Suspend the Rules and Pass the Bill, H.R. 5036, with an Amendment

(The amendment strikes all after the enacting clause and inserts a new text)

115TH CONGRESS
2D Session

H. R. 5036

To establish an Independent Financial Technology Task Force, to provide rewards for information leading to convictions related to terrorist use of digital currencies, to establish a FinTech Leadership in Innovation Program to encourage the development of tools and programs to combat terrorist and illicit use of digital currencies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2018

Mr. BUDD (for himself and Mr. LYNCH) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish an Independent Financial Technology Task Force, to provide rewards for information leading to convictions related to terrorist use of digital currencies, to establish a FinTech Leadership in Innovation Program to encourage the development of tools and programs to combat terrorist and illicit use of digital currencies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Financial Technology Protection Act”.

SEC. 2. SENSE OF CONGRESS.

It is the sense of Congress that the Federal Government should prioritize the investigation of terrorist and illicit use of new financial technology, including digital currencies.

SEC. 3. INDEPENDENT FINANCIAL TECHNOLOGY TASK FORCE.

(a) ESTABLISHMENT.—There is established the Independent Financial Technology Task Force (the “Task Force”), which shall consist of—

(1) the Secretary of the Treasury, who shall serve as the head of the Task Force;

(2) the Attorney General;

(3) the Director of the Central Intelligence Agency;

(4) the Director of the Financial Crimes Enforcement Network;

(5) the Director of the Secret Service;

(6) the Director of the Federal Bureau of Investigation; and

(7) 6 individuals appointed by the Secretary of the Treasury to represent the private sector (including the banking industry, nonprofit groups, and
think tanks), with at least 1 of such individuals hav-
ing experience in the Fintech industry.

(b) Duties.—The Task Force shall—

(1) conduct independent research on terrorist
and illicit use of new financial technologies, includ-
ing digital currencies; and

(2) develop legislative and regulatory proposals
to improve counter-terrorist and counter-illicit fi-
nancing efforts.

(c) Annual Congressional Report.—Not later
than 1 year after the date of the enactment of this Act,
and annually thereafter, the Task Force shall issue a re-
port to the Congress containing the findings and deter-
minations made by the Task Force in the previous year
and any legislative and regulatory proposals developed by
the Task Force.

SEC. 4. REWARDS FOR INFORMATION RELATED TO TER-
RORIST USE OF DIGITAL CURRENCIES.

(a) In General.—The Secretary of the Treasury, in
consultation with the Attorney General, shall establish a
fund to pay a reward, not to exceed $450,000, to any per-
son who provides information leading to the conviction of
an individual involved with terrorist use of digital cur-
rencies.
(b) USE OF FINES AND FORFEITURES.—With respect to fines and forfeitures related to the conviction of an individual involved with terrorist use of digital currencies, the Secretary of the Treasury shall, subject to the availability of appropriations made in advance—

(1) use such amounts to pay rewards under this section related to such conviction; and

(2) with respect to any such amounts remaining after payments are made under paragraphs (1) and (2), deposit such amounts in the FinTech Leadership in Innovation Program.

SEC. 5. FINTECH LEADERSHIP IN INNOVATION PROGRAM.

(a) ESTABLISHMENT.—There is established a program to be known as the “FinTech Leadership in Innovation Program”, which shall be funded as provided under section 4(b)(2).

(b) INNOVATION GRANTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall make grants for the development of tools and programs to detect terrorist and illicit use of digital currencies.

(2) ELIGIBLE RECIPIENTS.—The Secretary may make grants under this subsection to entities located in the United States, including academic institutions, companies, nonprofit institutions, individuals,
and any other entities locating in the United States that the Secretary determines appropriate.

(3) ELIGIBLE PROJECTS.—With respect to tools and programs described under paragraph (1), in addition to grants for the development of such tools and programs, the Secretary may make grants under this subsection to carry out pilot programs using such tools, the development of test cases using such tools, and research related to such tools.

(4) PREFERENCES.—In making grants under this subsection, the Secretary shall give preference to—

(A) technology that is nonproprietary or that is community commons-based;

(B) computer code that is developed and released on an open source basis;

(C) tools that are proactive (such as meeting regulatory requirements under “know your customer” and anti-money laundering requirements for any entity that has to comply with U.S. Government regulations) vs. reactive (such as aiding law enforcement organizations in catching illegal activity after the fact); and

(D) tools and incentives that are on decentralized platforms.
(5) OTHER REQUIREMENTS.—

(A) USE OF EXISTING GLOBAL STANDARDS.—Any new technology developed with a grant made under this subsection shall be based on existing global standards, such as those developed by the Internet Engineering Task Force (IETF) and the World Wide Web Consortium (W3C).

(B) SUPPORTING EXISTING LAWS OR REGULATIONS.—Tools and programs developed with a grant made under this subsection shall be in support of existing laws or regulations, including the Bank Secrecy Act, and make efforts to balance privacy and anti-money laundering concerns.

(C) OPEN ACCESS REQUIREMENT.—Tools and programs developed with a grant made under this subsection shall be freely accessible and usable by the public. This requirement may be fulfilled by publicly availing application programming interfaces or software development kits.

SEC. 6. DEFINITIONS.

For purposes of this Act:
(1) BANK SECRECY ACT.—The term “Bank Secrecy Act” means—

(A) section 21 of the Federal Deposit Insurance Act;

(B) chapter 2 of title I of Public Law 91–508; and

(C) subchapter II of chapter 53 of title 31, United States Code.

(2) DIGITAL CURRENCY.—The term “digital currency”—

(A) means a digital representation of value that—

(i) is used as a medium of exchange, unit of account, or store of value; and

(ii) is not established legal tender, whether or not denominated in established legal tender; and

(B) does not include—

(i) a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for legal tender, bank credit, or digital currency; or

(ii) a digital representation of value issued by or on behalf of a publisher and
used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.

(3) **TERRORIST.**—The term “terrorist” includes a person carrying out domestic terrorism or international terrorism (as such terms are defined, respectively, under section 2331 of title 18, United States Code).