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Senators Jones, Warner, Rounds Applaud Inclusion of Bipartisan Anti-Money Laundering Legislation in Annual Defense Bill

The ILLICIT CASH Act will improve transparency and help fight criminal networks

WASHINGTON – U.S. Senators Doug Jones of Alabama, Mark R. Warner of Virginia, and Mike Rounds of South Dakota today applauded the inclusion of their [anti-money laundering legislation](#) in the National Defense Authorization Act (NDAA) – the nation’s annual defense bill. In September 2019, the Senators introduced the *Improving Laundering Laws and Increasing Comprehensive Information Tracking of Criminal Activity in Shell Holdings (ILLICIT CASH) Act* to strengthen national security and help combat illicit financial activity carried out by terrorists, drug and human traffickers, and other criminals.

“For too long, our anti-money laundering laws haven’t kept up with the rapidly evolving methods that criminals and terrorists use for illicit financial activities. Our bipartisan bill is the largest comprehensive effort in decades to improve transparency and will give prosecutors, national security officials, law enforcement, and financial institutions the modern tools they need to crack down on money laundering and terrorist financing. Its inclusion in the annual defense bill is a great step forward for the rule of law and for the security of all Americans,” **Senator Jones said.**

“It is past time to put an end to the secrecy that allows drug cartels, human traffickers, arms dealers, terrorists and kleptocrats to exploit the United States’ banking system in order to carry out anti-American activities. That’s why I’m pleased to know that this year’s defense funding bill will include our anti-

money laundering legislation to combat money laundering and terrorist financing,” **said Senator Warner**. “As the Vice Chairman of the Senate Intelligence Committee, I know that the current holes in our financial system pose a serious threat to national security. We can patch those holes by increasing corporate transparency requirements and handing our federal agencies the 21st century tools they need to combat these 21st century threats.”

“I’m pleased that our anti-money laundering legislation was included as a part of this year’s NDAA. This bipartisan legislation protects Americans by depriving criminals and terrorists of the tools they use to finance illicit activity. It is the first serious overhaul of our anti-money laundering system in decades, and it makes sense to include it in the biggest, most important national defense legislation Congress passes each year,” **said Senator Rounds**.

The NDAA [text](#) released today includes language from the Senators’ *ILLICIT CASH Act* that will, for the first time, require that shell companies – often used as fronts for criminal activity – disclose their true owners to the U.S. Department of Treasury. It will also update decades-old anti-money laundering (AML) and combating the financing of terrorism (CFT) policies by giving Treasury and law enforcement the tools they need to fight criminal networks. This includes improving overall communication between law enforcement, financial institutions, and regulators, and facilitating the adoption of critical 21st century technologies.

According to research from the University of Texas and Brigham Young University, the U.S. remains one of the easiest places in the world to set up an anonymous shell company. A recent report by Global Financial Integrity demonstrates that, in all 50 U.S. states, more information is currently required to obtain a library card than to register a company. Human traffickers, terrorist groups, arms dealers, transnational criminal organizations, kleptocrats, drug cartels, and rogue regimes have all used U.S.-registered shell companies to hide their identities and facilitate illicit activities. Meanwhile, U.S. intelligence

and law enforcement agencies find it increasingly difficult to investigate these illicit financial networks without access to information about the beneficial ownership of corporate entities involved.

At the same time, U.S. AML-CFT laws have not kept pace with the growing exploitation of the global financial system to facilitate criminal activity. According to a United Nations report, money laundering activity and illicit cross-border financial flows have generated upwards of \$300 billion annually in criminal proceeds. While tracking these growing sums is increasingly difficult, U.S. laws have also failed to adequately address the small-dollar financing of global terrorist groups.

The agreement reached as part of the NDAA includes critical elements of the *ILLICIT CASH Act*, including:

- **Setting national exam and supervision priorities** to improve AML-CFT outcomes and better target federal resources in the effort to identify evolving criminal and national security threats.
- **Establishing federal disclosure requirements of beneficial ownership information** that will be maintained in a comprehensive federal registry, with strict privacy protections, accessible by federal and local law enforcement.
- **Improving the recruitment and retention of top talent to combat money laundering and terrorism** by providing special hiring authority at the Department of Treasury and FinCEN.
- **Prioritizing innovation and technology in AML-CFT monitoring and reporting** through the establishment of a new Subcommittee on Innovation and Technology, updated guidance on financial technology risk assessments, and a Financial Crimes Tech Symposium.
- **Facilitating communication and information sharing between FinCEN, national security agencies, law enforcement and financial institutions** through the establishment of new programs and reporting mechanisms.
- **Requiring law enforcement agencies and regulators to formally review regulations within the Bank Secrecy Act** to ensure regulations, guidance, reports and records are highly useful in countering financial crime.
- **Requiring streamlined data and real time reporting of suspicious activity reports**, and requiring law enforcement to coordinate with

financial regulators to provide periodic feedback to financial institutions on their suspicious activity reporting.

- **Prioritizing the protection of personally identifying information** while establishing a clear path for financial institutions to share AML-CFT information for the purposes of identifying suspicious activity.
- **Preventing foreign banks from obstructing money laundering or terrorist financing investigations** by requiring these banks to produce records in a manner that establishes their authenticity and reliability for evidentiary purposes, and compelling them to comply with subpoenas. This legislation also authorizes contempt sanctions for banks that fail to comply and increase penalties on repeat BSA violators.
- **Ensuring the inclusion of current and future payment systems in the AML-CFT regime** by updating the definition of “coins and currency” to include digital currency.

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