

Late testimony

Uploaded by: David Trone

Position: FAV

March 19, 2024

The Honorable Luke Clippinger
Chair, Judiciary Committee
Room 101, House Office Building
Annapolis, Maryland 21401

The Honorable J. Sandy Bartlett
Vice Chair, Judiciary Committee
Room 101, House Office Building
Annapolis, Maryland 21401

Dear Chair Clippinger and Vice Chair Bartlett,

I would like to express my full support for *House Bill 797 - Criminal Law - Money Laundering*.

Fentanyl has become a leading cause of death in the United States and in Maryland since data was first tracked in 2013. Nationally, the number of overdose deaths involving opioids in 2021 was 10 times the number in 1999 per the Center for Disease Control (CDC). Overdoses involving opioids killed more than 80,000 people in 2021, and nearly 88% of those deaths involved synthetic opioids.

Fentanyl and other synthetic opioids seriously contribute to the overall overdose deaths across the state and nation. Illegally made fentanyl is often added to other drugs because of its extreme potency, making drugs cheaper, more powerful, more addictive, and more dangerous.

In the State of Maryland, charges of money laundering can only be brought when that crime involves evidence of both monetary proceeds of at least \$10,000 and illegal drugs. HB 797 expands the authority of money laundering charges to be brought in crimes with proceeds over \$10,000 without the evidence of drugs. Additionally, while HB 797 maintains the current penalties for drug related offenses with proceeds over \$10,000, it also adds misdemeanor charges for those drug related offenses under \$10,000 if they involve fentanyl or any analogue of fentanyl, such as acetylfentanyl, butyrfentanyl, carfentanil, alfentanil, sufentanil, and remifentanil.

This proposed bill almost exactly mirrors 18 USC 1956, a federal money laundering statute. Criminal organizations involved in the drug trade are very adept at keeping the drugs they produce and sell separate from the money they make from doing so. Changing the requirement from “money and drugs” to “money or drugs” allows for law enforcement to prosecute large-scale operations on the bases of the evidence available.

I strongly urge this committee to give *House Bill 797 - Criminal Law - Money Laundering* the highest consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "David Trone". The signature is stylized and cursive.

David Trone
Member of Congress

MTA Favorable HB 797 2-20-24.pdf

Uploaded by: Jenna Sublett

Position: FAV



M a r y l a n d Troopers Association



INCORPORATED 1979

February 20, 2024

The Honorable Luke Clippinger, Chair and Members of the Judiciary Committee

RE: HB 797 Criminal Law – Money Laundering

POSITION: SUPPORT

The Maryland Troopers Association (MTA) has a membership strength of approximately 2,629 members of which 1,120 are active sworn Troopers involved in traffic and criminal enforcement throughout the State of Maryland.

The MTA supports separating the requirements for money laundering charges from over \$10,000 AND drugs to over \$10,000 OR drugs. This legislation would allow for law enforcement officers to bring separate charges against organized crime in cases where a large sum of money is collected, but drugs have not been found, or vice versa. This legislation is a commonsense bill and allows for prosecution for non-drug related crimes, including money laundering in relation to fraud.

The MTA also supports a carve out for crimes under \$10,000 if involving fentanyl as we believe this will serve as a deterrent to smaller scale dealers as they will know they could be charged with additional crimes if fentanyl were found in their product.

The MTA supports the establishment of penalties on organized crime and drug dealers as we believe it expands the authority for law enforcement to truly make Maryland safer.

Therefore, the Maryland Troopers Association supports HB 797 and requests a favorable report.

Brian Blubaugh
President
Maryland Troopers Association

Member of National Troopers Coalition
1300 REISTERSTOWN ROAD, PIKESVILLE, MARYLAND 21208 (410) 653-3885 1-800-TROOPER
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HB 797 Money Laundering Sponsor Testimony.pdf

Uploaded by: Lesley Lopez

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 20, 2024

Testimony in SUPPORT of Criminal Law – Money Laundering

Summary: In current Maryland Criminal Law, charges of money laundering can only be brought when that crime involves evidence of both monetary proceeds of at least \$10,000 and illegal drugs. HB 797 expands the authority of money laundering charges to be brought in crimes with proceeds over \$10,000 without the evidence of drugs. Furthermore, this bill keeps the current penalties for drug related offenses with proceeds over \$10,000, but also adds misdemeanor charges for those drug related offenses under \$10,000 if they involve fentanyl or any analogue of fentanyl, such as acetylfentanyl, butyrfentanyl, carfentanil, alfentanil, sufentanil, and remifentanil. This penalty allows law enforcement an additional tool to combat the opioid epidemic and specifically target the epidemic that is fentanyl-laced drugs as well as serve as a deterrent for producers to cut fentanyl into illegal drugs and for sellers to know if fentanyl is mixed into the drugs they are selling.

Overview: [Money laundering](#), concealing or disguising the origins of illegally obtained proceeds so that they appear to have originated from legitimate sources, is frequently a component of other serious crimes. Though the majority of money laundering charges are brought through federal law enforcement, [many states](#) have their own, specific laws.

In Maryland, money laundering is [tied only to drug related crimes](#) and cannot be charged if evidence of a drug crime is not present. This law was created in 1990 to combat the new and rapidly growing illicit drug problem in the state. It has not been updated since, taking into account the sophistication of organized crime, use of technology in hiding both drugs and profits, and the current scale of the illicit drug trade and other illegal enterprises.

Criminal organizations involved in the drug trade are very adept at keeping the drugs they produce and sell separate from the money they make from doing so. Therefore changing the requirement from money AND drugs to money OR drugs allows for law enforcement to prosecute large-scale operations on the bases of the evidence available.

In addition, allowing Maryland to prosecute criminals on money laundering charges for all illegal activity, opposed to only drug related illegal activity, such as is done in [New York](#), [Louisiana](#), and [federally](#), allows the state to further crack down on large scale bad actors across different types of crimes including, but not limited to fraud and financial crimes.

HB 797 also includes of a carve out for fentanyl-related crimes, allowing misdemeanor money laundering charges in cases under the \$10,000 threshold.

[Fentanyl](#), a synthetic opioid first developed for use during and after surgery as an anesthetic and painkiller, is increasingly being mixed in with other illicit drugs, including heroin, methamphetamine, and cocaine, to increase the potency of the drug and increasing the likelihood of a fatal interaction.

Fentanyl has become a [leading cause of death](#) in the United States and in Maryland since [data was first tracked in 2013](#). Nationally, the number of overdose deaths involving opioids, including prescription opioids, heroin, and synthetic opioids (like fentanyl), in 2021 was 10 times the number in 1999 [per the Center for Disease Control](#). Overdoses involving opioids killed more than 80,000 people in 2021, and nearly 88% of those deaths involved synthetic opioids. In Maryland, fentanyl and other synthetic opioids seriously contribute to the overall [overdose deaths](#) across the state.

Illegally made fentanyl, which is distributed through illegal drug markets for its heroin-like effect is often added to other drugs because of its extreme potency, making drugs [cheaper, more powerful, more addictive, and more dangerous](#). This edit to the law should serve as an added deterrent for smaller drug operations, both for producers to keep fentanyl out of their product and for sellers to know if fentanyl is in drugs that they sell, and potentially choose not to sell it.

Conclusion: Allowing law enforcement authority to add money laundering charges to a variety of illegal activity outside of drug crimes increases the state's ability to shut down large scale criminal activity across the state. Adding misdemeanor penalties for fentanyl-specific money laundering activities increases awareness of fentanyl and fentanyl laced drugs and adds additional legal consequences.

Overall, this act is aimed at cracking down on illegal activities and ensuring that those involved face appropriate consequences.

Thank you and I ask for a favorable report on HB 797.

HB 797 - MSAA Support.pdf

Uploaded by: Patrick Gilbert

Position: FAV



Maryland State's Attorneys' Association

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Rich Gibson
President

Steven I. Kroll
Coordinator

DATE: February 20, 2024

BILL NUMBER: HB 797

POSITION: Support

The Maryland State's Attorneys' Association (MSAA) supports HB 797.

Money laundering is the hidden circulatory system of criminal enterprises, and enables them to conceal the proceeds of their unlawful activities and fund continued criminal conduct. MD. CODE ANN., CRIM. LAW § 5-623 recognizes this, and empowers prosecutors to disrupt criminal networks by criminalizing the concealment of the source of proceeds from drug crimes.

HB 797 relocates this prohibition to a new "money laundering" subtitle in the Criminal Law Article and, using essentially identical language, extends it to apply to proceeds derived from any crime. This bill recognizes that drug offenses are not the only offenses that involve organized criminal activity and potentially substantial sums of money – crimes like human trafficking and fraud often generate significant profit through the coordinated efforts of criminal networks. By criminalizing money laundering in connection with any crime, HB 797 ensures that prosecutors can sever the financial lifelines that support these criminal activities.

While HB 797 retains the currently existing requirement that the proceeds at issue exceed \$10,000 – an important guardrail to ensure that this tool is used only in the most significant situations – it creates a new misdemeanor provision for cases involving fentanyl and fentanyl analogues. In recognition of the danger these substances pose, HB 797 provides for misdemeanor criminal liability for obscuring the source of proceeds less than \$10,000 from a drug crime involving fentanyl or an analogue.

MSAA urges a favorable report on HB 797, which provides for a much-needed modernization of our money laundering statutes.

Letter Supporting Money Laundering Bill 797 2-2024

Uploaded by: Jason Shoemaker

Position: FWA



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STATE'S ATTORNEY

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February 16, 2024

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The Honorable Luke Clippinger
Chairperson, House Judiciary Committee
House Office Building, Room 100
6 Bladen Street
Annapolis, MD 21401

Dear Chair Clippinger and Members of the Judiciary Committee:

On behalf of the Maryland State's Attorney's Association, and the Frederick County State's Attorney's Office, I write in support of House Bill 797 which has the intended purpose of expanding money laundering prohibitions from applying only to drug crimes to include the proceeds derived from other crimes, as well.

From past experience in my office as a drug prosecutor, I am familiar with the ways in which proceeds from drug crimes are laundered to avoid detection. I am also aware that uncovering evidence of and prosecuting this type of crime often involves immense investigative resources. Still, it is a valuable tool for prosecutors when the investigation yields evidence supporting the charge being brought.

As a prosecutor of economic crimes, I am seeing an increase in personal, employee and organization theft by those entrusted with handling the affairs, books, and finances of those victim groups. Often, we see those funds being put into a joint bank account or learn that a person associated with the thief has benefited in some way from the theft. From experience, law enforcement expects this beneficiary of the crime will profess ignorance of the criminal circumstances of how the financial windfall was acquired. With no real prosecutorial vehicle existing, even if knowledge of the criminal way in which the funds were acquired was provided, very little investigative effort is made to explore this potential evidentiary resource or track the post theft circumstances of movement of the stolen funds.

This bill seeks to encourage investigators to dig deeper, to work harder to determine whether the funds have been utilized in a manner prohibited by the language of this bill.

That leads me to where I believe the bill could go further or another bill could provide real teeth which would assist victims of financial crimes. As money laundering is the secreting of stolen funds, when theft or money laundering are charged, I would suggest a legal authorization for seizing and storing the funds/assets obtained from those funds by the defendant in an escrow account/police storage area be created. The funds and/or assets seized could then be returned to the victim upon sentencing of the Defendant to quickly restore at least some of the loss sustained by the victim.

The current system for restitution has no ability to compel return of the stolen funds except by negotiating a disposition to encourage payment up front in return for less jail time or subjecting the victim to a payment plan processed through the probation system. When the restitution is ordered to be paid through probation, we often receive reports that this system is very bogged down and turnaround times between payments made and being sent to the victims are lengthy.

While I am sure there are other criminal activities which utilize money laundering for which the subject of this bill would assist in shutting down the money pipeline, or at least provide consequences for doing so, it is with the hope that this statute could be used to the advantage of victims of financial crimes, by holding additional individuals benefitting from the theft accountable, that I urge this Committee to issue a favorable report on House Bill 797. Thank you for the opportunity to provide support for this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason S. Shoemaker". The signature is fluid and cursive, with a large initial "J" and "S".

Jason S. Shoemaker,
Chief, Economic Crimes Unit

2024-02-20 HB797 SWA.pdf

Uploaded by: Rhea Harris

Position: FWA

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LEONARD HOWIE
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February 20, 2024

TO: The Honorable Luke Clippinger
Chair, Judiciary Committee

FROM: Rhea Harris
Deputy Chief, Legislative Affairs, Office of the Attorney General

RE: House Bill 797 – Criminal Law- Money Laundering – **Support with Amendments**

The Office of the Attorney General (OAG) requests a favorable report on House Bill 797 with the amendments mentioned below. House Bill 797 prohibits a person, with the intent to promote a crime or with the intent to conceal or disguise the nature, location, source, ownership, or control of proceeds of a crime, from taking actions with respect to the proceeds derived from a crime. House Bill 797 establishes penalties if the person violates the law prohibiting a person from taking actions with respect to the proceeds derived from a drug crime.

The current law, which would be eliminated by House Bill 797, criminalizes certain financial transactions which are done to conceal or disguise the nature, location, source, ownership, or control of proceeds of a drug crime.

House Bill 797 would eliminate this provision and replace it with a new “money laundering” crime. The new money laundering crime would have three parts. For non-drug crimes, where the value at issue is over \$10,000, there would be a felony offense carrying a 2-year maximum for a first offense. For a drug crime, where the value at issue is over \$10,000, there would be a felony offense carrying a 5-year maximum for a first offense. For any other

drug crime, where the value at issue is under \$10,000, but only if the drug crime involves fentanyl, there would be a misdemeanor offense for money laundering, carrying a 2-year maximum for a first offense.

House Bill 797 would have a moderate impact on the work of the Office of the Attorney General's Criminal Division, particularly our long-term complex investigations into criminal organizations and prison corruption conspiracies. Targeting financial parts of large criminal conspiracies is often an important part of dismantling a criminal enterprise.

The amendments that OAG is suggesting would make the bill even stronger if the new "money laundering" offense were added to the list of crimes that we could (1) pursue a wiretap for, and (2) use as an underlying crime for the criminal organization statute. Please consider these helpful amendments.

For the foregoing reasons, the Office of the Attorney General requests a favorable report on House Bill 797 with the suggested amendments.

cc: Delegate Leslie Lopez
Judiciary Committee Members