

HOUSE No. 967

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act establishing the crime of money laundering and mandating the revocation of certain licenses issued by the division of banks..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 167F of the General Laws, as appearing in the 2006 Official
2 Edition, is hereby amended in section 4 by adding at the end thereof the following paragraph:--

3 Any license issued under this section to a licensee who is convicted of violating section
4 thirty-seven F of chapter two hundred sixty-six shall be deemed revoked.

5 SECTION 2. Section 16 of chapter 169, as so appearing, is hereby amended by striking
6 out section 16, and inserting in place thereof the following section:—

7 Section 16. Whoever violates any provision of this chapter or any rule or regulation
8 made hereunder by the commissioner shall be punished by a fine of not more than five thousand
9 dollars or by imprisonment in state prison for not more than five years, or both. Each day a
10 violation continues shall be deemed a separate offense. Any license issued under this chapter to
11 a licensee who is convicted of violating section thirty-seven F of chapter two hundred sixty-six
12 shall be deemed revoked.

13 SECTION 3. Section 13 of chapter 169A of the General Laws, as so appearing, is hereby
14 amended by adding at the end thereof the following paragraph:--

15 Any license issued under this chapter to a licensee who is convicted of violating section
16 thirty-seven F of chapter two hundred sixty-six shall be deemed revoked.

17 SECTION 4. Chapter 266 of the General Laws, as so appearing, is hereby amended by
18 inserting after section 37E the following section:--

19 Section 37F. (1) For the purposes of this section, the following words shall have the
20 following meanings, unless the context otherwise requires:

21 “Financial institution”,

22 (a) an insured bank, as defined in section 3(h) of the Federal Deposit Insurance Act at 12
23 U.S.C. 1813(h);

24 (b) a commercial bank or trust company;

25 (c) a private banker;

26 (d) an agency or branch of a foreign bank in the United States;

27 (e) any credit union;

28 (f) a broker or dealer registered with the Securities and Exchange Commission;

29 (g) a thrift institution;

30 (h) a broker or dealer in securities or commodities;

31 (i) an investment banker or investment company;

- 32 (j) a currency exchange;
- 33 (k) an issuer, redeemer, or cashier of travelers' checks, checks, money orders, or similar
34 instruments;
- 35 (l) an operator of a credit card system;
- 36 (m) an insurance company;
- 37 (n) a dealer in precious metals, stones, or jewels;
- 38 (o) a pawnbroker;
- 39 (p) a loan or finance company;
- 40 (q) a travel agency;
- 41 (r) a person who engages as a business in the transmission of funds, including any person
42 who engages as a business in an informal money transfer system or any network of people who
43 engage as a business in facilitating the transfer of money domestically or internationally outside
44 of the conventional financial institutions system;
- 45 (s) a telegraph company;
- 46 (t) a business engaged in vehicle sales, including automobile, airplane, and boat sales;
- 47 (u) persons involved in real estate closings and settlements; or
- 48 (v) any business or agency which engages in any activity which the commissioner of
49 banks determines, by regulation, to be an activity which is similar to, related to, or a substitute
50 for any activity in which any business described in this paragraph is authorized to engage.

51 “monetary instruments”,

52 (a) United States coins and currency;

53 (b) as the commissioner of banks may prescribe by regulation, coins and currency of a
54 foreign country, travelers' checks, bearer negotiable instruments, bearer investment securities,
55 bearer securities, stock on which title is passed on delivery, and similar material; and

56 (c) as the commissioner of banks shall provide by regulation, checks, drafts, notes,
57 money orders, and other similar instruments which are drawn on or by a foreign financial
58 institution and are not in bearer form.

59 “Nonfinancial trade or business”, any trade or business other than a financial institution
60 that is subject to the currency reporting requirements of 31 U.S.C. 5313 and regulations
61 prescribed under such section.

62 (2) In prescribing regulations under paragraph one of this section, the commissioner of
63 banks shall rely upon the determination of the Secretary of the Treasury of the United States,
64 pursuant to 31 U.S.C. 5312.

65 (3) A financial institution or nonfinancial trade or business commits the offense of
66 money laundering when it fails to file a currency transaction report or a report of required
67 identification information with respect to monetary instruments transactions in accordance with
68 the requirements of the Currency and Foreign Transactions Reporting Act (31 U.S.C. 5311, et
69 seq.), as amended.

70 (4) No person shall for the purpose of evading the reporting requirements of paragraph
71 two of section thirty-seven F of chapter two hundred sixty-six –

72 (a) cause or attempt to cause a financial institution or nonfinancial trade or business to
73 fail to file a currency transaction report or report of identification information required under
74 sections 31 U.S.C. 5311, et seq., or any regulation prescribed under any such sections;

75 (b) cause or attempt to cause a financial institution or nonfinancial trade or business to
76 file a currency transaction report or report of identification information required under section 31
77 U.S.C. 5311, et seq., or any regulation prescribed under any such sections that contains a
78 material omission or misstatement of fact; or

79 (c) structure or assist in structuring, or attempt to structure or assist in structuring, any
80 transaction with one or more domestic financial institutions or nonfinancial trade or business.

81 (5) Any financial institution or nonfinancial trade or business who violates paragraphs
82 three or four of this section shall be punished by a fine of not more than two hundred and fifty
83 thousand dollars or by imprisonment in state prison for not more than five years, or both.