

**International Money Laundering Abatement and Financial
Anti-Terrorism Act of 2001
Title III of the USA Patriot Act of 2001
Public Law 107-56
October 26, 2001**

Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 focuses on beefing up the current U.S. money laundering defenses and changes those laws to help deal with terrorism. Highlights of the money laundering provisions in the law include:

- Allows the Secretary of the Treasury to require increased record keeping and reporting by financial institutions (defined very broadly under 31 USC 5312¹) concerning transactions involving:
 - Jurisdictions outside the United States,
 - Financial institutions outside the United States, and/or
 - Classes of transactions involving jurisdictions outside of the United States, that are considered by the Secretary to be a primary money laundering concern.
- Requires special due diligence for correspondent accounts and private banking accounts involving foreign persons or financial institutions and prohibits U.S. financial institutions from establishing correspondent accounts with foreign shell banks with no physical presence.
- Requires the Secretary of the Treasury to adopt regulations to encourage cooperation among financial institutions, their regulatory authorities, and law enforcement authorities to share information regarding individuals, entities and organizations engaged in terrorist acts or money laundering activities.
- Includes foreign corruption offenses as money laundering crimes.
- Allows for forfeiture of funds from United States interbank accounts up to the amount of the funds deposited in a foreign bank with no requirement that the government establish that the funds are directly traceable to the funds that were deposited into the foreign bank.
- The Secretary of the Treasury or the Attorney General may issue a summons or subpoena to any foreign bank that maintains a correspondent account in the United States and request records related to the account, including records maintained outside of the United States. A covered financial institution must terminate the correspondent relationship with the foreign bank if the foreign bank does not comply with the request for information.

¹ Financial Institutions are defined as everything from (A) to (Z) including: a currency exchange; an issuer, redeemer or cashier of travelers' checks, checks, money orders, or similar instruments; an insurance company; a pawnbroker; a loan finance company; a dealer in precious metals, stones, or jewels; a travel agency; a licensed sender of money; a business engaged in vehicle sales, including automobiles, airplanes and boats; persons involved in real estate closings and settlements; and casinos...among other things.

- Increases the maximum criminal and money penalties for money laundering from \$100,000 to \$1,000,000.
- Allows the Secretary of the Treasury to issue regulations to ensure that concentration accounts are not used to prevent association of the identity of an individual customer with the movement of funds in the account.
- Broadly limits a financial institution's liability to any person for submitting a suspicious activity report, for voluntarily disclosing a possible violation of law or regulation to a government agency, or for failure to provide notice of the report/disclosure to the subject of the report/disclosure.
- Requires financial institutions to establish anti-money laundering programs that include:
 - Development of internal policies,
 - Designation of a compliance officer,
 - Ongoing employee training programs, and
 - An independent audit function.

The Secretary of the Treasury may also require additional minimum standards.

- Authorizes insured depository institutions to disclose in written employment references to other insured depository institutions information concerning the possible involvement of that employee in potentially unlawful activities.
- Requires registered brokers and dealers (pursuant to rules promulgated by the Secretary of the Treasury) to file suspicious activity reports consistent with the requirements applicable to financial institutions.
- Amends the purpose of the Bank Secrecy Act and the filing of suspicious activity reports to include protection against international terrorism.
- Requires consumer-reporting agencies to furnish consumer reports to a government agency for the purposes of intelligence or counter-intelligence activities related to international terrorism.
- Adds to the definition of **money transmitter** informal value transfer banking systems or networks of people facilitating the transfer of value outside of the financial institutions system. This provision attempts to establish regulatory oversight for informal "hawala" systems.
- Makes it a Federal crime to operate a money transmitter business without an appropriate state license.
- Makes the act of smuggling bulk cash in or out of the United States a criminal offense and authorizes the forfeiture of any cash or instruments of the smuggling offense.