

THE HOUSE OF REPRESENTATIVES
Tuesday, April 15, 2008

**Committee Substitute for
ENGROSSED
Senate Bill No. 1961**

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1961 - By: SYKES
of the Senate and TERRILL of the House.

An Act relating to controlled dangerous substances; creating the Drug Money Laundering and Wire Transmitter Act; providing short title; granting authority to the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control to access and investigate certain applications, reports, and transactions for certain purpose; directing Bureau to conduct criminal financial records checks on registration applicants for certain fee; directing applicant to pay fee; requiring copy of certain reports be provided to Bureau; prohibiting certain financial transaction; setting penalty; prohibiting certain sale or transfer of equipment to certain persons; setting penalty; prohibiting certain access to money transmitter equipment; setting penalty; prohibiting use of money services business for certain purposes; setting penalty; prohibiting transmissions, exchanges or processes for certain purposes; setting penalty; prohibiting certain reporting requirement evasions or attempted evasions; setting penalty; prohibiting the structuring, or the attempt to structure, certain transactions; providing definitions; setting penalty; providing authority to the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control to intercept, seize and forfeit certain funds and equipment; amending 63 O.S. 2001, Section 2-106, which relates to authority of the Director of the Oklahoma Bureau of Narcotics and Dangerous Drugs Control; authorizing the purchase and sale of certain property; authorizing the sale or donation of certain equipment and property to certain entities; authorizing establishment of employee recognition programs; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

1 SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 2-503.1a of Title 63, unless there is created a duplication in
3 numbering, reads as follows:

4 Sections 2 through 9 of this act shall be known and may be cited as the “Drug
5 Money Laundering and Wire Transmitter Act”.

6 SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma
7 Statutes as Section 2-503.1b of Title 63, unless there is created a duplication in
8 numbering, reads as follows:

9 A. The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control shall
10 conduct a criminal financial check on all registration applications submitted pursuant to
11 the provisions of Section 1513 of Title 6 of the Oklahoma Statutes. The applicant for a
12 money services business license shall pay a fee of Fifty Dollars (\$50.00) to the Bureau for
13 the criminal financial check prior to licensing. This shall be in addition to all other
14 administrative fees imposed by the Oklahoma Banking Department.

15 B. The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control shall
16 have authority to access, review and investigate any registration application and
17 supplier reports submitted to the Oklahoma State Banking Commissioner pursuant to
18 Section 1513 of Title 6 of the Oklahoma Statutes, for the purposes of criminal financial
19 checks, identifying or investigating suspicious or illegal activities or to track illegal drug-
20 related monies. A copy of all money services transaction reports provided to the
21 Oklahoma State Banking Commissioner shall be provided to the Bureau.

1 SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 2-503.1c of Title 63, unless there is created a duplication in
3 numbering, reads as follows:

4 A. No person shall conduct or attempt to conduct a financial transaction knowing
5 that the property involved in such a financial transaction represents the proceeds of
6 some form of unlawful activity related to any violation of Sections 2-101 through 2-608 of
7 Title 63 of the Oklahoma Statutes while:

8 1. Acting with the intent to promote the continuation of the specified unlawful
9 activity;

10 2. Acting with the intent to engage in conduct which violates Sections 2-101
11 through 2-608 of Title 63 of the Oklahoma Statutes;

12 3. Acting with the knowledge that the transaction is designed in whole or part to
13 disguise the nature, location, source, ownership, or control of the proceeds of the specified
14 unlawful activity; or

15 4. Acting with the knowledge that the transaction is designed in whole or part to
16 avoid a transaction reporting requirement.

17 B. Any person violating the provisions of this section shall be guilty upon conviction
18 of a misdemeanor, for a first offense, and a felony for any second or subsequent offense.
19 The misdemeanor penalty shall be a fine not exceeding Three Thousand Dollars
20 (\$3,000.00), or imprisonment in the county jail not to exceed one (1) year, or both such
21 fine and imprisonment. The felony penalty shall be imprisonment in the custody of the

1 Department of Corrections for five (5) years, or a fine not exceeding Five Thousand
2 Dollars (\$5,000.00), or both such fine and imprisonment.

3 SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma
4 Statutes as Section 2-503.1d of Title 63, unless there is created a duplication in
5 numbering, reads as follows:

6 A. No person shall sell, give, transfer, trade, supply, or provide any money
7 transmitter equipment, as defined by the Oklahoma Financial Transaction Reporting
8 Act, to any person not licensed by the Oklahoma State Banking Commissioner. Any
9 person violating the provisions of this section shall be guilty upon conviction of a
10 misdemeanor, for a first offense, and a felony for any second or subsequent offense. The
11 misdemeanor penalty shall be a fine not exceeding Three Thousand Dollars (\$3,000.00),
12 or imprisonment in the county jail not to exceed one (1) year, or both such fine and
13 imprisonment. The felony penalty shall be imprisonment in the custody of the
14 Department of Corrections for five (5) years, or a fine not exceeding Five Thousand
15 Dollars (\$5,000.00), or both such fine and imprisonment.

16 B. Any person who encourages, facilitates, or allows access to any money
17 transmitter equipment in any manner to facilitate any violation of Section 2-503.1 of
18 Title 63 of the Oklahoma Statutes shall be guilty of a felony, upon conviction, punishable
19 as provided in Section 2-503.1 of Title 63 of the Oklahoma Statutes.

20 SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma
21 Statutes as Section 2-503.1e of Title 63, unless there is created a duplication in
22 numbering, reads as follows:

1 A. Any person who knowingly or intentionally uses a money services business, as
2 defined by the Oklahoma Financial Transaction Reporting Act, or an electronic funds
3 transfer network for any purpose in violation of Section 2-503.1 of Title 63 of the
4 Oklahoma Statutes, or with intent to facilitate any violation of the Uniform Controlled
5 Dangerous Substances Act or any statute of the United States relating to controlled
6 substances, or to commit any other crime shall be guilty upon conviction of a felony,
7 punishable by imprisonment in the custody of the Department of Corrections for a term
8 of not more than ten (10) years, or by a fine not exceeding Fifty Thousand Dollars
9 (\$50,000.00), or an amount equal to twice the dollar amount of each transaction,
10 whichever is greater, or by both such fine and imprisonment.

11 B. Any person who, by or through a money services business, as defined in the
12 Oklahoma Financial Transaction Reporting Act, or an electronic funds transfer network,
13 knowingly transmits, exchanges, or processes any securities or negotiable instruments
14 for any purpose in violation of Section 2-503.1 of Title 63 of the Oklahoma Statutes shall
15 be guilty upon conviction of a felony, punishable by imprisonment in the custody of the
16 Department of Corrections for a term of not more than ten (10) years, or by a fine not
17 exceeding Fifty Thousand Dollars (\$50,000.00), or an amount equal to twice the dollar
18 amount of each transaction, whichever is greater, or by both such fine and imprisonment.

19 SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma
20 Statutes as Section 2-503.1f of Title 63, unless there is created a duplication in
21 numbering, reads as follows:

1 A. No person shall, for the purpose of evading the reporting requirements set forth
2 in 31 U.S.C., Section 5311, 31 C.F.R., Part 103, and any other state and federal laws
3 pertaining to money laundering:

4 1. Cause or attempt to cause the failure to file a report required under any state or
5 federal monetary reporting requirements under law; or

6 2. Cause or attempt to cause the filing of a report required under any state or
7 federal monetary reporting requirements under law that contains a material omission or
8 misstatement of fact.

9 B. Upon conviction of a violation of this section, the violator shall be guilty of a
10 felony punishable by imprisonment in the custody of the Department of Corrections for a
11 term of not more than ten (10) years, or by a fine of not more than Fifty Thousand
12 Dollars (\$50,000.00), or an amount equal to twice the dollar amount of each transaction,
13 whichever is greater, or by both such fine and imprisonment.

14 SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma
15 Statutes as Section 2-503.1g of Title 63, unless there is created a duplication in
16 numbering, reads as follows:

17 A. It shall be unlawful for any person to structure, assist in structuring, attempt to
18 structure, or attempt to assist in structuring any transaction with one or more financial
19 or nonfinancial trades or businesses, to include any importation or exportation of
20 monetary instruments.

1 B. It shall be unlawful for any person to structure or assist in structuring, or
2 attempt to structure or assist in structuring any transaction with one or more
3 organizations that have a state or federal monetary reporting requirement.

4 C. For purposes of this section, “structuring” means a person who, acting alone, in
5 conjunction with others, or on behalf of others, conducts or attempts to conduct one or
6 more transactions in currency, in any amount, at one or more organizations that have a
7 state or federal monetary reporting requirement, on one or more days, for the purpose of
8 evading the reporting requirements of any state or federal law requiring reporting of
9 financial transactions.

10 D. Upon conviction of a violation of this section, the violator shall be guilty of a
11 felony punishable by imprisonment in the custody of the Department of Corrections for a
12 term of not more than ten (10) years, or by a fine of not more than Fifty Thousand
13 Dollars (\$50,000.00), or an amount equal to twice the dollar amount of each transaction,
14 whichever is greater, or by both such fine and imprisonment.

15 SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma
16 Statutes as Section 2-503.1h of Title 63, unless there is created a duplication in
17 numbering, reads as follows:

18 The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control shall have
19 authority to intercept, seize and forfeit any funds or equipment in violation of any
20 provision of the Drug Money Laundering and Wire Transmitter Act or in violation of
21 Section 2-503.1 of Title 63 of the Oklahoma Statutes.

1 SECTION 9. AMENDATORY 63 O.S. 2001, Section 2-106, is amended to read
2 as follows:

3 Section 2-106. A. The Director of the Oklahoma State Bureau of Narcotics and
4 Dangerous Drugs Control shall, in addition to other powers and duties vested in ~~him~~ the
5 Director:

6 1. Cooperate with federal and other state agencies in discharging his
7 responsibilities concerning traffic in narcotics and dangerous substances and in
8 suppressing the abuse of dangerous substances;

9 2. Arrange for the exchange of information between governmental officials
10 concerning the use and abuse of dangerous substances;

11 3. Coordinate and cooperate in training programs on dangerous substances law
12 enforcement at the local and state levels;

13 4. Cooperate with the Oklahoma State Bureau of Narcotics and Dangerous Drugs
14 Control by establishing a centralized unit which will accept, catalog, file and collect
15 statistics, including records of drug-dependent persons and other dangerous substance
16 law offenders within the state, and make such information available for federal, state
17 and local law enforcement purposes; and may collect and furnish statistics for other
18 appropriate purposes; and

19 5. Coordinate and cooperate in programs of eradication aimed at destroying wild or
20 illicit growth of plant species from which controlled dangerous substances may be
21 extracted.

1 B. Results, information and evidence received from the Oklahoma State Bureau of
2 Narcotics and Dangerous Drugs Control relating to the regulatory functions of this act,
3 including results of inspections conducted by that agency, may be relied upon and acted
4 upon by the Director in conformance with his regulatory functions under this act.

5 C. The Director is further authorized and directed to:

6 1. Coordinate and cooperate in educational programs designed to prevent and deter
7 misuse and abuse of controlled dangerous substances;

8 2. Promote better recognition of the problems of misuse and abuse of controlled
9 dangerous substances within the regulated industry and among interested groups and
10 organizations;

11 3. Assist the regulated industry, interested groups and organizations in
12 contributing to the reduction of misuse and abuse of controlled dangerous substances;

13 4. Consult with interested groups and organizations to aid them in solving
14 administrative and organizational problems;

15 5. Assist in evaluating procedures, projects, techniques and controls conducted or
16 proposed as part of educational programs on misuse and abuse of controlled dangerous
17 substances;

18 6. Disseminate the results of research on misuse and abuse of controlled dangerous
19 substances to promote a better public understanding of what problems exist and what
20 can be done to combat them; ~~and~~

21 7. Assist in the education and training of state and local law enforcement officials
22 in their efforts to control misuse and abuse of controlled dangerous substances-;

1 8. Conduct an annual seminar to be attended by selected law enforcement officers
2 in order to teach new techniques and advances in the investigation of violations of the
3 Uniform Controlled Dangerous Substances Act; and

4 9. Supervise and direct agents appointed in the performance of their function of
5 enforcement of the provisions of this act.

6 D. The Director is further authorized and directed to:

7 1. Encourage research on misuse and abuse of controlled dangerous substances;

8 2. Cooperate in establishing methods to assess accurately the effects of controlled
9 dangerous substances and to identify and characterize controlled dangerous substances
10 with potential for abuse;

11 3. Cooperate in making studies and in undertaking programs of research to:

12 a. develop new or improved approaches, techniques, systems, equipment
13 and devices to strengthen the enforcement of this act; and

14 b. determine patterns of misuse and abuse of controlled dangerous
15 substances and the social effects thereof; and

16 c. improve methods for preventing, predicting, understanding and
17 dealing with the misuse and abuse of controlled dangerous substances.

18 E. The Director may enter into contracts with public agencies, institutions of
19 higher education and private organizations or individuals for the purpose of conducting
20 research, demonstrations or special projects which bear directly on misuse and abuse of
21 controlled dangerous substances.

1 F. The Director may enter into contracts for educational and research activities
2 without performance bonds.

3 G. The Director may authorize persons engaged in research or scientific activities
4 on the use and effects of dangerous substances to withhold the names and other
5 identifying characteristics of persons who are the subjects of such research. Persons who
6 obtain this authorization may not be compelled in any state civil, criminal,
7 administrative, legislative or other proceeding to identify the subjects of research for
8 which such authorization was obtained.

9 H. The Director may authorize the lawful possession, distribution and use of
10 controlled dangerous substances by persons engaged in research or scientific activities;
11 authorization for possession of controlled dangerous substances may be extended to
12 persons engaged in a program of drug education or persons in the performance of an
13 official duty. Persons who obtain this authorization shall be exempt from state
14 prosecution for possession, distribution or use of dangerous substances to the extent
15 authorized by the Director.

16 I. The Director is authorized to accept gifts, bequests, devises, contributions and
17 grants, public or private, including federal funds or funds from any other source for use
18 in furthering the purpose of the office of the Director.

19 J. The Director is authorized to purchase or sell real property, together with
20 appurtenances, in the name of the Oklahoma State Bureau of Narcotics and Dangerous
21 Drugs Control upon approval of the Oklahoma State Bureau of Narcotics and Dangerous
22 Drugs Control Commission.

1 K. The Director shall be in charge of all monies appropriated for or deposited to the
2 credit of the office of the Director and is authorized to approve claims and payrolls as
3 provided in Section 41.26 of Title 62 of the Oklahoma Statutes.

4 ~~K.~~ L. The Director shall have the authority of a peace officer and is authorized to
5 commission assistants of his office as peace officers.

6 SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma
7 Statutes as Section 2-106.2 of Title 63, unless there is created a duplication in
8 numbering, reads as follows:

9 A. The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control,
10 pursuant to rules promulgated by the Oklahoma State Bureau of Narcotics and
11 Dangerous Drugs Control Commission, is hereby authorized to:

12 1. Make available for sale used vehicles, used equipment and forfeited property to
13 any federal, state, county, or municipal agency, trust authority or public school district;

14 2. Sell at public auction any used vehicles, used equipment and any property
15 forfeited to the Bureau; and

16 3. Donate or transfer title to any surplus property as defined in Section 62.2 of Title
17 74 of the Oklahoma Statutes, or property forfeited to the Bureau, to any law enforcement
18 agency of any political subdivision of the State of Oklahoma. The use of such donated
19 equipment shall be limited to valid and authorized law enforcement efforts by the
20 receiving agency.

21 B. Any property subject to this section shall be exempt from the provisions set forth
22 in Section 62.3 of Title 74 of the Oklahoma Statutes.

1 SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma
2 Statutes as Section 2-111 of Title 63, unless there is created a duplication in numbering,
3 reads as follows:

4 A. The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control is
5 authorized to establish an employee performance recognition program that encourages
6 outstanding job performance and productivity within the Bureau. The Bureau is
7 authorized to expend funds for:

8 1. The purchase of recognition awards to be presented to members of work units or
9 individual employees having exceptional job performance records or other significant
10 contributions to the operation of the Bureau;

11 2. The purchase of recognition awards to be presented to nonemployees of the
12 Bureau in recognition of exemplary service or assistance to the Bureau and law
13 enforcement; and

14 3. A formal ceremony or banquet where the awards may be presented.

15 B. Recognition awards may consist of distinctive wearing apparel, service pins,
16 plaques, writing pens, or other distinguished awards of a value not exceeding One
17 Hundred Fifty Dollars (\$150.00) per award to recognize the achievement of the work unit
18 or individual employee. In addition to recognition awards, the Bureau may establish an
19 employee benefit program not exceeding Five Thousand Dollars (\$5,000.00) each fiscal
20 year for cash awards to recognize outstanding performance in the workplace by Bureau
21 employees.

1 C. To better educate and foster relations as to the Bureau and its mission towards
2 drug reduction, the Bureau may expend funds not exceeding Ten Thousand Dollars
3 (\$10,000.00) each fiscal year for the purpose of distributing educational, demand
4 reduction and commemorative materials bearing the seal of the Oklahoma State Bureau
5 of Narcotics and Dangerous Drugs Control to nonemployees. Donated items, federal
6 grant money and seizure funds shall not count toward this amount.

7 SECTION 12. This act shall become effective July 1, 2008.

8 SECTION 13. It being immediately necessary for the preservation of the public
9 peace, health and safety, an emergency is hereby
10 declared to exist, by reason whereof this act shall take effect and be in full force from and
11 after its passage and approval.

12 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
13 FINANCIAL SERVICES, dated 04-14-08 - DO PASS, As Amended.