

Union Calendar No.

115TH CONGRESS
2^D SESSION

H. R. 5036

[Report No. 115-]

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

SEPTEMBER --, 2018

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on February 15, 2018]

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. SENSE OF CONGRESS.**

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

10 **SEC. 3. INDEPENDENT FINANCIAL TECHNOLOGY TASK**

11 **FORCE TO COMBAT TERRORISM AND ILLICIT**
12 **FINANCING.**

13 *(a) ESTABLISHMENT.—There is established the Inde-*
14 *pendent Financial Technology Task Force to Combat Ter-*
15 *rorism and Illicit Financing (the “Task Force”), which*
16 *shall consist of—*

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

19 *(2) the Attorney General;*

20 *(3) the Director of National Intelligence;*

21 *(4) the Director of the Financial Crimes En-*
22 *forcement Network;*

23 *(5) the Director of the Secret Service;*

24 *(6) the Director of the Federal Bureau of Inves-*
25 *tigation; and*

1 *who provides information leading to the conviction of an*
2 *individual involved with terrorist use of digital currencies.*

3 (b) *USE OF FINES AND FORFEITURES.*—*With respect*
4 *to fines and forfeitures related to the conviction of an indi-*
5 *vidual involved with terrorist use of digital currencies, the*
6 *Secretary of the Treasury shall, without further appropri-*
7 *ation or fiscal year limitation—*

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

10 (2) *with respect to any such amounts remaining*
11 *after payments are made under paragraphs (1) and*
12 *(2), deposit such amounts in the FinTech Leadership*
13 *in Innovation and Financial Intelligence Program.*

14 **SEC. 5. FINTECH LEADERSHIP IN INNOVATION AND FINAN-**
15 **CIAL INTELLIGENCE PROGRAM.**

16 (a) *ESTABLISHMENT.*—*There is established a program*
17 *to be known as the “Fintech Leadership in Innovation and*
18 *Financial Intelligence Program”, which shall be funded as*
19 *provided under section 4(b)(2).*

20 (b) *INNOVATION GRANTS.*—

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

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

7 (3) *ELIGIBLE PROJECTS.*—*With respect to tools*
8 *and programs described under paragraph (1), in ad-*
9 *dition to grants for the development of such tools and*
10 *programs, the Secretary may make grants under this*
11 *subsection to carry out pilot programs using such*
12 *tools, the development of test cases using such tools,*
13 *and research related to such tools.*

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

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

19 (B) *computer code that is developed and re-*
20 *leased on an open source basis;*

21 (C) *tools that are proactive (such as meet-*
22 *ing regulatory requirements under “know your*
23 *customer” and anti-money laundering require-*
24 *ments for any entity that has to comply with*
25 *U.S. Government regulations) vs. reactive (such*

1 *as aiding law enforcement organizations in*
2 *catching illegal activity after the fact); and*

3 *(D) tools and incentives that are on decen-*
4 *tralized platforms.*

5 (5) *OTHER REQUIREMENTS.—*

6 *(A) USE OF EXISTING GLOBAL STAND-*
7 *ARDS.—Any new technology developed with a*
8 *grant made under this subsection shall be based*
9 *on existing global standards, such as those devel-*
10 *oped by the Internet Engineering Task Force*
11 *(IETF) and the World Wide Web Consortium*
12 *(W3C).*

13 *(B) SUPPORTING EXISTING LAWS OR REGU-*
14 *LATIONS.—Tools and programs developed with a*
15 *grant made under this subsection shall be in*
16 *support of existing laws or regulations, including*
17 *the Bank Secrecy Act, and make efforts to bal-*
18 *ance privacy and anti-money laundering con-*
19 *cerns.*

20 *(C) OPEN ACCESS REQUIREMENT.—Tools*
21 *and programs developed with a grant made*
22 *under this subsection shall be freely accessible*
23 *and usable by the public. This requirement may*
24 *be fulfilled by publicly availing application pro-*

1 *gramming interfaces or software development*
2 *kits.*

3 **SEC. 6. PREVENTING ROGUE AND FOREIGN ACTORS FROM**
4 **EVADING SANCTIONS.**

5 *(a) REPORT AND STRATEGY WITH RESPECT TO DIG-*
6 *ITAL CURRENCIES AND OTHER RELATED EMERGING TECH-*
7 *NOLOGIES.—*

8 *(1) IN GENERAL.—Not later than 180 days after*
9 *the date of the enactment of this Act, the President,*
10 *acting through the Secretary of Treasury and in con-*
11 *sultation with the Attorney General, the Secretary of*
12 *State, the Secretary of Homeland Security, the Direc-*
13 *tor of National Intelligence, the Director of the Office*
14 *of Management and Budget, and the appropriate Fed-*
15 *eral banking agencies and Federal functional regu-*
16 *lators, shall—*

17 *(A) submit to the appropriate congressional*
18 *committees a report that identifies and describes*
19 *the potential uses of digital currencies and other*
20 *related emerging technologies by states, non-state*
21 *actors, and foreign terrorist organizations to*
22 *evade sanctions, finance terrorism, or launder*
23 *monetary instruments, and threaten United*
24 *States national security; and*

1 (B) develop and submit to the appropriate
2 congressional committees a strategy to mitigate
3 and prevent such illicit use of digital currencies
4 and other related emerging technologies.

5 (2) *FORM; PUBLIC AVAILABILITY.*—

6 (A) *FORM.*—The report and strategy re-
7 quired under paragraph (1) shall be submitted
8 in unclassified form, but may contain a classi-
9 fied annex.

10 (B) *PUBLIC AVAILABILITY.*—The unclassi-
11 fied portion of such report and strategy shall be
12 made available to the public and posted on the
13 internet website of the Department of Treas-
14 ury—

15 (i) in pre-compressed, easily
16 downloadable versions that are made avail-
17 able in all appropriate formats; and

18 (ii) in machine-readable format, if ap-
19 plicable.

20 (3) *SOURCES OF INFORMATION.*—In preparing
21 the report and strategy required under paragraph (1),
22 the President may utilize any credible publication,
23 database, web-based resource, and any credible infor-
24 mation compiled by any government agency, non-

1 *governmental organization, or other entity that is*
2 *made available to the President.*

3 **(b) BRIEFING.**—*Not later than 2 years after the date*
4 *of the enactment of this Act, the Secretary of the Treasury*
5 *shall brief the appropriate congressional committees on the*
6 *implementation of the strategy required under subsection*
7 *(a).*

8 **SEC. 7. DEFINITIONS.**

9 *For purposes of this Act:*

10 (1) **APPROPRIATE CONGRESSIONAL COMMIT-**
11 **TEES.**—*The term “appropriate congressional commit-*
12 *tees” means—*

13 (A) *the Committee on Financial Services,*
14 *the Committee on the Judiciary, the Permanent*
15 *Select Committee on Intelligence, and the Com-*
16 *mittee on Foreign Affairs of the House of Rep-*
17 *resentatives; and*

18 (B) *the Committee on Banking, Housing,*
19 *and Urban Affairs, the Committee on Homeland*
20 *Security and Governmental Affairs, the Com-*
21 *mittee on the Judiciary, the Select Committee on*
22 *Intelligence, and the Committee on Foreign Rela-*
23 *tions of the Senate.*

24 (2) **APPROPRIATE FEDERAL BANKING AGEN-**
25 **CIES.**—*The term “appropriate Federal banking agen-*

1 *cies*” has the meaning given the term in section 3 of
2 the Federal Deposit Insurance Act (12 U.S.C. 1813).

3 (3) *BANK SECRECY ACT.*—The term “Bank Se-
4 *crecy Act*” means—

5 (A) section 21 of the Federal Deposit Insur-
6 *ance Act*;

7 (B) chapter 2 of title I of Public Law 91–
8 508; and

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

11 (4) *DIGITAL CURRENCY.*—The term “digital cur-
12 *rency*”—

13 (A) means a digital representation of value
14 *that—*

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

17 (ii) is not established legal tender,
18 *whether or not denominated in established*
19 *legal tender; and*

20 (B) does not include—

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

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

7 (5) *FEDERAL FUNCTIONAL REGULATOR*.—The
8 term “Federal functional regulator” has the meaning
9 given that term in section 509 of the Gramm-Leach-
10 Bliley Act (15 U.S.C. 6809).

11 (6) *FOREIGN TERRORIST ORGANIZATION*.—The
12 term “foreign terrorist organization” means an orga-
13 nization that is designated as a foreign terrorist orga-
14 nization under section 219 of the Immigration and
15 Nationality Act (8 U.S.C. 1189).

16 (7) *TERRORIST*.—The term “terrorist” includes
17 a person carrying out domestic terrorism or inter-
18 national terrorism (as such terms are defined, respec-
19 tively, under section 2331 of title 18, United States
20 Code).

Amend the title so as to read: “A bill to establish an Independent Financial Technology Task Force to Combat Terrorism and Illicit Financing, to provide rewards for information leading to convictions related to terrorist use of digital currencies, to establish a Fintech Leadership in Innovation and Financial Intelligence Program to encourage the development of tools and pro-

grams to combat terrorist and illicit use of digital currencies, and for other purposes.”.