

and can have a chain and prove the evidence.

What the gentleman from Georgia (Mr. BARR) and the gentleman from Texas (Mr. PAUL) are offering here would increase that amount to \$25,000. There are lots of what we call smurfing transactions for far less than \$25,000, and, in addition, the most visceral thing in here, this amendment would actually eliminate the requirement that banks report suspected illegal activity, eliminate the requirement. It is all volunteer in the parts of the bank. The Treasury Department could no longer in their law enforcement hat or in their regulatory hat require banks to report suspected illegal activity of any sort, not just money laundering, but any sort.

I think that the gentleman from Georgia (Mr. BARR) and the gentleman from Texas (Mr. PAUL) and the gentleman from California (Mr. CAMPBELL) have gone further than they may have intended. This is no time to retreat on the effort on the war against drugs or the financial fraud and the money laundering, and that is what this amendment does.

So in the strongest terms I urge this amendment to be defeated.

Mr. BARR of Georgia. Madam Chairman, I yield 1 minute to the distinguished gentleman from Texas (Mr. PAUL).

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. Madam Chairman, I thank the gentleman from Georgia (Mr. BARR) for yielding this time to me.

Madam Chairman, if my colleagues are opposed to Know Your Customer regulations they must support this amendment because this does away with Know Your Customer regulations, the profiling of every single customer in this country. This notion that it is going to ruin law enforcement is just not valid. There is estimated \$100 million cost for one conviction by the reports that are sent in, and this does not prohibit the banks from sending in reports. If there is a suspicious character, they can still do this.

So it will not hinder law enforcement.

What it does, Madam Chairman: It protects the consumer, it protects the citizen, it protects the right of all Americans. We cannot rationalize and justify the abuse of liberty for the pretense that on occasion we might catch a criminal. But the fact that it could cost \$100 million per conviction is sort of what I would call overkill.

What we must do is protect the American citizen. Law enforcement will not be hindered. If my colleagues are opposed to Know Your Customer regulation, they must vote for this amendment.

Mr. LAFALCE. Madam Chairman, I yield 30 seconds to the gentleman from Michigan (Mr. DINGELL), the distinguished past and future chairman of the Committee on Commerce.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Madam Chairman, I thank my good friend and colleague for yielding me this time.

Madam Chairman, I know the authors of this amendment are Members of great decency and goodness, and I think they are accomplishing something that they really do not want. This is opposed by the Department of Justice, the FBI, the Department of Treasury.

Banks have been involved in money laundering, too, I would remind my colleagues, and when we make the action of the bank voluntary with regard to reporting, we subject ourselves to a real probability that the banks are simply not going to report. The money launderers, the Cali Cartel, the drug merchants and the Mafia will love this amendment.

If my colleagues like that, if they want crime, this is a good amendment to support; if my colleagues want to clean up the situation, I would urge them to oppose the amendment.

Mr. HUTCHINSON. Madam Chairman, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Madam Chairman, I rise in strong opposition to this position, and it is an open invitation to drug dealers, and that is why, as has been stated, every law enforcement and every banking group is opposed to it.

I rise in strong opposition.

This amendment guts our money laundering laws and helps drug dealers. I oppose strongly. What we have learned through hearings is that we need to tighten up, not loosen.

1. Making suspicious activity reports voluntary plays into the hands of the drug dealers. This will only make money laundering easier.

2. Raising the cash transaction reporting level to \$25,000 from \$10,000 is not justified. How many legitimate cash transactions are there over \$10,000?

3. Purging Suspicious Activities Report (SAR) records after 4 years would undermine crime fighting efforts.

Money laundering involves complex financial transactions. Law enforcement sometimes needs several years to put together cases. This will hurt.

The Banking agencies oppose Barr/Campbell.

Law enforcement uniformly opposes Barr/Campbell.

N.J. Governor Whitman opposes Barr/Campbell.

The ABA Fraud Prevention Oversight Council opposes Barr/Campbell.

Mr. HUTCHINSON. Madam Chairman, I yield 30 seconds to the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Madam Chairman, I like to quote from the President of the Organization of Police Chiefs of the United States. He says this amendment will have a significant detrimental im-

pact on the ability of law enforcement agencies nationwide to effectively investigate and prosecute cases involving money laundering, fraud, and other financial crimes. If this amendment had been in effect in 1997, it would have stopped 2,536 Federal investigations resulting in convictions for financial institution fraud matters.

And finally, what does the FBI say about this? A vote for this amendment will send a signal to criminal organizations worldwide that the U.S. is a money laundering haven.

Clearly this is a no vote.

Madam Chairman, I include for the RECORD the following letter:

INTERNATIONAL ASSOCIATION
OF CHIEFS OF POLICE,
Alexandria, VA, July 1, 1999.

Hon. DENNIS HASTERT,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: On behalf of the International Association of Chiefs of Police (IACP), I am writing to express our profound concern over the Barr/Paul/Campbell Amendment to H.R. 10, the Financial Services Act. This amendment will have a significant detrimental impact on the ability of law enforcement agencies to effectively investigate and prosecute cases involving money laundering, fraud and other financial crimes. I urge you to oppose this amendment.

The Barr/Paul/Campbell amendment, by eliminating the requirement that financial institutions file Suspicious Activity Reports (SARs), will deprive law enforcement of an invaluable investigative tool which, according to the FBI, was used in 98% of the cases filed by its Fraud Investigation Squad in 1998. These 1998 investigations resulted in the convictions of more than 2600 individuals and the restoration of more than \$490 million to the victims of fraud.

In addition, by elevating the threshold limit of the Currency Transaction Report (CTR) from \$10,000 to \$25,000, the Barr/Paul/Campbell amendment would severely undermine the anti-drug efforts of law enforcement agencies. Since there are few legitimate cash transactions exceeding the \$10,000 limit, the CTR often provides law enforcement with valuable information on the money laundering operations of drug dealers. Raising the CTR threshold to \$25,000 will only assist criminals in their efforts to hide their illegal profits.

Once again, I urge you to protect the ability of law enforcement to combat fraud, money laundering and financial crimes by opposing the Barr/Paul/Campbell amendment to H.R. 10.

Thank you for your attention in this matter.

Sincerely,

RONALD S. NEUBAUER,
President.

Mr. BARR of Georgia. Madam Chairman, I yield 1 minute to the distinguished gentleman from California (Mr. CAMPBELL).

(Mr. CAMPBELL asked and was given permission to revise and extend his remarks.)

Mr. CAMPBELL. Madam Chairman, the cost to every bank that has to comply is huge, but the cost of individual liberty is much more important. What business does the Federal Government have ordering a bank to tell them about my bank account?

What we are dealing with today is a function of invasion of individual liberty in the guise of law enforcement.