

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 5523
OFFERED BY MR. BRADY OF TEXAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Clyde-Hirsch-Sowers
3 RESPECT Act” or the “Restraining Excessive Seizure of
4 Property through the Exploitation of Civil Asset For-
5 feiture Tools Act”.

**6 SEC. 2. INTERNAL REVENUE SERVICE SEIZURE REQUIRE-
7 MENTS WITH RESPECT TO STRUCTURING
8 TRANSACTIONS.**

9 Section 5317(c)(2) of title 31, United States Code,
10 is amended—

11 (1) by striking “Any property” and inserting
12 the following:

13 “(A) IN GENERAL.—Any property”; and

14 (2) by adding at the end the following:

15 “(B) INTERNAL REVENUE SERVICE SEI-
16 ZURE REQUIREMENTS WITH RESPECT TO
17 STRUCTURING TRANSACTIONS.—

1 “(i) PROPERTY DERIVED FROM AN IL-
2 LEGAL SOURCE.—Property may only be
3 seized by the Internal Revenue Service
4 pursuant to subparagraph (A) by reason of
5 a claimed violation of section 5324 if the
6 property to be seized was derived from an
7 illegal source or the funds were structured
8 for the purpose of concealing the violation
9 of a criminal law or regulation other than
10 section 5324.

11 “(ii) NOTICE.—Not later than 30
12 days after property is seized by the Inter-
13 nal Revenue Service pursuant to subpara-
14 graph (A), the Internal Revenue Service
15 shall—

16 “(I) make a good faith effort to
17 find all persons with an ownership in-
18 terest in such property; and

19 “(II) provide each such person
20 with a notice of the person’s rights
21 under clause (iv).

22 “(iii) EXTENSION OF NOTICE UNDER
23 CERTAIN CIRCUMSTANCES.—The Internal
24 Revenue Service may apply to a court of
25 competent jurisdiction for one 30-day ex-

1 tension of the notice requirement under
2 clause (ii) if the Internal Revenue Service
3 can establish probable cause of an immi-
4 nent threat to national security or personal
5 safety necessitating such extension.

6 “(iv) POST-SEIZURE HEARING.—If a
7 person with a property interest in property
8 seized pursuant to subparagraph (A) by
9 the Internal Revenue Service requests a
10 hearing by a court of competent jurisdic-
11 tion within 30 days after the date on which
12 notice is provided under subclause (ii),
13 such property shall be returned unless the
14 court holds an adversarial hearing and
15 finds within 30 days of such request (or
16 such longer period as the court may pro-
17 vide, but only on request of an interested
18 party) that there is probable cause to be-
19 lieve that there is a violation of section
20 5324 involving such property and probable
21 cause to believe that the property to be
22 seized was derived from an illegal source or
23 the funds were structured for the purpose
24 of concealing the violation of a criminal

1 law or regulation other than section
2 5324.”.

3 **SEC. 3. EXCLUSION OF INTEREST RECEIVED IN ACTION TO**
4 **RECOVER PROPERTY SEIZED BY THE INTER-**
5 **NAL REVENUE SERVICE BASED ON STRUC-**
6 **TURING TRANSACTION.**

7 (a) IN GENERAL.—Part III of subchapter B of chap-
8 ter 1 of the Internal Revenue Code of 1986 is amended
9 by inserting before section 140 the following new section:

10 **“SEC. 139G. INTEREST RECEIVED IN ACTION TO RECOVER**
11 **PROPERTY SEIZED BY THE INTERNAL REV-**
12 **ENUE SERVICE BASED ON STRUCTURING**
13 **TRANSACTION.**

14 “Gross income shall not include any interest received
15 from the Federal Government in connection with an action
16 to recover property seized by the Internal Revenue Service
17 pursuant to section 5317(c)(2) of title 31, United States
18 Code, by reason of a claimed violation of section 5324 of
19 such title.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for part III of subchapter B of chapter 1 of such Code
22 is amended by inserting before the item relating to section
23 140 the following new item:

“Sec. 139G. Interest received in action to recover property seized by the Inter-
nal Revenue Service based on structuring transaction.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to interest received on or after the
3 date of the enactment of this Act.

