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1           “(5) to fail to comply with, or violate, any regula-  
2           tion prescribed under any section referred to in para-  
3           graphs (1) through (4).

4           “(b) CIVIL PENALTY.—Any master, person in charge of  
5           a vehicle, or aircraft pilot who violates any provision of sub-  
6           section (a) is liable for a civil penalty of \$5,000 for the first  
7           violation, and \$10,000 for each subsequent violation, and any  
8           conveyance used in connection with any such violation is sub-  
9           ject to seizure and forfeiture.

10          “(c) CRIMINAL PENALTY.—In addition to being liable  
11          for a civil penalty under subsection (b), any master, person in  
12          charge of a vehicle, or aircraft pilot who intentionally violates  
13          any provision of subsection (a) is, upon conviction, liable for a  
14          fine in accordance with title 18, United States Code, or im-  
15          prisonment for 1 year, or both; except that if the vessel, vehi-  
16          cle, or aircraft has on board, or is discovered to have had on  
17          board, any merchandise (other than sea stores or the equiva-  
18          lent for conveyances other than vessels) the importation of  
19          which into the United States is prohibited, such individual is  
20          liable for a fine in accordance with title 18, United States  
21          Code, or imprisonment for not more than 5 years, or both.

22          “(d) ADDITIONAL CIVIL PENALTY.—If any merchan-  
23          dise (other than sea stores or the equivalent for conveyances  
24          other than a vessel) is imported or brought into the United  
25          States in or aboard a conveyance which was not properly

1 reported or entered, the master, person in charge of a vehi-  
2 cle, or aircraft pilot shall be liable for a civil penalty equal to  
3 the value of the merchandise and the merchandise may be  
4 seized and forfeited unless properly entered by the importer  
5 or consignee. If the merchandise consists of any controlled  
6 substance listed in section 584, the master, individual in  
7 charge of a vehicle, or pilot shall be liable to the penalties  
8 prescribed in that section.”.

9       **(b) INCREASE IN PENALTIES FOR DEPARTURE**  
10 **BEFORE REPORT OR ENTRY.**—Section 585 (19 U.S.C.  
11 1585) is amended—

12           (1) by striking out “shall be liable to a penalty of  
13 \$5,000,” after “vessel”; and

14           (2) by striking out “\$500” and inserting “\$5,000  
15 for the first violation, and \$10,000 for each subsequent  
16 violation,”.

17 **SEC. 306. INCREASE IN PENALTIES FOR UNAUTHORIZED**  
18 **UNLOADING OF PASSENGERS.**

19       Section 454 (19 U.S.C. 1454), is amended by striking  
20 out “\$500 for each” and inserting “\$1,000 for the first pas-  
21 senger and \$500 for each additional”.

22 **SEC. 307. REPORTING REQUIREMENTS FOR INDIVIDUALS.**

23       **(a) AMENDMENT.**—Section 459 (19 U.S.C. 1459) is  
24 amended to read as follows:

## 1 "SEC. 459. REPORTING REQUIREMENTS FOR INDIVIDUALS.

2 "(a) INDIVIDUALS ARRIVING OTHER THAN BY CON-  
3 VEYANCE.—Except as otherwise authorized by the Secre-  
4 tary, individuals arriving in the United States other than by  
5 vessel, vehicle, or aircraft shall—

6 "(1) enter the United States only at a border  
7 crossing point designated by the Secretary; and

8 "(2) immediately—

9 "(A) report the arrival, and

10 "(B) present themselves, and all articles ac-  
11 companying them for inspection;

12 to the customs officer at the customs facility designated  
13 for that crossing point.

14 "(b) INDIVIDUALS ARRIVING BY REPORTED CONVEY-  
15 ANCE.—Except as otherwise authorized by the Secretary,  
16 passengers and crew members aboard a conveyance the ar-  
17 rival in the United States of which was made or reported in  
18 accordance with section 433 or 644 of this Act or section  
19 1109 of the Federal Aviation Act of 1958, or in accordance  
20 with applicable regulations, shall remain aboard the convey-  
21 ance until authorized to depart the conveyance by the appro-  
22 priate customs officer. Upon departing the conveyance, the  
23 passengers and crew members shall immediately report to the  
24 designated customs facility with all articles accompanying  
25 them.

1       “(c) INDIVIDUALS ARRIVING BY UNREPORTED CON-  
2 VEYANCE.—Individuals aboard a conveyance the arrival in  
3 the United States of which was not made or reported in ac-  
4 cordance with the laws or regulations referred to in subsec-  
5 tion (b) shall immediately notify customs and report their ar-  
6 rival, together with appropriate information concerning the  
7 conveyance on or in which they arrived, and present their  
8 property for customs examination and inspection.

9       “(d) DEPARTURE FROM DESIGNATED CUSTOMS FA-  
10 CILITIES.—Any person required to report to a designated  
11 customs facility under subsection (a), (b), or (c) may not  
12 depart that facility until authorized to do so by the appropri-  
13 ate customs officer.

14       “(e) UNLAWFUL ACTS.—It is unlawful—

15               “(1) to fail to comply with subsection (a), (b), or  
16               (c);

17               “(2) to present any forged, altered, or false docu-  
18               ments or paper to a customs officer under subsection  
19               (a), (b), or (c) without revealing the facts;

20               “(3) to violate subsection (d); or

21               “(4) to fail to comply with, or violate, any regula-  
22               tion prescribed to carry out subsection (a), (b), (c), or  
23               (d).

24       “(f) CIVIL PENALTY.—Any individual who violates any  
25 provision of subsection (e) is liable for a civil penalty of

1 \$5,000 for the first violation, and \$10,000 for each subse-  
2 quent violation.

3 “(g) CRIMINAL PENALTY.—In addition to being liable  
4 for a civil penalty under subsection (f), any individual who  
5 intentionally violates any provision of subsection (e) is, upon  
6 conviction, liable for a fine in accordance with title 18,  
7 United States Code, or imprisonment for not more than 1  
8 year, or both.”

9 (b) REPEAL.—Section 460 is repealed.

10 **SEC. 308. EXAMINATION OF BOOKS AND WITNESSES.**

11 Section 509 (19 U.S.C. 1509) is amended—

12 (1) by striking out “, required to be kept under  
13 section 508 of this Act,” in subsection (a)(2) and in-  
14 serting “, as defined in subsection (c)(1)(A),”; and

15 (2) by amending subsection (c)(1)(A) to read as  
16 follows:

17 “(A) The term ‘records’ includes statements, dec-  
18 larations, or documents—

19 “(i) required to be kept under section 508; or

20 “(ii) regarding which there is probable cause  
21 to believe that they pertain to merchandise the  
22 importation of which into the United States is  
23 prohibited.”

24 **SEC. 309. PENALTIES FOR FALSITY OR LACK OF MANIFEST.**

25 Section 584 (19 U.S.C. 1584) is amended—

1 (1) by amending subsection (a)—

2 (A) by striking out “(1)” after “GENERAL  
3 RULE.—”,

4 (B) by striking out “(2) If any of such mer-  
5 chandise so found” and inserting “(b) SPECIAL  
6 RULE IF CERTAIN ILLEGAL SUBSTANCES  
7 FOUND.—If any of the merchandise described in  
8 subsection (a)”,

9 (C) by striking out “(3)” and inserting “(c)  
10 SEIZURE AND FORFEITURE.—If any of the mer-  
11 chandise described in subsection (a)”,

12 (D) by striking out “\$500” wherever it ap-  
13 pears and inserting “\$1,000”; and

14 (E) by striking out “\$10”, “\$25”, and  
15 “\$50” wherever they appear and inserting  
16 “\$200”, “\$500”, and “\$1,000”, respectively; and

17 (2) by striking out subsection (b);

18 **SEC. 310. PENALTIES FOR UNLAWFUL UNLADING AND TRANS-**  
19 **SHIPMENT.**

20 Section 586 (19 U.S.C. 1586) is amended—

21 (1) by striking out “\$1,000” wherever it appears  
22 and inserting “\$10,000”; and

23 (2) by amending subsection (e)—

1 (A) by striking out “one league of the coast  
2 of the United States” and inserting “customs  
3 waters”; and

4 (B) by striking out “2 years” and inserting  
5 “15 years”.

6 **SEC. 311. AVIATION SMUGGLING.**

7 Part V of title IV is amended by adding after section  
8 589 the following new section:

9 **“SEC. 590. AVIATION SMUGGLING.**

10 “(a) **IN GENERAL.**—It is unlawful for the pilot of any  
11 aircraft to transport, or for any individual on board any air-  
12 craft to possess, merchandise knowing, or intending, that the  
13 merchandise will be introduced into the United States con-  
14 trary to law.

15 “(b) **AT SEA TRANSFER OF PROHIBITED MERCHAN-**  
16 **DISE BETWEEN UNITED STATES CONVEYANCES.**—It is un-  
17 lawful for any person to transfer, unless the transfer is au-  
18 thorized by the Secretary, prohibited merchandise on the  
19 high seas or in the customs waters between—

20 “(1) an aircraft that is owned by a citizen of the  
21 United States or is registered in the United States; and

22 “(2) a vessel of the United States as defined in  
23 section 3(b) of the Anti-Smuggling Act (19 U.S.C  
24 1703(b)).



1           “(c) OTHER AT SEA TRANSFERS OF PROHIBITED  
2 MERCHANDISE.—It is unlawful for any person to transfer,  
3 unless the transfer is authorized by the Secretary, prohibited  
4 merchandise on the high seas or in the customs waters be-  
5 tween any aircraft and vessel, regardless of the nationality of  
6 either, with intent that such merchandise be introduced into  
7 the United States contrary to law.

8           “(d) CIVIL PENALTIES.—Any person who violates sub-  
9 section (a), (b), or (c) is liable for a civil penalty equal to  
10 twice the value of the prohibited merchandise involved in the  
11 violation, but not less than \$10,000.

12           “(e) CRIMINAL PENALTIES.—In addition to being  
13 liable for a civil penalty under subsection (d), any person who  
14 intentionally violates subsection (a), (b), or (c) is, upon  
15 conviction—

16                   “(1) liable for a fine in accordance with title 18,  
17 United States Code, or imprisonment for not more than  
18 5 years, or both, if none of the prohibited merchandise  
19 involved was a controlled substance; or

20                   “(2) liable for a fine in accordance with title 18,  
21 United States Code, or imprisonment for not more than  
22 20 years, or both, if any of the prohibited merchandise  
23 involved was a controlled substance.

24           “(f) SEIZURE.—(1) Except as provided in paragraph (2),  
25 a vessel or aircraft used in connection with, or in aiding or

1 facilitating, any violation of subsection (a), (b), or (c), whether  
2 or not any person is charged in connection with such viola-  
3 tion, may be seized and forfeited in accordance with the cus-  
4 toms laws.

5 “(2) Paragraph (1) does not apply to a vessel or aircraft  
6 operated as a common carrier.

7 “(g) DEFINITION.—As used in this section, the term  
8 ‘prohibited merchandise’ means merchandise the importation  
9 of which into the United States is prohibited.

10 “(h) PRESUMPTIONS AND PRIMA FACIE EVIDENCE.—  
11 Any of the following acts, if engaged in within 250 miles of  
12 the territorial sea of the United States, shall—

13 “(1) for purposes of imposing civil penalties under  
14 subsection (d) for violations of subsection (c), be pre-  
15 sumed to constitute circumstances indicating that the  
16 intent of the transfer is to make it possible for the mer-  
17 chandise, or any part thereof, to be introduced into the  
18 United States contrary to law; and

19 “(2) for purposes of subsection (f) and section  
20 595a, be prima facie evidence that an aircraft or vessel  
21 was used in connection with, or in aiding or facilitat-  
22 ing, a violation of subsection (a), (b), or (c) or section  
23 595a, as the case may be:

24 “(A) The operation of an aircraft or a vessel  
25 without lights during such times as lights are re-

1           required to be displayed under applicable law or  
2           regulation.

3           “(B) The presence on an aircraft of an auxil-  
4           iary fuel tank which is not installed in accordance  
5           with applicable law or regulation.

6           “(C) Falsely identifying the vessel by name  
7           or country of registration, or the aircraft by regis-  
8           tration number and country of registration, when  
9           requested to do so by a customs officer or other  
10          government authority.

11          “(D) The external display of false registra-  
12          tion numbers, false country of registration, or  
13          false vessel name.

14          “(E) The presence on board of unmanifested  
15          merchandise, the importation of which is prohibit-  
16          ed or restricted.

17          “(F) The presence on board of controlled  
18          substances which are not manifested or which are  
19          not accompanied by the permits or licenses re-  
20          quired under Single Convention on Narcotic  
21          Drugs or other international treaty.

22          “(G) The presence of any compartment or  
23          equipment which is built or fitted out for  
24          smuggling.

1                   “(H) The failure of a vessel to stop when  
2                   hailed by a customs officer or other government  
3                   authority.”.

4 **SEC. 312. SEIZURES.**

5       Section 594 (19 U.S.C. 1594) is amended to read as  
6 follows:

7 **“SEC. 594. SEIZURE OF CONVEYANCES.**

8       “(a) **IN GENERAL.**—Whenever—

9                   “(1) any vessel, vehicle, or aircraft; or

10                   “(2) the owner or operator, or the master, pilot,  
11                   conductor, driver, or other person in charge of a  
12                   vessel, vehicle, or aircraft;

13 is subject to a penalty for violation of the customs laws, the  
14 conveyance involved shall be held for the payment of such  
15 penalty and may be seized and forfeited and sold in accord-  
16 ance with the customs laws. The proceeds of sale, if any, in  
17 excess of the assessed penalty and expenses of seizing, main-  
18 taining and selling the property shall be held for the account  
19 of any interested party.

20       “(b) **EXCEPTIONS.**—No conveyance used by any person  
21 as a common carrier in the transaction of business as a  
22 common carrier is subject to seizure and forfeiture under  
23 the customs laws for violations relating to merchandise  
24 contained—

25                   “(1) on the person;

1           “(2) in baggage belonging to and accompanying a  
2 passenger being lawfully transported on such convey-  
3 ance; or

4           “(3) in the cargo of the conveyance if the cargo is  
5 listed on the manifest and marks, numbers, weights  
6 and quantities of the outer packages or containers  
7 agree with the manifest;  
8 unless the owner or operator, or the master, pilot, conductor,  
9 driver or other person in charge participated in, or had  
10 knowledge of, the violation, or was grossly negligent in pre-  
11 venting or discovering the violation.

12           “(c) PROHIBITED MERCHANDISE ON CONVEYANCE.—  
13 If any merchandise the importation of which into the United  
14 States is prohibited is found to be, or to have been—

15           “(1) on board a conveyance used as a common  
16 carrier in the transaction of business as a common car-  
17 rier in one or more packages or containers—

18           “(A) that are not manifested (or not shown  
19 on bills of lading or airway bills); or

20           “(B) whose marks, numbers, weight or quan-  
21 tities disagree with the manifest (or with the bills  
22 of lading or airway bills); or

23           “(2) concealed in or on such a conveyance, but  
24 not in the cargo;

1 the conveyance may be seized, and after investigation, for-  
2 feited unless it is established that neither the owner or opera-  
3 tor, master, pilot, nor any other employee responsible for  
4 maintaining and insuring the accuracy of the cargo manifest  
5 knew, or by the exercise of the highest degree of care and  
6 diligence could have known, that such merchandise was on  
7 board.

8 “(d) DEFINITIONS.—For purposes of this section—

9 “(1) The phrase ‘owner or operator’ includes—

10 “(A) a lessee or person operating a convey-  
11 ance under a rental agreement or charter party;  
12 and

13 “(B) the officers and directors of a corpora-  
14 tion;

15 “(C) station managers and similar superviso-  
16 ry ground personnel employed by airlines;

17 “(D) one or more partners of a partnership;

18 “(E) representatives of the owner or operator  
19 in charge of the passenger or cargo operations at  
20 a particular location; and

21 “(F) and other persons with similar responsi-  
22 bilities.

23 “(2) The term ‘master’ and similar terms relating  
24 to the person in charge of a conveyance includes the  
25 purser or other person on the conveyance who is re-

1       sponsible for maintaining records relating to the cargo  
2       transported in the conveyance.

3       “(e) COSTS AND EXPENSES OF SEIZURE.—When a  
4       common carrier has been seized in accordance with the provi-  
5       sions of subsection (c) and it is subsequently determined that  
6       a violation of such subsection occurred but that the vessel  
7       will be released, the conveyance is liable for the costs and  
8       expenses of the seizure and detention.”.

9       **SEC. 313. SEARCHES AND SEIZURES.**

10       Section 595(a) (19 U.S.C. 1595(a)) is amended to read  
11       as follows:

12       “(a) WARRANT.—(1) If any officer or person authorized  
13       to make searches and seizures has probable cause to believe  
14       the presence in any dwelling house, store, or other building  
15       or place of—

16               “(A) any merchandise upon which the duties have  
17       not been paid, or which has been otherwise brought  
18       into the United States unlawfully;

19               “(B) any property which is subject to forfeiture  
20       under any provision of law enforced or administered by  
21       the Customs Service; or

22               “(C) subject to the limitation in paragraph (2),  
23       any document, container, wrapping, or other article  
24       which is evidence of a violation of any law enforced or  
25       administered by the Customs Service,

1 he may make application, under oath, to any justice of the  
2 peace, to any municipal, county, State, or Federal judge, or  
3 to any Federal magistrate, and shall thereupon be entitled to  
4 a warrant to enter such dwelling house in the daytime only,  
5 or such store or other place at night or by day, and to search  
6 for and seize such merchandise or other article described in  
7 the warrant; except that if any house, store, or other building  
8 or place in which any merchandise or other article subject to  
9 forfeiture is found is upon, or within ten feet of, the boundary  
10 line between the United States and a foreign country, such  
11 portion thereof as is within the United States may be taken  
12 down or removed.

13 “(2) In the case of violations of section 592, paragraph  
14 (1)(C) applies only to violations in which there is probable  
15 cause to believe that fraud is involved.”

16 **SEC. 314. FORFEITURES.**

17 Section 596 (19 U.S.C. 1595a) is amended—

18 (1) by striking out “the proviso to” in subsection  
19 (a) and inserting “subsection (b) or (c) of”;

20 (2) by striking out “shall” in subsection (a) and  
21 inserting “may”; and

22 (3) by adding at the end thereof the following new  
23 subsection:

24 “(c) Any merchandise that is introduced or attempted to  
25 be introduced into the United States contrary to law (other



1 than in violation of section 592) may be seized and  
2 forfeited.”.

3 **SEC. 315. DISPOSITION OF PROCEEDS OF FORFEITED**  
4 **PROPERTY.**

5 Section 613 (19 U.S.C. 1613) is amended by adding at  
6 the end thereof the following new subsections:

7 “(c) **TREATMENT OF DEPOSITS.**—If property is seized  
8 by the Secretary under law enforced or administered by the  
9 Customs Service, or otherwise acquired under section 605 of  
10 this Act, and relief from the forfeiture is granted by the Sec-  
11 retary, or his designee, upon terms requiring the deposit or  
12 retention of a monetary amount in lieu of the forfeiture, the  
13 amount recovered shall be treated in the same manner as the  
14 proceeds of sale of a forfeited item.

15 “(d) **EXPENSES.**—In any judicial or administrative pro-  
16 ceeding to forfeit property under any law enforced or admin-  
17 istered by the Customs Service or the Coast Guard, the sei-  
18 zure, storage, and other expenses related to the forfeiture  
19 that are incurred by the Customs Service or the Coast Guard  
20 after the seizure, but before the institution of, or during, the  
21 proceedings, shall be a priority claim in the same manner as  
22 the court costs and the expenses of the Federal marshal.”.

23 **SEC. 316. COMPENSATION TO INFORMERS.**

24 Section 619 (19 U.S.C. 1619) is amended—

1 (1) by striking out "of 25 per centum" each place  
2 it appears and inserting in lieu thereof "of not more  
3 than 25 percent";

4 (2) by striking out "which shall be paid out of any  
5 appropriations available for the collection of the reve-  
6 nue from customs" in the first sentence;

7 (3) by striking out the fourth sentence;

8 (4) by inserting "as an expense of such forfeiture"  
9 after "Treasury under the provisions of this section" in  
10 the third sentence;

11 (5) by inserting the following sentence after the  
12 second sentence: "Notwithstanding any other provision  
13 of law, any amount paid as an award of compensation  
14 under this section shall be paid from the net amount  
15 recovered before such net amount is deposited in the  
16 general fund of the Treasury or the Customs Forfeiture  
17 Fund, as appropriate."; and

18 (6) by adding at the end thereof the following sen-  
19 tence: "Regardless if any duty is recovered, any fine or  
20 penalty is paid, or any property is forfeited to the  
21 United States, the Secretary may, based upon the  
22 value of the information, award not to exceed  
23 \$100,000 to any person not an officer or employee of  
24 the United States who discovers and reports to an ap-  
25 propriate officer original information concerning any

1 violation, or plan to violate, any customs law or navi-  
2 gation law.”.

3 **SEC. 317. COMMENCEMENT OF ACTIONS.**

4 Section 621 (19 U.S.C. 1621) is amended by inserting  
5 at the end thereof the following sentence: “For purposes of  
6 this section, an action to recover a pecuniary penalty is con-  
7 sidered to have been commenced when the appropriate cus-  
8 toms officer issues a penalty notice.”.

9 **SEC. 318. FOREIGN LANDING CERTIFICATES.**

10 Section 622 (19 U.S.C. 1622) is amended by inserting  
11 before the period at the end thereof the following: “, or to  
12 comply with international obligations”.

13 **SEC. 319. EXCHANGE OF INFORMATION WITH FOREIGN**  
14 **AGENCIES.**

15 Part V of title IV is amended by adding at the end  
16 thereof the following new section 628:

17 **“SEC. 628. EXCHANGE OF INFORMATION.**

18 “The Secretary may by regulation authorize customs of-  
19 ficers to exchange information or documents with foreign cus-  
20 toms and law enforcement agencies if the Secretary reason-  
21 ably believes the exchange of information is necessary to—

22 “(1) insure compliance with any law or regulation  
23 enforced or administered by the Customs Service;

24 “(2) verify the accuracy of information provided to  
25 the Department of the Treasury or the Customs Serv-

1 ice that is used in making determinations concerning  
2 the classification, value, country of origin, quota alloca-  
3 bility, admissibility, or other characteristics of imported  
4 merchandise that relevant to the laws and regulations  
5 enforced or administered by Customs Service;

6 “(3) administer or enforce multilateral or bilateral  
7 agreements to which the United States is a party;

8 “(4) assist in investigative, judicial and quasi-judi-  
9 cial proceedings in the United States; and

10 “(5) an action comparable to any of those de-  
11 scribed in paragraphs (1) through (4) undertaken by a  
12 foreign customs or law enforcement agency, or in rela-  
13 tion to a proceeding in a foreign country.”.

14 **SEC. 320. INSPECTIONS AND PRECLEARANCE IN FOREIGN**  
15 **COUNTRIES.**

16 Part V of title IV is further amended by adding at the  
17 end thereof the following new section:

18 **“SEC. 629. INSPECTIONS AND PRECLEARANCE IN FOREIGN**  
19 **COUNTRIES.**

20 “(a) **IN GENERAL.**—When authorized by treaty or ex-  
21 ecutive agreement, the Secretary may station customs offi-  
22 cers in foreign countries for the purpose of examining persons  
23 and merchandise prior to their arrival in the United States.

24 “(b) **FUNCTIONS AND DUTIES.**—Customs officers sta-  
25 tioned in a foreign country under subsection (a) may exercise

1 such functions and perform such duties (including inspections,  
2 searches, seizures and arrests) as may be permitted by the  
3 treaty, agreement or law of the country in which they are  
4 stationed.

5       “(c) COMPLIANCE.—The Secretary may by regulation  
6 require compliance with the customs laws and regulations in  
7 a foreign country and, in such a case the customs laws and  
8 other civil and criminal laws of the United States relating to  
9 the importation of merchandise, filing of false statements, and  
10 the unlawful removal of merchandise from customs custody  
11 shall apply in the same manner as if the foreign station is a  
12 port of entry within the customs territory of the United  
13 States.

14       “(d) SEIZURES.—When authorized by treaty, agree-  
15 ment or foreign law, merchandise which is subject to seizure  
16 or forfeiture under United States law may be seized in a for-  
17 eign country and transported under customs custody to the  
18 customs territory to the United States to be proceeded  
19 against under the customs law.

20       “(e) STATIONING OF FOREIGN CUSTOMS OFFICERS IN  
21 THE UNITED STATES.—The Secretary of State, in coordina-  
22 tion with the Secretary, may enter into agreements with any  
23 foreign country authorizing the stationing in the United  
24 States of customs officials of that country (if similar privileges  
25 are extended by that country to United States officials) for

1 the purpose of insuring that persons and merchandise going  
2 directly to that country from the United States comply with  
3 the customs and other laws of that country governing the  
4 importation of merchandise. Any foreign customs official sta-  
5 tioned in the United States under this subsection may exer-  
6 cise such functions and perform such duties as United States  
7 officials may be authorized to perform in that foreign country  
8 under reciprocal agreement.

9       “(f) APPLICATION OF CERTAIN LAWS.—When cus-  
10 toms officials of a foreign country are stationed in the United  
11 States in accordance with subsection (e), and if similar provi-  
12 sions are applied to United States officials stationed in that  
13 country—

14               “(1) sections 111 and 1114 of title 18, United  
15 States Code, shall apply as if the officials were desig-  
16 nated in those sections;

17               “(2) any person who in any matter before a for-  
18 eign customs official stationed in the United States  
19 knowingly and willfully falsifies, conceals, or covers up  
20 by any trick, scheme, or device a material fact, or  
21 makes any false, fictitious or fraudulent statements or  
22 representations, or makes or uses any false writing or  
23 document knowing the same to contain any false, ficti-  
24 tious or fraudulent statement or entry, is liable for a

1 fine in accordance with title 18, United States Code,  
2 or imprisonment for not more than 5 years, or both.”.

3 **SEC. 321. INVESTIGATIONS; OATH; SUBPENAS; ETC.**

4 (a) **AMENDMENT.**—Part V of title IV is further amend-  
5 ed by adding at the end thereof the following new section:

6 **“SEC. 630. INVESTIGATIONS; OATHS; SUBPENAS; WITNESSES;**  
7 **EVIDENCE; PRODUCTION OF RECORDS; TERRI-**  
8 **TORIAL LIMITS; FEES AND MILEAGE OF WIT-**  
9 **NESSES.**

10 **“(a) IN GENERAL.**—For the purpose of any investiga-  
11 tion which, in the opinion of the Secretary, is necessary and  
12 proper to—

13 **“(1) the reporting of monetary instruments, trans-**  
14 **actions, or transportation under chapter 53 of subchap-**  
15 **ter II of title 31, United States Code; or**

16 **“(2) the enforcement of the Bank Secrecy Act**  
17 **(Public Law 91-508);**

18 the Secretary may administer oaths and affirmations, subpe-  
19 na witnesses, compel their attendance, take evidence, and  
20 require the production of records (including books, papers,  
21 documents, and tangible things which constitute or contain  
22 evidence) relevant or material to the investigation. The at-  
23 tendance of witnesses and the production of records may be  
24 required from any place within the customs territory of the  
25 United States, except that a witness shall not be required to

1 appear at any hearing distant more than 100 miles from the  
2 place where he was served with subpoena. Witnesses sum-  
3 moned by the Secretary shall be paid the same fees and mile-  
4 age that are paid witnesses in the courts of the United  
5 States. Oaths and affirmations may be made at any place  
6 subject to the jurisdiction of the United States.

7       “(b) SERVICE OF SUBPENA; PROOF OF SERVICE.—A  
8 subpoena of the Secretary may be served by any person desig-  
9 nated in the subpoena to serve it. Service upon a natural  
10 person may be made by personal delivery of the subpoena to  
11 him. Service may be made upon a domestic or foreign corpo-  
12 ration or upon a partnership or other unincorporated associa-  
13 tion which is subject to suit under a common name, by deliv-  
14 ering the subpoena to an officer, a managing or general agent,  
15 or to any other agent authorized by appointment or by law to  
16 receive service of process. The affidavit of the person serving  
17 the subpoena entered on a true copy thereof by the person  
18 serving it shall be proof of service.

19       “(c) CONTEMPT PROCEEDINGS.—In case of contumacy  
20 by, or refusal to obey a subpoena issued to, any person, the  
21 Secretary of the Treasury may invoke the aid of any court of  
22 the United States within the jurisdiction of which the investi-  
23 gation is carried on or of which the subpoenaed person is an  
24 inhabitant, carries on business or may be found, to compel  
25 compliance with the subpoena of the Secretary. The court may



1 issue an order requiring the subpoenaed person to appear  
2 before the Secretary of the Treasury there to produce  
3 records, if so ordered, or to give testimony touching the  
4 matter under investigation and to pay the costs of the pro-  
5 ceeding. Any failure to obey the order of the court may be  
6 punished by the court as a contempt thereof. All process in  
7 any such case may be served in the judicial district whereof  
8 the subpoenaed person is an inhabitant or where he may be  
9 found.”.

10 (b) REPEAL.—The Act entitled “An Act to authorize  
11 subpoenas in connection with the enforcement of the narcotic  
12 laws, and for other purposes”, approved August 11, 1955  
13 (21 U.S.C. 967-969), is repealed.

14 **SEC. 322. UNDERCOVER INVESTIGATIVE OPERATIONS OF THE**  
15 **CUSTOMS SERVICE.**

16 (a) CERTIFICATION REQUIRED FOR EXEMPTION OF  
17 UNDERCOVER OPERATIONS FROM CERTAIN LAWS.—With  
18 respect to any undercover investigative operation of the  
19 United States Customs Service (hereinafter in this section  
20 referred to as the “Service”) which is necessary for the de-  
21 tection and prosecution of offenses against the United States  
22 which are within the jurisdiction of the Secretary of the  
23 Treasury—

24 (1) sums authorized to be appropriated for the  
25 Service may be used—

1 (A) to purchase property, buildings, and  
2 other facilities, and to lease space, within the  
3 United States, the District of Columbia, and the  
4 territories and possessions of the United States  
5 without regard to—

6 (i) sections 1341 and 3324 of title 31,  
7 United States Code,

8 (ii) sections 3732(a) and 3741 of the  
9 Revised Statutes of the United States (41  
10 U.S.C. 11(a) and 22),

11 (iii) section 305 of the Act of June 30,  
12 1949 (63 Stat. 396; 41 U.S.C. 255),

13 (iv) the third undesignated paragraph  
14 under the heading “Miscellaneous” of the  
15 Act of March 3, 1877 (19 Stat. 370; 40  
16 U.S.C. 34), and

17 (v) section 304 (a) and (c) of the Feder-  
18 al Property and Administrative Services Act  
19 of 1949 (41 U.S.C. 254 (a) and (c)), and

20 (B) to establish or to acquire proprietary cor-  
21 porations or business entities as part of the under-  
22 cover operation, and to operate such corporations  
23 or business entities on a commercial basis, with-  
24 out regard to sections 9102 and 9103 of title 31,  
25 United States Code;

1           (2) sums authorized to be appropriated for the  
2           Service and the proceeds from the undercover oper-  
3           ation, may be deposited in banks or other financial in-  
4           stitutions without regard to the provisions of section  
5           648 of title 18, United States Code, and section 3302  
6           of title 31, United States Code; and

7           (3) the proceeds from the undercover operation  
8           may be used to offset necessary and reasonable ex-  
9           penses incurred in such operation without regard to the  
10          provisions of section 3302 of title 31, United States  
11          Code;

12          only upon the written certification of the Commissioner of  
13          Customs (or, if designated by the Commissioner the Deputy  
14          or an Assistant Commissioner) that any action authorized by  
15          paragraph (1), (2), or (3) of this subsection is necessary for  
16          the conduct of such undercover operation.

17          (b) LIQUIDATION OF CORPORATIONS AND BUSINESS  
18          ENTITIES.—If a corporation or business entity established or  
19          acquired as part of an undercover operation under paragraph  
20          (1)(B) of subsection (a) with a net value over \$50,000 is to be  
21          liquidated, sold, or otherwise disposed of, the Service, as  
22          much in advance as the Commissioner or his designee deter-  
23          mines is practicable, shall report the circumstances to the  
24          Secretary of the Treasury and the Comptroller General. The  
25          proceeds of the liquidation, sale, or other disposition, after

1 obligations are met, shall be deposited in the Treasury of the  
2 United States as miscellaneous receipts.

3 (c) DEPOSIT OF PROCEEDS.—As soon as the proceeds  
4 from an undercover investigative operation with respect to  
5 which an action is authorized and carried out under para-  
6 graphs (2) and (3) of subsection (a) are no longer necessary  
7 for the conduct of such operation, such proceeds or the bal-  
8 ance of such proceeds remaining at the time shall be deposit-  
9 ed into the Treasury of the United States as miscellaneous  
10 receipts.

11 (d) AUDITS.—(1) The Customs Service shall conduct a  
12 detailed financial audit of each undercover investigative oper-  
13 ation which is closed in each fiscal year, and

14 (A) submit the results of the audit in writing to  
15 the Secretary of the Treasury; and

16 (B) not later than 180 days after such undercover  
17 operation is closed, submit a report to the Congress  
18 concerning such audit.

19 (2) The Customs Service shall also submit a report an-  
20 nually to the Congress specifying as to its undercover investi-  
21 gative operations—

22 (A) the number, by programs, of undercover in-  
23 vestigative operations pending as of the end of the 1-  
24 year period for which such report is submitted;

1 (B) the number, by programs, of undercover in-  
2 vestigative operations commenced in the 1-year period  
3 preceding the period for which such report is submit-  
4 ted; and

5 (C) the number, by programs, of undercover in-  
6 vestigative operations closed in the 1-year period pre-  
7 ceding the period for which such report is submitted  
8 and, with respect to each such closed undercover oper-  
9 ation, the results obtained and any civil claims made  
10 with respect thereto..

11 (e) DEFINITIONS.—For purposes of subsection (d)—

12 (1) The term “closed” refers to the earliest point  
13 in time at which—

14 (A) all criminal proceedings (other than ap-  
15 peals) are concluded, or

16 (B) covert activities are concluded, whichev-  
17 er occurs later.

18 (2) The term “employees” means employees, as  
19 defined in section 2105 of title 5 of the United States  
20 Code, of the Customs Service.

21 (3) The terms “undercover investigative oper-  
22 ation” and “undercover operation” mean any under-  
23 cover investigative operation of the Customs Service—

24 (A) in which—

1 (i) the gross receipts (excluding interest  
2 earned) exceed \$50,000, or

3 (ii) expenditures (other than expendi-  
4 tures for salaries of employees) exceed  
5 \$150,000; and

6 (B) which is exempt from section 3302 or  
7 9102 of title 31, United States Code;

8 except that subparagraphs (A) and (B) shall not apply  
9 with respect to the report required under paragraph (2)  
10 of subsection (d).

11 **SEC. 323. EFFECTIVE DATE.**

12 The amendments made by this part shall take effect on  
13 the 15th day after the date of the enactment of this Act. Any  
14 amendment made by this part that imposes or increases a  
15 civil or criminal penalty applies only with respect to viola-  
16 tions committed on or after such 15th day.

17 **PART II—CUSTOMS FORFEITURE FUND**

18 **SEC. 331. CUSTOMS FORFEITURE FUND.**

19 (a) AMENDMENT.—Section 613a (19 U.S.C. 1613b) is  
20 amended—

21 (1) by amending subsection (a)—

22 (A) by striking out “1987” in the first sen-  
23 tence and inserting “1991”;

1 (B) by inserting “(including investigative  
2 costs leading to seizures)” after “seizure” in para-  
3 graph (1);

4 (C) by inserting “and” after the semicolon at  
5 the end of paragraph (4);

6 (D) by striking out paragraph (5);

7 (E) by redesignating paragraph (6) as para-  
8 graph (5); and

9 (F) by amending the last sentence to read as  
10 follows:

11 “In addition to the purposes described in paragraphs (1)  
12 through (5), the fund is available for—

13 (i) purchases by the Customs Service of evidence  
14 of—

15 (I) smuggling of controlled substances, and

16 (II) violations of the currency and foreign  
17 transaction reporting requirements of chapter 51  
18 of title 31, United States Code, if there is a sub-  
19 stantial probability that the violations of these re-  
20 quirements are related to the smuggling of con-  
21 trolled substances;

22 (ii) the equipping for law enforcement functions  
23 of any vessel, vehicle, or aircraft available for official  
24 use by the Customs Service;

1           “(iii) the reimbursement, at the discretion of the  
2           Secretary, of private citizens for expenses incurred by  
3           them in cooperating with the Customs Service in in-  
4           vestigations and undercover law enforcement oper-  
5           ations; and

6           “(iv) the publicizing of the availability of rewards  
7           under section 619.”; and

8           (2) by amending subsection (f) to read as follows:

9           “(f)(1) There are authorized to be appropriated from the  
10          fund for each of the fiscal years beginning with fiscal year  
11          1987 not more than \$20,000,000.

12          “(2) At the end of each of fiscal years 1987, 1988,  
13          1989, and 1990, any amount in the fund in excess of  
14          \$20,000,000 shall be deposited in the general fund of the  
15          Treasury. At the end of fiscal year 1991, any amount re-  
16          maining in the fund shall be deposited in the general fund of  
17          the Treasury, and the fund shall cease to exist.”.

18          (b) **EFFECTIVE DATE.**—The amendments made by sub-  
19          section (a) shall take effect October 1, 1986.



1 **Subtitle B—Customs Service Authori-**  
2 **zations, Miscellaneous Customs**  
3 **Provisions, and Amendments to the**  
4 **Controlled Substances Import and**  
5 **Export Act**

6 **PART I—CUSTOMS SERVICE AUTHORIZATIONS**

7 **SEC. 341. AUTHORIZATION OF APPROPRIATIONS FOR FISCAL**  
8 **YEAR 1987 FOR THE UNITED STATES CUSTOMS**  
9 **SERVICE.**

10 Section 301(b) of the Customs Procedural Reform and  
11 Simplification Act of 1978 (19 U.S.C. 2075(b)) is amended as  
12 follows:

13 “(b)(1) There are authorized to be appropriated to the  
14 Department of the Treasury not to exceed \$1,062,631,000  
15 for the salaries and expenses of the United States Customs  
16 Service for fiscal year 1987; of which—

17 “(A) \$749,131,000 is for salaries and expenses to  
18 maintain current operating levels, and includes such  
19 sums as may be necessary to complete the testing of  
20 the prototype of the automatic license plate reader pro-  
21 gram and to implement that program;

22 “(B) \$99,300,000 is for the salaries and expenses  
23 of additional personnel to be used in carrying out drug  
24 enforcement activities; and

1           “(C) \$214,200,000 is for the operation and main-  
2           tenance of the air interdiction program of the Service,  
3           of which—

4                   “(i) \$137,000,000 is for additional aircraft,  
5                   communications enhancements, and command,  
6                   control, communications, and intelligence centers,  
7                   and

8                   “(ii) \$350,000 is for a feasibility and applica-  
9                   tion study for a low-level radar detection system  
10                  in collaboration with the Los Alamos National  
11                  Laboratory.

12           “(2) No part of any sum that is appropriated under the  
13           authority of paragraph (1) may be used to close any port of  
14           entry at which, during fiscal year 1986—

15                   “(A) not less than 2,500 merchandise entries (in-  
16                   cluding informal entries) were made; and

17                   “(B) not less than \$1,500,000 in customs reve-  
18                   nues were assessed.”.

## 19 **PART II—MISCELLANEOUS CUSTOMS AMENDMENTS**

### 20 **SEC. 351. TREATMENT OF HOVERING VESSELS.**

21           Section 201 of the Act of August 5, 1935 (19 U.S.C.  
22           1432a) is amended by inserting after “hovering vessel” the  
23           following: “or to have received merchandise while in the cus-  
24           toms waters beyond the territorial sea or while on the high  
25           seas,”.

1 **SEC. 352. RECREATIONAL VESSEL LICENSES.**

2 Section 12109(b) of title 46, United States Code, is  
3 amended by adding at the end thereof the following new sen-  
4 tence: "Such vessel must, however, comply with all customs  
5 requirements for reporting arrival under section 433 of the  
6 Tariff Act of 1930 (19 U.S.C. 1433) and all persons aboard  
7 such a pleasure vessel shall be subject to all applicable cus-  
8 toms regulations."

9 **SEC. 353. ASSISTANCE FOR CUSTOMS OFFICERS.**

10 Section 3071 of the Revised Statutes of the United  
11 States (19 U.S.C. 507) is amended to read as follows:

12 "SEC. 3071. (a) Any customs officer who needs assist-  
13 ance in making any arrest, search, or seizure that is author-  
14 ized under any law that is enforced or administered by cus-  
15 toms officers may, after identifying himself or herself as a  
16 customs officer, demand the assistance of any person. Any  
17 person who, without reasonable excuse, neglects or refuses to  
18 assist a customs officer after proper demand under this sub-  
19 section is guilty of a misdemeanor and subject to a fine of not  
20 more than \$1,000.

21 "(b) Any person, not an officer or employee of the  
22 United States, who renders assistance in good faith upon the  
23 request of a customs officer shall not be held liable for any  
24 civil damages as a result of the rendering of such assistance  
25 where the assisting person acts as an ordinary, reasonably

1 prudent person would have acted under the same or similar  
2 circumstances.”.

3 **PART III—AMENDMENTS TO THE CONTROLLED**  
4 **SUBSTANCES IMPORT AND EXPORT ACT**

5 **SEC. 361. POSSESSION, MANUFACTURE, OR DISTRIBUTION FOR**  
6 **PURPOSES OF UNLAWFUL IMPORTATION.**

7 Section 1009 of the Controlled Substances Import and  
8 Export Act (21 U.S.C. 959) is amended to read as follows:

9 **“SEC. 1009. POSSESSION, MANUFACTURE, OR DISTRIBUTION**  
10 **FOR PURPOSES OF UNLAWFUL IMPORTATION.**

11 “(a) It shall be unlawful for any person to manufacture  
12 or distribute a controlled substance in schedule I or III—

13 “(1) intending that such substance be unlawfully  
14 imported in the United States or into waters within a  
15 distance of twelve miles of its coast; or

16 “(2) knowing that such substance will be unlaw-  
17 fully imported into the United States or into waters  
18 within a distance of 12 miles of its coast.

19 “(b) It shall be unlawful for any United States citizen on  
20 board any aircraft, or any person on board an aircraft owned  
21 by a United States citizen or registered in the United States,  
22 to manufacture or distribute or possess with intent to manu-  
23 facture or distribute a controlled substance.

24 “(c) This section is intended to reach acts of manufac-  
25 ture or distribution committed outside the territorial jurisdic-

1 tion of the United States. Any person who violates this  
2 section shall be tried in the United States district court at the  
3 point of entry where such person enters the United States, or  
4 in the United States District Court for the District of  
5 Columbia.”.

6 **SEC. 362. PENALTIES FOR SERIOUS TRAFFICKERS; AMEND-**  
7 **MENTS TO SECTION 1010(b) OF THE CON-**  
8 **TROLLED SUBSTANCES IMPORT AND EXPORT**  
9 **ACT.**

10 (a) **SECTION 1010(b)(1) AMENDMENT.**—Section  
11 1010(b)(1) of the Controlled Substances Import and Export  
12 Act (21 U.S.C. 960(b)(1)) is amended to read as follows:

13 “(b)(1)(A)(i) In the case of a violation of subsection (a) of  
14 this section involving a controlled substance and the mini-  
15 mum amount specified for that controlled substance in section  
16 401(b)(1)(A), the person committing such violation shall be  
17 sentenced to a term of imprisonment of not less than 10 years  
18 and not more than 30 years, and a fine of not more than  
19 \$2,000,000, or both in the case of an individual, or to a fine  
20 of not more than \$5,000,000, in the case of a person other  
21 than an individual.

22 “(ii) If the offense under this subparagraph is a second  
23 or subsequent offense, such person shall be sentenced to a  
24 term of imprisonment of not less than 20 years, or to impris-  
25 onment for life, and a fine of not more than \$4,000,000, or

1 both in the case of an individual, or to a fine of not  
2 more than \$10,000,000, in the case of a person other than  
3 an individual.

4       “(B)(i) In the case of a violation of subsection (a) of this  
5 section involving a controlled substance and the minimum  
6 amount specified for that controlled substance in section  
7 401(b)(1)(B), the person committing such violation shall be  
8 sentenced to a term of imprisonment of not less than 5 and  
9 not more than 20 years, a fine of not more than \$2,000,000,  
10 or both if such person is an individual, or to a fine of not  
11 more than \$5,000,000 if such person is other than an  
12 individual.

13       “(ii) If the offense under this subparagraph is a second  
14 or subsequent offense, such person shall be sentenced to a  
15 term of imprisonment of not less than 10 years and not more  
16 than 40 years, and a fine of not more than \$4,000,000, or  
17 both in the case of an individual, or to a fine of not more than  
18 \$10,000,000, in the case of a person other than an  
19 individual.

20       “(C) Imposition or execution of a sentence of imprison-  
21 ment under this paragraph shall not be suspended, and proba-  
22 tion shall not be granted with respect to such sentence. A  
23 person convicted under this paragraph shall not be eligible for  
24 parole until the individual has served the minimum sentence  
25 required by this paragraph.

1       “(D) Any sentence imposing a term of imprisonment  
2 under this paragraph shall, in the absence of such a prior  
3 conviction, impose a special parole term of at least 4 years in  
4 addition to such term of imprisonment and shall, if there was  
5 such a prior conviction, impose a special parole term of at  
6 least 8 years in addition to such term of imprisonment.”.

7       (b) **CONFORMING AMENDMENTS.**—(1) Section  
8 1010(b)(1) of the Controlled Substances Import and Export  
9 Act (21 U.S.C. 960(b)(1)) is amended by striking out sub-  
10 paragraph (D).

11       (2) The amendment made by this subsection shall take  
12 effect on the date of the taking effect of section 225 of the  
13 Comprehensive Crime Control Act of 1984.

14 **SEC. 363. FINE INCREASE AMENDMENT TO SECTION 1010(b)(2)**  
15 **OF THE CONTROLLED SUBSTANCES IMPORT**  
16 **AND EXPORT ACT.**

17       Section 1010(b)(2) of the Controlled Substances Import  
18 and Export Act (21 U.S.C. 960(b)(2)) is amended in the first  
19 sentence by striking out “\$125,000, or both” and inserting in  
20 lieu thereof “\$500,000, or both if such person is an individ-  
21 ual, or shall be fined not more than \$2,000,000 if such  
22 person is other than an individual”.

1 **SEC. 364. FINE INCREASE AMENDMENT TO SECTION 1010(b)(3)**  
2 **OF THE CONTROLLED SUBSTANCES IMPORT**  
3 **AND EXPORT ACT.**

4 Section 1010(b)(3) of the Controlled Substances Import  
5 and Export Act (21 U.S.C. 960(b)(3)) is amended in the first  
6 sentence by striking out "\$50,000, or both" and inserting in  
7 lieu thereof "\$250,000, or both if such person is an individ-  
8 ual, or shall be fined not more than \$1,000,000 if such  
9 person is other than an individual".

10 **SEC. 365. FINE INCREASE AMENDMENT TO SECTION 1011(2) OF**  
11 **THE CONTROLLED SUBSTANCES IMPORT AND**  
12 **EXPORT ACT.**

13 Section 1011(2) of the Controlled Substances Import  
14 and Export Act (21 U.S.C. 961(2)) is amended by striking  
15 out "\$25,000 or both" and inserting in lieu thereof  
16 "\$100,000, or both if such person is an individual or a fine of  
17 \$500,000 if such person is other than an individual".

18 **SEC. 366. SPECIAL TERM OF IMPRISONMENT FOR CERTAIN**  
19 **OFFENSES UNDER CONTROLLED SUBSTANCES**  
20 **IMPORT AND EXPORT ACT RESULTING IN**  
21 **DEATH OR SERIOUS BODILY INJURY.**

22 (a) **IN GENERAL.**—The Controlled Substances Import  
23 and Export Act (21 U.S.C. 951 et seq.) is amended by  
24 adding at the end the following new section:



1 "SPECIAL TERM OF IMPRISONMENT FOR CERTAIN OF-  
 2 FENSES RESULTING IN DEATH OR SERIOUS BODILY  
 3 INJURY

4 "SEC. 1018. (a) In the case of an offense under para-  
 5 graph (1) or (2) of section 1010(b) of this title, from which  
 6 death or serious bodily injury results, the defendant shall be  
 7 sentenced (in addition to any fine otherwise applicable under  
 8 such subsection) to imprisonment for any term of not less  
 9 than 20 years, or to imprisonment for life.

10 "(b) As used in this section—

11 "(1) the term 'serious bodily injury' means bodily  
 12 injury which involves—

13 "(A) a substantial risk of death;

14 "(B) unconsciousness;

15 "(C) extreme physical pain;

16 "(D) protracted and obvious disfigurement;

17 or

18 "(E) protracted loss or impairment of the  
 19 function of a bodily member, organ, or mental fac-  
 20 ulty; and

21 "(2) the term 'results' includes results from the  
 22 use of a quantity of controlled substance involved in  
 23 the offense.

24 "(c) Imposition or execution of a sentence of imprison-  
 25 ment under this section shall not be suspended, and probation

1 shall not be granted with respect to such sentence. A person  
 2 convicted under this section shall not be eligible for parole  
 3 until the individual has served the minimum sentence re-  
 4 quired by this section.”.

5 (b) TECHNICAL AMENDMENT.—The table of contents  
 6 for the Comprehensive Drug Abuse Prevention and Control  
 7 Act of 1970 is amended by inserting after the item relating to  
 8 section 1017 the following new item:

“Sec. 1018. Special term of imprisonment for certain offenses resulting in death or  
 serious bodily injury.”.

9 **Subtitle C—Denial of Trade Benefits**  
 10 **to Uncooperative Drug Source Na-**  
 11 **tions**

12 **SEC. 371. SHORT TITLE.**

13 This subtitle may be cited as the “Narcotics Control  
 14 Trade Act”.

15 **SEC. 372. DETERMINATIONS REGARDING UNCOOPERATIVE**  
 16 **DRUG SOURCE NATIONS.**

17 (a) ANNUAL DETERMINATION.—The President, after  
 18 taking into account the factors set forth in subsection (b),  
 19 shall determine if any foreign country, during any fiscal year  
 20 commencing after September 30, 1986—

21 (1) was a direct or indirect source of one or more  
 22 illicit narcotic and psychotropic drugs and other con-  
 23 trolled substances that is significantly affecting the  
 24 United States; and

1 (2) did not cooperate with the United States Gov-  
2 ernment in preventing narcotic and psychotropic drugs  
3 and other controlled substances from significantly af-  
4 fecting the United States.

5 (b) FACTORS.—For purposes of making a determination  
6 under subsection (a) regarding a foreign country, the Presi-  
7 dent shall take into account the capabilities, effort, and  
8 progress of that country in—

9 (1) limiting legal narcotic crop production to levels  
10 required for legal purposes;

11 (2) licensing legal narcotic crop production and ef-  
12 fectively controlling it to prevent significant diversion  
13 to the illicit traffic;

14 (3) limiting the legal manufacture of narcotic and  
15 psychotropic drugs and other controlled substances to  
16 levels required for medical purposes and effectively  
17 controlled manufacture to prevent significant diversion  
18 to the illicit traffic;

19 (4) detecting and eradicating the illicit cultivation  
20 of narcotic crops, and

21 (5) suppressing the illicit manufacture, processing,  
22 and traffic of narcotic and psychotropic drugs, under  
23 the control of the Single Convention of Narcotic Drugs  
24 of 1961 as amended by the 1972 Amending Protocol

1 or the Controlled Substances Act of 1970 or the Con-  
2 vention on Psychotropic Substances of 1971.

3 (c) REPORT OF DETERMINATIONS—The President  
4 shall submit to each House of the Congress the name of each  
5 foreign country regarding which an affirmative determination  
6 is made under subsection (a). The submission must be made  
7 on the first day on which both Houses are in session after the  
8 close of the fiscal year with respect to which the determina-  
9 tion is made.

10 **SEC. 373. TARIFF TREATMENT OF PRODUCTS OF UNCOOPERA-**  
11 **TIVE DRUG SOURCE NATIONS.**

12 (a) REQUIRED ACTION BY PRESIDENT.—The President  
13 shall, with respect to each foreign country regarding which  
14 an affirmative determination is made under section 372(a)  
15 and to the extent considered necessary by the President to  
16 achieve the purposes of this subtitle—

17 (1) deny to any or all of the products of that  
18 country tariff treatment under the Generalized System  
19 of Preferences, the Caribbean Basin Economic Recov-  
20 ery Act, or any other law providing preferential tariff  
21 treatment;

22 (2) apply to any or all of the dutiable products of  
23 that country an additional duty at a rate not to exceed  
24 50 percent ad valorem or the specific rate equivalent;

1           (3) apply to one or more duty-free products of  
2           that country a duty at a rate not to exceed 50 percent  
3           ad valorem; or

4           (4) take any combination of the actions described  
5           in paragraphs (1), (2), and (3).

6           (b) DURATION OF ACTION.—The action taken by the  
7           President under subsection (a) shall apply to the products of a  
8           foreign country that are entered, or withdrawn from ware-  
9           house for consumption, during the period that—

10           (1) begins on October 1 of the fiscal year occur-  
11           ring after the fiscal year with respect to which an af-  
12           firmative determination regarding that country was  
13           made under section 372(a); and

14           (2) ends on the day on which the determination is  
15           cancelled under section 307.

16 **SEC. 374. PROGRESS REPORTS.**

17           The President shall include as a part of the annual  
18           report required under section 481(e)(1) of the Foreign Assist-  
19           ance Act of 1961 (22 U.S.C. 2291(e)(1)) an evaluation of  
20           progress that each major drug source nation has made during  
21           the reporting period in achieving the objectives set forth in  
22           section 372(b).

23 **SEC. 375. CANCELLATION OF DETERMINATIONS.**

24           If the President considers that a foreign country regard-  
25           ing which an affirmative determination was made under sec-

1 tion 372(a) has made significant progress, and will continue  
 2 to make progress, in remedying those acts, programs, or poli-  
 3 cies on which that determination was based, the President  
 4 may cancel the determination. The President must immedi-  
 5 ately notify each House of Congress of each cancellation  
 6 made under this section.

7 **SEC. 376. DEFINITION.**

8 For purposes of this subtitle, the term "narcotic and  
 9 psychotropic drugs and other controlled substances" has the  
 10 same meaning as is given that term in section 481(i)(3) of the  
 11 Foreign Assistance Act of 1961 (22 U.S.C. 2291(i)(3)).

12 **SEC. 377. CONFORMING AMENDMENTS.**

13 (a) **GENERALIZED SYSTEM OF PREFERENCES.**—Sec-  
 14 tion 502(b) of the Trade Act of 1974 (19 U.S.C. 2462(b)) is  
 15 amended—

16 (1) by striking out paragraph (5);

17 (2) by redesignating paragraphs (6), (7), and (8) as  
 18 paragraphs (5), (6), and (7); and

19 (4) by striking out "(5)," in the last sentence.

20 (b) **CARIBBEAN BASIS ECONOMIC RECOVERY.**—Sec-  
 21 tion 212(b) of the Caribbean Basin Economic Recovery Act  
 22 (19 U.S.C. 2702(b)) is amended—

23 (1) by inserting "and" after the semicolon at the  
 24 end of paragraph (5);

25 (2) by striking out paragraph (6); and

1           (3) by redesignating paragraph (7) as paragraph  
2           (6).

3 **TITLE IV—COMMITTEE ON MER-**  
4 **CHANT MARINE AND FISHER-**  
5 **IES**

6 **SEC. 401. SHORT TITLE.**

7           This title may be cited as the “Coast Guard Drug Inter-  
8 diction and Law Enforcement Act of 1986”.

9 **SEC. 402. FINDINGS AND POLICY.**

10          (a) **FINDINGS.**—Congress finds that—

11                 (1) the Coast Guard is responsible for carrying out  
12 a variety of important missions in behalf of the securi-  
13 ty, safety, and economic and environmental well-being  
14 of the United States,

15                 (2) among the high priority missions of the Coast  
16 Guard are search and rescue, maritime law enforce-  
17 ment, military readiness, and marine safety,

18                 (3) there currently exists an imbalance between  
19 the responsibilities of the Coast Guard and the person-  
20 nel and material resources available to the Coast  
21 Guard, and

22                 (4) the Coast Guard will therefore require a sig-  
23 nificant increase in resources if it is to carry out its  
24 missions at a level the public expects and the national  
25 interest demands.

1 (b) POLICY.—It is the sense of Congress that—

2 (1) the Coast Guard should be accorded the re-  
3 sources necessary to significantly increase its ability to  
4 interdict the illegal transportation of drugs into the  
5 United States without causing a reduction in the ability  
6 of the Coast Guard to carry out its other missions, and

7 (2) if given adequate resources, the Coast Guard  
8 is the agency of the Federal Government that is best  
9 qualified to carry out drug interdiction and law en-  
10 forcement operations upon the high seas and waters  
11 over which the United States has jurisdiction, and to  
12 carry out maritime air surveillance or interdiction oper-  
13 ations over the high seas that are required to support  
14 drug law enforcement activities in the United States.

15 **SEC. 403. MARITIME AIR SURVEILLANCE AND INTERDICTION.**

16 Title 14, United States Code, is amended as follows:

17 (1) Section 2 is amended by striking out “United  
18 States;” the first place it appears and inserting in lieu  
19 thereof “United States; shall engage in maritime air  
20 surveillance or interdiction to enforce or assist in the  
21 enforcement of the laws of the United States;”.

22 (2) Section 89 is amended to read as follows:

23 **“§ 89. Law enforcement**

24 “(a)(1) To prevent, detect, and suppress violations of  
25 laws of the United States, the Secretary may—



1           “(A) in the case of a vessel subject to the jurisdic-  
2           tion, or to the operation of law, of the United States,  
3           make inquiries, examinations, inspections, searches,  
4           seizures, and arrests on the high seas and waters sub-  
5           ject to the jurisdiction of the United States;

6           “(B) in the case of an aircraft subject to the jurisdic-  
7           tion, or to the operation of law, of the United  
8           States, make inquiries, examinations, inspections,  
9           searches, and seizures of the aircraft or order the air-  
10          craft to a landing area; or

11          “(C) take any other lawful action.

12          “(2) For the purposes of this section, a commissioned,  
13          warrant, or petty officer of the Coast Guard may—

14          “(A) order a vessel to stop or an aircraft to a  
15          landing area;

16          “(B) at any time go on board a vessel or aircraft  
17          subject to the jurisdiction, or to the operation of law, of  
18          the United States;

19          “(C) address inquiries to those on board;

20          “(D) examine the vessel’s or aircraft’s documents  
21          and records;

22          “(E) examine, inspect, and search the vessel or  
23          aircraft;

24          “(F) use all necessary force to compel compliance;  
25          and

1           “(G) take any other lawful action.

2           “(b)(1) When the inquiries, examinations, inspections, or  
3 searches indicate that a violation of the laws of the United  
4 States making an individual subject to arrest is being, or has  
5 been, committed by an individual, the commissioned, war-  
6 rant, or petty officer shall—

7           “(A) arrest the individual;

8           “(B) if escaping to shore or from a landing area,  
9 pursue and arrest the individual on shore or at the  
10 landing area; and

11           “(C) take any other lawful action.

12           “(2) The vessel or aircraft or any part of the goods on  
13 the vessel or aircraft, or both, shall be seized when—

14           “(A) probable cause exists that a violation of the  
15 laws of the United States has been committed render-  
16 ing the vessel, aircraft, or goods on the vessel or air-  
17 craft liable to forfeiture; or

18           “(B) if necessary, seizure is required to secure a  
19 civil penalty.

20           “(c) When a commissioned, warrant, or petty officer of  
21 the Coast Guard is engaged under the authority contained in  
22 this section, the officer is—

23           “(1) deemed to be acting as an agent of the par-  
24 ticular department, agency, or instrumentality of the

1 United States Government charged with the adminis-  
2 tration of the particular law; and

3 “(2) subject to the rules and regulations pre-  
4 scribed by that department, agency, or instrumentality  
5 with respect to the enforcement of that law.

6 “(d) This section is in addition to any powers conferred  
7 by law on those commissioned, warrant, or petty officers and  
8 does not limit any powers conferred by law on those commis-  
9 sioned, warrant, or petty officers, or any other officers of the  
10 United States.”.

11 (3) Chapter 37 is amended as follows:

12 (A) Item 637 of the analysis of the chapter is  
13 amended to read as follows:

“637. Stopping vessels or aircraft; immunity of Coast Guard officers.”.

14 (B) The caption of section 637 is amended to  
15 read as follows:

16 “§ 637. **Stopping vessels or aircraft; immunity of Coast**  
17 **Guard officers**”; and

18 (C) Section 637(a) is amended—

19 (i) by striking out “Whenever any  
20 vessel liable to seizure or examination does  
21 not bring-to,” and inserting in lieu thereof  
22 “When a vessel or aircraft is subject to the  
23 law enforcement actions authorized by sec-  
24 tion 89 of this title and does not stop or  
25 land,” and

1 (ii) by striking out "fire at or into such  
2 vessel or aircraft which does not bring-to."  
3 and inserting in lieu thereof "fire at or into  
4 the vessel or aircraft that does not stop or  
5 land."

6 **SEC. 404. AUTHORIZATION OF FUNDS.**

7 (a) Funds are authorized to be appropriated for neces-  
8 sary expenses of the Coast Guard for fiscal years 1987 and  
9 1988 as follows:

10 (1) For the operation and maintenance of addition-  
11 al personnel and equipment, \$59,000,000 for fiscal  
12 year 1987 and \$59,000,000 for fiscal year 1988, to  
13 remain available until expended.

14 (2) For the acquisition of additional equipment and  
15 related capital improvements, \$59,000,000 for fiscal  
16 year 1987 and \$84,000,000 for fiscal year 1988, to  
17 remain available until expended.

18 (b) In order to carry out the amendments made by this  
19 title, the Coast Guard may—

20 (1) recruit and train 1,500 additional active duty  
21 military personnel,

22 (2) procure secure communications equipment, as  
23 needed, for cutters, shore stations, and aircraft,

1           (3) operate and maintain four surveillance aircraft,  
2 if made available by the Navy, and if such sums are  
3 made available to operate and maintain.

4           (4) procure, operate, and maintain sea-based aero-  
5 stat balloons,

6           (5) equip 8 HU-25A Falcon jet aircraft with air-  
7 to-air radar, and

8           (6) take any other lawful action deemed necessary  
9 by the Secretary of Transportation or the Comman-  
10 dant, including the coordination of drug law enforce-  
11 ment activities with State, local, or other government  
12 authorities as provided under section 141 of title 14,  
13 United States Code.

14 **SEC. 405. AUTHORIZATION ENHANCEMENT.**

15           Amounts or personnel authorized by section 404 are in  
16 addition to any other amounts or personnel strengths author-  
17 ized for the Coast Guard for any fiscal year.

18 **TITLE V—COMMITTEE ON BANK-**  
19 **ING, FINANCE AND URBAN AF-**  
20 **FAIRS**

21 **Subtitle A—Money Laundering**

22 **SECTION 501. SHORT TITLE.**

23           This subtitle may be cited as the “Comprehensive  
24 Money Laundering Prevention Act”.

1 SEC. 502. STRUCTURING TRANSACTIONS TO EVADE REPORT-  
2 ING REQUIREMENTS PROHIBITED.

3 (a) IN GENERAL.—Subchapter II of chapter 53 of title  
4 31, United States Code (relating to records and reports on  
5 monetary instruments transactions) is amended by adding at  
6 the end thereof the following new section:

7 “§ 5324. Structuring transactions to evade reporting re-  
8 quirement prohibited

9 “No person shall for the purpose of evading the report-  
10 ing requirements of section 5313(a) with respect to such  
11 transaction—

12 “(1) cause or attempt to cause a domestic finan-  
13 cial institution to fail to file a report required under  
14 section 5313(a);

15 “(2) cause or attempt to cause a domestic finan-  
16 cial institution to file a report required under section  
17 5313(a) that contains a material omission or misstate-  
18 ment of fact; or

19 “(3) structure or assist in structuring, or attempt  
20 to structure or assist in structuring, any transaction  
21 with one or more domestic financial institutions.”.

22 (b) CLERICAL AMENDMENT.—The table of sections for  
23 chapter 53 of title 31, United States Code, is amended by  
24 adding at the end thereof the following new item:

“5324. Structuring transactions to evade reporting requirement prohibited.”.

1 SEC. 503. SEIZURE AND CIVIL FORFEITURE OF MONETARY IN-  
2 STRUMENTS.

3 (a) FAILURE TO REPORT EXPORT OR IMPORT OF  
4 MONETARY INSTRUMENT.—The first sentence of section  
5 5317(c) of title 31, United States Code (relating to seizure  
6 and forfeiture of monetary instruments in foreign commerce)  
7 is amended to read as follows: “If a report required under  
8 section 5316 with respect to any monetary instrument is not  
9 filed (or if filed, contains a material omission or misstatement  
10 of fact), the instrument and any interest in property, includ-  
11 ing a deposit in a financial institution, traceable to such in-  
12 strument may be seized and forfeited to the United States  
13 Government.”.

14 (b) SEIZURE AND CIVIL FORFEITURE OF MONETARY  
15 INSTRUMENTS INVOLVED IN STRUCTURED TRANSACTION  
16 VIOLATION.—Section 5317 of title 31, United States Code,  
17 is amended by adding at the end thereof the following new  
18 subsection:

19 “(d) SEIZURE AND CIVIL FORFEITURE OF MONETARY  
20 INSTRUMENTS INVOLVED IN STRUCTURED TRANSACTION  
21 VIOLATION.—

22 “(1) IN GENERAL.—Any—

23 “(A) United States coins or currency (or  
24 such other monetary instrument as the Secretary  
25 of the Treasury may prescribe by regulation) in-

1           volved in any knowing violation of section 5313(a)  
2           or 5324; and

3           “(B) interest in property, including a deposit  
4           in a financial institution, traceable to such coins  
5           or currency (or other monetary instrument),  
6           may be seized and forfeited to the United States Gov-  
7           ernment in the manner provided in subchapter C of  
8           chapter 75 of the Internal Revenue Code of 1954.

9           “(2) EXCEPTION.—Paragraph (1) shall not apply  
10          if the owner of the property or the interest in property  
11          otherwise subject to seizure and forfeiture under para-  
12          graph (1) is—

13               “(A) a bona fide purchaser for value who  
14               took without notice of the violation;

15               “(B) a depository institution (as such term is  
16               defined in section 19(b)(1)(A) of the Federal Re-  
17               serve Act); or

18               “(C) a financial institution regulated by the  
19               Securities and Exchange Commission.

20           “(3) HOLDS ON PROPERTY HELD BY FINANCIAL  
21           INSTITUTIONS.—Any—

22               “(A) United States coins or currency (and  
23               such other monetary instruments as the Secretary  
24               of the Treasury may prescribe by regulation); and



1           “(B) other interest in property, including any  
2           deposit,  
3           which is in the possession or custody of any financial  
4           institution shall be held by such financial institution for  
5           a period of 10 days upon receipt of notice (in such form  
6           and in such manner as the Secretary shall prescribe)  
7           from the Secretary of the Secretary’s intent to seize  
8           such coin or currency, instrument, or other property  
9           under this subsection.

10           “(4) SEIZURE OF PROPERTY HELD BY FINANCIAL  
11           INSTITUTIONS.—Upon a showing by the Secretary of  
12           the Treasury that there is probable cause to believe  
13           that any coin or currency, monetary instrument, or  
14           other interest in property, including any deposit, which  
15           is in the possession or custody of any financial institu-  
16           tion is subject to forfeiture under paragraph (1), the  
17           district court of the United States for the district in  
18           which such property is held may issue an order author-  
19           izing the Secretary to seize such property.

20           “(5) EXEMPTION FROM LIABILITY FOR IMPOSI-  
21           TION OF HOLD.—The United States, any agency, de-  
22           partment, or employee of the United States, any finan-  
23           cial institution, and any officer, director, or employee  
24           of a financial institution shall be exempt from any li-  
25           ability to any other person which may otherwise arise

1 for interest, damages, or any other type of compensa-  
 2 tion or relief, including injunctive and declaratory  
 3 relief, in connection with or as a result of a hold being  
 4 placed upon any property under paragraph (3).

5 “(6) LIABILITY OF FINANCIAL INSTITUTION TO  
 6 THE UNITED STATES FOR FAILURE TO COMPLY.—  
 7 Any financial institution which—

8 “(A) receives a notice under paragraph (3)  
 9 with respect to any property or interest in proper-  
 10 ty; and

11 “(B) after receipt of such notice, fails or re-  
 12 fuses to hold, without reasonable cause, such  
 13 property or interests until the earlier of—

14 “(i) the expiration of the 10-day period  
 15 described in paragraph (3); or

16 “(ii) the presentation by the Secretary  
 17 of a court order issued under paragraph (4),  
 18 shall be liable to the United States for an amount  
 19 which is equal to the value of the property or interests  
 20 which such institution failed or refused to hold.”.

21 (c) TECHNICAL AND CONFORMING AMENDMENTS TO  
 22 INTERNAL REVENUE CODE OF 1954.—

23 (1) Section 7302 of the Internal Revenue Code of  
 24 1954 (relating to property used in violation of internal  
 25 revenue laws) is amended by adding at the end thereof

1 the following new sentence: "The second and fourth  
2 sentences are hereby extended to coins, currency, and  
3 other monetary instruments (and to interests in proper-  
4 ty traceable to such instruments) seized pursuant to  
5 section 5317 of title 31, United States Code."

6 (2) The heading for such section 7302 is amended  
7 by inserting "**OR TITLE 31, UNITED STATES**  
8 **CODE**" after "**REVENUE LAWS**".

9 (3) Section 7321 of the Internal Revenue Code of  
10 1954 (relating to authority to seize property subject to  
11 forfeiture) is amended by inserting "and any coins, cur-  
12 rency, or other monetary instrument (and any interest  
13 in property traceable to such instrument) subject to for-  
14 feiture under section 5317 of title 31, United States  
15 Code," after "this title".

16 (4) Section 7327 of the Internal Revenue Code of  
17 1954 (relating to applicability of customs laws) is  
18 amended by inserting "and to forfeitures of coins, cur-  
19 rency, and other monetary instruments (or interests in  
20 property traceable to such instruments) incurred or al-  
21 leged to have been incurred under section 5317 of title  
22 31, United States Code (except that, in the case of for-  
23 feitures under such section 5317, the customs laws  
24 shall apply only to the extent such laws are not incon-

1       sistent with any applicable provision of such section)”  
2       before the period.

3               (5) Section 7608(b)(1) of the Internal Revenue  
4       Code of 1954 (relating to authority of internal revenue  
5       enforcement officers to enforce certain internal revenue  
6       laws) is amended—

7               (A) by striking out “internal revenue laws  
8       or” and inserting in lieu thereof “internal revenue  
9       laws,”; and

10              (B) by inserting “, or any provision of sec-  
11       tion 5317 of title 31, United States Code, relating  
12       to seizures and forfeitures of coins, currency, and  
13       other monetary instruments (and interests in prop-  
14       erty traceable to such instruments)” after  
15       “responsible”.

16              (6) Section 7608(b)(2) of the Internal Revenue  
17       Code of 1954 (relating to functions authorized to be  
18       performed by internal revenue enforcement officers) is  
19       amended—

20              (A) by adding at the end thereof the follow-  
21       ing new subparagraph:

22              “(D) to make seizures of coins, currency, and  
23       other monetary instruments (and interests in prop-  
24       erty traceable to such instruments) subject to for-

1           feiture under section 5317 of title 31, United  
2           States Code.”;

3           (B) by striking out “and” at the end of sub-  
4           paragraph (B); and

5           (C) by striking out the period at the end of  
6           subparagraph (C) and inserting in lieu thereof “;  
7           and”.

8           (7) The item relating to section 7302 in the table  
9           of sections for part I of subchapter C of chapter 75 of  
10          the Internal Revenue Code of 1954 is amended by in-  
11          serting “or title 31, United States Code” after “reve-  
12          nue laws”.

13   **SEC. 504. CIVIL MONEY PENALTY FOR STRUCTURED TRANSAC-**  
14                                   **TION VIOLATION.**

15          (a) **IN GENERAL.**—Section 5321(a) of title 31, United  
16          States Code, is amended by adding at the end thereof the  
17          following new paragraph:

18           “(4) **STRUCTURED TRANSACTION VIOLATION.**—

19           “(A) **PENALTY AUTHORIZED.**—The Secretary of  
20           the Treasury may impose a civil money penalty on any  
21           person who knowingly or with reckless disregard for  
22           the provisions of section 5324 violates any provision of  
23           section 5324.

24           “(B) **MAXIMUM AMOUNT LIMITATION.**—The  
25           amount of any civil money penalty imposed under sub-

1 paragraph (A) shall not exceed the amount of the coins  
 2 and currency (or such other monetary instruments as  
 3 the Secretary may prescribe) involved in the transac-  
 4 tion with respect to which such penalty is imposed.

5 “(C) COORDINATION WITH FORFEITURE PROVI-  
 6 SION.—The amount of any civil money penalty im-  
 7 posed by the Secretary under subparagraph (A) shall  
 8 be reduced by the amount of any forfeiture to the  
 9 United States under section 5317(d) in connection with  
 10 the transaction with respect to which such penalty is  
 11 imposed.”.

12 (b) CONFORMING AMENDMENT.—Section 5321(c) of  
 13 title 31, United States Code, is amended by striking out  
 14 “section 5317(b)” and inserting in lieu thereof “subsection (c)  
 15 or (d) of section 5317”.

16 **SEC. 505. BANKING REGULATORY AGENCY SUPERVISION OF**  
 17 **RECORDKEEPING SYSTEMS.**

18 (a) INSURED BANKS.—

19 (1) IN GENERAL.—Section 8 of the Federal De-  
 20 posit Insurance Act (12 U.S.C. 1818) is amended by  
 21 adding at the end thereof the following new subsection:

22 “(s) COMPLIANCE WITH MONETARY TRANSACTION  
 23 RECORDKEEPING AND REPORT REQUIREMENTS.—

24 “(1) COMPLIANCE PROCEDURES REQUIRED.—

25 Each appropriate Federal banking agency shall pre-

1       scribe regulations requiring insured banks to establish  
2       and maintain procedures reasonably designed to assure  
3       and monitor the compliance of such banks with the re-  
4       quirements of subchapter II of chapter 53 of title 31,  
5       United States Code.

6               “(2) EXAMINATIONS OF BANK TO INCLUDE  
7       REVIEW OF COMPLIANCE PROCEDURES.—

8               “(A) IN GENERAL.—Each examination of an  
9       insured bank by the appropriate Federal banking  
10       agency shall include a review of the procedures  
11       required to be established and maintained under  
12       paragraph (1).

13              “(B) EXAM REPORT REQUIREMENT.—The  
14       report of examination shall describe any problem  
15       with the procedures maintained by the insured  
16       bank.

17              “(3) ORDER TO COMPLY WITH REQUIRE-  
18       MENTS.—If the appropriate Federal banking agency  
19       determines that an insured bank—

20              “(A) has failed to establish and maintain the  
21       procedures described in paragraph (1); or

22              “(B) has failed to correct any problem with  
23       the procedures maintained by such bank which  
24       was previously reported to the bank by such  
25       agency,

1 the agency shall issue an order in the manner pre-  
2 scribed in subsection (b) or (c) requiring such bank to  
3 cease and desist from its violation of this subsection or  
4 regulations prescribed under this subsection.”.

5 (2) CIVIL MONEY PENALTIES FOR FAILURE TO  
6 MAINTAIN COMPLIANCE PROCEDURES.—Section  
7 8(i)(2)(i) of the Federal Deposit Insurance Act (12  
8 U.S.C. 1818(i)(2)(i)) is amended by striking out “sub-  
9 section (b) or (c)” and inserting in lieu thereof “subsec-  
10 tion (b), (c), or (s)”.

11 (b) INSTITUTIONS REGULATED BY THE BANK  
12 BOARD.—

13 (1) IN GENERAL.—Section 5(d) of the Home  
14 Owners’ Loan Act of 1933 (12 U.S.C. 1464(d)) is  
15 amended by adding at the end thereof the following  
16 new paragraph:

17 “(16) COMPLIANCE WITH MONETARY TRANSACTION  
18 RECORDKEEPING AND REPORT REQUIREMENTS.—

19 “(A) COMPLIANCE PROCEDURES REQUIRED.—  
20 The Board shall prescribe regulations requiring asso-  
21 ciations to establish and maintain procedures reason-  
22 ably designed to assure and monitor the compliance of  
23 such associations with the requirements of subchapter  
24 II of chapter 53 of title 31, United States Code.



1           “(B) EXAMINATIONS OF ASSOCIATIONS TO IN-  
2 CLUDE REVIEW OF COMPLIANCE PROCEDURES.—

3           “(i) IN GENERAL.—Each examination of an  
4 association by the Board shall include a review of  
5 the procedures required to be established and  
6 maintained under subparagraph (A).

7           “(ii) EXAM REPORT REQUIREMENT.—The  
8 report of examination shall describe any problem  
9 with the procedures maintained by the association.

10          “(C) ORDER TO COMPLY WITH REQUIRE-  
11 MENTS.—If the Board determines that an associa-  
12 tion—

13           “(i) has failed to establish and maintain the  
14 procedures described in subparagraph (A); or

15           “(ii) has failed to correct any problem with  
16 the procedures maintained by such association  
17 which was previously reported to the association  
18 by the Board,

19 the Board shall issue an order in the manner pre-  
20 scribed in paragraph (2) or (3) requiring such associa-  
21 tion to cease and desist from its violation of this para-  
22 graph or regulations prescribed under this paragraph.”.

23          (2) CIVIL MONEY PENALTIES FOR FAILURE TO  
24 MAINTAIN COMPLIANCE PROCEDURES.—Section  
25 5(d)(8)(B)(i) of the Home Owners' Loan Act of 1933

1 (12 U.S.C. 1464(d)(8)(B)(i)) is amended by striking out  
2 “paragraph (2) or (3)” and inserting in lieu thereof  
3 “paragraph (2), (3), or (16)”.

4 (c) INSURED THRIFT INSTITUTIONS.—

5 (1) IN GENERAL.—Section 407 of the National  
6 Housing Act (12 U.S.C. 1730) is amended by adding  
7 at the end thereof the following new subsection:

8 “(s) COMPLIANCE WITH MONETARY TRANSACTION  
9 RECORDKEEPING AND REPORT REQUIREMENTS.—

10 “(1) COMPLIANCE PROCEDURES REQUIRED.—

11 The Corporation shall prescribe regulations requiring  
12 insured institutions to establish and maintain proce-  
13 dures reasonably designed to assure and monitor the  
14 compliance of such institutions with the requirements  
15 of subchapter II of chapter 53 of title 31, United  
16 States Code.

17 “(2) EXAMINATIONS OF INSTITUTIONS TO IN-  
18 CLUDE REVIEW OF COMPLIANCE PROCEDURES.—

19 “(A) IN GENERAL.—Each examination of an  
20 insured institution by the Corporation shall in-  
21 clude a review of the procedures required to be  
22 established and maintained under paragraph (1).

23 “(B) EXAM REPORT REQUIREMENT.—The  
24 report of examination shall describe any problem

1 with the procedures maintained by the insured  
2 institution.

3 “(3) ORDER TO COMPLY WITH REQUIRE-  
4 MENTS.—If the Corporation determines that an in-  
5 sured institution—

6 “(A) has failed to establish and maintain the  
7 procedures described in paragraph (1); or

8 “(B) has failed to correct any problem with  
9 the procedures maintained by such institution  
10 which was previously reported to the institution  
11 by the Corporation,

12 the Corporation shall issue an order in the manner pre-  
13 scribed in subsection (e) or (f) requiring such institution  
14 to cease and desist from its violation of this subsection  
15 or regulations prescribed under this subsection.”.

16 (2) CIVIL MONEY PENALTIES FOR FAILURE TO  
17 MAINTAIN COMPLIANCE PROCEDURES.—Section  
18 407(k)(3)(A) of the National Housing Act (12 U.S.C.  
19 1730(k)(3)(A)) is amended by striking out “subsection  
20 (e) or (f) of this section shall forfeit” and inserting in  
21 lieu thereof “subsection (e), (f), or (s) of this section  
22 shall forfeit”.

23 (d) INSURED CREDIT UNIONS.—

1 (1) IN GENERAL.—Section 206 of the Federal  
2 Credit Union Act (12 U.S.C. 1786) is amended by  
3 adding at the end thereof the following new subsection:

4 “(q) COMPLIANCE WITH MONETARY TRANSACTION  
5 RECORDKEEPING AND REPORT REQUIREMENTS.—

6 “(1) COMPLIANCE PROCEDURES REQUIRED.—

7 The Board shall prescribe regulations requiring insured  
8 credit unions to establish and maintain procedures rea-  
9 sonably designed to assure and monitor the compliance  
10 of such credit unions with the requirements of subchap-  
11 ter II of chapter 53 of title 31, United States Code.

12 “(2) EXAMINATIONS OF CREDIT UNIONS TO IN-  
13 CLUDE REVIEW OF COMPLIANCE PROCEDURES.—

14 “(A) IN GENERAL.—Each examination of an  
15 insured credit union by the Board shall include a  
16 review of the procedures required to be estab-  
17 lished and maintained under paragraph (1).

18 “(B) EXAM REPORT REQUIREMENT.—The  
19 report of examination shall describe any problem  
20 with the procedures maintained by the credit  
21 union.

22 “(3) ORDER TO COMPLY WITH REQUIRE-  
23 MENTS.—If the Board determines that an insured  
24 credit union—

1           “(A) has failed to establish and maintain the  
2           procedures described in paragraph (1); or

3           “(B) has failed to correct any problem with  
4           the procedures maintained by such credit union  
5           which was previously reported to the credit union  
6           by the Board,

7           the Board shall issue an order in the manner pre-  
8           scribed in subsection (e) or (f) requiring such credit  
9           union to cease and desist from its violation of this sub-  
10          section or regulations prescribed under this subsec-  
11          tion.”.

12           (2) CIVIL MONEY PENALTIES FOR FAILURE TO  
13          MAINTAIN COMPLIANCE PROCEDURES.—Section  
14          206(k)(2)(A) of the Federal Credit Union Act (12  
15          U.S.C. 1786(k)(2)(A)) (as in effect on July 1, 1986) is  
16          amended by striking out “subsection (e) or (f)” and in-  
17          serting in lieu thereof “subsection (e), (f), or (q)”.

18          SEC. 506. FINANCIAL INSTITUTIONS AND MONETARY INSTRU-  
19          MENTS.

20          (a) DEFINITION OF FINANCIAL INSTITUTIONS IN-  
21          CLUDES FOREIGN SUBSIDIARIES OF U.S. INSTITUTIONS.—  
22          Section 5312(a)(2) of title 31, United States Code (defining  
23          financial institutions) is amended—

24                 (1) by redesignating subparagraphs (T) and (U) as  
25                 subparagraphs (U) and (V), respectively; and

1           (2) by inserting after subparagraph (S) the follow-  
2           ing new subparagraph:

3                   “(T) any foreign subsidiary or affiliate, as de-  
4                   fined by the Secretary of the Treasury, of any  
5                   entity described in this paragraph;”.

6           (b) DEFINITION OF MONETARY INSTRUMENTS IN-  
7           CLUDES SUCH OTHER TRANSFERS AS THE SECRETARY  
8           MAY PRESCRIBE.—Section 5312(a)(3) of title 31, United  
9           States Code (defining monetary instruments) is amended—

10           (1) by adding at the end thereof the following new  
11           subparagraph:

12                   “(C) as the Secretary may prescribe by regu-  
13                   lation, any transfer of funds.”;

14           (2) by striking out “and” at the end of subpara-  
15           graph (A); and

16           (3) by striking out the period at the end of sub-  
17           paragraph (B) and inserting in lieu thereof “; and”.

18           (c) UNITED STATES AGENCIES INCLUDES THE  
19           POSTAL SERVICE.—Section 5312(a)(2)(U) of title 31, United  
20           States Code (defining financial institutions) (as redesignated  
21           by subsection (a)) is amended by inserting before the semi-  
22           colon at the end the following: “, including the United States  
23           Postal Service”.

1 SEC. 507. ADDITIONAL REVIEW TIME UNDER THE CHANGE IN  
2 BANK CONTROL ACT AND CHANGE IN SAVINGS  
3 AND LOAN CONTROL ACT.

4 (a) CHANGE IN BANK CONTROL AMENDMENTS.—

5 (1) INITIAL EXTENSION AT DISCRETION OF  
6 AGENCY.—The first sentence of section 7(j)(1) of the  
7 Federal Deposit Insurance Act (12 U.S.C. 1817(j)(1))  
8 is amended by striking out “or extending up to another  
9 thirty days” and inserting in lieu thereof “or, in the  
10 discretion of the agency, extending for an additional 30  
11 days”.

12 (2) ADDITIONAL EXTENSIONS IN CASE OF IN-  
13 COMPLETE OR INACCURATE NOTICE OR TO CONTINUE  
14 INVESTIGATION.—The second sentence of section  
15 7(j)(1) of the Federal Deposit Insurance Act (12  
16 U.S.C. 1817(j)(1)) is amended to read as follows: “The  
17 period for disapproval under the preceding sentence  
18 may be extended not to exceed 2 additional times for  
19 not more than 45 days each time if—

20 “(A) the agency determines that any acquiring  
21 party has not furnished all the information required  
22 under paragraph (6);

23 “(B) in the agency’s judgment, any material infor-  
24 mation submitted is substantially inaccurate;

25 “(C) the agency has been unable to complete the  
26 investigation of an acquiring party under paragraph

1 (2)(B) because of any delay caused by, or the inad-  
2 equate cooperation of, such acquiring party; or

3 “(D) the agency determines that additional time is  
4 needed to investigate and determine that no acquiring  
5 party has a record of failing to comply with the re-  
6 quirements of subchapter II of chapter 53 of title 31,  
7 United States Code.”.

8 (b) CHANGE IN SAVINGS AND LOAN CONTROL AMEND-  
9 MENTS.—

10 (1) INITIAL EXTENSION AT DISCRETION OF  
11 AGENCY.—The first sentence of section 407(q)(1) of  
12 the National Housing Act (12 U.S.C. 1730(q)(1)) is  
13 amended by striking out “or extending up to another  
14 thirty days” and inserting in lieu thereof “or, in the  
15 discretion of the Corporation, extending for an addi-  
16 tional 30 days”.

17 (2) ADDITIONAL EXTENSIONS IN CASE OF IN-  
18 COMPLETE OR INACCURATE NOTICE OR TO CONTINUE  
19 INVESTIGATION.—The second sentence of section  
20 407(q)(1) of the National Housing Act (12 U.S.C.  
21 1730(q)(1)) is amended to read as follows: “The period  
22 for disapproval under the preceding sentence may be  
23 extended not to exceed 2 additional times for not more  
24 than 45 days each time if—



1           “(A) the Corporation determines that any acquir-  
2           ing party has not furnished all the information required  
3           under paragraph (6);

4           “(B) in the Corporation’s judgment, any material  
5           information submitted is substantially inaccurate;

6           “(C) the Corporation has been unable to complete  
7           the investigation of an acquiring party under paragraph  
8           (2)(B) because of any delay caused by, or the inad-  
9           equately cooperation of, such acquiring party; or

10           “(D) the Corporation determines that additional  
11           time is needed to investigate and determine that no ac-  
12           quiring party has a record of failing to comply with the  
13           requirements of subchapter II of chapter 53 of title 31,  
14           United States Code.”.

15 **SEC. 508. MONETARY TRANSACTION RECORDKEEPING AND**  
16 **REPORTING AMENDMENTS.**

17           (a) **SECRETARY AUTHORIZED TO REQUIRE RECORD-**  
18 **KEEPING FOR DOMESTIC COIN AND CURRENCY TRANSAC-**  
19 **TIONS.**—Subchapter II of chapter 53 of title 31, United  
20 States Code (relating to records and reports on monetary in-  
21 struments transactions) (as amended by section 2(a)) is  
22 amended by adding at the end thereof the following new  
23 section:

1 "§ 5325. Records of certain domestic coin and currency  
2 transactions

3 "(a) RECORDS AUTHORIZED TO BE REQUIRED UNDER  
4 PARTICULAR CIRCUMSTANCES.—Under such circumstances  
5 as the Secretary of the Treasury may prescribe by regulation,  
6 the Secretary may issue an order requiring any domestic fi-  
7 nancial institution—

8 "(1) to obtain such information as the Secretary  
9 may describe in such order concerning—

10 "(A) any transaction in which such financial  
11 institution is involved for the payment, receipt, or  
12 transfer of United States coins or currency (or  
13 such other monetary instruments as the Secretary  
14 may describe in such order) in amounts or de-  
15 nominations of \$3,000 or more; and

16 "(B) any other person participating in such  
17 transaction;

18 "(2) to maintain a record of such information for  
19 such period of time as the Secretary may require; and

20 "(3) to file a report with respect to any transac-  
21 tion described in paragraph (1)(A) in the manner and to  
22 the extent specified in the order.

23 "(b) RECORDS REQUIRED FOR CERTAIN CASH  
24 TRANSACTIONS INVOLVING MORE THAN \$3,000.—

25 "(1) IN GENERAL.—Whenever a domestic finan-  
26 cial institution issues or sells a bank check, cashier's

1 check, traveler's check, or money order in connection  
2 with a transaction which involves United States coins  
3 or currency in amounts or denominations of more than  
4 \$3,000, such financial institution shall—

5 “(A) prepare and maintain, on a form pre-  
6 scribed by the Secretary of the Treasury, a record  
7 containing the information described in paragraph  
8 (2) with respect to each such transaction;

9 “(B) obtain any information which is neces-  
10 sary for such record from the person to whom  
11 such check or money order is issued or sold; and

12 “(C) obtain the signature of such person on  
13 such record.

14 “(2) INFORMATION REQUIRED TO BE OBTAINED  
15 FOR RECORD.—The record required to be prepared  
16 under paragraph (1) with respect to any transaction  
17 shall contain the following information:

18 “(A) The identity of the person to whom a  
19 check or money order described in paragraph (1)  
20 is issued or sold.

21 “(B) The date, amount, number, and type of  
22 such check or money order.

23 “(C) The method of payment for such check  
24 or money order by the person to whom such  
25 check or money order is issued or sold.

1           “(D) The aggregate amount of checks or  
2 money orders described in paragraph (1) which  
3 were issued or sold to or on behalf of such person  
4 (by any financial institution) on the business day  
5 on which such transaction occurs, to the extent  
6 such aggregate amount exceeds \$10,000.

7           “(E) The name of the payee of such check or  
8 money order.

9           “(F) Such other information as the Secretary  
10 may prescribe.

11           “(3) REPORT REQUIRED IN CERTAIN CASES.—

12           “(A) IN GENERAL.—If, in the case of a  
13 transaction with respect to which a record is re-  
14 quired to be prepared by a financial institution  
15 under paragraph (1)—

16           “(i) the aggregate amount described in  
17 paragraph (2)(D) is greater than \$10,000; or

18           “(ii) the person to whom a check or  
19 money order described in paragraph (1) is  
20 issued or sold refuses to provide the informa-  
21 tion necessary to determine such aggregate  
22 amount,

23 the transaction shall be treated as a transaction  
24 with respect to which a report is required to be  
25 filed under section 5313(a).

1           “(B) RECORD REQUIRED TO BE FILED WITH  
2           REPORT.—The record prepared under paragraph  
3           (1) shall be filed with the report required under  
4           subparagraph (A) of this paragraph.

5           “(C) NOTICE OF FAILURE TO PROVIDE AG-  
6           GREGATE AMOUNT.—If a report is required under  
7           this paragraph because the person described in  
8           subparagraph (A)(ii) refused to provide the infor-  
9           mation required for purposes of paragraph (2)(D),  
10          the report shall include a notice of such refusal.”.

11          (b) INFORMATION REQUIREMENTS.—Subchapter II of  
12          chapter 53 of title 31, United States Code (as amended by  
13          subsection (a)) is amended by adding at the end thereof the  
14          following new section:

15          “§ 5326. Information requirements

16                 “In each case in which a person is required to provide  
17          any information to a domestic financial institution or other  
18          person under any provision of this subchapter or any regula-  
19          tion prescribed under this subchapter, the information provid-  
20          ed by such person shall be complete and accurate with re-  
21          spect to all material facts.”.

22          (c) CLERICAL AMENDMENT.—The table of sections for  
23          chapter 53 of title 31, United States Code (as amended by  
24          section 2(b)) is amended by adding at the end thereof the  
25          following new items:

“5325. Records of certain domestic coin and currency transactions.

"5326. Information requirements."

1 **SEC. 509. CLARIFICATION OF "STATE OF MIND" STANDARD IN**  
 2 **EFFECT FOR CIVIL MONEY AND CRIMINAL**  
 3 **PENALTIES.**

4 (a) **CIVIL MONEY PENALTIES.**—Section 5321(a)(1) of  
 5 title 31, United States Code, is amended by striking out  
 6 "willfully violating" and inserting in lieu thereof "who know-  
 7 ingly or with reckless disregard for a provision of this sub-  
 8 chapter violates".

9 (b) **CRIMINAL PENALTIES.**—Subsections (a) and (b) of  
 10 section 5322 of title 31, United States Code, are each  
 11 amended by striking out "willfully" and inserting in lieu  
 12 thereof "knowingly".

13 **SEC. 510. AMENDMENTS TO THE RIGHT TO FINANCIAL PRIVA-**  
 14 **CY ACT.**

15 (a) **CLARIFICATION OF RIGHT OF FINANCIAL INSTITU-**  
 16 **TIONS TO REPORT SUSPECTED VIOLATIONS.**—Section  
 17 1103(c) of the Right to Financial Privacy Act of 1978 (12  
 18 U.S.C. 3403(c)) is amended by adding at the end thereof the  
 19 following new sentences: "The information which a financial  
 20 institution, or any officer, employee, or agent of a financial  
 21 institution, may provide under this subsection shall be limited  
 22 to the names, addresses, and account numbers of persons,  
 23 information concerning the persons and acts involved in any  
 24 possible violation, and the nature of and a description of the  
 25 possible violation. No information provided under this subsec-

1 tion may include financial records or, except to the extent  
2 provided in the preceding sentence, information identified  
3 with, or identifiable as being derived from, the financial  
4 record of any particular customer. Such information may be  
5 so disclosed notwithstanding the constitution of any State or  
6 any State or local law.”.

7 (b) FINANCIAL RECORDS OF INSIDERS.—Section 1113  
8 of the Right to Financial Privacy Act of 1978 (12 U.S.C.  
9 3413) is amended by adding at the end thereof the following  
10 new subsection:

11 “(1) CRIMES AGAINST FINANCIAL INSTITUTIONS BY  
12 INSIDERS.—Nothing in this title shall prohibit any financial  
13 institution or supervisory agency from providing any financial  
14 record of any officer, director, employee, or controlling share-  
15 holder (within the meaning of subparagraph (A) or (B) of sec-  
16 tion 2(a)(2) of the Bank Holding Company Act of 1956 or  
17 subparagraph (A) or (B) of section 408(a)(2) of the National  
18 Housing Act) of such institution to the Attorney General of  
19 the United States, to a State law enforcement agency, or, in  
20 the case of a possible violation of subchapter II of chapter 53  
21 of title 31, United States Code, to the Secretary of the  
22 Treasury if there is reason to believe that such record is rele-  
23 vant to a possible violation by such individual of—

24 “(1) any law relating to crimes against financial  
25 institutions or supervisory agencies by directors, offi-

1 cers, employees, or controlling shareholders of financial  
2 institutions; or

3 “(2) any provision of subchapter II of chapter 53  
4 of title 31, United States Code.”.

5 **SEC. 511. COMPLIANCE AUTHORITY FOR SECRETARY OF THE**  
6 **TREASURY AND RELATED MATTERS.**

7 (a) **IN GENERAL.**—Section 5318 of title 31, United  
8 States Code, is amended—

9 (1) by inserting “(a) **GENERAL POWERS OF SEC-**  
10 **RETARY.**—” before “The Secretary of the Treasury”;

11 (2) in paragraph (1), by inserting “except as pro-  
12 vided in subsection (b)(2),” before “delegate”;

13 (3) by striking out “and” at the end of paragraph  
14 (2);

15 (4) by inserting after paragraph (2) the following:

16 “(3) examine any books, papers, records, or other  
17 data of financial institutions relevant to the recordkeep-  
18 ing or reporting requirements of this subchapter;

19 “(4) summon a financial institution, an officer or  
20 employee of a financial institution (including a former  
21 officer or employee), or any person having possession,  
22 custody, or care of the reports and records required  
23 under this subchapter, to appear before the Secretary  
24 of the Treasury or his delegate at a time and place  
25 named in the summons and to produce such books,



1 papers, records, or other data, and to give testimony,  
 2 under oath, as may be relevant or material to an inves-  
 3 tigation described in subsection (b); and”;

4 (5) by redesignating paragraph (3) as paragraph  
 5 (5); and

6 (6) by adding at the end the following new sub-  
 7 sections:

8 **“(b) LIMITATIONS ON SUMMONS POWER.—**

9 **“(1) SCOPE OF POWER.—**The Secretary of the  
 10 Treasury may take any action described in paragraph  
 11 (3) or (4) of subsection (a) only in connection with in-  
 12 vestigations for the purpose of civil enforcement of vio-  
 13 lations of this subchapter, section 21 of the Federal  
 14 Deposit Insurance Act, section 411 of the National  
 15 Housing Act, or chapter 2 of Public Law 91-508 (12  
 16 U.S.C. 1951 et seq.) or any regulation under any such  
 17 provision.

18 **“(2) AUTHORITY TO ISSUE.—**A summons may be  
 19 issued under subsection (a)(4) only by, or with the ap-  
 20 proval of, the Secretary of the Treasury or a supervi-  
 21 sory level delegate of the Secretary of the Treasury.

22 **“(c) ADMINISTRATIVE ASPECTS OF SUMMONS.—**

23 **“(1) PRODUCTION AT DESIGNATED SITE.—**A  
 24 summons issued pursuant to this section may require  
 25 that books, papers, records, or other data stored or

1 maintained at any place be produced at any designated  
2 location in any State or in any territory or other place  
3 subject to the jurisdiction of the United States not  
4 more than 500 miles distant from any place where the  
5 financial institution operates or conducts business in  
6 the United States.

7 “(2) FEES AND TRAVEL EXPENSES.—Persons  
8 summoned under this section shall be paid the same  
9 fees and mileage for travel in the United States that  
10 are paid witnesses in the courts of the United States.

11 “(3) NO LIABILITY FOR EXPENSES.—The United  
12 States shall not be liable for any expense, other than  
13 an expense described in paragraph (2), incurred in con-  
14 nection with the production of books, papers, records,  
15 or other data under this section.

16 “(d) SERVICE OF SUMMONS.—Service of a summons  
17 issued under this section may be by registered mail or in such  
18 other manner calculated to give actual notice as the Secre-  
19 tary may prescribe by regulation.

20 “(e) CONTUMACY OR REFUSAL.—

21 “(1) REFERRAL TO ATTORNEY GENERAL.—In  
22 case of contumacy by a person issued a summons  
23 under paragraph (3) or (4) of subsection (a) or a refusal  
24 by such person to obey such summons, the Secretary

1 of the Treasury shall refer the matter to the Attorney  
2 General.

3 “(2) JURISDICTION OF COURT.—The Attorney  
4 General may invoke the aid of any court of the United  
5 States within the jurisdiction of which—

6 “(A) the investigation which gave rise to the  
7 summons is being or has been carried on;

8 “(B) the person summoned is an inhabitant;  
9 or

10 “(C) the person summoned carries on busi-  
11 ness or may be found,  
12 to compel compliance with the summons.

13 “(3) COURT ORDER.—The court may issue an  
14 order requiring the person summoned to appear before  
15 the Secretary or his delegate to produce books, papers,  
16 records, and other data, to give testimony as may be  
17 necessary to explain how such material was compiled  
18 and maintained, and to pay the costs of the proceeding.

19 “(4) FAILURE TO COMPLY WITH ORDER.—Any  
20 failure to obey the order of the court may be punished  
21 by the court as a contempt thereof.

22 “(5) SERVICE OF PROCESS.—All process in any  
23 case under this subsection may be served in any judi-  
24 cial district in which such person may be found.”

1 (b) CONFORMING AMENDMENT.—Sections 5321 and  
 2 5322 of title 31, United States Code, are each amended by  
 3 striking out “5318(2)” each place such term appears and in-  
 4 serting in lieu thereof “5318(a)(2)”.

5 SEC. 512. AMENDMENTS RELATING TO EXEMPTIONS GRANTED  
 6 FOR MONETARY TRANSACTION REPORTING RE-  
 7 QUIREMENTS.

8 Section 5318 of title 31, United States Code (as amend-  
 9 ed by section 11) is amended by adding at the end thereof the  
 10 following new subsections:

11 “(f) REVIEW OF EXEMPTIONS.—In any case in which  
 12 there is a change in management or control of a financial  
 13 institution, the Secretary of the Treasury shall review each  
 14 currently outstanding exemption granted by such institution  
 15 under subsection (a)(3) not later than 30 days after the date  
 16 such change in management or control occurs.

17 “(g) WRITTEN AND SIGNED STATEMENT RE-  
 18 QUIRED.—No person shall qualify for an exemption under  
 19 subsection (a)(5) unless the relevant financial institution—

20 “(1) prepares and maintains a statement which—

21 “(A) describes in detail the reasons why such  
 22 person is qualified for such exemption; and

23 “(B) contains the signature of such person;

24 and

1           “(2) certifies to the Secretary that such person is  
2           qualified for such exemption.”.

3   **SEC. 513. PENALTIES FOR FAILURE TO COMPLY WITH CER-**  
4                                   **TAIN RECORDKEEPING REQUIREMENTS.**

5           (a) **INSURED BANKS.**—Section 21 of the Federal De-  
6   posit Insurance Act (12 U.S.C. 1829b) is amended by adding  
7   at the end thereof the following new subsection:

8           “(j) **CIVIL AND CRIMINAL PENALTIES.**—

9                           “(1) **CIVIL PENALTY.**—Any insured bank and any  
10   director, officer, or employee of an insured bank who  
11   knowingly or with reckless disregard for any regulation  
12   prescribed under subsection (b) of this section violates  
13   any such regulation shall be liable to the United States  
14   for a civil penalty of not more than \$10,000. Any pen-  
15   alty imposed under this paragraph shall be assessed,  
16   mitigated, and collected in the manner provided in sub-  
17   sections (b) and (c) of section 5321 of title 31, United  
18   States Code.

19                           “(2) **CRIMINAL PENALTY.**—Whoever knowingly  
20   violates subsection (b) of this section or any regulation  
21   prescribed under such subsection shall be fined not  
22   more than \$250,000 or imprisoned for not more than 5  
23   years, or both.”.

24           (b) **INSURED INSTITUTIONS.**—Section 411 of the Na-  
25   tional Housing Act (12 U.S.C. 1730d) is amended by adding

1 at the end thereof the following new sentence: "The penalties  
 2 provided in subsection (j) of section 21 of the Federal Deposit  
 3 Insurance Act for violations of any regulation prescribed  
 4 under subsection (b) of such section shall apply with respect  
 5 to any violation of any regulation prescribed under this sec-  
 6 tion which corresponds to the regulation prescribed under  
 7 such subsection (b).".

8 **SEC. 514. EXTENSION OF TIME LIMITATIONS FOR ASSESS-**  
 9 **MENT OF CIVIL PENALTY.**

10 (a) **IN GENERAL.**—Section 5321(b) of title 31, United  
 11 States Code, is amended to read as follows:

12 **"(b) TIME LIMITATIONS FOR ASSESSMENTS AND COM-**  
 13 **MENCEMENT OF CIVIL ACTIONS.—**

14 **"(1) ASSESSMENTS.**—The Secretary of the  
 15 Treasury may assess a civil penalty under subsection  
 16 (a) at any time before the end of the 6-year period be-  
 17 ginning on the date of the transaction with respect to  
 18 which the penalty is assessed.

19 **"(2) CIVIL ACTIONS.**—The Secretary may com-  
 20 mence a civil action to recover a civil penalty assessed  
 21 under subsection (a) at any time before the end of the  
 22 2-year period beginning on the later of—

23 **"(A)** the date the penalty was assessed; or

24 **"(B)** the date any judgment becomes final in  
 25 any criminal action under section 5322 in connec-

1           tion with the same transaction with respect to  
2           which the penalty is assessed.”.

3   **SEC. 515. DUTY TO INVESTIGATE APPLICANTS FOR CHANGE IN**  
4                                   **CONTROL APPROVAL.**

5           (a) **CHANGE IN BANK CONTROL AMENDMENTS.**—Sec-  
6   tion 7(j)(2) of the Federal Deposit Insurance Act (12 U.S.C.  
7   1817(j)(2)) is amended—

8           (1) by striking out “(2)” and inserting in lieu  
9           thereof “(2)(A) NOTICE TO STATE AGENCY.—”; and

10           (2) by adding at the end thereof the following new  
11           subparagraphs:

12           **“(B) INVESTIGATION OF PRINCIPALS REQUIRED.**—  
13   Upon receiving any notice under this subsection, the appro-  
14   priate Federal banking agency shall—

15           “(i) conduct an investigation of the competence,  
16           experience, integrity, and financial ability of each  
17           person named in a notice of a proposed acquisition as a  
18           person by whom or for whom such acquisition is to be  
19           made; and

20           “(ii) make an independent determination of the ac-  
21           curacy and completeness of any information described  
22           in paragraph (6) with respect to such person.

23           **“(C) REPORT.**—The appropriate Federal banking  
24   agency shall prepare a written report of any investigation  
25   under subparagraph (B) which shall contain, at a minimum, a

1 summary of the results of such investigation. The agency  
2 shall retain such written report as a record of the agency.”.

3 (b) CHANGE IN SAVINGS AND LOAN CONTROL AMEND-  
4 MENTS.—Section 407(q)(2) of the National Housing Act (12  
5 U.S.C. 1730(q)(2)) is amended—

6 (1) by striking out “(2)” and inserting in lieu  
7 thereof “(2)(A) NOTICE TO STATE AGENCY.—”; and

8 (2) by adding at the end thereof the following new  
9 subparagraphs:

10 “(B) INVESTIGATION OF PRINCIPALS REQUIRED.—

11 Upon receiving any notice under this subsection, the Corpo-  
12 ration shall—

13 “(i) conduct an investigation of the competence,  
14 experience, integrity, and financial ability of each  
15 person named in a notice of a proposed acquisition as a  
16 person by whom or for whom such acquisition is to be  
17 made; and

18 “(ii) make an independent determination of the ac-  
19 curacy and completeness of any information described  
20 in paragraph (6) with respect to such person.

21 “(C) REPORT.—The Corporation shall prepare a writ-  
22 ten report of any investigation under subparagraph (B) which  
23 shall contain, at a minimum, a summary of the results of such  
24 investigation. The Corporation shall retain such written  
25 report as a record of the Corporation.”.



1 SEC. 516. PUBLIC COMMENT ON CHANGE OF CONTROL NO-  
2 TICES.

3 (a) CHANGE IN BANK CONTROL AMENDMENTS.—Sec-  
4 tion 7(j)(2) of the Federal Deposit Insurance Act (12 U.S.C.  
5 1817(j)(2)) is amended by adding after subparagraph (C) (as  
6 added by section 15(a)(2)) the following new subparagraph:

7 “(D) PUBLIC COMMENT.—Upon receiving notice of a  
8 proposed acquisition, the appropriate Federal banking agency  
9 shall, within a reasonable period of time—

10 “(i) publish the name of the insured bank proposed  
11 to be acquired and the name of each person identified  
12 in such notice as a person by whom or for whom such  
13 acquisition is to be made; and

14 “(ii) solicit public comment on such proposed ac-  
15 quisition, particularly from persons in the geographic  
16 area where the bank proposed to be acquired is locat-  
17 ed, before final consideration of such notice by the  
18 agency,

19 unless the agency determines in writing that such disclosure  
20 or solicitation would seriously threaten the safety or sound-  
21 ness of such bank.”

22 (b) CHANGE IN SAVINGS AND LOAN CONTROL AMEND-  
23 MENTS.—Section 407(q)(2) of the National Housing Act (12  
24 U.S.C. 1730(q)(2)) is amended by adding after subparagraph  
25 (C) (as added by section 15(b)(2)) the following new  
26 subparagraph:

1       “(D) PUBLIC COMMENT.—Upon receiving notice of a  
2 proposed acquisition, the Corporation shall, within a reasona-  
3 ble period of time—

4               “(i) publish the name of the insured institution  
5 proposed to be acquired and the name of each person  
6 identified in such notice as a person by whom or for  
7 whom such acquisition is to be made; and

8               “(ii) solicit public comment on such proposed ac-  
9 quisition, particularly from persons in the geographic  
10 area where the institution proposed to be acquired is  
11 located, before final consideration of such notice by the  
12 Corporation,

13 unless the Corporation determines in writing that such disclo-  
14 sure or solicitation would seriously threaten the safety or  
15 soundness of such institution.”.

16 **SEC. 517. INVESTIGATIONS AND ENFORCEMENT UNDER THE**  
17 **CHANGE IN CONTROL ACTS.**

18       (a) CHANGE IN BANK CONTROL AMENDMENTS.—Sec-  
19 tion 7(j) of the Federal Deposit Insurance Act (12 U.S.C.  
20 1817(j)) is amended—

21               (1) by redesignating paragraphs (15) and (16) as  
22 paragraphs (16) and (17), respectively; and

23               (2) by inserting after paragraph (14) the following  
24 new paragraph:

1       “(15) INVESTIGATIVE AND ENFORCEMENT AUTHOR-  
2   ITY.—

3               “(A) INVESTIGATIONS.—The appropriate Federal  
4   banking agency may exercise any authority vested in  
5   such agency under section 8(n) in the course of con-  
6   ducting any investigation under paragraph (2)(B) or  
7   any other investigation which the agency, in its discre-  
8   tion, determines is necessary to determine whether any  
9   person has filed inaccurate, incomplete, or misleading  
10   information under this subsection or otherwise is violat-  
11   ing, has violated, or is about to violate any provision of  
12   this subsection or any regulation prescribed under this  
13   subsection.

14              “(B) ENFORCEMENT.—Whenever it appears to  
15   the appropriate Federal banking agency that any  
16   person is violating, has violated, or is about to violate  
17   any provision of this subsection or any regulation pre-  
18   scribed under this subsection, the agency may, in its  
19   discretion, apply to the appropriate district court of the  
20   United States or the United States court of any terri-  
21   tory for—

22                   “(i) a temporary or permanent injunction or  
23                   restraining order enjoining such person from vio-  
24                   lating this subsection or any regulation prescribed  
25                   under this subsection; or

1           “(ii) such other equitable relief as may be  
2 necessary to prevent any such violation (including  
3 divestiture).

4           “(C) JURISDICTION.—

5           “(i) The district courts of the United States  
6 and the United States courts in any territory shall  
7 have the same jurisdiction and power in connec-  
8 tion with any exercise of any authority by the ap-  
9 propriate Federal banking agency under subpara-  
10 graph (A) as such courts have under section 8(n).

11           “(ii) The district courts of the United States  
12 and the United States courts of any territory shall  
13 have jurisdiction and power to issue any injunc-  
14 tion or restraining order or grant any equitable  
15 relief described in subparagraph (B). When appro-  
16 priate, any injunction, order, or other equitable  
17 relief granted under this paragraph shall be grant-  
18 ed without requiring the posting of any bond.”.

19           (b) CHANGE IN SAVINGS AND LOAN CONTROL AMEND-  
20 MENTS.—Section 407(q) of the National Housing Act (12  
21 U.S.C. 1730(q)) is amended—

22           (1) by redesignating paragraphs (16) and (17) as  
23 paragraphs (17) and (18), respectively; and

24           (2) by inserting after paragraph (15) the following  
25 new paragraph:

1       “(16) INVESTIGATIVE AND ENFORCEMENT AUTHOR-  
2   ITY.—

3               “(A) INVESTIGATIONS.—The Corporation may  
4   exercise any authority vested in the Corporation under  
5   paragraph (2) or (3) of subsection (m) in the course of  
6   conducting any investigation under paragraph (2)(B) or  
7   any other investigation which the Corporation, in its  
8   discretion, determines is necessary to determine wheth-  
9   er any person has filed inaccurate, incomplete, or mis-  
10   leading information under this subsection or otherwise  
11   is violating, has violated, or is about to violate any  
12   provision of this subsection or any regulation pre-  
13   scribed under this subsection.

14              “(B) ENFORCEMENT.—Whenever it appears to  
15   the Corporation that any person is violating, has vio-  
16   lated, or is about to violate any provision of this sub-  
17   section or any regulation prescribed under this subsec-  
18   tion, the agency may, in its discretion, apply to the ap-  
19   propriate district court of the United States or the  
20   United States court of any territory for—

21                   “(i) a temporary or permanent injunction or  
22                   restraining order enjoining such person from vio-  
23                   lating this subsection or any regulation prescribed  
24                   under this subsection; or

1           “(ii) such other equitable relief as may be  
2 necessary to prevent any such violation (including  
3 divestiture).

4           “(C) JURISDICTION.—

5           “(i) The district courts of the United States  
6 and the United States courts in any territory shall  
7 have the same jurisdiction and power in connec-  
8 tion with any exercise of any authority by the  
9 Corporation under subparagraph (A) as such  
10 courts have under paragraph (2) or (3) of subsec-  
11 tion (m).

12           “(ii) The district courts of the United States  
13 and the United States courts of any territory shall  
14 have jurisdiction and power to issue any injunc-  
15 tion or restraining order or grant any equitable  
16 relief described in subparagraph (B). When appro-  
17 priate, any injunction, order, or other equitable  
18 relief under this paragraph shall be granted with-  
19 out requiring the posting of any bond.”.

20 **SEC. 518. DISCUSSIONS TO DEVELOP INTERNATIONAL INFOR-**  
21 **MATION EXCHANGE SYSTEM TO ELIMINATE**  
22 **MONEY LAUNDERING.**

23           (a) **IN GENERAL.**—The Secretary of the Treasury, in  
24 consultation with the Board of Governors of the Federal Re-  
25 serve System, shall initiate discussions with the central banks

1 or other appropriate governmental authorities of other coun-  
2 tries and propose that an information exchange system be  
3 established to assist the efforts of each participating country  
4 to eliminate the international flow of money derived from il-  
5 licit drug operations and other criminal activities.

6 (b) **REPORT REQUIRED.**—Before the end of the 9-  
7 month period beginning on the date of the enactment of this  
8 Act, the Secretary of the Treasury shall prepare and transmit  
9 a report to the Committee on Banking, Finance and Urban  
10 Affairs of the House of Representatives and the Committee  
11 on Banking, Housing, and Urban Affairs of the Senate on the  
12 results of negotiations initiated pursuant to subsection (a).

13 **SEC. 519. INCREASE IN MAXIMUM CRIMINAL FINE FOR CER-**  
14 **TAIN OFFENSES.**

15 Section 5322(b) of title 31, United States Code, is  
16 amended by striking out “\$500,000” and inserting in lieu  
17 thereof “\$1,000,000 if the person is an individual (and not  
18 more than \$5,000,000 in any other case)”.

19 **SEC. 520. REGULATIONS RELATING TO CUMULATION OF OF-**  
20 **FENSES FOR FAILURE TO REPORT EXPORT OR**  
21 **IMPORT OF MONEY.**

22 (a) **CLOSELY RELATED EVENTS.**—Section 5316 of title  
23 31, United States Code, is amended by adding at the end the  
24 following new subsection:

1 of the 3-month period beginning on the date of the enactment  
2 of this Act.

3 (d) The amendments made by sections 509, 513, 514,  
4 and 519 shall apply with respect to violations committed  
5 after the date of the enactment of this Act.

6 (e) The amendments made by sections 507, 515, 516,  
7 and 517 shall apply with respect to notices of proposed acqui-  
8 sitions filed after the date of the enactment of this Act.

9 (f) Any regulation prescribed under the amendments  
10 made by section 520 shall apply with respect to transactions  
11 completed after the effective date of such regulation.

## 12 **Subtitle B—Multilateral Development** 13 **Banks**

### 14 **SEC. 531. SHORT TITLE.**

15 This subtitle may be cited as the “Drug Eradication Act  
16 of 1986”.

### 17 **SEC. 532. FINDING AND PURPOSES.**

18 (a) **FINDINGS.**—The Congress finds the following:

19 (1) The illegal use of controlled substances by citi-  
20 zens of the United States represents a clear, present,  
21 and growing danger to the health, well-being, and pro-  
22 ductivity of the American people.

23 (2) More than \$100,000,000,000 of controlled  
24 substances will be sold and used by Americans in 1986  
25 and expenditures on such controlled substances will



1           “(d) CUMULATION OF CLOSELY RELATED EVENTS.—  
2 The Secretary of the Treasury may prescribe regulations  
3 under this section defining the term ‘at one time’ for purposes  
4 of subsection (a). Such regulations may permit the cumulation  
5 of closely related events in order that such events may collec-  
6 tively be considered to occur at one time for the purposes of  
7 subsection (a).”.

8           (b) INCHOATE OFFENSE.—Section 5316(a)(1) of title  
9 31, United States Code, is amended—

10           (1) by striking out “or attempts to transport or  
11 have transported,” and

12           (2) by inserting “, is about to transport,” after  
13 “transports”.

14 **SEC. 521. EFFECTIVE DATES.**

15           (a) The amendments made by sections 502 and 508  
16 shall apply with respect to transactions for the payment, re-  
17 ceipt, or transfer of United States coins or currency or other  
18 monetary instruments completed after the end of the 3-month  
19 period beginning on the date of the enactment of this Act.

20           (b) The amendments made by sections 503 and 504  
21 shall apply with respect to violations committed after the end  
22 of the 3-month period beginning on the date of the enactment  
23 of this Act.

24           (c) The regulations required to be prescribed under the  
25 amendments made by section 505 shall take effect at the end

1           (6) Certain nations are so economically dependent  
2           on commerce involving drugs and controlled substances  
3           that economic, legal, and administrative assistance  
4           must be targeted to those nations to wean them of  
5           their economic drug dependency.

6           (7) The United States Government should take  
7           steps to encourage nations in which controlled sub-  
8           stances are produced or from which controlled sub-  
9           stances are exported to develop effective programs to  
10          stop such production and exportation and to seek other  
11          means of economic livelihood.

12          (8) The multilateral development banks are the  
13          largest single source of development finance and influ-  
14          ential providers of advice in helping establish develop-  
15          ment priorities for the developing countries.

16          (9) The United States retains considerable influ-  
17          ence in the multilateral development banks and should  
18          therefore use such influence to urge these institutions  
19          to place increased emphasis in their lending programs  
20          and use their considerable policy leverage to address  
21          the problem of cultivation of controlled substances and  
22          the raw materials for production of such substances.

23          (b) **DECLARATION OF PURPOSES.**—The Congress de-  
24          clares that the purposes of this subtitle are to—

1 continue to rise at a rate of \$10,000,000,000 per year  
2 unless effective action is taken to reduce and eliminate  
3 international commerce in such substances.

4 (3) Most of the controlled substances used in the  
5 United States are cultivated and produced in and ex-  
6 ported from the major illicit drug producing countries,  
7 and the multilateral development banks make loans to  
8 these countries.

9 (4) The monetary earnings from participation in  
10 international trade in controlled substances has directly  
11 contributed to the growth of an underground economy  
12 in the major illicit drug producing countries, which in-  
13 hibits realization of legitimate foreign exchange earn-  
14 ings and thereby exacerbates the international debt  
15 crisis and the long-term economic development of these  
16 countries.

17 (5) In order to achieve a reduction in controlled  
18 substance abuse in the United States, priority must be  
19 given to improved interdiction efforts, including more  
20 effective interception of controlled substances being im-  
21 ported into the United States from foreign nations, and  
22 reductions in the cultivation of controlled substances or  
23 raw materials for such substances in foreign nations  
24 and the United States.

1 (1) a detailed description of the manner in which  
2 precise reductions in the amount of illicit narcotic  
3 drugs and other controlled substances known to be cul-  
4 tivated or produced in such country will be made;

5 (2) a timetable indicating the times by which the  
6 reductions described in paragraph (1) will be made; and

7 (3) a description of alternate economic activities  
8 which could be implemented with the assistance and  
9 support of the multilateral development banks to re-  
10 place the economic benefits derived from the cultiva-  
11 tion and production of controlled substances.

12 (c) **MDB ASSISTANCE FOR DEVELOPMENT AND IM-**  
13 **PLEMENTATION OF PROGRAMS.**—The Secretary of the  
14 Treasury shall instruct the United States Executive Direc-  
15 tors of the multilateral development banks to initiate discus-  
16 sions with other directors of their respective banks and to  
17 propose that all possible assistance be provided to each coun-  
18 try described in subsection (a) in developing and implement-  
19 ing the drug eradication program described in that subsec-  
20 tion, including technical assistance, assistance in conducting  
21 feasibility studies and economic analyses, and assistance for  
22 alternate economic activities described in subsection (b)(3).

23 (d) **CERTIFICATION OF PROGRAM.**—The Secretary of  
24 State, in cooperation with the Administrator of the Drug En-  
25 forcement Administration, shall examine the drug eradication

1 (1) eradicate illicit narcotic drug cultivation and  
2 production in developing countries; and

3 (2) stimulate effective action to ensure the devel-  
4 opment and implementation of long-term economic  
5 strategies to promote growth in developing countries  
6 which are not dependent on the drug trade.

7 **SEC. 533. NATIONAL DRUG ERADICATION PROGRAMS IN**  
8 **DEVELOPING COUNTRIES.**

9 (a) **ESTABLISHMENT OF NATIONAL DRUG ERADICA-**  
10 **TION PROGRAMS.**—The United States Government, in con-  
11 nection with its voice and vote in the International Bank for  
12 Reconstruction and Development, the International Develop-  
13 ment Association, the Inter-American Development Bank,  
14 the African Development Bank, and the Asian Development  
15 Bank (hereinafter in this section referred to as the “multilat-  
16 eral development banks”) shall promote the development and  
17 implementation, by all countries in which narcotic drugs and  
18 other controlled substances are cultivated or produced or  
19 from which narcotic drugs and other controlled substances  
20 are exported, of clear and feasible programs for the reduction  
21 and eventual eradication of illicit narcotic drugs and other  
22 controlled substances in such countries.

23 (b) **CRITERIA FOR PROGRAMS.**—The drug eradication  
24 program developed by each such country shall include—