

# FINAL BILL REPORT

## SB 6119

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Synopsis as Enacted

**Brief Description:** Authorizing that money laundering forfeited proceeds and property be used for improvement of gambling-related law enforcement activities.

**Sponsors:** Senators Conway, Holy, King, Keiser, Pedersen, Van De Wege, Wilson, L. and Saldaña; by request of Gambling Commission.

**Senate Committee on Law & Justice**  
**House Committee on Commerce & Gaming**

**Background:** When authorized by statute, a law enforcement agency may seize property for forfeiting a person's right to own or possess that property. Generally, civil asset forfeiture is permitted when the property itself is illegal, was used to facilitate a crime, is an actual proceed of a crime, or was purchased from proceeds traceable to criminal activity.

Civil asset forfeiture is permitted under a variety of statutes, including under the Uniform Controlled Substances Act (UCSA), the Gambling Act, as well as money laundering and other criminal statutes. The seizing agency must comply with specific statutory process requirements, which operate separately from a criminal proceeding.

One of the statutes authorizing civil asset forfeiture permits seizure and forfeiture of proceeds traceable to, or derived from, money laundering. A person is guilty of money laundering when they:

- know property is the proceeds of unlawful activity;
- knows the transaction is designed to conceal or disguise the nature, location, source, ownership, or control of the proceeds, and acts recklessly as to whether the property is proceeds of specified unlawful activity; or
- knows the transaction is designed to avoid a federal transaction reporting requirement.

When property is seized because it is money laundered, the seizing agency notifies the owner and others who have a known right or interest in the property. An owner or other claimant who submits a timely written claim to the agency is afforded a reasonable opportunity to be heard as to the claim or right. The seizing law enforcement agency must promptly return property to the claimant upon the direction of an administrative law judge or court. However, when this process results in forfeiture, disposition of forfeited property is made in the same manner as the disposition of property forfeited pursuant to the UCSA.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

This process requires the agency to keep a record, for at least seven years, indicating the prior owner's identity, describing the property, the disposition of the property, the value of the property at the time of the seizure, and the amount of proceeds realized from disposition of the property. The seizure and forfeiture process under UCSA also requires each seizing agency to file a quarterly report with the state treasurer, including a copy of the records of forfeited property. By January 31st annually, each seizing agency must remit to the state treasurer an amount equal to 10 percent of the net proceeds of forfeited property during the preceding year. Under UCSA forfeited property and net proceeds not required to be paid to the state treasurer are retained by the seizing agency and used exclusively for the expansion and improvement of controlled substances related law enforcement activity.

The Gambling Act includes a separate seizure and forfeiture statute applicable to property seized and forfeited in violations of gambling laws. Generally, this process is the same as under other seizure and forfeiture statutes. For forfeitures under the Gambling Act, the seizing law enforcement agency is not required to make quarterly reports or 10 percent remittance to the state treasurer, and the agency must retain forfeited property and net proceeds exclusively for the expansion and improvement of gambling related law enforcement activity.

**Summary:** An alternative process is made available for the disposition of forfeited property. Property that is proceeds traceable to or derived from specified unlawful activity or the crime of money laundering, and has been seized and forfeited, may also be disposed of according to the requirements for the disposition of forfeited property in the Gambling Act, and may be retained by the seizing law enforcement agency and used exclusively for the expansion and improvement of gambling related law enforcement activity.

**Votes on Final Passage:**

Senate	47	2	
House	95	2	
House	94	3	(House vote reconsidered)

**Effective:** June 11, 2020