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**DRAFT**

**TITLE II**  
**DRUG FREE SCHOOLS**

## A BILL

To promote excellence in American education by achieving and maintaining a drug-free environment in our Nation's elementary and secondary schools, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Drug-Free Schools Act of 1986 (The Zero-Tolerance Act)".

## FINDINGS

Sec. 202. The Congress finds the following:

(1) Drug use is widespread among American students, not only in secondary schools, but increasingly in elementary schools as well;

(2) The use of drugs by students constitutes a grave threat to their physical and mental well-being and significantly impedes the learning process;

(3) The tragic consequences of drug use by students are felt not only by the students, themselves, and their families, but also by their communities and their Nation, which can ill afford to lose their skills, talents, and vitality;

(4) Among our cultural institutions, schools, assisted by parents and the community, have a special responsibility to assist in combating the scourge of drug use by adopting and applying firm but fair drug policies; and

(5) That prompt action by our Nation's schools can bring us significantly closer to the goal of a drug-free generation.

(6) Educational Institutions should establish clear policies to ensure that illegal drug users will be held accountable for their actions.

(7) Drug testing in appropriate circumstances is a diagnostic tool designed to create a healthier educational environment, increase productivity, improve public safety, and protect fellow students, faculty and employees.

(8) Experience with drug testing has shown that it can significantly contribute to reducing the demand for illegal drugs with protecting non drug-using students, faculty and employees from the harms caused by illegal drug users.

#### PURPOSE

Sec. 203. The purpose of this Act is to assist State and local educational agencies to establish a drug-free learning environment within elementary and secondary schools and to prevent drug use among students in such schools.

#### AUTHORIZATION OF APPROPRIATIONS

Sec. 204. For the purpose of carrying out this Act there are authorized to be appropriated \$100,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the succeeding fiscal years.

#### RESERVATIONS AND ALLOTMENTS



Sec. 205. (a) From the funds appropriated under section 4 for any fiscal year, the Secretary shall reserve 20 per centum for national programs under section 10.

(b)(1) From the remainder of the amount appropriated to carry out this Act for each fiscal year after the application of subsection (a), the Secretary may reserve up to one per centum for projects authorized by this Act in Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands,

(2) The Secretary shall allot the funds reserved under paragraph (1) among Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands according to their respective need for assistance under this Act.

(c)(1) From the remainder of the amount appropriated to carry out this Act for each fiscal year after the application of subsections (a) and (b), the Secretary shall allot each State an amount which bears the same ratio to that remaining amount as the number of children aged five to seventeen, inclusive, in a State and in all the States shall be determined by the Secretary on the basis of the most recent available data satisfactory to the Secretary.

(2)(A) The Secretary may reallocate all or a portion of the State's allotment for any fiscal year if the State does not submit a State application under section 6, or otherwise indicates to the Secretary that it does not need or cannot use

the full amount of its allotment for that fiscal year. The Secretary may fix one or more dates during a fiscal year upon which to make reallocations.

(B) The Secretary may reallocate funds on a competitive basis to one or more States that demonstrate a current need for additional funds under this Act. Any funds reallocated to another State shall be deemed to be part of its allotment for the fiscal year in which the funds are reallocated.

(d) For the purpose of this section, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

#### STATE APPLICATIONS

Sec. 206. (a) Any State desiring to receive a grant from funds allotted under section 5 for any fiscal year shall submit to the Secretary a State application which meets the requirements of this section.

(b) Each State application shall--

(1) cover a period of three fiscal years;

(2) be submitted at the time and in the manner specified by the Secretary; and

(3) contain whatever information the Secretary may reasonably require, including--

(A) assurances that--

(i) the State educational agency will be responsible for the administration, including supervision, of all State and local projects supported by the State's grant and shall maintain whatever fiscal control and fund accounting procedures are necessary to ensure the proper disbursement of, and accounting for, Federal funds paid to the State under this Act;

(ii) the State educational agency will distribute at least 90 per centum of its allotment on a competitive basis to local educational agencies to pay the Federal share of the costs of local projects under section 8; and

(iii) the State educational agency will provide for continuing administrative direction and control by a public agency over funds under this Act used to benefit teachers, school administrators, and students in private nonprofit elementary and secondary schools;

(iv) no more than 5 per centum of the amount allotted to a State under section 5(c) will be used for State administration; and

(B) description of--

(i) the priorities and goals the State has selected for the use of funds under this Act during the period of the State application;

(ii) how, in establishing its priorities and goals under the State plan, the State has taken into account the needs of those public and private nonprofit elementary and secondary schools which desire to have their teachers, school



administrators, and students participate in projects under this Act;

(iii) the procedures and criteria the State will use to select local projects to be supported under this Act from among the applications received;

(iv) how parents, local educational agencies, private nonprofit elementary and secondary schools, law enforcement agencies, the courts, State agencies engaged in preventing drug abuse, drug and alcohol treatment programs, and other interested community resources have been involved in the development of the State's priorities and goals under the State application;

(v) the projects the State will carry out with the portion of its allotment not distributed to local educational agencies or used for State administration, and

(vi) the procedures the State will adopt to ensure compliance with section 9.

(c) Each State application after the first must contain information on the State and local projects carried out under the proceeding State application, including data on the number and characteristics of persons who participated, and an assessment of the degree to which those projects accomplished the goals described in the State application.

#### STATE PROJECTS

Sec. 207. (a) The State educational agency shall use that portion of its allotment that is not distributed to local educational agencies or used for State administration for State projects under this section.

(b) Funds under this section shall be used to--

(1) provide inservice training for teachers and schools administrators relating to--

(A) the authority of teachers and school administrators to maintain an orderly school environment that is conducive to learning, including their authority to detect and discipline students using drugs and alcohol;

(B) the causes and effects of drug and alcohol use by elementary and secondary school students;

(C) the identification and treatment of such students; and

(D) effective techniques for instructing and counseling such students;

(2) Develop, disseminate, and implement curricula, counseling programs, and teaching materials to prevent drug and alcohol abuse;

(3) support State activities designed to enhance the involvement of parents in preventing drug and alcohol use among students, through such activities as educating parents about the symptoms and effects of drug use;

(4) establish cooperative programs between the schools

and law enforcement agencies, the courts, drug and alcohol treatment programs, and other community resources;

(5) collect and disseminate information about drug and alcohol use by students;

(6) provide technical assistance to local educational agencies under this Act; or

(7) support any other State project, consistent with the purposes of this Act, that the State deems necessary to achieve and maintain a drug-free environment that is conducive with learning in the elementary and secondary schools of that State.

#### LOCAL PROJECTS

Sec. 208. (a) To apply for an award under this Act, a local educational agency shall submit to the State educational agency a plan which describes how the local educational agency will achieve and maintain drug-free elementary and secondary schools. Each plan must be for a period of three years. In addition, the plan must describe for grades kindergarten through 12--

(1) the extent and nature of the current drug and alcohol problem in the schools of the local educational agency, including detailed information which shows--

(A) the number or percentage of students who use drugs or alcohol;

(B) the grade level of those students;



(C) the type of drugs they use; and .

(D) how the local educational agency obtained this information;

(2) the local educational agency's drug and alcohol policy, including an explanation of (A) the disciplinary practices and procedures it will strictly enforce to eliminate the sale or use of drugs and alcohol on school premises; and (B) how it will inform students that drug use is both harmful and wrong;

(3) the drug and alcohol prevention curricula, counseling programs, and teaching materials the local educational agency will adopt, including an explanation of why these curricula programs, and materials are appropriate in light of the current drug and alcohol problem in the local educational agency;

(4) the inservice training the local educational agency will provide for teachers and school administrators, including an explanation of why this inservice training is appropriate in light of the current drug and alcohol problem in the local educational agency;

(5) how the local agency's plan was developed and will be implemented with the involvement of local community resources, including parents, law-enforcement agencies, the courts, and drug and alcohol treatment programs;

(6) how the local educational agency will monitor the effectiveness of its plan; and

(7) how the plan, if successful, will be continued after Federal assistance under this Act terminates.

(b)(1) In order to apply for funds under this Act for the second and third year of its plan, a local educational agency shall submit to the State educational agency an annual progress report at the end of the first and second years of its plan, as appropriate. Each annual progress report must describe in detail--

(A) the local educational agency's significant accomplishments under the plan during the preceding year;

(B) the extent to which the original objectives of the plan are being achieved, including a reduction in the number of students who use drugs; and

(C) any modifications of the plan that are appropriate.

(2) No local educational agency may receive funds under this Act for the second or third year of its plan unless its annual progress report shows that the local educational agency is making reasonable progress towards accomplishing the purposes of this Act.

(3) At the end of the third year of its plan, the local educational agency shall submit to the State educational agency a final report which assesses the effectiveness of the three-year plan in meeting its objectives. Each final report must contain information which indicates the extent to which the

plan has succeeded in achieving and maintaining schools that are drug-free.

(c) A local educational agency shall use funds under this section, in accordance with its plan, to--

(1) provide inservice training for teachers and school administrators relating to--

(A) the authority of teachers and school administrators to maintain an orderly school environment that is conducive to learning, including their authority to detect and discipline students using drugs and alcohol;

(B) the causes and effects of drug and alcohol use by elementary and secondary school students;

(C) the identification and treatment of such students; and

(D) effective techniques for instructing and counseling such students;

(2) support increased security measures in schools;

(3) develop and implement curricula, counseling programs, and teaching materials to prevent drug and alcohol use;

(4) involve parents, teachers, and school administrators in preventing drug and alcohol use among students, through such activities as educating those parents, teachers, school administrators about the symptoms and effects of drug use;

(5) establish cooperative programs between local law-enforcement agencies, the courts, drug and alcohol treatment programs, and other community resources; or



(6) any other local project consistent with the purpose of this Act, that the local educational agency deems necessary to achieve and maintain a drug-free environment that is conducive to learning in its elementary and secondary schools.

(d) The Federal share of the cost of a local project under this Act may not exceed 67 per centum.

PARTICIPATION OF PRIVATE SCHOOL TEACHERS, SCHOOL ADMINISTRATORS, AND STUDENTS

Sec. 209. (a)(1) To the extent consistent with the number of children who are enrolled in participating private nonprofit elementary and secondary schools in the State, the State educational agency shall ensure equitable participation in the purposes and benefits of State projects under section 7 for teachers, school administrators, and students in such schools.

(2) To the extent consistent with the number of children who are enrolled in participating private nonprofit elementary and secondary schools located in the school district of a local educational agency, that local educational agency shall ensure equitable participation in the purposes and benefits of local projects under section 8 for teachers, school administrators, and students in such schools.

(b) To satisfy the requirements of subsection (a), a State educational agency or a local educational agency shall--

(1) consult with appropriate private nonprofit school representatives during the design and development of the project to determine which schools desire to participate in the project

and the needs of the teachers, school administrators, and students in those participating schools, and

(2) then provide, as appropriate, benefits authorized by this Act for teachers, school administrators, and students in such schools.

(c) No funds under this Act may be used--

(1) for any religious worship, proselytization, or activity of a school or department of divinity, or

(2) to provide or improve any program of religious instruction.

#### NATIONAL PROGRAMS

Sec. 210. (a) The Secretary shall use funds reserved under section 5(a) to carry out national programs designed to achieve and maintain a drug-free environment that is conducive to learning in elementary and secondary schools. The Secretary may carry out such programs directly, or through grants, contracts, or cooperative agreements with State or local educational agencies, postsecondary educational institutions, institutions of higher education, and other public and private agencies organizations, and institutions. The Secretary shall, when appropriate, coordinate activities under this section with the Secretary of Health and Human Services.

(b) The Secretary shall use funds under this section to--

(1) collect and disseminate information about drug and alcohol use among students in elementary and secondary schools;

(2) collect and disseminate information on effective curricula, counseling programs, and teaching materials to prevent drug and alcohol use;

(3) conduct research on the effects of drug and alcohol use on elementary and secondary education;

(4) conduct workshops and seminars to encourage greater cooperation between schools and the community, including parents, law-enforcement agencies, the courts, and social service agencies; or

(5) carry out any other national level project or activity, consistent with the purpose of this Act, that the Secretary deems necessary to achieve and maintain a drug-free environment that is conducive to learning in elementary and secondary schools.

#### DRUG TESTING IN EDUCATIONAL INSTITUTIONS

Sec. 211. (a) It shall not be unlawful under federal law for any educational institution to require as a condition of admission or continued enrollment that students refrain from the use of illegal drugs.

(b) It shall not be unlawful under federal law for any educational institution to conduct drug testing of its students or applicants for admission to determine if they use illegal drugs.

(c) It shall not be unlawful under federal law for an



educational institution to refuse enrollment to applicants for admission who use illegal drugs.

(d) It shall not be unlawful under federal law for an educational institution to take disciplinary action against a student, including suspension or expulsion, who use illegal drugs whether or not committed at the educational institution.

#### USE OF FUNDS

Sec. 212. Federal funds made available to a State or local educational agency under this Act shall be used to supplement and, to the extent practicable, increase the amount of non-Federal funds that would, in the absence of such Federal funds, be made available for the purposes of this ACT, and in no case to supplant such non-Federal funds.

#### CONFORMING AMENDMENTS

Sec. 213 Section 583(b) of Education Consolidation and Improvement Act (20 U.S.C. 3851(b)) is amended by--

- (1) inserting an "and" at the end of paragraph (2);
- (2) striking out paragraph (3); and
- (3) by redesignating paragraph (4) as paragraph (3).

#### DEFINITIONS

Sec. 214. The definitions of terms used in this Act shall be the same definitions given those terms under section 595 of the Education Consolidation and Improvement Act (20 U.S.C. 3875).

EFFECTIVE DATE

Sec. 215. The provisions of this Act shall take effect upon enactment.

## DRUG FREE SCHOOLS ACT OF 1986 (THE ZERO-TOLERANCE ACT)

### Section-by-Section Analysis

The bill, the Drug-Free Schools Act of 1986 (The Zero Tolerance Act) ("Act") would authorize a new State-administered grant program to assist State and local educational agencies to establish a drug-free learning environment within elementary and secondary schools and to prevent drug use among students in such schools. The bill would also make clear that federal law would not bar an educational institution from initiating a program of drug testing. The major provisions of the Act are explained in the following section-by-section analysis.

Section 202 Section 202 of the Act would contain a statement of Congressional findings.

Section 203 Section 203 of the Act would state the purpose of the Act as assisting State and local educational agencies to establish a drug-free learning environment within elementary and secondary schools and to prevent drug use among students in such schools. To accomplish this purpose the bill would authorize national, State and local programs.

Section 204 Section 204 of the Act would authorize the appropriation of \$100 million for the fiscal year 1987 and such sums as may be necessary thereafter through fiscal year 1991 to carry out the Act.

Section 205 Section 205 of the Act would prescribe how funds under the Act for each fiscal year would be allotted. First, the Secretary would be authorized to reserve 20 per centum of the amount appropriated for national programs. From the remainder the Secretary would be authorized to reserve up to one per centum for programs under the Act in Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands. Finally, the Secretary would be required to allot to each State an amount which bears the same ratio to the remainder of the funds as the number of children aged five to seventeen, inclusive, in a State bears to the number of such children in all States. Under certain circumstances, section four would also authorize the Secretary to make appropriate reallocations of funds among the States.

Section 206 Section 206 of the Act describes the three-year State application a State would be required to submit to the Secretary in order to receive funds under the Act. Among other things, the State would be required to assure the Secretary that the State educational agency will be responsible for the administration of the State's program; that at least 90 per centum of the State's allotment will be distributed to local



educational agencies on a competitive basis; and that no more than 5 per centum of the State's total allotment under section 5(c) will be used for State administration. The State would also be required to include in its State administration. The State would also be required to include in its State applications description of its priorities and goals for using funds under this Act; how the State has taken into account the needs of public and private elementary and secondary schools which desire to participate in the program; the procedures and criteria the State will use to select local projects; how parents, local educational agencies, private nonprofit schools, the law enforcement community, State agencies engaged in preventing drug abuse, and drug and alcohol treatment programs have been involved in the development of the State's priorities and goals; the projects the State will carry out; and the State's procedures for ensuring equitable participation for teachers, school administrators, and students in private nonprofit schools. Each State application after the first would contain information on the State and local projects carried out under the preceding application, including data on the number and characteristics of the participants and an assessment of the extent to which those projects accomplished their goals.

Section 207. Section 207 of the Act would authorize State projects, including: inservice training for teachers and school administrators relating to their authority to detect and discipline students using drugs and alcohol, the causes of drug and alcohol use by students, the identification of such students, and how to instruct or counsel them effectively; the development and implementation of curricula and teaching materials to prevent drug and alcohol use; educating parents about the symptoms and effects of drug use; cooperative programs between schools and law enforcement agencies and drug and alcohol treatment programs; and collection and dissemination of information about drug and alcohol use by students.

Section 208. Section 208 of the Act would authorize local projects. To receive funds under the Act, a local educational agency would be required to submit to the State educational agency a three-year plan for achieving and maintaining drug-free elementary and secondary schools. The plan must describe in detail the extent and nature of the current drug and alcohol problem in the applicant's schools; the applicant's drug and alcohol policy, including the disciplinary practices and procedures it will employ; the curricula and teaching materials it will adopt and the inservice training for teachers and schools administrators it will provide; how the plan was developed and will be implemented with the involvement of local community resources, including parents; and how the plan, if successful, will be continued after Federal assistance terminates. In addition, a local educational agency must submit to the State educational agency an annual progress report at the end of the first and second years of its plan, and, at the end of the third year of its plan, a final report which assesses the effectiveness



of the plan in achieving and maintaining schools that are drug-free. Funding for the second or third year of a local educational agencies plan would be contingent upon whether the plan is accomplishing the purposes of the Act. Local educational agencies would be authorized to carry out most of the same activities authorized for State projects; while local educational agencies would not be specifically authorized to increase security in their schools. Finally, Section 208 would establish the Federal share of the cost of local projects as no more than 67 per centum.

Section 209. Section 209 of the Act would require State and local educational agencies to ensure equitable participation in the purposes and benefits of their respective projects for teachers, school administrators, and students in participating private nonprofit elementary and secondary schools, consistent with the enrollment in such schools. State and local educational agencies would be required to consult with appropriate representatives of private nonprofit schools during the design and development of projects under the Act to determine which schools desire to participate and the needs of their teachers, school administrators, and students. Funds under this Act could not be used for religious worship or to provide or improve any program of religious instruction.

Section 210. Section 210 of the Act would authorize the Secretary to carry out national programs directly, or through grants, contracts, or cooperative agreements with State or local educational agencies, postsecondary educational institutions, institutions of higher education, and other public and private agencies, organizations, and institutions and to coordinate activities with the Secretary of Health and Human Services, when appropriate. The Secretary would be authorized to collect and disseminate information about drug and alcohol use among students, as well as information on effective curricula, counseling programs, and teaching materials; consult research on the effects of drug and alcohol use on elementary and secondary education; and conduct workshops and seminars to encourage greater cooperation between schools and the community, including parents, law-enforcement agencies, the courts, and social service agencies.

Section 211. Section 211, paragraph (a), specifies that it shall not be unlawful under federal law for any educational institution to require as a condition of admission or continued enrollment that students refrain from the use of illegal drugs.

Paragraph (b) provides that it shall not be unlawful under federal law for any educational institution to conduct drug testing of its students or applicants for admission to determine if they use illegal drugs.

Paragraph (c) authorizes educational institutions under federal law to refuse enrollment to applicants for admission who use illegal drugs.

Paragraph (d) provides that it shall not be unlawful under federal law for an educational institution to take disciplinary action against a student, including suspension or expulsion, who uses illegal drugs (whether or not committed at the educational institution) or who refuses to participate in drug testing.

Section 212. Section 212 of the Act would require that State and local educational agencies use funds under the Act to supplement and, to the extent practicable, increase the amount of non-Federal funds that would, in the absence of Federal funds, be made available for the purposes of the Act, and not to supplant such non-Federal funds.

Section 213. Section 213 of the Act would delete as unnecessary the reference to alcohol and drug abuse education activities among the mandated priorities of the Secretary's Discretionary Program under Chapter 2 of the Education Consolidation and Improvement Act ("ECIA").

Section 214. Section 214 of the Act would incorporate the definitions of pertinent terms under Chapter 2 of the ECIA.

Section 215. Section 215 of the Act would provide for an effective date upon enactment.



**DRAFT**

TITLE III

SUBSTANCE ABUSE SERVICES AMENDMENTS 1986

**A BILL**

To extend and make improvements in substance abuse services programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SHORT TITLE AND REFERENCES IN ACT**

SEC. 301. (a) This Act may be cited as the "Substance Abuse Services Amendments of 1986".

(b) The amendments in this Act apply to the Public Health Service Act.

**EXTENSION OF BLOCK GRANT**

SEC. 302. Section 1911 amended--

- (1) by striking out "and" after "1986," and
- (2) by inserting before the period the following:  
", \$\_\_\_, \_\_\_, \_\_\_ for fiscal year 1988, \$\_\_\_, \_\_\_, \_\_\_ for the fiscal year 1989, \$\_\_\_, \_\_\_, \_\_\_ for fiscal year 1990, \$\_\_\_, \_\_\_, \_\_\_ for fiscal year 1991, and \$\_\_\_, \_\_\_, \_\_\_ for fiscal year 1992".

**ELIMINATION OF CERTAIN BLOCK GRANT EARMARKS**

SEC. 303. (a) Section 1916(c) is amended by striking out paragraphs (2), (7), (8), (14), and (15).

(b) Subsections (g) and (h) of section 1916 are repealed.

(c) The second sentence of section 1917(a)(1) is amended--

(1) by striking out clause (C) through the comma, and

(2) by redesignating clause (D) as (C).

(d) The amendments made by the preceding subsections apply to appropriations for fiscal year 1988 and succeeding fiscal years.

**DRAFT**

TITLE IV

INTERNATIONAL COOPERATION AGAINST ILLICIT DRUGS

PART A

Sec. 1. This part may be cited as the International Forfeiture Enabling Act of 1986.

Sec. 2. (a) Part E of the Controlled Substances Act is amended by adding after section 516 (21 U.S.C. 886) a new section 517 to read as follows:

Forfeiture Relating to Foreign Unlawful Drug Activities

"(a) the following property located within the jurisdiction of the United States relating to an unlawful drug activity committed within the jurisdiction of a foreign country shall be subject to forfeiture to the United States:

"(1) any property constituting, or derived from, any proceeds obtained, directly or indirectly, as a result of the unlawful drug activity; and

"(2) any property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, the unlawful drug activity;

except that no property shall be forfeited under this section, to the extent of the interest of an owner, by reason of any act or omission established by that owner to have been committed or omitted without the knowledge or consent of that owner.

"(b) Except to the extent that they are inconsistent with the provisions of this section, the provisions of section 881 of this title shall apply to forfeiture under this section.

"(c) Notwithstanding any other provision of law, whenever property is civilly or criminally forfeited under this subchapter, the Attorney General may equitably transfer any conveyance,

currency, and any other type of personal property which the Attorney General may designate by regulation for equitable transfer, or any amounts realized by the United States from the sale of any real or personal property forfeited under this subchapter to an appropriate foreign country to reflect generally the contribution of any such foreign country participating directly or indirectly in any acts which led to the seizure or forfeiture of such property. Such property when forfeited pursuant to subsection (a) of this section may also be transferred to a foreign country pursuant to an international agreement providing for the transfer of forfeited property to such foreign country. A decision by the Attorney General pursuant to this paragraph shall not be subject to review. The foreign country shall, in the event of a transfer of property or proceeds of sale of property under this subchapter, bear all expenses incurred by the United States in the seizure, maintenance, inventory, storage, forfeiture, and disposition of the property, and all transfer costs. The payment of all such expenses, and the transfer of assets pursuant to this paragraph, shall be upon such terms and conditions as the Attorney General may, in his discretion, set.

"(d) The provisions of this section shall not be construed as limiting or superseding any other authority of the United States to provide assistance to a foreign country in obtaining property related to a crime committed in the foreign country, including, but not limited to, property which is sought as evidence of a crime committed in the foreign country.



"(e) As used in this section--

"(1) the term 'property' includes real property, including things growing on, affixed to, or found in land, and tangible and intangible personal property, including rights, privileges, interests, claims, and securities; and

"(2) the term 'unlawful drug activity' means any act or activity constituting a drug offense under the laws of a foreign country within whose jurisdiction such act or activity occurred, punishable by death or imprisonment for a term exceeding one year, which would be punishable by this chapter by imprisonment for a term exceeding one year if such act or activity had occurred within the jurisdiction of the United States;

"(f) A certified order or judgment of forfeiture by a court of competent jurisdiction of a foreign country concerning property which is the subject of forfeiture under this section and was determined by such court to be the type of property described in subsection (a) of this section, and any certified recordings or transcripts of testimony taken in a foreign judicial proceeding concerning such order or judgment of forfeiture, shall be admissible in evidence in a proceeding brought pursuant to this section. Such certified order or judgment of forfeiture, when admitted into evidence, shall constitute probable cause that the property forfeited by such order or judgment of forfeiture is subject to forfeiture under this section and creates a rebuttable presumption of the forfeitability of such property under this section.

"(g) A certified order or judgment of conviction by a court of competent jurisdiction of a foreign country concerning an unlawful drug activity which gives rise to forfeiture under this section and any certified recordings or transcripts of testimony taken in a foreign judicial proceeding concerning such order or judgment of conviction shall be admissible in evidence in a proceeding brought pursuant to this section. Such certified order or judgment of conviction, when admitted into evidence, creates a rebuttable presumption that the unlawful drug activity giving rise to forfeiture under this section has occurred.

"(h) The provisions of subsections (f) and (g) of this section shall not be construed as limiting the admissibility of any evidence otherwise admissible, nor shall they limit the ability of the United States to establish probable cause that property is subject to forfeiture by any evidence otherwise admissible."

(b) the Table of Sections at the beginning of chapter 13 of title 21 is amended by adding at the end of the following new item:

"887. Forfeiture Relating to Unlawful Drug Activities."

#### Analysis

This part adds a new section to the Controlled Substances Act to implement the forfeiture provisions of the Treaty between the United States and the Italian Republic on Mutual Assistance in Criminal Matters. It was ratified by the Senate on June 28, 1984. Article 18 of the Treaty contemplates authority whereby

the United States could, for example, request that Italy seize moneys deposited in an Italian bank that were profits of an operation smuggling heroin into the United States, profits that would clearly be subject to forfeiture under our laws if they had remained in the United States. Italy could then forfeit these profits and transfer them to the United States. The United States would exercise similar authority where, for example, forfeitable profits of an Italian crime were deposited in a United States bank.

However, legislation is needed to implement the seizure and forfeiture article. Currently there are no statutory procedures for the seizure and forfeiture of assets found within our borders that represent the fruits or instrumentalities of drug crimes against foreign countries. Present forfeiture authority extends only to property which is used in, or is the product of, a violation of the laws of the United States.

This section is designed not only to meet our obligations under the treaty with Italy, but also to accommodate seizure and forfeiture of assets based on violations of other nations' drug laws. It provides that the United States may seize and civilly forfeit property located in the United States that was either derived from the commission of foreign drug laws or used or intended to be used in their commission. The offense must also be one which would be a felony drug violation under United States law had the offense occurred within our jurisdiction. It includes an "innocent owner" exception like that found in certain existing forfeiture statutes (see, e.g., 21 U.S.C. § 881(a)) to



assure that there can be no forfeiture of property owned by a person who did not consent to or have knowledge about the crime on which the forfeiture is based.

The section is framed as a civil forfeiture statute, and the procedural aspects of seizures and forfeitures under this provision are to be governed by the procedures provided for civil forfeitures under the customs laws. This approach is now employed with respect to civil forfeitures under our drug laws (see 21 U.S.C. § 881(d)). Under current civil forfeiture laws, including those under the customs laws, a forfeitable asset may be seized on a probable cause basis prior to entry of the order of forfeiture.

PART B

Sec. 1. This part may be cited as the Mansfield Amendment Repeal Act.

Sec. 2. Subsection 481(c) of the Foreign Assistance Act of 1981, as amended, (22 U.S.C. 2291(c)) is repealed.

Purpose. The purpose of this part is to repeal the "Mansfield amendment" which prohibits officers or employees of the United States from participating in narcotics arrests in foreign countries, or from interrogating or being present at the interrogation of a United States person arrested in a foreign country with respect to narcotics control without the written consent of the person being interrogated. A 1985 amendment to the "Mansfield amendment" provides that it shall not prohibit federal officers from being present during direct police arrest actions with respect to narcotics control in a foreign country to the extent that the Secretary of State and the government of the foreign country agree to the exemption. Even as amended, the "Mansfield amendment" imposes unreasonable restrictions on participation by United States law enforcement officers in joint operations designed to attack drug trafficking involving the United States and another country and hampers our drug intelligence gathering efforts.

## PART C

Sec.1. This part may be cited as the Narcotic Traffickers Deportation Act of 1986.

Sec.2. Subsection (a)(11) of Title II of Chapter 477 of the Act of June 27, 1952 (8 U.S.C. 1251), as amended, is further amended to delete all language which follows "has been convicted of a violation of" and to insert in its stead, "any provision of the Controlled Substances Act, the Controlled Substances Import and Export Act, the Act of September 15, 1980 (Pub.L. 96-350, 94 Stat. 1159-60), or any other law of a State, the United States, or a foreign country relating to narcotic drugs, marihuana, or depressant or stimulant substances."

Analysis The purpose of this part is to remove the unnecessary dichotomy that presently exists between offenses involving narcotic drugs, cocaine, or marihuana and other controlled substance offenses in Title 21, United States Code, for purposes of deportation under the immigration statutes (viz., 8 U.S.C. 1251(a)(4)). As presently in effect, 8 U.S.C. 1251(b) gives authority to the sentencing judge to make a binding recommendation to the Attorney General that aliens convicted of a variety of federal offenses not be deported. One exception to this authority involves aliens who have been convicted of drug offenses explicitly listed in subsection (a)(11):

A violation of or a conspiracy to violate, any law or regulation relating to the illicit possession of or traffic in narcotic drugs or marihuana, or who has been convicted of a violation of, or a conspiracy to



violate, any law or regulation governing or controlling the taxing, manufacture, production, compounding, transportation, sale, exchange, dispensing, giving away, importation, exportation, or the possession for the purpose of the manufacture, production, compounding, transportation, sale, exchange, dispensing, giving away, importation, or exportation of opium, coca leaves, heroin, marihuana, and salt [,] derivative or preparation of opium or coca leaves, or isonipecaine or any addiction-forming or addiction-sustaining opiate").

The revised language would expand the exception contained in 1251(b) to allow deportation, without overriding judicial involvement, in all matters involving controlled substance offenses. The above change incorporates language similar to that contained in the Controlled Substances Act and the Controlled Substances Import and Export Act - both enacted in 1970 - and deletes from Section 1251(a)(11) outmoded concepts utilized in pre-CSA-related tax laws, etc., in referring to controlled substance offenses. The amendment would also incorporate drug violations of state and foreign law, as well as related federal offenses not contained in Title 21, for purposes of this exception, thereby making the exception similar in coverage to recent amendments to the recidivist provisions of the Controlled Substances Act and the Controlled Substances Import and Export Act.

PART G

Sec. 1. This part may be cited as the "Money Laundering Crimes Act of 1986".

Sec. 2. (a) Chapter 95 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§1956. Laundering of monetary instruments

"(a)(1) Whoever, knowing that the property involved in a financial transaction represents the proceeds of some form

1 unlawful activity, conducts or attempts to conduct such a  
2 financial transaction which in fact involves the proceeds of  
3 specified unlawful activity—

4 “(A) with the intent to facilitate the carrying on  
5 of specified unlawful activity; or

6 “(B) knowing that the transaction is designed in  
7 whole or in part—

8 “(i) to conceal or disguise the nature, the lo-  
9 cation, the source, the ownership, or the control  
10 of the proceeds of specified unlawful activity; or

11 “(ii) to avoid a transaction reporting require-  
12 ment under State or Federal law,

13 shall be sentenced to a fine of not more than \$250,000 or  
14 twice the value of the property involved in the transaction,  
15 whichever is greater, or imprisonment for not more than  
16 twenty years, or both.

17 “(2) Whoever transports or attempts to transport a  
18 monetary instrument or funds from a place in the United  
19 States to or through a place outside the United States or to a  
20 place in the United States from or through a place outside  
21 the United States—

22 “(A) with the intent to facilitate the carrying on  
23 of specified unlawful activity; or

24 “(B) knowing that the monetary instrument or  
25 funds involved in the transportation represent the pro-



1 ceeds of some form of unlawful activity and knowing  
2 that such transportation is designed in whole or in  
3 part—

4 “(i) to conceal or disguise the nature, the lo-  
5 cation, the source, the ownership, or the control  
6 of the proceeds of specified unlawful activity; or

7 “(ii) to avoid a transaction reporting require-  
8 ment under State or Federal law,

9 shall be sentenced to a fine of \$250,000 or twice the value of  
10 the monetary instrument or funds involved in the transporta-  
11 tion, whichever is greater, or imprisonment for not more than  
12 twenty years, or both.

13 “(3) Whoever conducts or attempts to conduct a finan-  
14 cial transaction that in whole or in part involves the proceeds  
15 of specified unlawful activity with intent to violate or facili-  
16 tate a violation of section 7201 or 7206 of the Internal Reve-  
17 nue Code of 1954 shall be sentenced to a fine of not more  
18 than \$250,000 or twice the value of the monetary instrument  
19 or funds involved in the transaction, whichever is greater, or  
20 imprisonment for not more than twenty years, or both.

21 “(b) Whoever conducts or attempts to conduct a trans-  
22 action described in subsection (a)(1) or a transportation de-  
23 scribed in subsection (a)(2) is liable to the United States for a  
24 civil penalty of not more than the greater of—

1           “(1) the value of the property, funds, or monetary  
2 instruments involved in the transaction; or

3           “(2) \$10,000.

4           “(c) As used in this section—

5           “(1) the phrase ‘knowing that the property in-  
6 volved in a financial transaction represents the pro-  
7 ceeds of some form of unlawful activity’ means that the  
8 person knew the property involved in the transaction  
9 represented proceeds from some form, though not nec-  
10 essarily which form, of activity that constitutes a  
11 felony under State or Federal law, regardless of  
12 whether or not such activity is specified in paragraph  
13 (7);

14           “(2) the term ‘conducts’ includes but is not limited  
15 to initiating, concluding, or participating in initiating,  
16 or concluding a transaction;

17           “(3) the term ‘transaction’ includes but is not lim-  
18 ited to a purchase, sale, loan, pledge, gift, transfer, de-  
19 livery, or other disposition, and with respect to a finan-  
20 cial institution includes but is not limited to a deposit,  
21 withdrawal, transfer between accounts, exchange of  
22 currency, loan, extension of credit, purchase or sale of  
23 any stock, bond, certificate of deposit, or other mone-  
24 tary instrument, or any other payment, transfer, or de-

1 livery by, through, or to a financial institution, by  
2 whatever means effected;

3 “(4) the term ‘financial transaction’ means a  
4 transaction involving the movement of funds by wire or  
5 other means or involving one or more monetary instru-  
6 ments, which in any way or degree affects interstate or  
7 foreign commerce, or a transaction involving the use of  
8 a financial institution which is engaged in, or the ac-  
9 tivities of which affect, interstate or foreign commerce  
10 in any way or degree;

11 “(5) the term ‘monetary instruments’ means coin  
12 or currency of the United States or of any other coun-  
13 try, travelers’ checks, personal checks, bank checks,  
14 money orders, investment securities in bearer form or  
15 otherwise in such form that title thereto passes upon  
16 delivery, and negotiable instruments in bearer form or  
17 otherwise in such form that title thereto passes upon  
18 delivery;

19 “(6) the term ‘financial institution’ has the defini-  
20 tion given that term in section 5312(a)(2) of title 31,  
21 United States Code, and the regulations promulgated  
22 thereunder;

23 “(7) the term ‘specified unlawful activity’  
24 means—



1           “(A) any act or activity occurring in whole  
2           or in part in, or directed at, the United States,  
3           and constituting an offense listed in section  
4           1961(1) of this title except an act which is indict-  
5           able under the Currency and Foreign Transac-  
6           tions Reporting Act;

7           “(B) with respect to a financial transaction  
8           occurring in whole or in part in the United States,  
9           an offense against a foreign nation involving the  
10          manufacture, importation, sale, or distribution of a  
11          controlled substance (as such term is defined for  
12          the purposes of the Controlled Substances Act);

13          “(C) any act or acts constituting a continuing  
14          criminal enterprise, as that term is defined in sec-  
15          tion 408 of the Controlled Substances Act (21  
16          U.S.C. 848); or

17          “(D) an offense under section 152 (relating  
18          to concealment of assets; false oaths and claims;  
19          bribery), section 215 (relating to commissions or  
20          gifts for procuring loans), sections 500 through  
21          503 (relating to certain counterfeiting offenses),  
22          section 511 (relating to securities of States and  
23          private entities), section 545 (relating to smug-  
24          gling goods into the United States), section 641  
25          (relating to public money, property, or records),

1 section 656 (relating to theft, embezzlement, or  
2 misapplication by bank officer or employee), sec-  
3 tion 666 (relating to theft or bribery concerning  
4 programs receiving Federal funds), section 793,  
5 794, or 798 (relating to espionage), section 875  
6 (relating to interstate communications), section  
7 1201 (relating to kidnaping), section 1203 (relat-  
8 ing to hostage taking), section 1344 (relating to  
9 bank fraud), or section 2113 or 2114 (relating to  
10 bank and postal robbery and theft) of this title,  
11 section 38 of the Arms Export Control Act (22  
12 U.S.C. 2778), the Export Administration Act of  
13 1979 (50 U.S.C. App. 2401 et seq.), the Interna-  
14 tional Emergency Economic Powers Act (50  
15 U.S.C. 1702 et seq.), and the Trading with the  
16 Enemy Act (50 U.S.C. App. 1 et seq.).

17 “(d) Nothing in this section shall supersede any provi-  
18 sion of Federal, State, or other law imposing criminal penal-  
19 ties or affording civil remedies in addition to those provided  
20 for in this section.

21 “(e) Violations of this section may be investigated by  
22 such components of the Department of Justice as the Attor-  
23 ney General may direct, and by such components of the De-  
24 partment of the Treasury as the Secretary of the Treasury  
25 may direct, as appropriate.

4       “(f) There is extraterritorial jurisdiction over the con-  
 5 duct prohibited by this section if—

6               “(1) the conduct is by a United States citizen or,  
 7 in the case of a non-United States citizen, the conduct  
 8 occurs in part in the United States; and

9               “(2) the transaction or series of related transac-  
 0 tions involves funds or monetary instruments of a value  
 1 exceeding \$10,000.”.

2       (b) The table of sections at the beginning of chapter 95  
 3 of title 18 is amended by adding at the end the following new  
 4 item:

5       “1956. Laundering of monetary instruments”.

6       SEC. 3. (a) Subsection 1103(c) of the Right to Financial  
 7 Privacy Act of 1978 (12 U.S.C. 3403(c)) is amended by  
 8 adding at the end thereof the following: “Such information  
 9 may include ~~only~~ the name or names of and other identifying  
 10 information concerning the individuals and accounts involved  
 11 in and the nature of the suspected illegal activity. Such infor-  
 12 mation may be disclosed notwithstanding any constitution,  
 13 law, or regulation of any State or political subdivision thereof  
 14 to the contrary. Any financial institution, or officer, employ-  
 15 ee, or agent thereof, making a disclosure of information pur-  
 16 suant to this subsection, shall not be liable to the customer  
 17 under any constitution, law, or regulation of the United  
 18 States or any State or political subdivision thereof, for such

while the  
 Government  
 authority  
 to obtain  
 access to  
 or copies of  
 such infor-  
 mation pur-  
 suant to law.



1 disclosure or for any failure to notify the customer of such  
2 disclosure.”.

3  
4 (b) Section 1113(i) of the Right to Financial Privacy Act  
5 of 1978 (12 U.S.C. 3413(i)) is amended by inserting immedi-  
6 ately before the period at the end thereof a comma and the  
7 following: “except that a court shall have authority to order  
8 a financial institution, on which a grand jury subpoena for  
9 customer records has been served, <sup>not to</sup> ~~to~~ notifying the cus-  
10 tomer of the existence of the subpoena or information that  
11 has been furnished to the grand jury, under the circumstances  
12 specified and pursuant to the procedures established in sec-  
13 tion 1109 of the Right to Financial Privacy Act of 1978 (12  
14 U.S.C. 3409)”.

15 SEC. 4. (a) Section 5318 of title 31, United States  
16 Code, is amended to read as follows:

17 “§ 5318. Compliance, exemptions, and summons authority

18 “(a) The Secretary of the Treasury may (except under  
19 section 5315 of this title and regulations prescribed under  
20 section 5315)—

21 “(1) delegate duties and powers under this sub-  
22 chapter to an appropriate supervising agency, except  
23 as provided in subsection (c);

24 “(2) require a class of domestic financial institu-  
tions to maintain appropriate procedures to ensure

1 compliance with this subchapter and regulations pre-  
2 scribed under this subchapter;

3 “(3) examine any books, papers, records, or other  
4 data of domestic financial institutions relevant to the  
5 recordkeeping or reporting requirements of this sub-  
6 chapter;

7 “(4) summon a financial institution or an officer or  
8 employee of a financial institution, or a former officer  
9 or employee, or any person having possession, custody,  
10 or care of the reports and records required under this  
11 subchapter, to appear before the Secretary of the  
12 Treasury or his delegate at a time and place named in  
13 the summons and to produce such books, papers,  
14 records, or other data, and to give testimony, under  
15 oath, as may be relevant or material to an investiga-  
16 tion described in subsection (c); and

17 “(5) prescribe an appropriate exemption from a  
18 requirement under this subchapter and regulations pre-  
19 scribed under this subchapter. The Secretary may  
20 revoke an exemption by actually or constructively noti-  
21 fying the parties affected. A revocation is effective  
22 during judicial review.

23 “(b) The purposes for which the Secretary of the Treas-  
24 ury may take any action described in paragraph (3) of subsec-  
25 tion (a) include the purpose of civil and criminal enforcement



1 of the provisions of this subchapter, section 21 of the Federal  
2 Deposit Insurance Act (12 U.S.C. 1829b), section 411 of the  
3 National Housing Act (12 U.S.C. 1730d), or chapter 2 of  
4 Public Law 91-508.

5       “(c) The purpose for which the Secretary of the Treas-  
6 ury may take any action described in paragraph (4) of subsec-  
7 tion (a) is limited to investigating violations of this subchap-  
8 ter, violations of section 21 of the Federal Insurance Act (12  
9 U.S.C. 1829b), violations of section 411 of the National  
10 Housing Act (12 U.S.C. 1730d), or violations of chapter 2 of  
11 Public Law 91-508 for the purpose solely of civil enforce-  
12 ment of these provisions or any regulation issued thereunder.  
13 A summons may be issued under paragraph (4) of subsection  
14 (a) only by, or with the approval of, the Secretary of the  
15 Treasury or a supervisory level delegate of the Secretary of  
16 the Treasury.

17       “(d) A summons pursuant to this section may require  
18 that books, papers, records, or other data stored or main-  
19 tained at any place be produced at any designated location in  
20 any State or in any territory or other place subject to the  
21 jurisdiction of the United States not more than five hundred  
22 miles distant from any place where the financial institution  
23 operates or conducts business in the United States. Persons  
24 summoned under this section shall be paid the same fees and  
25 mileage for travel in the United States that are paid wit-



1 nesses in the courts of the United States. The United States  
2 shall not be liable for any other expenses incurred in connec-  
3 tion with the production of books, papers, records, or other  
4 data pursuant to the provisions of this section.

5       “(e) Service of a summons issued under this section may  
6 be by registered mail or in such other manner calculated to  
7 give actual notice as the Secretary may provide by regula-  
8 tion.

9       “(f) In the case of contumacy by or refusal to obey a  
10 summons issued to any person under this section, the Secre-  
11 tary shall refer the matter to the Attorney General. The At-  
12 torney General may invoke the aid of any court of the United  
13 States within the jurisdiction of which the investigation  
14 which gave rise to the summons is being or has been carried  
15 on or of which the person summoned is an inhabitant, or in  
16 which he carries on business or may be found, to compel  
17 compliance with the summons. The court may issue an order  
18 requiring the person summoned to appear before the Secre-  
19 tary or his delegate to produce books, papers, records, and  
20 other data, to give testimony as may be necessary to explain  
21 how such material was compiled and maintained, and to pay  
22 the costs of the proceeding. Any failure to obey the order of  
23 the court may be punished by the court as a contempt there-  
24 of. All process in any such case may be served in any judicial  
25 district in which such person may be found.”.

1 (b)(1) Paragraph (1) of subsection (a) of section 5321 of  
2 title 31, United States Code, is amended to read as follows:

3 “(1) A domestic financial institution, and a partner, di-  
4 rector, officer, or employee of a domestic financial institution,  
5 willfully violating this subchapter or a regulation prescribed  
6 under this subchapter (except sections 5314 and 5315 of this  
7 title or a regulation prescribed under sections 5314 and  
8 5315), or any person causing such a violation, is liable to the  
9 United States Government for a civil penalty of not more  
10 than the amount of the transaction (but not more than  
11 \$1,000,000) or \$25,000, whichever is greater. For a willful  
12 violation of section 5318(a)(2) of this title, or a regulation  
13 prescribed under section 5318(a)(2), a separate violation  
14 occurs for each day the violation continues and at such office,  
15 branch, or place of business at which a violation occurs or  
16 continues.”.

17 (2) Paragraph (2) of subsection (a) of section 5321 of  
18 title 31, United States Code, is amended to read as follows:

19 “(2) A civil penalty under paragraph (1) is reduced by  
20 an amount forfeited under section 5317(b).”.

21 (3) Subsection (a) of section 5321 of title 31, United  
22 States Code, is amended by adding at the end thereof the  
23 following new paragraphs:

24 “(4) A person willfully violating the provisions of section  
25 5314 of this title or of a regulation prescribed under section



1 5314 is liable to the United States Government for a civil  
2 penalty of not more than—

3           “(A) where the violation involves a transaction,  
4           the amount of the transaction or \$25,000, whichever is  
5           greater, or

6           “(B) where the violation involves the failure to  
7           report the existence of an account or any required  
8           identifying data pertaining to the account, the amount  
9           of the account (but not more than \$250,000) or  
10          \$25,000, whichever is greater.

11          “(5) Any financial institution negligently violating any  
12 provision of this subchapter or a regulation prescribed under  
13 this subchapter is liable to the United States for a civil  
14 penalty of not more than \$1,000.

15          “(6) A civil penalty assessed pursuant to this section is  
16 in addition to any criminal penalty under section 5322 of this  
17 title based on the same transaction.”.

18          (c) Subsection (b) of section 5321 of title 31, United  
19 States Code, is amended to read as follows:

20          “(b) The Secretary may assess a civil penalty under this  
21 section within six years from the date of the transaction in  
22 which the penalty is based. The Secretary may bring a civil  
23 action to recover a civil penalty under this section within two  
24 years from the date of a penalty assessment or the conclusion



1 of a criminal action under section 5322 of this title based on  
2 the same transaction, whichever is later.”.

3 (d) Subsection (c) of section 5321 of title 31 is amended  
4 to read as follows:

5 “(c) The Secretary of the Treasury may remit any part  
6 of a forfeiture under subsection 5317(b) of this title or may  
7 mitigate any civil penalty under subsection (a) of this sec-  
8 tion.”.

9 (e) Subsection (b) of section 5322 of title 31, United  
10 States Code, is amended by striking out “pattern of illegal  
11 activity involving transactions of more than \$100,000” and  
12 inserting in lieu thereof “pattern of any illegal activity in-  
13 volving more than \$100,000”, and by striking out “5” and  
14 inserting in lieu thereof “10”.

15 (f) Section 5312(a)(3)(B) of title 31, United States Code,  
16 is amended by striking the period at the end thereof and in-  
17 serting in lieu thereof: “payable to a fictitious payee.”.

18 (g) Section 5312(a)(5) of title 31, United States Code, is  
19 amended to read as follows:

20 “(5) ‘United States’ means the States of the  
21 United States, the District of Columbia, and, when the  
22 Secretary prescribes by regulation, the Commonwealth  
23 of Puerto Rico, the Virgin Islands, Guam, the North-  
24 ern Mariana Islands, American Samoa, the Trust Ter-  
25 ritory of the Pacific Islands, any other territory or pos-

1 session of the United States, or a military or diplomatic  
2 establishment.”.

3 (h) Subsection (a) of section 5313 of title 31, United  
4 States Code, is amended by adding at the end thereof the  
5 following: “No person shall, for the purpose of evading the  
6 reporting requirements of this subsection—

7 “(1) cause or attempt to cause a domestic finan-  
8 cial institution to fail to file a report required by this  
9 subsection;

10 “(2) cause or attempt to cause a domestic finan-  
11 cial institution to file a report required by this subsec-  
12 tion that contains a material omission or misstatement  
13 of fact; or

14 “(3) structure or attempt to structure or assist in  
15 structuring a transaction.”.

16 SEC. 5. (a) Subsection (b) of section 1952 of title 18,  
17 United States Code, is amended by striking out “or” before  
18 “(2)”, and by striking out the period at the end thereof and  
19 inserting in lieu thereof the following: “, or (3) any act which  
20 is indictable under subchapter II of chapter 53 of title 31,  
21 United States Code, or under section 1956 of this title.”.

22 (b) Subsection (l) of section 1961 of title 18, United  
23 States Code, is amended by inserting “section 1956 (relating  
24 to the laundering of monetary instruments),” after “sec-

1 tion 1955 (relating to the prohibition of illegal gambling  
2 businesses),”.

3 (c) Subsection (l) of section 2516 of title 18, United  
4 States Code, is amended in paragraph (c) by inserting “sec-  
5 tion 1956 (laundering of monetary instruments),” after “sec-  
6 tion 1955 (prohibition of business enterprises of gambling),”.

7 SEC. 6. (a) Title 18 of the United States Code is  
8 amended by adding after chapter 45 a new chapter 46 as  
9 follows: -

10 **“CHAPTER 46—FORFEITURE**

“Sec.

“981. Civil Forfeiture.

“982. Criminal Forfeiture.

11 **“§ 981. Civil forfeiture**

12 “(a)(1) Except as provided in paragraph (2), the follow-  
13 ing property is subject to forfeiture to the United States:

14 “(A) Any property, real or personal, which repre-  
15 sents the gross receipts a person obtains, directly or in-  
16 directly, as a result of a violation of section 1956 of  
17 this title, or which is traceable to such gross receipts.

18 “(B) Any property ~~involved in a financial transac-~~  
19 ~~tion (as such term is defined in section 1956(c) of this~~  
20 ~~title)~~ within the jurisdiction of the United States, which  
21 represents the proceeds of an offense against a foreign  
22 nation involving the manufacture, importation, sale, or  
23 distribution of a controlled substance (as such term is  
24 defined for the purposes of the Controlled Substances



1 Act), within whose jurisdiction such offense or activity  
2 would be punishable by death or imprisonment for a  
3 term exceeding one year and which would be punish-  
4 able by imprisonment for a term exceeding one year if  
5 such act or activity had occurred within the jurisdiction  
6 of the United States.

7 “(C) Any property involved in a transaction which  
8 the owner of the property knows to be conducted in  
9 violation of section 5313(a) or 5316 of title 31, except  
10 that no property shall be seized or forfeited under this  
11 subparagraph if the property is owned by a domestic  
12 financial institution examined by a Federal bank super-  
13 visory agency or a financial institution regulated by the  
14 Securities and Exchange Commission.

15 “(2) No property shall be forfeited under this section to  
16 the extent of the interest of an owner by reason of any act or  
17 omission established by that owner to have been committed  
18 without the knowledge of that owner.

19 “(b) Any property subject to forfeiture to the United  
20 States under subsection (a)(1)(A) or (a)(1)(B) of this section  
21 may be seized by the Attorney General, and any property  
22 subject to forfeiture under subsection (a)(1)(C) of this section  
23 may be seized by the Secretary of the Treasury, in each case  
24 upon process issued pursuant to the Supplemental Rules for  
25 certain Admiralty and Maritime Claims by any district court

1 of the United States having jurisdiction over the property,  
2 except that seizure without such process may be made  
3 when—

4           “(1) the seizure is pursuant to a lawful arrest or  
5 search; or

6           “(2) the Attorney General or the Secretary of the  
7 Treasury, as the case may be, has obtained a warrant  
8 for such seizure pursuant to the Federal Rules of  
9 Criminal Procedure, in which event proceedings under  
10 subsection (d) of this section shall be instituted  
11 promptly.

12           “(c) Property taken or detained under this section shall  
13 not be replevable, but shall be deemed to be in the custody of  
14 the Attorney General or the Secretary of the Treasury, as  
15 the case may be, subject only to the orders and decrees of the  
16 court or the official having jurisdiction thereof. Whenever  
17 property is seized under this subsection, the Attorney Gener-  
18 al or the Secretary of the Treasury, as the case may be,  
19 may—

20           “(1) place the property under seal;

21           “(2) remove the property to a place designated by  
22 him; or

23           “(3) require that the General Services Adminis-  
24 tration take custody of the property and remove it, if



1       practicable, to an appropriate location for disposition in  
2       accordance with law.

3       “(d) For purposes of this section, the provisions of the  
4       customs laws relating to the seizure, summary and judicial  
5       forfeiture, condemnation of property for violation of the cus-  
6       toms laws, the disposition of such property or the proceeds  
7       from the sale of this section, the remission or mitigation of  
8       such forfeitures, and the compromise of claims (19 U.S.C.  
9       1602 et seq.), insofar as they are applicable and not incon-  
10      sistent with the provisions of this section or of title 31, shall  
11      apply to seizures and forfeitures incurred, or alleged to have  
12      been incurred, under this section, except that such duties as  
13      are imposed upon the customs officer or any other person  
14      with respect to the seizure and forfeiture of property under  
15      the customs laws shall be performed with respect to seizures  
16      and forfeitures of property under this section by such officers,  
17      agents, or other persons as may be authorized or designated  
18      for that purpose by the Attorney General or the Secretary of  
19      the Treasury, as the case may be.

20      “(e) Notwithstanding any other provision of the law, the  
21      Attorney General or the Secretary of the Treasury, as the  
22      case may be, is authorized to retain property forfeited pursu-  
23      ant to this section, or to transfer such property on such terms  
24      and conditions as he may determine to—

25                   “(1) any other Federal agency; or



1           “(2) any State or local law enforcement agency  
2           which participated directly in any of the acts which led  
3           to the seizure or forfeiture of the property.

4 The Attorney General or the Secretary of the Treasury, as  
5 the case may be, shall ensure the equitable transfer pursuant  
6 to paragraph (2) of any forfeited property to the appropriate  
7 State or local law enforcement agency so as to reflect gener-  
8 ally the contribution of any such agency participating directly  
9 in any of the acts which led to the seizure or forfeiture of  
10 such property. A decision by the Attorney General or the  
11 Secretary of the Treasury pursuant to paragraph (2) shall not  
12 be subject to review. The United States shall not be liable in  
13 any action arising out of the use of any property the custody  
14 of which was transferred pursuant to this section to any non-  
15 Federal agency. The Attorney General or the Secretary of  
16 the Treasury may order the discontinuance of any forfeiture  
17 proceedings under this section in favor of the institution of  
18 forfeiture proceedings by State or local authorities under an  
19 appropriate State or local statute. After the filing of a com-  
20 plaint for forfeiture under this section, the Attorney General  
21 may seek dismissal of the complaint in favor of forfeiture pro-  
22 ceedings under State or local law. Whenever forfeiture pro-  
23 ceedings are discontinued by the United States in favor of  
24 State or local proceedings, the United States may transfer  
25 custody and possession of the seized property to the appropri-

1 ate State or local official immediately upon the initiation of  
2 the proper actions by such officials. Whenever forfeiture pro-  
3 ceedings are discontinued by the United States in favor of  
4 State or local proceedings, notice shall be sent to all known  
5 interested parties advising them of the discontinuance or dis-  
6 missal. The United States shall not be liable in any action  
7 arising out of the seizure, detention, and transfer of seized  
8 property to State or local officials.

9       “(f) All right, title, and interest in property described in  
10 subsection (a) of this section shall vest in the United States  
11 upon commission of the act giving rise to forfeiture under this  
12 section.

13       “(g) The filing of an indictment or information alleging a  
14 violation of law which is also related to a forfeiture proceed-  
15 ing under this section shall, upon motion of the United States  
16 and for good cause shown, stay the forfeiture proceeding.

17       “(h) In addition to the venue provided for in section  
18 1395 of title 28 or any other provision of law, in the case of  
19 property of a defendant charged with a violation that is the  
20 basis for forfeiture of the property under this section, a pro-  
21 ceeding for forfeiture under this section may be brought in  
22 the judicial district in which the defendant owning such prop-  
23 erty is found or in the judicial district in which the criminal  
24 prosecution is brought.



1       “(i) In the case of property subject to forfeiture under  
2 subsection (a)(1)(B), the following additional provisions shall  
3 apply:

4               “(1) Notwithstanding any other provision of law,  
5 whenever property is civilly or criminally forfeited  
6 under this subchapter, the Attorney General may equi-  
7 tably transfer any conveyance, currency, and any other  
8 type of personal property which the Attorney General  
9 may designate by regulation for equitable transfer, or  
10 any amounts realized by the United States from the  
11 sale of any real or personal property forfeited under  
12 this subchapter to an appropriate foreign country to re-  
13 flect generally the contribution of any such foreign  
14 country participating directly or indirectly in any acts  
15 which led to the seizure or forfeiture of such property.  
16 Such property when forfeited pursuant to subsection  
17 (a)(1)(B) of this section may also be transferred to a  
18 foreign country pursuant to a treaty providing for the  
19 transfer of forfeited property to such foreign country. A  
20 decision by the Attorney General pursuant to this  
21 paragraph shall not be subject to review. The foreign  
22 country shall, in the event of a transfer of property or  
23 proceeds of sale of property under this subchapter, bear  
24 all expenses incurred by the United States in the sei-  
25 zure, maintenance, inventory, storage, forfeiture, and



1 disposition of the property, and all transfer costs. The  
2 payment of all such expenses, and the transfer of  
3 assets pursuant to this paragraph, shall be upon such  
4 terms and conditions as the Attorney General may, in  
5 his discretion, set.

6 “(2) The provisions of this section shall not be  
7 construed as limiting or superseding any other author-  
8 ity of the United States to provide assistance to a for-  
9 eign country in obtaining property related to a crime  
10 committed in the foreign country, including, but not  
11 limited to, property which is sought as evidence of a  
12 crime committed in the foreign country.

13 “(3) A certified order or judgment of forfeiture by  
14 a court of competent jurisdiction of a foreign country  
15 concerning property which is the subject of forfeiture  
16 under this section and was determined by such court to  
17 be the type of property described in subsection (a)(1)(B)  
18 of this section, and any certified recordings or tran-  
19 scriptions of testimony taken in a foreign judicial proceed-  
20 ing concerning such order or judgment of forfeiture,  
21 shall be admissible in evidence in a proceeding brought  
22 pursuant to this section. Such certified order or judg-  
23 ment of forfeiture, when admitted into evidence, shall  
24 constitute probable cause that the property forfeited by  
25 such order or judgment of forfeiture is subject to for-

1       feiture under this section and creates a rebuttable pre-  
2       sumption of the forfeitability of such property under  
3       this section.

4               “(4) A certified order or judgment of conviction  
5       by a court of competent jurisdiction of a foreign coun-  
6       try concerning an unlawful drug activity which gives  
7       rise to forfeiture under this section and any certified re-  
8       cordings or transcripts of testimony taken in a foreign  
9       judicial proceeding concerning such order or judgment  
10      of conviction shall be admissible in evidence in a pro-  
11      ceeding brought pursuant to this section. Such certified  
12      order or judgment of conviction, when admitted into  
13      evidence, creates a rebuttable presumption that the un-  
14      lawful drug activity giving rise to forfeiture under this  
15      section has occurred.

16              “(5) The provisions of paragraphs (3) and (4) of  
17      this subsection shall not be construed as limiting the  
18      admissibility of any evidence otherwise admissible, nor  
19      shall they limit the ability of the United States to es-  
20      tablish probable cause that property is subject to for-  
21      feiture by any evidence otherwise admissible.

22              “(k) For purposes of this section—

23                      “(1) the term ‘Attorney General’ means the At-  
24      torney General or his delegate; and

1           “(2) the term ‘Secretary of the Treasury’ means  
2           the Secretary of the Treasury or his delegate.

3   **“§ 982. Criminal forfeiture**

4           “(a) The court, in imposing sentence on a person con-  
5   victed of an offense under section 1956 of this title shall  
6   order that the person forfeit to the United States any proper-  
7   ty, real or personal, which represents the gross receipts the  
8   person obtained, directly or indirectly, as a result of such  
9   offense, or which is traceable to such gross receipts.

10          “(b) The provisions of subsections 413 (c) and (e)  
11   through (o) of the Comprehensive Drug Abuse Prevention  
12   and Control Act of 1970 (21 U.S.C. 853 (c) and (e)-(o)) shall  
13   apply to property subject to forfeiture under this section, to  
14   any seizure or disposition thereof, and to any administrative  
15   or judicial proceeding in relation thereto, if not inconsistent  
16   with this section.”.

17          (b) The chapter analysis of part I of title 18, United  
18   States Code, is amended by inserting after the item for chap-  
19   ter 45 the following:

    “46. Forfeiture..... 981”.

