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TITLE IV

INTERNATIONAL COOPERATION AGAINST ILLICIT DRUGS

PART A

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

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

Forfeiture Relating to Foreign Unlawful Drug Activities

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

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

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

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

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

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

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

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

"(e) As used in this section--

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

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

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

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

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

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

"887. Forfeiture Relating to Unlawful Drug Activities."

Analysis

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

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

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

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

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

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

PART B

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

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

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

PART C

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

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

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

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

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

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

PART G

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

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

"§1956. Laundering of monetary instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 “(2) \$10,000.

4 “(c) As used in this section—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 “(1) the conduct is by a United States citizen or,
 4 in the case of a non-United States citizen, the conduct
 5 occurs in part in the United States; and

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

9 (b) The table of sections at the beginning of chapter 95
 10 of title 18 is amended by adding at the end the following new
 11 item:

“1956. Laundering of monetary instruments”.

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

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

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

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

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

16 “§ 5318. Compliance, exemptions, and summons authority

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 **“CHAPTER 46—FORFEITURE**

“Sec.

“981. Civil Forfeiture.

“982. Criminal Forfeiture.

11 **“§ 981. Civil forfeiture**

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

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

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

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

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

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

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

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

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

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

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

20 “(1) place the property under seal;

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

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

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

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

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

25 “(1) any other Federal agency; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 “(k) For purposes of this section—

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

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

3 **“§ 982. Criminal forfeiture**

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

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

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

 “46. Forfeiture..... 981”.



DRAFT

TITLE V

LAW ENFORCEMENT ENHANCEMENT PROVISIONS

PART A

Sec. 1. This Part may be cited as the Drug Penalties Enhancement Act of 1986.

Sec. 2. Sections 401(b)(1)(A) and (B) of the Controlled Substances Act (21 U.S.C. 841 (b)(1)(A)) are amended to read as follows:

"(1)(A) In the case of a violation of subsection (a) of this section involving--

"(i) 100 grams or more of a mixture or substance containing a detectable amount of heroin;

"(ii) 500-grams or more of a mixture or substance containing a detectable amount of--

"(I) coca leaves, except coca leaves and extracts of coca leaves from which cocaine, ecgonine, and derivatives of ecgonine or their salts have been removed;

"(II) cocaine, its salts, optical and geometric isomers, and salts of isomers;

"(III) ecgonine, its derivatives, their salts, isomers, and salts of isomers; or

"(IV) any compound, mixture, or preparation which contains any quantity of any of the substance referred to in subclauses (I) through (III);"

"(iii) 25 grams or more of a mixture or substance described in clause (ii) which contains cocaine base;

"(iv) .10 grams or more of phencyclidine (PCP) or 100 grams or more of a mixture or substance containing a detectable amount of phencyclidine (PCP);

"(v) 1 gram or more of a mixture or substance containing a detectable amount of lysergic acid diethylamide (LSD); or

"(vi) 40 grams or more of a mixture or substance containing a detectable amount of fentanyl or 10 grams or more of a mixture or substance containing a detectable amount of any analog of fentanyl;

such person shall be sentenced to a term of imprisonment which may not be less than 5 years and not more than 40 years and if death results from the use of such substance shall be not less than twenty years or more than life, a fine not to exceed the greater of that authorized in accordance with the provisions of title 18 or \$2,000,000 if the defendant is an individual or \$5,000,000 if the defendant is other than an individual, or both. If any person commits such a violation after one or more prior convictions for an offense punishable under this paragraph, or for a felony under any other provision of this title or title III or other law of a State, the United States, or a foreign country relating to narcotic drugs, marijuana, or depressant or stimulant substances, have become final, such person shall be sentenced to a term of imprisonment which may not be less than 10 years and not more than life imprisonment and if death results from the use of such substance shall be sentenced to life imprisonment, a fine not to exceed the greater of twice that authorized in accordance

with the provisions of title 18 or \$4,000,000 if the defendant is an individual or \$10,000,000 if the defendant is other than an individual, or both. Notwithstanding any other provision of law, the court shall not place on probation or suspend the sentence of any person sentenced under this subparagraph nor shall the term of imprisonment imposed under this subparagraph run concurrently with any other term of imprisonment under this subparagraph or under any other provision of law. No person sentenced under this subparagraph shall be eligible for parole during the term of imprisonment imposed therein."

"(B) In the case of a controlled substance in schedule I or II except as provided in subparagraphs (A) and (C), such person shall be sentenced to a term of imprisonment of not more than 20 years and if death results from the use of such substance shall be sentenced to a term of imprisonment of not less than twenty years or more than life, a fine not to exceed the greater of that authorized in accordance with the provisions of title 18 or \$1,000,000 if the defendant is an individual or \$5,000,000 if the defendant is other than an individual, or both. If any person commits such a violation after one or more prior convictions for an offense punishable under this paragraph, or for a felony under any other provision of this title or title III or other law of a State, the United States or a foreign country relating to narcotic drugs, marihuana, or depressant or stimulant substances, have become final, such person shall be sentenced to a term of imprisonment of not more than 30 years and if death results from the use of such substance shall be sentenced to life

imprisonment, a fine not to exceed the greater of twice that authorized in accordance with the provisions of title 18 or \$2,000,000 if the defendant is an individual or \$10,000,000 if the defendant is other than an individual, or both. Any sentence imposing a term of imprisonment under this paragraph shall, in the absence of such a prior conviction, impose a special parole term of at least 3 years in addition to such term of imprisonment and shall, if there was such a prior conviction, impose a special parole term of at least 6 years in addition to such term of imprisonment. Notwithstanding the prior sentence, and notwithstanding any other provision of law, the court shall not place on probation or suspend the sentence of any person sentenced under the provisions of this subparagraph which provide for a mandatory term of imprisonment if death results, nor shall such a term of imprisonment run concurrently with any other term of imprisonment under this subparagraph or under any other provision of law, nor shall a person so sentenced be eligible for parole during the term of such a sentence."

Sec. 3. Section 401 of the Controlled Substances Act (21 U.S.C. 841) is further amended as follows:

(a) In subsection (b), paragraph (1)(C) is amended by striking out the phrase "a fine of not more than \$50,000" and inserting in lieu thereof "a fine not to exceed the greater of that authorized in accordance with the provisions of title 18 or \$250,000 if the defendant is and individual or \$1,000,000 if the defendant is other than an individual", and by striking out the phrase "a fine of not more than \$100,000" and inserting in lieu

thereof the phrase "a fine not to exceed the greater of twice that authorized in accordance with the provisions of title 18 or \$500,000 if the defendant is an individual or \$2,000,000 if the defendant is other than an individual";

(b) In subsection (b), paragraph (2) is amended by striking out the phrase "a fine of not more than \$25,000" and inserting in lieu thereof "a fine not to exceed the greater of that authorized in accordance with the provisions of title 18 or \$250,000 if the defendant is an individual or \$1,000,000 if the defendant is other than an individual", and by striking out the phrase "a fine of not more than \$50,000" and inserting in lieu thereof "a fine not to exceed the greater of twice that authorized in accordance with the provisions of title 18 or \$500,000 if the defendant is an individual or \$2,000,000 if the defendant is other than an individual";

(c) In subsection (b), paragraph (3) is amended by striking out the phrase "a fine of not more than \$10,000" and inserting in lieu thereof "a fine not to exceed the greater of that authorized in accordance with the provisions of title 18 or \$100,000 if the defendant is an individual or \$250,000 if the defendant is other than an individual", and by striking out the phrase "a fine of not more than \$20,000" and inserting in lieu thereof "a fine not to exceed the greater of twice that authorized in accordance with the provisions of title 18, United States Code or \$200,000 if the defendant is an individual or \$500,000 if the defendant is other than an individual";

(d) In subsection (b), paragraph (5) is amended to read as follows:

"(5) Any person who violates subsection (a) of this section by cultivating a controlled substance on Federal property shall be imprisoned as provided in this subsection and shall be fined any amount not to exceed

"(A) the amount authorized in accordance with this section,

"(B) the amount authorized in accordance with the provisions of title 18,

"(C) \$500,000 if the defendant is an individual;

or

"(D) \$1,000,000 if the defendant is other than an individual,

or both."; and

(e) subsection (d) is amended by striking out the phrase "a fine of not more than \$15,000" and inserting in lieu thereof "a fine not to exceed the greater of that authorized in accordance with the provisions of title 18 or \$250,000 if the defendant is an individual or \$1,000,000 if the defendant is other than an individual".

Sec. 4. Section 994 of title 28 of the United States Code is amended by--

(1) inserting the following after subsection (m):

"(n) The Commission shall assure that the guidelines reflect the general appropriateness of imposing a lower sentence than would otherwise be imposed, including a sentence that is lower

than that which is established by statute as a minimum sentence, to take into account a defendant's substantial assistance in the investigation or prosecution of another person who has committed an offense."; and

(2) redesignating subsections (n), (o), (p), (q), (r), (s), (t), (u), (v), and (w) as subsections (o), (p), (q), (r), (s), (t), (u), (v), (w), and (x), respectively.

Sec. 5. (a) Rule 35(b) of the Federal Rules of Criminal Procedure is amended by adding the following at the end thereof: "The court's authority to lower a sentence under this subdivision includes the authority to lower such sentence to a level below that which is established by statute as a minimum sentence."

(b) The amendment made by this section shall take effect on the date of the taking effect of Rule 35(b) of the Federal Rules of Criminal Procedure, as amended by section 215(b) of the Comprehensive Crime Control Act of 1984.

Analysis

This part contains a series of amendments to the provision in Title 21 (21 U.S.C. 841) that sets out penalties for large-scale domestic drug trafficking.

Section two amends 21 U.S.C. 841(b)(1)(A) to lower the amounts of drugs required to trigger the maximum sentences. It also increases the maximum term of imprisonment authorized for large scale drug trafficking from 20 to 40 years. Moreover, it provides mandatory minimum terms of five years for first offenses and ten years for second offenses. Fines are also increased to \$2,000,000 for first offenders who are individuals (\$5,000,000

for defendants other than individuals) and to \$4,000,000 and \$10,000,000 for repeat offenders. The fine provisions also cross-reference the Criminal Fine Enforcement Act of 1984 in title 18 to clarify that that Act's provisions, which can increase fines even beyond these levels to double the amount of the defendant's gain, are applicable.

Section two also contains mandatory terms of imprisonment for large scale drug traffickers in cases where death results from someone using their drugs. This provision was inspired by the death of basketball player Len Bias. Imprisonment in such a case would be not less than twenty years and could extend to life imprisonment. In a case where death resulted and the defendant already had another drug trafficking conviction (whether or not death had resulted from the events that gave rise to the earlier conviction) the defendant would have to be sentenced to life imprisonment.

Finally, section two's amendment of 21 U.S.C. 841(b)(1)(A) adds two new types of particularly dangerous controlled substances to those already listed in 21 U.S.C. 841(b)(1)(A) that require the most severe penalties. It would extend those penalties to persons trafficking in 25 grams or more of "crack" or a gram of fentanyl or any analog of this frequently deadly substance.

Section two also amends 21 U.S.C. 841(b)(1)(B) to raise the term of imprisonment for trafficking in smaller amounts of controlled substances from fifteen to twenty years. Fines are also increased for trafficking in smaller amounts. The fine would be the greater of \$1,000,000 or twice the gain for an

individual and to \$5,000,000 or twice the gain for an entity other than an individual. For an individual sentenced under 841(b)(1)(B) who had a previous drug conviction, the fine would be the greater of \$2,000,000 or four times the gain, and the fine for an entity other than an individual that had a previous drug conviction would be the greater of four times the gain or \$10,000,000.

Section three makes a series of amendments to the fine provisions in 21 U.S.C. 841 that apply to trafficking in small amounts of drugs generally believed not to be quite as harmful as cocaine, heroin, and LSD.

Subsection 3(a) amends 21 U.S.C. 841(b)(1)(C). That provision presently authorizes a fine of up to the greater of \$50,000 (\$100,000 for a second offense) or that authorized in the Fine Enforcement Act. The amendment would raise the fine to the greater of \$250,000 or twice the gain for an individual and to \$1,000,000 or twice the gain for an entity other than an individual. For an individual sentenced under 841(b)(1)(C) who had a previous drug conviction, the fine would be the greater of \$500,000 or four times the gain, and the fine for an entity other than an individual that had a previous drug conviction would be the greater of four times the gain or \$2,000,000.

Subsection 3(b) amends 21 U.S.C. 841(b)(2) which sets out fines for trafficking in schedule IV controlled substances. The present authorized fine is the greater of \$25,000 (\$50,000 for a second offense) or that authorized in the Fine Enforcement Act. The amendment would raise the fine to the greater of \$250,000 or

twice the gain for an individual and to \$1,000,000 or twice the gain for an entity other than an individual. For an individual sentenced under 841(b)(2) who had a previous drug conviction, the fine would be the greater of \$500,000 or four times the gain, and the fine for an entity other than an individual that had a previous drug conviction would be the greater of four times the gain or \$2,000,000.

Subsection 3(c) amends 21 U.S.C. 841(b)(3) which sets out fines for trafficking in schedule V controlled substances. The present authorized fine is the greater of \$10,000 (\$20,000 for a second offense) or that authorized in the Fine Enforcement Act. The amendment would raise the fine to the greater of \$100,000 or twice the gain for an individual and to \$250,000 or twice the gain for an entity other than an individual. For an individual sentenced under 841(b)(3) who had a previous drug conviction, the fine would be the greater of \$200,000 or four times the gain, and the fine for an entity other than an individual that had a previous drug conviction would be the greater of four times the gain or \$500,000.

Subsection 3(d) amends 21 U.S.C. 841(b)(5) which sets out fines for persons convicted of cultivating controlled substances on federal land. The fine is \$500,000 for individuals and \$1,000,000 for entities other than individuals. Unlike most other parts of section 841, 841(b)(5) does not provide for enhanced fines for a second conviction. The amendment rewrites 841(b)(5) to clarify that persons who commit such an offense can be imprisoned as well as fined and to set out the maximum fine as

that authorized in section 841 (which is now in excess of \$500,000 or \$1,000,000 for many offenses), that authorized pursuant to the Fine Enforcement Act in Title 18, or \$500,000 for individuals or \$1,000,000 for entities other than individuals.

Subsection 3(e) amends 21 U.S.C. 841(d) which sets out a fine of \$15,000 for possession of piperidine with intent to manufacture PCP. Of course the fine is actually that authorized by the Criminal Fine Enforcement Act, the greater of \$250,000 for individuals (\$500,000 for organizations) or double the defendant's gain. The effect of the amendment is to leave the fine for an individual at the greater of \$250,000 or twice the gain but to raise the fine authorized to the greater of \$1,000,000 or twice the gain for a defendant other than an individual.

Section four of this part amends 28 U.S.C. §994 to provide that the sentencing guidelines to be issued by the United States Sentencing Commission reflect the general appropriateness of imposing a lower sentence than would otherwise be imposed to take into account a defendant's substantial assistance in the investigation or prosecution of others. The amendment expressly provides that such a lower sentence may be below a level established by statute as a minimum sentence. Pursuant to 18 U.S.C. §3553, effective November 1, 1987, the courts will be required to use the guidelines in imposing a sentence. The amendment is needed since defendants would be extremely unlikely to provide information on accomplices if they knew that, despite their cooperation, they would be subject to substantial or mandatory prison terms. Without the assistance of defendants, the government's task of

investigating and prosecuting the top levels of a drug ring, for example, would be practically impossible. Moreover, the ability of a court to sentence below a statutory minimum, such as that established by Part A for violations of the Controlled Substances Act involving large quantities of controlled substances, is necessary to encourage such cooperation.

Section five of this part amends Rule 35(b) of the Federal Rules of Criminal Procedure, as amended by the Comprehensive Crime Control Act of 1984, Pub. L. No. 98-473, to provide explicit authority to the court to lower a sentence to a level below that which is established by a statutory minimum. Subdivision (b) of the Rule, as it will take effect on November 1, 1987, provides authority for the court, within one year after the imposition of a sentence, to lower a sentence to reflect the defendant's subsequent, substantial assistance in the investigation or prosecution of another person, to the extent that such assistance is a factor in the applicable guidelines or policy statements of the Sentencing Commission. The amendment in section 5 is a conforming amendment to the immediately preceding amendment.

PART B

Sec. 1. This Part may be cited as the Drug Possession Penalty Act of 1986.

Sec. 2. Section 404 of the Controlled Substances Act (21 U.S.C. 844) is amended to read as follows:

§ 844. Penalty for simple possession

"(a) It shall be unlawful for any person knowingly or intentionally to possess a controlled substance unless such substance was obtained directly, or pursuant to a valid prescription or order, from a practitioner, while acting in the course of his professional practice, or except as otherwise authorized by this subchapter or subchapter II of this chapter. Any person who violates this subsection shall be sentenced to a term of imprisonment of not more than one year, and shall be fined a minimum of \$1,000 but not more than \$5,000, or both, except that if he commits such offense after a prior conviction under this subsection, or a prior conviction for any drug or narcotic offense chargeable under the law of any state, has become final, he shall be sentenced to a term of imprisonment for not less than 15 days but not more than two years, and shall be fined a minimum of \$2,500 but not more than \$10,000, except, further, that if he commits such offense after two or more prior convictions under this subsection, or two or more prior convictions for any drug or narcotic offense chargeable under the law of any state or a combination of two or more such offenses have become final, he shall be sentenced to a term of imprisonment for not less than ninety days but not more than