

SUBJECT: Money laundering offenses

COMMITTEE: Criminal Jurisprudence — committee substitute recommended

VOTE: 8 ayes — Place, Talton, Dunnam, Farrar, Hinojosa, Keel, Nixon, A. Reyna
0 nays
1 absent — Galloway

WITNESSES: For — James McLaughlin, Jr. Texas Police Chiefs Association; Rider Scott, Greater Dallas Crime Commission
Against — None
On — Brian Johnson, Office of the Attorney General

BACKGROUND : In 1993 the Legislature created a felony offense of money laundering. It is an offense for a person to knowingly acquire or maintain an interest in, receive, conceal, possess, transfer or transport the proceeds of criminal activity and invest, expend or receive or offer to invest, expend or receive, the proceeds of criminal activity or domestic or foreign currency that the person believes are the proceeds of criminal activity. Procedures are defined as funds acquired or derived directly or indirectly from, produced through, or realized through an act. Penalties for money laundering vary depending on the amount of proceeds involved.

DIGEST: CSHB 2435 would amend the the definition of proceeds in the money laundering offense to include funds that have been fraudulently structured in falsified records of transactions to avoid state or federal financial reporting requirements.

The bill would provide that the proceeds of criminal activity related to one scheme or a containing course of conduct from the same source or several sources would be considered as one offense under the money laundering laws and the amounts of the proceeds could be aggregated to determine the penalty for the offense.

The bill would take effect September 1, 1997. If one provision of the bill was found to be invalid, the other sections of the bill would not be affected.

**SUPPORTERS
SAY:**

CSHB 2435 would close a loophole in the money laundering laws that prevent a criminal from being punished for aggregation of illegal proceeds. The bill would enable prosecutors to combine the total amount of money laundered in determining the seriousness of the offense.

For example, an offense involving up to \$20,000 is a third-degree felony with a maximum penalty of 10 years in prison and an optional fine of up to \$10,000. An offense involving more than \$100,000 is a first degree felony, with a maximum penalty of 99 years in prison and \$10,000 fine. Currently offenders can launder proceeds in smaller transactions without ever risking the ultimate penalty for their ongoing crime. Under CSHB 2435, a criminal who repeatedly laundered money in \$20,000 chunks could be charged with a first degree felony after five incidences of laundering rather than a third degree felony for each \$20,000 crime.

Other offenses allow for aggregating values to determine offenses; CSHB 2435 would apply that same principle to a serious offense associated closely with organized crime and drug running.

Fraudulent structuring as defined in the bill is a felony crime in the banking code and this bill would make that law applicable to any businesses in the state. This provision would tighten the state law on money laundering and make it equivalent to provisions in federal law.

**OPPONENTS
SAY:**

No apparent opposition.

NOTES:

The committee substitute included the provision on fraudulent structuring of proceeds.

The companion bill, SB 1834 by Shapiro, has been referred to the Senate Criminal Justice Committee.