation of internal revenue laws (26 U.S.C. § 7302); Other property subject to forfeiture (26 U.S.C. § 7303)

Title 26 (Internal Revenue Code): Returns relating to cash received in trade or business, etc. (26 U.S.C. § 6050l)

Title 28 (Judiciary and judicial procedure): Department of Justice Assets Forfeiture Fund (28 U.S.C. § 524(c)); Subject matter jurisdiction; in rem jurisdiction (28 U.S.C. § 1355); Venue (28 U.S.C. § 1395); Sale of realty generally (28 U.S.C. § 2001); Notice of sale of realty (28 U.S.C. § 2002); Marshal's incapacity after levy on or sale of realty (28 U.S.C. § 2003); Sale of personalty generally (28 U.S.C. § 2004); Appraisal of goods taken on execution (28 U.S.C. § 2005); Execution against revenue officer (28 U.S.C. § 2006); Imprisonment for debt (28 U.S.C. § 2007); Mode of recovery (28 U.S.C. § 2461); Time for commencing proceedings (28 U.S.C. § 2462); Return of property to claimant; certificate of reasonable cause; liability for wrongful seizure (28 U.S.C. § 2465); Fugitive disentitlement (28 U.S.C. § 2466); Enforcement of foreign judgment (28 U.S.C. § 2467); Federal Tort Claims Act; exceptions (28 U.S.C. § 2680); Transfer fraudulent as to a debt to the United States (28 U.S.C. § 3304(b)); Remedies of the United States (28 U.S.C. § 3306(a))

Title 31 (Money and Finance): Definitions and application (31 U.S.C. § 5312); Reports on domestic coins and currency transactions (31 U.S.C. § 5313); Reports on exporting and importing monetary instruments (31 U.S.C. § 5316); Search and forfeiture of monetary instruments (31 U.S.C. § 5317); Compliance, exemptions and summons authority (31 U.S.C. § 5318); Bank records related to anti-money laundering programs (31 U.S.C. § 5318(k)); Special measures for jurisdictions, financial institutions, international transactions, or types of accounts of primary money laundering concern (31 U.S.C. § 5318A); Civil penalties (31 U.S.C. § 5321); Criminal penalties (31 U.S.C. § 5322); Structuring transactions involving financial institutions to evade reporting requirement prohibited (31 U.S.C. § 5324); Identification required to purchase certain monetary instruments (31 U.S.C. § 5325); Records of certain domestic coin and currency transactions (31 U.S.C. § 5326); Registration of money transmitting business (31 U.S.C. § 5330); Reports relating to coins and currency received in nonfinancial trade or business (31 U.S.C. § 5331); Bulk cash smuggling into or out of the United States (31 U.S.C. § 5332); Financial recordkeeping and reporting of currency and foreign transactions (31 C.F.R. § 103); Department of the Treasury Forfeiture Fund (31 U.S.C. § 9703)

Title 42 (The public health and welfare): Supplemental nutrition program for women, infants, and children: Criminal forfeiture (42 U.S.C. § 1786(p))

Title 46 (Shipping): Transportation of merchandise between points in United States in other than domestic built or rebuilt and documented vessels; incineration of hazardous waste at sea (46 U.S.C. § 883); Corporation as citizen; fisheries and transportation of merchandise or passengers between points in United States; parent and subsidiary corporations; domestic-built vessels; certificate; surrender of documents or change in status (46 U.S.C. § 883-1)

## **ANNEX 4**

Title 49 (Transportation): Definitions (49 U.S.C. § 80301); Prohibitions (49 U.S.C. § 80302); Seizure and forfeiture (49 U.S.C. § 80303); Administrative (49 U.S.C. § 80304); Availability of certain appropriations (49 U.S.C. § 80305); Relationship to other laws (49 U.S.C. § 80306)

Title 50 (War and national defense): Trading with the Enemy Act: Offenses; punishment; forfeitures of property (50 U.S.C. § 16); IEEPA: Presidential authorities (50 U.S.C. § 1702)

USA PATRIOT Act (Public Law 107-56)

### **State legislation – Arizona**

Title 6 (Banking Act)

Money Laundering Offence

Asset seizure/forfeiture provisions

Suspicious Activity Reporting

Money transmission/remittance requirements

State gaming legislation

Conspiracy

Conducting a criminal enterprise

Participating in a criminal syndicate

Terrorism

### **State legislation – California**

California Insurance Code (relevant sections)

### **State legislation – Delaware**

Title 5 (Banking code)

Title 6, Chapters 15, 16 and 17 (Alternative business entity laws)

Title 8 (Corporation laws)

Title 12 (Trust laws)

### **State legislation – Florida**

Florida Banking Laws

Florida Insurance Law

Florida Financial Crime Statutes

### **State legislation – Nevada**

Nevada Uniform Securities Act

Nevada Cash Transaction Reporting

Nevada Corporation Laws



**State legislation – New Jersey**

New Jersey Suspicious Activity Reporting Statute

New Jersey Gaming Regulations

**State legislation – New York**

New York State Banking Law

New York State General Business Law, Article 23-A

New York State AML/CFT Statute

New York State NPO Corporate Law

New York State Penal Law

New York Trusts Law

New York State Securities Act

**Other material**

Amendments to Delaware's business entity laws

Asset Forfeiture Training Calendar (Fiscal Years 2005-2006)

Assets forfeiture fund, Annual net revenue

Bank of America: Global AML Operations and Compliance (GAMLOC) organisational chart

Bank Secrecy Act - New Directions

Bank Secrecy Act Anti-Money Laundering Examination Manual

Bank Secrecy Act Independent Test Review

Bank Supervision Group organisation charts

BSR Organisation chart

Business Tax Forms for the State of Delaware

Case law: United States of America v. Bank of New England No. 86-1334 (United States Court of Appeals, First Circuit)

Charities Designated Under Executive Order 13224 and Executive Order 12947 and Foreign Terrorist Organizations Appearing as Potential Fundraising Front Organizations (published on the U.S. Treasury Department website)

Company formation forms for all entities (Delaware)

Delaware Corporations Information System (DCIS) User Agreement

Department of Justice: Financial Investigations Checklist

Department of State: The Global war on terrorist finance

Departmental Disciplinary Committee of the Appellate Division of the Supreme Court of the State of New York

Distribution of Sentenced guideline offenders by select primary offence category (Fiscal Year 2001; 2002; 2003—21 cases from the First Circuit excluded; 2003—341 cases from the Ninth Circuit excluded)

Drug Enforcement Administration (Presentation)

El Dorado Task Force brochure

Elements of the money laundering offences: Powerpoint presentation (Department of Justice)

Federal Sentencing Guidelines Manual (Volume 1)

FinCEN Advisory Issue 10 - Reformed CTR exemption process: Questions & Answers

FinCEN Advisories: Vol.1, Issue 1 - Introducing the FinCEN Advisory; Vol.1, Issue 3 - Funds transfers: Questions & Answers; Vol.1, Issue 4 - FATF-VII Report on Money Laundering Typologies; Vol.1, Issue 5 - Court interprets "safe harbor" provision; Vol.1, Issue 6 - Mexican bank drafts and factored third party checks; Issue 7 - Funds "travel" regulations: Questions & Answers; Issue 8 - Preparing suspicious activity reports (SARs); Issue 9 - Colombian black market peso exchange; Issue 12 - Black market peso exchange update; Issue 21 - Transactions involving Nauru; Issue 21A - Transactions involving Nauru; Issue 28 - Transactions involving Burma (Myanmar); Issue 32 - Transactions involving the Federal Republic of Nigeria; Issue 33 - Informal value transfer systems; Issue 34 - Fraudulent use of Canada Post money orders; Issue 35 - Interagency Advisory: Federal Court reaffirms protections for financial institutions filing suspicious transaction reports; Issue 36 - Interagency Advisory: Guidance on accepting accounts from foreign governments, foreign embassies and foreign political figures; Issue 37 - Interagency Interpretative Guidance on Providing banking services to money services businesses operating in the United States; Issue 38 - Guidance to money services businesses on obtaining and maintaining banking services; Issue 39 - Interagency Interpretative Guidance on customer identification program requirements under section 326 of the USA PATRIOT Act;

FinCEN Annual Report (2004)

FinCEN press release announcing two new rules that were just finalised and which impose additional AML/SAR requirements on insurance companies

FinCEN Strategic Plan (2006-2008)

FinCEN Training Courses

Form CRA: Combined registration application for State of Delaware business license and/or withholding agent

General Assembly approves 2003 amendments to Corporate Laws (Delaware)

Goldman Sachs - Powerpoint presentation - AML Program Overview (Confidential)

Governor Minner signs 2004 amendments to corporate laws (Delaware)

House Bill No.16: An act to amend Titles 8 & 9 of the Delaware Code relating to the General corporation law and to recorders

House Bill No.150: An act to amend Title 8 of the Delaware Code relating to the general corporation law

House Bill No.151: An act to amend Chapter 17, Title 6 of the Delaware Code relating to the creation, regulation, operation and dissolution of domestic limited partnerships and the registration and regulation of foreign limited partnerships

House Bill No.200: An act to amend Chapter 15, Title 6 of the Delaware Code relating to the creation, regulation, operation and dissolution of domestic partnerships and the registration and regulation of foreign limited liability partnerships

House Bill No.201: An act to amend Chapter 17, Title 6 of the Delaware Code relating to the creation, regulation, operation and dissolution of domestic limited partnerships and the registration and regulation of foreign limited partnerships

IACA Data on Active Entities

ICE Investigative Statistics

ICE: Cornerstone report

Insurance Department Resources Report

International Association for Commercial Administrators (IACA) data showing U.S. and Canadian business registrations by entity type.

IRS: Garden City Counterterrorism Lead Development Center powerpoint presentation

IRS: The New IRS Criminal Investigation powerpoint presentation

Jurisdiction of the DEA

List of Agents representing 50 or more business entities (Delaware)

List of On-line registered agents (Delaware)

List of Specified Unlawful Activities (SUA list) (i.e. the list of predicate offences for ML)

List of State Banking Departments that perform BSA examinations

Memorandum of Understanding (DEA and Customs)

Memorandum of Understanding (DEA and FBI)

Memorandum of Understanding (DEA and IRS)

Memorandum of Understanding (JTTF)

Memorandum of Understanding: Between FinCEN and [State Agency] (Template)

Memorandum of Understanding: Board of Governors of the Federal Reserve System, FDIC, NCUA, FinCEN, OCC and OTS

Memorandum: Approval requirements for money laundering cases (Department of Justice)

MLAT request process (chart)

Money laundering sentencing statistics (2002, 2003)

NASD AML Examination Statistics and Enforcement Efforts

NASD AML Guidance / Webpage

NASD Comparison of the AML Customer Identification Rule and the SEC's Books & Records Customer Account Records Rule

NASD E-Learning Courses and Webcast

NASD Guidance - Small Firm Template

NASD Guidance FAQs

NASD Manual 3011

NASD Member Firm Training

NASD Notice to Members 01-67: Terrorist Activity

NASD Notice to Members 02-21: Anti-Money Laundering

NASD Notice to Members: AML Compliance Programs

NASD Notice to Members: AML Customer identification programs for broker dealers

NASD Staff Training

NASD: AML Compliance Powerpoint presentation

National AML Strategy (2003)

NCUA organisation chart and resources

New York Money Laundering Statute: Powerpoint presentation

New York Office of Homeland Security (links)

New York State Banking Department Integrated Approach: Licensing and Examination (MSB - Money transmitters, check cashers and the banking relationship)

New York State Bar Association - Code of Professional Responsibility

OCC: Letter to the Committee on Banking, Housing and Urban Affairs

OFAC Program Summaries (Counter Narcotics Trafficking Programs)

OFAC Program Summaries (Counter Proliferation)

OFAC Program Summaries (Counter Terrorism)

Office of Compliance inspections and examinations (Delaware)

Office of International Affairs (OIA) - Powerpoint presentation

Office of Thrift Supervision Bank Secrecy Act Program

Office of Thrift Supervision Bank Secrecy Act, Anti-Money Laundering and USA PATRIOT Act Request

Organisational charts of: Department of the Treasury; Office for Terrorist Financing and Financial Crime (TFFC); Department of Justice; Asset Forfeiture and Money Laundering Section; Department of State; Department of Homeland Security (DHS); Federal Bureau of Investigation (FBI); Immigration and Customs Enforcement; Financial Crimes Enforcement Network (FinCEN); Securities and Exchange Commission (SEC)

Press Article: United States joins international crime treaty

Press article: Bank of New York to pay \$38 million in money laundering probe

Press article: Manhattan bank pleads guilty to U.S. criminal charges for failure to report \$123 million in suspicious cash deposits

Principles of Federal Prosecution of Business Organisations (Department of Justice memorandum)

Proposed amendments to Delaware business formation laws

Quick Guide to the status of the Bank Secrecy Act (BSA) / PATRIOT Act Regulations for U.S. Financial Institutions

Regulatory Role of the Attorney General's Charities Bureau (New York)

Reply to the United Nations Counter-Terrorism Committee pursuant to UNSCR 1373(2001)

Reply to the United Nations Counter-Terrorism Committee pursuant to UNSCR 1373(2001)

Report to the Congress in Accordance with Section 359 of the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act)."

Reporting and Registration forms: Currency Transaction Report (CTR) (Form 104); Currency Transaction Report by Casinos (CTR-C) (Form 103); Currency Transaction Report by Casinos-Nevada (CTRC-N) (Form 103-N); Designation of Exempt Person (DEP) (Form TD F 90-22.53); Report of Cash Payments Over \$10,000 Received in a Trade or Business (Form 8300); Report of Foreign Bank and Financial Accounts (FBAR) (Form TD F 90-22.1); Suspicious Activity Report (SAR); Suspicious Activity Report by Casinos and Card Clubs (SAR-C) (Form 102); Suspicious Activity Report by Money Service Business (SAR-MSB) (Form TD F 90-22.56); Suspicious Activity Report by the Securities and Futures Industries (SAR-SF) (Form 101); Registration of Money Services Business (Form 107); Report of International Transportation of Currency or Monetary Instruments (CMIR) (Form 105); Customs Declaration (Form 6059B); Return of Organization Exempt From Income Tax (IRS Form 990); Designation of Exempt Person (DEP) (Form TD F 90-22.53); Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code (IRS Form 1023); Application for Employer Identification Number (IRS Form SS-4)

SAR Activity Review: Trends, Tips & Issues (Issues 1-9)

SEC AML Trainings (2001-2005)

SEC enforcement actions

SEC Office of Compliance inspections and examinations (Statistics)

Seized Currency awaiting forfeiture as of September 30, 2005 (statistics)

Seizures/forfeitures by forfeiture type by Fiscal Year

Senate Bill No.58: An act to amend Title 10 of the Delaware Code relating to the Court of Chancery

Senate Bill No.85: An act to amend Chapter 15, Title 6 of the Delaware Code relating to the creation, regulation, operation and dissolution of domestic partnerships and the registration and regulation of foreign limited liability partnerships

Senate Bill No.86: An act to amend Chapter 18, Title 6 of the Delaware Code relating to the creation, regulation, operation and dissolution of domestic limited liability companies and the registration and regulation of foreign limited liability companies

Senate Bill No.127: An act to amend Title 8 of the Delaware Code relating to the general corporation law

Senate Bill No.128: An act to amend Chapter 18, Title 6 of the Delaware Code relating to the creation, regulation, operation and dissolution of domestic limited liability companies and the registration and regulation of foreign limited liability companies

State of Delaware Annual Franchise Tax Report

Strategic Approach to Combating Terrorist Financing in the Charitable Sector (presentation)

Superintendent of the New York State Banking Department: Testimony before the Senate Committee on Banking, Housing and Urban Affairs on MSB Access to the Banking Industry

Suspicious Activity Reports: Criminal Prosecutions of Financial Institutions (Department of Justice)

Terrorist Financing and the U.S. Charitable Sector: A U.S. Discussion Paper for the FATF Working Group on Terrorist Financing

Testimony of Herbert A. Biern, Senior Associate Director, Division of Banking Supervision and Regulation, Federal Reserve Board, before the Committee on International Relations, U.S. House of Representatives (quote in Section 1 of the MEQ p. 26, fn 16)

Testimony of John F. Moynihan and Larry C. Johnson before the House Committee on financial services, Subcommittee on oversight and investigations hearing on "Progress since 9/11: The effectiveness of U.S. anti-terrorist financing efforts"

Text of the notice at 68 FR 18917 (April 17, 2003) ad sct 311 Patriot Act, on the range of possible countermeasures:

The USA PATRIOT Act: The Complexities of imposing AML obligations on the real estate industry by Kevin L. Shepherd

Total forfeiture revenue from all sources end of fiscal year broken down by bureau (statistics)

U.S. Department of the Treasury Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities

United States Attorneys' Annual Statistical Report (2002-2004)

Why Corporations Choose Delaware by Lewis S. Black, Jr.

Table 1. Top 10 cities for asset seizures

Top Ten Cities for Asset Seizures	
1	New York <sup>1</sup>
2	Miami
3	Los Angeles
4	Phoenix/Tucson
5	Chicago
6	Detroit
7	Houston
8	Atlanta
9	Boston
10	San Juan

*Table 1 NDIC synthesized data reported by field offices of six federal law enforcement agencies to produce a single overall ranking of the top ten major U.S. metropolitan areas for asset seizures.*

Table 2: Illicit drug activity in the top 10 cities for asset seizures

Illicit Drug Activity in the NDIC Top Ten Cities for Asset Seizures				
City	# of Consolidated Priority Organizational Targets <sup>2</sup>	# of Regional Priority Organizational Targets <sup>3</sup>	Primary Market Area (PMA) <sup>4</sup>	Miscellaneous
New York	36	40-50	Cocaine, Heroin, Marijuana, and MDMA	
Miami	21	10-15	Cocaine, Marijuana, and MDMA	
Los Angeles	17	10-15	Cocaine, Heroin, Methamphetamine, Marijuana, and MDMA—the only PMA for all five major drugs of abuse	
Phoenix	8	1-5	Methamphetamine and Marijuana.	
Chicago	26	10-20	Cocaine, Heroin, and Marijuana	
Detroit	12	1-5		Detroit is a regional distribution center for cocaine, marijuana, and heroin distributed throughout Michigan and Ohio, and to a lesser extent, throughout the country. <sup>5</sup>
Houston	18	10-15	Cocaine and Marijuana.	
Atlanta	3	1-5	Cocaine	
Boston	11	15-20	Heroin	
San Juan	9	1-5		San Juan is a transit area for cocaine and South American heroin destined for the U.S. mainland.

Table 3. Primary offences for which individuals were sentenced in the top 10 cities for asset seizure

<sup>1</sup> According to the law enforcement data that NDIC used, the total dollar amount seized in the top three cities (New York, Miami, and Los Angeles) exceeded the total dollar amount seized in the rest of the top ten cities combined.

<sup>2</sup> CPOTs are significant international drug trafficking organizations designated by Federal law enforcement agencies for the purpose of focusing enforcement efforts on those organizations believed to be primarily responsible for the nation's illicit drug supply. There are currently 40 CPOTS which operate in a number of major cities.

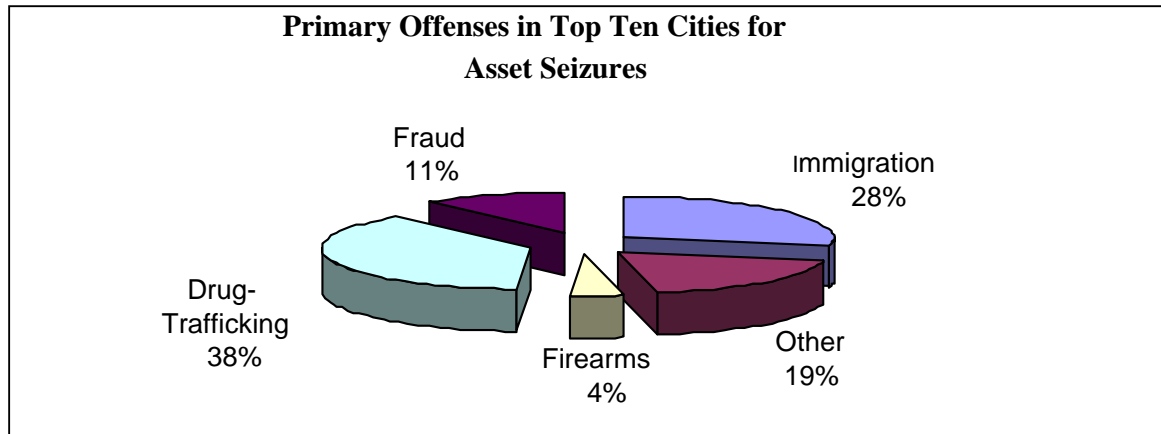
<sup>3</sup> RPOTs operate domestically and pose a major threat to a particular region or regions of the U.S.

<sup>4</sup> Primary Market Areas for cocaine, methamphetamine, heroin, and MDMA are both leading consumption areas and leading distribution centers for the drugs as determined through analysis of public health data and law enforcement reporting. Primary Market Areas for marijuana were determined based on distribution alone because rates of marijuana use are relatively high and stable in markets throughout the country. See: <http://www.usdoj.gov/ndic/pubs11/12620/>

<sup>5</sup> NDIC Drug Market Analysis, Nov. 2004 pg. 11.

## ANNEX 5

USSC 2003 data indicating that drug trafficking, immigration violations, fraud, and firearms violations were the primary offenses for which individuals were sentenced in the top ten cities.<sup>6</sup> NDIC's data analysis suggests that drug money may be the biggest source of illicit proceeds driving the demand for money laundering in the U.S. In fact, the focus on drug-related arrests and convictions may be even more dominant than indicated if the firearm and immigration convictions, are related to, or an outgrowth of, preliminary arrests for drug-related offenses.



Source: U.S. Sentencing Commission, 2003

<sup>6</sup> Drug trafficking in this context includes: drug distribution/manufacture, drug distribution/manufacture – conspiracy, continuing criminal enterprise, drug distribution – employee under 21, drug distribution near school, drug import/export, drug distribution to person under 21, and establish/rent drug operation. Immigration violations include trafficking in U.S. passports; trafficking in entry documents; failure to surrender naturalization certificate; fraudulently acquiring U.S. passports; smuggling, etc.; unlawful alien; fraudulently acquiring entry documents; and unlawfully entering U.S. Fraud includes odometer laws and regulations, insider trading, and fraud and deceit. See: <http://www.ussc.gov/ANNRPT/2003/SBTOC03.htm>

Table 1. Processing of s.314(a) USA PATRIOT Act requests (18 February 2003 – 26 January 2005)

Requests submitted by 12 federal law enforcement agencies	Requests relating to terrorism or terrorist financing	134
	Requests relating to money laundering	236
	<b>TOTAL NUMBER OF S.314(a) REQUESTS SUBMITTED</b>	<b>370</b>
Subjects of interest matched by financial institutions pursuant to a s.314(a) request	Number of subjects of interest identified by law enforcement agencies during investigations	2 627
	Number of positive subject matches reported by financial institutions pursuant to a s.314(a) request	18 814
	Number of inconclusive subject matches reported by financial institutions pursuant to a s.314(a) request	922
Results of matches found pursuant to s.314(a) requests (based on overwhelmingly positive feedback from law enforcement agencies)	New accounts identified	1 508
	New transactions	2 076
	Grand jury subpoenas	855
	Search warrants	11
	Administrative subpoenas/summons/other	131
	Arrests	9
	Indictments	2

**NOTE:** From 18 February 2003 to 26 January 2005, FinCEN processed 427 section 314(a) requests. Of these, 271 were money related, 70 were terrorist-financing related and 86 were terrorism related.



Table 2. Description of FinCEN's divisions

NAME OF THE DIVISION	DESCRIPTION
<b>Analytics Division</b>	The Analytics Division mines data collected under the BSA, and links with law enforcement, commercial, and other intelligence data sources to follow the money trails of terrorists and other criminals and to identify networks of people and accounts engaged in unlawful activity. In addition to proactive case development, the Analytics Division provides support for regulatory policy decisions and law enforcement agencies investigating financial crimes (federal, state, local, and international). The Division also develops threat assessments, industry reports, technical guides, and strategic reports on a variety of money laundering and terrorist financing issues.
<b>Client Liaison and Services Division</b>	FinCEN's Client Liaison and Services Division performs a variety of roles related to the collection, processing, and dissemination of the BSA data. It manages the <i>Gateway</i> program, through which law enforcement agencies and regulators can access BSA data through a secure web connection, and the <i>Platform</i> program, which enables federal law enforcement agency representatives to access BSA data on-site at FinCEN. This division also provides liaison services with Financial Intelligence Units (FIUs) in other countries and international organizations that set international standards for AML and anti-terrorist financing programs.
<b>Regulatory Policy and Programs Division</b>	The Regulatory Policy and Programs Division consists of three offices: the Office of Regulatory Policy, the Office of Compliance, and the Office of Enforcement. Its responsibilities relate to FinCEN's supervisory function.
<b>Office of Chief Counsel</b>	<p>The Office of Chief Counsel supports that goal by providing legal services to the bureau in the conduct of all its operations, ranging from statutory and regulatory interpretation and drafting to ethics determinations and training. Specifically, the Office:</p> <ul style="list-style-type: none"> <li>• negotiates and drafts memoranda of understanding with federal, state, and local law enforcement and regulatory agencies for access to Bank Secrecy Act data and with Egmont Group financial intelligence units for information sharing.</li> <li>• prepares the Dissemination Guidelines for Bank Secrecy Act data. The Guidelines set forth the terms and conditions under which federal, state and local agencies that access Bank Secrecy Act reports, electronically or otherwise, may further disseminate this sensitive information represents FinCEN on the Egmont Legal Working Group as Vice-Chair.</li> <li>• serves as one of the FinCEN representatives on the U.S. delegation to the meetings of the FATF Working Groups and FATF Plenary Sessions.</li> <li>• supports FinCEN's Analytics Division by reviewing and drafting portions of its guides and reports.</li> <li>• supports FinCEN's Client Liaison and Services Division by addressing legal issues arising from information requests and the dissemination of information and by providing evaluations of anti-money laundering laws and financial intelligence units being developed by other countries.</li> <li>• supports FinCEN's Regulatory Policy and Programs Division by assisting in interpreting the BSA and implementing regulations, assisting in drafting regulations, reviewing for legal sufficiency regulatory rulings and guidance, and assisting in the preparation of the administrative record for imposition of civil money penalties; and</li> <li>• provides ethics training for FinCEN's employees and legal advice to FinCEN's procurement officers and defends the agency in any law suits brought against it by its employees.</li> </ul>

Table 3. FinCEN's staffing levels as of 30 September 2004

TOTAL NUMBER OF STAFF	DESCRIPTION OF STAFF
46	Management level <ul style="list-style-type: none"> <li>• 4 senior executive service managers</li> <li>• 42 other managers</li> </ul>
249	Employees <ul style="list-style-type: none"> <li>• 107 intelligence and research specialists</li> <li>• 49 program and administrative staff</li> <li>• 29 information technology specialists</li> <li>• 12 inspection and investigative specialists</li> <li>• 10 attorneys</li> <li>• 42 others</li> </ul>
4	Students
223	Non-supervisory employees

Table 4. FinCEN's budget resources (2002-2006)

FISCAL YEAR	BUDGET
2002	USD 47 537 000
2003	USD 51 416 000
2004	USD 57 231 277
2005	USD 71 922 309
2006	USD 73 630 300

Table 5. Structure of the Asset Forfeiture and Money Laundering Section (AFMLS)

NAME OF UNIT	DESCRIPTION OF UNIT
Litigation Unit	This unit consists of 11 attorneys who are responsible for handling their own caseload of asset forfeiture and money laundering cases, as well as working on cases with U.S. Attorneys' Offices around the country.
Legal Policy Unit	This unit consists of six attorneys who are responsible for providing legal advice to policy makers and to prosecutors and investigators in the field, planning and conducting an extensive training program, publishing newsletters and monographs on a regular basis, and working on policy and legislative initiatives relating to asset forfeiture and money laundering.
International Programs Unit	This unit consists of six attorneys who handle international forfeiture matters, including the litigation of cases involving international forfeitures, assisting foreign countries with drafting and implementing money laundering and asset forfeiture laws, facilitating the sharing of forfeited assets with foreign countries, and representing the Department in multilateral initiatives involving asset forfeiture and money laundering.
Asset Forfeiture Program Unit	This unit consists of five attorneys who facilitate the operation of the asset forfeiture program by processing claims for petition and remission, assisting prosecutors in returning forfeited funds to victims in large fraud cases, overseeing the allocation of forfeiture among participating agencies in multi-agency cases, and overseeing audits of law enforcement agencies that receive forfeited funds to ensure that the funds are properly spent.

Table 6. Units of the Department of Homeland Security Immigration and Customs Enforcement (ICE)

NAME OF UNIT	DESCRIPTION OF UNIT
<b>Cornerstone Unit (Cornerstone)</b>	<p>Cornerstone was originally ICE's financial outreach program designed to expand working partnerships with financial and trade industry representatives to share information and typologies, and to identify and eliminate systemic vulnerabilities that can be exploited by terrorist and other criminal organizations. There are three key aspects behind the Cornerstone approach (i) mapping and coordinating the various financial, commercial, and trade crimes that, as a whole, threaten U.S. economic security; (ii) intensive outreach, networking, and information-sharing with the private sector in order to work together to detect and close down systemic vulnerabilities in the affected industries; and (iii) gathering, assessing and distributing intelligence indicating red flags to the affected private sector entity, Congress, law enforcement and intelligence communities. Cornerstone identifies the vulnerabilities within these systems and recommends enhancements of existing regulatory and statutory laws. Working in partnership with industry representatives, ICE shares information and typologies learned from related investigations to eliminate industry-wide security gaps through interactive outreach programs, education and real-time communication. In early 2004, ICE moved forward with Cornerstone methodology, by applying it to each violation within the spectrum of DHS/ICE's investigative purview – Financial Investigations, Export and Arms Control, International Trade, Commercial Fraud, Intellectual Property Rights, Cyber Crimes, Smuggling (alien/human trafficking, narcotics, contraband, weapons, bulk cash, etc.), and Immigration Violations (identity, document and benefit fraud) – that has a financial component that impacts the economic integrity and security of the United States. The coordination of the Cornerstone outreach initiative was placed under the direction of the Financial and Trade Investigations Division since all major violations pursued by ICE have a financial component that impacts the economic integrity and security of the U.S.</p>
<b>Trade Transparency Unit (TTU)</b>	<p>The TTU and Money Laundering Coordination Center (MLCC) provide the analytical infrastructure to support financial and trade investigations (e.g. ICE field investigations and prosecutions related to trade-based money laundering, the illegal movement of criminal proceeds across international borders, alternative money remittance systems, potential terrorist financing and other financial crimes). The TTU scrutinizes trade data systematically for evidence of trade-based money laundering. The TTU provides the capability to identify and analyze complex trade-based money laundering systems, such as the estimated USD 5 billion per year drug money laundering scheme known as the Black Market Peso Exchange (BMPE). Following the successful launch of the U.S.'s TTU, ICE is now working with other countries helping to set up companion TTUs in order to compare trade data. Recently, ICE launched a TTU in Colombia.</p> <p><i>Money Laundering Coordination Center (MLCC):</i> The MLCC records the movement of money of assumed money launderers and identifies accounts that serve as the funnel supplying alternative financing to exporters. It identifies businesses and individuals receiving narco-dollars; financial institutions with the most active broker accounts; and commodities purchased with BMPE dollars. It further identifies crossovers between money laundering operations and investigations worldwide; coordinates and facilitates the exchange of money laundering information between agencies; and identifies methodologies and trends gathered from the BMPE, financial investigations, outbound currency operations, and Foreign Investigative Teams.</p>
<b>Financial Operations Unit (Financial Operations)</b>	<p>Financial Operations provides programmatic support and line authority to ICE Financial field components targeting money-laundering activities. Examples include the monitoring and approval of certified financial undercover operations, processing electronic intercept requests, and coordinating country clearances for international travel. Financial Operations provides ICE's input for the development and utilization of the National Money Laundering Strategy as a foundation to target transnational money laundering activity. Financial Operations also closely coordinates with other law enforcement entities such as FinCEN to assist in processing field requests, including Bank Secrecy Act data, USA PATRIOT Act 314(a) requests for bank account information and registration data pertaining to money service businesses.</p>