FINAL BILL REPORT

2SSB 5318

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SYNOPSIS AS ENACTED

Brief Description: Prescribing penalties for money laundering.

SPONSORS: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators von Reichbauer, Pelz, Owen, Johnson, Vognild, Moore, Rasmussen, McCaslin, Matson, Sellar and West)

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

HOUSE COMMITTEE ON JUDICIARY

BACKGROUND:

Money laundering occurs when a person manipulates the proceeds of some form of unlawful activity in order to conceal their criminal origin and make the proceeds appear legitimate. The actual process of money laundering can take place in a wide variety of ways.

The federal government has adopted several measures designed to combat money laundering. In 1986, Congress made the act of "laundering of monetary instruments" a federal crime. Congress also has adopted the Bank Secrecy Act which, in part, requires financial institutions to file a Currency Transaction Report (CTR) for cash transactions exceeding $10,000 and to maintain certain records and procedures ensuring compliance with the act. In addition, the Internal Revenue Code requires certain businesses that accept over $10,000 in a cash transaction to file a report.

Over 15 states have made money laundering a crime within their state criminal codes and some states have also adopted their own reporting requirements to enhance law enforcement efforts.

SUMMARY:

A new state crime of money laundering is created. A person is guilty of money laundering if that person conducts a financial transaction involving proceeds from certain felonious activity and that person: (1) knows the property is proceeds of felonious activity; (2) knows the transaction is designed to conceal the nature, location, source, ownership, or control of the proceeds, and acts recklessly as to whether the property is proceeds of felonious activity; or (3) knows the transaction is designed to avoid federal reporting requirements.

If an action is brought against an attorney who accepts a fee to represent a person in an actual criminal investigation or proceeding, an additional proof requirement is imposed. In addition to satisfying the above requirements, the prosecution must prove that the attorney intended to conceal the nature, source, or ownership of the proceeds. This additional proof requirement also is imposed for actions against employees of financial institutions.

Money laundering is a class B felony, which is punishable by imprisonment of up to ten years and/or a penalty of $20,000. A violator of the money laundering crime is also subject to a civil penalty equal to twice the value of the proceeds involved plus costs and fees.

No liability is imposed upon state or local officers who are performing their lawful duties or upon any other person acting at the direction of such officers.

The Attorney General or county prosecuting attorney is authorized to file civil action for forfeiture of proceeds from a violation of the money laundering crime or of proceeds traceable to a felonious activity. Provisions are set forth governing the seizure of real and personal property, notice, and use of forfeited property.

Existing provisions regarding distribution of forfeited property in drug cases are replaced. Ten percent of the net proceeds derived from forfeited drug or money laundering property must be remitted to the state's drug enforcement and education account. Seizing agencies are required to make quarterly reports of property that has been forfeited.

VOTES ON FINAL PASSAGE:

Senate	48	0	
House	97	0	(House amended)
Senate	48	0	(Senate concurred)

EFFECTIVE: June 11, 1992