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OUTLINE OF THE USA PATRIOT ACT OF 2001 FOR THE STEP PRESENTATION ON MONEY LAUNDERING

- I. INTRODUCTION--UNITING AND STRENGTHENING AMERICA BY PROVIDING APPROPRIATE TOOLS REQUIRED TO INTERCEPT AND OBSTRUCT TERRORISM ACT OF 2001 (“USA PATRIOT ACT”)**
 - A. Title III, Section 301 et seq. of USA PATRIOT ACT—International Money Laundering Abatement and Anti-terrorist Financing Act of 2001--(other sections of USA PATRIOT ACT deal with 4th Amendment search and seizure issues, immigration issues, and the strengthening of criminal laws related to terrorism)
 - B. International counter-money laundering and related measures
 - C. Bank Secrecy Act amendments and related improvements
 - D. Currency crimes

- II. INTERNATIONAL COUNTER-MONEY LAUNDERING AND RELATED MEASURES**
 - A. Imposition of “special measures” for jurisdictions, financial institutions, or international transactions or accounts of primary money laundering concern
 1. Additional record-keeping or reporting for specific transactions
 2. Requiring the identification of the foreign beneficial owners of certain accounts at a United States financial institution
 3. Requiring identification of customers of a foreign bank who use a interbank payable-through account opened by that foreign bank at a United States bank
 4. Requiring the identification of customers of a foreign bank who use an interbank correspondent account opened by that foreign bank at a United States bank
 5. Restricting or prohibiting the opening or maintaining of certain interbank correspondent or payable-through accounts

 - B. Special due diligence for United States financial institutions with regard to correspondent accounts and private banking accounts of non-United States persons

- C. Issuance of regulations which encourage information sharing between financial institutions and law enforcement officials
- D. Long-arm jurisdiction over foreign money launderers
 - 1. Foreign persons committing money laundering offenses in the United States
 - 2. Foreign banks opening United States bank accounts
 - 3. Foreign persons who convert assets ordered forfeited by a United States court
- E. Expansion of the definition of “financial institution” for money laundering purposes
- F. Forfeiture of funds in United States interbank accounts
- G. 120-hour requirement for United States financial institutions to respond to requests for information by United States regulators
- H. United States government may seek restraining orders to preserve the availability of property subject to a foreign forfeiture or confiscation judgment
- I. Regulatory measures concerning the maintenance of concentration accounts by United States depository institutions

III. BANK SECRECY ACT AMENDMENTS AND RELATED IMPROVEMENTS

- A. Relief from civil liability for financial institutions filing suspicious activity reports
- B. Requirement of financial institutions to institute anti-money laundering programs
 - 1. Minimum standards set by the Secretary of the Treasury
- C. Authorization permitting banks to include suspicions of illegal activity in written employment references
- D. Reporting of suspicious activities by securities brokers and dealers
- E. Addition of the Financial Crimes Enforcement Network (“FinCEN”) as a bureau of the Department of the Treasury
 - 1. Creation of Director of FinCEN
- F. Increase in civil and criminal penalties for money laundering
 - 1. Civil penalties increased from US\$100,000 to US\$1 million

- G. Reporting requirements for coins and currency received in non-financial trade or business transactions

IV. CURRENCY CRIMES

- A. Criminal penalties for bulk cash smuggling
- B. Forfeiture penalties for currency reporting violations
- C. Criminal offense for knowingly operating an unlicensed or unregistered money transmission business
- D. Increased penalties for counterfeiting domestic currency and obligations
- E. Expansion of offenses
- F. Extraterritorial jurisdiction

V. POTENTIAL UNITED STATES TAX IMPLICATIONS OF THE USA PATRIOT ACT OF 2001

- A. “Know-your-customer” procedures for financial institutions
- B. Potential conflict between new law and withholding regulations
- C. Possible conflict with foreign prohibitions

VI. CONCLUSION

“This legislation is essential not only to pursuing and punishing terrorists, but also preventing more atrocities in the hands of evil ones. This government will enforce this law with all the urgency of a nation at war. The elected branches of our government, and both political parties, are united in our resolve to fight and stop and punish those who would do harm to the American people.” **President George W. Bush**