

SENATE BILL REPORT

SB 6119

As Reported by Senate Committee On:
Law & Justice, January 23, 2020

Title: An act relating to authorizing that money laundering forfeited proceeds and property be used for improvement of gambling-related law enforcement activities.

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.

Brief History:

Committee Activity: Law & Justice: 1/21/20, 1/23/20 [DP].

Brief Summary of Bill

- Authorizes seized and forfeited property derived from the crime of money laundering, or certain other felony crimes, to be disposed of according to the Gambling Act.
- Authorizes the forfeited property to be used by the seizing agency for gambling-related law enforcement activity.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.

Signed by Senators Pedersen, Chair; Dhingra, Vice Chair; Padden, Ranking Member; Holy, Kuderer, Salomon and Wilson, L..

Staff: Tim Ford (786-7423)

Background: When authorized by statute, a law enforcement agency may seize possession of property for the purpose of 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.

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.

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 laundering, 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.

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 connection with violations of gambling laws. Generally, this process for seizure and forfeiture of property under the Gambling Act 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 the 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 of Bill: 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.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Money laundering is increasingly being done in casinos. You can walk into a casino and buy \$500 of chips with dirty money, gamble \$50 of it and cash in the rest of your chips as clean money. The Gambling Commission is a law enforcement agency and it is concerned about criminal activity, and wants to ensure that this money laundering is not going to happen in licensed casino. The commission investigates and where they have identified a money laundering operation the commission has existing authority to seize laundered money and their proceeds. This bill would allow the commission to use the seized and forfeited laundered money to cover its costs related to the seizure, and to redirect that money for training under the Gambling Act.

Persons Testifying: PRO: Senator Steve Conway, Prime Sponsor; Dave Trujillo, Director, Washington State Gambling Commission; Brian Considine, Legal and Legislative Manager, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: No one.