AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 4936

OFFERED BY MR. NUNN OF IOWA

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taskforce for Recognizing and Averting Payment Scams Act" or the "TRAPS Act".

SEC. 2. DEFINITIONS.

In this Act:

(1) PAYMENT.—The term "payment" means any mechanism through which an individual can electronically transfer funds to another individual via a platform or intermediary.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(3) TASK FORCE.—The term "Task Force" means the Task Force for Recognizing and Averting Payment Scams established under section 3(a).

SEC. 3. TASK FORCE ON PAYMENT SCAMS.

(a) ESTABLISHMENT.—Not later than 90 days after the date of enactment of this Act, the Secretary of the

Treasury shall establish a task force, to be known as the "Task Force for Recognizing and Averting Payment Scams".

(b) MEMBERSHIP.—

(1) IN GENERAL.—The following individuals, or a designee thereof, shall be members of the Task Force:

(A) The Secretary, who shall serve as the Chair of the Task Force.

(B) The Director of the Bureau of Consumer Financial Protection.

(C) The Chairman of the Federal Communications Commission.

(D) The Chairman of the Federal Trade Commission.

(E) The Attorney General.

(F) The Comptroller of the Currency.

(G) The Chairman of the Board of Governors of the Federal Reserve System.

(H) The Chairman of the National Credit Union Administration.

(I) The Chairperson of the Federal Deposit Insurance Corporation.

(J) The Director of the Financial Crimes Enforcement Network.

(K) The Undersecretary of the Treasury for Terrorism and Financial Crimes.

(2) ADDITIONAL MEMBERS.—The Secretary shall appoint the following individuals as members of the Task Force, in consultation with the members of the Task Force described in paragraph (1):

(A) 3 representatives from financial institutions with expertise in identifying, preventing, and combating payment scams, including—

(i) at least 1 representative from a credit union; and

(ii) at least 1 representative from a community bank.

(B) A representative from a digital payment network with expertise in identifying, preventing, and combating payment scams.

(C) A representative from a consumer protection organization.

(D) A representative from a technology firm.

(E) A representative from an industry association representing the telecommunications industry.

(F) A representative from a payment services provider.

(G) Not more than 5 representatives to represent victims, scam support networks, and other relevant stakeholders in order to better assist consumers and stakeholders.

(H) At the discretion of the Secretary, not more than 5 additional representatives, who may be added periodically, to account for any gaps in expertise or to address novel payment scam threats.

(3) TERM OF APPOINTMENT.—The term of a member of the Task Force shall continue until the termination of the Task Force.

(4) VACANCY.—Any vacancy occurring in the membership of the Task Force shall be filled in the same manner in which the original appointment was made.

(c) PURPOSE.—The Task Force shall—

(1) examine current trends and developments in payment scams, identify effective methods for preventing such scams, and issue recommendations to enhance efforts to identify and prevent such scams;

(2) adopt a cross-sector approach to ensure the recommendations of the Task Force reflect the full scope of payment scams, given that scams impact individuals across a wide range of industries, including

financial services, telecommunications, and technology; and

(3) include consultation with stakeholders with direct experience supporting victims of payment scams, as well as industry participants with insight into payment scam tactics and prevention strategies.

(d) MEETINGS.—The Task Force shall meet not less than 3 times during the 1-year period beginning on the date of enactment of this Act, and thereafter at such times and places, and by such means, as the Chair of the Task Force determines to be appropriate, which may include the use of remote conference technology.

(e) DUTIES.—The duties of the Task Force shall include—

(1) developing strategic recommendations to—

(A) mitigate and prevent payment scams in the financial sector; and

(B) disrupt payment scams in process to limit losses for victims;

(2) assessing how international jurisdictions have tried to prevent payment scams;

(3) identifying and reviewing current methods used to scam a consumer, including—

(A) spoofed calls;

(B) scam text messages; and

(C) malicious advertisements, pop-ups, and websites;

(4) evaluating current efforts to prevent payment scams, including information sharing, operational coordination, streamlined consumer reporting, law enforcement efforts, anti-money laundering efforts, international engagement, and other tools;

(5) coordinating with the Financial Literacy and Education Commission to—

(A) better equip consumers to identify payment scam attempts, avoid payment scam attempts, and report payment scam attempts to the appropriate authorities; and

(B) promote victim support services;

(6) consulting with other relevant stakeholders, including State, local, and Tribal agencies and financial services providers; and

(7) determining whether any additional Federal legislation or changes to Federal regulations would be beneficial in mitigating, preventing, and disrupting payment scams.

(f) COMPENSATION.—Each member of the Task Force shall serve without compensation, other than compensation to which entitled as an employee of the United States, as the case may be.

(g) REPORT.—

(1) IN GENERAL.—Not later than 1 year after the date on which the Secretary establishes the Task Force, the Task Force shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and make publicly available online, a report detailing—

(A) the results of the reviews and evaluations of the Task Force carried out under subsection (e);

(B) the strategic recommendations identified under subsection (e);

(C) any legislative or regulatory recommendations that would enhance the ability to detect and prevent payment scams; and

(D) recommendations to enhance cooperation among Federal, State, local, and Tribal authorities in the investigation and prosecution of payment scams and other financial crimes, including harmonizing data collection, improving reporting mechanisms and streams, estimating the number of complaints and consumers affected, and evaluating the effectiveness of anti-scam training programs.

(2) ANNUAL UPDATES.—After submitting the initial report required under paragraph (1), the Task Force shall, on an annual basis, submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, and make publicly available online, an updated version of the report.

(h) APPLICABLE LAW.—Chapter 4 of title 5, United States Code, shall not apply to the Task Force.

(i) SUNSET.—The Task Force shall terminate on the date that is 3 years after the date on which the Task Force submits the report required under subsection (g)(1).